



Global economic activity remains moderate, with growing concerns for slower growth in emerging market economies, in particular China. Modest performances have also been noted in Fiji's major trading partner economies.

In contrast, economic activity in the domestic economy so far this year supports the outlook for continued strong growth in 2015. Consumer demand remains buoyant reflected in the significant growth (45.3%) in second-hand vehicle registrations up to October. In addition, the value (\$563.2m) of new lending for consumption purposes remains relatively high despite noting a marginal annual growth (0.2%) up to September.

Similarly, the solid growth in both new lending for investment purposes (94.9%) cumulative to September and domestic cement sales (45.7%) up to October are indicative of persistently robust investment demand. Going forward, Government's expansionary fiscal stance and incentives announced in its 2016 National Budget will hold up domestic demand into next year.

Nonetheless, sectoral outcomes were mixed in the review period. Up to October, continued growth was noted in visitor arrivals (8.9%) and gold production (11.4%). In contrast, both cane (-0.7%) and sugar (-3.8%) output up to mid-November were negatively affected by drought conditions in the Western Division. Similarly, production cumulative to October of both pine logs (-17.4%) and woodchip (-3.0%) declined over the year, largely due to sawmill upgrades.

Higher recruitment intentions up to October (19.9% growth) as per the Reserve Bank of Fiji's Job Advertisements Survey indicate favourable labour market conditions, particularly in the agriculture, forestry & fishing; construction; mining & quarrying; wholesale & retail trade & restaurants &

hotels; transport, storage & communication and the finance, insurance, real estates & business services sectors.

Financial conditions remained accommodative in the review month. Liquidity remained ample at \$548.2 million on 30 November, despite falling over the month by 14.2 percent (\$94.9m) to total \$574.9 million in October, underpinned by a decrease in foreign reserves.

In October, the Fiji dollar (FJD) strengthened against the Euro (3.7%), Japanese Yen (2.2%) and the US dollar (1.1%), but weakened against the New Zealand and Australian dollars by 4.1 percent and 0.2 percent, respectively. Over the year, the FJD rose against the Australian (11.7%) and New Zealand dollars (4.9%) and the Euro (2.9%), but fell against the US dollar (-10.5%) and the Japanese Yen (-0.8%).

The Nominal Effective Exchange Rate (NEER)¹ index fell over the year in October by 0.4 percent, underpinned by the FJD depreciation against the US dollar. The Real Effective Exchange Rate (REER)² was unchanged in the same period, but fell over the month by 0.4 percent.

Inflation in October slowed to 1.4 percent from 1.5 percent in September and was underpinned by the food & non-alcoholic beverages and alcoholic

¹ The NEER is the sum of the indices of each trading partner country's currency against the Fiji dollar, adjusted by their respective weights in the basket. This index measures the overall movement of the Fiji dollar against the basket of currencies. An increase in this index indicates a slight appreciation of the Fiji dollar against the basket of currencies and vice versa.

² The REER index is the sum of each component of the NEER index, adjusted by the relative price differential between Fiji and each of Fiji's major trading partners. The index measures the competitiveness of the Fiji dollar against the basket of currencies. A decline in the REER index indicates an improvement in Fiji's international competitiveness.

beverages, tobacco & narcotics categories. Low imported inflation (oil prices and trading partner inflation) have kept inflation at subdued levels.

Foreign reserves (RBF holdings) decreased in October to \$1,973.7 million from \$2,034.5 million in September, sufficient to cover 6.0 months of

retained imports of goods and non-factor services. Currently (30 November), foreign reserves are \$1,951.9 million, sufficient to cover 5.9 months of retained imports of goods and non-factor services.

The Reserve Bank Board kept the Overnight Policy Rate unchanged at 0.5 percent in November.

RESERVE BANK OF FIJI

FIJI: FINANCIAL STATISTICS

KEY INDICATORS**1. Consumer Prices ***

(year-on-year % change)

	Oct-15	Sep-15	Aug-15	Oct-14
All Items	1.4	1.5	1.3	0.3
Food and Non-Alcoholic Beverage	4.8	5.3	4.7	2.5

2. Reserves ***

(end of period)

Foreign Reserves (\$m) ^{1/}	1,973.7(p)	2,034.5	1,978.2	1,748.8
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3. Exchange Rates ***

(mid rates, F\$1 equals)

(end of period)

US dollar	0.4640	0.4590	0.4634	0.5184
Pound sterling	0.3030	0.3029	0.3007	0.3240
Australian dollar	0.6556	0.6567	0.6472	0.5870
New Zealand dollar	0.6933	0.7229	0.7159	0.6611
Swiss francs	0.4591	0.4463	0.4463	0.4957
Euro	0.4229	0.4080	0.4148	0.4111
Japanese yen	56.20	54.99	56.41	56.65

4. Liquidity ***

(end of period)

Liquid Assets Margin to Deposit Ratio (%)	n.a	5.4	5.2	6.9
Banks' Demand Deposits (\$m)	573.8	669.8	634.1	504.9

5. Commodity Prices (US\$) **

(monthly average)

UK Gold Price/fine ounce	1,158.0	1,124.6	1,117.5	1,222.5
CSCC No. 11 Sugar Spot Price/Global (US cents/Pound)	14.1	12.1	10.7	16.5
Crude Oil/barrel	48.1	47.2	47.0	87.3

6. Money and Credit ***

(year-on-year % change)

Narrow Money	n.a	14.6	14.2	7.1
Broad Money	n.a	12.9	13.8	13.4
Currency in Circulation	n.a	11.1	6.7	8.5
Quasi-Money (Time & Saving Deposits)	n.a	13.8	15.0	14.5
Domestic Credit	n.a	12.1	12.3	19.8

7. Interest Rates (% p.a.) ***

(monthly weighted average)

Lending Rate (Excluding Staff)	n.a	5.82	5.85	5.67
Savings Deposit Rate	n.a	0.87	0.85	0.52
Time Deposit Rate	n.a	2.63	2.61	1.98
14-day RBF Note Rate (month end)	n.i	n.i	n.i	n.i
Minimum Lending Rate (MLR) (month end) ^{2/}	1.00	1.00	1.00	1.00
Overnight Inter-bank Rate	n.t	n.t	n.t	n.t

(monthly weighted average)

5-Year Government Bond Yield	n.i	n.i	n.i	n.i
10-Year Government Bond Yield	5.00	5.18	5.00	n.i

^{1/} Foreign reserves includes monetary gold, Special Drawing Rights, reserve position in the Fund and foreign exchange assets consisting of currency and deposits actually held by the Reserve Bank.^{2/} With the introduction of the new Monetary Policy Framework on 17 May 2010, the minimum lending rate was set at 50 basis points above the Overnight Policy Rate.

Note:

n.i	No Issue
n.t	No Trade
n.a	Not Available

Sources: * Fiji Bureau of Statistics

** Bloomberg

*** Reserve Bank of Fiji