



RESERVE BANK OF FIJI

Progressive and Resilient Central Bank, Trusted by Our People

PRESS RELEASE

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RBF MAINTAINS MONETARY POLICY STANCE

The Reserve Bank of Fiji (RBF) Board has maintained the Overnight Policy Rate at 0.25 percent, at its September monthly meeting today. Governor and Chairman of the Board, Mr Ariff Ali, stated that the current accommodative monetary policy stance is in line with the RBF's dual mandate of stable inflation and maintaining an adequate level of foreign reserves.

Annual headline inflation fell further to -3.5 percent in August,¹ from -1.5 percent in July and was significantly lower than the 3.8 percent a year ago. The inflation outcome reflected the impact of price decline from the VAT reduction, along with the bus fare subsidy that came into effect from 1 August. Notably, lower prices were recorded in the food and non-alcoholic beverages, transport, cooking gas and other fuels categories which outweighed price increases in the alcoholic beverages, narcotics & tobacco and the restaurants & hotels categories. However, risks to the inflation outlook remain, mainly due to the ongoing geopolitical tensions which could affect global commodity prices and freight costs, as well as the approaching cyclone season. Foreign reserves are comfortable, at approximately \$3.8 billion (25/09), sufficient to cover 6.0 months of retained imports of goods and services and are forecast to remain adequate over the medium term.

According to the Fiji Bureau of Statistics, the Fijian economy grew by 3.5 percent in 2024, after a revised growth of 9.4 percent in 2023.² Growth in 2024 was largely driven by activities in the services sector, agriculture and manufacturing. Governor Ali stated that while the economy is on track to achieve a 3.2 percent³ growth this year, sectoral performances remain mixed due to industry specific issues. Visitor arrivals reached 642,810, marking a 0.4 percent increase cumulative to August driven by higher arrivals from the United States, Pacific Island Countries, the United Kingdom and Europe. The turnaround was further supported by a recovery in key source markets (Australia and New Zealand) in August, when compared to August last year. Moreover, electricity and timber production rose in the year to August, while mineral water, sugar and gold ore output fell.

Furthermore, Governor Ali highlighted that aggregate demand continues to be supported by strong consumption activity based on partial measures. Monitored consumption indicators such as net VAT collections, vehicle registrations and consumption lending revealed strong activity, supported by favourable lending rates, increased remittance inflows, and higher disposable incomes. Furthermore, partial indicators suggest some improvement in investment activity, reflected in the increase in building permits issued up to June, higher import of construction materials, along with moderation in building material prices in the third quarter.

The financial sector remains conducive for growth with ample liquidity (\$2.2 billion as of 24 September) in the banking system and the low-interest rate environment.

Governor Ali however acknowledged that global uncertainty continues to pose risks to the economic outlook, despite a slight easing on the trade front. The RBF will continue to closely monitor international and domestic developments and adjust monetary policy accordingly.

¹ The Consumer Price Index (CPI) is now reported under the 2019 base year, from the 2014 base used previously, following the rebase exercise by the Fiji Bureau of Statistics.

² Based on the 2019 base.

³ As per the Macroeconomic Committee's June 2025 forecast.

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