

RBF October Economic Review: at a glance



Global Economy



- IMF global growth forecast for 2022 remains unchanged at **3.2 percent**.
- Growth for 2023 has been downgraded given the synchronised deceleration across the globe.
- Escalation of geopolitical tensions and the energy crisis continues to cloud global growth prospects and fuel inflation.

Commodity Prices



- Commodity prices retreated at the end of September but remains higher than 2019 levels.
- Brent Crude oil prices have increased since the end of September by around **7.8 percent**.

Domestic Economy



- Economy continues to benefit from the marked recovery in tourism and is projected to grow by **15.6 percent** this year.
- Consumption spending picked up, supported by higher disposable income and remittances.
- Investment recovery hampered to some extent by high building material prices and election-related uncertainty.

Labour Market



- Labour demand continues to record an encouraging recovery toward pre-pandemic levels.
- Total number of jobs advertised increased over the year by **186.1 percent** led mainly by tourism-related sectors

Financial Sector



- Financial sector outcomes mirrors recovery in the real sector.
- Private Sector Credit grew for the ninth straight month in September (**5.5%**).
- Non-performing loans declined further over the month in September.

Liquidity and Interest Rates



- Lending and deposit rates at historical lows amid high liquidity levels.
- Liquidity as at 31 October stands at **\$2,562.2 million**.

External Trade



- Trade deficit widened in the year to August.
- The growth in imports (**51.1%**) continues to outpace that of exports (**24.6%**).

Exchange Rate Developments



- The FJD weakened against the USD and the Euro over the month.

Inflation



- Headline inflation was **5.1%** in September.
- Driven mostly by food and fuel prices.

Foreign Reserves



- Comfortable at **\$3.6 billion** (8.3 months of retained imports) on 31 October.
- Bolstered by high tourism receipts, remittances and Government loan drawdowns.
- Foreign Reserves to remain adequate in the near to medium term.

Monetary Policy



- Overnight Policy Rate maintained at **0.25%** in October.

Risks



- Continued geopolitical tensions.
- Persistently elevated inflation.
- Projected global slowdown.
- Natural disasters.
- Election-induced uncertainties.