



## International Economy

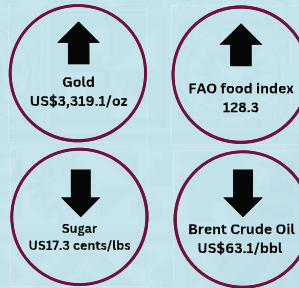
### Global Economy



Global growth projection for 2025 has been revised downward due to uncertain trade policies, especially in the US, leading to weaker outlooks for trading partners and rising inflation in advanced economies.

Source: IMF WEO, Apr-25

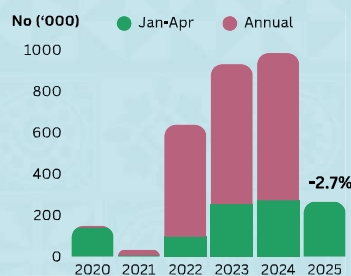
### Commodity Prices (Apr-end)



Sources: Bloomberg, FAO

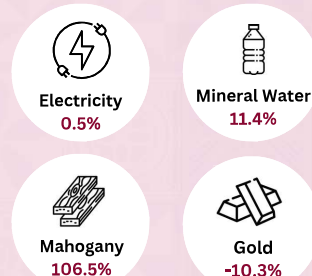
## Fijian Economy

### Visitor Arrivals



Source: FBoS

### Sectoral Production (Jan-Apr)



Source: Various Industries

### Consumption (Jan-Apr)



- Net VAT Collections **10.0%**
- New Consumption Lending **65.3%**
- Vehicle Registrations **28.1%**
- Inward Remittances **10.4%**
- Electricity Consumption **1.9%**



### Investment (Jan-Apr)

- New Investment Lending **-5.6%**
- BMPI (Mar-25) **3.8%**

Sources: FRCS, RBF, Various Industries, FBoS

### Labour Market (Jan-Apr)



#### Resident departure by purpose -1yr above

- Employment **-49.6%**
- Education/Training **-28.8%**
- Job Advertisements **-7.1%**

Sources: FBoS, RBF

### Financial Conditions



Liquidity (29/05)  
**\$2.0 billion**



Broad Money (Apr-25)  
**7.3%**



Private Sector Credit (Apr-25)  
**11.5%**

Source: RBF

### Risks to the Outlook

- Global trade policy uncertainty.
- Persistent trade policy uncertainty.
- Diminished policy buffers.
- Cost Crisis and limited policy space could lead to social unrest risk.
- Elevated room rates and higher departure tax may influence travel decisions.

## Monetary Policy Objectives

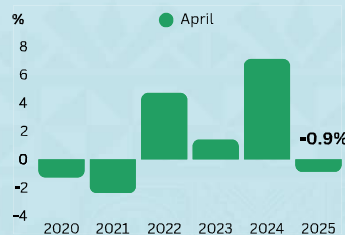
### Foreign Reserves



**\$3.6 billion (29/05)**  
**5.8 MORI**

Source: RBF

### Headline Inflation



Source: FBoS



# RESERVE BANK OF FIJI

## ECONOMIC REVIEW

The inclusion of news items in this review does not imply endorsement of the accuracy of the information nor agreement with views expressed.

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Month Ended May 2025

The global growth projection for 2025 was revised downward in the April International Monetary Fund's (IMF) World Economic Outlook (WEO) report. Relative to projections released in the January WEO, the global economy is now projected to grow by 2.8 percent (-0.5pp)<sup>1</sup> in 2025 and 3.0 percent (-0.3pp) in 2026, on the back of unpredictable trade policies (tariffs) and policy shifts by the world's economies, particularly the United States (US) and China. In line with this, the economic outlook for Fiji's trading partner economies have been downgraded. The impact of higher tariffs is expected to affect prices, with inflation anticipated to rise by 0.4pp in advanced economies, while a slight ease (-0.1pp) is forecast for developing countries in 2025.

Given the intensifying geopolitical tensions, commodity price movements were mixed, as the US imposed new sanctions on a network in Iran and China linked to a ballistic missile procurement. Brent crude oil price peaked<sup>2</sup> early in the month before falling (-15.5%) to a 4-year low of US\$63.12 per barrel in April. The monthly decline was driven by escalating trade tensions between the US and China, which raised concerns over slowing global economic growth and weakening energy demand, alongside signals from Saudi Arabia of a potential increase in OPEC+<sup>3</sup> supply. Similarly, sugar prices fell over the month (-8.5%) in April to US17.25 cents per pound. The decline was attributed to the excess production from the Brazilian and Thailand markets. Global food prices<sup>4</sup> rose for the third consecutive month in April (1.0%), whereby tighter supply and increased import demand led to higher cereal, dairy and meat prices. Additionally, gold prices continued

to increase (7.7%) in April, rising to US\$3,319.10 per fine ounce, reflecting the weakening US dollar and heightened trade uncertainty.

On the domestic front, the tourism industry showed signs of improvement over the year in April alone as visitor arrivals recorded a growth of 4.0 percent compared to April 2024,<sup>5</sup> largely driven by an increase in Australian visitors, benefiting from the well-timed school holidays with the mid-month Easter break. However, cumulative to April, visitor arrivals remain below 2024 levels (-2.7% to 264,482 visitors) due to lower arrivals in the first quarter of the year. The low outcome was mainly from major source markets – New Zealand (-10.9%) and Australia (-3.3%), which more-than-offset the uptick in visitors from PICs<sup>6</sup> (21.4%), USA (7.4%) and UK/Europe (2.7%).

Sectoral performances were mixed in the year to April. Electricity generation improved marginally (0.5%) in the review period, partly due to higher production from the Kinoya HFO<sup>7</sup> and Nadarivatu power stations. Similarly, mineral water output increased (11.4%), following completion of plant upgrades by a major producer. The timber industry generally recorded positive outturns. The supply of wood cumulative to March, increased on an annual basis, underpinned by pine pulp (203.7%) and pine poles (285.6%), with similar outturns noted for woodchips (192.6%) and sawn timber (121.2%), boosted by increased demand. Mahogany production cumulative to April recorded an annual increase (106.5%) compared to the same period in 2024, bolstered by favourable weather conditions boosting logging operations. In contrast, gold

<sup>1</sup> pp – percentage points.

<sup>2</sup> At US\$74.95 per barrel.

<sup>3</sup> Organization of the Petroleum Exporting Countries.

<sup>4</sup> The Food and Agriculture Organisation food price index.

<sup>5</sup> Australia and Fiji Easter holidays in 2025 were from 18, 20 and 21 April 2025. Australian autumn school holidays ran between 5 April to 27 April, 2025 depending on the State.

<sup>6</sup> Pacific Island Countries.

<sup>7</sup> Heavy Fuel Oil.

production noted a 10.3 percent decline in the first four months, largely underpinned by four consecutive months of lower production from the Vatukoula gold mine (-57.0%).

Monitored indicators point toward continued gradual easing of tight labour market conditions. Labour demand continues to contract evident by a decline (-7.1%) in job advertisements in the year to April. This may be influenced by several factors including the absence of advertisements from exempt companies for labour importation.<sup>8</sup> A notable decline in resident departures for work (-49.6%)<sup>9</sup> and education and training (-28.8%) until April, has improved supply somewhat, reducing the need to replace workers. In addition, preliminary Quarter 1 data from the Fiji National Provident Fund (FNPF) shows that the number of registered employees and their wages have, on average, increased by close to 3.0 percent and 10.0 percent, respectively. Employment and wage growth coupled with an inflow of remittances continue to support households' ability to spend.

Consumption spending continued its growth momentum in the year to April, evident through partial indicators. Net VAT collections were higher (10.0%) annually, attributed to higher domestic (14.4%) and customs (12.0%) collections, partially as a result of higher wages. Similarly, total vehicle registrations rose by an annual 28.1 percent into April, driven by higher demand for new (34.0%) and second-hand (23.6%) vehicles. Furthermore, new consumption-related loans, a leading indicator of consumption activity, grew (65.3%, \$835.0m) in the same period, predominantly driven by the WRHR<sup>10</sup> sectors (71.7%, \$728.6m). Electricity consumption also increased (1.9%) in the review period mostly driven by higher usage from domestic and industrial users.

On investment activity, key partial indicators have presented mixed outcomes. In the year to April, new investment-related credit (excluding refinance), a forward-looking indicator, fell by 5.6 percent, mostly driven by lower lending to the real estate sector (-22.9%) however, lending to the building and

construction sector (12.2%) and for households' second-home purchase (48.6%) continued to record annual growth. The value of credit issued for building & construction and real estate sectors reflects both the cost and scale of ongoing and planned projects within the economy. Complementing this trend, construction-related imports rose by 10.1 percent in the year to February 2025, suggesting an improvement in construction activity and associated demand for materials.

Credit activity remained upbeat in April amid conducive financial conditions, supporting economic activity. Growth in broad money moderated (7.3%), driven by a weaker rise in net domestic credit, influenced by an increase (64.2%) in liabilities to the Central Government which offset most of the gains from the double-digit expansion in private sector credit (11.5%). A majority of this credit was to the private sector business entities (10.9%), particularly in the WRHR (17.3%) and the real estate (11.6%) sectors. Liquidity remained sufficient, close to \$2.0 billion in May (29/05), keeping lending rates relatively low (4.56%).

In April 2025, the Fijian dollar (FJD) appreciated against the Australian dollar (AUD) (2.4%) and the New Zealand dollar (NZD) (0.3%) annually but weakened against the Japanese Yen (JPY) (-9.2%), the Euro (EUR) (-6.2%) and the United States dollar (USD) (-0.4%). Over the month, the FJD strengthened against the USD (1.6%) and the AUD (0.1%) but depreciated against the EUR (-3.5%), the JPY (-3.4%), and the NZD (-2.2%). The nominal effective exchange rate fell by 0.3 percent over the year in April but gained marginally over the month (0.01%). The annual dip was on account of the weakening FJD against the JPY, EUR and USD while the gain over the month mirrored some strengthening against the AUD and USD. Accounting for inflation, the real effective exchange rate fell over the year (-3.6%) and month (-0.8%) as inflation in Fiji was lower than trading partners in the

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<sup>8</sup> The qualified employers list (excluding subsidiary companies) has increased from 150 to 160 companies (<https://www.immigration.gov.fj/work-in-fiji/>).

<sup>9</sup> This is resident departure for work purposes for the period of one year and above.

<sup>10</sup> WRHR - wholesale, retail, hotel & restaurants.

currency basket therefore leading to a gain in trade competitiveness.

On external conditions, Fiji's merchandise trade deficit widened by 4.5 percent year-on-year to \$693.0 million cumulative to February 2025, driven by an increase of \$114.1 million (11.2%) in imports to \$1,135.9 million, which surpassed the growth in exports of \$84.3 million, to \$442.9 million in the same period. The growth in imports was mostly led by higher imports for road vehicles and mineral fuels, boosted by higher volumes amid falling global oil prices. In addition, growth in exports was mainly driven by higher contributions from re-exports of mineral fuel, mineral water and kava. The trade deficit continues to be partly funded by inward remittances and tourism earnings. Inward remittances<sup>11</sup> totalled \$448.5 million in the year to April (10.4%), with a majority of funds received via the mobile money channel. On the other hand, outward remittances totalled \$174.2 million, growing by 13.3 percent mainly from outflows by emigrants and non-residents to meet commitments in their home country. Tourism earnings reached a new high in 2024, totalling \$2,536.8 million, with a modest growth of 1.9 percent compared to 46.3 percent in the same period last year. This deceleration was primarily attributed to a shorter average length of stay, even as visitors' average daily spending increased.

The annual headline inflation rate eased further in April, registering at -0.9 percent, in contrast to the 7.1 percent peak recorded in April 2024. This outcome was underpinned by significant annual price contractions noted in the food and non-alcoholic beverages (-1.6pp) and transport (-0.3pp) categories, which more-than-offset the higher prices in the alcoholic beverages, narcotics & tobacco (+0.6pp), miscellaneous goods & services (+0.3pp) and the restaurant & hotels (+0.1pp) categories. Food prices (-4.2%), particularly market items, were comparably much lower in April compared to a year ago, where

prices were elevated due to flooding.<sup>12</sup> Foreign reserves (29/5) continued to remain adequate at \$3.6 billion, sufficient to cover 5.8 months of retained imports of goods and services.

Potential risks weighing on the economic outlook stem from both international and domestic factors. Persistent trade policy uncertainty may dampen global growth, while diminished policy buffers in certain countries across the world have reduced the capacity to absorb future shocks. On the flipside, a reduction in the US tariff rates and the establishment of new trade agreements, offering greater clarity, could support an improvement in global growth. Domestically, while the sluggish visitor arrivals continue to be a concern, tourism stakeholders remain cautiously optimistic, anticipating a potential rebound starting from the second quarter.

## **RESERVE BANK OF FIJI**

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<sup>11</sup> Reflects personal transfers that individuals receive from overseas via mobile money, commercial banks and money transfer operators according to Overseas Exchange Transaction standards, which differ from the Balance of Payments definition.

<sup>12</sup> The March 2024 floods significantly impacted prices of food market items which largely drove annual headline inflation, peaking at 7.1 percent in April 2024.

**KEY INDICATORS****1. Sectoral Performance Indicators \***  
(year-on-year % change)

Visitor Arrivals	7.7	0.7	-3.8	-5.3	-2.7
Electricity Production	9.4	2.2	-1.1	0.3	0.5
Gold Production	50.2	-34.2	-15.0	-11.8	-10.3
Pinewood Production	-43.1	263.1	73.4	83.4	n.a
Woodchip Production	-23.1	n.a	496.7	192.6	n.a
Sawn Timber Production	-12.1	n.a	189.3	121.2	n.a
Mahogany Production	-16.7	24.1	84.7	149.8	106.5
Cement Production	7.5	-9.2	0.1	-10.5	n.a

**2. Consumption Indicators \***  
(year-on-year % change)

Net VAT Collections	36.0	16.4	7.4	11.7	10.0
New Consumption Lending <sup>1/</sup>	10.8	29.2	77.2	58.2	65.3
Vehicle Registrations	25.2	30.5	31.3	34.0	28.1
New Vehicle Registrations	17.6	30.1	31.0	38.1	34.0
Secondhand Vehicle Registrations	31.8	30.8	31.6	31.0	23.6
Inward Personal Remittances <sup>2/</sup>	6.2	29.8	16.9	10.4	10.4
Outward Personal Remittances	10.7	84.8	41.7	19.2	13.3
Electricity Consumption	8.8	1.9	0.0	0.6	1.9

**3. Investment Indicators \***  
(year-on-year % change)

Domestic Cement Sales	11.7	10.9	3.7	8.6	n.a
New Investment Lending <sup>1/</sup>	5.1	61.3	15.9	12.2	-5.6

**4. Labour Market**  
(year-on-year % change)

RBF Job Advertisement Survey	9.3	-34.6	-21.7	-0.3	-7.1
Resident Departure by purpose >1yr above <sup>3/</sup>	-8.8	-27.2	-25.0	-28.2	-33.0

**5. Consumer Prices \*\***  
(year-on-year % change) <sup>4/</sup>

All Items	7.1	4.0	1.4	1.5	-0.9
Food and Non-Alcoholic Beverage	12.2	9.3	1.4	0.2	-4.3
Alcoholic Beverages, Tobacco & Narcotics	8.2	7.1	7.5	7.6	3.9

**6. Reserves \*\*\***  
(end of period)

Foreign Reserves (\$m) <sup>5/</sup>	3,144.6	3,668.7	3,581.8	3,521.0	3,499.8
Months of retained imports of goods and non-factor services (MORI) <sup>6/</sup>	5.1	5.9	5.8	5.7	5.6

**7. Exchange Rates \*\*\***  
(End of period, F\$1 equals)  
(Index)

US dollar	0.4414	0.4267	0.4267	0.4297	0.4366
Australian dollar	0.6675	0.6839	0.6841	0.6829	0.6837
New Zealand dollar	0.7331	0.7543	0.7574	0.7514	0.7351
Euro	0.4088	0.4091	0.4101	0.3971	0.3833
Japanese Yen	68.45	65.73	63.90	64.35	62.13
Nominal Effective Exchange Rate <sup>7/</sup>	85.55	85.56	85.51	85.44	85.39
Real Effective Exchange Rate <sup>7/</sup>	95.47	97.14	92.47	92.28	91.62

**8. Liquidity \*\*\***  
(end of period)

Banks' Demand Deposits (\$m)	1,853.9	2,164.8	2,079.2	1,989.7	1,913.9
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**9. Money and Credit \*\*\***  
(year-on-year % change)

Broad Money	9.0	10.1	8.8	6.9	7.3
Net Foreign Assets	-5.7	13.7	11.5	12.0	12.6
Domestic Credit	9.6	8.5	8.4	5.5	6.6
Private Sector Credit	9.0	11.8	12.5	11.0	11.5
Narrow Money	7.6	11.3	9.5	6.8	9.2

**10. Interest Rates (%) \*\*\***  
(monthly weighted average)

Overnight Policy Rate <sup>8/</sup>	0.25	0.25	0.25	0.25	0.25
Repurchase Rate <sup>8/</sup>	0.50	0.50	0.50	0.50	0.50
Overnight inter-bank Rate	n.t	n.t	n.t	n.t	n.t
Lending Rate	4.77	4.55	4.60	4.55	4.56
Savings Deposit Rate	0.42	0.30	0.32	0.30	0.31
Time Deposit Rate	1.40	1.74	1.71	1.74	1.72
3 month Government T-Bills	n.i	0.15	0.15	n.i	0.15
12 month Government T-Bills	n.i	1.14	1.14	n.i	n.i
5-year Government Bond Yield	n.i	n.i	n.i	n.i	n.i
10-year Government Bond Yield	n.i	3.90	n.i	n.i	n.i

**11. Commodity Prices \*\*\*\***  
(end of period)

UK Gold Price/fine ounce (US\$)	2,302.9	2,835.0	2,848.5	3,154.8	3,319.1
CSCE No. 11 Sugar Spot Price/Global (US cents/pound)	19.4	19.4	18.5	18.9	17.3
Crude Oil/barrel (US\$)	87.9	76.8	73.2	74.7	63.1
FAO Food price index <sup>Δ</sup>	119.2	124.7	126.6	127.1	128.3

Note:

<sup>1/</sup> Excludes refinancing<sup>2/</sup> Reflects personal transfers that individuals receive from overseas via mobile money, commercial banks and money transfer operators according to<sup>3/</sup> Resident departure by purpose includes Employment, Education/ Training, Emigration & Others<sup>4/</sup> 2014 rebase.<sup>5/</sup> Foreign reserves includes monetary gold, Special Drawing Rights, reserve position in the Fund and foreign exchange assets consisting<sup>6/</sup> MORI is based on the Macroeconomic Committee forecast as at November 2024.<sup>7/</sup> Methodology is currently under review.<sup>8/</sup> Not weighted average.

m - Millions

n.i - No Issue

n.a - Not Available

n/a - Not Applicable

n.t - No Trading

Sources:

\* Various Industry Sources

\*\* Fiji Bureau of Statistics

\*\*\* Reserve Bank of Fiji

\*\*\*\* Bloomberg

Δ Food and Agriculture Organisation (FAO)