



## International Economy

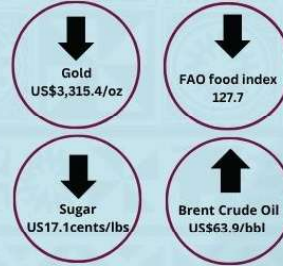
### Global Economy



Global economic activity being subdued by trade and geopolitical tensions. Recent progress such as ceasefire between Iran and Israel and preliminary US-China trade agreement, has helped stabilised markets and lift investor confidence.

Source: IMF, OECD & World Bank

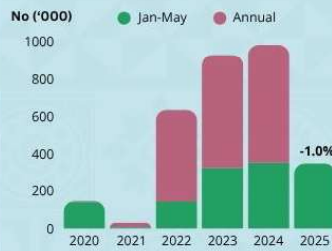
### Commodity Prices (May-end)



Sources: Bloomberg, FAO

## Fijian Economy

### Visitor Arrivals



Source: FBoS

### Sectoral Production (Jan-May)



Source: Various Industries



### Consumption (Jan-May)

- Net VAT Collections: **8.1%**
- New Consumption Lending: **52.8%**
- Vehicle Registrations: **24.1%**
- Inward Remittances: **14.4%**



### Investment (Jan-May)

- New Investment Lending: **-3.7%**
- Domestic Cement Sales (Jan-Mar): **8.6%**
- Building Permits (Jan-Mar): **11.3%**

Sources: FRCS, RBF, Various Industries, FBoS

### Labour Market (Jan-May)

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



- Employment: **-40.8%**
- Education/Training: **-20.6%**
- Others: **-17.7%**



- Job Advertisements: **-9.5%**

Sources: FBoS, RBF

### Financial Conditions



Liquidity (30/06)  
**\$2.1 billion**



Broad Money (May)  
**7.1%**



Private Sector Credit (May)  
**9.6%**

Source: RBF

### Risks to the Outlook

- Prolonged trade & geopolitical tensions
- Growth in visitor arrivals remain slow on a cumulative basis
- Based on industry feedback, travel demand is likely to pick up in the peak season (July-September)

## Monetary Policy Objectives

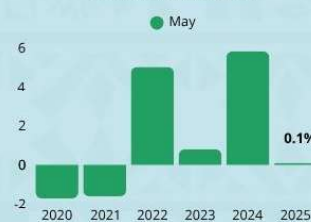
### Foreign Reserves



**\$3.7 billion (30/06)**  
**5.9 MORI**

Source: RBF

### Headline Inflation



Source: FBoS

## Overnight Policy Rate



The RBF Board maintained the Overnight Policy Rate at **0.25%** in its June meeting.



## 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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Due to ongoing trade and geopolitical tensions, global economic activity during the first half of 2025 remains subdued. Both the World Bank and OECD<sup>1</sup> recently downgraded the 2025 growth projections by 0.5 percentage points (pp) and 0.4 pp respectively, mirroring the International Monetary Fund's April downward revision (-0.5pp). Rising tensions between Iran and Israel, followed by US strikes on Iranian military targets, briefly pushed oil prices higher before easing on de-escalation efforts led by ally countries. Meanwhile, investor sentiments improved following the US-China trade talks in London, where both parties reached a preliminary agreement pending approval from their respective leaders.

By May end, crude oil prices increased slightly over the month (1.2%) settling at US\$63.90 per barrel as OPEC+<sup>2</sup> decided not to expedite its planned output increases. Global food prices, based on the FAO<sup>3</sup> food price index, fell over the month (-0.8%) as improved supply led the lower average prices for cereal, vegetable oil and sugar which more than offset the demand driven gain in prices for dairy and meat. In terms of Fiji's export commodities, global sugar prices fell over the month in May (-1.2%) to US17.05 cents per pound due to excess supply particularly from India, while the slightly lower gold prices of US\$3,315.40 per fine ounce relative to April (-0.1%), reflected a shift in demand towards bitcoin.

In the domestic economy, visitor arrivals grew in May to 86,587 visitors (4.4%) compared to the same month a year ago driven by increased arrivals from the US (23.7%), UK/Europe (31.9%) and Canada

(26.9%). However, in the first five months of 2025 total visitor arrivals noted an annual contraction of 1.0 percent, owed to lower arrivals from Australia (-2.7%) and New Zealand (-8.1%) but the increase in visitors from the PIC's<sup>4</sup> (17.2%) and the US (11.1%) cushioned the overall dip. The low arrivals from the key source markets could be due to a combination of factors, including severe flooding (in New South Wales) and federal elections in Australia in May,<sup>5</sup> global economic uncertainty, and potential shifts in travel patterns.

Sectoral performances in the year to May were generally positive except for gold production. In the review period, mineral water production recorded a growth of 6.0 percent over the year, attributed to the completion of the capacity expansion project by a major producer since the beginning of this year. Similarly, cumulative to April the timber industry noted strong growth (142.8%) in wood supply on the back of higher production of sawn timber (133.9%) and woodchips (82.0%) boosted by increased demand. Likewise, mahogany production cumulative to May grew by 91.7 percent bolstered by favourable weather conditions. Electricity production increased marginally (0.1%) in the same period driven by the addition of more households (y-o-y: 1.6%) onto the EFL grid. Contrastingly gold production in the first five months noted an annual decline (-16.5%) underpinned by continued weak output from the Vatukoula gold mine.

Monitored indicators suggest an improvement in labour supply relative to demand. Labour demand, as signalled by the RBF's Job Advertisement Survey, declined by 9.5 percent cumulative to May. Lower

<sup>1</sup> The Organisation for Economic Co-operation and Development is an international organisation that helps member countries work together to address economic, social, and environmental challenges with members such as Australia, New Zealand, and other countries.

<sup>2</sup> Organisation of the Petroleum Exporting Countries (OPEC). The OPEC+ is constituted with 10 OPEC and 12 non-OPEC

member countries that roughly controls 80 percent of global oil reserves.

<sup>3</sup> Food and Agriculture Organisation.

<sup>4</sup> Pacific Island Countries.

<sup>5</sup> The Federal Elections were held on 03 May 2025.

resident departures were also recorded in the same period, with major reductions noted for the employment (-40.8%), education and training (-20.6%) as well as emigration (-17.7%) categories which supporting labour supply. Subsequently the number of registered employees with Fiji National Provident Fund noted an annual rise (2.3%) in quarter one with aggregate wages paid expanding by 9.9 percent. In addition to improved VAT compliance, this has led to higher PAYE tax (19.1%) collections.

Improved disposable income, higher credit and inflow of remittances continue to support consumption activity. In the first five months, new consumption related loans<sup>6</sup> grew by 52.8 percent (to \$995.1m) predominantly driven by lending to the wholesale, retail, hotels, and restaurants (WRHR) sector (57.6% to \$861.4m). Similarly, inward remittances<sup>7</sup> continues to expand in the year to May, registering a 14.4 percent annual growth (to \$580.3m) with majority of funds being received via the mobile money channel. While outward remittances rose by 11.8 percent (to \$215.4 million) over the same period, driven primarily by transfers from emigrants and non-residents to fulfil obligations in their home countries. On net, remittance totalled \$364.9 million, higher by 16.0 percent over the comparable 2024 period. Other partial indicators of consumption also suggest robust activity. Net VAT collections rose by 8.1 percent attributed to higher domestic (13.3%) and customs (9.3%) VAT collections. Total vehicle registrations grew by 24.1 percent cumulative to May, driven by high demand for new vehicles (29.5%) and second-hand vehicles (20.1%). In the year to April, electricity consumption rose (1.9%) due to higher domestic (4.7%) and industrial (3.6%) demand.

Investment activity has gradually improved but continues to be weighed down by the elevated business costs, and regulatory hurdles. This is indicated by the BMPI<sup>8</sup> (a partial indicator of construction related prices), which grew annually by 4.0 percent on average, cumulative to the second

quarter. In the first quarter of the year, both the number of building permits issued,<sup>9</sup> and imports of prefabricated building & other building materials noted annual growth of 11.3 percent, mirroring the growing appetite for construction activities. However, in the year to May, new loans for investment purposes<sup>10</sup> decreased by 3.7 percent due to lower lending to the real estate (-14.5%) and building & construction (B&C) (-2.8%) sectors fell, while lending for second-home purchases (46.6%) registered an annual growth.

On the fiscal front, the FY2025-2026 national budget which was announced on 27 June 2025 is projected to be expansionary and supportive of economic activity. With total expenditure of \$4,833.5 million (33.0% of GDP) and total revenue of \$3,947.4 million (26.9% of GDP), the net deficit is budgeted to be \$886.0 million or 6.0 percent of GDP. Key measures include VAT and import duty reductions, pay increments for civil servants, transport subsidies and increases in social welfare support which aims to ease cost of living. These coupled with the higher estimated spending to improve infrastructure and provision of public services are expected to positively contribute to economic growth.

Credit activity continued to grow in May amid accommodative financial conditions. Broad money grew by 7.1 percent driven by strong growth in net foreign assets (19.3%) and private sector credit (PSC) (9.6%, \$927.3m), which offset the decline in net credit to Central Government (-80.7%, - \$562.2m). The growth in PSC was mostly given to private sector business entities (9.1%) largely in the WRHR (10.4%) and the real estate (10.2%) sectors. Liquidity remains ample at \$2.1 billion (27/06), keeping interest rates low.

In May 2025, the Fijian dollar (FJD) appreciated against the Australian dollar (AUD) (1.9%) and the New Zealand dollar (NZD) (1.6%) annually but weakened against the Japanese Yen (JPY) (-9.0%), the Euro (EUR) (-1.0%) and the United States dollar (USD) (-0.9%). Over the month, the FJD

<sup>6</sup> A leading indicator of consumption activity-excluding refinance.

<sup>7</sup> Reflects personal transfers that individuals receive from overseas via mobile money, commercial banks and money transfer operators.

<sup>8</sup> Building Materials Price Index.

<sup>9</sup> However, the value of permits issued declined by 21.5 percent in the same period.

<sup>10</sup> Excluding refinance.

strengthened against the JPY (2.0%), the EUR (1.0%) and the USD (0.2%) but depreciated against the AUD (-0.5%) and the NZD (-0.2%).

On the external front, Fiji's merchandise trade deficit widened annually by 6.4 percent to \$1,054.8 million, cumulative to March 2025. This was driven by an increase of \$175.6 million (11.6%) in imports, which surpassed the growth of \$111.8 million in exports. The growth in imports was mostly led by higher import demand for general and specialised industrial equipment and mineral fuels, boosted by higher volume purchases amidst the low global oil prices. In addition, the increase in exports was mainly driven by higher contributions from re-exports of mineral fuel, coupled with domestic exports of mineral water and gold.

In May, the annual headline inflation rate rose slightly to 0.1 percent from the decline registered in April (-0.9%) however, lower than the 5.8 percent recorded in May 2024. This outturn was largely driven by higher prices for alcoholic beverages, narcotics & tobacco (+0.7pp), miscellaneous goods & services (+0.3pp), and restaurants & hotels (+0.1pp), which more than offset the decline in prices for food and non-alcoholic beverages (-0.5pp) and transport (-0.4pp) categories. Foreign reserves (30/06) remain comfortable at \$3.7 billion, sufficient to cover 5.9 months of retained imports of goods and services.

Downside risks to the outlook persist due to both international and domestic developments. Prolonged trade and geopolitical tensions can weigh more on the current global and domestic outlook and on the RBF's twin objectives, eroding buffers. Domestically, while visitor arrivals continue to slow, on a cumulative basis, industry feedback indicates positive sentiments that travel demand is likely to pick up in the peak season (July - September) with the roll out of aggressive marketing strategy.

With a comfortable outlook of the twin monetary policy objectives, inflation and foreign reserves, the RBF Board decided to maintain the Overnight Policy Rate at 0.25 percent in its June meeting.

## **RESERVE BANK OF FIJI**

## FIJI: ECONOMIC &amp; FINANCIAL STATISTICS

## KEY INDICATORS

## 1. Sectoral Performance Indicators \*

(year-on-year % change)

|                        | May-24 | Feb-25 | Mar-25 | Apr-25 | May-25 |
|------------------------|--------|--------|--------|--------|--------|
| Visitor Arrivals       | 8.3    | -3.8   | -5.3   | -2.7   | -1.0   |
| Electricity Production | 10.3   | -1.1   | 0.3    | 0.5    | 0.1    |
| Gold Production        | 41.7   | -15.0  | -11.8  | -10.3  | -16.5  |
| Pinewood Production    | -36.5  | 135.2  | 143.4  | 142.8  | n.a    |
| Woodchip Production    | -31.9  | 496.7  | 192.6  | 82.0   | n.a    |
| Sawn Timber Production | -15.0  | 189.3  | 123.5  | 133.9  | n.a    |
| Mahogany Production    | -3.8   | 84.7   | 149.8  | 106.5  | 91.7   |
| Cement Production      | 15.1   | 0.1    | -10.5  | n.a    | n.a    |

## 2. Consumption Indicators \*

(year-on-year % change)

|   |      |      |      |      |      |
|---|------|------|------|------|------|
| Net VAT Collections                       | 38.4 | 7.4  | 11.7 | 10.0 | 8.1  |
| New Consumption Lending <sup>1/</sup>     | 9.6  | 77.2 | 58.2 | 65.3 | 52.8 |
| Vehicle Registrations                     | 24.0 | 31.3 | 34.0 | 28.1 | 24.1 |
| New Vehicle Registrations                 | 15.2 | 31.0 | 38.1 | 34.0 | 29.5 |
| Secondhand Vehicle Registrations          | 31.5 | 31.6 | 31.0 | 23.6 | 20.1 |
| Inward Personal Remittances <sup>2/</sup> | 5.0  | 16.9 | 10.4 | 10.4 | 14.4 |
| Outward Personal Remittances              | 14.7 | 41.7 | 19.2 | 13.3 | 11.8 |
| Electricity Consumption                   | 9.2  | 0.0  | 0.6  | 1.9  | n.a  |

## 3. Investment Indicators \*

(year-on-year % change)

|                                      |      |      |      |      |      |
|--------------------------------------|------|------|------|------|------|
| Domestic Cement Sales                | 10.4 | 3.7  | 8.6  | n.a  | n.a  |
| New Investment Lending <sup>1/</sup> | 10.2 | 15.9 | 12.2 | -5.6 | -3.7 |

## 4. Labour Market

(year-on-year % change)

|  |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
| RBF Job Advertisement Survey                           | -2.5  | -21.7 | -0.3  | -7.1  | -9.5  |
| Resident Departure by purpose >1yr above <sup>3/</sup> | -24.9 | -25.0 | -28.2 | -33.0 | -27.0 |

## 5. Consumer Prices \*\*

(year-on-year % change)<sup>4/</sup>

|  |     |     |     |      |      |
|--|-----|-----|-----|------|------|
| All Items                                | 5.8 | 1.4 | 1.5 | -0.9 | 0.1  |
| Food and Non-Alcoholic Beverage          | 7.7 | 1.4 | 0.2 | -4.3 | -1.5 |
| Alcoholic Beverages, Tobacco & Narcotics | 7.7 | 7.5 | 7.6 | 3.9  | 4.7  |

## 6. Reserves \*\*\*

(end of period)

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Foreign Reserves (\$m) <sup>5/</sup>   | 3,194.1 | 3,581.8 | 3,521.0 | 3,499.8 | 3,600.7 |
| Months of retained imports of goods and non-factor services (MORI) <sup>6/</sup> | 5.1     | 5.6     | 5.5     | 5.5     | 5.6     |

## 7. Exchange Rates \*\*\*

(End of period, F\$1 equals)  
(Index)

|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| US dollar                                     | 0.4414 | 0.4267 | 0.4297 | 0.4366 | 0.4374 |
| Australian dollar                             | 0.6674 | 0.6841 | 0.6829 | 0.6837 | 0.6804 |
| New Zealand dollar                            | 0.7216 | 0.7574 | 0.7514 | 0.7351 | 0.7335 |
| Euro  | 0.4087 | 0.4101 | 0.3971 | 0.3833 | 0.3872 |
| Japanese Yen                                  | 69.60  | 63.90  | 64.35  | 62.13  | 63.35  |
| Nominal Effective Exchange Rate <sup>7/</sup> | 85.63  | 85.51  | 85.44  | 85.39  | 85.40  |
| Real Effective Exchange Rate <sup>7/</sup>    | 94.55  | 92.47  | 92.28  | 91.89  | 91.58  |

## 8. Liquidity \*\*\*

(end of period)

|                              |         |         |         |         |         |
|------------------------------|---------|---------|---------|---------|---------|
| Banks' Demand Deposits (\$m) | 1,918.9 | 2,079.2 | 1,989.7 | 1,913.9 | 1,986.5 |
|------------------------------|---------|---------|---------|---------|---------|

## 9. Money and Credit \*\*\*

(year-on-year % change)

|                       |      |      |      |      |      |
|-----------------------|------|------|------|------|------|
| Broad Money           | 7.1  | 8.8  | 6.9  | 7.3  | 7.1  |
| Net Foreign Assets    | -9.1 | 11.5 | 12.0 | 12.6 | 19.3 |
| Domestic Credit       | 10.4 | 8.4  | 5.5  | 6.6  | 4.5  |
| Private Sector Credit | 10.4 | 12.5 | 11.0 | 11.5 | 9.6  |
| Narrow Money          | 7.1  | 9.5  | 6.8  | 9.2  | 8.5  |

## 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.i  | n.i  | n.i  | n.i  | n.i  |
| Lending Rate                        | 4.67 | 4.60 | 4.55 | 4.56 | 4.55 |
| Savings Deposit Rate                | 0.31 | 0.32 | 0.30 | 0.31 | 0.31 |
| Time Deposit Rate                   | 1.62 | 1.71 | 1.74 | 1.72 | 1.74 |
| 3 month Government T-Bills          | n.i  | 0.15 | n.i  | 0.15 | 0.20 |
| 12 month Government T-Bills         | 0.93 | 1.14 | n.i  | n.i  | 1.16 |
| 5-year Government Bond Yield        | n.i  | n.i  | n.i  | n.i  | n.i  |
| 10-year Government Bond Yield       | n.i  | n.i  | n.i  | n.i  | n.i  |

## 11. Commodity Prices \*\*\*\*

(end of period)

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| UK Gold Price/fine ounce (US\$)                      | 2,345.8 | 2,848.5 | 3,154.8 | 3,319.1 | 3,315.4 |
| CSCE No. 11 Sugar Spot Price/Global (US cents/pound) | 18.3    | 18.5    | 18.9    | 17.3    | 17.1    |
| Crude Oil/barrel (US\$)                              | 81.6    | 73.2    | 74.7    | 63.1    | 63.9    |
| FAO Food price index <sup>^</sup>                    | 120.5   | 126.6   | 127.2   | 128.7   | 127.7   |

## 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 Overseas Exchange Transaction standards, which differ from the Balance of Payments definition..<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 of currency and deposits actually held by the Reserve Bank.<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

<sup>^</sup> Food and Agriculture Organisation (FAO)