



RBF August 2025 ECONOMIC REVIEW

at a glance

International Economy

Global Economy



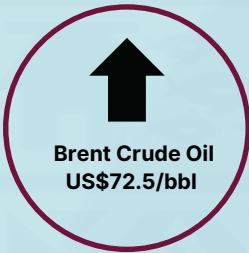
Global growth outlook remains positive for 2025. Recent indicators point to continued momentum, driven by:

- ✓ Global demand picking up, even as manufacturing softens.
- ✓ Stronger services sector driving overall output growth.

However, trade uncertainties and geopolitical tensions cloud the global growth outlook.

Source: IMF WEO, Jul-25 and S&P Global PMI

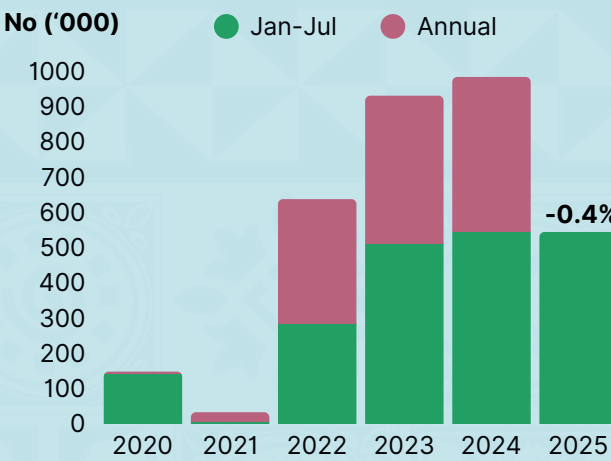
Commodity Prices (July-end)



Sources: Bloomberg & FAO

Fijian Economy (Jan-Jul)

Visitor Arrivals



Source: FBoS

Sectoral Production



Electricity
0.04%



Mineral Water
-0.4%



Gold Ore
-24.3%

Gold Concentration (Feb-Jul): 6,410 ounces



Mahogany 101.3%

Woodchips 9.7%

Sawn Timber 26.0%



Cane*

-2.6%



Sugar*

-8.5%

* First 10 weeks of crushing week ending 18 August

Source: Various Industries

Consumption



- Net VAT Collections 5.4%
- New Consumption Lending* 35.1%
- New Vehicle Registrations 30.1%
- Second-hand Vehicle Registrations 16.1%

Investment



- New Investment Lending* 1.4%
- Cement Sales (Jan-Jun) -14.4%

* Excluding refinancing

Sources: FRCS, RBF & Various Industries

Labour Market



Resident departure by purpose - 1yr above

- Employment -31.5%
- Education/Training -15.2%
- Emigration -6.6%



- Job Advertisements -7.2%



- Labour Mobility programs -8.6%



- Foreign labour -78.3%

Sources: FBoS, RBF, NEC & Ministry of Immigration

Financial Conditions (Jul)



Liquidity (28/08)
\$2.2 billion



Broad Money
9.4%



Private Sector Credit
9.5%

Source: RBF

Risks to the Outlook

Global uncertainty remains elevated due to Trump tariffs and ongoing geopolitical tensions. This may weaken demand from Fiji's major trading partners, affecting exports, services, and remittance inflows.

Monetary Policy Objectives

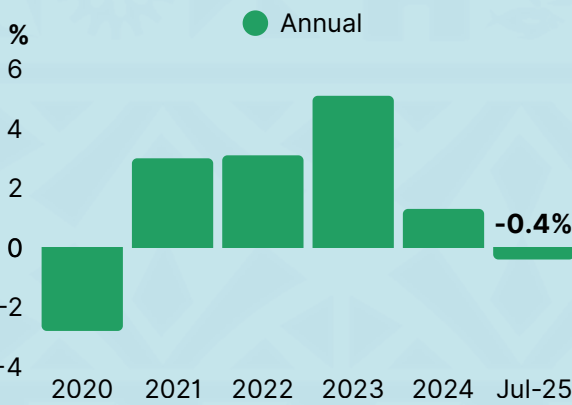
Foreign Reserves



\$3.9 billion (29/08)
6.1 MORI

Source: RBF

Headline Inflation



Source: FBoS

Overnight Policy Rate



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



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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 August 2025

The Global Composite Output Index,¹ noted an expansion in July mostly attributed to the accelerating services activity which outweighed the decline in manufacturing output. Furthermore, while there was a general improvement in demand, especially in the services sector, optimism levels have softened across the board as the temporary surge in early shipments ahead of tariff deadlines faded.

On 31 July, the Trump administration released the revised tariff rates for almost 70 of its trading partners which range from 10 percent to 50 percent and have been in effect from 7 August 2025. In terms of Fiji's major trading partners, tariff rates for China and Japan were revised down relative to the "Liberation Day" rates, while the rates for Australia and the United Kingdom (UK) remain unchanged at the baseline rate of 10 percent. New Zealand (NZ), on the other hand, had its tariff rate increased to 15 percent from the baseline of 10 percent, adding further drag on its economic recovery prospects for 2025.

For Fiji, the tariff rates have been revised down to 15 percent from 32 percent following negotiations with the United States (US) administration providing greater certainty for Fijian exporters.

Global commodity prices increased in July. Brent crude oil prices trended higher over the month (7.3%) at US\$72.53 per barrel due to dips

in crude inventory, continued tensions in the Red Sea region, and the prospective slowdown in oil production by OPEC+² from October. Nonetheless, crude oil prices remained lower (-10.1%) than the corresponding 2024 period. The FAO³ food price index averaged 130.1 points, higher over the year (7.6%) and month (1.6%) as stronger demand drove up meat and vegetable oils prices. Gold prices increased both yearly (35.4%) and monthly (1.2%), settling at US\$3,348.6 per ounce, as the ongoing geopolitics and central bank purchases drove the demand for the precious metal. While sugar prices edged up over the month (0.9%) to US16.35 cents, it fell annually (-13.7%) amid conducive weather conditions and anticipated increases in production volumes.

Domestically, while visitor arrivals are marginally lower in the year to July, record high levels of arrivals were recorded for five out of the seven months, including the four consecutive months from April to July. Fiji received 99,311 visitors in July alone, a 1.0 percent increase when compared to July 2024. Nonetheless, on a cumulative basis, visitor arrivals totalled 543,073, marking an annual decline of 0.4 percent, mostly owed to lower arrivals from NZ (-5.6%), Australia (-1.2%) and the Asian (-9.3%) markets while visitors from the US (10.3%), Pacific Island Countries (8.3%), and the UK/European (7.4%) source markets continued to record higher outcomes. Looking ahead, positive stakeholder sentiments, coupled with

¹ The index is compiled by J.P Morgan and Standard & Poor's Global Purchasing Managers' Index (PMI).

² The Organisation of the Petroleum Exporting Countries.

³ Food and Agriculture Organisation.

the reduced cost of holidaying in Fiji following the Value Added Tax (VAT) reduction, will likely bode well for visitor arrivals in the remaining months of the year.

Sectoral performances were mixed. After starting off the harvesting season on a positive note, both cane (-2.6%) and sugar (-8.5%) production deteriorated as of 18 August due to low and poor-quality cane supply. Similarly, mineral water production declined cumulative to July (-0.4%) impacted by maintenance work at a major production facility in April and weakened demand from key markets. On a positive note, timber production recorded annual growth across all components, with woodchips (9.7%), sawn timber (26.0%) and mahogany (101.3%) posting strong increases in the year to July. In the same period, electricity generation rose marginally (0.04%) driven by increased demand from domestic (due to new grid connections) and industrial users. Gold ore production dipped cumulative to July (-24.3%), but optimism remains as the recent diversification into gold concentrates, saw 6,410 ounces of gold concentrates produced by the Vatukoula Gold Mines Limited during this period.

Imbalances in the labour market continue to ease. Job advertisements fell up to July (-7.2%) as more vacant positions were filled, partly mirrored in the higher formal employment numbers with FNPF (1.9%) as of June. The easing labour market conditions could also be attributed to the fall in resident departures (-20.7%), mostly for employment purposes (-31.5%), particularly for the labour mobility programs (LMP) (-8.6%) up to July. Additionally, the decline (-78.3%) in the importation of foreign labour in the same period suggests that most vacant positions have already been filled. The importation of workers could

fall further as the Qualified Employers program ends in August.⁴

Consumption activity remained strong in the year to July supported by increased employment, higher incomes, continued growth in remittances and access to credit. Partial indicators for consumption such as net VAT (5.4%) collections and new (30.1%) and second-hand (16.1%) vehicle registrations noted positive outcomes annually. Moving forward, consumption activity could strengthen further with improved disposable incomes from budgeted civil servants pay increases, a lower VAT rate and following a robust expansion in commercial banks' new consumption-related loans,⁵ cumulative to July (35.1%).

Partial indicators for investment suggest slow recovery amidst a high-cost environment. Movements in forward looking indicators such as new investment loans⁶ (1.4%) in the year to July were positive, led by higher lending to the real estate sector and households for investment homes. On the other hand, cement sales fell (-14.4%) in the first half of the year owing to the mill closure by Pacific Cement Limited between March and June.⁷ In the first quarter, new building permits issued rose (11.3%) while the value of permits fell (-21.5%). The decline in the value of private dwellings offset the growth in the value for commercial building permits. Price effects, as proxied by the building material prices index, strengthened further (4.0%) in the first half of the year, and remain a constraint on investment activity. Nonetheless, the reduction in the VAT rate could improve investor sentiments.

Credit activity remained upbeat amid conducive financial conditions in July. The pickup in broad money (M3) was driven by net domestic credit (NDC), particularly private sector credit (PSC)

⁴ <https://www.immigration.gov.fj/public-notice-3/>.

⁵ Excluding refinancing.

⁶ Excluding refinancing.

⁷ Pacific Cement Limited had suspended cement production in mid-March following a mill breakdown. Operations resumed after 3 months in mid-June.

(9.5%). Banking system liquidity edged up to \$2.2 billion at the end of August (28/08) and lending rates remained near-historical lows. However, deposit rates noted some increases in the review period.

In June 2025, the Fijian dollar (FJD) appreciated against the Australian dollar (AUD) (1.8%), the New Zealand dollar (NZD) (0.7%) and the US dollar (USD) (0.1%) annually but weakened against the Japanese Yen (JPY) (-10.1%) and the Euro (EUR) (-8.7%). Over the month, the FJD strengthened against the USD (0.9%) and the JPY (0.6%), but depreciated against the EUR (-2.8%), AUD (-0.7%) and the NZD (-0.5%).

On the external front, merchandise trade deficit⁸ narrowed by 1.8 percent cumulative to May, as the nominal growth in exports (16.1%) outpaced increases in imports (4.0%). The rise in exports was on account of increased re-exports of mineral fuels and domestic exports of mineral water, kava, molasses and wood chips. Growth in imports was due to higher demand for machinery & transport equipment, especially road vehicles, as well as chemical and food products. Tourism earnings in the first quarter of 2025 totalled \$439.3 million, registering a slight contraction of 0.3 percent from the comparable quarter last year. Despite higher average daily spending, a shorter average length of stay weighed on the outcome.

Headline inflation stayed negative for the second consecutive month in July. Annually inflation stood at -0.4 percent in July from -0.6 percent in the previous month but down from the 6.8 percent in July last year. Declines in prices for food & non-alcoholic beverages, transport and cooking gas and other fuels offset the increased prices in the alcoholic beverages, narcotics & tobacco, miscellaneous good and restaurant & hotels categories. Prices are expected to be muted on account of the FY2025-26 National

Budget policies effective from 1 August. Foreign reserve holdings settled around \$3.9 billion in August, sufficient to cover 6.1 months of retained imports (MORI) and is expected to stay adequate in the medium term.

Downside risks to the outlook persist mostly through the fragility and uncertainty of global developments, particularly the Trump tariffs and geo-political tensions. Its impact on Fiji can stem through Fiji's major trading partners in terms of reduced demand for Fiji's goods and service exports, visitor arrivals and remittance inflows.

Given that the outlook for RBF's twin monetary policy objectives remain intact, the RBF Board decided to maintain the Overnight Policy Rate at 0.25 percent in its August meeting.

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⁸ Excluding aircraft.

FIJI: ECONOMIC & FINANCIAL STATISTICS

KEY INDICATORS

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

	Jul-24	Apr-25	May-25	Jun-25	Jul-25
Visitor Arrivals	6.7	-2.7	-1.0	-0.8	-0.4
Electricity Production	11.6	0.5	0.1	0.4	0.04
Gold production ^{1/}	40.1	-10.3	-16.5	-24.1	-24.3
Gold production ^{2/}	n/a	20.8	17.3	12.0	14.7
Cane Production	7.4	n/a	n/a	12.1	4.1
Sugar Production	15.5	n/a	n/a	21.8	-0.2
Pinewood Production	-32.4	142.8	159.8	136.0	112.6
Woodchip Production	8.6	82.0	70.9	42.9	9.7
Sawn Timber Production	13.1	133.9	79.4	50.6	26.0
Mahogany Production	-7.8	106.5	91.7	96.4	101.3
Cement Production	6.6	-10.4	-26.6	-11.8	n.a

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

Net VAT Collections	41.9	10.0	8.2	7.9	5.4
New Consumption Lending ^{3/}	27.3	65.3	52.8	36.1	35.1
Vehicle Registrations	18.8	28.1	24.1	22.5	22.0
New Vehicle Registrations	5.8	34.0	29.5	31.4	30.1
Secondhand Vehicle Registrations	30.2	23.6	20.1	16.1	16.1
Inward Personal Remittances ^{4/}	3.0	10.4	14.4	11.5	n.a
Outward Personal Remittances	11.8	13.3	11.8	11.7	n.a
Electricity Consumption	9.7	1.9	1.5	1.8	n.a

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

Domestic Cement Sales	7.6	-2.3	-14.6	-14.4	n.a
New Investment Lending ^{3/}	19.2	-5.6	-3.7	-2.7	1.4
Building & Construction					
Completion Certificates Issued					
Number	n/a	n/a	n/a	n.a	n/a
Value	n/a	n/a	n/a	n.a	n/a
Building Permits Issued					
Number	n/a	n/a	n/a	n.a	n/a
Value	n/a	n/a	n/a	n.a	n/a
Value of work put in place	n/a	n/a	n/a	n.a	n/a

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

R&F Job Advertisement Survey	-7.2	-7.1	-9.5	-9.8	-7.2
Resident Departure by purpose >1yr above ^{4/}	-33.3	-33.0	-27.0	-23.6	-20.7

5. Consumer Prices **
(year-on-year % change) ^{6/}

All Items	6.8	-0.9	0.1	-0.6	-0.4
Food and Non-Alcoholic Beverage	10.0	-4.3	-1.5	-2.6	-2.9
Alcoholic Beverages, Tobacco & Narcotics	8.1	3.9	4.7	5.1	5.1

6. Reserves ***
(end of period)

Foreign Reserves (\$m) ^{7/}	3,581.1	3,499.8	3,600.7	3,756.1	3,847.8
Months of retained imports of goods and non-factor services (MORI)	5.7	5.5	5.6	5.9	6.0

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

US dollar	0.4371	0.4366	0.4374	0.4415	0.4361
Australian dollar	0.6685	0.6837	0.6804	0.6754	0.6775
New Zealand dollar	0.7405	0.7351	0.7335	0.7300	0.7399
Euro	0.4043	0.3833	0.3872	0.3762	0.3823
Japanese Yen	66.83	62.13	63.35	63.75	65.19

8. Liquidity ***
(end of period)

Banks' Demand Deposits (\$m)	2,128.6	1,913.9	1,986.5	2,110.3	2,180.7
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9. Money and Credit ***
(year-on-year % change)

Broad Money	8.1	7.4	7.2	8.4	9.4
Net Foreign Assets	-0.6	12.6	19.3	17.8	7.3
Domestic Credit	9.0	6.6	4.6	6.0	8.8
Private Sector Credit	11.6	11.6	9.7	8.7	9.5
Narrow Money	8.0	9.3	8.5	9.4	10.8

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

Overnight Policy Rate ^{10/}	0.25	0.25	0.25	0.25	0.25
Repurchase Rate ^{10/}	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	4.60	4.56	4.55	4.55	4.57
Savings Deposit Rate	0.30	0.31	0.31	0.31	0.31
Time Deposit Rate	1.75	1.72	1.74	1.73	1.77
3 month Government T-Bills	n.i	0.15	0.20	n.i	n.i
12 month Government T-Bills	n.i	n.i	1.16	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	n.i	n.i	n.i	n.i

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

UK Gold Price/fine ounce (US\$)	2,473.0	3,319.1	3,315.4	3,307.7	3,348.6
C\$CENo. 11 Sugar Spot Price/Global (US cents/pound)	18.9	17.3	17.1	16.2	16.4
Crude Oil/barrel (US\$)	80.7	63.1	63.9	67.6	72.5
FAO Food price index [^]	120.9	128.2	127.1	128.0	130.1

Note:

^{1/} Excluding gold concentrate^{2/} Including gold concentrate^{3/} Excludes refinancing^{4/} Reflects personal transfers that individuals receive from overseas via mobile money, commercial banks and money transfer operators according to^{5/} Resident departure by purpose includes Employment, Education/ Training, Emigration & Others^{6/} 2014 rebased.^{7/} Foreign reserves includes monetary gold, Special Drawing Rights, reserve position in the Fund and foreign exchange assets consisting^{8/} MORI is based on the Macroeconomic Committee forecast as at June 2025.^{9/} Methodology is currently under review.^{10/} 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

^ Food and Agriculture Organisation (FAO)