

RBF July 2025 ECONOMIC REVIEW

at a glance

International Economy

Global Economy

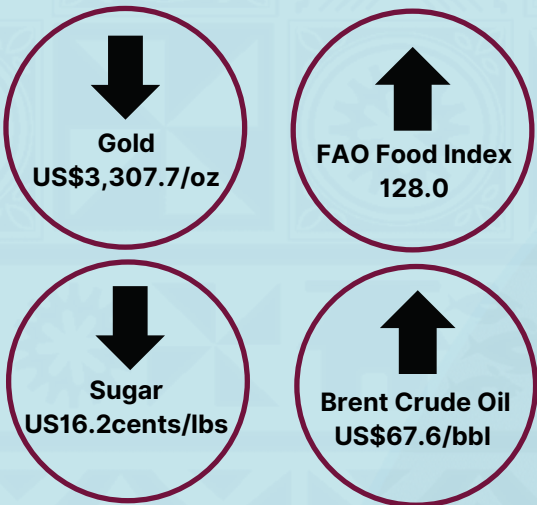


Global growth slightly revised upwards for 2025 to 3.0 percent. This revision is driven by:

- ✓ Higher than expected trade activities in the first half of the year
- ✓ Lower-than announced effective tariff rates
- ✓ Better financial conditions
- ✓ Increased fiscal support in key economies

Source: IMF WEO, Jul-25

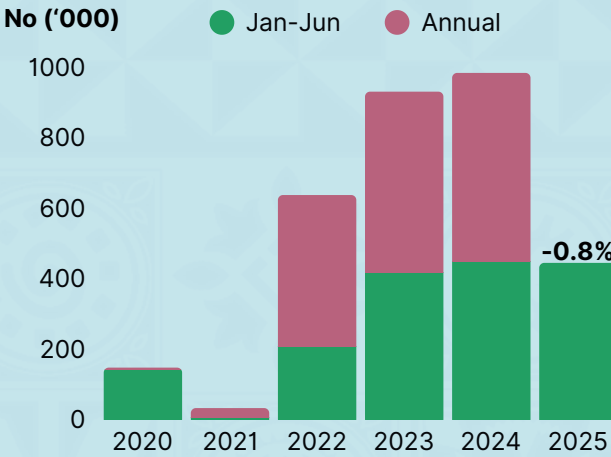
Commodity Prices (Jun-end)



Sources: Bloomberg & FAO

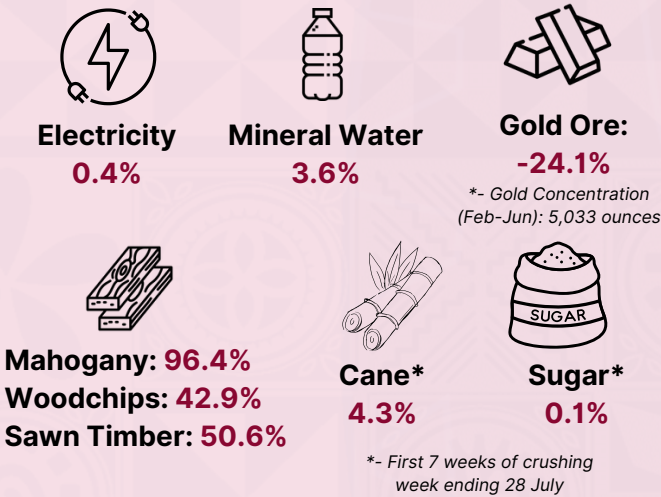
Fijian Economy

Visitor Arrivals



Source: FBoS

Sectoral Production (Jan-Jun)



Source: Various Industries

Consumption (Jan-Jun)



- Net VAT Collections: **7.8%**
- New Consumption Lending*: **36.1%**
- Vehicle Registrations: **22.5%**
- Inward Remittances: **11.5%**
- Electricity Consumption: **1.8%**

Investment (Jan-Jun)



- New Investment Lending*: **-2.7%**
- Value of work put-in-place (Jan-Mar): **6.7%**

*- Excluding refinancing

Sources: FRCS, RBF, Various Industries & FBoS

Labour Market (Jan-Jun)

Resident departure by purpose - 1yr above



- Employment: **-35.1%**
- Education/Training: **-21.3%**
- Emigration: **-2.7%**



- Job Advertisements: **-9.8%**

Sources: FBoS & RBF

Financial Conditions



Liquidity (31/07)
\$2.2 billion



Broad Money (June)
8.4%



Private Sector Credit (June)
8.7%

Source: RBF

Risks to the Outlook

The US administration's new/higher tariffs are expected to disrupt global supply chains, potentially affecting Fiji through reduced visitor arrivals, export demand and remittance inflows

Monetary Policy Objectives

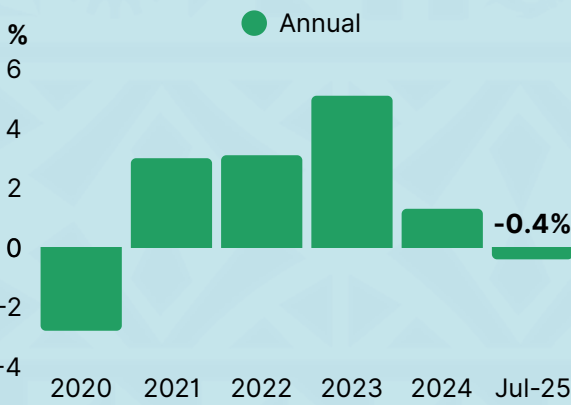
Foreign Reserves



\$3.8 billion (31/07)
6.0 MORI

Source: RBF

Headline Inflation



Source: FBoS

Overnight Policy Rate



The RBF Board maintained the Overnight Policy Rate at **0.25%** in its July 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 July 2025

The International Monetary Fund (IMF), in its July World Economy Outlook (WEO) projected global growth to be 3.0 percent for 2025 and 3.1 percent for 2026. Growth has been revised upward from April's projection, by 0.2 percentage points (pp), and 0.1pp, respectively. The IMF highlighted that the revisions reflect higher than expected trade activities in the first half of the year, lower average effective United States (US) tariff rates than announced in April, better financial conditions and fiscal expansion in major economies including the US, China and Germany. However downside risks to the outlook persist as US protectionist measures weigh on global trade prospects and sentiments. While the US has concluded trade agreements with Japan and European Union lowering tariffs to 15 percent for both the broader global trade environment remains restrictive, as export-oriented economies such as South Korea, Thailand, and Brazil face unilateral tariff rates ranging from 10 to 19 percent.¹ The US Congress also passed the '[One Big Beautiful Bill Act](#)' which introduced a 1.0 percent remittance tax, effective from January 2026, that may significantly affect Pacific Island countries (PICs) that are heavily reliant on remittances. Furthermore, prolonged tensions in the Middle East including continued Houthi attacks in the Red Sea are disrupting trade routes and increasing costs.

Global commodity price movements were mixed in June. Brent crude oil prices increased over the month (5.8%) to US\$67.61 per barrel due to concerns of a major disruption to regional oil supplies, amid continued tensions between Israel and Iran. Global food prices, based on the FAO² food price index increased over the month (0.5%) and year (5.8%) as tight supply and increased import demand led to higher prices for meat, dairy and vegetable oil that offset the decline in cereal and sugar prices due to improved supply. In contrast, global sugar prices fell over the month (-5.0%) to US16.20 cents per pound on the back of increased output from the major producer, Brazil. Gold prices eased slightly at June-end (m-o-m: -0.2% to US\$3,307.7 per ounce) but remained elevated as the June average price (US\$3,371.29 per ounce) reached a new record high reflecting heightened risk sentiment and the demand for the safe-haven commodity.

Domestically, activity in the tourism sector remain relatively flat but some pick up was noted in visitor arrivals in the recent months. Cumulative to June, visitor arrivals noted an annual contraction of 0.8 percent, mostly owed to lower arrivals from Australia (-2.9%) and New Zealand (NZ) (-4.8%) which was partially offset by higher arrivals from the US (11.1%), PICs (10.7%) and the United Kingdom (7.6%). However, June recorded the third consecutive month of increased visitor arrivals when

¹ As per the Executive Order dated 31 July 2025.

² Food and Agriculture Organisation.

compared to the same month a year ago,³ with a recovery in arrivals from NZ as well as a higher number of visitors from the US.

Sectoral performances in the year to June were generally positive. The cane harvesting season started off on a positive note with both cane (4.3%) and sugar (0.1%) production registering positive results in the first seven weeks of crushing⁴ compared with the same period last year. Nonetheless, outcomes remain below historical levels as the industry continues to face the ongoing challenges of low cane supply due to poor harvesting efforts and higher amounts of burnt cane received by the mills. Mineral water production increased by an annual 3.6 percent over the year to June, as a result of increased processing capacity by a major producer. Electricity production increased marginally (0.4%) in the same period due to new grid connections. Similarly, output from the timber industry including mahogany (96.4%), woodchips (42.9%) and sawn timber (50.6%) remained favourable backed by good weather conditions and external demand. Moreover, the Vatukoula Gold Mines Limited (VGML) since February this year started accumulating gold concentration, which led to a decline in gold ore production. Gold production from Lion One Metals at the Tuvatu Gold Mine although positive were affected due to mine breakdown and lower quality ore. As a result, while cumulative to June, total gold ore production declined by 24.1 percent, 5,033 ounces of concentration were also produced.

Labour market indicators point toward gradual easing of tight conditions. Reductions were observed in resident departures⁵ for employment (-35.1%), education and training (-21.3%) and emigration (-2.7%) categories. Additionally, up to June, the number of foreign work permits

approved also declined sharply by 79.0 percent, compared to the 14.1 percent increase recorded in the same period last year. The number of registered employees with the Fiji National Provident Fund noted an annual increase (1.9%) up to May while aggregate wages paid expanded (7.6%) in the same period. Combined, these indicators suggest an improvement in the labour supply. Labour demand, as proxied through job advertisements⁶ declined by 9.8 percent cumulative to June, with lower recruitment intentions noted across the sectors except for primary, utilities, manufacturing and construction.⁷

Consumption-related spending maintained its growth momentum in the review period, lending support to domestic economic activity. Commercial banks' new lending for consumption purposes (36.1%), a leading indicator of consumption activity expanded in the year to June, mainly driven by higher lending to the wholesale, retail, hotels & restaurants (WRHR) sector.⁸ In the same period, net Value Added Tax (VAT) collections increased (7.8%) due to higher domestic (13.6%) and customs (8.5%) VAT collections. Vehicle registrations (22.5%) also increased underpinned by higher registrations for both new (31.4%) and second-hand (16.1%) vehicles. Electricity consumption also rose (1.8%) cumulative to June owing to higher demand from domestic (4.0%) and industrial users (2.7%). Consumption activity continues to be sustained by increased disposable income and steady inflow of remittances.

Inward remittances grew by an annual 11.5 percent (to \$692.6m) in the year to June, with the majority of funds received via the mobile money channel. On the other hand, outward remittances

³ Visitor arrivals increased by 0.1 percent in June when compared to June 2024, on the back of a 4.4 percent increase recorded in May and 4.0 percent registered in April.

⁴ Week ending 28 July 2025.

⁵ Residents' departure for a period of one year and above.

⁶ The number of vacant jobs advertised in the Fiji Times and Fiji Sun.

⁷ Primary includes agriculture, forestry, fishing and mining. Utilities include electricity and water sectors.

⁸ Excluding refinancing.

also grew in the same period (11.7%, to \$255.3m), with majority of the outflows being transfers by emigrants and non-residents to meet commitments in their home countries.

Partial indicators for investment and construction indicate signs of a slow-paced recovery. In the first quarter of 2025, the total value of work put in place rose by an annual 6.7 percent - primarily driven by an increase in private sector construction activity (23.0%), which more than offset the decline in government construction works (-13.0%). However, new investment lending contracted by 2.7 percent⁹ cumulative to June, mainly reflecting lower credit to the real estate (-7.4%) and building and construction (-11.9%) sectors.

Financial conditions remain supportive of economic activity. Broad money expanded by 8.4 percent in June, driven primarily by an increase in net foreign assets (17.8%) and net domestic credit (6.0%). Private sector credit (8.7%) which drove the expansion in net domestic assets has noted some moderation for the second consecutive month amid slow growth in lending to the Private Sector Business Entities, particularly the WRHR sector. Banking system liquidity remained sufficient, around \$2.2 billion in July (31/07) which aided in keeping lending rates near historical lows.

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 sector, Fiji's merchandise trade deficit¹⁰ widened on an annual basis by 0.8 percent (-\$1,406.0m) cumulative to April 2025, underpinned by a growth in imports (5.2%) that more than offset the increase in exports (13.8). The growth in imports was mostly led by higher import demand for machinery and transport equipment, especially road vehicles, alongside strong demand for chemical products and crude materials. Exports increased largely due to higher re-exports of mineral fuel and the domestic exports of mineral water.

Annual headline inflation settled at -0.4 percent in July, from the -0.6 percent recorded in June and 6.8 percent in July last year. The outcome was mostly driven by lower prices noted for food & non-alcoholic beverages; transport and housing & utilities categories, which outweighed the higher prices in the alcoholic beverages, narcotics & tobacco and miscellaneous goods & services categories. Foreign reserves (31/07) remain comfortable at \$3.8 billion, sufficient to cover 6.0 months of retained imports of goods and services.

Downside risks to the outlook persist given the latest international and domestic developments. The US administration's new tariffs are expected to disrupt global supply chains, potentially affecting Fiji through reduced visitor arrivals, remittance inflows and trade.

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 July meeting.

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⁹ Excluding refinancing.

¹⁰ Excluding aircraft.

KEY INDICATORS

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

Visitor Arrivals
Electricity Production
Gold production ^{1/}
Gold production ^{2/}
Cane Production
Sugar Production
Pinewood Production
Woodchip Production
Sawn Timber Production
Mahogany Production
Cement Production

Jun-24	Mar-25	Apr-25	May-25	Jun-25
7.0	-5.3	-2.7	-1.0	-0.8
10.7	0.3	0.5	0.1	0.4
33.5	-11.8	-10.3	-16.5	-24.1
n/a	28.7	20.8	17.3	12.0
35.4	n/a	n/a	n/a	12.1
75.8	n/a	n/a	n/a	21.8
-32.3	143.4	142.8	159.8	136.0
-10.6	192.6	82.0	70.9	42.9
-3.7	123.5	133.9	79.4	50.6
-4.7	149.8	106.5	91.7	96.4
8.6	-10.5	n/a	n/a	n/a

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

Net VAT Collections
New Consumption Lending ^{3/}
Vehicle Registrations
New Vehicle Registrations
Secondhand Vehicle Registrations
Inward Personal Remittances ^{4/}
Outward Personal Remittances
Electricity Consumption

Jun-24	Mar-25	Apr-25	May-25	Jun-25
38.3	11.7	10.0	8.1	7.8
24.1	58.2	65.3	52.8	36.1
20.2	34.0	28.1	24.1	22.5
8.2	38.1	34.0	29.5	31.4
30.6	31.0	23.6	20.1	16.1
4.9	10.4	10.4	14.4	11.5
9.2	19.2	13.3	11.8	11.7
9.3	0.6	1.9	1.5	1.8

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

Domestic Cement Sales
New Investment Lending ^{3/}
Building & Construction
Completion Certificates Issued
Number
Value
Building Permits Issued
Number
Value
Value of work put in place

Jun-24	Mar-25	Apr-25	May-25	Jun-25
9.7	8.6	n/a	n/a	n/a
20.3	12.2	-5.6	-3.7	-2.7
-26.9	-34.1	n/a	n/a	n/a
-4.8	-32.2	n/a	n/a	n/a
-27.4	11.3	n/a	n/a	n/a
99.7	-21.5	n/a	n/a	n/a
-8.9	6.7	n/a	n/a	n/a

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

RBF Job Advertisement Survey
Resident Departure by purpose >1yr above ^{5/}

Jun-24	Mar-25	Apr-25	May-25	Jun-25
-1.1	-0.3	-7.1	-9.5	-9.8
-32.9	-28.2	-33.0	-27.0	-23.6

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

All Items
Food and Non-Alcoholic Beverage
Alcoholic Beverages, Tobacco & Narcotics

Jun-24	Mar-25	Apr-25	May-25	Jun-25
6.7	1.5	-0.9	0.1	-0.6
10.1	0.2	-4.3	-1.5	-2.6
8.5	7.6	3.9	4.7	5.1

6. Reserves ***
(end of period)

Foreign Reserves (\$m) ^{7/}
Months of retained imports of goods and non-factor services (MORI) ^{8/}

Jun-24	Mar-25	Apr-25	May-25	Jun-25
3,304.5	3,521.0	3,499.8	3,600.7	3,756.1
5.3	5.5	5.5	5.6	5.9

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

US dollar
Australian dollar
New Zealand dollar
Euro
Japanese Yen
Nominal Effective Exchange Rate ^{9/}

Jun-24	Mar-25	Apr-25	May-25	Jun-25
0.4411	0.4297	0.4366	0.4374	0.4415
0.6834	0.6829	0.6837	0.6804	0.6754
0.7249	0.7514	0.7351	0.7335	0.7300
0.4121	0.3971	0.3833	0.3872	0.3762
70.92	64.35	62.13	63.35	63.75
85.68	85.44	85.39	85.40	85.42

8. Liquidity ***
(end of period)

Banks' Demand Deposits (\$m)

Jun-24	Mar-25	Apr-25	May-25	Jun-25
1,919.3	1,989.7	1,913.9	1,986.5	2,110.3

9. Money and Credit ***
(year-on-year % change)

Broad Money
Net Foreign Assets
Domestic Credit
Private Sector Credit
Narrow Money

Jun-24	Mar-25	Apr-25	May-25	Jun-25
7.6	6.9	7.4	7.2	8.4
-9.1	12.0	12.6	19.3	17.8
11.2	5.5	6.6	4.6	6.0
11.5	11.0	11.6	9.7	8.7
9.0	6.8	9.3	8.5	9.4

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

Overnight Policy Rate ^{10/}
Repurchase Rate ^{10/}
Overnight inter-bank Rate
Lending Rate
Savings Deposit Rate
Time Deposit Rate
3 month Government T-Bills
12 month Government T-Bills
5-year Government Bond Yield
10-year Government Bond Yield

Jun-24	Mar-25	Apr-25	May-25	Jun-25
0.25	0.25	0.25	0.25	0.25
0.50	0.50	0.50	0.50	0.50
n.t	n.t	n.t	n.t	n.t
4.68	4.55	4.56	4.55	4.55
0.31	0.30	0.31	0.31	0.31
1.52	1.74	1.72	1.74	1.73
n.i	n.i	0.15	0.20	n.i
n.i	n.i	n.i	1.16	n.i
n.i	n.i	n.i	n.i	n.i
n.i	n.i	n.i	n.i	n.i

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

UK Gold Price/fine ounce (US\$)
CSCE No. 11 Sugar Spot Price/Global (US cents/pound)
Crude Oil/barrel (US\$)
FAO Food price index [^]

Jun-24	Mar-25	Apr-25	May-25	Jun-25
2,339.6	3,154.8	3,319.1	3,315.4	3,307.7
20.3	18.9	17.3	17.1	16.2
86.4	74.7	63.1	63.9	67.6
121.0	127.2	128.2	127.3	128.0

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)