



## International Economy

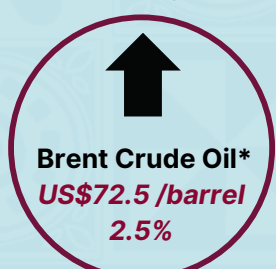
### Global Economy



Global economic and trade uncertainty has intensified as Middle East tensions disrupted fuel, raised shipping costs, and increased risks through the Strait of Hormuz. Policy uncertainty, including a new global tariff, and shifting geopolitical alliances continue to strain global supply chains.

Sources: Bloomberg & Reuters

### Commodity Prices : Feb end (M-O-M)



Sources: Bloomberg & FAO

\*Brent Crude Oil US\$112.57 per barrel as of 27/03

## Fijian Economy (Jan-Feb)



**Visitor arrivals** rose by 4.1% in early 2026, but momentum remains fragile amid rising travel costs & geopolitical risks.



**Economic activity** early-year sectoral performances were generally positive, with steady consumption & investment activity.

Sources: FBoS & Various Industries

### Financial Conditions (Feb-26)



**Liquidity (30/03)**  
\$1.7 billion



**Broad Money**  
9.6%



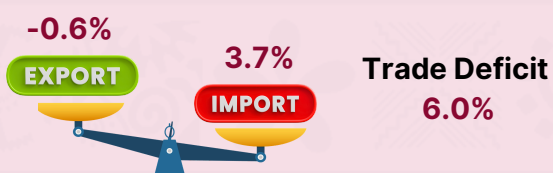
**Private Sector Credit**  
10.4%



**Outstanding Lending Rate**  
4.49%

Source: RBF

### External Trade (2025)



**Tourism Earnings**  
10.9%



Source: FBoS

### Remittances (Jan-26)



**Inward Remittances**  
13.2%

**Outward Remittances**  
5.8%



**Net Remittances**  
21.4%

Source: RBF

### Impact of Fuel Crisis for Fiji



**Rising fuel prices & ongoing supply-chain** disruptions are expected to pass through to domestic prices, placing upward pressure on inflation.



**Tourism remains highly exposed**, as higher fuel costs raise airfares, making travel less affordable, and weighing on visitor arrivals.



**Continued volatility in fuel & freight costs** heightens risks to foreign reserves.

Source: RBF

## Monetary Policy Objectives

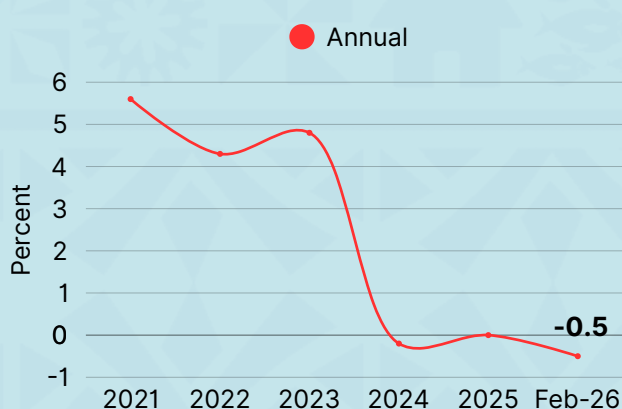
### Foreign Reserves



**\$3.5 billion (31/03)**  
**5.0 MORI**

Source: RBF

### Headline Inflation



Source: FBoS

Note: percentages are year-on-year changes

## Overnight Policy Rate



The RBF Board maintained the Overnight Policy Rate at **0.25%** in its March 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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Global growth momentum weakened toward the end of February as the escalating conflict in the Middle East disrupted flight routes and drove up insurance and shipping costs. Following coordinated Israel-United States (US) strikes on 28 February, Iran tightened control over the Strait of Hormuz, a critical shipping route directly impacting shipping flows, in particular oil, fertiliser, and other general cargo. As a result, cost pressures have intensified, even though trade flows through the strait remain restricted and highly selective. Policy uncertainty has contributed to additional volatility, following the introduction of a 10 percent global tariff and the possibility of an increase to 15 percent. Simultaneously, evolving geopolitical alliances are reshaping supply chains, further emphasising the fragility of the global trade environment.

These geopolitical tensions and policy uncertainty impacted global commodity markets from late February 2026. Energy markets proved the most sensitive, with **Brent crude oil** prices climbing to US\$72.48 per barrel (m-o-m: 2.5%; y-o-y: -1.0%) on expectations of imminent US military action against Iran. Subsequent strikes and Iranian retaliation pushed prices further to US\$112.57 per barrel by 27 March. **Gold** prices initially reflected the broader uncertainty, as investors moved into safe-haven assets and pushed prices sharply higher. Gold closed February at US\$5,247.90 per ounce (m-o-m: 10.6%; y-o-y: 84.2%). However, prices later eased to US\$4,524.30 per ounce by 27 March, reflecting a stronger US dollar<sup>1</sup> and rising US treasury yields. The **FAO<sup>2</sup> Food Price Index** increased for the first time in

six months to 125.3 points over the month in February (m-o-m: 0.9%; y-o-y: -1.0%) with cereals, oils and meat increasing, while dairy and sugar fell due to improved supply and weaker demand in key export markets. Meanwhile, **world market sugar** prices ended lower at US13.93 cents per pound (m-o-m: -2.7%; y-o-y: -25.0%) in February but have since edged up to US15.76 cents per pound (27 March) amid concerns that rising energy prices could shift Brazilian production toward ethanol, reducing sugar output.

Against this challenging global backdrop, Fiji's tourism sector received 125,212 visitors in the first two months of 2026, marking a 4.1 percent increase (an additional 4,935 visitors) relative to the same period in 2025. This growth outcome was largely due to higher arrivals from Australia, Canada, China, the US, and the United Kingdom. While the Pacific Island Countries (PICs) and Continental Europe, and Japan noted a lower outcome. However, with global travel becoming more expensive and geopolitical risks still unfolding, this early-year momentum remains fragile, as travellers in key markets grow more cautious.

Early-year sectoral performances were generally positive, with steady consumption and investment activity. Consumption remained firm, driven by higher incomes, employment gains, remittances, and continued government spending. Investment activity was supported by new investment lending and easing prices for building materials.

<sup>1</sup> Higher crude oil prices support higher demand for the US dollar, as it is the most globally used transaction currency.

<sup>2</sup> Food and Agriculture Organisation.

Financial conditions continue to support credit demand and economic activity. Broad money expanded in February (9.6%), driven by strong private-sector credit growth (10.4%), reflecting higher lending to businesses and households. Credit expansion has been supported by ample banking system liquidity of around \$1.7 billion (30/03), which has continued to support credit expansion and keep interest rates near historic lows. The financial system remains sound, supported by well-capitalised banks with capital adequacy comfortably above regulatory thresholds and non-performing loans at manageable levels.

On the external front, Fiji's merchandise trade deficit widened by 6.0 percent to \$4,849.5 million in 2025 as import growth (3.7%) outpaced a fall in exports (-0.6%). The growth in imports was mainly underpinned by machinery & transport equipment, particularly road vehicles, and miscellaneous manufactured goods imports, while the fall in exports was attributed to the decline in re-exports, particularly re-exports of mineral fuel, which more than offset the positive contributions from domestic exports. Although domestic exports increased overall, contributions from major export lines to the US, such as mineral water, declined, reflecting the impact of the US tariffs and softer demand. This was partly offset by higher exports of gold doré<sup>3</sup> and concentrates.<sup>4</sup>

Tourism earnings rose by 10.9 percent to \$2,813.8 million in 2025, driven by higher spending from key markets such as Australia, New Zealand, the US, and Continental Europe. Although the average length of stay declined, this was more than offset by stronger average daily spending. Earnings from Asia and Pacific Island Countries fell slightly, while the visiting-friends-and-relatives segment strengthened (53.2%).

Regarding personal remittances, inflows continue to support Fiji's consumption activity and reserves position. In January this year, inward remittances registered robust growth of 13.2 percent, totalling \$134.1 million. Outward remittances continued its upward trajectory, increasing by 5.8 percent year-on-year, closing at \$65.6 million. As a result, net remittances strengthened to \$68.4 million in the first month, compared to \$56.4 million in January 2025.

External sector conditions are expected to be challenging over the near term. Higher global fuel prices are expected to raise input costs across transport, logistics, and electricity generation and other industrial sectors, reducing short-term value added even if output levels hold steady. Tourism is particularly exposed, as elevated aviation fuel costs will increase airfares and operating expenses, making travel less affordable for price-sensitive markets and creating added headwind to the visitor arrivals outlook for the year. Overall, while domestic indicators have been resilient in the first two months of 2026, the combination of global uncertainty, higher transport costs, and sector wide cost pressures leaves Fiji's growth outlook of 3.0 percent downward biased, with risks tilted toward softer activity over the coming months.

On the Reserve Bank's Monetary Policy objectives, headline inflation stood at -0.5 percent in February, rising<sup>5</sup> from -2.5 percent in January but still slightly below the -0.3 percent recorded a year earlier. Deflation continues to stem from declines in transport, food & non-alcoholic beverages, and housing & utilities. However, rising global fuel prices and continued supply-chain disruptions are expected to filter through to domestic prices pushing inflation higher in the coming months. With global fuel supply risks elevated, the current inflation outlook of 2.5 to 3.0 percent is now upward-biased.

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<sup>3</sup> Gold doré (or doré bars) is a semi-refined product produced at mine sites, typically containing 60–90 percent gold along with silver and other impurities, which is then sent to refineries for final purification.

<sup>4</sup> Gold concentrates are partially processed gold ores that have been crushed and treated to increase gold content, usually by gravity or flotation.

<sup>5</sup> Due to Alcoholic Beverages, Tobacco & Narcotics, Miscellaneous Goods & Services, Restaurants & Hotels, Education and Communications.

These conditions have heightened the importance of foreign reserves (FR), especially as higher oil prices and ongoing volatility in global shipping could weaken Fiji's external position. For now, FR remains adequate at around \$3.5 billion (31/03), equivalent to 5.0 months of retained imports and are projected to remain sufficient in the medium term. However, risks are tilted to the downside as continued volatility in global fuel markets and freight costs also raises the likelihood of reserves pressure emerging earlier than anticipated.

In light of these rising global and domestic risks, the Reserve Bank of Fiji maintained the Overnight Policy Rate at 0.25 percent, with the objectives of maintaining low inflation, adequate foreign reserves, and overall financial stability - all of which remain within comfortable levels at this time. The RBF will continue to assess these developments and will take the necessary actions, if required, to safeguard macroeconomic stability, consistent with its mandates.

**RESERVE BANK OF FIJI**

**KEY INDICATORS**

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Visitor Arrivals	-3.8	0.3	0.3	0.3	4.1
Electricity Production	-1.1	0.5	0.7	10.8	10.1
Gold production <sup>1/</sup>	-15.0	-28.2	-29.2	-38.9	n.a
Gold production <sup>2/</sup>	22.9	15.6	15.9	49.4	n.a
Cane Production <sup>3/</sup>	n/a	4.2	10.9	n/a	n/a
Sugar Production <sup>3/</sup>	n/a	-14.1	-12.0	n/a	n/a
Pinewood Production	135.2	69.5	65.8	-22.4	10.8
Woodchip Production	496.7	-0.4	-0.7	-100.0	5.9
Sawn Timber Production	189.3	-7.0	-7.1	-100.0	-89.9
Mahogany Production	84.7	53.5	46.2	23.7	-8.4
Cement Production	0.1	n.a	n.a	n.a	n.a

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Net VAT Collections	7.4	-2.5	-3.8	-16.5	-4.3
New Consumption Lending	83.7	20.6	20.4	-18.3	-27.7
Vehicle Registrations	31.3	23.2	23.6	-0.5	n.a
New Vehicle Registrations	31.0	27.7	27.0	-8.7	n.a
Secondhand Vehicle Registrations	31.6	20.0	21.3	5.7	n.a
Inward Personal Remittances <sup>4/</sup>	16.9	1.8	2.6	13.2	n.a
Outward Personal Remittances	41.7	5.5	7.9	5.8	n.a
Electricity Consumption	0.0	2.5	2.4	9.8	n.a

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Domestic Cement Sales	3.7	n.a	n.a	n.a	n.a
New Investment Lending	25.7	1.7	3.6	99.1	96.8
Building & Construction					
Completion Certificates Issued					
Number	n/a	n/a	-29.3	n/a	n/a
Value	n/a	n/a	71.5	n/a	n/a
Building Permits Issued					
Number	n/a	n/a	7.5	n/a	n/a
Value	n/a	n/a	4.9	n/a	n/a
Value of work put in place	n/a	n/a	10.4	n/a	n/a

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
RBF Job Advertisement Survey	-21.7	-3.0	-4.1	16.1	-11.9
Resident Departure by purpose >1yr above <sup>5/</sup>	-25.0	-10.1	-7.9	-37.2	-15.7

**5. Consumer Prices \*\***  
(year-on-year % change) <sup>6/</sup>

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
All Items	-0.3	-1.4	0.0	-2.5	-0.5
Food and Non-Alcoholic Beverage	-1.6	-3.9	0.1	-7.6	-1.5
Alcoholic Beverages, Tobacco & Narcotics	3.1	3.8	6.4	8.3	9.5

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Foreign Reserves (\$m) <sup>7/</sup>	3,581.8	3,864.2	3,709.6	3,709.1	3,617.6
Months of retained imports of goods and non-factor services (MORI) <sup>8/</sup>	5.4	5.8	5.6	5.4	5.2

**7. Exchange Rates \*\*\***  
(End of period, FS1 equals)

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
US dollar	0.4267	0.4352	0.4399	0.4515	0.4514
Australian dollar	0.6841	0.6664	0.6569	0.6420	0.6349
New Zealand dollar	0.7574	0.7606	0.7592	0.7441	0.7542
Euro	0.4101	0.3753	0.3744	0.3775	0.3825
Japanese Yen	63.90	68.03	68.83	69.12	70.46

**8. Liquidity \*\*\***  
(end of period) <sup>9/</sup>

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Banks' Demand Deposits (\$m)	2,079.2	2,148.9	1,884.8	1,925.6	1,834.0

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Broad Money	8.8	10.0	10.5	9.5	9.6
Net Foreign Assets	11.6	3.9	5.8	4.8	4.1
Net Domestic Credit	8.4	10.9	11.4	10.7	10.5
Private Sector Credit	12.5	10.0	9.4	10.5	10.4
Narrow Money	9.4	10.7	11.3	10.7	10.8

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

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
Overnight Policy Rate <sup>10/</sup>	0.25	0.25	0.25	0.25	0.25
Repurchase Rate <sup>10/</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	4.60	4.50	4.49	4.51	4.49
Savings Deposit Rate	0.32	0.31	0.30	0.31	0.32
Time Deposit Rate	1.71	1.59	1.56	1.61	1.63
3 month Government T-Bills	0.15	0.20	0.20	0.20	0.15
12 month Government T-Bills	1.14	1.12	1.12	1.12	1.12
5-year Government Bond Yield	n.i	2.06	2.06	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)

	Feb-25	Nov-25	Dec-25	Jan-26	Feb-26
UK Gold Price/fine ounce (US\$)	2,848.5	4,254.9	4,341.1	4,745.1	5,247.9
CSCE No. 11 Sugar Spot Price/Global (US cents/pound)	18.5	15.2	15.0	14.3	13.9
Crude Oil/barrel (US\$)	73.2	63.2	60.9	70.7	72.5
FAO Food price index <sup>^</sup>	126.6	125.2	124.5	124.2	125.3

**Note:**  
<sup>1/</sup> Gold doré  
<sup>2/</sup> Gold doré and gold concentrate  
<sup>3/</sup> The 2025 crushing season officially ended on 12th January, 2026.  
<sup>4/</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>5/</sup> Resident departure by purpose includes Employment, Education/ Training, Emigration & Others  
<sup>6/</sup> 2019 rebase.  
<sup>7/</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. [FS3458.4m as at 26th Mar-26]  
<sup>8/</sup> MORI is based on the Macroeconomic Committee forecast as at November 2025. [5.0 as at 26th Mar-26]  
<sup>9/</sup> Liquidity as at 25th Feb-26: FS1,857.1m  
<sup>10/</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  
^ Food and Agriculture Organisation (FAO)