



International Economy

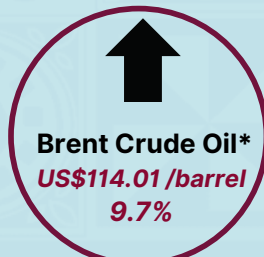
Global Economy



- US-Iran tensions are disrupting global oil supply and keeping prices high.
- Although negotiations are progressing, key parts of a deal are still unresolved and may take time.
- At the same time, changing production policies and pipeline attacks in the UAE are increasing volatility and exposing supply risks.

Sources: Aljazeera & New York Times

Commodity Prices : April end (M-O-M)



Sources: Bloomberg & FAO
*Brent Crude Oil US\$96.14 per barrel as of 25/05

Fijian Economy (Jan-Apr)

Sectoral



Visitor Arrivals
4.6%



Mahogany -23.1%



Gold Doré
-31.6%



Mineral Water
-1.7%

Sawn timber (Cum. to Mar) -63.3%

Pine wood (Cum. to Mar) -1.6%

Sources: FBoS & Various Industries

Labour Market



Formal Employment Registrations (Mar) 2.0%

Job Advertisements -24.9%

Resident departure (above 1yr) 13.2%

Sources: FNPF, RBF & FBoS

Consumption



- New Consumption Lending -9.7%

Investment



- New Investment Lending 78.6% to \$532.7m
- Construction-related imports (Cum to Mar) 12.6%

Sources: FRCS & RBF

Financial Conditions (Apr-26)



Liquidity (27/05)
\$1.6 billion



Private Sector Credit
12.5%

Source: RBF

External Trade (Cum. to Mar-26)

Trade Deficit

-3.7%



16.7%



9.2%

Net Remittances (Cum. to Apr-26) 30.5%

Inward
25.2%



Outward
16.9%

Sources: FBoS & RBF

Risk to the Outlook



- The outlook is skewed to the downside. Key external risks stem from elevated global fuel prices and tighter monetary conditions in Fiji's major trading partner economies.
- The recent EFL electricity tariff increase is likely to raise business costs, disrupt production, and reduce both consumer and business confidence.

Source: RBF

Monetary Policy Objectives

Foreign reserves remain adequate



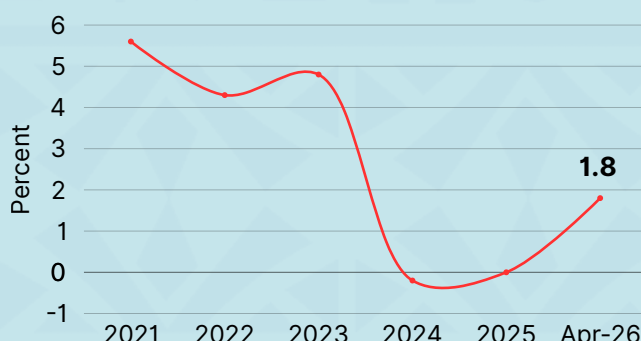
\$3.4 billion (28/05)
4.9 MORI

Source: RBF

Note: percentages are year-on-year changes, except commodity prices.

Headline Inflation

● Annual



Source: FBoS

Overnight Policy Rate



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



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.

Vol. 47

No. 05

Month Ended May 2026

Global economic conditions continue to be fragile as tensions between the United States (US) and Iran continue to disrupt global oil supply, keeping prices elevated. While both sides are reportedly making progress toward resolving the conflict, key elements of a framework agreement remain under negotiation and may take time to finalise. At the same time, the United Arab Emirates' (UAE) exit from OPEC+¹ signals a shift away from a coordinated supply management to a more market-driven approach to oil production, likely increasing short-term price volatility and reducing the effectiveness of coordinated production limits. However, attacks on the Habshan–Fujairah pipeline has exposed vulnerabilities in the UAE's key export bypass route.

Heightened geopolitical tensions continued to shape global commodity markets. Brent crude oil prices rose sharply to US\$114.01 per barrel over the month at April end (9.7%) before moderating to US\$103.54/barrel by 22 May amid progress in negotiations between the US and Iran, while futures point to further easing to around US\$97.93/barrel for the remainder of the year. In line with these developments, global food prices increased for the third consecutive month, with the FAO² Food Price Index rising by 1.6 percent to 130.7 points in April, driven by higher vegetable oil, meat, and cereal prices amid tight supply and strong demand. Meanwhile, gold prices declined marginally to US\$4,629.6/oz (-1.0%) at the end of April with futures indicating a further fall to around US\$4,577.7/oz for the remainder of the year. The monthly fall reflects a stronger US dollar,

elevated bond yields, and expectations of tighter monetary policy which reduced demand for non-yielding assets, although prices remained significantly higher on an annual basis (39.5%). Sugar prices also fell over the month (-5.9%) to US14.61 cents per pound amid excess global supply from major producers including India, Thailand and China. Meanwhile, sugar futures for the remainder of the year are expected to average above US15.00 cents per pound, driven by tighter supply prospects as India enforces an export ban until September 2026, partly linked to El Niño conditions, while top producer Brasil has announced switching more cane to ethanol production amid rising fuel prices.

Domestically, sectoral performance have mostly been subdued. Visitor arrivals in April alone fell by 0.8 percent to 79,724, compared to 80,363 visitors recorded in the corresponding period in 2025, largely driven by reduced arrivals from New Zealand (-7.7%, 1,344 fewer tourists) and Australia (-0.5%, 216 fewer tourists). Consequently, cumulative to April, growth in visitor arrivals moderated to 4.6 percent, from 7.0 percent in the year to March, potentially attributed to softer travel demand amid rising airfares and heightened energy security concerns. Similarly, output across resource-based sectors remained broadly negative with gold doré production falling by 31.6 percent cumulative to April led by lower ore grades and operational challenges. Over the same period, mineral water (-1.7%) and mahogany (-23.1%) production declined. Furthermore, pinewood (-1.6%) and sawn timber (-63.3%) output fell in the first three months of 2026.

¹ Organisation of the Petroleum Countries.

² Food and Agriculture Organisation.

Labour market activity expanded slightly; however, productivity challenges persist due to ongoing skills shortages and outward migration. Formal employment registrations grew moderately by 2.0 percent over the year in March, despite the notable decline in job advertisements (-24.9% up to April), suggesting softer hiring intentions. Employment growth was mainly led by the public administration and defence, wholesale and retail trade and accommodation and food services sectors. At the same time, supply-side pressures are emerging, as resident departures³ (more than one year category) increased by 13.2 percent in the year to April, relative to the 33.0 percent contraction recorded in the same period last year. Furthermore, outward labour mobility increased by 18.0 percent to 1,123 citizens cumulative to April, reversing the decline observed in the same period last year (-6.8%).

Latest partial indicators suggest some moderation in the pace of consumption activity. New consumption-related lending (-9.7%) fell cumulative to April, particularly driven by weaker lending to the wholesale, retail, hotels and restaurants sector (-14.8%). Going forward, household consumption is expected to weaken further as elevated fuel costs and increased electricity tariff by the Energy Fiji Limited (EFL) weigh on disposable incomes, consumer and business confidence, and discretionary spending. In line with this, the February 2026 Reserve Bank of Fiji (RBF) Retail Sales Survey noted that retail sale activity is expected to increase by 2.1 percent in 2026, a notable slowdown from the 6.8 percent estimated in the August 2025 survey, mainly driven by moderating demand in non-essential items.

Investment activity grew in the review period, with new investment lending rising significantly by 78.6 percent to \$532.7 million cumulative to April, largely driven by increased lending to the real estate (89.6%) and building & construction

(90.3%) sectors. Construction-related imports also increased (12.6% to \$1,368.7m) in the year to March, indicating heightened demand for capital equipment. While the February 2026 RBF Business Expectations Survey (BES) suggests that investment intentions and sentiments remain positive, the level of optimism has slowed, attributed to concerns around energy supply and prices, election-related uncertainty, and persistent project delays arising from procurement and regulatory challenges, which continue to hinder timely project implementation.

Financial conditions continued to support domestic economic activity. While liquidity has fallen in recent months, it remains ample at \$1.6 billion (as of 27 May), which helped keep interest rates low. This has provided a conducive environment for the continued expansion in private sector credit (12.5% in April), driven largely by lending to businesses and households. Financial stability remains intact with the banking system capital adequacy ratio comfortably above the minimum benchmark requirements, providing buffers to absorb temporary global and domestic shocks.

On the external sector, Fiji's merchandise trade deficit widened significantly by 16.7 percent to \$1,271.2 million cumulative to March, reflecting the strong import growth alongside a decline in exports. Imports rose (9.2%) to \$1,876.4 million, driven mainly by higher purchases of machinery and transport equipment, manufactured goods and miscellaneous goods. Goods exports fell (-3.7%) to \$605.3 million in the same period, resulting from a sharp fall in re-exports, particularly of machinery and transport equipment, fresh fish, and mineral fuels, which outweighed gains in domestic exports, largely sugar and gold concentrates. Looking ahead, export prospects are anticipated to remain subdued, with the RBF February BES results indicating that more firms anticipate a decline in

³ Includes departures related to employment, education/training, emigration and others.

export sales over the next 6-12 months. Moreover, inward remittances increased strongly (25.2%) to \$561.7 million cumulative to April, outpacing the rise in outward remittances (16.9% to \$203.7m), which led to higher net inflows (30.5% to \$358.1m).

Annual headline inflation rate turned positive to 1.8 percent in April, after more than a year of deflation, driven by higher fuel, and food prices as the impact of rising global oil prices took effect. Additionally, higher kava prices have also contributed to price pressures, driven by strong domestic consumption and heightened external demand. Inflation is expected to increase further, taking into account the direct impact of the EFL tariff surcharge (5.91 cents per unit) and fuel price increase in May which is estimated to add 0.5 percentage points and 0.9 percentage points, respectively to overall inflation.

Foreign reserves stood at around \$3.4 billion (as of 28 May), sufficient to cover 4.9 months of retained imports and are currently projected to remain adequate in the medium term. However, downside risks persist, as ongoing volatility in global fuel prices and freight costs may exert earlier-than-anticipated pressure on reserves.

Risks to the outlook remain tilted to the downside. Key external risks stem from elevated global fuel prices and tighter monetary conditions in Fiji's major trading partner economies, potentially impacting the already moderating travel demand. Domestically, the recent increase in electricity tariff by EFL is expected to increase operating costs for businesses, disrupt production, and weigh on consumer and business confidence.

Given these developments, the RBF maintained the Overnight Policy Rate at 0.25 percent as its twin monetary policy objectives of maintaining low and stable inflation and an adequate level of foreign reserves remain intact. The RBF will continue to closely monitor evolving economic conditions and stands ready to implement appropriate measures, as needed, to preserve macroeconomic stability in line with its mandate.

RESERVE BANK OF FIJI

FIJI: ECONOMIC & FINANCIAL STATISTICS

Vol.44 No.05 2026

KEY INDICATORS

	Apr-25	Jan-26	Feb-26	Mar-26	Apr-26
1. Sectoral Performance Indicators *					
(year-on-year % change) ^{3/}					
Visitor Arrivals	-2.7	0.3	4.1	7.0	4.6
Electricity Production	0.5	10.8	10.1	9.3	7.4
Gold production ^{1/}	-23.9	-46.4	-37.3	-33.8	-31.6
Gold production ^{2/}	7.3	57.2	1.5	-2.4	8.8
Pinewood Production	142.8	-22.4	10.9	-1.6	n.a
Woodchip Production	82.0	-100.0	5.9	3.2	n.a
Sawn Timber Production	-12.1	-100.0	-89.9	-63.3	n.a
Mahogany Production	106.5	23.7	-8.4	-17.5	-23.1
Cement Production	-10.4	18.6	n.a	n.a	n.a
2. Consumption Indicators *					
(year-on-year % change)					
Net VAT Collections	10.0	-16.5	-4.3	-2.8	-0.6
New Consumption Lending	68.5	-18.3	-27.7	-23.0	-9.7
Vehicle Registrations	28.1	-0.5	5.1	10.7	11.2
New Vehicle Registrations	34.0	-8.7	-1.5	10.3	10.4
Secondhand Vehicle Registrations	23.6	5.7	10.1	11.0	11.9
Inward Personal Remittances ^{4/}	10.4	13.2	22.1	22.8	25.2
Outward Personal Remittances	13.3	5.8	12.5	14.2	16.9
Electricity Consumption	1.9	9.8	n.a	n.a	n.a
3. Investment Indicators *					
(year-on-year % change)					
Domestic Cement Sales	-2.3	23.6	n.a	n.a	n.a
New Investment Lending	5.3	99.1	96.8	68.2	78.6
Building & Construction ^{5/}					
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)					
RBF Job Advertisement Survey	-7.1	16.1	-11.9	-27.6	-24.9
Resident Departure by purpose >1yr above ^{6/}	-33.0	-37.2	-15.7	1.1	13.2
5. Consumer Prices **					
(year-on-year % change) ^{7/}					
All Items	-2.1	-2.5	-0.5	-0.8	1.8
Food and Non-Alcoholic Beverage	-5.5	-7.6	-1.5	-1.9	0.0
Alcoholic Beverages, Tobacco & Narcotics	1.5	8.3	9.5	12.2	12.9
6. Reserves ***					
(end of period)					
Foreign Reserves (\$m) ^{8/}	3,499.8	3,709.1	3,617.6	3,450.1	3,373.5
Months of retained imports of goods and non-factor services (MO)	5.3	5.4	5.2	5.0	4.9
7. Exchange Rates ***					
(End of period, F\$1 equals)					
US dollar	0.4366	0.4515	0.4514	0.4413	0.4488
Australian dollar	0.6837	0.6420	0.6349	0.6444	0.6304
New Zealand dollar	0.7351	0.7441	0.7542	0.7719	0.7697
Euro	0.3833	0.3775	0.3825	0.3851	0.3844
Japanese Yen	62.13	69.12	70.46	70.48	72.00
8. Liquidity ***					
(end of period) ^{10/}					
Banks' Demand Deposits (\$m)	1,913.9	1,925.6	1,834.0	1,723.8	1,622.4
9. Money and Credit ***					
(year-on-year % change)					
Broad Money	7.4	9.5	9.7	9.6	11.1
Net Foreign Assets	12.7	4.8	4.1	1.3	0.9
Net Domestic Credit	6.7	10.7	10.7	11.5	12.9
Private Sector Credit	11.7	10.5	10.7	11.7	12.5
Narrow Money	9.3	10.6	10.9	11.2	11.8
10. Interest Rates (%) ***					
(monthly weighted average)					
Overnight Policy Rate ^{11/}	0.25	0.25	0.25	0.25	0.25
Repurchase Rate ^{11/}	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	4.56	4.51	4.49	4.50	4.49
Savings Deposit Rate	0.31	0.31	0.32	0.30	0.31
Time Deposit Rate	1.72	1.61	1.63	1.67	1.70
3 month Government T-Bills	n.i	0.20	n.i	n.i	n.i
12 month Government T-Bills	1.14	1.12	1.12	1.12	1.13
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\$)	3,319.1	4,745.1	5,247.9	4,678.6	4,629.6
CSCE No. 11 Sugar Spot Price/Global (US cents/pound)	17.3	14.3	13.9	15.5	14.6
Crude Oil/barrel (US\$)	87.9	70.7	72.5	104.0	114.0
FAO Food price index [^]	128.2	124.1	125.5	128.6	130.7

Note:

^{1/} Gold doré

^{2/} Gold doré and gold concentrate

^{3/} The 2025 crushing season officially ended on 12th January, 2026 but do not have data for Jan added in the table.

^{4/} 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.

^{5/} These indicators are provided on a quarterly basis.

^{6/} Resident departure by purpose includes Employment, Education/ Training, Emigration & Others

^{7/} 2019 rebased.

^{8/} 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.

[F\$3399.7m as at 28th May-26]

^{9/} MORI is based on the Macroeconomic Committee forecast as at November 2025, 4.9 as at 28th May-26]

^{10/} Liquidity as at 27th May-26; F\$1644.8m

^{11/} 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