



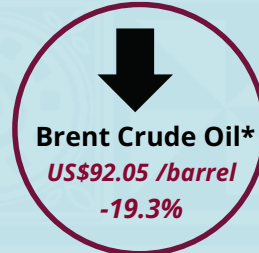
International Economy

Global Economy



- Global economic conditions remain fragile, despite the United States (US) and Iran agreeing on a 60-day roadmap toward a permanent peace deal
- Crude oil prices fell after the announcement but remain above pre-conflict levels
- If peace deal holds, energy markets may stabilise, reducing inflation pressures

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



*Brent Crude Oil US\$75.26 per barrel as of 26/06
Sources: Bloomberg & FAO

Fijian Economy (Jan-May)

Sectoral



Visitor Arrivals
3.1%



Mineral Water
0.9%



Electricity Generation
6.3%



Gold Doré
-34.1%



Mahogany -24.9%
Pine wood -4.5%
Woodchip -8.5%

Sources: FBoS & Various Industries

Labour Market



Formal Employment Registrations (Apr) 2.2%

Job Advertisements -22.4%

Resident departure (above 1yr) 8.1%

Sources: FNPF, RBF & FBoS

Consumption



- New Consumption Lending -4.7%
- Vehicle Registrations 8.9%

Investment



- New Investment Lending 55.5%
- Construction-related imports (Cum. to Mar) 12.6%

Sources: RBF, LTA & FBoS

Financial Conditions (May-26)



Liquidity (29/06)
\$1.7 billion



Private Sector Credit
13.8%

Source: RBF

External Trade (Cum. to Apr-26)

Trade Deficit

22.9%

7.0%



17.3%



Net Remittances 30.5%

Sources: FBoS & RBF

Risks to Economic Growth Outlook

- Fiji's 2026 growth forecast downgraded to 1.5% (from 3.0%) reflecting lower tourism and broad-based revisions across most sectors
- Potential El Niño could reduce hydroelectric generation and lift overall food prices alongside cost-of-living pressures and election-year uncertainty
- The 2026–2027 National Budget provides targeted near-term support within a constrained fiscal environment

Source: RBF

Monetary Policy Objectives

Foreign reserves

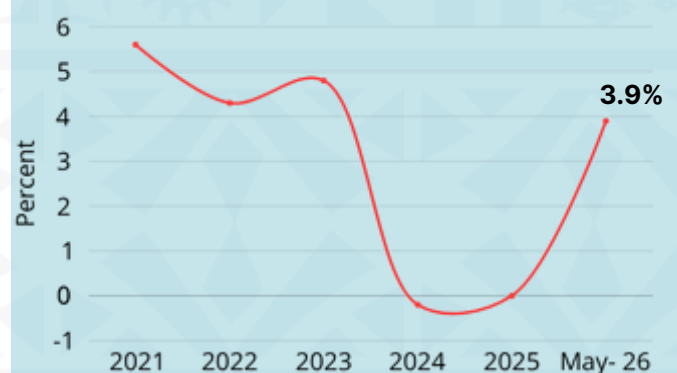


\$3.5 billion (30/06)
4.8 MORI

Source: RBF

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

Annual 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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Month Ended June 2026

Global economic conditions remain fragile, despite the United States (US) and Iran agreeing on a 60-day roadmap toward a permanent peace deal. While the framework provides for an end to hostilities and the reopening of the Strait of Hormuz, key details remain to be settled, including those related to Iran's nuclear programme, and the situation remains highly fluid. The fragility of the situation has been highlighted in recent days by a renewed round of strikes between the US and Iran, in response to US claims of Iranian aggression against commercial shipping. Oil prices eased immediately on initial news of the deal,¹ offering some relief to inflation pressures, though prices are likely to remain above pre-conflict levels in the near term as a higher geopolitical risk premium persists and Gulf supplies are only gradually restored. In Fiji, given the lagged adjustment in domestic fuel pricing, it will take several months for lower oil prices to be fully reflected at the pump.

Against this backdrop, the policy stance across Fiji's trading partners has begun to shift, with several central banks tightening monetary policy to contain imported inflation. The European Central Bank lifted its deposit rate to 2.25 percent in June, its first increase in nearly three years, while the Bank of Japan raised its policy rate to 1.0 percent. The interim peace deal, if it holds, should now help to ease these emerging pressures and slow inflationary momentum as energy markets stabilise, in turn relieving some of the policy tension faced by Fiji's key source markets.

Commodity prices generally eased over May. Brent crude fell sharply to US\$92.05 per barrel by month end (-19.3%), unwinding much of April's surge. The price of crude oil dropped further to US\$75.26 per barrel by 26 June as oil tankers traffic through the strait of Hormuz accelerated despite the recent bombings between the US and Iran, with futures pointing to an average of US\$71.00 per barrel for the remainder of 2026. After three months of consecutive climbs, the FAO² Food Price Index was essentially flat over May (m-o-m: -0.2%, y-o-y: +2.9%), as lower vegetable oil and dairy prices offset an increase for cereals. Sugar prices fell over the month (-3.8%) and year (-17.5%) to US14.06 cents per pound following excess supply from Brazil and Thailand. Anticipated reduced demand for ethanol following the projected normalisation of crude oil markets saw sugar futures fall to US13.60cents/lb (23/06). However, prices have since firmed to around US14.10 cents/lb (25/06), as El Niño-related supply concerns and weather uncertainty in key producing regions continue to limit further downside. Gold slipped to US\$4,593/oz at end-May (m-o-m: -0.8%) and further to US\$4,008.8/oz by late June (24/06), as the new Chair of the US Federal Reserve, Kevin Warsh, signalled a stronger commitment to price stability, lowering expectations for future interest rate cuts and reducing the appeal of gold as a non-yielding asset.

Domestically, sectoral performance remained mostly negative, with electricity and mineral water the main exceptions. Gold doré output stayed in contraction, falling 34.1 percent over the year to May, although stronger gold

¹ Part of the deal was a 60-day waiver on sanctions related to Iran's oil and petrochemical exports.

² Food and Agriculture Organisation.

concentrate production continues to cushion total mine output. In the same period, output from the timber industry remained subdued, with mahogany (-24.9%), pinewood (-4.5%) and woodchip (-8.5%) production all lower, partly due to adverse weather conditions and higher bunkering costs delaying shipments. By contrast, mineral water returned to marginal cumulative growth (0.9%), its first expansion after ten consecutive months of contraction, while electricity generation rose 6.3 percent over the same period.

Tourist arrivals in May were 1.4 percent lower than in May 2025, although total arrivals for the first five months of the year (362,106 visitors) were still 3.1 percent higher than the same period last year. Meanwhile, tourism earnings rose 3.7 percent year-on-year in the first quarter on higher average spending and room rates. Likewise, forward bookings for the next three months look stable, edging up to 72 percent, from 70 percent a year earlier.

Formal employment continued to expand, with FNPF registrations increasing by 2.2 percent in April. Nonetheless, indicators of increased competition to retain experienced staff amid softer demand for new hires persisted into May. Cumulative job advertisements were down 22.4 percent compared with 2025, while wages paid in the formal sector increased by 9.1 percent. On the labour supply side, residents' departures rose 8.1 percent in the year to May, whilst participation in outward labour mobility schemes increased by 18.0 percent (to 1,395 citizens). Remittances continued to be strong, rising 30.5 percent to \$358.1 million³ cumulative to April, on a net basis.

Consumption appears to be softening and is likely to moderate further as fuel costs and the new electricity fuel surcharge will take up more of the household budget. Nonetheless, the decline in new consumption-related lending (-4.7%) masks a more mixed picture, with the fall

concentrated in the wholesale, retail, hotels and restaurants sector borrowing (-8.6%) while lending to private individuals continued to grow strongly (21.1%). Likewise, vehicle activity remained a pocket of resilience, with registrations up by 8.9 percent and road vehicle imports higher by 18.7 percent to March, although both moderating from last year's stronger rates. Even so, the pressure on household budgets, together with remaining uncertainty around the resolution of the fuel shock, may encourage households to defer non-essential purchases.

Investment activity, anchored in multi-year projects, has held up well and remains a source of underlying momentum. Forward looking indicators suggest a continuation in investment activity, with new investment lending rising sharply (55.5%), domestic cement sales increasing by 41.6 percent cumulative to May, construction-related imports up 12.6 percent to March, and building permit approvals showing strong annual growth in the first quarter. However, with a large share of the pipeline still at early stages, higher input,⁴ fuel and transport costs, coupled with election-year uncertainty, could see a portion of smaller and early-stage projects delayed until conditions stabilise.

Financial conditions remained conducive to growth amid a low-interest rate environment. While banking system liquidity recorded a further annual decline in May (-18.9%), it remained ample at \$1.7 billion as of 29 June, helping to keep interest rates low. Private sector credit growth remained robust at 13.8 percent in May, supporting broad money growth.

On the external front, Fiji's merchandise trade deficit continued to widen, up by 22.9 percent to \$1,782.4 million cumulative to April, as strong import growth outpaced that of exports. Imports rose 17.3 percent to \$2,638.6 million, led by mineral fuel, machinery and transport equipment, and manufactured goods. Despite

³ The increase partly reflects \$59.2 million in flows newly captured through the Remitly platform and excluding this, growth was a steadier 12.0 percent.

⁴ Although the Building Material Price Index (BMPI) for the first half of 2026 was down 2.4% on the same period last year, the index was up 0.6% on a quarterly basis.

the widening trade deficit, exports rebounded by 7.0 percent in April driven by substantial growth in domestic exports (23.6%), particularly sugar and gold concentrates. This occurred despite a decline in re-exports (-11.5%).

Annual headline inflation as published by the Fiji Bureau of Statistics rose to 3.9 percent in May, up from 1.8 percent in April, marking a clear end to Fiji's deflationary spell. The increase was led by higher prices for alcoholic beverages, tobacco & narcotics; transport, reflecting higher diesel and petrol prices; and food & non-alcoholic beverages. Inflation is expected to rise further, as the first and second round effects of the electricity surcharge feed through and fuel price adjustments continue. On top of this, the August 2025 VAT rate reduction will drop out of the base in the second half of the year, increasing the headline rate. As such, year-end inflation is now projected to exceed 6.0 percent, a notable increase from the 2.5 percent anticipated before the start of the conflict. Future price movements will mostly depend on developments in global oil prices, especially influenced by the progress of the Iran-US peace negotiations.

Foreign reserves remain adequate at around \$3.5 billion (as of 30 June), sufficient to cover 4.8 months of retained imports and are projected to be adequate in the medium term. Foreign reserves will be supported in the near term by anticipated external borrowing, though the oil-driven import bill will place pressure on reserves levels.

The pace of domestic economic activity moderated through the review period with Fiji's 2026 growth outlook revised down to 1.5 percent, from the 3.0 percent forecast in November 2025, reflecting the lower visitor-arrivals outlook alongside broad-based revisions across most sectors. That revision largely captures the stress the economy has already absorbed from the oil price shock. Encouragingly, with global fuel prices easing and a tentative peace deal in the Middle East, the most acute of those pressures now appear to be receding. Residual risks remain and warrant

continued monitoring, including the possible onset of a strong El Niño, which could reduce hydroelectric generation and lift imported food prices, alongside cost-of-living and election-year pressures that bear on confidence. The recently announced 2026–2027 National Budget is expected to provide targeted near-term support within a constrained fiscal environment, with its overall impact on activity and confidence likely to be modest in the short term and to become clearer as implementation progresses.

Given these developments, the weaker growth outlook and the largely external, supply-side nature of the inflationary pressures point towards an accommodative stance. Together with adequate foreign reserves, this supported the Reserve Bank of Fiji's decision to maintain the Overnight Policy Rate at 0.25 percent in its June board meeting. This stance is expected to keep monetary conditions supportive of domestic activity as external pressures begin to ease. The RBF will continue to monitor evolving economic conditions closely 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

KEY INDICATORS

1. Sectoral Performance Indicators *

(cumulative year-on-year % change) ³⁾

	May-25	Feb-26	Mar-26	Apr-26	May-26
Visitor Arrivals	-1.0	4.1	7.0	4.6	3.1
Electricity Production	0.1	10.1	9.3	7.4	6.3
Gold production ¹⁾	-19.3	-37.3	-33.8	-31.6	-34.1
Gold production ²⁾	14.5	1.5	-2.4	15.0	4.7
Pinewood Production	159.8	10.9	-1.6	-3.3	-4.5
Woodchip Production	70.9	5.9	3.2	4.5	-8.5
Sawn Timber Production	79.4	-89.9	-63.3	-61.3	-59.7
Mahogany Production	91.7	-8.4	-17.5	-23.1	-24.9
Cement Production	-26.6	-0.8	17.2	34.1	55.5

2. Consumption Indicators *

(cumulative year-on-year % change)

	May-25	Feb-26	Mar-26	Apr-26	May-26
Net VAT Collections	8.2	-4.3	-2.8	-0.6	-0.9
New Consumption Lending	45.2	-27.7	-23.0	-11.0	-4.7
Vehicle Registrations	24.1	5.1	10.7	11.2	8.9
<i>New Vehicle Registrations</i>	29.5	-1.5	10.3	10.4	8.9
<i>Secondhand Vehicle Registrations</i>	20.1	10.1	11.0	11.9	9.0
Inward Personal Remittances ⁴⁾	14.5	22.1	22.8	25.2	25.0
Outward Personal Remittances	11.8	12.5	14.2	16.9	16.3
Electricity Consumption	1.5	n.a	n.a	n.a	n.a

3. Investment Indicators *

(cumulative year-on-year % change)

	May-25	Feb-26	Mar-26	Apr-26	May-26
Domestic Cement Sales	-14.6	21.1	16.4	23.0	41.6
New Investment Lending	2.9	96.8	68.2	68.1	55.5
<i>Building & Construction</i> ⁵⁾					
Completion Certificates Issued					
Number	n/a	n/a	30.4	n/a	n/a
Value	n/a	n/a	133.5	n/a	n/a
Building Permits Issued					
Number	n/a	n/a	12.1	n/a	n/a
Value	n/a	n/a	246.4	n/a	n/a
Value of work put in place	n/a	n/a	n.a	n/a	n/a

4. Labour Market

(cumulative year-on-year % change)

	May-25	Feb-26	Mar-26	Apr-26	May-26
RBF Job Advertisement Survey	-9.5	-11.9	-27.6	-24.9	-22.4
Resident Departure by purpose >1yr above ⁶⁾	-27.0	-15.7	1.1	13.2	8.1

5. Consumer Prices **

(year-on-year % change) ⁷⁾

	May-25	Feb-26	Mar-26	Apr-26	May-26
All Items	-1.4	-0.5	-0.8	1.8	3.9
Food and Non-Alcoholic Beverage	-3.3	-1.5	-1.9	0.0	3.0
Alcoholic Beverages, Tobacco & Narcotics	2.1	9.5	12.2	12.9	12.5
Transport	-4.7	-6.4	-8.8	1.1	7.5

6. Reserves ***

(end of period)

	May-25	Feb-26	Mar-26	Apr-26	May-26
Foreign Reserves (Sm) ⁸⁾	3,600.7	3,617.6	3,450.1	3,373.5	3,447.6
Months of retained imports of goods and non-factor services (MORI) ⁹⁾	5.5	5.2	5.0	4.9	4.8

7. Exchange Rates ***

(End of period, FS1 equals)

	May-25	Feb-26	Mar-26	Apr-26	May-26
US dollar	0.4415	0.4514	0.4413	0.4488	0.4504
Australian dollar	0.6754	0.6349	0.6444	0.6304	0.6305
New Zealand dollar	0.7300	0.7542	0.7719	0.7697	0.7630
Euro	0.3762	0.3825	0.3851	0.3844	0.3873
Japanese Yen	63.75	70.46	70.48	72.00	71.86

8. Liquidity ***

(end of period) ¹⁰⁾

	May-25	Feb-26	Mar-26	Apr-26	May-26
Banks' Demand Deposits (Sm)	1,986.5	1,834.0	1,723.8	1,622.4	1,611.5

9. Money and Credit ***

(year-on-year % change)

	May-25	Feb-26	Mar-26	Apr-26	May-26
Broad Money	7.2	9.7	9.6	11.1	11.4
Net Foreign Assets	19.4	4.1	1.3	0.9	-3.0
Net Domestic Credit	4.6	10.7	11.5	12.9	15.2
Private Sector Credit	9.8	10.7	11.7	12.3	13.8
Narrow Money	8.4	10.9	11.2	11.8	11.9

10. Interest Rates (%) ***

(monthly weighted average)

	May-25	Feb-26	Mar-26	Apr-26	May-26
Overnight Policy Rate ¹¹⁾	0.25	0.25	0.25	0.25	0.25
Repurchase Rate ¹²⁾	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	4.55	4.49	4.50	4.49	4.48
Savings Deposit Rate	0.31	0.32	0.30	0.31	0.31
Time Deposit Rate	1.74	1.63	1.67	1.70	1.79
3 month Government T-Bills	0.20	n.i	n.i	n.i	n.i
12 month Government T-Bills	1.16	1.12	1.12	1.13	1.15
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. External Sector ****

	May-25	Feb-26	Mar-26	Apr-26	May-26
Merchandise exports	15.5	-8.6	-3.7	7.0	n.a
Merchandise imports	3.6	8.8	9.2	17.3	n.a
Trade deficit	-1.8	19.4	16.7	22.9	n.a

11. Commodity Prices ****

(end of period)

	May-25	Feb-26	Mar-26	Apr-26	May-26
UK Gold Price/fine ounce (US\$)	3,315.4	5,247.9	4,678.6	4,629.6	4,593.0
CSCE No. 11 Sugar Spot Price/Global (US cents/pound)	17.1	13.9	15.5	14.6	14.1
Crude Oil/barrel (US\$)	63.9	72.5	104.0	114.0	92.1
FAO Food price index [^]	127.1	125.5	128.7	131.0	130.8

Note:

¹⁾ Gold doré²⁾ Gold doré and gold concentrate³⁾ 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 rebate.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. [FS3455 (m as at 30th June-26)]⁹⁾ MORI is based on the Macroeconomic Committee forecast as at June, 2026. [4.8 as at 30th June-26]¹⁰⁾ Liquidity as at 29th June-26: FS1,678.1m¹¹⁾ 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)