RBF ECONOMIC REVIEW AUGUST 2026

at a glance

International Economy

Global Economy

- Global growth remains resilient despite economic and geopolitical challenges.
- Manufacturing expanded, especially in Thailand and Vietnam, driven by trade and supply chain shifts.
- Services strengthened on tourism, transport, and business demand.
- FIFA World Cup spending boosted consumer services in the US, Canada and Mexico

Sources: S&P Global & The White House

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

Brent Crude Oil*	*US$90.12 /barrel*	*23.6%* ↑
Gold	*US$4,107 /OZ*	*1.7%* ↑
Sugar	*US14.66 cents / pound*	*-1.1%* ↓
FAO Food Index	*131.1pts*	*0.6%* ↑

Sources: Bloomberg & FAO

**Brent Crude Oil US$87.84 per barrel as of 26/08*

Fijian Economy (Jan-July)

Sectoral

- Visitor Arrivals 4.3%
- Electricity Generation 4.8%
- Gold Concentrates 58.8%
- Gold Doré -21.8%
- Mineral Water 4.2%
- Cane* 2.8%
- Sugar* 15.6%
- Pine wood 3.4%
- Mahogany -25.9%
- Woodchip -11.2%
- Sawn Timber -47.2%

Sources: FBoS & Various Industries

*as at Week Ending 24/08

Labour Market

- Formal Employment Registrations (Jun) 1.7%
- Job Advertisements -30.5%
- Resident departure (above 1yr) 5.9%
- Labour Mobility Programs 20.0%

Sources: Mins. of Employment, FNPF, RBF & FBoS

Consumption

- New Consumption Lending 1.2%
- Vehicle Registrations 9.9%

Investment

- New Investment Lending 38.3%
- Domestic Cement Sales 38.2%
- Construction-related imports (Cum. to May) 20.6%

Sources: RBF & Various Industries

Financial Conditions

- Liquidity (28/08) **$2.1 billion**
- Private Sector Credit (Jul) **14.6%**
- Broad Money (Jul) **7.8%**

Source: RBF

Risk to the Outlook

- Geopolitical tensions & energy market volatility
- US sanctions on Iran and wider trade tariffs
- Strait of Hormuz disruptions
- Labour supply constraints
- Adverse weather & El Nino conditions
- Social, security and election-related uncertainty

Source: RBF

Monetary Policy Objectives

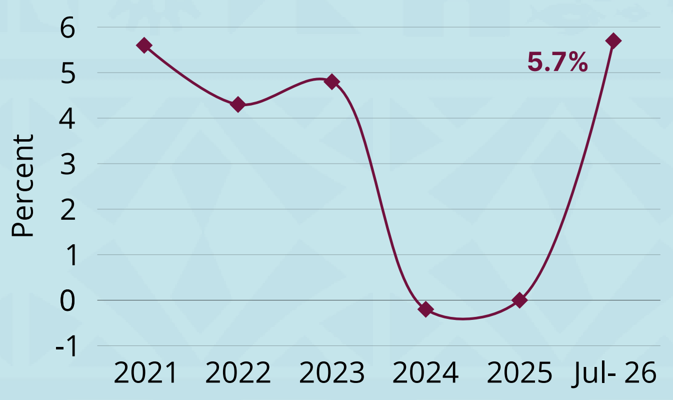
Foreign reserves remain comfortable

$3.9 billion (31/08)

5.5 MORI

Source: RBF

Annual Headline Inflation



Source: FBoS

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

Overnight Policy Rate

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

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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. 44 No. 08 Month Ended August 2026

Despite heightened geopolitical tensions, tighter financial conditions, and elevated trade policy uncertainty, global economic activity remained resilient. Manufacturing activity continued to expand in July, supported by trade diversion and supply chain realignment, which boosted production in several ASEAN[1] economies, particularly Thailand and Vietnam. Services activity also strengthened, underpinned by sustained demand across the tourism, transport, and business services sectors. This was in part helped by a temporary boost in consumer-facing services associated with the FIFA World Cup-related spending in the United States (US), Canada, and Mexico.

Commodity prices generally increased in July, except for sugar. Brent crude oil prices surged by 23.6 percent over the month to US$90.12 per barrel, as the Iran conflict escalated in July which elevated shipping-security concerns in the Middle East and disruptions around the Black Sea. After easing to around US$80 per barrel in early August, oil prices rebounded to US$89.31 per barrel by 28 August, reflecting concerns over expanded US secondary sanctions on Iran notwithstanding optimism surrounding a temporary Iran-Oman maritime corridor initiative. Food prices also increased modestly, with the FAO[2] Food Price Index rising by 0.6 percent in July to 131.1 points, driven mainly by higher cereal and vegetable oil prices amid adverse weather conditions and supply concerns. Gold prices rose by 1.7 percent over the month and 22.6 percent annually to close at US$4,107.00 per ounce at July-end. The outturn was driven by a weaker US dollar, softer US inflation and higher safe-haven demand. In contrast, sugar prices declined slightly at July-end to US14.66 cents per pound, reflecting improved global supply prospects, before rebounding on 27 August to US18.19 cents per pound on concerns over a potential global deficit and weather-related production risks.

Domestic economic activity remains encouraging, supported by continued strength in the tourism sector. Visitor arrivals reached 105,791 in July, the highest level ever recorded for the month, representing an annual increase of 6.5 percent. This lifted cumulative to July visitor arrivals growth to 4.3 percent. The increase was mainly led by higher arrivals from Australia, New Zealand, the US and Canada. Holidaymakers accounted for the majority of arrivals (79.0%), rising by 5.9 percent over the year. Meanwhile, arrivals under the meetings, incentives, conferences and exhibitions (MICE) segment grew by 11.5 percent but remained below pre-pandemic levels, at 67.0 percent of the corresponding 2019 MICE arrivals.

Sectoral performances were generally positive during the review period. Compared with the same period last year, both cane crushed and sugar production rose by 2.8 percent and 15.6 percent, respectively, as at 24 August, attributed to improved operational performance across all mills and higher sugar extraction rates. Electricity production expanded by 4.8 percent in the year to July, led by growth in Energy Fiji

[1]Association of Southeast Asian Nations and member countries are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, and Vietnam.

[2] Food and Agriculture Organisation.

Limited's customer base (1.7%) and higher non-renewable energy generation, which more than offset lower renewable energy output resulting from adverse weather conditions.[3] Over the same period, total gold production also increased by 6.2 percent, as strong growth in gold concentrate output (58.8%) more than compensated for the decline in gold doré production (-21.8%). Similarly, mineral water output expanded by 4.2 percent cumulative to July, consistent with scheduled manufacturing plans and a recovery from the softer output in the corresponding period of 2025 following tariff-related disruptions.[4] In contrast, performance in the forestry sector was weaker as mahogany logs (-25.9%), woodchips (-11.2%), and sawn timber (-47.2%) production fell, largely impacted by unfavourable weather conditions. However, pinewood output grew by 3.4 percent, supported by a higher supply of sawlogs.

Labour market indicators presented mixed signals during the review period. Newspaper job advertisements declined by 30.5 percent in the first seven months of 2026, reflecting weaker recruitment intentions across most sectors, particularly following the Government's public service hiring freeze alongside reduced vacancies in the transport, storage & communication, wholesale & retail trade, and business services sectors. Despite softer hiring intentions, employees were added to formal employment which expanded by 1.7 percent to 205,596 workers by June with total wages paid also rising by 7.9 percent. On the supply side, outward labour mobility increased by 20.0 percent to 1,834 workers cumulative to July, mainly through the Pacific Australia Labour Mobility (PALM) scheme, with long-term[5] resident departures (5.9%) also growing, particularly for employment (17.2%) and other purposes (21.1%).

Strong tourism activity and remittance inflows continued to support consumer spending. In the year to July, consumption-related lending grew by 1.2 percent, driven primarily by higher lending to private individuals (14.3%). Similarly, vehicle registrations increased by 9.9 percent, led by growth in both new (12.9%) and second-hand (7.5%) vehicle registrations, although higher import duties on new and second-hand vehicles announced in the FY2026-27 Budget could weigh on vehicle demand going forward.

Partial indicators continue to point to positive investment activity. New investment lending grew significantly by 38.3 percent in the year to July, primarily driven by stronger lending to the building and construction (67.7%) and real estate (34.7%) sectors. Over the same period, domestic cement sales also recorded robust growth of 38.2 percent, amid sustained demand from ongoing development projects. Consistent with this trend, construction-related imports rose by 20.6 percent up to May, on the back of increased activity in the construction sector, including the growing use of prefabricated building materials.

Financial conditions remained supportive of economic activity, underpinned by ample system liquidity and a low-interest-rate environment. Banking system liquidity stood at approximately $2.1 billion as of 28 August, helping to keep borrowing costs low, with both commercial banks weighted average new and outstanding lending rates settling at 4.50 percent in July. These accommodative conditions helped sustain strong private sector credit growth of 14.6 percent, which in turn contributed to the expansion in broad money, by 7.8 percent in July.

Headline inflation eased to 5.7 percent in July from 6.1 percent in June but remained well above the -1.5 percent recorded a year earlier. The annual increase was driven primarily by

[3] Renewable energy generation and output from Independent Power Producers declined by 10.9 percent and 24.5 percent, respectively, reflecting dry weather conditions and lower generation from key producers.

[4] The US reciprocal tariffs were announced on 2 April 2025 and took effect shortly thereafter.

[5] Refers to length of absence exceeding 1 year (12 months) period.

higher prices in transport (1.8 percentage points (pp)),[6] alcoholic beverages, tobacco & narcotics (1.7pp),[7] food & non-alcoholic beverages (1.4pp), and housing & utilities (0.7pp).[8] Inflation is expected to remain elevated in the coming months, reflecting the removal of the bus fare subsidy from September,[9] the fading base effects of the August 2025 VAT rate reduction from the annual inflation calculation, and the continued pass-through of higher global fuel and freight costs to domestic prices.

Foreign reserves remain sufficient at around $3.9 billion as of 31 August, sufficient to cover 5.5 months of retained imports and is held up by external Government loan drawdowns, strong tourism receipts and remittance inflows. Foreign reserves are expected to remain adequate over the medium term.

Risks to the outlook remain tilted to the downside. Heightened geopolitical tensions, trade frictions, and volatility in global energy markets could increase imported inflation, widen the trade deficit and place some strain on foreign reserves. Stricter enforcement of US secondary sanctions on Iran is expected to keep global oil prices elevated, while any intensification of shipping disruptions around the Strait of Hormuz could further raise freight and insurance costs, exacerbating external price pressures. Domestically, labour supply constraints, social and security challenges, election-related uncertainty, and the risk of severe El Niño conditions could dampen investor and business confidence and weigh on broader growth prospects.

In view of recent economic developments, elevated external risks and their implications for the Bank's dual objectives, the Reserve Bank of Fiji (RBF) Board agreed to maintain the Overnight Policy Rate at 0.25 percent at its meeting on 27 August.

The RBF will continue to closely monitor global and domestic developments and stand ready to adjust its policy settings as needed to maintain price stability and protect the adequacy of foreign reserves.

RESERVE BANK OF FIJI

[6] Mostly fuel (2.1pp) and taxi fare (0.4pp).

[7] Mainly kava (1.6pp).

[8] Largely kerosene (0.4pp), gas (0.3pp) and electricity bill (0.1pp).

[9] Bus fares were kept 10 percent below the standard fare from August 2025 following the introduction of a Government subsidy in the FY2025-26 Budget. Although a temporary 22.5 percent fare increase was approved in May 2026 to offset higher fuel costs incurred by bus operators, commuters continued paying the subsidised fare as the Government fully absorbed the fare increase. However, from September 2026, both the 10 percent subsidy and the 22.5 percent temporary support will be withdrawn, resulting in passengers paying the full fare. For example, the Stage 1 fare will increase from $0.92 to $1.02. Compared with the subsidised fares from a year earlier, this change is expected to raise annual bus fare inflation and contribute to higher headline inflation in the coming months.

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FIJI: ECONOMIC & FINANCIAL STATISTICS

KEY INDICATORS

		Jul-25	Apr-26	May-26	Jun-26	Jul-26
1. Sectoral Performance Indicators *						
(cumulative year-on-year % change)						
	Visitor Arrivals	-0.4	4.6	3.1	3.8	4.3
	Electricity Production	0.04	7.4	6.3	5.3	4.8
	Gold doré production [1/]	-26.7	-31.6	-34.1	-30.2	-21.8
	Gold production [2/]	12.3	15.0	4.7	3.1	6.2
	Cane Production [3/]	4.1	n/a	n/a	n/a	-4.2
	Sugar Production [3/]	-0.2	n/a	n/a	n/a	2.9
	Pinewood Production	112.6	-3.3	-4.5	-5.1	3.4
	Woodchip Production	9.7	4.5	-8.5	-15.1	-11.2
	Sawn Timber Production	26.0	-61.3	-61.7	-54.7	-47.2
	Mahogany Production	101.3	-23.1	-24.9	-27.4	-25.9
	Cement Production	-8.6	34.1	55.5	37.9	34.8
2. Consumption Indicators *						
(cumulative year-on-year % change)						
	Net VAT Collections	5.4	-0.9	-1.5	1.1	-0.2
	New Consumption Lending	28.1	-11.0	-4.7	0.5	1.2
	Vehicle Registrations	22.0	11.2	8.9	10.4	9.9
	New Vehicle Registrations	30.1	10.4	8.9	11.9	12.9
	Secondhand Vehicle Registrations	16.1	11.9	9.0	9.2	7.5
	Inward Personal Remittances [4/]	8.6	25.2	25.0	26.3	n.a
	Outward Personal Remittances	7.3	16.9	16.3	15.0	18.4
	Electricity Consumption	1.6	6.6	5.6	4.9	n.a
3. Investment Indicators *						
(cumulative year-on-year % change)						
	Domestic Cement Sales	-10.1	23.0	41.6	41.3	38.2
	New Investment Lending	4.4	44.7	37.0	40.0	38.3
	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						
(cumulative year-on-year % change)						
	RBF Job Advertisement Survey	-7.2	-24.9	-22.4	-26.9	-30.5
	Resident Departure by purpose >1yr above [6/]	-20.7	13.2	8.1	6.5	5.9
5. Consumer Prices **						
(year-on-year % change) [7/]						
	All Items	-1.5	1.8	3.9	6.1	5.7
	Food and Non-Alcoholic Beverage	-3.8	0.0	3.0	1.5	4.1
	Alcoholic Beverages, Tobacco & Narcotics	2.7	12.9	12.5	14.6	14.3
	Transport	-4.2	1.1	7.5	19.3	11.7
6. Reserves ***						
(end of period)						
	Foreign Reserves ($m) [8/]	3,847.8	3,373.5	3,447.6	3,465.7	3,854.0
	Months of retained imports of goods and non-factor services (MORI) [9/]	5.8	4.7	4.8	4.8	5.4
7. Exchange Rates ***						
(End of period, F$1 equals)						
	US dollar	0.4361	0.4488	0.4504	0.4410	0.4475
	Australian dollar	0.6775	0.6304	0.6305	0.6401	0.6366
	New Zealand dollar	0.7399	0.7697	0.7630	0.7801	0.7613
	Euro	0.3823	0.3844	0.3873	0.3859	0.3882
	Japanese Yen	65.19	72.00	71.86	71.42	71.38
8. Liquidity ***						
(end of period) [10/]						
	Banks' Demand Deposits ($m)	2,180.7	1,622.4	1,611.5	1,690.5	2,035.2
9. Money and Credit ***						
(year-on-year % change)						
	Broad Money	9.4	11.2	11.5	9.2	7.8
	Net Foreign Assets	7.4	0.9	-3.0	-9.5	-1.4
	Net Domestic Credit	8.9	13.1	15.4	14.8	11.9
	Private Sector Credit	9.5	12.5	14.0	14.6	14.6
	Narrow Money	10.9	11.8	12.0	9.4	6.4
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	4.58	4.49	4.48	4.46	4.50
	Savings Deposit Rate	0.31	0.31	0.30	0.31	0.31
	Time Deposit Rate	1.77	1.70	1.79	1.89	1.99
	3 month Government T-Bills	n.i	n.i	n.i	n.i	n.i
	12 month Government T-Bills	n.i	1.13	1.15	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. External Sector *****						
	Merchandise exports	7.5	7.0	12.3	n.a	n.a
	Merchandise imports	6.7	17.3	17.7	n.a	n.a
	Trade deficit	6.2	22.9	20.6	n.a	n.a
11. Commodity Prices *****						
(end of period)						
	UK Gold Price/fine ounce (US$)	3,348.6	4,629.6	4,593.0	4,038.5	4,107.0
	CSCE No. 11 Sugar Spot Price/Global (US cents/pound)	16.4	14.6	14.1	14.8	14.7
	Crude Oil/barrel (US$)	72.5	114.0	92.1	72.9	90.1
	FAO Food price index ^	129.8	131.0	131.0	130.3	131.1

Note:

[1/] Includes gold doré only.

[2/] Gold production includes both gold doré and gold concentrate.

[3/] The 2026 crushing season commenced on the 01 July, 2026. [Cane 2.8%; Sugar 15.6% as at Week Ending 24th August-26]

[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 rebase.

[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$3,948.1m as at 31st August-26]

[9/] MORI is based on the Macroeconomic Committee forecast as at June, 2026. [5.5 months as at 31st August-26]

[10/] Liquidity as at 28th August, 2026: F$2,056.1m

[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*   *^ Food and Agriculture Organisation (FAO)*