








International Economy

Global Economy



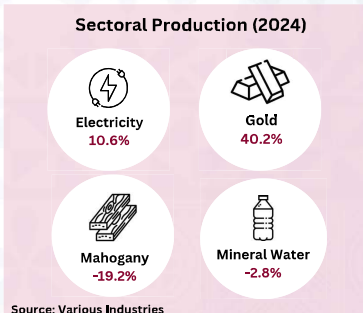
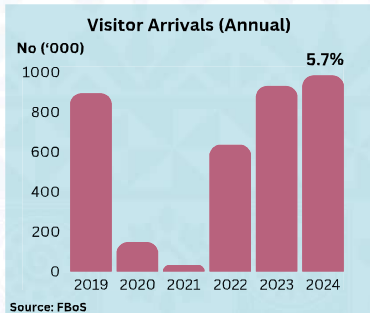
The IMF's January 2025 WEO estimates a 3.2% global expansion in 2024, with growth expected to remain steady at 3.3% this year and in 2026.

Global Commodity Prices (Dec-end)

 Gold US\$2,641.00	 Sugar US\$19.20 cents
 FAO food index 127.0	 Brent Crude Oil US\$74.64

Sources: Bloomberg, FAO

Fijian Economy



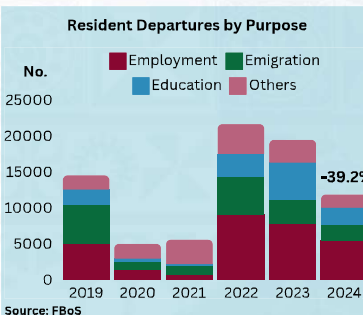
Consumption (2024)

- Net VAT Collections: **32.9%**
- Vehicle Registrations: **19.0%**
- Consumption Lending: **33.9%**




Investment (2024)

- Domestic Cement Sales: **11.0%**
- Investment Lending: **24.1%**

Sources: FRCS, RBF, Various Industries



Financial Conditions

 Liquidity (30/01) \$2.2 billion	 Broad Money (2024) 7.8%	 Private Sector Credit (2024) 11.4%
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Source: RBF

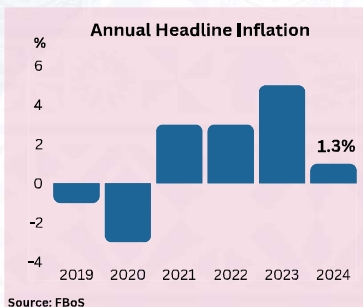
Monetary Policy Objectives

Foreign Reserves




\$3.7 billion (31/01)
5.9 MORI

Source: RBF



Overnight Policy Rate



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

The International Monetary Fund (IMF), in its January World Economic Outlook (WEO) estimated a 3.2 percent global expansion in 2024 and anticipates growth to remain steady (3.3%) in 2025 and 2026.¹ The stability reflects an upward revision for the United States (US),² offsetting downward revisions for other major economies. Global headline inflation is expected to moderate to 4.2 percent in 2025. Anticipated monetary easing by central banks including Fiji's trading partner central banks (except Japan) is expected to support global growth prospects. Fiji's trading partner economies noted growth in the third quarter of 2024, albeit slower than in the second quarter,³ driven by the services sectors.

Commodity prices mostly fell in December except Brent crude oil which edged up 1.9 percent over the month to US\$74.64 per barrel, led by higher fuel demand during the holiday season, along with concerns over Western sanctions on Russia and Iran, tightening supply. On the other hand, the global food price index declined by 0.5 percent month-on-month to 127.0 in December (although was 6.7% above its corresponding level in 2023), led by a broad fall across most sub-indices except for meat. Similarly, sugar prices fell over the month settling at US\$19.20 cents per pound, attributed to excess supply from Brazil coupled with the weakening Brazilian real against the US dollar. Gold prices dropped to US\$2,641.00 per fine ounce over the month by 1.5 percent and from the peak it reached in October (US\$2,749.30), driven by the strengthening of the US dollar and expectations of delayed Federal Reserve rate cuts.

Domestically, economic activity strengthened from the second half of 2024. Visitor arrivals⁴ in 2024 achieved a new record of 982,938 visitors, reflecting an annual growth of 5.7 percent,

somewhat aided by the introduction of additional flights and international events hosted in Fiji in the second half of the year. Although Australian visitor arrival numbers started the year slowly in the first four months of 2024, they emerged as the largest contributor to overall growth by year-end, followed by arrivals from the US and New Zealand.

Sectoral performances were largely positive in 2024 despite industry-specific challenges. Electricity production, an indicator of business activity, grew by 10.6 percent annually. Gold output rose significantly by 40.2 percent to 31,853 ounces, driven by strong production from the Tuvatu Gold Mine. On the other hand, mahogany production declined by 19.2 percent, partly owing to redeployment of harvesting contractors towards maritime pine projects and adverse weather conditions. Similarly, mineral water production fell (-2.8%) annually in 2024, mostly underpinned by calibration works in the review period and softer US sales.

Labour market conditions eased in 2024, boosted by the influx of imported labourers. Demand for labour, as proxied by the RBF Job Advertisements Survey, fell by 11.6 percent to 14,220 vacancies, driven primarily by reductions in recruitment intentions of the community, social & personal services (-16.5%); wholesale & retail trade, & restaurants, & hotels (-22.4%) and electricity & water (-47.0%) sectors.

Moreover, the easing trend in emigration which began in 2023 continued more noticeably in 2024 and has helped ease the tightness in the labour market. Emigration declined by 39.2 percent, particularly in resident departures for employment, education or training, emigration, and other purposes.⁵ This is due to tightening

¹ The projection for 2025 has been slightly revised upwards by 0.1 percentage points from the October 2024 WEO.

² On account of stronger US consumption activity.

³ Except for New Zealand.

⁴ Sourced from the "FBoS Release No. 01/2025, Provisional Visitor Arrivals 2024" report, which covers visitors by air and sea (excluding cruise ship passengers).

⁵ Resident departures for more than 1 year.

migration policies and international student visa requirements by Australia and New Zealand last year. As such, the rate of growth in inward personal remittances in 2024 moderated (6.0%) to pre-pandemic trends, totalling \$1,328.7 million, underpinned by the easing trend in emigration and, the impact of cost-of-living pressures in major remitting countries. At the same time, outward remittances increased annually by 15.9 percent (to \$509.8m) in 2024, led by non-residents remitting funds abroad and emigrant transfers.

Consumption spending remained resilient during the review period. Partial indicators showed annual increases in net VAT collections (32.9%), vehicle registrations⁶ (19.0%), and new lending by commercial banks (excluding refinancing) for consumption purposes (33.9%). The strong performance was supported by higher household incomes, as wage growth remained robust in 2024. Consumption was also supported by strong tourist demand, higher government expenditure and inward remittances.

Recent investment data indicates some improvement in investment activity. Domestic cement sales grew by 11.0 percent in 2024 due to increased market demand. Cumulative to the third quarter, the total value of work put in place remained 7.4 percent lower compared to the same period in 2023, mostly due to a subdued construction activity in the first half of 2024. Additionally, new loans for investment purposes (excluding refinancing) increased by 24.1 percent to \$970.9 million, driven largely by lending to the building and construction sector. The higher credit level reflects rising construction input costs to some extent, as well as improved investment sentiment and a lift in the supply of overseas workers supporting construction projects.

Fiji's financial conditions remain supportive of domestic growth as ample banking system liquidity of \$2.2 billion (30/01) has kept lending rates near historic lows. In 2024, broad money expanded by 7.8 percent, primarily driven by the continued double-digit growth in private sector credit (11.4%), mainly lent to private businesses and households.

⁶ Total vehicle registrations had rebounded (from -3.0% in 2023), dominated by second-hand vehicle registrations (33.5%), while new vehicle registrations rose by 3.3 percent.

The annual headline inflation rate stood at 1.3 percent in 2024 (from 5.1% in December 2023). The impact of the 2023 VAT rate hike fell off calculations in the latter half of 2024, partly resulting in a decline in prices in the transport, housing & utilities, and restaurants & hotels categories, with some lower price increases noted in the food and non-alcoholic beverages category.

Foreign reserves (RBF holdings) continued to remain at adequate levels at \$3.7 billion (31/01), sufficient to cover 5.9 months of retained imports of goods and services and are projected to remain within comfortable range over the medium term.

Potential risks to the growth outlook include sluggish growth among key trading partners and geopolitical tensions, which could trigger commodity price volatility and elevate import costs, thereby exerting upward pressure on inflation. Additional concerns stem from increasing reliance on imported labour, leading to higher outward remittances. Rising freight expenses and labour costs alongside reduced productivity would contribute to elevated business costs. Furthermore, an increase in labour-related strikes may negatively impact productivity, while rising crime rates and drug-related issues undermine investor confidence. Ageing infrastructure, structural inefficiencies, and climate-related challenges, including the country's vulnerability to La Niña events, also pose potential risks to the outlook.

Given the stable medium-term outlook for inflation and foreign reserves, the Reserve Bank of Fiji Board decided in its January meeting to maintain the Overnight Policy Rate at 0.25 percent.

RESERVE BANK OF FIJI

FIJI: ECONOMIC & FINANCIAL STATISTICS

KEY INDICATORS

1. Sectoral Performance Indicators *

(year-on-year % change)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Visitor Arrivals	46.1	6.3	6.5	6.2	5.7
Electricity Production	3.6	11.0	11.6	11.1	10.6
Gold Production	-10.8	32.3	37.1	38.0	40.2
Cane Production	n/a	4.7	0.8	-15.0	n/a
Sugar Production	n/a	10.8	6.4	-9.6	n/a
Pinewood Production	-29.9	-32.6	-34.9	-32.7	n/a
Woodchip Production	-22.9	13.1	10.0	10.3	n/a
Sawn Timber Production	-23.7	18.2	20.8	15.8	n/a
Mahogany Production	-14.4	-0.7	-7.7	-13.0	-19.2
Cement Production	0.1	7.8	9.1	7.7	7.2

2. Consumption Indicators *

(year-on-year % change)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Net VAT Collections	28.5	39.7	34.6	32.6	32.9
New Consumption Lending ^{1/}	19.8	28.0	33.9	33.8	33.9
Vehicle Registrations	-3.0	18.1	19.8	18.4	19.0
New Vehicle Registrations	35.5	4.4	5.7	2.9	3.3
Secondhand Vehicle Registrations	-23.2	30.2	32.4	32.8	33.5
Inward Personal Remittances	20.4	6.8	6.6	7.4	6.0
Electricity Consumption	4.0	9.3	n/a	n/a	n/a

3. Investment Indicators *

(year-on-year % change)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Domestic Cement Sales	-4.5	9.4	11.2	9.7	11.0
New Investment Lending ^{1/}	44.0	26.3	25.0	25.9	24.1
Building & Construction					
Completion Certificates Issued					
Number	25.9	-47.0	n/a	n/a	n/a
Value	39.9	-20.0	n/a	n/a	n/a
Building Permits Issued					
Number	38.0	-35.9	n/a	n/a	n/a
Value	0.2	97.7	n/a	n/a	n/a
Value of work put in place	6.0	-7.4	n/a	n/a	n/a

4. Labour Market

(year-on-year % change)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
R&F Job Advertisement Survey	22.8	-11.3	-14.0	-11.9	-11.6
Resident Departure by purpose	-10.1	-33.3	-35.3	-39.4	-39.2

5. Consumer Prices **

(year-on-year % change)^{2/}

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
All Items	5.1	4.2	3.6	0.8	1.3
Food and Non-Alcoholic Beverage	9.0	7.5	7.7	1.2	1.4
Alcoholic Beverages, Tobacco & Narcotics	2.8	11.6	9.3	7.9	9.2

6. Reserves ***

(end of period)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Foreign Reserves (\$m) ^{3/}	3,361.3	3,762.0	3,857.9	3,770.1	3,707.7
Months of retained imports of goods and non-factor services (MORI) ^{4/}	5.4	6.1	6.3	6.1	6.0

7. Exchange Rates ***

(End of period, F\$1 equals)

(Index)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
US dollar	0.4517	0.4529	0.4390	0.4361	0.4259
Australian dollar	0.6608	0.6558	0.6680	0.6708	0.6841
New Zealand dollar	0.7132	0.7147	0.7349	0.7402	0.7547
Euro	0.4081	0.4058	0.4043	0.4132	0.4094
Japanese Yen	43.85	44.40	47.34	46.07	46.85
Nominal Effective Exchange Rate	85.59	85.56	85.60	85.59	85.54
Real Effective Exchange Rate	94.97	95.45	94.91	93.20	93.45

8. Liquidity ***

(end of period)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Banks' Demand Deposits (\$m)	2,167.8	2,343.0	2,413.1	2,286.6	2,425.4

9. Money and Credit ***

(year-on-year % change)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Broad Money	9.1	6.7	7.5	8.4	7.8
Net Foreign Assets	1.9	6.5	8.5	9.5	7.2
Domestic Credit	9.2	5.9	5.9	6.9	9.7
Private Sector Credit	7.5	11.2	11.2	11.4	11.4
Narrow Money	10.5	6.7	7.7	9.4	9.0

10. Interest Rates (%) ***

(monthly weighted average)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
Overnight Policy Rate ^{5/}	0.25	0.25	0.25	0.25	0.25
Repurchase Rate ^{5/}	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	4.79	4.66	4.65	4.59	4.56
Savings Deposit Rate	0.42	0.31	0.30	0.31	0.30
Time Deposit Rate	1.36	1.69	1.68	1.67	1.71
3 month Government T-Bills	n.i	n.i	0.15	n.i	n.i
12 month Government T-Bills	0.16	n.i	1.14	1.14	1.14
5-year Government Bond Yield	n.i	5.00	n.i	n.i	n.i
10-year Government Bond Yield	4.00	n.i	n.i	n.i	n.i

11. Commodity Prices ****

(end of period)

	Dec-23	Sep-24	Oct-24	Nov-24	Dec-24
UK Gold Price/finer ounce (US\$)	2,071.8	2,659.4	2,749.3	2,681.0	2,641.0
CSCe No. 11 Sugar Spot Price/Global (US cents/pound)	20.6	22.5	22.7	21.1	19.20
Crude Oil/barel (US\$)	77.0	71.8	73.2	73.3	74.6
FAO Food price index ^	119.2	124.6	126.9	127.6	127.0

n/a-

^{1/} Excludes refinancing^{2/} 2014 rebate. Previous data had 2011 as its base.^{4/} MORI is based on the Macroeconomic Committee forecast as of November 2024.^{5/} 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)