



International Economy

Global Economy

Changing US trade policies could impact global growth and inflation, with likely spillovers to Fiji's key trading partners. However, potential risks to the Fijian economy are balanced.

Global Commodity Prices (Jan-end)

Gold US\$2,835.00	Sugar US\$19.35 cents
FAO food index (124.9 points)	Brent Crude Oil US\$76.76

Sources: Bloomberg, FAO

Fijian Economy



Sectoral Production (Jan)

Electricity Production 2.2%	Mineral Water 30.6%
Mahogany 24.1%	

Source: Various Industries

Consumption (Jan)

- Net VAT Collections: **16.4%**
- Vehicle Registrations: **30.5%**
- Consumption Lending: **29.2%**
- Inward Remittances: **29.8%**

Investment

- Domestic Cement Sales (2024): **11.0%**
- Investment Lending (Jan): **61.3%**

Sources: FRCS, RBF, Various Industries

Labour Market (Jan)

- Job Advertisements: **-34.6%**
- FNPF Employee Registrations (2024): **2.0%**
- Approved Foreign Labour Work Permits: **-66.5%**
- Resident Departures by Purpose: **-27.3%**

Sources: RBF, FNPF, Ministry of Immigration, FBoS

Financial Conditions

Liquidity (27/02) \$2.1 billion	Broad Money (Jan) 10.1%	Private Sector Credit (Jan) 11.8%
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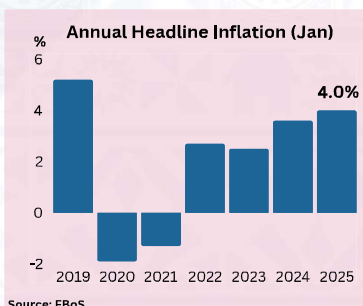
Source: RBF

Monetary Policy Objectives

Foreign Reserves

\$3.6 billion (28/02)
5.7 MORI

Source: RBF



Overnight Policy Rate

The RBF Board maintained the Overnight Policy Rate at **0.25%** in its February 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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The global economy entered 2025 with elevated geopolitical risks and uncertainty surrounding global trade policies under the new United States (US) administration. Recent shifts in major policies include the halt in the US Agency for International Development (USAID) program and the withdrawal of the US from the United Nations Human Rights Council, World Health Organisation, and the Paris Agreement. In addition, tariff policies between the US-China and US-Canada-Mexico have the potential to materially affect growth and inflation outlook in these countries with likely spillovers to the global economy including Australia one of Fiji's major trading partners.

In January, tracked global commodity prices rose except for food prices. Brent crude oil prices rose by 2.8 percent at month-end, settling at US\$76.76 per barrel due to tighter supply prospects following sanctions on Russian energy. Gold prices reached an all-time month-end high of US\$2,835.00 per fine ounce in the same period as geopolitical uncertainties raised demand for the safe-haven commodity. Sugar prices were soft throughout the month but accelerated at month-end closing at US19.35 cents per pound (m-o-m: 0.5%) on the back of increased oil prices favouring ethanol over sugar

production, decreasing supply. On the other hand, global food prices, based on the FAO¹ survey, continued to fall on a monthly basis (-1.6%) mainly driven by lower monthly average sugar² and vegetable oil prices.

Domestically, sectoral data reflected positive outcomes at the beginning of the year. Visitor arrivals³ rose marginally (0.7%) in January, reaching a record high of 70,794 visitors, supported by higher numbers from the Pacific Islands, Australia, and the US, but was weighed down by the decline in visitors from New Zealand, Fiji's second key source market.

Electricity production rose by 2.2 percent annually in January indicating an increase in economic activity. Similarly, mahogany production expanded by an annual 24.1 percent, as favourable weather augured well for logging, and mineral water production rebounded by 30.6 percent driven by improved production capacity.

Over the same period, demand for labour moderated highlighted by the lower (-34.6%) number of job vacancies advertised in January compared to a year ago. The community, social, and personal services contributed the most to the contraction followed by the wholesale & retail

¹ Food and Agriculture Organisation.

² Average sugar price fell over the month (-6.9%) due to increased global supply because of the favourable weather conditions in Brazil and the resumption of exports from India.

³ Include arrivals by air and sea (seamen on fishing vessels and yacht).

trade, restaurants & hotels, electricity & water, and manufacturing sectors.

At the same time, the supply of labour has stabilised, partly due to a decline (January y-o-y: -27.3%) in Fijian citizens emigrating abroad (for one year and above), as Australia tightened migration and employment policies. In tandem, while the number of foreign workers fell in January (y-o-y: -66.5%) this is on the back of a notable annual increase of 31.2 percent in 2024. Furthermore, in 2024 formal labour statistics provided by Fiji National Provident Fund show an annual gain in formal employment (2.0%) driven by higher registrations in the wholesale & retail trade; repair of motor vehicles & motorcycles (3.1%), accommodation & food (3.4%), transport & storage (5.8%) and administrative & support (2.8%) sectors.

Consumption activity remained upbeat into January supported by higher tourist activity, inward remittances, increased income combined with government's back-to-school transfers. Net VAT collections grew by 16.4 percent (to \$156.6m) annually, largely underpinned by higher domestic (19.7%), and customs (13.1%) VAT collections, which more-than-offset the increase in refunds (17.1%). Similarly, total vehicle registrations also rose by an annual 30.5 percent in January, driven by a surge in both new (30.1%) and second-hand (30.8%) vehicle registrations.⁴ In the same period, consumption-related loans (a leading indicator for consumption activity) grew by 29.2 percent, led by the wholesale & retail sector (29.2%).

In addition, total inward remittances registered a growth of 29.8 percent in January compared to the comparable 2024 period, totalling \$118.4 million, channelled mostly via mobile money.

⁴ This excludes government vehicles.

⁵ Excluding refinance.

Outward remittances also grew over the year (84.8%) largely reflecting the increased stock of foreign workers.

Leading partial indicators of investment activity suggest a positive outlook. New loans for investment purposes grew by 61.3 percent annually to \$69.0 million in January 2025.⁵ Similarly, domestic cement sales rose by 11.0 percent in 2024, boosted by increased construction activity. However, issues such as the ease of doing business, access to infrastructure and high cost of doing business remains a major impediment to investment.

Financial conditions remain supportive of growth. The high liquidity of \$2.1 billion (26/02) and historically low lending rates has augured well for credit growth. Broad money (M3) expanded (10.1%) in January, buoyed by increased foreign reserves and high private sector credit growth (PSC) (11.8%) to business entities (10.8%), particularly to the wholesale, retail, hotel, and restaurant and the real estate sectors, and the household's category (14.2%).

On Fiji's international merchandise trade, in the year to November 2024, merchandise trade deficit narrowed by an annual 6.4 percent to -\$ 3,928.9 million. This improvement in trade balance was underpinned by faster growth in merchandise exports (6.3%) and complemented by a contraction in the value of imports (-2.0%). Stronger re-exports performance led by higher mineral fuel and machinery re-exports buoyed exports, while falling import commodity prices and base effects⁶ shaped the decline in imports.

Annual headline inflation rose to 4.0 percent in January from the 1.3 percent in December 2024, mostly due to a one-off monthly increase in prices of local market crops and vegetables

⁶ Fiji's merchandise imports recorded a one-off large shipment in July 2023 of professional and scientific instruments amounting to \$117.3 million which induced a significant growth in the level of imports for 2023.

mainly stemming from the flooding experienced in the Western Division.⁷ Over the year, the food and non-alcoholic beverages (3.5pp) and the alcoholic beverages, tobacco & narcotics (1.0pp) categories recorded yearly price increases which more than offset annual price declines registered in the transport (-0.5pp) and other categories.

Foreign reserves (28/02) remain comfortable at around \$3.6 billion, sufficient to cover 5.7 months of retained imports of goods and services and are projected to remain adequate over the medium term.

Risks to the outlook are broadly balanced. On the downside, rising geopolitical uncertainty with increased trade tariffs could exert inflationary pressures on major trading partners, potentially dampening demand for Fijian exports.

Additionally, persistent threats such as natural disasters, ageing infrastructure, rising crime rates, and increasing drug use may hinder the country's growth momentum. Conversely, several positive factors could support economic expansion.

The introduction of new flight routes is expected to boost visitor arrivals, while a slowdown in emigration may contribute to labour market stability. Furthermore, the Fijian economy could benefit from competitive import prices on goods redirected from countries with higher tariffs to the rest of the world, potentially resulting in lower import payments.⁸

With a comfortable medium-term outlook of the twin monetary policy objectives, the Reserve Bank of Fiji (RBF) Board decided to maintain the Overnight Policy Rate at 0.25 percent in its February meeting.

RESERVE BANK OF FIJI

⁷ Prices of cassava, a notable food staple, rose by 84.4% over the year in January.

⁸ This is assuming import volume remains unchanged.

KEY INDICATORS

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

	Jan-24	Oct-24	Nov-24	Dec-24	Jan-25
Visitor Arrivals	4.2	6.5	6.2	5.7	0.7
Electricity Production	3.9	11.6	11.1	10.6	2.2
Gold Production	68.1	37.1	38.0	40.2	-15.0
Cane Production	n/a	0.8	-15.0	n/a	n/a
Sugar Production	n/a	6.4	-9.6	n/a	n/a
Pinewood Production	-48.5	-34.9	-32.7	-34.5	263.1
Woodchip Production	-100.0	10.0	10.3	5.8	n.a
Sawn Timber Production	-100.0	20.8	15.8	12.5	n.a
Mahogany Production	133.4	-7.7	-13.0	-19.2	24.1
Cement Production	42.2	9.1	7.7	7.2	n.a

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

Net VAT Collections	34.6	34.6	32.6	32.9	16.4
New Consumption Lending ^{1/}	-7.2	33.9	33.8	33.9	29.2
Vehicle Registrations	29.3	19.8	18.4	19.0	30.5
New Vehicle Registrations	30.9	5.7	2.9	3.3	30.1
Inward Personal Remittances	28.1	32.4	32.8	33.5	30.8
Electricity Consumption	2.8	6.6	7.4	6.0	29.8
	9.0	n.a	n.a	n.a	n.a

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

Domestic Cement Sales	11.3	11.2	9.7	11.0	n.a
New Investment Lending ^{1/}	-24.3	25.0	25.9	24.6	61.3

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

RBF Job Advertisement Survey	29.7	-14.0	-11.9	-11.6	-34.6
Resident Departure (for 1 year and above)	147.5	-35.3	-39.4	-39.2	-27.2

5. Consumer Prices **
(year-on-year % change)^{2/}

All Items	3.6	3.6	0.8	1.3	4.0
Food and Non-Alcoholic Beverage	3.4	7.7	1.2	1.4	9.3
Alcoholic Beverages, Tobacco & Narcotics	5.4	9.3	7.9	9.2	7.1

6. Reserves ***
(end of period)

Foreign Reserves (\$m) ^{3/}	3,297.9	3,857.9	3,770.1	3,707.7	3,668.7
Months of retained imports of goods and non-factor services (MORI) ^{4/}	5.4	6.3	6.1	6.0	5.9

7. Exchange Rates ***
(End of period, F\$1 equals)
(Index)

US dollar	0.4427	0.4390	0.4361	0.4259	0.4267
Australian dollar	0.6705	0.6680	0.6708	0.6841	0.6839
New Zealand dollar	0.7218	0.7349	0.7402	0.7547	0.7543
Euro	0.4082	0.4043	0.4132	0.4094	0.4091
Japanese Yen	65.36	67.34	66.07	66.85	65.73
Nominal Effective Exchange Rate	85.59	85.60	85.59	85.54	85.56
Real Effective Exchange Rate	95.94	94.91	93.20	93.68	97.47

8. Liquidity ***
(end of period)

Banks' Demand Deposits (\$m)	1,991.6	2,413.1	2,286.6	2,425.4	2,164.8
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9. Money and Credit ***
(year-on-year % change)

Broad Money	7.4	7.4	8.3	7.7	10.1
Net Foreign Assets	-1.4	8.5	9.6	7.2	13.7
Domestic Credit	7.9	5.9	6.9	7.3	8.5
Private Sector Credit	8.0	10.9	11.3	11.3	11.8
Narrow Money	7.5	7.6	9.3	8.8	11.3

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

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	4.75	4.65	4.59	4.56	4.55
Savings Deposit Rate	0.42	0.30	0.31	0.30	0.30
Time Deposit Rate	1.42	1.68	1.67	1.71	1.74
3 month Government T-Bills	0.03	0.15	n.i	n.i	0.15
12 month Government T-Bills	0.17	1.14	1.14	1.14	1.14
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	3.90

11. Commodity Prices ****
(end of period)

UK Gold Price/fine ounce (US\$)	2,067.4	2,749.3	2,681.0	2,641.0	2,835.00
CSCE No. 11 Sugar Spot Price/Global (US cents/pound)	24.1	22.7	21.1	19.26	19.35
Crude Oil/barrel (US\$)	81.7	73.2	73.3	74.6	76.8
FAO Food price index [^]	117.6	126.9	127.7	127.0	124.9

Note:

^{1/} Excludes refinancing

^{2/} 2014 rebase. Previous data had 2011 as its base.

^{3/} 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.

^{4/} MORI is based on the Macroeconomic Committee forecast as at 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)