



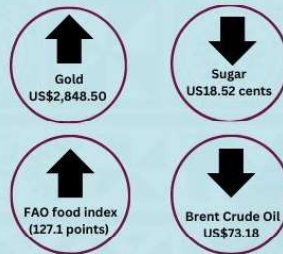
### International Economy

#### Global Economy



Global trade dynamics are shifting as countries adjust their trade policies, with the U.S, China, Canada, and Mexico implementing new tariffs. However, potential risks to the Fijian economy are balanced.

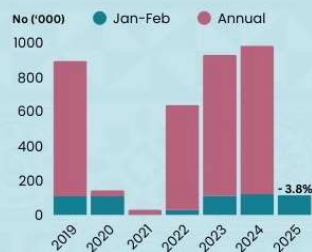
#### Global Commodity Prices (Feb-end)



Sources: Bloomberg, FAO

### Fijian Economy

#### Visitor Arrivals (Jan-Feb)



Source: FBoS

#### Sectoral Production (Jan-Feb)



Source: Various Industries

#### Consumption (Jan-Feb)

- Net VAT Collections: **7.4%**
  - Vehicle Registrations: **31.3%**
  - Consumption Lending: **77.2%**
  - Inward Remittances: **14.4%**
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- #### Investment
- Domestic Cement Sales (Jan): **10.9%**
  - Investment Lending (Jan-Feb): **15.9%**

Sources: FRCS, RBF, Various Industries

#### Labour Market (Jan-Feb)

- #### Residents' departure by purpose
- Employment - **33.5%**
  - Education & Training - **26.2%**
  - Others - **28.0%**
- Approved Foreign Labour Work Permits (Jan) - **66.5%**
  - Job Advertisements - **21.7%**

Source: FBoS, Ministry of Immigration, RBF

### Financial Conditions



Source: RBF

### Monetary Policy Objectives

#### Foreign Reserves



**\$3.5 billion (27/03)**  
**5.6 MORI**

Source: RBF

#### Annual Headline Inflation (Feb)



Source: FBoS

### Overnight Policy Rate



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



The inclusion of news items in this review does not imply endorsement of the accuracy of the information nor agreement with views expressed.

Vol. 43

No. 03

Month Ended March 2025

The global economy continues to be clouded by growing uncertainty, particularly on the trade front. Recent developments around trade include the United States (US) imposing a 25 percent tariff on certain imported commodities from Canada and Mexico, along with a 10 percent additional tariff on Chinese imports, prompting China to retaliate with a 15 percent tariff on US imports while Canada imposed a 25 percent tariff on imports from the US. In an unexpected turn, a trade war developed between China and Canada further complicating the international trade landscape.

Commodity price movements was mixed in February. Gold prices reached a new historic month-end high (US\$2,848.50/oz) owing to a greater demand for the safe-haven commodity amid the tariff uncertainties. Similarly, global food prices,<sup>1</sup> grew (8.2%) annually, stemming from significant price increases noted for vegetable oils, dairy and meat. In contrast, Brent crude oil prices fell to US\$73.18 per barrel, driven by expectations of increased global supply from the OPEC<sup>2</sup> and easing of sanctions on Russia. Month-end sugar price also declined (m-o-m: -4.3%), attributed to weak demand and improved supply from Brazil and India.

Domestically, the tourism industry noted a slow start in the first two months of 2025 with visitor arrivals<sup>3</sup> declining by an annual 3.8 percent,

largely dominated by lower arrivals from Fiji's key source markets, namely Australia (-3.3%) and New Zealand (-12.8%) which offset the increase in visitors from Pacific Island Countries (18.6%).

Production in resource-based sectors was generally positive in the review period. Sawn timber and woodchips production noted significant increases in January from zero production in the comparable period in 2024. Mahogany output also picked up (84.7%) cumulative to February underpinned by favourable weather conditions. In the same period, mineral water production grew (27.7%) after the completion of recalibration work and testing phase at the plant. In contrast, gold output fell (-15.0%), owing to unscheduled repair and maintenance works both at the Tuvatu and Vatukoula gold mines, while electricity generation declined (-1.1%) due to lower production from the Wailoa and Wainikasou power stations.

On the labour market, supply is stabilising, partly influenced by reduction in emigration and ongoing labour imports. Residents' departure for employment (-33.5%), education & training (-26.2%) and other (-28.0%) purposes declined cumulative to February, owing to tighter

<sup>1</sup> Food and Agriculture Organisation food price index.

<sup>2</sup> Organisation of the Petroleum Exporting Countries.

<sup>3</sup> Include arrivals by air and sea (seamen on fishing vessels and yacht).

immigration policies in outbound countries.<sup>4</sup> In addition, the total number of foreign work permits approved in January fell significantly by 66.5 percent, compared to the 32.3 percent reduction recorded in the same period last year.

Demand for workers continues to be low, reflecting the improvement in labour supply. The total number of job vacancies declined (-21.7%) cumulative to February as recruitment intentions fell across all sectors except for the mining and quarry sector.

Inward remittances totalled \$219.6 million in the year to February, higher by 14.4 percent from the same period last year with majority of funds received via the mobile money channel. On the other hand, outward remittances totalled \$97.9 million, growing by 41.7 percent with majority of the outflows being transfers by emigrants and non-residents to meet commitments in their home country.

Consumption indicators reveal ongoing growth momentum supported by higher incomes and increased inward remittances. Net VAT collections rose by 7.4 percent in the first two months of this year, mostly driven by higher domestic (16.2%) and customs (8.3%) VAT collections. Over the same period, total vehicle registrations increased (31.3%), attributed to higher registration for both second-hand (31.6%) and new vehicles (31.0%). Similarly, new consumption-related loans by commercial banks, a leading indicator of consumption activity expanded (77.2%), stemming from higher lending (86.5%) to the wholesale retail, hotels & restaurants retail sector.

Leading indicators of investment are signalling an improvement in activity. Commercial banks' new loans for investment purposes increased

(15.9%) cumulative to February with lending mainly to the building and construction sector (36.3%) and to private individuals for second-home purchases (52.5%). Domestic cement sales rose (10.9%) in January supported by sustained market demand. The value of building permits issued expanded (92.2%) significantly in 2024, reflecting higher building costs. In the first quarter of 2025, building material prices increased (3.8%) on an annual basis underpinned by high cost for cement & related materials, wood & related materials, electrical products, paints & glass and door & window frames. In the next two to three months, domestic cement production by Pacific Cement Limited is expected to temporarily cease following a mill breakdown.<sup>5</sup> Given this outcome, plans to import cement are in place, which could translate to import prices possibly impacting domestic cement sales.

The financial sector continued to support growth. Liquidity in the banking system remained adequate at \$1.9 billion (26/03), keeping lending rates low. The accommodative financial conditions have led to a significant growth (12.5%) in private sector credit with lending mainly to the wholesale, retail, hotels, and restaurants, real estate and households.

Annual inflation eased to 1.4 percent in February, primarily driven by the moderation in vegetable prices following the December 2024 flood-related impacts observed in January's inflation rate of 4.0 percent.

Foreign reserves (27/03) remain comfortable at around \$3.5 billion, sufficient to cover 5.6 months of retained imports of goods and services and are projected to remain adequate over the medium term.

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<sup>4</sup> Resident departure for the duration of 1 year and above.

<sup>5</sup> Cement rationing - Mill breakdown prompts company to halt production - The Fiji Times.

Risks to the outlook are tilted to the downside. These include spillovers from global trade frictions, higher global inflation, increased outward remittances, concerns around the ease and high cost of doing business, social issues and extreme weather events. In addition, the current slowdown in visitor arrivals, particularly from Australia and New Zealand could impact the tourism industry and overall economic growth, a trend that the RBF is closely monitoring.

In contrast, upside risks include the current lower migration trend, improvements in production by resource-based sectors, upcoming new flight routes by Fiji Airways, significant pipeline of investments, and reduced policy rates in most trading partner countries.

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 March meeting.

## **RESERVE BANK OF FIJI**

**FJI: ECONOMIC & FINANCIAL STATISTICS**  
**KEY INDICATORS**
**1. Sectoral Performance Indicators \***  
 (year-on-year % change)

	Feb-24	Nov-24	Dec-24	Jan-25	Feb-25
Visitor Arrivals	9.0	6.2	5.7	0.7	-3.8
Electricity Production	9.7	11.1	10.6	2.2	-1.1
Gold Production	41.4	38.0	40.2	-34.2	-15.0
Cane Production	n/a	-15.0	n/a	n/a	n/a
Sugar Production	n/a	-9.6	n/a	n/a	n/a
Pinewood Production	-1.2	-32.7	-34.5	263.1	n.a
Woodchip Production	-45.5	10.3	5.8	n.a	n.a
Sawn Timber Production	-24.3	15.8	12.5	n.a	n.a
Mahogany Production	24.5	-13.0	-19.2	24.1	84.7
Cement Production	3.3	7.7	7.2	-9.2	n.a

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

Net VAT Collections	37.7	32.6	32.9	16.4	7.4
New Consumption Lending <sup>1/</sup>	-4.1	33.8	33.9	29.2	77.2
Vehicle Registrations	26.0	18.4	19.0	30.5	31.3
New Vehicle Registrations	23.9	2.9	3.3	30.1	31.0
Secondhand Vehicle Registrations	27.7	32.8	33.5	30.8	31.6
Inward Personal Remittances	20.1	15.3	-6.8	29.8	14.4
Outward Personal Remittances	5.8	18.3	15.9	84.8	41.7
Electricity Consumption	10.1	8.7	8.5	1.9	0.01

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

Domestic Cement Sales	12.8	9.7	11.0	10.9	n.a
New Investment Lending <sup>1/</sup>	0.7	25.9	24.6	61.3	15.9

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

RBF Job Advertisement Survey	15.3	-11.9	-11.6	-34.6	-21.7
Resident Departure by purpose >1yr above	23.9	-39.4	-39.2	-27.2	-25.0

**5. Consumer Prices \*\***  
 (year-on-year % change)<sup>2/</sup>

All Items	4.6	0.8	1.3	4.0	1.4
Food and Non-Alcoholic Beverage	6.8	1.2	1.4	9.3	1.4
Alcoholic Beverages, Tobacco & Narcotics	4.3	7.9	9.2	7.1	7.5

**6. Reserves \*\*\***  
 (end of period)

Foreign Reserves (\$m) <sup>3/</sup>	3,183.4	3,770.1	3,707.7	3,668.7	3,581.8
Months of retained imports of goods and non-factor services (MORI) <sup>4/</sup>	5.2	6.1	6.0	5.9	5.6

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

US dollar	0.4397	0.4361	0.4259	0.4267	0.4267
Australian dollar	0.6768	0.6708	0.6841	0.6839	0.6841
New Zealand dollar	0.7209	0.7402	0.7547	0.7543	0.7574
Euro	0.4056	0.4132	0.4094	0.4091	0.4101
Japanese Yen	66.25	66.07	66.85	65.73	63.90
Nominal Effective Exchange Rate	85.58	85.59	85.54	85.56	85.56
Real Effective Exchange Rate	93.81	93.20	93.68	97.14	92.73

**8. Liquidity \*\*\***  
 (end of period)

Banks' Demand Deposits (\$m)	1,929.2	2,286.6	2,425.4	2,164.8	2,079.2
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**9. Money and Credit \*\*\***  
 (year-on-year % change)

Broad Money	7.6	8.3	7.7	10.1	8.8
Net Foreign Assets	-0.9	9.6	7.2	13.7	11.5
Domestic Credit	7.7	6.9	7.3	8.5	8.4
Private Sector Credit	7.7	11.3	11.3	11.8	12.5
Narrow Money	8.4	9.3	8.8	11.3	9.5

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

Overnight Policy Rate <sup>5/</sup>	0.25	0.25	0.25	0.25	0.25
Repurchase Rate <sup>3/</sup>	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	5.08	4.59	4.56	4.55	4.79
Savings Deposit Rate	0.44	0.31	0.30	0.30	0.32
Time Deposit Rate	1.48	1.67	1.71	1.74	1.71
3 month Government T-Bills	0.05	n.i	n.i	0.15	0.15
12 month Government T-Bills	0.20	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	3.90	n.i

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

UK Gold Price/fine ounce (US\$)	2,054.7	2,681.0	2,641.0	2,835.0	2,848.5
CSCC No. 11 Sugar Spot Price/Global (US cents/pound)	21.7	21.1	19.26	19.35	18.52
Crude Oil/barrel (US\$)	83.6	73.3	74.6	76.8	73.2
FAO Food price index <sup>^</sup>	117.4	127.7	127.4	125.1	127.1

**Note:**
<sup>1/</sup> Excludes refinancing

<sup>2/</sup> 2014 rebase. Previous data had 2011 as its base.

<sup>4/</sup> MORI is based on the Macroeconomic Committee forecast as at November 2024.

<sup>5/</sup> 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)