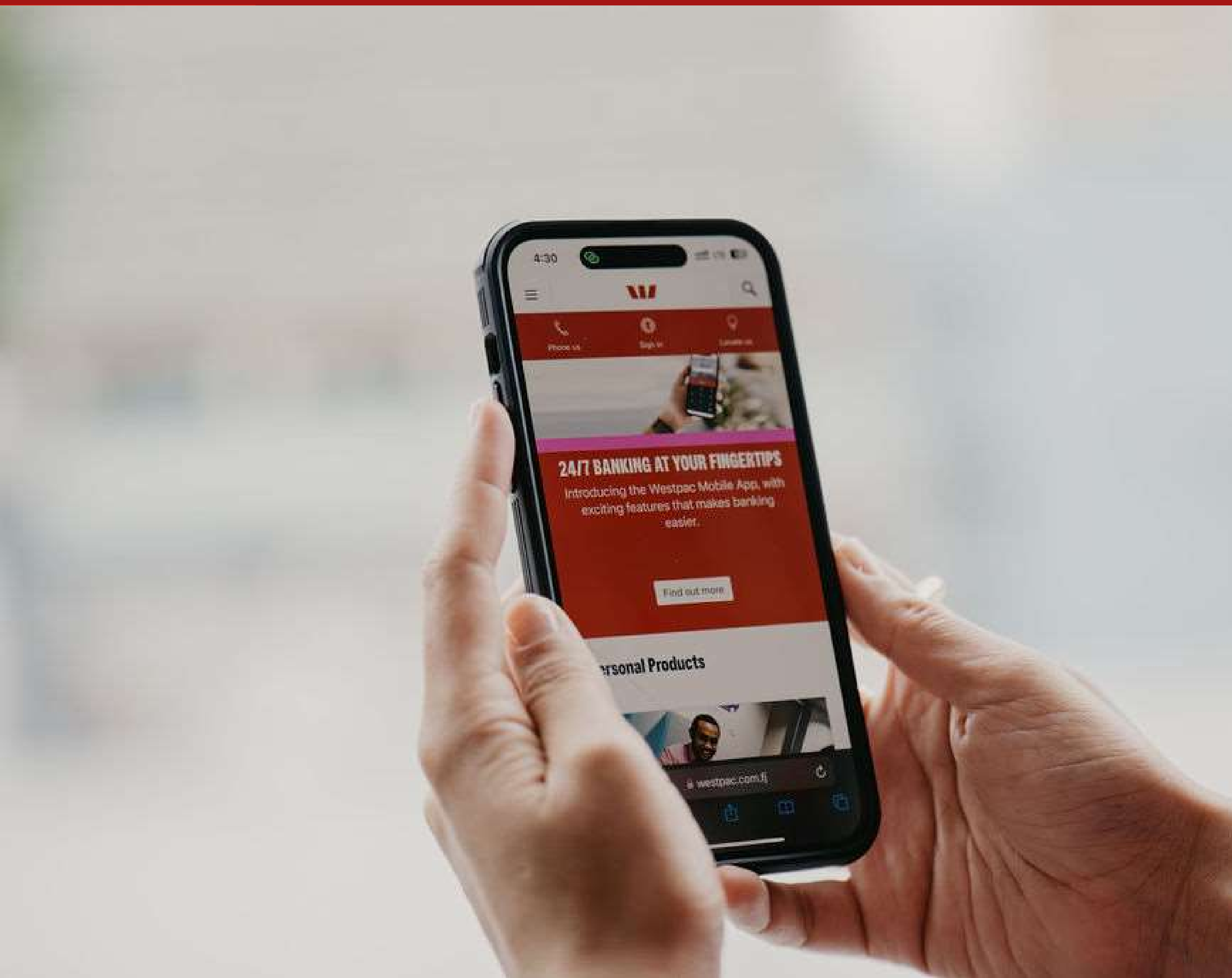
WESTPAC WAVE

FIJI ECONOMIC UPDATE AND OUTLOOK

April 2025



Westpac Fiji

CAUTIOUSLY OPTIMISTIC

Our latest thoughts on Fiji's economy

The year began on a positive note until global markets were shaken by the United States (US) administration going full speed ahead to reshape global trade and financial systems via the implementation of aggressive tariffs against all trading partners. These events are overshadowing everything else.

The Trump administration's inconsistent policy stance has made it very difficult to interpret the direction and implementation of its protectionist agenda. Long term plans and strategies have been put on hold as firms wade through conflicting policy changes. The administration started by targeting key industries and their major trading partners in Canada, Mexico and China, only to expand its focus on April 2 with a series of 'retaliatory tariffs' on countries with a significant trade surplus with the US and a 10% tariff on everyone else. As we go to press the US has put a 90-day pause on the 'reciprocal tariffs', except for China which responded with a 125% tariff on US imports to which the US increased its tariff on Chinese exports to the US to 145%.

We were surprised Fiji was hit with a shockingly high 32% tariff. Being a small Pacific nation we had hoped that Fiji would fall in the 10% universal tariff bracket, as did Australia and New Zealand. The 90-day suspension of the reciprocal tariff has provided Fiji with some time to negotiate with the US and for local businesses to reassess their exposure.

Closer to home, Fiji's economy had an eventful first quarter. The tourism arrival numbers are down compared to where they would normally be, and we are particularly concerned about the five-month continuous decline in New Zealand arrivals. While we can point to the recession in New Zealand, visitors from Australia also slipped in February and March. With the Australian election looming in May, this adds further uncertainty to the outlook for Fiji's near-term arrival numbers.

Elections in Australia often see a pause in investment and spending with consumers and businesses uncertain about the impact the election will have on their finances. Although the Reserve Bank of Australia recently reduced interest rates with Australian Government announcing cost-of-living measures, tariff threats have kept consumer sentiments dampened. We always expected tourism growth to soften in the near term, but the risk now is that this scenario may unfold as early as this year.

This year also saw an increased focus on remittance outflows which we believe ignores robust growth in remittance inflows of almost 14.4% to $220 million during the first two months. We were not surprised by the growth in outward remittances given the post-pandemic influx of foreign workers. These outflows are payments for productive activity done in Fiji and the output generated by the foreign workers should more than offset any loss from outward remittances. The outward remittances should revert to their original lower path in the medium term as domestic labour supply improves and the demand for foreign workers eases.

The Fiji Government achieved a fiscal surplus in the first quarter of FY2024-25, marking the first surplus since late 2019. This positive outcome was driven by higher tax collections and effective compliance measures, resulting in government revenue exceeding forecasts while expenditures lagged behind. Although there was an increase in expenditures compared to the previous year, primarily due to a rise in the operating civil service wage bill, capital and infrastructure spending remained below the budgeted allocations.

The downturn in visitor arrivals during the first quarter of 2025 raises concerns about the domestic economic outlook, compounded by global uncertainty and its potential impact on trade and inflation. Our economic outlook for 2025 has shifted to the downside. We now expect Fiji's economy to grow by 2.7% in 2025 vs our earlier projection of 3.4%.

Global growth in unison is expected to be lower as prospects from earlier growth in the US now seems less likely. For Fiji, it is a waiting game now.

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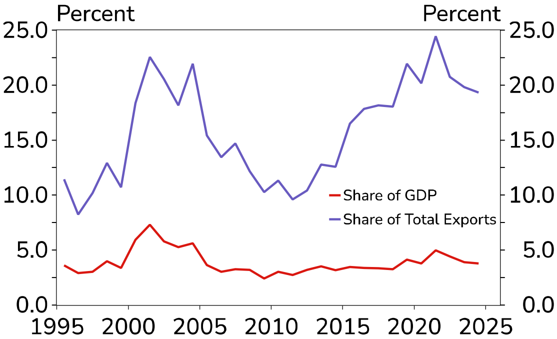
Tariff on Fiji exports to the US

April 2 was labelled "Liberation Day" by President Trump. On the day he announced and signed an executive order on broad-based global 'reciprocal tariffs' at the White House. Fiji did not escape unscathed receiving a 32% tax on its exports to the US, which was reduced to 10% as the US suspended 'reciprocal tariffs' on non-retaliating countries for 90-days. China, which had retaliated, was not included. Fiji now faces a 10% tariff, as does many of our trading partners, opening the opportunity to lock in this rate and, potentially, negotiate for a zero-rate.

This significant increase in tariffs is part of a broader strategy by the US to address trade imbalances, protect domestic industries and provide a revenue offset for income and corporate tax cuts.

These tariffs will stress trade relations between Fiji and the US, possibly stimulating the exploration of new opportunities. Some countries are expected to announce their own countermeasures in the coming days so it's important to remember that Fiji represents a negligible share of US imports but Fiji exports to the US account for almost 20% of Fiji's exports and close to 4% of its Gross Domestic Product (in 2023). We are closely watching the domestic sectors exposed to the US market for unlike many larger advanced economies, Fiji does not have the means to implement countermeasures and so any attempt to retaliate is likely to be a major 'home goal' for Fiji. We could look at diversifying our export markets, but this will take time plus require the investment in new trade agreements, market development and supporting infrastructure.

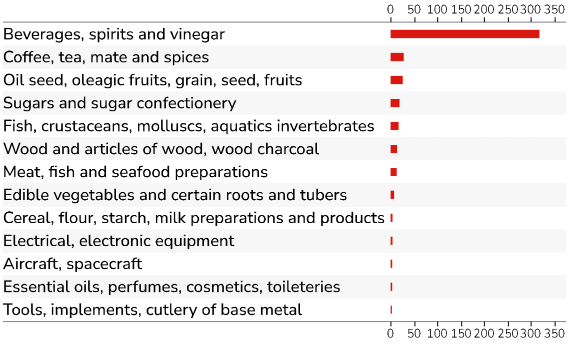
US buys a fifth of Fiji's total exports



Source: , Macrobond, Westpac Economics

The tariff introduces significant shocks to Fiji's export sector. Industries such as bottled water, a major export to the US, will face immediate challenges. The increased cost of exporting to the US may lead to a reduction in demand for Fijian products, causing a ripple effect throughout the economy. It should be noted that mineral water exports to the US are marketed and priced as a luxury product to high-income segment, so the negative shock may not be as severe.

Top 10 Fiji exports to the United States in 2023
FJD million



Source: COMTRADE

The US is also biggest importer of Fijian kava. They also buy a big share of Fiji's turmeric and ginger. These are likely to be the industries most impacted by the tariff. Depending on the type of consumers these products attract in the US, importers might ask the suppliers to keep the prices unchanged and absorb the cost of tariffs in Fiji. Overall, there is a big question mark around how the events will unfold and how local exporters might be able to renegotiate the terms of their existing trade engagements.

The Fijian industries exposed to the US market could consider transhipping goods to the US via countries under a lower 10% universal tariff after 90-day pause expires. However, the added costs associated with setting up infrastructure, coordination and shipping might outweigh any benefit from such trades.

All in all, we expect the direct impact of the US tariffs to be minimal. However, how we trade and with whom we trade and on what terms is in discussion and being debated in the policy space. Nevertheless, the US remains a significant market for Fiji's key exports and while we may diversify and build new markets the relationship with the US needs to be maintained.

Fiji's growth outlook faces downside risks

The thing about forecasting is that either you are wrong or just lucky with forecasters basing their outlook on weighing both the downside and upside risks. In an economy where high-frequency data is scarce, this presents an additional challenge resulting in forecasters basing their projections on extensive industry liaison and survey of business sentiment as well as monitoring the global outlook and underlying demand. With increased global uncertainty and developing trade risks, it does make the job difficult but not impossible.

Since last October, many things have changed both domestically and globally. Since the US election in November, global markets have been volatile with investors becoming increasingly risk averse. The growth outlook of most major economies has been revised down due to impact of the tariffs on global trade and financial markets. As a result, we have revised down Fiji's outlook.

Last year we upward revised the 2025 growth outlook for Fiji to 3.4%, in line with its historical trend, basing our analysis that the momentum from 2024 would carry into the new year. Economic systems are dynamic with new trends emerging requiring a change in perspective as well. That is what we are facing in 2025.

Looking ahead we remain cautiously optimistic, though the risks are more pronounced on the downside. Given the uncertainties and risks surrounding the tourism sector, and Fiji's major trading partners, we have revised our growth outlook down to 2.7% from the previous 3.4%. However, we anticipate a strong rebound in 2026 with a 3.5% growth. Most of our projections indicate a challenging year ahead for the tourism sector after factoring in the first quarter decline of 5.3% in visitor arrivals.

Against our initial expectations, Fiji's economy performed better-than-expected in 2024, with a number of key indicators coming out on top. The consumption and investment activities outperformed and while tourism finished slightly below our expectations it did perform relatively well with favourable yields overall. Considering the full year data, we revised 2024 growth upward to 3.4% from our previous estimate of 3.0%. In 2024, Fiji saw a 5.7% increase in visitor arrivals, an 8.5% rise in electricity consumption, a 34% boost in new consumption lending, and a 24% increase in new investment lending. Remittance inflows grew by 6%, and cement production rose by 7.2%. The primary sector experienced mixed results: gold production exceeded expectations with a 40.2% increase, and gold exports surged by 72%, reaching $168.1 million. However, pinewood and mahogany production declined by 34.5% and 19.2%, respectively.

Westpac Economics has revised the global growth forecast down to 2.9% for this year, primarily due to disruptions caused by monumental change to tariff regimes. The outlook for the US, the world's largest economy, was significantly downgraded with growth of just 1.1% this year.

The economic outlook for Fiji's key trading partners has also been revised downward. Westpac Economics now expects the Australian economy to grow by 1.9% in 2025 vs 2.2% previously while New Zealand is expected to recover from last year's contraction and grow by 1.0%. Japan is now expected to expand by 1.0%, and the Eurozone is set to grow by 0.7%. However, Westpac Economics continues to anticipate that China will achieve its 5% growth target in 2025, driven by accelerating domestic investment and consumption.

Economic activity forecast

Indicators (% unless otherwise)	2022	2023p	2024f	2025f	2026f
Real GDP growth	19.8	7.6	3.4	2.7	3.5
Inflation, average	4.3	2.4	4.5	3.0	3.0
Inflation, year-end	3.1	5.1	1.3	3.0	3.0
GDP Deflator	2.5	4.1	4.5	3.2	3.1
Visitor Arrivals	1,912.5	46.1	5.7	0.0	3.5
Remittances	23.6	20.4	6.0	10.0	6.0
Population	-0.5	-1.5	-0.4	0.1	0.1

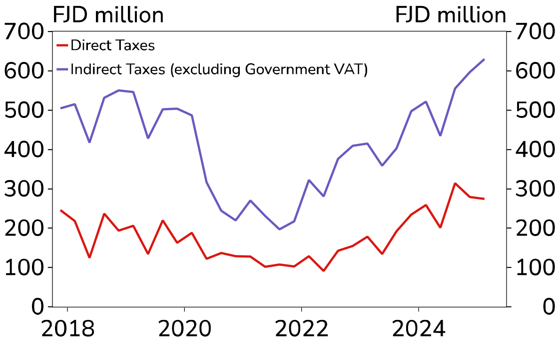
Source: Westpac Pacific Economics

A look at Fiji Government Finances

Government revenue upbeat...

The Fijian public finances received a boost from higher revenue collections coming from higher tax collections. This resulted from an increased focus on compliance by the authorities, an increase in the tax rate and broad sound economic growth. These, combined with below forecast spending, have helped the Government realise a much lower fiscal deficit during the first six months of this fiscal year.

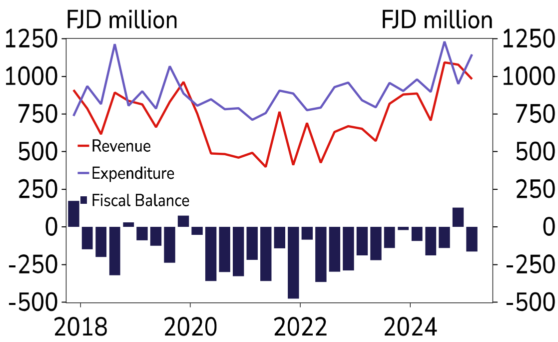
Indirect taxes push-up public revenue



Source: MOF, Macrobond, Westpac Economics

The fiscal performance reports a broad picture, and to what we understand from looking at finer details, the higher projected fiscal deficit during the first quarter of last year helped pull in large multilateral foreign financing early in the fiscal year. As a result, Government cashflow in terms of demand deposit held at the commercial banks was bolstered to over $1 billion at the end of 2024. As such the public sector cashflow position is very secure as we move into the new fiscal year.

Government attains fiscal surplus in Q1 FY25

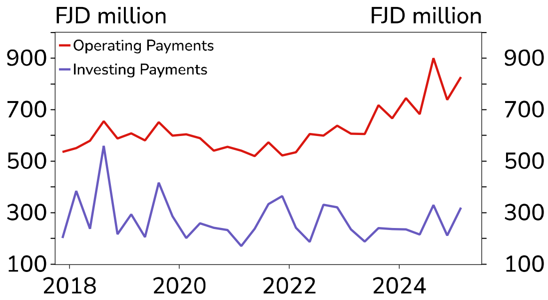


Source: MOF, Macrobond, Westpac Economics

...expenditure trailing forecast, focus now on next budget

Government spending has trailed well below forecasts during the first six months of this fiscal year but has been marginally higher than the previous actual spending, most of which is an operational expenditure increase due to the civil service pay hike. Given the extensive size of the Government and the way it transcends into all divisions and provinces, its spending is critical for the economic growth heartbeat, though the focus needs to shift to long term capital investment and improving operational effectiveness.

Government expendiure more towards operating needs



Source: MOF, Macrobond, Westpac Economics

Overall, we expect the Government will end the fiscal year with a lower fiscal deficit of 3.0% of GDP compared to the budget forecast of 4.5% due to overperforming revenue and expenditure to cap out below forecast.

The focus now shifts to the next budget set to be announced in late June with consultations happening around key divisions. The Minister for Finance previously said, infrastructure/investment spending is set to be prioritised. This is indeed needed as capital investment has been lagging for some years as priority shifted to the maintenance of critical infrastructure.

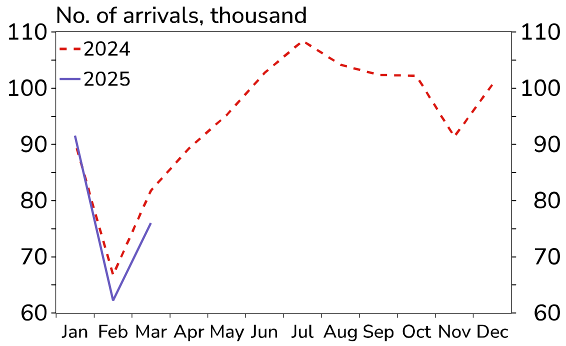
Our view is that the Government will attempt to further consolidate its fiscal position with an emphasis on enlarging the economic base rather than attempting any drastic austerity measures. Although, with uncertainty developing, we may see pressure for further stimulus but going above the $4.6 billion expenditure forecast from the last budget would be a tough ask. Even if the upcoming budget manages to push out higher appropriation, a historical track of underspending will mean full expenditure usage will be a challenge.

Tourism in troubled territory

Fiji is approaching the peak tourism season in July driven by the Australian and New Zealand winter season together with school breaks. The school holidays in April should keep the momentum on the upside as we enter the busy holiday periods. One of the concerning trends we noted as we entered 2025 has been the drop in tourist arrivals even compared to the normal seasonal standard. Nevertheless, the good news is that visitor arrivals so far remain above pre-pandemic levels.

In March 2025, visitor arrivals fell to 63,842, -7.9%yr and +29.0%mth. Arrivals from two of our major source markets fell, especially Australian arrivals falling 17.4%yr to 26,434. NZ arrivals fell 16.3%yr to 10,885. The US arrivals has held up, rising 18.7%yr to 10,276 in March, possibly because of new direct flights to Dallas. The month of February is the weakest for tourism activity in Fiji, hence, a pickup is expected as we approach the peak, but whether it will be above or below the prior years' numbers in the remaining three quarters is yet to be seen. The numbers we witnessed in March has been not favourable.

First quarter visitor arrivals falls behind



Source: FBoS, Macrobond, Westpac Economics

The visitor arrivals from Australia fell 17.4% in March and down 8.5% year-to-date. The good news is that with the recent RBA rate cut in February there has been some easing in cost-of-living pressures but this has not resulted in better consumer sentiments among Australians due to tariff turmoil. Together with further tax cuts by the Australia Government in the latest budget, and cost of living assistance being announced by both major parties in the current election prospects, we might see some pick-up in discretionary spending. However, we need to be cautious around the prevailing uncertainty on consumer sentiment with the looming Australian elections in May and its impact on tourism arrivals. Historically, Australian consumers hold onto spending for a couple of months prior to the election.

The number of visitors from New Zealand has been on a continuous five-month decline, although the extremity of decline lessened in February, it picked up again in March. The Reserve Bank of New Zealand has so far reduced its official rate by 200bps to 3.50% as inflationary pressures moderate. A significant positive indicator emerged from New Zealand's December 2024 GDP data, which surpassed all forecasts, including Westpac Economics' optimistic prediction of 0.5%, by achieving a 0.7% growth for the quarter. Westpac New Zealand's latest forecast update highlighted that the near-term inflation outlook is stronger than previously expected, driven by rising food prices. New Zealand's economy is expected to grow by 1.0% in 2025 after contracting by 0.5% last year.

The implementation of US reciprocal tariffs on our tourism source markets threat of looming recession and downward revised growth outlook does not help the tourism industry. We are monitoring these events unfolding on the global stage and their impact on the domestic economy.

In terms of our broad view, the tourism sector outlook amidst all the uncertainty and looming risks is still expected to hold up, but below our previous expectations. A number of scenarios we ran point to decline in the number of visitor arrivals in 2025. We are cautiously optimistic on visitor arrivals outlook and assume no growth. The reason we are not overly pessimistic is because similar events unfolded last year with a weaker two-months at the start, but arrivals picked up rapidly later as peak months got nearer. However, the threat of global economic recession was not in last year's equation. As Tourism Fiji has noted, flight bookings to Fiji being strong is a good sign.

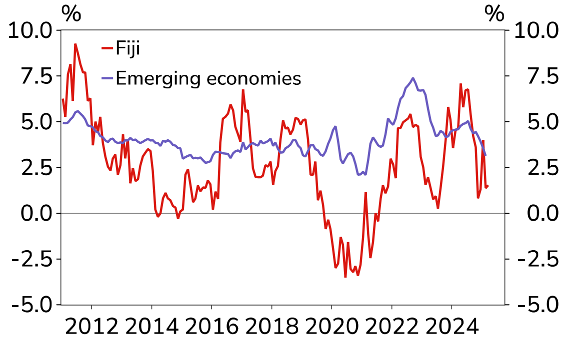
On the positive side, there has been an increase in the number of passengers transiting through Fiji. In the first quarter of 2025, a total of 89,014 passengers were in transit, up 8.6%yr compared to the 81,966 passengers in transit during the same period in 2024.

The departure tax is expected to be increased to $200 from 1 August 2025, as it was announced in the last National Budget. The Government might consider delaying the full reinstatement of the departure tax as a relief to the industry.

Inflationary risks contained

Domestic inflation saw a slower lift of 1.5% in March led by a minor increase in the Food and Non-alcoholic category. Headline inflation lifted to 4.0% in January as flood and bad weather impacted food supply but the supply shocks to price have receded since then. As year-on-year fuel prices declined it has led to easing prices in the Transport category with it trickling a positive impact to the other sectors reliant on fuel as an intermediate input. While inflation easing is positive news, we remain cautious as it might point to consumption softening into the year.

Fiji's inflation eases to 1.5% in March



Source: FBoS, Dallas Fed, EIA, Macrobond, Westpac Economics

On the outlook, year-end inflation is expected at around 3.0%, while not ignoring many upside and downside risks emanating for the global economy, especially from US imposed global reciprocal tariffs. Our view on the inflation side is tilted more towards the downside with a further easing in domestic prices emanating from expected weaker global growth. Tariffs may also see China shifting its exports to other markets possibly leading to some goods disinflation or even deflation.

The outlook for energy demand looks weaker amidst the fear of a global economic recession. The benchmark brent oil futures are getting closer to the $60/barrel mark. Westpac Economics team expect US$60/bbl to be the low point for Brent given the 90-day pause, but another round of tariff retaliation could see crude take another leg lower through $60. Diesel/gasoil demand was already under structural pressure due to transport de-carbonisation and electrification.

The outlook on lower fuel prices will further push the headline inflation downwards mainly from the Transport category in the basket and since fuel is used as inputs across varieties, the decline in fuel prices will trickle to other categories. The US has begun a massive trade war with China, hitting them with a 145% tariff, the latter not agreeing to yield, retaliated with its own 125% tariff. China amidst the trade war has been approaching other major economies for increased bilateral trade and investment relationship as its economy has been setup for production surpassing domestic appetite.

There might be instances of more goods being dumped away from the US by the Chinese exporters, putting downward pressure on prices. At the time of this report, China's President Xi Jinping has been touring south-east Asia, assuring there will be no dumping and seeking to strengthen relationships with its neighbouring countries. However, given how volatile decisions have been into this by the largest economy, US and China may negotiate and eventually come to a win-win position. The economic environment is extremely uncertain and so remains our outlook.

Any direct or indirect merchandise imports from the US poses an inflationary risk due to the increased cost of imported inputs in the US economy. Fiji's direct import exposure from the US is limited, as compared to the behemoths like Singapore, China, Australia and New Zealand. Fiji's top import from the US in 2023 was medical equipment like instruments and appliances used in medical, surgical, dental/veterinary. If the US incurs any increase in the cost of producing this medical equipment due to tariffs, it does present an upside risk but would be materially insignificant to our inflation outlook.

We have been trying to build an inflation profile for Fiji given inherent issues with the published consumer price index numbers. The non-additivity issue between the expenditure class, sub-group and the overall group remains unsolved, hindering any progress on accurately profiling Fiji's inflation and formulating forecasts.

Fiji is surging on the recovery wave and should be alert on storms on the horizon. We are vigilant on the upside and downside risks to domestic inflation from changing global trading systems and emerging protectionism policies.

Fiji dollar volatility and outlook

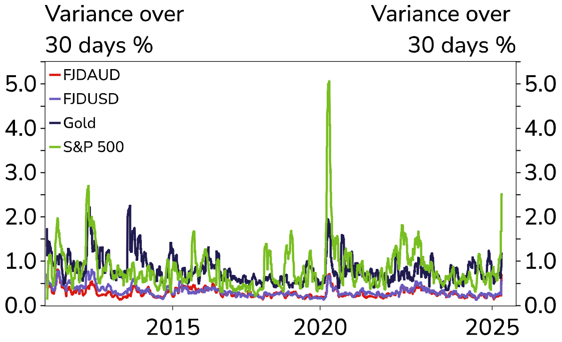
The recent shift in US foreign trade policies as the new Trump administration came into office took global currencies on a frenzy ride. There were general expectations of heightened inflation from tariffs that took the US dollar index to new highs, but as recession fears grew, equities and the dollar fell.

The US pressuring Ukraine to sign rare minerals security deals and sentiment around the US's rather friendly attitude towards Russia, has seen many European nations bolstering their defence and infrastructure spending. As a result, the euro rallied, and the US dollar fell due to this sentiment shift. The implementation of reciprocal tariffs relative to trade balances further exacerbated the market uncertainty with the focus shifting to a demand slowdown and growing fear of recession.

Amidst all the uncertainty and probable shifts in the global economic and trading relationships, Fijian dollar volatility has been largely contained, credited to the pegged exchange rate regime. While the current regime has its own merits and demerits, the area where it excels is in containing big external shocks from the currency, hence minimising any currency impact on the economy, including on exporters and importers. For instance, when the Fijian dollar weakens against the US dollar, it moves counter wise against the other majors and normalises the losses/gains. It keeps the currency shocks to Fijians and businesses minimal.

While Fijian dollar volatility branched out slightly from its usual trend during crisis periods (like COVID-19), it remained contained under the current fixed exchange rate regime, while large uncertainties loomed over other crosses and assets.

Fiji dollar volatility contained



Source: , Macrobond, Westpac Economics

To-date, the Fijian dollar has weakened against the US dollar by 0.5% since the November 2024 elections and strengthened 2.6% since Trump's inauguration in late January on the back of the recent US dollar weakening against the majors. The Fijian dollar has depreciated against the Japanese yen by 7.5% since November, with much of this coming from an appreciation of the yen as the Bank of Japan took a hawkish approach by hiking its policy rate by 40bps since last year.

The US dollar, typically a safe haven during financial turbulence, dropped significantly as of mid-April with the DXY index falling from 104.3 to 99.0 amid market uncertainty. In this climate, the euro has emerged as the new safe haven. Westpac Economics expects the US dollar index to hover around 102 until Q3, then fall below 100 in the medium term. Consequently, the Fijian dollar is expected to strengthen against the US dollar but weaken against other major trading partner currencies, improving Fiji's trade competitiveness.

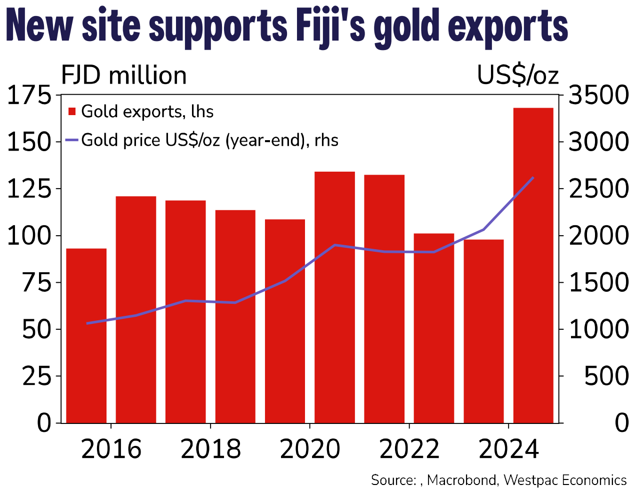
Exchange rate forecast

FJD vs	Current	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
USD	0.4333	0.43	0.43	0.44	0.44	0.44	0.45	0.45	0.45	0.46
AUD	0.6892	0.69	0.68	0.67	0.66	0.66	0.65	0.65	0.65	0.64
EUR	0.3813	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.40
JPY	62.01	61.93	61.38	61.35	60.81	60.48	60.56	60.63	60.67	60.70
NZD	0.7427	0.76	0.77	0.76	0.77	0.76	0.75	0.75	0.74	0.74
DXY	100	102.5	102.2	101.1	100.4	99.5	98.6	97.8	97.6	97.1

Source: Westpac Pacific Economics

Fijian gold exports rally, backed by higher price and production

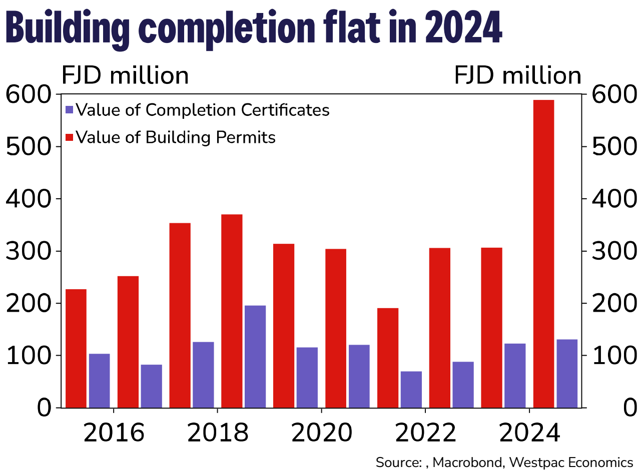
Fiji's gold exports surged by 72%yr in 2024, reaching a total of FJ$168.1 million. This growth was driven by a 40% increase in 2024 production, bolstered by the commencement of operations at the Tuvatu gold mine. The rally in gold exports was further supported by a favourable global pricing environment, with gold prices rising 27.4%yr to close at $2,640 per ounce in 2024. The heightened global uncertainty contributed significantly to this global price surge, as investors sought refuge in the safety of gold. Now, there is a big question mark on whether the same growth should be expected this year given year-to-date gold production has dropped 15% due to some unscheduled repair and maintenance works at the two sites. But the expected gold rally into this year amidst heightened global recession fears from tariffs should offset the production loss.



Building sentiments are strong; completion lagging

In 2024, the construction sector saw a significant surge in activity, with 1,019 building permits issued, valued at $589 million—a remarkable 92% increase compared to 2023. Additionally, 338 completion certifications were issued, totalling $131 million, marking a 6.8% rise from the previous year.

Despite the high value of building permits indicating strong investor interest in domestic construction, actual building activity on the ground grew at a slower pace. However, this is expected to change in the coming years as projects initiated in 2024 and earlier progress towards completion. Major construction projects often span several years, meaning the value of these permits will be realised over time.

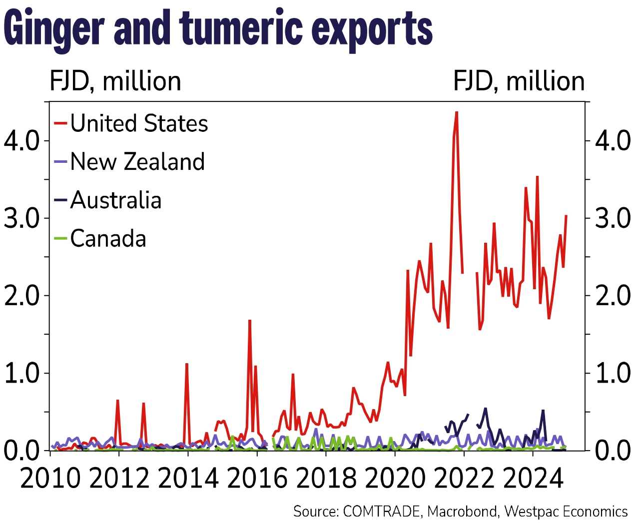


In the first quarter of 2025, the overall price of building materials rose by 3.8%yr, while remaining flat compared to the December 2024 quarter. Quarter-on-quarter, notable price increases were observed in wood and related materials (up 2.6%) and electrical products (up 0.7%). Conversely, prices for floor and wall tiles, iron and steel, cement, and paint and glass declined.

US key importer of Fijian Ginger and Turmeric

Fiji's journey in the export market for ginger, turmeric, and other spices has been marked by significant milestones and challenges, with the US emerging as its largest market. In 2024, Fiji exported $28.7 million worth of these spices to the US, reflecting a modest 1% increase from the previous year.

The story saw a dramatic shift in 2020, when exports to the US surged by nearly 150%, jumping from $8 million in 2019 to $20 million. However, in 2022, exports experienced a sharp decline of 30% but rebounded in 2023 with a 34.9% increase to $28.4 million. The peak was in 2021, with exports totalling $30.1 million. While the US remains a key market, Fiji has also made strides in other regions. In 2024, ginger and turmeric exports to New Zealand and Australia were valued at approximately $1.39 million and $1.37 million, respectively. Canada received $383,807 worth of these spices last year.



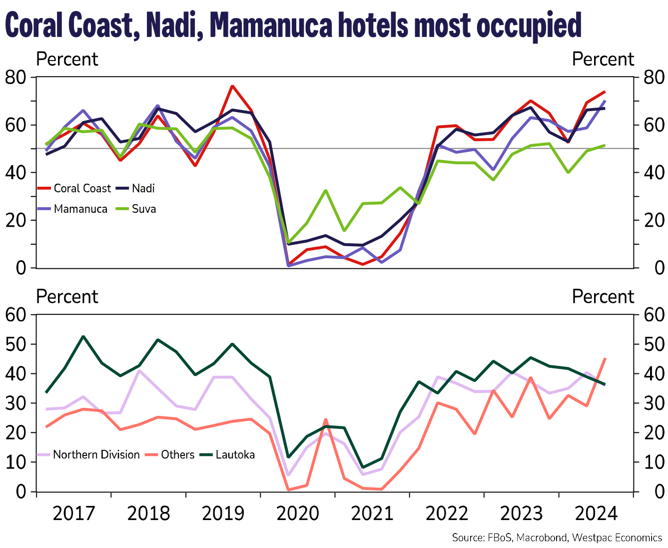
Looking ahead, significant opportunities lie with Australia, Fiji's closest partner. By leveraging this partnership, Fiji can diversify its export markets, reduce dependency on the US, and tap into new opportunities in the Asia-Pacific region.

Hotels/Resorts in Coral Coast, Nadi and Mamanuca in demand

The hotels and resorts in Fiji's Coral Coast, Nadi, and Mamanuca regions consistently achieve the highest occupancy rates, often surpassing 50% in any given month and reaching 70-80% during peak seasons. These areas are popular tourist destinations, contributing to their high occupancy levels.

In contrast, hotel occupancy in Suva has been hovering around 50% post-pandemic. This lower rate reflects the city's focus on business travel rather than leisure tourism, which has been slower to recover.

The hotels in Lautoka, the Northern Division, and other areas struggle with occupancy rates well below the 50% threshold. These regions are less frequented by tourists, impacting their ability to attract consistent bookings.



ECONOMIC & FINANCIAL STATISTICS AND OUTLOOK

Key economic statistics

Fiji	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Visitor arrivals (%)	6.3	6.5	6.2	5.7	0.7	-3.8
Net VAT (%)	39.7	34.6	32.6	32.9	16.4	7.4
Personal remittance (%)	6.8	6.6	7.4	6	29.8	14.4
Private sector credit (%)	11.2	11.2	11.4	11.3	11.8	12.5
Liquidity (F$M)	2,343.00	2,413.10	2,286.60	2,425.40	2,164.80	2,079.20
Foreign reserves (F$M)	3,762.00	3,856.80	3,766.80	3,707.70	3,668.70	3,581.60
Months of retained imports	6.1	6.2	6.1	6.0	5.9	5.6
Inflation (%)	4.2	3.6	0.8	1.3	4.0	1.4
Overnight policy rate (OPR)	0.25	0.25	0.25	0.25	0.25	0.25

Source: RBF, FBOS and Ministry of Finance. Cumulative year-on-year % change

Fiji government yields

Month	3 mths	6 mths	12 mths	10 yrs	15 yrs	20 yrs
Mar-25	0.15	0.40	1.14	3.90	4.15	5.00
Feb-25	0.15	0.40	1.14	3.90	4.15	5.00
Jan-25	0.15	0.40	1.14	3.90	4.15	5.00
Dec-24	0.15	0.40	1.14	3.90	4.15	5.00
Nov-24	0.15	0.40	1.14	3.90	4.15	5.00
Oct-24	0.15	0.40	1.14	3.90	4.15	5.00
Sep-24	0.10	0.35	1.14	3.90	4.15	5.00
Aug-24	0.10	0.35	1.14	3.90	4.15	5.00
Jul-24	0.10	0.35	0.93	3.90	4.15	5.00

Source: Reserve Bank of Fiji and Ministry of Finance

Global and trading partner growth forecast (year average)

Economies	2020	2021	2022	2023	2024	2025f	2026f
World	-2.7	6.5	3.5	3.2	3.3	2.9	3.0
United States	-2.2	5.8	1.9	2.5	2.8	1.1	0.9
China	2.2	8.4	3.0	5.2	5.0	5.0	4.7
Japan	-4.1	2.6	1.0	1.9	-0.1	1.0	0.8
India	-5.8	9.7	7.0	7.8	6.6	6.2	6.2
Euro zone	-6.1	5.9	3.4	0.4	0.7	0.7	1.2
Australia	-2.1	5.5	3.9	2.1	1.0	1.8	2.2
New Zealand	-1.4	5.6	2.4	1.8	-0.5	1.0	3.2

Source: Westpac Economics April Market Outlook

Interest rate forecast

Economies	Latest	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Australia										
Cash	4.10	3.85	3.60	3.35	3.35	3.35	3.35	3.35	3.35	3.35
10 Year Bond	4.44	4.35	4.40	4.45	4.50	4.55	4.60	4.70	4.80	4.80
United States										
Fed Funds	4.375	4.375	4.125	3.875	3.875	3.875	3.875	3.875	3.875	3.875
10 Year Bond	4.49	4.30	4.35	4.40	4.45	4.50	4.60	4.70	4.80	4.80
New Zealand										
Cash	3.50	3.25	3.25	3.25	3.25	3.50	3.75	3.75	3.75	3.75
10 Year Bond	4.79	4.60	4.65	4.70	4.75	4.80	4.85	4.90	4.95	4.95

Source: Westpac Economics April Market Outlook

Exchange rate forecast (Majors)

Majors	Current	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
DXY	100.00	102.5	102.2	101.1	100.4	99.5	98.6	97.8	97.6	97.1
AUD/USD	0.6292	0.62	0.63	0.65	0.66	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.5834	0.56	0.56	0.57	0.57	0.58	0.59	0.60	0.61	0.62
USD/JPY	143.82	145	143	141	139	137	136	135	134	133
EUR/USD	1.1338	1.10	1.10	1.11	1.12	1.13	1.14	1.15	1.15	1.15
GBP/USD	1.3080	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.35
USD/CNY	7.2918	7.35	7.30	7.25	7.20	7.15	7.10	7.00	6.90	6.80
AUD/NZD	1.0785	1.12	1.12	1.15	1.15	1.15	1.15	1.15	1.15	1.15

Source: Westpac Economics

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