

WESTPAC WAVE

FIJI QUARTERLY ECONOMIC UPDATE

October 2024



IN SHORT TOURISM LEADS ECONOMIC REBOUND

- **Tourism** industry is growing at a healthy rate despite subdued growth in traditional source markets, with visitor arrivals already up by 6.9 percent during the first three quarters of 2024. We expect this year to end with visitor arrivals totalling at 990,000, just shy of the million mark. The 13-hour non-stop flight between Fiji and Dallas scheduled to go ahead from December has created a completely new set of opportunities for the tourism sector, expected to bring around 1,000 additional passengers per week. Fiji Airways is already looking at new routes for further growth prospects
- **The Fijian economy** is projected to grow by 3.0 percent in 2024, an upward revision from the previous estimate of 2.5 percent, driven by unexpectedly strong key indicators. Despite the headwinds of rising prices and sluggish partner countries growth, Fiji's economy has been buoyed by a robust tourism sector, increased industrial activity, and a rebound in consumption, even amid labour challenges. This performance is setting the stage for the economy to return to its historical growth trend in the medium term.
- **Soaring prices** have been challenging for consumers for most of this year as 12-month annual average inflation reached 5.3 percent in August 2024, with most of the price push coming from food and non-alcoholic categories. As headline inflation among advanced economies recede, we expect domestic inflation to fall in line, however, prices will stay elevated compared to historical standards.
- **Government** registered a much lower net deficit of 3.4 percent in FY2023-24 led by underspending while debt to GDP stood at 78.3 percent in July 2024. Last fiscal year, Government performed exceptionally well in revenue collection, coming in just shy of its original target while savings were made on expenditures through controlled approach and oversight. Fiscal stimulus announced in last budget has a focus on consumption growth, while the private sector is being encouraged to drive growth in investments.
- **Looking ahead**, Fiji's economy is expected to return to its historical growth average in the medium term, with 2024 seen as a pivotal rebound year following a strong post-pandemic recovery. However, various upside and downside risks, particularly those arising from geopolitical tensions and natural disasters, could impact Fiji's economic outlook in the medium term.

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2023 in perspective...

Fiji's economy grew by 7.5 percent in 2023, driven primarily by a robust recovery in the tourism sector, marking another record year for growth. Further, contraction in the industrial sector failed to undermine last year's growth. High input costs remained a significant bottleneck for the manufacturing sector, squeezing profit margins and leading to a 2.5 percent decline in real manufacturing activity. Other industrial activities also faced challenges with electricity generation down by -15.6 percent while construction activity was in the negative end, declining by 6.2 percent.

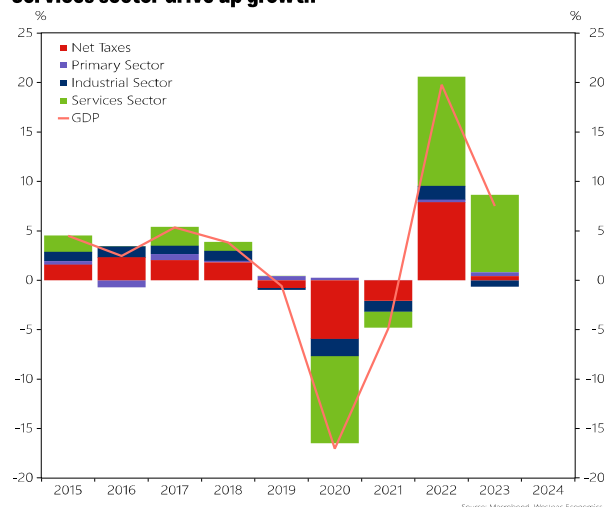
While the agriculture among the primary sectors expanded by around 5.6 percent, forestry and logging contracted by 15.1 percent. Forestry and logging activity has repeatedly failed to pick up in last decade, as its overall size is down by 70 percent since 2024 with lacklustre performance in exports of pinewood, woodchip, sawn timber and mahogany. Fishing and aquaculture sector grew by a marginal 1.4 percent with marine and freshwater fishing on a commercial basis being the driving factor. Mining activity contracted by another 6.3 percent. While the agriculture sector broadly grew, key specific economic activities contracted including growing of rice (-45.3 percent) and sugar cane (-4.8 percent) plus raising and breeding of poultry (-7.3 percent).

On their own services contributed 7.4 percent towards the 7.5 percent growth attained in 2023 with tourism-focused sectors like accommodation and food services, transport and storage being the key players. Not only did tourism fully recover last year but it also surpassed pre-pandemic arrival and earning numbers as Australia visitors flocked to Fiji shores. As travel demand peaked, accommodation supply constraints led prices to increased highlighting a critical issue that needs to be addressed if Fiji needs to grow the tourism sector further.

Manufacturing, which makes up a tenth of Fiji's economy, recorded a broad decline as our largest manufactured commodities: mineral water, apparel and sugar contracted on the back of not only higher input costs but also production cuts by the top mineral water producers. Intermediate costs faced by the manufacturers were on average 6.6 percent higher last year, which is expected to ease in the medium term.

Against our initial expectation, GDP deflator came out much higher at 4.1 percent last year compared to the average inflation rate which ended lower and was pushed upwards by significant shift in the value added tax rate in second half of 2023 as part of fiscal reforms.

Services sector drive up growth

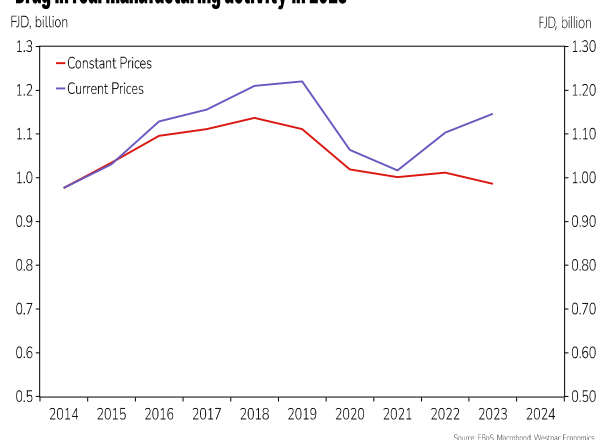


Sectoral performance in 2023

| | % | -20 | -10 | 0 | 10 | 20 | 30 | 40 | 50 |
|---------------------------------------------------|-------|-----|-----|---|----|----|----|----|----|
| Transport & Storage | 47.0 | | | | | | | | |
| Accommodation & Food Service Activities | 32.0 | | | | | | | | |
| Administrative & Support Service Activities | 25.1 | | | | | | | | |
| Information & Communication | 14.7 | | | | | | | | |
| Health & Social Work | 12.0 | | | | | | | | |
| Financial & Insurance Activities | 10.9 | | | | | | | | |
| Arts, Entertainment & Recreation | 10.1 | | | | | | | | |
| Wholesale & Retail Trade | 7.1 | | | | | | | | |
| Real Estate Activities | 5.7 | | | | | | | | |
| Agriculture | 5.6 | | | | | | | | |
| Public Administration & Defense | 5.3 | | | | | | | | |
| Professional, Scientific & Technical | 3.9 | | | | | | | | |
| Other Service Activities | 3.7 | | | | | | | | |
| Education | 1.4 | | | | | | | | |
| Fishing & Aquaculture | 1.4 | | | | | | | | |
| Water Supply, Sewerage, Waste Management | 1.0 | | | | | | | | |
| Manufacturing | -2.5 | | | | | | | | |
| Construction | -6.2 | | | | | | | | |
| Mining & Quarrying | -6.3 | | | | | | | | |
| Forestry | -15.1 | | | | | | | | |
| Electricity, Gas, Steam & Air Conditioning Supply | -15.6 | | | | | | | | |

Source: FBOS, Westpac Fiji

Drag in real manufacturing activity in 2023



... setting pace for economic rebound

Fiji is poised for another year of robust growth, with several key indicators pointing towards significant tailwinds. However, growth is expected to remain below the historical average as we emerge from a recovery-led bounce in growth. The partial indicators to date point towards remarkable tourism sector activity as well as healthy performance in construction, investment and private sector credit growth. Westpac Fiji has therefore revised its growth outlook upwards from 2.5 percent to 3.0 percent, adding 50 basis points to the initial Q1 estimates. This adjustment is driven by a surge in tourism activity, promising investment and construction prospects, a manufacturing rebound, favourable wholesale and retail sales activity and the fiscal stimulus announced in the FY2024-25 national budget. Since the provisional growth numbers for 2023 were lower than initially expected, this has prompted an upward revision of this year's growth rate. Looking ahead to the medium term, from 2025 onwards, economic growth is anticipated to stabilize at 3.4%, which aligns with the historical average.

According to the Reserve Bank of Fiji (RBF), key partial indicators show significant growth till August 2024. Electricity production and consumption increased by 11.0% and 10.1% respectively year to date till August, respectively. Gold production surged by 30.3%, while cane production rose by 18.3% as the sugarcane harvesting season kicked in. Cement production and sales also saw gains of 6.6% and 7.6% respectively. On the lending front, domestic credit grew by 6.8% and private sector credit by 11.6%, reflecting a strong borrowing/investment appetite in the market. This further provides us with confidence in upgrading our economic outlook for this year.

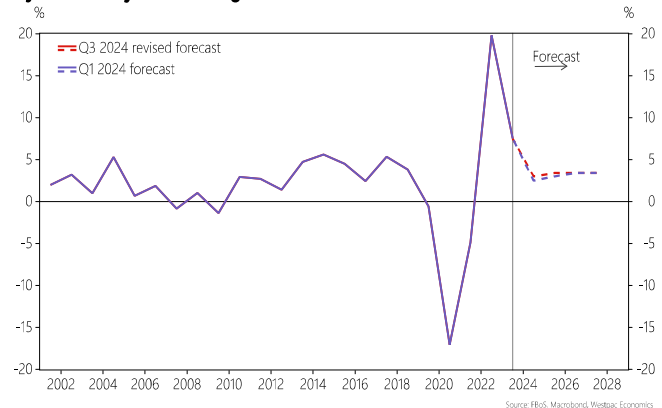
With another quarter remaining to go this year, we are approaching 2025 on an excellent note and current momentum is expected to carry onto the new year. With a few major investment projects in the pipeline, ongoing tourism sector capacity expansion plans supported by declining resident departure numbers we foresee this will be critical for Fiji attaining growth rate of above 3 percent in the medium term. While the recent announcement of the National Development Plan formulates strategies to work towards a sustainable growth path, it will depend heavily on timely implementation and stakeholder engagement.

Economic activity forecasts

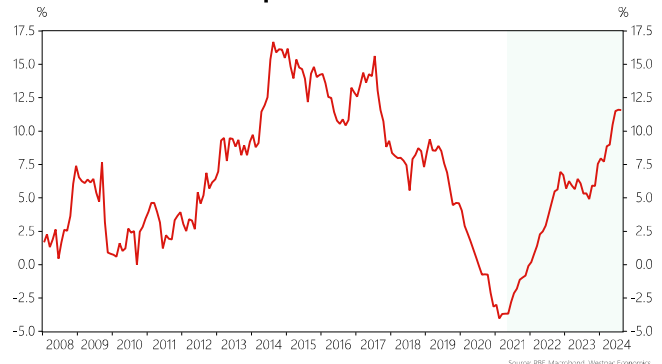
| Indicators (% YoY unless otherwise) | 2022 | 2023p | 2024f | 2025f | 2026f | 2027f |
|-------------------------------------|---------|-------|-------|-------|-------|-------|
| Real GDP growth | 19.8 | 7.5 | 3.0 | 3.4 | 3.3 | 3.3 |
| Inflation, average | 4.3 | 2.4 | 4.9 | 3.2 | 2.6 | 2.6 |
| Inflation, year-end | 3.1 | 5.1 | 3.8 | 2.9 | 2.6 | 2.6 |
| GDP Deflator | 2.5 | 4.1 | 4.5 | 3.2 | 3.1 | 3.0 |
| Visitor Arrivals | 1,912.5 | 46.1 | 6.3 | 5.0 | 4.5 | 4.5 |
| Tourism earnings | 2,013.7 | 55.1 | 8.1 | 6.9 | 6.7 | 7.0 |
| Remittances | 23.6 | 20.4 | 6.9 | 5.0 | 5.0 | 5.0 |

Sources: FBoS, Westpac Fiji Estimates

Fiji's economy soft landing to historical trend



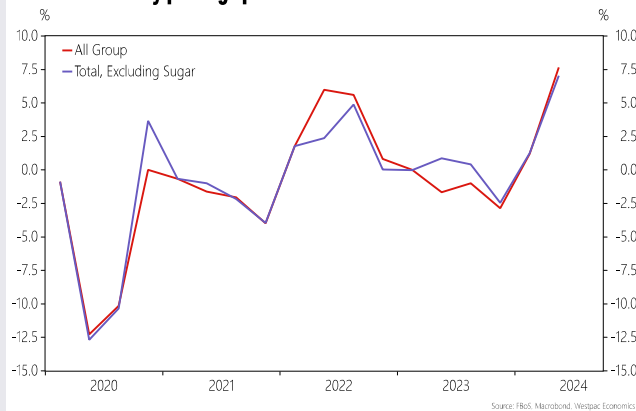
Private sector credit shows optimism



First half industry production activity upbeat

Building on last year's dull performance, industrial activity surged during the first two quarters of this year. According to the recent report, there was a 7.7% increase in industrial production during the June 2024 quarter, a significant improvement from the 1.7% decline in June 2023. Manufacturing activity also saw a notable rise, up by 8.6% compared to a 3.4% contraction in June 2023. If this growth trend continues into the second half of the year, the manufacturing sector could return to its former glory.

Industrial activity picking up



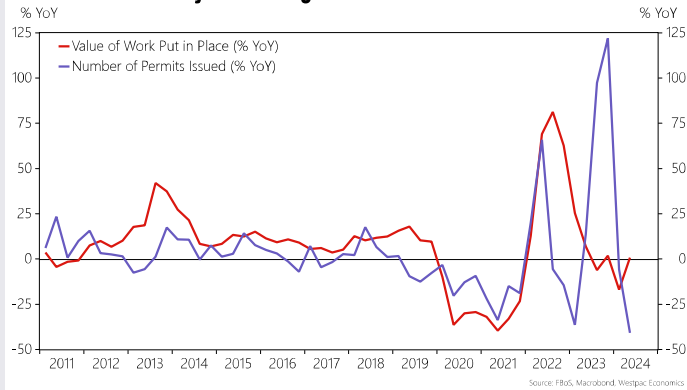
Overall, we are seeing a broad-based growth in electricity production (+12.6% yoy), soft drinks/mineral water/yaqona/tobacco (+16.1% yoy), cement/concrete (+4.5% yoy), fertilizer/agrochemicals (+46.9% yoy), saw-milling & planning of wood (+45.2% yoy), and rice/flour milling (+7.3% yoy).

Mixed signals in construction activity

Construction activity, measured by the value of work put in place for infrastructure development, maintenance and repairs, has been sluggish during the first two quarters of this year. Year-to-date the value of work put in place has reached \$244.51 million, which is 8.9% lower than the corresponding period last year. This decline is attributed to the lack of momentum in both private and government building activities.

Similarly, the issuance of new building permits in the first six months totalled 466, marking a 27.4% decline compared to the same period last year.

Construction activity rebounding



However, there are signs of potential growth on the horizon. According to the Reserve Bank of Fiji (RBF), cement production and domestic cement sales have increased by 6.6% and 7.6%, respectively, year-to-date. This uptick suggests high demand for construction materials, which will lead to higher real value of work put in place in the near term.

Fiscal deficit for FY2023-24 came out at lower end

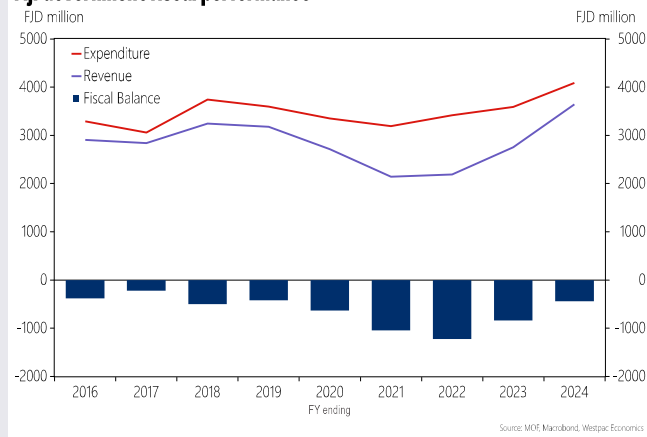
The net deficit for FY2023-24 (August to July fiscal year) was 3.4%, which is 0.6 percentage points lower than the revised estimate and 1.4 percentage points below the original budget. Consequently, the debt-to-GDP ratio has decreased to 78.3%, primarily due to an increase in nominal GDP driven by high domestic prices. The nominal debt value rose to \$10.31 billion as of July 2024, a 5.8% increase from \$9.75 billion in July 2023.

Fiji Government collected \$3.65 billion in revenues, achieving 98.5% of its original target, while spending approximately 94.2% of its budget, at \$4.09 billion.

Tax revenue collections were slightly below the target at \$3.10 billion, with VAT contributing around 44.2% of this total. High VAT collections were driven by policy shift that increased the VAT rate from 9% to 15%, rather than growth-driven factors. Government managed to collect 89% of its VAT revenue target, totaling \$1.37 billion, which fell short due to an overly optimistic outlook on consumption compared to actual economic performance.

Given the pattern of public sector spending, it is expected that the government will not realize its expenditure forecast of \$4.6 billion this fiscal year. Consequently, the realized net deficit is likely to be lower due to underspending.

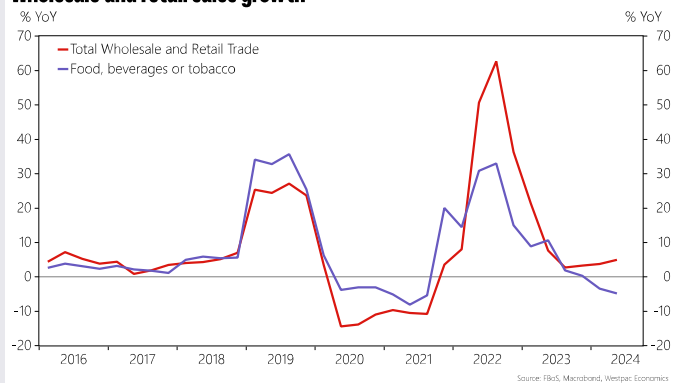
Fiji Government fiscal performance



Wholesale and retail sales buoyant

The nominal wholesale and retail sales have been optimistic, higher by 4.3 percent year to date till June 2024, while the June quarter on its own was up by 4.9 percent. Consumer centric items such as fuel, motor vehicles and spare parts, hardware items, household appliances and furniture were buoyant, while sales of food and non-alcoholic beverages were subdued, declining by 7.4 percent in June 2024 quarter. While the growth in total sales is good news, we believe that most of the growth is due to high inflation and real sales volume remain suppressed.

Wholesale and retail sales growth



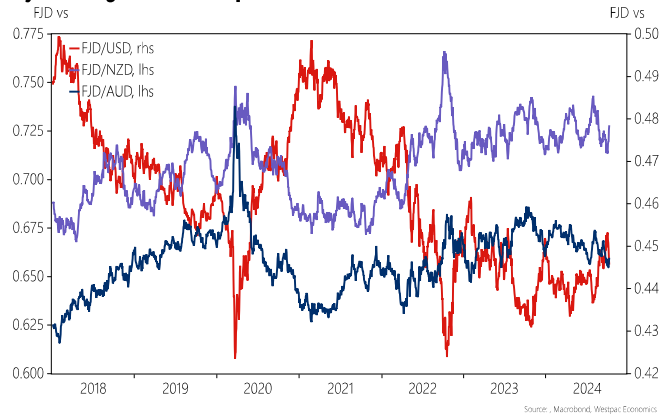
Fiji dollar holding well

The past few months have been eventful for the FX market, with Fiji's counterpart currencies experiencing volatility due to rate cuts by the European Central Bank, the Reserve Bank of New Zealand, and the US Federal Reserve. The global FX market is facing mixed signals: receding inflation in developed economies supports arguments for monetary policy easing, while sound growth, particularly from a resilient US economy, suggests central banks might be acting prematurely. There are also concerns about a potential recession if central banks in developed countries maintain elevated rates for too long. Overall, we see that stable price and a healthy labour market has resulted in soft landing in the United States.

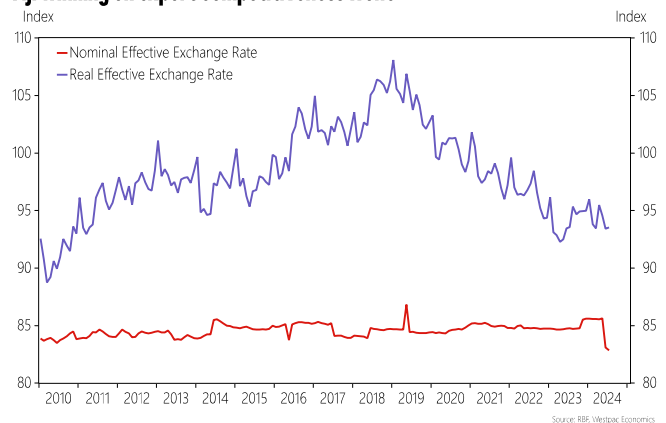
Amidst these global developments, the Fijian dollar has held relatively well against its main peers, although it has lost most of its gains against the USD since 2021. Broadly, the nominal effective exchange rate (NEER) has remained relatively stable within the 82.85 to 86.82 range since 2010. NEER did fall from 85.6 in May 2024 to 82.9 in July 2024, suggesting the RBF had revised its currency weights in its basket. The real effective exchange rate (REER) also fell from 108 in 2019 to the current 93.5, due to the weakening of the FJD against the USD, which has somewhat enhanced Fiji's trade competitiveness.

Looking ahead, based on current global economic trends and anticipated rate decisions by central banks of FJD pairs, the FJD/USD is expected to rise from 0.4457 to 0.46 by December 2025. The FJD/AUD is projected to decline steadily from 0.6596 to 0.64, while the FJD/NZD is anticipated to rise from 0.7279 to 0.73 over the same period. These projections align with Westpac Economics' October outlook, which assumes further rate cuts by the US Fed and RBNZ in their next meetings, while the RBA is expected to hold rates steady until early next year.

Fiji dollar against its main peers



Fiji winning on export competitiveness front



Fiji dollar is pegged to a weighted basket of currencies made up of the United States Dollar (USD), Australian Dollar (AUD), New Zealand Dollar (NZD), Japanese Yen (JPY) and the Euro (EUR).

Currency forecasts

| FJD vs | Current (18 Oct 2024) | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 |
|--------|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| USD | 0.4430 | 0.45 | 0.45 | 0.46 | 0.46 | 0.46 | 0.46 | 0.47 | 0.47 | 0.47 |
| AUD | 0.6617 | 0.66 | 0.65 | 0.65 | 0.64 | 0.64 | 0.63 | 0.64 | 0.64 | 0.63 |
| NZD | 0.7313 | 0.73 | 0.73 | 0.72 | 0.73 | 0.73 | 0.72 | 0.72 | 0.72 | 0.73 |
| JPY | 66.54 | 65.72 | 63.85 | 63.89 | 63.70 | 63.38 | 63.49 | 63.06 | 62.62 | 62.38 |
| EUR | 0.4091 | 0.41 | 0.41 | 0.41 | 0.41 | 0.41 | 0.41 | 0.41 | 0.40 | 0.40 |
| PGK | 1.78 | 1.77 | 1.82 | 1.87 | 1.88 | 1.89 | 1.87 | 1.83 | 1.84 | 1.84 |

Sources: RBF, Macrobond, Westpac Economics

Tourism sector “Golden Goose” is here to stay

Contrary to expectations of slowing growth in major tourism source markets, Fiji has seen record arrivals every month this year. On the current trajectory, reaching one million arrivals is within sight with July, the peak tourism month, nearly hitting the historic 100,000 mark. The tourism and travel sectors are poised for significant growth in the medium to long term, with visitor arrivals projected to increase by 6.3% to 990,000 by year-end, just shy of the one million mark, with tiny odds that Fiji could even attain the one million arrivals target.

Early in the year, arrivals from the United States and New Zealand bolstered the industry when Australian visitor numbers dipped. However, Australian arrivals have since rebounded and are expected to contribute significantly towards external earnings.

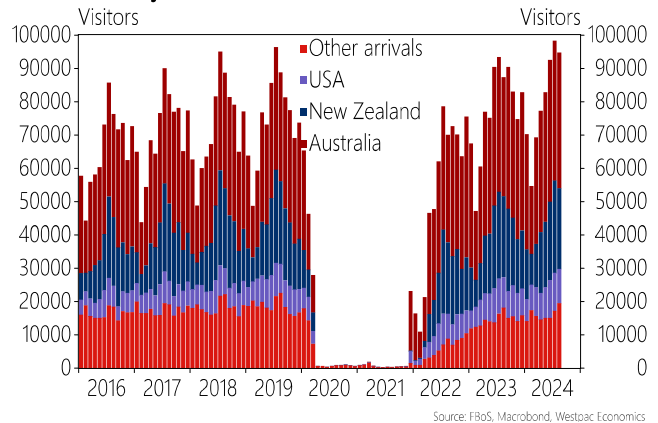
The upcoming 13-hour non-stop flight between Fiji and Dallas, set to begin in December, opens a whole new range of opportunities for the tourism sector. This route is expected to bring approximately 1,000 additional passengers per week. Fiji Airways is also exploring new routes to further expand its growth prospects.

Despite the good news, Fiji's high reliance on the tourism sector is concerning, as evidenced by the drastic contraction during the pandemic years when the economy shrank to three-quarters of its usual size. Despite this, last year's record growth, or rather recovery, was driven by tourism highlighting the sector's dual role as both a boon and a vulnerability. Discussions on economic diversification surged and then quickly faded as the pandemic's impacts waned and tourism rebounded.

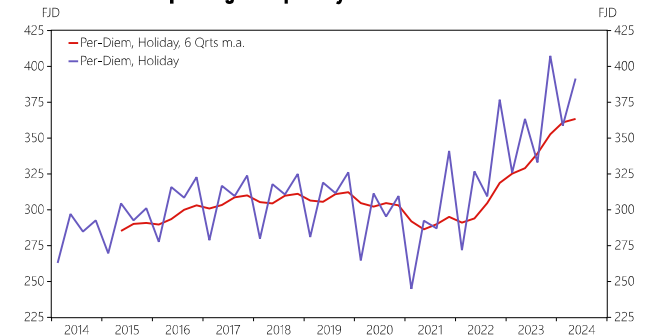
The tourism sector is undergoing a fundamental shift, with new markets being targeted while traditional partners remain the industry's backbone. Future growth in tourism will depend not only on expanding capacity but also on reaching beyond our traditional markets and targeting high value tourists.

According to the World Travel and Tourism Council, the global travel and tourism industry is projected to grow from \$11.1 trillion to \$16.0 trillion over the next decade, employing around 450 million people worldwide. This would mean the sector could account for over 10% of global output by 2034. With the anticipated rise in travel demand, Fiji can capture a larger share of this market by expanding its capacity over the next decade, especially since it currently attracts less than 0.04% of global tourist numbers.

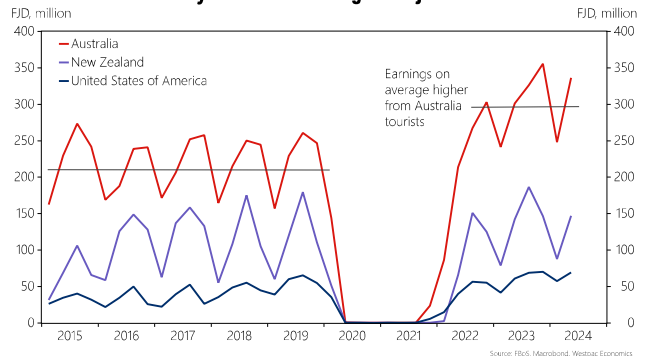
Tourism driven by record arrivals



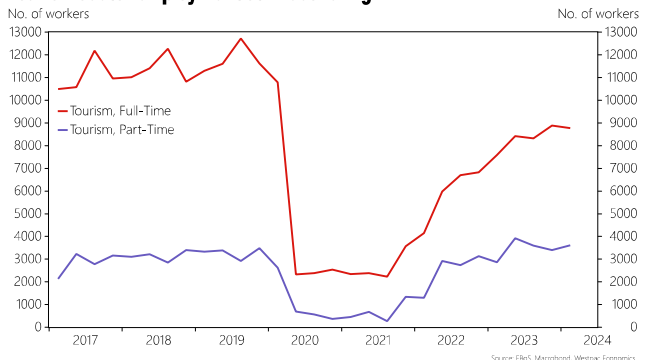
Tourists are now spending more per day



Australia leads the way in tourism earnings for Fiji



Tourism sector employment still recovering

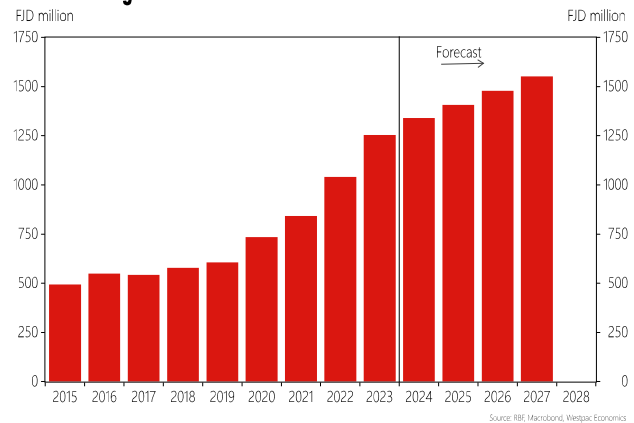


Research note on remittance inflows

Remittances: a key foreign exchange earner

Remittances have become the second-largest source of foreign exchange for Fiji, just behind tourism. This sector saw remarkable growth during and after the pandemic, reaching \$1.25 billion in 2023. In the first two quarters of this year, personal remittances increased by 5.0% to \$622.2 million. Most of these funds were transferred via mobile network operators (45.5%), money transfer operators (36.7%), and commercial banks (17.8%). If current trends continue, remittances are projected to hit around \$1.34 billion by the end of 2024, reflecting a more modest growth rate of 6.9%, compared to the average 20% growth seen between 2020 and 2023, as migration trends are expected to slow down.

Remittances growth

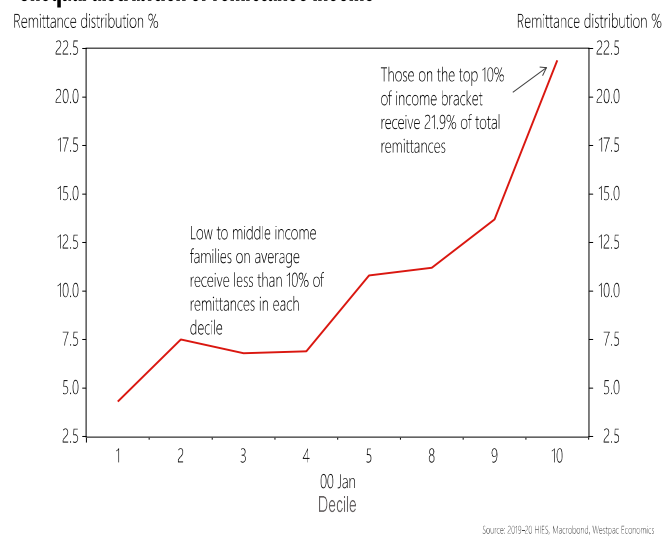


Who is receiving these remittances?

While Fiji benefits significantly from remittances, identifying which households are receiving these funds remains challenging at a macro level. To explore this, we turn to the recent Household Income and Expenditure Survey (HIES). In 2019-20, the average household received \$1,651.20 in remittances and gifts, with urban households averaging \$1,866.10 and rural households \$1,372.80 annually. Remittances and gifts constituted an average of 6.3% of household income, with urban households at 6.1% and rural households at 6.6%.

Interestingly, about one-fifth of remittances went to households in the top 10% income bracket, while only 4.3% went to the lowest 10% income group. This disparity suggests that wealthier families are more likely to have relatives abroad who can send money home. In contrast, the distribution of pensions and social benefits is more evenly spread across all income groups, as noted in the 2019-20 HIES report (page 49).

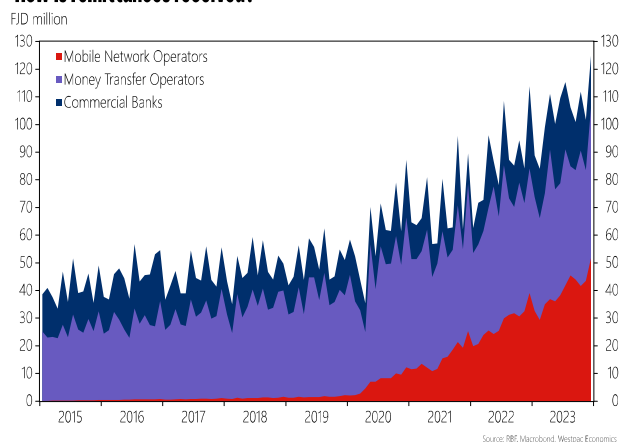
Unequal distribution of remittance income



How are remittances spent?

The impact of remittances on household income and spending behaviour is not well-studied. However, the latest HIES report provides some insights. It shows that overall consumption behaviour is more skewed towards non-food categories rather than food items. As household welfare improves, the share of expenditure on food typically declines, reinforcing the idea that higher-income groups receive more remittances and spend a larger portion on non-food items.

How is remittances received?



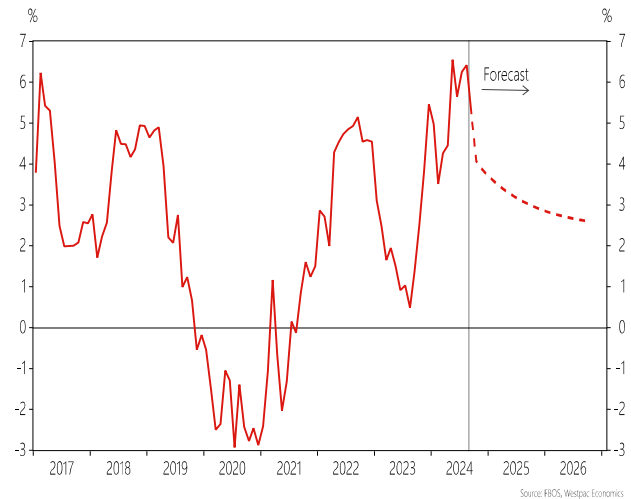
Data wrap

Consumer prices

The post-pandemic recovery saw a surge in consumer prices as supply chain disruptions failed to keep pace with rising demand. Port closures led to higher shipping costs, which were further exacerbated by geopolitical tensions affecting major trade routes, driving up commodity prices.

Fiji's headline inflation stood at 4.2 percent in September 2024 and has been declining since. The recent spike in consumer prices has been driven by worsening geopolitical conditions, elevated input costs, and a VAT rate hike. As the VAT rate is now fully incorporated into the consumer price index, together with freight rates and prices among trading partner countries dropping, domestic inflation is expected to descend. We project inflation to drop to 3.7 percent by year-end and further to 2.9 percent by 2025 and 2.6 percent by 2026.

Domestic inflation to set to ease



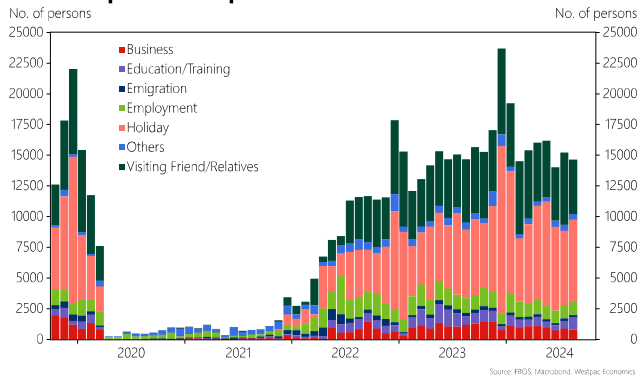
Is migration trend slowing?

The slowdown in resident departures for better opportunities abroad will alleviate some of the labour supply constraints faced by the private sector. The post-pandemic recovery saw a significant increase in resident departures due to pent-up migration demand and labour shortages in destination countries.

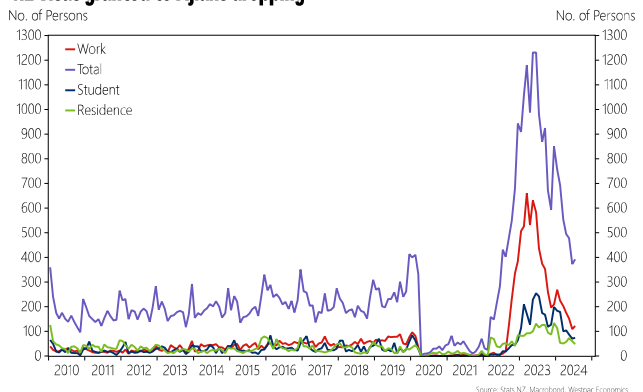
Australia and New Zealand have implemented stringent policies to manage the surge in migration over the past two years, with increased oversight on arrivals. Since mid-year, Australia has streamlined its temporary graduate visa program, reducing the maximum eligible age to 35 for post-vocational and post-higher education work streams.

Australia has also ended visa hopping, targeting those frequently extending their temporary visas. The strategy includes updating the list of occupations to attract in-demand skills. Similar trends are observed in New Zealand, with fewer visas granted for work, study, and holiday to Fijians. This trend is expected to return to pre-pandemic levels. For Fiji, this means that the current issues of significant migration and population decline should ease in the near to medium term, supporting local labour markets and boosting consumption and investment prospects.

Resident departures have peaked



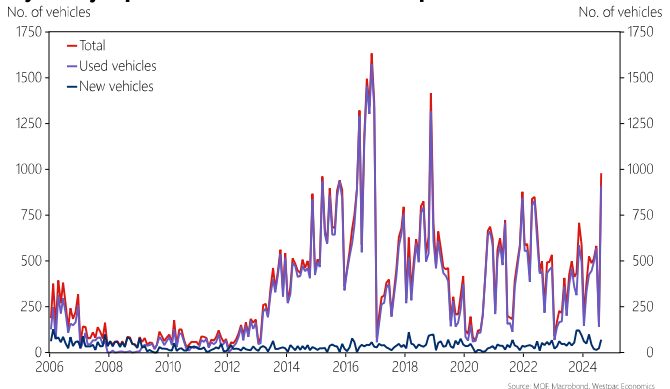
NZ visas granted to Fijians dropping



Motor vehicle sales paving consumption

Motor vehicle sales increased by 21.4% in the June quarter, with year-to-date sales up by 20.9%, indicating resilient consumer sentiment despite high inflation. This has led to a rise in vehicle maintenance sales, including parts and accessories, as more cars are imported to the islands. The demand for vehicles among Fijians remains strong, with a surge in registrations of new and used vehicles. Fiji's roads are dominated by second-hand cars, which are more affordable for low to middle-income households. Used vehicle imports from Japan, as a share of total sales, have averaged over 90% since 2013.

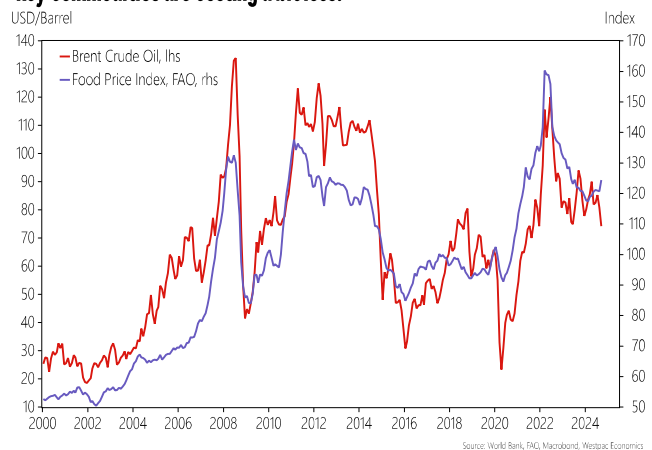
Fiji mostly imports used motor vehicles from Japan



Favourable commodity prices

Favourable movements in commodity prices will be crucial for supporting Fiji's growth prospects as we approach the New Year. Brent crude oil prices have been declining since July 2024 due to subdued demand from major consumers, while OPEC+ plans to phase out production cuts later this year, easing supply-side constraints. Domestic fuel prices have already seen reductions, benefiting consumers and somewhat supporting import bill, as fuel accounts for a quarter of all merchandise imports. The FAO food price index, which measures changes in major food commodities internationally, has also been declining, with prices for sugar, meat, and cereals dropping in the latest survey. Gold prices have surged, reaching a record level above \$2,600 per ounce, as major central banks move towards monetary policy easing.

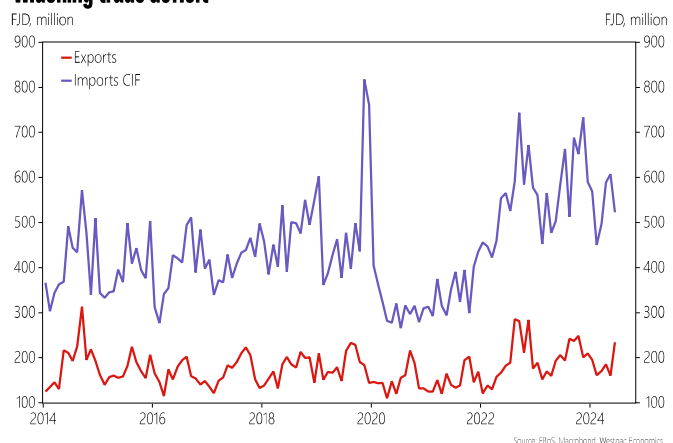
Key commodities are costing a bit less!



Merchandise trade

Merchandise exports have remained stagnant for too long, while merchandise imports have reached new highs, exacerbating Fiji's trade deficit, which now relies on earnings from services exports. In the first two quarters of this year, Fiji exported \$1.1 billion and imported \$3.2 billion worth of goods, resulting in a trade deficit of \$2.1 billion. Fiji's largest single merchandise export item is mineral water (\$356.4 million in 2023), followed by sugar (\$145.3 million in 2023). Increasing exports will depend on identifying areas where Fiji has a comparative advantage in producing at the lowest cost. While Fiji has explored agricultural exports such as ginger and turmeric, these have not gained significant traction on a larger scale, with the United States being the largest market.

Widening trade deficit





ECONOMIC & FINANCIAL STATISTICS AND OUTLOOK

Key economic statistics

| Fiji | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| Visitor arrivals (%) | 10.90 | 7.70 | 8.30 | 7.00 | 6.70 | 6.90 |
| Net VAT (%) | 30.80 | 36.00 | 38.40 | 38.30 | 41.90 | 46.10 |
| Personal remittance (%) | 14.20 | 6.20 | 5.20 | 5.00 | 3.10 | n.a |
| Private sector credit (%) | 9.30 | 9.10 | 10.20 | 11.50 | 11.60 | 11.60 |
| Liquidity (F\$M) | 1,896.10 | 1,853.90 | 1,918.90 | 1,919.30 | 2,128.60 | 2,226.60 |
| Foreign reserves (F\$M) | 3,146.80 | 3,144.60 | 3,194.10 | 3,304.50 | 3,581.10 | 3,717.80 |
| Months of retained imports | 5.10 | 5.10 | 5.20 | 5.30 | 5.80 | 6.00 |
| Inflation (%) | 4.60 | 7.10 | 5.80 | 6.70 | 6.80 | 5.40 |
| 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

Trade statistics

| \$ million | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Merchandise trade | | | | | | |
| Exports | 195.6 | 161.4 | 170.4 | 185.5 | 160.4 | 234.2 |
| Domestic exports | 82.3 | 91.3 | 96.8 | 116.4 | 91.4 | 106.0 |
| Re-exports | 113.3 | 70.1 | 73.6 | 69.1 | 69.0 | 128.2 |
| Imports | 569.1 | 450.0 | 496.2 | 588.9 | 607.2 | 522.5 |
| Trade Balance | -373.5 | -288.6 | -325.8 | -403.4 | -446.8 | -288.3 |

Source: FBOS

Fiji government yields

| Month | 3 mths | 6 mths | 12 mths | 10 yrs | 15 yrs | 20 yrs |
|--------|--------|--------|---------|--------|--------|--------|
| 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 |
| Jun-24 | 0.10 | 0.35 | 0.93 | 3.90 | 4.15 | 4.98 |
| May-24 | 0.10 | 0.35 | 0.93 | 3.90 | 4.15 | 4.94 |
| Apr-24 | 0.10 | 0.15 | 0.30 | 3.90 | 4.15 | 4.85 |

Source: RBF and Ministry of Finance

Global and trading partner growth forecast

| Economies | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|------|------|------|------|------|------|------|
| World | -2.7 | 6.5 | 3.5 | 3.2 | 3.3 | 3.3 | 3.2 |
| United States | -2.2 | 5.8 | 1.9 | 2.9 | 2.7 | 1.8 | 1.7 |
| China | 2.2 | 8.4 | 3.0 | 5.2 | 5.0 | 4.8 | 4.5 |
| Japan | -4.1 | 2.6 | 1.0 | 1.9 | 0.1 | 1.1 | 0.9 |
| India | -5.8 | 9.7 | 7.0 | 7.8 | 7.0 | 6.8 | 6.5 |
| Europe | -6.1 | 5.9 | 3.4 | 0.4 | 0.6 | 1.5 | 1.5 |
| Australia | -2.1 | 5.5 | 3.9 | 2.0 | 1.3 | 2.2 | 2.4 |
| New Zealand | -1.4 | 5.6 | 2.4 | 0.7 | 0.0 | 1.4 | 2.3 |

Source: Westpac Economics October Market Outlook

Interest rate forecast

| Economies | Latest | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Australia | | | | | | | | | | |
| Cash | 4.35 | 4.35 | 4.10 | 3.85 | 3.60 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 |
| 10 Year Bond | 4.23 | 3.90 | 3.90 | 3.90 | 4.00 | 4.05 | 4.05 | 4.10 | 4.10 | 4.15 |
| United States | | | | | | | | | | |
| Fed Funds | 4.875 | 4.375 | 3.875 | 3.625 | 3.375 | 3.375 | 3.375 | 3.375 | 3.375 | 3.375 |
| 10 Year Bond | 4.07 | 3.75 | 3.75 | 3.80 | 3.90 | 4.00 | 4.00 | 4.05 | 4.05 | 4.10 |
| New Zealand | | | | | | | | | | |
| Cash | 4.75 | 4.25 | 4.00 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 |
| 10 Year Bond | 4.35 | 4.15 | 4.20 | 4.30 | 4.35 | 4.40 | 4.40 | 4.40 | 4.35 | 4.35 |

Source: Westpac Economics October Market Outlook

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