



Global economic outlook

Has improved

A FIRMING RECOVERY

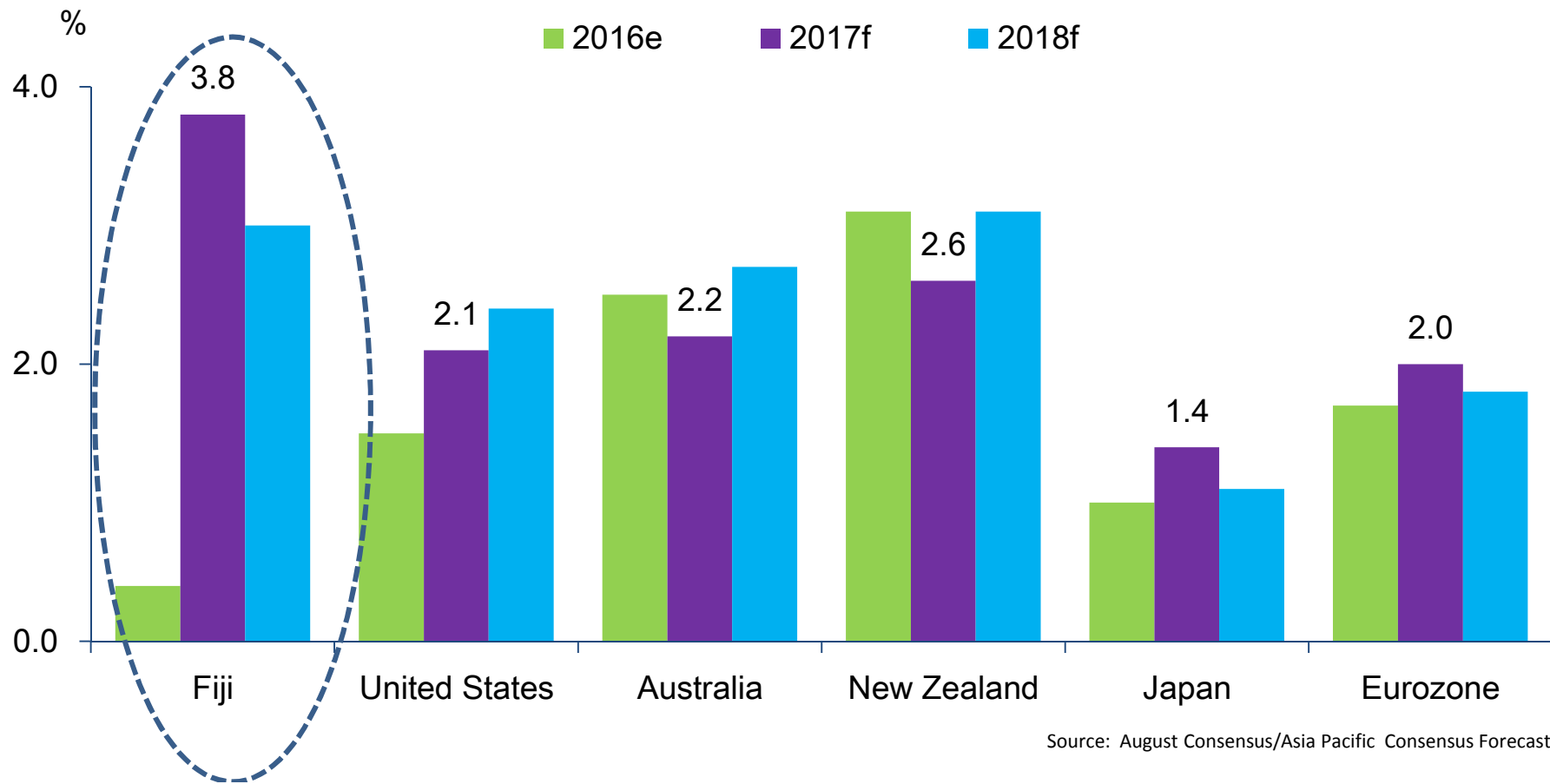
The projected pickup in global growth remains on track.



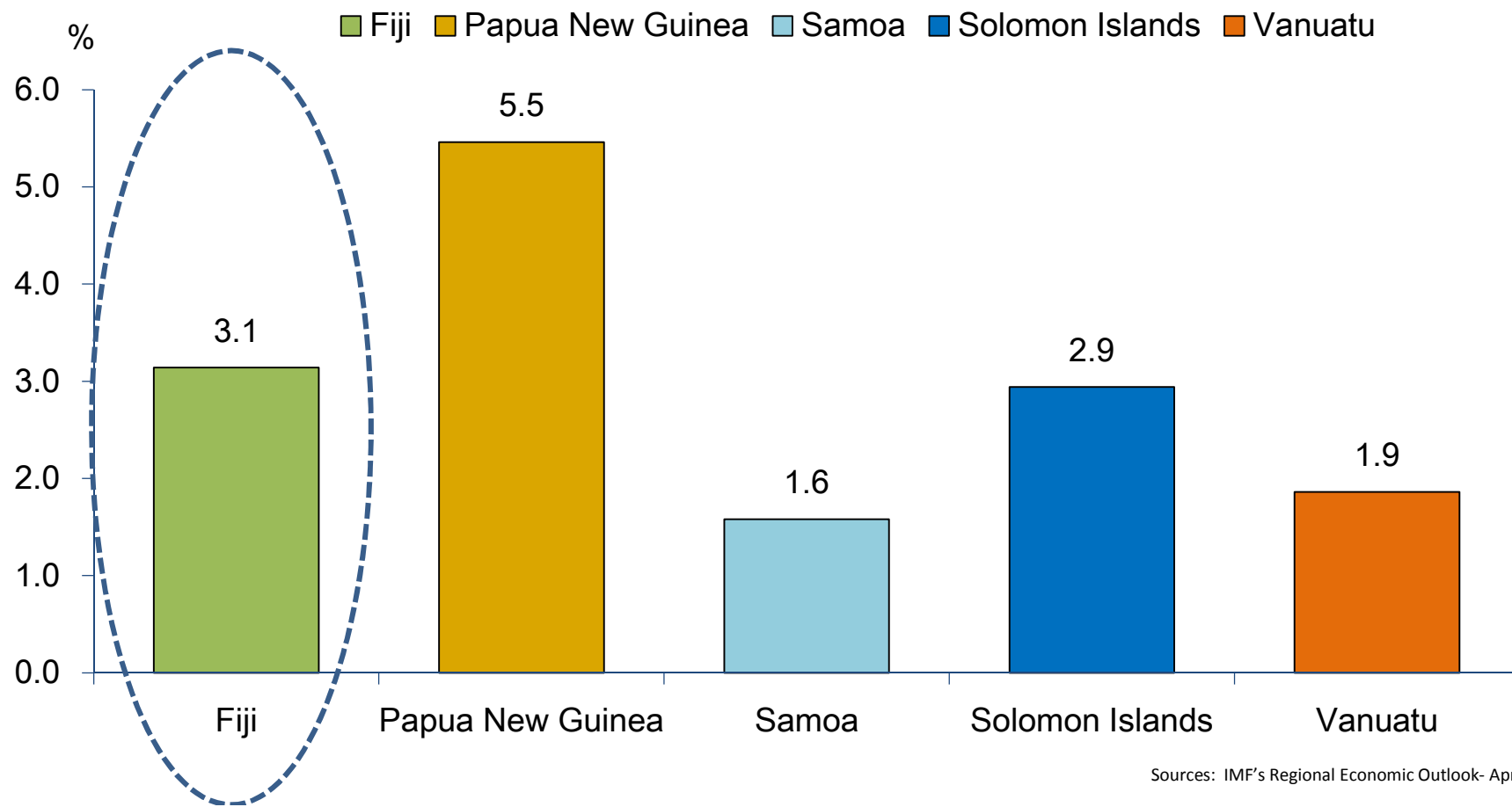
Sources: International Monetary Fund



TRADING PARTNER GROWTH OUTLOOK

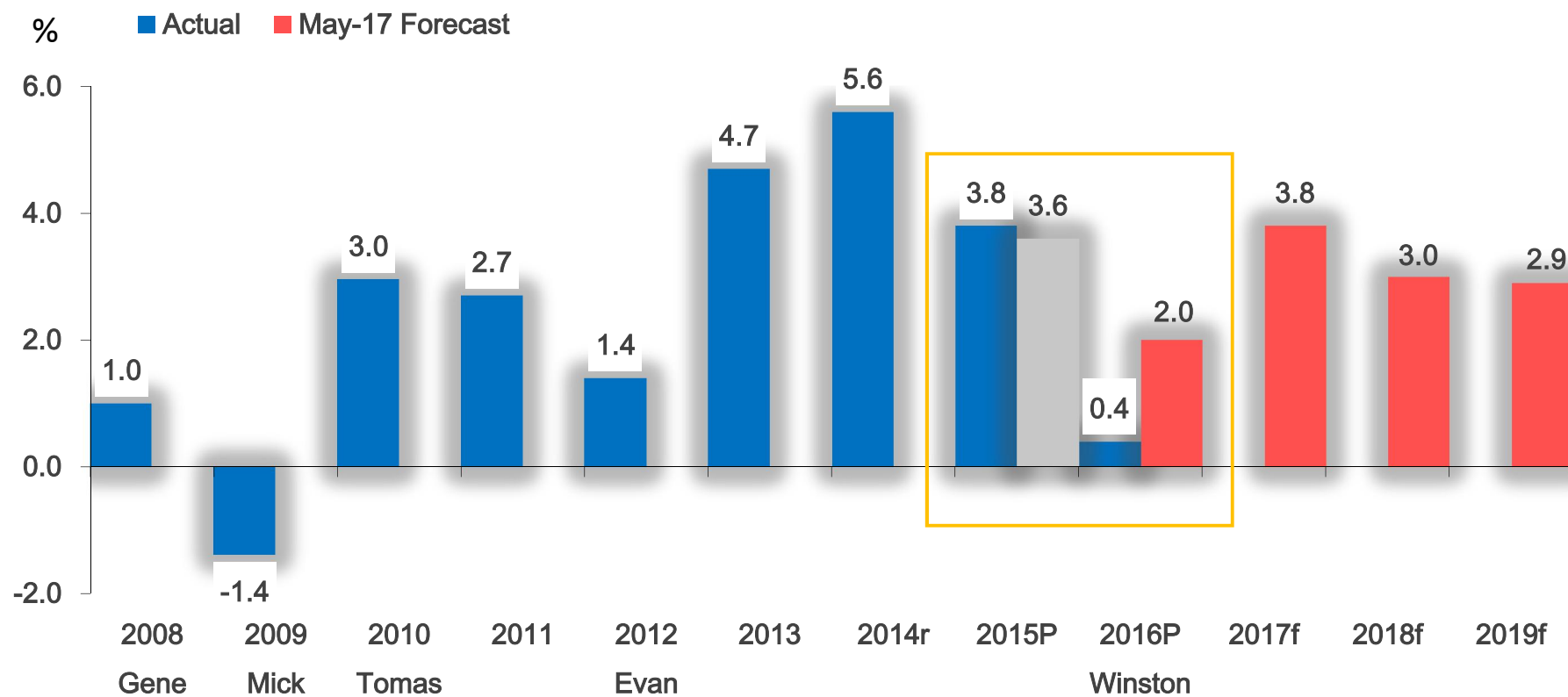


PACIFIC ISLANDS AVERAGE GROWTH RATE (2012-16)





FIJI GDP GROWTH

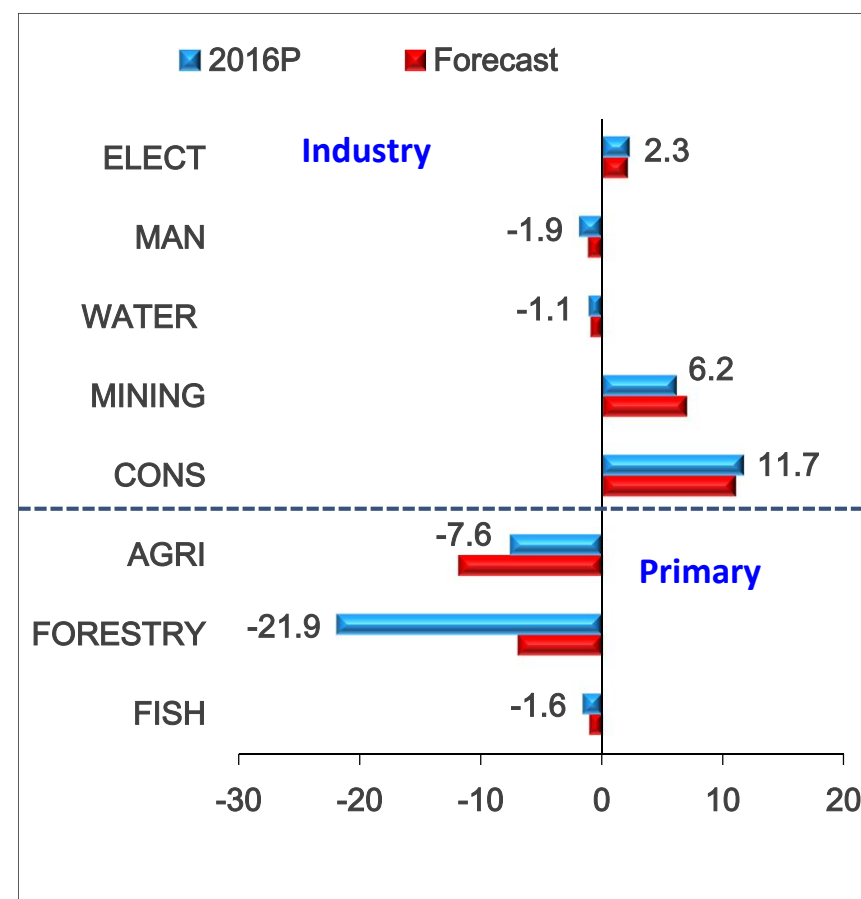
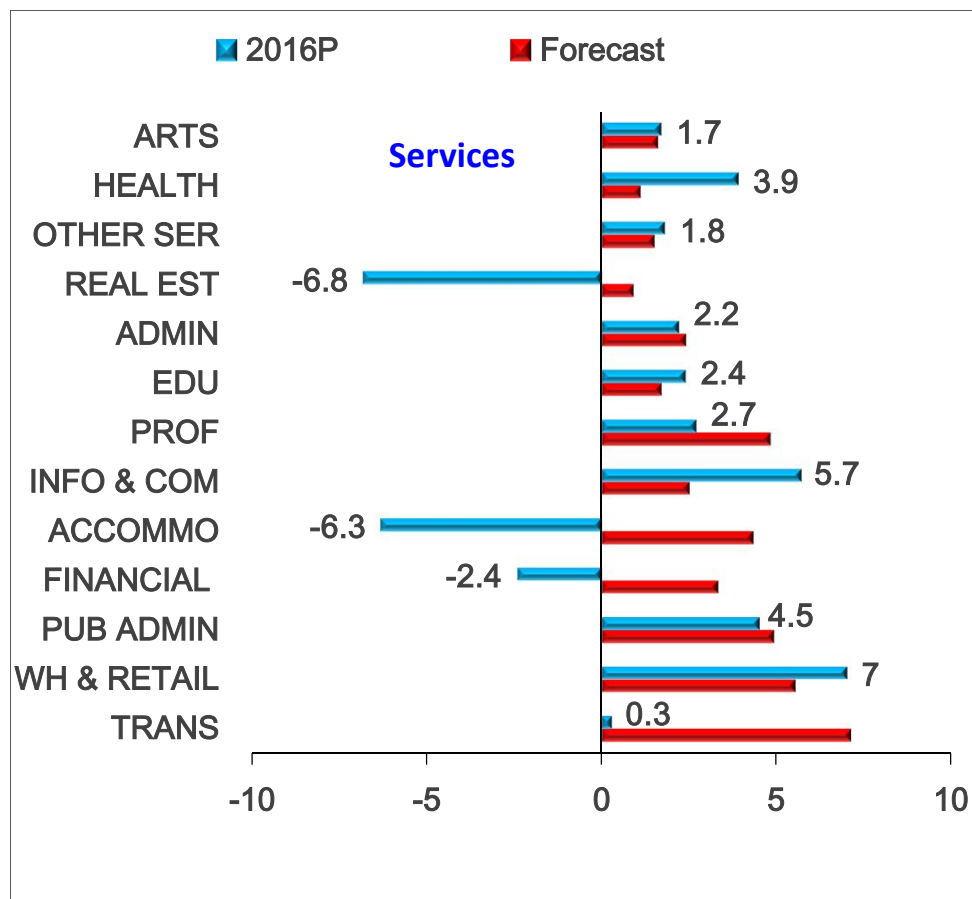


Sources: Fiji Bureau of Statistics & Macroeconomic Committee



2016 GROWTH LOWER THAN EXPECTED

+2.0% → +0.4%



Source: Fiji Bureau of Statistics and Macroeconomic Committee



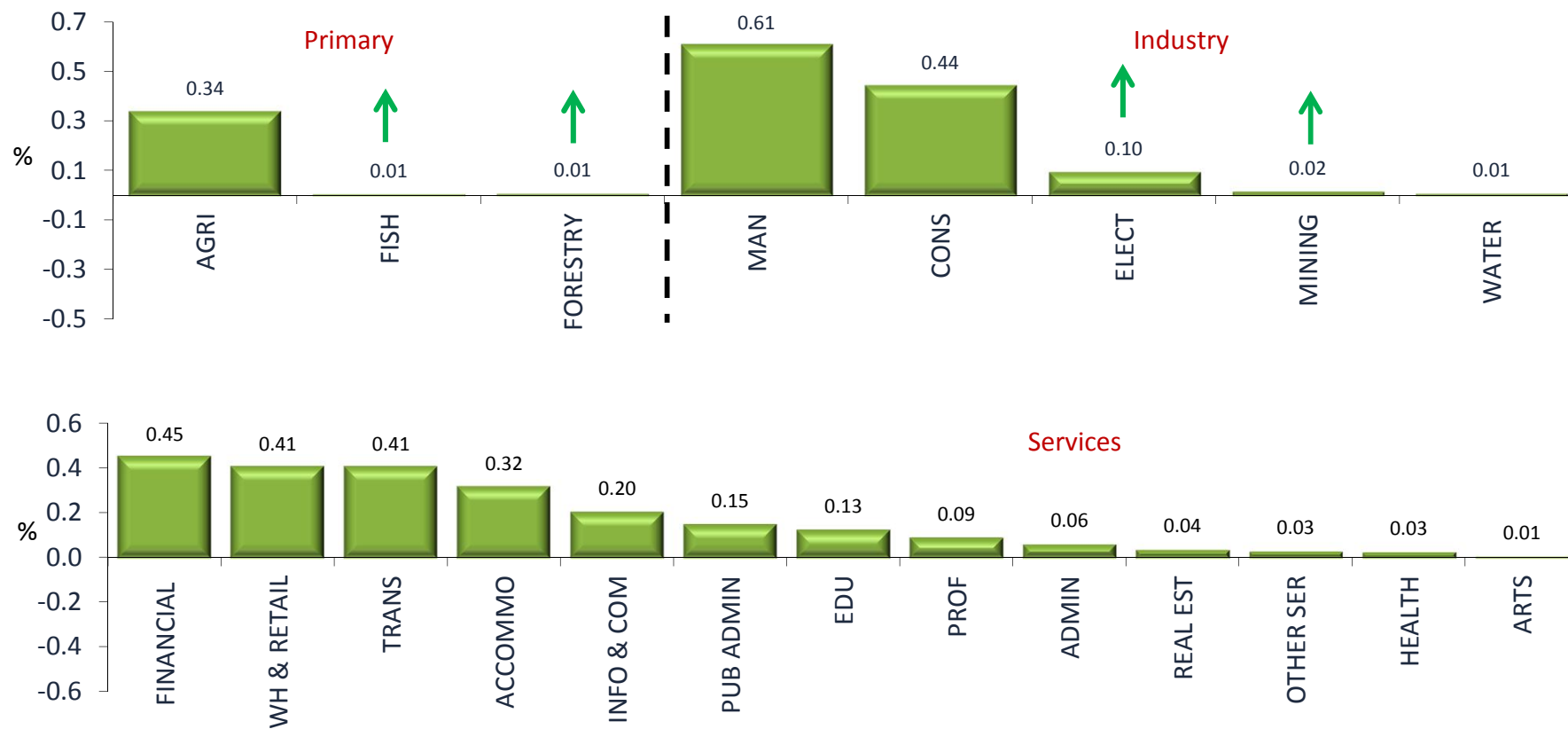
Sector Performances so far

Generally positive



2017 SECTOR CONTRIBUTION TO GROWTH

+3.8%



Source: Macroeconomic Committee



Aggregate Demand

Continues to be Buoyant



Consumption spending is firm



Partial Indicators

Annual percent change *(unless otherwise specified)*

Partial Indicators	2016	2017 (latest)
Net Value Added Tax (VAT)	-26.9	Jan-Jul: +14.0
New Consumption lending	+7.9	Jan-Aug: +10.5
o/w Wholesale, Retail, Hotels & Restaurants	+13.2	Jan-Aug: +30.2
o/w Private Individuals	-4.7	Jan-Aug: -33.0
New Vehicle Registrations	+27.5	Jan-Aug +2.7
Secondhand Vehicle Registrations	+7.8	Jan-Aug: -31.9

Consumption activity in the short to MT is expected to be supported by the 2017-18 National Budget - lower VAT, low interest rates, market stability and confidence

Source: Industry contacts



Investment remains strong



Partial Indicators

Annual percent change *(unless otherwise specified)*

Partial Indicators	2016	2017 (Latest)
New Investment Lending Real Estate	-10.3	Jan-Aug +31.8
	-17.9	Jan-Aug: +60.4
Building and Construction	-1.0	Jan-Aug: +5.4
Domestic Cement Sales	+11.1	Jan-Aug: +16.0
Domestic Cement Production	+10.9	Jan-Jul: -3.8
Estimated Value of Work put-in-place	+10.1	+5.6 (Q1 2017)

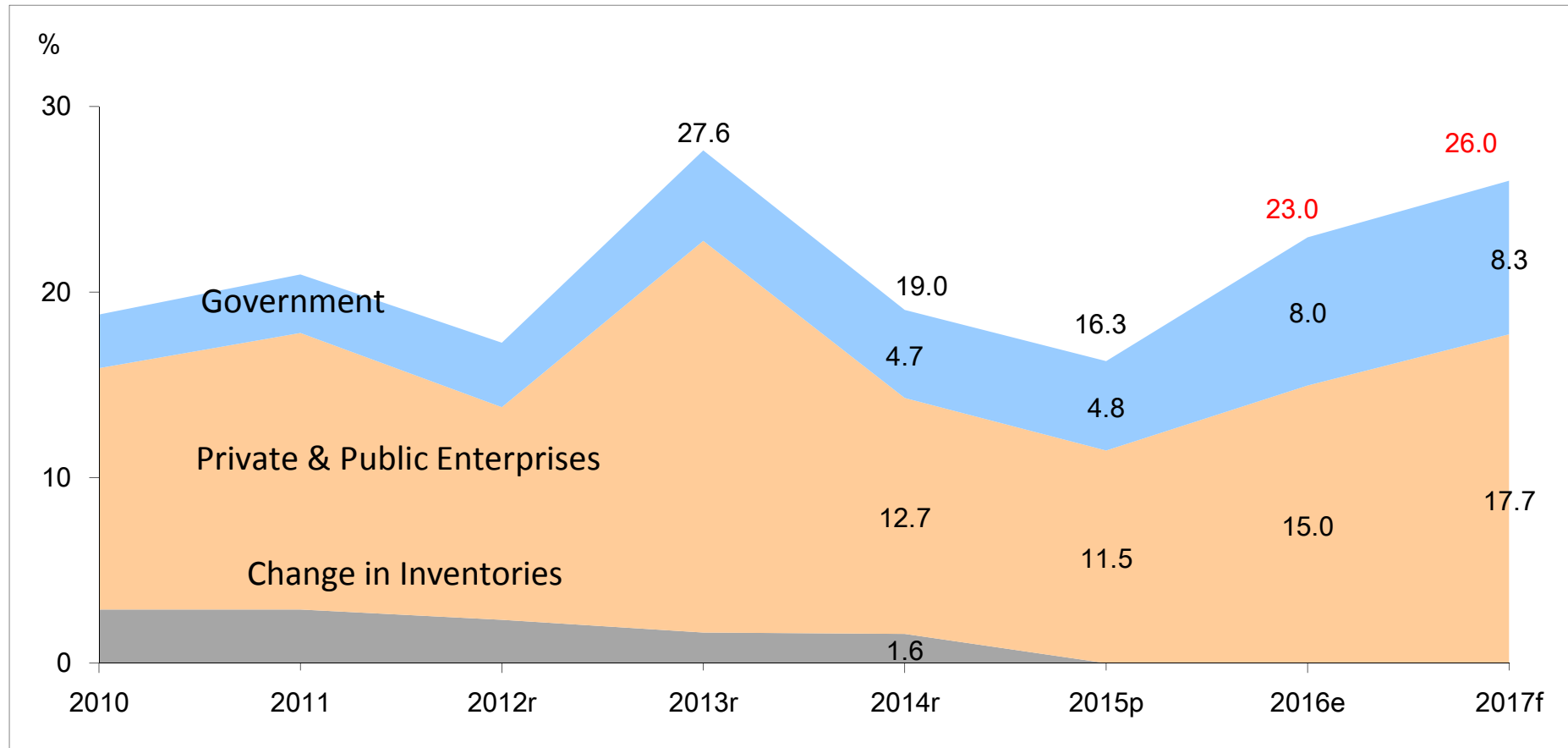
The strong growth in investments continues to be driven by some large local projects in the hotel and wholesale & retail sectors

Source: Industry contacts



INVESTMENT

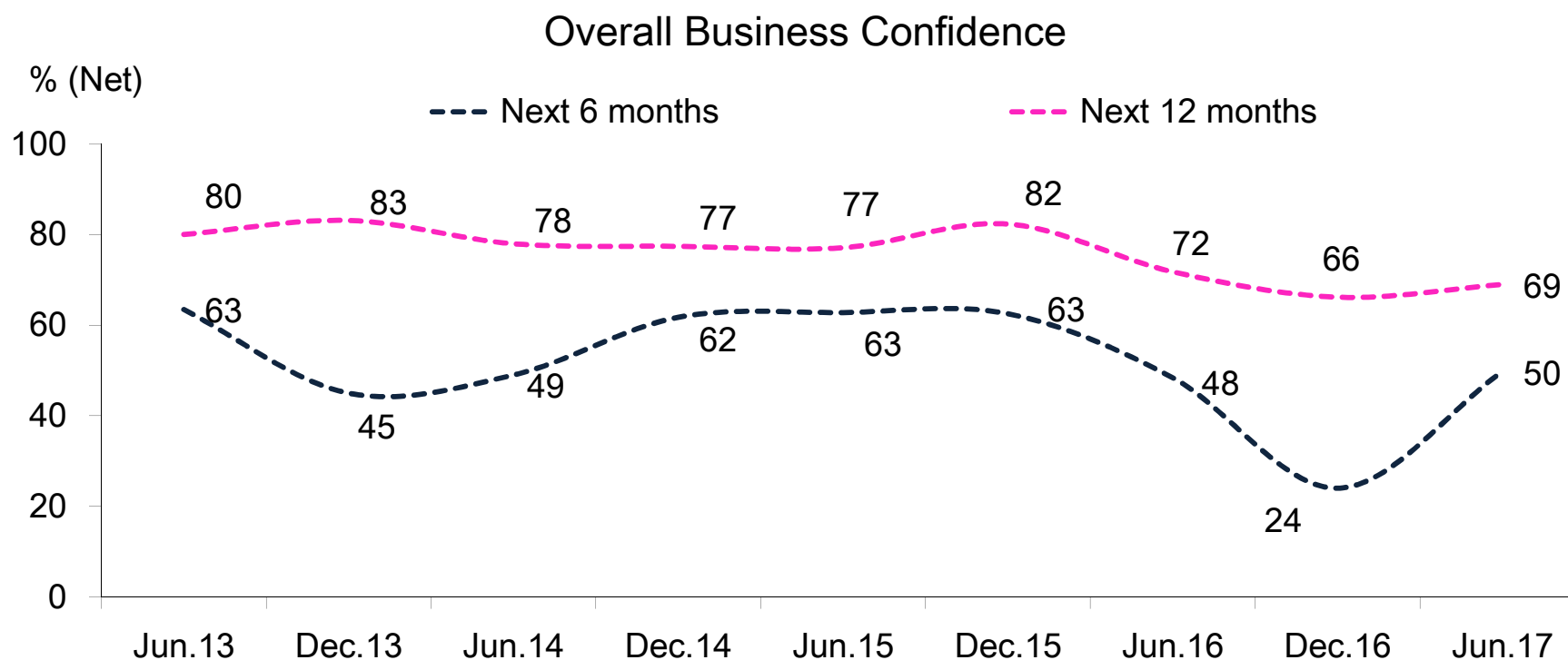
Share of Nominal GDP



Source: Fiji Bureau of Statistics

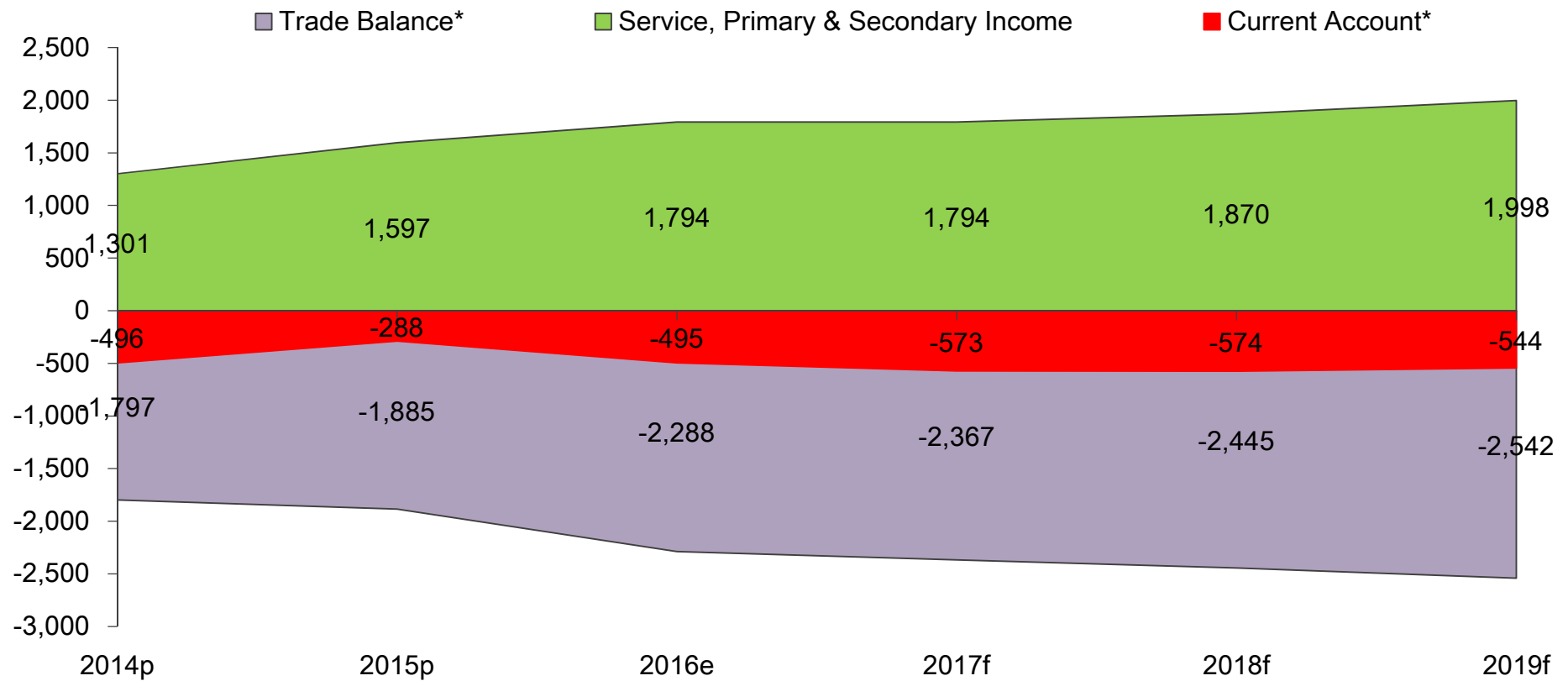


BUSINESS EXPECTATIONS SURVEY - June 2017



Source: Reserve Bank of Fiji

External balances expected to remain stable

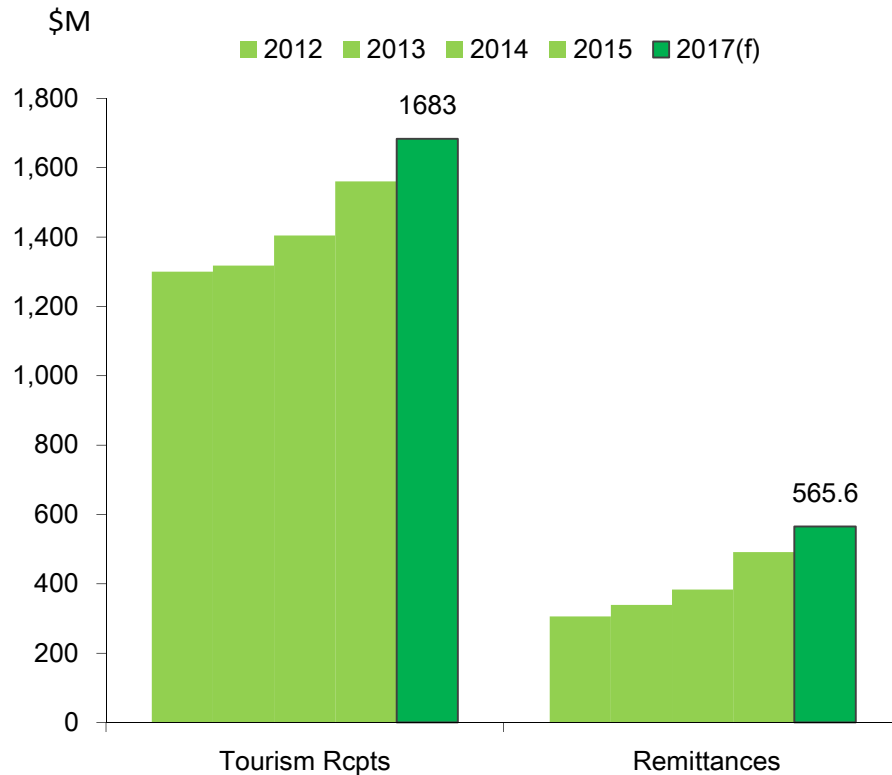


Sources: Reserve Bank of Fiji and Fiji Bureau of Statistics; *: excluding aircraft

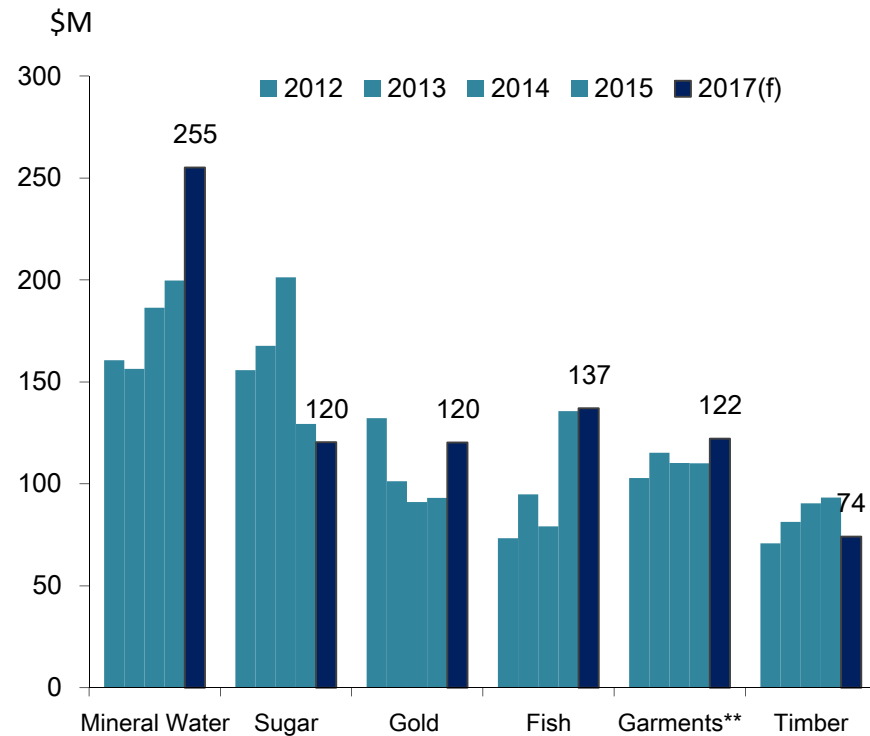


MAJOR FOREIGN EXCHANGE EARNERS

Services



Commodities



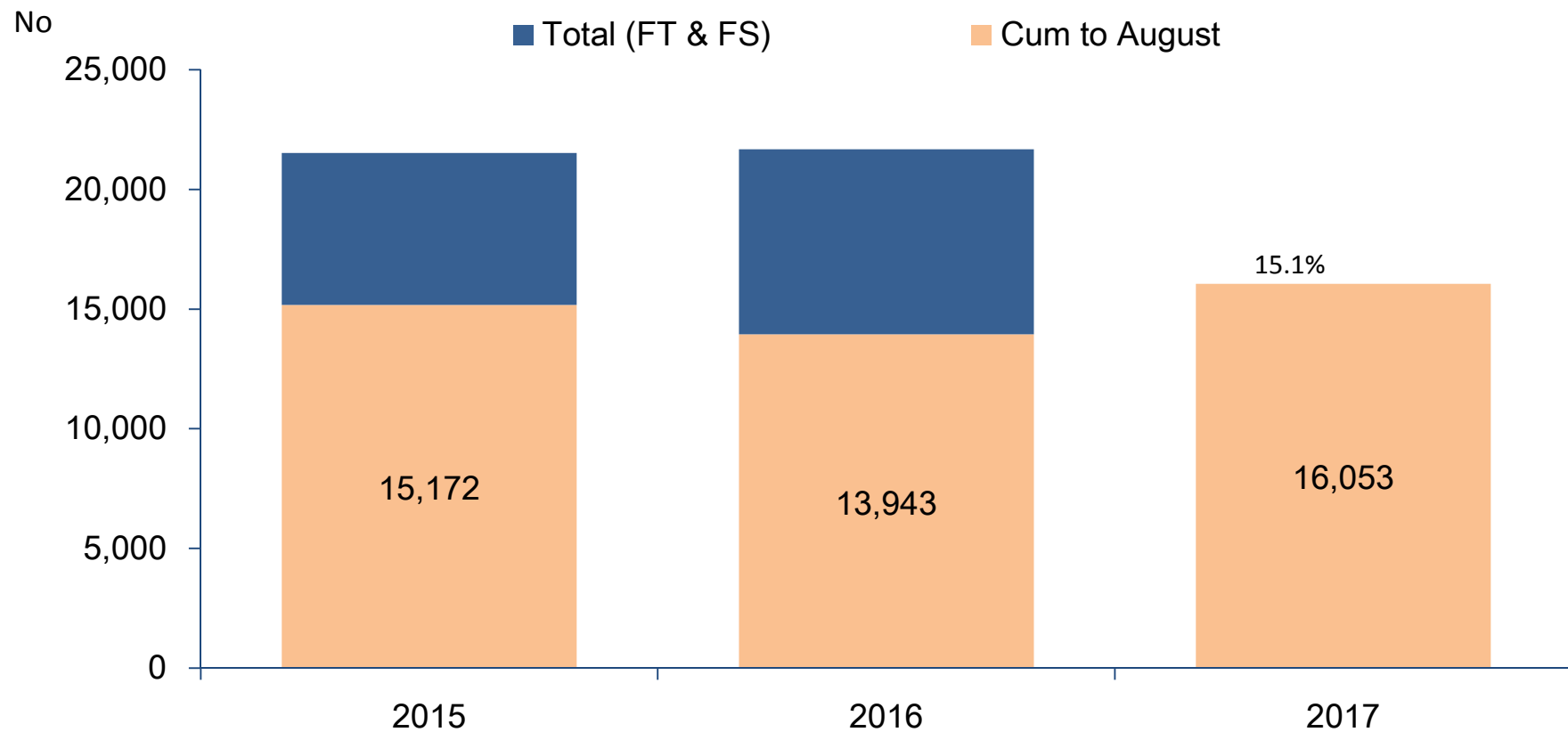
Sources: RBF & FIBOS



Labour market & financial conditions

Remain optimistic and supportive of growth

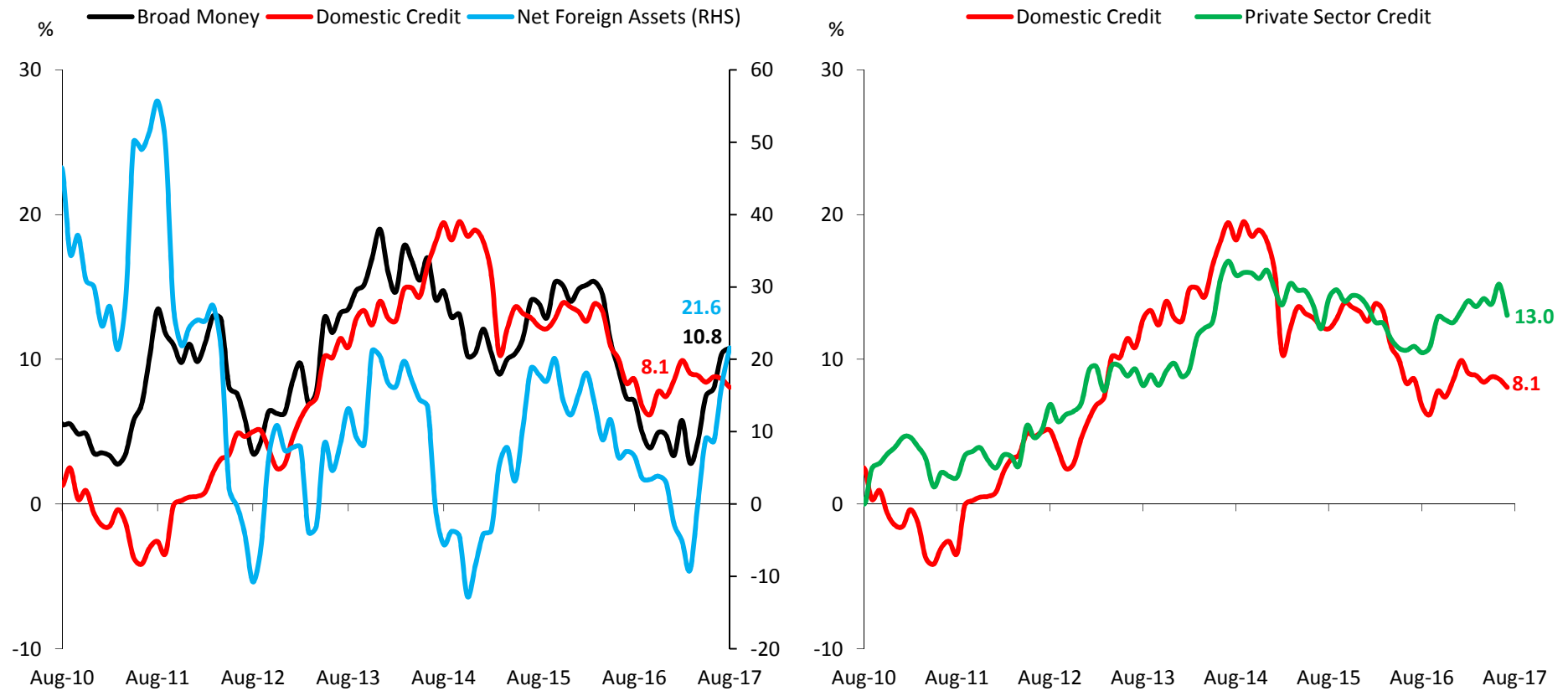
Labour market remains upbeat



Sources: RBF



Strong reserves & credit boost money growth

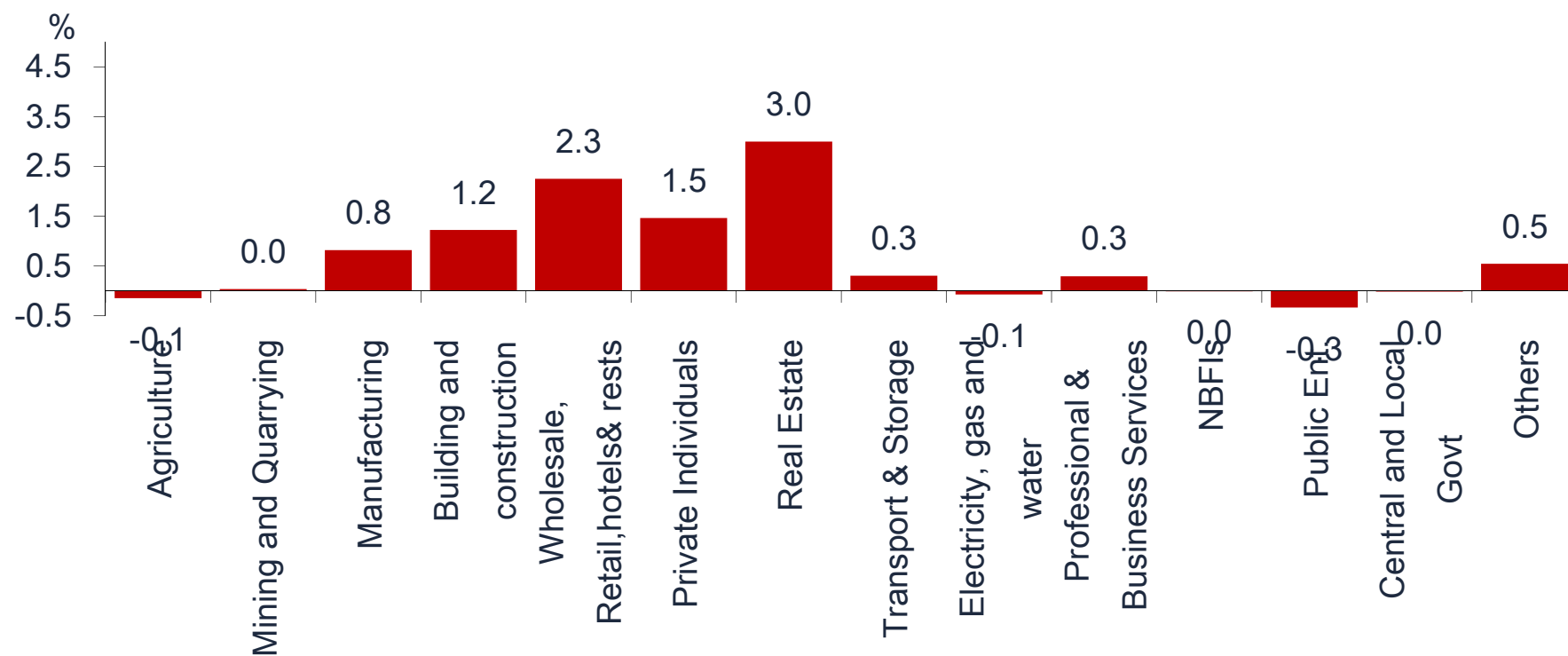


Source: Reserve Bank of Fiji



Contribution to Bank Lending - August 2017

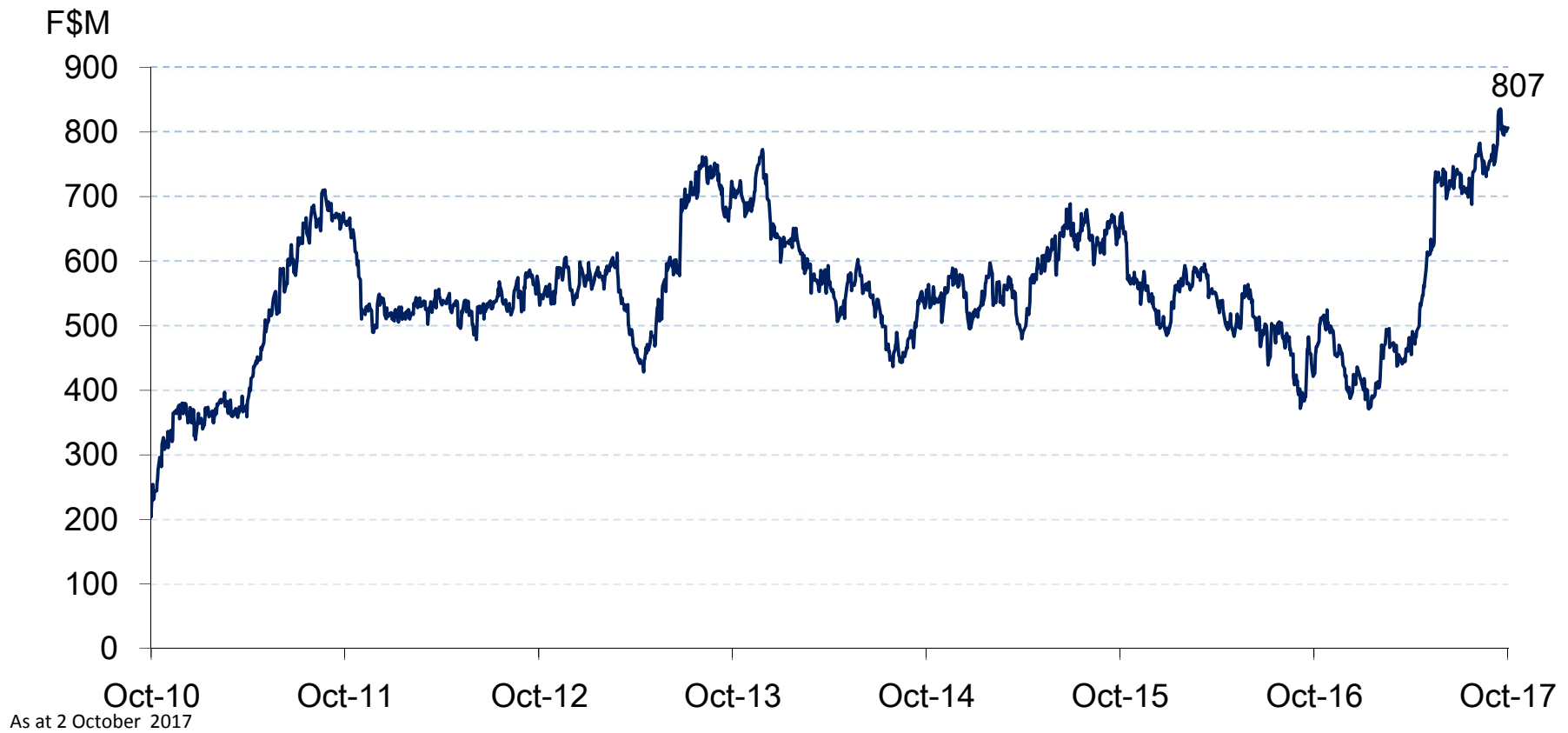
The 9.4 percent annual growth is largely due to corporate investment lending



Source: Reserve Bank of Fiji

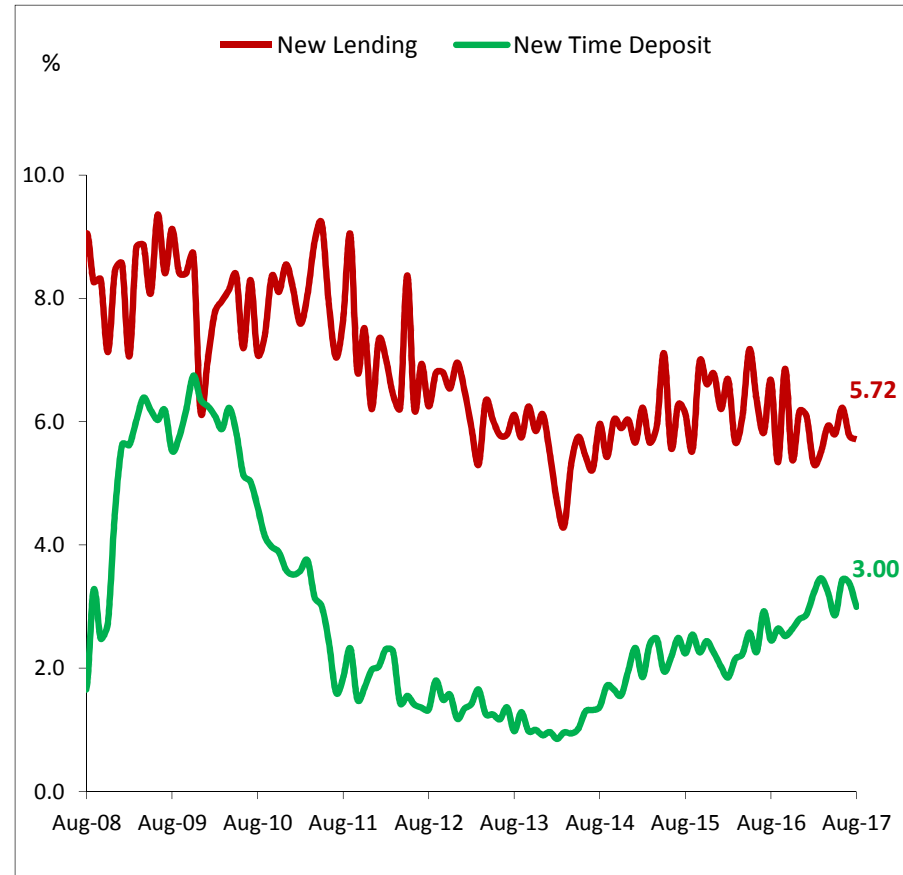
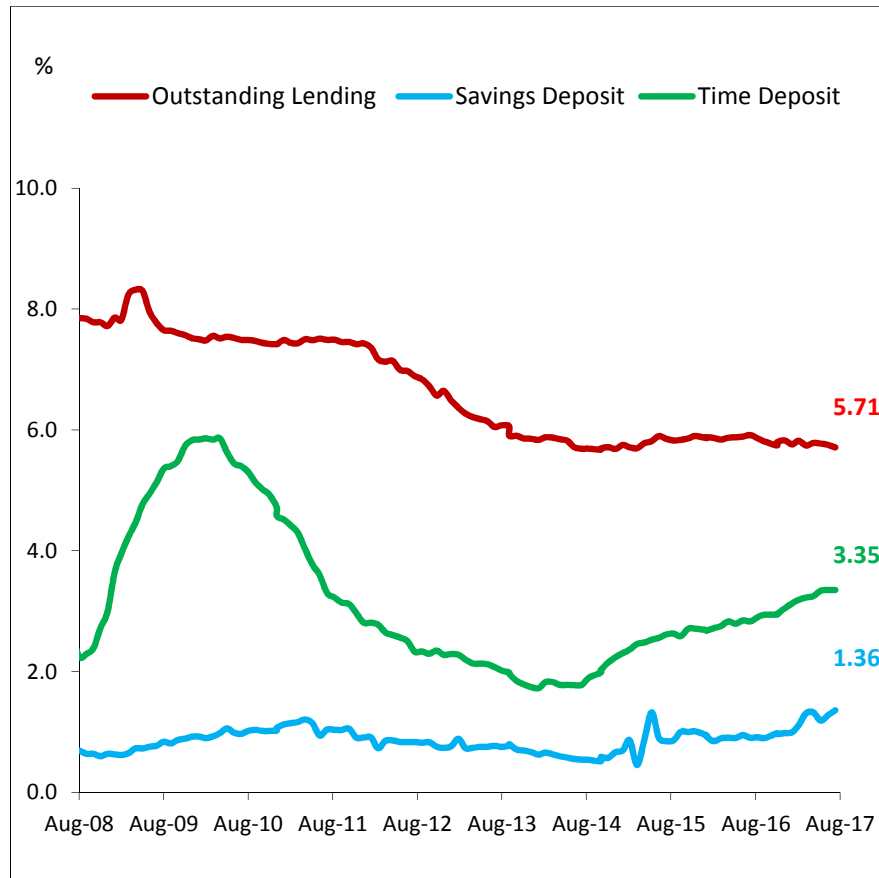


Bank liquidity levels remain adequate





New bank interest rates remain low



Source: Reserve Bank of Fiji

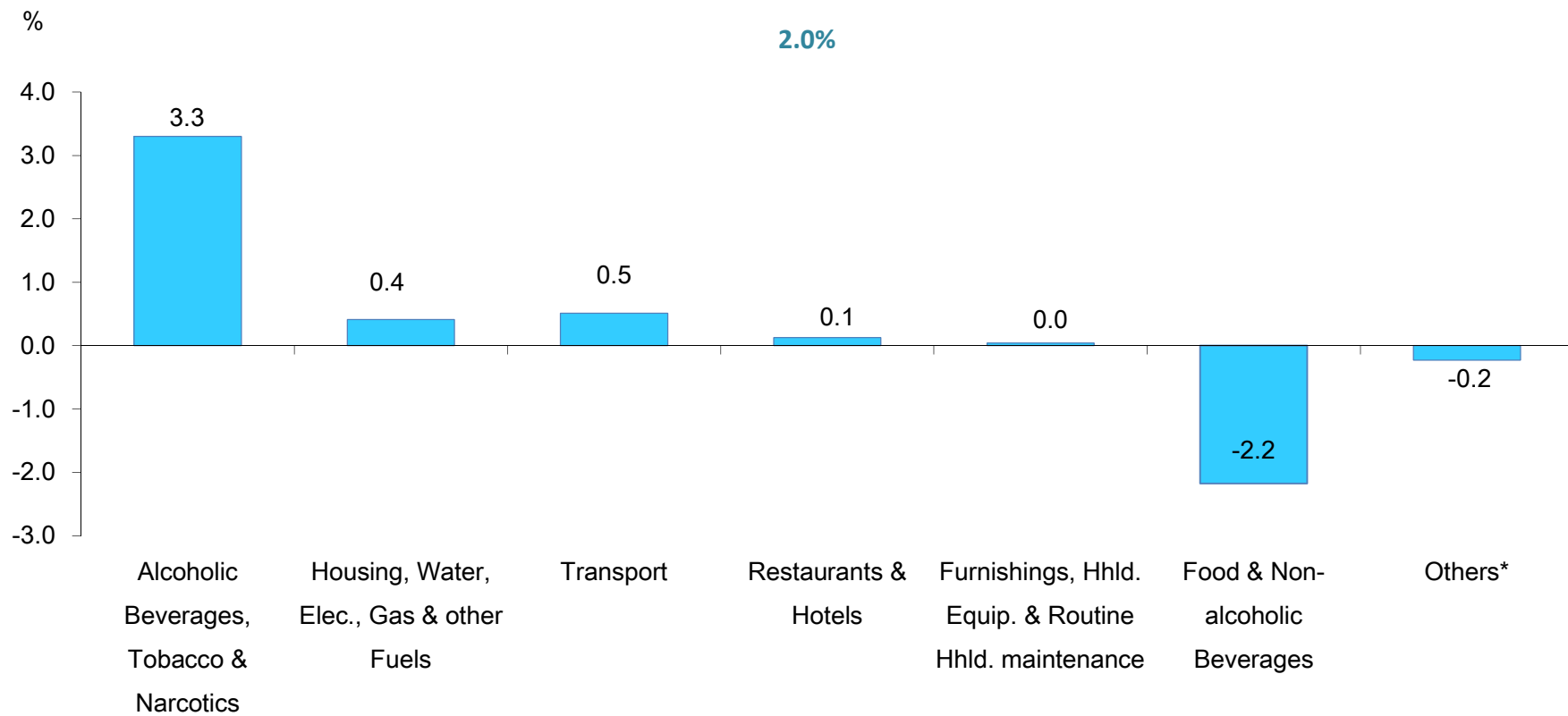


Monetary Policy

To maintain price stability & reserves adequacy

INFLATION

Contribution to Inflation – September

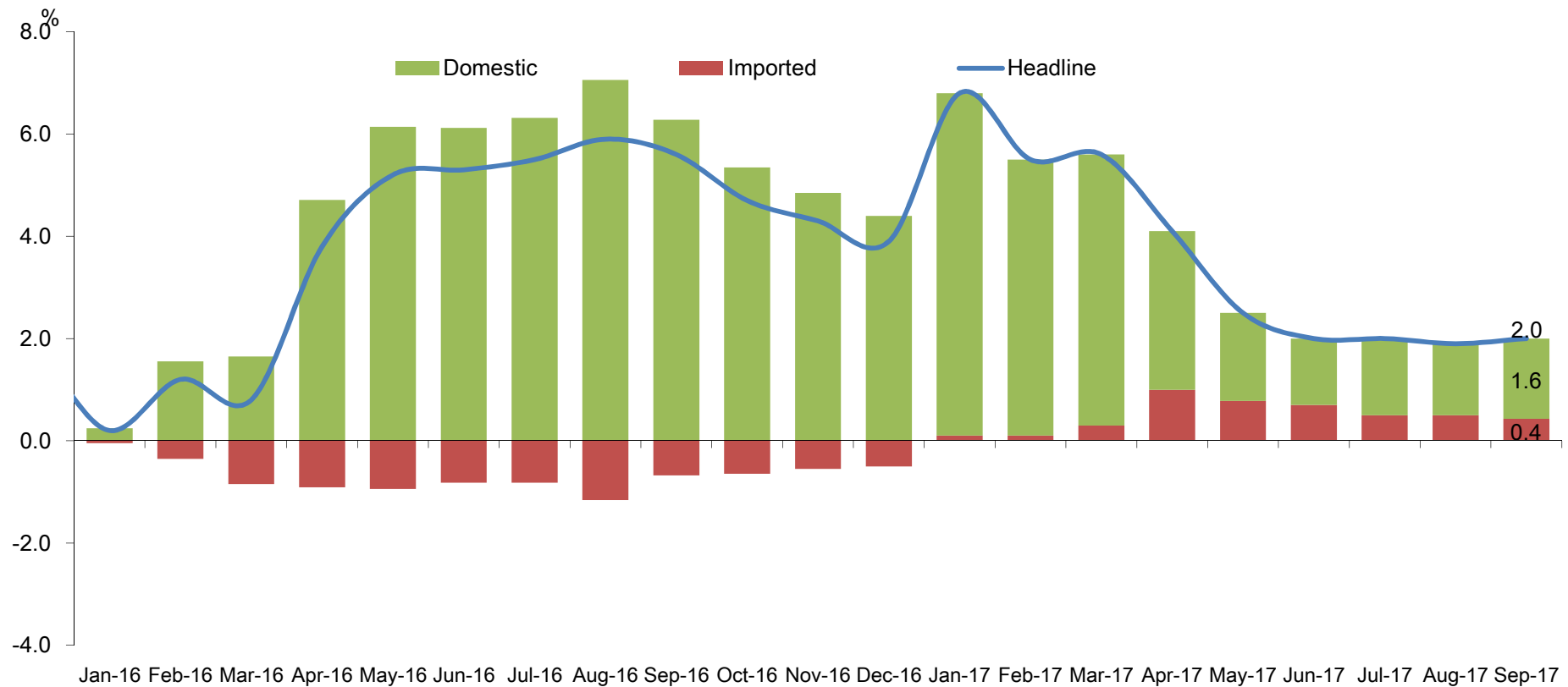


*Others include Health, Communication. Furnishings, Hhld., Equip. Routine Hhld. maintenance, Recreation & Culture, Clothing & Footwear and Misc.

Sources: Reserve Bank of Fiji and Fiji Bureau of Statistics



IMPORTED & DOMESTIC INFLATION

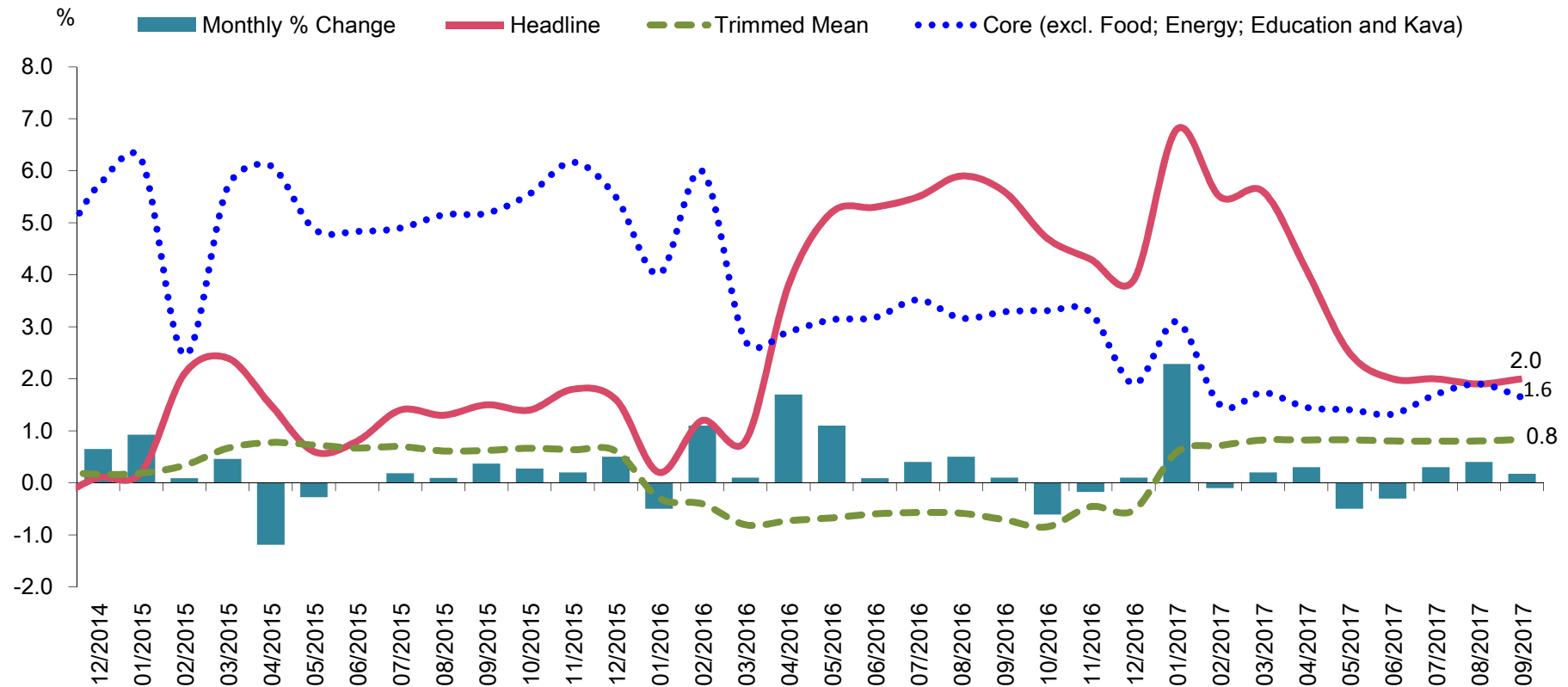


Sources: Reserve Bank of Fiji and Fiji Bureau of Statistics



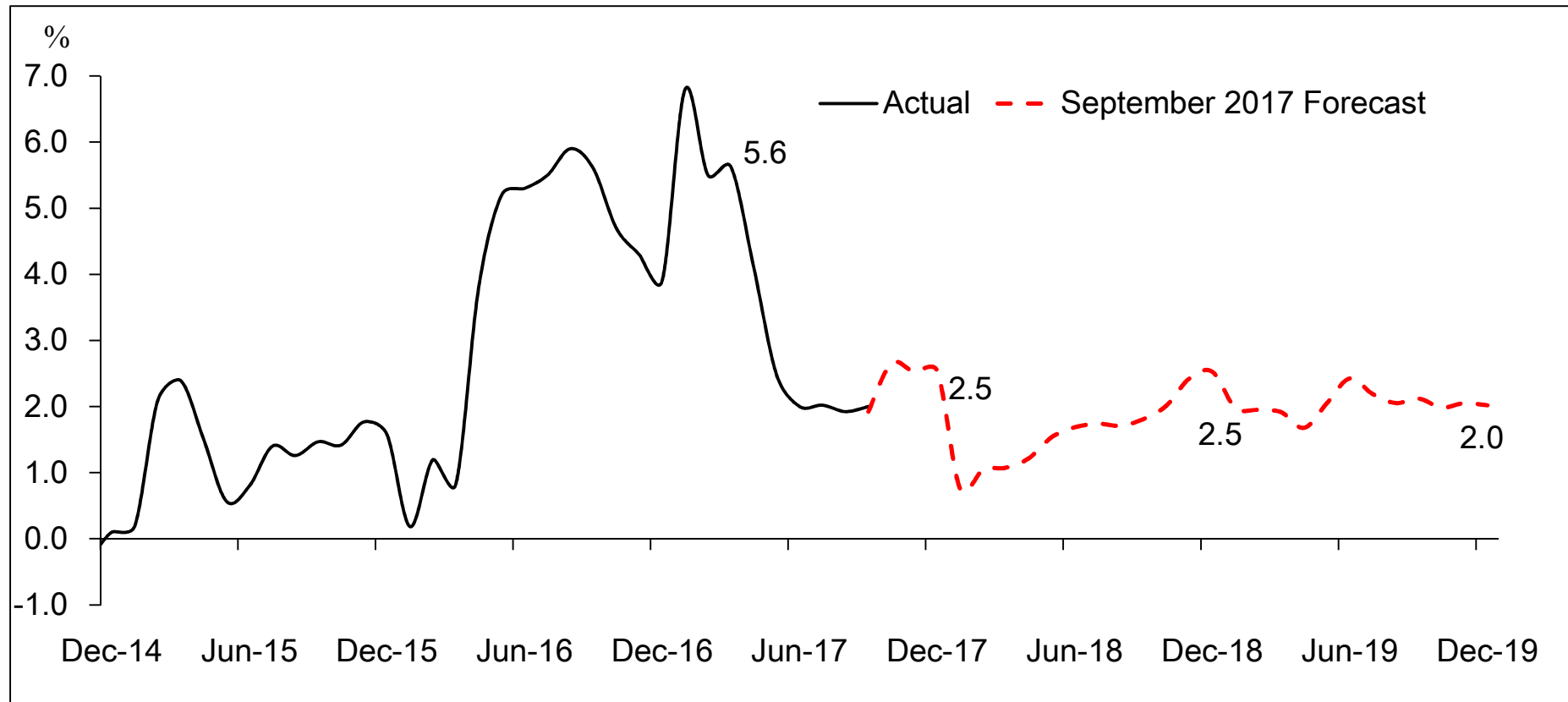
INFLATION

Headline & Core – September



Sources: Reserve Bank of Fiji and Fiji Bureau of Statistics

INFLATION FORECAST 2017-2019

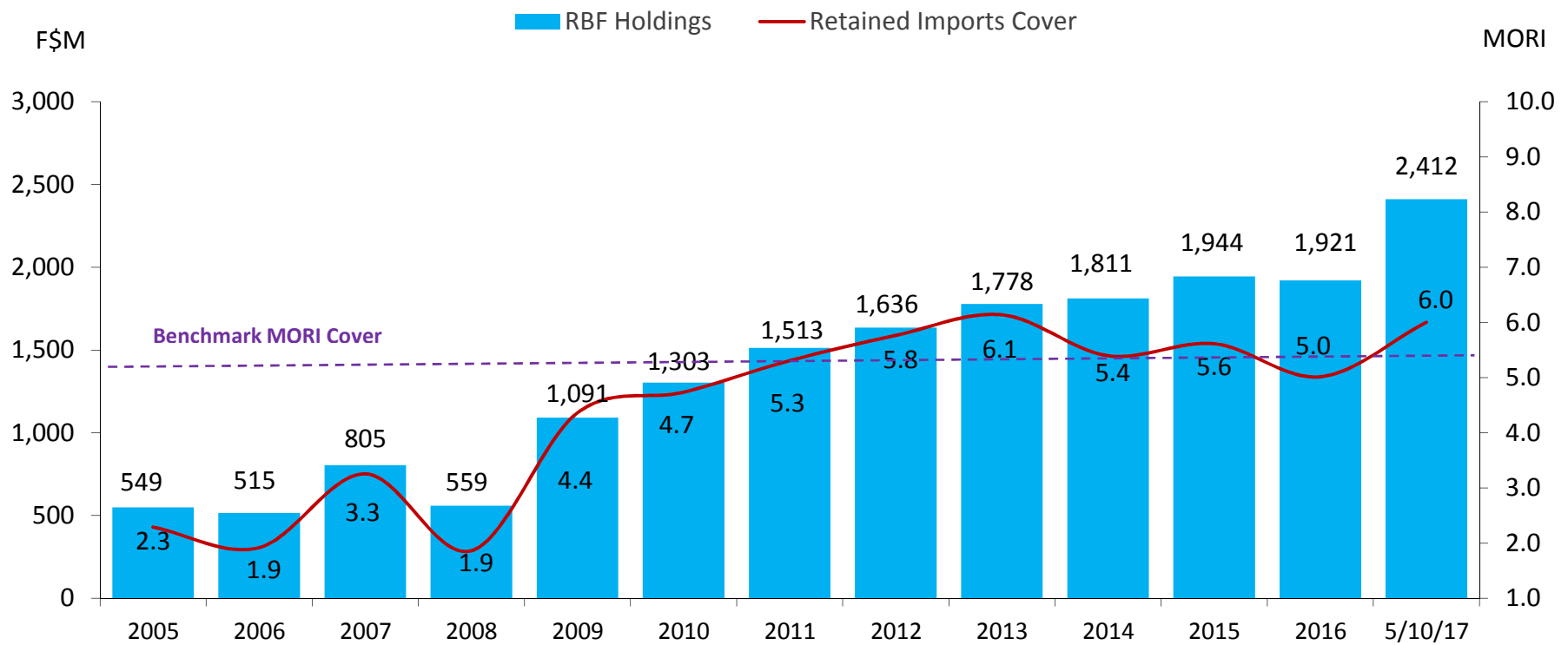


Source: Fiji Bureau of Statistics and Reserve Bank of Fiji Estimates



FOREIGN RESERVES

Reached new highs (\$2.45 billion); outlook remains favourable



Source: Reserve Bank of Fiji



SUMMARY

- Global economy consolidating healthy growth trajectory;
- Domestic growth; upward bias for this year;
- Sectoral performances positive overall;
- Demand supported by positive consumer & business sentiments; adequate monetary conditions & favourable employment outlook
- Monetary policy objectives intact
 - *Inflation was 2.0% in September; year end forecast at 2.5%;*
 - *Reserves at record high \$2.4b in September; similar levels by year end;*
- Monetary & fiscal policies continue to support growth/financial stability.



Thank You