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# Price Monitoring Bulletin

## Fiji | Mid-year review 2023



World Food Programme

SAVING LIVES  
CHANGING LIVES

July 2023



# Highlights

- **Despite the rate of growth of inflation slowing down** towards the end of 2022, **prices kept rising** during the first trimester of 2023, with an **average inflation rate at 2%** and an **average food inflation rate at 5.2%**.
- Commodity groups that contributed the most to the inflation rate in the first trimester 2023 are **Transport (+10%)** and **Food and Non-Alcoholic Beverages (+5%)**, followed by Clothing and Footwear (+4%), Restaurants and Hotels (+3.9%), and Health (+3%).
- The **Fijian Dollar kept depreciating against the United States Dollar**, with the **period average exchange rate in April at 2.23 FJD per USD**, a **depreciation** of the national currency **by 5.2%** compared to the same month in 2022.
- The **exchange rate with the Australian Dollar and the New Zealand Dollar has been favourable**, with the **exchange rate of April at 1.49 FJD per AUD**, and at **1.38 FJD per NZD**, a **decline by 3.6% in AUD value** and by **2.3% in NZD value** against FJD compared to the same month the previous year.
- **Total annual value of exports increased by 29% in 2022**, with exports to the United States increasing from 167 million USD in 2021 to 221 million USD in 2022, boosted by a favourable USD/FJD exchange rate. On the other hand, exports towards Australia and New Zealand diminished.
- **26% of the total imports in 2022 came from Singapore** (777 million USD). The **depreciation of the Fijian Dollar against the Singapore Dollar** (-5% in 2022) made **imported goods from Singapore more expensive**, such as fuel, electronic equipment, food (vegetable, fruit, dairy products, eggs) and fertilizers, as reflected by the Consumer Price Index. The **depreciation** of the FJD against the SGD **continues also in 2023**, with the current average rate for the first half of the year being 2% lower compared to 2022.

- Fiji is increasingly becoming a **remittance economy** with thousands of citizens heading to work overseas. The Permanent Secretary for Finance announced that in 2022 close to **22,000 people**, excluding residents leaving on student visas, **left the country**.
- In **2022**, the **total remittances increased by 25%** compared to 2021 and **reached 1040 million FJD**, accounting for **9.4% of the nominal GDP**. This trend continued in the first months of 2023, with an **increase by 36% in March 2023** compared to March 2022. **From January to March 2023, 271.8 million FJD was transferred to Fiji in remittances.**
- **Diesel prices in 2023 have been steadily decreasing**, with the price per litre **at FJD 2.26 in June 2023**, a 2% decrease from the previous month, and a 16% decrease compared to January. While in the first trimester 2023 prices were still 17% higher than 2022, in the **second trimester they dropped below 2022 levels** (-22% in June 2023 compared to June 2022).
- **The decrease in fuel prices might translate into a decrease in manufacturing costs and transportation** of goods and people, ultimately contributing to a **decrease in inflation**. Effects of such decrease in fuel prices on the inflation rate are not yet being reflected in the Consumer Price Index data updated as of March 2023.
- **Prices of most staple food commodities increased in the first quarter 2023** compared to the last quarter 2022, in line with the food inflation rate. Among the commodities most affected are **potatoes (+47%)**, **soya bean oil (+46.5%)** and **onions (+14%)**, followed by **frozen vegetables (+5.7%)** and **rice (+4%)**. Conversely, prices of milk (-0.3%), flour (-2%), noodles (-1.3%) and breakfast crackers (-1.2%) decreased compared to the last quarter 2022.

# Inflation

Although the rate of growth of inflation started slowing down towards the end of 2022, prices continued to rise during the first trimester of 2023 with the only exception of fuel. In March 2023 the average inflation rate was at 2% and CPI at 119 (see Graph 1). Commodity groups that contributed the most are Transport (+10%) and Food and Non-Alcoholic Beverages (+5%), followed by Clothing and Footwear (+4%), Restaurants and Hotels (+3.9%), and Health (+3%).

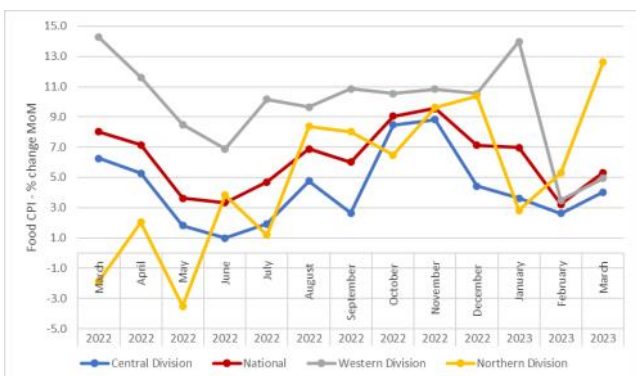
**Graph 1. Consumer Price Index—National Trend**



Source: self-elaborated using data from Fiji Bureau of Statistics

Overall, food inflation growth slowed since November 2022, with the national average food inflation for the first trimester 2023 being at 5.2% (see Graph 2). Northern Division experienced an

**Graph 2. Food inflation rate by Division**



Source: self-elaborated using data from Fiji Bureau of Statistics

exponential growth since January 2023, with the food inflation rate being at 12.6% in March, and an average food inflation rate for the trimester at 6.9%. Food prices increased drastically also in the

Western Division, with a jump at 14% in January 2023, and an average food inflation rate for the first trimester at 7.5%.

Similarly, the growth rate of transportation costs slowed down in the second half of 2022, with the trend continuing into the first trimester of 2023. The average transportation costs rose by 10% compared to the same period in 2022 (see Graph 3). No significant differences emerge at subnational level, with the three Divisions following the national trend.

**Graph 3. Transportation inflation rate by Division**



Source: self-elaborated using data from Fiji Bureau of Statistics

Since early 2022, the Government of Fiji has increased the minimum wage from FJD 2.68 per hour to FJD 4 per hour (USD 1.80), an increase of 49%. While this is an important step in supporting the income and consumption of Fijian households, many essential items are still unaffordable, including healthy and nutritious foods.

Indeed, without an adequate adjustment of wages and salaries to the cost of living, and their periodic revision in line with inflation, constant and significant increase in prices in essential commodities, such as food, transportation, health, fuels and clothing, hinder Fijians' purchasing power, weaken domestic consumer spending

and ultimately impede citizens to meet their essential needs.

Evidence from the latest round of WFP remote data collection shows a decline in food consumption levels, with 85% of respondents reporting adequate food consumption levels, a reduction by 13% compared to the previous round in September 2022 (98%)<sup>1</sup>. This is the first time since June 2021 that food consumption score has reduced compared to the previous round. This trend is reinforced when analysing the adoption of negative coping mechanisms, with 38.8% of the respondents reporting adopting crisis or emergency coping strategies to satisfy their essential needs. Among the top 3 coping

strategies adopted are reducing expenses on health (20%), spending savings (17%) and borrowing money or food (7%).

Overall, while most Fijian households can satisfy their essential needs, results of the latest round of remote monitoring suggest that food security and vulnerability levels of the most vulnerable groups have worsened, as demonstrated by an increase in the rate of households classified as food insecure, and an increase in households adopting emergency coping strategies. The most significant differences are found between urban and rural areas, with 53% of the population classified as food secure in urban areas compared to 38% in rural areas.

## Exchange Rate

After its peak at 2.33 FJD per USD in October 2022, a 11.6% decline in value compared to the previous year, the Fijian Dollar exchange rate slightly improved towards to end of 2022. Nevertheless, the exchange rate between FJD and USD deteriorated again in February 2023, and continued throughout March and April, with the FJD depreciating compared to the previous month (see Graph 4).

According to the latest available data from the Reserve Bank of Fiji, the period average exchange rate in April was at 2.23 FJD per USD, a depreciation of the national currency by 5.2% - equal to FJD 0.11- compared to the same month in 2022 (see Graph 5).

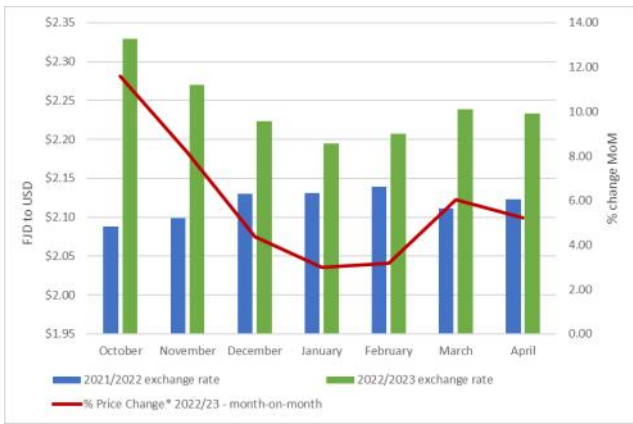
Graph 4. FJD/USD Exchange rate—period average



Source: self-elaborated using data from Reserve Bank of Fiji

<sup>1</sup> Remote data collection conducted on a random sample of 1200 respondents through WFP mVAM tool. The latest round of data collection was conducted between April and May 2023. Results available at: <https://analytics.wfp.org/t/Public/views/PACOmVAM/HomePage?paco=Fiji&%3AisGuestRedirectFromVizportal=y&%3Aembed=y>

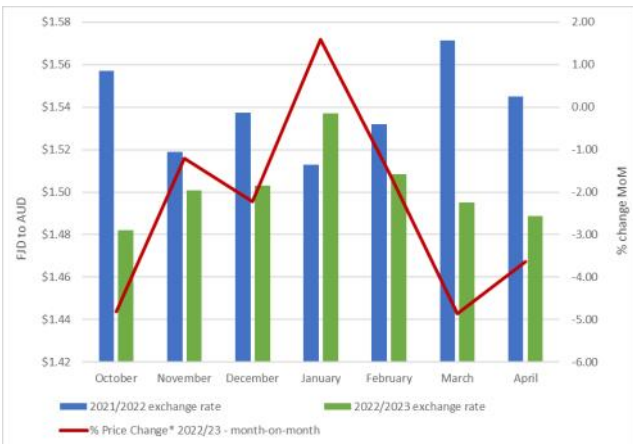
**Graph 5. FJD/USD Exchange rate—% change Month on Month**



Source: self-elaborated using data from Reserve Bank of Fiji

On the other hand, the exchange rate with the Australian Dollar (AUD) and the New Zealand Dollar (NZD) has been favourable for the past year. With exception of January 2023, overall, the AUD kept depreciating against FJD throughout 2022 and 2023, with an average annual depreciation of 1.8% in 2022 compared to 2021. According to the latest available data, the exchange rate of April was at 1.49 FJD per AUD, a decline by 3.6% in AUD value compared to the same month the previous year (1.54 FJD per AUD), and by 5.8% compared to April 2021 (1.58 FJD per AUD) (see Graph 6).

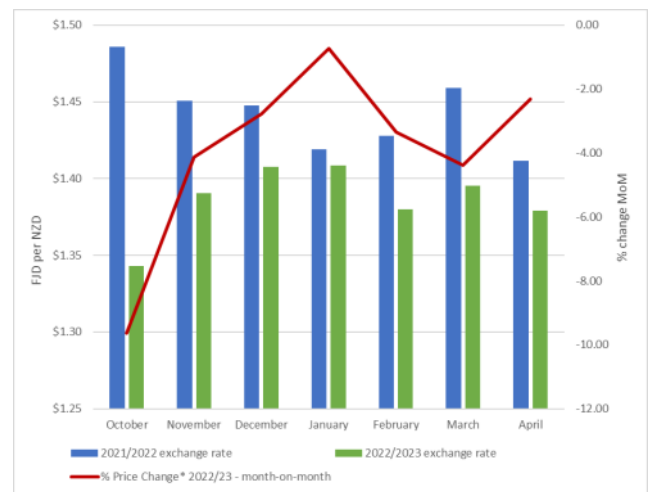
**Graph 6. FJD/AUD Exchange rate—% change Month on Month**



Source: self-elaborated using data from Reserve Bank of Fiji

The depreciation of the New Zealand dollar against the Fijian Dollar has been even more severe, with an average annual depreciation of 4.75% in 2022 compared to 2021. Such declining trend continued also in the first months of 2023, with April exchange rate being at 1.38 FJD per NZD, a reduction by 2.3% compared to the same month the previous year, and by 6.4% compared to 2021 (see Graph 7).

**Graph 7. FJD/NZD Exchange rate—% change Month on Month**



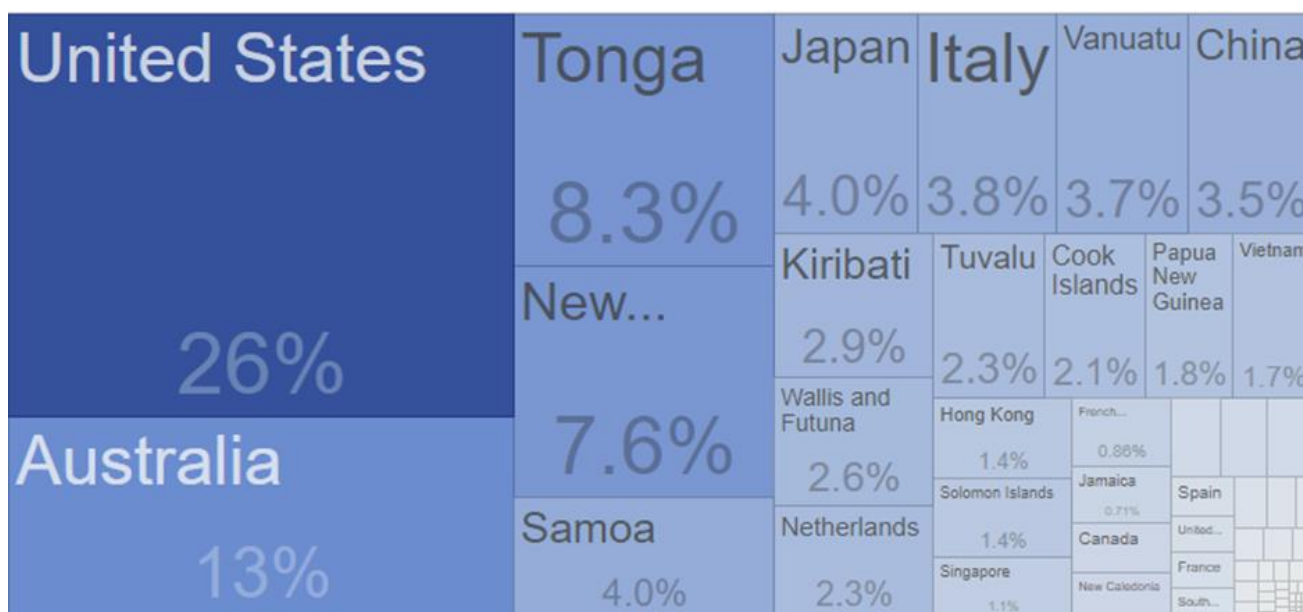
Source: self-elaborated using data from Reserve Bank of Fiji

# Import and Export

Appreciation and depreciation of the national currency against foreign currencies have both positive and negative repercussion on the national economy. By looking at Fiji's top export destinations in 2022 (see Graph 8), the depreciation of FJD against USD favoured national exports

towards the United States, which account for 20% of the total annual export value. Indeed, total annual exports to the United States increased in 2022 compared to 2021, from 167 million USD to 221 million USD (TrendEconomy, May 2023)<sup>2</sup>.

Graph 8. Fiji's exports 2022 by country



Source: United Nations, COMTRADE database on international trade<sup>3</sup>

On the other hand, the revenue from exports in Australia and New Zealand, respectively the second (13% of the total annual exports) and the fourth (7.6% of the total annual export) top export destinations, has been affected by the appreciation of the FJD against the AUD and the NZD. While total value of exports increased by 29% between 2021 and 2022, exports volume towards Australia

decreased from 134 million USD in 2021, to 110 million USD in 2022 (TrendEconomy, May 2023). New Zealand has been surpassed by Tonga as the third top export destination in 2022, with the total value of exports decreasing from 67 million USD in 2021 to 65 million USD in 2022 (TrendEconomy, May 2023).

<sup>2</sup> TrendEconomy: [https://trendeconomy.com/data/h2?commodity=TOTAL&reporter=Fiji&trade\\_flow=Export,Import&partner=World&indicator=TV,YoY&time\\_period=2021,2022](https://trendeconomy.com/data/h2?commodity=TOTAL&reporter=Fiji&trade_flow=Export,Import&partner=World&indicator=TV,YoY&time_period=2021,2022)

<sup>3</sup> Retrieved from: <https://tradingeconomics.com/fiji/exports-by-country>

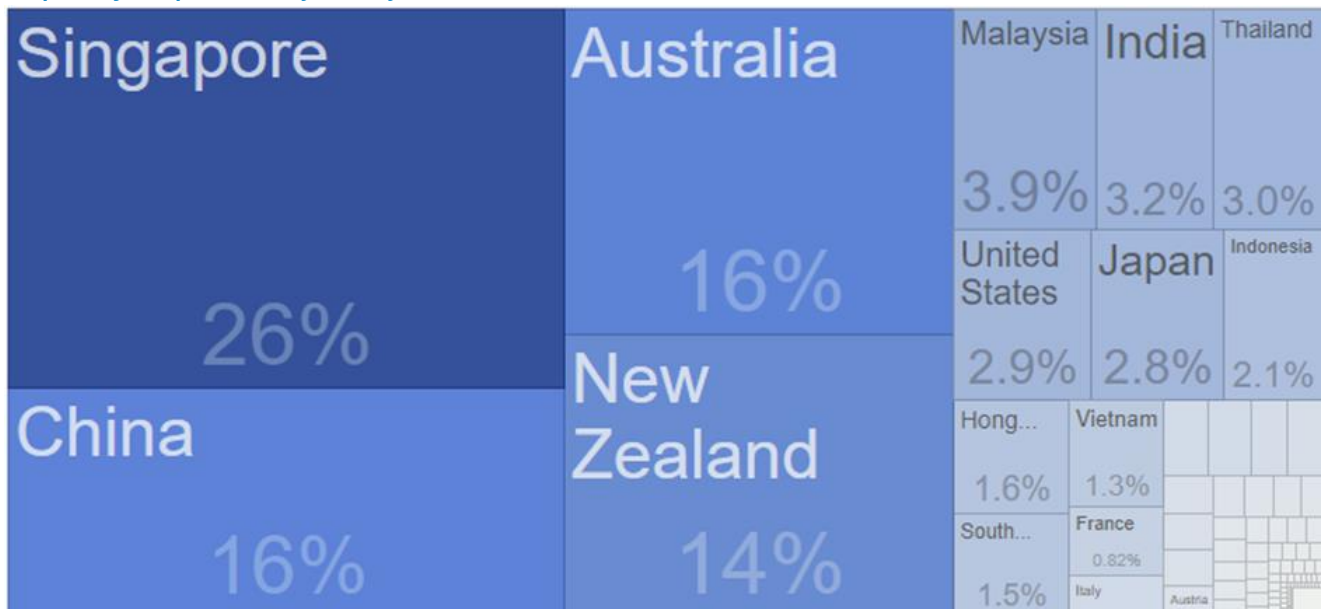


Moving to Fiji's imports (see Graph 9), 26% of the total import value in 2022 (777 million USD) came from Singapore (TrendEconomy, May 2023). By looking at the average exchange rate in 2022, the Fijian Dollar depreciated by 5% against Singapore Dollar (SGD) (EXCHANGE-RATES.org)<sup>4</sup> making imported goods from Singapore more expensive, such as fuel, electronic equipment, food (vegetable, fruit, dairy products, eggs) and fertilizers<sup>5</sup>, as reflected by the Consumer Price Index. The depreciation of the FJD against the SGD has continued in 2023, with the current average rate for

the first half of the year being 2% lower compared to 2022 (EXCHANGE-RATES.org), in line with the average inflation rate at 2% in the first three months of 2023 (Fiji Bureau of Statistics<sup>6</sup>).

Conversely, imports from China (16%), Australia (16%) and New Zealand (14%) were favourable due to the increased value of FJD against these national currencies, making the purchase of their products cheaper. This trend has continued in the first half of 2023.

Graph 9. Fiji's imports 2022 by country



Source: United Nations, COMTRADE database on international trade

<sup>4</sup> Retrieved from: Exchange Rates.org - <https://www.exchange-rates.org/exchange-rate-history/fjd-sgd-2022>

<sup>5</sup> Trading Economics - <https://tradingeconomics.com/fiji/imports/singapore>

<sup>6</sup> Fiji Bureau of Statistics - <https://www.statsfiji.gov.fj/statistics/economic-statistics/summary-of-consumer-price-index12.html>

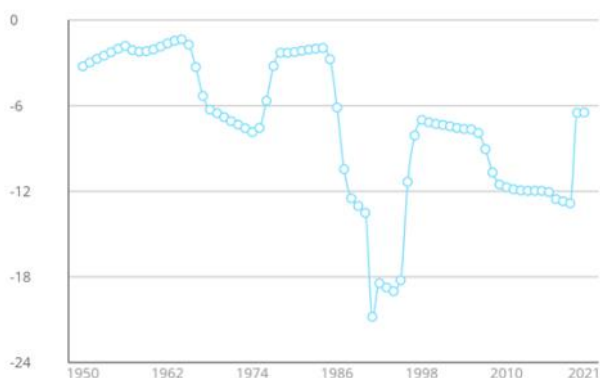


# Remittances

Fiji, traditionally a non-remittance country, is increasingly becoming a remittance economy with thousands of citizens heading to work overseas. Emigration from Fiji dramatically increased immediately after the 1987 coup<sup>7</sup>, reaching a net migration rate<sup>8</sup> of -20.8 in 1991 (UN DESA, 2022) (see Graph 10).

With the stabilization of the political situation in the country, emigration slowed down throughout the 90s, closing the last century with a net migration rate of -7.3. The launch of Seasonal Labour Mobility Schemes in Australia and New Zealand in the early 2000s initiated a new emigration wave from Fiji, with the net migration rate deteriorating progressively until 2019 (-12.8), when the COVID-19 pandemic put on hold any movement in and out of the country. Since then, the net migration rate stabilized at -6.5. At the 2023 National Economic Summit, the Permanent Secretary for Finance announced that in 2022 Fiji lost close to 22,000 people, excluding residents leaving on student visas<sup>10</sup>.

**Graph 10. Net migration rate**

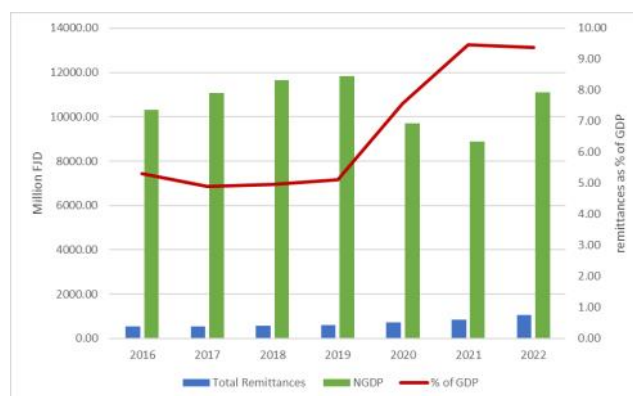


Source: UN DESA, 2022

Despite the irregular migration pattern over the past 50 years, the relative weight of personal remittances as a percentage of the total GDP has been increasing for the past decade, and the trend drastically accelerated during the COVID-19 pandemic (see Graph 11).

This means that despite the number of migrants plummeted due to travel restrictions, family members that migrated in previous years increased the amount of money transferred back to Fiji. Currently, remittances supplement household incomes as well as they are a major and reliable source of foreign exchange. In 2022, total remittances reached 1040 million FJD, accounting for 9.4% of the nominal GDP (Reserve Bank of Fiji).

**Graph 11. Remittances as a % of GDP**



Source: self-elaborated using data from Reserve Bank of Fiji

<sup>7</sup> Retrieved from: <https://www.migrationpolicy.org/article/fiji-islands-immigration-emigration>

<sup>8</sup> Net migration rate is the annual number of migrants per 1,000 persons. The net number of migrants is equal to the number of immigrants minus the number of emigrants, including citizens and noncitizens. A negative net migration rate indicates that the number of people leaving the country is higher than the number of people moving into the country.

<sup>9</sup> Retrieved from: <https://www.migrationdataportal.org/international-data/?l=netmigrate&t=2019&cm49=242>

<sup>10</sup> Retrieved from: <https://www.fbcnews.com.fj/news/over-22000-people-leave-fiji/>

Remittances increased steadily throughout 2022, with an average percentage increase by 25% compared to 2021 (see Graph 12). Such trend continued also in the first months of 2023, with 99 million FJD transferred as remittances in March 2023, an increase by 36% compared to March 2022 (72 million).

**Graph 12. Total remittances transferred—% change Month on Month**



Source: self-elaborated using data from Reserve Bank of Fiji

Remittances are mostly in the form of personal transfers<sup>11</sup> (94% of the total), while the rest is in the form of migrants' transfers<sup>12</sup>, and they are channelled through money transfer operators (43.6%), mobile network operators (35.7%) and commercial banks (20.7%).

The growth in remittances over the years is driven by many factors, such as migration labour schemes, increase on military personnel deployed abroad and the Seasonal Worker Programme in Australia and New Zealand. The top three countries of origin for remittances are Australia, the United States, and New Zealand. As such, the economic performance of these countries, and the exchange rates with their national currencies, has impacted the amount and trends of remittances in Fiji. This in turn has repercussions on those Fijian households whose income and consumption levels rely heavily on remittances. While the USD/FJD exchange rate has been favourable, with remittances received in FJD increasing per USD transferred, the AUD/FJD and NZD/FJD exchange rate deteriorated over the past 12 months, hence diminishing the amount of FJD received per AUD and NZD transferred. The lower levels of remittance value due to exchange rates, coupled with a rising inflation contributes to a decline of purchasing power. Results from the latest round of WFP remote data collection show an increase in respondents receiving remittances from 14% to 19%, with a sharper increase in households' living in urban areas compared to rural areas<sup>13</sup>.

<sup>11</sup> Personal transfers component consists of all current transfers in cash received by resident households

<sup>12</sup> Migrants' transfers are capital transfers related to all the financial assets that migrants bring with them when they move to the host country, or when they return to their home country

<sup>13</sup> Results available at: <https://analytics.wfp.org/t/Public/views/PACOMVAM/HomePage?paco=Fiji&%3AisGuestRedirectFromVizportal=y&%3Aembed=y>

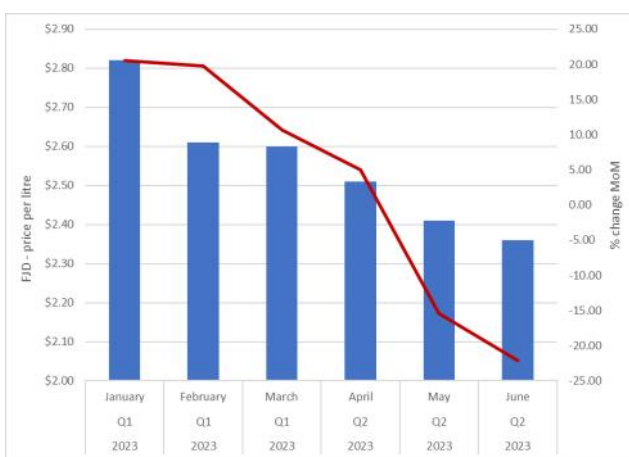
# Diesel Prices

Diesel prices in 2023 have been steadily decreasing since January 2023, with the price per litre in June 2023 being at FJD 2.26, a 2% decrease from the previous month, and a 16% decrease compared to January (see Graph 13). Despite this, prices for the first trimester 2023 were still 17% higher compared to the same period in 2022. Conversely, in the second trimester diesel prices decreased compared to 2022, with diesel price in June 2023 being 22% lower than diesel price in June 2022 (FJD 3.03).

Fuel prices in Fiji are impacted by movements in the Means of Platts Singapore (MOPS), international freight rates and foreign exchange rates. The major reasons for the changes in prices of fuel products in

June 2023 is a combination of decrease in prices of refined kerosene and diesel, as well as an improvement in the FJD to USD exchange rate. The decrease in fuel prices might translate into a decrease in manufacturing costs and transportation of good and people, ultimately contributing to a decrease in inflation. Effects of such decrease in fuel price on the inflation rate are not reflected yet in the currently available Consumer Price Index data updated as of March 2023.

**Graph 13. Diesel retail price and price % change Month-on-Month**



Source: self-elaborated using data from Fijian Competition & Consumer Commission - <https://fcc.gov.fj/category/press-release/>



# Staple Food Prices

With the only exception of milk (-0.3%), flour (-2%), noodles (-1.3%) and breakfast crackers (-1.2%), all the other monitored food commodities increased in price compared to the last quarter 2022, in line with the food inflation rate (see Table 1). Among the commodities most affected are potatoes (+47%), soya bean oil (+46.5%) and onions (+14%), followed by frozen vegetables (+5.7%) and rice (+4%). Moreover, when comparing the first quarter 2023 with the first quarter 2022, the percentage increase in prices for all commodities is significant, with items such as soya bean oil increasing by 78%, potatoes by 50%, flour by 20.6%, and packet noodles by 15.7%.

This drastic increase in food prices and high volatility of many essential staple foods negatively affects household purchasing power, potentially leading to rise in food insecurity. Moreover, higher food costs lead consumers, particularly vulnerable families and those without access to arable land, to opt for cheaper, often less healthy, food options resulting in increased malnutrition in the country. Indeed, the last round of remote WFP data collection shows a deterioration in the levels micronutrient's intake, with 81% of respondents showing inadequate hem iron intake, 19% with low protein intake and 7% with inadequate vitamin-A intake<sup>14</sup>.

Table 1. Average quarter prices and % change with previous quarter and previous year

|   | Quarter 1 2023 |                  |                  |
|---|----------------|------------------|------------------|
|   | Price          | % change Q3 2022 | % change Q1 2022 |
| <b>Eggs (10 eggs)</b>                   | \$6.2          | 1.1              | 10.2             |
| <b>Rice (10 kg)</b>                     | \$20.2         | 4.3              | 6.7              |
| <b>Chicken (size 12)</b>                | \$14.5         | 1.2              | 8                |
| <b>Potatoes (1 kg)</b>                  | \$3.8          | 47.3             | 50.8             |
| <b>Onions (1 kg)</b>                    | \$3.7          | 14.1             | 38               |
| <b>Dahl (1 kg)</b>                      | \$2.5          | 0.6              | 33               |
| <b>Soya bean oil (750 ml)</b>           | \$7.6          | 46.5             | 77.9             |
| <b>Sugar (2 kg)</b>                     | \$5.2          | 0                | 2.5              |
| <b>Milk (1 lt)</b>                      | \$3            | -0.3             | 3.8              |
| <b>Flour - normal (1 kg)</b>            | \$9.2          | -2.0             | 20.6             |
| <b>Frozen Mixed Vegetables (500 gr)</b> | \$4.0          | 5.7              | 11.8             |
| <b>Noodles (5 pkts)</b>                 | \$3.5          | -1.3             | 15.7             |
| <b>Canned Tuna (170 gr)</b>             | \$2.2          | 2.4              | 7.9              |
| <b>Corned Beef (326 gr)</b>             | \$4.7          | 0                | 7.2              |
| <b>Breakfast Crackers (375 gr)</b>      | \$2.2          | -1.2             | 26.8             |

Source: self-elaborated using data from Consumer Council of Fiji

WFP Research Assessment and Monitoring team would like to thank the Consumer Council of Fiji and the Fiji Bureau of Statistics for providing data and information for the analysis.

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<sup>14</sup> Results available at: <https://analytics.wfp.org/t/Public/views/PACOMVAM/HomePage?paco=Fiji&%3AisGuestRedirectFromVizportal=y&%3Aembed=y>

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