



# Market and Price Monitoring Bulletin

Fiji | Annual Review 2023

May 2024

# Highlights

- The headline inflation rate in Fiji reached its peak in November 2023, at 5.8 percent, marking the highest reading since January 2017. In December, the inflation rate dropped to 5.1 percent, 3.1 percent higher than in December 2022.
- The commodity groups that contributed the most to the inflation rate in 2023 were Transport (+10 percent) and Food and Non-Alcoholic Beverages (+5 percent), followed by Clothing and Footwear (+4 percent), Restaurants and Hotels (+3.9 percent), and Health (+3 percent).
- The Fijian Dollar fell in value against the United States Dollar in the second half of the year: the national currency depreciated by 12 percent in November. The exchange rate with the Australian Dollar and the New Zealand Dollar were favourable.
- In 2023, remittances totalled FJD1.25 billion, a 20 percent increase from the previous year. Fijians participating in the Pacific Labour Mobility Scheme (PALM) and Recognised Seasonal Employer Scheme (RSE) contributed to increasing remittances.
- Overall, prices of selected food products saw an increase in 2023, with costs varying greatly across quarters. Notably, price of potatoes rose by 27 percent, canned tuna by 16 percent and noodles by 14 percent compared to 2022.
- Results from the WFP's remote household survey conducted in September and October 2023 indicated that 53 percent of the households in Fiji considered high food prices as a top concern. In Rotuma, Ra, Macuata and Bua provinces 70 percent of surveyed households cited high food prices as their main worry .
- Escalating costs of essential food items have reduced the affordability of basic necessities. For vulnerable households this means purchasing less or opting for cheaper, less nutritious food.

# Inflation

The annual inflation rate in Fiji dropped to 5.1 percent in December 2023 from 5.8 percent in the previous month, marking the highest reading since January 2017.

The inflation growth rate slowed down towards the end of 2022. In March 2023, the average inflation rate in Fiji stood at 2 percent, lower by 2.7 percent compared to the rate in March 2022 (4.7 percent).

The global food crisis in 2022 adversely impacted both food and non-food prices in Fiji, including fuel, leading to an increase of over 22 percent in transport inflation in August 2022 with the Consumer Price Index (CPI) - Transportation reaching 124.6 points, before slowing down and reaching 119.5 points in December 2022<sup>1</sup>.

In 2023, the economy of Fiji continued to recover from the disruptions caused by the surge in fuel prices in 2022. Through-

out the year, transportation costs in Fiji notably decreased compared to the preceding year, bringing about a period of relative stability, although the costs still remained higher compared to the pre-crisis levels.

At the beginning of 2023, the food inflation rate stood at 7 percent. It gradually increased in the third and fourth quarters, with minor fluctuations, peaking at 12 percent in November.

It should be noted that, despite significant changes in transportation inflation rates in 2022 and 2023, the impact on food costs in Fiji was not significant. This may indicate some degree of robustness of local food systems and flexibility in the supply chain, suggesting that food production inputs were not substantially affected by the rise in fuel prices.

**Graph 1. Inflation Rates (Food & Non-alcoholic and Transport)**



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

<sup>1</sup> Fiji Bureau of Statistics CPI data. Results available at: <https://www.statsfiji.gov.fj/latest-releases/prices/consumer-price-index-releases.html>

# Exchange Rate

Exchange rate fluctuations can impact food prices and, consequently, access to food. If the local currency depreciates relative to other major currencies, food imports get more expensive, leading to a rise in domestic food prices for imported items and food exports becoming more competitive.

Moreover, if a currency rapidly loses value, holding food commodity stocks can be perceived as a more reliable form of saving than keeping local currency, leading to lower food availability in the market.

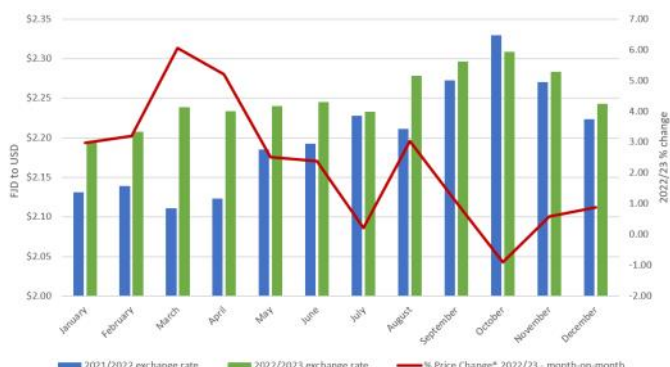
In 2023, the exchange rate between FJD and US\$ largely remained stable, with minor fluctuations in the first half of the year. However, the value of local currency decreased significantly from July to October (see Graph 4). The exchange rate peaked at FJD2.31 per US\$1 in October 2023, a slight - 1 percent increase in value compared to the same period of the previous year before slowing down in the

**Graph 4. FJD/US\$ Exchange rate—period average**



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

**Graph 5. FJD/US\$ Exchange rate— % change Month-on-Month**



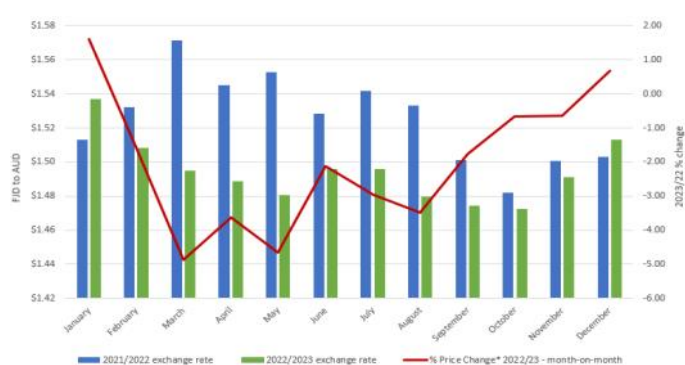
Source: self-elaborated using data from Reserve Bank of Fiji

following two months.

According to the latest available data from the Reserve Bank of Fiji, the period average exchange rate in December 2023, was at FJD2.24 for US\$1, a depreciation of the national currency by 0.9 percent (FJD0.02) compared to the same month in 2022 (see Graph 5).

The global food crisis had a significant impact on the value of the Fijian currency, characterised by the notable depreciation of the FJD against major currencies in 2022 and the first quarter of 2023.

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



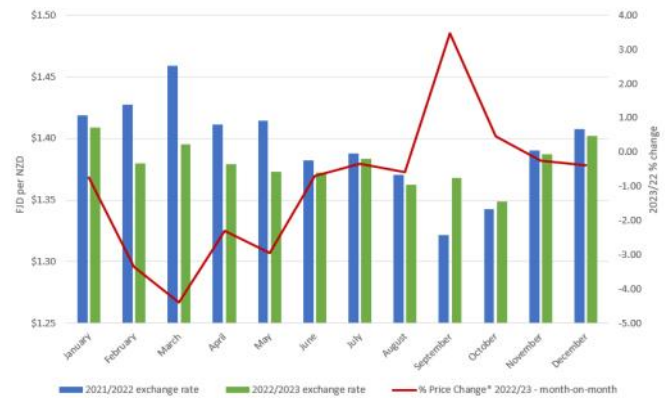
Source: self-elaborated using data from Reserve Bank of Fiji

The Fijian Dollar exchange rate with the Australian Dollar (AUD) remained favourable in 2023. With the exception of January 2023, the AUD kept depreciating against FJD throughout the year, with an average annual depreciation of 2 percent in 2023 compared to 2022.

At the end of the year, the exchange rate was at FJD1.51 for AUD1, slightly higher in AUD value on year-on-year (FJD1.54 for AUD1). This represented a 5.8 percent increase compared to April 2021 (FJD1.58 for AUD1) (see Graph 6).

The New Zealand Dollar (NZD) depreciated

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



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

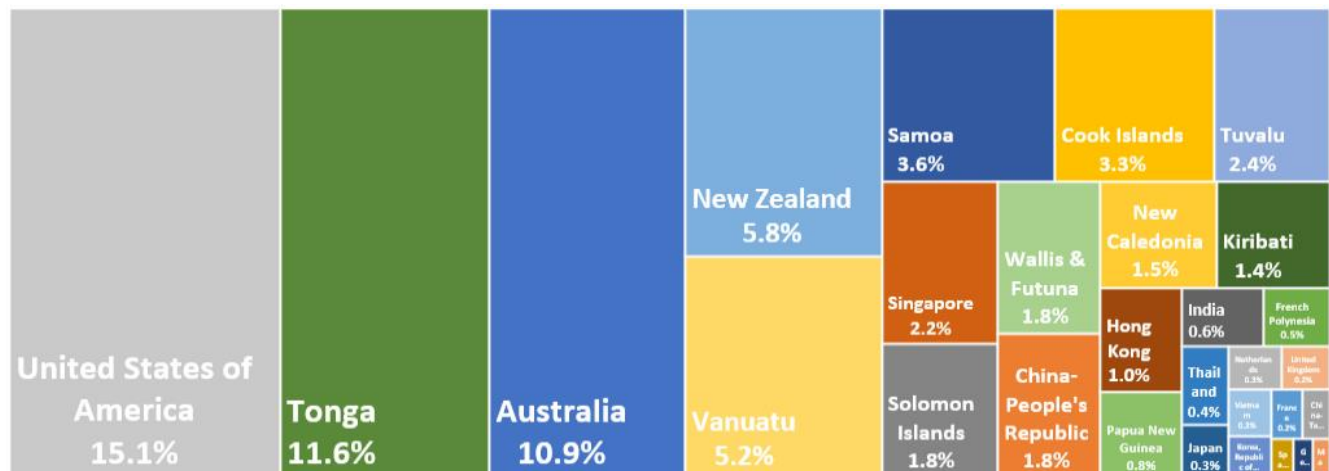
by 1 percent against the Fijian Dollar in 2023. The trend extended across the year, with September witnessing a peak with a percentage difference of 3.5 percent year-on-year.

## Export and Import

Fiji's primary export targets in 2023 (see Graph 8), can be linked to the Fijian Dollar's devaluation against the US Dollar which facilitated exports to the United States, accounting to 15 percent

of the total annual export value, constituting a significant portion of the total revenue from merchandise exports, with 1 percent increase from the previous year.

Graph 8. Fiji's exports 2023 by country



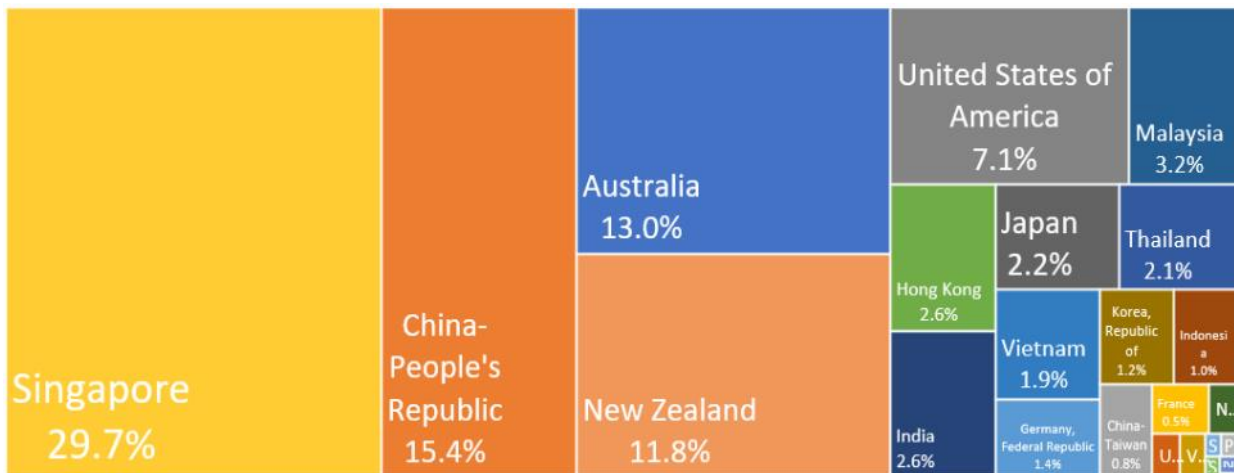
Source: Fiji Bureau of Statistics International Merchandise Trade Statistics (Release No.6, 2023)

The revenue from exports to Tonga and Australia accounted for 11.6 percent and 10.9 percent of the total annual exports respectively. A significant share of goods exported to Tonga, consisted mainly of re-exported refined petroleum products, which saw a twofold increase from 2022.

import value to Fiji in 2023 (FJD218 million) came from Singapore (FBoS, February 2024), indicating an increase compared to the previous year. The rise in import value was driven by increase in imports of Aviation turbine fuel, gas-oil and bitumen.

Despite a reduction of approximately FJD6.6 million in imports from China from

**Graph 9. Fiji's imports 2023 by country**



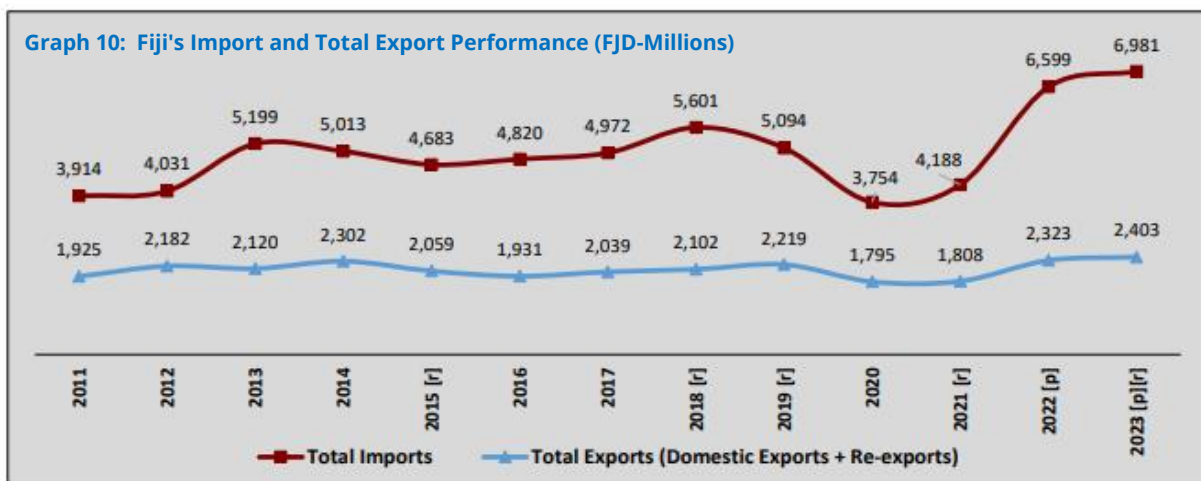
Source: Fiji Bureau of Statistics International Merchandise Trade Statistics (Release No.6,

Mineral and bottled water continued to be Fiji's primary export to the United States, contributing approximately 27 percent of Fiji's total domestic exports in 2023, totalling FJD362 million.

According to the Fiji Bureau of Statistics (FBoS), nearly 30 percent of the total

import the previous year, China remained the second-largest source country for imports, with the total import value reaching FJD113 million in 2023.

China and the United States continued to be the main source of capital goods and equipment.



Source: Fiji Bureau of Statistics –International Merchandise Trade Statistics Annual report for 2023

# Remittances

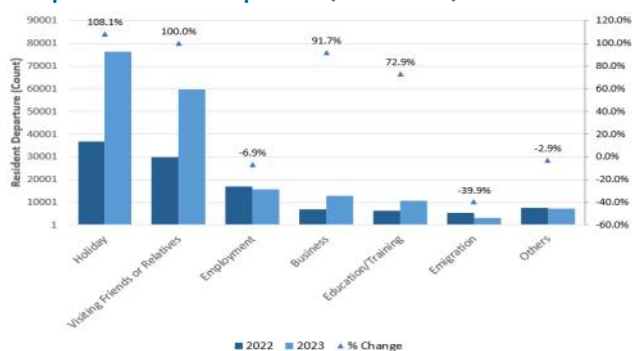
Remittances not only augment Fijian household incomes but also serve as a significant and dependable source of foreign exchange for the economy. In 2023, remittances reached a total FJD1.25 billion, FJD212 million higher than in 2022.

The Pacific Labour Mobility scheme (PALMS) and Recognised Seasonal Employer Scheme (RSE) continued to play a crucial role in increasing remittance earnings throughout 2022 and 2023.

In 2023, employment-related travel constituted 8.5 percent of the total resident departures, a decline from 2022 (15.5 percent). This reduction could be linked to the mid-2023 government’s review of the PALM policy. Nonetheless, despite this decline, remittances from abroad steadily injected approximately \$40 million<sup>2</sup> into Fiji's economy each month, contributing a record 10 percent to Fiji GDP in 2023 (Graph 11).

Despite fluctuating migration patterns over the past year, the relative weight of

**Graph 11. Resident Departure (2022 - 2023)**

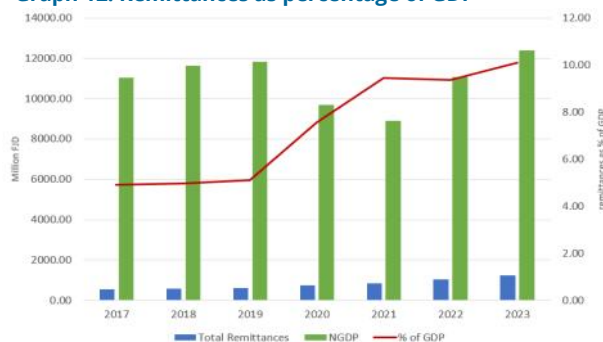


Source: Fiji Bureau of Statistics Visitors Arrivals

<sup>2</sup> Trend Economy: [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>

**Graph 12. Remittances as percentage of GDP**



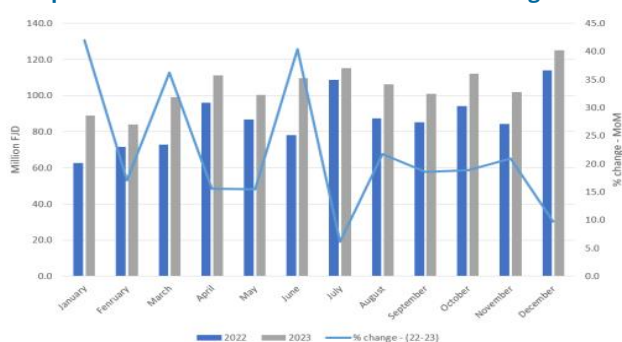
Source: self-elaborated using data from Reserve Bank of Fiji

remittances as a percentage of the total GDP had steadily been rising since 2019.

Remittances increased dramatically in 2023, with an average year-on-year percentage increase by 20 percent compared to 2022 (see Graph 12). The highest remittance influx for the year was observed in December, totalling FJD125 million, representing a 9.7 percent rise from December 2022<sup>3</sup>.

WFP’s remote surveys in April/May and September/October 2023 across Fiji indicate 20 percent and 19 percent of households respectively had received remittances within 30 days prior to the assessments.

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



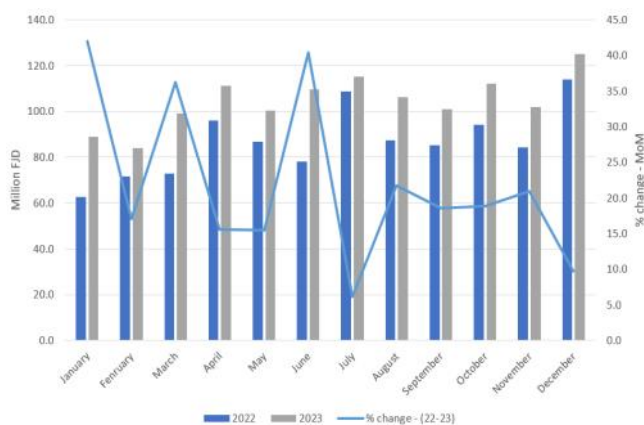
Source: self-elaborated using data from Reserve Bank of Fiji

The largest proportion of remittances received by Fijian households were in the form of personal transfers<sup>4</sup> (95 percent of the total), while the rest transferred in the form of migrants' transfers<sup>5</sup> and Employee Compensation.

Remittances were channelled through money transfer operators (42 percent), mobile network operators (38 percent) and commercial banks (20 percent).

The use of mobile wallets for remittance transfers has been steadily growing since entering the market, owing to their convenience, which make them a favoured option among users.

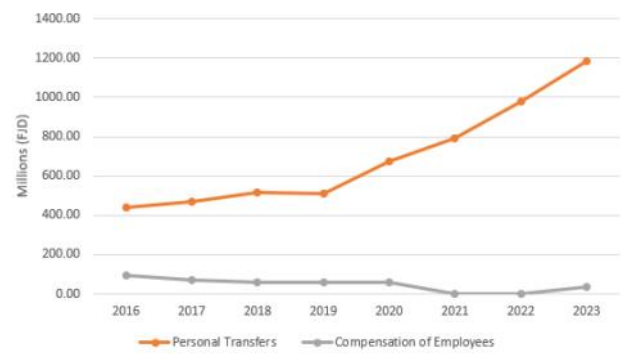
**Graph 12. Total remittances transferred — % change**



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

The growth in remittances over the years is driven by multiple factors, such as migration, labour schemes, various seasonal worker programmes. With over 5,000 Fijians participating in the Pacific Labour Mobility Scheme (PALM), the

**Graph 13. Total remittances transferred — % change**



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

programme contributed well to the Fijian economy each month<sup>6</sup>.

Australia, the United States, and New Zealand remained the primary sources of remittances. The economic health and currency exchange rates of these nations substantially influenced the flow and trends of remittances to Fiji, thereby impacting Fijian households that depend heavily on remittances for their income and consumption patterns.

Personal remittances increased drastically from 2019, despite a notable decrease in employee compensation in 2021 due to the economic impact of the COVID-19 pandemic. This may indicate the remittance supported economy was robust enough to mitigate major economic challenges during this period such as labour immobility and disruptions in key sectors in Fiji's economy such as tourism, hospitality and trade<sup>7</sup>.

<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> See: <https://www.fbcnews.com.fj/news/palm-injects-39m-monthly-boost-into-fijian-economy/>

<sup>7</sup> Fiji Bureau of Statistics - <https://www.statsfiji.gov.fj/statistics/economic-statistics/summary-of-consumer-price-index12.html>

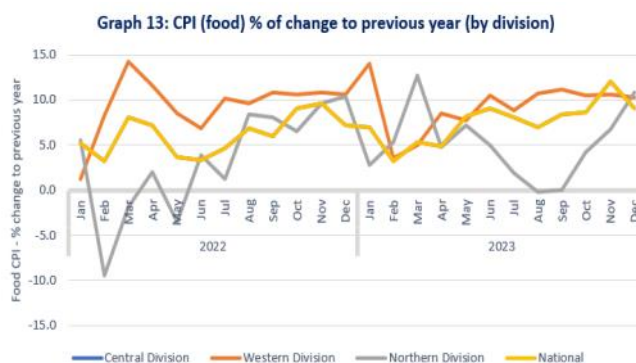


# Staple Food Prices

The average price of all monitored food commodities increased in 2023 compared to 2022, reflecting the food inflation rate (see Table 1). Potatoes (+27 percent), canned tuna (+16 percent), and noodles (+14 percent) were among the most affected commodities. Onions and corned beef prices also increased by 10 percent year-on-year.

Potato supply shortage in the early months of 2023 resulted in a significant price increase for the commodity. The trend began to normalise during the third and fourth quarters of the year, although remained at high levels.

The Consumer Price Index (CPI) for food (see Graph 13), which holds the highest weight in the CPI basket, showed varying monthly and year-on-year average changes in retail prices of consumer goods and non-alcoholic beverages across the four

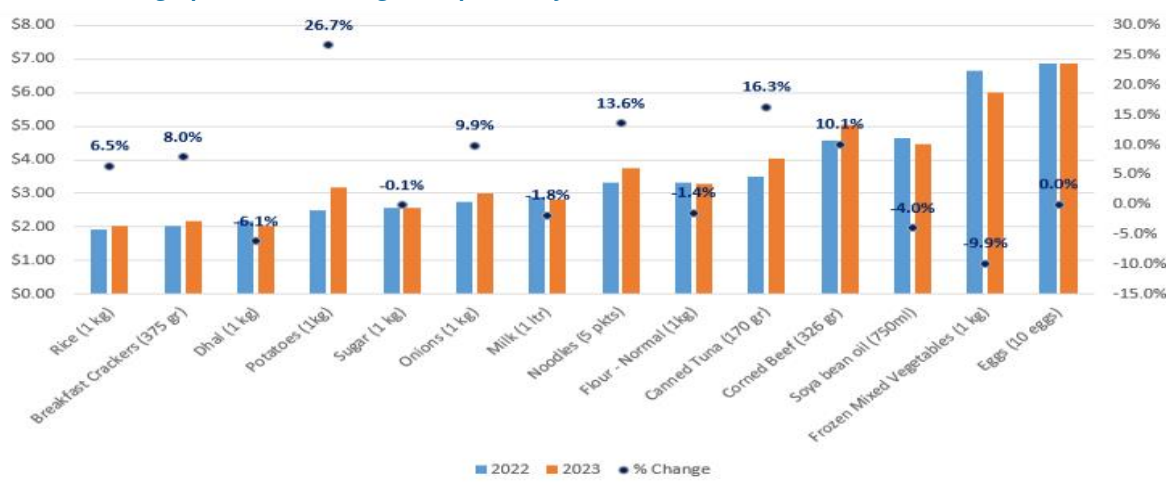


divisions of Fiji. However, these changes reflected a similarity in the second half of 2023 as in the same period in 2022.

The rising cost of food was a major driver of inflation, as it reduced purchasing power resulting in people purchasing less with the same amount of money.

Rising prices of essential items also drove up market prices for vegetables<sup>8</sup>, as most of semi-subsistence households in Fiji have to earn more by selling their cash-crops to purchase essential staples as flour, oil, canned tuna, etc.

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



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

<sup>8</sup> [https://analytics.wfp.org/t/Public/views/FijiAgricultureStatisticsOnlineDataLibrary/Market\\_Prices](https://analytics.wfp.org/t/Public/views/FijiAgricultureStatisticsOnlineDataLibrary/Market_Prices)

# Increased prices - the driver of food insecurity

**Globally:** According to the Global Report on Food Crisis 2024, the drivers of food insecurity in 2023 were interlinked and superimposed on structural vulnerabilities. Conflict/insecurity, weather extremes and economic shocks were the main drivers of acute food insecurity.

Food prices, reached a record level in 2022, exacerbating food insecurity and escalating social tensions in many countries. Although there was a gradual reduction in food prices in 2023, overall, not all countries equally benefitted from the lower international commodity prices. For most net-importer countries of food, higher borrowing costs, coupled with further depreciation of domestic currencies, increased their debt burdens and raised the domestic cost of imported food and agricultural inputs.

**Fiji:** The indirect impact of the global food crisis was evident in the rise of food and non-food prices throughout 2022 and in the first quarter of 2023. Increased energy and transportation costs, along with rising prices of other goods, created gaps in food consumption of vulnerable households, prompting to resort to non-traditional coping strategies.

According to WFP's remote household survey, in September 2023, nearly 40 percent of households in Fiji used some forms of negative coping strategies to

access basic essential needs<sup>14</sup>.

Negative coping strategies were driven by several factors, with the primary revolving around the increase in food prices, cited by 53 percent of the respondents.

In Fiji's Northern division, 57 percent of interviewed households identified high food prices as a top concern. In the provinces of Rotuma, Ra, Macuata, and Bua, over 70 percent of surveyed households listed rising food prices as their primary concern<sup>15</sup>.

Escalating costs of essential food items strained household budgets particularly for those relying on markets for major purchases. Rural households are especially vulnerable to volatility of staple foods prices, as they constitute 62.2 percent of the poor population, according to the latest HIES report<sup>16</sup>.

The reduced affordability of basic necessities due to high prices also affect vulnerable households consumption patterns, dietary choice and decisions regarding the frequency and diversity of meals, forcing households opting for purchasing cheaper, less nutritious food.

Without an increase in income, the annual rise in food prices and in the cost of essential needs adversely impact household purchasing power, potentially exacerbating food insecurity for poor households.

<sup>14</sup> Results available at: <https://analytics.wfp.org/t/Public/Views/PACOMVAM/HomePage?paco=Fiji&percent3AisGuestRedirectFromVizportal=y&percent3Aembed=y>

<sup>15</sup> [https://docs.wfp.org/api/documents/WFP-0000156650/download/?\\_ga=2.42493733.1643751994.1717559954-2105057199.1693969912](https://docs.wfp.org/api/documents/WFP-0000156650/download/?_ga=2.42493733.1643751994.1717559954-2105057199.1693969912)

<sup>16</sup> Results available at: [https://www.statsfiji.gov.fj/images/documents/HIES\\_2019-20/2019-20\\_HIES-MAIN-REPORT.pdf](https://www.statsfiji.gov.fj/images/documents/HIES_2019-20/2019-20_HIES-MAIN-REPORT.pdf)

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