

RESERVE BANK OF FIJI

PRESS RELEASE



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STATEMENT BY THE CHAIRMAN OF THE MACROECONOMIC COMMITTEE AND GOVERNOR OF THE RESERVE BANK OF FIJI

FIJI'S ECONOMIC GROWTH PROJECTIONS REVISED UPWARDS FOR 2017 AND 2018

The Fijian economy is now forecast to expand by 4.2 percent in 2017, an upward revision from the 3.8 percent growth projected in April. In announcing the decision, the Chairman of the Macroeconomic Committee¹ and the Governor of the Reserve Bank of Fiji, Mr Ariff Ali added that, “while the economy is expected to return to the pre-Tropical Cyclone (TC) Winston trend this year, the expansionary 2017-18 National Budget and associated policies that will boost disposable incomes and continued TC Winston related rehabilitation works are projected to provide additional impetus to economic activity. As a result, growth will be driven largely by public administration & defence, manufacturing, construction, wholesale & retail trade and finance & insurance sectors.”

The Chairman added that, “broad based growth is also forecast for the medium term. For 2018, growth outlook has been revised up to 3.6 percent, from the 3.0 percent envisaged earlier while the baseline forecast for 2019 and 2020 is 3.2 percent.”

On the external sector, the Governor specified that, “despite the expanding economy and trade deficit, the overall balance of payments is projected to remain comfortable due to adequate support from tourism earnings, remittances and foreign financing of private and public sector projects. Foreign reserves were around \$2,409.7 million as at 27 October 2017, sufficient to cover 6.0 months of retained imports of goods and non-factor services, compared to \$1,921.2 million at the end of 2016.”

Mr Ali concluded that, “given the spare capacity in the economy and subdued global food and commodity prices, inflationary pressures are expected to remain negligible for now. Inflation is forecast at 2.5 percent by end of 2017 and around the same levels at the end of 2018-20, barring any major supply side shocks.”

ARIFF ALI

Governor and Chairman of the Macroeconomic Committee

¹ The Macroeconomic Committee is made up of senior representatives from the Ministry of Economy; Fiji Bureau of Statistics; Ministry of Industry, Trade & Tourism; Office of the Prime Minister; Investment Fiji; Ministry of Infrastructure & Transport, Fiji Revenue & Customs Service and the Reserve Bank of Fiji.