

RESERVE BANK OF FIJI



PRESS RELEASE

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FIJI'S FOREIGN RESERVES HIT A RECORD F\$1 BILLION PLUS

The Governor of the Reserve Bank, Mr Sada Reddy, announced today that Fiji's foreign reserves reached a new milestone of F\$1.0 billion as at 22 September 2009.

Governor Reddy said that the current level of foreign reserves now equates to around 3 to 4 months of imports (goods and non-factor services). "This was an extraordinary achievement as 6 months ago foreign reserves fell to a critical level of around 1 month of import cover", added Mr. Reddy.

He attributed the strong recovery in the foreign reserves to the measures put in place by the Bank in mid-April 2009 which had an immediate impact.

Mr Reddy expressed satisfaction that the level of reserves had reached a comfortable position which would engender more confidence in the economy and financial system. However, Governor Reddy reiterated that given the risks to small open economies such as Fiji, it is important that we continue to put in measures to buffer the foreign reserve. In this regard, he said the RBF will in future benchmark foreign reserves import cover to 5 months rather than 3 months as in the past. He said given the experiences of the past, the 3 months import cover is inadequate for Fiji.

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