

RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

The Reserve Bank of Fiji (RBF) Board in its monthly meeting on 31 October decided to leave the Overnight Policy Rate (OPR) unchanged at 0.5 percent.

The Governor and Chairman of the Board, Mr Barry Whiteside, while announcing the decision stated that “the domestic economy is poised for its fifth year of consecutive growth this year, driven largely by robust performance in key sectors such as tourism, sugar, construction and financial services. On the demand side, consumption and investment spending remains firm, supported by strong private sector credit growth and improved confidence.”

Mr Whiteside however, cautioned that pressure on the balance of payments front from the above trend growth in aggregate demand and continued higher growth in imports relative to exports remain a concern. Nonetheless, the Governor advised that current assessment indicates that both objectives of monetary policy will remain within the comfortable range over the medium term.

Inflation slowed further to 0.3 percent in September and the year-end forecast is 1.5 percent. Foreign reserves were around \$1,749 million on 31 October, sufficient to cover 4.6 months of retained imports of goods and non-factor services and are projected to also remain at sufficient levels over the medium term.

The Governor concluded that the outlook for both objectives will be re-assessed after the announcement of the 2015 National Budget and monetary policy stance will be re-aligned if needed.

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