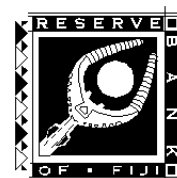


RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

“The Bank’s current accommodative monetary policy stance remains unchanged,” the Governor and Chairman of the Reserve Bank of Fiji Board, Mr Barry Whiteside, announced following their meeting on 29 January 2015.

In making that decision, Mr Whiteside highlighted that, “latest partial indicators reveal continued buoyancy in consumption and investment activity while major sectors such as tourism and sugar performed better-than-expected last year. Credit to the private sector continues to expand and this coupled with the planned expansionary fiscal policy should support aggregate demand further in 2015.”

Nonetheless, Mr Whiteside highlighted that the twin objectives of monetary policy remain intact, despite the strong domestic demand. Inflation was 0.1 percent in December 2014, largely due to falling oil prices and is projected to remain within the comfortable range in 2015 as the pressure from rising demand is expected to be dampened to some extent by falling oil and food prices. Despite the surge in imports, the overall balance of payments position continues to be supported by record tourism and remittances inflows. Currently (29 January), foreign reserves are around \$1,842.5 million, sufficient to cover 4.6 months of retained imports of goods and non-factor services and is forecast to remain adequate throughout 2015.

However, the Governor cautioned that the continuously rising imports and the recent downgrade of growth prospects for most of our major trading partners by the International Monetary Fund pose some challenges to the balance of payments position.

The Chairman concluded that, “the Bank will continue to monitor the outlook for inflation and foreign reserves and align monetary policy accordingly.”

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