



RESERVE BANK OF FIJI

PRESS RELEASE



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Telephone : (679) 331 3611

Date : 30 May 2014

Facsimile : (679) 330 2094

Email : info@rbf.gov.fj

MONETARY POLICY STANCE KEPT UNCHANGED

The Reserve Bank of Fiji Board in its monthly meeting on 29 May agreed to keep the Overnight Policy Rate (OPR) unchanged at 0.5 percent.

The Governor and Chairman of the Reserve Bank Board, Mr Barry Whiteside while announcing the decision, stated that “domestic economic conditions continue the robustness shown last year. Most partial indicators for consumption and investment have shown positive growth so far this year as well. This is reflected in the acceleration of private sector credit which expanded by 11.6 percent on an annual basis in April from 7.8 percent a year ago. In addition, in line with the expansionary 2014 National Budget, both operating and capital expenditure by Government is notably higher this year.”

On the external front, the global economy continues to recover in Fiji’s favour as major advanced economies show signs of sustained recovery. The Governor added that “while the trade deficit widened further in February, the overall balance of payments position remains comfortable as it is supported, to a large extent, by tourism and personal remittance inflows. Foreign reserves were around \$1,698.1 million on 29 May, sufficient to cover 4.6 months of retained imports of goods and non-factor services.”

Inflation rose slightly in April to 0.1 percent from -0.2 percent recorded in March, largely driven by price increases in the alcoholic drinks & tobacco and certain non-food categories. Price pressures are expected to remain generally stable with the year-end inflation forecast remaining at 3.0 percent.

Governor Whiteside concluded that with the twin objectives of monetary policy intact, the current accommodative monetary stance remains appropriate to support the domestic economic expansion.

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