

RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

At its monthly meeting on 29 March, the Reserve Bank of Fiji (RBF) Board agreed to maintain the Overnight Policy Rate at 0.5 percent.

In announcing the decision, the Governor and Chairman of the Board, Mr Ariff Ali highlighted that the RBF's dual monetary policy objectives of stable inflation and adequate foreign reserves remain intact with no immediate downside risks. The inflation rate rose to 2.3 percent in February propelled by higher prices for kava, alcohol, tobacco and domestic fuel. The year-end inflation rate is forecast to be around 3.0 percent reflecting higher international oil prices and trading partner inflation.

Foreign reserves stood at around \$2,156.9 million as at 29 March, sufficient to cover 4.9 months of retained imports of goods and non-factor services and are expected to remain comfortable till end-2018.

Mr Ali added that domestic demand remains strong, suggested by robust growth in partial indicators for consumption and investment including net Value Added Tax collections, vehicle registration and sales, and new bank lending. Furthermore, business sentiment as per the RBF's December 2017 Business Expectations Survey were positive as expectations on overall business conditions, investment, production and recruitment intentions remained optimistic over the next 12-months.

On the global front, Mr Ali stated that "consistent with strong global growth prospects, Fiji's major trading partners are expected to achieve positive growth this year. This augurs well for the domestic economy through increased trade, remittances and tourism receipts."

The Governor concluded that unless threats to the RBF's dual mandate emerge, the current accommodative monetary policy stance will remain. Nevertheless, the Bank will continue to monitor international and domestic developments closely and align monetary policy where appropriate.

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