

RESERVE BANK OF FIJI

PRESS RELEASE



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OVERNIGHT POLICY RATE REMAINS UNCHANGED

The Reserve Bank of Fiji Board at its monthly meeting on 30 May 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, stated that the current monetary policy setting would support the Fijian economy which is set to achieve another year of economic growth, albeit at a slower pace. The moderation is in tandem with the slowing global economy, the expected fiscal consolidation by Government and the natural slowdown in growth following nine years of economic expansion. Recent indicators reveal a general deceleration in economic activity as sectoral performances were mixed. Private sector credit grew by 8.3 percent in April, unchanged from March, but slower than the growth in the first two months. The outturn was reflective of the slowdown in both consumption and investment borrowing.

Governor Ali highlighted that the Reserve Bank's twin monetary policy objectives remain intact. Annual inflation fell to 2.1 percent in April from 4.0 percent in March owing to lower prices of food & non-alcoholic beverages; utilities and the transport categories. Headline inflation is expected to be around 3.5 percent by year-end. Foreign reserves as at 30 May stood at \$1,931.4 million, sufficient to cover 4.2 months of retained imports and are expected to remain at comfortable levels over the medium term. Commercial banks' liquidity was \$329.7 million as at 29 May and is deemed sufficient to support economic activity.

The Governor concluded that in light of recent global and domestic economic developments and the outlook for the near term, the current monetary policy stance remains appropriate. However, the Bank will continue to closely monitor these developments and align monetary policy accordingly.

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