

RESERVE BANK OF FIJI



PRESS RELEASE

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STRONG GROWTH IN FIJI'S FOREIGN RESERVES

The foreign reserves reached F\$700 million as at 22 July. This compares with F\$441 million before the devaluation.

The Governor of the Reserve Bank of Fiji, Mr. Sada Reddy, expressed satisfaction with the strong recovery in the reserve levels. He said, this indicates that the policies put in place in mid-April have proven to be very effective in turning the reserve levels around.

Mr. Reddy, however, cautioned that this should not mean that we are out of the woods. The impact of the global crisis is still being felt and will continue to do so for the next couple of years. Therefore, the policies will remain tight in the foreseeable future.

Mr. Reddy further added that with the increase in foreign reserves the banking system liquidity also rose strongly to reach levels of around F\$200 million after reaching extremely low levels in the early part of the year. This level of liquidity will allow for further reduction in lending rates and greater availability of credit. These trends will eventually translate into higher investments and economic growth in due course.

Governor Reddy, however, emphasized that credit must go towards high priority sectors which create employment and save or increase foreign reserves.

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