

RESERVE BANK OF FIJI



PRESS RELEASE

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MONETARY POLICY STANCE REMAINS UNCHANGED

Following the meeting of the Reserve Bank of Fiji Board held on 25 June 2010, the Governor and Chairman of the Board, Mr. Sada Reddy, announced that the Overnight Policy Rate (OPR) will remain unchanged at 3.00 percent.

According to Mr. Reddy, recent indicators on the economy suggest a pick-up in real sector activity, higher consumption spending and improved investor confidence. Having peaked in April, inflation is now moderating. Foreign reserves levels are adequate.

For 2010, the Governor noted that apart from the negative impact of Cyclone Tomas primarily on the agriculture sector, the 1.8 percent growth in GDP is forecast to be driven largely by tourism, manufacturing and finance sectors. He said, "recent strong performances in tourism, gold, fish and energy sectors have overshadowed weaker performances in other sectors. Labour market conditions are improving with positive sentiments recorded for future retail sales and investment activity. Fiji's trade balance also improved in January while personal inward remittances increased significantly".

He added that improved global economic conditions should augur well for the Fiji's economy. "In line with a higher world growth forecast of 4.2 percent, all of Fiji's major trading partner economies are expected to grow positively this year. This should support higher demand for our exports, increases in tourist arrivals and stronger inflows of personal remittances", he said.

On monetary policy objectives, Mr. Reddy noted that while inflation is now moderating and foreign reserves are adequate for the moment, balance of payment risks still remain since our exports are not performing up to expectations. Therefore, efforts to grow exports and reduce imports must continue unabated.

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