

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI MAINTAINS CURRENT MONETARY POLICY STANCE

Following the meeting of the Reserve Bank of Fiji Board yesterday, the Governor and Chairman of the Board, Mr. Sada Reddy, announced that the current monetary policy stance would remain unchanged. The current stance would continue to support the domestic economic recovery, assisted by the expected rebound in the trading partner economies.”

On recent economic developments, Mr. Reddy said that, “We are encouraged by a strong rebound in visitor arrivals, as well as good growth in gold and electricity production in the first 2 months of the year. Labour market indicators are also showing signs of stability. However, partial indicators for consumption and investment are still subdued and may take some time to recover.”

A preliminary assessment of the effect of Cyclone Tomas shows that the impact on GDP is expected to be minimal. However, prices of market items, especially in the Northern Division, are expected to increase almost immediately.

Mr. Reddy stated that, “Foreign reserves were around \$1.1 billion and liquidity in the banking system is adequate and lending rates remain stable.”

The Governor stressed that monetary policy will be aimed at ensuring that sufficient liquidity is available to support investment, without jeopardising inflation and the foreign reserves position. In addition to this, Mr. Reddy encouraged the commercial banks to maintain the current trend in lending rate and support the economic rebuilding after the recent cyclone.

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