

the crude oil market, the inflation forecast for this year has now been revised upwards to 6.0 percent from the earlier projection of 3.0 percent.

Despite the marginal growth estimated for 2010 and positive outturns in some major sectors such as tourism so far this year, the domestic economy is still performing below potential. The Acting Board Chairman stated that “the reduction in the OPR to 2.00 percent should stimulate demand by reducing borrowing costs and creating an environment that is conducive to investment. This should aid economic recovery and support growth”.

However, the Board emphasised that while monetary policy is currently accommodative to growth, the Reserve Bank will continue to monitor the twin objectives of low inflation and comfortable level of foreign reserves and will align monetary policy accordingly.

Reserve Bank of Fiji