

RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

The Reserve Bank of Fiji (RBF) Board at its monthly meeting on 27 November agreed to maintain the Overnight Policy Rate (OPR) at 0.5 percent.

In announcing the decision, the Governor and Chairman of the Board, Barry Whiteside, stated that “given the buoyant developments to date and the expansionary fiscal stance in the recently announced 2015 National Budget, the domestic economy is expected to continue its above-trend growth this year and in 2015, underpinned by the sustained robust consumption and investment activity and supported by anticipated solid performances in key sectors, such as tourism and sugar.” The Governor however, cautioned that the continuing strength in domestic demand has implications on the trade deficit and ultimately the country’s balance of payments position, and as such may pose risks to the Reserve Bank’s twin objectives of monetary policy.

Governor Whiteside further highlighted that “in its current assessment, the Board considered that both objectives of monetary policy remain intact over the near term.” Inflation was unchanged at 0.3 percent in October and is anticipated to be around 1.5 percent by year-end. Foreign reserves were \$1,788.0 million as at 27 November, sufficient to cover 4.7 months of retained imports of goods and non-factor services and are projected to remain at comfortable levels in the near term.

The Governor concluded that “while the outlook for foreign reserves and inflation remain stable for now, the Reserve Bank will continue to closely monitor economic developments and will re-align monetary policy accordingly when warranted.”

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