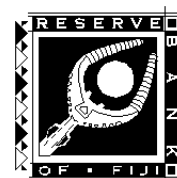


RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

The Reserve Bank of Fiji Board at its monthly meeting on 29 October agreed to maintain the Overnight Policy Rate at 0.5 percent.

In announcing the decision, the Governor and Chairman of the Board, Mr Barry Whiteside stated that “domestic economic conditions remain robust despite the recent downgrade of global growth by the International Monetary Fund and further slowdown in China and major trading partner economies. Aggregate demand continues to be propelled by buoyant consumption and investment activity supported by favourable monetary conditions, and generally positive sectoral performances especially tourism and remittances.”

Governor Whiteside highlighted that potential risks to our growth outlook include the subdued outlook for trading partner economies coupled with our currency appreciation against the Australian and New Zealand dollars and weakening against the United States dollar and a pickup in commodity prices. Domestically, the risks from natural disasters including adverse climatic conditions, such as the prolonged El-Nino which has affected our sugar sector, remain a concern.

Nonetheless, our projections for both inflation and foreign reserves remain within comfortable levels in the near and medium term. Inflation was 1.5 percent in September and is forecast at 2.0 percent by year-end. Foreign reserves are currently (29 October) around \$1,989.7 million, sufficient to cover 6.0 months of retained imports of goods and non-factor services, based on recent revisions to our macroeconomic forecasts.

The Governor concluded that any change to monetary policy will be guided in particular by the developments on the outlook for inflation and foreign reserves.

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