

# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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### **MONETARY POLICY STANCE REMAINS UNCHANGED**

The Reserve Bank of Fiji Board in its monthly Board meeting on 28 June 2018 maintained the Overnight Policy Rate at 0.5 percent.

In conveying the decision, the Governor and Chairman of the Board, Mr Ariff Ali, stated that “despite the recent softening of economic performance in some of Fiji’s major trading partner countries, the world economic outlook remain positive.” Overall, there has been a pick-up in investment and trade, especially in emerging economies. Nevertheless, geopolitical tensions, trade protectionist measures by the United States and retaliatory measures by other countries alongside elevated crude oil prices could potentially derail this year’s global growth outlook.

Domestically, the economy is on track to achieve its ninth consecutive year of growth in 2018, on account of strong aggregate demand, growth in visitor arrivals as well as higher gold and timber production. In addition, the rehabilitation works post recent natural disasters along with possible stimulus from the 2018/2019 National Budget should add further impetus to economic activity moving ahead. However, Governor Ali noted that adverse weather conditions remain a downside risk to economic growth.

The twin monetary policy objectives of the Bank remain broadly intact. Annual inflation increased to 5.1 percent in May from 4.0 percent in April mainly attributed to the increase in prices of kava, alcohol, food and fuel. Excluding alcoholic beverages, tobacco and kava, inflation in May is 2.2 percent. As at 28 June, foreign reserves stood at \$2,139.2 million, sufficient to cover 4.9 months of retained imports of goods and non-factor services and are expected to remain comfortable until the end of the year.

Governor Ali concluded the Reserve Bank will continue to closely monitor international and domestic developments, in particular the impact of the 2018/2019 National Budget, and align monetary policy accordingly.

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