

# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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### MONETARY POLICY STANCE UNCHANGED

The Reserve Bank of Fiji Board left the Overnight Policy Rate unchanged at 0.5 percent in its monthly meeting on 22 February.

In announcing the decision, the Governor and Chairman of the Board, Mr Ariff Ali, stated that “domestic economic activity rebounded strongly last year led by ongoing Tropical Cyclone Winston rehabilitation spending as well as accommodative monetary and fiscal policies which boosted aggregate demand. Notwithstanding any shocks, 2018 should be the ninth consecutive year of positive growth. Robust aggregate demand supported by higher private and government spending should continue to be the main catalyst of growth together with additional gains projected for tourism and recovery in traditional sectors such as forestry and gold.” Governor Ali added that external demand from our trading partners also remains firm and should support domestic growth.

Inflation declined to 1.5 percent in January from 2.8 percent at the end of 2017 while foreign reserves remain adequate. Currently (22/02) foreign reserves are around \$2,161.0 million, sufficient to cover 4.9 months of retained imports. The outlook for the twin objectives of monetary policy remain favourable particularly with the upward traction in crude oil prices now reversing.

The Governor concluded that given the expanding economy and comfortable outlook for inflation and foreign reserves, monetary policy will remain accommodative to support growth. The Bank will continue to monitor economic developments closely and align monetary policy accordingly.

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