

RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

Following its assessment of recent domestic and global economic developments along with the risks to the outlook of the monetary policy objectives, the Reserve Bank of Fiji Board has maintained the Overnight Policy Rate at 0.5 percent.

On the domestic front, Governor and Chairman of the Board, Mr Ariff Ali remarked on the encouraging performance of the tourism industry when tourist arrivals within a month reached an all-time high in July, followed by another record arrival for any August month. Governor Ali added that the performance of other sectors were mixed, although broadly positive, and private sector credit growth accelerated in August since the slowdown noted from the end of last year driven largely by higher lending to business entities.

The Bank's monetary policy objectives were intact in the review period. Annual inflation fell to 4.3 percent in August from 4.7 percent in July. Excluding alcoholic beverages, tobacco and kava, inflation remained low at 3.0 percent. As at 28 September, foreign reserves were comfortable at around \$2,117.5 million, sufficient to cover 4.9 months of retained imports of goods & non-factor services.

In terms of the outlook and risks, Governor Ali noted that "economic sentiments in the coming months are expected to remain broadly balanced. Global economic growth continues to be strong however, downside risks have intensified due to worsening trade protectionism. Nevertheless, the Fijian economy is on track to achieve positive growth over the coming year. Notwithstanding any supply side shocks, inflation is expected to be around 3.0 percent by 2019 while foreign reserves are projected to remain comfortable over the medium term in line with the anticipated paths of tourism earnings and remittances."

Governor Ali reiterated the Reserve Bank's commitment in safeguarding its twin objectives and concluded that "the RBF will continue to closely monitor global and domestic developments and align monetary policy where appropriate."

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