

RESERVE BANK OF FIJI

PRESS RELEASE



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STATEMENT BY THE CHAIRMAN OF THE MACROECONOMIC COMMITTEE AND GOVERNOR OF THE RESERVE BANK OF FIJI

GROWTH PROJECTIONS FOR 2018-2021

Following a growth of 3.0 percent in 2017, the Fijian economy is forecast to achieve its ninth consecutive year of expansion with a growth of 3.2 percent, in 2018. While the growth forecast is unchanged from the May 2018 projection, there have been changes in terms of sectoral contributions.

The Governor of Reserve Bank and Chairman of the Macroeconomic Committee¹, Mr Ariff Ali stated that, “the sectors projected to drive growth in 2018 include the wholesale & retail trade; accommodation & food services; public administration & defence, and the construction sectors. The favourable performance of the retail sector is consistent with the data for the first nine months of the year and the positive business sentiments revealed in the RBF June 2018 Business Expectations and Retail Sales Survey, while the buoyancy in the tourism industry underlines the higher contribution of the accommodation sector.”

However, the fishing and the mining sectors are expected to decline, a turnaround from the earlier forecast where these sectors were projected to grow. The outturn in the fishing sector is due to lower activity expected for inshore fishing (in particular, fresh water fishing, beche-de-mer, corals & aquarium rocks) and marine aquaculture while the plant breakdown at the Vatukoula Gold Mines in September led to the downgrade in the forecast for the mining sector.

Governor Ali further stated that, “overall, the increase in domestic demand supported by the Government’s CARE for Fiji program, rehabilitation works post the natural disasters in April, accommodative monetary policy stance, expansionary FY 2018-19 National Budget, higher tourism arrivals and improving labour market conditions are expected to provide support to economic activity this year.”

The Chairman added that, “the Fijian economy is forecast to achieve a broad based growth of 3.4 percent in 2019, also unchanged from the earlier projection. In 2020 and 2021, the economy is expected to expand by 3.3 percent, with major contributions expected from the wholesale & retail, construction, manufacturing and the financial & insurance sectors.”

On the external sector, despite the widening trade deficit arising from the growing economy and rising mineral oil prices, the overall balance of payments position is projected to remain comfortable due to adequate support from tourism earnings and remittances.

The Macroeconomic Committee will continue to monitor global and domestic developments and review the macroeconomic projections again in April 2019.

ARIFF ALI

Chairman of Macroeconomic Committee

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¹The Macroeconomic Committee consists of Heads and senior representatives from the Ministry of Economy, Fiji Bureau of Statistics, Ministry of Industry & Trade and Tourism, Office of the Prime Minister, Investment Fiji, Ministry of Infrastructure & Transport, Fiji Revenue & Customs Service and the Reserve Bank of Fiji.