

# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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| <b>Date</b>              | <b>: 25 October 2018</b> | <b>Email</b>     | <b>: <a href="mailto:info@rbf.gov.fj">info@rbf.gov.fj</a></b> |

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

The Reserve Bank of Fiji (RBF) Board in its monthly meeting on 25 October maintained the Overnight Policy Rate at 0.5 percent.

The Governor and Chairman of the Board, Mr Ariff Ali highlighted that the decision to maintain the policy rate was based on the receding outlook for inflation, adequate foreign reserves and current economic conditions. Domestic economic activity continues to be supported by robust demand, as reflected in partial indicators for consumption and investment including net Value Added Tax collections, vehicle registrations and new commercial bank lending.

Inflation was 4.6 percent in September compared to 4.3 percent in August. Governor Ali explained that “the uptick in inflation was largely due to supply shortages that drove kava and vegetable prices up relative to last year, along with higher prices for alcohol, tobacco, and domestic fuel which rose as a result of duty changes and international fuel price adjustments. Nevertheless, inflation is anticipated to subside to 3.5 percent in 2019 and 3.0 percent in 2020.

Foreign reserves stood at around \$2,138.5 million as at 25 October, sufficient to cover 4.9 months of retained imports of goods and non-factor services. Barring any major shocks, particularly on the crude oil prices front, foreign reserves are expected to be adequate at the end of 2018 and remain at comfortable levels in 2019-20.

The RBF will continue to monitor international and domestic developments and align monetary policy accordingly. Unless threats to the RBF’s dual mandate emerge, the current accommodative monetary policy stance will remain.

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