



# RESERVE BANK OF FIJI



## *PRESS RELEASE*

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### **RESERVE BANK OF FIJI BOARD KEEPS MONETARY POLICY STANCE UNCHANGED**

The Reserve Bank Board at its monthly meeting on 29 August agreed to maintain the Overnight Policy Rate (OPR) at 0.5 percent.

While announcing the decision, the Governor and Chairman of the Board, Barry Whiteside, stated that “the domestic economy has shown great resilience so far and is forecast to expand by 3.2 percent this year on the back of strong consumption and investment expenditure. Sectoral performances are generally positive with the sugar, tourism, timber and garment sectors experiencing increased output while the gold and fishing sectors show declines.”

The RBF’s mid-year Business Expectations and Retail Sales surveys show further improvements in business and investor confidence and indicate a continuation of the robust economic activity well into next year. Similarly, the financial system remains awash with liquidity and lending rates are at historical low, providing further impetus for economic activity as commercial bank credit growth accelerated by 14.6 percent in the twelve months to July 2013.

The Governor added that “the improved prospects noted in the United States and the Euro zone economy is welcoming, though the continued deceleration and vulnerabilities in the emerging & developing economies is expected to keep global economic activity muted throughout this year.”

The Reserve Bank’s twin objectives remain intact. Inflation was noted at 1.9 percent in July while foreign reserves are around \$1,834 million today, sufficient to cover 5.1 months of retained imports of goods and non-factor services.

The Governor concluded that given the comfortable outlook for foreign reserves and inflation, the current accommodative monetary policy stance remains appropriate to support domestic growth in light of the weak global economic environment.

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