



RESERVE BANK OF FIJI

PRESS RELEASE



Press Release No. : 32/2013

Phone : (679) 331 3611

Date : 31 October 2013

Fax : (679) 330 2094

E-mail : info@rbf.gov.fj

MONETARY POLICY STANCE REMAINS UNCHANGED

The Reserve Bank Board at its monthly meeting on 31 October agreed to maintain the Overnight Policy Rate (OPR) at 0.5 percent.

The Governor and Chairman of the Board, Barry Whiteside, highlighted that economic assessment to date indicated the better-than-expected performances across many sectors of the economy. Consequently, for this year the Fijian economy is now forecast to grow by 3.6 percent, an upward revision from the 3.2 percent growth projected in August. Growth for 2014 is also revised upward to 3.0 percent from the 2.5 percent forecast earlier. Mr Whiteside further highlighted that the effects of the current accommodative monetary policy stance and the record low lending rates have continued to materialise considering the buoyant performances in domestic demand conditions.

Nevertheless, there has been an increase in domestic prices in the last few months with inflation reaching 3.1 percent in September. However, with subdued global demand conditions and contained food and energy prices, the year-end inflation projection remains at 3.0 percent.

On the external sector, despite the widening trade deficit due to higher imports and a slow recovery in domestic exports, the higher tourism earnings and remittances as well as inward investments have supported our overall balance of payments position during the review period. Foreign reserves remain comfortable at \$1,783 million, sufficient to cover 4.9 months of retained imports of goods and non-factor services.

Despite the upward revision in Fiji's growth projections, Mr Whiteside reiterated the need for continued support within the domestic economy in light of the recent downward revision to the global growth projections for 2013 and 2014 by the International Monetary Fund. Given the comfortable outlook for the Reserve Bank's twin objectives (low inflation and comfortable foreign reserves) and considering the performance of other key economic indicators, the Governor concluded that the current monetary policy stance remains appropriate.

RESERVE BANK OF FIJI