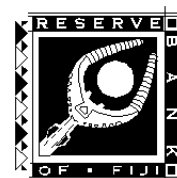


RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE MAINTAINED

The Reserve Bank of Fiji Board at its monthly meeting on 30 June agreed to maintain the Overnight Policy Rate at 0.5 percent.

In announcing the Board's decision, the Governor and Chairman of the Board, Mr Barry Whiteside stated that, "sectoral outcomes have generally improved following the natural disasters early this year. Consumption and investment activity have picked up supported by accommodative monetary conditions, higher inward remittances and tourism receipts and favourable labour market conditions in addition to targeted measures by the Government to assist the economic recovery." This positive outcome also reflected improved performances in Fiji's trading partner economies over the first quarter of this year. Nevertheless, downside risks remain particularly to the global growth outlook, as concerns have emerged on the effects of Britain's exit from the European Union.

Moreover, Mr Whiteside welcomed the policies recently announced in the National Budget for 2016/2017 which should further boost confidence and support growth in the economy while maintaining macroeconomic stability.

On the dual mandates of the Bank, the Chairman stated that inflation rose to 5.2 percent in May, largely reflecting domestic supply shortages and temporary price hikes in agricultural market products caused by the recent natural disasters. Notwithstanding any further shocks, inflation is expected to ease over the coming months. Foreign reserve levels remain comfortable at \$1,979 million for 30 June, equivalent to 5.5 months of retained imports of goods and non-factor services. The Governor highlighted that despite the recent uptick in some world commodity prices particularly crude oil and food prices, price levels are expected to remain below last years' levels, hence do not pose any immediate threat to domestic inflation and external stability at this stage.

Furthermore, the Governor reiterated that, "against the comfortable outlook for inflation and foreign reserves, the Bank will continue to monitor the latest global and domestic developments and align monetary policy accordingly."

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