

RESERVE BANK OF FIJI

PRESS RELEASE



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Telephone : (679) 331 3611

Date : 31 March 2016

Facsimile : (679) 330 2094

Email : info@rbf.gov.fj

MONETARY POLICY STANCE REMAINS UNCHANGED

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

The Governor and Chairman of the Board, Mr Barry Whiteside stated, “the twin objectives of monetary policy are stable and remain within comfortable ranges at this time. Inflation was 1.2 percent in February and is expected to rise only temporarily in the next few months due to shortages in agricultural market items. In addition, foreign reserves are currently (29 March) adequate at \$2,006 million, sufficient to cover 5.6 months of retained imports of goods and non-factor services.”

Amidst the weakening global growth prospects and increased uncertainties, Fiji’s major trading partner countries generally continue to maintain accommodative monetary policies to support demand in their economies. Anticipated further downward revisions to the current global growth projections imply lower trading partner demand for the Fiji economy. Nevertheless, domestic economic activity is expected to be underpinned by significant reconstruction work and strong retail and tourism activity. Consumer and investment spending is projected to be robust, supported by aid inflows and remittances, and cyclone-related assistance including withdrawals from the Fiji National Provident Fund and credit facilities provided by financial institutions.

In making the decision, the Board took into consideration the current need for monetary accommodation to support Fiji’s recovery given the impact of Tropical Cyclone Winston as well as the recent global developments and risks. The Governor concluded that, “any change to monetary policy will be guided by the developments around the Reserve Bank’s dual objectives.”

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