

RESERVE BANK OF FIJI

PRESS RELEASE



Press Release No. : 13/2019

Telephone : (679) 331 3611

Date : 25 July 2019

Facsimile : (679) 330 2094

Email : info@rbf.gov.fj

OVERNIGHT POLICY RATE REMAINS UNCHANGED

The Reserve Bank of Fiji Board at its meeting on 25 July agreed to leave the Overnight Policy Rate unchanged at 0.5 percent.

The Governor and Chairman of the Board, Mr Ariff Ali stated that the policy decision was based on the latest available data on the performance of the domestic economy and our major trading partner economies.

The International Monetary Fund in its July update of the World Economic Outlook further lowered the global growth forecast for 2019 to 3.2 percent, the fourth time that it has revised growth downwards for 2019. Leading global indicators point to a slowdown in economic activity owing to the trade dispute between the United States and China and the general rise in protectionism which have affected Fiji's major trading partners.

On the domestic economy, Mr Ali stated that the slowdown in consumption spending and investment is consistent with the lower growth forecast for this year. Domestic demand, expanded over the review period, albeit at a slower pace supported by higher inward remittances, tourism earnings and private sector credit growth. Commercial banks' liquidity increased to \$434.0 million at the end of June from \$323.2 million at the end of May. As at 24 July, liquidity increased further to \$486.9 million underpinned by inflows of foreign exchange receipts.

Annual inflation stood at 2.8 percent in June, higher than the 2.1 percent in May, but lower than the 4.6 percent registered in June 2018. Higher prices were noted for vegetables, alcoholic drinks, tobacco & *yaqona*, tertiary education, and fuel. The recent increase in domestic fuel prices is expected to exert upward pressure on prices in the coming months, nonetheless, the year-end inflation projection for 2019 stands at 3.2 percent.

Foreign reserves stood at \$1,974.2 million at the end of June, sufficient to cover 4.5 months of retained imports (MORI). As a result of improvement in the trade deficit, foreign reserves rose further to \$2,066.0 million (4.8 MORI) on 24 July and are expected to remain comfortable over the medium term.

While the outlook on the Bank's twin monetary policy objectives remains intact, Mr Ali highlighted that the global economic environment is still fraught with uncertainty and the Reserve Bank will continue to closely monitor both international and domestic developments and align monetary policy accordingly.

RESERVE BANK OF FIJI

For further details, please contact:-

Communications Office

Telephone: (679) 3223 381

Email: info@rbf.gov.fj

Mr Mervin Singh – Manager Corporate Communications

Telephone: (679) 3223 229

Email: mervin@rbf.gov.fj