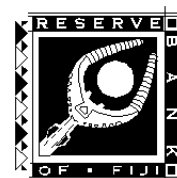


# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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Press Release No.	: 26/2014	Telephone	: (679) 331 3611
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### **MONETARY POLICY STANCE REMAINS UNCHANGED**

The Reserve Bank of Fiji Board in its monthly meeting on 25 September agreed to keep the Overnight Policy Rate (OPR) unchanged at 0.5 percent.

The Governor and Chairman of the Board, Mr Barry Whiteside while announcing the decision, stated that “the domestic economy is largely on track to achieve the 3.8 percent growth forecast for this year following the 4.6 percent expansion last year. Consumption and investment spending by businesses and households continues to be firm and supported by strong credit growth, while sectoral performances of sugar and tourism have exceeded expectations”. Mr Whiteside added that the successful transition to parliamentary democracy following the General Elections will raise business and consumer confidence further over the coming year.

The Chairman however, cautioned that there are a few challenges moving forward. In the external sector, the continuous higher growth in imports relative to exports and the prolonged weakness in the global economy have potential to affect our balance of payments position in the medium term. Domestically, the on-going drought is also a cause for concern.

Nonetheless, currently the twin objectives of monetary policy remain intact. Inflation was 0.7 percent in August and is forecast to be below 3.0 percent by year-end. Foreign reserves were around \$1,741 million on 25 September, sufficient to cover 4.7 months of retained imports of goods and non-factor services and are projected to remain at comfortable levels over the medium term.

The Governor concluded that given the comfortable outlook for inflation and foreign reserves, monetary policy can remain accommodative for now to continue supporting growth.

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