

RESERVE BANK OF FIJI

PRESS RELEASE



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STATEMENT BY THE GOVERNOR OF THE RESERVE BANK OF FIJI AND CHAIRMAN OF THE MACROECONOMIC COMMITTEE

REVISED GROWTH PROJECTIONS FOR 2017 - 2019

After an estimated 2.0 percent growth last year, the Fijian economy is now expected to grow by 3.8 percent in 2017, an upward revision from the October 2016 forecast of 3.6 percent. The Chairman of the Macroeconomic Committee¹ and the Governor of the Reserve Bank of Fiji, Barry Whiteside announced that, “with the exception of fishing, forestry and mining, most sectors are expected to improve this year with the services sector envisaged to drive economic activity.”

The Governor noted that, “overall, the sectors expected to lead the growth in 2017 include: manufacturing; financial & insurance activities; construction; wholesale & retail trade; and transport & storage.”

Mr Whiteside added that, “improved growth in the manufacturing sector will be underpinned by an expected rebound in cane production which in turn will mean higher manufacture of sugar. Added to this will be expected increases in the processing & preserving of poultry, dairy products, biscuits and mineral water production. Greater activity within the financial sector coupled with the continuing accommodative monetary policy stance of the Reserve Bank, are expected to further contribute to growth. The construction sector is anticipated to record a higher growth with major post TC Winston related reconstruction work spilling over from 2016 into 2017. Consequently, the wholesale & retail trade sector is also forecast to gain from increased sales of hardware and related building items. The transport & storage sector is expected to benefit from additional flights/routes by Fiji Airways into Adelaide and San Francisco and the establishment of code sharing arrangements on the Singapore and Hong Kong route with Jet Airways.”

The Governor added that, “the growth forecast for 2018 remains unchanged at 3.0 percent. All sectors are expected to register positive growth with major contributions emanating from the manufacturing, transport & storage and financial & insurance sectors. In 2019, the economy is envisaged to grow by 2.9 percent.”

On the external sector, the Governor stated that, “Fiji’s trade deficit is expected to widen to 22.2 percent of GDP this year, and this will be largely offset by higher receipts from services (especially

¹ The Macroeconomic Committee is made up of senior representatives from the Ministry of Economy; Strategic Planning, National Development & Statistics Office; Fiji Bureau of Statistics; Ministry of Industry & Trade and Tourism; Prime Minister’s Office; Investment Fiji; Fiji Revenue & Customs Authority and the Reserve Bank of Fiji.

tourism) and remittances. The current account deficit (excluding aircraft) is now projected to be around 5.4 percent of GDP.” Mr Whiteside added that, “developments in the capital and financial account balance are envisaged to have a bigger surplus than previously forecast (7.0% of GDP) on account of higher inflows through foreign direct investment and the disbursement of the US\$50.0 million Asian Development Bank loan for TC Winston related recovery work.”

Mr Whiteside concluded that, “despite higher annual inflation in April (4.1%) which was largely driven by supply shortages of agricultural produce and higher prices for yaqona after TC Winston, prices are expected to normalise towards the 3.0 percent forecast for the end of the year. Foreign reserves were around \$2,242.2 million as at 19 May 2017, equivalent to 6.0 months of retained imports of goods and non-factor services and are expected to remain stable over the remainder of the year.”

Barry Whiteside
Governor and Chairman of the Macroeconomic Committee