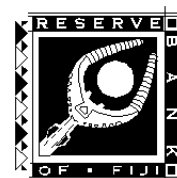


# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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Press Release No. : 20/2017

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### **MONETARY POLICY STANCE REMAINS UNCHANGED**

The Reserve Bank of Fiji (RBF) Board at its meeting on 31 August 2017 agreed to maintain the Overnight Policy Rate at 0.5 percent.

In announcing the decision, the Acting Governor Mr Ariff Ali highlighted that the Reserve Bank's monetary policy objectives remain intact. He explained that, "the temporary upswing in inflation due to supply constraints following Tropical Cyclone (TC) Winston and other adverse weather conditions last year has subsided. Headline inflation was 2.0 percent for the second month in July while core inflation, excluding volatile items was lower at 1.7 percent. On foreign reserves, current levels have outperformed expectations and continue to reach new records, boosted by tourism and other capital inflows and currently are \$2,349 million, sufficient to cover 5.8 months of retained imports."

Mr Ali added that "domestic economic activity remains firm on the back of expanding aggregate demand and better performances in the sugar and tourism industries. Total investment is forecast to improve significantly to around 26.0 percent of Gross Domestic Product this year led by a combination of new and on-going public and private sector projects as well as TC Winston rehabilitation related activity, which should continue to support job creation."

He clarified that the central bank has kept the high level of banking system liquidity to support credit demand as there are no threats to its objectives in the near term.

Looking ahead, the Acting Governor concluded that the positive outlook for inflation, foreign reserves and growth lends support to the continuation of an accommodative monetary policy stance. Nevertheless, the Reserve Bank will continue to monitor domestic and international developments closely and align monetary policy as needed.

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