



RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

The Reserve Bank of Fiji Board in its monthly meeting on 24 April 2014, agreed that the current monetary policy stance remained appropriate and hence maintained the Overnight Policy Rate (OPR) at 0.5 percent.

While announcing the board decision, the Governor and Chairman of the Board, Mr Barry Whiteside reiterated that “the recent upward revision to the 2014 Gross Domestic Product (GDP) projection for the Fijian economy is a reflection of continued buoyant domestic conditions that have been facilitated by the Government’s expansionary expenditure plans and the current accommodative monetary policy stance of the Reserve Bank.” Partial indicators for the first quarter of 2014 reveal that the domestic economy is on track to expand by 3.8 percent this year following a 3.6 percent growth estimate for 2013.

Nevertheless, the Chairman added that the Reserve Bank will closely monitor the impact of these developments on the Bank’s core objectives which are foreign reserves and inflation.

In March, inflation declined to -0.2 percent from 0.2 percent in February. The outturn was largely due to base related effects as well as the impact of the free primary and secondary education structural change which was built into consumer prices from last month. As at 24 April 2014, foreign reserves were \$1,652 million (sufficient to cover 4.4 months of retained imports of goods and non-factor services).

While the outlook on foreign reserves and inflation remain stable at the moment, the Reserve Bank will re-align monetary policy if in its assessment there are challenges to its twin objectives.

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