

RESERVE BANK OF FIJI

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PRESS RELEASE

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RESERVE BANK OF FIJI MAINTAINS MONETARY POLICY STANCE

“The Bank’s monetary policy stance remains unchanged”, the Reserve Bank of Fiji Board announced at their meeting today.

According to the Board, “Recent economic data indicate that consumption remains weak and investment continues to be depressed. Encouragingly, however, export earnings from gold are expected to pick up, following the resumption of mining operations, and early indications show mineral water receipts are also doing well. Recent data also indicate that visitor arrivals have rebounded significantly from year ago levels.”

According to the Fiji Islands Bureau of Statistics, the inflation rate rose to 7.6 percent in February 2008, underpinned largely by soaring international oil and food prices. Persistent inflationary pressures in the months ahead are likely to lead to an upward revision to the Reserve Bank’s current year end inflation forecast of 5.0 percent.

On the outlook for foreign reserves, the pressure on Fiji’s balance of payments persists, emanating from the wide trade deficit. Therefore, the Reserve Bank continues to maintain the credit ceiling, to particularly curtail credit for consumption purposes, suppressing imports of consumer goods, to ultimately influence this trade imbalance. Exchange controls remain relatively tight to also contain pressure on our foreign reserves levels.

The Board emphasised that “any change to our monetary policy will be guided, in particular, by developments in the outlook for foreign reserves and inflation.”

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