

RESERVE BANK OF FIJI



PRESS RELEASE

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MONETARY POLICY STATEMENT RELEASED

The Reserve Bank of Fiji, today, released its 6-monthly Monetary Policy Statement booklet. The Monetary Policy Statement covers the Bank's assessment of the economy in the last 6 months. In particular, the Statement deliberates over outcomes of the Bank's twin objectives, inflation and foreign reserves. It also provides the rationale for monetary policy decisions made during this period.

The Statement by the Governor, Mr Savenaca Narube, noted that, "the safeguarding of the twin objectives of monetary policy have been challenging in the first 5 months of the year." Against a modest economic recovery expected this year, inflation has risen, while foreign reserves remain under pressure.

The Governor mentioned that a comprehensive monetary policy review was carried out in April. He added that the retention of the credit ceiling was to address the risks to the outlook on foreign reserves. The Governor stated that "the credit ceiling is not constraining investment. Provisions are made for commercial banks to exceed their ceiling to lend to priority sectors." In response to the current high inflation outcomes, Mr Narube said that monetary policy was quite tight and there was little else that monetary policy could do to ease inflationary pressures, as this was due to external supply factors.

The Governor reiterated that "in the months ahead, monetary policy will continue to safeguard our twin objectives."

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