



BANK OF MAURITIUS

PRESS RELEASE

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CHANGE IN THE LOMBARD RATE

The Bank of Mauritius has reduced the Lombard Rate by 25 basis points from 10.00 per cent to 9.75 per cent per annum with effect from noon today, 27 November 2003.

After a careful review of latest economic and monetary developments, both at the international and domestic levels, a further easing of monetary policy stance of the Bank of Mauritius has been effected today. While evidence of economic recovery in our main export markets might suggest a firming up of economic growth in the years ahead, prospects for domestic economic growth need to be enhanced. Expansion in monetary aggregates continues to be weak and there is conclusively further scope for bank credit expansion.

The inflation outlook is brighter as inflationary pressures have diminished significantly pursuant, *inter alia*, to the anti-inflationary policy stance adopted by the Bank. The inflation rate for 2003 is expected to decline to possibly to just below 4 per cent. There is no risk of inflation picking up due to monetary factors in the near future. Stability in the exchange rate of the rupee is favourably sustaining a low inflation environment as well as maintaining the attractiveness of rupee-denominated risk-free financial assets.

The present easing of monetary policy by the Bank of Mauritius is expected to further reduce cost of funds thereby supporting growth prospects of the economy.

It may be recalled that the Bank of Mauritius had reduced the Lombard Rate by 25 basis points on 12 September 2003 to 10.00 per cent per annum.

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27 November 2003