



BANK OF MAURITIUS

PRESS RELEASE

Released at noon on 7 May 2003

CHANGE IN THE LOMBARD RATE

The Bank of Mauritius has reduced the Lombard Rate by 25 basis points from 10.50 per cent to 10.25 per cent per annum, effective noon today 7 May 2003.

The Bank of Mauritius has reviewed latest economic and monetary developments, taking into account weaker-than-anticipated global demand growth projections. The excess of savings over investment in the Mauritian economy is reflected in the surplus on the current account of the balance of payments. Demand conditions do not seem to be strong. There is scope for further expansion in bank credit. Monetary expansion has remained subdued, within non-inflationary limits.

The relative stability of the exchange rate of the rupee coupled with globally low inflation environment has a positive effect in terms of maintaining a low rate of domestic inflation. Besides, the anti-inflationary policy stance pursued by the Bank in recent years has significantly reduced inflationary pressures in the economy, with expected further decline in the inflation rate for 2003.

This further easing of monetary policy by the Bank of Mauritius is expected to boost business confidence and support growth prospects of the economy by exerting a positive influence on the cost of funds.

It may be recalled that the Bank of Mauritius had reduced the Lombard Rate by 50 basis points from 11.00 per cent to 10.50 per cent per annum on 5 February 2003.

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