



MEDIA RELEASE

The Monetary Policy Committee of the Bank of Mauritius raises the Key Repo Rate by 15 basis points

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The Monetary Policy Committee (MPC) of the Bank of Mauritius (Bank) unanimously decided to raise the Key Repo Rate (KRR) by 15 basis points to 2.00 per cent per annum at its meeting today.

The war between Russia and Ukraine has added a new layer of uncertainty to the global growth outlook which was already impacted by the Omicron variant. In January 2022, the IMF downgraded global growth for 2022 by 0.5 percentage point to 4.4 per cent, mainly on account of significant downward growth revisions for the US, China, Brazil and Mexico. These growth forecasts do not factor in the Russia-Ukraine war and, as such, may be subject to further downward revision.

So far, the domestic economy has remained on its recovery path due to appropriate policy actions. The full re-opening of national borders has supported economic activity and is expected to provide further impetus to economic recovery this year. The Bank is forecasting real GDP growth between 7 – 8 per cent for 2022 depending, among others, on the number of tourist arrivals.

The Bank continues to manage excess rupee liquidity in line with its monetary policy stance. Short-term yields have remained within the interest rate corridor. Notwithstanding some improvement in FX inflows, the Bank has maintained its FX interventions to address undue exchange rate volatility and to ensure adequate supply of foreign exchange to the market. The capital and liquidity positions of banks are assessed to be strong and are expected to provide resilience to shocks.

Inflation has gained traction across several economies, reflecting rising energy and food prices and lingering supply disruptions, among others. In parallel, inflation in Mauritius has gathered momentum on the back of higher fuel prices and food products, including local fresh vegetables. In light of these developments, the Bank is revising its inflation projection to around 6.7 per cent for 2022, subject to further headwinds from the Russia-Ukraine war.

In the face of heightened risks to inflation while continuing to promote macroeconomic conditions conducive to recovery, the MPC has decided to raise the KRR by 15 basis points to 2.00 per cent per annum.

The MPC will issue the Minutes of its meeting on Wednesday 23 March 2022.

The MPC will continue to monitor the economic situation closely.