



MEDIA RELEASE

The Monetary Policy Committee of the Bank of Mauritius raises the Key Repo Rate by 100 basis points to reach 4 per cent

Released at 14:00 hours on 04 November 2022

The Monetary Policy Committee (MPC) of the Bank, which stood ready to convene between its regular meetings, met today to review the economic situation.

The MPC discussed the implications on the Mauritian economy of the latest international developments, including recent decisions by the US Fed, the ECB, and the Bank of England, to hike their policy rates.

Inflation continues to be a major concern globally. Central Banks are responding by taking appropriate policy decisions that would enable them to contain inflationary pressures, being aware of the potential impact of any negative interest rate differential on capital flows across borders and on their exchange rates.

In Mauritius, while the output gap from pre-pandemic levels is closing, it is expected that inflationary pressures will continue to prevail.

In view of the proven economic recovery allowing greater room to maneuver and with the objective of maintaining inflation below a double-digit figure, at around 9.5 per cent for 2022, the MPC has decided to speed up the normalization process which it has embarked on since the beginning of the year. At the same time, the aim is to close interest rate differentials whilst further containing excess volatility in the FX market.

Thus, to contain inflation, the MPC unanimously decided today to raise the KRR by 100 basis points to reach 4 per cent.

Since the beginning of the year, the MPC has raised the KRR by 215 basis points cumulatively.

The Bank forecasts inflation in the range of 5-6 per cent for 2023. Growth rate is projected to remain strong at above 7 per cent for 2022 and 5 per cent for 2023.

The MPC stands ready to further pursue its normalization of monetary policy and will meet in December to review the economic situation.