



MEDIA RELEASE

The Monetary Policy Committee of the Bank of Mauritius keeps the Key Repo Rate unchanged

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The Monetary Policy Committee (MPC) of the Bank of Mauritius (Bank) has unanimously decided to leave the Key Repo Rate (KRR) unchanged at 3.50 per cent per annum at its meeting today.

The MPC reviewed international economic and financial developments and noted that global growth momentum would remain sustained but still fraught with uncertainty. In its April 2018 World Economic Outlook, the International Monetary Fund kept its forecasts for 2018 and 2019 unchanged at 3.9 per cent. World inflation is forecast to tick up from 3.2 per cent in 2017 to 3.5 per cent in 2018 but would remain within most central banks' tolerable levels despite the recent surge in international oil prices.

Since the last MPC meeting, domestic inflation has risen due mostly to adverse climatic conditions. While price pressures emanating from such seasonal factors have started to dissipate since April 2018, there may be potential pressures arising from higher oil prices. Headline inflation rose to 5.0 per cent in April 2018, 1.0 percentage point higher than in January 2018, while year-on-year inflation decelerated to 3.7 per cent in April 2018, from 6.2 per cent in January 2018. The underlying measures of inflation have remained contained. Barring any major shocks, headline inflation is projected at about 4.2 per cent for 2018 and 3.8 per cent in 2019.

As regards the economy, business and consumer confidence have been rising and most sectors are likely to record positive growth in 2018. Major macroeconomic indicators are showing signs of improvement. The Bank maintains its projections of real GDP growth at 4.0 per cent in both 2018 and 2019. However, there are still downside risks.

The MPC took note that short-term money market rates have been hovering close to the KRR since January 2018. The Bank has also been actively conducting open market operations and sterilized foreign exchange market intervention.

The MPC weighed the risks to growth and inflation outlook. The MPC discussed lengthily on the various options and voted unanimously to maintain the KRR at 3.50 per cent per annum. The MPC will issue the Minutes of its meeting on Wednesday 13 June 2018.