



MEDIA RELEASE

The Monetary Policy Committee of the Bank of Mauritius leaves the Key Rate unchanged at 4.50 Per Cent

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The Monetary Policy Committee (MPC) of the Bank has unanimously decided to keep the Key Rate (KR) unchanged at 4.50 per cent per annum.

Global economic recovery is under way despite the challenging economic landscape. Leading economic indicators, such as the Purchasing Managers Indices (PMIs), point towards an improvement in global economic activity. Inflation is declining in many countries as a result of the combined effects of monetary policy tightening by central banks worldwide and of the drop in shipping costs and commodity prices. Downside risks nonetheless remain.

The domestic economy has gained momentum in 2022, explained by pick-up in key economic sectors, including tourism, services and manufacturing. Labour market conditions have improved during the year and unemployment has maintained a downward trajectory. Global cross-border investment activities have remained sustained with significant foreign direct investment flows into real estate. The economy expanded by 8.7 per cent in 2022. The recovery process is expected to continue in 2023. The recently announced budgetary measures are expected to provide a boost to consumption, investment and exports, while supporting the country's competitiveness.

Inflationary pressures have begun to ease in Mauritius, reflecting the combined effects of falling global commodity prices and the impact of policy rate hikes by the Bank during 2022. Core measures of inflation are also showing signs of abatement, thereby indicating that the recently observed declines in inflation may continue. The Bank forecasts headline inflation to decline progressively to around 6.8 per cent in 2023 and it is forecast to reach the inflation target range of 2 to 5 per cent in 2024.

The MPC discussed lengthily the latest developments on the macro-financial landscape, both globally and on the domestic front. The Committee analysed various scenarios, including an increase in the policy rate. It balanced the risks to the inflationary and to the growth outlooks and decided that a further rate increase is not warranted at this stage.

As a result, the Committee unanimously decided to leave the policy rate unchanged at 4.50 per cent per annum.

The Minutes of today's meeting will be released on the Bank's website on Thursday 29 June 2023.