



MEDIA RELEASE

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

Released at 11:30 hours on 15 September 2023

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 on track but remains subject to headwinds. Purchasing Managers' Indices, which are key leading indicators of world economic activity, pointed towards continued expansion in economic activity so far in 2023Q3, albeit at a slower rate. Inflation is declining in many countries amidst tighter monetary conditions, easing supply chain pressures and falling commodity prices but nonetheless remains elevated and above central banks' targets.

The domestic economy continued to grow solidly in 2023Q1 after recording a strong performance in 2022, supported by dynamism in key economic sectors, including tourism, financial services and construction. Unemployment is on a downward trajectory. The banking sector remains resilient. With the recent decisions by Standard & Poor's confirming the 'Investment Grade' status of Mauritius and the Credit Opinion by Moody's upgrading the Scorecard-indicated outcome of Mauritius to Baa1-Baa3, prospects can only be encouraging for the balance of payments. The Bank projects real GDP growth for 2023 to be in the range of 6.5 – 7.5 per cent.

Headline inflation in Mauritius eased further in August 2023, marking six consecutive months of decline, and is projected to maintain its downward trend in the second half of 2023 to reach around 7.0 per cent by December 2023. The normalisation of monetary policy which took place in 2022 has played a fundamental role in keeping core inflation in check. This policy normalisation is also expected to keep inflation expectations well anchored.

The MPC has analysed various macro-financial scenarios and has carefully weighed the risks to growth and inflation outlooks. Members viewed that the past rate hikes are still working through the economy and that the current monetary policy stance is appropriate and supportive of economic recovery.

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 shall be released on Friday 29 September 2023.