



## MEDIA RELEASE

### **The Monetary Policy Committee of the Bank of Mauritius Keeps the Key Repo Rate Unchanged at 1.85 per cent per annum**

*Released at 16:00 hours on 23 September 2020*

The Monetary Policy Committee (MPC) of the Bank of Mauritius (Bank) has unanimously decided to keep the Key Repo Rate (KRR) unchanged at 1.85 per cent per annum at its meeting today.

The global economy has been showing some signs of improvement, backed by support from monetary and fiscal authorities. Nonetheless, the pace of the global economic recovery is dependent on the containment of the COVID-19 pandemic. OECD's latest growth outlook puts the global GDP contraction at 4.5 per cent in 2020, an upgrade from the 6.0 per cent contraction predicted in June 2020. Global inflationary pressures are projected to remain subdued in the near term.

The domestic economy is still facing the disruptive effects of the COVID-19 pandemic. Cautious spending patterns and economic uncertainty continue to impact both household consumption expenditure and private investment. The contraction in major trading partners' output would result in weaker demand for our exports. Consequently, Bank staff has revised its projection for real GDP growth for 2020, from -12.5 per cent to -13.0 per cent. For 2021, real GDP is projected to grow at about 7.5 per cent.

Domestic inflation continues to remain low and stable, as demand-side and supply-side pressures remain at bay. In the absence of further exogenous shocks, Bank staff is projecting headline inflation at about 2.5 per cent in both 2020 and 2021.

Considering the international and domestic economic outlook, the MPC views that the current monetary policy stance of maintaining the KRR at 1.85 per cent per annum is appropriate.

The MPC will continue to monitor the economic situation closely and stands ready to meet in between its regular meetings, if the need arises.

The MPC will issue the Minutes of its meeting on Wednesday 7 October 2020.