



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, by majority vote, decided to keep the Key Repo Rate (KRR) unchanged at 3.35 per cent per annum at its meeting today.

The MPC noted that the risks to the global economic outlook continued to tilt to the downside. The IMF has again revised down its global growth projection for 2019 to 3.0 per cent. However, it projects growth to recover modestly to 3.4 per cent in 2020 due to continued macroeconomic support and higher contribution from emerging market economies. The OECD, on the other hand, has forecasted that the global economy would grow by 2.9 per cent in both 2019 and 2020. Inflation is projected to increase from 1.5 per cent in 2019 to 1.8 per cent in 2020 for advanced economies and from 4.7 per cent in 2019 to 4.8 per cent in 2020 for EMDEs.

The domestic economy maintained its growth momentum in 2019Q2, as key sectors continued to grow. However, since the last MPC meeting, economic developments, both on the international and domestic fronts, have been less favourable than expected and downside risks to the growth outlook have increased. Based on latest available information, Bank staff is projecting real GDP growth at 3.7 per cent for 2019 and maintained its forecast for 2020 at about 4 per cent.

Domestic inflation remained low while core inflation measures have remained broadly contained below 2.0 per cent. Headline inflation declined from 0.9 per cent in July 2019 to 0.7 per cent in October 2019. Bank staff has maintained their inflation forecast for 2019 at 0.5 per cent and for 2020 at 1.5 per cent.

Taking into consideration recent external and domestic economic developments and trends, the MPC weighed risks to the growth and inflation outlook and decided to keep the monetary policy stance unchanged.

The MPC stands ready to meet in between its regular meetings, if the need arises.

The Minutes of the meeting will be issued on Wednesday 11 December 2019.