



## MEDIA RELEASE

### **The Monetary Policy Committee of the Bank of Mauritius cuts the Key Repo Rate by 50 basis points**

*Released at 16:15 hours on 10 March 2020*

The Monetary Policy Committee (MPC) of the Bank of Mauritius (Bank) unanimously voted to reduce the Key Repo Rate (KRR) by 50 basis points to 2.85 per cent per annum at its meeting today.

The MPC assessed latest international economic and financial developments and noted that the global economy is subject to heightened uncertainty and global financial markets are extremely volatile. The Committee considered that the OECD lowered its assessment of global growth for 2020 by half a percentage point to 2.4 per cent amid the COVID-19 outbreak. Downside risks to global growth have increased due to disruptions in global trade and travel activity. Global inflationary pressures are expected to remain subdued.

The COVID-19 outbreak is expected to have a significant impact on the domestic economy. The uncertainty associated with the outbreak of COVID-19 is also likely to influence consumer and business confidence, which can potentially dent domestic spending and investment. Bank staff estimates, at this stage, that considering the impact of COVID-19, real GDP growth rate would be between 2.6 to 2.8 per cent for 2020.

Both headline and core inflation have remained low. Bank staff is projecting headline inflation at about 1.5 per cent in 2020.

The MPC considered that an accommodative monetary policy was deemed appropriate to support domestic economic activity.

The next MPC meeting is scheduled on Wednesday 06 May 2020. The MPC stands ready to meet in between its regular meetings, if the need arises.

The MPC will issue the Minutes of its meeting on Tuesday 24 March 2020.