



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) today unanimously decided to keep the Key Repo Rate (KRR) unchanged at 1.85 per cent per annum.

The International Monetary Fund (IMF) has, in its October 2021 World Economic Outlook (WEO), forecast global growth at 5.9 per cent for 2021 and 4.9 per cent for 2022, assuming that there will be further progress in vaccine coverage and that accommodative fiscal and monetary support remains in place.

The domestic economy bounced back in 2021Q2 with a year-on-year growth of 19.3 per cent. Going forward, the economy is most likely to see positive growth as sentiment gradually improves with the ongoing vaccination campaign and the full reopening of borders. The Bank maintains its previous projection of real GDP growth at about 5.5 per cent for 2021.

The Bank continues to manage excess rupee liquidity in line with its monetary policy stance. Short-term yields remained within the interest rate corridor in 2021Q3. The Bank intervened on a regular basis to address undue exchange rate volatility and to ensure adequate supply of foreign exchange to the market.

Globally, inflation continues to remain elevated but is expected to subside in most countries during 2022. Domestic inflation remains contained despite the recent increase in prices which was mostly due to transitory supply shocks, in particular higher freight costs and commodity prices. While there is still uncertainty on price dynamics worldwide, these supply-side influences are expected to fade away in 2022. In the absence of further external shocks, the Bank is forecasting headline inflation at about 3.8 per cent for 2021.

The MPC considers that the current monetary policy stance is appropriate and supportive of economic recovery. Accordingly, the MPC has decided to maintain the KRR at 1.85 per cent per annum.

The MPC will issue the Minutes of its meeting on Wednesday 3 November 2021.

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