



## MEDIA RELEASE

### **The Monetary Policy Committee of the Bank of Mauritius cuts the Key Repo Rate by 15 basis points**

*Released at 16:00 hours on 9 August 2019*

The Monetary Policy Committee (MPC) of the Bank of Mauritius has, by majority vote, cut the Key Repo Rate (KRR) by 15 basis points to 3.35 per cent per annum at its meeting today.

The MPC noted that the prospects for global economic outlook have further weakened due to increasing trade tensions between the two largest economies, the rising uncertainties associated with Brexit and geopolitical tensions. Multilateral institutions, like the IMF, World Bank, OECD and the United Nations, have accordingly downgraded their global economic growth forecasts for 2019 and 2020.

The domestic economy has shown good resilience so far. The underlying growth momentum remains broadly positive, supporting the current growth forecast of 3.9 per cent for 2019 and 4 per cent for 2020. However, as a small open economy, Mauritius has to further enhance its resilience to be able to withstand the worsening external environment.

The MPC assessed that price pressures have continued to ease since its last meeting. Headline inflation in Mauritius has declined further from 1.2 per cent in April 2019 to 0.9 per cent in July 2019. Based on current trends and barring major shocks, headline inflation is now forecast at 0.5 per cent in 2019 and about 1.5 per cent in 2020.

A majority of members viewed that the inflation outlook provides room for a reduction in the policy rate as a pre-emptive move against the risks associated with weakening global growth. They noted that central banks have been easing monetary policy to support their economies. Going forward, the MPC will continue to monitor price and growth conditions to ensure that monetary policy remains appropriately supportive of sustained non-inflationary economic growth over the medium term.

The Minutes of the meeting will be issued on Friday 23 August 2019.