



## 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 July 2021 World Economic Outlook (WEO) Update, maintained its 6.0 per cent global growth forecast for 2021. For 2022, the global economy is projected to grow by 4.9 per cent, up from the April 2021 WEO forecast of 4.4 per cent. Risks to the global growth forecast are tilted to the downside. Widespread disparities among countries and regions are expected to persist.

The recovery of the domestic economy is expected to gain momentum with the re-opening of borders for international travel. Improving external demand, accommodative monetary policy conditions and the government's support measures are also expected to revitalise economic activity. Bank staff projects real GDP growth of 5.5 per cent for 2021.

The Bank has been mopping up excess rupee liquidity in line with its monetary policy stance. Short-term yields moved back within the interest rate corridor. The Bank continued to ensure an adequate supply of foreign exchange to the market at exchange rates based on bids received from banks at its FX auctions.

Global inflation has been on the rise recently mostly due to higher commodity prices but is expected to be transitory and fade away in 2022. Domestic inflation has been increasing lately due to supply-side pressures which are also expected to be transient. In the absence of further external shocks, Bank staff is forecasting headline inflation at about 3.5 per cent for 2021.

The MPC took note of the latest measures under the Bank of Mauritius COVID-19 Support Programme and its extension up to June 2022. These measures have complemented the accommodative monetary policy stance.

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 Thursday 18 August 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.