



MEDIA RELEASE

The Key Rate remains unchanged

11 February 2026

The Monetary Policy Committee (MPC) of the Bank of Mauritius has unanimously decided to keep the Key Rate unchanged at 4.50 per cent per annum at its meeting today.

Global activity has been resilient as growth performance in both advanced and emerging markets has been better than expected in 2025. Major international institutions have upgraded their global growth projections for 2026, against a backdrop of rising investment in technology and continued policy support. The International Monetary Fund, in its January 2026 World Economic Outlook Update, forecast global growth at 3.3 per cent in 2026 - an upward revision of 0.2 percentage point relative to the previous forecast. However, downside risks to the growth outlook still prevail, including potential volatility in AI-related capital flows, rising geopolitical tensions, increasing trade fragmentation and policy uncertainty.

Inflationary pressures are easing across most regions, supported by lower tariff related and freight costs, moderating energy prices, and various country specific factors. Nonetheless, some countries continue to face persistent inflation due to strong demand and wage growth. Central banks are therefore expected to adopt a cautious approach holding policy rates steady until inflation demonstrates a consistent convergence toward target. The IMF projects global inflation to decline from 4.1 per cent in 2025 to 3.8 per cent in 2026 and further to 3.4 per cent in 2027. However, risks to this inflation outlook remain tilted to the upside on account of rising geopolitical tensions and climate-related shocks.

Regarding the domestic economy, activity was mainly driven by key service-oriented sectors in 2025Q3, notably 'Financial and insurance activities', 'Accommodation and food service activities' and 'Transportation and storage'. The tourism sector continued to perform strongly, supported by diversification efforts aimed at broadening the market base and reducing reliance on traditional European source markets. However, the construction sector continued to contract in 2025Q3, albeit at a slower pace. On the demand side, consumption expenditure remained the main contributor to growth.

Going forward, the domestic economy is projected to register higher growth, underpinned by solid tourism activity and growth in the financial services sector. The rollout of major infrastructure projects is also expected to spur a recovery in the construction sector and support overall investment activity. The Bank projects real GDP growth at 3.3 per cent in 2026, though an accelerated execution of capital projects and the renewal of the African Growth and Opportunity Act could raise growth to around 3.5 per cent.

Headline inflation in Mauritius has been on an upward trend over recent months and went up to 3.8 per cent in January 2026 from 3.7 per cent in December 2025. Inflation is projected to close the year at 3.6 per cent, within the Bank's inflation target range of 2 - 5 per cent and very close to the mid-point medium-term target of 3.5 per cent. Some volatility in domestic vegetables prices may occur during the first quarter of the year due to adverse weather conditions, but these fluctuations are expected to gradually subside. The government subsidy programme and some favourable external factors, including lower global commodity prices, may contribute towards softer price pressures in Mauritius. However, upside risks to the inflation outlook exist due to a possible escalation of geopolitical tensions.

The Bank continues to closely monitor the level of excess liquidity in the banking system to ensure that short-term yields remain aligned with the Key Rate. The domestic foreign exchange market continues to show steady improvement, with exchange rate movements influenced by both domestic and international market conditions. Stress tests indicate the resilience of the banking sector to a variety of plausible shocks.

The MPC deliberated that, given the current economic conditions and the balance of risks to the growth and inflation outlooks, maintaining a prudent wait-and-see stance remains appropriate at this time.

As such, the MPC unanimously decided to keep the Key Rate unchanged at 4.50 per cent per annum. This stance recognises the need to anchor medium-term inflation expectations amid ongoing economic uncertainties.

The MPC remains forward-looking and continues to monitor the economic situation. The MPC stands ready to take appropriate actions to fulfil its dual mandate of maintaining price stability and promoting orderly and balanced economic development.

The Minutes of today's meeting shall be released on 25 February 2026.