



## MEDIA RELEASE

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

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The Monetary Policy Committee (MPC) of the Bank has met today 20 September 2024 and has unanimously decided to reduce the Key Rate (KR) by 50 basis points from 4.50 per cent to 4.00 per cent per annum.

Global growth continues to be resilient. In its July 2024 World Economic Outlook Update, the IMF projected global growth to remain stable at 3.2 per cent in 2024 and 3.3 per cent in 2025. Global inflation remains on a downward trend, gradually converging towards major central banks' respective targets. In view of these favourable outturns, interest rate cuts from major central banks are well underway. The US Fed and the European Central Bank (ECB) have lowered their policy rates by 50 basis points and 25 basis points respectively at their September 2024 meetings.

On the domestic front, first-quarter GDP growth stood at 6.4 per cent, driven by buoyant consumption and investment. The major economic sectors are expected to maintain robust performances in 2024. The tourism sector remains a key engine of growth, largely reflecting upbeat demand for travel and tourism and effective promotional campaigns. Activity in the construction sector continues to be underpinned by major public infrastructural projects such as building of social housing units and enhancement of road networks. The financial sector will remain supportive of growth. The Bank maintains its projection of real GDP growth at around 6.5 per cent for the year.

Inflation in Mauritius has continued to decline, mostly reflecting the benign global food and energy price environment, lower shipping costs as well as the fading out of domestic shocks. Headline inflation fell from 11.3 per cent in February 2023 to 4.0 per cent in August 2024, marking 18 months of successive decline, and stayed within the inflation target range of 2-5 per cent. Core measures of inflation also remained engaged on a firm downward trend. In the absence of further shocks, headline inflation is projected to be around 4.0 per cent by the end of 2024.

The MPC deliberated that, while growth remains consistent, the ongoing disinflationary process is well entrenched in 2024 and looks set to achieve the medium-term target of 3.5 per cent, with upside risks to the inflation outlook subsiding. The MPC was of view that this environment creates space for a lower policy rate, without compromising on other macroeconomic objectives.

As a result, the MPC has unanimously decided to cut the Key Rate by 50 basis from 4.50 per cent to 4.00 per cent per annum.