



MEDIA RELEASE

The Monetary Policy Committee of the Bank of Mauritius keeps the Key Repo Rate unchanged

Released at 16:00 hours on 9 November 2018

The Monetary Policy Committee (MPC) of the Bank of Mauritius (Bank) has unanimously decided to leave the Key Repo Rate (KRR) unchanged at 3.50 per cent per annum at its meeting today.

The MPC noted that, since its August 2018 meeting, there has been a downgrading of global growth forecasts. In its October 2018 World Economic Outlook, the IMF has revised down its growth projections for both 2018 and 2019 by 0.2 percentage point to 3.7 per cent, reflecting mainly global economic uncertainties. The forecast of global inflation has been revised up to 3.8 per cent in 2018 and 2019.

Domestically, headline inflation is projected at around 3.2 per cent in 2018 compared to 3.7 per cent in 2017. The Bank forecasts an inflation rate of 3.0 per cent for 2019, barring major supply shocks.

The Bank maintains real GDP growth at 4.0 per cent for 2018 on account of stronger economic activity in key sectors of the economy. Higher consumption expenditure and public infrastructure investment are supporting the growth momentum. For 2019, real GDP is expected to grow by 4.0 per cent. The unemployment rate is estimated to decline to 6.9 per cent in 2018.

The MPC discussed extensively the level of excess liquidity and noted that short-term interest rates continue to be around the KRR following the implementation of appropriate measures.

The MPC weighed the risks to growth and inflation outlook and concurred that monetary conditions are currently appropriate and supportive of economic growth and price stability.

The MPC will issue the Minutes of its meeting on Friday 23 November 2018.