



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) met today and unanimously decided to keep the Key Repo Rate (KRR) unchanged at 1.85 per cent per annum.

The global economic landscape remains fraught with uncertainty as countries continue to experience the adverse effects of the COVID-19 pandemic. The unprecedented shock to the global economy has led several multilateral organisations (e.g. IMF, World Bank and the OECD) to revise down their initial growth projections for 2020. They are projecting that the world economy could contract between 4.9 per cent and 7.6 per cent in 2020. Global inflationary pressures are expected to remain contained.

The Mauritian economy, in particular key sectors such as tourism and manufacturing, is already being buffeted by the pandemic. Moreover, household consumption and private investment are expected to remain subdued in 2020.

The MPC discussed the implications of the pandemic on the domestic economy and the previous cumulative 150 basis points cut in the KRR. Members viewed that the cuts are still working through the economy and that the current monetary policy stance is deemed appropriate.

Given the risks facing the domestic economy, the Bank is projecting real GDP to contract by 12.5 per cent in 2020. However, real GDP growth is projected at about 7.0 per cent in 2021.

Domestic inflation has remained low and stable. Barring exogenous shocks, the Bank is expecting headline inflation at about 2.5 per cent in 2020 and at about 2.0 per cent in 2021.

The MPC stands ready to meet in between its regular meetings, if the need arises.

The MPC will issue the Minutes of its meeting on Wednesday 22 July 2020.