



MEDIA RELEASE

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

Released at 15:00 hours on 10 November 2016

The Monetary Policy Committee (MPC) of the Bank of Mauritius unanimously decided to keep the Key Repo Rate (KRR) unchanged at 4.00 per cent per annum at its meeting today.

Global economic conditions remain subdued. The IMF has maintained its world growth projection for 2016 at 3.1 per cent and 3.4 per cent for 2017 in its World Economic Outlook released in October 2016. The MPC noted that risks to the global growth outlook remain tilted on the downside due to stagnating global trade, Brexit, intensified financial markets volatility and geopolitical risks.

The MPC discussed prevailing domestic economic and financial conditions and noted that, currently, the economy is operating below its potential. Bank staff is now projecting a real GDP growth rate of 3.5 per cent for 2016. The MPC took note of the Bank staff growth forecast for 2017 ranging between 3.8 and 4.0 per cent. It is expected that the implementation of major infrastructure projects as announced in the Budget should give a boost to investment in 2017.

Domestic inflation remains so far muted, with headline inflation contained at below 1 per cent in line with subdued global commodity prices and persistent slack in the domestic economy. Measures of core inflation have also been low and moderate. Headline inflation was flat at 0.8 per cent in September and October 2016. It is projected at around 1 per cent in 2016 and to rise gradually to a range of 2 to 3 per cent in 2017.

The MPC also took note of the steps taken by the Bank of Mauritius to mop up excess liquidity in the banking system and discussed a new monetary policy framework that the Bank is proposing to implement in early 2017.

The MPC will issue the Minutes of its meeting on Thursday 24 November 2016.