



BANK OF MAURITIUS

website: <http://bom.intnet.mu>

MONETARY POLICY CHALLENGE 2008

The Bank of Mauritius had launched a Financial Literacy Programme last year in the context of its 40th anniversary to raise public awareness on the role and functions of the Bank of Mauritius. As part of this programme, a Monetary Policy Challenge was set up for the public to become familiar with the monetary policy decision-making process.

The Bank hereby invites Mauritian residents aged 16 years and above to participate in the 2008 edition of the Monetary Policy Challenge.

The primary objectives of the Bank, as set out in the Bank of Mauritius Act 2004, are to maintain price stability and to promote orderly and balanced economic development. In this connection, a Monetary Policy Committee (MPC) comprising eight members is responsible for the formulation and determination of monetary policy to be conducted by the Bank. The MPC meets on a quarterly basis and assesses the economic outlook through a range of macroeconomic and financial indicators. MPC members decide by majority-vote whether or not to change the level of the key Repo Rate, which reflects the stance of monetary policy. A press statement explaining the decision of the MPC is issued after each meeting. The key Repo Rate is currently set at 8.25 per cent.

The Monetary Policy Challenge is a mock exercise of the MPC, whereby participants team up in groups of 4. Teams are expected to present an in-depth analysis of the current economic and inflation outlooks and make their recommendation on the level of the key Repo Rate.

Submissions will be reviewed by an Expert Panel. Short-listed teams will be invited to make a PowerPoint presentation at the Bank's Headquarters. **Three prizes of Rs60,000, Rs40,000 and Rs25,000** respectively will be awarded. The conditions for participation including the entry forms are available at the Bank's reception and can be downloaded from the Bank's website at <http://bom.intnet.mu>

22 October 2008



Conditions for participation

1. Each team of 4 will be allowed only one entry and an individual participant can be part of only one team.
2. Each team must submit a written briefing paper of 1,800-2,000 words. The paper must contain an analysis of current and future economic conditions as well as the inflation outlook. It must indicate what the key Repo Rate should be, carefully explaining the reasons for the decision.
3. The briefing paper must be typed in A4 format using Times New Roman size 12 font and double line spacing. The page number should appear at the bottom of the page. Charts and Tables, if any, must be included as appendices.
4. The briefing paper must be submitted in duplicate together with an entry form duly completed. Entry forms are available at the Banking Hall of the Bank and on the Bank's website.
5. The briefing paper accompanied by the entry form must be submitted in sealed envelopes marked "Monetary Policy Challenge", by 5.00 p.m. at latest on Monday 01 December 2008 and they must be addressed to:

Chief-Knowledge Management Centre
Bank of Mauritius
Sir William Newton Street
Port Louis

6. Five teams will be selected to make a PowerPoint presentation of their paper at the Bank. Presentations must be undertaken by a team's appointed Governor and must be no more than 15 minutes long.
7. The five short-listed teams will be assessed on the quality of their presentations, on their ability to defend their stance and on their evaluation of what the key Repo Rate should be.
8. The decision of the Expert Panel shall be final.
9. Participants are required to assess the current macroeconomic conditions by analysing the evolution of key monetary, financial and macroeconomic variables, such as inflation (both headline and core inflation), money supply, credit to the private sector, current account, the exchange rate and the real GDP growth rate. Participants are expected to project future trends in key variables and carry out an assessment of the real, monetary, and financial sectors as well as international economic developments in their submission. On the basis of these assessments and certain assumptions about exogenous factors, such as movements in oil and commodity prices, the outlook for the rate of inflation in around 18-24 months' time shall be determined. The recommendation on the policy interest rate used by the central bank to signal its monetary policy stance, that is, the key Repo Rate, should rest on the assessment of the inflation outlook, whilst also taking into consideration the mandate of the central bank in conducting monetary policy as laid down in the Bank of Mauritius Act 2004. Participants are encouraged to use the

Bank of Mauritius Monthly Statistical Bulletin and Annual Reports as their primary but not single source of information.

10. Immediate relatives of members of the Board of Directors and of staff of the Bank are not eligible to participate in this competition.
11. Participants who fail to comply with the conditions set out above will be disqualified.

Prizes

A prize-giving ceremony will be held later at the Bank's New Headquarters. Three prizes will be awarded:

- First Prize - Rs60,000
- Second Prize - Rs40,000
- Third Prize - Rs25,000

Any further query about the Challenge should be addressed to kramnaut@bom.intnet.mu

22 October 2008



Bank of Mauritius
Monetary Policy Challenge

Entry Form

This entry form must accompany the submission of a Team. Please make sure that full details are included and that all conditions for participation are met.

Thank you for participating and good luck.

	Full Name of Participants in the Team	Age (years)	National Identity Card No. (where applicable)	Residential Address	Telephone Number
1					
2					
3					
4					

Contact E-mail Address for the Team:

Total number of pages in the Paper:

Word Count:

We, the undersigned, declare that the paper submitted is our original work and we understand that our submission or part thereof may be published by the Bank of Mauritius.

Signatures: 1. _____ 3. _____

2. _____ 4. _____

Date: _____