



BANK OF MAURITIUS

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COMMUNIQUÉ

INTERNATIONAL MONETARY FUND CONCLUDES 2014 ARTICLE IV CONSULTATION WITH MAURITIUS

A mission from the International Monetary Fund (IMF) visited Mauritius from 22 January to 5 February 2014 to conduct discussions on economic developments and policies in the context of the annual Article IV consultation.

The Executive Board of the IMF, on 21 April 2014, concluded the Article IV consultation with Mauritius and agreed with the findings and recommendations of the IMF's country report.

The mission report stated, inter alia, that *“the Mauritian economy has been growing steadily despite weak economic activity in Europe. ...Real GDP growth was lower than expected at 3.1 per cent in 2013, mainly due to weak demand for construction, sugar and tourism. ...Staff projects that real GDP growth in 2014 will increase to 3.7 per cent, remaining slightly below potential.... Growth could turn out higher if the implementation of the public investment program is stronger than currently projected or private investment picks up. ...Monetary policy was somewhat accommodative during 2013, but inflation declined nevertheless.”*

“The banking system remained well capitalized, profitable, and resilient against a range of shocks. Developments in the real estate sector and household indebtedness, as well as concentration of lending should continue to be monitored closely. Whenever necessary, macroprudential measures could be used to address vulnerabilities in the banking sector.”

In their assessment, the Executive Directors noted that *“Regulatory Tier I capital to risk-weighted assets are well above Basel II and the proposed Basel III requirements. ...BOM is consulting with banks on implementation of Basel III regulations and continued to publish its bi-annual CAMEL ratings for all domestic banks. It implemented macroprudential measures aimed at addressing emerging NPLs in the construction and real estate sectors as well as rising indebtedness. Threats to financial stability posed by a Ponzi-like scheme in 2013 were contained successfully, and the regulatory framework was subsequently improved.”*

They agreed that *“the current monetary stance is broadly appropriate, but cautioned that a withdrawal of accommodation might be necessary if inflationary pressures intensify.”*

The Public Information Notice No.14/176 is available on the IMF website <http://www.imf.org/external/np/sec/pr/2014/pr14176.htm>. The IMF Country Report on Mauritius No14/107 was released on 5 May 2014 and can be consulted on <http://www.imf.org/external/pubs/cat/longres.aspx?sk=41521.0>.

Bank of Mauritius
8 May 2014