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

The Monetary Policy Committee (MPC) of the Bank of Mauritius has unanimously decided to keep the Key Repo Rate unchanged at 4.65 per cent per annum at its meeting today.

The MPC noted that the global economy continues to grow at a moderate pace. While economic recovery has been consolidating in the United States, the prospects for growth in some developed economies – particularly the Eurozone and Japan – and in several emerging economies remain fragile. The IMF's January 2015 WEO Update forecast global GDP growth at 3.5 per cent in 2015 and 3.7 per cent in 2016.

Members took note of a broad-based appreciation of the US dollar on the international foreign exchange market due to, amongst others, expectations of a rise in the US Federal Funds rate later in 2015 and further monetary stimulus in other economies, namely the Eurozone and Japan. Global inflation remained low and several economies are even confronted with deflationary pressures.

The domestic economy grew by 3.7 per cent in 2014Q4 and all major sectors of the economy, except the construction sector, recorded positive growth rates. Looking ahead, domestic economic activity is projected to strengthen further, supported by recent budgetary measures and their positive impact on investment and business confidence. Bank staff projected real GDP growth for 2015 at 4.3 per cent. The main downside risk to the growth outlook would be the uncertain economic environment in our main export markets.

Headline inflation maintained its downtrend amidst subsiding food and energy inflation, declining steadily to 2.5 per cent in February 2015. Y-o-y inflation declined to a low of 0.2 per cent in December 2014 before rising to 2.0 per cent in February 2015 on account of higher prices of fresh vegetables following adverse climatic conditions in the first two months of 2015. Barring any exceptional developments, headline inflation is forecast at about 3.0 per cent for 2015.

The MPC weighed the risks to the growth and inflation outlook over the relevant policy horizon and considers the Key Repo Rate to be appropriate at the current juncture. The MPC took note of the market adjustment of the rupee following the significant strengthening of the US dollar recently. It also took cognizance of the recent budgetary measures which are expected to give a fillip to economic growth.

The MPC maintains vigilance in monitoring economic and financial developments and stands ready to meet in between its regular meetings, if the need arises.

The MPC will issue the Minutes of its meeting at 13:00 hours on Monday 20 April 2015.