

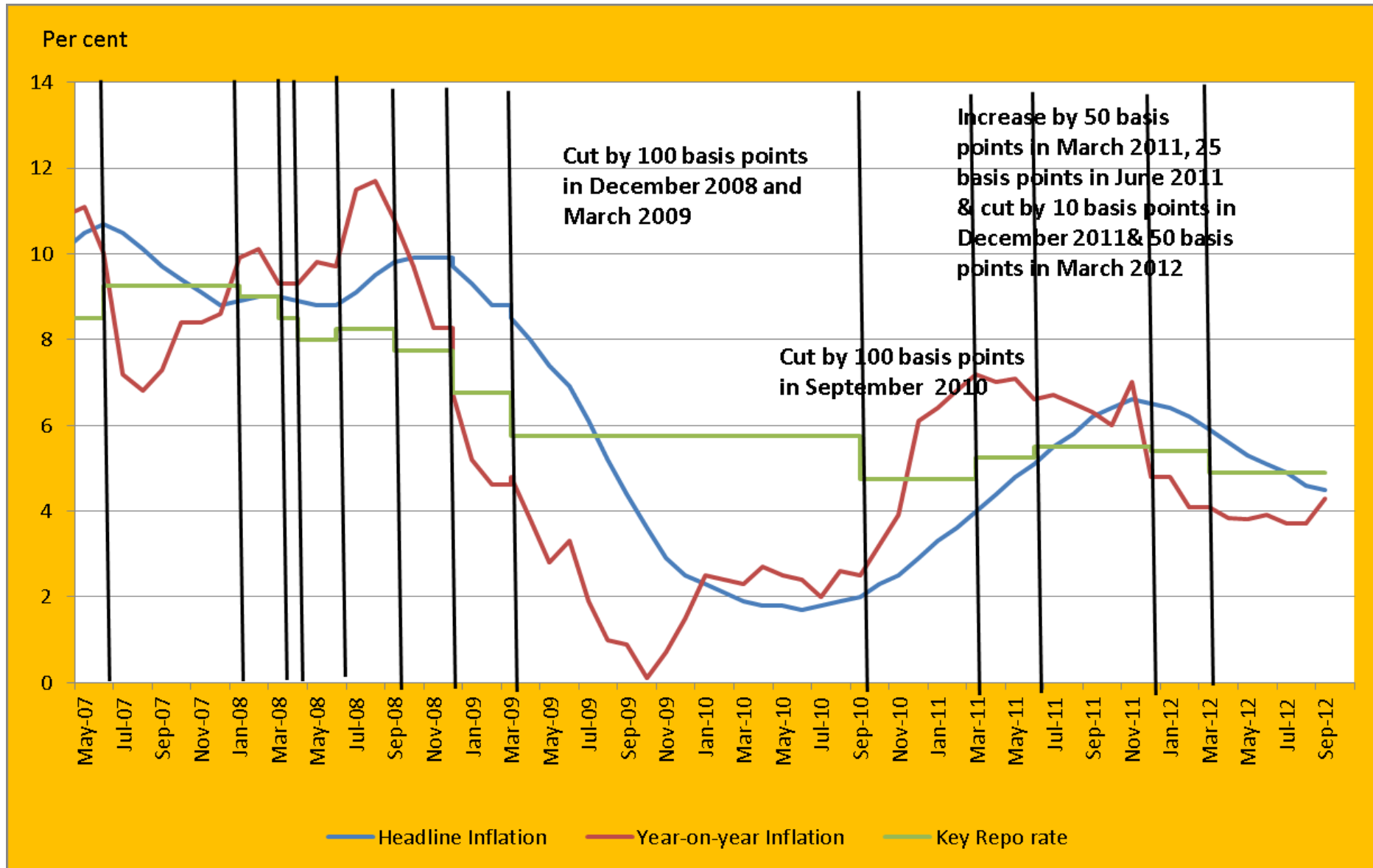


45 YEARS OF CENTRAL BANKING

Post – MPC Press Conference

25 September 2012

The Key Repo Rate kept unchanged at 4.90 %...



Growth Projections–US, Euro zone, UK

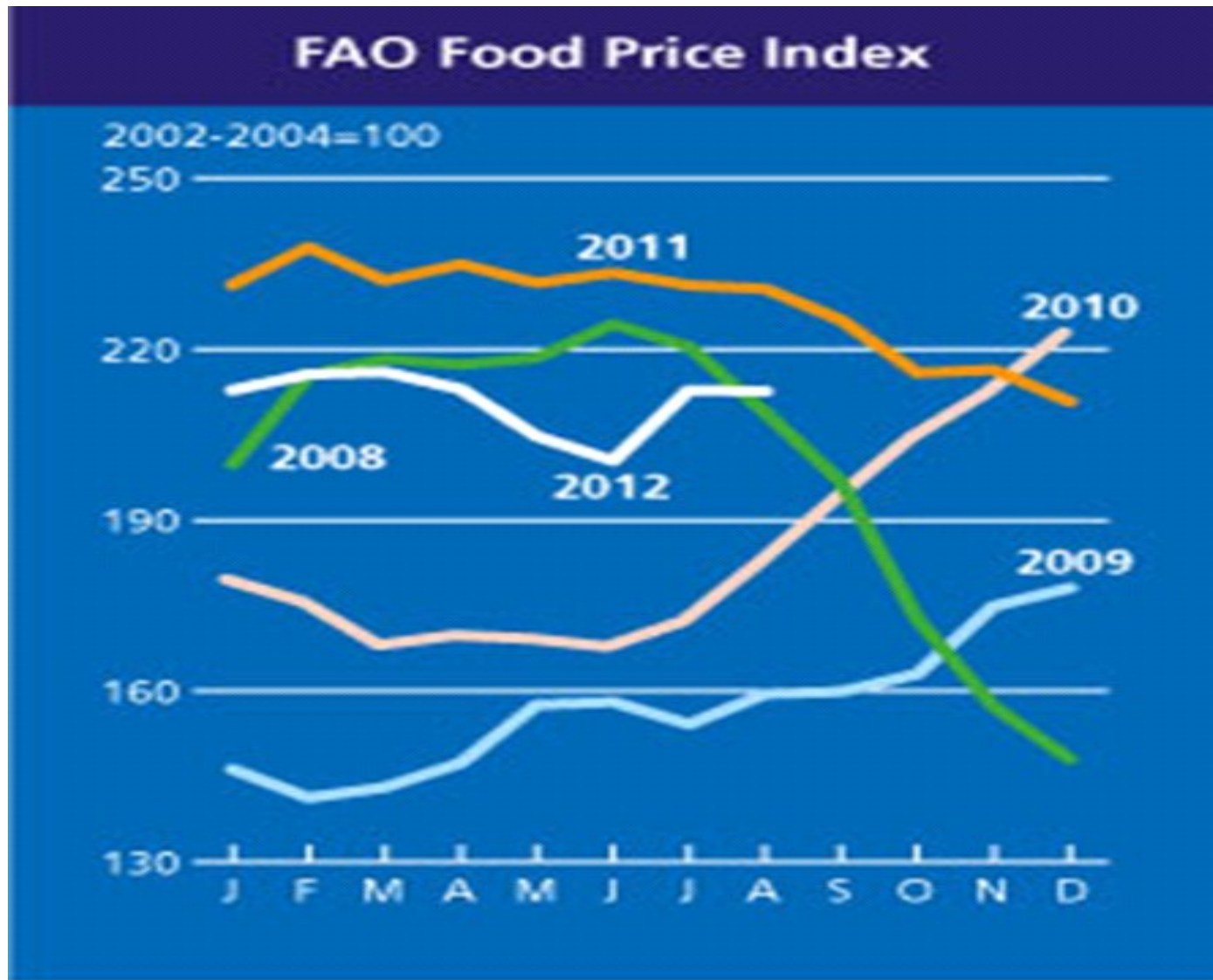
	US				Euro zone				UK			
	Q212	Q312	2012	2013	Q212	Q312	2012	2013	Q212	Q312	2012	2013
IMF April WEO	-	-	21	24	-	-	-0.3	0.9	-	-	0.8	2.0
IMF July WEO Update	-	-	20	23	-	-	-0.3	0.7	-	-	0.2	1.4
OECD Forecast May 2012	-	-	24	26	-	-	-0.1	0.9	-	-	0.5	1.9
OECD Forecast September 2012 *	1.7	2.0	23	-	-0.3	-1.0	-0.2	-	-1.8	-0.7	-0.7	-
Reuters Poll May 2012	2.1	-	23	2.5	-0.1	-	-0.3	0.9	0.1	-	0.3	1.6
Reuters Poll September 2012	-	1.7	2.2	2.0	-	-0.3	-0.5	0.3	-	0.6	-0.3	1.1
JPMorgan May 2012	2.5	2.0	2.4	2.2	-1.2	-1.0	-0.4	0.2	-1.3	2.3	-0.2	1.8
JPMorgan September 2012	1.7	1.5	2.2	2.0	-0.7	-1.0	-0.5	0.2	-1.8	2.0	-0.4	1.5

* Forecast for Euro zone growth refers to the average of the 3 largest economies (Germany, France and Italy)

Growth Projections – BRICS

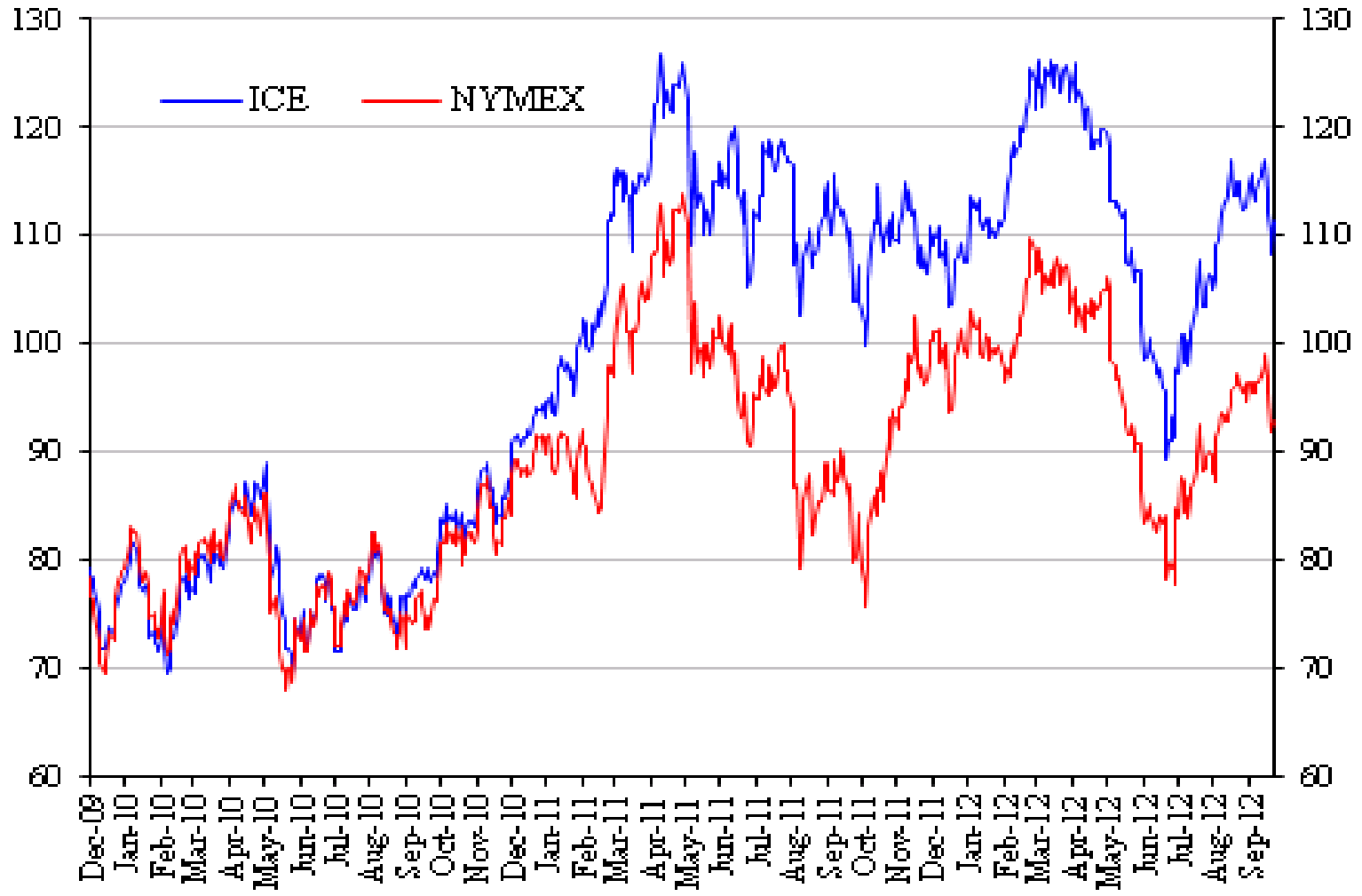
	June 2012 Forecast				September 2012 Forecast			
	Q312	Q412	2012	2013	Q312	Q412	2012	2013
Brazil	4.4	4.8	2.1	4.5	4.8	4.6	1.4	4.1
Russia	3.6	3.5	3.6	3.4	2.0	3.0	3.6	3.4
India	5.8	5.6	6.0	6.5	5.2	5.0	5.6	6.0
China	8.0	8.2	7.7	8.4	7.4	8.5	7.6	8.3
South Africa	3.5	4.5	2.5	3.6	2.3	2.4	2.6	3.2

Food Prices (*FAO Database*)



Oil Prices

US\$ per barrel



Central Bank Watch

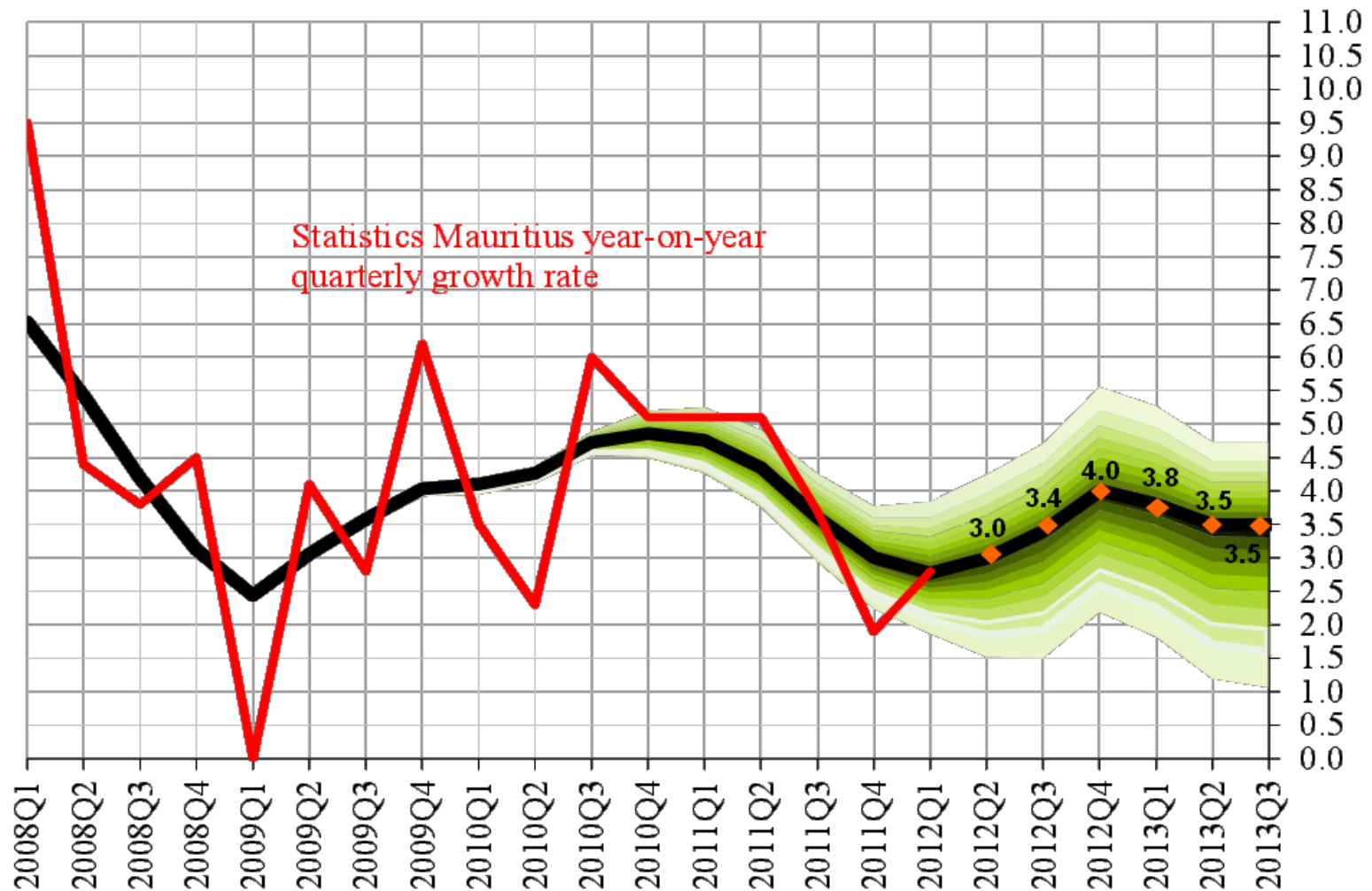
- FOMC – Infinite Quantitative Easing
- ECB – Outright Monetary Transactions
- BoE – Policy rate on hold
- SARB – Repurchase rates on hold
- RBI – Policy rate on hold

.....Resilient Sectors of the economy

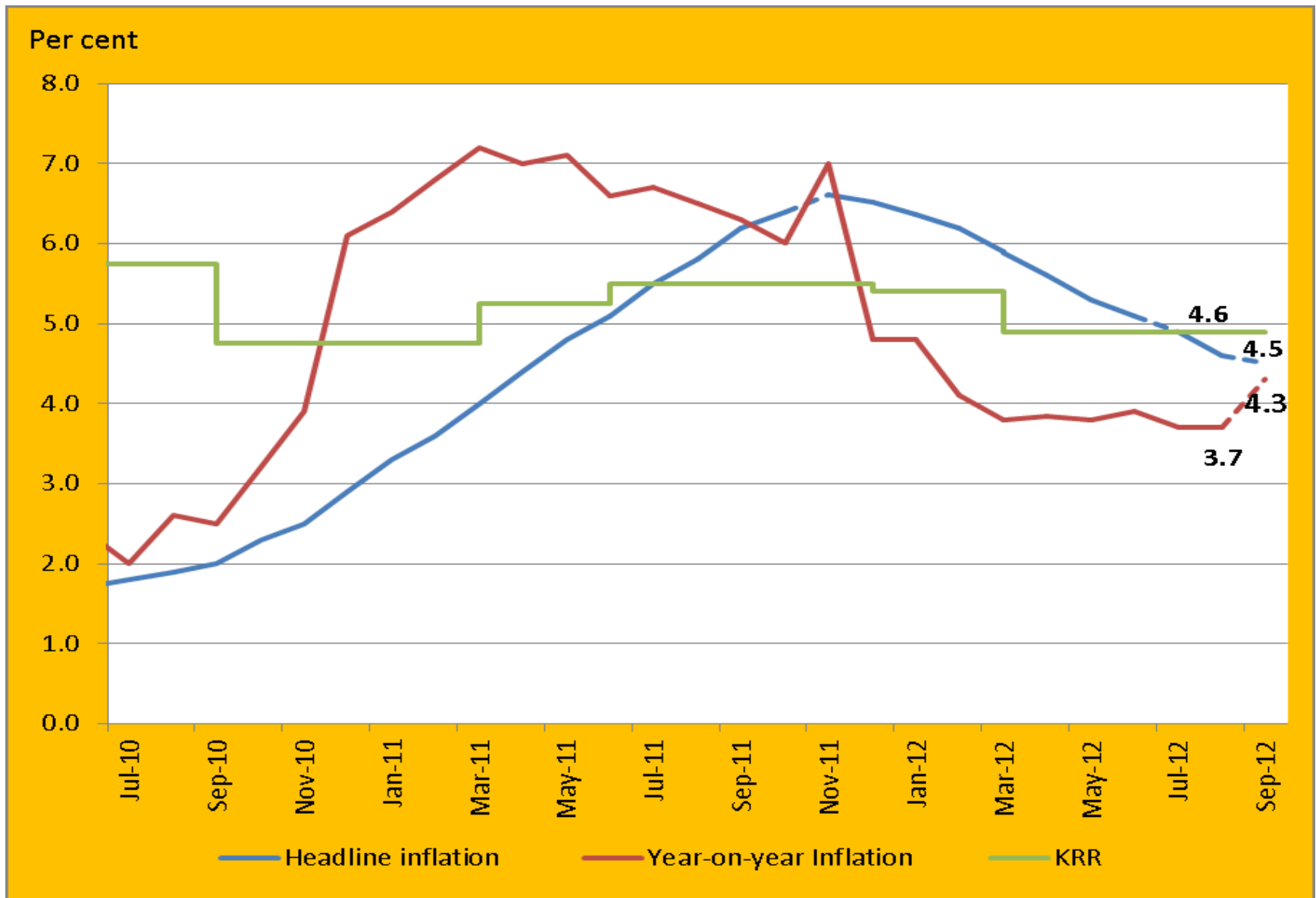
	Export oriented enterprises	Sea food	Freeport	Tourism	ICT
Share in GDP (%)					
2008	7.3	1.4	0.6	9.6	5.3
2009	6.9	1.2	0.5	7.9	5.9
2010	6.5	1.3	0.5	8.3	6.4
2011	6.4	1.2	0.5	8.4	6.7
2012	6.3	1.3	0.5	7.9	6.9
Real growth rate (%)					
2008	1.6	7.3	-18.0	1.2	13.2
2009	-0.9	12.1	-11.0	-5.9	13.1
2010	6.5	10.4	3.3	5.2	13.3
2011	8.4	-1.3	3.1	3.8	10.5
2012	1.9	9.2	2.4	1.3	9.7

Real GDP Forecast – Baseline scenario

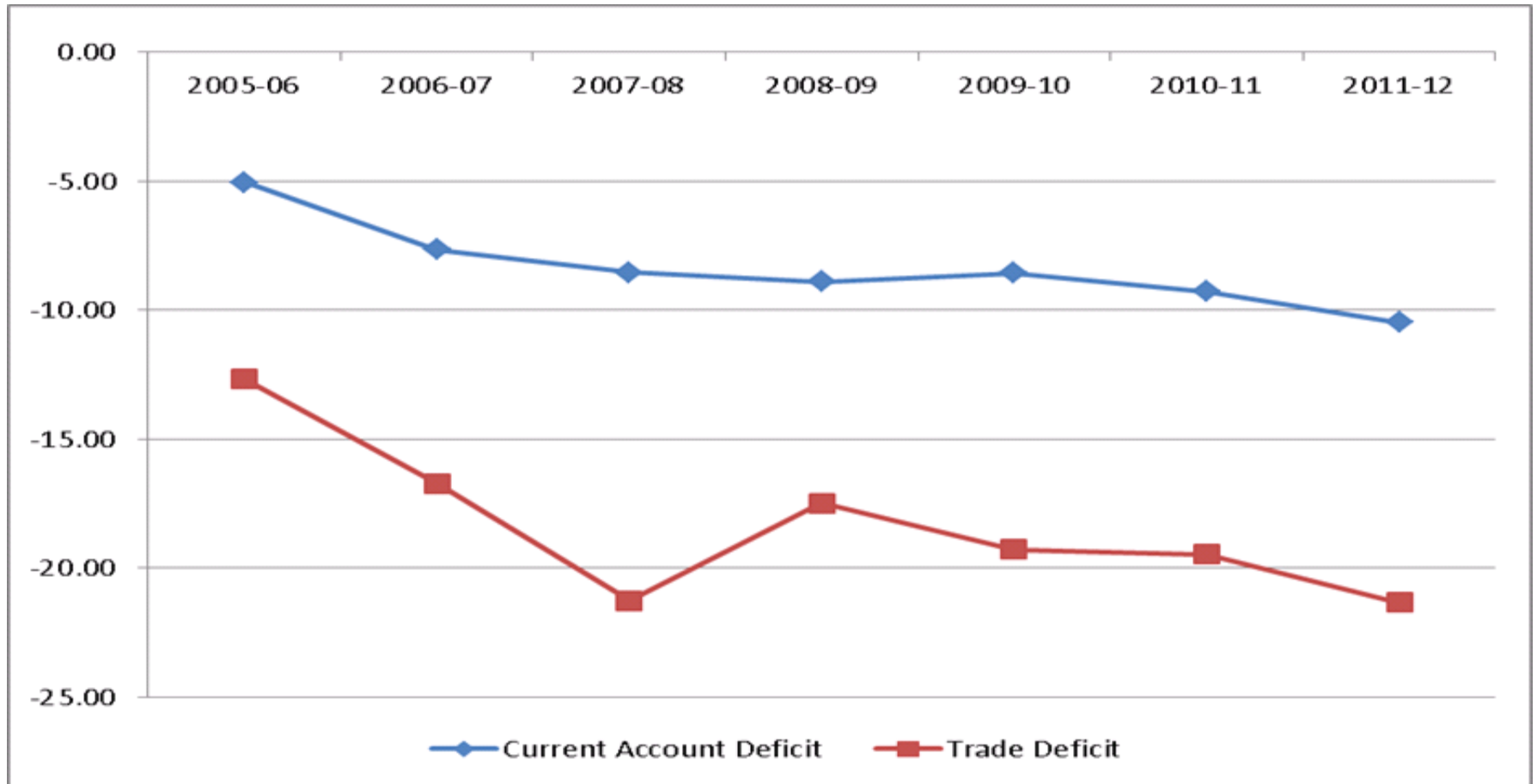
Per cent



Inflation

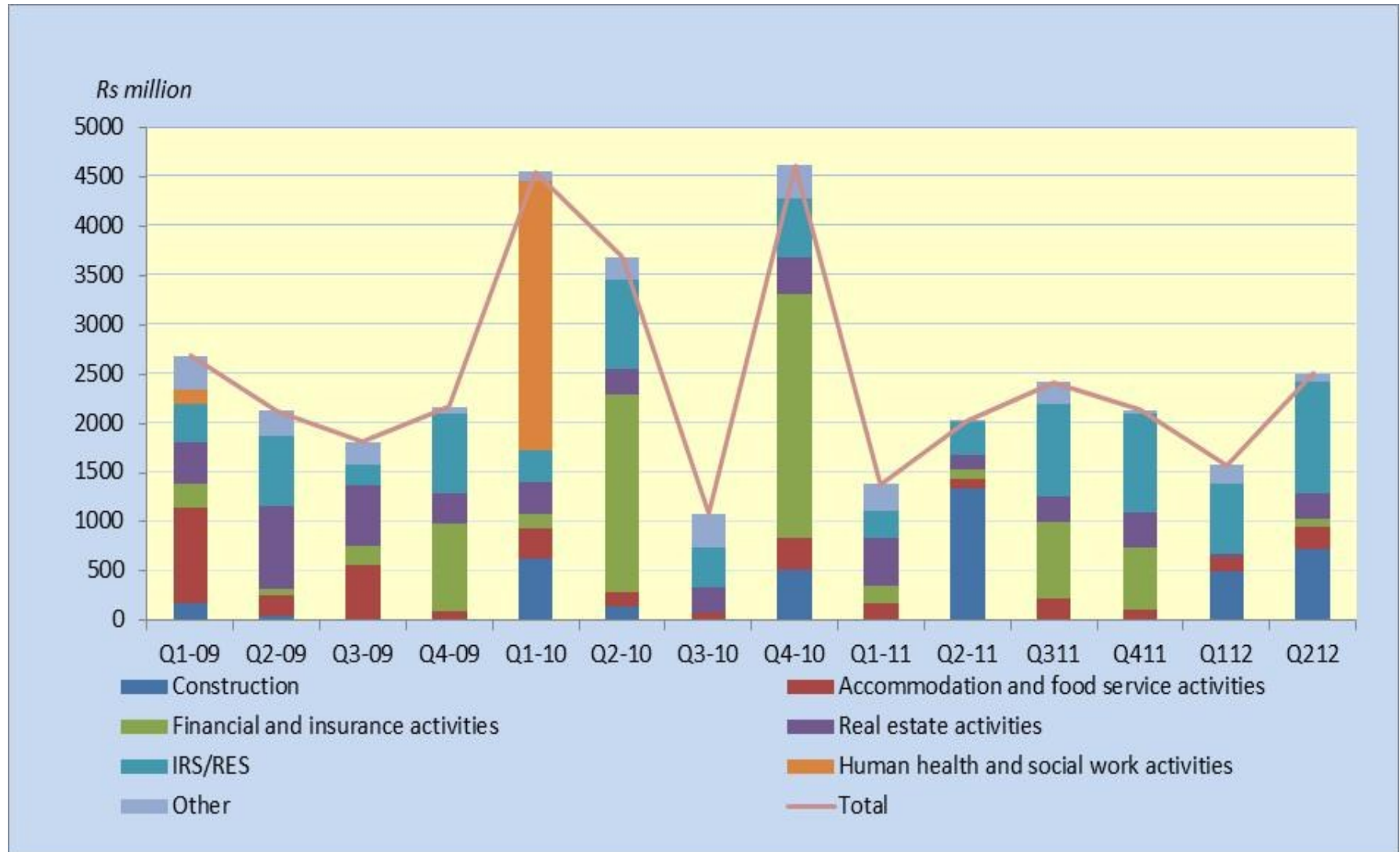


Current Account and Trade deficit as a % of GDP

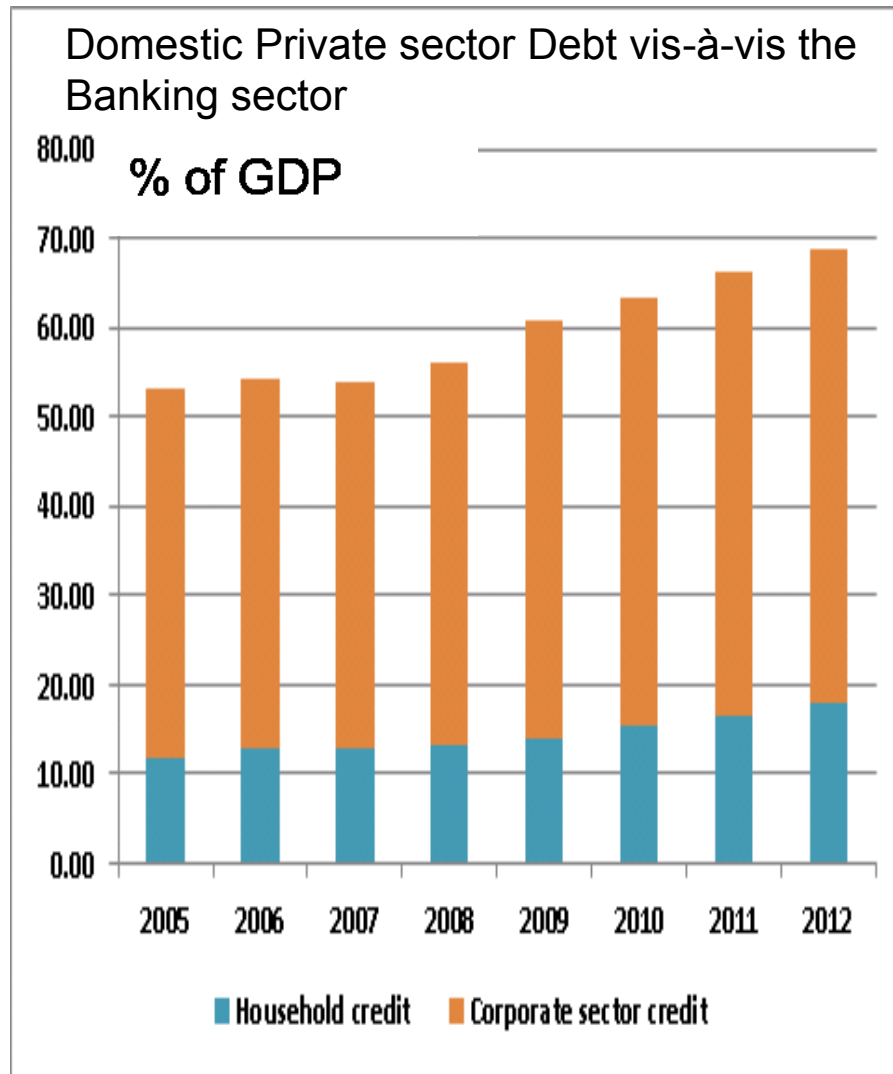
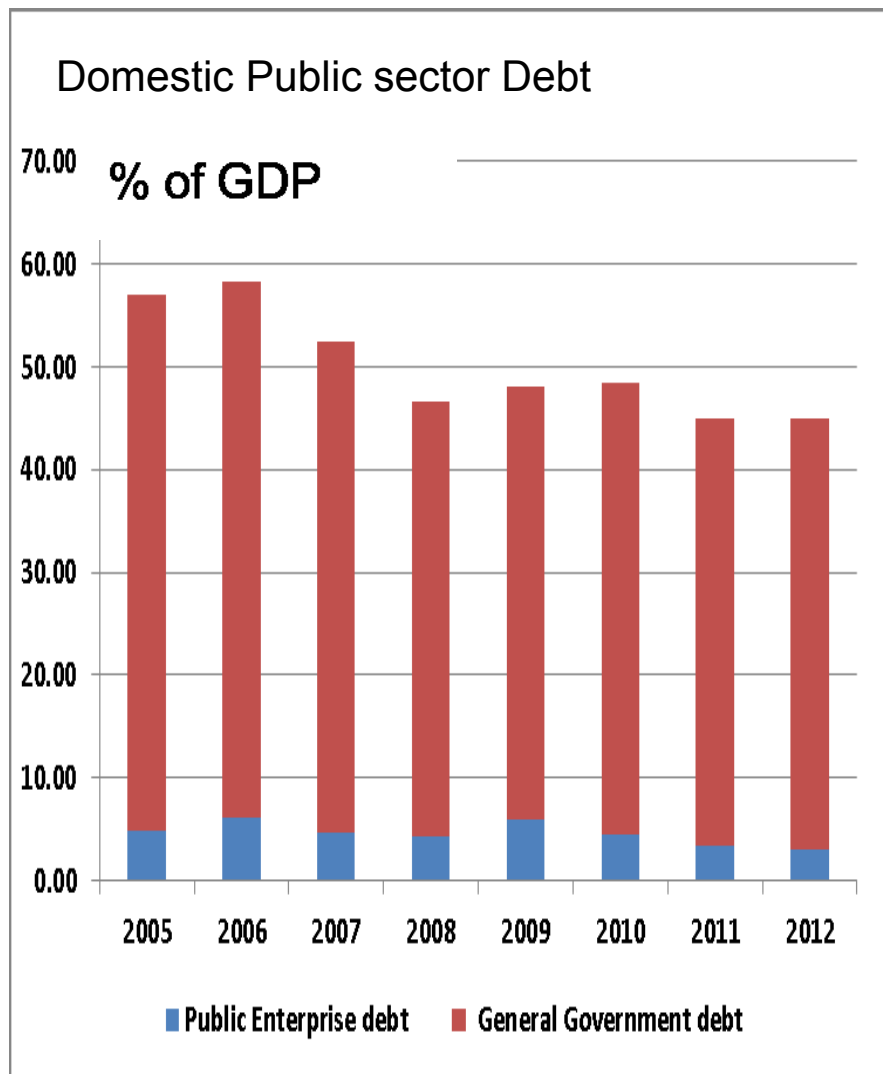


Current account deficit is mainly driven by deficit in the Trade account...

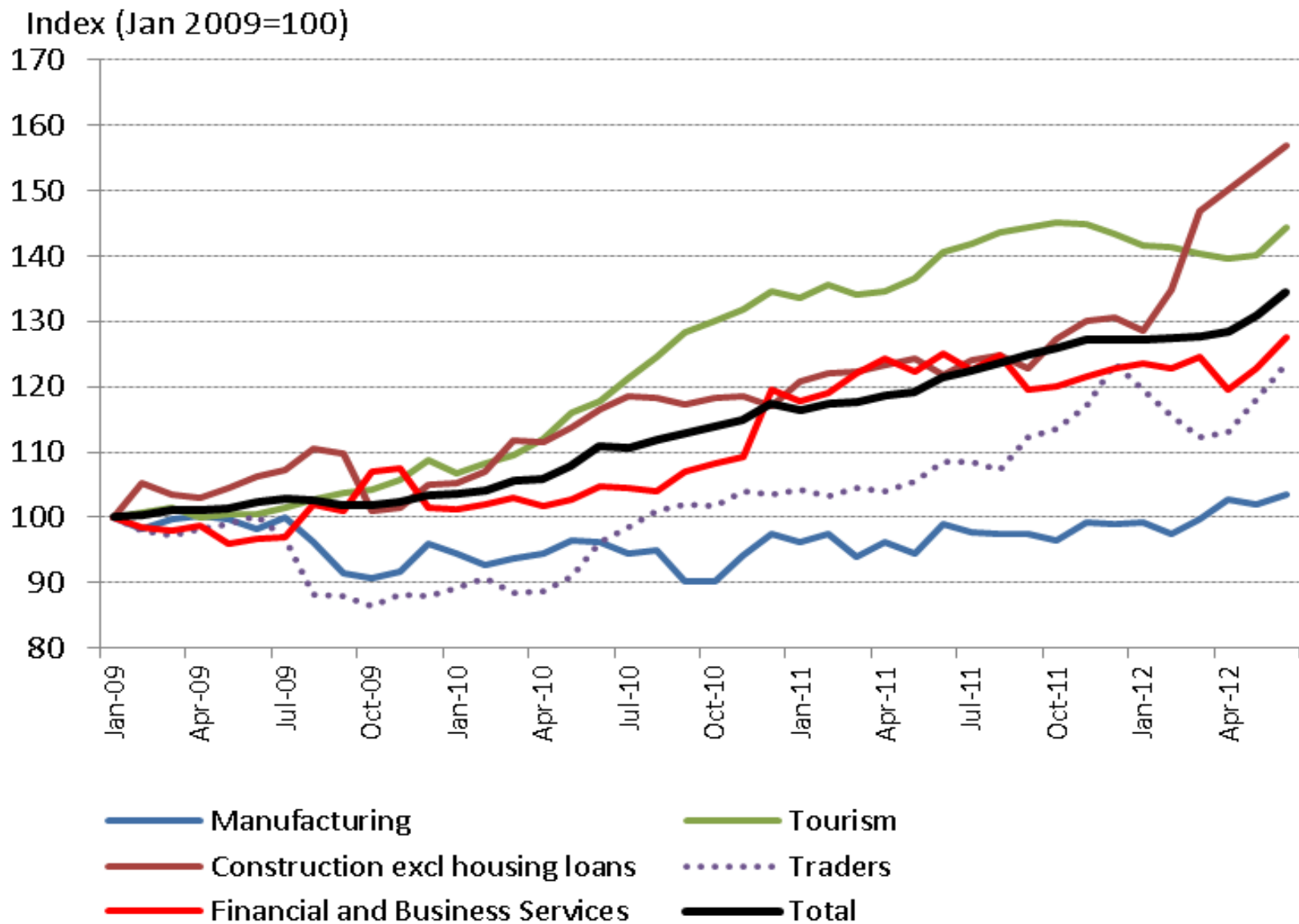
Gross Inward Foreign Direct Investment



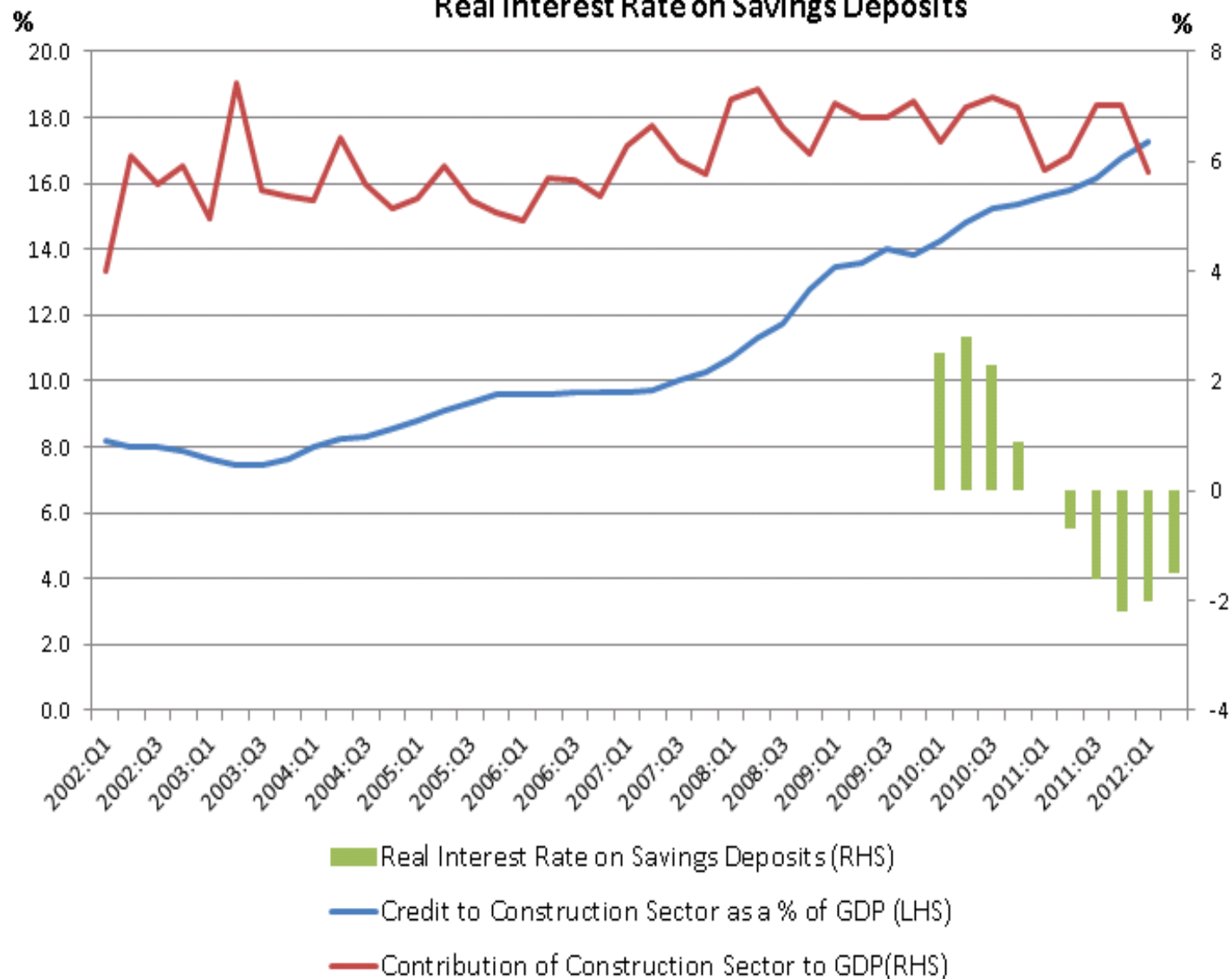
Domestic Public Debt decreasing, but Domestic Private sector Debt increasing as a percentage of GDP...



Y-o-y Growth of Corporate Credit



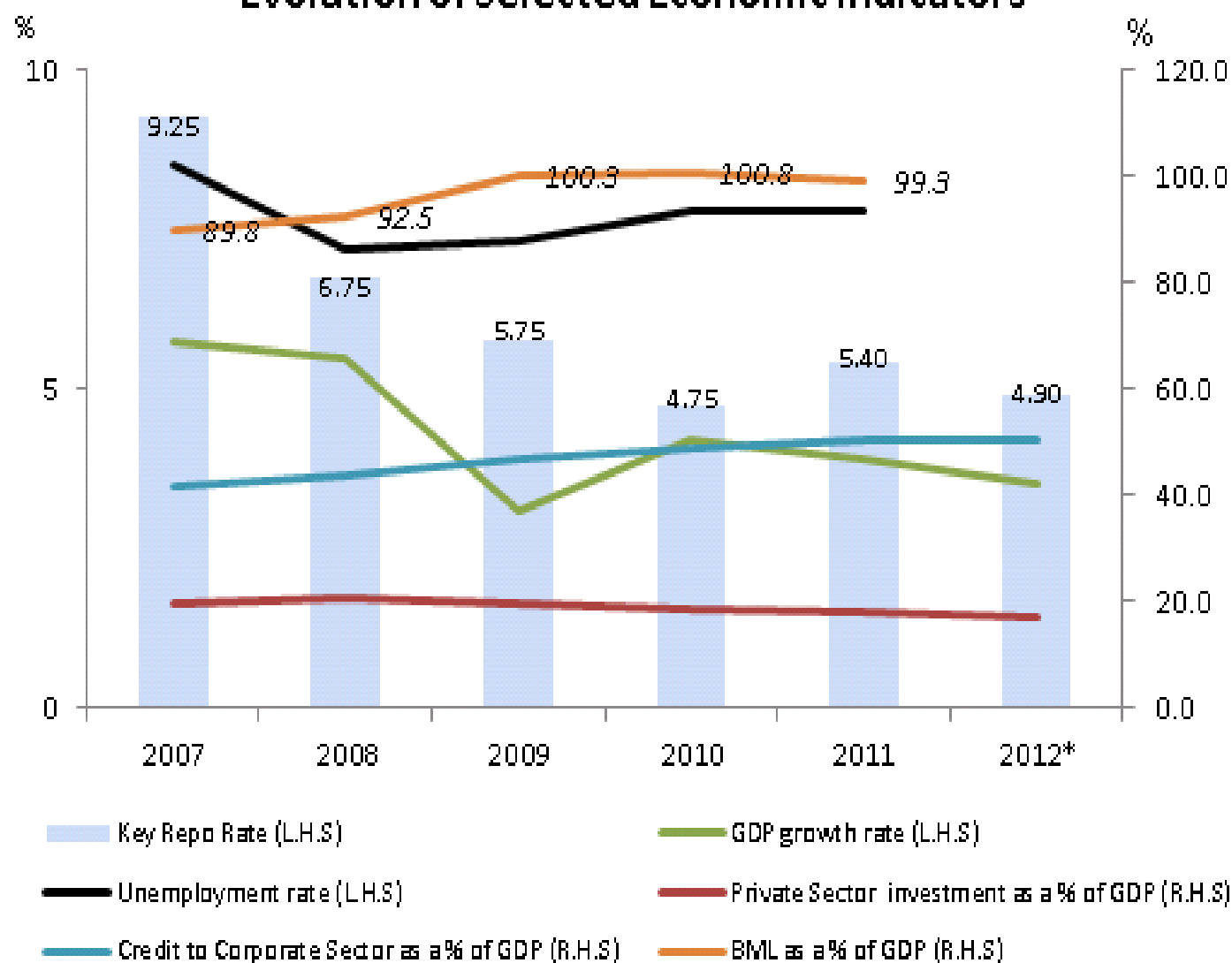
**Credit to Construction Sector as a % of GDP , Share of Construction Sector in GDP &
Real Interest Rate on Savings Deposits**



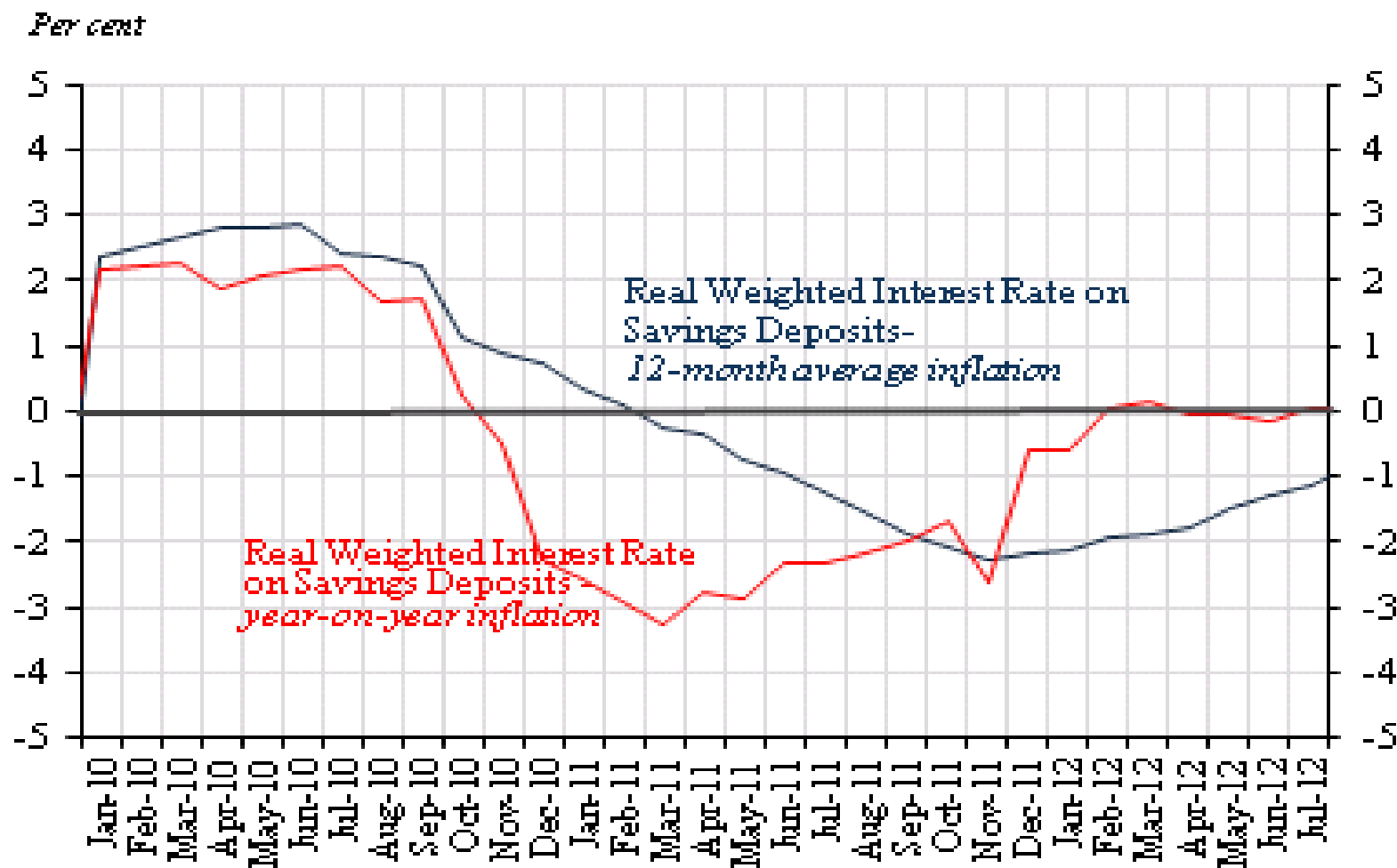
**Ratio of impaired credit to outstanding credit for the quarters ended March and June 2012
for selected industrial sectors**

Industrial Sector		Mar-12 (%)	Jun-12 (%) <i>(Provisional)</i>	Change <i>(percentage points)</i>
1	Agriculture & Fishing	2.2%	1.8%	-0.3%
2	Manufacturing	8.7%	9.1%	0.4%
3	Tourism	1.7%	1.9%	0.3%
4	Transport	8.7%	7.9%	-0.8%
5	Construction	5.4%	7.9%	2.5%
6	Traders	5.0%	4.7%	-0.4%
7	Information Communication and Technology	16.0%	13.1%	-3.0%
8	Financial and Business Services	0.8%	1.1%	0.2%
9	Global Business Licence Holders	3.0%	2.4%	-0.6%
10	Personal	10.4%	9.7%	-0.6%
	<i>of which</i>			
	<i>Credit Card Advances</i>	5.8%	4.1%	-1.7%
	Total - in Mauritius	4.6%	5.3%	0.7%
	Impaired Loans/Provision - outside Mauritius	1.0%	1.3%	0.3%
	Total Impaired - Loans/Provision (in & outside Mtius)	2.6%	3.1%	0.5%

Evolution of Selected Economic Indicators



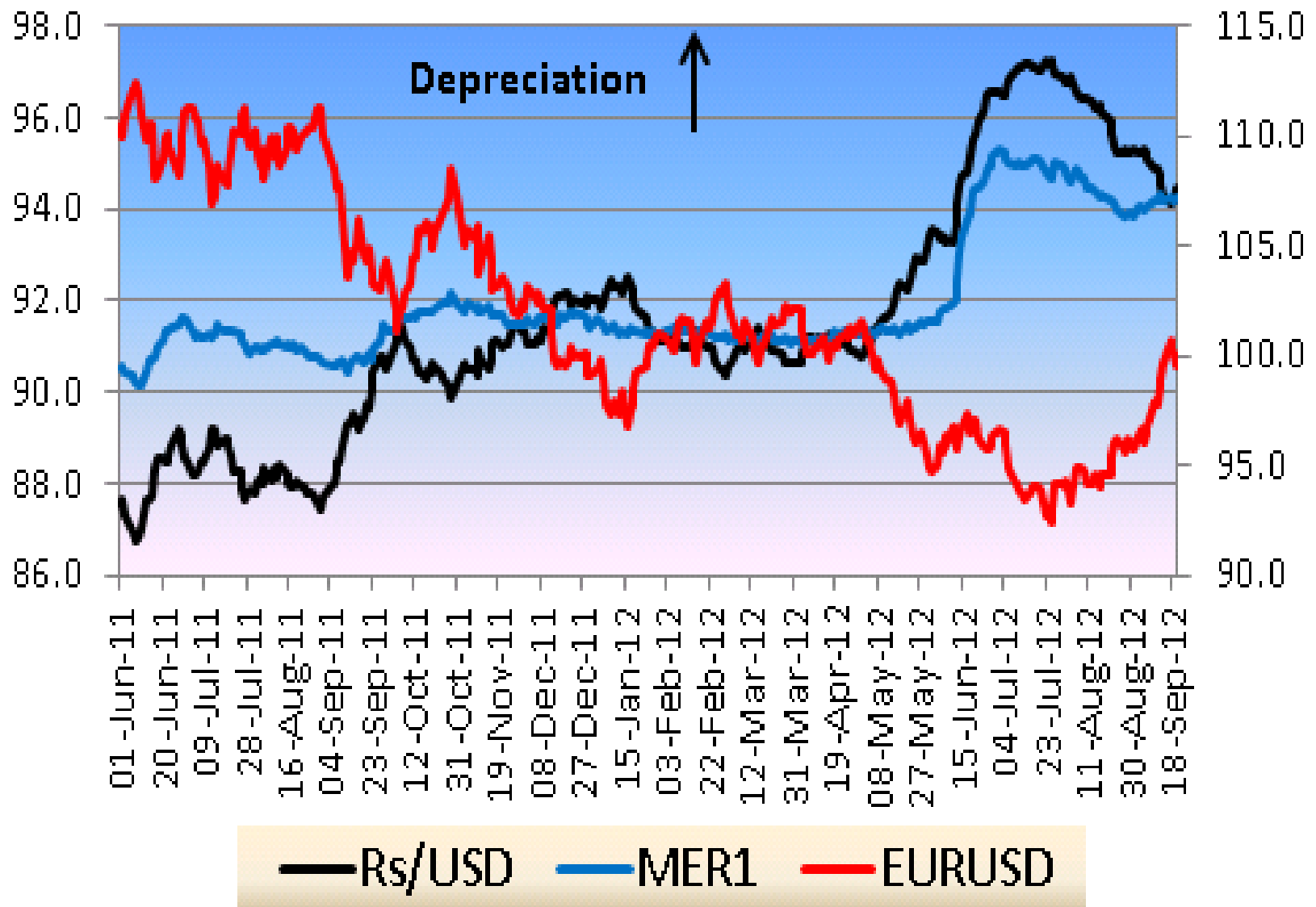
Weighted Interest Rate on Savings Deposits adjusted for inflation rate



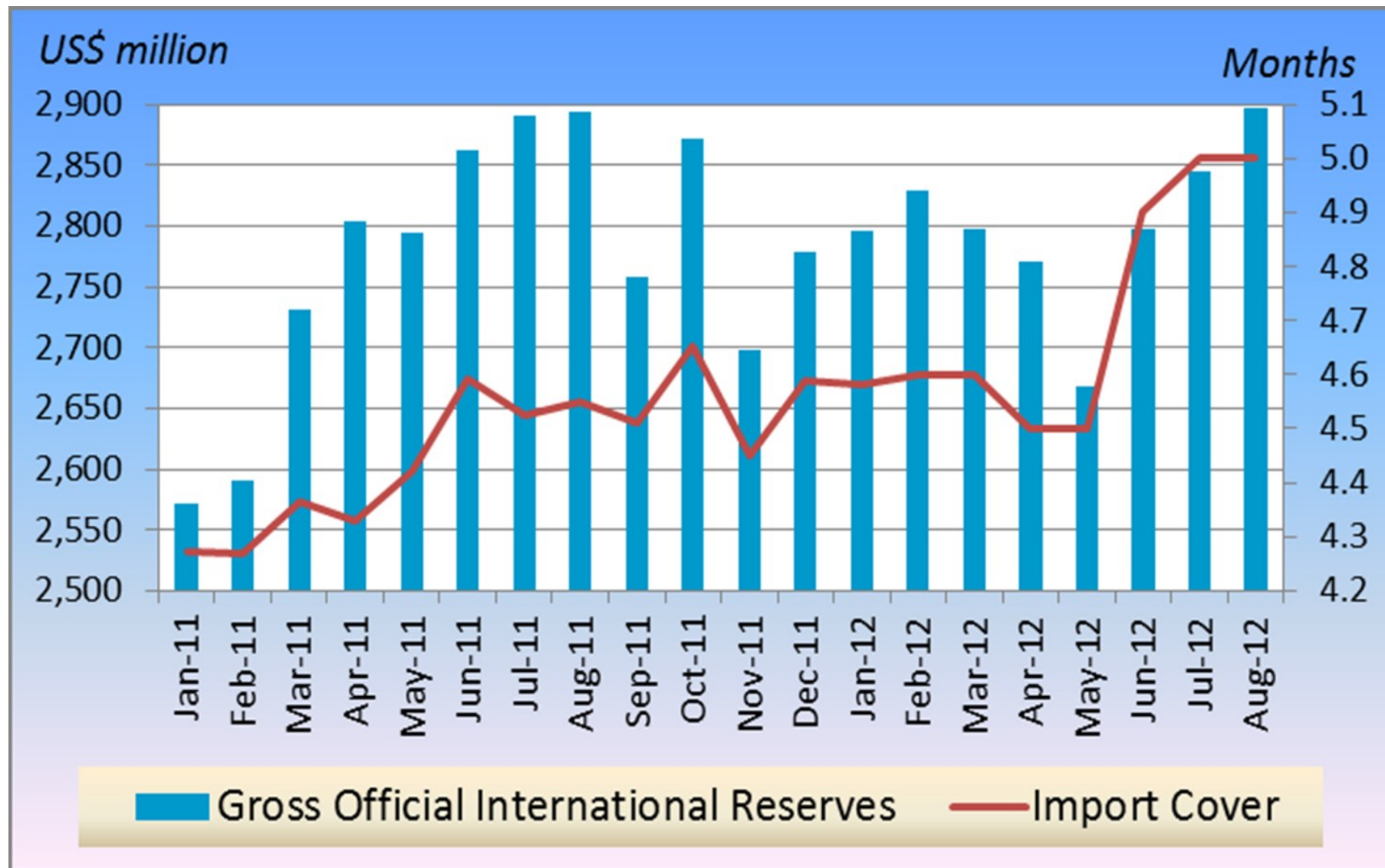
Measures taken in June 2012

- Special Foreign Currency Line of Credit
 - Introduced on 21 June 2012
 - Amount – Euro 600 million
 - Amount disbursed to-date Euro 5.2 million
 - **Agreements signed with three banks**
 - 10 August 2012 – MPCB Ltd
 - 24 August 2012 – Bank One Ltd
 - 12 September 2012 – Bramer Banking Corporation

MERI Exchange Rate Developments



Operations Reserves Reconstitution Gross Official Reserves



Concluding Note

- Risks for prolonged sub-par growth in key markets
- Growing risks to inflation outlook stemming from commodity price increases, exchange rate adjustments, PRB and adjustment in petroleum prices
- The low interest rate environment and continued negative real interest rates on savings deposits may have deleterious effects on:
 - (i) savings behaviour
 - (ii) corporate indebtedness
 - (iii) asset prices
- Structural reforms – innovation, wage compensation policy, skills mismatch, productivity...



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THANK YOU