



45 YEARS OF CENTRAL BANKING

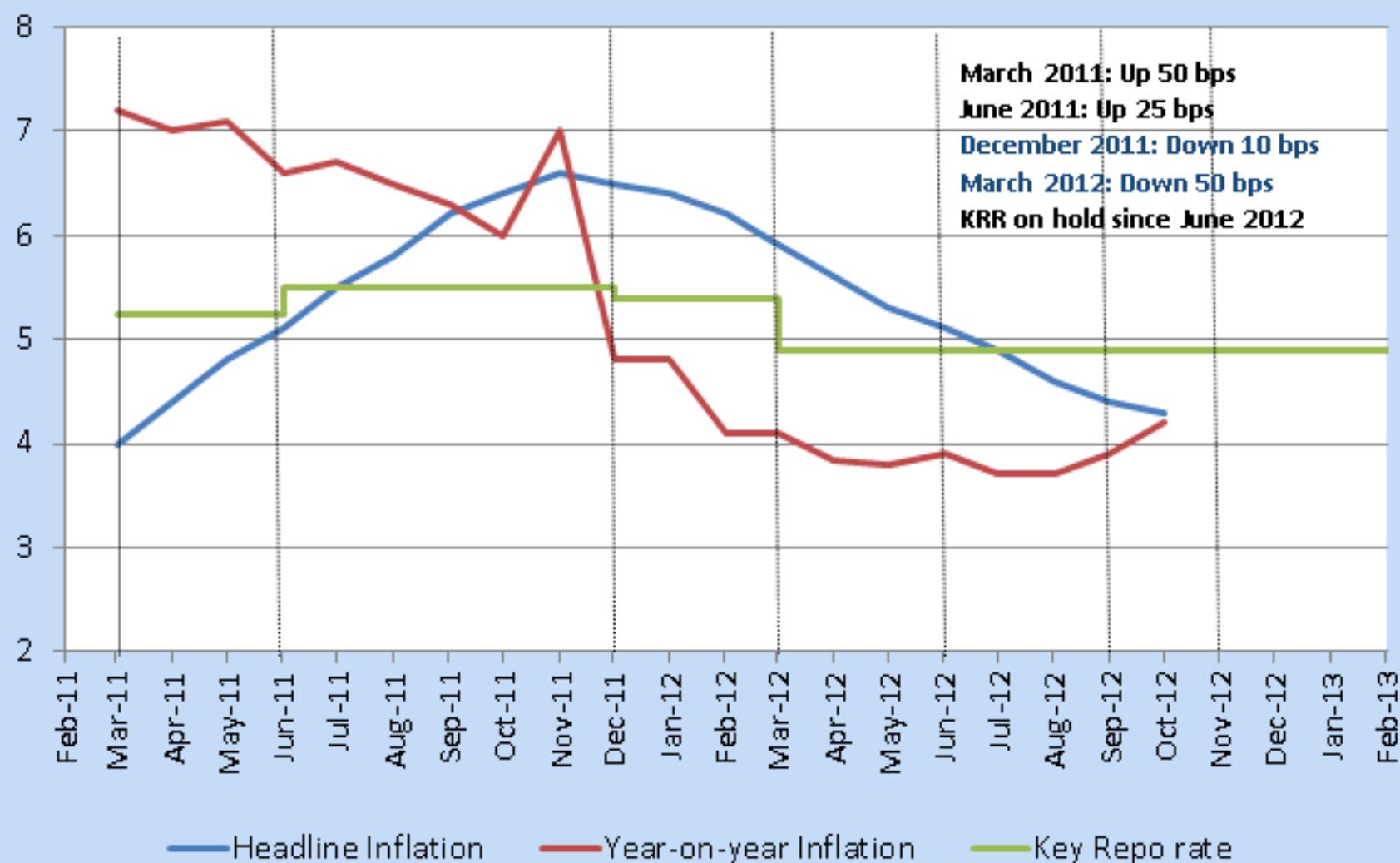
Post – MPC Press Conference

28th Monetary Policy Committee

27 November 2012

Per cent

Evolution of the Key Repo Rate and Inflation Rates - Headline and Year-on-year



- Second Study on real sector: Textile and Clothing Industry

by Eric Ng Ping Cheun,
Managing Director, Pluriconseil

- Main conclusions of the study:
 - Injection of fresh capital
 - Need to create own international brand
 - Staff re-skilling
 - New markets
 - Equity Infusion (Government/ banks)
 - More transparency in their accounts

Growth Projections – Major Economies

	US		Euro zone		UK	
	2012	2013	2012	2013	2012	2013
IMF July WEO Update 2012	2.0	2.3	-0.3	0.7	0.2	1.4
IMF October WEO 2012	2.2	2.1	-0.4	0.2	-0.4	1.1
<i>Change in forecasts</i>	0.2	-0.2	-0.1	-0.5	-0.6	-0.3
Reuters Poll September 2012	2.2	2.0	-0.5	0.3	-0.3	1.1
Reuters Poll November 2012	1.7	2.3	-0.5	0.1	-0.1	1.1
<i>Change in forecasts</i>	-0.5	0.3	0.0	-0.2	0.2	0.0
JPMorgan September 2012	2.2	2.0	-0.5	0.2	-0.4	1.5
JPMorgan November 2012	2.2	1.7	-0.4	0.1	0.0	1.8
<i>Change in forecasts</i>	0.0	-0.3	0.1	-0.1	0.4	0.3

Growth Projections – BRICS

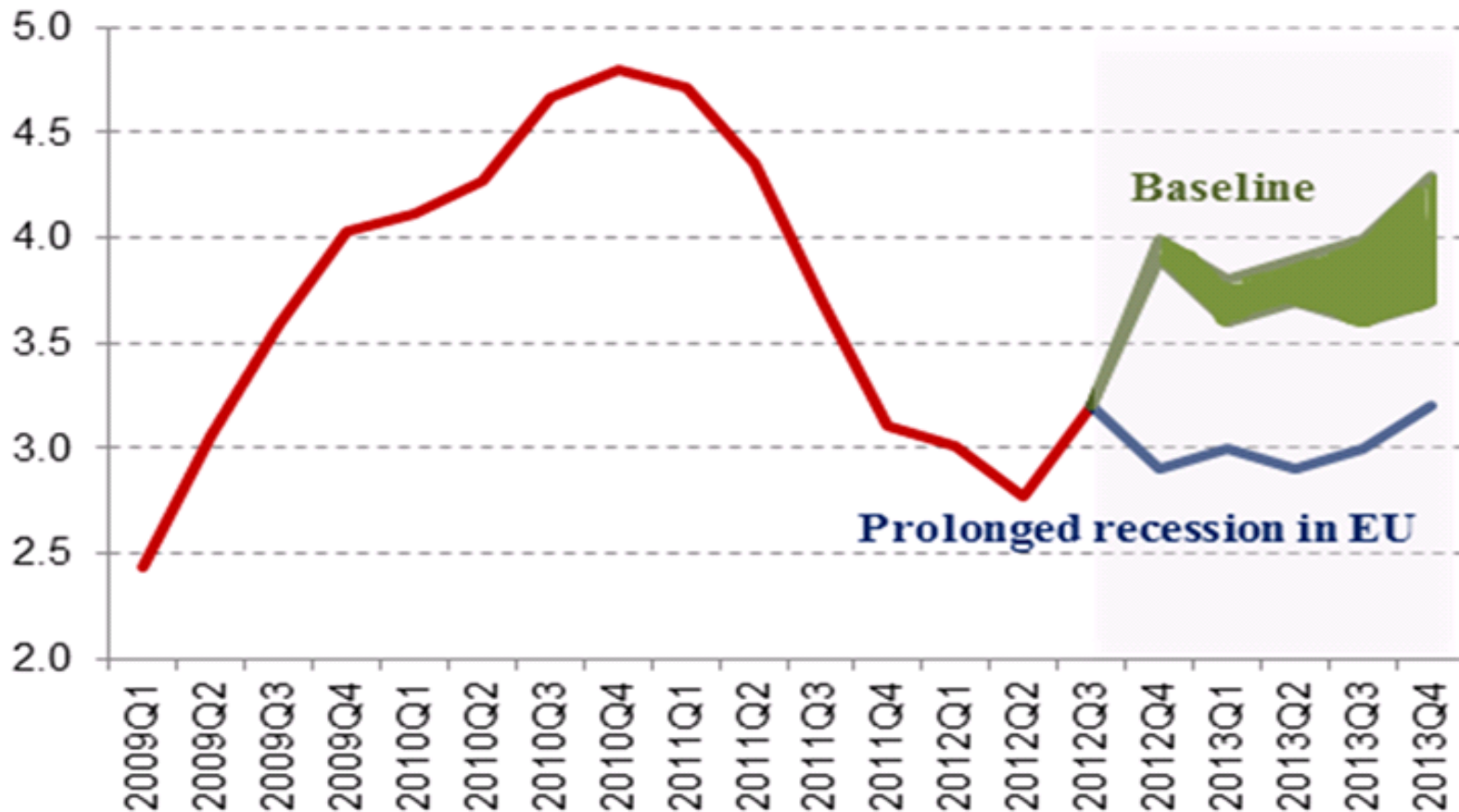
	JP Morgan				Change between	
	Sep 2012 Forecast		Nov 2012 Forecast		Nov & Sep	
	2012	2013	2012	2013	2012	2013
Brazil	1.4	4.1	1.4	4.1	0.0	0.0
Russia	3.6	3.4	3.6	3.0	0.0	-0.4
India	5.6	6.0	5.6	6.0	0.0	0.0
China	7.6	8.3	7.6	8.0	0.0	-0.3
South Africa	2.6	3.2	2.2	2.7	-0.4	-0.5

Food Prices (FAO database)

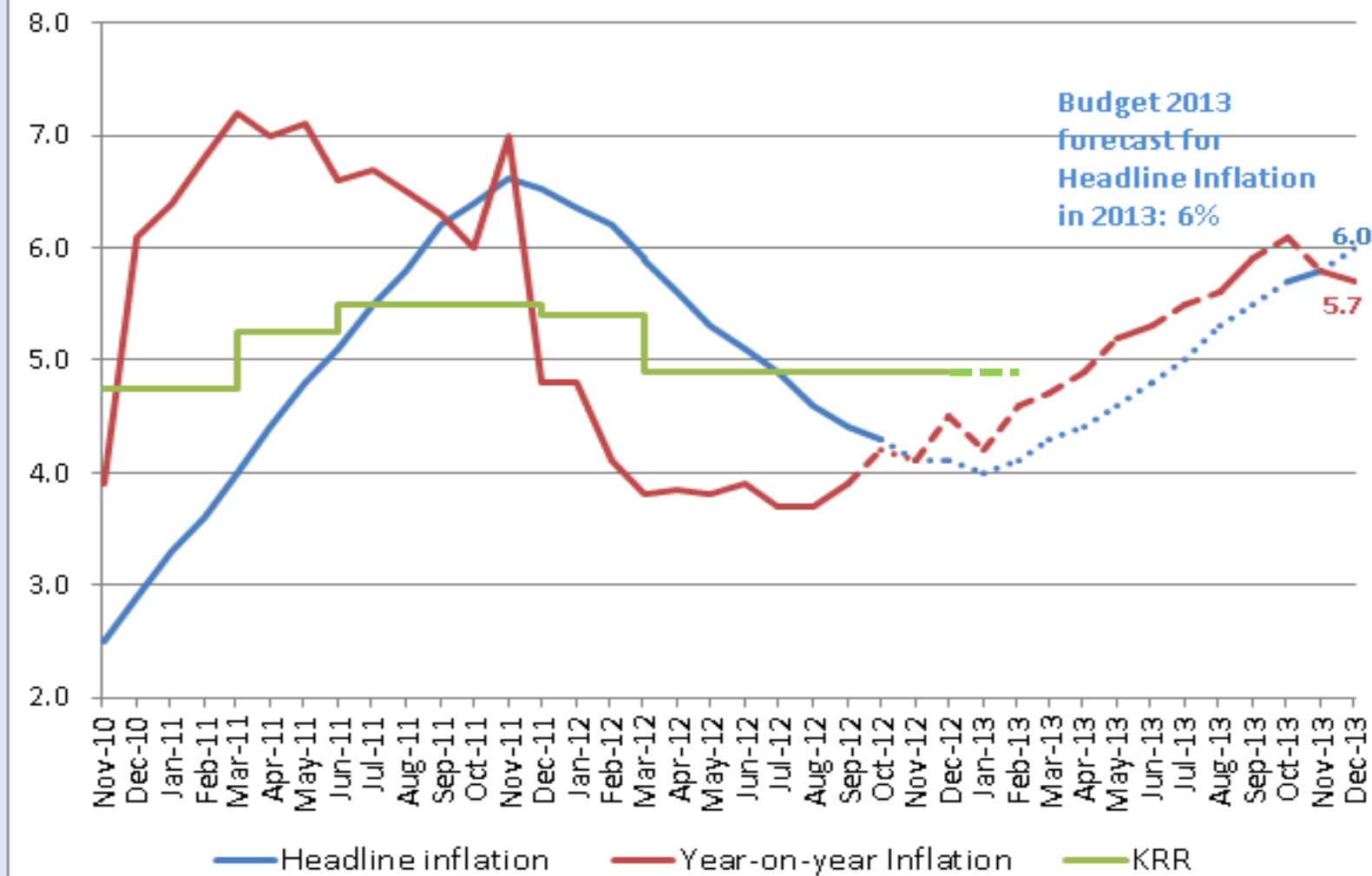


Growth Projection

Per cent



Inflation Forecasts



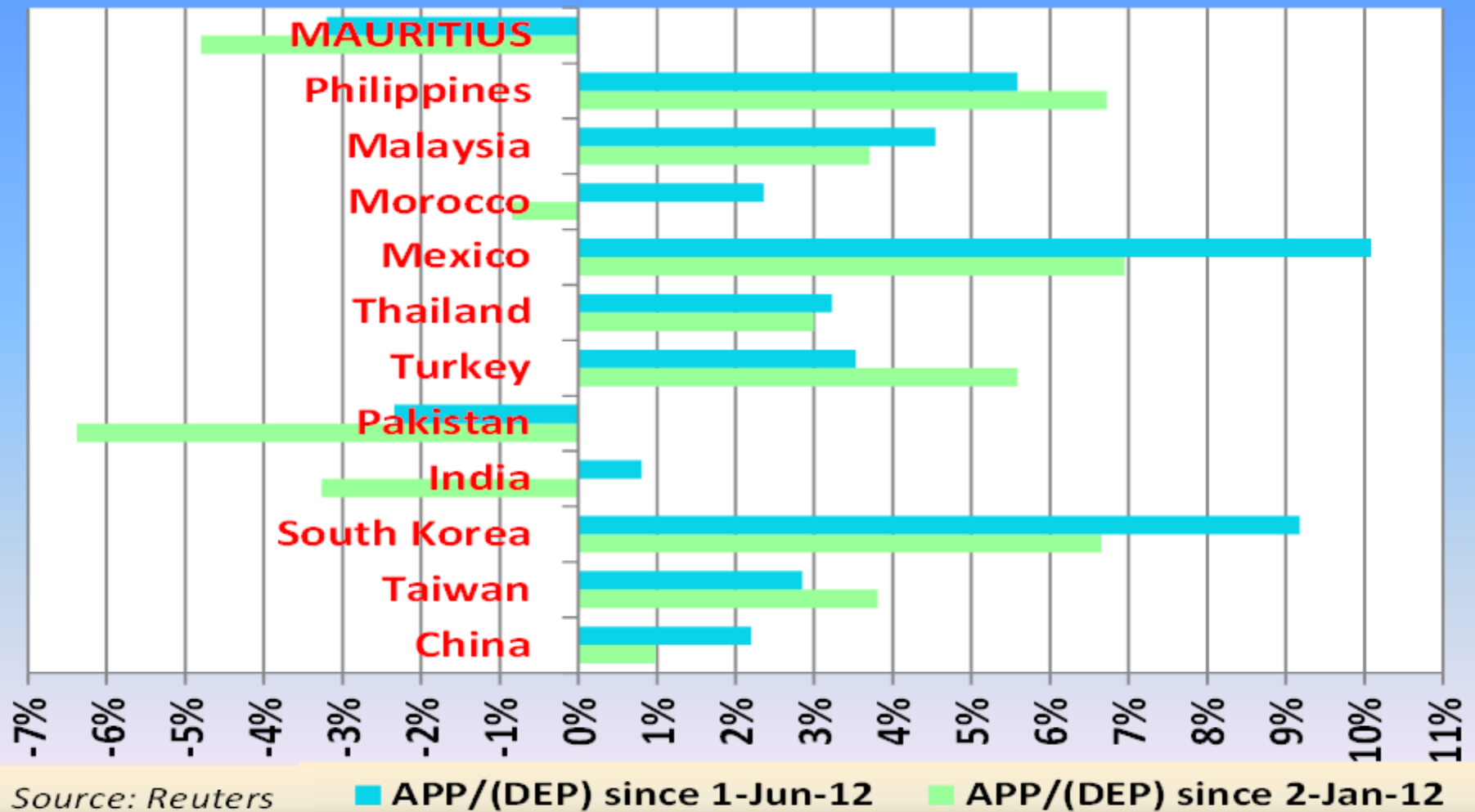
PRB Awards and CPI

PRB Awards	Time period considered	Point-to-point CPI growth	Cost of PRB Award	Cost as % of Total Public Wage Bill
2003	June 1998 - June 2003			
		30%	Rs2.3 billion	25%
2008	June 2003 - June 2008			
		42%	Rs5.2 billion	40%
2013	June 2008 - December 2012			
		19%**	Rs4.6 billion	23%

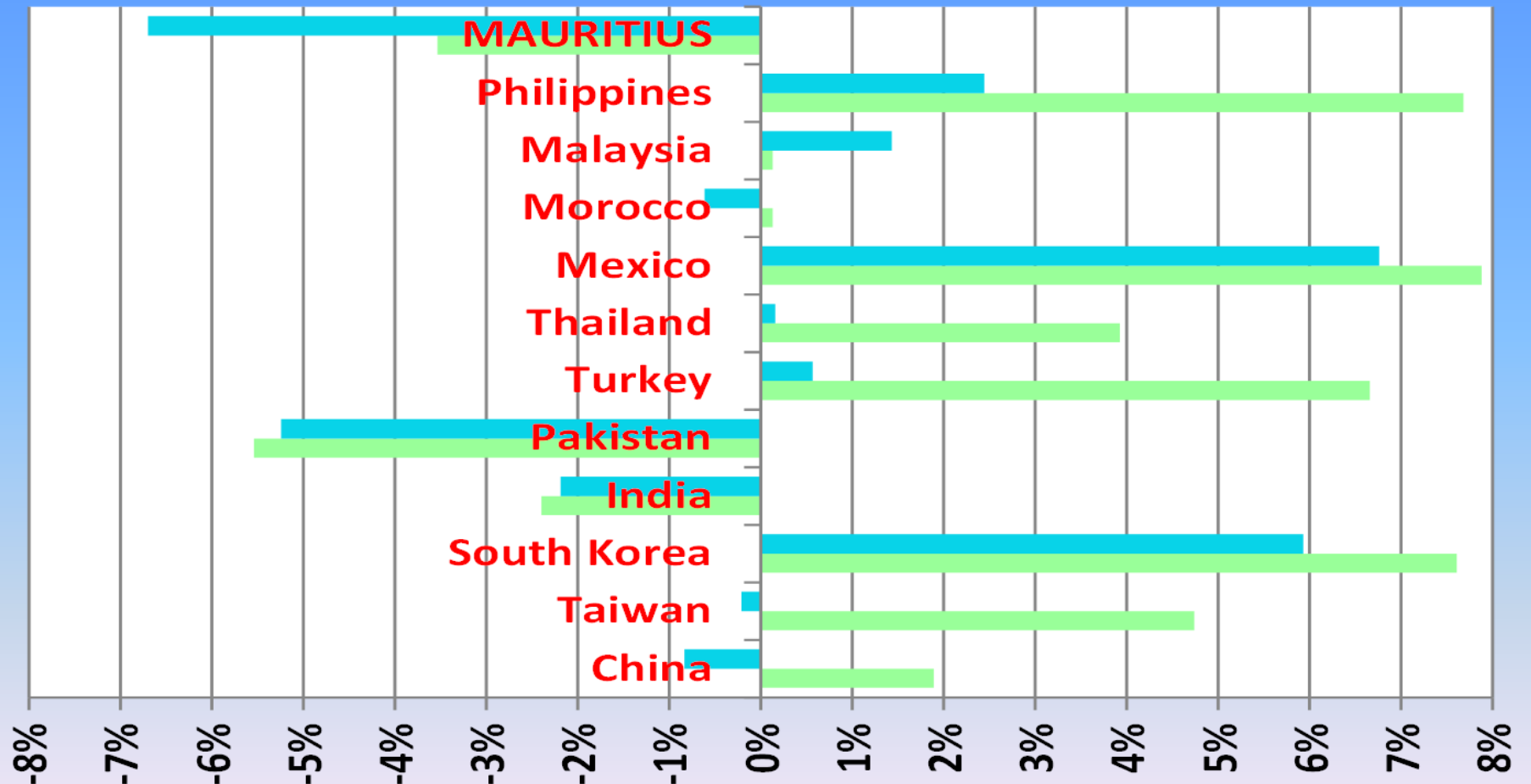
****Estimate**

Inflation rate below 5 per cent			
Country	<i>Inflation Rate</i>	<i>GDP Growth Rate</i>	<i>Interest Rate</i>
Malaysia	1.3	5.2	3.0
China	1.7	7.4	6.0
Malta	2.9	0.9	0.8
Philippines	3.1	5.9	3.5
Thailand	3.3	3.0	2.8
Kenya	4.1	3.3	11.0
Mauritius	4.3	2.5	4.9
Tunisia	4.5	2.1	3.8
Indonesia	4.6	6.2	5.8
Inflation rate between 5 per cent and 8 per cent			
Country	<i>Inflation Rate</i>	<i>GDP Growth Rate</i>	<i>Interest Rate</i>
Rwanda	5.4	9.9	7.5
Brazil	5.5	0.5	7.3
South Africa	5.6	3.0	5.0
Madagascar	6.7	1.6	9.5
Egypt	7.0	3.3	9.3
Botswana	7.1	8.4	9.5
Bangladesh	7.2	6.3	7.8
India	7.5	5.5	8.0
Seychelles	7.6	4.9	7.9
Turkey	7.8	3.2	5.8
Inflation rate above 8 per cent			
Country	<i>Inflation Rate</i>	<i>GDP Growth Rate</i>	<i>Interest Rate</i>
Sri Lanka	8.9	6.4	7.8
Nigeria	11.7	6.5	12.0
Tanzania	12.9	6.9	12.0
Source: tradingeconomics.com			

Exchange Rate of Selected Currencies vis-à-vis the Dollar



Exchange Rate of Selected Currencies vis-à-vis the Euro

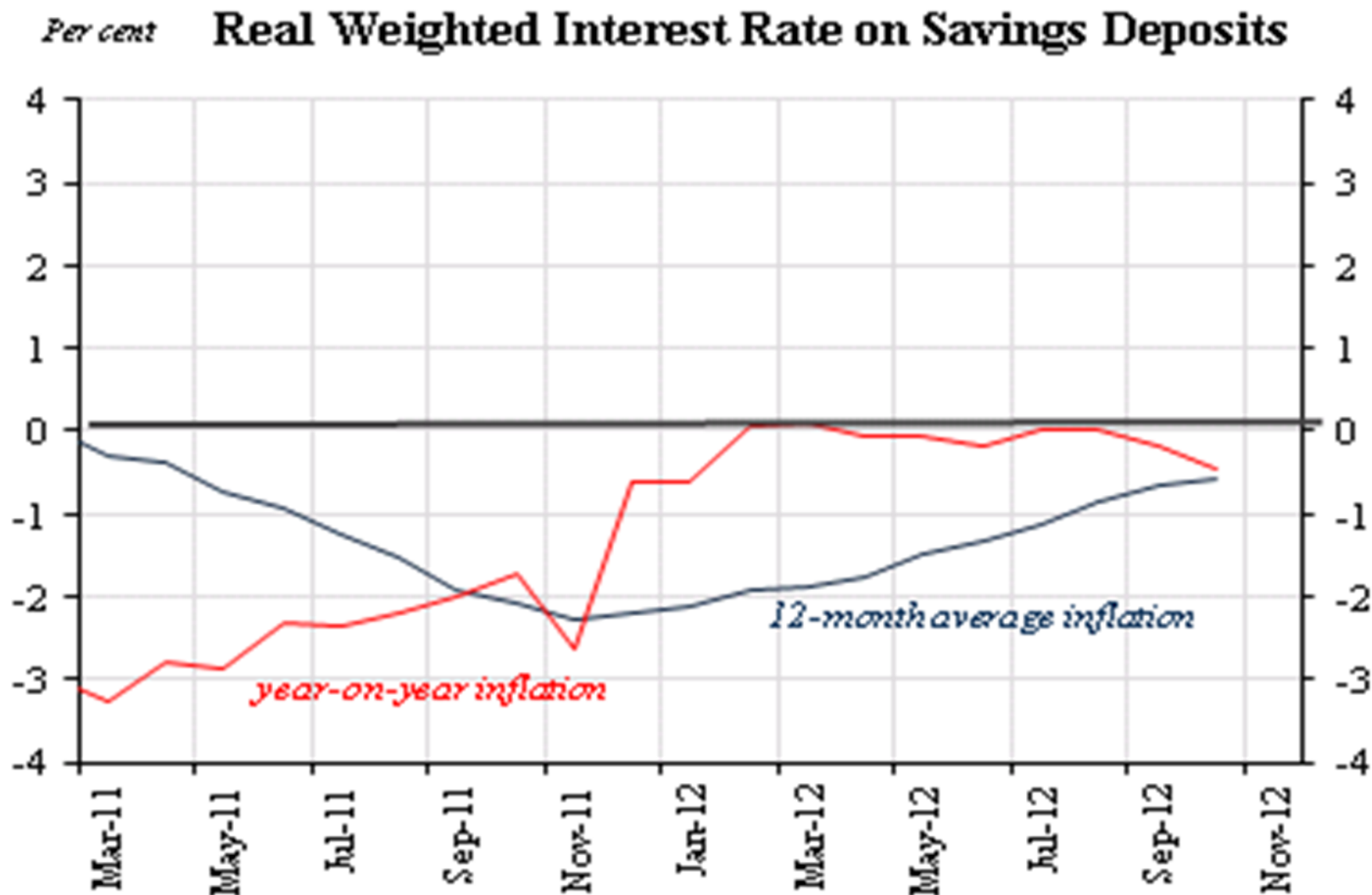


Source: Reuters

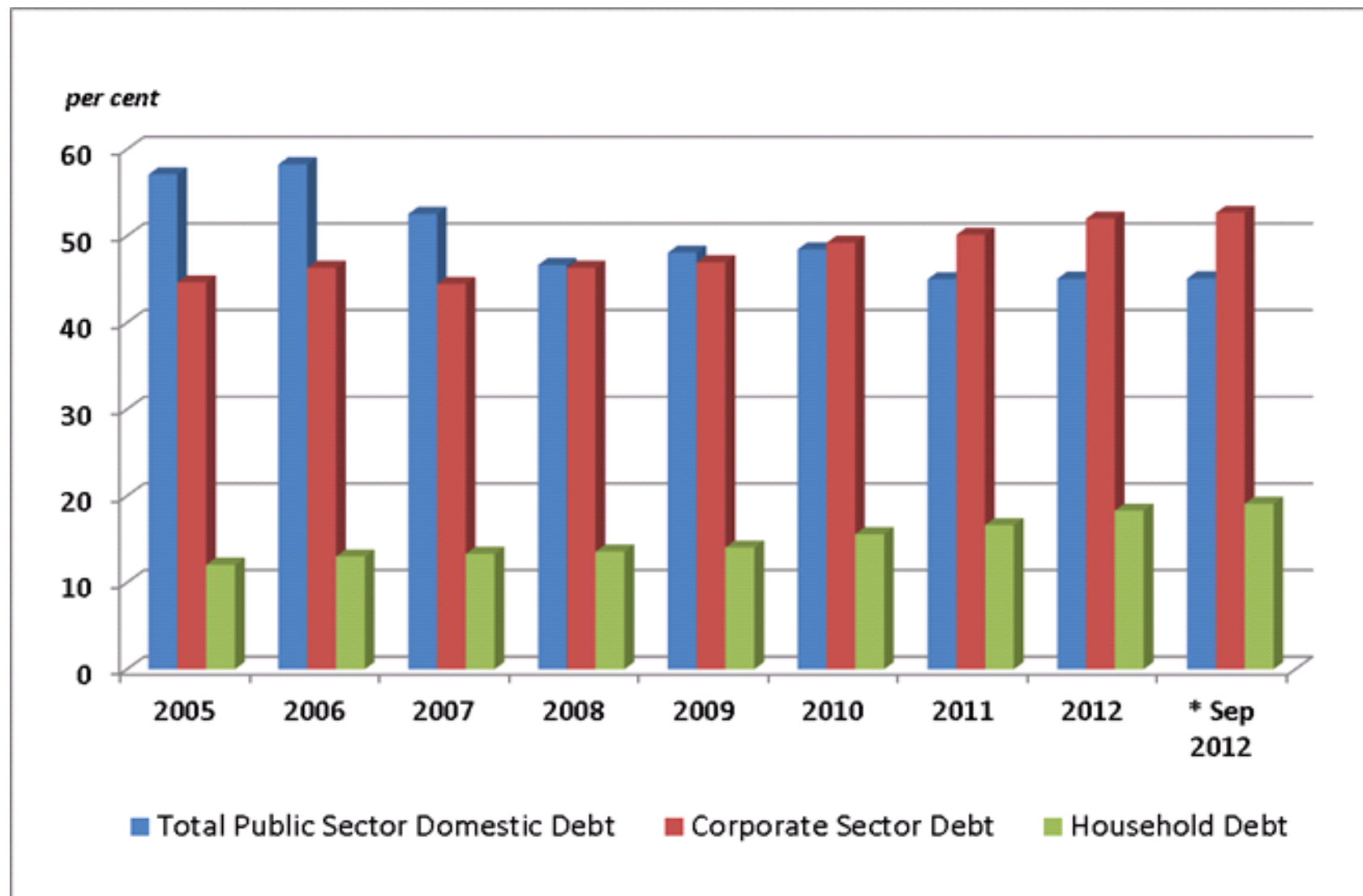
■ APP/(DEP) since 1-Jun-12

■ APP/(DEP) since 2-Jan-12

Weighted Interest Rate on Savings Deposit adjusted for Inflation Rate



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

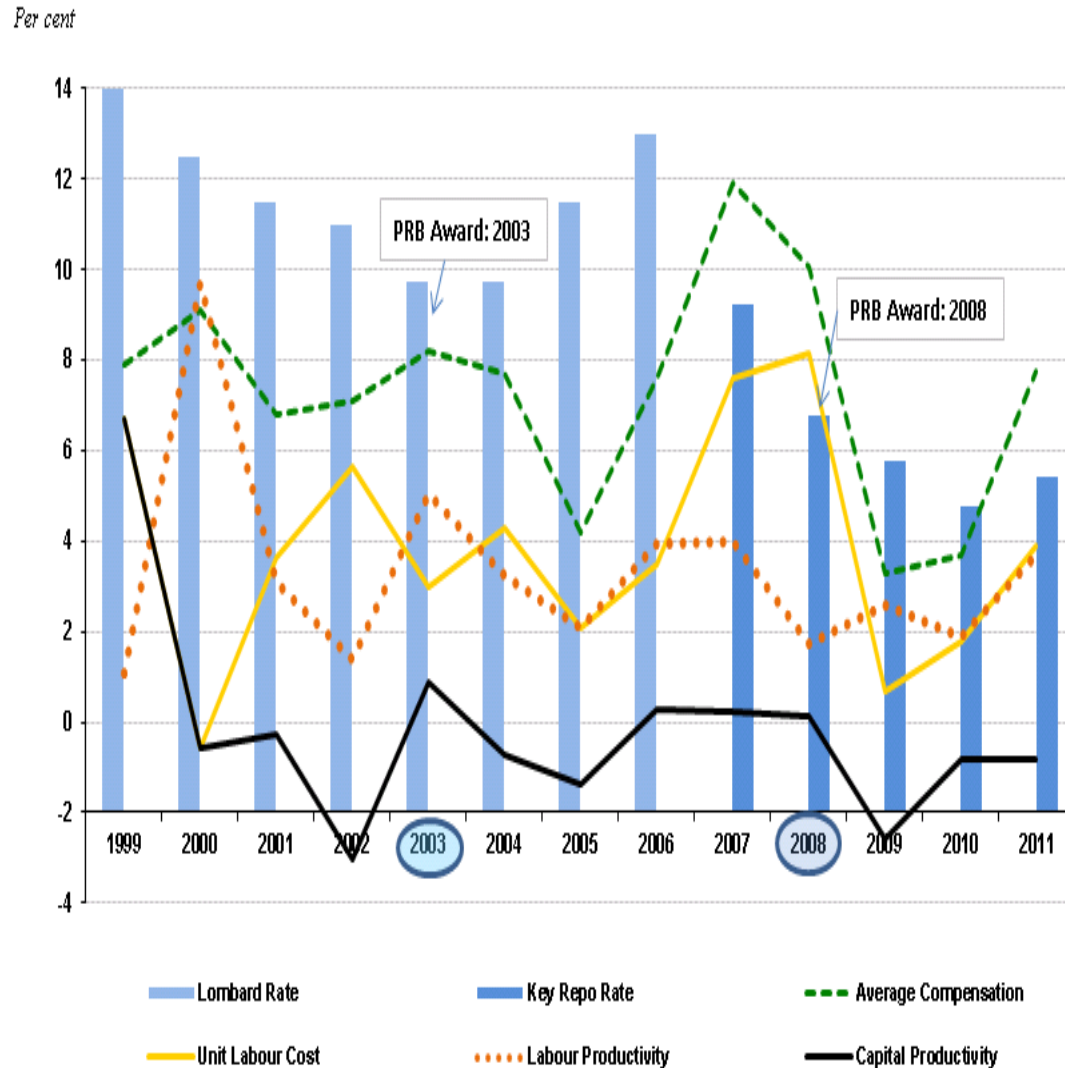


Corporate Sector

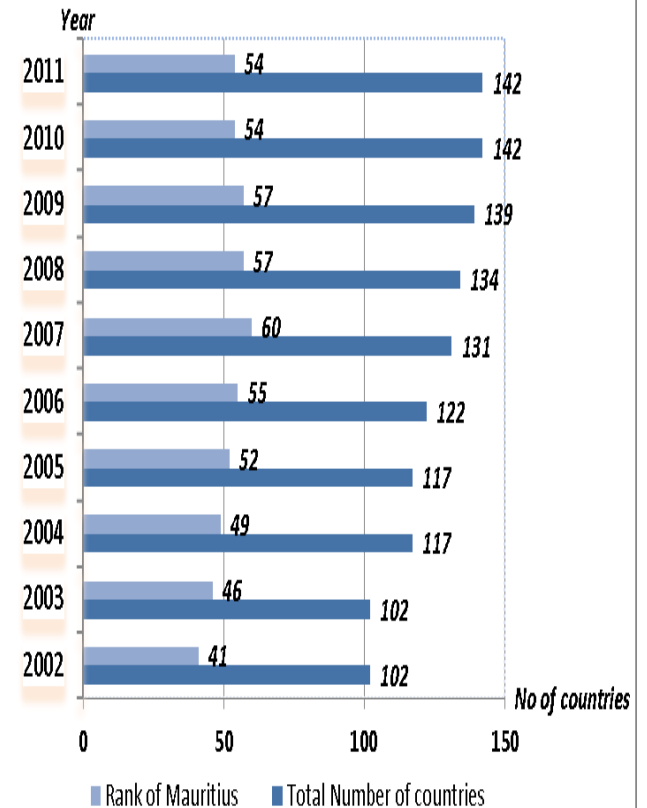
Profits before tax (Rs Mn)	2008	2009	2010	2011	2012
6 largest non-bank corporates	7,624	6,216	2,772	6,165	3,788
Banks - Segment A	5,511	5,868	5,535	5,710	6,160

Productivity and Global Competitiveness

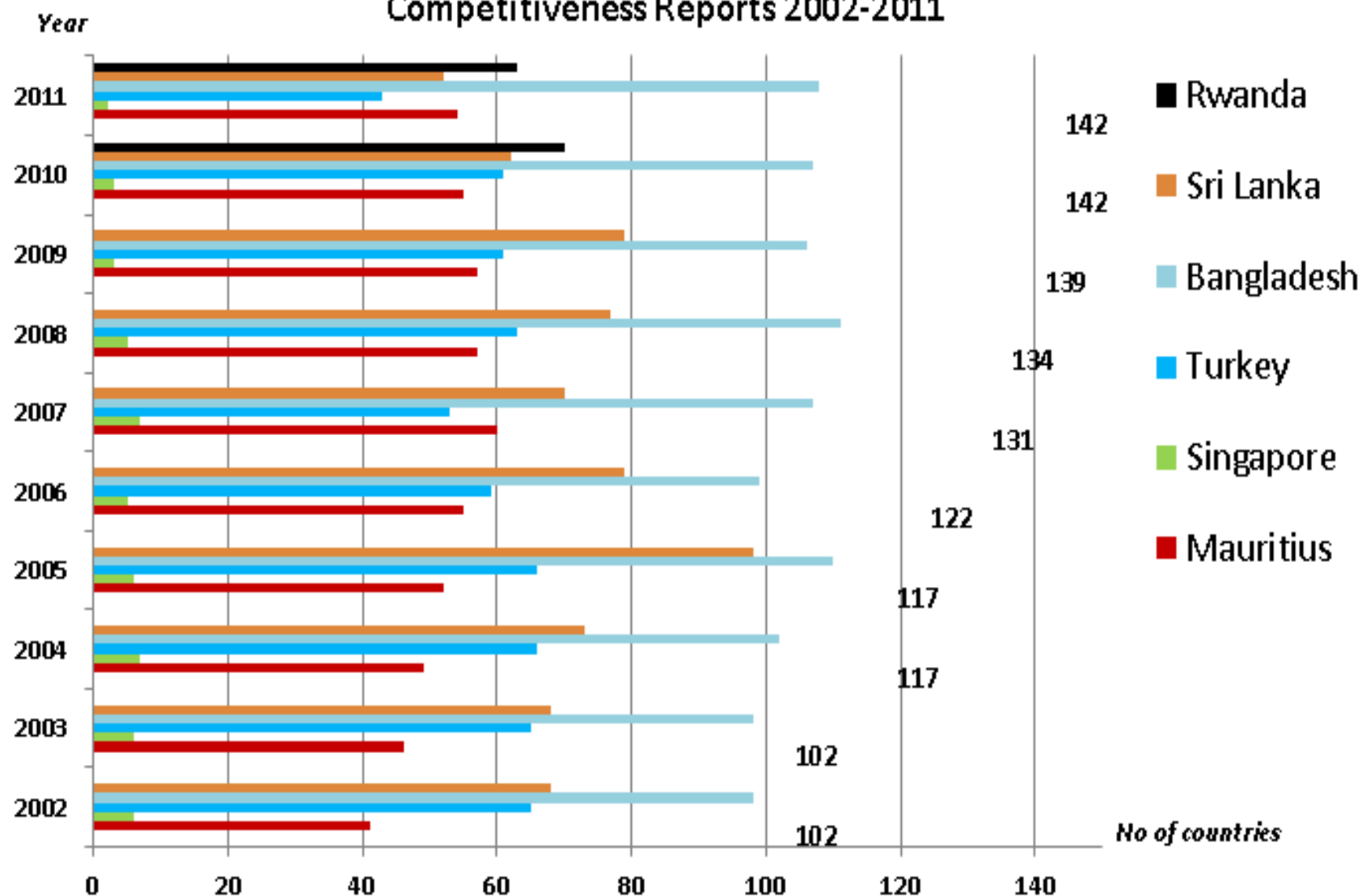
Growth Rates of Average Compensation, Unit Labour Cost, Labour and Capital Productivity, Policy Rates (Lombard and Key Repo Rate)



Overall Rank of Mauritius as per Global Competitiveness Report, 2002-2011



Rankings of Mauritius and Comparator Countries, as per Global Competitiveness Reports 2002-2011



Concluding Note

- Vigilance against rising inflation risks stemming from global commodity price movements, rupee depreciation, impact of PRB and Budget 2013 and expected adjustment in retail petroleum prices.
- Domestic economy exhibited signs of resilience in the face of the global economic downturn. Recovery next year is expected to be modest but downside risks remain high.
- Structural weaknesses of the economy are not amenable to a monetary policy solution
- Urgent need for structural reforms to enhance productivity and competitiveness to get out of middle-income trap

Concluding Note (2)

- Restructure of key sectors – quality of management, indebtedness levels – so as to respond effectively to changing global market conditions
 - More tailor-made measures by Government/ Bank of Mauritius/ banks to support key sectors
- Special Line of Credit in Foreign Currency
- Diversification Strategy
- Disconnect between KRR and Savings Deposit Rate
 - Need to revisit the KRR



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THANK YOU