



Post – MPC Press Conference

29th Monetary Policy Committee

13-March-2013

MONETARY POLICY COMMITTEE: COMPOSITION



45 YEARS OF CENTRAL BANKING

2007 - 2009 (June)	2009 (July) - 2011	2012	2013
Governor (<i>ex-officio</i>)	Governor (<i>ex-officio</i>)	Governor (<i>ex-officio</i>)	Governor (<i>ex-officio</i>)
2 Deputy Governors (<i>ex-officio</i>)	2 Deputy Governors (<i>ex-officio</i>)	3 Senior Officers of the Bank, <i>appointed</i> by the Governor	2 Deputy Governors (<i>ex-officio</i>)
2 Directors of the Bank, <i>appointed by</i> the Minister of <i>Finance</i>	2 Directors of the Bank, <i>appointed by</i> the Minister of <i>Finance</i>		2 Members, <i>appointed by the</i> <i>Prime Minister</i>
3 Members, not being Directors or employees of the Bank, <i>appointed by</i> the Minister of <i>Finance</i>	4 Members, not being Directors or employees of the Bank, <i>appointed by</i> the Minister of <i>Finance</i>	5 Members, not being Directors or employees of the Bank, <i>appointed by</i> the Minister of <i>Finance</i>	3 Members, not being Directors or employees of the Bank, <i>appointed by</i> the Minister of <i>Finance</i>
Members: 8	Members: 9	Members: 9	Members: 8

FUNCTIONS OF THE MPC

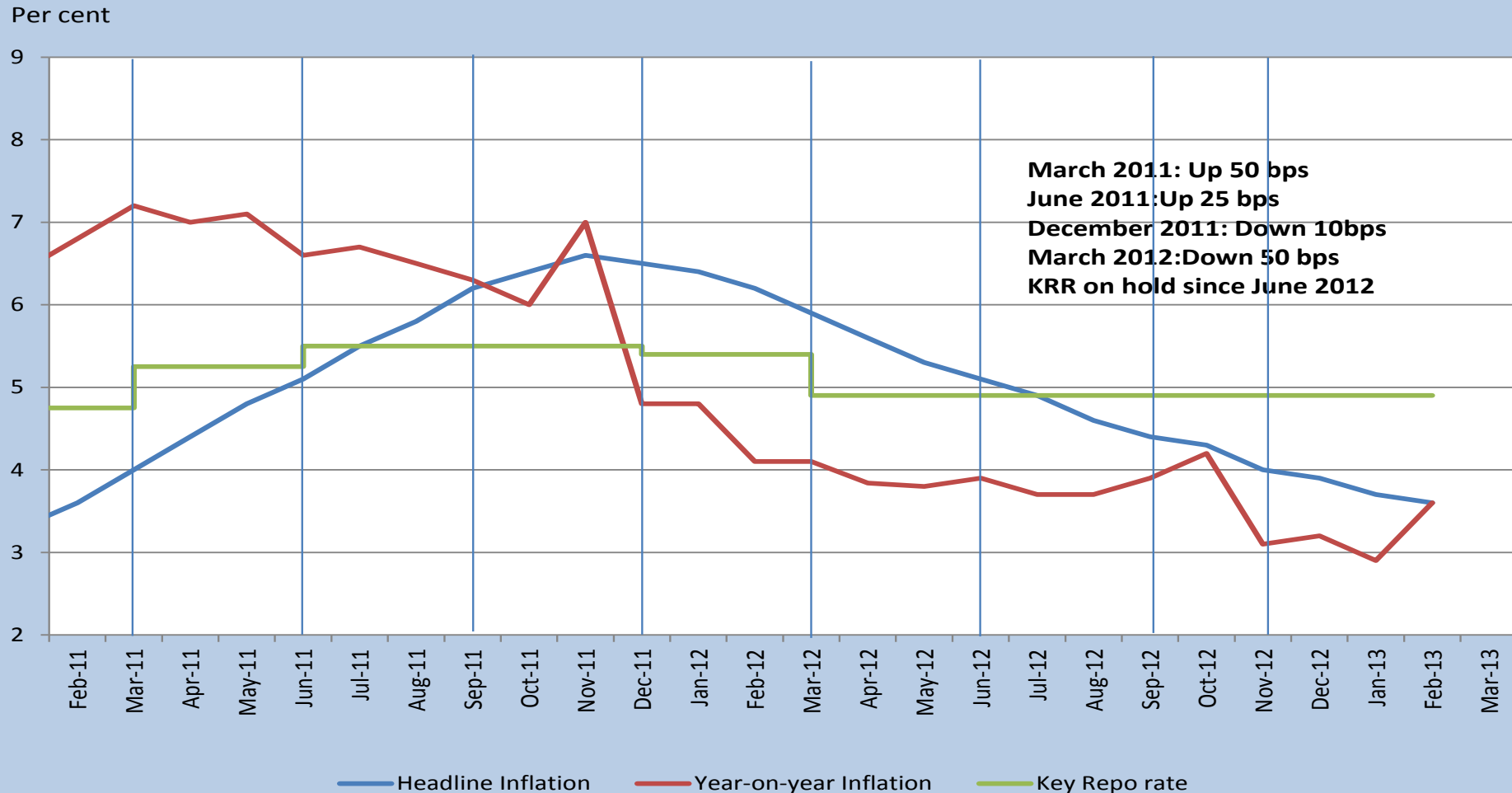


- To formulate and determine the monetary policy to be conducted by the Bank and to maintain price stability, taking into account the orderly and balanced economic development of Mauritius.
- With a view to improving coordination of monetary and fiscal policy, the MPC shall, in the discharge of its functions, take into account the views of the Bank, the Ministry (of Finance) and such other institution or organization as it considers appropriate.
- Posted a Communique on Bank's website on 4th March 2013. Any institution or organisation that has any views on the matter, which they wish to be conveyed to the MPC, should signify their interest in writing to the 'Secretary of the MPC'.

KRR unchanged since Jun-12 ... downtrend in headline inflation ... pick-up in Y-o-Y inflation



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Subdued global recovery ... IMF & other organisations downgraded growth projections



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	US		Euro zone		UK	
	2013	2014	2013	2014	2013	2014
IMF October 2012 WEO	2.1	-	0.2	-	1.1	-
IMF January 2013 WEO Update	2.0	3.0	-0.2	1.0	1.0	1.9
<i>Change in forecasts</i>	-0.1		-0.4		-0.1	
Reuters Poll November 2012	2.3	-	0.1	-	1.1	-
Reuters Poll February 2013	1.9	-	-0.2	1.0	0.9	1.6
<i>Change in forecasts</i>	-0.4		-0.3		-0.2	
JPMorgan November 2012	1.7	-	0.1	-	1.8	-
JPMorgan March 2013	1.5	2.0 Q1	-0.2	1.5 Q1	1.0	2.0 Q1
<i>Change in forecasts</i>	-0.2		-0.3		-0.8	

... Growth projections for some BRICS also revised down



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	JP Morgan				Change between Mar 2013 & Nov 2012
	November 2012 Forecast		March 2013 Forecast		
	2012	2013	2013	2014Q1	2013
Brazil	1.4	4.1	3.0	4.2	-1.1
Russia	3.6	3.0	2.8	4.0	-0.2
India	5.6	6.0	5.8	7.6	-0.2
China	7.6	8.0	8.2	8.0	0.2
South Africa	2.2	2.7	2.7	3.8	0.0

Recent Policy Rate Cuts in Selected Economies



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DATE	COUNTRY	Rate Cut (bps)	Policy Rate	Inflation Rate	Ref. Period	Real Policy Int Rate	IMF ESTIMATES for 2012 (Oct-12 WEO) #			
							GDP Growth	Unemploy- ment Rate	Gross National Savings	General Govt Gross Debt
							(%)		(% of GDP)	
	MAURITIUS		4.90%	3.6¹	Feb-13	1.15%	3.3	8.0	15.1	50.1
06-Mar-13	Poland	50	3.25%	1.70	Jan-13	1.55%	2.4	10.0	16.3	55.1
29-Jan-13	India	25	7.75%	10.80	Jan-13	-3.05%	4.9	N.A	32.2	67.6
10-Jan-13	Kenya	150	9.50%	3.67	Jan-13	5.83%	5.1	N.A	13.8	47.2
24-Dec-12	Israel	25	1.75%	1.60	Dec-12	0.15%	2.9	7.0	17.8	73.3
18-Dec-12	Turkey	25	5.50%	6.16	Dec-12	-0.66%	3.0	9.4	12.3	37.7
18-Dec-12	Sweden	25	1.00%	-0.10	Dec-12	1.10%	1.2	7.5	25.4	37.1
14-Dec-12	Pakistan	50	9.50%	7.90	Dec-12	1.60%	3.7	7.7	10.6	62.4
12-Dec-12	Sri Lanka	25	7.50%	9.20	Dec-12	-1.70%	6.8	4.9	21.9	N.A
04-Dec-12	Australia	25	3.00%	2.20	Dec-12	0.80%	3.3	5.2	24.3	27.1
04-Dec-12	Uganda	50	12.00%	5.40	Dec-12	6.60%	4.2	N.A	15.8	36.2

¹ Year-on-Year inflation rate.

Source: <http://www.tradingeconomics.com> & <http://www.cbrates.com>

Recent Policy Rate Hikes in Selected Economies



45 YEARS OF CENTRAL BANKING

DATE	COUNTRY	Rate Hike (bps)	New Policy Rate	Inflation Rate	Ref. Period	Real Policy Int Rate	IMF ESTIMATES for 2012 (Oct-12 WEO) #			
							GDP Growth	Unemployment Rate	Gross National Savings	General Govt Gross Debt
							(%)		(% of GDP)	
	MAURITIUS		4.90%	3.6¹	Feb-13	1.05%	3.4	8.1	16.2	52.0
05-Feb-13	Serbia	25	11.75%	12.20	Dec-12	-0.45%	-0.5	25.6	7.1	63.1
24-Jan-13	Denmark	10	0.30%	1.30	Jan-13	-1.00%	0.5	5.6	22.3	47.1
28-Dec-12	Uruguay	25	9.25%	8.72	Jan-13	0.53%	3.5	6.7	16.6	51.2
04-Dec-12	Malawi	400	25.00%	34.60	Dec-12	-9.60%	4.3	N.A	12.4	49.0

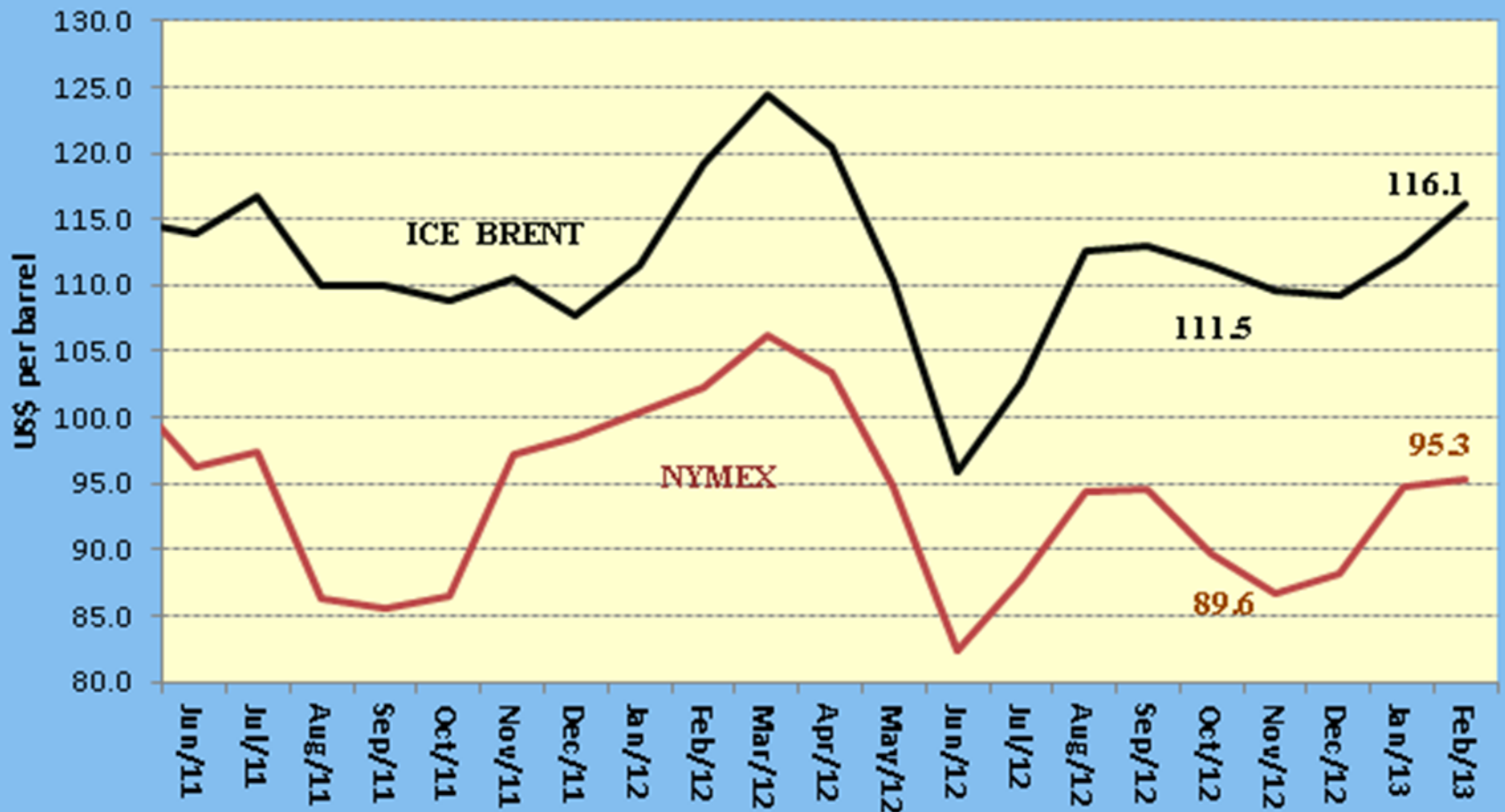
¹ Year-on-Year inflation rate.

Source: <http://www.tradingeconomics.com> & <http://www.cbrates.com>

... FAO Food Price Index still high ... projected to stay at elevated levels



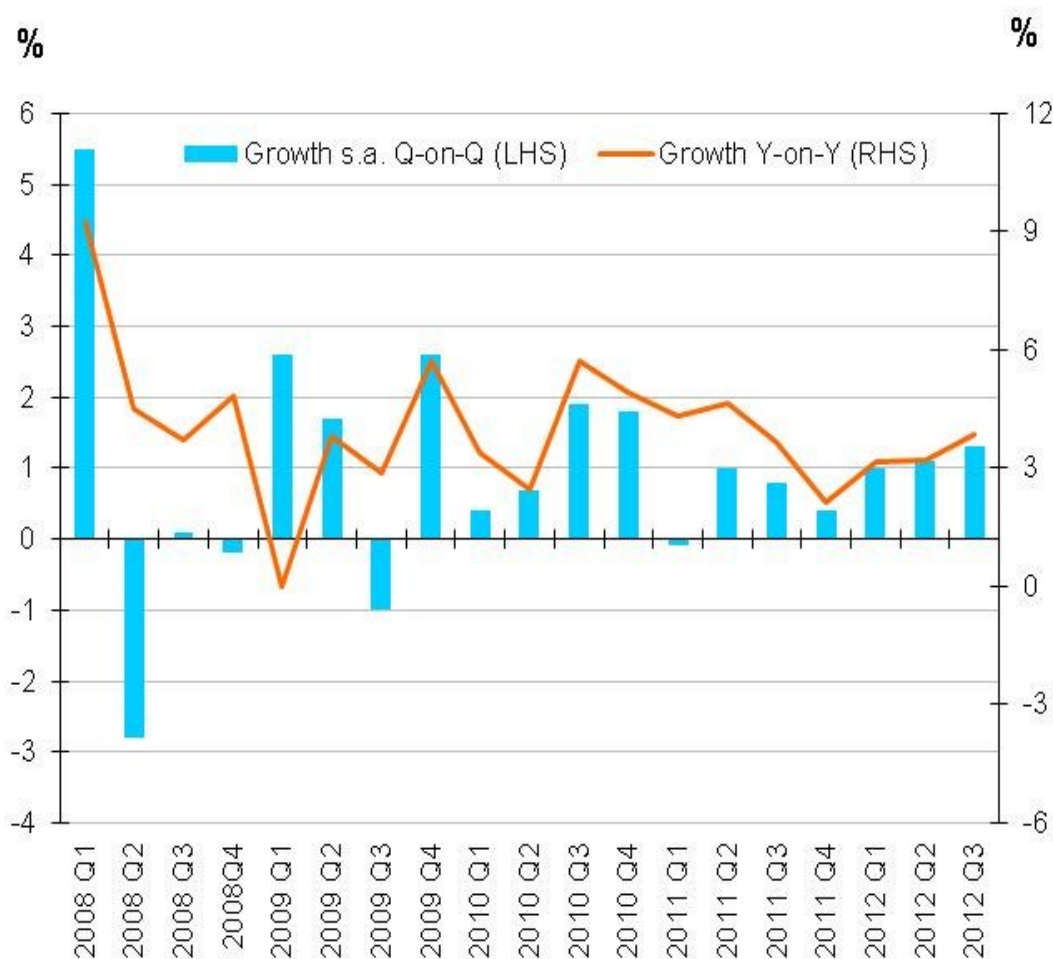
...Geopolitical tensions increased crude oil price volatility ... rise in prices as from the start of 2013



GDP GROWTH IN MAURITIUS



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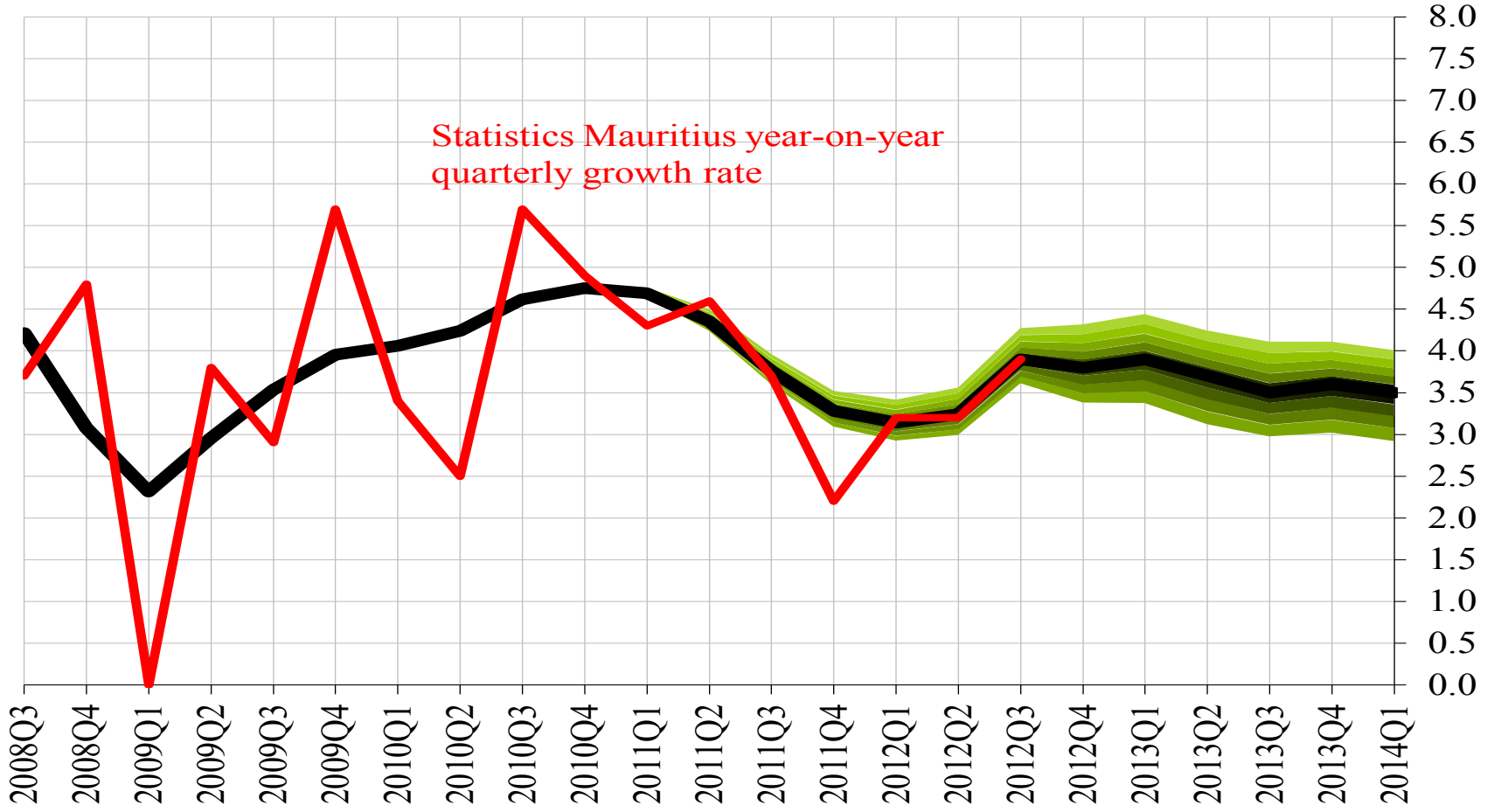


- 2012Q3 q/q s.a. growth of 1.3%
- 2012Q2 y/y growth of 3.9%
- Growth forecast of 3.3% in 2012
- Growth projected at 3.7% in 2013 by SM

... In-house projection 3.4 – 3.9 per cent for Real GDP growth in 2013



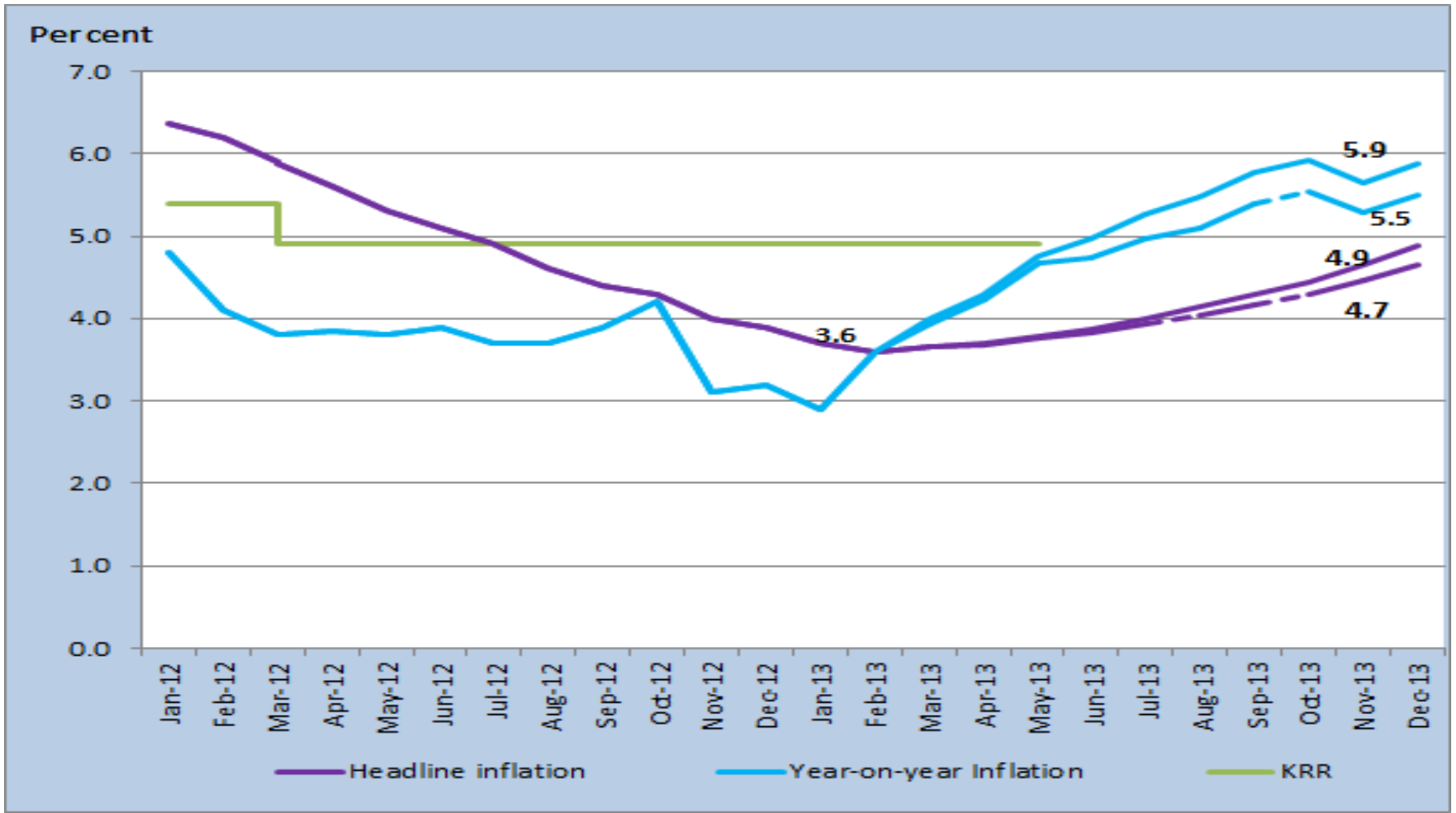
Per cent



... Upside risks to inflation ... Global commodity price increases, PRB, hikes in administered prices



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GDP GROWTH & INFLATION



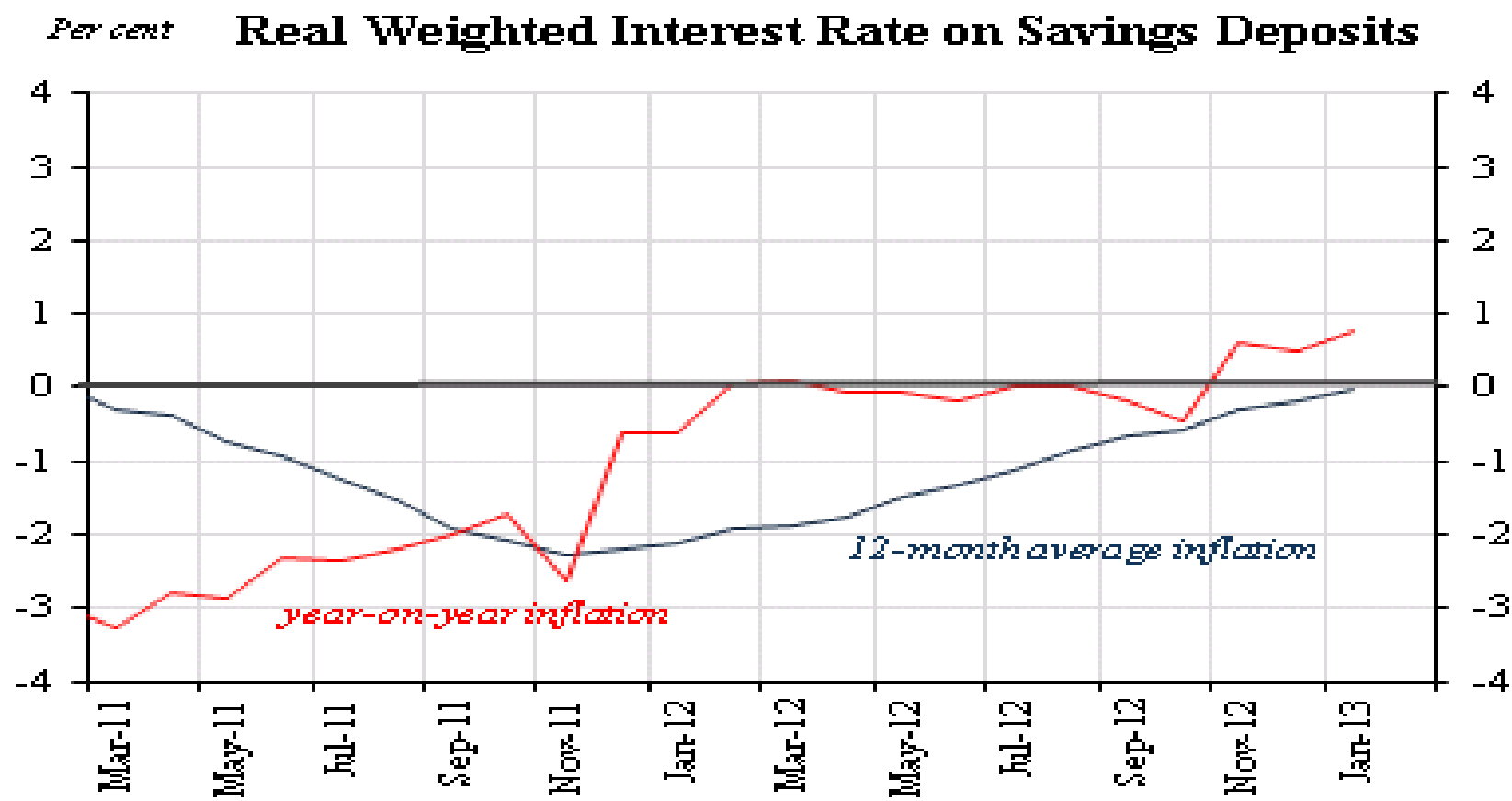
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			<i>Per cent</i>
	Real GDP Growth	Headline inflation (CSO methodology)	Headline inflation (year-on-year)
2007	5.7	8.8	8.6
2008	5.5	9.7	6.7
2009	3.1	2.5	1.5
2010	4.2	2.9	6.1
2011	3.5	6.5	4.8
2012	3.3	3.9	3.2
2013*	3.4 - 3.9	4.7 - 4.9	5.5 - 5.9
*: Forecasts			

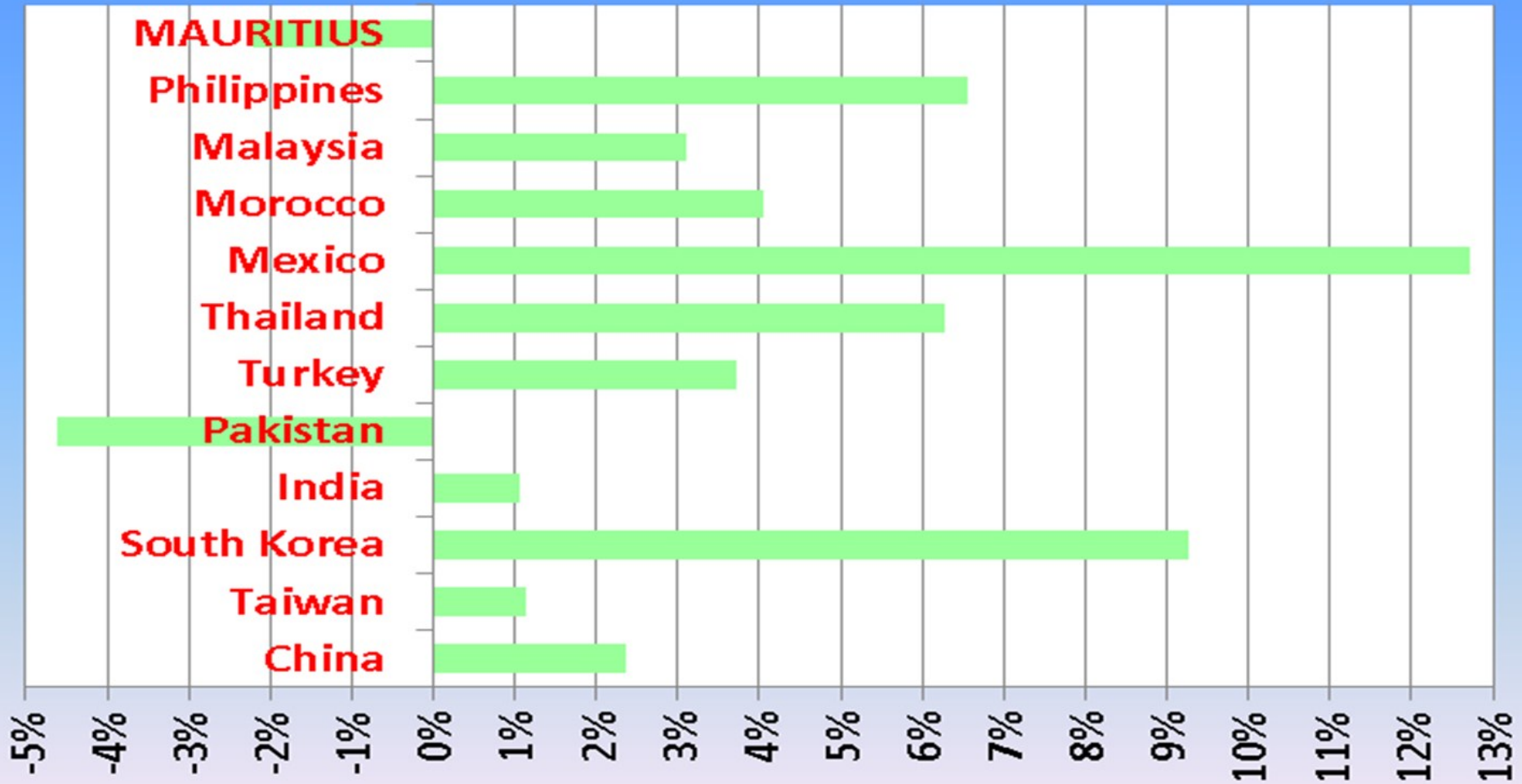
Weighted average interest rate on savings deposits adjusted for headline inflation negative



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... Depreciation of MUR against US dollar since 01-Jun-12

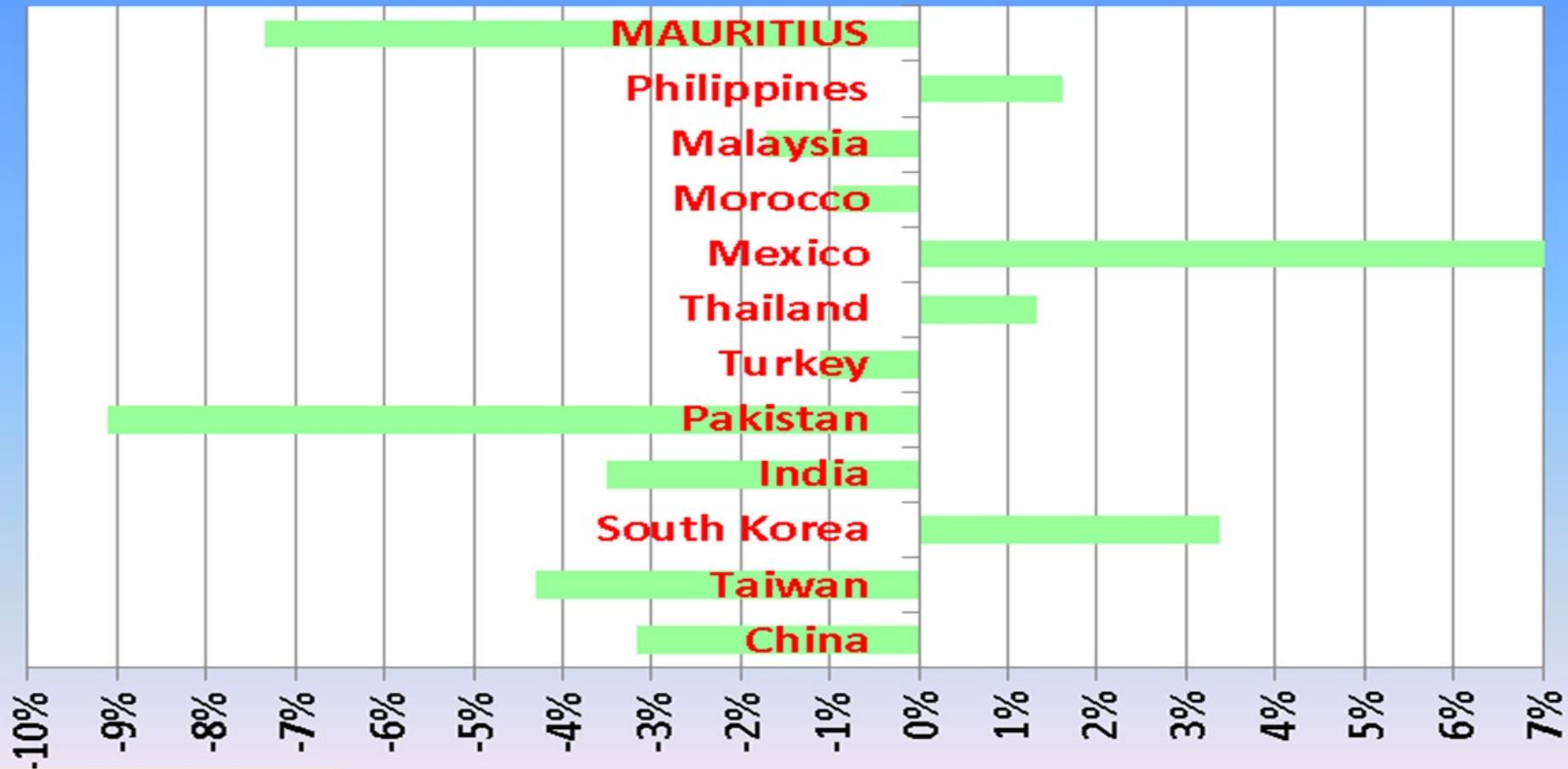


Source: Reuters

... Depreciation of MUR against euro since 01-Jun-12



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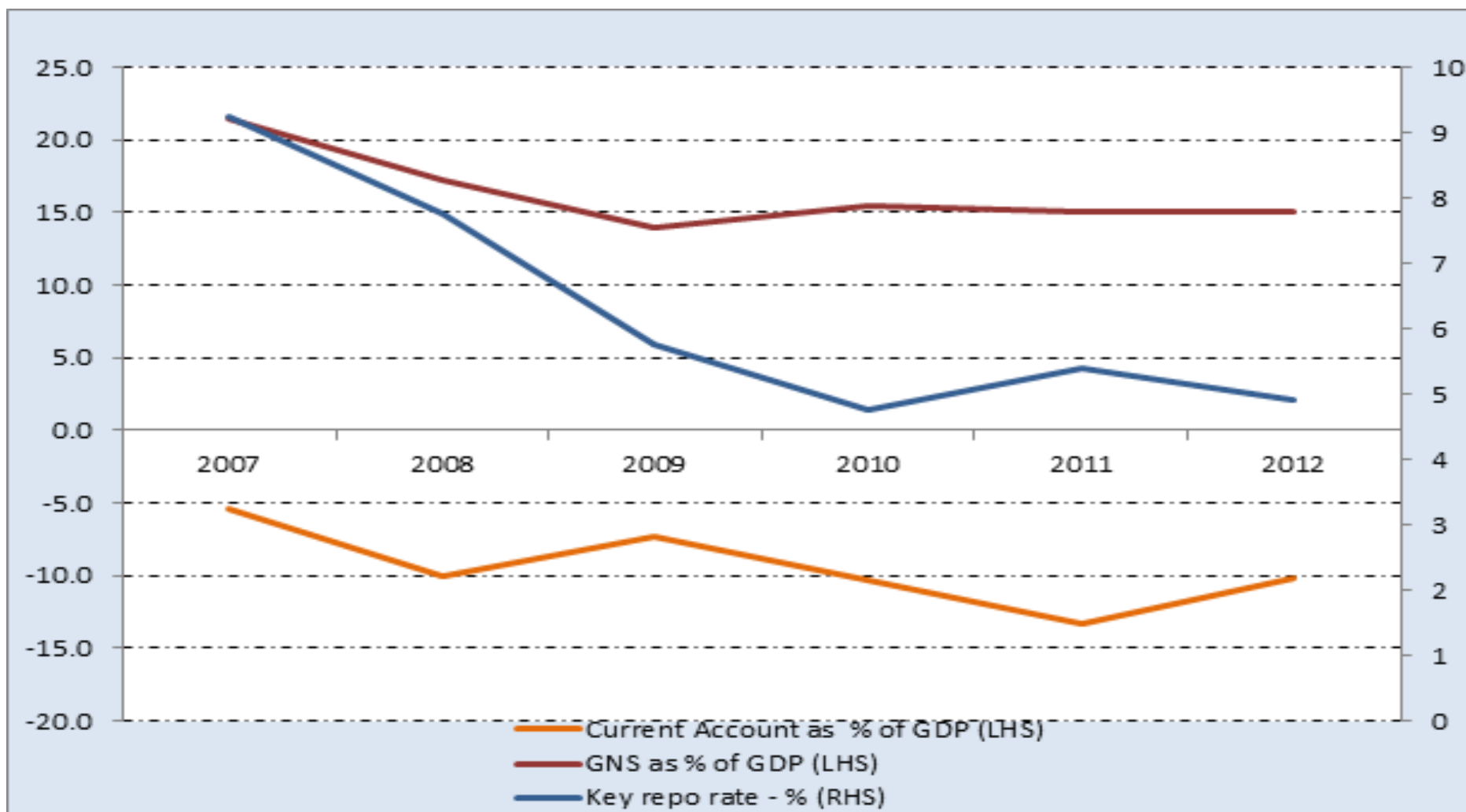


Source: Reuters

... Systematic Current Account Deficit ...give rise to external vulnerabilities ... falling savings rate



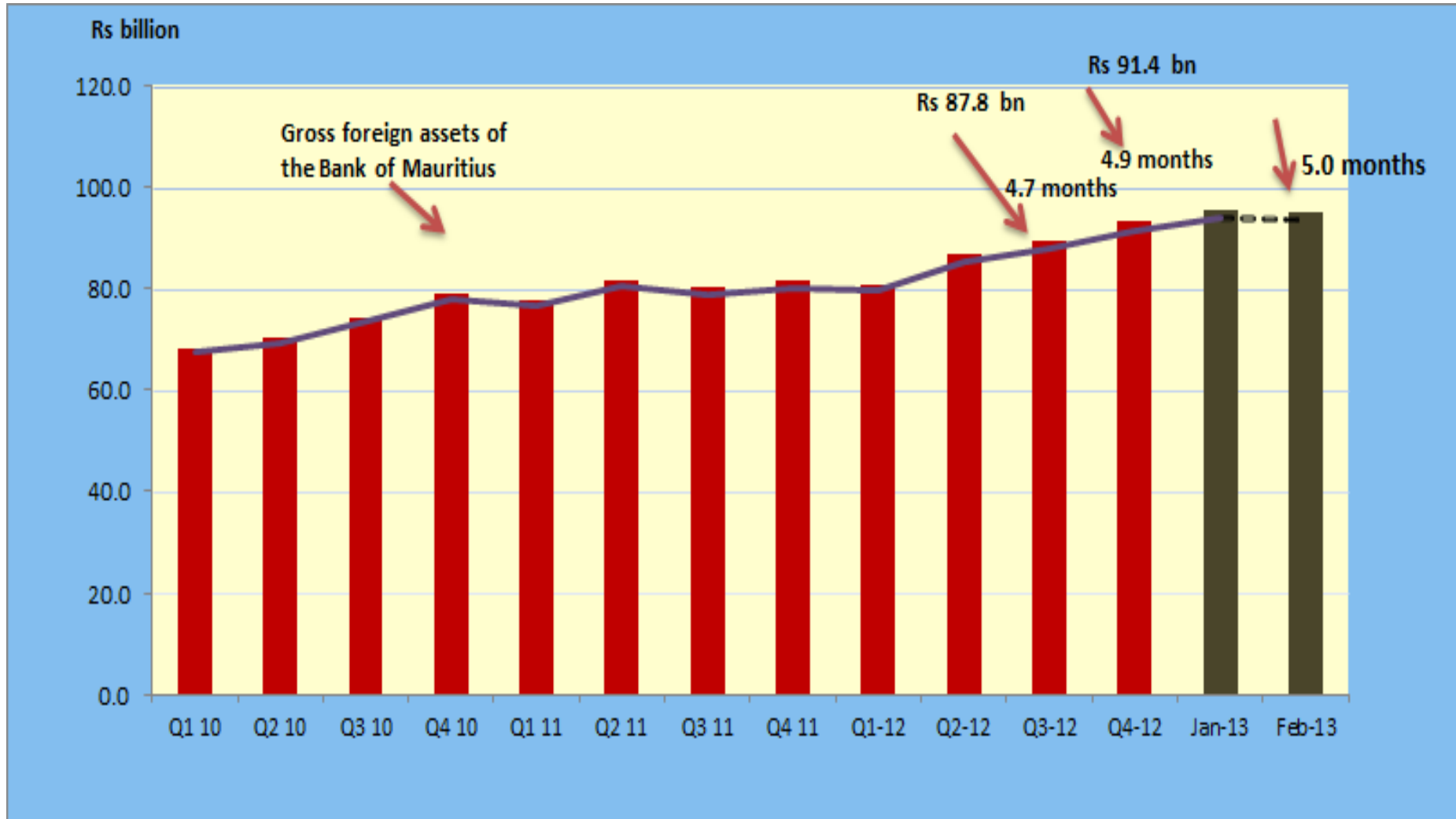
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Operations Reserves Reconstitution ... Uptrend in Gross Official International Reserves maintained



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CONCLUSION



- KRR left unchanged by majority vote
- Vigilance on upside inflationary risks
- Improve coordination between monetary and fiscal policy
- Independence of the Bank of Mauritius



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THANK YOU