



# BANK OF MAURITIUS

## ***Media Release***

---

*Released at 15:30 hours on 16 July 2015*

### ***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 global growth remains moderate and disparate across regions. The IMF<sup>1</sup> revised down its global growth forecast to 3.3 per cent for 2015 and pointed to a gradual recovery in advanced economies whilst growth in emerging market and developing economies was projected to slow. Sluggish economic conditions as well as low international commodity prices continue to indicate a benign global inflation outlook.

Unfavourable external developments, amongst other factors, continue to weigh on the domestic economic outlook. The pace of domestic investment has yet to pick up. Statistics Mauritius revised down the economy's real GDP growth for 2015 from 4.1 per cent to 3.8 per cent, while the Bank has revised its growth forecast to 3.7 per cent. Looking ahead, a gradual recovery in key export markets and the implementation of major investment projects would impact positively on the economy. The MPC raised concerns about the heightened market volatility stemming from the slowdown in emerging markets, particularly China, the uncertainties caused by the Greek crisis in the Eurozone and diverging monetary policies across regions.

Inflation continued to decline since the April 2015 MPC meeting. Barring any unforeseen shock, headline inflation is forecast to decline to around 1.5 per cent in 2015, partly attributable to domestic price developments, before rising to around 3.0 per cent in 2016. The MPC underscored the point that the recent developments in the exchange rate of the Rupee did not negatively impact on domestic price levels. Year-on-year inflation is forecast at around 2.0 per cent at end-2015 and around 4.4 per cent at end-2016.

The MPC weighed the risks to the growth and inflation outlook over the relevant policy horizon and considered the Key Repo Rate to be appropriate at the current juncture. The MPC

---

<sup>1</sup> July 2015 World Economic Outlook Update.

took note of the Bank's sterilised interventions since January 2015 and active liquidity management since May 2015, which is restoring orderly money market conditions.

The MPC also considered a draft proposal to review the *Operational Framework for Monetary Policy*. The new operational framework, in which the Key Repo Rate and the 3-month yield on Treasury/BoM bills will play a critical role, is intended to improve the transmission of monetary policy impulses to the real sector of the economy.

The MPC will issue the Minutes of its meeting at 13:00 hours on Thursday 30 July 2015.