



BANK OF MAURITIUS

Communiqué

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**The Monetary Policy Committee of the Bank of Mauritius
leaves the key Repo Rate unchanged**

The Monetary Policy Committee (MPC) of the Bank of Mauritius has unanimously decided to leave the key Repo Rate unchanged at 5.75 per cent per annum at its meeting today.

The MPC has noted that the global economy is continuing to recover although the pace of expansion varies across countries and regions. In particular, international trade has continued to rebound and is expected to gather further momentum. Globally, inflation is still at low levels and is foreseen to stay contained in the short term. Looking further ahead, however, the inflation outlook could worsen as the extent of economic slack shrinks and exerts pressure on international commodity prices.

The MPC has discussed the most recent domestic indicators which point to continuous improvement in economic activity as from the second quarter of 2009, supported by the expansionary economic policies pursued by the Government and the Bank of Mauritius. Real economic activity is forecast to stay below potential over the next few quarters owing to still subdued performance anticipated for the export sector. Downside risks to growth, on balance, appear relatively limited. On present indication, the economic growth forecast for 2010 is likely to be revised upward to 4.5 per cent from 4.3 per cent.

Inflation remains low. The assessment of the inflation outlook by the MPC stays much the same as in December 2009: the short-term outlook suggests inflation could be significantly below past trends at around 4 per cent over the next few quarters but further ahead potential risks may stem from upward movements in commodity prices on international markets.

As customary, the MPC has discussed alternative interest rate scenarios. It has, however, concluded that the current stance of monetary policy remains appropriate. The MPC of the Bank of Mauritius will issue a Monetary Policy Statement at 13.00 hours on Tuesday 30 March 2010.

*Bank of Mauritius
23 March 2010*