



BANK OF MAURITIUS

PRESS RELEASE

Released at noon on 29 January 2004

CHANGE IN THE LOMBARD RATE

The Bank of Mauritius has reduced the Lombard Rate by 25 basis points from 9.75 per cent to 9.50 per cent per annum with effect from noon today, 29 January 2004.

The Bank of Mauritius has reviewed the latest economic and monetary developments, both at the international and domestic levels, in the light of which the decision to further ease the monetary policy stance is taken. There are good indications that growth prospects in our main export markets are strengthening although risks remain towards subdued growth.

The present reduction in interest rate is consistent with the long-term objective of achieving price stability. The inflation rate for 2003 is 3.9 per cent and, barring any unforeseen price shocks, the inflation rate is expected to stay close to this level during 2004. This low inflation environment is also being sustained by the relative stability of the exchange rate of the rupee in the past several months.

This easing of the monetary policy stance of the Bank of Mauritius is expected to further reduce costs of funds and positively impact on growth prospects of the economy.

It may be recalled that the Bank of Mauritius last reduced the Lombard Rate by 25 basis points on 27 November 2003 to 9.75 per cent per annum.

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