



MEDIA RELEASE

The Key Rate remains unchanged

12 November 2025

The Monetary Policy Committee (MPC) of the Bank has unanimously decided to keep the Key Rate unchanged at 4.50 per cent per annum at its meeting today.

The global economy has so far shown signs of resilience. Major international institutions, notably the IMF, WTO and OECD, have revised upwards their global growth projection for 2025 in their respective latest forecasts. This upgrade reflects a combination of factors, including milder-than-expected impact of trade tensions, fiscal stimulus in major economies like Europe and China and a boom in AI-driven investment that has supported productivity and economic activity. However, risks to the global growth outlook remain tilted to the downside due to ongoing trade and geopolitical uncertainties.

Global inflation dynamics have been rather mixed so far, with most advanced economies continuing to face inflationary pressures, driven by tariff-related costs and persistent services inflation. The IMF, in its October 2025 World Economic Outlook, projects global inflation to decline from 5.8 per cent in 2024 to 4.2 per cent in 2025 and further to 3.7 per cent in 2026 on the back of expected softening of commodity prices. However, risks to the inflation outlook remain tilted to the upside, with risks stemming from geopolitical tensions and climate-related shocks.

On the domestic front, the economy expanded by 3.6 per cent, year-on-year, in 2025Q2, driven by key sectors, namely 'Financial and insurance activities', and 'Accommodation and food service activities'. The tourism sector experienced a notable rebound in 2025Q2, reflecting a recovery in tourist arrivals following an exceptionally subdued first quarter. However, overall economic activity was partly dragged down by contractions in the 'Construction' and 'Public administration and defence' sectors. On the demand side, consumption expenditure remained the principal contributor to economic growth in 2025Q2.

Looking ahead, the momentum across core sectors of activity and brighter prospects for the tourism sector have slightly improved the growth outlook for 2025, despite headwinds facing the construction and manufacturing sectors. Tourist arrivals are expected at around 1,425,000 for the year, with tourism earnings reaching record levels of around Rs100 billion compared to Rs93.6 billion in 2024. As such, the Bank projects real GDP growth at 3.1 per cent in 2025, an upward revision of 0.1 percentage point compared to the August MPC meeting. For 2026, real GDP growth is forecast at 3.0 per cent but remains subject to downside risks.

Headline inflation in Mauritius for 2025 is now forecast at 3.7 per cent, down from the previous projection of 4.0 per cent. The revised inflation outlook is underpinned by better-than-expected global commodity price developments, moderating inflation in key trading partners, the impact of government subsidies on essential

food items and the recent decline in domestic petroleum prices. For 2026, inflation is forecast to converge towards the mid-point of the Bank's target range, settling at 3.6 per cent but remains subject to upside risks stemming from abroad.

The Bank continues to actively monitor the level of excess liquidity prevailing in the banking system to ensure proper alignment of short-term yields with the Key Rate. Flows within the domestic foreign exchange market have continued to improve with the exchange rate reflecting both domestic and international market conditions. Banks continue to maintain strong capital and liquidity buffers, enhancing the resilience of the banking sector to a range of stressed scenarios.

The MPC deliberated that, in light of prevailing economic conditions and risks to the growth and inflation outlooks, a prudent wait-and-see approach is deemed appropriate.

As such, the MPC unanimously decided to keep the Key Rate unchanged at 4.50 per cent per annum. This stance recognises the need to anchor medium-term inflation expectations against a backdrop of elevated economic uncertainty.

The MPC remains forward-looking and stands ready to meet in between its regular meetings and take appropriate actions to fulfil its dual mandate of maintaining price stability and promoting orderly and balanced economic development.

The Minutes of today's meeting shall be released on 26 November 2025.

The calendar of meetings for 2026 is set as follows: 11 February, 20 May, 12 August and 11 November.