



Post – MPC Press Conference

30th Monetary Policy Committee

18 June 2013



MPC DECISION

- Cut in the KRR by 25 basis points by a majority vote
- Views diverged – Two distinct schools of thought emerged
 - One pro-growth
 - One concerned about inflation risks

Recent amendment to the Bank of Mauritius Act regarding the MPC...



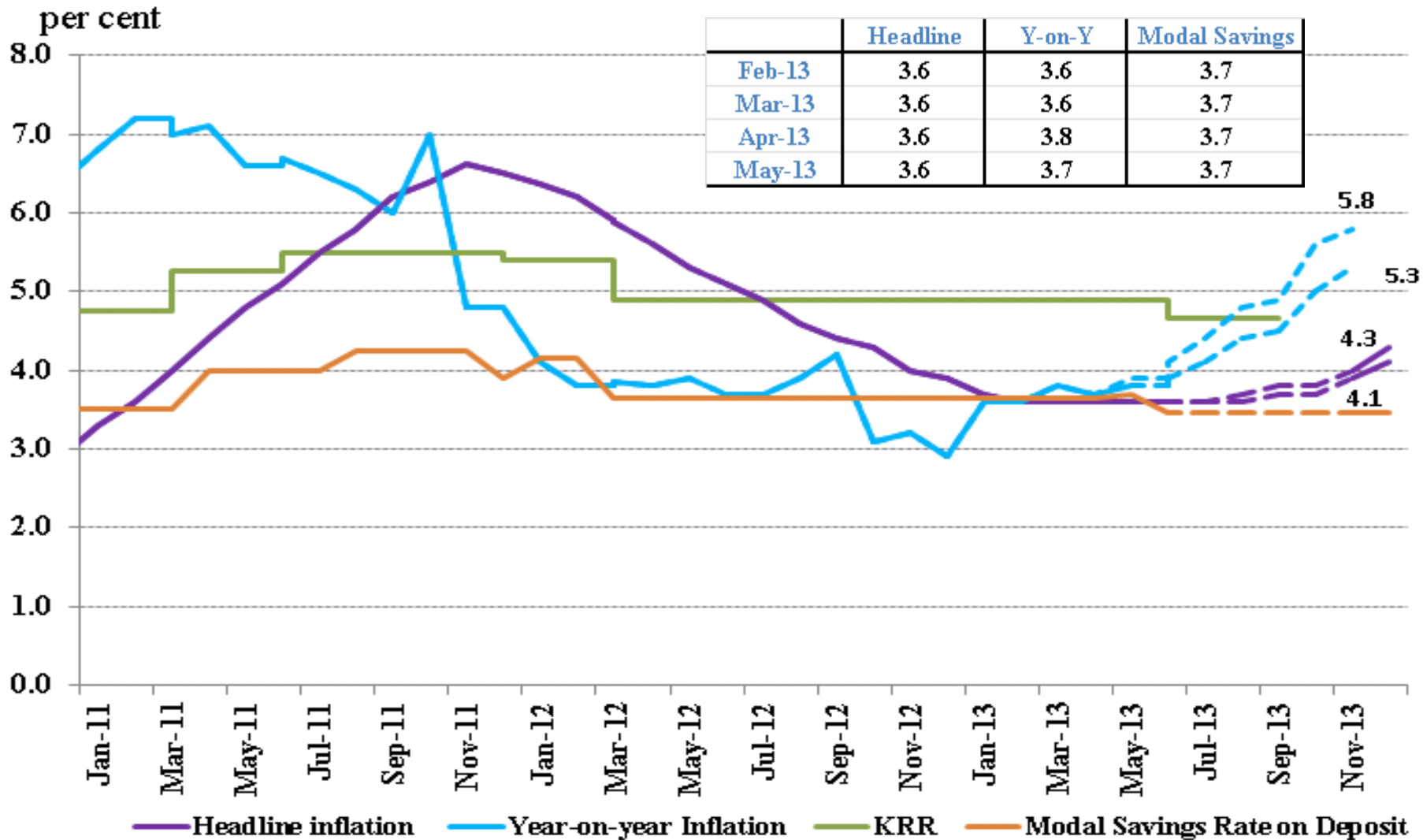
Section 55 (1A):

With a view to improving the coordination of monetary and fiscal policy, the Committee shall, in the discharge of its functions, take into account the views of the Bank, the Ministry and such other institution or organization as it considers appropriate.

- The Financial Secretary presented a case for a cut while the General Secretary of ACIM argued for a hike in the KRR

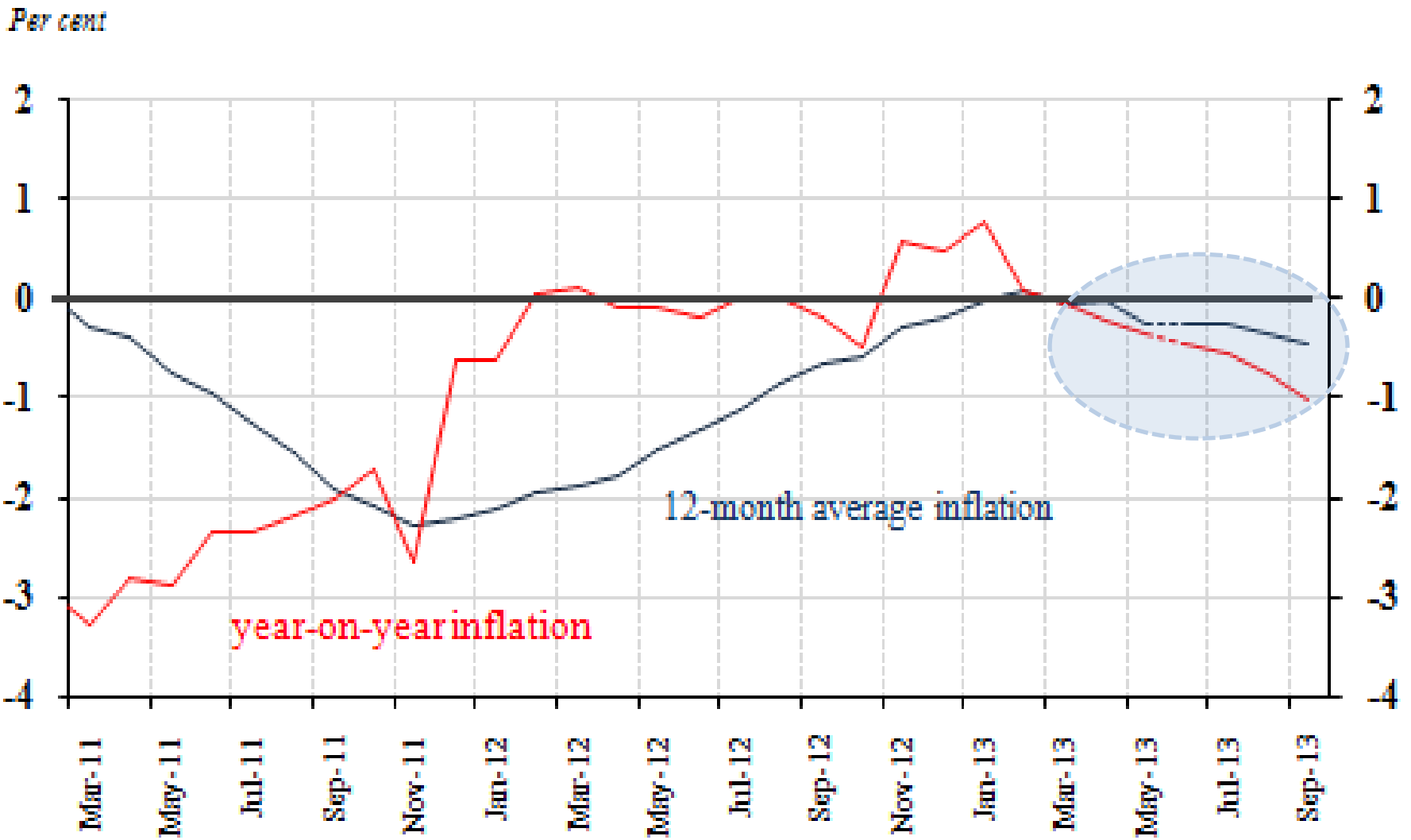


Inflation Outlook ...





Real Interest Rate to deteriorate ...





Growth and Inflation in Mauritius

per cent

	Real GDP Growth Rate	Headline Inflation (SM methodology)	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*	3.2 - 3.7	4.1 - 4.3	5.3 - 5.8

**Bank of Mauritius forecast*

Fears on fragility of major economies confirmed...



	US		Euro zone		UK	
	2013	2014	2013	2014	2013	2014
IMF April 2013 WEO	1.9	3.0	-0.3	1.1	0.7	1.5
<i>Change in forecasts from Jan 2013</i>	-0.1	0.0	-0.1	0.1	-0.3	-0.4
Word Bank June 2013 Forecast	2.0	2.8	-0.6	0.9	n.a.	n.a.
<i>Change in forecasts from Jan 2013</i>	0.1	0.0	-0.5	0.0		
Reuters Poll May 2013	2.0	2.7	-0.5	0.9	0.8	1.5
<i>Change in forecasts from Feb 2013</i>	+0.1		-0.3	-0.1	-0.1	-0.1
JPMorgan May 2013	1.9	2.4 (Q1)	-0.7	1.2 (Q1)	1.0	1.9 (Q1)
<i>Change in forecasts from March 2013</i>	0.4		-0.5		0.0	

Source: IMF, JPMorgan, Reuters & World Bank

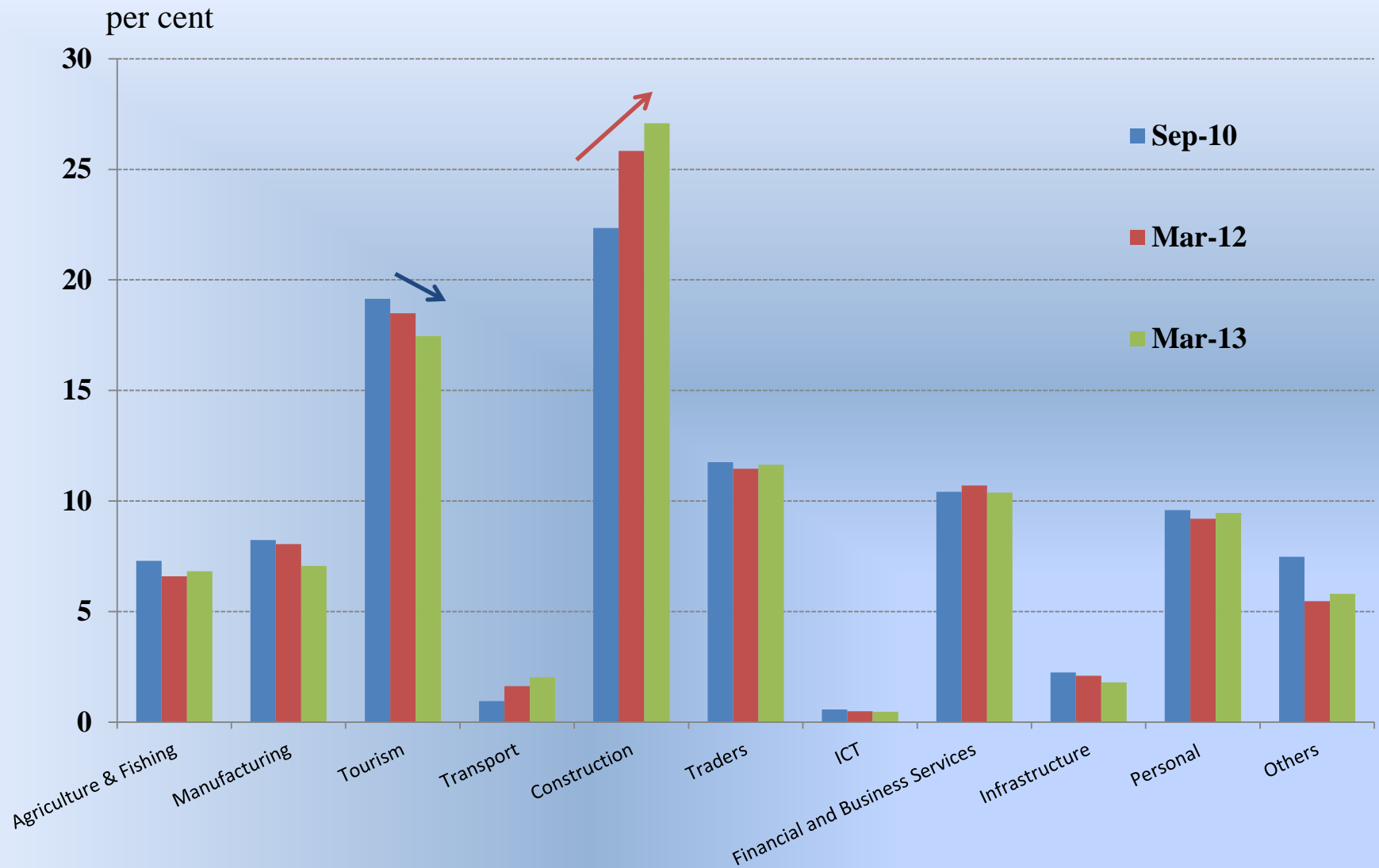


Growth in BRICS decelerate...

	JP Morgan		World Bank	
	May 2013 Forecast	Change between May and February 2013	June 2013 Forecast	Change between January and June 2013
	2013	2013	2013	2013
Brazil	2.5	-0.5	2.9	-0.5
Russia	2.5	-0.3	2.3	-1.3
India	5.8	0.0	5.7	-0.4
China	7.6	-0.6	7.7	-0.7
South Africa	2.3	-0.4	2.5	-0.2

Source: JPMorgan, World Bank

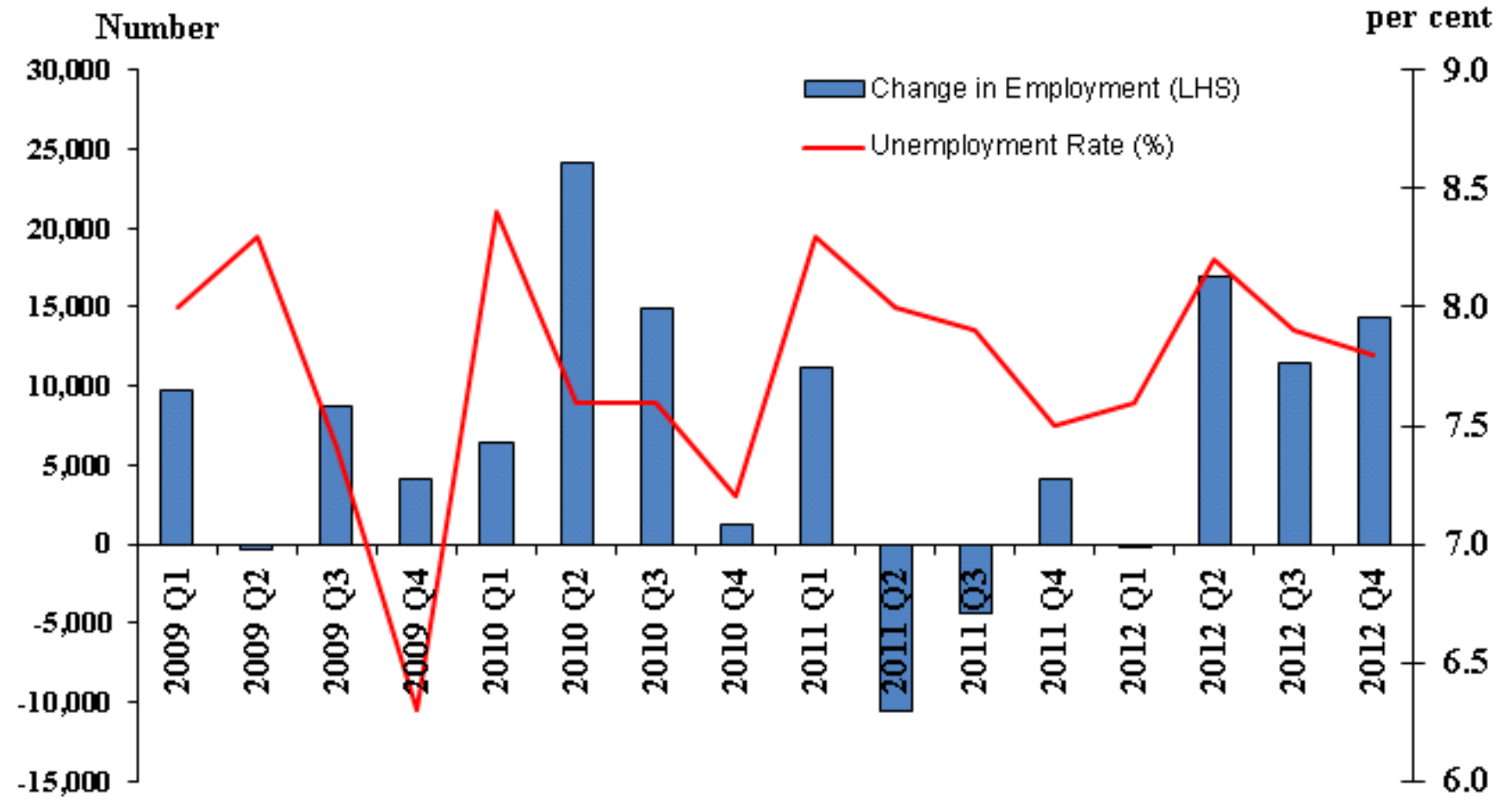
Evolving Share of Credit to various sectors...





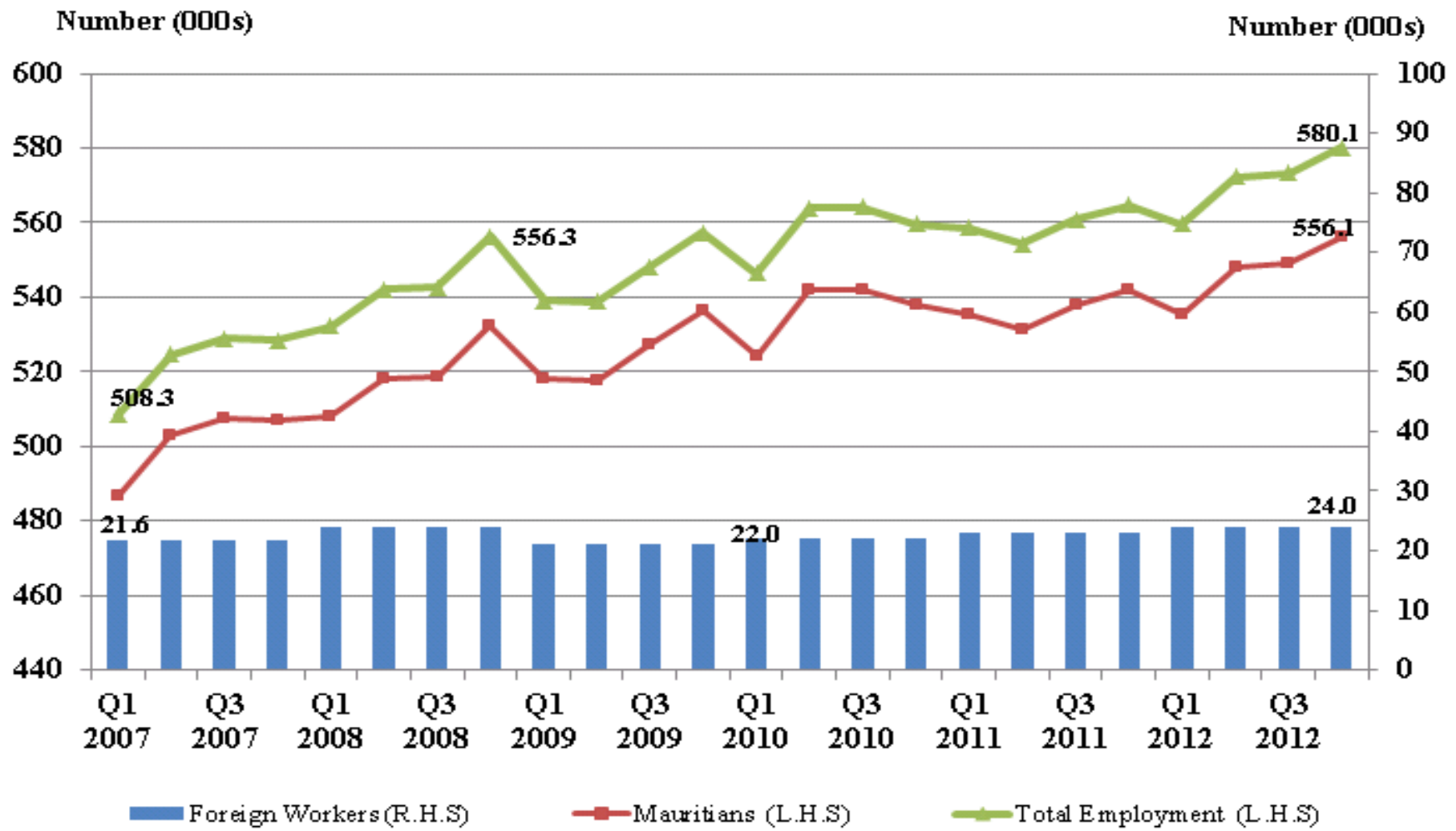
Job Creation continues...

Unemployment Rate and Change in Employment (year-on-year)





Foreign Labour





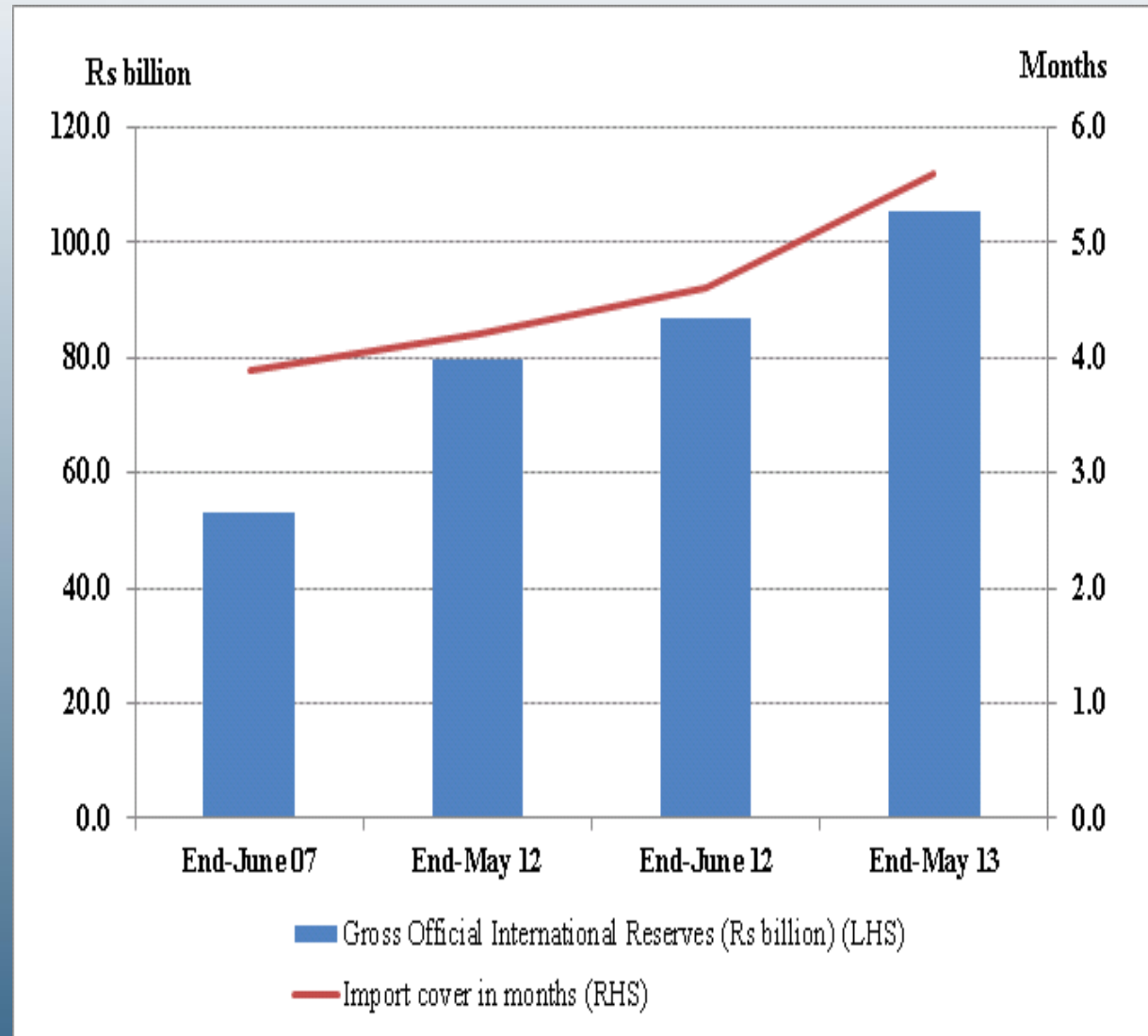
Special Line of Credit in Foreign Currency

- Introduced on 9 June 2012
- Increasing interest in the facility since its inception
- The total amount of funds made available stands at EUR38.6 million
- Ministry of Finance providing a similar facility recently
- This confirms that the need for such products was real and the initiative taken by the BOM one year ago has provided a good lead to where the financial sector must innovate

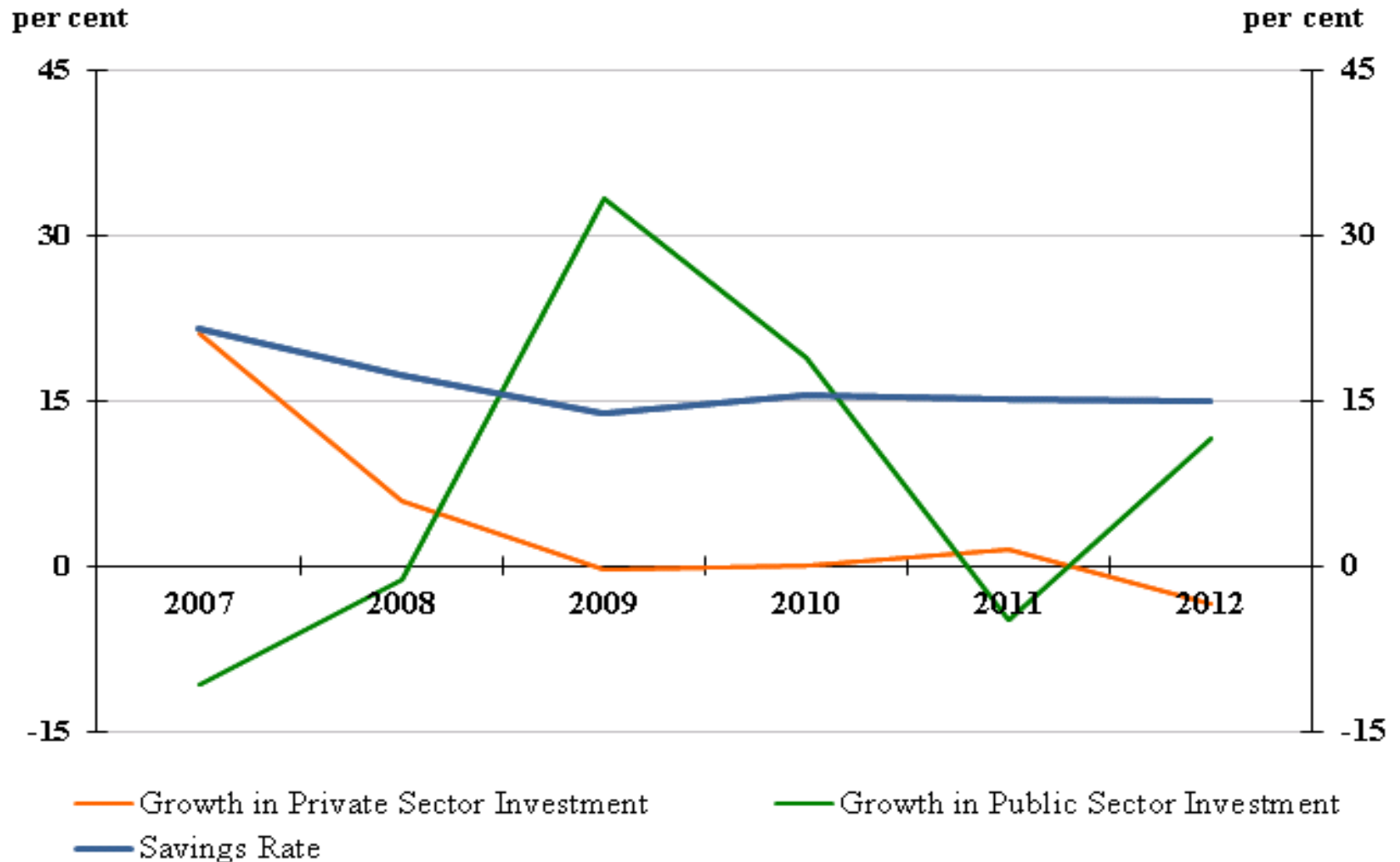


Reserves continue to rise ...

- Gross Official International Reserves doubled since end-June 2007.
- Import cover as at end-May 2013 is at 5.6 months compared to 3.9 months at end-June 2007
- Since Operation Reserve Reconstitution (ORR) on 9 June 2012, reserves have continued to increase.



Annual Growth in Investment & Savings Rate ...





Concluding Remarks

- Two divergent views at MPC
- Challenging economic conditions to persist
- Growth concerns outweighed inflation risks concerns
- Structural reforms must be addressed
- Release of the MPC Minutes: Monday 1 July 2013 at 13h 00
- Next MPC Meeting: Monday 30 September 2013



Thank you