

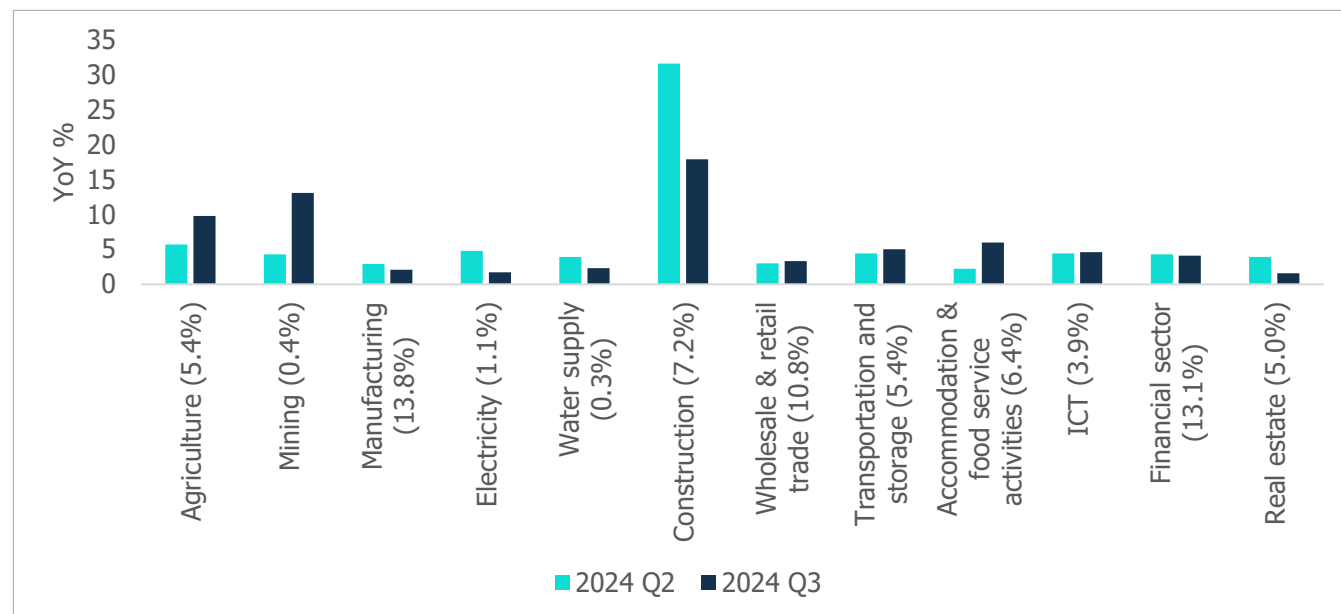
Strong Economic Growth in Q3 2024

GDP growth rose to 6.3% Year-on-Year (YoY) in Q3 2024, up from 3.9% in Q3 2023 and a revised 4.5% in Q2 2024. The construction sector remained a key contributor, although its growth moderated to 17.9% in Q3 from 31.6% in Q2. Despite a decline in sugar production, the agriculture sector grew by 9.8% in Q3, up from 5.7% in Q2. The accommodation and food services sector also saw improvement in Q3, rising to 6.0% from 2.2%, primarily fuelled by the tourism industry. Other significant contributors to growth included the wholesale and retail trade, transportation and storage, & the information and communication (ICT) sectors, respectively.

Nonetheless, growth slowed in the manufacturing sector (2.1% vs 2.9%) due to the decline in sugar and textile production. Similarly, growth slowed in the financial and insurance activities sector (4.1% vs 4.3%) and the real estate sector (1.6% vs 3.9%).

Household consumption expenditure growth decelerated (2.0% vs 5.9%). In contrast, general government expenditure experienced a significant rise (8.3% vs 0.7%) due to various social protection initiatives and public investments in infrastructure, such as the construction of social housing and election-related projects spending. Investment in fixed assets rose, mainly due to more significant expenditures on buildings and construction, especially for non-residential projects. Moreover, there was a rise in investments in machinery and equipment, although this was somewhat countered by a decline in passenger car spending investments.

Gross Value Added (GVA) Growth Rates



Source: Statistics Mauritius; "Q3 2024 shares of each sector as % of gross GVA are indicated in the parenthesis ()".

The Bank of Mauritius (BoM) projects a 5.1% growth rate for 2024. Key contributors to this growth are expected to be the construction, financial and insurance sectors, accommodation and food services, and wholesale and retail trade.

The BoM forecasts growth in 2025 between 3.5% and 4%. This growth is likely to be propelled by the robust performance of the construction sector and ongoing government infrastructure initiatives. Furthermore, tourism is expected to contribute positively, with an anticipated 1.4 million visitors in 2025. The financial services sector is also expected to maintain its expansion as authorities aim to boost the global standing of the Mauritian International Financial Centre (MIFC) through key strategies, including the development of sector-specific blueprints, particularly in fintech, attracting international talent, and ensuring compliance with international standards.

However, the real estate sector may face challenges due to reduced affordability of property loans resulting from higher interest rates. For non-citizens, the introduction of new regulations¹ in the IRS, RES, HIS, PDS, and SCS² schemes may lead to a temporary slowdown as investors adjust to the new rules.

Some risks threaten the growth outlook. These include rising geopolitical tensions, renewed supply chain disruptions and increased geo-economic fragmentation from the new US administration. Additionally, frequent climate-related hazards present unpredictable supply-side disruptions which could hinder economic growth.

Inflation on the Downward Trajectory

In January 2025, headline inflation decreased to 1.9% YoY, down from 2.9% in December 2024. This decrease was mainly attributed to a 5.4% drop in inflation for “food and non-alcoholic beverages” and a decline in the “health” sector's inflation. Conversely, core inflation, which omits volatile items like food, administered prices, and energy costs, increased to 6.0% in January, up from 4.1%. This rise was fuelled by higher inflation in the “insurance and financial services” and “education” sectors, each showing an increase of approximately 8%.

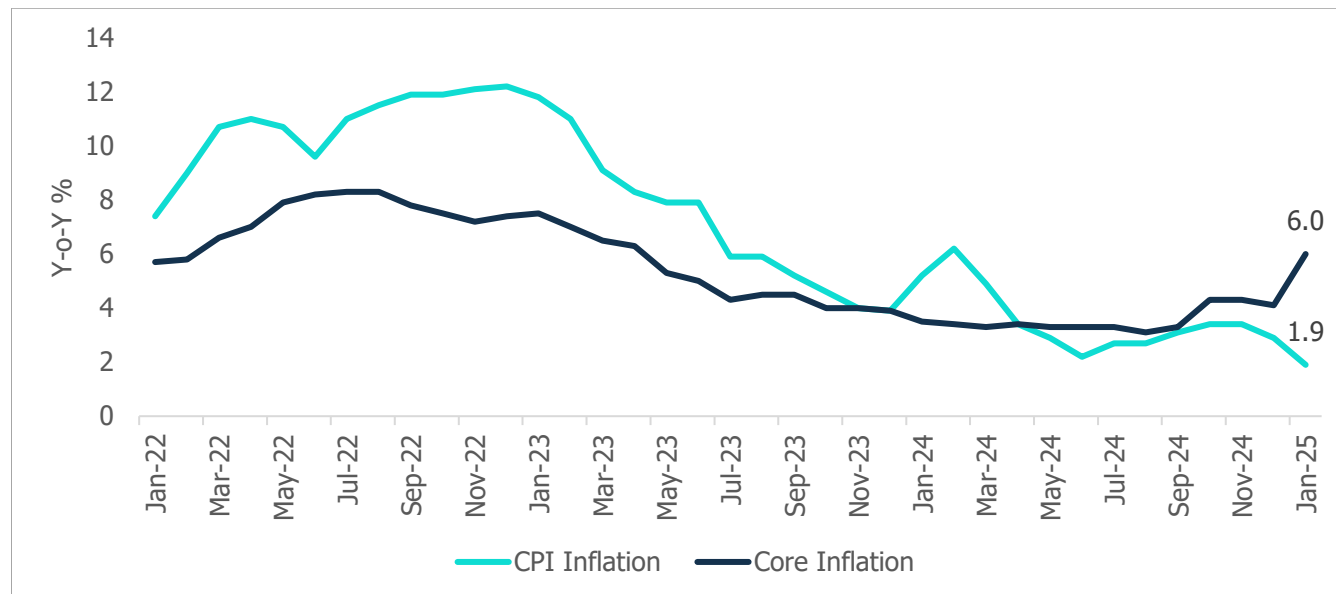
The BoM anticipates a moderate increase in inflation to 3.7% by the end of 2025, up from an average of 3.6% in 2024, which is only slightly above their midpoint target of 3.5%. Nonetheless, Mauritius's inflation outlook is fraught with risks. Even though the IMF predicts a drop in global inflation, potential supply shocks arising from conflicts, trade barriers, and geopolitical tensions could lead to a rise in inflation, adversely affecting the Rupee. Additionally, heightened freight costs and elevated service inflation in developed nations could worsen the situation.

As Mauritius relies heavily on food imports, external risks that elevate global inflation could instigate a cost-of-living crisis. This situation may be worsened by heightened climate-related threats that put food security at risk. Furthermore, the expected rise in real wages due to the national minimum wage increase, salary adjustments, and cost-of-living compensation in the first quarter of 2025 will likely drive-up price pressures.

¹ Non-citizens purchasing residential property under the different schemes are now required to pay 85% of the purchase price in MUR, with the remaining 15% to be paid in foreign currency or MUR.

² IRS: Integrated Resort Scheme; RES: Real Estate Scheme; HIS: Hotel Investment Scheme; PDS: Property Development Scheme; SCS: Smart City Scheme

The Monthly CPI and Core Inflation



Source: Statistics Mauritius

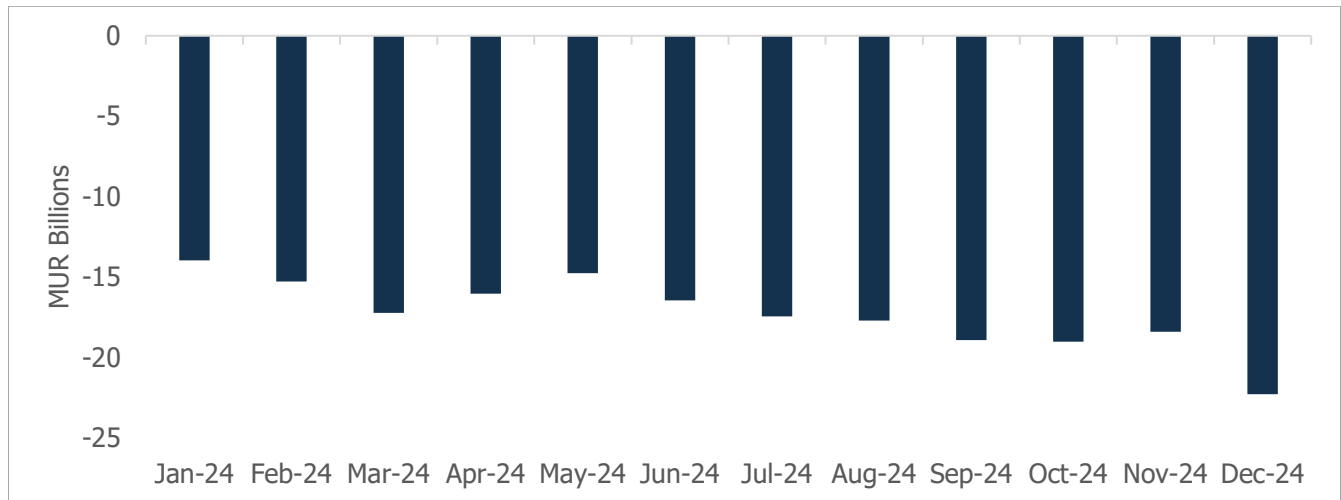
Widening Trade Deficit in December

The trade deficit widened in December to MUR 22.3 billion from the revised MUR 18.4 billion in November. Merchandise exports experienced a decline of 6.8% YoY to MUR 8.8 billion, while merchandise imports saw a rise of 19.1% YoY, reaching MUR 31.1 billion.

In 2024, total merchandise exports reached MUR 109.9 billion, reflecting a 6.0% YoY increase. Meanwhile, total merchandise imports climbed 11.3% YoY to MUR 317.1 billion compared to 2023. As a result, the annual trade deficit was MUR 207.2 billion. The ongoing structural trade deficit is expected to impact the current account deficit. The current account deficit (CAD) is anticipated to rise to 5.4% of GDP in 2024, up from 4.6% in 2023.

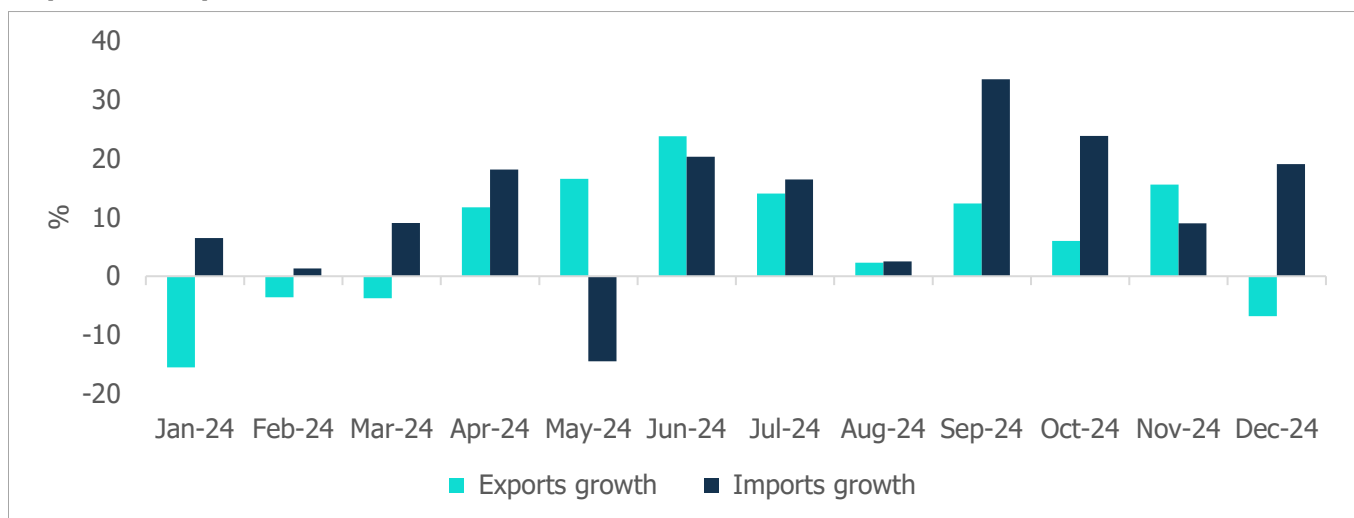
In December, Mauritius’ main export destinations included Spain (11.2%), South Africa (10.0%), United States (9.2%), United Kingdom (8.7%), France (8.6%) and Madagascar (8.3%). On the import side, the primary countries were China (19.9%), U.A.E (11.6%), India (8.2%), South Africa (7.3%), Brazil (5.1%) and France (4.2%).

Monthly Trade Balance



Source: Statistics Mauritius

Import and Export Growth



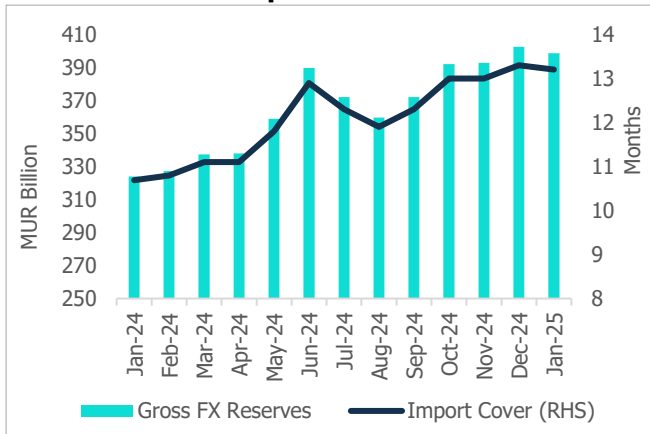
Source: Statistics Mauritius

January Marks a Minor Dip in Reserves

In January, gross official international reserves fell by 1.0% Month-on-Month (MoM), totalling MUR 398.7 billion (USD 8.5 billion). Although there was a monthly decrease, the reserves still provide a solid 13.2 months of import coverage. This strong reserve position underpins economic stability and allows for potential foreign exchange interventions by the BoM, underscoring the country’s resilience and effective management.

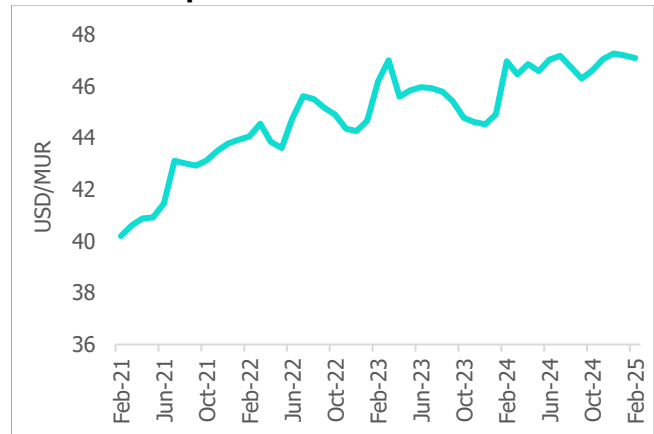
The Mauritian rupee (MUR) has appreciated marginally by 0.4% over the past three months (December 2024-February 2025), mainly due to BoM interventions in the foreign exchange market, including selling USD 25 million to banks. Recent regulatory changes in the residential property sector are expected to impact the MUR positively, going forward.

FX Reserves and Import Cover



Source: Bank of Mauritius

Mauritian Rupee Performance



Source: Bank of Mauritius

Mauritian Tourism Sees Seasonal Decline in January 2025 but Remains Strong

In January 2025, tourism arrivals declined by 24% to 116,926 compared to 154,208 in December 2024, following the usual post-holiday drop in tourist arrivals after the festive peak. Despite this decline, January 2025 still recorded many tourists, bolstered by ongoing promotional efforts in key European markets and the resumption of direct flights from new source destinations since 2024. The gross tourism earnings in December stood at MUR 10.3 billion from MUR 9.5 billion in November, marking an increase of 8.8%. Overall, in 2024, the cumulative gross tourism earnings accounted for MUR 93.6 billion, representing an 8.8% increase from 2023.

Tourism is expected to continue contributing positively to growth, with tourist arrivals expected to remain around 1.4 million in 2025. However, a drop is anticipated in February because of the tropical cyclone season that has already led to some disruptions and adjustments to flight schedules.

Gross Tourism Earnings and Tourist Arrivals



Source: Bank of Mauritius

Monthly Data of Key Economic Indicators

Indicators	Unit	September 2024	October 2024	November 2024	December 2024	January 2025
Headline Inflation	YoY%	3.1	3.4	3.4	2.9	1.9
Core Inflation*	YoY%	3.3	4.3	4.3	4.1	6.0
Key Policy Rate	%	4.00	4.00	4.00	4.00	4.00
Merchandise Exports	MUR Bn	9.8	9.5	8.6	8.7	-
Merchandise Imports	MUR Bn	28.7	28.5	27.0	31.1	-
Trade Balance	MUR Bn	-18.9	-19.0	-18.4	-22.3	-
Exchange Rate (Period Average)	USD/MUR	46.5	46.6	47.0	47.3	47.2
Gross Official International Reserves	MUR Bn	372.0	392.1	392.8	402.5	398.7
Import Cover	Months	12.3	13.0	13.0	13.3	13.2
Tourist Arrivals	'000	102.5	133.1	123.1	154.2	116.9
Gross Tourism Earnings	MUR Bn	6.9	8.4	9.5	10.3	-

Source: Statistics Mauritius; Bank of Mauritius (BoM)

Note: Core inflation (denotes data for category Core 2) excludes "Food, Beverages, Tobacco", mortgage interest, energy prices and administered prices from the CPI basket; MUR=Mauritian Rupee.

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