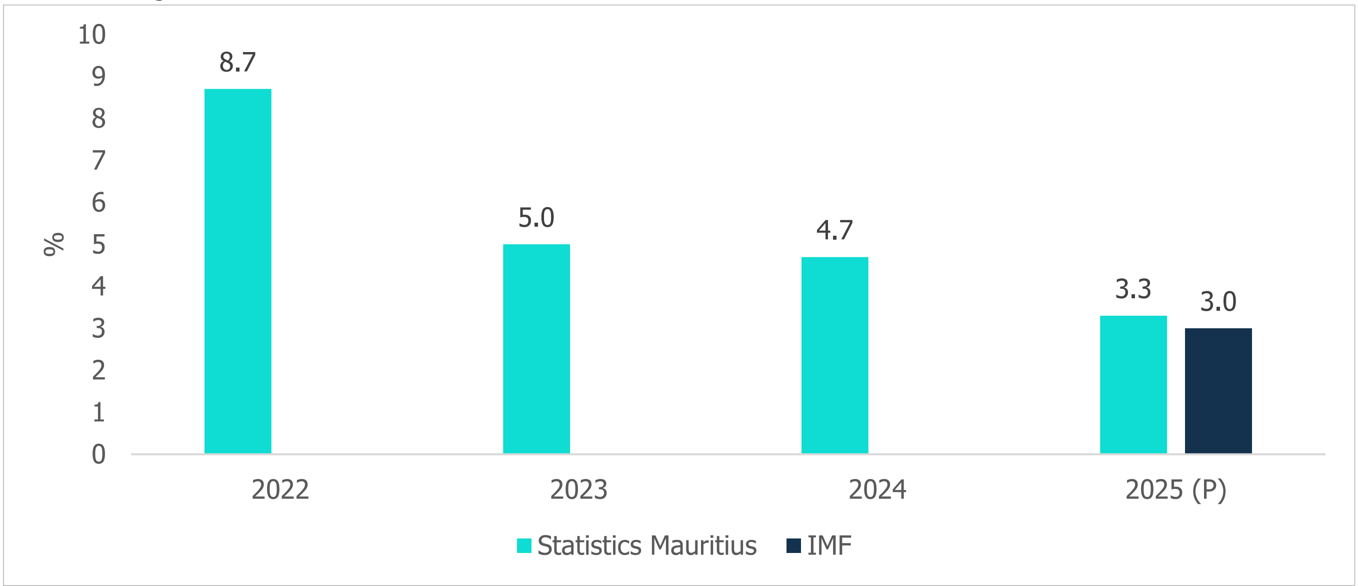
# Mauritius Economy Update

May 15, 2025 l Economics

## Moderation in Growth Anticipated in 2025

The IMF has adjusted its growth forecast for 2025, now anticipating a more modest increase of 3.0% YoY (April 2025), down from the earlier projection of 4.0% (October 2025). This slowdown is attributed to reduced external demand resulting from geoeconomic fragmentation and trade conflicts, a decline in tourism, and climate-related issues such as severe droughts and cyclones. In the medium term, growth is projected to remain stable at 3%.

**Growth Projections**




Source: IMF, April 2025; Statistics Mauritius

On the domestic front, GDP growth moderated to 4.7% YoY in 2024 from 5.0% in 2023. The government projects GDP growth to slow to 3.3% in 2025. The non-sugar agriculture, ICT, and financial services sectors are expected to provide support to overall growth. However, no upward traction in growth is expected in both the construction and accommodation & food service activities, which have previously anchored growth.

On the external front, there is a rising global instability, partly due to the introduction of U.S. tariffs. Mauritius' exports stood at around 10.1% in 2024, with over half comprising high-value animal and animal products, primarily primates for medical research. Although the temporary freeze of the 40% reciprocal tariffs to a current 10% universal tariffs might offer some temporary relief, in the future, the export sector might encounter more challenges, potentially worsening its growth outlook.

## Recovery in Tourist Arrivals in March

Tourist arrivals rose by 18% (MoM) to 113,472 in March. However, cumulative arrivals for the year (January to March) indicate that the total number of tourist arrivals reached 326,389, a 5.8% decline compared to the same period in 2024. The cumulative gross earnings for January to March are MUR 23.6 billion, representing a 5% increase over the same period in 2024.

In 2024, Mauritius saw a notable recovery in tourism, with a 5.7% YoY increase in its contribution to the gross value added (GVA). However, according to Statistics Mauritius, there is no upward traction in growth for the sector in 2025. The early months of 2025 have already posed challenges, leading to a drop in tourist arrivals and gross tourism earnings. This decline is attributed to a significant decrease in European tourists, the effects of the cyclone, and other reasons. Adaptive strategies are needed to sustain growth and stability. Efforts are being made to attract visitors through targeted marketing campaigns and the resumption of direct flights from key markets. Nonetheless, the sector remains vulnerable to external factors, including global economic conditions and climate-related events.

**Gross Tourism Earnings and Tourist Arrivals**

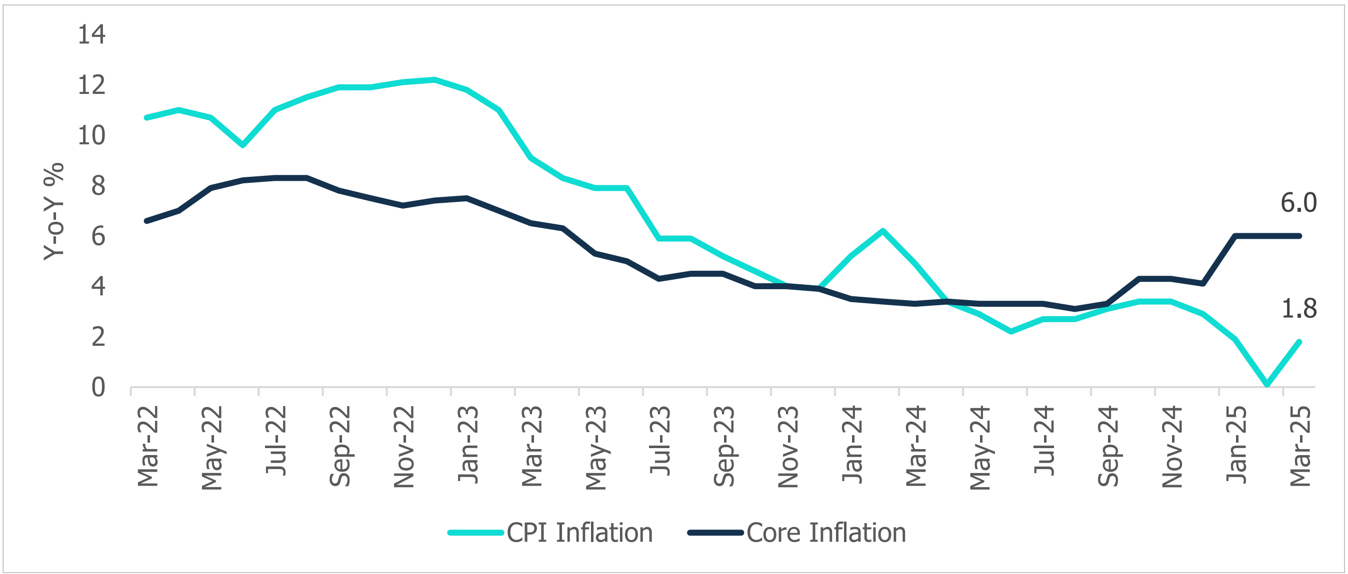

Source: Bank of Mauritius

## Headline Inflation Picks up in March 2025

In March, headline inflation rose to 1.8% YoY, up from 0.1% in February. This rate is still below the BoM lower limit of 2%. The increase in inflation is mainly due to a 5.9% increase in the prices of "food and non-alcoholic beverages," although this was somewhat balanced by a decrease in the inflation rate of "clothing and footwear." In other news, core inflation, which excludes volatile items like food, regulated prices, and energy costs, has remained steady at 6.0% for three consecutive months, March.

In 2024, headline inflation held steady at 3.6%, down from 7.0% in 2023. The IMF forecasts that this inflation rate will remain constant at 3.6% in both 2025 and 2026. The predicted rate for 2025 falls within the BoM's target range of 2% to 5% and is anticipated to be affected by decreasing international food and energy prices, along with a reduction in fuel excise taxes duties.

**The Monthly CPI and Core Inflation**




Source: Statistics Mauritius

**BoM Keeps Policy Rate Unchanged**

Following the monetary policy committee (MPC) meeting on May 7, the BoM unanimously decided to maintain the key policy rate at 4.50%. While the BoM recognizes that inflation has been on a downward trend, they remain concerned about the upside risks to the inflation outlook influenced by both external and domestic factors.  On the external front, the BoM highlights that the global tariff-induced imported price hikes would put upward pressure on inflation, however, this could be offset by declines in commodity prices such as food and energy. On the domestic front, persistent service inflation, driven by wage increases, could also put upward pressure on inflation. Overall, the BoM anticipates inflation to increase in the coming months, but projects inflation to close the year at an annual average of 3.5%.

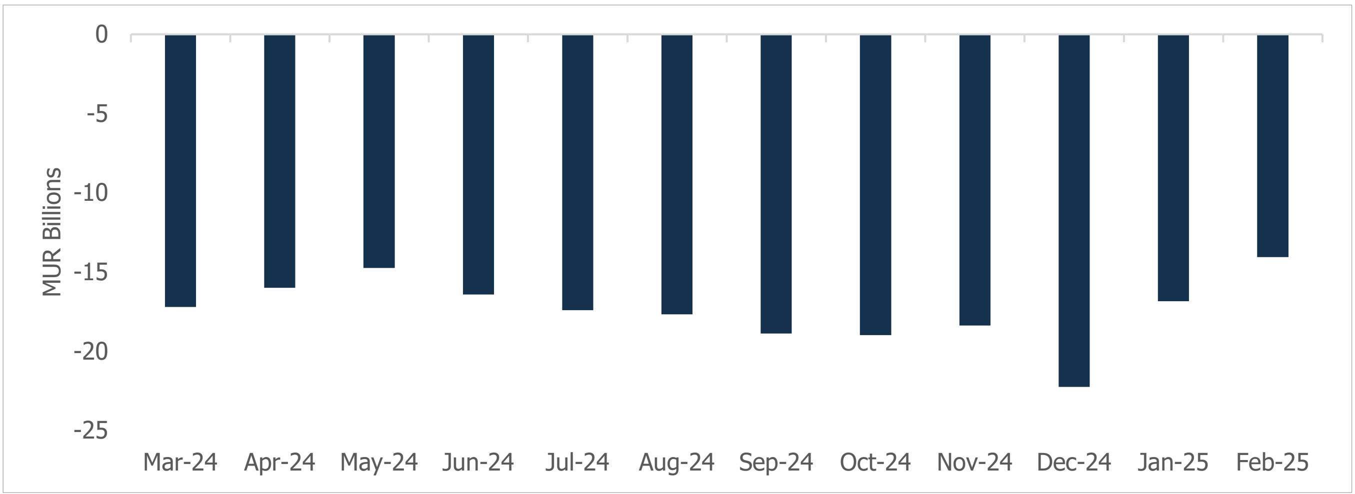
**Further Improvement in Trade Balance**

In February, the merchandise trade deficit decreased to MUR 11.1 billion, down from MUR 16.9 billion in January. This change was influenced by a 3.2% YoY decline in exports, which fell to MUR 7.9 billion in February. Meanwhile, imports experienced a larger reduction of 6.2% YoY, dropping to MUR 22.0 billion.

In February, Mauritius' main export destinations included the United Kingdom (12.9% of exports share), France (9.5%), Madagascar (9.2%), South Africa (8.0%), Spain (7.8%), and the United States (6.8%). On the import side, the primary countries were China (17.2% of imports share), Oman (14.9%), India (9.7%), South Africa (8.7%), the U.A.E. (4.5%), and France (4.1%).

The evolving global trade dynamics present a complex scenario for Mauritius' 2025 trade outlook. Challenges include the US imposition of reciprocal tariffs at 40%, although a 90-day freeze offers temporary relief; during this period, Mauritius will face a universal 10% tariff. The potential loss of preferential trade agreements, such as the African Growth and Opportunity Act (AGOA), set to expire in September 2025, poses significant risks, particularly to sectors like textiles and apparel. Nonetheless, Mauritius's efforts to diversify its economy and strengthen key sectors may provide avenues for resilience and long-term growth. Continued focus on innovation, infrastructure development, and international partnerships will be crucial in navigating the evolving global trade landscape. For more details on the impact of US tariffs on Mauritius, see US Tariff Implications on Mauritius.

**Monthly Trade Balance**




Source: Statistics Mauritius

**Import and Export Growth**


Source: Statistics Mauritius

**Declining Reserves in April but Further Appreciation of the Mauritian Rupee**

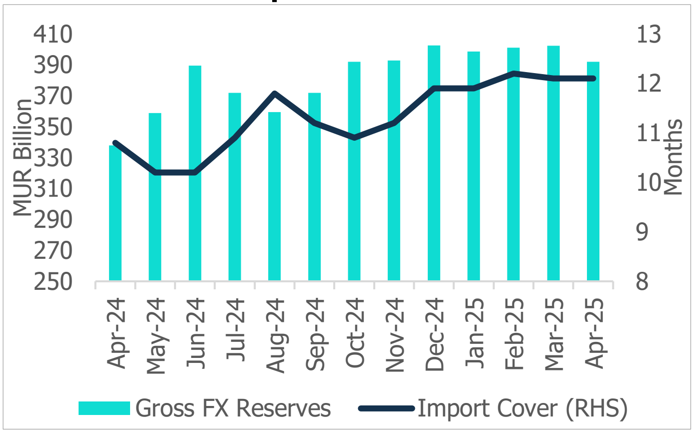
In April, gross official international reserves decreased by 2.5% compared to the previous month, reaching MUR 392.1 billion, equivalent to approximately USD 8.7 billion. Accordingly, the import coverage has reduced to 11.9 months but remains sufficient to shield the country from external shocks and pressures on the balance of payments.

The Mauritian Rupee (MUR) has appreciated by 3.4% over the past three months (February-April 2025) and by 3.3% over the last 6 months (November 2024-April 2025) vis-à-vis the USD. This appreciation is driven by the weakness of the USD, largely due to trade tensions. The introduction of tariffs and the ambiguity surrounding trade policies are leading to a decline in the value of the USD. These trade tensions are undermining consumer and business confidence, rendering U.S. assets less appealing to foreign investors, thus enhancing the value of the

MUR relative to the USD. In addition, the BoM has taken proactive measures in the foreign exchange market to stabilize the MUR. By selling foreign currency reserves, the BoM has successfully reduced excessive volatility and bolstered the MUR's appreciation. Since the beginning of 2025, the BoM sold USD 50 million to banks to control the value of the MUR that led to an appreciation of 3.6% vis-a-vis the USD.

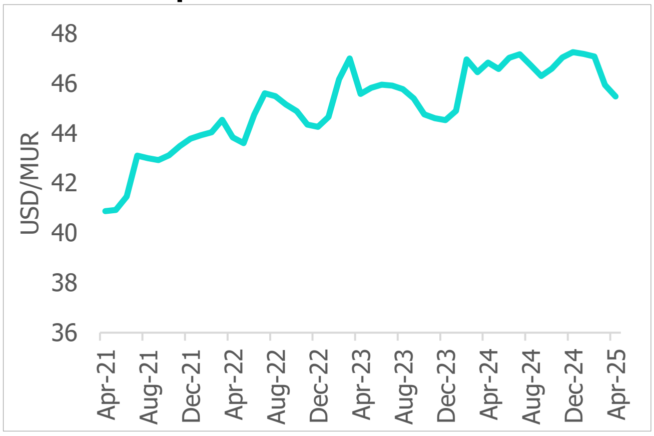
There has been heightened volatility in global financial markets driven by the recent trade policies, which has also lent some support to the MUR. Looking ahead, volatility in global markets will continue to impact MUR movement. While the BoM remains vigilant, the effectiveness of its interventions will depend on the evolving global economic landscape.

**FX Reserves and Import Cover**




Source: Bank of Mauritius
Note: For 2025, the monthly import cover is based on imports of goods and services for calendar year 2024

**Mauritian Rupee Performance**




Source: Bank of Mauritius

**Monthly Data of Key Economic Indicators**

| Indicators | Unit | November 2024 | December 2024 | January 2025 | February 2025 | March 2025 |
|---|---|---|---|---|---|---|
| Headline Inflation | YoY% | 3.4 | 2.9 | 1.9 | 0.1 | 1.8 |
| Core Inflation* | YoY% | 4.3 | 4.1 | 6.0 | 6.0 | 6.0 |
| Key Policy Rate | % | 4.00 | 4.00 | 4.00 | 4.5 | 4.5 |
| Merchandise Exports | MUR Bn | 8.6 | 8.7 | 9.1 | 7.9 | - |
| Merchandise Imports | MUR Bn | 27.0 | 31.1 | 26.0 | 22.0 | - |
| Trade Balance | MUR Bn | -18.4 | -22.3 | -16.9 | -14.1 | - |
| Exchange Rate (Period Average) | USD/MUR | 47.0 | 47.3 | 47.2 | 47.1 | 45.9 |
| Gross Official International Reserves | MUR Bn | 392.8 | 402.5 | 398.7 | 401.2 | 402.4 |
| Import Cover | Months | 11.9 | 12.2 | 12.1 | 12.1 | 12.2 |
| Tourist Arrivals | ’000 | 123.1 | 154.2 | 116.9 | 96.0 | 113.5 |
| Gross Tourism Earnings | MUR Bn | 9.5 | 10.3 | 8.6 | 7.2 | 7.8 |

Source: Statistics Mauritius; Bank of Mauritius (BoM)
Note: Core inflation (denoted by data for category Core 2) excludes "Food, Beverages, Tobacco," mortgage interest, energy prices, and administered prices from the CPI basket. MUR = Mauritian Rupee.

**Contact**

| | | | |
|---|---|---|---|
| Saurav Chatterjee | Chief Executive Officer | saurav.chatterjee@careratingsafrica.com | +230 - 5955 3060 |
| Vidhyasagar Lingesan | Chief Rating Officer | vidhya.sagar@careratingsafrica.com | +230 – 5273 1406 |
| Rajani Sinha | Chief Economist | rajani.sinha@careedge.in | +91 - 22 - 6754 3525 |
| Zaakirah Ismail | Senior Economist | zaakirah.ismail@careratingsafrica.com | - |
| Girisha Algoo | Associate Economist | girisha.algoo@careratingsafrica.com | +230 5955 3060 |
| Mradul Mishra | Media Relations | mradul.mishra@careedge.in | +91 - 22 - 6754 3596 |

**CARE Ratings (Africa) Private Limited**
5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone : +230 - 58626551 l www.careratingsafrica.com

**CARE Ratings Limited**
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 l CIN: L67190MH1993PLC071691


Connect:

Locations: Ahmedabad l Andheri-Mumbai l Bengaluru l Chennai l Coimbatore l Hyderabad l Kolkata l Noida l Pune

**About Us:**
CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and strong position across the segments. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd (previously known as CARE Risk Solutions Pvt Ltd), (II) CARE ESG Ratings Ltd, (previously known as CARE Advisory Research and Training Ltd) and (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd in Mauritius, CARE Ratings South Africa (Pty) Ltd, and CARE Ratings Nepal Ltd. For more information: www.careedge.in.