

## Tourism Activity Rebounds in July

Tourist arrivals in Mauritius recorded a strong month-on-month (MoM) rebound in July 2025, rising 32.8% to 129,206 visitors from 97,273 in June. This sharp increase reflects the easing of seasonal constraints and a recovery in global travel demand following the mid-year dip.

Gross tourism earnings also strengthened to MUR 7.8 billion in July, up from MUR 7.0 billion in June, suggesting that not only did more visitors arrive, but per-visitor spending remained healthy, indicating that Mauritius is attracting higher-value tourists and longer stays.

Cumulative tourist arrivals from January to July 2025 reached 788,115, representing a modest 3.3% increase compared to the same period in 2024. This suggests that while arrivals are trending upward, the pace of recovery remains gradual, likely due to lingering seasonal and global travel constraints experienced earlier in the year. Cumulative gross tourism earnings during the same period stood at MUR 55.2 billion, up 7.7% YoY, outpacing the growth in arrivals.

Tourism in Mauritius is showing clear signs of recovery, with both tourist arrivals and gross tourism earnings recording strong growth in the first seven months of 2025. Looking forward, this positive trend is expected to continue strengthening, supported by recent improvements in air connectivity, including the introduction of new flight routes and expanded capacities from key markets.

Additionally, the government’s strategic focus on diversifying the tourism product range, as outlined in the 2025–2026 Budget, is expected to support growth further. Beyond traditional beach tourism, Mauritius is emphasizing the development of eco-tourism, adventure and sports tourism, cultural and heritage tourism, creative and festival tourism, and wellness and medical tourism. This approach aims to attract a broader spectrum of visitors, reduce reliance on seasonal travel, and enhance the overall resilience and sustainability of the tourism sector.

## Gross Tourism Earnings and Tourist Arrivals



Source: Bank of Mauritius

### August Inflation Eases Slightly

Headline inflation in Mauritius eased further in August, declining to 4.8% YoY from 5.2% in July. This marks the second consecutive month of moderation following the budget-induced price pressures observed in June. The continued decline suggests that some of the transitory effects from fiscal measures may be fading, contributing to a more stable inflation environment. This is supported by a 1.7% decline in 'food and non-alcoholic beverages' inflation in August 2025.

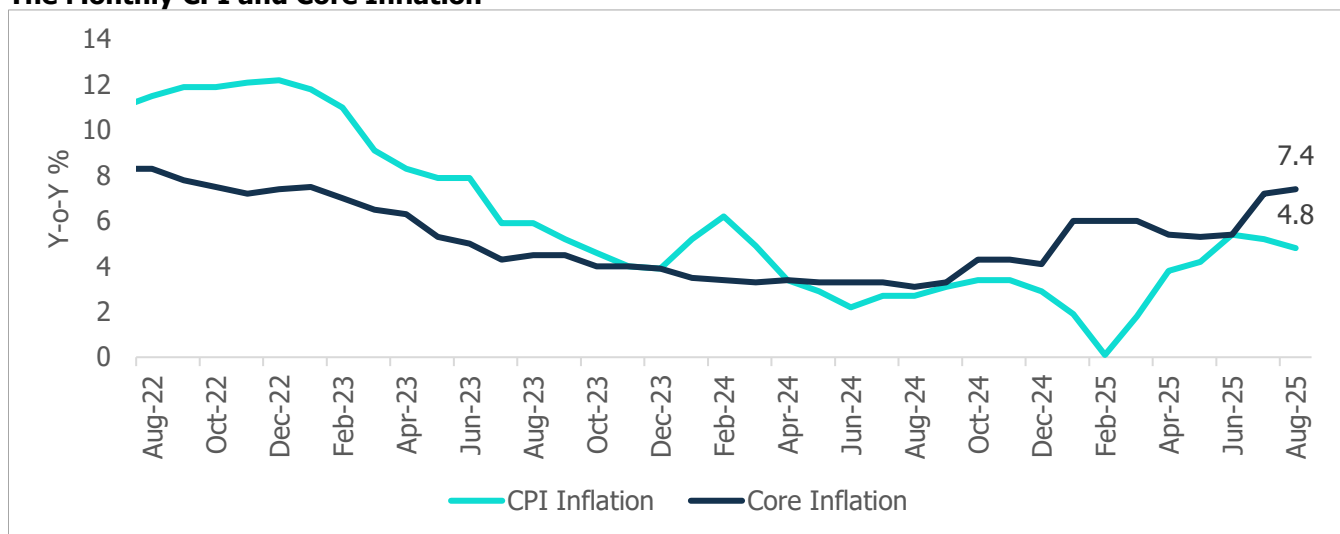
However, core inflation, which strips out volatile items such as food and energy, rose to 7.4% in August from 7.2% in July, underscoring that underlying price pressures remain persistent. The divergence from headline inflation mainly reflects sticky services inflation, which is attributed to wage pressures in labour-intensive sectors, as well as the broader spread of inflation across consumption categories in recent months. While headline inflation has moderated with easing food and transport costs, the persistence of high core inflation signals that domestically generated pressures remain strong. This suggests that inflation risks are not yet fully contained, reinforcing the need for careful policy calibration going forward.

Looking ahead, Mauritius's inflation outlook indicates a mildly upward trend, with headline inflation now expected to average around 4.0% in 2025, according to the Bank of Mauritius (BoM). This represents a 0.5 percentage point upward revision from its earlier projections, largely driven by fiscal measures such as higher excise duties on demerit goods and vehicles.

The BoM anticipates inflation will remain within its medium-term target range of 2% to 5%. However, the risk profile is tilted to the upside. On the external front, global uncertainties, including tariff shocks, disruptions in trade flows, and volatility in energy and food prices, pose potential threats to domestic price stability. Internally, wage-driven inflation in the services sector and weather-related supply shocks could further amplify inflationary pressures.

Nonetheless, mitigating factors, including a stronger MUR against the US Dollar, may help offset some of the cost pressures.

### The Monthly CPI and Core Inflation



Source: Statistics Mauritius

**Persistent Trade Imbalances in Mauritius**

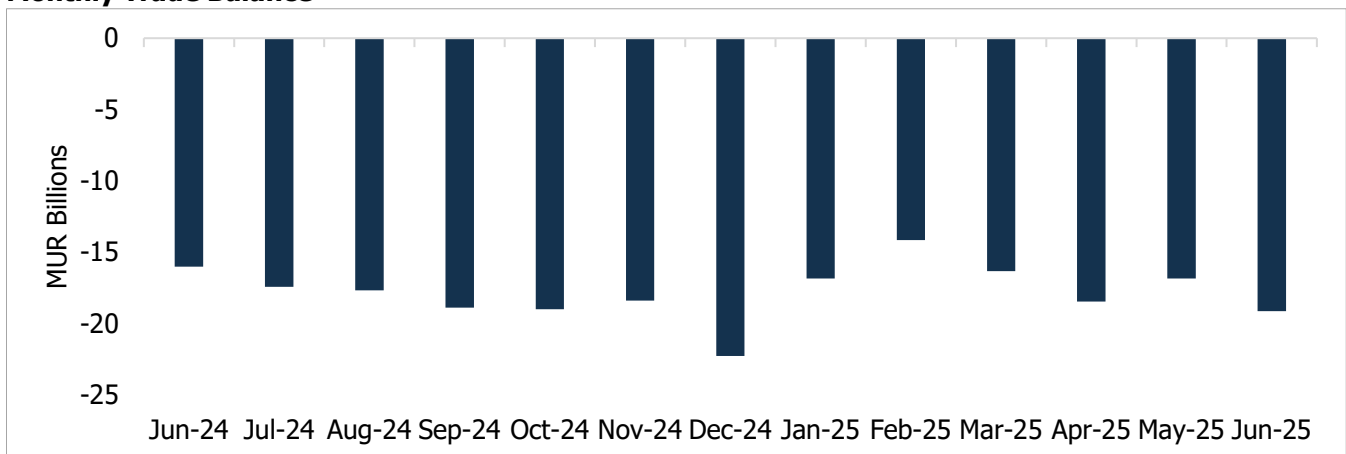
Mauritius’ trade deficit widened further in June 2025, reaching MUR 19.1 billion compared to MUR 16.4 billion in June 2024. This deterioration was mainly due to a 10.4% YoY drop in merchandise exports, which fell to MUR 9.3 billion. The contraction in exports was led by significant declines in key categories, including crude materials (-45.5%), manufactured goods (-23.6%), and chemicals and related products (-12.9%), reflecting subdued external demand and sector-specific challenges. At the same time, imports continued to rise, increasing by 7.8% YoY to MUR 28.4 billion, supported by strong growth in food and live animals (+34.2%) and transport equipment (+20.6%), underscoring robust domestic consumption and continued reliance on foreign goods.

Between January and June 2025, cumulative merchandise exports totalled MUR 54.4 billion, marking a YoY growth of 1.7% compared to the corresponding period in 2024. During the same period, total imports increased by 6.9% to reach MUR 156.1 billion.

Looking ahead, Mauritius’ trade outlook remains cautious amid global economic uncertainty and rising protectionism. Tariff-related headwinds in major markets are expected to weigh on export performance, particularly in sectors such as textiles and manufacturing. Mauritius’ exports to the US currently face a 15% reciprocal tariff (down from 40%), which continues to limit competitiveness. Nonetheless, it is noteworthy that despite these tariffs, total merchandise exports to the US rose by 10% MoM to MUR 868 million in June 2025, highlighting some resilience in external demand.

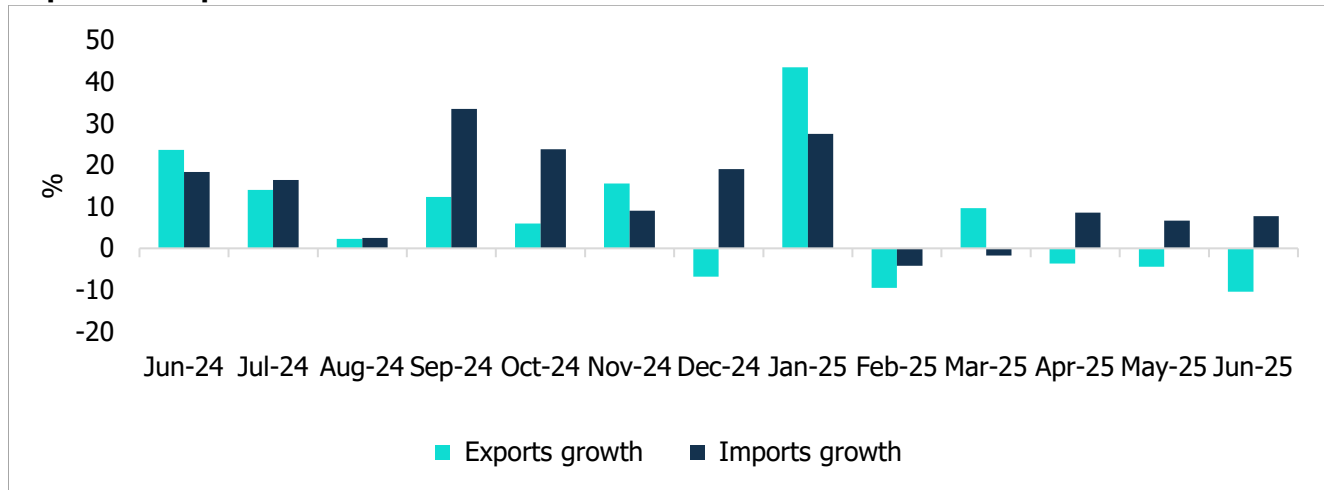
Further downside risks stem from the potential expiration of the African Growth and Opportunity Act (AGOA), which would strip Mauritius’ textile and apparel exports of preferential access to the US market. This would exacerbate existing structural challenges and make Mauritian goods less competitive compared to regional peers. Coupled with ongoing global supply chain disruptions, these risks may constrain export growth and widen external vulnerabilities. However, stronger services exports and resilient primary income inflows are expected to partially offset the merchandise trade imbalance, with the current account shortfall projected to narrow to 4.7% of GDP in 2025 (from 5.1% in 2024), according to the IMF.

**Monthly Trade Balance**



Source: Statistics Mauritius

**Import and Export Growth**



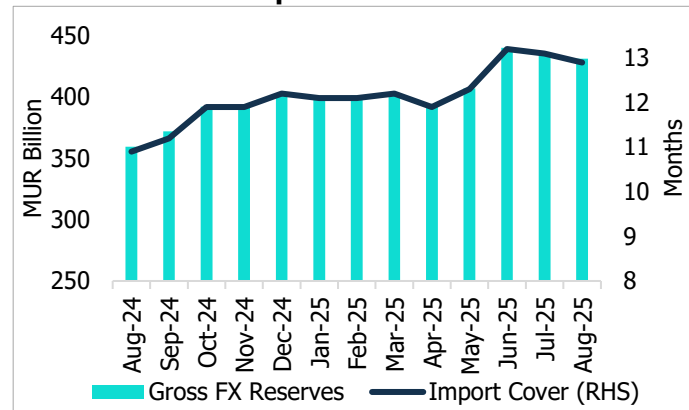
Source: Statistics Mauritius

**Reserves Dip Slightly, But Mauritius Maintains Robust Import Cover**

In August, Mauritius’ gross official international reserves declined by 1.3%, reaching approximately MUR 431 billion (USD 9.4 billion). Despite the slight drop, the reserves continue to provide a solid cushion, equivalent to 12.9 months of import cover. This level of reserves, which has remained relatively stable since June, reflects the country’s prudent management of its external sector. It ensures that Mauritius can maintain essential imports and meet international payment obligations, even in the face of global economic fluctuations and uncertainties.

In August 2025, the Mauritian Rupee (MUR) averaged 46.2 against the US dollar. Over six months (March to August), the MUR recorded a depreciation of 0.5%. To support exchange rate stability, the BoM has taken a proactive stance in the foreign exchange market. By strategically releasing foreign currency reserves, the central bank has helped ease market pressures and limit volatility in the Mauritian Rupee (MUR). Since January 2025, it has injected USD 100 million into the market through commercial banks, including a recent sale of USD 10 million on August 25 at a rate of 45.65 MUR/USD, aimed at smoothing fluctuations and maintaining orderly market conditions.

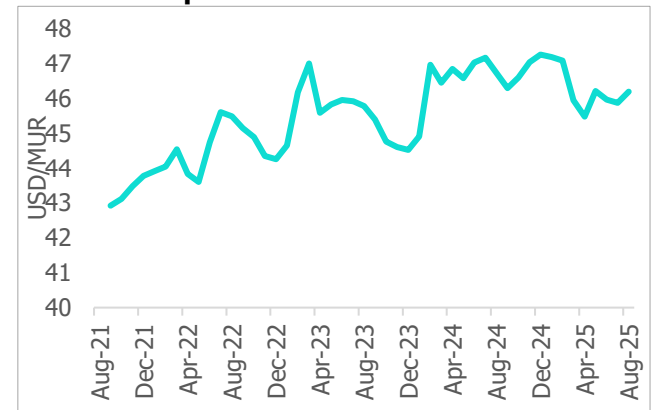
**FX Reserves and Import Cover**



Source: Bank of Mauritius

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

**Mauritian Rupee Performance**



Source: Bank of Mauritius

### Monthly Data of Key Economic Indicators

Indicators	Unit	April 2025	May 2025	June 2025	July 2025	August 2025
Headline Inflation	YoY%	3.8	4.2	5.4	5.2	4.8
Core Inflation*	YoY%	5.4	5.3	5.4	7.2	7.4
Key Policy Rate	%	4.5	4.5	4.5	4.5	4.5
Merchandise Exports	MUR Bn	8.5	9.9	9.3	-	-
Merchandise Imports	MUR Bn	27.0	26.7	28.4	-	-
Trade Balance	MUR Bn	-18.4	-16.8	-19.1	-	-
Exchange Rate (Period Average)	USD/MUR	45.5	46.2	46.0	45.9	46.2
Gross Official International Reserves	MUR Bn	392.1	406.8	440.1	436.7	431.1
Import Cover	Months	11.9	12.3	13.2	13.1	12.9
Tourist Arrivals	'000	120.2	115.1	97.3	129,206	-
Gross Tourism Earnings	MUR Bn	8.6	8.2	7.0	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.

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