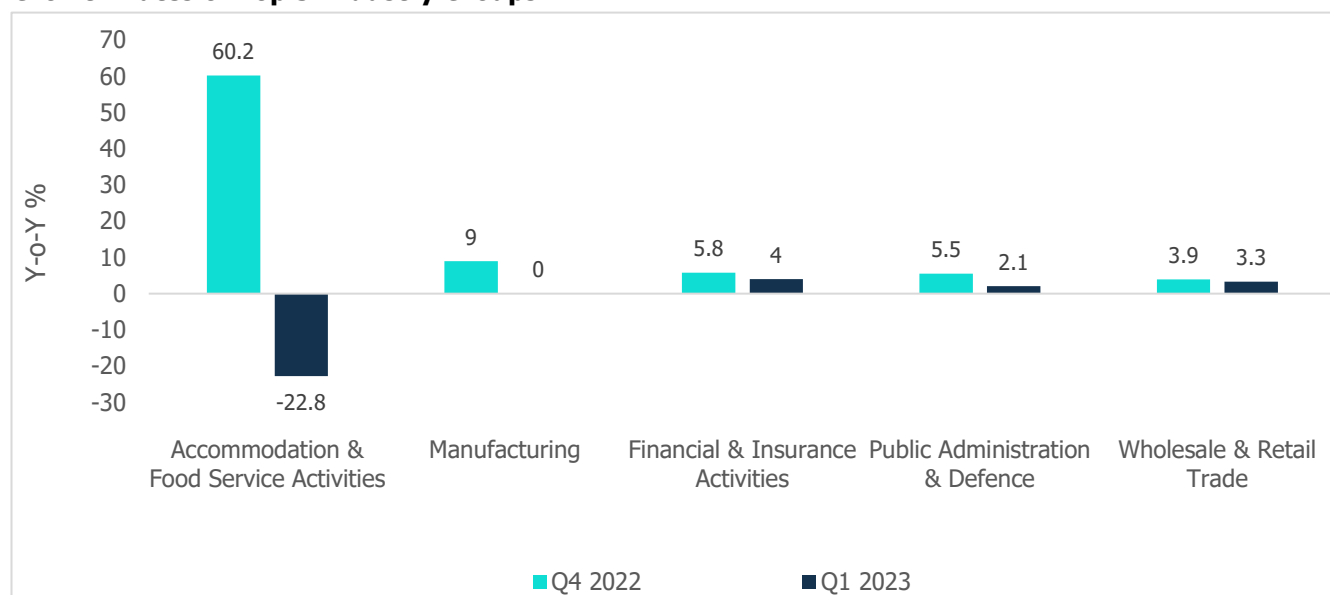


# Mauritius Economy: Q1 2023 GDP Growth Moderates to 5.5%

July 27, 2023 | Economics

The Mauritian economy's GDP growth moderated to 5.5% (y-o-y) in Q1 of 2023, its slowest pace in six quarters, from 7.6% in the final quarter of 2022. The moderation was led by segments such as manufacturing, financial and insurance services, wholesale & retail trade, and accommodation & food service activities. Further, sectors such as construction, transportation & storage, and water supply and management improved from the previous quarter. Meanwhile, the total GVA growth rate was seen at 6%, down from 8.3% in Q4 2022. The global slowdown is expected to soften the country's performance in 2023, with the World Bank estimating the Mauritian economy to grow at 5.5% in 2023, from 8.8% in 2022. This is lower than the central bank's forecasts of economic growth of 'more than 6%' in 2023.

## Growth Rates of Top 5 Industry Groups

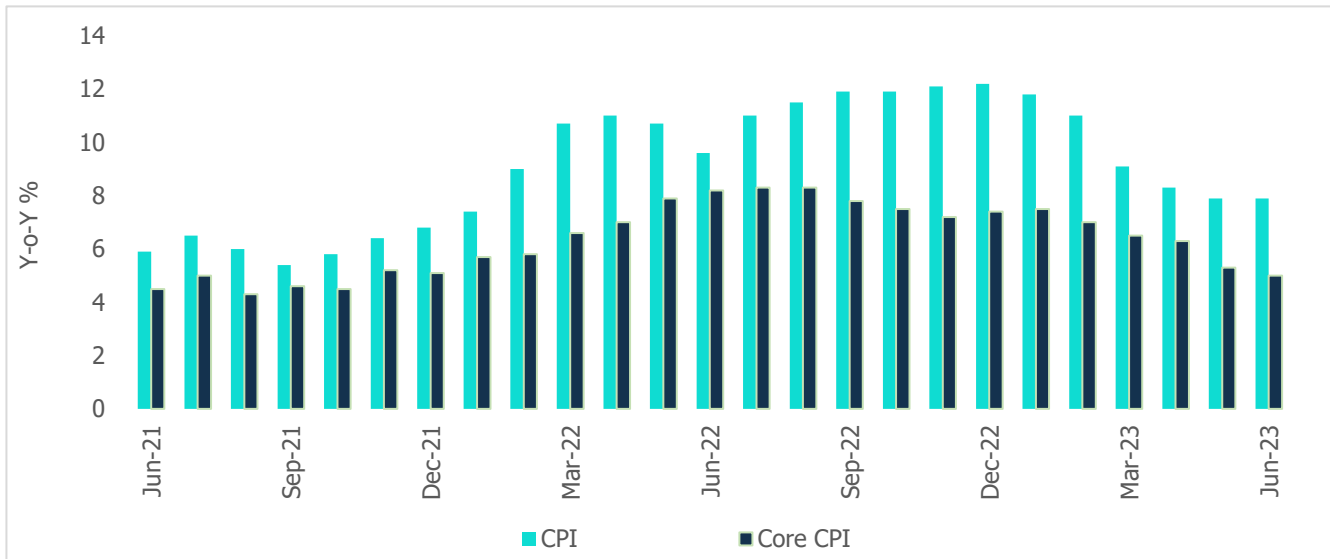


Source: Stats Mauritius

## Core Inflation Eases to 20-Month Low in June

The consumer price index (CPI)-based inflation remained unchanged at a 16-month low of 7.9% y-o-y in June. On a sequential basis, however, retail inflation rose 0.3%, after rising of 0.2% in May. The main categories contributing to the change in the index between May 2023 and June 2023 were alcoholic beverages & tobacco and furnishing, household equipment and routine household maintenance. Core inflation, which excludes food, beverages, tobacco, mortgage interest, energy, and administered prices, eased to 5% in June, its slowest pace since October 2021, from 5.3% a month ago. In the calendar year so far, headline inflation has averaged 9.3%, well above the central bank forecasts of inflation within the 5-6% range for the calendar year.

### Headline CPI Inflation Remains Unchanged, Core CPI Moderates in June



Source: CEIC; Note: Core inflation denotes data for category Core 2

### Trade Deficit Widens in May as Imports Rise 21%

In May 2023, the trade deficit in Mauritius widened to MUR 21.7 billion as imports increased at a faster pace than exports. This compares to a trade deficit of MUR 17.8 billion in the corresponding period a year ago. Exports (excluding ship’s stores and bunkers) grew 19% y-o-y to MUR 7.4 billion. Barring the category of ‘crude materials and inedible excl. fuels’, ‘machinery and transport equipment’ and ‘miscellaneous manufactured articles’, all segments reported double-digit growth from the year-ago period. Meanwhile, imports surged 21% y-o-y to MUR 29.2 billion in May. France, UK and Spain were the top three export destinations, while the top three import partners were UAE, China and India.

### Exports and Imports Surge in May

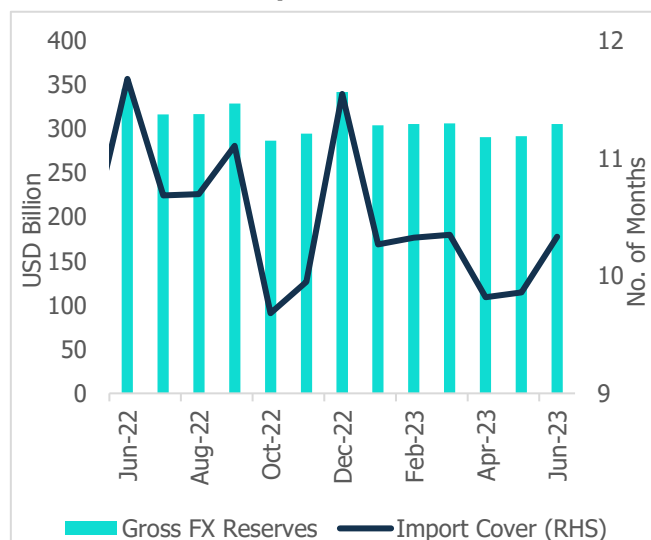


Source: CEIC; Statistics Mauritius

### Forex Reserves Rises in June; Mauritian Rupee Weakens Marginally

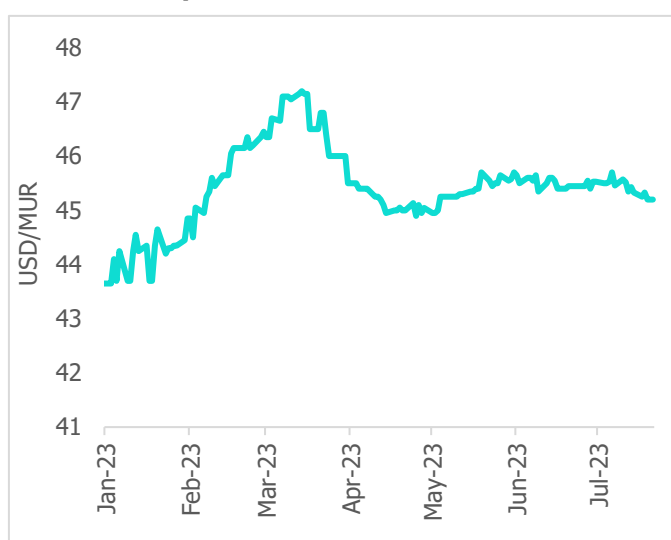
In June 2023, the gross official international reserves in Mauritius improved to MUR 306 billion, from MUR 291.9 billion a month ago. Consequently, the import cover improved to 10.3 months, from 9.9 months a month ago. This is however lower than the import cover of 11.7 months seen a year ago. Meanwhile, the Mauritian Rupee depreciated marginally (0.3%) to a monthly average of 45.9 per USD in June, despite a near 2% decline in the dollar in the month. MUR has however appreciated over 1% in July to an average of 45.3. With USD dominance waning, we could expect the MUR to remain stable in the near term.

#### FX Reserves and Import Cover Rise



Source: CEIC

#### Mauritian Rupee Remains Stable



Source: Refinitiv

#### Tourist Arrivals Remain Supportive

Tourist arrivals stood at 82,208 in June, down nearly 20% over the previous month. In 2023 so far, tourist arrivals totalled 596,466, 58% higher than the footfall seen during the same period last year, which is an encouraging sign of support for growth in the contact-intensive service sector. Meanwhile, gross tourism earnings rose only marginally to MUR 6.9 billion in June from MUR 6.6 billion a month ago. In the calendar year so far, tourist arrivals totalled 596,466 (January-June), 58% higher than the corresponding period of the previous year, which contributed to a 70% rise in tourism earnings. For FY24 (year beginning July 2023), the government has targeted 1.4 million tourists and MUR 100 billion in tourism receipts.

#### Tourist Arrivals Dip for the Third Straight Month



Source: CEIC; Bank of Mauritius

### Government Gross Operating Balance Turns Positive in May

As per the monthly statement of government operations, the gross operating balance turned positive for the first time in six months, in May. In May, revenues rose nearly 60% from the previous month to MUR 14.2 billion, while expenditures rose 5.5% to MUR 13.5 billion, taking the gross operating balance to a surplus of MUR 842 million. This compares to a deficit of MUR 3.6 billion in April. For the eleven months of the fiscal year that began in July 2022, the government revenue has risen 12% to MUR 128.6 billion compared to the same period a year ago.

### Monthly Data of Key Economic Indicators

Indicators	Unit	Feb-23	Mar-23	Apr-23	May-23	Jun-23
CPI Inflation	y-o-y%	11.0	9.1	8.3	7.9	7.9
Core Inflation	y-o-y%	7.0	6.5	6.3	5.3	5.0
Key Rate	%	4.5	4.5	4.5	4.5	4.5
Exports	MUR Bn	7.3	7.9	6.3	7.3	-
Imports	MUR Bn	23.2	23.8	21.1	29.2	-
Trade Balance	MUR Bn	-15.9	-15.9	-14.7	-21.8	-
Exchange Rate (Average)	USD/MUR	46.2	47.0	45.6	45.8	45.9
Gross Official International Reserves	MUR Bn	305.9	306.6	290.9	291.8	305.9
Import cover	No. of months	10.3	10.3	9.8	9.9	9.9
Tourist Arrivals	Person	91,850	105,663	109,031	100,030	82,208
Gross Tourism Earnings	MUR Bn	6.5	7.3	6.6	6.9	-

Source: CEIC; Note: Core inflation denotes data for category Core 2; MUR=Mauritian Rupee

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