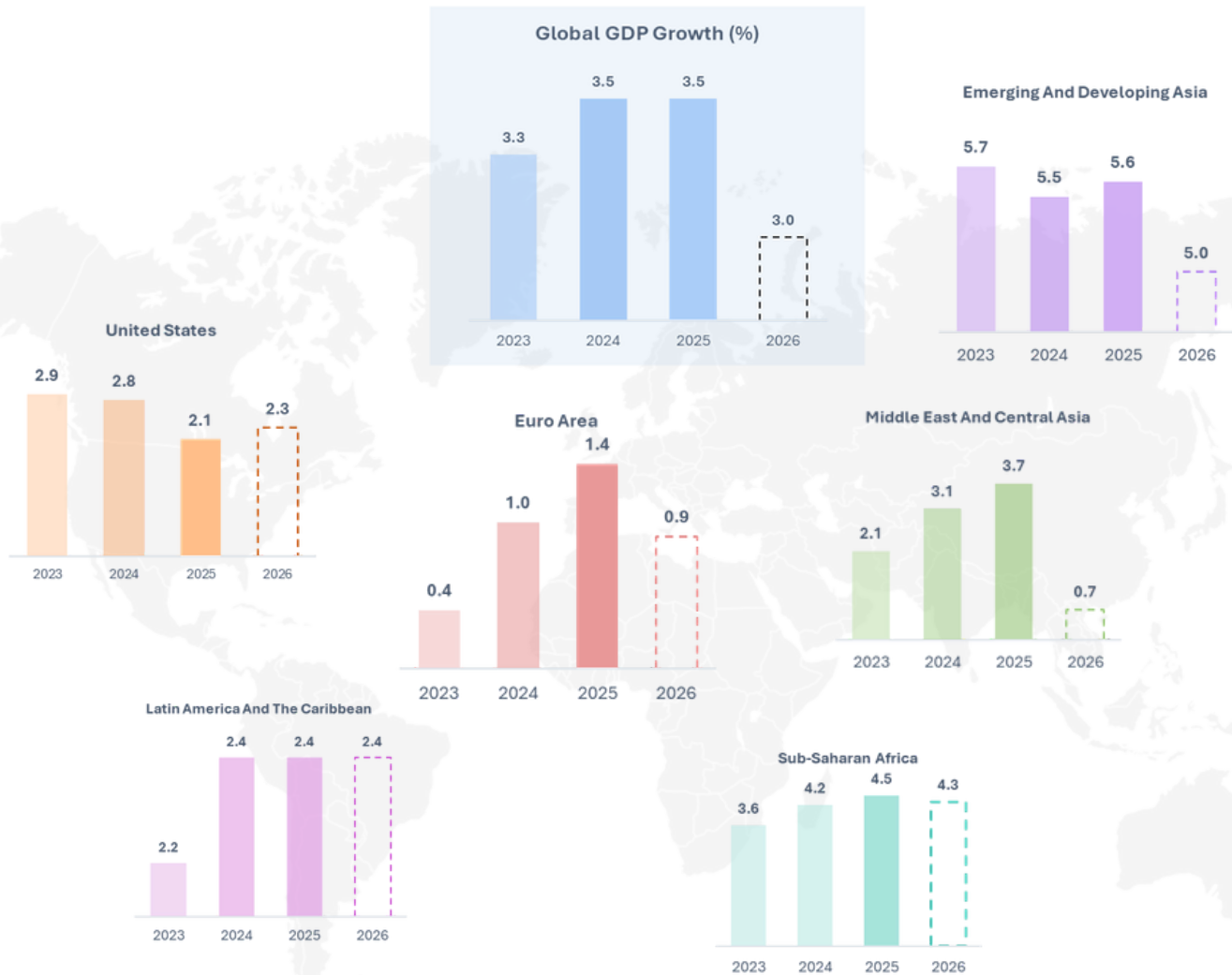




MCCI ECONOMIC *NAVIGATOR*

*Supply Shocks and Impact
on the Mauritian Economy*

June - July 2026



In its July 2026 World Economic Outlook Update, the IMF now expects global growth of 3.0% in 2026 and 3.4% in 2027, against 3.1% and 3.2% in the April 2026 edition. The two-year total is broadly preserved; its timing is not, with part of the output lost to the war now reappearing in 2027. The forecast assumes that the reopening of the Strait of Hormuz would begin in mid-July 2026 and that conditions return broadly to their pre-war state by March 2027. With commodity market pricing taken as of 10 June, the average petroleum spot price is projected at USD 89 per barrel for 2026, some 9% above the USD 82 assumed under the April 2026 reference forecast and well below the USD 100 of the adverse scenario in the same publication, while the assumptions imply crude easing by close to 12% in 2027.

For advanced economies as a group, the 2026 forecast has been trimmed from 1.8% to 1.7%, with 1.8% expected in 2027. The United States, as a net energy exporter, holds at 2.3% in 2026 and 2.2% in 2027, essentially as in April. The euro area forecast has been cut further, from 1.1% to 0.9%, reflecting its continued reliance on natural gas, a weak first quarter dominated by Ireland and soft consumer confidence, before a recovery to 1.2% in 2027. Japan stands at 0.6%, while Korea has been raised by 0.7% on the growth forecast scale to 2.6% on semiconductor demand – the clearest imprint of the technology side of the IMF's title.

The Middle East and Central Asia grouping again records the largest downgrade among the main regional groupings, and a deeper one. Growth is now projected at 0.7% in 2026, a further cut of 1.2% on the growth forecast scale from the 1.9% of April, before a rebound to 6.5% in 2027, consistent with a longer closure of the Strait of Hormuz followed by reconstruction and the restoration of energy flows. Iran is now expected to contract by 5.4% in 2026, an upward revision of 0.7% on the growth forecast scale from the 6.1% contraction seen in April, on stronger oil exports in March and April and some relaxation of export restrictions, with growth of 2.9% pencilled in for 2027. Saudi Arabia's 2026 forecast has been cut from 3.1% to 1.7%, ahead of 5.5% in 2027, while Iraq, Kuwait and Qatar remain set for sharp contractions in 2026 followed by double-digit expansions in 2027. India's forecast has been trimmed from 6.5% to 6.4% for 2026, with 6.7% expected in 2027, partially unwinding the small upgrade of April.

Sub-Saharan Africa's forecast remains unchanged at 4.3% for 2026, with 4.5% expected in 2027; Nigeria is projected at 4.1% and South Africa at 1.1%. Small island developing states are expected to record slower growth on account of higher energy costs alongside weaker tourism and remittances.

Six-month revisions April 2026 WEO to July 2026 WEO Update

World GDP 2026

3.0%

▼ -0.1pp

World inflation 2026

4.7%

▲ +0.3pp

World trade 2026

3.5%

▲ +0.7pp

Brent (USD/bbl)

\$89

▲ +USD 7

US growth 2026

2.3%

no change

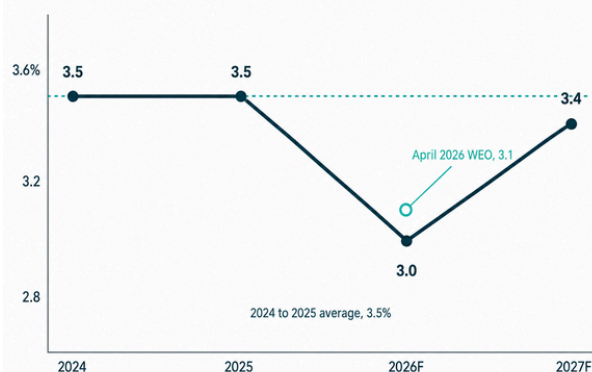
China growth 2026

4.6%

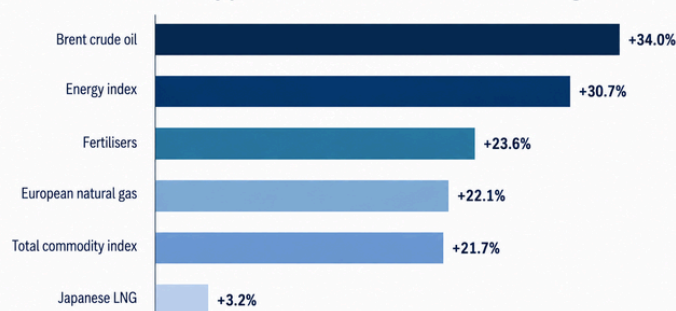
▲ +0.2pp

While the spring report placed the world economy under the shadow of war, the summer reading finds two forces in tension: the supply shock from the war in the Middle East, set against a technology cycle accelerated by artificial intelligence. Global growth of 3.0% in 2026 and 3.4% in 2027 sits below the 3.5% averaged over 2024 and 2025, yet on a cumulative basis it is little changed from April as the two shocks offset.

The world GDP path under the July update



Commodity prices, first half 2026 on the 2025 average



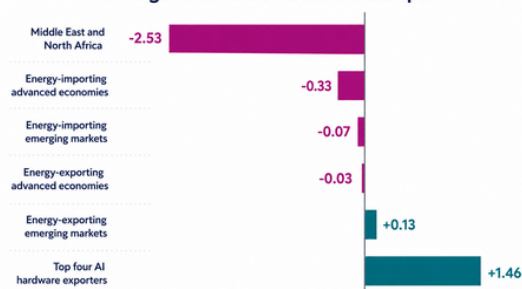
Source: World Bank Pink Sheet, 4 August 2026 vintage. LNG revised; its latest two months are provisional. The IMF assumes crude +31.8% for 2026 as a whole.

Ceasefires and an Iran-to-United States memorandum of understanding cooled commodity prices from their April peaks, leaving energy roughly 25% above prewar levels rather than the doubling once feared. The oil futures curve, on end-June pricing after the ceasefires, implied a spot price near USD 78 for 2026, below the USD 82 assumed in April, though the reference forecast, set on futures of 10 June 2026, still uses USD 89 as the war unwinds only gradually. Inflation has paused rather than reversed: global headline inflation forecasts rose to 4.7% in 2026, revised up 0.3 of a point, before expected to ease to 3.9% in 2027. Energy and food carry the increase, while core inflation has stayed broadly stable.

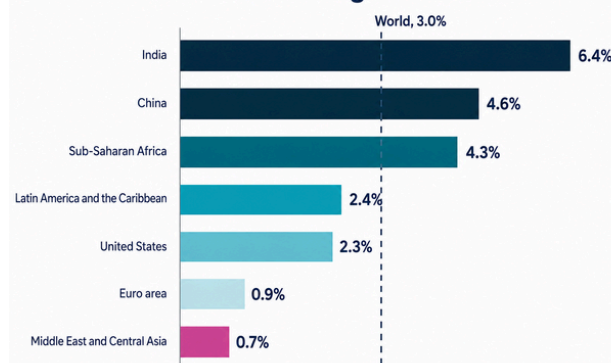
Growth in 2026 fans out more widely than in a normal year. The Middle East and Central Asia, cut to 0.7% as the Strait of Hormuz stays under tension but expected to rebound hardest to 6.5% in 2027. World trade is projected to recover to 3.5% this year and 4.3% next, while the euro area is forecast to manage only 0.9% and the United States at 2.3%. India, for its part, leads every major economy at 6.4%, and while China is projected to ease to 4.6%.

The first quarter of the year told the clearer story. World output slowed from 3.8% in the fourth quarter of 2025 to 3.0% annualised, ahead of the 2.7%, pencilled in the April publication. The surprise was concentrated: the four largest exporters of artificial intelligence hardware, Korea, Malaysia, Taiwan Province of China and Thailand, beat expectations by 4.4 points on average, while the rest of the world came in 0.3 of a point below. Korea grew at 7.5% despite imported energy, on a semiconductor and AI-hardware export boom; China expanded by 8.1% on public investment and high-tech manufacturing. The split runs through the forecast: energy exporters and technology hubs are marked up, commodity importers with little share of the AI upswing marked down

Who gains and who loses from the split

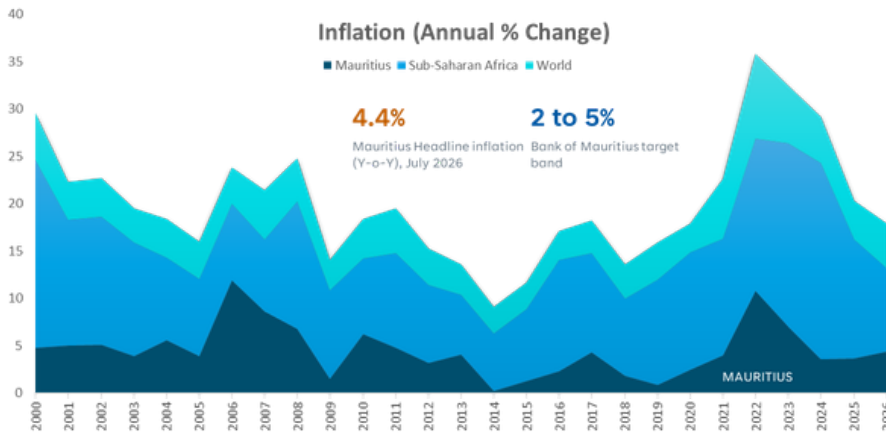


Where the world grows in 2026

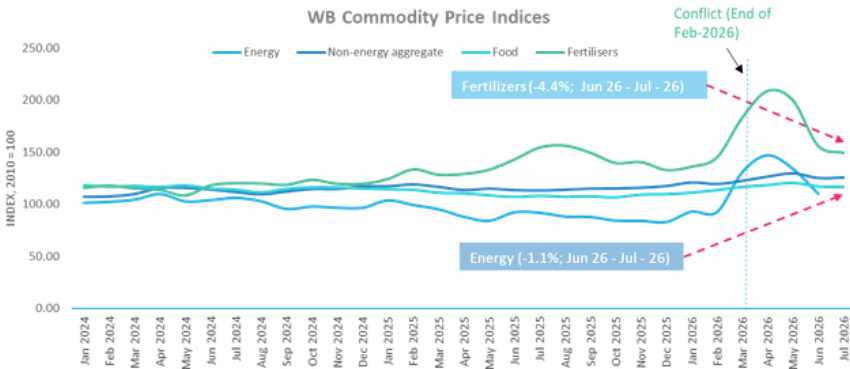


Global Inflationary Pressures

3



Global headline inflation is now projected at 4.7% in 2026, up from 4.1% in 2025 and above the 4.4% forecast for the year pencilled in April, before easing to 3.9% in 2027. The disinflation under way since the start of 2024 has stalled rather than reversed, and the newest commodity and price data show the war shock cresting in April and then receding through June.



An independent gauge tells a milder food-price story. The FAO Food Price Index stood at 131.1 in July 2026, 1.0% above a year earlier, with vegetable oils as the firmest component. Food has been the calmest link in the chain, even as energy and fertilisers surged.

Base metals add a second layer to the shock. The World Bank base-metals index reached 166 in May 2026 and held near 162 in June, about 33% above the 2025 average, before easing to 157.5 in July, on tight copper and aluminium supply, constraints on Gulf aluminium shipments and the high energy intensity of refining and smelting.

The index peaked at 400 in February 2026 as reserve managers diversified and safe-asset demand rose. It then eased to 335 by June and 317 by July, still 23% above the 2025 average. Gold has retreated from its high rather than reversed the underlying climb, tracking fiscal and geopolitical worry.

Global headline inflation is now projected at 4.7% in 2026, up from 4.1% in 2025, before easing to 3.9% in 2027. Rather than signalling a new inflation cycle, the Fund presents this as a pause in the wider disinflation process, with pressures renewed by energy and trade shocks.

The renewed pressure sits in energy and the items tied to it: gas, fuels, fertilisers, freight and food that carries fertiliser costs. Core inflation rises only slightly, so the shock comes from supply rather than from demand. Monetary policy can contain second-round effects but cannot by itself resolve supply costs.

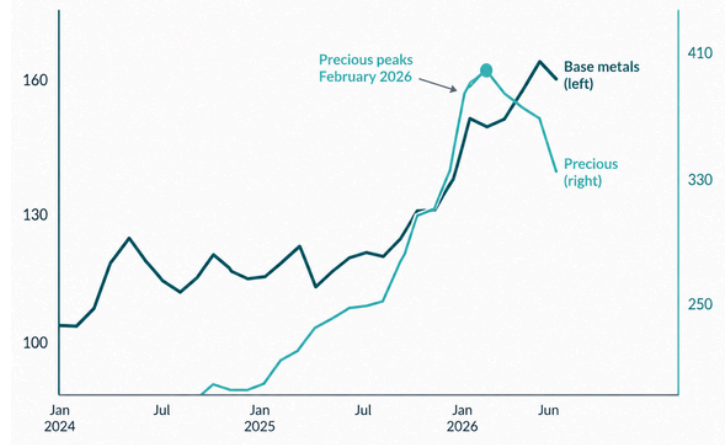
Advanced-economy inflation rose from 2.6% in 2024 to a projected 3.0% in 2026 before easing to 2.4% in 2027; emerging and developing economies moved from 5.2% in 2025 to a projected 5.8% in 2026 and 4.8% in 2027, reflecting sharper exchange-rate pass-through and exposure to energy and food.

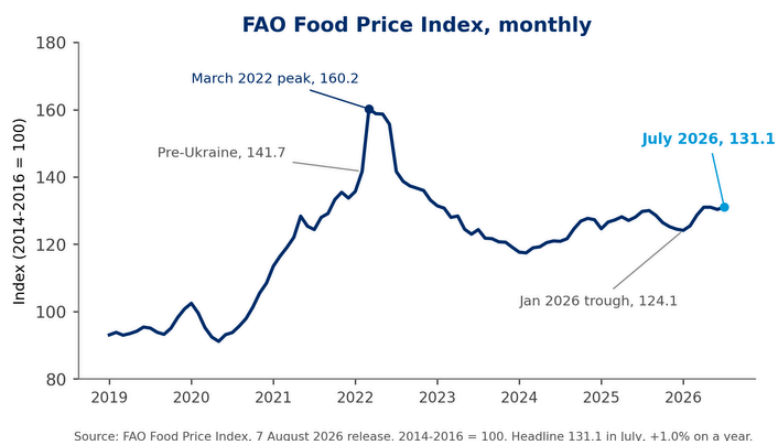
The probability that 2026 global headline inflation exceeds 5% was put at 38% in the April 2026 Outlook, against 25% in October 2025. The July Update leaves that risk elevated, with headline inflation revised further up to 4.7%.

The commodity shock has already begun to unwind. The World Bank total price index reached 140 in April 2026, its strongest monthly reading since September 2022, then fell to 132 in May and 115 in June, and July, at 114.2, holds it there. Even so, the June level stands 16% above a year earlier and 46% above the January 2020 level of 79.17% above the 2025 average, and the whole of 2025 averaged below 100.

Energy led both the climb and the fall. The energy index rose to 147 in April before dropping 18% between May and June to 110 in June, easing again to 108.7 in July. Fertilisers, which had reached 209 in April on gas and freight costs, fell 25% from the April peak to 156. Brent crude tells the same story, peaking near USD 120 a barrel in April and settling at USD 85 by June.

Metals: Base Near Record, Precious Off Its Peak





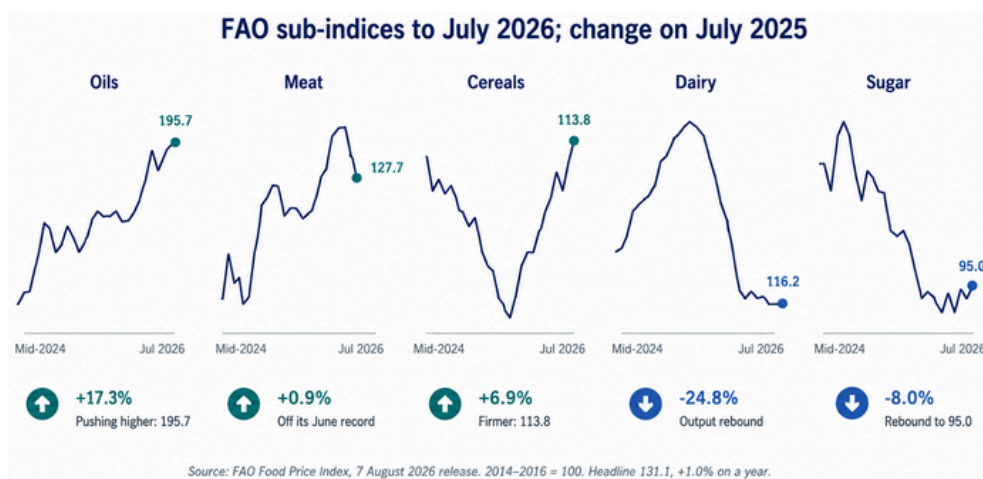
The FAO Food Price Index averaged 131.1 points in July 2026, up 0.8 points from June, as a further rise in vegetable oils, firmer cereals and a rebound in sugar outweighed declines in meat and dairy. Against a year earlier the index stood 1.3 points, or 1.0%, higher. The longer comparison gives a more balanced reading. At 131.1 the index remains 29.1 points, or 18.2%, below the peak of 160.2 reached in March 2022, and 7.5% below the 141.7 recorded on the eve of the war in Ukraine. It also remains 27.9% above the January 2020 level, so prices have returned to their pre-Ukraine range without returning to pre-pandemic levels.

The August release also revises June at the margin: meat is restated at 131.3, dairy at 117.0, cereals at 110.0 and sugar at 90.0, with the headline unchanged at 130.3. FAO frames the month as one of mixed movement rather than a single direction. Individual commodity markets are responding differently to evolving conditions, which is why the headline conceals more than it reveals for any importer whose basket differs from the global weights.

The Hormuz thread

The conflict reaches the food basket through energy, and July split the channel in two. Crude eased further, with Brent averaging USD 83.4, which works to relieve grain freight and biofuel-linked demand; European natural gas moved the other way, jumping to USD 18.06 per mmbtu, its highest reading of the war period, which keeps fertiliser costs and the oils complex under pressure. The food index therefore sits between an oil market that is loosening and a gas market that has tightened again.

JULY 2026 (LATEST)	ALL-TIME HIGH	BASE PERIOD
131.1	160.2	100.0
+0.6% MoM, +1.0% YoY	March 2022, post-Ukraine	2014 to 2016 average



Vegetable oils remain the clearest pressure point, rising 3.7 points or 2.0% on the month to 195.7, a fresh high for the cycle and 17.3% above a year earlier. The biofuel channel continues to carry the increase, and the July gas spike adds cost pressure from the input side.

Meat retreated from its June record, falling 3.6 points or 2.8% to 127.7. The index nonetheless remains 0.8% above a year earlier, so the level stays elevated even as the record passes.

Cereals rose 3.8 points or 3.4% on the month to 113.8 and now stand 6.9% above the July 2025 index, the firmest annual reading in the basket after oils.

Dairy fell 0.8 points or 0.7% to 116.2, and remains 38.4 points below its July 2025 level, still the largest downward contributor in the basket. The decline extends a retreat now running through a second year, with the index 24.8% below a year earlier even after falls in eleven of the past twelve months, as export supplies continue to run ahead of global import demand.

Sugar rebounded 5.0 points or 5.6% to 95.0 from its June low, partially reversing the decline recorded in the second quarter. The index nevertheless remains 8.0% below its level a year earlier, suggesting that the recent recovery is more a correction within a well-supplied market than the start of a sustained upward trend. The outlook will depend largely on developments in the upcoming Indian and Thai production seasons.

For a food-importing economy the composite reading matters more than the FAO headline alone. Once dairy and sugar are stripped out, the basket closer to Mauritian import needs is rising nearer to 6% over the year rather than the 1.0% shown by the global figure. Cooking oils remain the main channel at 17.3% above a year earlier, and cereals have replaced meat as the second: grain prices now stand 6.9% higher on the year even with a stock-to-use ratio near 32% keeping the level comfortable, while meat has come off its June record. Working the other way, the easing of crude prices relieves freight and biofuel demand, though July's jump in European gas keeps the fertiliser and oils complex under cost pressure. As such the food and non-alcoholic beverages component of the consumer price index is likely to keep upward pressure on headline inflation through 2026, with the pressure concentrated in oils and, increasingly, in grains rather than in proteins.

Brent crude oil

+34.0%

H1 2026 vs 2025

Natural gas (EU)

+22.1%

H1 2026 vs 2025

LNG (Japan)

+3.2%

revised; latest months provisional

Fertilisers

+23.6%

H1 2026 vs 2025

Energy index

+30.8%

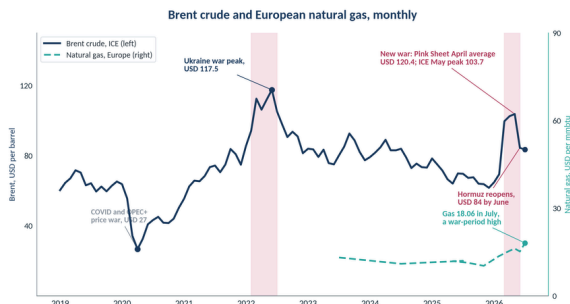
H1 2026 vs 2025

Total commodity index

+21.6%

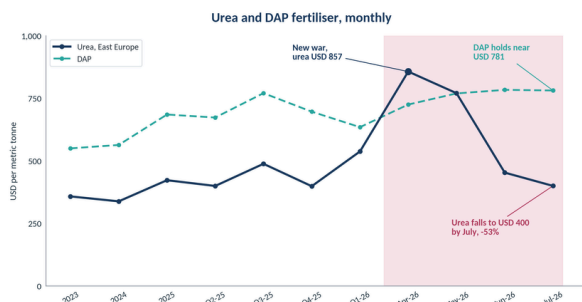
H1 2026 vs 2025

Over the first half of 2026 the World Bank energy index averaged 30.8% above 2025 and fertilisers 23.6% above, while the total index rose 21.6%. Brent crude peaked near USD 120 a barrel in April and fell back to USD 85 by June; urea, having reached USD 857 a tonne, almost halved to USD 453. Hence, the annual averages capture a spike that had largely passed by mid-year.



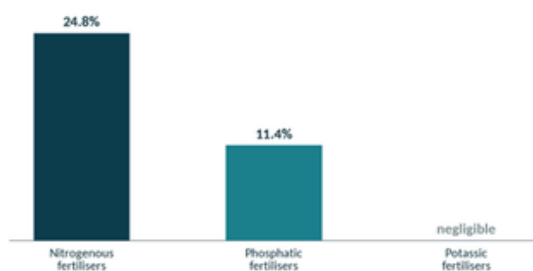
Sources: BoM MSB June 2026, Table 2 (ICE Brent monthly, to June; July derived from the Pink Sheet); Gas: World Bank Pink Sheet, 4 August 2026, annual and quarterly averages with monthly from April; April values derived from the published quarter.

July extends the split: Brent easing further to USD 83.4 and the energy index to 108.7, yet European gas jumped 19% on the month to USD 18.06 per mmbtu, its highest reading of the war period, as storage refill met reduced Russian pipeline flows. Urea fell to USD 400 a tonne, 53% below the April peak, with DAP steady at USD 781; the fertiliser index closed July at 149.3.

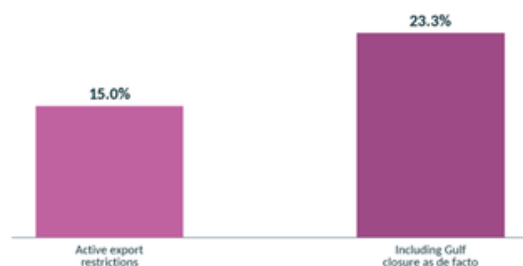


Sources: World Bank Pink Sheet, 4 August 2026, Annual and quarterly averages to Q1 2026, monthly thereafter; April derived from the published second quarter average (see Box 5, printed 857 in the July update). Urea war peak, April 2022: urea USD 125.

Gulf share of world fertiliser exports, 2024



World fertiliser trade under restriction, 2026



Brent crude rose from USD 68 a barrel in September 2025 to USD 120 by April 2026, a 77% increase in seven months. The sharpest movement came in March, when prices rose 45.9% over the month, the strongest monthly increase since August 1990.

Brent fell 29% from its April peak to USD 85 by June as the Strait of Hormuz reopened. Over the first half as a whole, the energy index averaged 30.8% above 2025. European natural gas rose 22.1% on the same basis, while Japanese LNG rose only 3.2% on the 4 August Pink Sheet, which revises June to 11.79 with the latest two months provisional, as Pacific supply held.

For importers, the effect runs wider than crude oil, passing through gas, freight, electricity and traded goods; the June easing in spot markets will reach landed costs only with a lag.

Urea prices reached USD 857 a tonne by April 2026, double their 2025 average, though still 7% below the April 2022 peak of USD 925. The pressure reflects geographic concentration in production and the gas intensity of nitrogen fertiliser.

By June urea had fallen 47% from its April peak to USD 453 a tonne as gas prices eased and Hormuz reopened. DAP has held firmer, at USD 784 in June, since phosphate supply was less exposed to the conflict. Over the first half, the fertiliser index still averaged 23.6% above 2025.

Unlike crude oil, fertilisers do not benefit from an equivalent strategic reserve system, so supply shocks pass more directly into farm costs, food production and import bills. The timing of purchases against a volatile price now matters as much as the annual average.

Concentrated supply

Fertilisers remain highly exposed to Gulf supply. In 2024, Gulf economies accounted for 24.8% of global nitrogenous fertiliser exports and 11.4% of phosphatic exports, while their role in potash was negligible. Asia is the region's main destination, absorbing around 40% of its nitrogenous exports and 48% of phosphatic exports. Other major global suppliers include the Russian Federation, China and Morocco.

This concentration helps explain the rapid transmission of supply disruptions into prices. India sourced almost two thirds of its nitrogenous fertiliser imports from Gulf suppliers, while Thailand relied on the region for close to half, leaving substantial volumes of global trade dependent on the same maritime corridor.

According to the WTO, 18 economies combine high fertiliser import dependence with strong reliance on Gulf suppliers. Seven are least developed countries, highlighting the particular vulnerability of lower-income importers. The group includes several African economies, among them Kenya, Malawi, Mozambique, Rwanda, South Africa, Tanzania, Uganda and Zimbabwe.

Export licences, restrictions and bans spread quickly once the Strait closed. Measures could affect up to 15% of world fertiliser exports, and 25.3% if the closure itself is treated as restricting all Gulf shipments. The WTO cautions that the higher figure is an upper limit rather than a measure of actual losses, since licensing is not an outright ban and some cargo has moved by other routes, including Saudi exports through the Red Sea port of Yanbu at higher cost.

China tightened controls on urea and sulphuric acid before allowing limited urea exports under quota. The Russian Federation extended fertiliser export quotas and suspended export licences for ammonium nitrate, while Türkiye banned sulphur exports, a measure that reaches phosphate output indirectly.

Tariffs are not the obstacle, almost 60% of members' fertiliser tariff lines are duty free and applied rates sit below 2.5% for every product group, so the constraint is physical supply and export policy rather than border taxation.

Mauritius appears among the 81 economies the WTO identifies as importing fertiliser from the Gulf region, so the disruption reaches the island directly rather than only through world prices. Prices have retraced quickly, urea falling 47% from its April peak to USD 453 a tonne by June, yet the trade route has not reliably reopened, which leaves the risk of a second spike if the agreement on the Strait falters. And because roughly a 5th of world fertiliser trade sits under some form of export restriction, availability rather than price may prove the binding constraint for planters seeking supply at short notice. Governments elsewhere have responded with support rather than with trade measures: the European Commission adopted a fertiliser action plan worth EUR 540 million, Spain added EUR 500 million and India revised a nutrient subsidy scheme worth USD 4.5 billion while guaranteeing fertiliser plants at least 70% of their average gas supply.

Maritime Trade & Strategic Choke Points

6

Spot freight rates

+107%

end-February to June

Spot, year to date

+3.5%

after an early fall of 18%

Long-term rates

-7.1%

year to date

Port Louis vessel calls

923

annual, all types

Share of maritime trade

100%

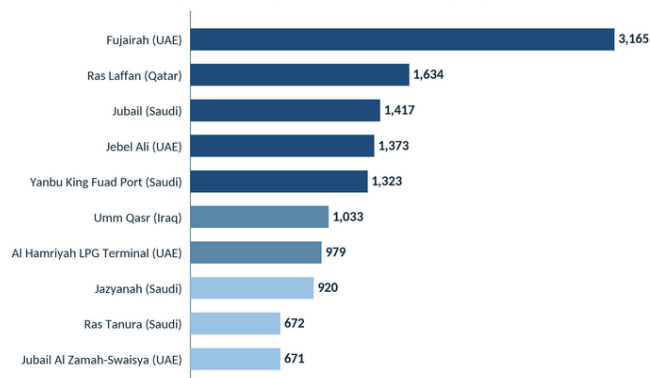
through one port

Middle East imports

-58%

March and April, on a year

Top ten tanker ports of the Gulf, calls per year

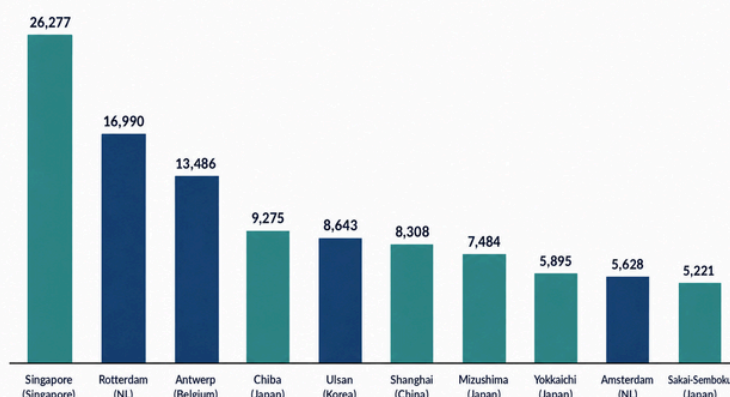


Source: IMF PortWatch ports database. Values as in the publication's table; the six largest sum to 9,945.

War remains the most direct external transmission channel into a small open island economy, and it travels by sea. The Strait of Hormuz concentrates the tanker trade that sets fuel prices worldwide.

Port	Country	Total vessels	Tankers	Container
Fujairah	UAE	3,462	3,165	8
Ras Laffan	Qatar	1,790	1,634	8
Jubail	Saudi	2,195	1,417	302
Jebel Ali	UAE	7,734	1,373	4,495
Yanbu (E-W)	Saudi	1,424	1,323	2
Umm Qasr	Iraq	1,943	1,033	459
Al Hamriyah	UAE	1,194	979	10
Juaymah	Saudi	921	920	0
Port Louis	Mauritius	923	294	429

Top ten global tanker ports, calls per year



Fujairah in the UAE handles 3,165 tanker calls a year, the largest tanker hub of the Gulf, followed by Ras Laffan in Qatar at 1,634, Jubail in Saudi Arabia at 1,417, Jebel Ali at 1,373 and Yanbu on the Red Sea at 1,323. The six largest tanker ports of the region together account for roughly 10,000 tanker calls a year.

Saudi Arabia holds the one material alternative: the East-West pipeline ending at Yanbu, which can reroute a share of crude away from the Strait. Rerouting reduces direct exposure to a closure without removing the shock, since freight, insurance and delivery times reprice for every shipper.

Mauritius buys into global fuel and shipping markets shaped by Gulf supply and Asian demand, so the transmission arrives through prices and schedules even without a single cargo from the Gulf.

Port Louis records on average, 923 vessel calls a year, of which 429 are container ships and 294 tankers. Against the East and Southern African peer group the port is small in volume yet unique in concentration: the PortWatch database attributes 100% of national maritime imports and exports to it.

Concentration of that order is a resilience question rather than an efficiency one. Thirty-nine of the 180 countries in the database rely on a single port, so such reliance is not unusual for an island state, but it removes the domestic rerouting option that Durban, Maputo and Dar es Salaam provide for their hinterlands.

The vessel mix carries its own signal with nearly a third of calls are tankers, so a fuel import bill that doubled in the year to May 2026 passes across berths already weighted towards the energy trade.

The destination pattern for Gulf crude is heavily Asian. Singapore alone records 26,277 tanker calls a year, around twice the combined tanker traffic of the ten largest Gulf ports, with Rotterdam and Antwerp anchoring the European side and four Japanese and Korean hubs in the top ten.

A disruption at origin therefore does not remain confined to the Gulf. It moves quickly through Asian refining systems, fuel pricing, bunkering costs and freight markets, which are precisely the markets in which Mauritius buys.

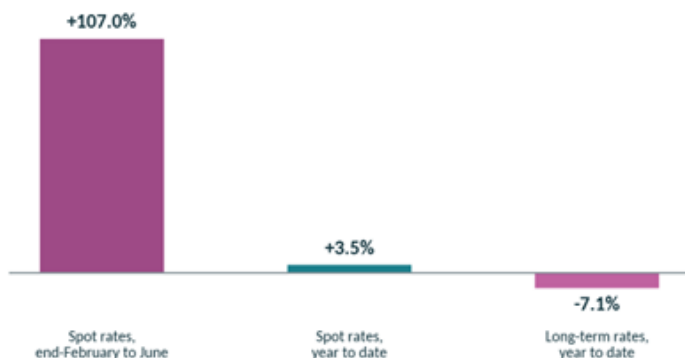
Hence, even without direct exposure to Gulf production sites, the transmission arrives through import prices, delivery schedules and freight premia, and it did so within weeks of the February closure.

For Mauritius the conflict arrives through import prices, delivery times and freight premia rather than through direct exposure to Gulf production.

Freight and Shipping Rates

7

Container freight rates in 2026



Container trade through the Gulf collapsed rather than slowed. Imports to the Middle East fell below 300,000 TEU in March, and across March and April together imports were down 58% on the same months of 2025, a loss of 933,630 TEU, with exports down 54%. Recovery is expected in three phases: ships leaving the Gulf, then feeder and regional services, and only then the main Asia to Europe and United States trades.

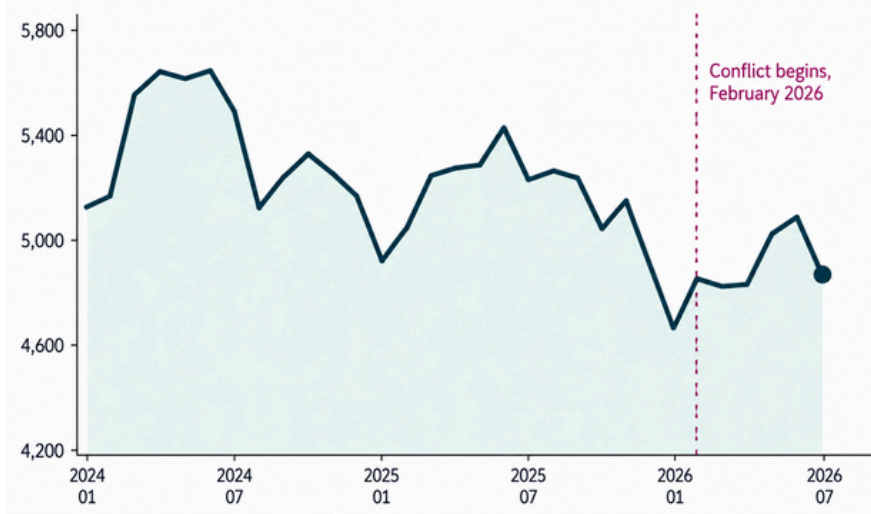
Ocean freight entered 2026 expected to cheapen and did the opposite. Xeneta had forecast global spot rates falling 25% across the year; instead rates fell 18% to the end of February, then rose 107% to 24 June once the Strait of Hormuz closed, leaving them 3.5% above the starting benchmark. Long-term contract rates, which reprice more slowly, remain 7.1% lower for the year to date after gaining 12% during the second quarter.

The October 2025 outlook expected spot rates down 25% and long-term rates down 10% across 2026. The mid-year revision has spot rates falling by no more than 10% for the full year and long-term rates down 8% to 10%, with the whole of the change attributable to the conflict.

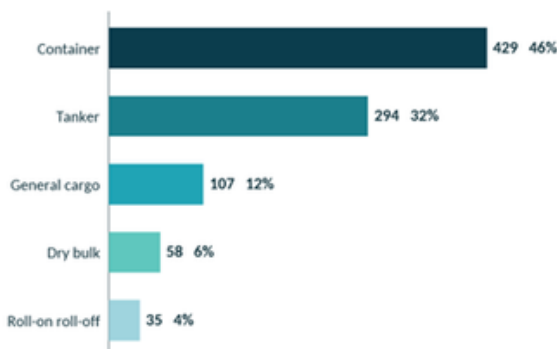
Carriers have moved from expected losses to profit. The freight market basket reached its lowest level since September 2020 on 27 February 2026, then rose 60% in the aftermath of the closure. Xeneta expects the market to stay profitable through the remainder of 2026.

Elevated rates sit oddly against the underlying balance. Fleet growth was revised up to 4.3% for 2026 while demand growth held at 3.1%, so capacity is expanding faster than cargo. The orderbook stands at a record 13 million TEU against an active fleet of 33.6 million.

Daily vessel port calls worldwide, monthly average



Port Louis vessel calls by type



Traffic

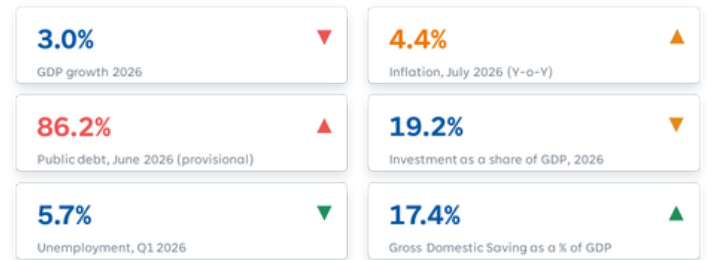
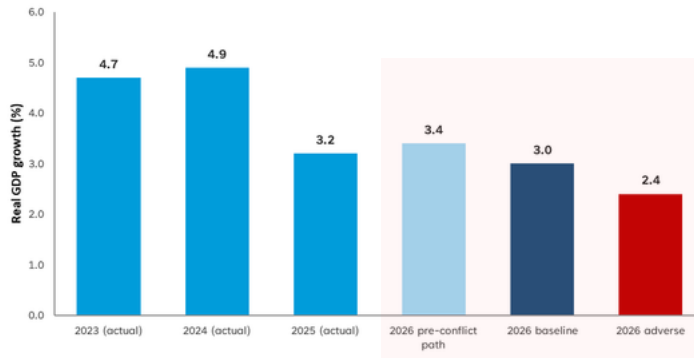
Daily vessel port calls worldwide averaged 4,958 in June 2026 against 5,184 in June 2025, a decline of 4.4%. Container calls fell 4.0% on the same comparison. The series had been easing before the conflict and reached its low of 4,665 in January 2026.

Blank sailings tell the sharper story. Global blanking held at 11% to 12% of planned capacity from November to February, then spiked to 18% in March as the Hormuz crisis met the Chinese New Year period, removing 2.27 million TEU of planned capacity.

Three Asian lanes carried the adjustment in March: Far East to North Europe blanked 24% of planned capacity against 15% a year earlier, Far East to Mediterranean 20% against 13%, and Far East to United States East Coast 21% against 14%.

The Mauritian Economy

8



Statistics Mauritius forecasts real GDP growth of 3.0% at market prices in 2026, after 3.2% in 2025 and 4.9% in 2024. Two scenarios frame the year: the baseline assumes the interruptions to trade through the Strait of Hormuz fade by the second semester, while a downside path of 2.4% assumes the disruption lasts until December 2026 and keeps global price pressure alive. GDP at current market prices would reach MUR 800.6 billion, 7.7% above 2025 in nominal terms, with the GDP deflator estimated at 4.6%.

The 3.0% forecast for 2026 follows two years above 4.5% and reflects a construction sector still contracting, investment flat in real terms and tourism growth easing to 2.4% after the post-pandemic recovery ran its course.

GVA at basic prices would grow by 3.0%, against 3.1% in 2025, reaching MUR 689.8 billion. Taxes on products are expected to rise 8.0% to MUR 110.8 billion, lifting GDP at market prices to MUR 800.6 billion.

Per capita GDP would reach MUR 645,157, an increase of 8.0% in nominal terms and 3.2% in real terms, a shade below the 3.3% recorded in 2025.

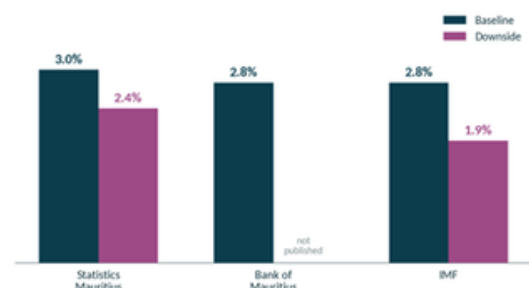
Financial and insurance activities contribute 0.6 of a percentage point to 2026 growth, twice the next largest contributors. Wholesale and retail trade and transportation and storage each add 0.3 of a point, while agriculture and accommodation each add 0.2.

After expanding 13.3% in 2024, construction sector contracted 2.1% in 2025 and is forecast to shrink a further 0.8% in 2026, even with the road, drainage, social housing and Riviere des Anguilles dam projects in the Public Sector Investment Programme.

Textile manufacturing remains the clearest weak spot, forecast to contract 2.5% after a fall of 5.5% in 2025, and the export oriented enterprises aggregate declines 0.8%.

Indicator	Statistics Mauritius	IMF Article IV (July 2026)
Real GDP growth, 2025 (%)	3.2 outturn	3.2 outturn
Real GDP growth, 2026 (%)	3.0 baseline forecast	2.8 staff baseline
Downside scenario, 2026 (%)	2.4 Hormuz closures to Dec	1.9 prolonged war path
Inflation, 2026 (%)	4.0 actual, twelve months to July	4.7 average projection
Investment, 2026 (% of GDP)	19.2 GDP	21.2 gross investment
External gap, 2026 (% of GDP)	-9.4 net exports	-10.5 goods and services
GDP, 2026 (MUR bn)	800.6 current prices	800.8 current prices
Unemployment rate (%)	5.7 2025 outturn	6.0 2026 projection

Forecasts for 2026 growth compared

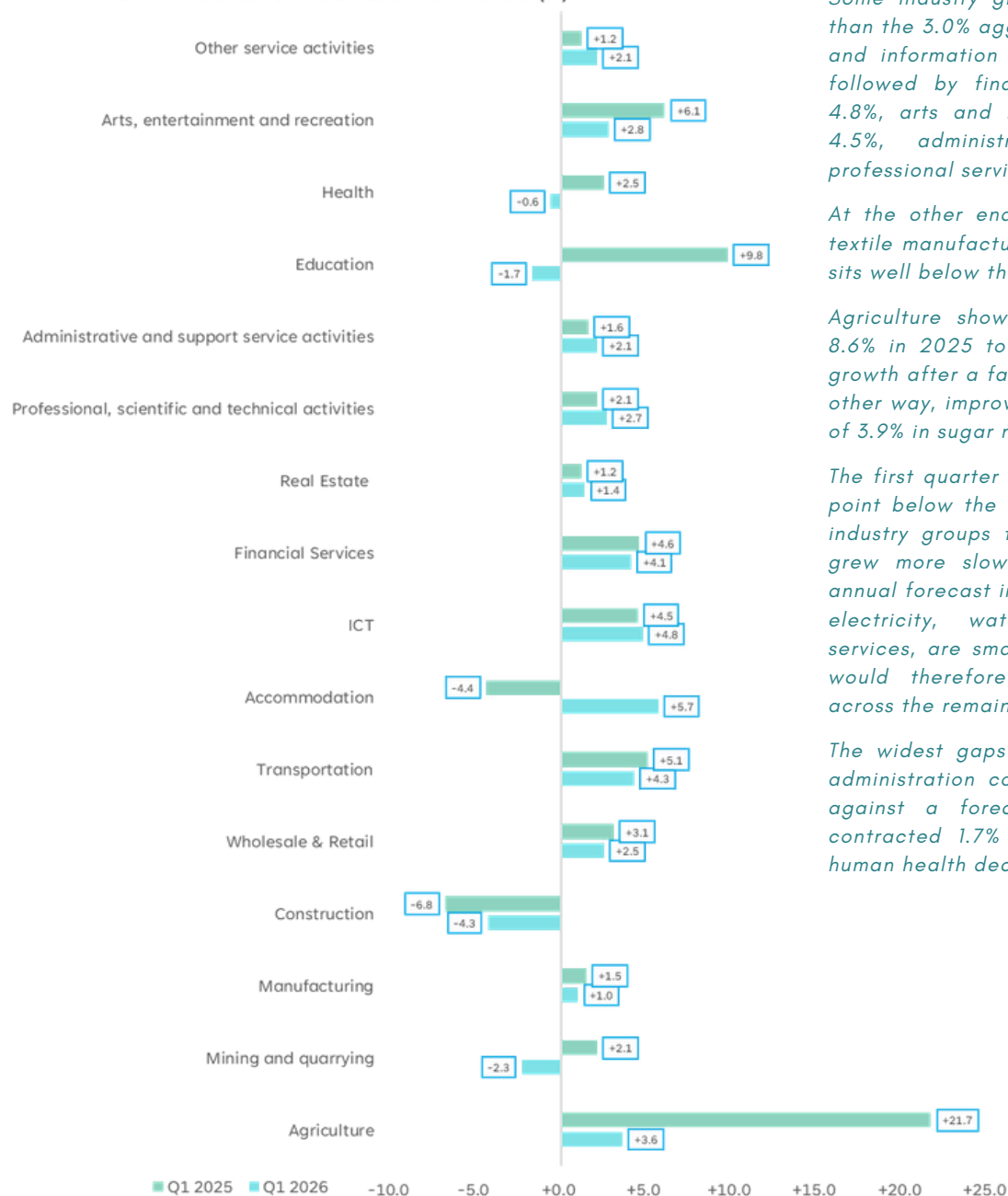


The IMF attributes the slowdown to spillovers from the war in the Middle East, working through subdued tourism and higher commodity prices, and names two counterweights: an increase in ship bunkering and strong agriculture. Both appear in the national data, with bunkering now more than a third of recorded exports and agriculture forecast to grow 4.5%.

On the downside the gap widens. Statistics Mauritius models 2.4% should the Hormuz disruption run to December, while the IMF severe scenario gives 1.9%, reflecting a contraction in tourism alongside weaker external and domestic demand.

Statistics Mauritius is the most optimistic of the three at 3.0%, with the Bank of Mauritius and the IMF both at 2.8%. On inflation the ordering reverses: the 4.0% recorded to July sits below the Fund's 4.7% average projection and the Bank's 5.5%, so the institutions that expect less growth also expect more inflation, and both are betting on the second half.

GVA - Sectoral Real Growth Rates (%)



Some industry groups are forecast to grow faster than the 3.0% aggregate. Transportation and storage and information and communication lead at 5.0%, followed by financial and insurance activities at 4.8%, arts and recreation at 4.7%, agriculture at 4.5%, administrative services at 3.8% and professional services at 3.7%.

At the other end, construction contracts 0.8% and textile manufacturing 2.5%, while real estate at 1.7% sits well below the average.

Agriculture shows the sharpest deceleration, from 8.6% in 2025 to 4.5%, as sugarcane returns to no growth after a fall of 5.5%. Manufacturing moves the other way, improving from 1.4% to 2.1% on a rebound of 3.9% in sugar milling.

The first quarter came in at 2.0%, a full percentage point below the annual forecast of 3.0%. Of the 19 industry groups that can be compared directly, 15 grew more slowly in the first quarter than their annual forecast implies, and the four that ran ahead, electricity, water, accommodation and other services, are small or utility lines. Meeting the year would therefore require a marked acceleration across the remaining quarters.

The widest gaps are in the public services. Public administration contracted 3.2% in the first quarter against a forecast of positive 1.0%, education contracted 1.7% against a forecast of 2.1%, and human health declined 0.6% against 3.3%.

Quarterly GVA growth has slowed across the nine published quarters. The 2024 quarters ran between 4.2% and 5.2%, the 2025 quarters between 2.8% and 3.3%, and the first quarter of 2026 came in at 2.0%, the weakest reading in the series since the recovery.

Statistics Mauritius confirms that fourth quarter 2025 growth is maintained at 3.1%, unchanged from the March 2026 estimate, so the slowdown into 2026 reflects new information rather than revision of the earlier quarters.

Contributions to the 2.0% were led by financial and insurance activities at 0.5 of a percentage point, accommodation and food service at 0.4, and agriculture, electricity, trade, transport, information and communication and professional services each at 0.2.

Quarterly GVA growth, year on year



BoM Key Rate 4.75% held on 12 August 2026 (raised from 4.50% on 20 May)

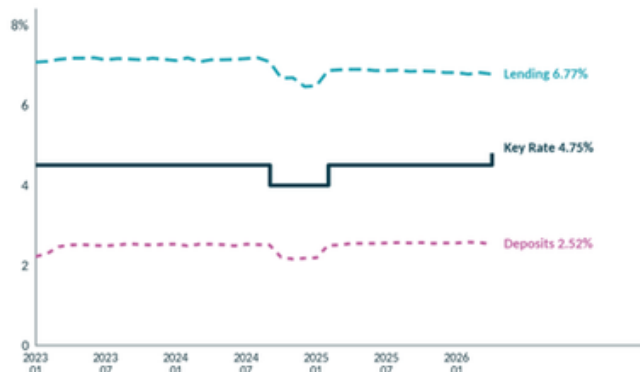
Five channels carry a policy rate change into activity, each with its own lag and its own audience. The magnitudes below rank their likely weight on aggregate demand over six to twelve months, updated to the balance-sheet and price data of May to July 2026. At the 12 August meeting the Bank trimmed its 2026 inflation projection to around 5% from 5.5%; minutes due 26 August.

CREDIT CHANNEL	INVESTMENT CHANNEL	CONSUMPTION CHANNEL	EXCHANGE RATE	ASSET PRICES
Lending rates reprice with a short lag. Household bank debt of MUR 210.3bn at May 2026 is exposed to higher servicing; the weighted average lending rate stood at 6.77%.	Hurdle rates rise as borrowing turns dearer. Private investment is forecast to fall 1.2% in 2026 while construction contracts 0.8%; public investment of +6.0% cushions the total.	Higher deposit rates favour saving over spending, though the weighted average deposit rate of 2.52% has yet to reflect the May increase. Adjustment tends to be gradual.	A wider carry can support the rupee and temper imported inflation. Between April and June 2026 the rupee nonetheless eased 2.6% per dollar as the fuel bill rose.	Bill yields sit below the Key Rate across the curve, with the 91-day at 3.95% to 4.02% in June, so the hike reinforced rather than lifted market rates.
PURCHASING POWER	GFCF AND INVESTMENT	CONSUMPTION	EXTERNAL BALANCE	FINANCIAL SECTOR
HIGH	HIGH	MEDIUM	MEDIUM	LOW-MED

The credit channel works through borrowing costs, and its base has widened: household bank debt of MUR 210.3 billion at May 2026 is 12.2% larger than a year earlier, so a given move in lending rates now touches more balance sheets. Interest on housing loans has already added 0.1 point to the June CPI, the first trace of the May decision inside the consumer basket. The investment channel matters because private investment is forecast to contract 1.2% in 2026 while construction shrinks 0.8%; dearer finance leans on projects that were already clearing a higher bar, with public investment of +6.0% providing the offset.

The consumption channel operates through deposit pricing, where the weighted average rate of 2.52% leaves room to rise, and through the caution that higher loan servicing induces in indebted households. The exchange rate channel offers a partial counterweight, since a wider carry can temper imported inflation; between April and June, however, the rupee eased 2.6% per dollar as the fuel bill absorbed foreign currency, so commodity flows outweighed the rate differential in the short run. The asset price channel is the quietest: Treasury bill yields sat below the Key Rate across the curve in June, with the 91-day between 3.95% and 4.02%, indicating that abundant liquidity rather than policy is setting the near end of the curve.

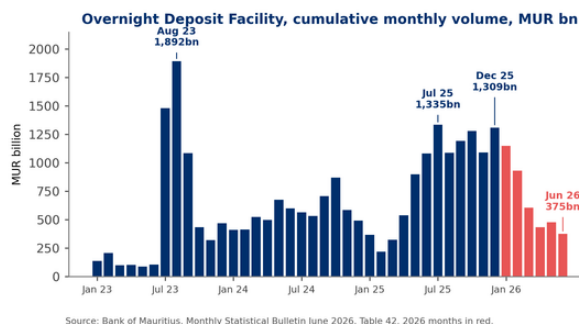
The Key Rate and bank rates



The official case for the May 2026 increase rests on containing inflation, supporting the rupee and managing surplus liquidity. Before drawing conclusions on the current decision, it is worth examining how earlier moves performed against those same benchmarks, using Bank of Mauritius data with rate change dates marked so that policy action and subsequent price movements can be read consistently.

The Monetary Policy Committee raised the Key Rate by 25 basis points to 4.75%, acted against upside risks to inflation after the closure of the Strait of Hormuz tightened global energy supply, and to anchor medium-term expectations. Headline inflation on the twelve month average measure stood at 4.1% in June, inside the 2% to 5% target band, yet the core measures tell a different story.

The weighted average lending rate stood at 6.77% in May 2026, slightly below the 6.89% of April 2025, while the weighted average deposit rate was 2.52% against 2.54% a year earlier. Transmission is therefore incomplete, the Bank itself notes that it monitors excess liquidity in the banking system to keep short-term market rates aligned with the Key Rate, an acknowledgement that the link between the policy rate and market pricing has been loosened by surplus funds. The spread between lending and deposit rates remains wide at more than four percentage points, so the cost of credit to firms has stayed broadly flat while the return to savers has not improved.



Surplus rupee liquidity is visible in the cumulative use of the Overnight Deposit Facility. Placements spiked to MUR 1,892 billion in August 2023, ran at low levels through early 2025 with MUR 218 billion in February and MUR 323 billion in March, then climbed to MUR 1,335 billion by July 2025 and ended December at MUR 1,309 billion.

The first half of 2026 shows the overhang receding: from MUR 1,148 billion in January to MUR 930 billion in February, MUR 604 billion in March and MUR 434 billion in April, before a rebound to MUR 477 billion in May and a fall to MUR 375 billion in June. The decline therefore preceded the May increase rather than following from it, and placements rose 9.9% in the month the Key Rate moved, reflecting BoM Notes issuance, foreign exchange operations and government flows rather than the policy rate alone.

Hence, the May move is better read as reinforcing a liquidity-tightening process already in train than as initiating one; the facility rate itself moved to 3.25%, keeping the corridor floor 150 basis points below the Key Rate. The Committee held the rate at 4.75% on 12 August, unanimously, and paired the hold with a lower inflation path of around 5% for 2026; with bills still clearing below the Key Rate at the 6 August auctions, the stance now works through the level already set rather than through further moves.

The Cost-Push Pressures

11

Brent, April peak
USD 120.4
monthly average

Brent, June
USD 84.4
ICE monthly average

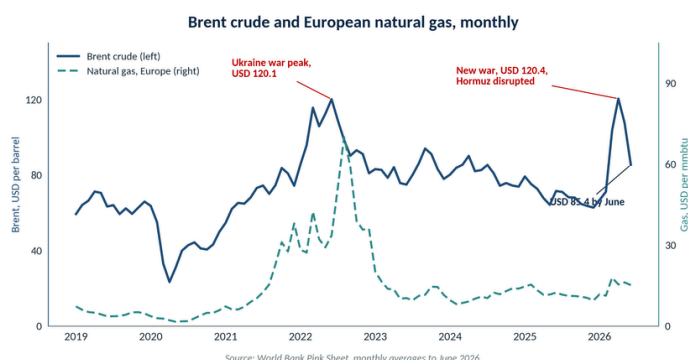
Diesel at the pump
+20.9%
MUR 58.95 to 71.25

Petrol at the pump
+9.9%
MUR 58.45 to 64.25

LPG 12 kg cylinder
+31.6%
MUR 190 to 250

Rupee per USD, June
48.30
+2.6% since April

Domestic pass-through of the external shock is no longer prospective; it is recorded in the June 2026 Statistics Mauritius price data. The State Trading Corporation lifted retail petrol from MUR 58.45 to MUR 64.25 per litre with effect from 16 April 2026, an increase of 9.9%, after reducing it from MUR 61.20 in November 2025. Gas oil rose in two steps, from MUR 58.95 to MUR 64.80 on 25 March and to MUR 71.25 on 16 April, a rise of 20.9%. The 12 kg cooking gas cylinder moved from MUR 190 to MUR 250, an increase of 31.6% over the year to June.



Brent averaged USD 120.4 in April 2026 at the height of the closure and USD 84.4 in June, still above the USD 68.0 of September 2025. The rupee, which had firmed after the February 2025 tightening, eased from MUR 47.09 per dollar in April to MUR 48.30 in June, a move of 2.6%.

Both prices push the same way for an importer. The fuel import bill more than doubled in the year to May 2026, reaching MUR 11.3 billion in the month after an April peak of MUR 15.1 billion, and the trade deficit widened 35.1% on a year earlier.

Over the long run the exchange rate is the quieter but steadier channel: from an average of MUR 36.02 in 2019 the rupee has moved 34.1% higher per dollar, and 58.5% since 2002, so every imported price carries that accumulation.

Administered fuel prices shield households between adjustments and then move in steps. The November 2025 petrol reduction to MUR 58.45 was reversed and exceeded in April, while gas oil rose 20.9% across March and April combined, the sharpest administered move of the year.

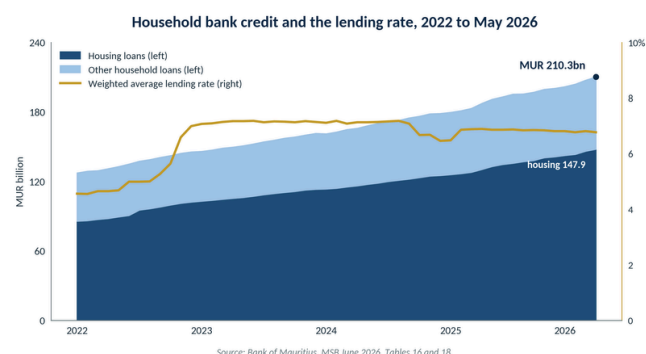
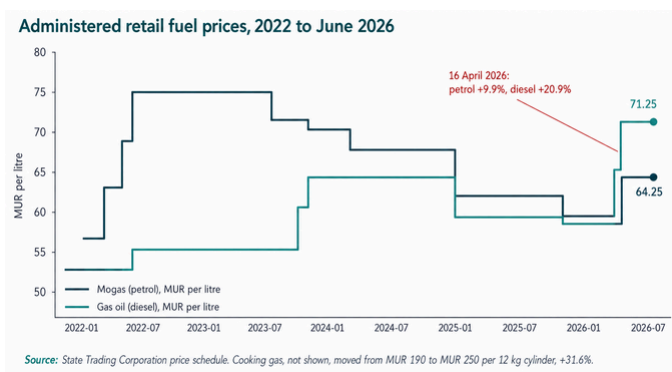
Cooking gas is the largest single strain on the household basket, at MUR 250 per 12 kg cylinder against MUR 190 a year earlier. In tandem, bread prices recorded in the retail survey rose from MUR 2.60 to MUR 3.90 per 100 g loaf between June 2025 and June 2026, an increase of 50.0%, while government-subsidised rice and flour held at MUR 10.80 and MUR 9.70 per kg.

Transport and distribution costs follow the diesel price with little lag, so the April adjustment reaches shop prices through the second half even if world oil settles.

Household bank credit reached MUR 210.3 billion at end-May 2026, 12.2% higher than a year earlier, of which housing loans account for MUR 147.9 billion, up 13.4%. The stock exposed to repricing has therefore grown through the very period in which the policy rate rose.

The weighted average lending rate stood at 6.77% in May 2026, below the 6.89% of a year earlier, because the September 2024 cut was still passing through when the February 2025 and May 2026 increases arrived. Deposit rates averaged 2.52%. The May increase should lift both with the usual lag of a few months.

Broad money grew 8.6% in 2025 against credit growth of 7.5%, so deposits outgrew lending and banks felt little funding pressure. Credit has since accelerated to 12.8% year on year in May 2026, which narrows that comfort and strengthens the case for the deposit side of transmission to firm.



Mauritian headline inflation, on the 12-month average measure, stood at 4% in July 2026, easing off its spring peak yet up from 3.1% a year earlier and inside the BoM target band. The monthly picture turned the other way: Y-o-Y inflation rose to 4.4% in July from 3.7% in June, and the fingerprints are fiscal rather than global, since excise carried the month, with cigarettes adding 0.3 point and the alcohol and tobacco division jumping 3.9%.

Beneath the duties the squeeze is fading: CORE1 fell to 5.0% year on year from 6.5% and CORE2 to 4.3% from 5.9%, the first month of the war in which both cores sit at or below their year-earlier readings. A supply shock that fades in the commodity indices is now fading in the domestic basket too; what replaced it in July was the Budget.

Year on year, July

4.4%

from 5.2% a year earlier

Twelve-month average

4.0%

off its spring peak

CORE1, year on year

5.0%

from 6.5% in June

CORE2, year on year

4.3%

from 5.9% in June

World CPI 2026

4.7%

IMF WEO July Update

CPI index, July

112.9

base 2023 = 100

Headline inflation eased to 3.7% year on year in June 2026 from 5.4% a year earlier, while the twelve-month average stands at 4.1% after peaking near 4.2% in the spring. The CPI, on the January to December 2023 base, reached 112.2 in June, rising 0.3 point on the month with vegetables subtracting 0.1 and cigarettes, other food, other services and interest on housing loans each adding 0.1.

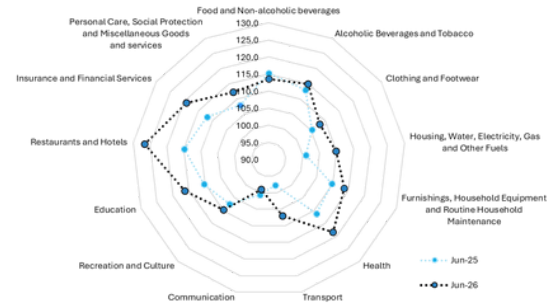
Beneath a headline inside the target band, the core measures tell a firmer story: CORE1 at 6.5% and CORE2 at 5.9% year on year both exceed the headline, indicating that underlying pressure is no longer confined to volatile or administered items.

World consumer price inflation fell from a 2022 peak of 8.7% to 4.1% in 2025, and the July Update now projects 4.7% for 2026, a renewed rise of 0.3 of a point on the April forecast, before 3.9% in 2027. The disinflation that ran for three years has paused globally.

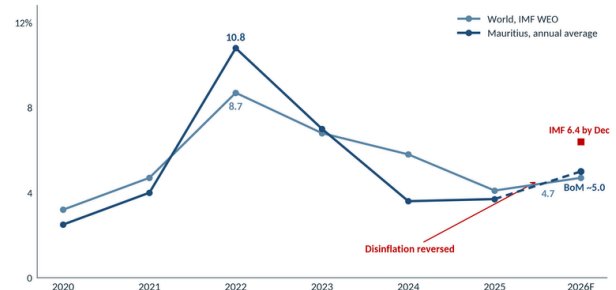
Mauritius shows the sharper version of the same turn. Annual average inflation fell from 10.8% in 2022 to 7.0%, then 3.6% and 3.7%, and the Bank of Mauritius now projects around 5% for 2026 as fuel, freight and food arrive in the index together, a forecast trimmed from 5.5% at the August meeting on the strength of the outturns so far and of budgetary measures including fresh subsidies on staple goods.

The IMF's projection of 6.4% year on year by December 2026 sits above the Bank average, so both institutions expect the second half to carry more price pressure than the first. The gap between them has widened to about a point and a half, and the reason is fiscal: the Fund's December path predates the subsidies the Bank has now taken into account.

CONSUMER PRICE INDEX (JUN 25 & JUN 26)



A partial U-turn: world and Mauritian inflation



Sources: BoM MSB Table 5 (December twelve-month averages); BoM MPC media release, 12 August 2026 (around 5% for 2026, revised from 5.5%); IMF CR 26/178 (6.4% end-period); IMF WEO (world).

Rebased to 2023, the FAO Food Price Index stands at 104.6 in June 2026 while the Mauritian CPI stands at 112.2, so domestic prices have risen 12.2% since the base year against 4.6% for world food. The gap of about eight points opened during 2024 and has persisted.

The divergence indicates that Mauritian inflation now owes more to domestic cost structures, the exchange rate, freight and administered adjustments than to the world food cycle that dominated 2021 and 2022. The FAO index itself has firmed only modestly since the Hormuz closure, with meat at a record while cereals remain contained.

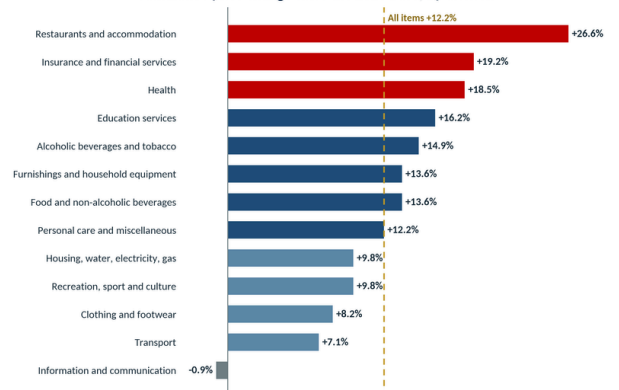
Practical implications follow for supply chains: local agricultural resilience, buffer stocks and retail pass-through shape food inflation here somewhat independently of the global benchmark.

Local prices ran ahead of the global food cycle, 2023 = 100



Sources: FAO Food Price Index, August 2026 release, rebased to the 2023 average; Statistics Mauritius CPI (Jan-Dec 2023 = 100), pre-2024 months chained from the previous base. Both series to June 2026.

Cumulative price change since the 2023 base, by division



Source: Statistics Mauritius, CPI June 2026, division indices (January to December 2023 = 100).

Since the 2023 base, restaurants and accommodation services have risen 26.6%, insurance and financial services 19.2% and health 18.5%, all well ahead of the all-items increase of 12.2%. Information and communication is the single division below its base level, at minus 0.9%.

The heavyweight divisions sit close to the average: food and non-alcoholic beverages, carrying 250 of the 1,000 weights, is 13.6% above base, while housing, water, electricity and gas, with 109.8, is 9.8% above and transport, with 107.1, is 7.1% above before the April fuel adjustments fully land.

Services rather than goods now anchor the accumulated increase, which is consistent with core inflation running above headline and suggests the 2022 to 2025 price shock has lifted expectations in contracted and discretionary services.

Broad money 2025

+8.6%

MUR 1,058bn stock

Bank credit, May

+12.8%

year on year, accelerating

Capital adequacy

20.4%

March 2026

NPL to gross loans

3.6%

March 2026

Return on equity

17.2%

banking system

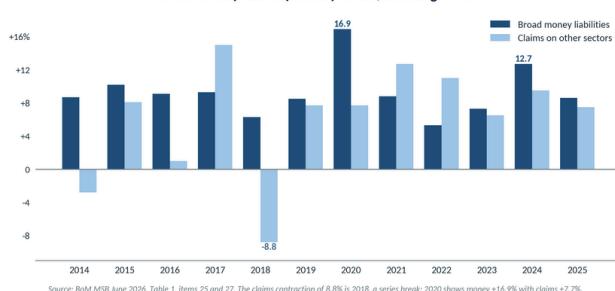
Reserves, July

USD 9.7bn

10.0 months of imports

Broad money is the economy's spending-ready cash: the notes and coins in circulation plus the rupee and foreign-currency deposits households and firms hold at banks, MUR 1,058 billion in all. New money appears through two doors. When a bank lends, it credits the borrower's deposit, so lending creates money; and when the BoM buys foreign exchange, from tourism receipts, export earnings or inflows on the balance of payments, it pays in freshly created rupees, so a rising reserve is also a rising money stock. Money vanishes the same ways in reverse: loans repaid, foreign currency sold, or balances mopped up through the Overnight Deposit Facility and BoM Notes. Growth of 8.6% against credit of 7.5% therefore says the external door supplied more rupees than lending did, and the surplus shows up as the liquidity parked at the facility, as deposits priced at 2.52%, and as bill yields below the Key Rate. The reading for the economy is double-edged: financing stays easy even after a policy increase, yet money that outruns output for long enough is the raw material of inflation, which is why the facility's absorption, and July's reserve decline, each drain of liquidity, matter as much as the rate itself.

Broad money and depository credit, annual growth

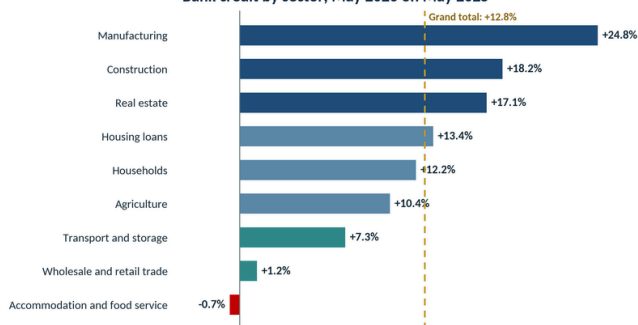


Broad money liabilities grew 8.6% in 2025 to MUR 1,058 billion, ahead of credit growth of 7.5% to MUR 838 billion, extending the pattern of most recent years in which deposits outrun lending and the banking system sits on structural surplus liquidity.

The exception years are instructive: 2018 saw claims fall 8.8% on a series break, while 2020 paired money growth of 16.9% with claims growth of 7.7% on pandemic support, the widest gap of the series, and the overhang created then is the same liquidity the Overnight Deposit Facility has been absorbing since.

With credit now accelerating to 12.8% year on year at May 2026, the gap is closing from the lending side for the first time since 2022, which is the more growth-friendly way for it to close.

Bank credit by sector, May 2026 on May 2025

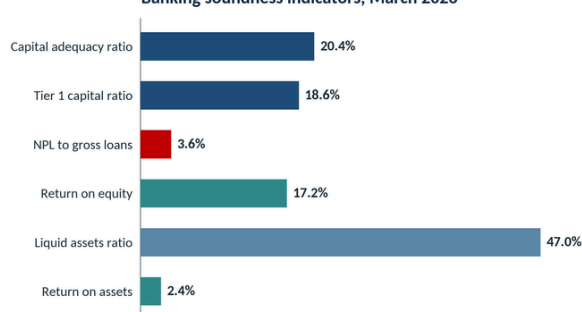


Manufacturing leads the sectoral expansion at 24.8% year on year to MUR 30.8 billion, followed by construction at 18.2% and real estate at 17.1%. Household credit grew 12.2% and housing 13.4%, so the acceleration is broad rather than a single-sector story.

Trade credit rose only 1.2% for a sector that is 11.4% of GVA, and accommodation and food service credit contracted 0.7% to MUR 39.0 billion, consistent with a tourism sector consolidating rather than expanding capacity as arrivals soften.

Read against the first-quarter GVA outturn, credit is flowing fastest into sectors whose output is currently weakest, manufacturing and construction, which is what financing of investment and working capital through a soft patch looks like, and what makes the transmission of the May rate increase consequential.

Banking soundness indicators, March 2026

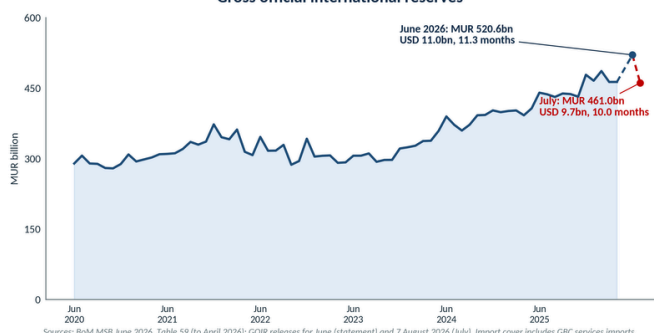


The capital adequacy ratio stood at 20.4% in March 2026 with Tier 1 capital at 18.6%, non-performing loans at 3.6% of gross loans, and liquid assets at 47.0% of total assets. Return on assets of 2.4% and return on equity of 17.2% indicate the system earns its buffers as it holds them.

Capital and liquidity of this order matter for the policy question on the previous pages: banks can absorb a faster deposit repricing without strain, and can carry the credit acceleration into manufacturing and construction while rates rise.

The soundness picture is also the counterpart to Moody's stable outlook on the banking system, which rests on capital, funding and the profitability recovery since 2023.

Gross official international reserves



Gross official international reserves reached MUR 520.6 billion at end-June 2026, equivalent to USD 11.0 billion and 11.3 months of import cover. The June increase of MUR 52.1 billion, about USD 1.2 billion, is the largest monthly rise of the year.

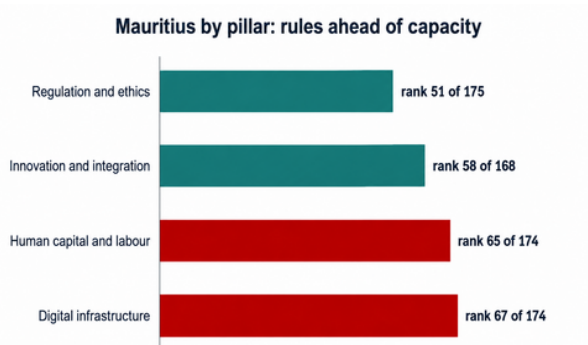
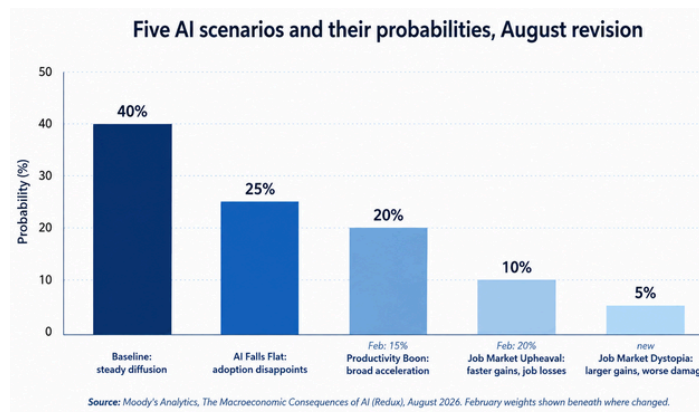
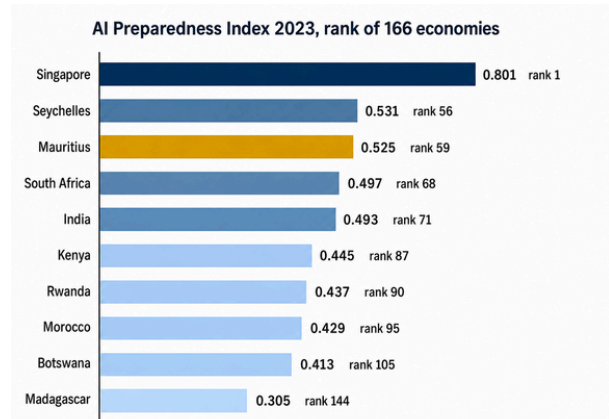
The end-July release reverses the move: reserves of MUR 461.0 billion, equivalent to USD 9,709.8 million, with import cover of 10.0 months including GBC services imports, a decline of about USD 1.3 billion on the month as foreign exchange operations and valuation effects unwound the June jump.

Cover of ten months still exceeds the conventional adequacy benchmarks by a wide margin and provides the buffer through which fuel-price volatility and freight premia can be financed without disorderly exchange rate moves.

Set against the rupee easing 2.6% between April and June, the reserve cushion indicates depreciation has reflected flows and prices rather than any constraint on the Bank's capacity to intervene.

AI Preparedness Index	Strongest pillar	Weakest pillar	Can program or code	ICT value added	Global AI investment
0.525	51 / 175	67 / 174	6.0%	MUR 36.3bn	USD 581.7bn
rank 59 of 166, 2023	regulation and ethics	digital infrastructure	aged 12 and above, 2024	5.7% of GVA; +6.9% in 2025	+129% in 2025

Artificial intelligence reached commercial scale globally in 2025, with corporate investment of USD 581.7 billion, an increase of 130% in a single year, and adoption reported by 88% of surveyed organisations. Three instruments frame what follows: the IMF preparedness index, the national ICT statistics and the scenario probabilities that carry the macroeconomics.



Mauritius scores 0.525, ranking 59th of the 166 economies with a composite score, ahead of South Africa at 0.497 (68th), India at 0.493 (71st), Kenya at 0.445 and Rwanda at 0.437. Only Seychelles, at 0.531 and rank 56, sits above it in the region, by a narrow margin.

The distance to the frontier is the material fact: Singapore leads at 0.801, and a score of 0.525 places Mauritius nearer the middle of the world distribution than the top, roughly level with upper-middle-income peers well outside Africa.

The scores date from 2023, before the present investment wave, so they measure the starting grid rather than the race now under way.

Regulation and ethics is the strongest pillar at rank 51 of 175 economies, followed by innovation and economic integration at 58 of 168. Human capital and labour market policies rank 65 of 174 and digital infrastructure 67 of 174, the weakest of the four.

An ordering of that shape is recognisable for a small jurisdiction with a developed legal and financial framework: rules can be legislated quickly, while networks, data centres and trained people accumulate slowly.

The binding constraint is not the absence of a framework but the capacity to use one, which places the weight on skills and infrastructure rather than on further rulemaking.

ICT value added rose from MUR 28.2 billion in 2021 to MUR 36.3 billion in 2025, growth of 6.9% in the latest year, holding a 5.7% share of the economy. Employment in large establishments peaked at 18,330 in 2023 and has since fallen to 17,560, a loss of 770 jobs across two years.

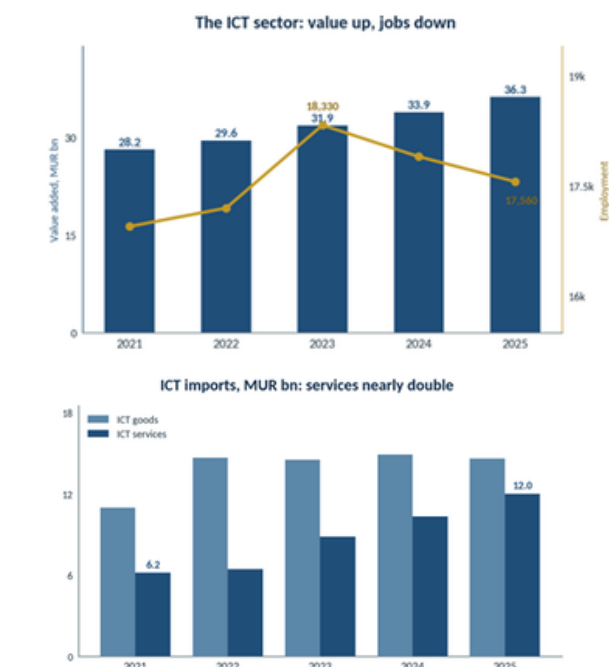
Establishment numbers peaked earlier, at 115 in 2022, and now stand at 103. Value added per worker has therefore risen sharply, which is what automation looks like in the sector closest to the technology.

The sector also employs 5.7% of the workforce covered, so the divergence between output and jobs is not yet economy-wide, but it is the pattern the scenario literature expects to spread.

ICT goods imports have been broadly flat near MUR 14.6 billion since 2022, while ICT services imports nearly doubled from MUR 6.2 billion in 2021 to MUR 12.0 billion in 2025, the line through which cloud, software and digital platforms enter.

Exports of ICT services grew to MUR 9.6 billion from MUR 6.3 billion over the same period, so the services account is closer to balance than the goods account, though the overall ICT trade gap remains wide at MUR 26.6 billion of imports against MUR 10.5 billion of exports.

Adoption of artificial intelligence will run through that services import line before it appears anywhere else in the national accounts, which makes it the series to watch.



Jan-Jul arrivals

804,633

+2.1% on a year

July alone

+5.4%

136,162 arrivals, strongest month

Sea arrivals, Jan-Jul

+55.0%

23,804 by cruise and sea

Earnings, H1

+17.9%

MUR 55.9bn; June +11.8%

Annual target

1.47m

needs Aug-Dec +2.7%

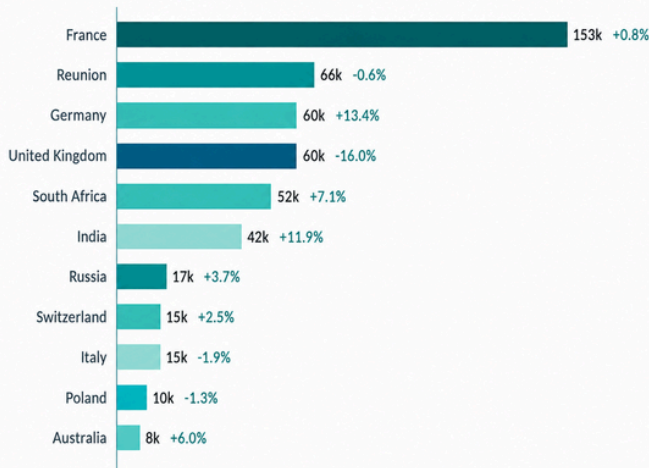
New tourism firms

+50.5%

963 in the half

Tourism supplies 9.0% of national value added, MUR 62.2 billion in 2026, and the IMF names the sector as the principal channel through which the Middle East conflict reaches Mauritian growth. June supplies the first hard reading of that judgement: arrivals fell 8.4% to 89,098, closing a half that nonetheless finished 1.5% ahead at 668,471, and July supplied the answer: 136,162 arrivals, up 5.4%, the strongest month of the year, carrying the seven-month count to 804,633, 2.1% ahead. The aggregate conceals a market rotation of unusual violence, and the sector therefore enters its decisive stretch with softer European volume and firmer economics at once.

Arrivals by market, H1 2026, thousands and change



France remains the anchor at 153,048 arrivals, 22.9% of the half and barely changed at plus 0.8%. The United Kingdom, the third source market, fell 16.0% to 59,954, a loss of 11,428 visitors that exceeds the entire net national gain of 9,562, and surrendered second place among long-haul markets to a German market that grew 13.4% to 60,227.

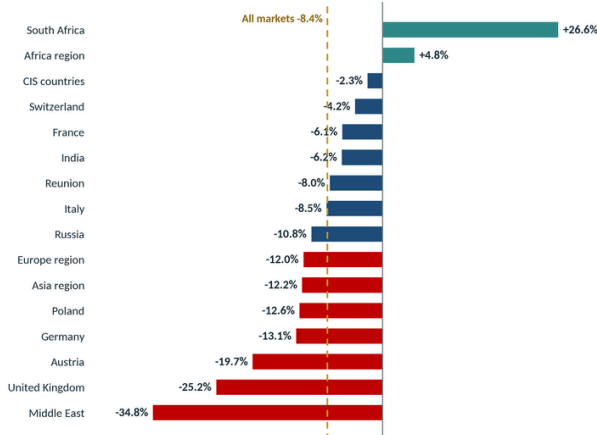
India climbed 11.9% to 41,966 and Asia as a region added 11.3%, while regional traffic held the total together through Reunion at 66,459 and South Africa at 51,858.

Concentration remains the structural fact, since the top three markets supply 41.8% of all arrivals, so the year turns on a handful of route decisions and source-market moods.

The month's decline distributes very unevenly. The Middle East fell 34.8%, the sharpest of any grouping and the most direct conflict effect, followed by the United Kingdom at 25.2% and Austria at 19.7%; Germany, the half-year star, itself dropped 13.1%.

Africa moved the other way at plus 4.8%, with South Africa up 26.6%, so short-haul regional demand cushioned a European and Asian downturn while France held to minus 6.1%. A month in which every European market fell while the nearest region grew reads as a price and routing event, dearer fares and longer itineraries, rather than a loss of destination appeal.

June 2026 arrivals, change on June 2025



Source: Statistics Mauritius, Tourist Statistics June 2026, Table 2.

Arrivals of 1,436,250 in 2025 passed the 2018 peak of 1,399,408 for the first time, and earnings of MUR 103.4 billion for that year stand 61.5% above the MUR 64.0 billion of that year for a similar visitor count, so the recovery was priced rather than merely filled.

Meeting the 1.47 million target for 2026 requires 665,367 arrivals across August to December, 2.7% above the 648,135 of a year earlier, and July has just delivered 5.4%, so the ask now sits below the latest month's pace.

Supply-side conditions remain supportive even so: accommodation output grew 5.7% in the first quarter, incumbent credit contracted 0.7%, and 963 new accommodation and food service enterprises registered in the half, 50.5% more than a year earlier and the fastest entry of any industry.

United Kingdom, Jan-Jul

-14.6%

the largest market loss

Germany, Jan-Jul

+15.4%

the largest market gain

Middle East, July

+40.3%

the June faller rebounds

Receipts per visitor, June

+22.0%

about MUR 87,300

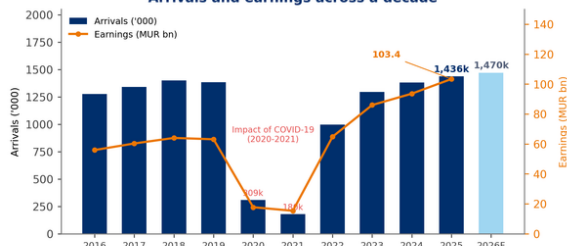
Exposure is now a question of route rather than of the national average, since one shrinking source market accounts for more than the whole half-year swing while the nearest region grows through the same shock.

Rate discipline matters more than volume recovery, because receipts per visitor told a different story in June: earnings rose 11.8% in the very month arrivals fell 8.4%, lifting receipts per visitor 22.0% to about MUR 87,300, so the thinner June crowd paid materially more per head. Half-year earnings of MUR 55.9 billion stand 17.9% ahead, and the monthly path, +32.0% in January easing to +4.8% in May before June's +11.8%, reads as normalisation from an exceptional January rather than erosion.

And competition will sharpen regardless of arrivals, given that nearly a thousand operators entered in six months, which rewards those who follow the growth into German, Indian, South African and cruise traffic rather than the habitual markets. The sector's claim on 9.0% of the economy rests, this year, on defending value through a thinner crowd.

The Middle East, which fell 34.8% in the conflict month, rebounded 40.3%, with Saudi Arabia up 44.4% and the Emirates 41.2% as the Strait reopened and the Gulf summer season resumed; Asia added 26.7% on India at 28.1%, Russia returned at 28.2% and Germany extended its run with 29.0%. The softness has migrated to the habitual markets: France slipped 2.7%, the United Kingdom fell a further 7.0% and Reunion, the nearest market, 8.8%. Seven months in, the rotation thesis is the scoreboard: Germany +15.4%, India +14.5% and South Africa +6.4% against the United Kingdom -14.6%, France +0.3% and Reunion -2.3%.

Arrivals and earnings across a decade



Sources: Statistics Mauritius; BoM MSB June 2026, Table 1 (arrivals and gross tourism earnings). 2026F: 1.47mn arrivals target; no earnings forecast.

GHG emissions

+3.1%

6,774.8 Gg CO₂-eq

CO₂ per head

4.21 t

+4.5% in 2025

Renewable electricity

17.8%

of generation, from 18.2%

Rainfall 2025

-16.1%

1,829 mm on the year

Waste per head

1.29 kg

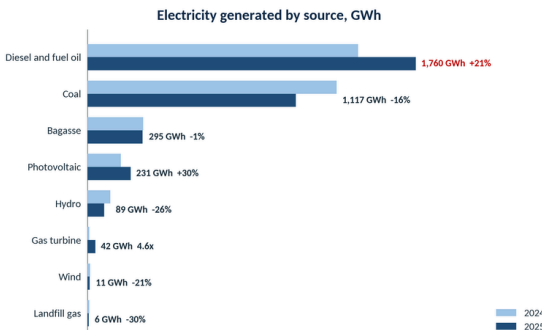
per day, +13.2%

Mean temperature

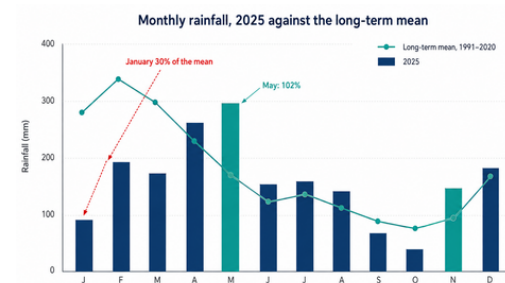
24.4°C

above the 1991-2020 norm

Environment Statistics for 2025, released on 31 July 2026, record a year in which the island ran hotter, drier and heavier on oil. Emissions rose 3.1% and carbon per head 4.5%; the grid met growing demand with a fifth more diesel while the renewable share slipped; rainfall fell 16.1% with the driest January of the series; and the landfill received 17.0% more waste.

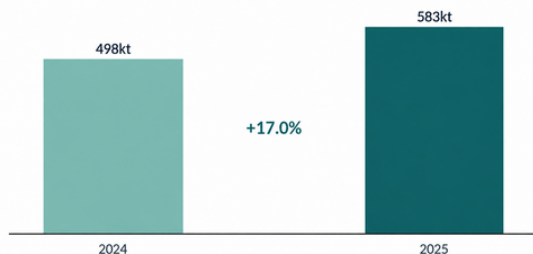


Source: Environment Statistics 2025, Table 8. Gas turbine output rose from 9.1 to 41.8 GWh, a 4.6-fold increase.

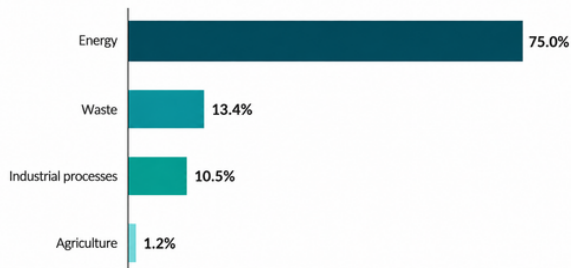


Source: Mauritius Meteorological Services

Solid waste landfilled at Mare Chicose



Greenhouse gas emissions by sector, 2025



Electricity generation rose 3.9% to 3,552 GWh, and the composition moved the wrong way for the carbon account: output from diesel and fuel oil rose 21.3% to 1,761 GWh while coal fell 16.4% to 1,117 GWh, so oil displaced coal rather than renewables displacing either.

Renewable generation edged up 1.8% to 632 GWh, yet its share slipped from 18.2% to 17.8% because demand grew faster. Photovoltaic was the bright line, up 29.8% to 231 GWh; hydro fell 26.4% in the dry year and bagasse eased 1.3%.

In primary energy terms, renewables supplied 9.2% of the 1,631 ktoe requirement, with imported fossil fuels at 90.7%, so the energy system remains an import line first and an emissions line second.

Rainfall of 1,829 mm ran 16.1% below 2024 and 9% below the long-term mean, but the annual figure hides the shape: January delivered 30% of its normal rain, May 193% and October 48%. Timing, not the annual sum, is the operational problem.

The water balance followed: precipitation input fell 16.6% to 3,402 million cubic metres, and total utilisation fell 10.5% to 913, though almost entirely because dry rivers cut hydropower use 26.9%; the consumptive lines barely moved.

The dry January also explains the energy account above, since hydro generation fell 26.4% and the grid made up the difference with fuel oil, tying the rainfall map to the emissions map.

Solid waste landfilled at Mare Chicose rose 17.0% to 582,798 tonnes, and per-capita disposal jumped from 1.14 to 1.29 kg per day. Domestic and commercial waste accounts for 98% of the stream; construction stayed near 5,500 tonnes.

A rise of that size in a year when the resident population barely moved points to consumption and commerce, and it lands on a single fixed site, which is what makes the growth rate a capacity question rather than a statistic.

Complaints attended by the pollution division rose 8.1% to 452, led by noise at 19.9% and bareland at 13.7%, small numbers that track where growth rubs against amenity.

Total emissions rose 3.1% to 6,774.8 Gg of CO₂ equivalent, with energy at 75.0%, waste 13.4%, industrial processes 10.5% and agriculture 1.2%. Within energy, electricity generation carries 53.7% and transport 32.6%.

Transport has the clearest momentum, up 3.9% on 5.1% more registered vehicles, now 746,961. Electricity emissions actually fell 1.1% as coal use dropped, the one line moving the right way even as oil use rose.

Mean temperature reached 24.4 degrees against a 1991 to 2020 norm it now exceeds, with a record 36.9 degrees at Rivière Noire on 7 February 2025.

Compensation, 2025

+5.7%

average per worker

Labour productivity

+1.6%

+4.3% in 2024

ULC in rupees

+4.0%

+31.9% since 2018

ULC in dollars

+4.8%

still 1.6% below 2018

Manufacturing ULC, USD

+7.7%

above 2018 for the first time

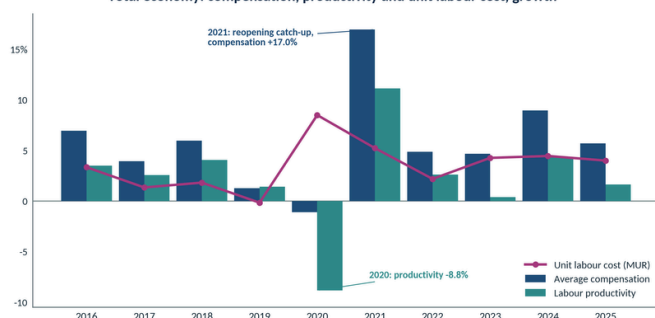
Qualitative factors

56.2%

of decade growth

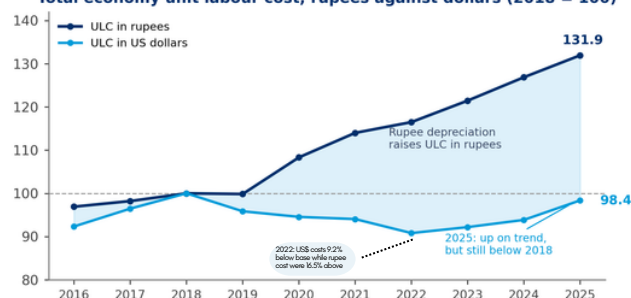
Pay has outrun productivity in every post-pandemic year, and the release measures the wedge on both sides of the exchange rate. In rupees, unit labour cost rose 4.0% in 2025 and stands 31.9% above 2018, the arithmetic result of compensation growing 5.7% a year over the decade against productivity of 2.2%. In dollars, the same cost stands 1.6% below 2018, because a 34.1% rise in the exchange-rate index absorbed the entire rupee increase until this year. Both statements are true at once, and the distinction between them is the answer to the question the numbers invite.

Total economy: compensation, productivity and unit labour cost, growth



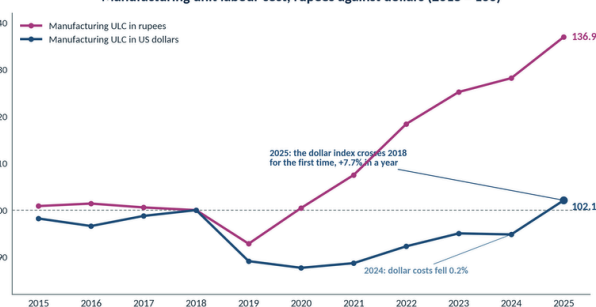
Source: Statistics Mauritius, Productivity and Competitiveness Indicators 2015-2025, Table 1.3. Annual growth, 2016 to 2025; decade averages of 5.7%, 2.2% and 3.5% are compound rates.

Total economy unit labour cost, rupees against dollars (2018 = 100)



Source: Statistics Mauritius, Productivity and Competitiveness Indicators 2015-2025, Table 1.4, Index 2018 = 100.

Manufacturing unit labour cost, rupees against dollars (2018 = 100)



Source: Table 2.4. Compensation +7.7% on productivity of 0.8% in 2025; the compound decade rate in dollars is 0.4% a year.

Unit labour cost is defined as the compensation index divided by the productivity index, so whenever pay grows faster than output per worker, ULC rises by construction. The question is never whether the wedge can exist but what drives each blade.

The pay line carries the minimum wage and its relativity adjustments, the annual salary compensation for inflation, the fourteenth-month payments and a labour market tightened by emigration; the 17.0% jump of 2021 is the reopening catch-up after pay fell in 2020.

The productivity line is held back from the capital side: capital productivity is only 0.4% above its 2018 level, and multifactor productivity grew 0.8% a year, so the decade's growth leant on inputs and catch-up rather than on efficiency.

The sector that trades most shows the sharpest version. Compensation rose 7.7% in 2025 on productivity of 0.8%, so rupee unit cost jumped 6.9% to 36.9% above 2018; in dollars the index crossed its 2018 level for the first time, at 102.1, after a decade averaging just 0.4% a year.

For the export oriented enterprises the same arithmetic lands on a textile sub-sector whose output fell 14.9% in the first quarter, so the cost line and the order book are moving against each other at once.

The 2024 comparison sharpens the turn: that year manufacturing dollar costs actually fell 0.2%; a single year later they rose 7.7%. On levels, Mauritius remains inexpensive: hourly manufacturing labour cost of USD 3.09 sits with the Philippines and Mexico, an eighth of Korea and a fifteenth of Germany. Nothing in the 2025 data changes the tier.

Direction is the exposure, a dollar cost line rising 7.7% a year meets competitors whose currencies also move, and the order preference already ceded in textiles shows how quickly a level advantage erodes when the trend turns.

The comparison table stops in 2018, which the release acknowledges; the trend tables above are the current instrument. Three numbers now govern the wage round:

- 2.2%, the decade's productivity trend, which is what settlements can concede in real terms without moving relative costs.
- 36.4%, the cumulative price rise since 2018, which is what employees have already conceded in purchasing power and will bargain to recover; the 5% inflation the Bank projects for 2026 keeps that pressure live.
- 102.1, manufacturing's dollar cost index, above its base for the first time, which is what foreign customers now see.

Three figures settle the decade's account. Prices have risen 36.4% since 2018 and average compensation 48.1%, leaving real pay 8.5% higher while productivity has advanced 12.2%; employees have therefore beaten inflation yet trailed their own output, so part of the productivity dividend has stayed with employers. Competitiveness tells the mirror story: rupee unit costs climbed 31.9%, and only depreciation of 34.1% held dollar costs 1.6% below their 2018 base. Hence the coming wage round contests the future rather than the past. Should pay match the near-5% inflation the Bank now projects and productivity hold its 2.2% trend, unit costs rise by close to 3% once more, and with the rupee steadier the increase lands in dollars rather than in rupees, as it did for the first time in 2025. The exchange rate has stopped doing wage policy's work.

Sources

1. Bank of Mauritius
2. International Monetary Fund
3. World Economic Forum
4. Statistics Mauritius
5. World Bank
6. Food and Agriculture Organization
7. Xeneta
8. Moody's
9. UNCTAD
10. The Economist
11. The Guardian
12. Wall Street Journal



The Mauritius Chamber of Commerce and Industry (MCCI)

2nd Floor, Anglo-Mauritius House, 6, Adolphe de Plevitz Street, Port Louis, Mauritius

 (230) 203 4830  (230) 208 0076  mcci@mcci.org  <https://www.mcci.org/en/>

Disclaimer: While the MCCI has made every attempt to ensure that the information contained in this publication is obtained from reliable sources, the MCCI is not responsible for any errors or omissions, or for the results obtained from the use of this information. In no event will the MCCI, its related partnerships, or employees, thereof be liable for any decision made or action taken in reliance on the information in this publication, or for any consequential, special, or similar damages, even if advised of the possibility of such damages.