

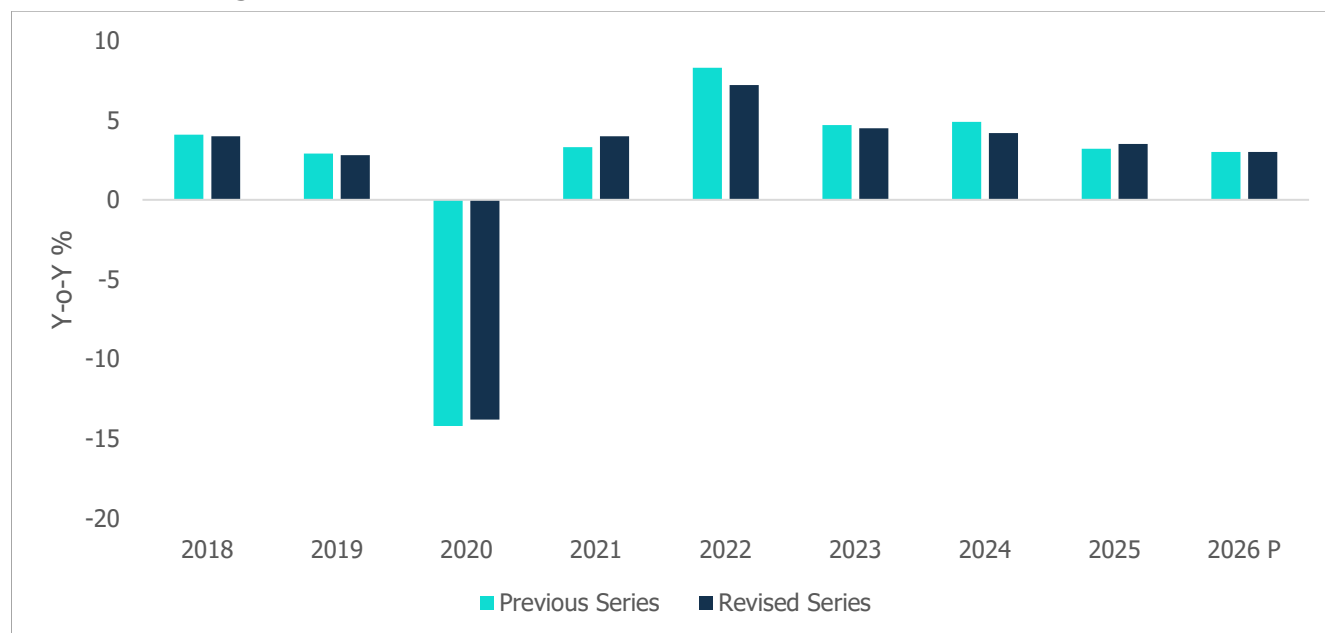
Mauritius economic update: New baseline, same direction

October 27, 2026 | Economics

National accounts rebasing and methodological revisions

The latest National Accounts Estimates, September 2026 issue, introduces a comprehensive revision of Mauritius' national accounts, reflecting significant enhancements to both data sources and compilation methodologies. The revision is underpinned by three major developments: the rebasing of GDP to 2023 using the results of the Census of Economic Activities 2023, the phased implementation of recommendations from the 2025 System of National Accounts (SNA) and improved coverage of merchanting activities undertaken by Global Business Companies (GBCs) following technical assistance from the International Monetary Fund (IMF). The exercise also incorporates information from the Census of Agriculture 2024, the Household Budget Survey 2023 and an enhanced Supply and Use framework, thereby providing a more comprehensive representation of economic activity in Mauritius.

Revision to GDP growth rate



Source: Statistics Mauritius

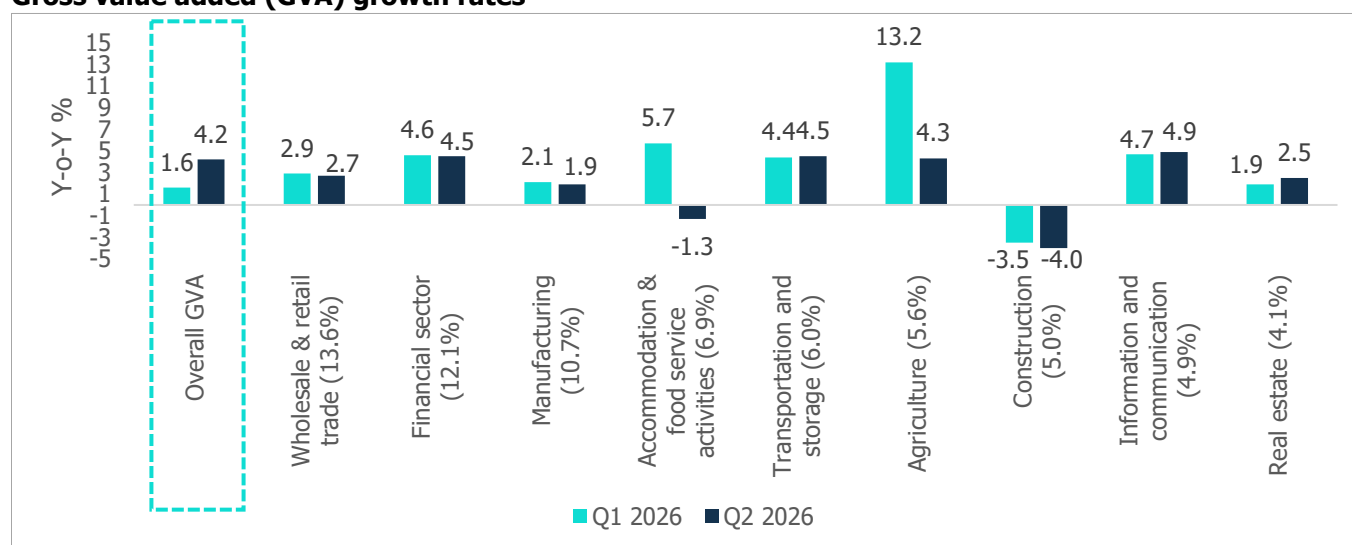
The revision of the national accounts resulted in a significant upward adjustment to the estimated size of the Mauritian economy. Under the revised series, nominal GDP for 2025 was increased by 9.1%, or MUR 67.3 billion, from MUR 743.0 billion to MUR 810.3 billion. The increase reflects the combined impact of the 2023 benchmarking exercise, the incorporation of selected recommendations from the 2025 System of National Accounts, and enhanced measurement of merchanting activities undertaken by Global Business Companies.

Taken together, the revisions suggest that while the Mauritian economy is larger than previously estimated, growth in recent years was generally weaker than that indicated by earlier data. The revised series points to a stronger recovery immediately after the pandemic, but a more moderate pace of expansion during 2022-2024. This implies that economic momentum may have softened sooner than previously thought. The upward revision to 2025 growth, however, suggests some improvement in activity, although overall growth remains below the rates recorded during the post-pandemic rebound.

Economic activity gained momentum in Q2 2026

Latest figures based on the updated methodology show that economic growth accelerated to 4.2% Y-o-Y in Q2 2026 from 1.6% Y-o-Y in Q1 2026. Growth was supported by continued strength of the services sector, particularly financial services and ICT-related activities, while wholesale and retail trade remained resilient, reflecting steady domestic demand. However, performance across sectors was uneven. Tourism-related activities weakened during the quarter, with accommodation and food services contracting by 1.3%, likely reflecting disruptions to travel sentiment and booking patterns amid the Middle East conflict. Meanwhile, the construction sector remained under pressure, with output declining by 4.0%, extending the contraction recorded in the previous quarter, partly due to weaker infrastructure and major construction activity. Despite these challenges, the strong performance of key services sectors boosted overall economic growth.

Gross value added (GVA) growth rates



Source: Statistics Mauritius

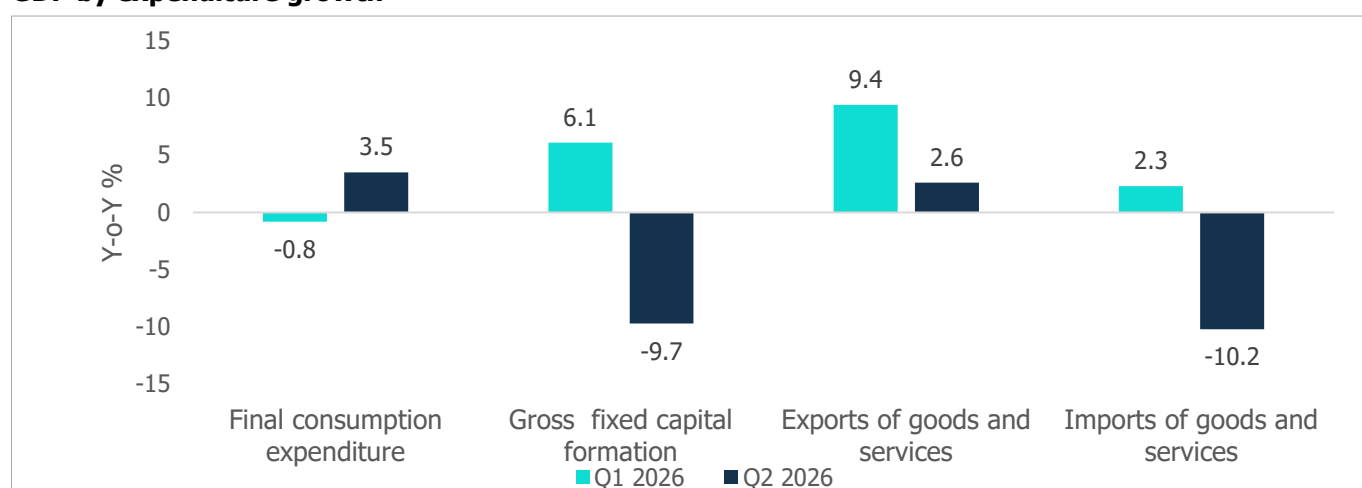
Note: Select sectors are represented; Q2 2026 shares of each sector as a % of GVA are indicated in parentheses (%).

Domestic demand has recovered, but investment is lagging

On the expenditure side, final consumption expenditure rebounded by 3.5% Y-o-Y in Q2 2026, following a contraction of 0.8% in the previous quarter, signaling a recovery in domestic demand. The improvement was driven by a sharp rebound in government consumption, which grew by 9.6% after contracting by 8.2% in Q1, alongside firmer household spending, which accelerated to 2.2% from 0.8%. Consumption expenditure by non-profit institutions serving households (NPISHs) also strengthened, rising by 3.4% compared with 2.9% in the preceding quarter, while expenditure by the Bank of Mauritius increased by 2.4% after declining by 2.2% in Q1.

In contrast, gross fixed capital formation (GFCF) contracted sharply by 9.7%, reversing the 6.1% expansion recorded in the previous quarter and highlighting continued weakness in investment activity. Export growth moderated to 2.6% from 9.4% in Q1, while imports of goods and services declined by 10.2% following a 2.3% increase in the previous quarter. Consequently, net exports supported economic growth, partly offsetting the drag from weaker investment spending.

GDP by expenditure growth



Source: Statistics Mauritius

Economic growth faces a more challenging environment

Looking ahead, Statistics Mauritius forecasts real GDP growth of 3.0% in 2026, down from 3.5% in 2025, reflecting slower growth across several key sectors, including tourism-related activities, financial services, and information and communication. Nevertheless, financial and insurance activities, wholesale and retail trade, transportation and storage, accommodation and food service activities, and agriculture will continue to support growth. Investment activity is likely to remain a constraint, with GFCF projected to contract by 1.1% in 2026.

The outlook is further clouded by a challenging external environment. Heightened geopolitical tensions and higher global energy and commodity prices are putting inflationary pressures on imports, weighing on household spending and business activity. Against this backdrop, the latest World Economic Outlook from the IMF projects a slightly lower growth rate of 2.7% for Mauritius in 2026 (from 3.2% in 2025), compared with the 3.0% forecast by Statistics Mauritius. Similarly, the World Bank expects growth to moderate to 2.7% in 2026, citing softer external demand, heightened global uncertainty, rising input costs and supply-chain disruptions, before gradually recovering to 3.1% in 2027.

Domestic risks have also increased following recent episodes of social unrest. Beyond the immediate disruption to commercial activity, uncertainty may weigh on consumer and business confidence, particularly in sectors such as retail trade, transport, tourism and other customer-facing services. Recent unrest in October 2026, including temporary curfew measures and disruptions to business activity, is expected to weigh on economic performance, with the impact likely to become more visible in the Q4 2026 data. In addition, weather-related risks remain elevated. Adverse climatic conditions, including the potential effects of El Niño on rainfall patterns and agricultural production, could pose further challenges to growth, given the sector's expected contribution to economic activity in 2026.

Tourism sector gains momentum as arrivals growth accelerates

Mauritius's tourism sector showed signs of strengthening in September 2026, as tourist arrivals increased by 9.6% Y-o-Y to 114,506 visitors, the strongest annual growth recorded so far this year. Following positive performance in July and August, the latest data suggest that visitor demand remained resilient despite an uncertain global economic environment. Cumulative arrivals reached 1.04 million in January-September 2026, representing a 3.4% increase compared with the corresponding period of 2025. Of the Bank of Mauritius's target of 1.47 million tourist arrivals

in 2026, 70.9% had been achieved by September. Enhanced air connectivity, sustained marketing efforts and the diversification of source markets have helped broaden Mauritius's tourism base beyond its traditional markets.

The positive trend in visitor numbers has been accompanied by robust growth in tourism receipts. The gross tourism earnings increased by 23.0% Y-o-Y to MUR 9.6 billion in August 2026, the strongest growth recorded so far this year. Cumulative tourism receipts rose 18.3% Y-o-Y to MUR 74.6 billion in January-August 2026. The substantial gap between growth in earnings and arrivals indicates that tourism revenue continues to benefit not only from higher visitor numbers but also from sustained spending per tourist.

Looking ahead, the tourism sector is expected to benefit from the peak travel season during the final quarter of the year, supported by continued air connectivity and strong year-to-date performance in arrivals and tourism receipts. However, downside risks have become more pronounced. A weaker global growth environment, higher energy prices-induced elevated travel costs and ongoing geopolitical uncertainties could dampen international travel demand. Additionally, recent episodes of social unrest may affect visitor perceptions and destination confidence if disruptions persist, potentially impacting travel decisions during the peak season. Nevertheless, strong visitor spending trends should continue to bolster tourism earnings.

Gross tourism earnings and arrivals



Source: Statistics Mauritius

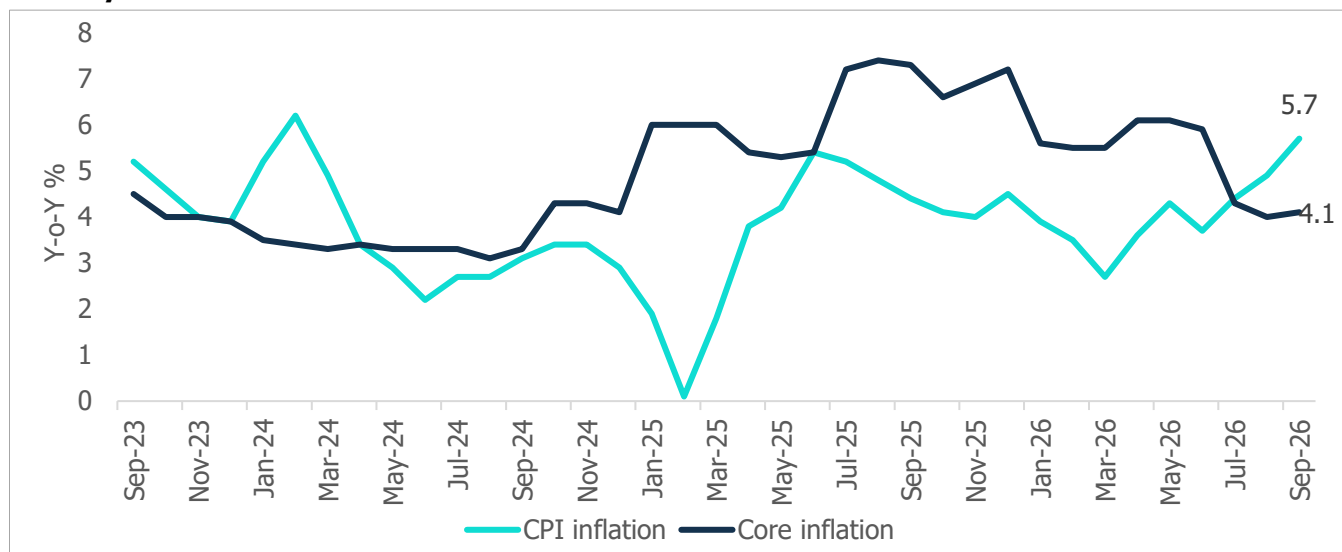
Headline inflation rose sharply, while core inflation remained stable

Headline inflation increased to 5.7% Y-o-Y in September 2026 from 4.9% in August, marking the third consecutive monthly increase and the highest reading since June 2025. The strongest increase was in 'food and non-alcoholic beverages' (+2.3%) followed by 'transport' (+1.6%) and 'education services' (+0.9%). 'Food and non-alcoholic beverages' inflation increased due to higher prices of milk, cheese, eggs and oils and fats, driven by a sharp increase in powdered milk and cooking oil prices. The increase in transport prices was driven by higher costs of fuel and lubricants used in transport equipment, most recently the adjustment in domestic fuel prices, with the price of gas oil (petrol) rising by 10% on September 29, 2026, marking the third consecutive increase in 2026. As a result, inflation exceeded the upper point of 5% of the Bank of Mauritius's target range of 2-5%, suggesting that price pressures have become more pronounced in recent months.

Core inflation increased marginally to 4.1% in September 2026 from 4.0% in August, remaining below headline inflation for the third consecutive month. This suggests that the recent pickup in inflation has been driven by more volatile and administered price components, particularly fuel-related costs.

In the near term, headline inflation is expected to remain near the upper end of the Bank of Mauritius's 2-5% target range. The latest IMF World Economic Outlook (October 2026) projects average inflation in Mauritius at 4.7% in 2026 and 5.5% in 2027, compared with a projection of 3.7% for 2026 in the April 2026 World Economic Outlook, indicating a notable upward revision to the inflation outlook. Nevertheless, the trajectory of underlying inflation will depend on external price pressures. The recent increase in global oil prices and shipping costs, driven by renewed geopolitical tensions in the Middle East, could further intensify imported inflation pressures in Mauritius.

Monthly CPI and core inflation

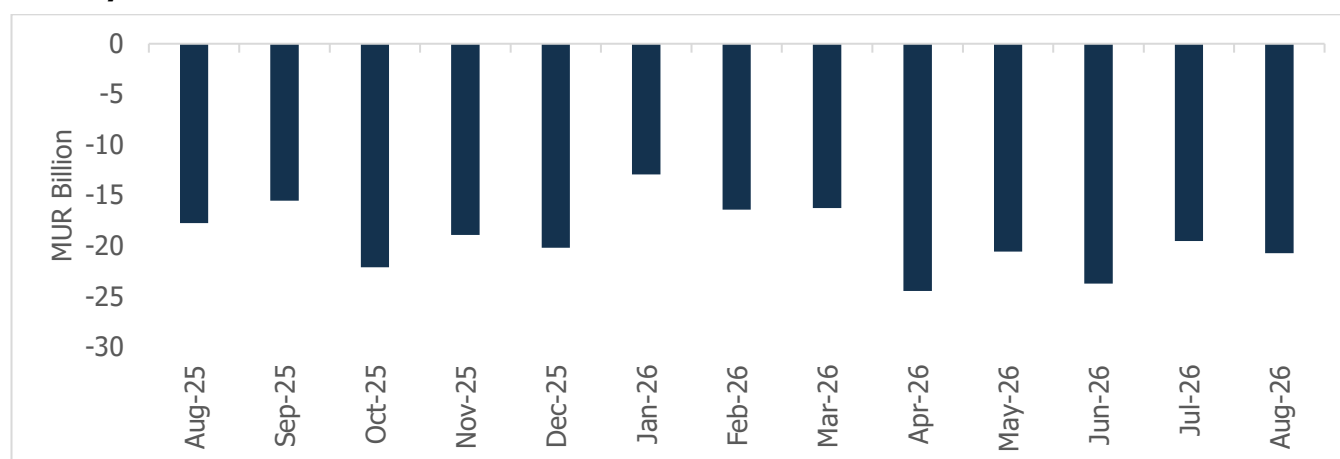


Source: Statistics Mauritius

Trade deficit widens amid higher fuel imports

In August 2026, Mauritius's merchandise trade deficit widened to MUR 20.7 billion from MUR 17.7 billion in August 2025, as import growth (+12.2% Y-o-Y) significantly outpaced export growth (+3.4% Y-o-Y). The increase in imports was driven by strong growth in imports of 'mineral fuels, lubricants and related materials' (+59.7% Y-o-Y) and 'manufactured goods classified chiefly by material' (+3.5% Y-o-Y). Meanwhile, export growth was supported by an increase in exports of 'machinery and transport equipment' (+34.1% Y-o-Y) and 'ship's stores and bunkers' (+22.6% Y-o-Y).

Monthly merchandise trade balance



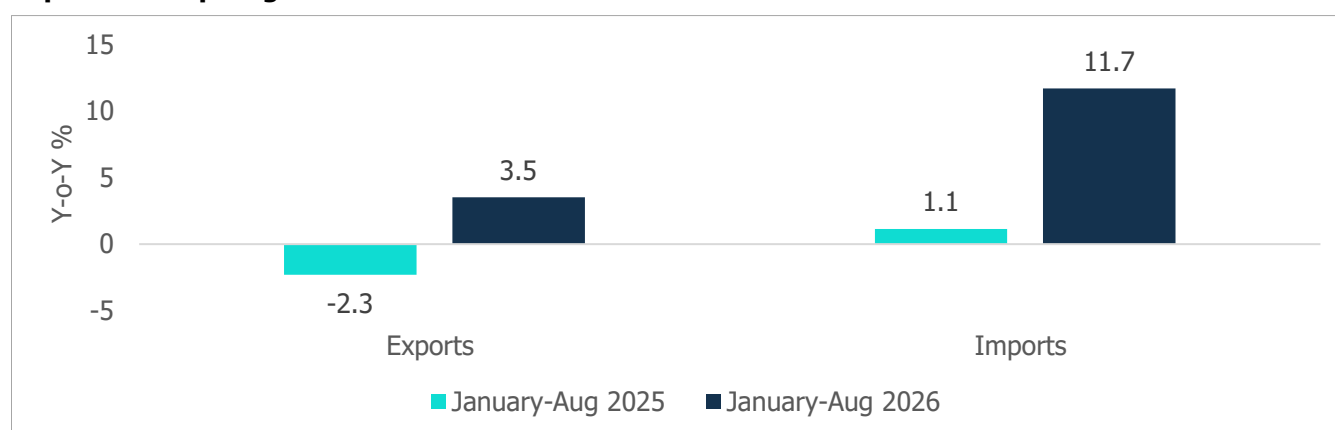
Source: Statistics Mauritius

Cumulatively, Mauritius's merchandise trade deficit widened to MUR 154.5 billion in January-August 2026, compared with MUR 133.2 billion in the corresponding period of 2025. The deterioration was driven by an 11.7% Y-o-Y increase in imports, which significantly outpaced the modest 3.5% growth in exports.

Imports increased due to higher purchases of 'mineral fuels, lubricants and related materials' (+41.0%), reflecting a larger fuel import bill. Imports also increased because of higher imports of 'chemical & related products' (+18.9%) and 'food and live animals' (+3.9%). These increases were partly offset by a decline in imports of 'miscellaneous manufactured articles' (-3.6%), which moderated the overall increase in imports.

On the export side, higher exports of 'crude materials, inedible, except fuels' (+5.9%), 'food and live animals' (+4.4%) and 'chemical and related products' (+13.2%) supported export growth. These gains were, however, partly offset by contractions in exports of 'miscellaneous manufactured articles' (-15.5%) and 'Manufactured goods classified chiefly by material' (-8.0%), which weighed on overall export performance.

Export and import growth



Source: Statistics Mauritius

Mauritius's external position is expected to remain challenging amid a persistent trade imbalance and a less favorable global environment. Trade deficit widened significantly as import growth continued to outpace export growth, highlighting the economy's continued reliance on imported fuel, food and capital goods. According to Statistics Mauritius's projections, imports are expected to increase by 0.9% to MUR 295.9 billion in 2026, while

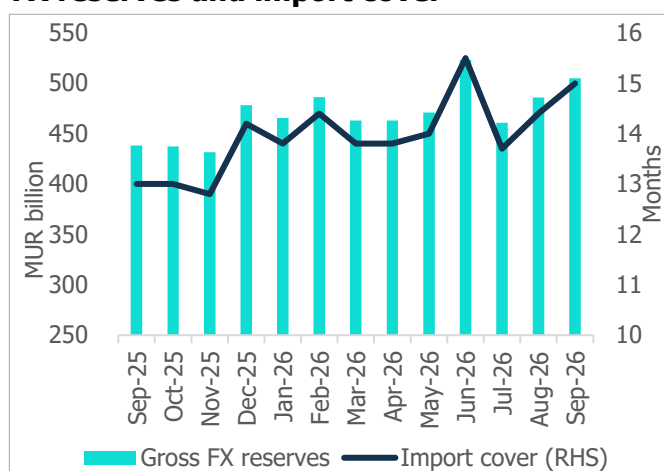
exports are projected to rise by 2.9% to MUR 139.4 billion. However, the substantial gap between imports and exports suggests that the external imbalance is likely to persist. At the same time, external risks remain elevated due to heightened and continuing geopolitical tensions, which could lead to higher energy prices, raise import costs and weigh on the current account balance. Nevertheless, the resilience of the tourism sector is expected to provide an important source of foreign exchange earnings, helping partially offset pressures from the goods account.

Reserve position strengthens despite currency depreciation

Mauritius's gross official international reserves increased to MUR 505.1 billion (USD 10.5 billion) in September 2026 from MUR 485.9 billion (USD 10.2 billion) in August. Consequently, the import cover rose to 15.0 months in September 2026 from 14.4 months in August, based on imports of goods and services, excluding GBC services. Under the Bank of Mauritius's enhanced metric incorporating GBC-related imports, import cover increased to 10.8 months in September from 10.4 months in August.

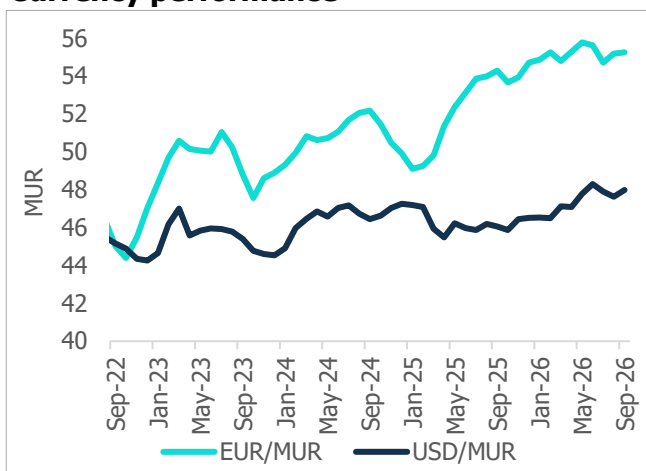
In September 2026, the Mauritian rupee (MUR) averaged MUR 48.0 per US dollar (USD) and MUR 55.3 per euro (EUR). Against the USD, the MUR appreciated by 0.2% over the three months to September 2026 and by 1.9% between April and September 2026. The MUR depreciated by 4.2% Y-o-Y against the USD between September 2025 and September 2026, while recording a 0.8% MoM appreciation in September 2026. Against the EUR, the MUR appreciated by 1.0% over the three months to September 2026 and remained broadly stable between April and September 2026, with a marginal appreciation of 0.1%. Compared with September 2025, the MUR depreciated by 1.8% against the EUR, while registering a 0.1% MoM appreciation in September 2026.

FX reserves and import cover



Source: Bank of Mauritius

Currency performance



The MUR continues to face depreciation pressures, reflecting the country's persistent merchandise trade deficit, strong demand for foreign currency to finance imports and the continued strength of the USD. The Bank of Mauritius has, nevertheless, actively supported orderly conditions in the foreign exchange market through targeted interventions, selling a cumulative USD 95 million between January and October 2026, compared with USD 190 million during the corresponding period of 2025. The lower level of intervention suggests some improvement in foreign exchange market liquidity, partly supported by tourism earnings and services exports. However, underlying pressures remain, as recent trade data point to a widening merchandise trade deficit, while heightened geopolitical tensions and the risk of higher energy prices could further increase the import bill and demand for foreign currency. Exchange rate developments are expected to continue to be influenced by tourism receipts, export performance, import demand, global commodity and energy prices, and broader USD dynamics. While continued strength in the

services sector should support foreign exchange inflows, the Bank of Mauritius is expected to remain vigilant in ensuring orderly market conditions amid an increasingly uncertain external environment.

Monthly data of key economic indicators

Indicators	Unit	January 2026	February 2026	March 2026	April 2026	May 2026	June 2026	July 2026	August 2026	September 2026
Headline inflation	Y-o-Y%	3.8	3.5	2.7	3.6	4.3	3.7	4.4	4.9	5.7
Core inflation*	Y-o-Y%	5.6	5.5	5.5	6.1	6.1	5.9	4.3	4.0	4.1
Key policy rate	%	4.50	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.75
Merchandise exports	MUR bn	8.7	7.1	9.3	9.9	9.3	9.8	10.9	-	-
Merchandise imports	MUR bn	21.6	23.6	25.5	34.3	29.8	33.5	30.4	-	-
Trade balance	MUR bn	-12.9	-16.5	-16.2	-24.5	-20.6	-23.7	-19.5	-	-
Exchange rate (period average)	USD/MUR	46.5	46.5	47.1	47.1	47.8	48.3	47.9	47.6	48.0
Gross official international reserves	MUR bn	465.7	486.2	463.0	463.1	471.1	523.1	460.9	485.9	505.1
Import cover (excl. GBCs services imports)	Months	13.8	14.4	13.8	13.8	14.0	15.5	13.7	14.4	15.0
Import cover (incl. GBCs services imports)	Months	9.9	10.4	9.9	9.9	10.0	11.1	9.8	10.4	10.8
Tourist arrivals	'000	125.9	107.7	114.9	115.8	115.2	89.1	136.2	123.1	114.5
Gross tourism earnings	MUR bn	11.3	9.3	9.6	9.3	8.6	7.8	9.1	9.6	-

Source: Statistics 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.

Contact

Saurav Chatterjee	Chief Executive Officer	saurav.chatterjee@careratingsafrica.com	+230 - 5955 3060
Vidhyasagar Lingesan	Chief Rating Officer	vidhya.sagar@careratingsafrica.com	+230 - 5273 1406
Sanroy Seechurn	Senior Economist	sanroy.seechurn@careratingsafrica.com	+230 - 5955 3060
Girisha Algoo	Economist	girisha.algoo@careratingsafrica.com	+230 - 5955 3060
Novishka Ramma	Junior Economist	novishka.ramma@careratingsafrica.com	+230 - 5955 3060
Vasudha Gupta	Junior Economist	vasudha.gupta@careratingsafrica.com	+230 - 5955 3060
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

CARE Ratings (Africa) Private Limited

5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius | Phone : +230 - 58626551 | www.careratingsafrica.com

About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CareEdge Africa) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CareEdge Africa is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CareEdge Africa intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CareEdge Africa's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CareEdge Africa gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CareEdge Africa's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CareEdge Africa has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

This report is prepared by CARE Ratings (Africa) Private Limited (CareEdge Africa). CareEdge Africa has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain however, it does not guarantee the accuracy, adequacy, or completeness of any information. CareEdge Africa is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CareEdge Africa has no financial liability whatsoever to the user of this report. The users of the report should rely on their own judgment and may take professional advice while using the information or report in any way. The use or access of the report does not create a client relationship between CareEdge Africa and the user.

CareEdge Africa disclaims warranty of any kind, express, implied or other warranties or conditions, to the extent permitted by applicable laws, including warranties of merchantability, accuracy, completeness, error-free, non-infringement, non-interruption, satisfactory quality, fitness for a particular purpose or intended usage.

Privacy Policy of CareEdge Group applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy