



## CENTRAL BANK OF SEYCHELLES

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### PRESS COMMUNIQUÉ

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#### **Monetary Policy Rate remains unchanged at 1.75% for Q4 2025**

The Board of the Central Bank of Seychelles (CBS) has decided to maintain an accommodative Monetary Policy stance, keeping the Monetary Policy Rate (MPR) at 1.75% for the fourth quarter of 2025. Considering ongoing economic developments and outlook from both the domestic and global fronts, at its meeting on September 29, 2025, the Board decided to continue providing support to the domestic economy. As such, the interest rate on the Standing Deposit Facility (SDF) and Standing Credit Facility (SCF) will be kept at 0.25% and 3.25%, respectively. In addition to maintaining the MPR at 1.75%, the Board also considered factors hindering the transmission of monetary policy in the domestic market. In a follow-up meeting held on October 06, 2025, the findings supported a lowering of the Minimum Reserve Requirement (MRR), from 13% to 10% on rupee-denominated deposit liabilities, effective October 08, 2025, which will allow for a liquidity buffer and provide the scope for increased credit to support economic activity. Domestic economic activity continued to be predominantly supported by the tourism sector, which remained the principal source of foreign exchange. Thus far in 2025, both the supply and demand for foreign exchange have increased compared to 2024. Over the same period, the Seychelles rupee has generally weakened against major traded currencies. Domestically, there has been a moderation in the average prices of goods and services, mainly driven by lower international fuel prices and global freight costs. On the external front, the monetary policy stance pronounced by various central banks is expected to vary, on account of differing outlooks on inflation as well as economic activity. As for the international commodity market, oil prices continued to decline in the third quarter of 2025, whilst food prices remained relatively stable. Nevertheless, geopolitical tensions and evolving foreign policies present risks to the global economic outlook.

Several central banks have eased monetary policy since the start of the second half of 2025, as foreign inflationary pressures continued to subside. The European Central Bank (ECB), Bank of England and Federal Reserve Bank reduced their key interest rates by 25 basis points in June, August and September 2025, respectively. Going forward, a gradual easing of monetary policy is expected across economies, albeit at varying paces. According to the International Monetary Fund (IMF)'s World Economic Outlook Update of July 2025, global headline inflation is expected to fall from 5.9 per cent in 2024 to 4.2 per cent in 2025.

International oil prices continued to decline in the third quarter of the year, and averaged US\$68 in August 2025. This primarily reflected subdued global demand and increased oil production by the Organisation of Petroleum Exporting Countries and partner countries (OPEC+), as well as non-OPEC countries. Looking ahead, fuel prices are anticipated to decrease as higher oil supply and weak global demand for oil persist. As for international food prices, they remained relatively stable in the third quarter of 2025 as demand for different agricultural commodities was matched by firm supply. In the upcoming months, global food prices are not expected to increase significantly on account of steady demand and improved supply conditions. However, this forecast is subject to upside risks, including supply-side shocks related to adverse weather events and trade disruptions. As such, the outlook on commodity prices remains dependent on developments in the global environment, particularly in view of ongoing conflicts, geopolitical tensions and trade policy uncertainties.

As at September 30, 2025, total visitor arrivals amounted to 283,290 which was an increase of 11 per cent compared to the same period in the preceding year. This outcome was principally due to improved air connectivity, which contributed to higher visitor arrivals from countries such as Israel, India, China and the United States of America, in addition to traditional source markets. From January to September 2025, tourism earnings were estimated to have risen by 18 per cent when compared to the same period in 2024. As for the tourism sector outlook, it remains positive for the remainder of the year, consistent with the resumption of flights by several airlines as of mid-September 2025, and the introduction of Discover Airlines towards the end of October 2025. Nonetheless, the performance of the tourism sector could be impacted by developments such as geopolitical tensions and their possible impact on airline routes.

As regards the foreign exchange market, the total supply and demand for foreign exchange as at September 30, 2025, was higher than the same period in 2024. The domestic currency depreciated against major traded currencies during the third quarter of 2025, primarily due to the seasonal pick-up in demand and developments in the international currency markets. Looking ahead, foreign exchange demand is projected to remain strong, whilst the supply will be largely dependent on the performance of the tourism sector. Consequently, if the increase in demand for foreign exchange surpasses that of supply, the Seychelles rupee may depreciate further.

In terms of domestic price developments, there has been a moderation in the average prices of goods and services during the third quarter of 2025. Consequently, the year-on-year inflation rate stood at 0.5% in September 2025, whilst the 12-month average inflation rate remained at 0.6% for the ninth consecutive month. As for the domestic price outlook, it is anticipated to gradually increase over the medium term.

Given the aforementioned developments and the inflation outlook, at its Monetary Policy Meeting held on September 29, 2025, the CBS Board decided to maintain an accommodative monetary policy stance for the fourth quarter of 2025, to continue supporting economic activity. Hence, the MPR will be kept at 1.75% and the interest rates on the SDF and SCF will remain at 0.25% and 3.25%, respectively. Furthermore, at its meeting held on October 06, 2025, the Board was apprised of developments pertaining to banking sector interest rates and the transmission of monetary policy

in the domestic market. Consequently, the Board approved to reduce the MRR applicable on rupee-denominated deposit liabilities, from 13% to 10%, effective October 08, 2025.

In line with its objectives, the Central Bank remains vigilant and stands ready to adjust its policies if necessary.