**March Round Assumptions**

The March 2025 Round of the QMFM model follows the November 2024 round.

***Assumptions***

**External Environment Assumptions:**

* Rwanda’s trading partners' demand is projected to grow at 4% p.a. 2024-28, close to the trend of the last 7 years.
* Trading partners’ CPI inflation (in US$) is projected to ease from 2.3% to 1.73% p.a 2024-28, close to the trend of the last 7 years.

**Fiscal Assumptions:**

* Revenues
  + New tax measures are expected to increase government revenues over the medium term (2025/26, 65.4B increase due to tax measures).
    - 2025/26: Increase in taxes by 0.1% FRW 65.4 billion (from March fiscal revision).

**Fiscal:**

* The fiscal assumptions are set for the fiscal years 2025/26 and 2026/27 and the last two quarters of 2024/25 (i.e., Q3 and Q4 of 2024/25) based on current fiscal targets.

***Revenue and Deficit Tuning:***

* For the fiscal year 2025/26, the average revenue ratio is tuned to 19.3%, while the average deficit ratio is tuned to 10.7%.

**Monetary Assumptions:**

1. ***Exchange Rate Tuning:***

* The exchange rate is hard-tuned (i.e., explicitly fixed or set) for the first quarter (Q1) of 2025.
* The first two months of Q1 (January and February 2025) are based on observed data, while the unobserved month of March 2025 is estimated using the hard-tuning approach to ensure consistency with the observed trends.

1. ***Exchange Rate Depreciation:***

* A soft-tune (i.e., a flexible or adjustable assumption) is applied to the exchange rate depreciation rate for Q2 of 2025.
* The annual depreciation rate for the exchange rate in 2025 (January-to-December) is assumed to be 8%. Of this total depreciation, 2.8% is assumed to occur in Q1 of 2025. The remaining 5.2% depreciation is distributed evenly across Q2, Q3, and Q4 of 2025, implying a depreciation of approximately 1.73% per quarter for these periods.