BANK AL-MAGHRIB

MONETARY POLICY REPORT

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SUMMARY

FOREWORD

According to the provisions of Article 6 of Law No. 40-17 on the Statute of Bank Al-Maghrib, promulgated by Dahir No. 1-19-82 of 17 Chaoual 1440 (June 21, 2019), "the Bank defines and conducts the monetary policy in full transparency and within the framework of the economic and financial policy of the Government. The Bank's primary objective is to Mayntain price stability."

This stability helps preserving citizens' purchasing power, encourages investment and boosts growth. Price stability does not mean zero inflation; rather, it refers to keeping it at a moderate and stable level over the medium term. To achieve such objectives, the Bank intervenes in the money market using the appropriate instruments, Maynly the key policy rate and the reserve requirement.

Monetary policy decisions are transmitted to the economy, particularly through their impacts on interest rates across various markets, the expectations of economic units and on the asset prices, whose change affects overall demand for goods and services and, eventually, inflation. Since these impacts do not materialize until after a certain time period, forecasts play an important role in monetary policy formulating and decision-making. They are thus produced by the Bank for an eight-quarter horizon on the basis of an integrated analysis and forecasting framework articulated around a central monetary policy model, itseFA supplied and supplemented by several satellite models. The central forecasting model used is of the semi-structural New-Keynesian one, which relies both on the theoretical underpinnings underlying general-equilibrium models and on the adjustment to data characterizing the empirical models.

With a view to ensuring transparency of monetary policy decisions, the Bank, after each Board meeting, issues a press release, and the Governor holds a press conference where he reviews the decision and explains its foundations. In addition, the Bank prepares and publishes on its website the quarterly Monetary Policy Report, which outlines all the analyses underlying its decisions. This report, which starts with an overview summing up recent economic, monetary and financial developments as well as the macroeconomic projections, includes two parts. The first part, consisting of six chapters, describes the recent economic developments, namely with regard to: (i) international developments; (ii) external accounts; (iii) money, credit and asset markets; (iv) the stance of fiscal policy; (v) demand, supply and the labor market; and (vi) inflation. The second part is devoted to presenting the medium-term outlook for the national economy, the risks surrounding it and the Mayn underlying hypotheses.

Members of the Board of Bank Al-Maghrib (Article 26 of the Bank's Statute)
The Governor, Chairman,

The Director General

Director of Treasury and External Finance, Representative of the Ministry in charge of Finance

Mrs. Mouna CHERKAOUI

Mr Mohammed DAIRI

Mrs Najat EL MEKKAOUI

Mr. Larabi JAÏDI

Mr Mustapha MOUSSAOUI

Mr. Fathallah OUALALOU

The Government Representative shall also attend the meetings of the Board, by virtue of Article 41.

PRESS RELEASE

BANK AL-MAGHRIB BOARD MEETING

Rabat, September 26, 2023

1. The Board of Bank Al-Maghrib held its third quarterly meeting of the year 2023 on Tuesday, September 26.

2. At the beginning of the meeting, the members of the Board paid tribute to the victims of Al Haouz earthquake, imploring the Almighty to surround them with His holy mercy. The Board members expressed their full support for any action the Bank might take to contribute alongside the Government to the implementation of the high instructions of His Majesty the King. It also expressed its appreciation of the national and international surge of solidarity in the wake of this disaster.

3. The Board also welcomed the decision to maintain the World Bank and the IMF Annual Meetings in Marrakech from 9 to 15 October 2023, a decision that reflects the international institutions' confidence in our country's resilience and its ability to cope with and manage large-scale shocks. It also welcomed the recent staff-level agreement with the IMF to provide long-term financing of SDR 1 billion (equivalent to USD 1.3 billion) to support the Kingdom's action on climate change.

4. The Board then discussed economic developments since its last June meeting. In this regard, it noted the marked deceleration in inflation, which fell from a year-on-year peak of 10.1 percent in February to 5 percent in August, supported by the measures implemented by the Government, the easing of external pressures and the tightening of monetary policy. According to Bank Al-Maghrib's forecast, this slowdown would continue, and inflation is expected to fall from 6.6 percent in 2022 to an average of 6.0 percent this year and to 2.6 percent in 2024. Its underlying component is expected to follow a similar trajectory, declining from 6.6 percent to 5.6 percent and to 2.3 percent respectively.

5. The Board also noted that inflation expectations both in the medium and long term fell significantly during the third quarter of 2023 and took note of the preliminary assessments which show that the transmission of its latest three decisions to raise the key rate to monetary conditions and to the real economy remains partial.

6. In view of the above data and given the high degree of uncertainty surrounding the international developments and the domestic context in the aftermath of the earthquake, the Board decided to keep the key rate unchanged, at 3 percent. At its forthcoming meetings, the Board's decisions will take into account the data on the economic and social impacts of the earthquake, as well as the measures taken by all stakeholders.

7. Internationally, energy prices registered a further rise, mainly due to mainly due to a less unfavorable outlook of the global economy and supply cuts by some OPEC+ countries. The Brent crude price, in particular, is expected to stand at $82.3 per barrel in 2023, declining by 16.8 percent year-on-year, and then to hover around this level in 2024. Excluding energy, prices remain on a downward trend, driven by declines in agricultural products and metals and ores. For phosphate and its derivatives, raw phosphate price remains at relatively high levels and would reach, according to the World Bank's projections of last April, $260/t in 2023 and $240 in 2024, after $266 in 2022. Derivatives prices would drop from $772/t in 2022 to an average of $580 in 2023 and to $570 in 2024 for DAP, and from $716 to $560 and $510 respectively for TSP.

8. Against this backdrop, inflation is expected to continue easing, albeit remaining at levels well above central bank targets, particularly in the advanced economies. In the USA, inflation is set to slow from 8 percent in 2022 to 4.1 percent in 2023 and to 2.6 percent in 2024, driven in particular, by a substantial fall in rental prices, while in the Euro area it would decelerate from 8.4 percent to 5.6 percent then to 3.1 percent respectively.

9. Regarding monetary policy decisions of the central banks of the main advanced economies, the FED kept, at its September 19-20 meeting, its target range for the federal funds rate unchanged at [5.25%-5.50%]. It stated its intention to continue monitoring the implications of its latest decisions on the economic outlook, and its readiness to adjust the stance of its monetary policy should risks emerge that could impede the achievement of its objectives. On September 14, citing inflation that had been too high for too long, the ECB raised its three key rates by 25 basis points for the tenth consecutive time, indicating that it would keep them at sufficiently restrictive levels for as long as necessary.

10. Despite tighter monetary conditions and persistently high inflation, the global economic outlook turned out to be overall less unfavorable than those expected in June. In the United States, growth is expected to reach 1.9 percent in 2023, a forecast that has been revised considerably upwards, before slowing down to 0.9 percent in 2024, whereas in the euro area, it would reach 1.2 percent this year and 0.9 percent in 2024. In the main emerging countries, growth in the Chinese economy would to be limited to 5.5 percent in 2023 and 5 percent in 2024, due to the ongoing crisis in the real estate market and the weakening domestic demand, while the Indian economy is expected to grow by 6.1 percent in 2023 and by 6.4 percent in 2024.

11. At the national level, after a 1.3 percent deceleration in 2022, growth is likely to steadily improve to 2.9 percent in 2023 and 3.2 percent in 2024, without considering the aftermaths of Al Haouz earthquake and the implications of the announced reconstruction and recovery measures. This development would be the result of an increase in the agricultural added value of 5 percent in 2023 and 5.9 percent in 2024 assuming an average cereal production of 70 million quintals. Growth in non-agricultural activities is expected to slow down to 2.6 percent in 2023, before accelerating to 3 percent in 2024.

12. Regarding external accounts, after the strong momentum reported in the last two years, the trade in goods is expected to almost stagnate in 2023, before a relative recovery in 2024. Exports are likely to remain almost stable this year, with a particularly substantial drop in the sales of phosphate and derivatives and a sustained rise in those of the automotive sector. They are then expected to strengthen by 5.8 percent in 2024, reflecting mainly the expected recovery of the phosphate and derivatives exports to 84.6 billion dirhams and the ongoing good performance of the automotive sector, whose sales would amount to 155 billion. At the same time, imports in 2023 are expected to remain at the same level as in 2022, with a decrease in the energy bill to 149.1 billion dirhams and a drop in the purchases of semi-finished products, as well as an increase in the purchases of consumer and capital goods. In 2024, they would increase by 2.2 percent, driven by the higher imports of semi-finished products and consumer goods. In addition, considering the major achievements of the summer period and the expected impact of the large-scale international events that our country will host in the upcoming months, travel receipts are expected to rise by 23.4 percent to 115.5 billion dirhams in 2023, before declining by 4.9 percent to 109.9 billion dirhams in 2024. Remittances are expected to rise by 2.5 percent in 2023 and by 3.6 percent in 2024 to 117.5 billion. Under these conditions, the current account deficit would be around 2 percent of GDP in 2023 and 2024, after 3.5 percent in 2022. Regarding FDI receipts, they are expected to remain at the equivalent of 3 percent of GDP. Overall, and taking into consideration the Treasury's current and projected external financing, official reserve assets would stand at 361.8 billion dirhams by the end of 2023 and at 363.8 billion dirhams by the end of 2024, covering about 5 months and half of imports of goods and services.

13. In terms of monetary conditions, lending rates rose by 23 basis points quarter-on-quarter to 5.26 percent in the second quarter of 2023, representing a cumulative increase of 102 basis points since the start of the monetary policy tightening cycle. The banks' liquidity needs are expected to further increase due to the rise in cash circulation, standing at 97.2 billion dirhams by the end of 2023 and at 113 billion by the end of 2024. Considering these developments and the outlook of the economic activity, the pace of bank lending to the non-financial sector is expected to decelerate from 7.9 percent in 2022 to 3.1 percent in 2023, before improving to 4.6 percent in 2024. As for the real effective exchange rate, it is expected to appreciate by 1.1 percent in 2023, as a result of both the appreciation of its value in nominal terms as well as a level of domestic inflation higher on average than that of trading partners and competitors, and by 1.0 percent in 2024, in line with its increase in nominal terms.

14. With regard to public finances, fiscal execution for the first eight months of 2023 shows a 4.9 percent improvement in ordinary revenues, driven particularly by higher tax receipts. At the same time, overall expenditures rose by 5.9 percent, reflecting an increase in capital expenditures, goods and services expenditures, and interest charges on debt. Considering these achievements and the expected evolution of the economic activity, the fiscal deficit would, according to Bank Al-Maghrib's forecasts, ease slightly from 5.2 percent of GDP in 2022 to 5.1 percent in 2023 and 4.9 percent in 2024.

OVERVIEW

The global economy continues to show signs of relative resilience in an international context marked by a decline in inflation, albeit still at high levels, and the continued tightening of financial conditions, mainly reflecting the implications of the war in Ukraine. The latest data point out to an acceleration in **economic growth** in the United States from 1.8 percent year-on-year in the first quarter of 2023 to 2.5 percent in the second quarter, driven in particular by the consolidation of household consumption. On the other hand, economic growth in the euro area continues to decelerate, falling from 1.1 percent to 0.6 percent, with uneven changes from one country to another. In Spain, growth slowed from 4.2 percent to 1.8 percent, and in Italy from 2 percent to 0.4 percent. In Germany, the fall in GDP eased from 0.3 percent to 0.1 percent, and in France, growth accelerated further from 0.8 percent to 1 percent. In the United Kingdom, the pace of activity remained weak but improved slightly, rising from 0.2 percent to 0.4 percent.

In the main emerging countries, growth rebounded sharply in China to 6.3 percent in the second quarter, compared with 4.5 percent a quarter earlier, largely as a result of the lifting of health restrictions. In Russia, the data remain those for the first quarter of 2023, indicating that the economy continues to suffer from the effects of war and sanctions, contracting by 1.8 percent after 2.7 percent in the previous quarter.

On the **labor markets**, the situation remains favorable in the advanced countries. The unemployment rate rose slightly in the United States to 3.8 percent in August from 3.5 percent in July, with job creation increasing from 157,000 to 187,000. In the euro area, July data showed that this rate had stabilized at 6.4 percent, although the levels varied from country to country.

On the **financial markets**, except for the Dow Jones Industrials, which rose by 0.6 percent in August compared with the previous month, the stock indices of the main advanced economies fell overall, with the Eurostoxx 50 down 1.6 percent, the FTSE 100 down 0.9 percent and the Nikkei 225 down 1.5 percent. These developments were accompanied by an increase in risk aversion on both US and European markets, with the VIX rising from 13.9 in July to 15.9 in August and the VSTOXX from 15.7 to 18.6 over the same period. In emerging markets, the MSCI EM fell by 2.3 percent between July and August, mainly reflecting declines of 1.6 percent for Brazil, 1.1 percent for China and 0.9 percent for India.

Sovereign yields headed upwards overall in August for both advanced and emerging economies, except for China. Month-on-month, 10-year yields rose by 27 basis points (bps) to 4.2 percent in the United States, by 7 bps to 2.5 percent in Germany, by 7 bps to 3.1 percent in France, by 9 bps to 3.6 percent in Spain and by 7 bps to 4.1 percent in Italy. As for the emerging economies, they recorded increases of 28 bp to 11.1 percentage points for Brazil, 8 bp to 7.2 percentage points for India and 107 bp to 18.2 percentage points for Türkiye, while it fell by 7 bp to 2.6 percentage points for China.

On the **foreign exchange markets**, at the end of August, the euro had shown contrasting trends since the start of the year. It gained 10.6 percent against the Japanese yen and 3 percent against the dollar, while depreciating by 1.3 percent against sterling. The currencies of the major emerging economies generally lost ground against the dollar, with the Chinase renminbi depreciating by 4 percentage points, the Indian rupee by 0.8 percentage points and the Turkish lira by 44.1 percentage points. By contrast, the Brazilian real appreciated by 6.5 percent against the US currency.

On the commodities markets, the price of Brent crude oil rose by a further 7.6 percent on the month to 86.2 dollars a barrel in August, down 12.6 percent year-on-year. This development is reportedly mainly attributable to the easing of concerns over the risk of a global economic recession and the tightening of supply following the announcement by Saudi Arabia and Russia that they would continue to reduce their exports in September. Excluding energy, prices fell by 7.3 percent year-on-year, reflecting in particular a 4 percent decline in the price of metals and ores and a 6.2 percent fall in agricultural products. As regards phosphates and derivatives, prices fell by 29.4 percent in August to 528.8/t dollars for DAP, by 36 percent to 450.6/t dollars for TSP and by 8.2 percent to 346.3/t dollars for raw phosphate.

Against this backdrop, and after a gradual easing, **inflationary pressures** showed some recovery in both advanced and emerging economies. Inflation in the United States accelerated again in August to 3.7 percent, after 3.2 percent a month earlier, reflecting in particular the rise in oil prices. Similarly, it remained at 5.3 percent in the euro area between July and August, which included accelerations from 5.1 percent to 5.7 percent in France and from 2.1 percent to 2.4 percent in Spain, as well as slowdowns from 6.3 percent to 5.5 percent in Italy and from 6.5 percent to 6.4 percent in Germany.

In terms of **monetary policy stance**, the Fed decided at its 19-20 September meeting to keep the target range for the federal funds rate unchanged at [5.25 percent-5.50 percent], against a backdrop of persistently high inflation. The ECB, on the other hand, raised its three key rates by 25 basis points on 14 September and pointed out that the portfolio of the asset purchase program (APP) is shrinking at a measured and predictable pace, with the Euro system having stopped reinvesting.

At the national level, the context has been marked since 8 September by the consequences and implications of the Al Haouz earthquake. The human toll has been very high, and the economic impact is likely to be mitigated in the short term by the outpouring of national and international solidarity. Assessing these impacts requires data that can only be collected over a certain period of time.

In terms of the **national accounts**, the latest data for the first quarter show a year-on-year acceleration in growth to 3.5 percent, after 0.5 percent in the same quarter of 2022. This reflects a 6.9 percent increase in agricultural value added, rather than a decline of 12.2 percent, and an increase of 3.2 percent in non-agricultural value added, after 2.4 percent. On the demand side, growth continued to be driven by foreign trade, whose contribution to growth increased from 2.3 percentage points to 3.6 percentage points, while the contribution of domestic demand remained negative but eased from -1.8 percentage points to -0.1 percentage points against a backdrop of high inflation.

On the labor market, the situation remains unfavorable overall, with a loss of 86,000 jobs between the second quarter of 2022 and the same period in 2023, after the creation of 133,000 jobs a year earlier. This evolution covers a fall of 266,000 jobs in agriculture and an increase of 179,000 in non-agricultural activities, more than half of which are in services. Considering a net inflow of 71,000 jobseekers alongside a 1.4 percent increase in the working-age population, the activity rate fell from 45.2 percent to 44.8 percent, and the unemployment rate rose from 11.2 percent to 12.4 percent at the national level, from 15.5 percent to 16.3 percent in towns and from 4.2 percent to 5.7 percent in rural areas.

Regarding **foreign trade**, the data for the first seven months of the year show that the trade deficit narrowed by 6.5 percent, as a result of a 0.8 percent increase in exports and a 2.3 percent fall in imports. As a result, the coverage ratio rose to 59.6 percent, from 57.8 percent at the end of July 2022. The improvement in exports was driven mainly by increases of 37.4 percent in shipments in the automotive sector and 11.5 percent in the textiles and leather sector. By contrast, sales of phosphates and derivatives fell by 40.2 percent, mainly reflecting a 36.5 percent contraction in sales of “natural and chemical fertilizers”, mainly due to a 35.2 percent drop in their export prices and, to a lesser extent, a 2 percent fall in quantities. The trend in imports mainly reflects a 20.9 percent reduction in the energy bill and a 13.1 percent drop in purchases of semi-finished products. At the same time, travel receipts rose to 57.2 billion dirhams, compared with 37.9 billion dirhams a year earlier, and remittances continued to perform well, increasing by 10 percent. As for the main financial operations, FDI receipts fell by 23.9 percent, while Moroccan direct investment abroad grew by 57.4 percent.

Under these conditions, Bank Al-Maghrib's official reserve assets stood at 350.2 billion dirhams at the end of July 2023, representing the equivalent of 5 months and 11 days of imports of goods and services.

In terms of **monetary conditions**, banks' liquidity needs grew, rising from a weekly average of 69.6 billion dirhams in the first quarter of 2023 to 73.5 billion dirhams in the second quarter and to an average of 88.8 billion dirhams in July and August. Against this backdrop, Bank Al-Maghrib stepped up its injections from 83.5 billion dirhams to 87.7 billion dirhams and 102.2 billion dirhams respectively. Monetary conditions also featured an appreciation of the real effective exchange rate and a quarterly increase in lending rates of 23 basis points to 5.26 percent in the second quarter of 2023. Bank credit to the non-financial sector grew by 5 percent in the second quarter of 2023, after 6.2 percent in the first, as a result of slowdowns from 6.7 percent to 3.5 percent in the growth rate of loans to private companies and from 3.6 percent to 3.2 percent in the growth rate of loans to households.

On the **fiscal front**, the situation of the Treasury's expenses and resources for the first eight months of 2023 shows a deficit of 41.6 billion dirhams, up by 11.3 billion dirhams compared with the same period in 2022. This is mainly the result of a 4.9 percent improvement in ordinary revenue, reflecting increases of 3.8 percent in tax receipts and 12.1 percent in non-tax receipts. On the other hand, ordinary expenditure rose by 1.6 percent, mainly due to increases of 7.4 percent in expenditure on goods and services and 7.5 percent in interest burden on debt, as well as a 31.2 percent fall in compensation costs. Under these conditions, the ordinary balance showed a surplus of 7.8 billion, compared with 715 million a year earlier. Capital expenditure rose by 25.4 percent to 59.2 billion, taking total expenditure to 277.7 billion, an increase of 5.9 percent. Taking into account the 10.2 billion reduction in the stock of pending transactions, cash deficit widened to 51.8 billion, compared with 33.9 billion a year earlier. This need was covered by net domestic resources of 19.6 billion and net external financing of 32.1 billion. As a result, outstanding direct public debt would have increased by 7.6 percent compared with its level at the end of December 2022.

On the **Casablanca stock exchange**, the MASI fell by 1.1 percent in August, after rising by 4.3 percent in July, bringing its year-to-date performance to 11.5 percent. This reflects index decreases of 2.6 percent in the "buildings and construction materials" sector, 3.2 percent in the "real estate investment companies" sector and 4.8 percent in the "agri-food" sector. By contrast, those of the insurance and banking sectors rose by 3.9 percent and 0.7 percent respectively. Trading volume totaled 3.2 billion in August, and market capitalization stood at 618.7 billion, up 10.3 percent since the start of the year.

On the **real estate market**, the real estate price index depreciated by 0.3 percent in the second quarter of 2023. This reflects falls of 0.5 percent in residential property prices and 0.4 percent in commercial property prices. Conversely, land prices rose by 0.3 percent quarter-on-quarter. The number of transactions fell by 12 percent, reflecting declines of 10.3 percent for residential property, 15.7 percent for land and 16.9 percent for commercial property.

Against this backdrop, inflation decelerated for the first time in the second quarter of 2023, after six quarters of successive rises, falling to an average of 6.8 percent after peaking at 9.1 percent a quarter earlier. The slowdown continued in July and August, when it fell back to an average of 4.9 percent, reflecting the slowdown in all components except regulated products, where prices rose at the same rate as in the previous quarter, i.e. by 1 percent. Thus, volatile food prices dropped from 23.7 percent to 16.3 percent. Prices for fuels and lubricants fell by 16.4 percent, following a 13.6 percent decline, while underlying inflation slowed to 4.9 percent from 6.2 percent in the second quarter. As for inflation expectations, those over an eight-quarter horizon shrank to 3.9 percent in the third quarter of 2023 from 4.7 percent a quarter earlier, and those over a 12-quarter horizon to 3.5 percent from 4.1 percent.

In terms of outlook, despite persistently high inflation and tighter monetary conditions, the global economy is showing relative resilience. Global economic growth is expected to reach 3 percent in 2023, up 0.3 percentage points compared to June, before slowing to 2.4 percent in 2024. In the US, real GDP growth is expected to be 1.9 percent in 2023 and 0.9 percent in 2024, while in the euro area, growth is expected to reach 1.2 percent this year, before returning to 0.9 percent in 2024. In the UK, despite the purchasing power crisis, the economy is expected to avoid recession, with growth forecast at 0.4 percent in 2023 and 2024.

With regard to the main emerging countries, growth in China is expected to rise to 5.5 percent in 2023, a downward revision of 0.6 percentage points compared to the June forecast, reflecting in particular the persistence of the crisis in the real estate market and the weakening of domestic demand. The Indian economy is expected to grow by 6.1 percent in 2023 and 6.4 percent in 2024, supported by increased investments in infrastructure. In Brazil, growth should reach 2.6 percent in 2023, driven by strong agricultural production, before declining to 1 percent in 2024. Despite the continuing conflict in Ukraine, the Russian economy is expected to grow by 2.8 percent in 2023, driven mainly by manufacturing and defense spending. However, growth should be limited to 0.8 percent in 2024, mainly due to the persistence of sanctions.

In **commodity markets**, oil price forecasts have been revised upwards compared with June due to OPEC+ supply constraints and a more favorable global economic outlook. The price of **Brent** crude, in particular, is expected to hover around 83 dollars a barrel in 2023 and 2024. As for **phosphates and its derivatives**, the World Bank's economic outlook for April 2023 indicate a decline in prices over the forecast horizon as supply disruptions ease and input prices, particularly energy prices, fall. The price of raw phosphate is expected to fall from 266/t dollars in 2022 to 260/t dollars in 2023 and 240/t dollars in 2024. Similarly, derivatives prices are set to fall from 772/t dollars to 580/t dollars in 2023 for DAP and from 716/t dollars to 560/t dollars for TSP. In 2024, this trend should continue, with prices falling to 570/t dollars for DAP and 510/t dollars for TSP. As for **food products**, the FAO index is expected to contract by an average of 11.6 percent in 2023, before rising by 1.7 percent in 2024.

Under these conditions, **inflationary pressures** would continue to ease over the medium term, but levels will remain high. In the United States, with a substantial fall in the price of housing services, inflation is expected to slow from 8 percent in 2022 to 4.1 percent in 2023 and then to 2.6 percent in 2024, while its underlying component would fall from 6.1 percent to 4.8 percent and then to 2.9 percent. In the euro area, it is set to decelerate from 8.4 percent to 5.6 percent in 2023 and 3.1 percent in 2024, while its core trend is expected to remain high, averaging 5.2 percent in 2023 before returning to 3.1 percent in 2024, after 3.9 percent in 2022.

Nationally, after the strong momentum of the last two years, trade in goods is expected to stabilize in 2023. Exports are set to show a virtual stagnation, due on the one hand to the projected strong growth of automotive sector shipments, and on the other to a fall in sales of phosphates and derivatives, in line with the expected decline in fertilizer prices and, to a lesser extent, in quantities. Imports are projected to remain virtually stable, with an increase in purchases of consumer and capital goods, a reduction in the energy bill to 149.1 billion euro, and purchases of semi-finished products to 151.7 billion euro. At the same time, travel receipts are expected to continue to grow, rising by 23.4 percent to 115.5 billion dollars, and MRA remittances should reach 113.5 billion dollars over the year as a whole, after 110.7 billion dollars in 2022. The current account deficit should therefore end the year at 2 percent of GDP, after 3.5 percent in 2022. FDI receipts are expected to come in at 40.4 billion dirhams, equivalent to 2.8 percent of GDP, after 3 percent of GDP in 2022. In 2024, exports are expected to improve by 5.8 percent, mainly reflecting an increase in sales of phosphates and derivatives to 84.6 billion dirhams, driven by a rise in the quantities shipped, and in the automotive sector shipments to 155 billion dirhams. Imports would increase by 2.2 percent, driven by higher purchases of semi-finished products and consumer goods, while the energy bill would stand at 147.2 billion dirhams.

Travel receipts are expected to fall by 4.9 percent to 109.9 billion, while remittances are expected to rise by 3.6 percent to 117.5 billion. The current account deficit is thus expected to be 2.1 percent of GDP. FDI receipts should amount to the equivalent of 3 percent of GDP.

On the assumption that external financing and repayments under the LPL materialize, official reserve assets will increase to 361.8 billion dirhams by the end of 2023, before consolidating to 363.8 billion dirhams in 2024, equivalent to 5 and a half months of imports of goods and services.

In terms of **monetary conditions**, after depreciating by 3.9 percent in 2022, the real effective exchange rate is set to appreciate by 1.1 percent in 2023, as a result of both the rise in its nominal value and a domestic inflation higher on average than that of trading partners and competitors. In 2024, it is expected to rise by a further 1.0 percent, in line with its increase in nominal terms. The bank liquidity deficit is expected to widen to 97.2 billion dirhams by the end of 2023 and to 113 billion dirhams by the end of 2024, driven in particular by the increase in currency in circulation of 10 percent and 7.5 percent respectively. As for bank credit to the non-financial sector and taking into account the forecast trend in economic activity and the banking system's expectations, it should grow at a rate of around 3.1 percent in 2023 and 4.6 percent in 2024, compared with an increase of 7.9 percent in 2022.

As regards **public finances**, taking into account budget implementation to the end of August 2023 and BAM's new macroeconomic projections, the fiscal deficit should be 5.1 percent of GDP in 2023 and 4.9 percent in 2024.

In terms of economic activity, following a jump to 8 percent in 2021 and a deceleration to 1.3 percent in 2022, national economy growth is expected to accelerate to 2.9 percent this year, before consolidating at 3.2 percent in 2024. This includes an increase of 5 percent in agricultural value added in 2023, then 5.9 percent in 2024, based on the assumption of an average cereal production of 70 MQx. Growth in non-agricultural activities is expected to slow to 2.6 percent in 2023, before accelerating to 3 percent in 2024. On the demand side, net exports would continue to drive growth in 2023, while the domestic component should remain weak. In 2024, net exports' contribution to growth is set to remain positive, albeit at a lower rate, while domestic demand would post some consolidation.

Under these conditions, after a sharp acceleration to 6.6 percent in 2022, inflation is expected to decelerate further while remaining at high levels. It is set to average 6 percent in 2023, mainly due to higher volatile food prices, before falling to 2.6 percent in 2024. The underlying component is expected to slow to an average of 5.6 percent in 2023, before decelerating sharply to 2.3 percent in 2024.

The risks to the outlook remain high, with the balance tilted to the downside for growth and to the upside for inflation. The possible intensification or widening of the war in Ukraine and geopolitical tensions could keep commodity and food prices at high levels. Tighter monetary policies in advanced countries and tighter financial conditions would also pose additional risks to the global economy.

At national level, the risks relate mainly to the effects of climate changes on the outlook for agricultural production. In the medium term, the positive impact of efforts made to boost investment would help to accelerate growth.

As for inflation, the risks surrounding its outlook remain on the upside. Indiaed, higher energy commodity prices, combined with the effect of water stress on food prices, could lead to a stronger than expected rise in consumer prices.

1. INTERNATIONAL DEVELOPMENTS

The global economy continues to show more resilience than initially expected in a constraining environment marked by the implications of the war in Ukraine, persistently high inflation and further tightening of financial conditions. It is sustained particularly by the favorable trend in consumption in the United States and by the ongoing rebound in the Chinase economic activity since the beginning of the year, following the abandonment of the Covid zero policy. Regarding the labor market, the situation remained favorable in most advanced countries, with low unemployment rates. For their part, financial markets experienced a relative increase in risk aversion in August, with an overall decline in the main stock market indices in advanced economies, due especially to the latest unfavorable economic data. In terms of commodities, the price of Brent crude oil rose in August compared to July for the second consecutive month, mainly due to lower crude oil supplies from Saudi Arabia and Russia. Against this backdrop, inflationary pressures resumed across the board in both advanced and emerging economies.

1.1 Economic activity and employment

1.1.1 Economic Activity

Data for the second quarter of 2023 point to a further acceleration in the year-on-year growth of the United States to 2.5 percent, compared to a 1.8 percent rate a quarter earlier, driven by household consumption, and state and local government investment and expenditures. In the euro area, on the other hand, the pace of activity slowed from 1.1 percent to 0.5 percent, with divergent trends among its main member countries. In Germany, the contraction in GDP eased from 0.3 percent to 0.1 percent, while decelerations were reported in Spain from 4.2 percent to 1.8 percent and in Italy from 2 percent to 0.4 percent. In France, growth accelerated from 0.8 percent to 1 percent in the second quarter.

In the other advanced economies, the pace of activity remained weak in the United Kingdom, albeit slightly improving from 0.2 percent in Q1 to 0.4 percent in Q2 2023, and slowed from 1.9 percent to 1.7 percent in Japan, where it was impacted by the slowdown in private consumption and in private non-residential investment.

Table 1.1 : YoY change in quarterly growth (in %)

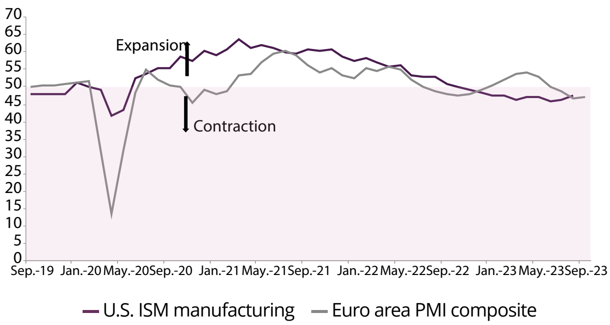
	2021			2022				2023	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Advanced countries								
United States	12.5	5.0	5.7	3.7	1.8	1.9	0.9	1.8	2.5
United States	14.3	4.2	4.9	5.4	4.2	2.4	1.8	1.1	0.5
France	17.8	3.3	4.6	4.4	3.9	1.2	0.7	0.8	1.0
Germany	10.8	2.4	1.6	4.0	1.6	1.2	0.8	-0.3	-0.1
Italy	16.8	5.2	6.9	6.5	5.1	2.5	1.5	2.0	0.4
Spain	17.9	4.2	6.6	6.3	7.8	4.9	3.0	4.2	1.8
United Kingdom	24.4	8.5	8.9	10.6	3.8	2.0	0.6	0.2	0.4
Japan	8.0	1.8	1.0	0.7	1.4	1.5	0.5	1.9	1.7
	Emerging countries								
China	8.3	5.2	4.3	4.8	0.4	3.9	2.9	4.5	6.3
India	20.3	9.3	4.7	3.9	12.0	5.4	4.7	6.5	7.8
Brazil	12.4	4.4	2.1	2.4	3.7	3.6	1.9	4.0	3.4
Turquie	22.3	8.0	9.7	7.8	7.6	4.1	3.3	3.9	3.8
Russia	11.2	5.0	5.8	3.0	-4.5	-3.5	-2.7	-1.8	**4.9**

Source: Thomson Reuters and Eurostat.

In the main emerging countries, China reported a sharp rebound in the second quarter of 2023, with a 6.3 percent year-on-year growth, after 4.5 percent a quarter earlier, driven by the lifting of health restrictions. In India, the pace of activity remained sustained, accelerating from 6.5 percent to 7.8 percent, driven by buoyant consumption and services. Similarly, growth in Russia strengthened significantly, rising from -1.8 percent to 4.9 percent in the second quarter. Conversely, Brazil posted a slow down to 3.4 percent from 4 percent a quarter earlier.

As for changes in leading economic activity indicators, the Euro area's composite PMI index for overall activity rose slightly in September from 46.7 to 47.1 in August, reflecting a decline in the activity of the manufacturing sector and an increase in that of the services sector. The United States' ISM manufacturing index rose slightly from 46.4 in July to 47.6 in August.

Chart 1.1 : Change in some leading indicators in the U.S. and euro area



Source : Thomson Reuters Eikon.

1.1.2 Labor Market

In the United States, the unemployment rate rose slightly to 3.8 percent in August from 3.5 percent in July, with job creation increasing to 187,000 positions against 157,000 a month earlier.

In the euro area, July data showed that the unemployment rate stabilized at 6.4 percent compared to the previous month, with a 2.9 percent stagnation in Germany, a decline in Spain from 11.7 percent to 11.6 percent, an increase from 7.3 percent to 7.4 percent in France, and from 7.5 percent to 7.6 percent in Italy. In the United Kingdom, the unemployment rate rose again to 4.3 percent at the end of July, after 4.2 percent at the end of June.

Table 1.2 : Change in unemployment rate (in %)

(in %)	2021	2022	2023		2023
			Jun.	Jul.	Aug.
United States	**5.4**	**3.7**	**3.6**	**3.5**	**3,8**
Euro area	**7.7**	**6.7**	**6.4**	**6.4**	N.D
France	7.9	7.3	7.3	7.4	N.D
Germany	3.7	3.1	2.9	2.9	N.D
Italy	9.6	8.1	7.5	7.6	N.D
Spain	14.8	12.9	11.7	11.6	N.D
United Kingdom	**4.5**	**3.7**	**4.2***	**4.3***	**N.D**

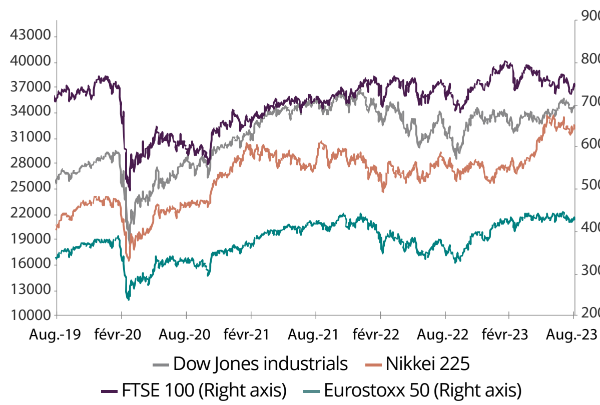
* Figure for the three months ended June 30th and July 31st.

Sources: Eurostat and BLS.

1.2 Monetary and financial conditions

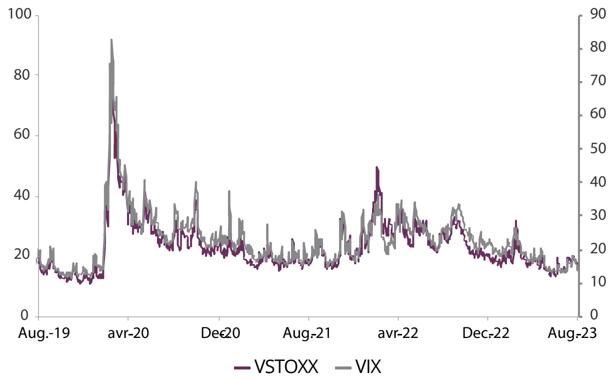
In August, apart from the Dow Jones Industrials, which was up 0.6 percent compared to the previous month, the stock market indices of the major advanced economies were down overall, with declines of 1.6 percent for the Eurostoxx 50, 0.9 percent for the FTSE 100 and 1.5 percent for the Nikkei 225. These developments were coupled with an increase in the risk aversion in both American and European markets, with the VIX rising from 13.9 in July to 15.9 in August, and the VSTOXX from 15.7 to 18.6 over the same period. In emerging markets, the MSCI EM fell by 2.3 percent between July and August, mainly reflecting declines of 1.6 percent in Brazil, 1.1 percent in China and 0.9 percent in India.

Chart 1.2 : Change in major stock market indices of advanced economies



Source : Thomson Reuters Eikon.

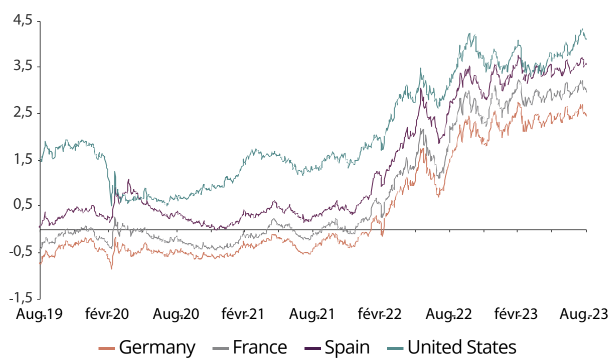
Chart 1.3 : Change in VIX and VSTOXX



Source : Thomson Reuters Eikon.

Yields on sovereign bond markets in advanced economies were on the rise in August. Month-on-month, the 10-year bond rate increased by 27 basis points (bp) to 4.2% in the United States, by 7 bp to 2.5 percent in Germany, by 7 bp to 3.1 percent in France, by 9 bp to 3.6 percent in Spain and by 7 bp to 4.1percent in Italy. In the emerging economies, this rate rose by 28 bp to 11.1 percent in Brazil, 8 bp to 7.2 percent in India and 107 bp to 18.2 percent in Türkiye. Conversely, it fell by 7 bp to 2.6 percent in China.

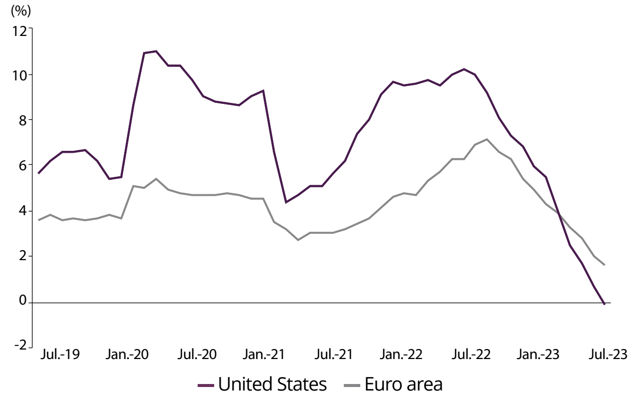
Chart 1.4 : Change in 10-year sovereign bond yields



Source : Thomson Reuters Eikon.

In the money markets, 3-month Euribor and 3-month Libor rose by 11 bp to 3.78 percent and 6 bp to 5.64 percent respectively between July and August. The pace of bank lending slowed from -0.1 percent in July to -0.5 percent in August in the United States, and from 2 percent in June to 1.6 percent in July in the euro area.

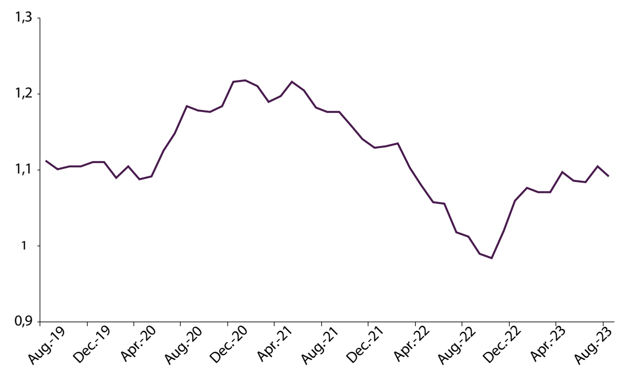
Chart 1.5 : YoY credit growth in the US and euro area



Source : Thomson Reuters Eikon.

Regarding the exchange markets, the euro showed contrasting trends between July and August. It remained almost stable against the sterling, strengthened by 1.8% against the Japanese yen and depreciated by 1.3% against the dollar. The currencies of the main emerging economies were generally down against the dollar, with the Chinese renminbi depreciating by 0.9%, the Indian rupee by 0.8%, the Turkish lira by 1.6% and the Brazilian real by 2.2%.

Chart 1.6 : Euro/dollar exchange rate



Source : Thomson Reuters Eikon.

In terms of monetary policy decisions, at the end of its September 19-20 meeting, the Fed decided to keep the target range for the federal funds rate unchanged at [5.25%-5.50%] in a context of persistently high inflation.

On September 14, the ECB raised its key rates by 25 bp, bringing the interest rate on the main refinancing operations to 4.50 percent, on the marginal lending facility to 4.75 percent and on the deposit facility to 4 percent. The ECB also stated that inflation is continuing to slow down but is likely to remain too high for too long. Moreover, it stressed that the Asset Purchase Program (APP) is contracting at a measured and predictable pace, with the Euro system no longer reinvesting principal repayments on maturing securities. Regarding the Emergency Pandemic Purchase Program (EPPP), it intends to reinvest principal repayments on maturing securities acquired under the program until at least the end of 2024.

At its September 20 meeting, the Bank of England decided to keep its key rate unchanged at 5.25%, indicating that any signs of persistent inflationary pressures would necessitate a further tightening of its monetary policy.

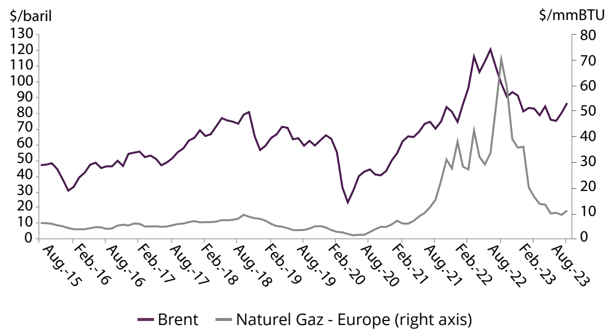
As for the main emerging countries, the Central Bank of Brazil cut its key rate by 50 bp to 12.75 percent on September 20, while expecting further reductions of the same magnitude at forthcoming meetings. For its part, the Central Bank of Russia decided on September 15 to raise its key rate by 100 bp to 13 percent, also pointing out that inflationary pressures remain high. Meanwhile, the Reserve Bank of India kept its key rate unchanged at 6.5 percent in August, in order to ensure that inflation remains within the target range of 2 percent to 6 percent without curbing growth.

1.3 Commodity prices and inflation

1.3.1 Energy commodity prices

In the oil market, the price of Brent crude recorded a further monthly rise of 7.6 percent to $86.16 a barrel in August, whereas it was down 12.6 percent year-on-year. This increase is reported to be linked mainly to the easing of concerns about the risk of a global economic recession, and the supply tightening following the announcement by Saudi Arabia and Russia that they would continue to reduce their exports in September. Similarly, the price of natural gas in the European market rose sharply by 17.3 percent month-on-month in August to $11.19 per MMBtu, due in particular to the threat of employee strikes at two major liquefied gas production sites in Australia. On the other hand, the price contracted sharply by 84 percent year-on-year.

Chart 1.7 : World prices of Brent and natural gas - EU

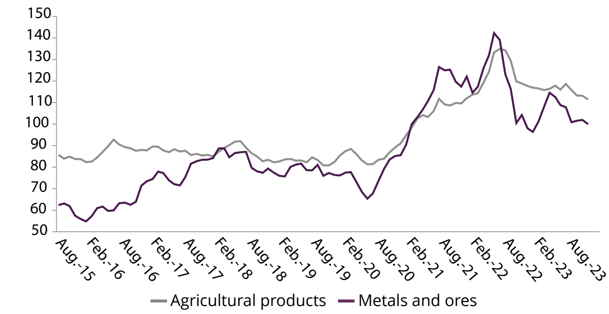


Source : World Bank.

1.3.2 Non-energy commodity prices

Prices of non-energy products declined by 1.2% month-on-month in August, reflecting particularly a 1.9% drop in metals and ores and a 1.5% fall in agricultural products. On a year-on-year basis, prices fell by 7.3%, reflecting declines of 4% in metals and ores and 6.2% in agricultural products, with particularly a contraction in several oil categories.

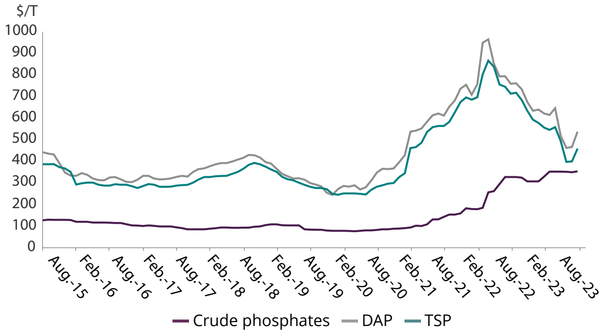
Chart 1.8 : Change in non-energy commodity price indices (2010=100)



Source : World Bank.

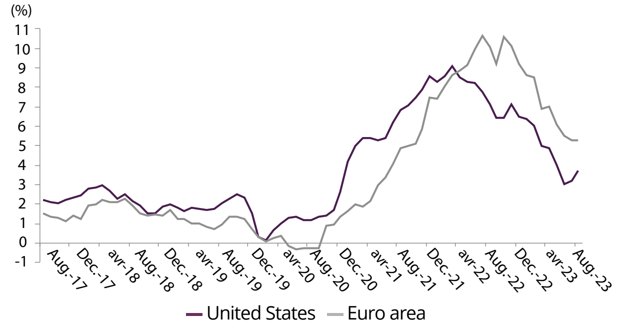
As for Phosphates and derivatives, prices rose by 15.3% in August to $528.8/t for DAP, by 14.9% to $450.6/t for TSP, and by 1.1% to $346.3/t for raw phosphate. Year-on-year, prices were up 8.2% for raw phosphate, and down 29.4% for DAP and 36% for TSP.

Chart 1.9 : Change in the world prices of phosphate and derivatives



Source : World Bank.

Chart 1.10 : Inflation trends in the U.S. and euro area



Sources : Thomson Reuters Eikon.

1.3.3 Inflation

After a long period of easing inflationary pressures, signs of recovery have begun to appear in recent months, in both advanced and emerging economies. According to August's available data, the inflation rate in the euro area remained steady at 5.3%, reflecting contrasting trends in the zone's main economies. Between July and August, inflation accelerated from 5.1% to 5.7% in France and from 2.1% to 2.4% in Spain, while it slowed from 6.5% to 6.4% in Germany and from 6.3% to 5.5% in Italy.

Meanwhile, inflation in the United States accelerated again in August to 3.7%, after 3.2% month earlier, reflecting in particular the rise in oil prices. Conversely, inflation slowed slightly from 6.8% to 6.7% in the United Kingdom, and from 3.3% to 3.2% in Japan in August.

In emerging economies, consumer prices in China rose by 0.1% in August, following a 0.3% decline in July. Similarly, inflation accelerated in Brazil and Russia, rising from 4% to 4.6% and from 4.3% to 5.2%, respectively. Conversely, inflation in India slowed from 7.4% to 6.8% in August.

Table 1.3 : Recent year-on-year change in inflation in main advanced countries in %

	2021	2022	2023		
			Jun.	Jul.	Aug.
United States	**4.7**	**8.0**	**3.0**	**3.2**	**3.7**
Euro area	**2.6**	**8.4**	**5.5**	**5.3**	**5.3**
Germany	3.2	8.7	6.8	6.5	6.4
France	2.1	5.9	5.3	5.1	5.7
Spain	3.0	8.3	1.6	2.1	2.4
Italy	1.9	8.7	6.7	6.3	5.5
United Kingdom	**2.6**	**9.1**	**7.9**	**6.8**	**6.7**
Japan	**-0.2**	**2.5**	**3.3**	**3.3**	**3.2**

Sources : Thomson Reuters, Eurostat & FMI.

2. EXTERNAL ACCOUNTS

Foreign trade in goods showed a further decline at the end of July 2023, with imports dropping by 2.3 percent to 419.6 billion dirhams and exports rising by 0.8 percent to 250.1 billion dirhams. The trade deficit thus narrowed by 6.5 percent to 169.5 billion, and the coverage rate stood at 59.6 percent, up from 57.8 percent at end-July 2022. Travel revenues reached MAD 57.2 billion in the first seven months of 2023, up from 37.9 billion dirhams a year earlier. Travel revenues totaled 57.2 billion dirhams in the first seven months of 2023, compared with 37.9 billion dirhams a year earlier, while remittances from Moroccan nationals abroad rose by 10 percent to 66 billion dirhams. As for the main financial operations, FDI receipts fell by 23.9 percent to 18.9 billion, while Moroccan direct investment abroad grew by 57.4 percent to 16.4 billion. Consequently, Bank Al-Maghrib's official reserve assets stood at 350.2 billion dirhams, equivalent to 5 months and 11 days of imports of goods and services.

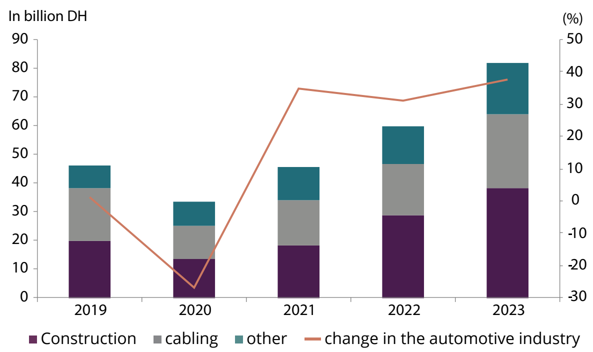
2.1 Trade balance

2.1.1 Exports

The improvement in exports was mainly driven by shipments in the automotive sector, which rose by 37.4 percent to 82 billion dirhams, reflecting increases of 43.9 percent for the wiring segment and 31.4 percent for the construction segment, driven by a 26.6 percent rise in the number of vehicles exported. Exports of "textiles and leather" rose by 11.5 percent to 28.6 billion, reflecting a 15.4 percent improvement in sales of "ready-made garments". Similarly, shipments in the "electronics and electricity" sector posted a marked improvement by 34.6 percent to 13.5 billion, with increases by 39.2 percent for "wires and cables" and 30.5 percent for "electronic components".

Conversely, export turnover for the phosphates and derivatives sector dipped by 40.2 percent to 40.9 billion, mainly reflecting a 36.5 percent contraction in sales of "natural and chemical fertilizers", owing to a 35.2 percent drop in their export prices. Similarly, in the aeronautics sector, shipments declined slightly by 1 percent to 12.1 billion, driven by a 6.2 percent drop in the assembly segment. Meanwhile, sales in the "agriculture and agrifoods" sector were down by 0.3 percent to 51.8 billion, reflecting a 2.2 percent drop in sales in the food industry and a near-stagnation in those of agricultural products.

Chart 2.1 : Change in exports in the automotive sector by the end of July



Source : Foreign Exchange Office.

Table 2.1 : Change in exports by sector (in billion dirhams)

Sectors/Segments	January – July		Change	
	2023	2022	In value	In %
Exports	**250,142**	**248,047**	**2,095**	**0.8**
Automotive	**82,020**	**59,686**	**22,334**	**37.4**
Construction	37,999	28,919	9,080	31.4
Cabling	25,814	17,937	7,877	43.9
Vehicle interiors and seats	5,586	4,100	1,486	36.2
Electronics and electricity	**13,483**	**10,016**	**3,467**	**34.6**
Wire and cables	5,434	3,905	1,529	39.2
Electronic components (transistors)	4,668	3,578	1,090	30.5
Devices for the disconnection or connection of electrical circuits	1,441	1,090	351	32.2
Textile and Leather	**28,612**	**25,656**	**2,956**	**11.5**
Ready-made garments	18,689	16,198	2,491	15.4
Hosiery articles	5,297	5,034	263	5.2
Shoes	2,021	1,923	98	5.1
Aeronautics	**12,146**	**12,270**	**-124**	**-1.0**
Assembly	7,729	8,242	-513	-6.2
EWIS	4,370	3,957	413	10.4
Agriculture and Agri-food	**51,833**	**51,999**	**-166**	**-0.3**
Food industry	24,809	25,360	-551	-2.2
Agriculture, forestry, and hunting	25,562	25,535	27	0.1
Other mining extractions	**3,043**	**3,261**	**-218**	**-6.7**
Copper ore	871	991	-120	-12.1
Barium sulfate	645	664	-19	-2.9
Phosphates and derivatives	**40,862**	**68,376**	**-27,514**	**-40.2**
Other industries	**18,143**	**16,783**	**1,360**	**8.1**
Metallurgy and metalworking	6,230	5,321	909	17.1
Pharmaceutical industry	985	833	152	18.2
Plastic and rubber industry	1,241	1,316	-75	-5.7

Source : Foreign Exchange Office.

2.1.2 Imports

The drop in imports concerned most products, save for consumer and capital goods. The energy bill lightened by 20.9 percent to 69.4 billion, owing to drops by 26.9 percent in purchases of “gas oils and fuel oils” and by 26.2 percent in those of “coal, cokes and similar solid fuels”, following the fall in prices. By the same token, imports of semi-finished and raw products fell by 13.1 percent and 23.4 percent respectively, mainly driven by ammonia and crude sulfur supplies.

Purchases of capital goods rose by 22.9 percent to 95.4 billion dirhams, with respective increases of 48.8 percent for “parts of aircraft and other air vehicles”, 44.1% for “devices for the disconnection or connection of electrical circuits” and 30 percent for “wires and cables”. Similarly, imports of consumer goods rose by 14.5 percent to 92.8 billion dirhams, reflecting increases of 28.4 percent for purchases of passenger cars and 33.5 percent for parts and components thereof.

Table 2.2 : Change in imports by product user group (in million dirhams)

User groups	January – July		Change	
	2023	2022	In value	in %
CIF Imports	419,614	429,382	-9,768	-2.3
Energy products	**69,380**	**87,712**	**-18,332**	**-20.9**
Gas-oils and fuel-oils	31,097	42,514	-11,417	-26.9
Coals; cokes similar solid fuels	10,998	14,898	-3,900	-26.2
Petroleum gas & other hydrocarbons	14,914	16,338	-1,424	-8.7
Semi-finished products	**87,110**	**100,205**	**-13,095**	**-13.1**
Ammonia	4,973	12,224	-7,251	-59.3
Chemical products	7,915	10,761	-2,846	-26.4
Iron or non-alloy steel semi-finished products	1,161	3,115	-1,954	-62.7
Raw products	**21,682**	**28,322**	**-6,640**	**-23.4**
Unrefined and unrefined sulfur	4,987	13,623	-8,636	-63.4
Scrap metal, waste and other ores	3,944	2191	1753	80.0
Food products	**52,913**	**54,373**	**-1,460**	**-2.7**
Wheat	12,169	17,147	-4,978	-29.0
Barley	1,346	3,170	-1,824	-57.5
Live animals	1,584	311	1,273	-
Raw or refined sugar	5,184	4,347	837	19.3
Finished consumer products	**92,753**	**81,001**	**11,752**	**14.5**
Parts and components for passenger cars	17,851	13,367	4,484	33.5
Passenger cars	13,566	10,568	2,998	28.4
Miscellaneous plastic articles	5,336	4,301	1,035	24.1
Capital goods	**95,436**	**77,675**	**17,761**	**22.9**
Parts of aircraft and other air vehicles	10,969	7,371	3,598	48.8
Devices for the disconnection or connection of electrical circuits	8,227	5,709	2,518	44.1
Wires and cables	8,060	6,198	1,862	30.0

Source: Foreign Exchange office;

2.2 Other components of the current account

The surplus on the balance of services improved by 51.4 percent to 73.9 billion dirhams, owing to a 30.1 percent increase in exports to 143.8 billion and 13.3 percent to 69.9 billion in imports.

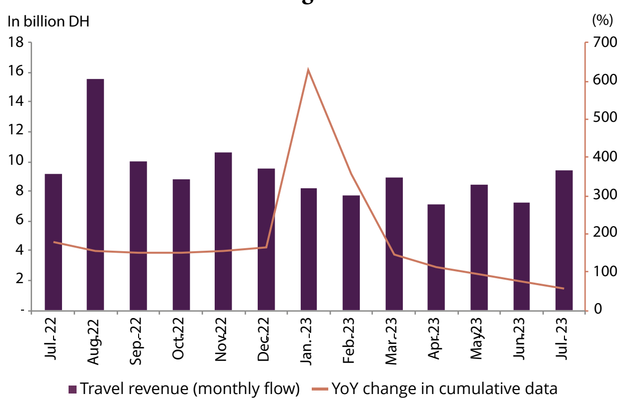
Table 2.3 : Change in balance of services (in billion dirhams)

	January – July		Change	
	2023	2022	In value	in %
Imports	69,891	61,701	8,190	13.3
Exports	143,832	110,525	33,307	30.1
Balance	73,941	48,824	25,117	51.4

Source : Foreign Exchange Office.

Concurrently, travel revenue doubled to 57.2 billion dirhams, compared with 37.9 billion and 41.5 billion dirhams respectively over the same period in 2022 and 2019. Similarly, expenditure under the same heading also rose by 49.2 percent to 14.5 billion dirhams.

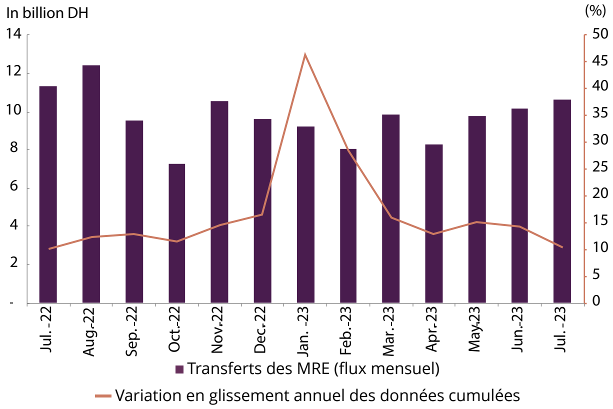
Chart 2.2 : Change in travel revenue



Source: Foreign Exchange Office.

Remittances from Moroccans living abroad rose by 10 percent to 66 billion dirhams.

Chart 2.3 : Change in the remittances of MRA



Source : Foreign Exchange Office.

2.3 Financial account

As for the main financial operations, net flows of FDI fell by 52.3 percent to 8.6 billion, owing to a 23.9 percent drop in receipts and a 53.3 percent increase in disposals. As for Moroccan direct investment abroad, its net flow rose by 3.9 billion to 7.2 billion, reflecting a 6 billion increase in investments.

At the end of July 2023, outstanding official reserve assets stood at 350.2 billion dirhams, equivalent to 5 months and 11 days of imports of goods and services.

Table 2.4 : Direct investment (in billion dirhams)

	January - July		Variation	
	2023	2022	in value	in %
Foreign direct investments	**8,638**	**18,108**	**-9,470**	**-52.3**
Income	18,875	24,787	-5,912	-23.9
Expenditure	10,237	6,679	3,558	53.3
Investments direct investment abroad	**7,186**	**3,284**	**3,902**	**-**
Expenditure	16,385	10,409	5,976	57.4
Income	9,199	7,125	2,074	29.1

Source : Foreign Exchange Office.

3. MONEY, CREDIT AND ASSET MARKETS

During the second quarter of 2023, monetary conditions were marked by a rise in the real effective exchange rate and an increase in lending rates. As for banking credit, its component to the non-financial sector rose by 5 percent year-on-year, compared with 6.2 percent one quarter earlier, due in particular to the slower pace of lending to private companies. The latest available data for July show an annual growth in credit to the non-financial sector at 3.4 percent and in loans to financial companies at 17.4 percent. As for the other counterparts of the money supply, growth in net claims on central government accelerated to 11.9 percent in the second quarter and official reserve assets rose by 7.5 percent. Overall, money supply grew by 7.8 percent, after 8.5 percent in the previous quarter.

In the real estate market, the asset price index fell by 0.3 percent in the second quarter of 2023, reflecting price decreases of 0.5 percent for residential property and 0.4 percent for commercial property, while land prices rose by 0.3 percent. The number of transactions fell by 12 percent overall, 10.3 percent for residential properties, 15.7 percent for urban lands, and 16.9 percent for commercial properties.

On the Casablanca Stock Exchange, MASI index rose by 11.4 percent in the second quarter of the year, and trading volume fell from 15.3 billion dirhams to 8.9 billion dirhams. Against this backdrop, market capitalisation rose by 10.4 percent quarter-on-quarter to 598.4 billion dirhams.

3.1 Monetary conditions

3.1.1 Bank liquidity and interest rates

During the second quarter of 2023, banks' liquidity requirements increased to a weekly average of 73.5 billion dirhams, compared with 69.6 billion dirhams a quarter earlier, reflecting an expansion in currency in circulation.

Under these conditions, the Bank increased its injections from 83.5 billion to 87.7 billion, including 42.4 billion in the form of 7-day advances, 25 billion through repurchase agreements and 20.3 billion through guaranteed loans granted as part of programmes to support the financing of SMEs.

Against this background, the average residual duration of the Bank's operations fell from 50.4 days to 47.6 days and the interbank rate remained in line with the key rate, averaging 3 percent.

The latest available data indicate a further widening of the bank liquidity deficit to 88.8 billion on average in July and August 2023.

On the Treasury bill market, rates fell overall in the second quarter for short maturities, remained virtually unchanged for medium-term maturities and rose for long-term maturities on both the primary and secondary markets.

Chart 3.1 : Change in the interbank rate (daily data)

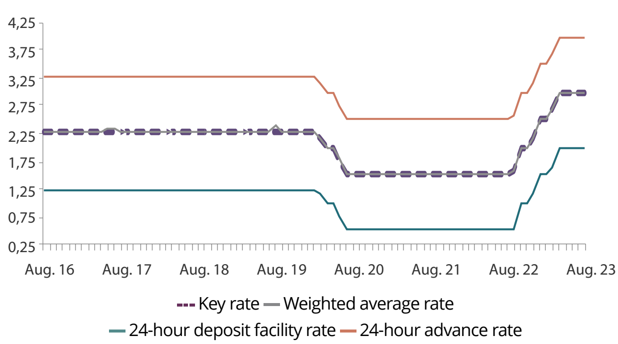
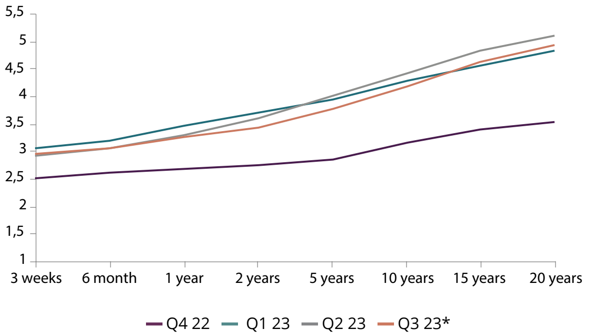


Table 3.1 : Treasury bill rates on the primary market (%)

	2022				2023	
	Q2	Q3	Q4	Q1	Q2	Juil.
26 weeks	1.66	1.90	3.07	3.22	3.15	3.08
2 years	1.91	2.33	2.44	3.80	3.79	3.49
5 years	2.27	2.64	-	3.98	4.16	3.82
10 years	-	-	3.20	4.38	4.55	4.21
15 years	-	-	-	4.97	4.93	4.68

Chart 3.2 : Term structure of interest rates in the secondary market (%)

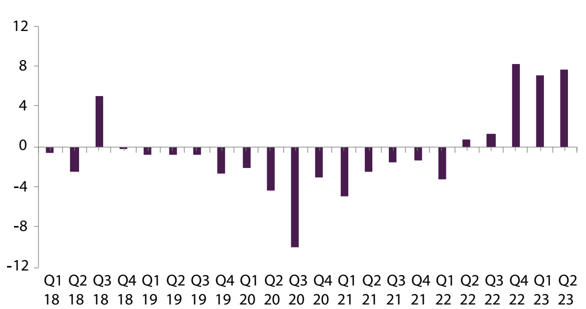


*en moyenne entre juillet et août 2023.

Similarly, on the private debt market, rates on issues of certificates of deposit continued to rise in the second quarter of 2023. As for lending rates, they rose quarterly by 6 basis points to an average of 2.45 percent for 6-month deposits and by 28 basis points to 2.97 percent for one-year deposits.

Under these conditions, banks' cost of funding rose by 8 basis points quarter-on-quarter, for a total increase of 23 basis points since the start of monetary policy tightening.

Chart 3.3 : Banks' cost of funding (change in basis points)



The latest available data for July shows a monthly increase in the 6-month deposit rate of 24 basis points to 2.65 percent and an virtually unchanged 12-month deposit rate of 2.86 percent.

As for lending rates, the results of Bank Al-Maghrib's survey with banks for the second quarter of 2023 show a quarterly rise in the overall average rate of 23 bp to 5.26 percent. By institutional sector, rates on loans to corporations rose by 24 bp to 5.22 percent, reflecting 30 bp increases in rates on cash facilities to 5.28 percent and by 17 bp for real estate loans to 5.54 percent. As for loans to individuals, the rates applied to consumer loans rose by 32 bp to 7.27 percent and those for home loans by 28 bp to 4.64 percent.

Table 3.2 : Change in lending rates (%)

	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Juil.
6 month	2.34	2.16	2.10	2.05	2.07	2.24	2.38	2.38	2.43
12 month	2.57	2.42	2.48	2.47	2.39	2.57	2.69	2.69	2.92

Table 3.3 : Deposit rates (%)

	2022				2023	
	Q1	Q2	Q3	Q4	Q1	Q2
Global	**4.28**	**4.29**	**4.24**	**4.50**	**5.03**	**5.26**
Personal loans	**5.23**	**5.14**	**5.33**	**5.72**	**5.63**	**5.93**
Real estate loans	4.21	4.19	4.19	4.32	4.36	4.64
Consumer loans	6.50	6.32	6.39	6.40	6.95	7.27
Loans to businesses	**4.00**	**4.03**	**4.04**	**4.30**	**4.98**	**5.22**
Cash advances	3.83	3.84	3.93	4.19	4.98	5.28
Equipment loans	4.31	4.60	4.14	4.38	4.81	4.72
Real estate loans	5.53	5.83	5.41	5.61	5.37	5.54

3.1.2 Exchange rate

During the second quarter of 2023, the euro increased by 1.48 percent against the US dollar. Against this backdrop, the dirham gained 0.39 percent against the euro and 1.84 percent against the US dollar. Compared with the currencies of the main emerging countries, the national currency appreciated in particular by 11.56 percent against the Turkish lira and by 4.30 percent against the Chinese yuan. Overall, the effective exchange rate rose by 1.76 percent in nominal terms and 1.77 percent in real terms.

Chart 3.4 : Exchange rate of the dirham

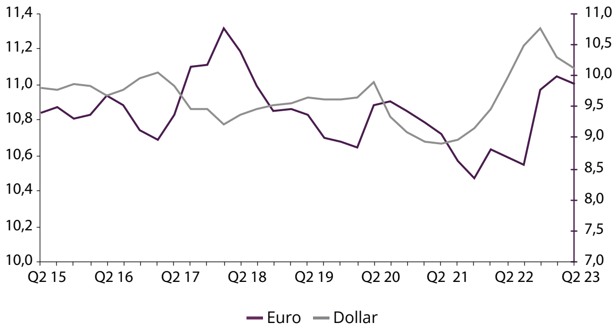
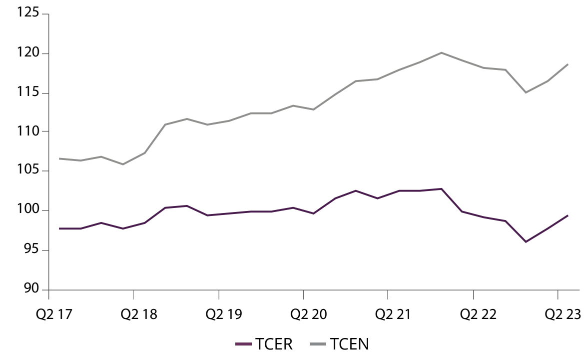


Chart 3.5 : Change in the nominal and real effective exchange rates (Base 100 in 2010)



Sources : calcul de BAM et du FMI.

Regarding foreign currency transactions, the average volume of spot transactions by banks with customers in the second quarter of 2023 fell by 30 percent to 28.7 billion dirhams in the case of sales and by 18.6 percent to 28.6 billion dirhams in the case of purchases. Forward transactions fell by 40.1 percent to 16.1 billion for purchases and by 55.3 percent to 2.8 billion for sales.

3.1.3 monetary situation

The M3 aggregate posted an annual increase of 7.8 percent in the second quarter of 2023, compared with 8.5 percent in the first quarter. This reflects a slowdown in the rate of growth of sight deposits from 9.6 percent to 9 percent, due in particular to the deceleration in the rise in household deposits from 9.4 percent to 8.3 percent and the decline in foreign currency deposits of 13.3 percent after a rise of 7.5 percent one quarter earlier.

By contrast, growth in currency in circulation accelerated from 11.5 percent to 13.6 percent and growth in money market fund shares/units rose from 25.3 percent to 28.3 percent. Similarly, the decline in term deposits eased from 8 percent to 4.4 percent, reflecting the improvement in those of public companies by 27.5 percent after 14.7 percent.

By main counterparts, the change in the money supply reflects an acceleration in the rate of growth of official reserve assets from 2.8 percent to 7.5 percent, and decelerations in the rate of growth of net claims on central government from 16.6 percent to 11.9 percent and bank credit from 6.4 percent to 5.6 percent.

Chart 3.6 : Contributions of the main counterparties to the year-on-year change in money supply

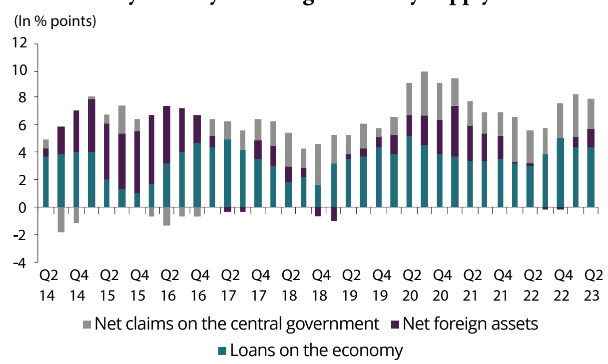
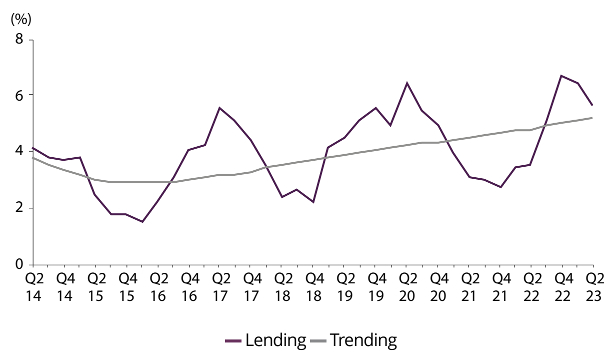


Chart 3.7 : Bank loans (year-on-year change)



In particular, loans to the non-financial sector rose by 5 percent, after 6.2 percent in the first quarter of 2022, as a result of the slowdown in the rate of growth of loans granted to private companies from 6.7 percent to 3.5 percent and those granted to households from 3.6 percent to 3.2 percent.

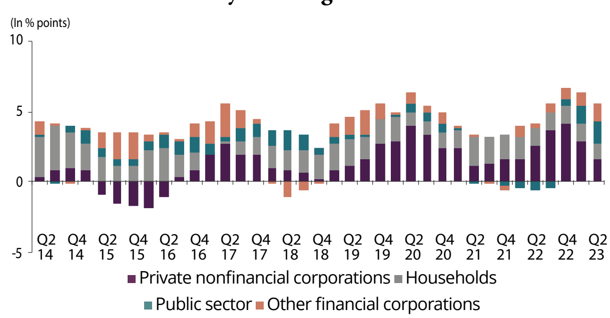
The development in loans to private non-financial companies reflects, in particular, a deceleration in the growth of equipment loans from 5.1 percent to 3.6 percent and a further fall in loans for property development.

As regards loans to individuals, their growth dropped from 3.1 percent to 2.8 percent, with slowdowns from 2.9 percent to 2.6 percent for home loans and from 3.2 percent to 2.2 percent for consumer loans.

Lending to individual entrepreneurs fell from 9.1 percent to 6.7 percent, reflecting in particular the deceleration in the growth of cash facilities from 14.3 percent to 11.9 and that of home loans from 18.4 percent to 5.7 percent. On the other hand, loans to public companies increased by 35 percent after rising by 25.9 percent one quarter earlier.

By branch of activity, the data for the second quarter of 2023 show in particular annual increases of 73.8 percent in loans granted to companies in the "extractive industries" sector, 19.4 percent for those in the "electricity, gas and water" sector and 3.3 percent for companies in the "building and public works" sector. Conversely, contributions to the "hotels and restaurants" and "food industries and tobacco" branches fell by 2.2 percent and 2.9 percent respectively.

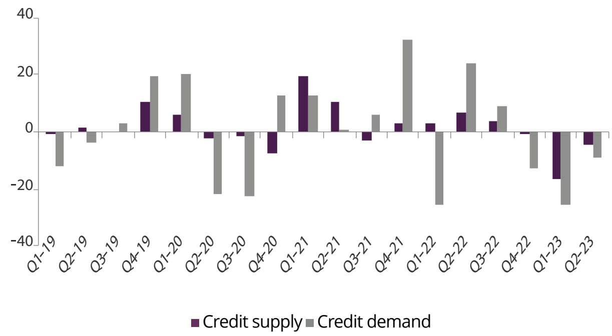
Chart 3.8 : Contribution of institutional sectors to the year-on-year change in credit



Source : BAM.

Non-performing loans rose by 6.3 percent and their ratio to outstanding bank loans reached 8.8 percent. They rose by 9.9 percent for private non-financial companies and by 2.8 percent for households, with ratios to outstanding bank credit of 12.4 percent and 9.8 percent respectively.

Chart 3.9 : Change in supply and demand (Diffusion Index)



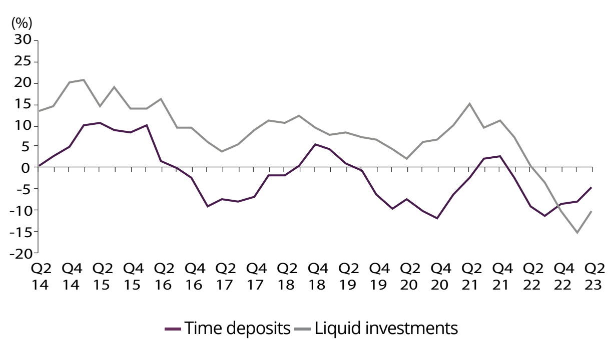
Source : BAM.

Loans granted by financial companies other than banks to the non-financial sector rose by 7.2 percent in the second quarter of 2023. This change includes increases of 7.8 percent in loans granted by finance companies and 10.5 percent in those distributed by off-shore banks, as well as a 0.2 percent fall in loans granted by microcredit associations.

The latest available data for July show annual growth in bank lending of 5.2 percent, with a deceleration in the rate of growth of loans to the non-financial sector to 3.4 percent and an acceleration in the rate of growth of loans to financial companies to 17.4 percent.

Aggregate liquid investments fell by 10.1 percent, less than the 15.2 percent decline recorded a quarter earlier. This change reflects a reduction in the decline in bond fund units from 28.3 percent to 20 percent, in negotiable Treasury bills from 6.9 percent to 2.5 percent and in equity and diversified fund units from 18.4 percent to 13.9 percent.

Chart 3.10 : YoY change in liquid investments and time deposits



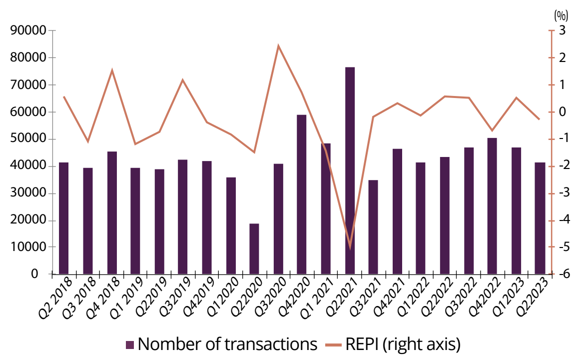
3.2 Asset prices

3.2.1 Real estate assets

In the second quarter of 2023, the property price index fell by 0.3 percent. This change reflects the 0.5 percent fall in residential property prices and the 0.4 percent fall in business property prices, while land prices rose by 0.3 percent from one quarter to the next. For its part, the number of transactions fell by 12 percent, reflecting drops by 10.3 percent for residential properties, 15.7 percent for urban lands, and 16.5 percent for commercial properties.

In the main cities, prices rose by 1.5 percent in Oujda, 1.1 percent in El Jadida and 0.7 percent in Marrakech, while stagnating in Casablanca. Conversely, prices in other towns fell by between 0.1 percent in Kenitra and 3.7 percent in Rabat. Sales rose by 5.4 percent and 8.3 percent respectively in Marrakech and Rabat, but fell in the other cities, with rates ranging from 6.4 percent in Agadir to 25.9 percent in Kenitra.

Chart 3.11 : Change in the REPI and in the number of real estate transactions



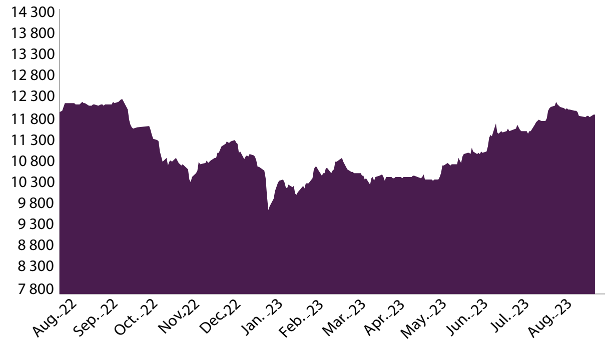
Sources: BAM and ANCFCC.

3.2.2 Financial assets

3.2.2.1 Shares

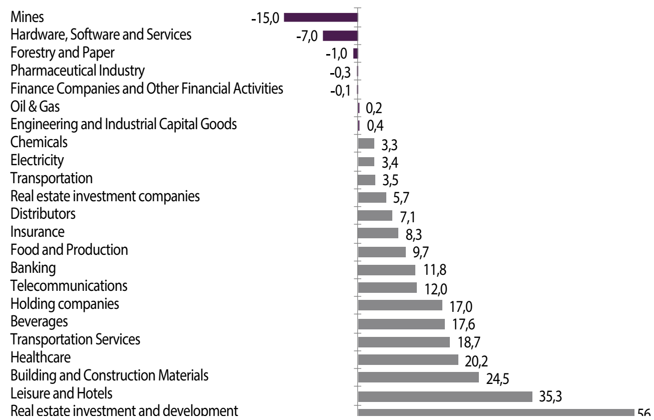
In the second quarter of 2023, the MASI rose by 11.4 percent. This was mainly due to increases of 24.5 percent in the sector indices for «buildings and construction materials», 11.7 percent in banks and 9.7 percent in agri-food. On the other hand, the indices for mining and «hardware, software and IT services» fell by 15 percent and 7 percent respectively from one quarter to the next.

Chart 3.12 : Daily change in MASI



Source : Bourse of Casablanca.

Chart 3.13 : Changes in the sectoral indexes in the second quarter of 2023



Source : Bourse de Casablanca.

The volume of trade fell from 15.3 billion dirhams to 8.9 billion dirhams quarter-on-quarter. By compartment, sales reached 8.8 billion in the second quarter, compared with 5.2 billion on the central market and 95.8 million compared with 1.2 billion on the block market. Against this backdrop, market capitalisation has risen by 6.6 percent to 598.4 billion dirhams since the start of the year.

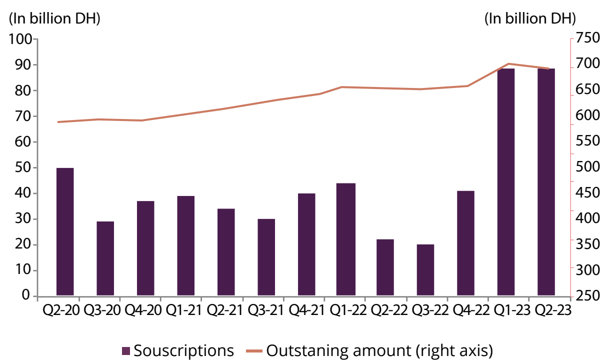
The latest available data show that the MASI fell by 1.1 percent in August compared with a rise of 4.3 percent in July, giving an annual performance of 11.5 percent. Trading volume rose to 3.2 billion in August and market capitalisation was 618.7 billion, up 10.3 percent since the start of the year.

3.2.2.2 Sovereign debt market

Treasury issues on the domestic market reached 90.3 billion dirhams in the second quarter of 2023. Of these, 48 percent were medium maturities and 39 percent and 12 percent were long and short maturities respectively. Including repayments of 95.1 billion, outstanding Treasury bills stood at 705.6 billion, up 6 percent since the start of the year.

The latest available data show that issues of Treasury bill stood at 16.9 billion dirhams in July 2023, compared with 25 billion dirhams in June, 72 percent of which were for long maturities and 22 percent for short maturities. Taking into account repayments of 14.3 billion, outstanding Treasury bills totalled 708.2 billion, up 6.4 percent since the start of the year.

Chart 3.14 : Change in Treasury bonds (in thousand dirhams)



Source : BAM.

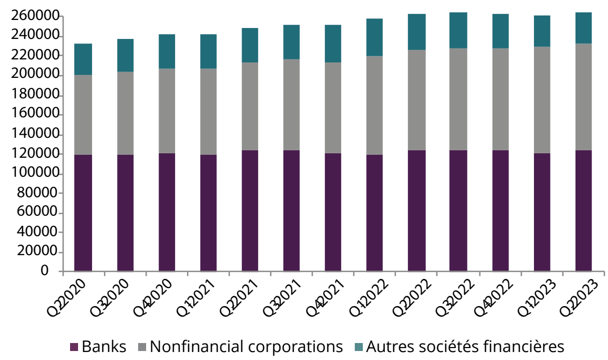
3.2.2.3 Private debt market

During the second quarter of 2023, subscriptions on the private debt market, issues rose by 21.6 percent to 22.2 billion in the second quarter of 2023. Banks raised an amount of 16.6 billion after 12.1 billion the previous quarter and non-financial companies 4.6 billion against 6 billion.

By instrument, issues of negotiable debt securities rose by 35 percent to 20.9 billion, of which 16.1 billion in the form of certificates of deposit and 4.3 billion in Treasury bills. For their part, bond issues fell from 2.7 billion to 1.3 billion, 76 percent of which were issued by financial companies.

The latest available data show that private debt issues amounted to 8 billion dirhams in July against 2.7 billion in June, and taking into account repayments of outstanding debt reached 266.4 billion dirhams, up 1.4 percent since the beginning of the year.

Chart 3.15 : Change in outstanding private debt per issuer (In billions of dirhams)



Source : Maroclear et calculs BAM.

3.2.2.4 Mutual funds

During the second quarter of 2023, subscriptions to mutual fund shares fell by 4.2 percent to 273.5 billion dirhams and redemptions fell by 12.7 percent to 246.6 billion dirhams, representing a net inflow of 26.9 billion dirhams. In terms of performance, the quarterly increase was 9.6 percent for equity funds, 4.7 percent for diversified funds, 2.4 percent for medium- and long-term bonds, 1.2 percent for short-term bonds and 0.8 percent for money market funds.

August[1] data show an 11.2 percent increase in net assets of mutual funds since the beginning of the year to 556.8 billion dirhams, including increases of 59.3 percent for short-term bond funds, 19.3 percent for money market funds, 3 percent for medium- and long-term bond funds, 12.4 percent for equity funds and 2.1 percent for diversified funds. By contrast, the net assets of mutual funds fell by 22.1 percent for contractual funds.

1 Data as at 25 August 2023.

4. FISCAL POLICY TREND

At the end of the first eight months of 2023, budget execution posted a deficit of 41.6 billion dirhams, an increase of 11.3 billion dirhams compared with the same period in 2022. This change resulted mainly from a 4.9 percent improvement in ordinary revenue, reflecting increases of 3.8 percent in tax and 12.1 percent in non-tax revenues. On the other hand, ordinary expenditure rose by 1.6 percent, mainly as a result of increases of 7.4 percent in expenditure on goods and services and 7.5 percent in interest charges on the debt, as well as a rise in the cost of goods and services as well a 31.2 percent fall in compensation costs. Under these conditions the ordinary balance showed a surplus of 7.8 billion, compared with 715 million a year earlier. Capital expenditure rose by 25.4 percent to 59.2 billion, bringing total expenditure to 277.7 billion, posting an increase of 5.9 percent. In addition, the special Treasury accounts showed a positive balance of 9.8 billion, a decrease of 6.4 billion, taking into account revenue of 6.8 billion corresponding to the proceeds of the social contribution for solidarity on profits and income, allocated to Support Fund for Social Protection and Cohesion.

Taking into account the 10.2 billion decline in the stock of pending transactions, the cash deficit widened to 51.8 billion, compared with 33.9 billion a year earlier. This requirement was covered by net domestic resources of 19.6 billion and net external financing of 32.1 billion. Thus, public debt outstanding increased by 7.6 percent compared with its level at the end of December 2022. The Treasury's financing conditions have tightened considerably compared with the same period in 2022.

4.1 Ordinary revenues

For the first eight months of 2023, ordinary revenues rose by 4.9 percent to 226.3 billion, reflecting increases of 3.8 percent in tax receipts and 12.1 percent in non-tax revenues. The improvement in tax revenue covered all taxes and duties, with the exception of VAT on imports and ICT on energy products.

Revenues from direct taxes thus came to 67.8 percent compared with the Finance Act, up by 5.4 percent to 76.8 billion. The development of income tax, 6.9 percent to 35.3 billion, incorporating increases of 1.6 billion in revenue from income tax on salaries and 114 million in income tax on property profits. Revenues from corporation tax rose by 2.7 percent to 39.3 billion, mainly reflecting a fall of 1.1 billion fall in the complement of adjustments, which was more than offset by increases of 780 million in receipts from the two advance payments and 649 million from tax audits.

Indirect tax revenues improved by improved by 0.7 percent to 96.2 billion, including a 1.2 percent rise in VAT receipts to 75.8 billion and a fall of 0.9 percent to 20.4 billion in domestic consumer taxes. Revenues from the latter include a reduction by 2.4 percent to 10.6 billion in domestic consumer taxes on energy products and by 0.4 percent to 7.9 billion in tobacco. The improvement in VAT is attributable to its domestic component, which generated revenues of 26.1 billion, an increase of 16.4 percent, taking into account a 974 million to 6.6 billion in VAT credit repayments, VAT on imports fell by 5.3 percent to 49.7 billion, mainly as a result of measures taken to measures taken to support the agricultural sector.

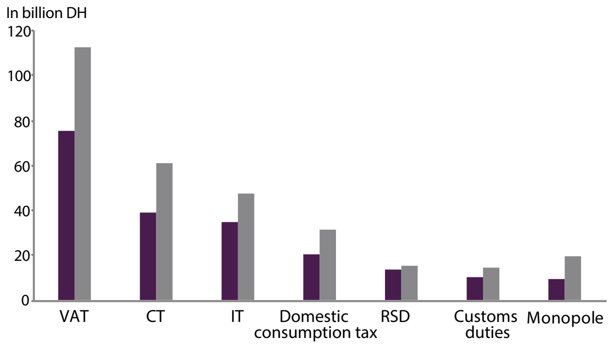
Table 4.1 : Change in current revenues (in billions of dirhams)*

	Janv.-Aug. 2022	Janv.-Aug. 2023	Var. in %	LA 2023	Achievements against the FA (%)
Current revenues	**215.8**	**226.3**	**4.9**	**341.7**	**66.2**
Tax revenues	**189.9**	**197.2**	**3.8**	**289.3**	**68.2**
- Direct taxes	72.8	76.8	5.4	113.2	67.8
Including CT	38.2	39.3	2.7	60.9	64.5
I.T	33.0	35.3	6.9	47.9	73.7
- Indirect taxes	95.5	96.2	0.7	145.1	66.3
VAT*	74.9	75.8	1.2	113.3	66.9
DCT	20.6	20.4	-0.9	31.8	64.1
- Customs duties	9.3	10.4	11.8	15.0	69.2
- Registration and stamp duties	12.4	13.9	12.4	15.9	87.1
Nontax revenues	**23.4**	**26.2**	**12.1**	**49.1**	**53.4**
- Monopoles and shareholdings	7.1	9.8	38.2	19.5	50.5
- Other receipts	16.3	16.4	0.8	29.7	55.3
Specific financing mechanisms	10.2	9.0	-11.7	25.0	36.0
TSA revenues	**2.5**	**2.8**	**14.0**	**3.3**	**84.7**

*Taking into account 30 percent of the VAT transferred to local governments.
Sources : Ministry of Economy and Finance and Administration Reform, VAT reprocessing by BAM.

In their turn, revenues from customs duties and registration and stamp duties rose by 11.8 percent to 10.4 billion and by 12.4 percent to 13.9 billion.

Chart 4.1 : Realisations of the main revenues compared with to the Finance Act



Sources: MEF data (DTFE) and VAT reprocessing by BAM.
Note :
- VAT : Value added tax
- CT : Corporate tax
- IT : Income tax
- DCT : Domestic consumption tax
- RSD : Registration and stamp duties
- CD : Customs duties

Non-tax revenues amounted to 26.3 billion, an increase of 12.1 percent compared with the end of August 2022. This improvement is mainly due to the increase in revenues from public establishments and enterprises, which rose to 9.8 billion from 7.1 billion a year earlier, and which were mainly paid by OCP for 6 billion, ANCFCC for 2.5 billion and by Bank Al-Maghrib for 690 million. “Other revenues” amounted to 16.4 billion, including 9 billion in revenues from specific financing mechanisms and 509 million in GCC grants.

4.2 Expenditure

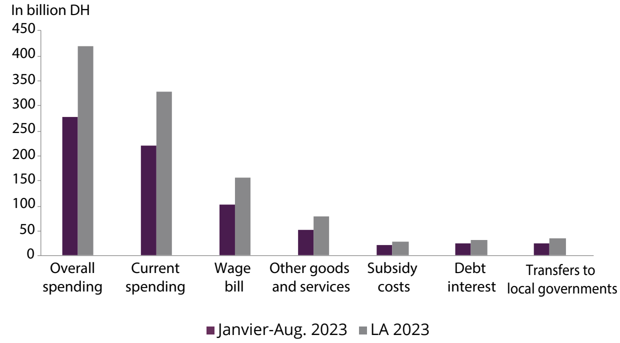
Overall expenditure rose by 5.9 percent to 277.7 billion, reflecting increases of 1.6 percent to 218.5 billion dirhams in ordinary expenditure and by 25.4 percent to 59.2 billion. The expenditure on goods and services came to 151 billion dirhams, 7.4 percent higher than in the first eight months of the first eight months of 2022, as a result of increases of 3.1 percent to 100.9 billion in the wage bill and a 17.2 percent increase to 50 billion for other goods and services. These take into account in particular increases of 17.1 percent to 26 billion in transfers to public and 87.2 percent to 7.3 billion in payments to special Treasury accounts. Changes in the wage bill includes, for the part served by the Personnel Expenditure increases of 1.3 percent in the structural component and 11.2 percent to 5.8 billion in back pay.

Table 4.2 : Execution of public spending (in billions of dirhams)*

	Janv.-Aug. 2022	Janv.-Aug. 2023	Var. in %	LA 2023	Achievements against the FA (%)
Overall spending	**262.3**	**277.7**	**5.9**	**416.6**	**66.7**
Current spending	**215.1**	**218.5**	**1.6**	**325.5**	**67.1**
Goods and services	140.6	151.0	7.4	234.9	64.3
Personal	97.9	100.9	3.1	155.8	64.8
Other goods and services	42.7	50.0	17.2	79.1	63.3
Debt interests	23.4	25.1	7.5	30.0	83.8
Subsidy	28.6	19.7	-31.2	26.6	74.0
Transfer to local governments	22.5	22.7	1.2	34.0	66.9
Investment	**47.2**	**59.2**	**25.4**	**91.1**	**64.9**

* including 30% of VAT transferred to local authorities.
Sources: MEF (DTFE), VAT reprocessing by BAM.

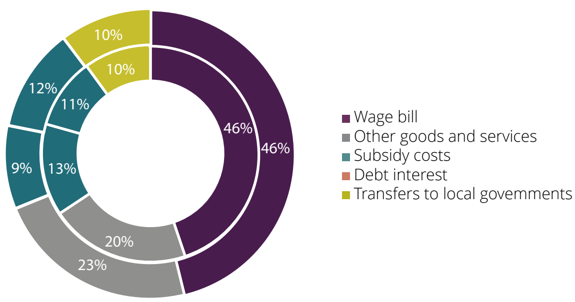
Chart 4.2: Execution of spendings compared to the amending FA



Sources : Données MEF (DTFE) et retraitement TVA par BAM.

Interest charges on the debt went up 7.5 percent to 25.1 billion and 59.1 percent to 4.8 billion of foreign debt in particular. Interest charges on domestic debt remained flat at 20.4 billion.

Chart 4.3 : Structure of current spending



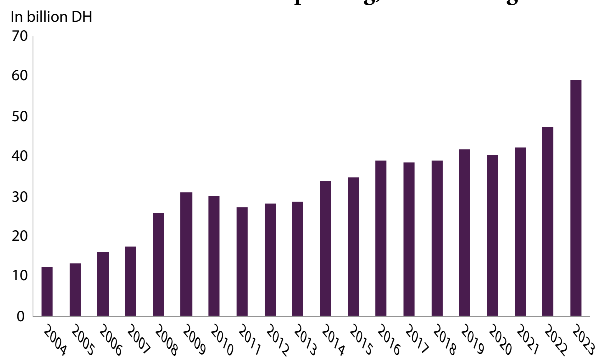
Anneau intérieur : Janvier-Aug. 2022
Anneau extérieur : Janvier-Aug. 2023

Sources : Ministry of Economy and Finance and Administration Reform, VAT reprocessing by BAM.

Subsidy costs dropped by 31.2 percent to 19.7 billion dirhams, equivalent to an execution rate of 74 percent. This alleviation is due in particular to the fall from 4.2 billion dirhams to 11.5 billion dirhams, in line with the gas, in line with the fall in the international price of this product and the rise of the dirham against the dollar. The remainder was devoted to supporting sugar 3.9 billion, national flour for 3.2 billion and subsidies granted to 1 billion to transport professionals.

As for capital expenditure, it jumped by 25.4 percent to 59.2 billion, reflecting in particular a payment of 18.5 billion to the Treasury's Special Accounts 19.4 billion at the end of August 2022. The rate of this expenditure compared with the FA was 64.9 percent.

Chart 4.4: Investment spending, at end of August

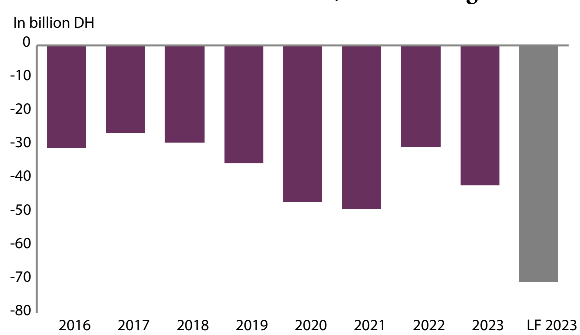


Source : Ministry of Economy and Finance.

4.3 Deficit and Treasury Financing

Taking into account the change in revenues and expenditure as well as the balance of the Treasury's special accounts, the Treasury recorded a deficit of 41.6 billion dirhams, compared with 30.3 billion at the end of August 2022. In addition, considering the reduction in the stock of pending transactions 10.2 billion, compared with 3.6 billion one year earlier a year earlier, the cash deficit stood at 51.8 billion, an increase of 17.9 billion..

Chart 4.5 : Fiscal balance, at end of August



Source : Ministry of Economy and Finance and Administration Reform.

The Treasury's borrowing requirement was covered by net domestic resources of 19.6 billion and net external financing of 32.1 billion. Gross external borrowings amounted to 38.9 billion, including 25.8 billion from the bond issue bond issue on the international financial market.

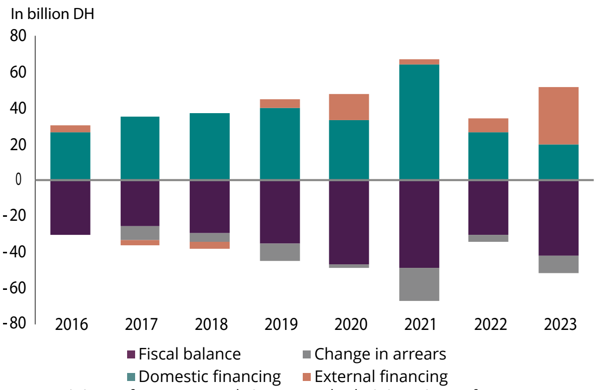
Table 4.3: Deficit financing (in billions of dirhams)

	Janv. - Aug. 2022	Janv. - Aug. 2023	LF 2023
Current balance	**0.7**	**7.8**	**16.3**
Balance of TSA	16.2	9.8	4.2
Primary balance	-6.9	-16.5	-40.7
Fiscal balance	**-30.3**	**-41.6**	**-70.7**
Change in arrears	-3.6	-10.2	
Financing requirements	**-33.9**	**-51.8**	**-70.7**
Domestic financing	26.5	19.6	13.1
External financing	7.3	32.1	52.5
Privatization	0.0	0.0	5.0

Sources : Ministry of Economy and Finance and Administration Reform.

In terms of domestic financing, net recourse to the auction market amounted to 37.6 billion compared with 12.8 billion a year earlier. Net subscriptions were mainly for 2-year notes for 32.1 billion, 25.1 billion for 15-year notes, 15.7 billion for 52-week notes for 15.7 billion and 10-year notes for 12.3 billion. At the same time, net redemptions of 5-year notes, amounting to 30.2 billion, 13-week bills for 10.4 billion, 32-day bills for 10 billion and 26-week bills for 4.3 billion.

Chart 4.6: Fiscal balance and financing, at end of August*



Source : Ministry of Economy and Finance and Administration Reform
* Privatization receipts, limited and discontinued over time, were included in domestic financing.

With regard to the Treasury's financing conditions on the auction market, the data at the end of August at the end of August indicate an increase in weighted average compared with the same period in 2022. For long maturities, increases reached 222 basis points (bp) to 5.5 percent for 30-year bonds 30-year notes, 213 bp to 4.83 percent for 15-year notes and 199 bp to 4.41 percent for 10-year notes. Similarly, for short maturities, rates rose by 182 bp to 3.75 percent for two-year bills 181 bp to 4.01 percent for 5-year notes and 161 bp to 3.39 percent for 52-week bills.

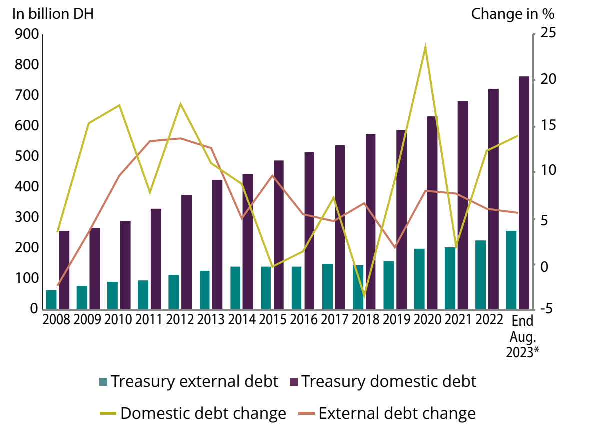
Table 4.4: Treasury's indebtedness (in billions of dirhams)

	2018	2019	2020	2021	2022	End Aug 2023*
Treasury external debt	**148.0**	**161.6**	**199.7**	**203.8**	**228.9**	**261.0**
Change in %	-3.4	9.2	23.6	2.0	12.3	14.0
Treasury domestic debt	**574.6**	**585.7**	**632.9**	**681.5**	**722.9**	**762.9**
Change in %	6.6	1.9	8.1	7.7	6.1	5.5
Outstanding direct debt	**722.6**	**747.3**	**832.6**	**885.3**	**951.8**	**1023.9**
Change in %	4.4	3.4	11.4	6.3	7.5	7.6

* For the debt at the end of November 2021, it is estimated based on net financing flows generating debt.
Source : Ministry of Economy and Finance and Administration Reform.

In terms of direct public debt, the amount outstanding would have risen by 7.6 percent at the end of August 2023 compared with its level at the end of December 2022, with increases of 5.5 percent in the domestic component and 14 percent for the external component.

Chart 4.7 : Treasury debt



Sources : Ministry of Economy and Finance and Administration Reform, and BAM estimates.

5. DEMAND, SUPPLY AND LABOR MARKET

In the first quarter of 2023, economic growth picked up pace to 3.5 percent, after 0.5 percent in the same quarter of 2022. This resulted from a 6.9 percent rise in agricultural value added instead of a 12.2 percent decline, and a 3.2 percent increase in non-agricultural value added after 2.4 percent. On the demand side, growth remained driven by foreign trade, whose contribution increased from 2.3 to 3.6 percentage points, while that of domestic demand remained negative, easing from -1.8 to -0.1 points in a context of high inflation.

This performance is said to have continued in the second and third quarters, owing to a relative improvement in agricultural production, and a buoyant activity in the tertiary sector, particularly in the "accommodation and catering" branch and some non-market services.

In the labor market, between the second quarter of 2022 and the same period of 2023, the economy lost 86,000 jobs, following the creation of 133,000 a year earlier, covering a drop of 266,000 jobs in agriculture and an increase of 179,000 in non-agricultural activities, more than half of which were in services. Given a net entry of 71,000 jobseekers, the participation rate declined from 45.2 percent to 44.8 percent, and the unemployment rate rose from 11.2 percent to 12.4 percent at national level, from 15.5 percent to 16.3 percent in urban areas and from 4.2 percent to 5.7 percent in rural areas.

5.1 Domestic demand

5.1.1 Consumption

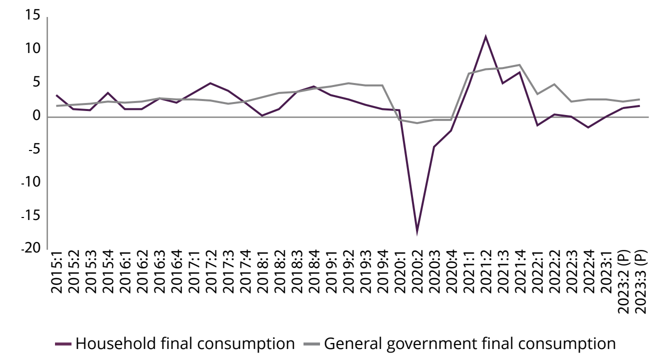
The latest national accounts data for the first quarter of 2023 show an increase in household consumption of 0.1 percent, following a contraction of 1.3 percent in the same quarter of the previous year. Its contribution to growth was thus positive by 0.1 percentage points, compared to a negative contribution of 0.8 points.

In the second and third quarters, the pace of household consumption accelerated to an average of 1.5 percent, after 0.2 percent a year earlier, reflecting the improved agricultural incomes, the sustained high level of remittances from Moroccans living abroad, and the steady slowdown in consumer prices. Consumer credit, for its part, slowed to 1% at the end of July.

The household confidence index (CCI) continued to deteriorate, reaching 45.4 points, its lowest level since 2008.

General government final consumption increased by 2.7 percent after 3.5 percent, while its contribution to growth fell from 0.7 to 0.5 percentage points. In the second and third quarters, its pace slowed to 2.5 percent from 3.6 percent a year earlier, reflecting the slowdown in operating expenditure from 5.3 percent to 4.8 percent at the end of July.

Chart 5.1 : Consumption expenditure (Change in %)



Sources : HCP and BAM forecasts.

5.1.2 Investment

Investment in the first quarter of 2023 fell again by a 2.6 percent, following a 6.9 percent decline in the same quarter of the previous year. As a result, its negative contribution to growth went from -1.8 percentage points to -0.6.

This decline in investment is said to have eased anew in the second and third quarters, with an average decrease of 2 percent, compared to -7.5 percent a year earlier. This change is corroborated by available infra-annual data, which particularly show an acceleration from 12.1 percent to 21.6 percent in Treasury investment at the end of July, and an 8.7 percent improvement against a 2.3 percent decrease in equipment loans.

Furthermore, the quarterly results of Bank Al-Maghrib's business survey for the second quarter of 2023 show that business climate was described as "normal" by 72 percent of businesses and "unfavorable" by 20 percent of them.

5.2 External demand

In the first quarter of 2023, net exports of goods and services in volume terms made a positive 3.6 percentage-point contribution to growth, compared to 2.3 percentage points in the first quarter of 2022, with the pace of export growth accelerating from 9.8 percent to 19.8 percent and of imports from 2 percent to 8.8 percent.

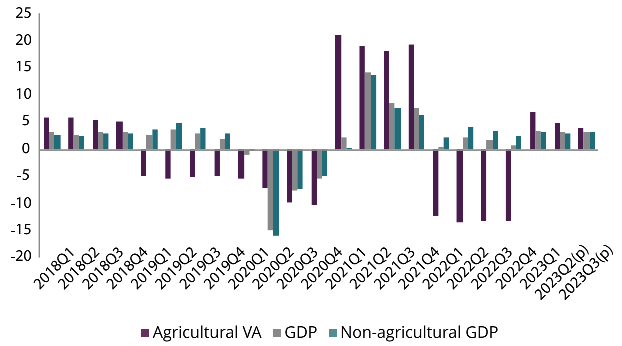
Over the following two quarters, export growth would slow to 7.2 percent, mainly due to the easing of the decline in the sales of phosphates and derivatives. At the same time, imports are reported to slow down from 11.9 percent to 1.4 percent, driven mainly by lower imports of energy products.

5.3 Aggregate supply

In the first quarter of 2023, economic growth reached 3.5 percent, after 0.5 percent in the same quarter a year earlier. This acceleration reflects a 6.9 percent increase in agricultural value added, following a 12.2 percent decline, and a 3.2 percent rise in non-agricultural value added, compared to 2.4 percent.

In the second and third quarters, activity would have continued to improve, with an average rate of 3.2 percent against 1.9 percent a year earlier. Agricultural value added is said to have increased by 4.5 percent after a 13.3 percent decline, reflecting in particular an increase in the cereal harvest to 55.1 MQx, while non-agricultural value added would rise by 3.2 percent instead of 3.7 percent.

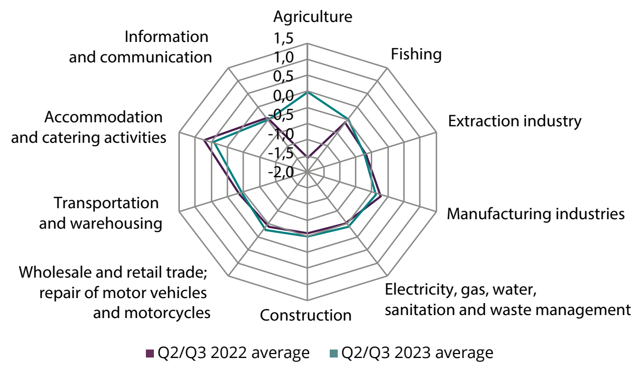
Chart 5.2 : GDP per component (Chained prices, YoY change in %, base year 2014)



Sources : HCP data and BAM forecasts.

For the secondary sector, activity would have continued to be sluggish in the second and third quarters of 2023, with a negative change averaging 0.4 percent, the same rate recorded a year earlier. This trend would reflect declines of 6.3 percent in mining and 1.5 percent in construction and public works, as well as increases of 2.1 percent in "electricity and water" and 0.9 percent in processing industries.

Chart 5.3 : Sectoral contribution to growth (in % points)



Sources : HCP data and BAM forecasts.

The value added of the tertiary sector is said to be improved by an average of 4.8 percent, during the second and third quarters instead of 6 percent for the same period of the previous year. In particular, the "accommodation and catering" activities are reported to have continued their recovery, albeit only partially, with an increase of 31 percent, benefiting mainly from the 2023 Marhaba operation. Also, the two branches "public administration and defense, compulsory social security" and "education, human health and social action activities" would have seen an increase in their added value in a context marked by a rise in staff expenditures.

5.4 Labor market and output capacity

5.4.1 Activity and employment

Between the second quarter of 2022 and the same period in 2023, the labor market situation saw a 0.6 percent increase in the number of active population aged 15 and over to almost 12.5 million people. This includes a rise of 2.8 percent in urban areas and a decrease of 3 percent in rural areas.

Considering the 1.4 percent increase in the working-age population, the participation rate decreased from 0.4 point to 44.8 percent at the national level, from 1.6 point to 49.2 percent in the rural areas, while it rose by 0.3 point to 42.6 percent in urban areas.

At the same time, national economy lost 86,000 jobs, after creating 133,000 a year earlier. The active population fell by 0.8 percent to 10.9 million people. Apart from agriculture, which reported a decline of 266,000 jobs, the other sectors saw the creation of 103,000 jobs in services, 46,000 in industry (including handicrafts) and 30,000 in construction and public works.

5.4.2 Unemployment and underemployment

The unemployed population jumped by 11.2 percent to 1.5 million, and the unemployment rate rose from 11.2 percent to 12.4 percent nationally, from 15.5 percent to 16.3 percent in urban areas and from 4.2 percent to 5.7 percent in rural areas. For young people aged 15 to 24, the rate increased by 3.4 points to 33.6 percent overall and by 5.7 points to 18.4 percent in rural areas, while it fell by 0.3 points to 46.1 percent in urban areas.

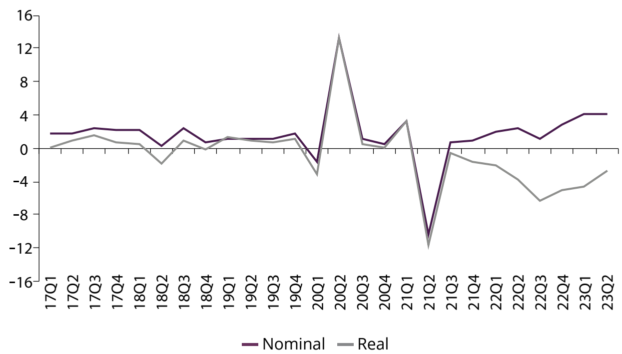
At the same time, the market situation saw an increase in underemployment[1] from 8.5 percent to 9 percent nationally, from 7.7 percent to 8.4 percent in urban areas and from 9.6 percent to 9.9 percent in rural areas.

5.4.3 Productivity and wages

In non-agricultural activities, apparent labor productivity, expressed as the ratio of the value added to employment, is estimated to have improved by 0.7 percent in the second quarter of 2023, following a contraction of 0.7 percent a year earlier. This would be due to a 3.1 percent increase in the value added, instead of 4 percent, and an increase in the number of employees of 2.4 percent, after 4.7 percent.

The average wage, calculated based on the CNSS data as a ratio of the wage bill to the number of employees, rose by 4 percent in nominal terms in the second quarter, compared to 2.3 percent a year earlier. In real terms, it fell by 2.6 percent after 3.7 percent.

Chart 5.4 : Private sector average wage index (YoY change in %)



Sources : CNSS and BAM calculations.

In nominal terms, the hourly minimum wage (SMIG) stood at 15.55 dirhams in the second quarter of 2023, up 5 percent year-on-year. Taking into account a 6.8 percent rise in the consumer price index, it would have fallen in real terms by 1.7 percent. In the third quarter, and considering the second revaluation as of September 1, 2023, in application of the social agreement signed on April 30, 2022, the hourly minimum wage is expected to rise by 5 percent to 16.29 dirhams in nominal terms, and to stagnate in real terms.

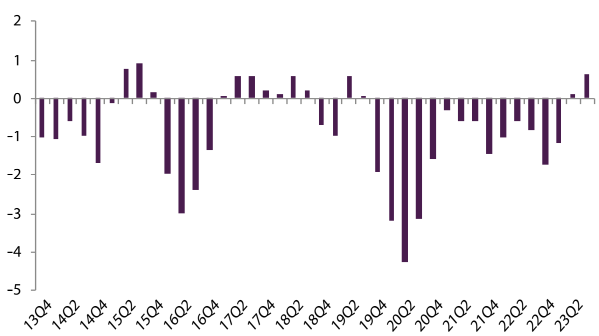
1 The underemployed population is made up of people who have worked: i) less than 48 hours during the reference week, but who are willing and available to work overtime, or ii) more than the set threshold and who are looking for another job or willing to change jobs due to a mismatch with their training or qualifications, or the inadequacy of the income provided.

Chart 5.5 : Hourly minimum wage in nominal and real terms (in dirhams)

Sources: Ministry of Economic Inclusion, Small Business, Employment and Skills, and BAM calculations.

Overall, the output gap is expected to remain positive in the second and third quarters of 2023.

Chart 5.6: Overall output gap (in %)



Source: BAM estimates.

Table 5.1 : Labor market main indicators

		Q2 2022	Q2 2023
Participation rate (%)		**45.2**	**44.8**
Urbain		42.3	42.6
Rural		50.8	49.2
Unemployment rate (%))		**11.2**	**12.4**
Youth aged 15 to 24		30.2	33.6
Urbain		15.5	16.3
Youth aged 15 to 24		46.4	46.1
Rural		4.2	5.7
Créations d'emplois (en milliers)		**133**	**-86**
Urbain		285	121
Rural		-152	-206
Sectors			
- Agriculture, forest and fishing		-210	-266
- Industry including handicraft		76	46
- Construction		30	30
- Services		237	103
Non-agricultural apparent productivity (variation in %)		**-0.7**	**0.7**
Average wage index (change in %)	**Nominal**	**2.3**	**4.0**
	Real	**-3.7**	**-2.6**

Sources : HCP, CNSS and BAM calculations.

6. RECENT INFLATION TRENDS

After six consecutive quarters of increases, inflation slowed down for the first time, in the second quarter of 2023, in line with, albeit faster than forecasted in last June's Monetary Policy Report. Inflation averaged 6.8 percent, after peaking at 9.1 percent during the first quarter. It continued to slow down over July and August, averaging 4.9 percent, driven by a deceleration in all components, except for price-regulated products. Indeed, the pace of price increases fell from 23.7 percent to 16.3 percent for food products with volatile prices, while the decline in the prices of fuel and lubricant steepened from 13.6 percent to 16.4 percent. Similarly, core inflation receded to 4.9 percent on average in July and August, compared with 6.2 percent in the second quarter, reflecting a slowdown in its food component and, to a lesser extent, in its non-food component.

Over the near term, inflation is set to continue its downward trend, settling at 4.6 percent in the third quarter, along with its underlying component which is forecast at 4.7 percent.

6.1 Inflation trends

After peaking at 9.1 percent in the Q1 2023, inflation fell back to 6.8 percent in the second quarter, then averaged 4.9 percent in July and August, bringing its average level for the first eight months of the year to 7.1 percent. Except for price-regulated products, this deceleration affected all components, with more marked slowdowns in prices of food products with volatile prices, and in underlying inflation.

6.1.1. Prices of products excluded from underlying inflation

Food products with volatile prices accumulated monthly price rises of 2.1 percent in July and August, pulled largely by price hikes of 25.8 percent for "citrus fruit", 5.4 percent for "fresh fruit" and 3.8 percent for "fresh fish".

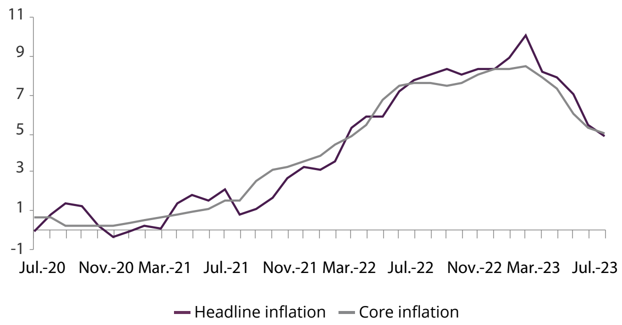
However, year-on-year, prices in this category decelerated from 23.7 percent in the second quarter to 16.3 percent on average in July and August, albeit still contributing positively to inflation, accounting for 2 percentage points, compared to 3 one quarter earlier.

Table 6.1 : Change in inflation and its components (in %)

(In %)	Monthly variation			Year-on-year		
	June 23	July 23	Aug. 23	June 23	July 23	Aug. 23
Inflation	**-0.9**	**0.3**	**0.3**	**5.5**	**4.9**	**5.0**
Food products with volatile prices	-7.3	0.6	1.5	20.4	17.9	14.8
Price-regulated products	0.1	0.0	0.1	1.0	0.9	1.0
Fuels and lubricants	-0.2	0.5	6.7	-20.1	-23.1	-8.9
Core inflation	**0.1**	**0.3**	**-0.2**	**5.3**	**5.1**	**4.7**
Food products	0.0	0.6	-0.6	9.0	8.5	7.8
Clothing and footwear	0.0	0.2	-0.1	3.6	3.6	3.0
Housing, water, gas, electricity, and other fuels	0.0	0.0	0.2	1.6	1.4	1.4
Furniture, household goods and routine maintenance	0.4	0.1	0.1	3.5	3.1	3.0
Healthcare[1]	0.6	0.6	0.0	2.6	3.2	3.6
Transport[2]	0.1	0.2	0.0	4.0	3.9	2.7
Communication	-0.1	0.0	0.0	0.2	0.2	0.0
Leisure and culture[1]	-0.1	0.0	-0.1	0.4	0.3	-0.1
Education	0.0	0.0	0.0	4.5	4.5	4.5
Restaurants and hotels	0.5	0.8	0.7	6.0	5.8	5.9
Miscellaneous goods and services[1]	0.2	0.1	0.1	2.5	2.5	2.5

1 Excluding products with regulated prices.
2 Excluding fuels and lubricants, and products with regulated prices.
Sources: HCP data and BAM calculations.

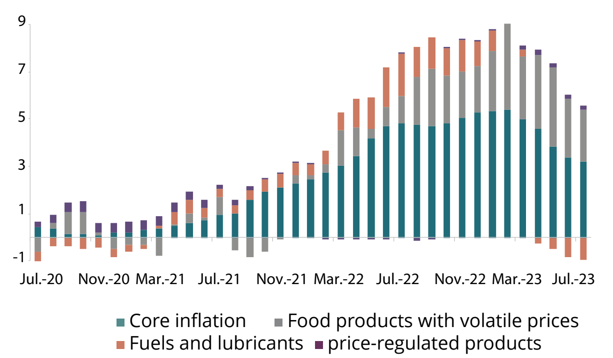
Chart 6.1: headline and core inflation (in %, YoY)



Sources : HCP and BAM calculations.

Price-regulated products reported a cumulative monthly increase of 0.1 percent in July and August, mainly reflecting a 0.9 percent rise in prices for medical services. Year-on-year, price-regulated products rose by an average of 1 percent in July and August, at an unchanged pace relative to the second quarter. Their contribution to inflation averaged 0.2 percentage points in July and August, in line with the previous quarter.

Chart 6.2 : Contributions to inflation of main component prices (in percentage points)

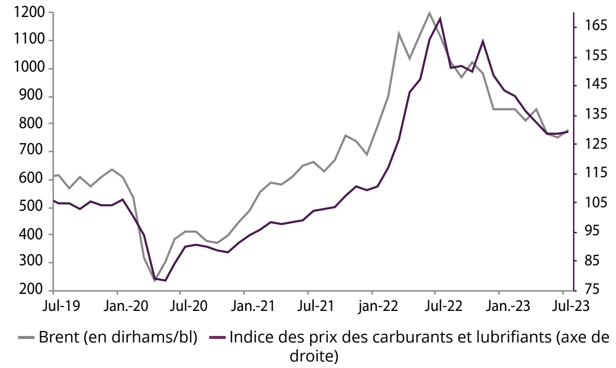


Sources : HCP data and BAM calculations.

Fuels and lubricants recorded a cumulative monthly increase of 7.1 percent in July and August, mainly due to higher international prices for petroleum products. In particular, the price of Brent crude, rose to $86.2/bl in August, compared with $80.1/bl in July and $74.9/bl in June. The impact of this price hike was alleviated by the 2.7 percent appreciation of the national currency against the US dollar on average in July and August, compared with the second quarter.

However, on a year-on-year basis, prices of fuels and lubricants posted a steeper decline by 16.4 percent on average in July and August, following a 13.6 percent fall in the previous quarter. Overall, the prices of these products continue to make a negative contribution to inflation, averaging -0.7 percentage points in July and August, after -0.5 percentage points one quarter earlier.

Chart 6.3 : Cours du Brent et indice des prix des carburants et lubrifiants (base 100 en 2017)



Sources : World Bank, HCP and BAM calculations.

6.1.2. Core inflation

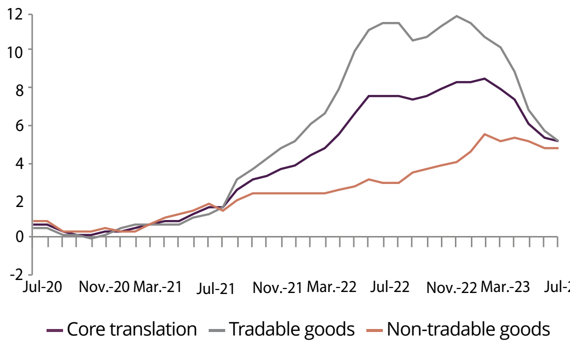
The deceleration in core inflation, which began during the second quarter, persisted in July and August, averaging 4.9 percent versus 6.2 percent a quarter earlier.

This trend mainly reflects the slowdown of price increases for the food products included in core inflation, which rose by an average of 8.1 percent in July and August, versus 10.8 percent year-on-year in the second quarter. In particular, prices grew by 12.2 percent instead of 18.6 percent for “oils”, by 8.6 percent instead of 15.1 percent for “dairy products”, and by 10.7 percent instead of 15 percent for “milk”.

Excluding food products, this deceleration concerns all CPIX[1] divisions except “health”. Thus, price increases slowed from 4.4 percent to 3 percent for “furniture, household goods and routine household maintenance”, from 4.8 percent to 3.3 percent for “transport”, from 2.5 percent to 0 percent for “leisure and culture” and from 2 percent to 1.5 percent for “housing, water, gas, electricity and other fuels”.

1 Defined as the 11 headings that make up the core inflation basket (See table 6.1).

Chart 6.4 : Trends in price indices for tradable and non-tradable goods (in %, year-on-year)



Sources : HCP data and BAM calculations.

The breakdown of the underlying inflation indicator basket into tradable and non-tradable goods suggests that 90 percent of this deceleration is driven by the tradable component.

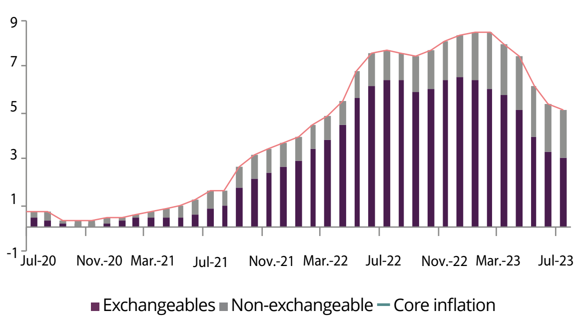
Table 6.2 : Trends in tradable and non-tradable goods price indices

	Monthly variation			Year-on-year		
	June 23	July 23	Aug. 23	June 23	July 23	août 23
Tradable goods	0.0	0.1	0.0	5.7	5.2	4.7
Non-tradable goods	0.2	0.5	-0.4	4.8	4.8	4.5
Underlying inflation	**0.1**	**0.3**	**-0.2**	**5.3**	**5.1**	**4.7**

Sources : HCP data and BAM calculations.

The latter's growth rate decelerated from 7.2 percent in the second quarter to an average of 5 percent in July and August, as external pressures relatively eased. Inflation averaged 5.3 percent over the last two months, down from 6.2 percent in the previous quarter in the eurozone, Morocco's main trading partner.

Chart 6.5: Contribution of tradables and nontradables to core inflation

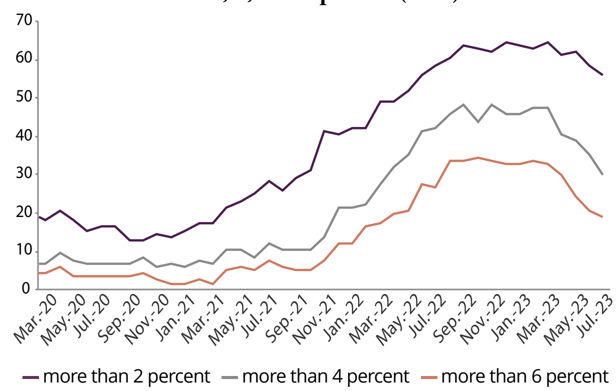


Sources : HCP and BAM calculations.

Prices for non-tradable goods and services increased by an average of 4.7 percent over the last two months, against 5 percent in the second quarter, mainly reflecting a smaller rise in the prices of "fresh meats".

The spread of inflationary pressures has eased over the last two months. The proportion of products posting price increases of over 2 percent declined to 54 percent on average in July and August, after 61 percent in the second quarter. Similarly, the proportions of products for which prices rose by more than 4 percent and 6 percent continued their downward trend.

Chart 6.6 : Share of products showing a year-on-year change of over 2, 4, and 6 percent (in %)



Sources : HCP et calcul BAM.

6.2 Short-term outlook for inflation

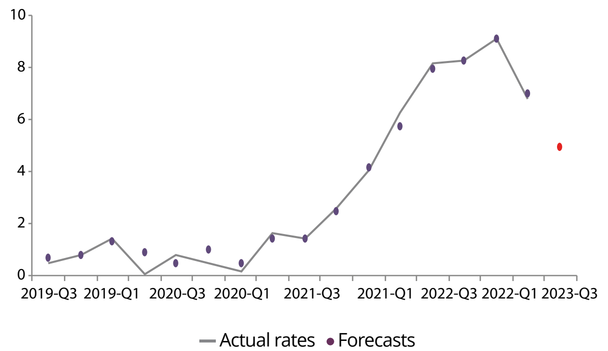
Inflation is forecast to continue its deceleration in the third quarter, to come in at 4.6 percent after 6.8 percent in the second quarter, driven by the expected decline in the price growth rate of food products with volatile prices. Based on data from wholesale markets, the said growth rate is set to come in at 14.4 percent instead of 23.7 percent.

Similarly, core inflation is forecast to decline to 4.7 percent from 6.2 percent, mainly due to the further weakening of external pressures.

Conversely, prices for fuels and lubricants are expected to drop by 12.4 percent, following a 13.6 percent fall, owing to trends in the international price of petroleum products.

Unless related government decisions are taken, prices of rate-regulated products are expected to evolve at a virtually unchanged rate compared to the second quarter, i.e., 0.9 percent.

Chart 6.7 : short-term forecasts for inflation and actual inflation rates

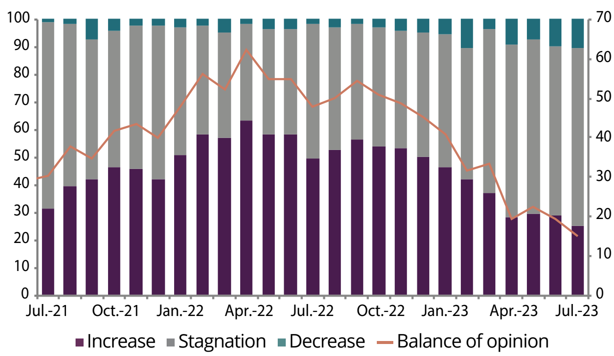


Source : HCP data and BAM forecasts.

6.3 Inflation expectations

The results of Bank Al-Maghrib's business outlook survey for July 2023 show that 65 percent of manufacturers surveyed expect inflation to stagnate over the next three months, 25 percent forecast inflation to rise, while 10 percent project it to fall. The balance of opinion thus stands at 15 percent.

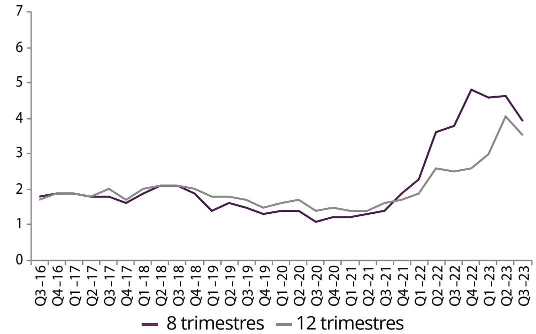
Chart 6.8 : Business leaders' expectations for inflation over the next three months (in %)



Source : Enquête mensuelle de conjoncture de BAM.

Furthermore, the results of the survey on expectations of inflation conducted by Bank Al-Maghrib for the third quarter of 2023 show that experts in the financial sector expect inflation to average 3.9 percent over the next eight quarters, compared with 4.7 percent a quarter earlier. Further ahead, over the next 12 quarters, their forecast stands at 3.5 percent instead of 4.1 percent.

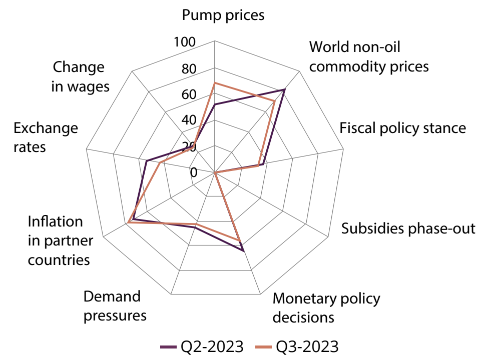
Chart 6.9 : Inflation expectations by financial sector experts over the next eight quarters (in %)



Source : BAM's quarterly survey on inflation expectations.

Respondents believe that inflation development over the next eight quarters will be determined primarily by inflation in partner countries, world commodity prices excluding oil, and prices at the pump.

Chart 6.10 : Determinants of future inflation developments as expected by financial experts



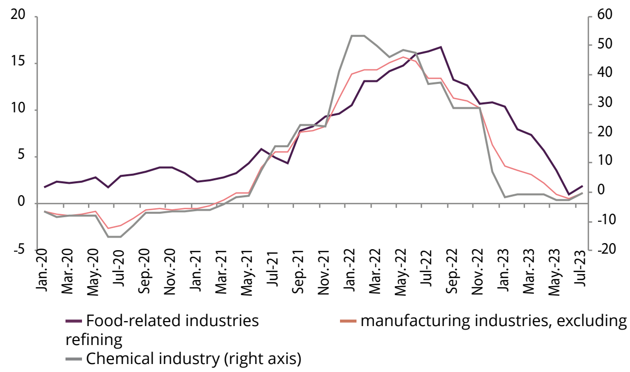
Source : BAM's quarterly survey on inflation expectations.

6.4 Producer prices

Producer prices in manufacturing industries excluding oil refining rose by a monthly average of 0.4 percent in July and August, pulled mainly by increases in the "chemical industry" (1.4 percent) and in the "food industry" (0.5 percent).

Year-on-year, the increase rate of producer prices in the manufacturing industries, excluding refining, declined from an average of 1.2 percent in the second quarter to an average of 1 percent in July and August.

Chart 6.11 : Change in main industrial producer price indices, year-on-year (in %)



Source : HCP.

7. MEDIUM TERM OUTLOOK

Summary

While inflation remains high and financial conditions are tightening, global economic activity is showing relative resilience in most major economies. Global economic growth is expected to come in at 3 percent in 2023 and 2.4 percent in 2024. In the USA, real GDP is set to rise by 1.9 percent this year, then 0.9 percent in 2024, while in the Eurozone, growth is expected to stand at 1.2 percent in 2023 and 0.9 percent in 2024. In the UK, despite an elevated cost of living, growth is expected to remain positive. On the other hand, Japan's GDP should grow by 2.3 percent in 2023, driven mainly by exports.

As for the main emerging countries, the Chinese economy is expected to grow by 5.5 percent in 2023 and 5 percent in 2024, penalized by the persisting crisis in the real estate market, particularly. The Indian economy, meanwhile, is expected to perform favorably, buoyed by an expanding service sector and increased investment in infrastructures. In Brazil, growth is expected to come in at 2.6 percent in 2023, driven by brisk agricultural production, before declining to 1 percent in 2024. In Russia, notwithstanding the military conflict with Ukraine, growth in 2023 has been revised upwards to 2.8 percent, driven mainly by the manufacturing industry and armament expenditure, and is expected to cap at 0.8 percent in 2024, mainly due to the ongoing sanctions.

In Russia, notwithstanding the military conflict with Ukraine, growth in 2023 has been revised upwards to 2.8 percent, driven mainly by the manufacturing industry and armament expenditure, and is expected to stand at just 0.8 percent in 2024, mainly due to the upholding of sanctions. On commodity markets, due to OPEC+ supply constraints and a relatively more favorable global economic outlook, Brent crude prices have been revised upwards to an average of nearly $83/bbl in 2023 and 2024. As for the price of coal, after spiking in 2022, it is expected to decline this year and next year as demand recedes following China's and other countries' ongoing shift towards renewable energies. As for the price of natural gas on the European market, World Bank projections for April 2023 point to a decline in the short to medium term. After peaking in 2022, phosphate and derivatives prices are expected to trend downwards in 2023 and 2024.

Meanwhile, food prices decreased by 2.1 percent between July and August 2023. Over the year as a whole, the FAO index should drop by 11.6 percent on average, before posting a 1.7 percent increase in 2024. Under such conditions, inflationary pressures are set to ease further in the medium term. In the United States, inflation is forecast to pursue its downward trend over the coming months, reflecting the decline in prices for housing services in particular. Similarly, inflation in the Eurozone is set to decelerate, despite lingering price pressures in the services sector. Against this backdrop, the ECB has decided at its latest meeting to raise its three key rates by 25 basis points, taking the main refinancing rate to 4.50 percent, while the Fed has maintained its target range for the federal funds rate unchanged at [5.25 percent-5.50 percent].

Domestically, the context has been marked since September 8 by the impact and implications of the earthquake that struck the Al Haouz region, taking a very heavy human toll. On the economic front, the outpouring of national and international solidarity is expected to mitigate the short-term socio-economic impact on the population. Assessing such impacts requires data that can only be gathered with a certain time lag. In terms of trade in goods, after the strong momentum of the last two years, trade is expected to remain virtually flat in 2023.

Exports are set to remain virtually stable, reflecting, on the one hand, the expected strong momentum of automotive sector shipments, and on the other a downturn in sales of phosphate

and derivatives. Meanwhile, imports are expected to remain virtually unchanged, with an increase in purchases of capital and consumer goods and a decline in purchases of semi-finished goods. Revenues from travel are expected to rise by 23.4 percent, while remittances from Moroccans Residing Abroad (MRA) are set to reach prominent level, close to that recorded in 2022. The current account deficit is therefore expected to end the year at 2 percent of GDP, after 3.5 percent in 2022.

In 2024, the pace of growth in trade is expected to accelerate, with projected rises of 5.8 percent for exports and 2.2 percent for imports. Travel receipts and remittances from MRA are expected to maintain sustained levels, at 109.9 billion dirhams and 117.5 billion dirhams, respectively. The current account deficit is thus expected to stand at 2.1 percent of GDP. FDI earnings are set to rise to the equivalent of 3 percent of GDP.

On the assumption, in particular, that the planned external financing takes place, official reserve assets are set to stand at 361.8 billion dirhams at the end of 2023 and then at 363.8 billion dirhams at the end of 2024, equivalent to almost five and a half months' imports of goods and services.

In terms of public finances, after having reached 5.2 percent of GDP in 2022, BAM forecasts a budget deficit of 5.1 percent of GDP in 2023, an upward revision by 0.1 percentage points compared with the June forecast, and 4.9 percent in 2024.

This result essentially incorporates an upward adjustment in subsidies expenses and an improvement in tax receipts, taking into account BAM's new macroeconomic projections, recent updates from the Ministry of Economy and Finance (MEF) as well as fiscal outturn at the end of August 2023.

As for monetary conditions, bank credit to the non-financial sector is expected to grow by 3.1 percent in 2023 and 4.6 percent in 2024. The real effective exchange rate, after its sharp depreciation in 2022, is expected to adjust upwards over the medium term.

As regards the economic activity, after a sharp increase to 8 percent in 2021 and a deceleration to 1.3 percent in 2022, growth in the national economy should accelerate to 2.9 percent this year, reflecting improvements of 5 percent in agricultural value added, taking into account a grain harvest of 55.1 MQx according to the Department of Agriculture's estimate, and of 2.6 percent in non-agricultural activities. In 2024, growth would consolidate at 3.2 percent, reflecting increases of 5.9 percent in agricultural value added, on the assumption that cereal production would average 70 MQx and that the trend in other crops would continue, and of 3 percent in non-agricultural activities. On the demand side, growth in 2023 is expected to be driven mainly by net exports, while the domestic component is set to remain weak. In 2024, the contribution of net exports to growth is forecast to remain positive, albeit attenuating, while domestic demand is set to consolidate.

Under these conditions, after a sharp acceleration to 6.6 percent in 2022, inflation is set to pursue its deceleration trend, while remaining at elevated levels over the medium term. It should average 6 percent in 2023, mainly due to the rise in volatile food prices, before easing to 2.6 percent in 2024. Its underlying component should slow to 5.6 percent on average in 2023, before posting a marked deceleration to 2.3 percent in 2024.

7.1 Underlying assumptions

Improved economic outlook in most major economies

Despite persistently elevated levels of inflation and tighter financial conditions, world economic activity is displaying relative resilience in most major economies. Global economic growth is expected to reach 3 percent in 2023, an upward revision of 0.3 percentage points (pp) on the June projections, before decelerating to 2.4 percent in 2024.

In the US, notwithstanding tight monetary and financial conditions, the economy is expected to grow by 1.9 percent in 2023, mainly fueled by increased consumer spending in services and buoyant foreign trade, before decelerating to 0.9 percent in 2024. In the Eurozone, the outlook for growth was revised downwards slightly, as tighter monetary and financial conditions weighed on domestic demand, while some industries are exhibiting signs of a slowdown in activity. Growth is thus expected to stand at 1.2 percent in 2023, before declining to 0.9 percent in 2024. In the UK, despite an elevated cost of living, the economy is set to dodge recession, with growth forecast at 0.4 percent in 2023 and 2024. Meanwhile, Japan's economy is projected to grow by 2.3 percent in 2023, driven mainly by exports, but is likely to suffer from weak Chinese demand and decelerate to 1 percent in 2024.

Turning to the main emerging countries, growth in China is expected to come in at 5.5 percent in 2023, down 0.6 pp on the June forecast, notably reflecting the persisting crisis in the property market and weakening domestic demand. To stimulate private demand, the authorities have introduced several measures, including improving the supply of building land and access to credit for both private companies and households. In 2024, growth should reach 5 percent. For its part, the Indian economy is expected to grow by 6.1 percent in 2023, particularly underpinned by a sharp expansion in the services sector. In 2024, it should reach 6.4 percent, primarily owing to continued investment in infrastructure in response to strong demographic growth. In Brazil, growth should stand at 2.6 percent in 2023, driven by a strong agricultural production, before declining to 1 percent in 2024. In Russia, despite the continuing conflict in Ukraine, growth in 2023 has been revised upwards to 2.8 percent, driven mainly by manufacturing and arms expenditures. However, growth is set to moderate to 0.8 percent in 2024, mainly due to the maintenance of sanctions.

Chart 7.1 : Growth in the Eurozone

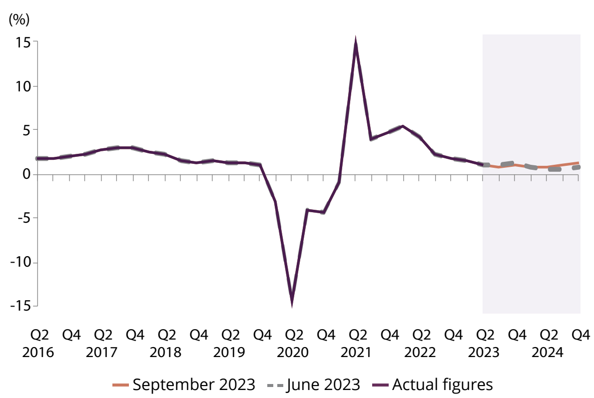
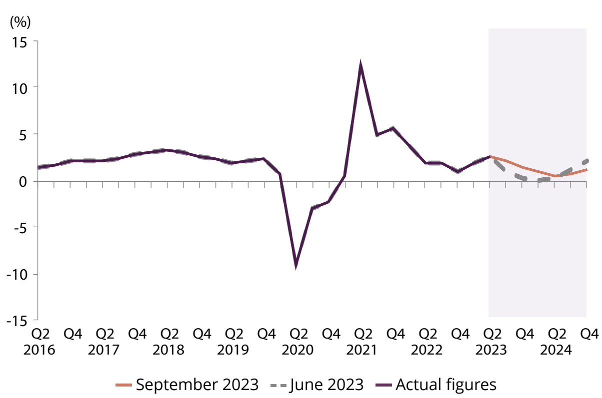


Chart 7.2 : Growth in the USA



Source: GPMN, august 2023.

Persistent pressure on oil prices and continued slowdown in inflation over the medium term

As regards commodities, due to OPEC+ supply constraints and a relatively less adverse global economic outlook, Brent crude prices have been upwardly revised to an average of nearly $83/barrel in 2023 and 2024. As for coal, after rising to an average of $288.6/tonne in 2022, the price is expected to fall to $126.4 this year, and to further decline in the medium term as China and other countries continue to shift towards renewable energies. As for the price of natural gas on the European market, the World Bank's April 2023 projections point to a significant drop to $19/MMBtu in 2023 and $17/MMBtu in 2024, after $40.3/MMBtu in 2022.

Where phosphate and derivatives are concerned, after peaking in 2022, the latest World Bank projections point to a downward trend in prices. They are indeed set to fall from $772/t in 2022 to $580/t in 2023 for DAP, and from $716/t to $560/t for TSP. In 2024, this downward trend would continue, with prices falling to 570 dollars/t for DAP and 510 dollars/t for TSP. As for crude phosphate, its price is expected to fall from 266 dollars/t in 2022 to 260 dollars/t in 2023, and to continue its decline to 240 dollars/t in 2024.

Food prices (FAO Index) declined by 15.1 percent to the end of August 2023. Over 2023 as a whole, the FAO index is set to fall by an average of 11.6 percent, before rising by 1.7 percent in 2024. The price of US durum wheat stood at $315.8/t in August, down 8.6 percent month-on-month and 17.5 percent year-on-year.

Under such conditions, inflationary pressures are expected to continue to ease over the forecast horizon, with global inflation falling from 7.3 percent in 2022 to 4.8 percent in 2023 and 3.8 percent in 2024. In the United States, after an 8 percent rise in 2022, prices continue to decelerate, with inflation expected to come in at 4.1 percent in 2023 and 2.6 percent in 2024, reflecting particularly a substantial drop in the price of housing services. Similarly, inflation in the Eurozone is set to decelerate to 5.6 percent in 2023 then to 3.1 percent in 2024, albeit at a slower pace than in the US, as underlying price pressures, particularly in the services sector, prove more durable. In China, inflation fell into negative territory in July and is expected to average 0.4 percent in 2023, mainly owing to sluggish economic growth and the sharp drop in pork prices. In 2024, inflation is expected to accelerate to 1.5 percent.

Chart 7.3 : Prix du Brent

Chart 7.4 : FAO Food Price Index (2014-2016=100)

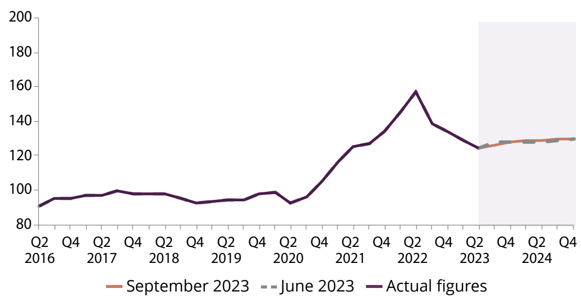


Chart 7.5 : Inflation in the euro zone

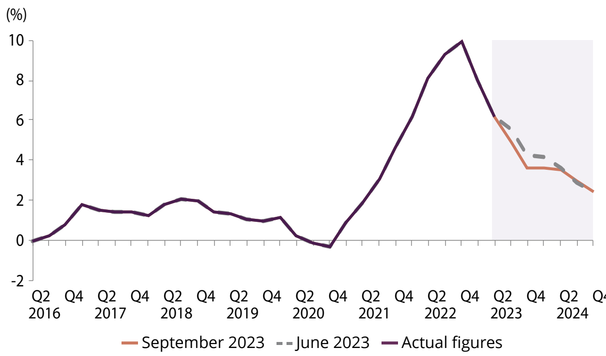


Chart 7.6 : Inflation in the United States

Source: GPMN, august 2023.

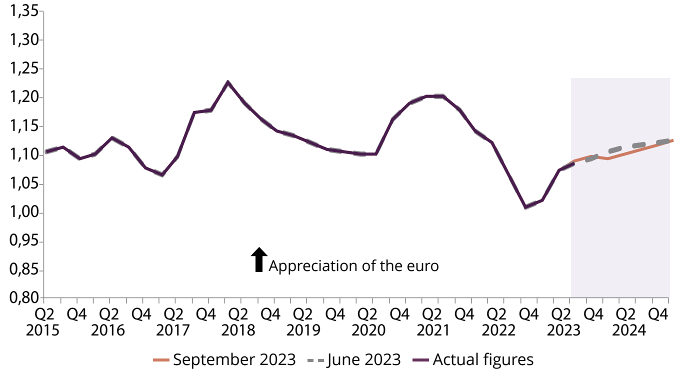
Further tightening of monetary policy for the ECB and status quo for the FED

Amid persistently elevated levels of inflation, the main central banks have expressed their firm commitment to bringing inflation back in line with their medium-term targets. The ECB decided to raise its three key interest rates by 25 basis points, while indicating that although inflation continues to slow, it is likely to remain too high for too long. It also specified that its key rates would be maintained at sufficiently restrictive levels for as long as necessary. The Asset Purchase Program (APP) portfolio is declining at a measured and predictable pace, as the Eurosystem no longer reinvests principal payments from maturing securities.

For its part, the FED decided at its September 19-20 meeting to maintain the target range for the federal funds rate unchanged at [5.25 percent-5.50 percent], against a backdrop of persistently high inflation. At the same time, the Committee will continue to reduce its holdings of Treasury bills and mortgage-backed securities. It also stressed that it would continue to monitor the implications of the latest decisions on the economic outlook and would be prepared to adjust the stance of its monetary policy if risks were to arise and hinder the achievement of its objectives.

On foreign exchange markets, after its sharp appreciation in 2022, the dollar is set to depreciate against the euro in 2023 band 2024, impacted in particular by the narrowing of the interest-rate differential. The euro is expected to stand at $1.09 in 2023 and 1.11 in 2024.

Chart 7.7 : USD/EUR exchange rate



Source: GPMN, august 2023.

Cereal production of 55.1 MQx for crop year 2022/2023 and average harvest for 2023/2024

For the 2022/2023 crop year, the Department of Agriculture estimates the cereal harvest at 55.1 million quintals (MQx), up 62 percent on the previous year and down 15 percent on the average for the last five years. Given these conditions, and notably due to a greater-than-expected attenuation of the decline in livestock production owing to the support measures taken by the government, and a relative improvement forecast for market gardening, the agricultural growth forecast for 2023 has been revised upwards by 3.4 percentage points compared with the June forecast, to stand at 5 percent.

For the 2023/2024 marketing year, assuming average cereal production of 70 MQx and the trend for other crops, agricultural value added should increase by 5.9 percent in 2024, instead of the 5.5 percent expected in the previous forecast.

7.2 Macroeconomic projections

Acceleration of trade growth in 2024 and consolidation of the elevated level of travel receipts and remittances from Moroccans residing abroad (MRA)

Based on the new assumptions regarding the international environment, macroeconomic forecasts, and actual figures to end-July 2023, the current account deficit is set to narrow from 3.5 percent of GDP in 2022 to 2 percent in 2023 and 2.1 percent in 2024. In 2023, exports are set to remain virtually stable, reflecting, on the one hand, the expected strong momentum of automotive sector shipments and, on the other, a downturn in sales of phosphate and derivatives, in connection with the forecast decline in the price of fertilizers, and to a lesser extent, in quantities. In parallel, imports are expected to remain virtually stable, covering increases in purchases of capital goods and consumer goods, and declines in the energy bill and purchases of semi-finished products. As regards travel receipts, which rose by 50.9 percent to end-July 2023, they are set to come in at 115.5 billion for the year as a whole, an improvement of 23.4 percent. Remittances from MRA should remain at an elevated level, reaching 113.5 billion after 110.7 billion in 2022. FDI receipts are expected to total 40.4 billion dirhams, equivalent to 2.8 percent of GDP in 2023.

Assuming the materialization of the expected external financing, official reserve assets should increase to 361.8 billion dirhams by the end of 2023, i.e., the equivalent of 5 months and 14 days of imports of goods and services.

In 2024, exports are expected to grow by 5.8 percent, mainly reflecting increases in shipments of phosphate and derivatives, driven by higher quantities, as well as in those of the automotive sector. Imports are expected to rise by 2.2 percent, driven mainly by an increase in purchases of semi-finished and finished consumer goods. By contrast, the energy bill and wheat supplies are expected to decline year-on-year. In parallel, travel receipts are expected to decline by 4.9 percent to 109.9 billion dirhams, while remittances from MRA should be up 3.6 percent to 117.5 billion dirhams. For their part, FDI receipts should amount to the equivalent of 3 percent of GDP in 2024.

Considering the Treasury's external drawdown assumptions and scheduled repayments, official reserve assets are set to consolidate at 363.8 billion by the end of 2024, covering the equivalent of 5 months and 15 days of imports of goods and services.

Table 7.1 : Main components of the balance of payments

Change (in %), unless otherwise indicated otherwise	Actual figures					Forecast		Gap (Sept./June)	
	2018	2019	2020	2021	2022	2023	2024	2023	2024
Exports of goods (FOB)	10.7	3.3	-7.5	25.2	30.1	0.3	5.8	3.1	-0.2
Imports of goods (CIF)	9.9	2.0	-13.9	25.0	39.5	-0.1	2.2	2.1	-0.7
Travel receipts	1.2	7.8	-53.7	-5.1	170.8	23.4	-4.9	8.5	-4.0
Remittances	-1.5	0.1	4.8	40.1	16.0	2.5	3.6	-1.1	0.1
Current account balance (% GDP)	**-4.9**	**-3.4**	**-1.2**	**-2.3**	**-3.5**	**-2.0**	**-2.1**	**0.4**	**0.5**
Official reserve assets in months of imports of goods and services	**5.4**	**6.9**	**7.1**	**5.3**	**5.3**	**5.5**	**5.5**	**-0.1**	**0.0**

Sources : Données de l'Foreign Exchange Office et prévisions BAM.

Growth in credit to the non-financial sector set to return to a moderate pace

The bank liquidity deficit is set to widen further to 97.2 billion dirhams by the end of 2023 and 113 billion dirhams by the end of 2024, notably driven by the growth in fiduciary money by 10 percent and 7.5 percent, respectively. Factoring in end-July credit trends, macroeconomic projections and banking system expectations, bank lending to the non-financial sector is forecast to grow by 3.1 percent in 2023 and 4.6 percent in 2024. This being the background, and in line with the expected developments in the other counterparts of the money supply, the M3 aggregate is set to grow by 6.3 percent in 2023 and 5 percent in 2024.

For its part, after a 3.9 percent depreciation in 2022, the real effective exchange rate is expected to appreciate by 1.1 percent in 2023, due to both the appreciation of its value in nominal terms and a domestic inflation rate higher than that of trading partner and competitor countries. In 2024, it is forecast to appreciate further to stand at 1 percent, owing to the rise in its value in nominal terms.

Table 7.2 : Money supply and bank landing

% change, unless otherwise indicated otherwise	Actual figures					Forecast		Gap (Sept./June)	
	2018	2019	2020	2021	2022	2023	2024	2023	2024
Bank credit to the non-financial sector	3.1	5.5	4.2	2.9	7.9	3.1	4.6	-0.6	0.2
M3	4.1	3.8	8.4	5.1	8.0	6.3	5.0	0.4	-0.1
Liquidity requirement, in MMDH	-62.4	-76.6	-90.2	-70.8	-80.9	-97.2	-113.0	9.9	5.3

Slight easing of the budget deficit over the forecast horizon

After having come in at 5.2 percent of GDP in 2022, the budget deficit is expected, according to BAM's, to stand at 5.1 percent by the end of 2023, instead of 5 percent of GDP as projected in June's forecast. This update includes an increase in subsidies to 25 billion dirhams, factoring in new assumptions on butane gas prices and exchange rates, as well as those relating to support for professionals in the transport sector. However, they are 40.6 percent lower than in 2022. Furthermore, the update also factors in MEF's recent estimates for expenditure, by increasing spending estimates for other goods and services and reducing those personnel costs. In addition, the interest cost of both domestic and foreign debts has been adjusted, reflecting the rise in domestic interest rates, the payment of interest costs on the September 2023 maturities in respect of the issue carried out on the international financial market in March 2023, and the increase in variable-rate debt costs following the rise in Euribor rates. Capital expenditure was maintained at 102.3 billion dirhams, up

9 percent, on the assumption that budget execution would be higher than programmed in the Finance Act, and taking into account new appropriations earmarked to support certain sectors. On the receipts side, tax revenues have been slightly revised upwards, with an expected improvement by 5.6 percent, based on BAM's new macroeconomic projections and the pace of budget execution to the end of August 2023, as well as MEF estimates. Similarly, non-tax revenues from public enterprises and bodies have been adjusted upwards to 20.2 billion.

In 2024, the budget deficit is expected to further narrow to 4.9 percent of GDP, albeit with an upward adjustment by 0.6 points on the previous fiscal year. In parallel, tax revenues have been revised upwards by 1.3 percent year-on-year, reflecting the expected improvement in BAM's macroeconomic projections.

Deceleration in the growth rate of non-agricultural activities in 2023

Following a slowdown to 1.3 percent in 2022, growth in the national economy is forecast at 2.9 percent this year, an upward revision by 0.5 percentage points (pp) compared to the June forecast. This adjustment reflects upward revisions by 3.4 pp to 5 percent in agricultural value added, factoring in a greater-than-expected easing of the decline in livestock production, and by 0.1 pp to 2.6 percent in non-agricultural activities. On the demand side, growth in 2023 is expected to be driven mainly by net exports, while the domestic component is expected to remain weak, against a backdrop of, notably, persistently high prices.

In 2024, growth is set to consolidate at 3.2 percent, reflecting improvements to 3 percent in the growth rate of non-agricultural activities and by 5.9 percent in agricultural value added, under the assumption of an average cereal production of 70 MQx and of the trend development in other crops. On the demand side, growth is likely to be underpinned by its domestic component, with an improvement in household consumption and an acceleration in the pace of investment. In parallel, the positive contribution of net exports is set to diminish, reflecting an acceleration in the pace of imports of goods and services and a slight slowdown in that of exports.

Table 7.3 : Economic growth

Variation in %	Actual rates					Prévisions		Ecarts (sept./juin)	
	Fore-cast	Gap (Sept./June)	2020	2021	2022	2023	2024	2023	2024
National growth	**3.1**	**2.9**	**-7.2**	**8.0**	**1.3**	**2.9**	**3.2**	**0.5**	**-0.1**
Agricultural VA	5.6	-5.0	-8.1	19.5	-12.9	5.0	5.9	3.4	0.4
Non-agricultural VA	2.8	4.0	-6.9	6.3	3.0	2.6	3.0	0.1	-0.2

Sources: HCP data and BAM forecasts.

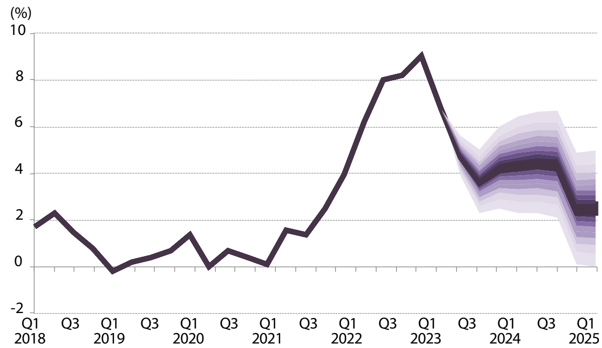
Chart 7.8 : Growth forecasts over the forecast horizon (Q2 2023 - Q2 2025), year-on-year *

*Uncertainties surrounding the central forecast with confidence intervals ranging between 10 percent and 90 percent.

Slowdown trend in inflation over the medium term

The deceleration trend in inflation is set to continue over the next eight quarters. Following a rate of 6.6 percent in 2022, it should settle at 6 percent in 2023, then 2.6 percent in 2024. Its underlying component is expected to slow to an average of 5.6 percent in 2023, then to 2.3 percent in 2024. As for the other components, prices for fuels and lubricants are expected to fall by 2.9 percent in 2023, factoring in the actual figures and the outlook for international oil prices, before rising by 8.1 percent in 2024. Regulated tariffs are set to rise by 0.8 percent in 2023, due mainly to the effect of the January 2023 increase in the domestic tax on consumption applied to the prices of tobacco, and by 4.8 percent in 2024.

Chart 7.9 : Inflation projections over the forecast horizon (Q3 2023 - Q2 2025)*



*Uncertainties surrounding the central forecast with confidence intervals ranging from 10 percent to 90 percent.

Table 7.4 : Inflation and core inflation

Variation in %	Actual figures					Prévisions			Ecarts (sept./juin)	
	2018	2019	2020	2021	2022	2023	2024	Horizon of 8 quarters (Q3 2023-Q2 2025)	2023	2024
Inflation	1.6	0.2	0.7	1.4	6.6	6.0	2.6	3.0	-0.2	-1.2
Underlying inflation	1.3	0.5	0.5	1.7	6.6	5.6	2.3	2.7	-0.5	-0.6

Sources: HCP data and BAM calculations and forecasts.

Chart 7.10: Change in underlying inflation and output gap

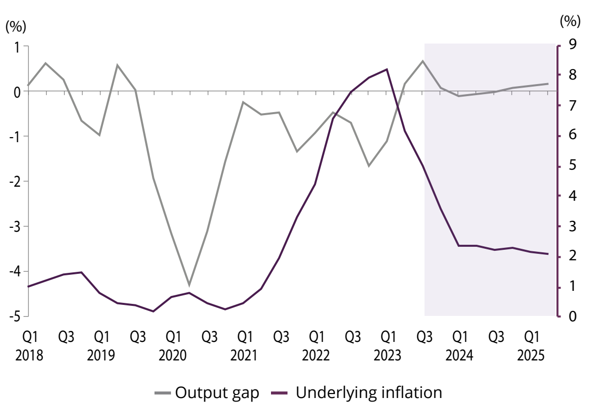
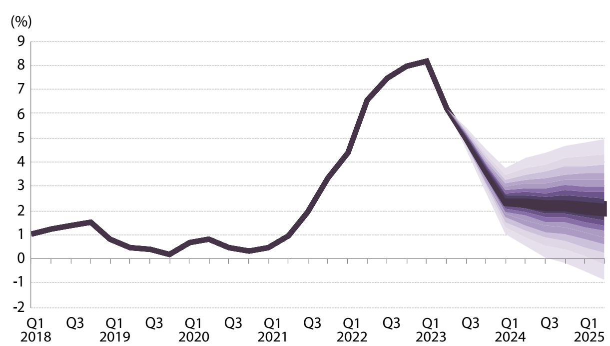


Chart 7.11: Underlying inflation forecasts over the forecast horizon (Q3 2023 - Q2 2025)*



* Uncertainties surrounding the central forecast with confidence intervals ranging between 10 percent and 90 percent
Sources: HCP data and BAM calculations and forecasts.

7.3 Balance of risks

The risks to the outlook remain high, with the balance skewed to the downside for growth and to the upside for inflation. Indeed, the potential intensification or widening of the war in Ukraine as well as geopolitical tensions could keep the cost of raw materials and food products at elevated levels. Tighter monetary policies in advanced countries and more stringent financial conditions would also pose additional risks to the global economy.

At national level, risks are mainly linked to the effects of climatic disruptions on the outlook for agricultural production. Over the medium term, the positive impact of efforts to boost investment should help to accelerate growth. As for inflation, the risks surrounding its outlook remain on the upside. Indeed, the price increases in energy commodities, combined with the effect of water stress on food prices, could lead to a higher-than-expected rise in consumer prices.

LIST OF ABBREVIATIONS

ANCFCC	: Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie
ANRT	: Agence Nationale de la Règlementation des Télécommunications
AOR	: Avoirs officiels de réserve
APC	: Association Professionnelle des Cimentiers
AV 7 j	: Avances à 7 jours
AV 24 H	: Avances à 24 heures
BAD	: Banque Africaine de Développement
BAM	: Bank Al-Maghrib
BCE	: Banque Centrale Européenne
BCP	: Banque Centrale Populaire
BoE	: Banque d'Angleterre
BLS	: US Bureau of Labor Statistics
BTP	: Bâtiment et Travaux Publics
CCG	: Conseil de Coopération du Golfe
CIH	: Crédit Immobilier et Hôtelier
CMR	: Caisse Marocaine des Retraites
CNSS	: Caisse Nationale de Sécurité Sociale
CUT	: Coût Unitaire du Travail
CUTR	: Coût Unitaire du Travail Relatif
CVE	: Comité de Veille Economique
DAP	: Phosphate Diammonique
DJ	: Dow Jones
DTFE	: Direction du Trésor et des Finances Extérieures
EIA	: U.S. Energy Information Administration (Agence américaine d'information sur l'énergie)
ETI	: Entreprises de Taille Intermédiaire
ESI	: Economic Sentiment Indicator (Indicateur de climat économique)
EUROSTOXX	: Principal indice boursier européen
EUR	: EURO
FADES	: Fonds Arabe pour le Développement Economique et Social
FAO	: Food and Agriculture Organization (Organisation des Nations Unies pour l'alimentation et l'agriculture)
FBCF	: Formation Brute de Capital Fixe
FED	: Réserve fédérale des États-Unis
FD	: Facilité de dépôt
FMI	: Fonds Monétaire International
FTSE	: Financial Times stock exchanges
GPMN	: Global Projection Model Network
HCP	: Haut-Commissariat au Plan

ICM	: Indice de Confiance des Ménages
IDE	: Investissements directs étrangers
IMME	: Industries Mécaniques, Métallurgiques, Electriques et Electroniques
INAC	: Institut National d'Analyse et de Conjoncture
IPAI	: Indice des Prix des Actifs Immobiliers
IPC	: Indice des Prix à la Consommation
IPCX	: Indice de l'Inflation sous-jacente
IPCXE	: Indice des prix des biens échangeables inclus dans l'IPCX
IPCXNE	: Indice des prix des biens non échangeables inclus dans l'IPCX
IPM	: Indice des Prix à l'importation
IPPI	: Indice des prix à la production industrielle
IR	: Impôt sur le Revenu
ISM	: Indice américain du secteur manufacturier
ISMP	: Indice des Salaires Moyen dans le secteur Privé
Libor-OIS	: London Interbank Offered Rate-Overnight Indiaxed Swap
LPL	: Ligne de Précaution et de Liquidité
MEFRA	: Ministère de l'Economie et des Finances et de la Réforme de l'Administration
MASI	: Morocco All Shares Indiax
MSCI EM	: Morgan Stanley Capital International, Emerging Markets
MRE	: Marocains résidant à l'étranger
OC	: Office des changes
OCDE	: Organisation de Coopération et de Développement Economique
OCP	: Office Chérifien des Phosphates
OMPIC	: Office Marocain de la Propriété Industrielle et Commerciale
ONEE	: Office National d'Electricité et de l'Eau Potable
OPCVM	: Organisme de placement collectif en valeurs mobilières
PIB	: Produit Intérieur Brut
SMIG	: Salaire minimum interprofessionnel garanti
TCER	: Taux de change effectif réel
TCN	: Titres de créances négociables
TIB	: Taux Interbancaire
TGR	: Trésorerie Générale du Royaume
TPME	: Très petites, Petites et Moyennes Entreprises
TSP	: Triple Super Phosphate
TUC	: Taux d'Utilisation des Capacités de Production
TVA	: Taxe sur la Valeur Ajoutée
UE	: Union Européenne
USD	: Dollar Américain
VA	: Valeur ajoutée
WTI	: West Texas Intermediate

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