



PRESS RELEASE

BANK AL-MAGHRIB 2022 ANNUAL REPORT

His Majesty King Mohammed VI received today Saturday July 29, 2023 (*11 Mouharram 1445 A.H.*) in the Royal Palace of Tetouan, Mr. Abdellatif Jouahri, Governor of Bank Al-Maghrib, who presented to His Majesty the central bank's annual report on the economic, monetary, and financial situation for the year 2022.

In his address to His Majesty the King, Mr. Abdellatif Jouahri said that the Moroccan economy, suffering from a challenging global context and a particularly severe drought, registered a growth of 1.3 percent in 2022, against 8 percent in 2021.

He also pointed out that despite this adverse economic context and the effort made to ease the impact of prices hike on households and enterprises, the public finance situation continued to recover, with the budget deficit falling to 5.2 percent of GDP.

On the other hand, the Governor outlined that foreign trade sustained the momentum observed in 2021, driven by a noticeable performance of World Crafts of Morocco and the phosphate sector. Travel receipts reached a record level, and the exceptional flow of the remittances was maintained. These changes helped contain the current account deficit at 3.5 percent of GDP, while Bank Al-Maghrib's official reserve assets increased to the equivalent of five and a half months of imports.

Mr. Jouahri added that, like most countries in the world, Morocco was not spared the spike in inflationary pressures which marked the year. After averaging no more than 1.5 percent over the past 20 years, inflation stood at 6.6 percent in 2022, its highest level since 1992. Responding to this situation, he said, Bank Al-Maghrib initiated a tightening of its monetary policy to bring inflation back to levels in line with the price stability objective. Thus, the Bank raised its key rate to reach 2.5 percent by the end of the year. At the same time, it ensured an adequate financing of the economy and continued to meet all the banks' requests for liquidity. It also pursued the implementation of its programs dedicated to very small, small and medium-sized enterprises (VSMEs).

Furthermore, Mr. Jouahri affirmed that the massive changes unfolding in the global landscape, with geopolitical fragmentation, the rise of economic sovereignty, the recurrence of extreme climate phenomena and the worsening of water stress, foreshadow significant challenges our country has to face in the years to come. In response to these changes, he

believes that it is necessary to enhance the adaptability and agility of the public policy and to strengthen the national economy's resilience.

To this end, the Governor emphasized that the development of the human capital should remain top priority. In this respect, he outlined that two decisive projects give hope for a qualitative leap forward: The first one is the generalization of social protection initiated by His Majesty the King in 2021 and the second is the reform of the education system, for which important efforts have been made over the past years.

At the economic level, the Governor stressed that the reform of the public sector, called for by His Majesty the King in 2020, would allow adjusting the structural dysfunctions of public institutions. At the same time, the large mobilization to boost private investment further to His majesty's latest speech offers hope for a new impetus for growth and employment.

Moreover, the Governor emphasized the need to rationalize public resources, which is becoming a must and requires the speeding up of several projects that would free up buffers necessary to reinforcing social safety nets. It is therefore increasingly urgent to achieve the subsidy reform initiated in 2013, and that of pensions.

The Governor of Bank Al-Maghrib stated that the successive external shocks since 2020 shed light on the weaknesses of the economic fabric and the vulnerability of certain categories of the population. However, it also revealed the resilience Morocco has developed thanks to the economic diversification strategy and the reforms undertaken over the past two decades.

In this respect, Mr. Jouahri recalled that at the international level, under His Majesty's leadership, Morocco has asserted itself as a credible partner and a country of peace and stability. The benefits were significant with the country's removal from the FATF and European Union grey lists, the Flexible Credit Line granted by the IMF, and the hosting of the IMF and World Bank Annual Meetings in Marrakech.