



MONETARY POLICY REPORT

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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 maintain 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, mainly 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, itself 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 main 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 CHERKAOU

Mr Mohammed DAIRI

Mrs Najat EL MEKKAOU

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.

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PRESS RELEASE

BANK AL-MAGHRIB BOARD MEETING

Rabat, June 24, 2025

1. The Board of Bank Al-Maghrib held its second quarterly meeting of 2025 on Tuesday, June 24.
2. During this meeting, the Board first examined and approved the annual report on the country's economic, monetary and financial situation, as well as the Bank's activities for the 2024 fiscal year.
3. The Board also reviewed the progress in the roll-out of the new bank financing program for very small enterprises (VSE) launched last March, and the draft charter dedicated to this business category. The latter provides for the establishment of a suitable supply for credit, simplified procedures, optimized guarantee schemes, non-financial support, as well as mechanisms to monitor implementation.
4. Subsequently, the Board analyzed the national and international economic developments, as well as Bank Al-Maghrib's medium-term macroeconomic projections. At the international level, the Board noted the exceptional level of uncertainty, notably induced by the United States' new trade policy, conflicts in Ukraine and the Middle East, and the war between Israel and Iran. Against this backdrop, global economic growth is expected to continue decelerating, which would support the ongoing downward trend in inflation.
5. At the national level, the latest available data show a marked acceleration in the pace of activity in non-agricultural sectors. This momentum is set to continue over the medium term, supported in particular by investment in infrastructure, as part of Morocco's efforts to mitigate the impact of climate change, and to prepare for hosting major international events by 2030. This significant improvement in non-agricultural growth should bolster the tangible recovery in employment observed over recent quarters.
6. Inflation has posted a very sharp slowdown over recent months, declining from 2 percent on average in the first quarter of this year to 0.7 percent in April and 0.4 percent in May. This development mainly reflects the deceleration in food price increases, particularly those of "fresh meats". According to Bank Al-Maghrib's projections, inflation would hover around 1 percent by the end-2025, before settling at 1.8 percent in 2026, and core inflation should follow a similar trajectory. These prospects remain surrounded by considerable uncertainty relating, in particular, externally, to trade policies and the repercussions of geopolitical conflicts and tensions, and domestically, to the evolution of the supply of agricultural products.
7. The Board also noted that inflation expectations remain anchored, with financial sector experts anticipating, in the second quarter of 2025, average rates of 2.3 percent for the 8-quarter horizon and 2.5 percent for the 12-quarter horizon.
8. Regarding the transmission of the Board's previous decisions, bank lending rates to the non-financial sector continue to decrease. The data on the first quarter of 2025 show a cumulative decrease of 45 basis points (bp) since the beginning of the monetary easing in June 2024.

9. Considering inflation development at levels in line with the medium-term price stability objective, the marked acceleration of non-agricultural growth, and the anchoring of inflation expectations, the Board decided—given the significant uncertainties surrounding the outlook—to maintain the key interest rate unchanged at 2.25 percent. The Board will continue to closely monitor the pass-through of its recent key interest rate cuts, particularly to financing conditions of very small, small, and medium-sized enterprises (VSEs-SMEs), and will take its future decisions, meeting by meeting, based on the most up-to-date data.
10. In international commodity markets, forecasts based on data available at end-May suggest a continuation of the downward trend in oil prices, underpinned by the increase in OPEC+ production and the rise in US inventories. The price of Brent crude, in particular, is set to decline from an average of USD 79.8 per barrel in 2024 to USD 66.8 in 2025, then to USD 64.8 in 2026. According to the projections of the Commodities Research Unit, the price of Moroccan raw phosphate should decrease from USD 214 per tonne in 2024 to USD 206 in 2025, then to USD 183 in 2026, while the prices of phosphate derivatives would pick up in 2025, in connection with the reduction in global supply. The price of DAP is thus expected to reach USD 689 per tonne in 2025, before receding to USD 678 in 2026, and that of TSP is projected at USD 540 and then at USD 535. As for food products, following a 2 percent decline in 2024, the FAO index should increase by 4.4 percent in 2025 and 1 percent in 2026.
11. Regarding the world economic outlook, growth is projected to decelerate from 3.2 percent in 2024 to 2.8 percent this year, then to 2.6 percent in 2026. In advanced economies, it is expected to slow in the United States to 1.5 percent in 2025, before slightly improving to 1.7 percent in 2026, while in the euro area, it should be limited to 1 percent and 1.5 percent respectively. In main emerging countries, the notable increase in China's exports—in anticipation of the deterioration in tariff conditions—should support growth in 2025, which is set to reach 4.9 percent before decelerating to 3.9 percent in 2026, while India's economy is expected to remain strong, with real GDP growth at 7.4 percent and 6.2 percent respectively.
12. Under these conditions, global inflation is expected to continue decelerating in 2025, falling to 3 percent from 3.7 percent a year earlier, then slightly increasing to 3.2 percent in 2026. In the large advanced economies, inflation would slow to 2.2 percent in 2025 and 2026 in the euro area, while in the United States, it would decline to 2.8 percent in 2025 before accelerating to 3.3 percent in 2026, primarily due to new tariff measures introduced by the US administration.
13. Regarding the stance of monetary policies, the ECB decided, at its meeting on June 5, to lower its three interest rates by 25 basis points for the seventh consecutive time, and the eighth since June 2024. Meanwhile, at its June 17-18 meeting, the FED maintained, for the fourth time in a row, its target range for the federal funds rate unchanged at [4.25%-4.50%].
14. Domestically, according to the annual national accounts data published by the HCP, economic growth reached 3.8 percent in 2024—a pace faster than predicted by the quarterly data for the same year. According to updated projections of Bank Al-Maghrib, growth would accelerate to 4.6 percent this year, before consolidating at 4.4 percent in 2026. Agricultural value added is expected to increase by 5 percent in 2025, based on a cereal harvest estimated by the Department of Agriculture at 44 million quintals, and by 3.2 percent in 2026, assuming an average cereal production of 50 million quintals.

For the non-agricultural sectors, growth is likely to hover around 4.5 percent in both 2025 and 2026, mainly driven by strong investment momentum in infrastructure.

15. Regarding external accounts, trade would strengthen over the medium term as the direct impact of US tariff measures is set to remain limited. Exports are projected to grow by 5.1 percent in 2025 and 9 percent in 2026, particularly driven by the increase in phosphate and derivatives exports, which are forecast to reach MAD 106.7 billion in 2026. Conversely, due to unfavorable conditions in the European market, automotive industry sales are expected to remain virtually stagnant in 2025 before rebounding in 2026 to reach MAD 188 billion. At the same time, imports would increase by 5.1 percent this year and 7 percent next year, particularly driven by higher purchases of capital goods, while the energy bill is expected to ease further to MAD 96 billion in 2026. Travel receipts would continue to perform remarkably well, reaching 128.4 billion in 2026, while remittances are set to continue the decrease observed in recent months, ending the current year in decline, before rising again to nearly 121 billion in 2026. Under these conditions, the current account deficit is projected to remain contained at around 2 percent of GDP in 2025 and 2026. Foreign direct investments would maintain their upward trend, reaching 3.5 percent of GDP in 2026. Overall, taking into account the Treasury's external financing, official reserve assets are projected to increase to MAD 407 billion by the end of 2025 and MAD 423.7 billion by the end of 2026, close to the equivalent of five and a half months of imports of goods and services.
16. Regarding monetary conditions, the liquidity deficit is expected to narrow to MAD 122.5 billion by the end of 2025, before widening to MAD 140 billion in 2026. In view of the expected evolution in economic activity and the banking system's expectations, bank credit to the non-financial sector is projected to accelerate significantly, rising by more than 6 percent in 2025 and 2026, compared to an average of 2.7 percent over the two previous years. The real effective exchange rate should remain virtually stable by the end of 2026, with a 1.9 percent appreciation this year, followed by a 1.7 percent decline in 2026.
17. In terms of public finances, budget execution for the first four months of 2025 indicates a continued improvement in ordinary revenues, which increased by almost 17 percent, driven by higher tax receipts. At the same time, overall expenditure rose by 23.6 percent, reflecting increases in both ordinary and capital expenditures. Taking into account these developments, the provisions of the 2025 Finance Law and the three-year fiscal plan for 2025-2027, as well as the additional credits opened by the Government in April, Bank Al-Maghrib's projections suggest that the fiscal deficit—excluding proceeds from the sale of State holdings—would remain at 3.9 percent of GDP in 2025, before narrowing to 3.4 percent in 2026.

OVERVIEW

After a “soft landing” in 2024, global economy has been facing—since the beginning of April—an exceptional level of uncertainty and a risk of a significant slowdown following successive announcements of tariff measures by the US Administration. The signs of this weakening are particularly evident in supply chain disruptions and increased volatility in the financial markets. Against this background, several international institutions, including the IMF, OECD, and World Bank, revised their medium-term growth projections downwards, while stressing that the impact remains highly uncertain and will depend on the final setup of the tariff measures and the reactions they will trigger in other countries.

The latest available national accounts data relate to the first quarter of 2025 and show a slight deceleration in year-on-year **economic growth** in the USA, to 2.1 percent from 2.5 percent a quarter earlier. In the euro area, growth pace accelerated from 1.2 percent to 1.5 percent, with significant disparities between member countries. It held steady at 0.6 percent in France, rose slightly from 0.6 percent to 0.7 percent in Italy, slowed down from 3.3 percent to 2.8 percent in Spain, while in Germany, real GDP remained stable after a slight contraction of 0.2 percent. In other advanced economies, growth improved from 1.4 percent to 1.7 percent in Japan, while decelerating from 1.5 percent to 1.3 percent in the UK.

Developments in emerging economies were equally differentiated. The growth pace remained vigorous in India at 7.4 percent, from 6.4 percent a quarter earlier, slowed from 3.6 percent to 2.9 percent in Brazil, from 3 percent to 2 percent in Turkey and from 4.5 percent to 1.4 percent in Russia, while it stabilized at 5.4 percent in China.

On the **labor markets of advanced economies**, conditions remain generally favorable. Data for May show that the US unemployment rate stabilized at 4.2 percent, while job creation reached 139,000, after 147,000 in the previous month. In the euro area, this rate fell slightly from 6.3 percent in March to 6.2 percent in April, with contrasts between member countries. It remained unchanged in Spain at 10.9 percent and in Germany at 3.6 percent and decreased in Italy to 5.9 percent and in France to 7.1 percent.

On the **financial markets**, the performance reported in 2024 by the stock markets of major advanced economies continued overall during the first five months of 2025. The Euro Stoxx 50 rose by 6.8 percent and the FTSE 100 by 3.7 percent, while the Dow Jones Industrials and the Nikkei 225 fell by 3.1 percent and 4.8 percent, respectively. These developments were coupled with a rise in risk aversion on both US and European financial markets, with increases at the end of May to 19.2 for the VIX index and 20.3 for the VSTOXX, and peaks at 52.3 and 46.7 reached on April 8 and 7, respectively—the highest levels since January 2020 (Covid-19 pandemic) and March 2022 (after the outbreak of war in Ukraine). In emerging economies, the MSCI EM index rose by 1.3 percent over the first five months of the year, driven in particular by the Chinese sub-index.

In the **sovereign bond markets**, long-term yields, particularly on US bonds, fluctuated wildly over the first five months of the year, reflecting concerns about the state of public finances and the uncertainty surrounding trade policies. In May, 10-year yields averaged 4.4 percent in the USA, 2.6 percent in Germany, 3.3 percent in France, 3.2 percent in Spain and 3.6 percent in Italy. For the main emerging economies, the rate fell to 1.7 percent for China, 14.1 percent for Brazil and 6.3 percent for India, while it rose to 31.5 percent in Türkiye.

On the **currency markets**, the euro rose by 3.5 percent against the dollar in the first five months of the year, mainly due to concerns over US trade and fiscal policies. It also edged up 1.6 percent against the Japanese yen and 0.1 percent against the sterling. The currencies of the main emerging economies performed unevenly against the dollar, with the Chinese yuan and Brazilian real depreciating, and the Indian rupee and Turkish lira appreciating.

On the **commodity market**, the price of Brent crude oil posted a monthly decrease of 5.2 to USD 64.2 a barrel in May, and was down 21.7 percent year-on-year, due in particular to rising output in OPEC+ countries and concerns over global demand. For their part, prices of non-energy products rose by 1 percent, due in particular to increases in the prices of metals and ores, and agricultural products. On a year-on-year basis, prices fell by 1.3 percent, mainly reflecting the 8.4 percent decline in metals and ores. For phosphate and derivatives, DAP and TSP prices rose month-on-month by 5.4 percent to USD 669.2 and 9.2 percent to USD 541.5 per ton, respectively, while rock phosphate prices remained stable at USD 152.5. Year-on-year, prices rose by 28.2 percent for DAP and 24.5 percent for TSP, while those for rock phosphate remained unchanged.

Against this backdrop, **inflation** in the USA slightly increased from 2.3 percent in April to 2.4 percent in May. On the other hand, in the euro area, inflation decelerated from 2.2 percent to 1.9 percent, reflecting in particular a drop from 2.2 percent to 2.1 percent in Germany, from 0.9 percent to 0.6 percent in France, from 2.2 percent to 2 percent in Spain and from 2 percent to 1.7 percent in Italy. Similarly, a slight slowdown, from 3.5 percent to 3.4 percent, was reported in both Japan and the UK. In major emerging economies, inflation remained in negative territory in China, stabilizing at -0.1 percent in May, while it decelerated from 5.5 percent to 5.3 percent in Brazil, from 3.2 percent to 2.8 percent in India and from 10.2 percent to 9.9 percent in Russia.

Regarding monetary policy stances, the **ECB** decided at its meeting on June 5 to cut its three main interest rates by 25 basis points, the seventh consecutive cut and the eighth since June 2024, noting that inflation is currently hovering around the 2 percent target. The interest rates on the deposit facility, the main refinancing operations and the marginal lending facility were thus lowered to 2.00 percent, 2.15 percent, and 2.40 percent, respectively. For its part, at its meeting on June 17 and 18, the Fed kept the target range for the federal funds rate unchanged for the fourth time in a row at [4.25 percent-4.50 percent], against a backdrop of somewhat high inflation, a sustained pace of economic growth and a solid job market.

At the domestic level, GDP growth stood at 3.8 percent in 2024 after 3.7 percent in 2023, as a result of a 4.8 percent improvement in non-agricultural activities and a 4.8 percent decline in agricultural added value. On the demand side, its internal component made a positive contribution of 6.3 percentage points to growth, while the contribution of foreign trade remained negative at 2.5 percentage points.

On the labor market, the national economy posted a net creation of 282,000 jobs in the first quarter of 2025. With the exception of agriculture, which experienced a further loss of 72,000 jobs, other sectors recorded job gains amounting to 216,000 jobs in services, 83,000 in industry and 52,000 in construction. Taking into account a net inflow of 266,000 jobseekers, the participation rate improved by 0.3 points to 42.9 percent overall, by 0.4 points to 41.5 percent in urban areas, and remained virtually unchanged at 45.6 percent in rural areas. Meanwhile, the unemployment rate fell from 13.7 percent to 13.3 percent nationwide and from 17.6 percent to 16.6 percent in urban areas, while it rose from 6.8 percent to 7.3 percent in rural areas.

In terms of the **external accounts**, data for the first four months of 2025, compared with the same period a year earlier, point to an acceleration in the growth pace of trade in goods, and a continuation of the good performance of travel and FDI receipts. Imports grew by 9.1 percent to 263 billion dirhams, while exports rose by 1.2 percent to 154.1 billion dirhams. As a result, the trade deficit widened to MAD 108.9 billion, while the coverage ratio fell by 4.6 points to 58.6 percent. Imports were mainly driven by increases of 13.3 percent in capital goods, 11.5 percent in finished consumer goods and 7.6 percent in semi-finished products, while the energy bill fell by 4.9 percent. As for exports, their improvement mainly reflects a 12.3 percent rise in sales of phosphate and derivatives and a 14 percent increase in sales of aeronautical products, while sales in the automotive sector fell by 7 percent. At the same time, travel receipts rose by 7.5 percent, while travel expenditure increased by 3.5 percent. Remittances, on the other hand, contracted by 3.7 percent to MAD 35.9 billion. In terms of the main financial transactions, FDI receipts rose by 22.8 percent to MAD 17.2 billion, while Moroccan direct investment abroad fell by 21.9 percent to MAD 6 billion. Against this backdrop, outstanding official reserve assets rose to MAD 390.7 billion at end-April 2025, representing the equivalent of 5 months and 12 days' imports of goods and services. End-May data show that they reached MAD 401.9 billion.

In terms of **monetary conditions**, banks' liquidity needs eased to a weekly average of MAD 129.5 billion in the first quarter of 2025, then to an average of MAD 113.1 billion in April and May 2025. Under these conditions, Bank Al-Maghrib reduced its injections to 144 billion and 127.8 billion, respectively. Monetary conditions in the first quarter of 2025 were characterized by a quarterly appreciation of 0.8 percent in the real effective exchange rate and a 10-basis point decrease in the overall average lending rate to 5 percent, down 45 basis points since the start of monetary easing in June 2024. Bank lending to the non-financial sector accelerated from 3.9 percent in the first quarter to 4.2 percent in April, reflecting a growth in loans to households from 2.3 percent to 2.6 percent, and to private companies from 2.1 percent to 2.3 percent.

In terms of **public finance**, budget execution for the first four months of 2025 resulted in a fiscal deficit of MAD 17.5 billion, compared with MAD 6 billion a year earlier. Current revenues improved by 16.9 percent to 148.7 billion, mainly as a result of an 18.9 percent rise in tax receipts and a 4.1 percent drop in non-tax receipts. On the other hand, current expenditure rose by 25.6 percent to 146.2 billion, mainly reflecting increases of 33.4 percent in goods and services and 27.5 percent in interest on debt, while subsidy costs fell by 25.9 percent. Under these conditions, the current balance showed a surplus of 2.5 billion, compared with 10.8 billion a year earlier. Investment rose by 15.7 percent to 34.9 billion, bringing total expenditure to 181.1 billion, an increase of 23.6 percent. The balance of the Treasury's special accounts showed a surplus of 14.9 billion, compared with 13.4 billion a year earlier. Taking into account the reduction in the stock of pending transactions by 15.7 billion, the cash deficit widened to 33.2 billion, compared with 10.2 billion at the end of April 2024. This liquidity need was covered by net domestic resources of MAD 4.6 billion and by positive net external inflow of MAD 28.6 billion. As a result, outstanding direct public debt would have risen by 4.1 percent at end-April 2025 compared with it end-December 2024 level.

On the **Casablanca Stock Exchange**, stock prices continued their upward trend, taking the MASI index performance to 21.7 percent since end-December 2024. In particular, this development reflects sector index gains of 8.6 percent for "Buildings and Construction Materials" and 33.8 percent for "Electricity", as well as declines of 11.1 percent for "Telecommunications" and 17.6 percent for "Real-estate Participation and Promotion". Trading volume stood at 21.6 billion dirhams in April and May, from 33.5 billion dirhams in the first quarter of 2025, mainly carried out on the central share market. Under these conditions, market capitalization reached MAD 944.6 billion, up 2.1 percent in March and 25.5 percent since December 2024.

On the **real-estate market**, prices—on a quarterly basis—fell 1.8 percent in the first quarter of 2025, reflecting decreases of 2.1 percent for residential property, 2.5 percent for urban land and 0.7 percent for commercial property. At the same time, transactions dropped by 30.3 percent overall, with declines ranging from 29.3 percent for residential property to 33.1 percent for urban land.

Against this backdrop, **inflation** fell from an average of 2 percent in the first quarter of 2025 to an average of 0.6 percent in April and May. This mainly reflects the slowdown in core inflation from 1.9 percent to 1 percent, due in particular to the deceleration of its food component, as well as the slowing rise in volatile food prices from 5.1 percent to 0.2 percent. Similarly, the drop in prices of fuels and lubricants accelerated from 9.8 percent to 14.6 percent. On the other hand, regulated tariffs rose by 2.1 percent, instead of 2.6 percent. Financial sector experts' inflation expectations for the first quarter of 2025 stood at 2.3 percent, from 2.2 percent a quarter earlier, over the next eight quarters, and at 2.5 percent, up from 2.4 percent, over the next 12 quarters.

In terms of outlook, the global **economy** is set to continue its slowdown against a backdrop of major uncertainties concerning the orientation of economic policies, particularly trade policies, and their implications. Growth is thus set to drop from 3.2 percent in 2024 to 2.8 percent this year, then to 2.6 percent in 2026. In the United States, higher tariffs are likely to weigh on activity, with growth decelerating from 2.8 percent in 2024 to 1.5 percent in 2025, then standing at 1.7 percent in 2026. In the euro area, the economy would benefit from higher spending, particularly in Germany, but would be held back by trade tensions. It would therefore continue to grow at a slow, albeit slightly accelerating pace, from 0.8 percent in 2024 to 1 percent in 2025 and 1.5 percent in 2026. In the UK, it is expected to stabilize at 1.1 percent in 2025, due in particular to the slowdown in global demand and fiscal tightening, and to remain at this level in 2026, while in Japan, after a slight rise of 0.2 percent in 2024, GDP is expected to grow in real terms by 0.8 percent in 2025, then by 0.5 percent in 2026.

In the main emerging economies, The Chinese economy's growth is set to stabilize at 4.9 percent in 2025, underpinned by a marked increase in exports, before declining to 3.9 percent in 2026, suffering from persistent difficulties in the real estate sector and weak global demand. In India, activity is expected to remain strong, rising from 6.6 percent in 2024 to 7.4 percent this year and then to 6.2 percent in 2026, mainly on the back of a recovery in manufacturing and services. In Brazil, growth is set to decelerate from 2.9 percent in 2024 to 2 percent in 2025, then to 1 percent in 2026, while in Russia it is projected to slow from 4.4 percent in 2024 to 0.4 percent in 2025, due in particular to low oil prices and falling foreign demand, then to 0.7 percent in 2026.

On the **commodity markets**, oil prices are set to continue their downward trend. The price of Brent crude oil, in particular, is set to drop from USD 79.8 a barrel in 2024 to USD 66.8 in 2025, then to USD 64.8 in 2026. As for Moroccan phosphate and derivatives, according to Commodities Research Unit projections, the price of **DAP** is set to rise from USD 586 per ton in 2024 to USD 689 this year, then back to USD 678 in 2026. The price of **TSP** would rise from USD 436 per ton to USD 540, then to USD 535 in 2026. **Rock phosphate** prices, on the other hand, would continue its downward trend, from USD 214 per ton in 2024 to USD 206 in 2025, then to USD 183 in 2026. With regard to foodstuffs, after the 2 percent decline recorded in 2024, the **FAO** index is expected to rise by 4.4 percent in 2025 and 1 percent in 2026.

Under these conditions, **global inflation** would continue to decelerate to 3 percent this year, from 3.7 percent in 2024, then to stand at 3.2 percent in 2026. In the euro area, it would slow from 2.4 percent

in 2024 to 2.2 percent in 2025, and remain at this level in 2026, while in the USA, it would drop from 3 percent to 2.8 percent this year, before accelerating to 3.3 percent in 2026.

At the domestic level, the momentum of external trade in goods and services is set to continue over the forecast horizon. Exports are expected to improve by 5.1 percent in 2025, driven mainly by a 20.1 percent increase in phosphates and derivatives, then by 9 percent in 2026, mainly as a result of the expected acceleration in shipments from the automotive manufacturing segment. Imports, for their part, are forecast to rise by 5.1 percent in 2025, then by 7 percent in 2026, reflecting in particular a sharp increase in capital goods purchases, in line with continued investment effort. At the same time, travel receipts should maintain their good performance, up 8.3 percent in 2025 and 5.3 percent in 2026 to reach MAD 128.4 billion. Assuming a continuation of their downward trend, remittances would end the year down 3.3 percent, before rising by 5.1 percent to 120.9 billion in 2026. Under these conditions, the current account deficit is expected to drop from 1.2 percent of GDP in 2024 to around 2.2 percent in 2025 and 2 percent in 2026. With regard to FDI, revenue flows are projected to be equivalent to 3.3 percent of GDP in 2025 and 3.5 percent in 2026.

Assuming that the planned external financing materializes, official reserve assets would rise to MAD 407 billion by the end of 2025 and to MAD 423.7 billion by the end of 2026, representing around 5 months and 11 days and 5 months and 17 days of imports of goods and services, respectively.

In terms of **monetary conditions**, banking liquidity deficit is expected to ease to MAD 122.5 billion by the end of 2025. By 2026, it would widen to almost 140 billion, mainly owing to an increase in banknotes and coins in circulation. As for bank loans to the non-financial sector, taking into account current figures, economic activity projections and banking system expectations, it should jump by 6.2 percent in 2025 and 6.1 percent in 2026.

As to **public finance**, the fiscal deficit would stabilize at 3.9 percent of GDP in 2025, the same level as in 2024. This forecast takes into account additional general budget appropriations of MAD 13 billion to cover part of the increase in civil servants' salaries and to support some state-owned enterprises (SOEs), and higher tax revenues due to a better performance in terms of achievements at end-April 2025. In 2026, the deficit is expected to narrow to 3.4 percent of GDP, reflecting the assimilation of the impact of higher public wages and investments, as well as improved tax performance.

Economic growth is expected to accelerate from 3.8 percent in 2024 to 4.6 percent this year, then to consolidate at 4.4 percent in 2026. This trend would reflect a 5 percent increase in agricultural value added in 2025, taking into account a cereal harvest of 44 million quintals (MQx) estimated by the Department of Agriculture, followed by a 3.2 percent rise in 2026, assuming a return to an average cereal output of 50 MQx. Non-agricultural activities should continue to improve, driven in particular by major infrastructure projects and the boom in the tourism sector, with a 4.5 percent growth in 2025 and 2026.

Against this backdrop, and after decelerating to 0.9 percent in 2024, **inflation** would continue to evolve at moderate levels, standing at 1.1 percent in 2025 and 1.8 percent in 2026. Its **core component**, meanwhile, would slow from 2.2 percent in 2024 to 1.2 percent in 2025, before rising again to 1.8 percent in 2026, mainly due to a slowdown in "fresh meat" price increases and lower imported inflation.

Uncertainties surrounding the global economic outlook remain high, exacerbated by trade tensions, particularly in conjunction with the recent measures adopted by the new US administration. These are



likely to curb international trade, disrupt supply chains and weigh on investment, while accentuating inflationary pressures. Added to this are the continuing difficulties in China's real estate sector. Moreover, conflict resurgence in the Middle East and the persistence of war in Ukraine may further weaken global economic activity and disrupt supply chains, particularly for energy and food.

At the domestic level, the main risks to economic growth are linked to the recurrence of droughts and worsening water stress. On the other hand, the construction projects launched or planned as part of hosting international sporting events may stimulate investment and give rise to optimism about a faster growth pace. As far as inflation is concerned, the risks remain on the upside. In addition to external pressures, unfavorable weather conditions could cause food prices to soar, thereby exacerbating inflationary pressures. In addition, fresh meat prices are still subject to considerable uncertainty, due in particular to supply constraints and consumption patterns, especially during the Eid Al-Adha period.

1. INTERNATIONAL DEVELOPMENTS

The international environment was marked in the first half of 2025 by an exceptionally high level of uncertainty, linked to the US trade policies and the persistent geopolitical tensions. This unfavorable context is beginning to affect economic activity in some advanced economies. At the same time, inflation continued its downward trend, notably in the eurozone, approaching the ECB's target, and in the USA, where it remains subject to upward pressure from trade and fiscal policy. On the job markets, the situation remained generally favorable in the advanced economies, while these developments were materialized, in the financial markets, in high volatility and higher long-term yields on US sovereign bonds. On the commodity markets, reflecting concerns about global demand, Brent crude oil and non-energy commodity prices were down month-on-month at the end of May. However, oil prices in particular rose sharply in June, accompanied by high volatility following the outbreak of the Israel-Iran conflict.

1.1 Economic activity and employment

1.1.1 Economic activity

Since the start of 2025, the global economy advanced in a context of great uncertainty, reflecting the combination of several factors, including trade tensions between major powers and protracted conflicts in certain regions.

Against this backdrop, the latest data on economic activity for the first quarter of 2025 show a slowdown in growth to 2.1 percent in the USA, from 2.5 percent in the previous quarter. In the Eurozone, growth rose to 1.5 percent from 1.2 percent, although with marked differences between member countries. Accordingly, growth accelerated slightly to 0.7 percent in Italy, held steady at 0.6 percent in France, while it decelerated to 2.8 percent in Spain and stagnated in Germany. In the other advanced economies, data showed real GDP growth of 1.7 percent, compared with 1.4 percent the previous quarter in Japan, and 1.3 percent from 1.5 percent in the UK.

In the emerging economies, growth stood at 5.4 percent in China in Q1 2025, the same pace as in the previous quarter. In India, the pace of growth remained vigorous at 7.4 percent compared to 6.4 percent a quarter earlier, while it slowed from 4.5 percent to 1.4 percent in Russia.

Table 1.1: Quarterly growth profile, in year-on-year (percent)

	2023				2024				2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Advanced economies									
United States	2.3	2.8	3.2	3.2	2.9	3.0	2.7	2.5	2.1
Euro area	1.5	0.7	0.1	0.2	0.5	0.6	0.9	1.2	1.5
France	1.4	1.9	1.6	1.7	1.7	1.0	1.1	0.6	0.6
Germany	0.2	0.1	-0.3	-0.2	-0.1	-0.2	-0.3	-0.2	0.0
Italy	2.1	0.4	0.2	0.6	0.3	0.7	0.6	0.6	0.7
Spain	3.9	2.4	2.2	2.3	2.7	3.3	3.3	3.3	2.8
United Kingdom	0.8	0.5	0.4	-0.2	0.7	1.1	1.2	1.5	1.3
Japan	2.2	1.7	1.0	0.7	-0.9	-0.5	0.7	1.4	1.7
Emerging economies									
China	4.7	6.5	5.0	5.3	5.3	4.7	4.6	5.4	5.4
India	6.9	9.7	9.3	9.5	8.4	6.5	5.6	6.4	7.4
Brazil	4.4	3.9	2.4	2.4	2.6	3.3	4.0	3.6	2.9
Türkiye	4.5	4.6	6.5	4.6	5.4	2.4	2.2	3.0	2.0
Russia	-0.9	5.3	6.2	5.3	5.4	4.3	3.3	4.5	1.4

Source: Thomson Reuters Eikon and Eurostat.

In terms of leading activity indicators, the Eurozone's composite PMI index fell from 50.4 in April to 50.2 in May. Similarly, the US ISM manufacturing index fell from 48.7 to 48.5 over the same period.

Chart 1.1: Changes in some leading activity indicators in the United States and the Euro area

Source: Thomson Reuters Eikon.

1.1.2 Labor market

On the labor markets, data for May showed that the US unemployment rate stabilized at 4.2 percent, while 139,000 new jobs were created, from 147,000 the previous month. In the eurozone, this rate fell in April to 6.2 percent, with varying trends between member countries. It remained unchanged at 3.6 percent in Germany and 10.9 percent in Spain, while it fell to 7.1 percent in France and 5.9 percent in Italy. In the UK, April data showed an increase to 4.6 percent.

Table 1.2: Change in unemployment rates (in %)

(In %)	2023	2024	2025		
			March	April	May
United States	3.6	4.0	4.2	4.2	4.2
Euro area	6.6	6.4	6.3	6.2	N.D
France	7.3	7.4	7.4	7.1	N.D
Germany	3.1	3.4	3.6	3.6	N.D
Italy	7.7	6.5	6.1	5.9	N.D
Spain	12.2	11.4	10.9	10.9	N.D
United Kingdom	4.1	4.3	4.5	4.6	N.D

Source: Eurostat and BLS.

1.2 Monetary and financial conditions

1.2.1 Monetary policy decisions

Following its meeting on June 5, the ECB decided to lower its three main policy rates by 25 basis points (bp), the seventh cut in a row, noting that inflation is currently around the 2 percent target. As a result, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility were lowered to 2.00 percent, 2.15 percent and 2.40 percent respectively. It also indicated that the Asset Purchase Program (APP) and Emergency Pandemic Purchasing Program (EPPP) portfolios are contracting at a measured and predictable

pace, as the Eurosystem is no longer reinvesting principal repayments on maturing securities.

As for the FED, it decided at the end of its June 17-18 meeting, for the fourth consecutive time, to keep the target range for the federal funds rate unchanged at [4.25 percent-4.50 percent]. It pointed out that, although fluctuations in net exports have had an impact on data, recent indicators show that economic activity continued to grow at a sustained pace, unemployment remaining low and inflation somewhat high. At the same time, it announced that it will continue to reduce holdings of Treasury securities and mortgage-backed securities.

Similarly, at its meeting of June 18, the Bank of England decided to keep its key rate unchanged at 4.25 percent, following the 25 bp cut on May 8, pointing out that substantial progress had been made in disinflation over the past two years. Similarly, at its meeting on June 16 and 17, the Bank of Japan decided to keep its key rate unchanged at 0.5 percent, against a backdrop of high uncertainty.

In the main emerging economies, , China's central bank decided, on June 20, to keep its main key rate¹ at 3 percent, a historically low level. For their part, on June 6, the Reserve Bank of India and the Central Bank of Russia lowered their main policy rates by 50 bp to 5.5 percent and by 100 bp to 20 percent respectively. Similarly, on May 29, the Central Bank of South Africa cut its key rate by 25 bp to 7.25 percent. On June 18, Brazil's central bank decided to raise its key rate by 50 bp to 15 percent, while Turkey's central bank kept its key rate unchanged on June 19, at 46 percent.

1.2.2 Financial markets

On the foreign exchange markets, the euro rose by 3.5 percent against the US dollar in the first five months of the year, averaging 1.12 US dollars in May , compared with 1.03 in January. This change is mainly due to uncertainties surrounding US trade and fiscal policies. The euro also appreciated

by 1.6 percent against the Japanese yen and 0.1 percent against the pound sterling.

Currencies of the main emerging economies showed diverging trends against the dollar over the first five months of 2025, with depreciations for the Chinese Yuan (-0.2 percent) and the Brazilian real (-5.1 percent), and appreciations for the Indian rupee (+1.3 percent) and the Turkish lira (+6.2 percent).

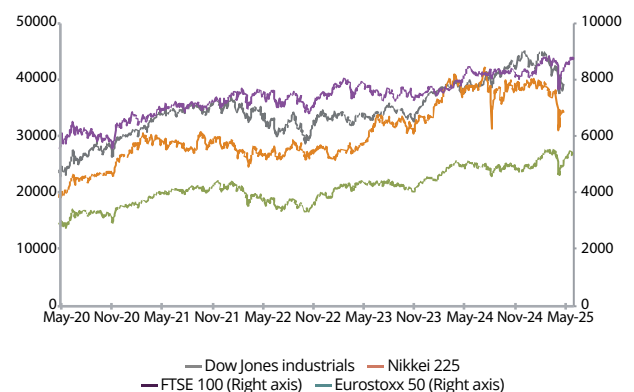
Chart 1.2: Trends in the Euro/dollar exchange rate



Source: Thomson Reuters Eikon.

On the stock markets of the major advanced economies, the good performance recorded in 2024 continued for some countries in the first five months of 2025. The Eurostoxx 50 gained 6.8 percent and the FTSE 100 3.7 percent, while the Dow Jones Industrials fell 3.1 percent and the Nikkei 225 4.8 percent.

Chart 1.3: Trends in the main stock market indexes of advanced economies



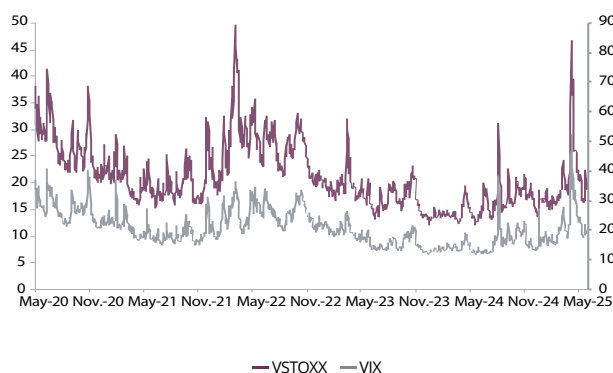
Source: Thomson Reuters Eikon.

¹ The one-year prime rate ("Loan Prime Rate").

These developments were accompanied by a marked increase in risk aversion on US financial markets, with the VIX index standing at 19.2 in May from 15.8 in December, reaching a peak of 52.3 on April 8, its highest level since January 2020 (Covid-19 pandemic), as well as in Europe, with the VSTOXX rising to 20.3 from 17.9 in December 2024, with a peak of 46.7 reported on April 7, its highest level since March 2022 (following the outbreak of the Russian-Ukrainian conflict).

In the emerging economies, the MSCI EM rose by 1.3 percent over the first five months of the year, due in particular to an 8.9 percent increase in the Chinese sub-index.

Chart 1.4: VIX and VSTOXX trends

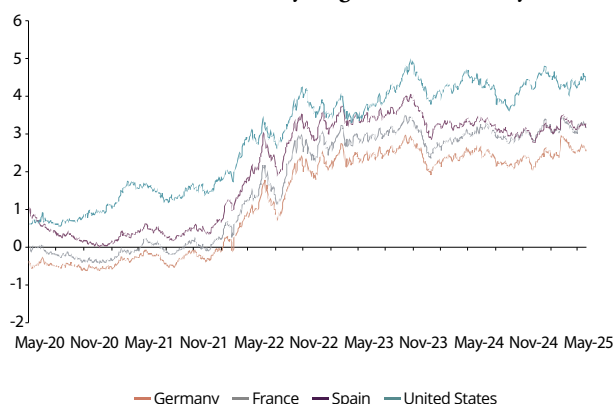


Source: Thomson Reuters Eikon.

On sovereign debt markets, due to the concerns about the state of public finances in several advanced countries¹ and major uncertainties surrounding trade policies, long-term yields, particularly those on US bonds, fluctuated sharply over the first five months of this year. As a result, the 10-year yield in the USA stood at 4.4 percent, and in Germany at 2.6 percent, 3.3 percent for France, 3.2 percent for Spain and 3.6 percent for Italy. For the main emerging economies, this rate fell by 10 bp to 1.7 percent

for China, by 48 bp to 14.1 percent for Brazil, by 19 bp to 6.3 percent for India, while it rose by 70 bp to 31.5 percent for Turkey.

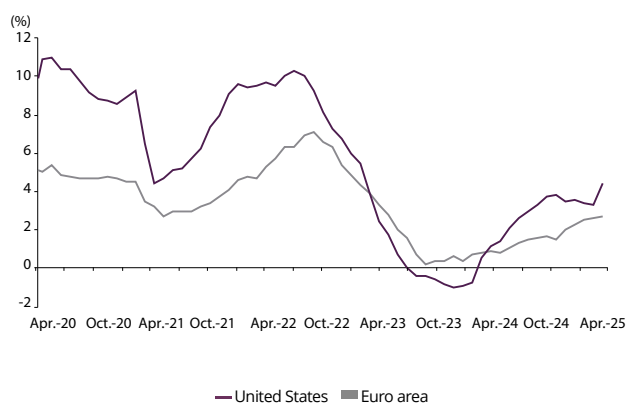
Chart 1.5: Trends in 10-year government bond yields



Source: Thomson Reuters Eikon.

On the money markets, 3-month EURIBOR fell by 41 bp over the first five months of 2025, to 2.1 percent, as did the SOFR for the same maturity, down 36 bp to 4.4 percent. Growth in bank lending accelerated in April in both the eurozone and the USA, with year-on-year increases at 2.7 percent and 4.4 percent respectively.

Chart 1.6: Credit trends in the US and eurozone (year-on-year)



Source: Thomson Reuters Eikon.

¹ As evidenced by the adoption by the US House of Representatives on May 22, 2025, of President Trump's expansionary budget bill, which includes a tax reduction plan, as well as the fiscal stimulus program announced in March 2025 by Germany, which notably consists of increased public spending and investment, particularly in infrastructure and defense.

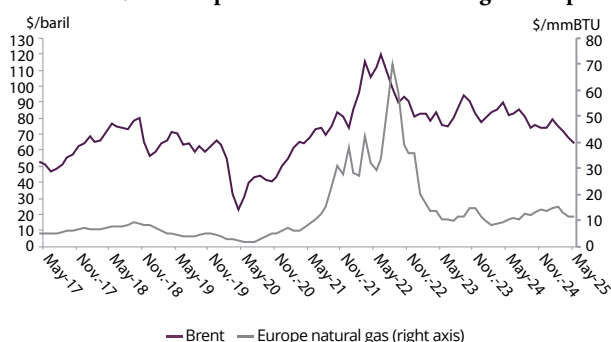
1.3 Commodity prices and inflation

1.3.1 Energy commodity prices

On the oil market, the price of Brent crude oil fell by an average of 2.6 percent to \$71.8 a barrel in the first five months of the year¹, and by 21.7 percent year-on-year. This trend was mainly due to higher output by OPEC+2 countries and concerns over global demand against a backdrop of strong trade tensions. However, prices rose sharply in June, by 12.8 percent between the 1st and 19th of the same month, to reach an average price of \$75 a barrel, due to the rapid escalation of the conflict between Israel and Iran, which rekindled fears about the security of supplies in the Middle East.

On the European market, natural gas prices fell by 3 percent to an average of \$13.3/mmBTU, but remained 46.2 percent higher than the previous year.

Chart 1.7: World prices of brent and natural gas-Europe



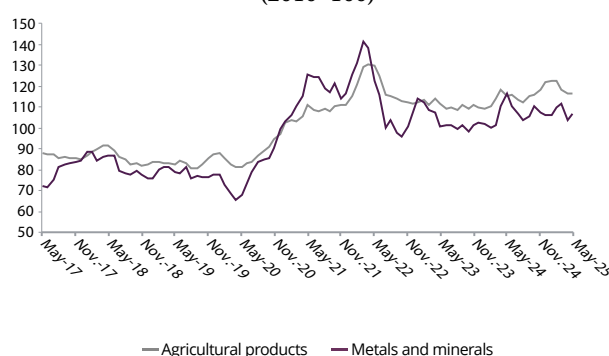
Source: World Bank.

1.3.2 Non-energy commodity prices

Over the first five months of the year, non-energy product prices fell by 0.5 percent, with a 0.9 percent

drop in agricultural products and a 0.2 percent increase in metals and ores. Year-on-year, prices rose 4.3 percent, reflecting increases of 1.4 percent for metals and ores and 5.1 percent for agricultural products. More particularly, gold, which continues to benefit from its safe-haven status, rose by an average of 4.6 percent over the first five months of the year, to stand at 3023 dollars per ounce, and by 38.7 percent year-on-year.

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

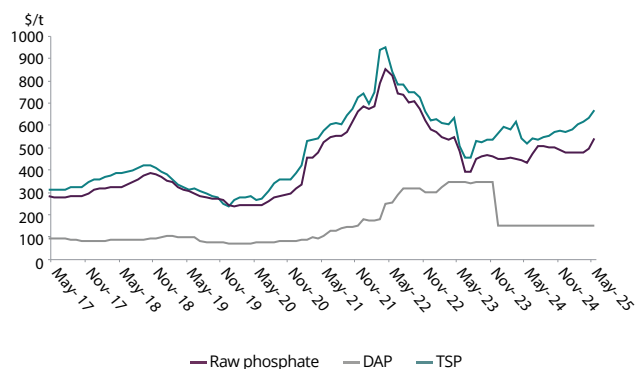


Source: World Bank.

For phosphate and derivatives, prices stagnated at an average of \$152.5/t during the first five months of the year for rock phosphate and rose by 3.3 percent to \$621.2/t for DAP and by 2.6 percent to \$494.9/t for TSP. Year-on-year, prices rose by 8.4 percent for DAP and 10.9 percent for TSP, and remained at their same level posted a year earlier for rock phosphate.

¹ Compared with December 2024

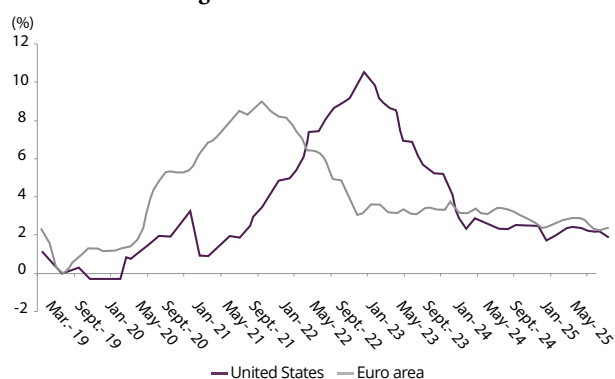
² OPEC+ countries having decided at their meeting on May 31, 2025, to increase oil production by a further 411,000 barrels per day from July, in line with their policy (decided in December 2024) of increasing supply to the world market.

Chart 1.9: Change in global prices of phosphates and derivatives

Source: World Bank.

1.3.3 Inflation

Inflation in the eurozone, which stood at 2.2 percent in April, fell to 1.9 percent in May, as a result of a deceleration from 2.2 percent to 2.1 percent in Germany, from 0.9 percent to 0.6 percent in France, from 2.2 percent to 2 percent in Spain and from 2 percent to 1.7 percent in Italy. In the USA, it edged up to 2.4 percent in May from 2.3 percent a month earlier. For the other main advanced countries, a drop from 3.5 percent in April to 3.4 percent in May was posted in both the UK and Japan. As for the main emerging economies, inflation remained in the negative territory in China, stabilizing at -0.1 percent in May, while it fell, between April and May, from 5.5 percent to 5.3 percent in Brazil, from 10.2 percent to 9.9 percent in Russia and from 3.2 percent to 2.8 percent in India.

Chart 1.10: Change in inflation in the US and the euro area

Source: Thomson Reuters Eikon.

Table 1.3: Recent year-on-year change in inflation in major advanced countries (in %)

	2023	2024	2025		
			March	April	May
United States	4.1	3.0	2.4	2.3	2.4
Euro area	5.4	2.4	2.2	2.2	1.9
Germany	6.0	2.5	2.3	2.2	2.1
France	5.7	2.3	0.9	0.9	0.6
Spain	3.4	2.9	2.2	2.2	2.0
Italy	5.9	1.1	2.1	2.0	1.7
United Kingdom	7.3	2.5	2.6	3.5	3.4
Japan	3.3	2.7	3.6	3.5	3.4

Sources: Thomson Reuters Eikon, Eurostat & FMI.

2. EXTERNAL ACCOUNTS

Foreign trade data for the first four months of 2025, compared with the same period a year earlier, suggest an acceleration in the growth of trade in goods, as well as a continuation of the good performance of travel and FDI receipts. Imports rose by 9.1 percent to 263 billion dirhams, and exports by 1.2 percent to 154.1 billion. As a result, the goods trade deficit widened to 108.9 billion, and the coverage ratio fell by 4.6 points, from 63.2 percent to 58.6 percent.

At the same time, travel receipts expanded by 7.5 percent to 34.4 billion, while remittances by Moroccans living abroad contracted by 3.7 percent to 35.9 billion. As for the main financial operations, FDI receipts stood at 17.2 billion, from 14 billion at end-April 2024, and Moroccan direct investment abroad fell by 21.9 percent to 6 billion. At end-April 2025, Bank Al-Maghrib's official reserve assets stood at 390.7 billion dirhams, equivalent to 5 months and 12 days of imports of goods and services.

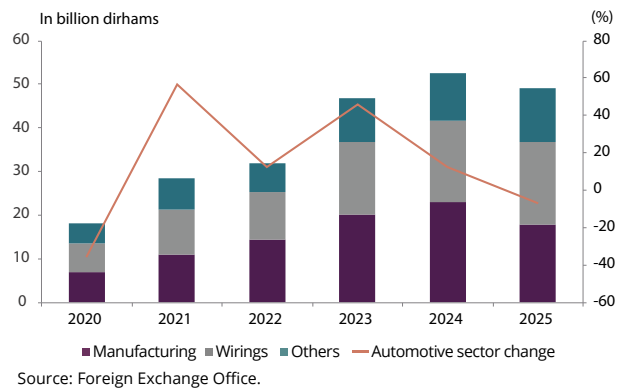
2.1 Trade balance

2.1.1 Exports

The increase in exports was mainly driven by sales of phosphate and derivatives, which rose by 12.3 percent to 27.7 billion, as a result of an 8.4 percent increase in “natural and chemical fertilizers”, due to a 5.3 percent rise in their prices and a 2.9 percent increase in volume shipped, 48.5 percent for “rock phosphate” and 13.8 percent for “phosphoric acid”. In the same vein, the dynamism of the aeronautical industry continued, with a further expansion of 14 percent to 9.5 billion dirhams, including 6.2 billion dirhams in the assembly segment, up from 5.4 billion dirhams for the same period last year. Exports from the “agriculture and agri-food” sector rose by 1.4 percent to 35.5 billion, reflecting a 6.9 percent increase in agricultural products, notably a 32.4 percent jump in shipments of “fresh or dried fruit, frozen or in brine”, and a 28.9 percent increase in citrus fruit. Conversely, sales of the food industry fell by 5.3 percent to 13.7 billion dirhams.

On the other hand, exports from the automotive sector fell by 7 percent to 49 billion, reflecting a 22 percent drop in sales in the “construction” segment to 17.8 billion, while sales in the “wiring” segment rose by 1.7 percent to 18.9 billion.

Chart 2.1: Automotive sector exports at end-April



In the “textiles and leather” sector, exports contracted by 2.7 percent to 14.8 billion, with “ready-made garments” down 3.2 percent to 9.7 billion.

Sales of the “electronics and electricity” sector fell 7 percent to 5.7 billion, with “electronic components” down 42.5 percent to 1.6 billion and “wires and cables” up 37.2 percent to 2.3 billion.

Table 2.1: Exports by sector
(in million dirhams)

Sectors/Segments	January - April		Change	
	2025	2024	In value	In %
Exports	154.084	152.285	1.799	1.2
Phosphates and derivatives	27.659	24.634	3.025	12.3
Natural and chemical fertilizers	20.311	18.741	1.570	8.4
Phosphates	2.756	1.856	900	48.5
Phosphoric acid	4.592	4.037	555	13.8
Aeronautics	9.512	8.346	1.166	14.0
Assembly	6.193	5.373	820	15.3
Electrical Wiring Interconnection System	3.282	2.936	346	11.8
Agriculture and Agri-food	35.492	34.986	506	1.4
Agriculture, forestry, and hunting	21.059	19.699	1.360	6.9
Food industry	13.728	14.494	-766	-5.3
Textile and leather	14.806	15.215	-409	-2.7
Ready-made garments	9.719	10.035	-316	-3.2
Hosiery	2.854	2.917	-63	-2.2
Footwear	952	979	-27	-2.8
Electronics and electricity	5.676	6.104	-428	-7.0
Electronic components	1.630	2.835	-1.205	-42.5
Wires and cables	2.300	1.676	624	37.2
Automotive	49.008	52.685	-3.677	-7.0
Construction	17.849	22.884	-5.035	-22.0
Vehicle and seat interiors	3.349	3.035	314	10.3
Cabling	18.938	18.629	309	1.7
Other mining extractions	1.720	1.486	234	15.7
Copper ore	491	396	95	24.0
Lead ore	315	226	89	39.7
Other industries	10.211	8.813	1.398	15.9
Metallurgy and metalworking	2.818	2.265	553	24.4
Plastics and rubber industry	605	525	80	15.2
Pharmaceutical industry	434	511	-77	-15.1

Source: Foreign Exchange Office.

2.1.2 Imports

Apart from the energy bill, the rise in imports concerned all the main products. Purchases of capital goods rose 13.3 percent to 61.8 billion, with increases of 27.4 percent to 6 billion for “aircraft parts and other air vehicles” and 33.4 percent to 4.5 billion for “utility vehicles”. Similarly, purchases of consumer goods rose 11.5 percent to 61.2 billion, reflecting increases of 14.5 percent for “passenger cars” and 19.7 percent for “medicines and other pharmaceutical products”. Imports of food products rose 11.3 percent to 33.5 billion, with wheat purchases down 14.5 percent compared with end-April 2024, reflecting a 5.9 percent drop in import prices and a 9.2 percent fall in quantities.

Purchases of raw products rose by 25.4 percent to 13.2 billion, driven mainly by a 41 percent increase in purchases of “crude and unrefined sulfur”, while purchases of semi-finished products rose 7.6 percent to 55.6 billion.

Conversely, the energy bill fell 4.9 percent to 37.3 billion, with a 13.7 percent drop in purchases of “gas-oils and fuel-oils” to 17.6 billion owing to lower import prices.

Table 2.2: Imports by main products
(in millions of dirhams)

Main products	January - April		Change	
	2025	2024	In value	In %
Imports	263,023	241,028	21,996	9.1
Capital goods	61,807	54,535	7,272	13.3
Parts of aircraft and other air or space vehicles	6,038	4,741	1,297	27.4
Utility cars	4,470	3,350	1,120	33.4
Civil engineering and construction machinery and equipmen	1,058	497	561	112.9
Finished consumer products	61,209	54,920	6,290	11.5
Passenger cars	8,324	7,269	1,055	14.5
Medicines and other pharmaceutical products	4,001	3,342	659	19.7
Seats, furniture, mattresses and lighting items	2,131	1,651	479	29.0
Demi products	55,565	51,634	3,931	7.6
Chemical products	5,669	5,045	624	12.4
Raw aluminum, aluminum waste and powders	1,541	1,074	467	43.5
Copper wires, bars and profiles	3,733	3,273	460	14.1
Food products	33,461	30,060	3,402	11.3
Live animals	2,246	917	1,328	-
corn	2,646	1,829	817	44.7
Cafe	1,061	501	561	-
Wheat	6,073	7,106	-1,033	-14.5
Raw products	13,151	10,490	2,662	25.4
Raw and unrefined sulfur	3,766	2,671	1,095	41.0
Scrap metal, waste and other minerals	1,738	1,214	524	43.1
Raw or refined soybean oil	2,297	1,884	413	21.9
Energy products	37,297	39,202	-1,905	-4.9
Gas oils and fuel oils	17,631	20,434	-2,803	-13.7
Petroleum gasoline	2,161	2,208	-47	-2.1
Petroleum gas and other hydrocarbons	7,619	7,143	476	6.7

Source: Foreign Exchange Office.

2.2 Other components of the current account balance

The balance of services showed a strong surplus of 11.9 percent, as a result of a 5.3 percent increase in exports and a slight 0.9 percent drop in imports.

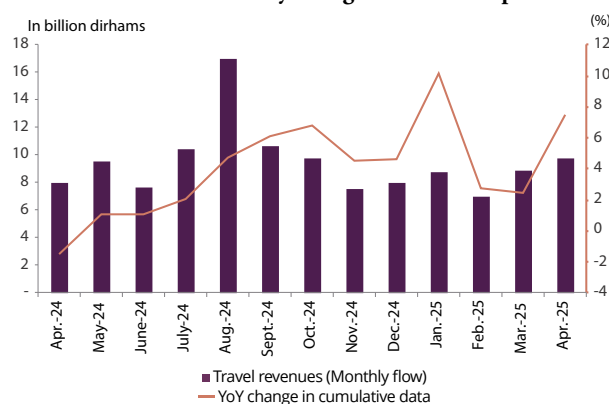
Table 2.3: Balance of services
(in million dirhams)

	January - April		Change	
	2025	2024	In value	In %
Imports	44.169	44.551	-382	-0.9
Exports	90.475	85.922	4.553	5.3
Balance	46.306	41.371	4.935	11.9

Source: Foreign Exchange Office.

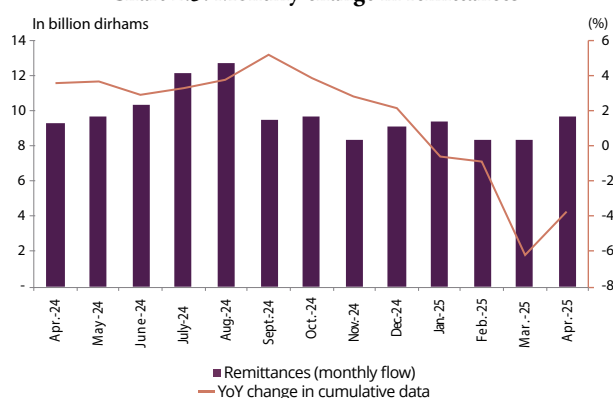
Travel receipts continued to perform well, expanding by a further 7.5 percent to 34.4 billion, while travel expenditure rose by 3.5 percent to 9.2 billion.

Chart 2.2: Monthly change in travel receipts



Source: Foreign Exchange Office.

On the other hand, remittances of Moroccans living abroad fell by 3.7 percent to 35.9 billion dirhams.

Chart 2.3: Monthly change in remittances

Source: Foreign Exchange Office.

2.3 Financial account

In terms of the main financial transactions, net FDI inflows rose by 37.2 percent to MAD 11.1 billion, driven by a 22.8 percent improvement in receipts to MAD 17.2 billion, with a limited increase in disposals of 3.2 percent to MAD 6.2 billion. At the same time, the net flow of Moroccan direct investment abroad contracted by 9.7 percent to 1.2 billion, reflecting decreases of 21.9 percent to 6 billion in outflows and 24.3 percent to 4.8 billion in repatriations.

By the end-April 2025, outstanding official reserve assets reached MAD 390.7 billion, or the equivalent of 5 months and 12 days' imports of goods and services.

Table 2.4: Direct investments (in million dirhams)

	January - April		Change	
	2025	2024	In value	In %
Foreign direct investments	11 080	8 075	3.005	37.2
Revenues	17 240	14 044	3.196	22.8
Expenditure	6 160	5 969	191	3.2
Moroccan direct investments abroad	1 164	1 289	-125	-9.7
Expenditure	6 012	7 697	-1.685	-21.9
Revenues	4 848	6 408	-1.560	-24.3

Source: Foreign Exchange Office.

3. MONEY, CREDIT AND ASSET MARKET

Over the first quarter of 2025, the overall average lending rate fell by 10 basis points and the real effective exchange rate appreciated by 0.8 percent. Bank lending to the non-financial sector rose by 4.2 percent in April, from 3.9 percent in the first quarter, mainly reflecting accelerated growth in loans to households and private businesses. With regard to the other counterparts of money supply, net claims on the central government were down 3.4 percent, as against an increase of 7.5 percent, while official reserve assets went up 8.9 percent, following a rise of 2.5 percent. Overall, money supply grew by 6.9 percent in April, compared with 8 percent in the first quarter.

On the real-estate market, prices contracted by 1.8 percent, quarter-on-quarter, in the first quarter of 2025, reflecting decreases of 2.1 percent for residential units, 2.5 percent for urban land and 0.7 percent for commercial property. At the same time, transactions fell by 30.3 percent overall, with declines ranging from 29.3 percent for residential property to 33.1 percent for urban land.

Stock prices on the Casablanca Stock Exchange continued their upward trend, with the MASI appreciating by 1.2 percent in May compared with March, bringing its performance to 21.7 percent since December 2024. Under these conditions, market capitalization reached 944.6 billion dirhams, up 2.1 percent on March and 25.5 percent since December 2024.

3.1 Monetary conditions

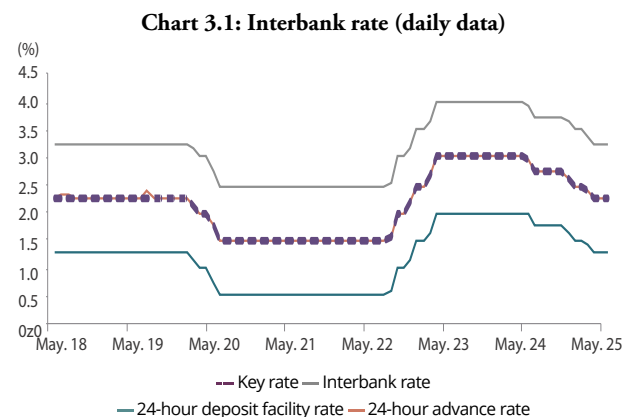
3.1.1 Bank liquidity and interest rates

In the first quarter of 2025, banks' liquidity needs eased to a weekly average of 129.5 billion dirhams, from 137.9 billion in the fourth quarter of 2024.

Bank Al-Maghrib thus reduced the amount of its injections from 151.4 billion dirhams to 144 billion, of which 61.8 billion in the form of 7-day advances, 49.4 billion through repurchase agreements and 32.9 billion through guaranteed loans given as part of programs to support the financing of SMEs.

Under these conditions, the average duration of the Bank's interventions fell from 37 days to 20 days, and the interbank rate fell from 2.71 percent to 2.47 percent on average, in line with the Bank Board's decision, taken at its meeting on March 18, 2025, to reduce the key rate by 25 basis points (bp) to 2.25 percent.

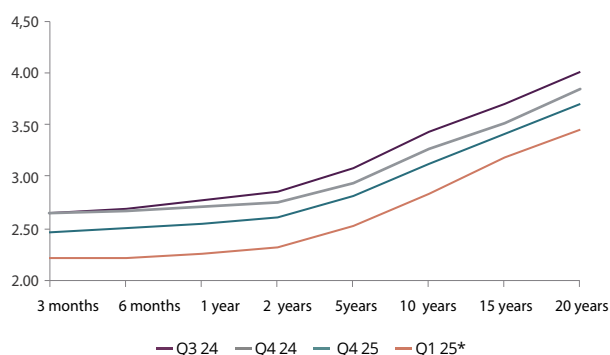
The latest available data indicate a further easing of bank liquidity requirements to 113.1 billion on average in April and May 2025.



On the T-bill market, rates fell further in the first quarter of 2025, on both the primary and secondary markets, a trend that became more pronounced, on average, during April and May 2025.

Table 3.1: Treasury bond rates in the primary market (%)

	2024				2025		
	Q1	Q2	Q3	Q4	Q1	Apr.	May
26 weeks	2.86	2.85	2.70	2.58	2.45	2.18	2.00
2 years	3.25	3.24	2.85	2.71	2.60	2.33	2.21
5 years	3.42	3.43	3.11	2.94	2.84	2.58	2.44
10 years	3.79	3.75	3.48	3.25	3.17	2.89	2.84
15 years	4.05	4.03	3.74	3.54	3.45	3.22	3.15

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

*Average observed in April and May 2025.

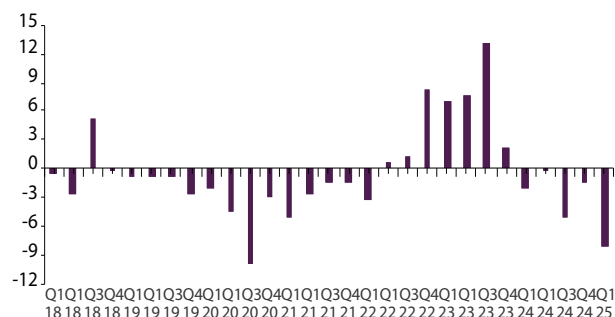
On the private debt market, issuance rates for certificates of deposit continued to drop in the first quarter of 2025. As for deposit rates, those applied to 6-month deposits recorded, on average, a quarterly rise of 8 bp to 2.53 percent, before returning to 2.72 percent in April. 1-year deposit rates fell by 10 bp to 2.78 percent in the first quarter, then to 2.73 percent in April.

Table 3.2: Deposit rates (%)

	2024				2025	
	Q1	Q2	Q3	Q4	Q1	Apr.
6 month	2.54	2.56	2.77	2.45	2.53	2.72
12 month	2.86	3.06	2.60	2.88	2.78	2.73

For the first half of 2025, the minimum rate of interest on saving accounts was set at 2.21 percent,

down 27 bp compared with the previous half-year. Under these conditions, banks' cost of funding¹ dropped by 8 basis points quarter-on-quarter.

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

With regard to lending rates, the results of Bank Al-Maghrib's survey with banks for the first quarter of 2025 show a quarterly decrease of 10 bp in the overall average rate to 4.98 percent. By institutional sector, rates on loans to non-financial companies fell 16 bp to 4.84 percent, with a 26 bp decline to 4.73 percent for cash facilities, and increases of 16 bp to 5.14 percent for equipment loans and 31 bp to 5.49 percent for property development loans. By company size, the rates applied fell by 12 bp to 4.96 percent for large companies and by 9 bp to 5.61 percent for SMEs. On the other hand, rates applied to loans for individuals rose by 17 bp to 5.96 percent, reflecting a 14 bp increase to 7.13 percent for consumer loans, while housing loans remained virtually unchanged quarter-on-quarter at 4.74 percent.

¹ The cost of funding for banks is calculated as a weighted average of the costs of their resources

Table 3.3: lending rates (%)

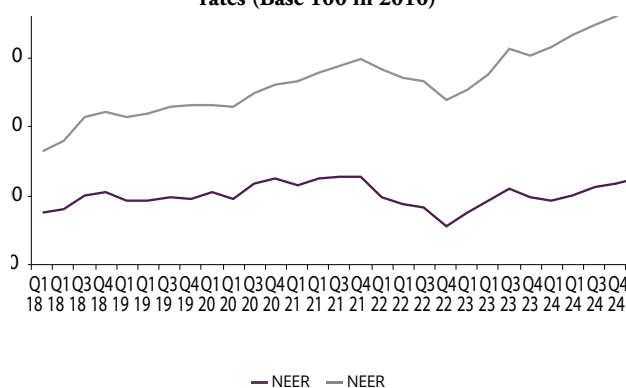
	2023	2024					2025
	Q4	Q1	Q2	Q3	Q4	Q1	
Overall rate	5.36	5.40	5.43	5.21	5.08	4.98	
Personal loans	5.94	6.09	5.89	5.91	5.79	5.96	
Real estate loans	4.83	4.81	4.79	4.76	4.75	4.74	
Consumer loans	7.18	7.22	7.03	7.06	6.99	7.13	
Loans to businesses	5.30	5.26	5.37	5.12	5.00	4.84	
Cash advances	5.35	5.30	5.38	5.06	4.99	4.73	
Equipment loans	4.90	5.11	4.99	5.24	4.98	5.14	
Real estate loans	5.49	5.19	5.69	5.68	5.18	5.49	

3.1.2 Exchange rate

Over the first quarter of the year, the euro depreciated by 1.4 percent against the US dollar. Against this backdrop, the value of the dirham rose by 0.3 percent against the US dollar and by 1.7 percent against the euro.

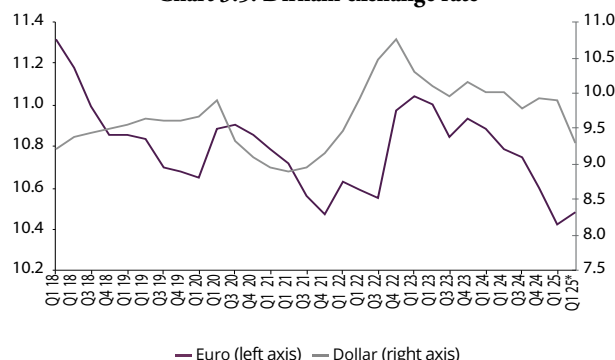
Compared to the currencies of the main emerging countries, the national currency appreciated in the first quarter of 2025 by 5.2 percent against the Turkish lira, 2 percent against sterling and 1.4 percent against the Chinese yuan. As a result, and taking into account the inflation differential with Morocco's main trading partners and competitors, the effective exchange rate rose by 1.5 percent in nominal terms and 0.8 percent in real terms.

Chart 3.4: Change in the nominal and real effective exchange rates (Base 100 in 2010)



The latest available data for April and May show that the euro appreciated on average by 6.9 percent against the US dollar compared with the first quarter. The dirham appreciated by 6.5 percent against the dollar and depreciated by 0.5 percent against the euro.

Chart 3.5: Dirham exchange rate



*Average of April and May 2025.

In terms of transaction volumes, the average monthly amount of currency exchanges against the dirham on the interbank market fell by 8.7 percent year-on-year in the first quarter, to MAD 45.9 billion. Spot operations between banks and their customers rose by 10.3 percent to MAD 37.2 billion in the case of customer purchases, and fell by 1 percent to MAD 34 billion with regard to sales. Futures transactions rose by 25 percent to 18.5 billion dirhams for sales, and by 48.8 percent to 5.1 billion dirhams for purchases.

3.1.3 Monetary situation¹

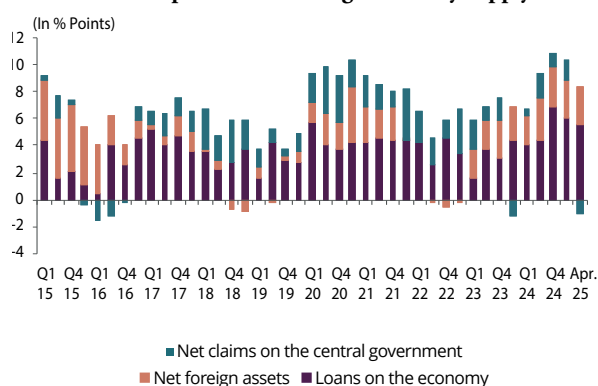
Between the first quarter of 2025 and April, M3 growth decelerated from 8 percent to 6.9 percent. By main component, sight deposits fell from 11.4 percent to 8.4 percent, and currency in circulation from 9.3 percent to 8.4 percent. Concerning money-market mutual funds, they rose by 14.6 percent, following an increase of 17.7 percent. Savings accounts increased by 2.3 percent in April, a similar trend to the first quarter. Conversely,

¹ Quarterly data represent outstandings at the end of the period.

foreign currency and time deposits rose by 3.3 percent and 4.5 percent respectively, following declines of 14.9 percent and 0.7 percent a quarter earlier.

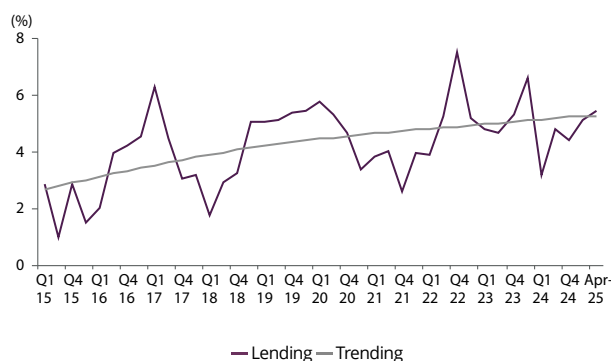
By main counterparts, the change in money supply is the result of a 3.4 percent decline in net claims on the central government, following a 7.5 percent rise in the first quarter, and the acceleration of growth from 2.5 percent to 8.9 percent in official reserve assets and from 5.1 percent to 5.4 percent in bank loans.

Chart 3.6: Contribution of the major counterparts to YoY change in money supply



In particular, loans to the non-financial sector rose by 4.2 percent from 3.9 percent in the first quarter, as a result of an acceleration in loans from 2.3 percent to 2.6 percent for households and from 2.1 percent to 2.3 percent for private businesses, while lending to state-owned enterprises decelerated from 11.9 percent to 10.5 percent.

Chart 3.7: Bank credit (change in YoY)

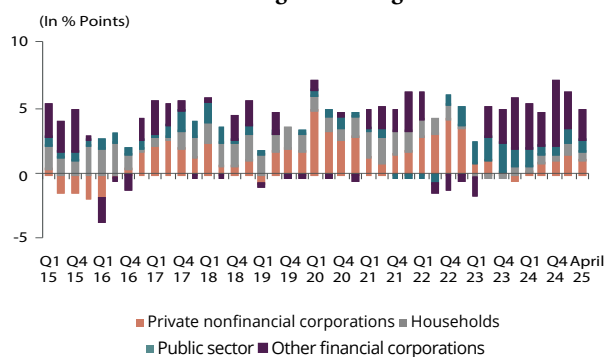


Loans to individuals rose from 2.2 percent to 2.5 percent, with an increase from 1.7 percent to 2 percent for housing loans, and from 2.1 percent to 2.9 percent for consumer loans. On the other hand, the drop in Lending to individual businessmen remained virtually unchanged at 0.8 percent.

The change in loans to private non-financial businesses reflects the acceleration in lending for property development from 6.4 percent to 9.8 percent, and for equipment from 9.3 percent to 9.6 percent. Meanwhile, cash facilities saw a further decline from 0.5 percent to 2 percent.

The deceleration in lending to State-owned enterprises reflects the slowdown in cash facilities from 30.8 percent to 24.9 percent, while equipment loans rose by 1.1 percent, after dropping 1.1 percent in the first quarter.

Chart 3.8: Contribution of institutional sectors to the YoY change in lending

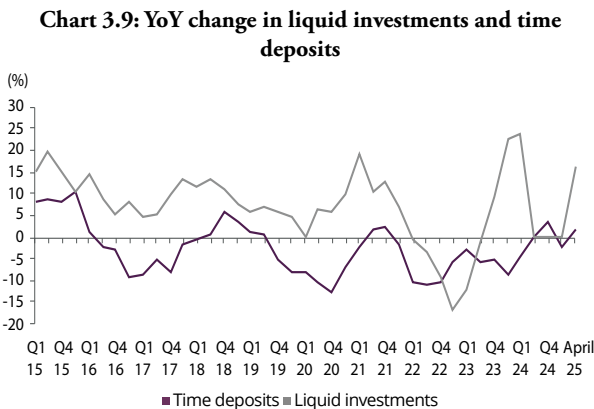


By industrial sector, data for the first quarter of 2025 show increases of 13.4 percent for the "Electricity, gas and water" sector, 16.9 percent for "Extractive industries", 3.4 percent for the "Trade, car repairs and household goods" sector, and 2.3 percent for "Building and public works" companies. Conversely, loans to the sectors of "Hotels and restaurants" and "Chemical and para-chemical industries" were down by 12.8 percent and 5.1 percent respectively.

Non-performing loans rose by 4.5 percent in April, and their ratio to outstanding bank loans stood at 8.7 percent. They rose by 6.5 percent for households and by 2.7 percent for private non-financial businesses, with ratios at 10.7 percent and 13.2 percent respectively.

Loans granted by non-bank financial companies to the non-financial sector rose by 7.7 percent in the first quarter of 2025. This trend reflects increases of 8.2 percent for loans allocated by finance companies and 6.5 percent for loans ranted by micro-finance institutions, while loans given by offshore banks fell by 3.4 percent.

Liquid investment Aggregates rose by 19.5 percent from 15.6 percent in the first quarter, reflecting accelerations from 19.6 percent to 28.5 percent in the growth rate of bond mutual funds and from 8.2 percent to 10 percent in T-bills as well as a deceleration from 47.7 percent to 42.5 percent in shares and diversified mutual funds.



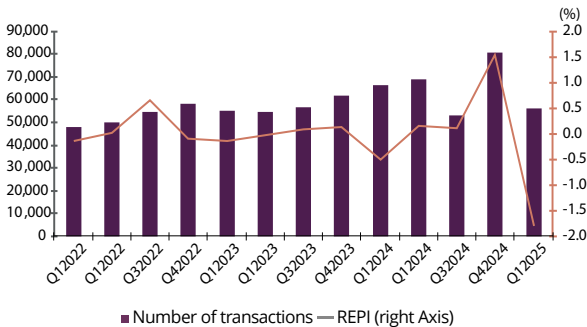
3.2 Asset prices

3.2.1 Real estate assets

Over the first quarter of 2025, the real estate asset price index contracted by 1.8 percent, with decreases of 2.1 percent for residential property, 2.5 percent for urban land and 0.7 percent for commercial property. At the same time, transactions were down from 30.3 percent overall, 29.3 percent for residential property, 33.1 percent for urban land and 31.4 percent for commercial property.

Except for Rabat and Agadir, where prices were virtually unchanged, and Oujda, where they rose by 0.6 percent, the drop in prices was noticeable in all other major cities, with declines ranging from 1.1 percent in El Jadida and Kénitra to 2.3 percent in Marrakech. In terms of sales, all the main cities posted declines ranging from 15.7 percent in Tangier to 55.9 percent in Agadir.

Chart 3.10: Change in the REPI and in the number of real estate transactions



Source: BAM and ANCFCC.

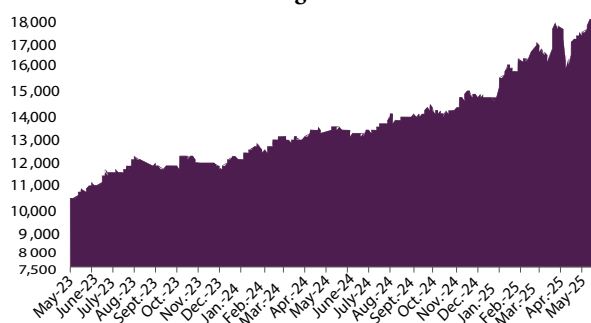
3.2.2 Financial assets

3.2.2.1 Shares

In April and May, MASI's upward trend continued, with an increase of 1.2 percent on the first quarter, bringing its performance to 21.7 percent since December 2024.

This recent trend mainly reflects sector-based index increases of 8.6 percent for “Buildings and Construction Materials” and 33.8 percent for “Electricity”, as well as declines of 11.1 percent for “Telecommunications” and 17.6 percent for “Real estate investment and development”.

Chart 3.11: Change in MASI index



Sources: Casablanca Stock Exchange.

Chart 3.12: Change in sectoral indices in the fourth quarter of 2025 (%)



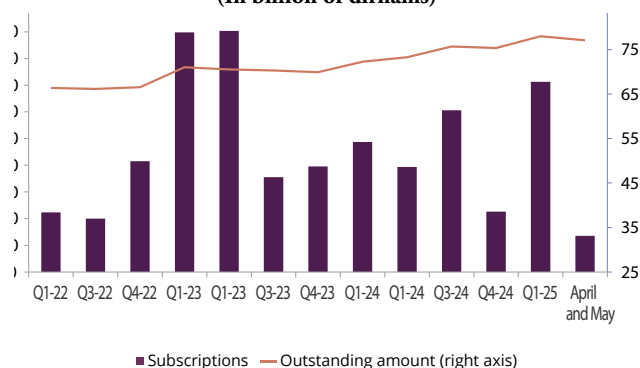
Sources: Casablanca Stock Exchange.

Trading volume stood at 21.6 billion dirhams in April and May, from 33.5 billion dirhams in the first quarter of 2025. In this context, market capitalization reached MAD 944.6 billion, up 2.1 percent on March and 25.5 percent since December 2024.

3.2.2.2 Sovereign debt market

In April and May, Treasury bill issuances totaled MAD 13.5 billion, after MAD 44.2 billion in the first quarter. Medium and long maturities accounted for 49 percent and 44 percent respectively, while short-term maturities accounted for just 7 percent. Taking into account redemptions of 22.4 billion, outstanding treasury bills stood at 771 billion at the end of May, down 1.1 percent on the first quarter.

Chart 3.13: Change in Treasury bill issues (In billion of dirhams)



Source: BAM.

January-data show a rise in Treasury bill issuances in January 2025 to MAD 19.1 billion, compared with MAD 2.5 billion a month earlier. Most of these issues were medium-term maturities (50 percent) and long-term maturities (48 percent). Taking into account redemptions of 2.9 billion, outstanding Treasury bills totaled 769.7 billion at the end of January, up 2.1 percent on a monthly basis.

3.2.2.3 Private debt market

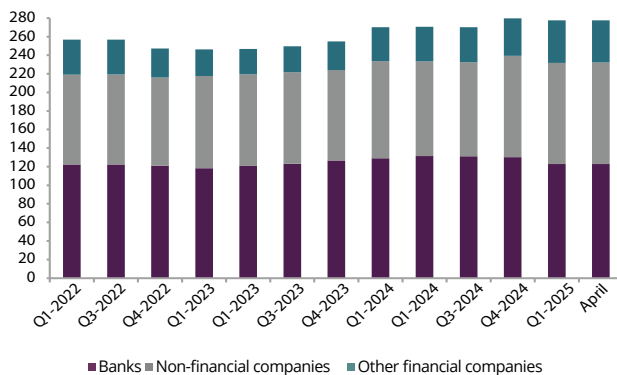
Issuances of private debt securities totaled MAD 7.1 billion in April, from MAD 24.2 billion in the first quarter. Financial companies raised 4.6 billion compared with 12.8 billion in the previous quarter, and non-financial companies 2.5 billion after 11.5 billion.

By instrument, issuances of negotiable debt securities totaled MAD 5.6 billion, broken down into MAD 3.9 billion in certificates of deposit, MAD 1 billion in commercial paper and MAD 800 million in finance company bills. Bond issuances by non-financial companies amounted to MAD 1.5 billion.

Taking into account redemptions, outstanding private debt stood at MAD 278.6 billion at the end of May 2025.

2024, at MAD 772.7 billion, driven by increases in outstanding amounts ranging from 6.9 percent for money market funds to 51.5 percent for short-term bond funds. Conversely, contractual funds were down 15.9 percent.

Chart 3.14: Change in outstanding private debt per issuer
(In million of dirhams)



Source: Maroclear and BAM calculations.

3.2.2.4 UCITS

During the first five months of the year, subscriptions to UCITS amounted to MAD 672.2 billion, compared to MAD 476.4 billion during the same period a year earlier. On the other hand, redemptions amounted to 594.5 billion versus 441.8 billion, representing a net inflow of 77.7 billion dirhams. Performance indices were up for all funds, with rates ranging from 3.1 percent for money market funds to 39.5 percent for shares mutual funds.

At the end of May, mutual funds net assets were up 18.3 percent as against the end of December

4. FISCAL POLICY TREND

Budget execution for the first four months of 2025 showed a fiscal deficit of MAD 17.5 billion, compared with MAD 6 billion a year earlier. Current revenues improved by 16.9 percent to 148.7 billion, mainly owing to an 18.9 percent rise in tax revenues and a 4.1 percent drop in non-tax revenues. On the other hand, current expenditure rose 25.6 percent to 146.2 billion, mainly reflecting increases of 33.4 percent in spending on goods and services and 27.5 percent in debt interest spending, while subsidy costs fell by 25.9 percent. Under these conditions, the current balance showed a surplus of 2.5 billion, compared with 10.8 billion a year earlier. Investment rose by 15.7 percent to 34.9 billion, bringing total expenditure to 181.1 billion, up 23.6 percent. The balance of the Treasury's special accounts (TSA) posted a surplus of 14.9 billion, as against 13.4 billion at the end of April 2024.

Taking into account the 15.7 billion reduction in the stock of pending transactions, the cash deficit widened to 33.2 billion, compared with 10.2 billion at the end of April 2024. This need was covered by net domestic resources of MAD 4.6 billion and a positive net external inflow of MAD 28.6 billion. As a result, outstanding direct public debt is estimated to have risen by 4.1 percent at end-April 2025 compared to its level at end-December 2024. Treasury financing conditions improved compared with the same period in 2024.

4.1 Current receipts

Budget execution at end-April 2025 shows an increase of 16.9 percent to 148.7 billion in current revenue, with tax receipts up 18.9 percent to 137.4 billion, driven mainly by corporate tax and VAT, and non-tax receipts down 4.1 percent to 9.6 billion.

Direct tax revenue rose 33.1 percent to MAD 65.3 billion, reflecting increases of 34.1 percent to MAD 36.4 billion in corporate tax and 32.1 percent to MAD 27.3 billion in income tax. The increase in the latter mainly reflects revenues of MAD 3.8 billion from the voluntary tax regularization, as well as improvements of MAD 1.7 billion in revenue from tax audits and MAD 528 million in receipts from income tax on salaries. The rise in corporate tax was mainly due to a 6.7 billion increase in the regularization supplement and a 3.8 billion increase in the first installment.

Revenue from indirect taxes rose 9.1 percent to 57.7 billion, reflecting increases of 8.3 percent to 46.2 billion in VAT and 12.3 percent to 11.5 billion in domestic consumption tax (DCT). The change in the latter reflects in particular increases of 15.3 percent to 6.8 billion in DCT on energy products, and of 6.8 percent to 3.8 billion in DCT on tobacco. The improvement in VAT revenues reflects a 14.4 percent increase to 29.3 billion in import VAT and a 0.9 percent drop to 16.9 billion in domestic VAT.

Table 4.1: Current revenue (in MAD billions)*

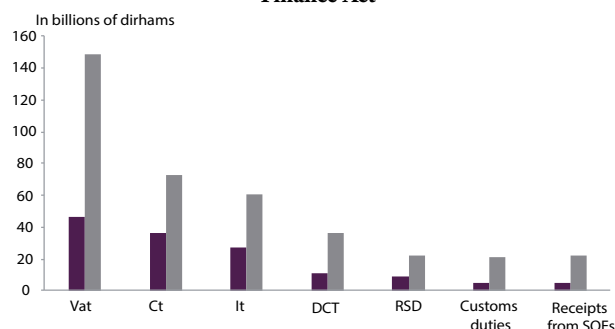
	Jan. Apr. 2024	Jan. Apr. 2025	Var. en %	LF 2025	Actual rates the FA (%)
Current revenues	127.2	148.7	16.9	436.7	34.0
Tax revenues	115.5	137.4	18.9	367.6	37.4
- Direct taxes	49.1	65.3	33.1	139.3	46.9
Including CT	27.1	36.4	34.1	73.0	49.8
I.T	20.7	27.3	32.1	60.9	44.9
- Indirect taxes	52.9	57.7	9.1	185.3	31.1
VAT*	42.6	46.2	8.3	148.4	31.1
TIC	10.3	11.5	12.3	36.9	31.3
- Customs duties	5.0	5.4	6.9	21.3	25.3
- Registration and stamp duties	8.5	9.0	5.4	21.7	41.4
Nontax revenues	10.0	9.6	-4.1	65.6	14.7
- Monopolies and shareholdings	3.7	4.9	32.8	22.6	21.7
- Other revenues	6.3	4.7	-25.6	43.0	11.0
- Innovative financing mechanisms	0.0	0.0	0.0	35.0	0.0
TSA revenues	1.6	1.7	5.6	3.6	46.7

*Taking into account the transfer of 30 percent of VAT revenues to local governments in 2024 and 32 percent in 2025

Source: MEF (DTFE) data, VAT reprocessing by BAM

Revenues from customs duties rose by 6.9 percent to 5.4 billion, and from registration and stamp duties by 5.4 percent to 9 billion.

Chart 4.1: Performance of major revenues compared with the Finance Act



■ January-April 2025 ■ Finance Act 2025

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

Note:

- VAT: Value added tax

- IT: Income tax

- RSD: Registration and stamp duties

- SOEs: State-owned enterprises

- CT: Corporate tax

- ICT: Internal Consumption Tax

- CD: Customs duties

As for non-tax revenue, its change reflects receipts of 4.7 billion under the heading of “other revenue”, as against 6.3 billion at end-April 2024. Receipts from state-owned enterprises (SOEs) totaled 4.9 billion, up from 3.7 billion a year earlier, provided mainly by Bank Al-Maghrib, which contributed 3.8 billion, as against 2.4 billion, and by the National Agency for Land Conservation, Cadastre and Cartography (ANCFCC), which contributed 1 billion, the same amount as at end-April 2024.

4.2 Expenses

Overall expenditure rose by 23.6 percent to 181.1 billion at the end of April 2025, reflecting increases of 25.6 percent to 146.2 billion in current expenditure and 15.7 percent to 34.9 billion in capital spending. Expenditure on goods and services stood at 110 billion, up 33.4 percent, with increases of 12.4 percent to 58.3 billion in the wage bill and 69 percent to 51.7 billion in expenditure on other goods and services. These include transfers of 22.3 billion to SOEs and 17.2 billion to the Treasury’s special accounts, representing increases of 6.3 billion and 15 billion respectively. With regard to the change in the wage bill, the portion paid by the Personnel Expenses Department rose by 11.1 percent to 48.2 billion, as a result of a 15.7 percent increase in its structural component and a 53.7 percent drop to 1.3 billion in back pay.

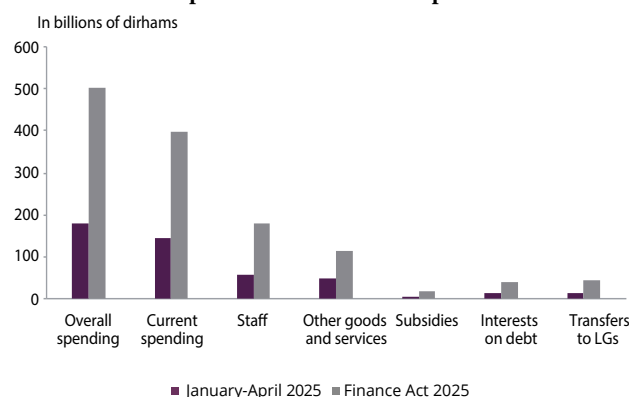
**Table 4.2: Public expenditure execution
(in MAD billions)**

	Jan. Apr. 2024	Jan. Apr. 2025	Change in %	FA 2025	Actual rates the FA (%)
Overall expenditure	146.5	181.1	23.6	507.0	35.7
Current expenditure	116.4	146.2	25.6	401.4	36.4
Goods and services	82.5	110.0	33.4	294.2	37.4
Wage bill	51.9	58.3	12.4	180.3	32.3
Other goods and services	30.6	51.7	69.0	113.9	45.4
Debt interests	10.8	13.7	27.5	42.6	32.2
Subsidy cost	10.3	7.7	-25.9	17.1	44.7
Transfer to local governments	12.8	14.8	15.5	47.5	31.1
Investment	30.2	34.9	15.7	105.6	33.1

*Taking into account the transfer of 30 percent of VAT revenues to local governments 2024 and 32 percent in 2025

Sources: MEF (DTFE) data, VAT reprocessing by BAM

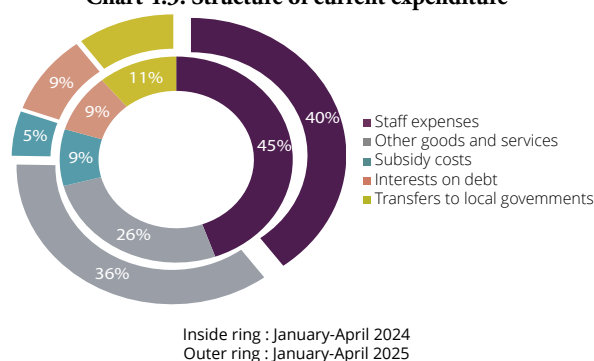
Chart 4.2: Expenditure execution compared to the FA



Sources: Ministry of Economy and Finance (DTFE) data, VAT restatement by BAM.

Debt interest payments fell by 26.1 percent to 957 million, reflecting a 45.5 percent drop to 300 million in interest payments on domestic debt and an 11.9 percent fall to 657 million in interest payments on external debt.

Chart 4.3: Structure of current expenditure

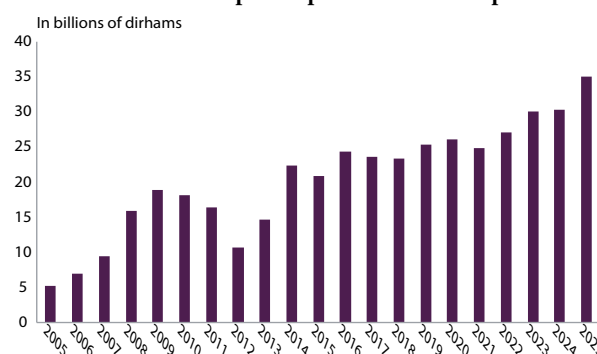


Sources: Ministry of Economy and Finance (DTFE) data, VAT restatement by BAM.

Subsidy costs fell 25.9 percent to MAD 7.7 billion, representing an execution rate of 44.7 percent compared with the FA. This result reflects decreases of MAD 0.9 billion to MAD 5.1 billion in the subsidy for butane gas, MAD 0.6 billion to MAD 1.8 billion for sugar, and MAD 0.2 billion to MAD 0.7 billion for national soft wheat flour. No subsidy was reported in support of professionals in the road transport sector, as against 1 billion a year earlier.

For its part, capital expenditure rose by 15.7 percent to 34.9 billion, representing an execution rate of 33.1 percent compared with the projections in the FA. This includes a 9.5 percent increase to 17.8 billion in ministries' expenditure.

Chart 4.4: Capital expenditure at end-April

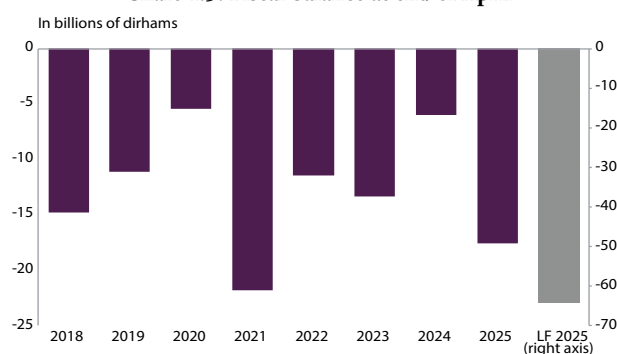


Sources: Ministry of Economy and Finance (DTFE).

4.3 Deficit and Treasury Financing

Taking into account the change in revenue and expenditure, as well as in the balance of the Treasury's special accounts, the Treasury's revenue and expenditure position resulted in a widening of the fiscal deficit from 6 billion to 17.5 billion year-on-year. In addition, the Treasury reduced its stock of pending transactions by 15.7 billion, compared with 4.2 billion at end-April 2024, bringing the cash deficit from 10.2 billion to 33.2 billion.

Chart 4.5: Fiscal balance at end of April



Source: MEF (DTFE).

The Treasury's borrowing requirement was covered by domestic resources up to a net amount of MAD 4.6 billion and by a positive net external inflow of MAD 28.6 billion. The latter includes gross drawings of 32.5 billion, as against 11.3 billion a year earlier, of which 20.9 billion were collected from the international financial market and 4.8 billion with the IMF.

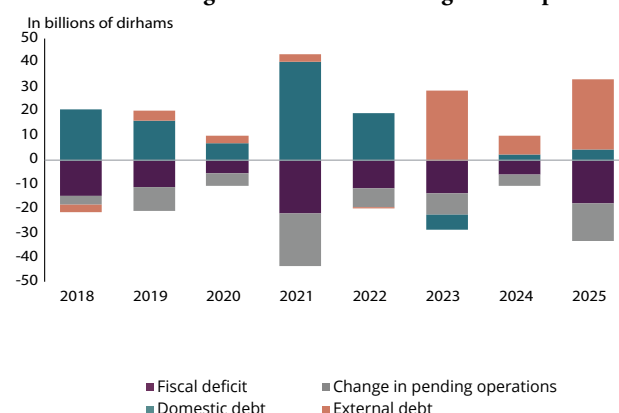
Table 4.3: Deficit financing (in billion dirhams)

	Jan. Apr. 2024	Jan. Apr. 2025	FA 2025
Current balance	10.8	2.5	35.4
Balance of TSA	13.4	14.9	6
Primary balance	4.7	-3.8	-21.6
Fiscal balance	-6	-17.5	-64.2
Change in pending operations	-4.2	-15.7	0
Financing requirements	-10.2	-33.2	-64.2
Domestic financing	2.2	4.6	58.2
External financing	8	28.6	51.5
Sale of State holdings	0	0	6

Source: MEF (DTFE)

In terms of domestic financing, recourse to the auction market enabled the Treasury to raise a net amount of 21.6 billion, compared with 22.6 billion a year earlier. Net subscriptions included 10-year bills for 9.5 billion, 2-year bills for 6.8 billion, 52-week bills for 5.1 billion and 30-year bills for 2.2 billion. At the same time, net redemptions of 15-year bonds amounting to 4.6 billion.

Chart 4.6: Budget balance and financing at end-April*

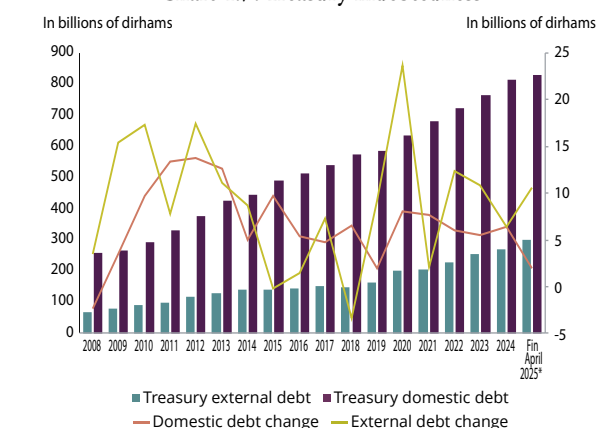


Source: MEF (TEFD)

*The proceeds from the sales of State holdings, which are limited and occasional, are recorded under domestic financing

With regard to the Treasury's financing conditions on the auction market, data as at end-April point to a decrease in weighted average rates compared with the same period in 2024. For medium and short-term maturities, declines reached 71 bp to 2.53 percent for 2-year bills, 65 bp to 2.77 percent for 5-year bills, 60 bp to 2.27 percent for 13-week bills, 52 bp to 2.46 percent for 52-week bills and 47 bp to 2.39 percent for 26-week bills. Similarly, for long-term maturities, rates fell by 94 bp to 4.04 percent for 30-year bills, by 68 bp for 10-year bills and by 67 bp to 3.66 percent and 3.37 percent for 20-year and 15-year bills respectively.

Chart 4.7: Treasury indebtedness



* BAM estimates.

Sources: Ministry of Economy and Finance (DTEF) data.

Table 4.4: Treasury indebtedness (in MAD billions)

	2019	2020	2021	2022	2023	2024	End Apr. 2025*
Treasury external debt	161.6	199.7	203.8	228.9	253.6	269.8	298.4
Change in %	9.2	23.6	2.0	12.3	10.8	6.4	10.6
Treasury domestic debt	585.7	632.9	681.5	722.9	763.0	811.8	827.8
Change in %	1.9	8.1	7.7	6.1	5.6	6.4	2.0
Outstanding direct debt	747.3	832.6	885.3	951.8	1 016.7	1 081.6	1 126.2
Change in %	3.4	11.4	6.3	7.5	6.8	6.4	4.1

Source: MEF (DTFE).

*Debt at end-April 2025 is estimated based on debt-generating financing flows.

Under these conditions, direct public debt is estimated to have risen 4.1 percent at end-April 2025 compared with its level at end-December 2024, with increases of 2 percent in its domestic component and 10.6 percent in its external component.

5. DEMAND, SUPPLY AND LABOR MARKET¹

In 2024, economic growth stood at 3.8 percent from 3.7 percent, with a 4.8 percent contraction in agricultural value added and a 4.8 percent improvement in non-agricultural GDP. On the demand side, the domestic component contributed 6.3 percentage points, while the contribution of net export in volumes remained negative by 2.5 points.

In the first half of 2025, and taking into account a cereal harvest of 44 million quintals, agricultural value added is expected to grow by 5.2 percent. At the same time, non-agricultural activities are set to increase by 3.9 percent, bringing growth to 4.2 percent.

On the labour market, the first quarter of 2025 saw the creation of 282,000 jobs. Except for agriculture, which saw a further drop of 72,000 jobs, the other sectors posted the creation of 216,000 jobs in services, 83,000 in industry and 52,000 in construction. Considering a net inflow of 266,000 jobseekers, the participation rate improved by 0.3 points to 42.9 percent overall, by 0.4 points to 41.5 percent in urban areas while remaining virtually unchanged at 45.6 percent in rural areas. At the same time, the unemployment rate fell from 13.7 percent to 13.3 percent nationally and from 17.6 percent to 16.6 percent in urban areas, but rose from 6.8 percent to 7.3 percent in rural areas.

5.1 Domestic demand

5.1.1 Consumption

Household consumption grew by 3.2 percent in 2024, after 4.7 percent in 2023, and made a positive contribution to growth of 1.9 percentage points.

In the first half of 2025, growth is expected to average 3.7 percent, up from 3 percent over the same period a year earlier. Moderate inflation and a consolidation of household revenues are expected to support this momentum.

In terms of government consumption, 2024 figures show a slowdown from 6.1 percent to 5.6 percent in 2024. Its contribution to growth virtually stabilized at 1 percentage point.

In the first half of 2025, it is expected to accelerate from 3.9 percent to 4.7 percent, mainly due to higher operating expenditure.

5.1.2 Investment

Investment jumped by 10.9 percent in 2024 from 4.3 percent a year earlier, and its contribution to growth increased from 1.3 to 3.2 percentage points.

In terms of outlook, investment is set to continue the positive trend which began in the fourth quarter of 2023, accelerating by 8.4 percent in the first half of 2025, from 6.7 percent over the same period of the previous year. This trend reflects the implementation of numerous infrastructure projects in preparation for hosting major international events. Sub-annual indicators available at the end of April confirm this upward trend, as evidenced by the 13.3 percent increase in capital goods imports, the 10.3 percent rise in cement sales and the 18.2 percent increase in equipment loans. Similarly, cement sales improved by 9.5 percent at end-May.

¹ This chapter's quarterly analysis is based on data from the quarterly national accounts as published by the HCP on March 31, 2025

5.2 Foreign demand

In 2024, net exports in volume contributed once again negatively to growth at 2.5 percentage points, from 1.8 points in 2023. Imports of goods and services accelerated significantly from 9.5 percent to 11.6 percent, while exports rose from 7.9 percent to 8.0 percent.

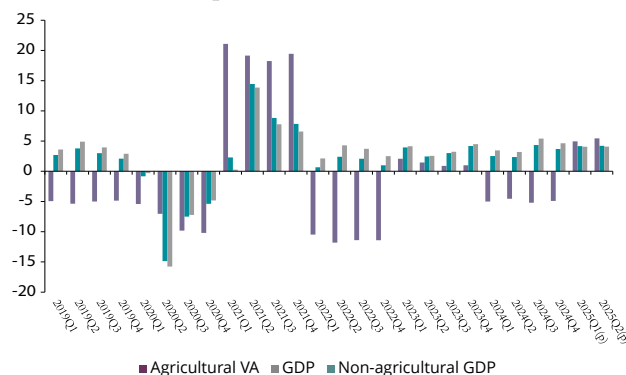
In the first half of 2025, exports of goods and services, in volume, are set to grow at a slower pace than in the preceding year, reflecting the downturn in automotive sector shipments and the slowdown in sales of phosphates and derivatives.

At the same time, imports of goods and services are expected to slow down, reflecting a deceleration in the pace of purchases of finished consumer goods and food products.

5.3 Overall supply

In the first half of 2025, GDP should strengthen on average by 4.2 percent from 2.4 percent, with a 5.2 percent increase instead of a 4.8 percent decline in agricultural value added, owing to a 41 percent improvement in the cereals harvest compared to the previous crop year, to 44 million quintals, according to estimates by the Department of Agriculture. In turn, non-agricultural growth is set to improve by 3.9 percent from 3.2 percent.

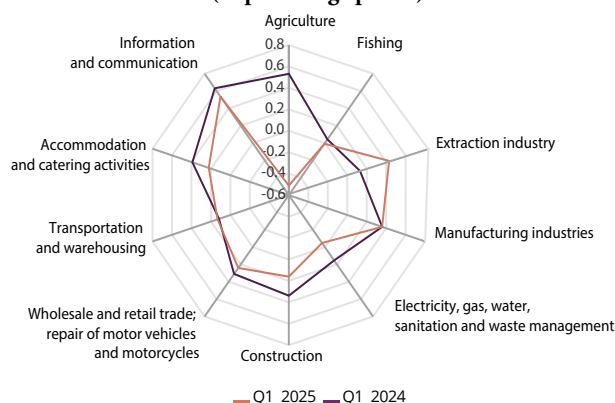
Chart 5.1: GDP per component (Chained prices, YoY change in percent, base year 2014)



Sources: HCP data and BAM forecasts.

In the secondary sector, its value added is set to accelerate to 4.1 percent from 3.7 percent, notably reflecting improvements in the “Construction” and “Electricity, gas, water, sewerage and waste” branches.

Chart 5.2: Sectoral contribution to growth (in percentage points)



Sources: HCP data and BAM forecasts.

Value added of the tertiary sector is expected to increase by 3.8 percent, from 3.1 percent during the same period last year. In particular, this would reflect a strengthening in the “accommodation and catering” sector, as well as in non-tradable services.

5.4 Labor market and output capacity

5.4.1 Activity and employment

Between the first quarter of 2024 and the same period in 2025, the labour market situation was characterized by a 2.2 percent rise in the number of working people aged 15 and over, to almost 12.2 million. This includes increases of 3.2 percent in urban areas and 0.5 percent in rural areas.

Given the change in the working-age population, the participation rate improved by 0.3 points to 42.9 percent nationwide, by 0.4 points to 41.5 percent in urban areas and remained virtually stable at 45.6 percent in rural areas.

At the same time, the domestic economy created 282,000 new jobs, exclusively in urban areas, following a loss of 80,000 jobs a year earlier, and the employed workforce grew by 2.7 percent to 10.6 million.

Apart from agriculture, which saw a further decline of 72,000 jobs, the other sectors saw increases of up to 52 thousand in construction and public works, 83 thousand in industry and 216 thousand in services. The latter mainly reflect the creation of 74,000 jobs in "social services provided to communities", 66,000 jobs in "financial, insurance, real estate, scientific, technical, administrative and support services" and 48,000 jobs in the trade sector.

5.4.2 Unemployment and underemployment

The unemployed population fell by 0.9 percent to almost 1.6 million, and the unemployment rate fell from 13.7 percent to 13.3 percent nationally and from 17.6 percent to 16.6 percent in urban areas, while it rose from 6.8 percent to 7.3 percent in rural areas. For young people aged 15 to 24 in particular, the unemployment rate continued to rise, up 1.8 points to 37.7 percent. This rate rose 5.3 points to 25.5 percent in rural areas and fell 0.8 points to 46.9 percent in urban areas. The unemployment rate among diploma-holders fell 0.9 points, from 20.3 percent to 19.4 percent.

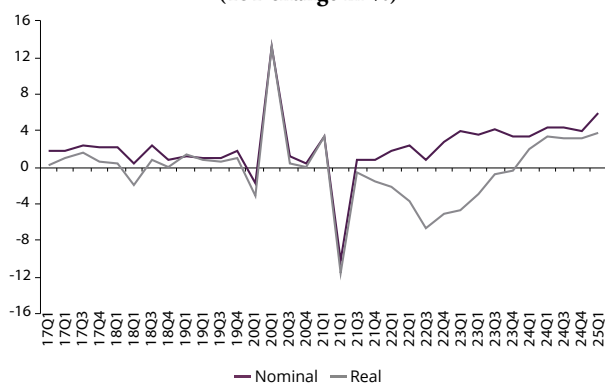
At the same time, the underemployment rate¹ rose 1.5 points to 11.8 percent nationally, by 2.3 points to 14.8 percent in rural areas and by one point to 10 percent in cities.

5.4.3 Productivity and wages

Apparent labour productivity in the non-agricultural sectors, as measured by the ratio of value added to employment, is expected to drop by 0.8 percent in the first quarter of 2025, following 1.5 percent rise a year earlier. This trend would reflect increases of 3.9 percent, instead of 3.2 percent, in value added, and of 4.6 percent, from 1.7 percent, in the number of employees.

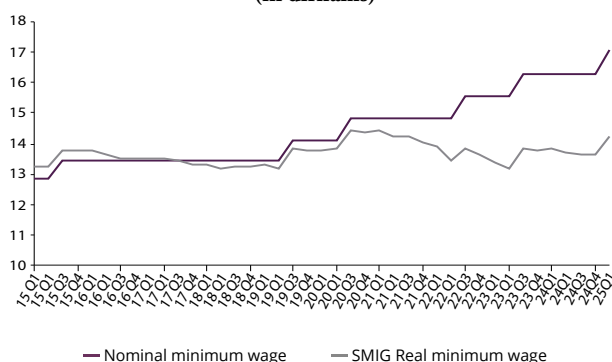
For its part, and based on the latest available data for the first quarter of 2025, the average wage, calculated on the basis of CNSS data by dividing the wage bill to the number of employees, showed an increase of 5.8 percent, instead of 3.3 percent a year earlier, in nominal terms, and of 3.7 percent, from 2.1 percent, in real terms.

¹ The underemployed population consists of persons who worked: i) fewer than 48 hours during the reference week but are willing and available to work additional hours, or ii) more than the established threshold and are seeking another job or willing to change jobs due to an inadequacy with their training or qualifications, or insufficient income.

Chart 5.3: Private sector average wage index (YoY change in %)

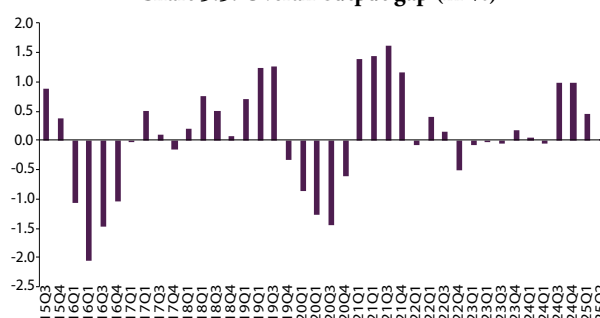
Sources: CNSS data et BAM calculations.

In implementation of the social agreement signed on April 29, 2024, the hourly minimum wage was raised in nominal terms by 5 percent to 17.10 dirhams in the first quarter of 2025. Taking into account a 2 percent increase in the consumer price index, it would have risen by 2.9 percent in real terms.

Chart 5.4: Hourly minimum wages 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 estimated to have remained positive over the last quarter of 2024 but is expected to become negative again in the first quarter of 2025.

Chart 5.5: Overall output gap (in %)

Source: BAM estimates.

Table 5.1: Labor market main indicators

	Q1 2024	Q1 2025
Participation rate (%)	42.6	42.9
Urban	41.1	41.5
Rural	45.6	45.6
Unemployment rate (%)	13.7	13.3
Youth aged 15 to 24	35.9	37.7
Urban	17.6	16.6
Youth aged 15 to 24	47.7	46.9
Rural	6.8	7.3
Créations d'emplois (en milliers)	-80	282
Urban	78	285
Rural	-159	-3
Sectors		
- Agriculture, forest and fishing	-206	-72
- Industry including handicraft	34	83
- Construction and public works	25	52
- Services	63	216
Non-agricultural apparent productivity (change in %)	1.5	-0.8
Average wage index (change in %)		
Nominal	3.3	5.8
Real	2.1	3.7

Sources: HCP and CNSS data, BAM calculations

6. RECENT INFLATION TRENDS

In line with the projections published in last March's Monetary Policy Report, inflation sped-up in the first quarter of 2025, albeit at a slower-than-expected pace. It rose from 0.7 percent in the fourth quarter of 2024 to 2 percent on average between January and March, before decelerating to an average 0.6 percent in April and May. This change mainly reflects the slowdown in core inflation from 1.9 percent in the first quarter of 2025 to 1 percent on average in April and May, driven mainly by its food component, as well as the easing rise in prices of volatile food products from 5.1 percent to 0.2 percent. Similarly, prices of fuels and lubricants further dropped from 9.8 percent to 14.6 percent. In turn, regulated tariffs increased by 2.1 percent instead of 2.6 percent.

In the second quarter, inflation is expected to slow to 0.5 percent and its core component to stand at 1 percent.

6.1 Inflation trends

Inflation fell from an average of 2 percent in the first quarter of 2025 to average 0.6 percent in April and May. This reflects the deceleration in core inflation and the rise in prices of volatile food products and regulated tariffs, and to a lesser extent, the further decline in prices of fuels and lubricants.

6.1.1. Prices of products excluded from core inflation

Prices of volatile food products fell by a cumulative 3.5 percent in April and May, mainly reflecting the 8.5 percent drop for "poultry and rabbit", 16.6 percent for "eggs" and 6.5 percent for "fresh fish".

Year-on-year, prices of volatile food products decelerated sharply, falling from 5.1 percent in the first quarter to 0.2 percent on average in April and May.

As a result, their contribution to inflation was nil compared with 0.7 percentage points a quarter earlier.

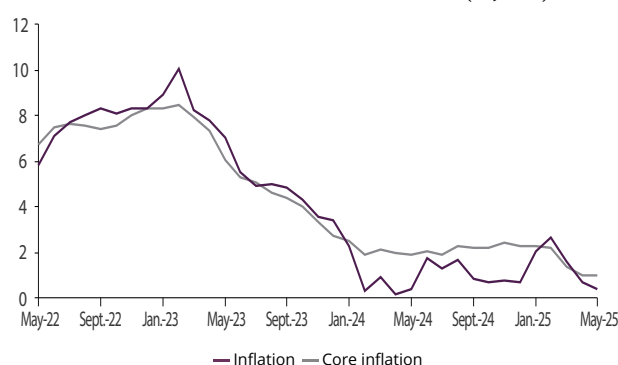
Table 6.1: Inflation and its components

(In %)	Monthly change			YoY change		
	Mar. 25	Apr. 25	May 25	Mar. 25	Apr. 25	May 25
Inflation	-0.3	-0.3	-0.4	1.6	0.7	0.4
- Food products with volatile prices	0.6	-1	-2.6	4.2	0.5	-0.2
- Price-regulated products	0.1	0.1	0	2.6	2.7	1.5
- Fuels and lubricants	-1.8	-3.4	-2.7	-10.0	-14.2	-15.1
Core inflation	-0.5	-0.2	0.0	1.4	1.0	1.0
Food products	-1.4	-0.6	-0.1	1.6	0.8	0.8
-Clothing and footwear	0.3	0.1	-0.1	1.0	0.8	0.7
-Housing, water, gas, electricity, and other fuels	0.1	0.2	0.1	1.1	1.0	1.1
-Furniture, household goods and routine maintenance	0.1	0.1	-0.1	0.4	0.4	0.4
-Healthcare ¹	-0.2	0.6	-0.3	-1.7	-0.8	-1.1
-Transport ²	-0.1	0.1	-0.1	1.5	1.2	0.9
-Communication	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
-Leisure and culture ¹	-0.1	-0.3	0.1	-0.6	-1.2	-0.9
-Education	0.0	0.0	0.0	2.3	2.3	2.3
-Restaurants and hotels	0.1	0.5	0.2	3.9	4.4	3.9
-Miscellaneous goods and services ¹	0.4	0.1	0.1	1.9	1.5	1.5

¹ Excluding products with regulated prices.

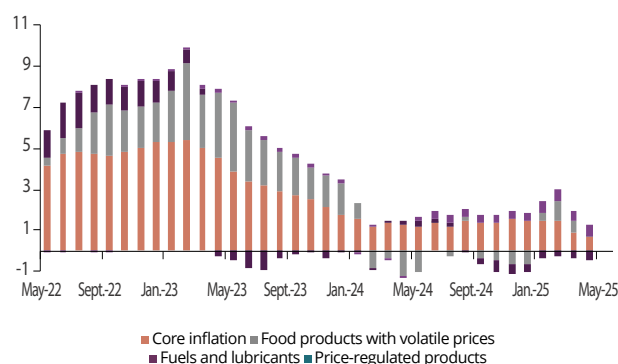
² Excluding fuels and lubricants, and products with regulated prices.

Sources: HCP data and BAM calculations.

Chart 6.1: Inflation and core inflation (% YoY)

Sources: HCP and BAM calculations.

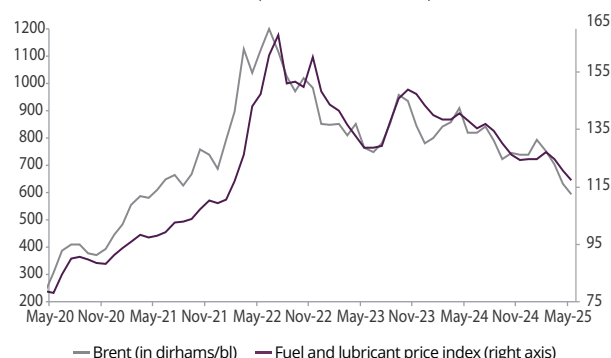
Regulated tariffs rose on average by 2.1 percent in April and May, compared with 2.6 percent in the first quarter of 2025, reflecting a slowdown in gas prices from 24.5 percent to 17.2 percent. Their contribution to inflation stood at 0.4 percentage points, compared with 0.5 points in the previous quarter.

Chart 6.2: Price contributions of major components to inflation (in percentage points)

Sources: HCP data and BAM calculations.

In turn, prices of fuels and lubricants posted a cumulative decline of 6.1 percent in April and May, against a backdrop of falling international oil product prices. In particular, the price of Brent crude decreased from USD 75.6/bl in the first quarter to an average of USD 66/bl in April and May, a drop of 12.8 percent.

Year-on-year, prices of fuels and lubricants fell further, from 9.8 percent in the first quarter to an average of 14.6 percent in April and May. As a result, they continue to make a negative contribution to inflation of 0.5 percentage points, as against 0.3 points a quarter earlier.

Chart 6.3: Brent crude oil prices and fuel and lubricant price index (base 100 in 2017)

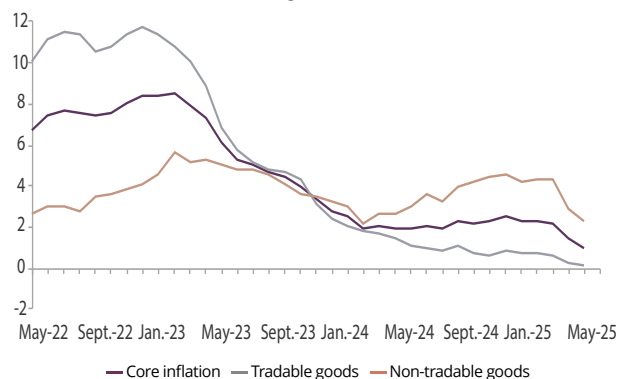
Sources: World Bank, HCP and BAM calculations.

6.1.2. Core inflation

Core inflation fell from 1.9 percent in the first quarter to an average of 1 percent in April and May. This deceleration was mainly linked to a drop in its food component from 2.9 percent to 0.8 percent, with in particular slowing pace of the increase in the prices of “fresh meat” from 13.3 percent to 3.6 percent and a more pronounced decline in the prices of “oils” from 0.1 percent to 1.2 percent.

Regarding the non-food components of core inflation, prices rose 1 percent instead of 1.8 percent for “transportation”, and 1.6 percent from 1.9 percent for “miscellaneous goods and services”.

Chart 6.4: Change in price indices of tradable and non-tradable goods (% YoY)



Source: HCP data and BAM calculations.

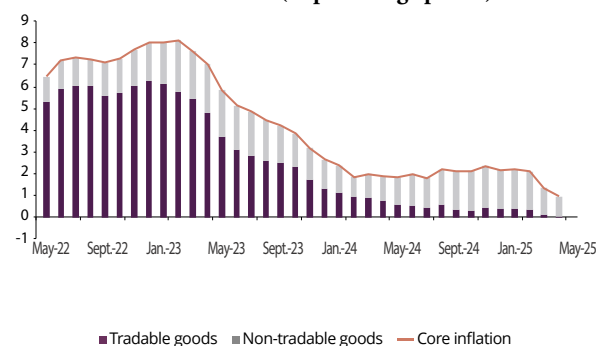
The deceleration in core inflation was driven by a drop in prices of non-tradable goods and services from 3.8 percent to 2 percent, and to a lesser extent by a slowdown in prices of tradable goods and services from 0.6 percent to 0.3 percent.

Table 6.2: Price indices for tradable and non-tradable goods

	Monthly variation			Year-on-year		
	Mar. 25	Apr. 25	May 25	Mar. 25	Apr. 25	May 25
Tradable goods	-0.2	-0.2	-0.1	0.3	0.1	0.4
Non-tradable goods	-1.0	-0.2	0.1	2.9	2.3	1.8
Core inflation	-0.5	-0.2	0.0	1.4	1.0	1.0

Sources: HCP data and BAM calculations.

Chart 6.5: Contribution of tradable and non-tradable goods to core inflation (in percentage points)



Sources: HCP and BAM calculation.

6.2 Short-term outlook for inflation

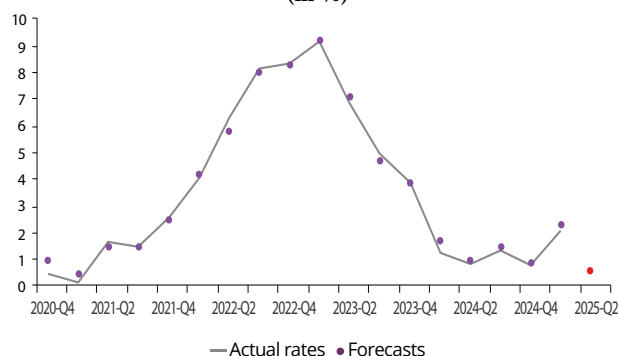
In the short term, inflation is set to decelerate to 0.5 percent in the second quarter, from 2 percent in the first quarter of 2025. This slowdown would be mainly due to the downswing in its core component, which is expected to drop to 1 percent from 1.9 percent.

Although to a lesser extent, prices of volatile food products would rise by 0.4 percent in the second quarter, instead of 5.1 percent in the previous quarter.

Similarly, the decline in prices of fuels and lubricants is expected to accelerate to 14.1 percent in the second quarter, compared with 9.8 percent in the first quarter.

For their part, regulated tariffs are expected to rise by 1.6 percent in the second quarter, from 2.6 percent a quarter earlier.

Chart 6.6: Short-term forecasts and actual inflation rates (in %)

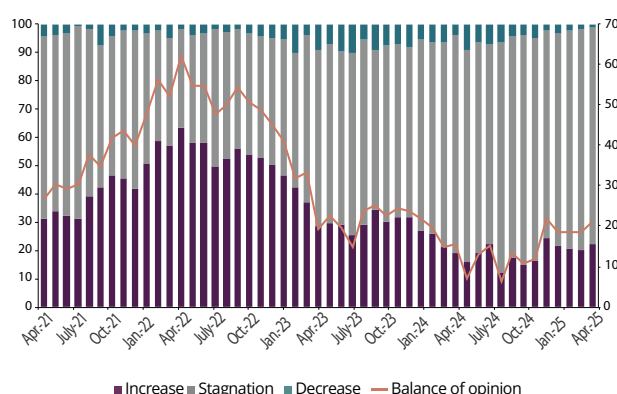


Source: HCP data and BAM calculations.

6.3 Inflation expectations

The results of Bank Al-Maghrib's business survey of manufacturers for April 2025 show that 77 percent of respondents expect inflation to remain stable over the next three months, 22 percent anticipate an increase, while 1 percent expect a decrease. The balance of opinion thus stands at 21 percent.

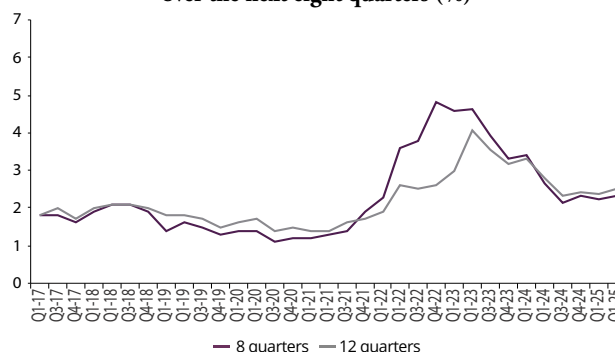
Chart 6.7: Business owners' expectations of inflation over the next three months (%)



Source: BAM's monthly business survey.

In addition, the results of Bank Al-Maghrib's survey on inflation expectations, conducted among financial sector experts for the second quarter of 2025, show that their expectations are virtually unchanged. They are expecting an average inflation of 2.3 percent over the next eight quarters, compared with 2.2 percent in the first quarter. Similarly, over the next 12 quarters horizon, their expectation stands at 2,5 percent following 2,4 percent.

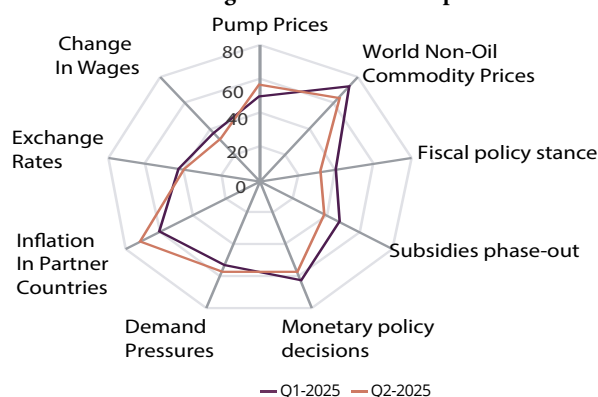
Chart 6.8: Inflation expectations of financial sector experts over the next eight quarters (%)



Source: BAM's quarterly survey on inflation expectations.

Respondents consider that inflation trends over the next eight quarters would depend primarily on inflation in partner countries, global non-oil commodity prices, monetary policy decisions, and demand pressures.

Chart 6.9: Determinants of the future change in inflation according to financial sector experts

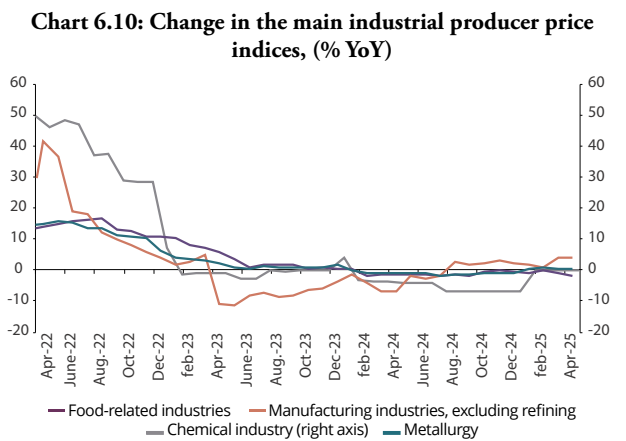


Source: BAM's quarterly survey on inflation expectations.

6.4 Producer prices

Producer prices in manufacturing industries excluding oil refining fell by 0.2 percent in April. This decline was mainly due to decreases of 0.9 percent in the “food industry”, 0.2 percent in the “chemical industry” and 0.1 percent in the “manufacturing of other non-metallic mineral products” branch.

Year-on-year comparison shows that producer prices excluding refining rose by 0.3 percent in April, instead of 0.5 percent on average in the first quarter of 2025.



Source: HCP.

7. MEDIUM TERM OUTLOOK

Summary

After a “soft landing” in 2024, the global economy is set to continue its slowdown against a backdrop of major uncertainties concerning the approach to economic policies, particularly trade policies, and their implications. Growth is expected to drop from 3.2 percent in 2024 to 2.8 percent this year, then to 2.6 percent in 2026. In the United States, higher tariffs are likely to weigh on economic activity, with growth decelerating from 2.8 percent in 2024 to 1.5 percent in 2025, then to 1.7 percent in 2026. In the Eurozone, the economy would benefit from higher spending, particularly in Germany, but would be held back by rising trade tensions. It would therefore continue to grow at a weak pace, albeit accelerating slightly, from 0.8 percent in 2024 to 1 percent in 2025 and 1.5 percent in 2026. In the United Kingdom, it is set to stabilize at 1.1 percent in 2025, mainly due to the slowdown in global demand and fiscal tightening, and to remain at this level in 2026, while in Japan, after a slight rise of 0.2 percent in 2024, GDP should grow in real terms by 0.8 percent in 2025, then by 0.5 percent in 2026.

In the main emerging countries, China’s economic growth is set to stabilize at 4.9 percent in 2025, underpinned by a marked increase in exports, before slowing to 3.9 percent in 2026, due to persistent difficulties in the real estate sector and weak global demand. In India, economic activity is expected to remain vigorous, with growth rising from 6.6 percent in 2024 to 7.4 percent this year and then to 6.2 percent in 2026, driven mainly by a recovery in manufacturing and services. In Brazil, growth is expected to decelerate from 2.9 percent in 2024 to 2 percent in 2025, then to 1 percent in 2026, while in Russia it is set to slow from 4.4 percent in 2024 to 0.4 percent in 2025, mainly due to lower oil prices and weaker foreign demand, then to stand at 0.7 percent in 2026.

On the commodity markets, oil prices are set to continue their downward trend. Hence, the price of Brent crude is set to drop from USD 79.8 a barrel in 2024 to USD 66.8 in 2025, then to USD 64.8 in 2026. As for Moroccan phosphate and derivatives, according to Commodities Research Unit projections, the price of DAP is set to rise from USD 586 per ton in 2024 to USD 689 this year, then to drop to USD 678 in 2026. The price of TSP would rise from USD 436 per ton to USD 540, then to USD 535 in 2026. Rock phosphate prices, on the other hand, would continue their downward trend, falling from USD 214 per ton in 2024 to USD 206 in 2025, then to USD 183 in 2026. With regard to foodstuffs, after the 2 percent drop recorded in 2024, the FAO index should rise by 4.4 percent in 2025 and 1 percent in 2026.

Against this background, global inflation would continue to decelerate to 3 percent this year, from 3.7 percent in 2024, then stand at 3.2 percent in 2026. In the Eurozone, it would slow from 2.4 percent in 2024 to 2.2 percent in 2025, and remain at this level in 2026, while in the USA, it would fall from 3 percent to 2.8 percent this year, before accelerating to 3.3 percent in 2026.

In terms of monetary policy stance, the ECB decided, at its June 5 meeting, to lower its three main rates by 25 basis points, its seventh consecutive reduction and eighth since June 2024, noting that inflation is currently around the 2 percent target. For its part, at its June 17-18 meeting, the Fed kept the target range for the federal funds rate unchanged at [4.25 percent-4.50 percent] for the fourth time in a row, in a context characterized by somewhat elevated inflation, a sustained pace of economic activity and a solid labor market. Similarly, at its meeting on June 18, the Bank of England decided to keep its key rate unchanged at 4.25 percent, while stressing that substantial progress was made in terms of disinflation over the past two years.

At the domestic level, the dynamism of external trade in goods and services is set to continue over the forecast horizon. Exports are expected to improve by 5.1 percent in 2025, driven mainly by a 20.1 percent increase in phosphates and derivatives, then by 9 percent in 2026, mainly as a result of the expected acceleration in shipments from the automotive manufacturing segment. Imports, for their part, would increase by 5.1 percent in 2025, then by 7 percent in 2026, notably reflecting a sharp rise in capital goods purchases, in line with the expected investment momentum. At the same time, travel receipts should maintain their good performance, with increases of 8.3 percent in 2025 and 5.3 percent in 2026 to reach MAD 128.4 billion. Assuming a continuation of their downward trend, remittances of MLA should end the year down 3.3 percent, before rising 5.1 percent to 120.9 billion in 2026. Under these conditions, and after standing at 1.2 percent of GDP in 2024, the current account deficit is expected to hover around 2.2 percent in 2025 and 2 percent in 2026. With regard to FDIs, revenue flows are projected to be equivalent to 3.3 percent of GDP in 2025 and 3.5 percent in 2026.

Assuming the implementation of the planned external financing operations, official reserve assets would rise to MAD 407 billion by the end of 2025, then to MAD 423.7 billion by the end of 2026, roughly the equivalent of 5 months and 11 days and 5 months and 17 days of imports of goods and services respectively.

In terms of monetary conditions, after slowing to 2.6 percent in 2024, bank loans to the non-financial sector are expected to rise by 6.2 percent in 2025 and 6.1 percent in 2026. The real effective exchange rate should continue to appreciate in 2025.

With regard to public finances, the fiscal deficit would stabilize at 3.9 percent of GDP in 2025, the same level as in 2024. This projection takes into account additional general budget appropriations of MAD 13 billion to cover part of the increase in public salaries and to support certain state-owned institutions and enterprises (EEP), and the increase in tax revenue forecasts due to a better performance in terms of achievements to the end of April 2025. In 2026, the deficit is expected to narrow to 3.4 percent of GDP, reflecting the assimilation of the impact of higher public wages and investments, as well as improved tax performance.

Economic growth is expected to accelerate from 3.8 percent in 2024 to 4.6 percent this year, before consolidating at 4.4 percent in 2026. This trend would reflect a 5 percent increase in agricultural value added in 2025, taking into account a crop harvest of 44 million quintals (MQx) estimated by the ministry of Agriculture, followed by a 3.2 percent rise in 2026, assuming a return to an average cereal production of 50 MQx. Non-agricultural activities would continue to improve, particularly driven by major infrastructure projects and booming tourism, with growth at 4.5 percent in 2025 and 2026.

Against this backdrop, after decelerating to 0.9 percent in 2024, inflation would continue to evolve at moderate levels, reaching 1.1 percent in 2025 and 1.8 percent in 2026. Its core component would slow from 2.2 percent in 2024 to 1.2 percent in 2025, before rising again to 1.8 percent in 2026, mainly due to the slowdown in “fresh meat” prices and the drop in imported inflation.

7.1 Underlying assumptions

Deceleration of economic activity over the forecast horizon

After a “soft landing” in 2024, global economic growth is set to slow from 3.2 percent in 2024 to 2.8 percent in 2025 and 2.6 percent in 2026, against a backdrop of major uncertainties that led the main international institutions (IMF, OECD and World Bank) to revise their forecasts downwards.

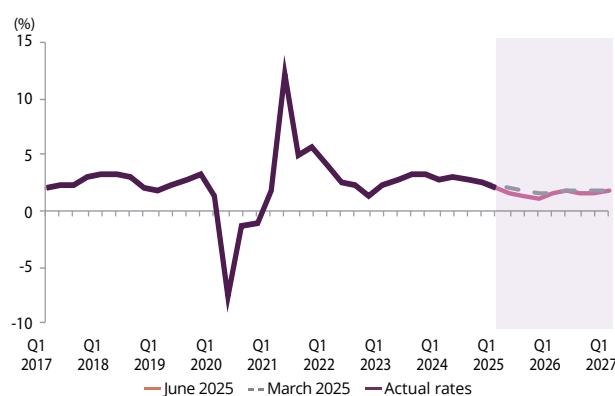
In the USA, higher tariffs would lead to a drop in consumer spending, a slight deterioration in business confidence and a deceleration in potential growth, without causing a recession. Growth is expected to slow from 2.8 percent in 2024 to 1.5 percent in 2025, and 1.7 percent in 2026. In the Eurozone, the economy is set to benefit from higher spending, particularly in Germany, but trade tensions have weakened consumer and investor confidence. Accordingly, after standing at 0.8 percent in 2024, growth would be limited to 1 percent in 2025, then to 1.5 percent in 2026. In the UK, growth would reach 1.1 percent in 2025, the same level as in 2024, due in particular to the slowdown in global demand and fiscal tightening, and would remain at this level in 2026. In Japan, economic activity is set to accelerate from 0.2 percent in 2024 to 0.8 percent in 2025, driven by wage increases, but held back by trade tensions and sluggish foreign demand, particularly from Asian countries. A marked slowdown to 0.5 percent is expected in 2026.

In the major emerging economies, rising exports in China would stimulate economic activity in 2025, with annual growth estimated at 4.9 percent. However, weak global demand and continuing difficulties in the real-estate market should weigh on growth in 2026, with the pace slowing to 3.9 percent. In India, activity is expected to remain vigorous, with growth rising from 6.6 percent in 2024 to 7.4 percent in 2025 and then to 6.2 percent in 2026, benefiting mainly from a recovery in manufacturing and services, against the backdrop of an easing of the border conflict with Pakistan. In Brazil, growth is set to moderate from 2.9 percent in 2024 to 2 percent this year and then 1 percent in 2026, in line with the continued restrictive stance of monetary policy and fiscal consolidation. In Russia, after having reached 4.4 percent in 2024, the pace of growth is set to decelerate significantly to 0.4 percent in 2025, due in particular to the drop in oil prices and weaker foreign demand, then to stand at 0.7 percent in 2026.

Chart 7.1: Growth in the euro area



Chart 7.2: Growth in the USA



Source : GPMN, May 2025.

Downward trend in oil prices and across-the-board easing inflation against a backdrop of uncertainties

On the commodity market, the downward trend in oil prices is set to continue over the forecast horizon, with the price of Brent crude dropping from an average of \$79.8 per barrel in 2024 to \$66.8 in 2025 and \$64.8 in 2026, due to higher-than-expected supply (OPEC+ having decided at its May 31 meeting to keep raising its oil production starting from July 2025) and rising US inventories. Coal prices are expected to remain low, at \$100.3 per ton in 2025 and \$103.5 in 2026, in line with falling global demand and the gradual transition to renewable energies, reducing coal's share in electricity production. For its part, the price of natural gas on the European market fell 16.4 percent in 2024 to \$11.6/mmbtu and should, according to the WB's April 2025 projections, hover around this level in 2025 and 2026.

With regard to phosphates and derivatives, the price of derivatives is set to rise in 2025, in line with the drop in supply caused in particular by new restrictions on the export of DAP by China, due to a sharp increase in domestic prices for this fertilizer in the country. On the other hand, rock phosphate prices are likely to continue their downward trend, mainly due to improved supply. Under these conditions, CRU projects that prices for derivatives of Moroccan origin will rise to \$689 per ton for DAP and \$540 for TSP in 2025, before standing in 2026 at \$678 and \$535 respectively. Rock phosphate prices would drop to \$206 per ton in 2025, then to \$183 in 2026.

As for food prices, after dropping 2 percent in 2024, the FAO index is expected to trend upwards, mainly due to higher prices for rice, dairy products and meat, with an increase of 4.4 percent in 2025, then 1 percent in 2026. However, these prospects are still surrounded by considerable uncertainties, due in particular to trade tensions and weather conditions. In the case of US durum wheat in particular, after a 26.7 percent contraction in 2024, its price is set to continue its downward trend over the forecast horizon, according to the WB's April 2025 projections, with declines of 2.1 percent to \$263 in 2025 and 1.1 percent to \$260 in 2026. According to the US Department of Agriculture, this trend is attributable to a good harvest this year and a projected stock level (2025/2026) up 10 percent on the previous season (2024/2025), the highest in 6 years.

Under these conditions, global inflation is set to continue its downward trend, falling from 3.7 percent in 2024 to 3 percent in 2025, due in particular to the expected slowdown in global economic growth and the drop in energy prices. It should accelerate slightly to 3.2 percent in 2026. In the euro area, it would slow to 2.2 percent in 2025 and remain at this level in 2026. However, rising tariffs and disruptions to global supply chains would continue to weigh on these projections. In the US, inflationary pressures are expected to result from higher tariffs and fiscal policies. Inflation should thus stabilize at 2.8 percent in 2025, before accelerating to 3.3 percent in 2026. In China, inflation should be close to 0 percent in 2025, reflecting the continued fall in foodstuff and energy prices. It should reach 1.2 percent in 2026, in line with a gradual recovery in domestic demand.

Chart 7.3: Price of Brent



Chart 7.4: FAO Food Price Index (2017=100)

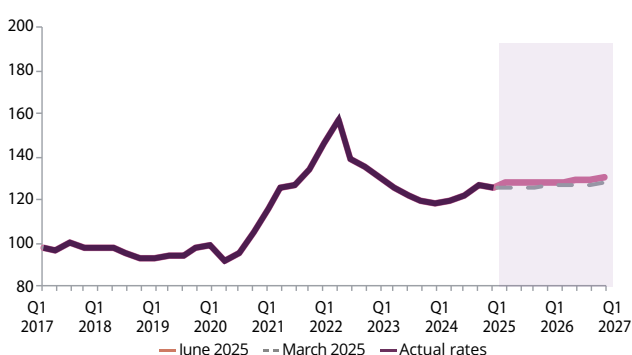


Chart 7.5: Inflation in the euro area

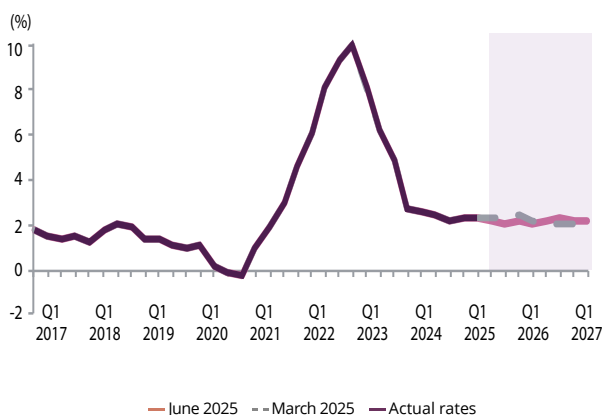
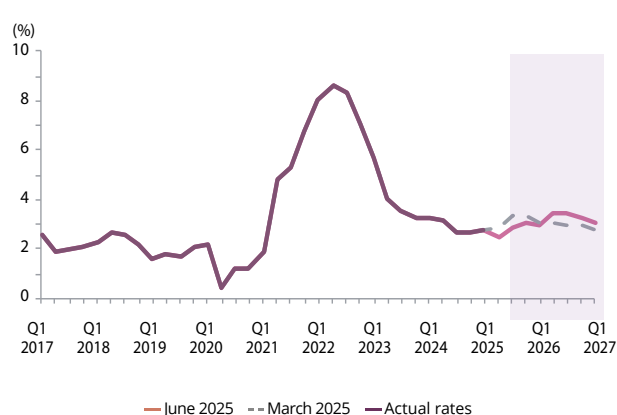


Chart 7.6: Inflation in the United States



Source : GPMN, February 2025.

Further monetary easing by ECB; Fed and BoE maintain status quo

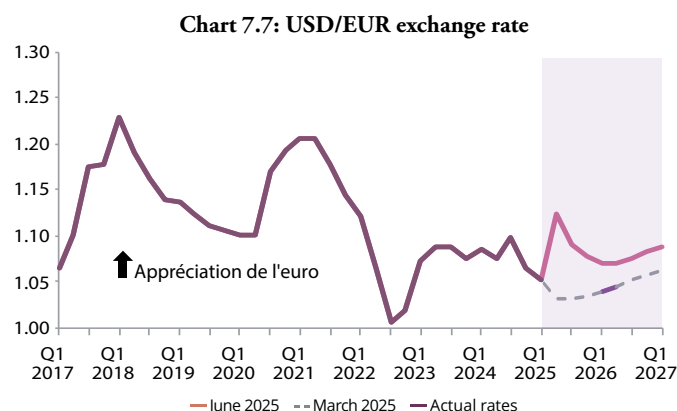
Following its meeting on June 5, the ECB decided to reduce its three main interest rates by 25 basis points (bp), the seventh cut in a row, noting that inflation is currently around the 2 percent target. As a result, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility were lowered to 2.00 percent, 2.15 percent, and 2.40 percent, respectively.

In turn, at its meeting held on June 17 and 18, the Fed kept the target range for the federal funds rate unchanged at [4.25-4.50 percent] for the fourth time in succession. It stated that, although fluctuations in net exports had affected the data, recent indicators suggest that economic activity continued to grow at a sustained pace, the unemployment rate remained low, while inflation was somewhat high. At the same time, it announced that it would continue to reduce holdings of Treasury securities and mortgage-backed securities.

Similarly, at its meeting on June 18, the Bank of England decided to keep its key rate unchanged at 4.25 percent, following the 25 bp cut on May 8, highlighting the substantial progress made in terms of disinflation over the past two years.

On the international foreign exchange market, the euro, which appreciated sharply in April, is set to depreciate over the rest of the year and into 2026, in view of trade tensions, the widening interest

rate differential and the persistent structural weakness of the euro area economy. Overall, the euro is expected to rise slightly by 0.4 percent in 2025 against the dollar to average USD 1.086, before dropping by 1.1 percent to USD 1.075 in 2026.



Cereal output at 44 million quintals (MQx) for the crop year 2024/2025 and average harvest of 50 MQx for 2025/2026

For the 2024/2025 crop year, the Department of Agriculture estimates the cereal harvest at 44 million quintals (MQx), up 41 percent compared to the previous year. At the same time, some spring crops should see a relative improvement thanks to the rainfalls of March and April 2025. Under these conditions, agricultural value added should rise by 5 percent, instead of the 2.5 percent projected in the March 2025 report.

For the 2025/2026 crop year, assuming an average cereal production of 50 MQx and an upward trend in other crops, agricultural value added would rise by 3.2 percent in 2026, compared to 6.1 percent forecast in the previous year.

7.2 Macroeconomic projections

Ongoing dynamism of external trade of goods and services and travel receipts over the forecast horizon.

Taking into account the new assumptions relating to the international environment, macroeconomic forecasts, and actual figures to the end of April 2024, the current account deficit should rise from 1.2 percent of GDP in 2024 to 2.2 percent in 2025 and 2 percent in 2026.

In 2025, exports would increase by 5.1 percent, driven mainly by a 20.1 percent rise in sales of phosphates and derivatives to 104.6 billion, mainly as a result of higher prices. Exports from the automotive industry, impacted in particular by an unfavorable situation on the European market, should virtually stabilize at nearly 158 billion. At the same time, partly as a result of a 15.9 percent reduction in the energy bill, imports' growth pace should decelerate to 5.1 percent, with a 12.1 percent increase in particular in purchases

of capital goods, in line with the expected growth in investment. Travel receipts should maintain their momentum, rising 8.3 percent to 121.9 billion. On the other hand, assuming a continuation of their downward trend, remittances should end the year down 3.3 percent at 115.1 billion. FDI receipts should continue to perform well, reaching 56 billion dirhams, equivalent to 3.3 percent of GDP, from 2.7 percent in 2024.

Assuming that the planned external financing materializes, official reserve assets would increase to MAD 407 billion by end-2025, the equivalent of 5 months and 11 days of imports of goods and services.

In 2026, exports are projected to improve by 9 percent, driven on the one hand by an acceleration in the growth of automotive sector exports to 18.8 percent, as a result of a recovery in the construction segment, and on the other hand by a continued good performance in the sales of phosphates and derivatives, which is expected to reach 106.7 billion. Imports are set to rise by 7 percent in 2026, reflecting in particular a 12.2 percent increase in purchases of capital goods. The energy bill, for its part, would virtually stabilize at MAD 96 billion. Travel receipts should rise by 5.3 percent to 128.4 billion, while remittances would reach 120.9 billion, up 5.1 percent. With regard to FDI receipts, projections point to a level equivalent to 3.5 percent of GDP in 2026.

Taking into account the Treasury's planned external drawdowns, ORA would stand at 423.7 billion by the end of 2026, or the equivalent of 5 months and 17 days of imports of goods and services.

Table 7.1: Main components of the balance of payments

Change in %, unless otherwise indicated	Actual rates							Forecast		Gap (June/March)	
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2025	2026
Exports of goods (FOB)	10.7	3.3	-7.5	25.2	30.1	0.4	6.1	5.1	9.0	-1.2	-0.8
Imports of goods (CIF)	9.9	2.0	-13.9	25.0	39.5	-2.9	6.4	5.1	7.0	-1.7	1.0
Travel receipts	1.2	7.8	-53.7	-5.1	171.5	14.6	4.6	8.3	5.3	3.0	-0.1
Remittances	-1.5	0.1	4.8	40.1	16.0	4.0	3.3	-3.3	5.1	-3.3	1.7
Current account balance (% GDP)	-4.9	-3.4	-1.2	-2.3	-3.5	-1.0	-1.2	-2.2	-2.0	0.7	-0.1
Official reserve assets in months of imports of goods and services	5.4	6.9	7.1	5.3	5.4	5.4	5.3	5.4	5.6	0.2	0.2

Sources: Office des Changes data and BAM forecasts.

Accelerating growth in lending to the non-financial sector over the forecast horizon

Banking liquidity deficit is expected to narrow to MAD 122.5 billion by the end of 2025. In 2026, it is expected to widen to 140 billion, mainly due to the increase in banknotes and coins in circulation. After an increase of 7.6 percent in 2024, the latter should rise by 8.1 percent in 2025 and 7.1 percent in 2026. As for bank lending to the non-financial sector, taking into account actual figures, economic activity projections and banking system expectations, it should grow by 6.2 percent in 2025 and 6.1 percent in 2026. Under these conditions, and in line with the expected change in the other money supply counterparts, M3 aggregate would increase by 7.2 percent in 2025 and 6.3 percent in 2026. The real effective exchange

rate (REER) would continue to rise in 2025, up 1.9 percent. This trend is the result of an appreciation of its value in nominal terms, mitigated by a lower level of domestic inflation than that of trading partners and competitors.

Table 7.2: Money supply and bank lending

Change in %, unless otherwise indicated	Actual rates					Forecast		Gap (June/March)	
	2020	2021	2022	2023	2024	2025	2026	2025	2026
Bank lending to the non-financial sector	4.2	2.9	7.8	2.9	2.6	6.2	6.1	0.3	0.1
M3	8.4	5.1	8.0	3.9	8.0	7.2	6.3	1.0	0.0
Liquidity need, in billion dirhams	-74.6	-64.4	-86.6	-111.4	-137.4	-122.5	-139.9	20.2	21.7

Fiscal deficit to stabilize in 2025 before easing in 2026

After reaching 3.9 percent of GDP in 2024, fiscal deficit is expected to remain at the same level in 2025 before easing to 3.4 percent of GDP in 2026. These projections are based on the 2025 Finance Act and the three-year budget program for 2026, as well as on budget execution to the end of April 2025. They also take into account the additional appropriations of 13 billion dirhams opened by the Government in April, including 4 billion to support ONEE, 5.5 billion as a contribution to the investment programs of some state-owned enterprises (SOEs), and 3 billion to cover part of the increase in public wages agreed upon as part of the social dialogue.

In 2025, tax revenues would improve by 11.1 percent, reflecting increases of 11.9 percent in indirect taxes and 10.9 percent in direct taxes. Non-tax revenues, on the other hand, are expected to decline by 0.8 percent, mainly as a result of a 43.6 percent drop in non-tax “other revenues” and a 0.8 percent drop in revenues from innovative financing mechanisms at 35 billion. Current expenditure is expected to rise by 15.2 percent, with an 18.7 percent increase in spending on goods and services. The wage bill is expected to rise by 11.3 percent and spending on other goods and services by 32.9 percent. Similarly, payments of interest on debt should rise by 23.9 percent. On the other hand, subsidy costs are set to drop by 42.5 percent, and capital expenditure to shrink by 1.5 percent to 115.6 billion, or 6.8 percent of GDP.

In 2026, tax revenues are expected to rise by 5.6 percent year-on-year, with increases of 4.1 percent in direct taxes and 7.2 percent in indirect taxes. Non-tax revenues, on the other hand, are set to decline by 1.2 percent, with a 4.4 percent drop in revenues from SOEs, while those from innovative financing mechanisms are expected to remain stable at 35 billion. At the same time, current expenditure is expected to rise by 3.8 percent, driven mainly by a 4.8 percent increase in goods and services and a 1 percent rise in interests on debt. The wage bill is likely to rise by 5.3 percent and expenditure on other goods and services by 4.1 percent. Subsidy costs are expected to drop by 22 percent, while capital expenditure is set to rise by 0.6 percent, to 6.5 percent of GDP.

Net improvement in non-agricultural activities over the medium term

Driven by a net improvement in non-agricultural activities in 2024, domestic growth would accelerate to 4.6 percent in 2025, from 3.8 percent in 2024. This development, which is significantly higher than the forecasts published in March, is mainly due to greater momentum in non-agricultural activities than projected in March, with expected growth at 4.5 percent, and to a lesser extent, to an upward revision of growth in agricultural value added to 5 percent. On the demand side, growth is expected to continue to be driven by the internal component, thanks in particular to the sustained momentum of investment in projects launched or scheduled, and the ongoing consolidation of household final consumption in line with the improvement in agricultural incomes. Net exports, on the other hand, are likely to make a negative contribution to growth, due to a stronger rebound in imports of goods and services as domestic demand strengthens. Exports, although slowing down as a result of the expected appreciation of the REER and the deterioration in foreign demand in an international context marked by growing uncertainty, should maintain a steady growth rate.

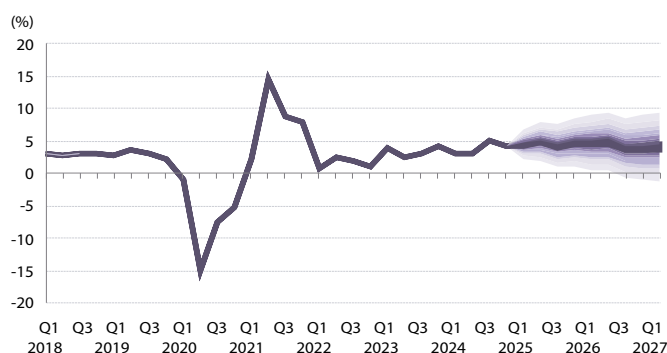
In 2026, growth is expected to consolidate to 4.4 percent, reflecting an increase in agricultural value added to 3.2 percent, under the assumption of a return to an average cereal harvest of 50 million quintals. Non-agricultural activities are expected to hold steady at 4.5 percent, confirming the continuation of the positive momentum observed in 2024. On the demand side, this trend should be sustained mainly by the strengthening of the domestic component, while the negative contribution of net exports should ease somewhat.

Table 7.3: Economic growth

Change in %	Actual rates						Forecast		Gap (June/March)	
	2019	2020	2021	2022	2023	2024	2025	2026	2025	2026
National growth	2.9	-7.2	8.2	1.8	3.7	3.8	4.6	4.4	0.7	0.2
Agricultural VA	-5.0	-8.1	19.5	-11.3	1.5	-4.8	5.0	3.2	2.5	-2.9
Non-agricultural VA	3.8	-7.1	6.9	3.5	3.9	4.8	4.5	4.5	0.5	0.5

Sources: HCP data and BAM forecasts

Chart 7.8: Growth outlook over the forecast horizon(Q1 2025- Q1 2027), YoY*

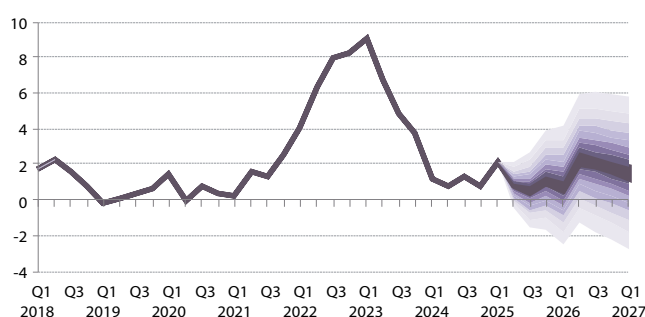


*Uncertainty surrounding the central forecast with confidence intervals ranging between 10 percent and 90 percent

Moderate inflation over the forecast horizon

After slowing sharply to 0.9 percent in 2024, inflation is set to rise moderately to 1.1 percent in 2025, a downward revision of 0.9 percentage points compared with March projections, before standing at 1.8 percent in 2026. Driven mainly by the slowdown in “fresh meat” prices and by lower imported inflation, its core component would decelerate from 2.2 percent in 2024 to 1.2 percent in 2025, before rising to 1.8 percent in 2026. Fuels and lubricants prices are expected to drop by 11 percent in 2025, followed by a 4.1 percent rise in 2026, in line with forecast trends in world Brent crude oil prices and the dollar exchange rate. Regulated tariffs are expected to rise on average by 2.5 percent over the forecast horizon, taking into account the continued subsidy phase-out of butane gas. Prices of volatile food products are projected to rise in 2025 and to remain stable in 2026.

Chart 7.9: Inflation expectations over the forecast horizon (Q1 2025 to Q1 2027)*



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

Table 7.4: Inflation and core inflation

	Actual rates						Forecast			Gap (June/March)	
	2019	2020	2021	2022	2023	2024	2025	2026	Forecast horizon Q2-2025 - Q1-2027	2025	2026
Inflation	0.2	0.7	1.4	6.6	6.1	0.9	1.1	1.8	1.4	-0.9	0.0
Core inflation	0.5	0.5	1.7	6.6	5.6	2.2	1.2	1.8	1.4	-0.8	-0.2

Sources: HCP data and BAM calculations and forecasts.

Chart 7.10: Change in core inflation and output gap

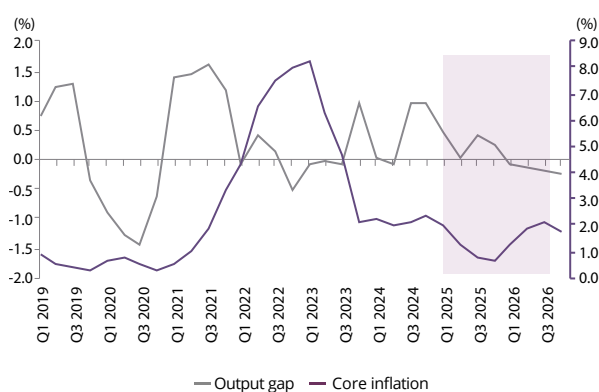
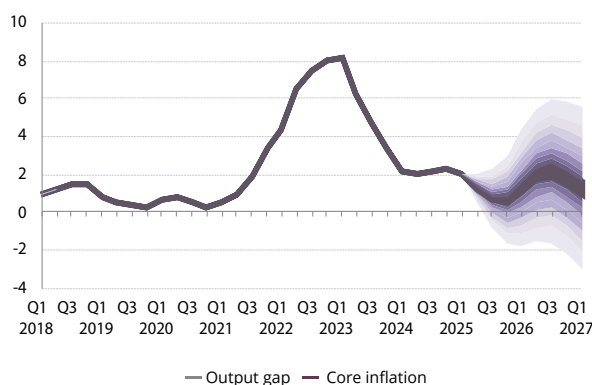


Chart 7.11: Projections of core inflation over the forecast horizon (Q1 2025 - Q1 2027)*



* 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

Uncertainties surrounding the world economic outlook remain high, exacerbated by trade tensions, particularly in conjunction with the recent measures adopted by the new US administration. These are likely to curb international commerce, disrupt supply chains and weigh on investment, while intensifying inflationary pressures. Added to this are the continuing difficulties in China's real estate sector. In addition, the resurgence of conflict in the Middle East and the persistence of war in Ukraine could further weaken global economic activity and disrupt supply chains, particularly for energy and food.

At the domestic level, the main risks to economic activity are linked to the recurrence of droughts and worsening water stress. On the other hand, the construction projects launched or planned in connection with the hosting of international sporting events may stimulate investment and give rise to optimism about a faster pace of growth. As far as inflation is concerned, the risks remain on the upside. In addition to external pressures, unfavorable weather conditions could cause food prices to soar, exacerbating inflationary pressures. In addition, fresh meat prices are still subject to considerable uncertainty, due in particular to supply constraints and consumption behaviors, especially during the Eid Al-Adha period.

LIST OF ABBREVIATIONS

ADB	: African Development Bank
AFESD	: Arab Fund for Economic and Social Development
ANCFCC	: National Land Registry Office
ANRF	: National Financial Intelligence Authority
APC	: Professional Association of Cement Manufacturers
BAM	: Bank Al-Maghrib
BCP	: Popular Central Bank
BLS	: US Bureau of Labor Statistics
BoE	: Bank of England
BPW	: Buildings and Public Works
CCG	: Gulf Cooperation Council
CIH	: Real Estate and Hotel Credit
CMR	: Moroccan Pension Fund
CNSS	: National Social Security Fund (Caisse Nationale de Sécurité Sociale)
CPI	: Price Consumer Index
CPIX	: Core Inflation Index
CPIXNT	: Consumer price index of nontradables
CPIXT	: Consumer price index of tradables
DAP	: Diammonium phosphate
DF	: Deposit facility
DFI	: Direct Foreign Investment
DJ	: Dow Jones
DTFE	: Treasury and External Finance Department (Direction du Trésor et des Finances Extérieures)
ECB	: European Central Bank
EIA	: U.S. Energy Information Administration
EMC	: Economic Monitoring Committee
ESI	: Economic Sentiment Indicator
EU	: European Union
EUR	: EURO
EUROSTOXX	: Main European Stock Index

FAO	: Food and Agriculture Organization
FED	: US Federal Reserve
FTSE	: Financial Times stock exchanges
GDP	: Gross Domestic Product
GFCF	: Gross fixed capital formation
GPMN	: Global Projection Model Network
HCI	: Household Confidence Index
HCP	: High Commission for Planning
IBR	: Interbank rate
IMF	: International Monetary Fund
INAC	: National Institution for Analysis and Economic Situation (Institut National d'Analyse et de Conjoncture)
IPI	: Import Price Index
IPPI	: Industrial Producer Price Index
ISE	: Intermediate-sized companies
ISM	: United States' ISM manufacturing index
IT	: Income tax
Libor-OIS	: London Interbank Offered Rate-Overnight Indexed Swap
MASI	: Morocco All Shares Index
MEFRA	: Ministry of Economy, Finance and Reform of the Administration
MLA	: Moroccans living abroad
MMEE	: Mechanics, metallurgy, electricity and electronics
MSCI EM	: Morgan Stanley Capital International, Emerging Markets
NDS	: Negotiable debt securities
OC	: Foreign Exchange Office
OCDE	: Organization for Economic Cooperation and Development
OCP	: Office Chérifien des Phosphates (Moroccan state-owned phosphate company)
OMPIC	: Moroccan Industrial and Commercial Property Office
ONEE	: National office of Electricity and Drinking Water
ORA	: Official Reserve Assets
PLL	: Precautionary and Liquidity Line
Private Sector AWI	: Private Sector Average Wage Index
REER	: Real effective exchange rate

REPI	: Real Estate Price Index
RULC	: Relative Unit Labor Cost
SMIG	: Hourly minimum wage
TCU	: Capacity utilization rate
TGR	: Kingdom's General Treasury
TSP	: Triple Super Phosphate
UCITS	: Undertakings for Collective Investment in Transferable Securities
ULC	: Unit Labor Cost
USD	: US Dollar
VA	: Added value
VAT	: Value-added tax
VSMEs	: Very Small, Small, Medium Enterprises
WTI	: West Texas Intermediate

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