Annual report presented to his Majesty the King

2024

GOVERNOR

Mr. Abdellatif JOUAHRI

BANK BOARD

The Governor, Chairman

Mr. Abderrahim BOUAZZA, The Director General

Mr. Mohammed Tarik BCHIR, The Director of Treasury and External Finance*

Mrs. Mouna CHERKAOUI

Mr. Mohammed DAIRI

Mrs. Najat EL MEKKAOUI

Mr. Larabi JAÏDI

Mr. Mustapha MOUSSAOUI

Mr. Fathallah OUALALOU

GOVERNMENT REPRESENTATIVE

Mr. Adil HIDANE**

* As of January 9, 2025, Mr. Mohammed Tarik Bchir has been appointed by the Minister of Economy and Finance as acting Director of the Treasury and External Finance.

** Mr. Adil Hidane has been appointed by decree published in the Official Gazette on January 27, 2025, as Government Commissioner.

REPORT
ON THE FINANCIAL YEAR 2024

PRESENTED TO HIS MAJESTY THE KING

BY MR. ABDELLATIF JOUAHRI
GOVERNOR OF BANK AL-MAGHRIB

Your Majesty,

In application of Article 50 of Law No. 40-17 on the Statutes of Bank Al-Maghrib promulgated by Dahir No. 1-19-82 of Shawwal 17, 1440 (June 21, 2019), I have the honor to present to Your Majesty the report of the year 2024, the sixty-sixth year of the central bank.

Summary

Majesty,

In 2024, the global economy continued to evolve amid a succession of shocks and profound paradigm shifts, against a backdrop of intensifying geopolitical tensions and economic fragmentation. The year also saw elections held in many countries, with sometimes radical changes in policy orientation, further exacerbating the prevailing uncertainty.

Despite this challenging context and still restrictive monetary conditions, world economy showed a relative resilience, with growth reaching 3.3 percent after 3.5 percent in 2023. It was mainly driven by the United States and major emerging economies, while in the euro area economic activity remained sluggish overall. Labor market conditions continued to be favorable in main advanced economies, with unemployment rates hovering around pre-pandemic levels.

In commodities' markets, the downward trend in energy prices continued, mainly due to rising oil production in non-OPEC+ countries and contraction of global demand, particularly from China. On the other hand, gold, buoyed by its status of safe-haven asset, saw its price continuing to appreciate, reaching record highs.

Under the combined effect of falling energy prices and restrictive monetary policy stance over the previous two years, inflation continued to slow, returning to 5.7 percent globally in 2024. With the notable exception of the Bank of Japan, which raised its key rate for the first time in 17 years, central banks in major advanced economies started a monetary policy easing, albeit at varying paces.

Regarding public finances, deficits remained high and public debt reached 92.3 percent of global GDP, reflecting the difficulties in rebuilding fiscal space after the efforts made during the pandemic and recent inflationary episode.

In financial markets, a wave of euphoria characterized main stock markets, fueled by the relative resilience of global economy, monetary easing and strong interest for new technology and artificial intelligence stocks, particularly in the United States.

In this context, and despite successive years of drought, the domestic economy showed notable resilience. While agricultural value added contracted by 4.8 percent, that of non-agricultural sectors improved significantly, with a growth rate of 4.5 percent. This performance was widespread, driven particularly by manufacturing and extractive industries, as well as trade and construction and public works. It also reflects the boom in the tourism sector, with a record number of arrivals. As a result, domestic economic growth stood at 3.8 percent, compared to 3.7 percent in 2023.

The acceleration of non-agricultural activity was reflected in a significant expansion of investment, which surged by 10.9 percent driven by several infrastructure projects implemented to mitigate and adapt to climate change, as well as to prepare for the hosting of international events by 2030. At the same time, the growth of household consumption strengthened to 3.2 percent, supported by wage increases, high level of remittances, direct social aid and a significant decline in inflation.

In this regard, consumer price growth decelerated sharply to 0.9 percent after 6.1 percent in 2023 and 6.6 percent in 2022. In addition to the easing of external pressures, this trend reflects, domestically, the impact of the measures implemented by the Government to support household purchasing power, the monetary tightening initiated in 2022, as well as the improved supply of some agricultural products.

With the dissipation of inflationary pressures, and to support the economic recovery, Bank Al-Maghrib started to ease its monetary policy. It reduced the key rate twice, bringing it down to 2.50 percent. Moreover, it continued to meet all liquidity needs expressed by banks through its weekly liquidity injection operations and longer-term refinancing programs.

In the labor market, the sectoral dichotomy of growth was tangible. While agriculture lost an additional 137,000 jobs, non-agricultural sectors posted a net increase of 219,000. In total, the domestic economy created 82,000 jobs but overall employment is still falling short of pre-pandemic levels. Since 2019, nearly one million jobs were lost in agriculture, a deficit that other sectors have been unable to offset, whereas more than 275,000 people reach the working age every year. In this context, unemployment continued to increase, reaching 13.3 percent and the labor market remained barely attractive, with a participation rate standing at 43.5 percent overall and 19.1 percent among women.

Regarding public finances, the fiscal consolidation initiated in the aftermath of the pandemic crisis is ongoing, despite heavy strains on the government budget. In addition to expenditures related to the implementation of social reforms and infrastructure projects, the government incurred additional charges mainly due to new measures aimed at increasing salaries and supporting household purchasing power.

Fiscal pressure eased by the exceptional and significantly better-than-expected tax revenue performance, thanks to the tax legislation reform, collection efforts, and, to a lesser extent, the voluntary tax regularization operation for individuals. Taking into account MAD 35.3 billion of innovative financing and savings generated by the initial phasing out of butane gas subsidies, the fiscal deficit-excluding proceeds from the sale of State holdings-continued to narrow at a faster-than-expected pace, reaching 3.9 percent of GDP. Consequently, direct public debt decreased by one percentage point to 67.7 percent.

On the external accounts front, the trade deficit remained high at 19.1 percent of GDP, despite the good performance of world crafts of Morocco. Imports of goods rose by 6.4 percent, mainly driven by increased purchases of consumer and capital goods, while the energy bill continued to ease as result of the fall in international prices. In parallel, buoyed mainly by sales of phosphate and derivatives and the automotive sector, exports increased by 6.1 percent, and hence the coverage rate stabilized at around 60 percent.

The year also witnessed additional improvements in travel receipts to 112.5 billion dirhams and remittances to 119 billion, keeping the current account deficit contained at 1.2 percent of GDP. Similarly, and despite an uncertain international context, foreign direct investment inflows expanded to almost 44 billion dirhams, or 2.7 percent of GDP. Overall, official reserve assets of Bank Al-Maghrib increased to over MAD 375 billion, equivalent to 5 months and 9 days of imports of goods and services.

Supported by the consolidation of macroeconomic balances, relatively low inflation and strengthened foreign exchange reserves, the nominal exchange rate of the dirham remained within the fluctuation band throughout the year, without any Central Bank intervention. This development, along with the quarterly assessments carried out by Bank Al-Maghrib, suggests that the value of the national currency remained in line with the fundamentals of the economy.

Regarding the reform of the exchange rate regime, the Bank continued its efforts to deepen the exchange market and promote the use of hedging instruments. To this end, it established an interbank forward market for foreign exchange and overnight index swaps, providing economic operators with a reference for their hedging activities. However, the success of these projects, which would contribute to the development of derivatives in our country, remains dependent on the removal of legal constraints related to trading these instruments and the introduction of an incentive tax framework.

In parallel, Bank Al-Maghrib continued to refine its draft inflation-targeting framework. The work carried out in this respect indicates that the current width of the fluctuation band of the dirham already provides a certain degree of autonomy, allowing for the potential adoption of a more explicit inflation objective.

That said, the success of all these reforms hinges on continued consolidation of macroeconomic balances, adequate preparation of the banking system and operators, and availability of detailed data to inform decision-making.

In terms of monetary conditions, the easing initiated by Bank Al-Maghrib induced a reduction of interest rates in several markets. In particular, bank lending rates posted an overall year-on-year decrease of 28 basis points. Despite this, the growth of bank lending to the non-financial sector slowed to 2.6 percent.

During the year, growth of the currency in circulation slowed significantly to 5.2 percent, compared to an average of 12 percent over the four previous years. This was mainly the result of the operation of tax regularization for individuals. In an effort to reduce the use of cash and mitigate associated costs and risks, the Bank conducted an in-depth study involving all relevant parties to identify the appropriate measures to be implemented.

Despite moderate credit growth, the banking sector performed well, thanks particularly to the diversification of its activities. To strengthen its lending capacity, and while ensuring prudent dividend payouts by banks, Bank Al-Maghrib completed, alongside other stakeholders, the creation of a secondary market for non-performing loans and finalized the draft law on their transferability.

In terms of regulation, the Bank continued to align its supervisory framework with international standards. Notably, it implemented a new emergency liquidity assistance facility that can be activated if needed. It also finalized a draft law on the use of crypto-assets and strengthened, in close coordination with the General Directorate of Information Systems Security, the monitoring of cybersecurity within the banking sector.

As part of our country's efforts to fight climate change, Bank Al-Maghrib conducted, jointly with the World Bank, an assessment of climate-related financial risks within the banking sector. To this end, it issued two directives to establish a risk analysis framework in accordance with new international standards. The Bank also contributed to the elaboration of the new 2030 climate finance strategy.

Regarding means of payment, the Bank strengthened its security monitoring by conducting compliance studies of new products and services, as well as on-site inspections. In response to increasing fraud cases, it carried out in-depth follow-up with the supervised entities to enhance real-time fraud detection, warning, and monitoring systems.

Aware of the potential of new digital technologies, the Bank stepped up its initiatives to foster an ecosystem conducive to financial innovation and emergence of a national industry in this area. To coordinate efforts of all stakeholders, a non-profit association-the "Morocco Fintech Center"-was established, alongside a Fintech fund with an initial budget of MAD 100 million. Its core mission is to provide project holders with legal and regulatory guidance, as well as financial support, thereby promoting the development and use of financial technologies and strengthening financial inclusion.

In this regard, Bank Al-Maghrib, in partnership with the Ministry of Economy and Finance, launched in 2024 the preparatory work for the second phase of the National Financial Inclusion Strategy. This new phase is anchored on a new vision that calls for disruptive measures and strong commitment from stakeholders to narrow gaps, scale up the use of financial services, and enhance their role in economic and social inclusion.

In the Casablanca Stock Exchange, share prices rose sharply, with the MASI index jumping by 22.2 percent, following 12.8 percent in 2023, mainly driven by the euphoria sparked by the hosting of international sport events. In this context, the valuation of listed companies climbed significantly, reaching high levels on average, compared to frontier markets and many emerging economies. This development was accompanied by strong investor's appetite; however, the market remained relatively unattractive for companies, with only one initial public offering during the year.

In terms of financial stability, analyses conducted in collaboration with other regulators continue to demonstrate the financial sector's resilience and the absence of systemic risks. In the same vein, the Bank continued to strengthen its analytical framework, enhancing its tools for identifying emerging risks, including those related to cybersecurity and climate change.

Concerning the fight against money laundering and terrorism financing, several projects have been launched since Morocco was removed from the FATF and EU grey lists in 2023. The goal is to ensure compliance with FATF recommendations and maintain the same momentum among all stakeholders in preparation for the 2026 mutual evaluation.

Majesty,

Since the beginning of the millennium, Morocco has embarked, under Your leadership, on one of the most ambitious agendas of institutional, economic, and social reforms, in parallel with an unprecedented investment program to provide the country with world-class infrastructure. This vision, regarded as a reference by international institutions, enabled significant progress on several fronts, including the generalization of education, poverty reduction, and improved access to water and electricity.

However, over the past decade, the international environment witnessed successive crises and shocks, against a backdrop of profound paradigm shifts, notably digitalization-which brings immense opportunities but also complex threats-as well as climate change, with effects well tangible today. There has also been a growing rejection of the rules governing the global economic order, leading to a rise in protectionism and a reconfiguration of global value chains. These developments, compounded by the upsurge of far-right movements and the questioning of seemingly established global agendas, generate a climate of heightened instability and uncertainty, with significant consequences, particularly for growth and investment.

In such a context, the performance of the domestic economy over the past decade has inevitably been affected, falling well short of the ambitions set by Your Majesty for the country. Indeed, average annual economic growth slowed from 4.5 percent between 2001 and 2013 to 2.5 percent in the following decade, and job creation declined from 145,000 to 6,000 per year.

These results, which are counterintuitive given the efforts made in terms of reforms and investments, can be partly attributed to difficulties in the agricultural sector due to worsening water stress. However, the same trend was observed in non-agricultural activity, with growth decelerating from 4.2 percent to 2.6 percent and job creation falling from an annual average of 126,000 to 112,000.

In view of this situation, Your Majesty launched a new generation of reforms aimed at accelerating growth and human development. More recently, a new qualitative and quantitative upgrade of infrastructure has been initiated to address challenges related to water security, and energy and food sovereignty, as well as to prepare for the hosting of major continental and international events.

Your initiatives prompted the emergence, in recent months, of early signs of economic rebound, raising hopes that 2024 will be a pivotal year for economic growth acceleration and job creation. In terms of human development in particular, the pace of progress remains slow by international standards, but the improvement is tangible, with Morocco now ranked by the United Nations among countries with high human development.

That said, caution should continue to prevail given the numerous internal vulnerabilities that persist and multiple external threats weighing on the outlook. To ensure the success of this take-off and achieve results that match Your Majesty's ambitions, public policy should focus on three main priorities: (i) strengthening resilience to shocks; (ii) enhancing agility to navigate a highly uncertain environment; and (iii) preserving macroeconomic stability, a fundamental prerequisite for sustainable growth.

Climate change is undeniably the primary source of shocks for our country. It compromises the supply of drinking water and achievements of agricultural policy. Its structural effects are particularly reflected in the erosion of farmland and worrying decapitalization, especially of livestock, prompting Your Majesty to reiterate the imperative of its rebuilding.

While efforts to develop infrastructure for mitigation and adaptation are certainly necessary, public policy should also act on the demand side. Beyond awareness-raising campaigns and occasional restrictions, efficient governance at both central and local levels is essential, involving in particular an appropriate pricing policy that reflects the scarcity of the water resource and takes into account differences in household purchasing power and farmers' ability to pay.

Economically, the greatest vulnerability is the fragmentation of the productive fabric. Available data show that it is largely dominated by very small enterprises, many of which operate in low value-added, uncompetitive informal activities. Strengthening this fabric and mobilizing the private sector to fully play its role in investment and job creation remains a major challenge. It begins upstream by improving the education and training system, an area where shortcomings are significant. However, the review of working conditions for education staff offers prospects for improvement, although tangible results can only be expected in the long term.

Downstream, strengthening this fabric requires promoting the entrepreneurial mindset, institutionalizing support and follow-up, especially for very small enterprises, and continuing to improve the overall business climate. In particular, efforts should be intensified to fight corruption, a domain where our country's performance remains insufficient by international standards, and unfair competition from the informal sector, a challenge frequently raised by businesses.

Regarding access to finance, the Bank continues to step up its initiatives. With a view to further improve this access, consolidate the very small enterprises ecosystem, and increase their contribution to job creation, it recently set up a new program to support bank financing, notably through the refinancing of banks at a preferential rate. It has also initiated, in collaboration with stakeholders, the adoption of a charter dedicated to this category of business, which includes, among other measures, the development of tailored credit offers, the simplification of procedures, the optimization of guarantee schemes, and non-financial support.

When it comes to strengthening agility, it first and foremost requires a strong capacity to react and adjust to changing circumstances. This calls for decision-making based on up-to-date data, close monitoring of implementation, and regular evaluation of results. As previously suggested, establishing independent evaluation structures remains a timely recommendation.

Agility also requires a decentralization of decision-making. In this regard, the rollout of advanced regionalization has made major progress. However, as emphasized by Your Majesty during the second National Conference, this project continues to suffer from shortcomings and delays that complicate administrative investment procedures. Accordingly, as highlighted in the recommendations of this conference, efforts should be stepped up on several fronts, including the effective implementation of the administrative decentralization charter and the strengthening of local capacities for promoting and supporting productive investment, particularly at the level of regional investment hubs.

In terms of macroeconomic balances, the government is pursuing the fiscal consolidation initiated in the aftermath of the pandemic. However, the risk on public finances remains high due to the numerous infrastructure projects and reforms underway or planned, as well as persistence of social demands. The frequent use of additional appropriations since 2020 demonstrates this pressure and disrupts the predictability of fiscal policy. With this in mind, it would be advisable to accelerate the plans to revise the organic finance law and introduce a fiscal rule, while maintaining increased vigilance.

Regarding revenues, commendable collection efforts, combined with the implementation of the tax framework law, have led to a significant improvement in receipts in recent months. Moreover, the number of declarations made under the voluntary regularization operation shows a potential that supports the continuation of these efforts, especially as, beyond yield, they also contribute to the formalization of the economy and reduction of the use of cash.

As for innovative financing, while it has certainly helped maintain the pace of reforms and investment, it cannot be considered as a long-term option, as sustainable additional revenues can only stem from an expansion of the tax base or economic activity.

In the same vein, hesitation surrounding the pension reform persisted for nearly a decade, while its cost continues to rise. Yet, the recent wage increases offered an opportunity to foster dialogue with social partners. Today, this reform remains urgent and needs to be prioritized on the government's agenda.

Pressure on public resources also stems from efforts to build a social State. Direct aid, set up as part of the generalization of social protection, absorbs substantial resources, estimated at over 24 billion dirhams in 2024. Its sustainability requires a durable funding mechanism and alignment with its ultimate objective, that of empowering people in difficulty. To ensure that the program does not turn into a permanent support scheme, eligibility criteria should be regularly reassessed to improve targeting efficiency, reemphasize the temporary nature of beneficiary status, and encourage the transition to productive employment, the only guarantee of a decent standard of living.

In terms of external balance, thanks to its openness and diversification of its economic partnerships pursued under Your Majesty's leadership, Morocco has achieved remarkable breakthroughs. The country has moved up in the global value chains, demonstrating agility in navigating the ongoing geo-economic reconfiguration of recent years. In a context characterized by an unprecedented surge in both tariff and non-tariff protectionist measures, the challenge is to maintain this delicate balance between preserving an open-economy policy, a guarantee of the country's credibility and the trust it enjoys, and the need to protect its industries.

Regarding world crafts of Morocco in particular, more attention needs to be paid to consolidating what has already been achieved. The dependence of some industrial sectors on a limited number of major foreign operators, the transition of the automotive industry to electric power, and the tightening of carbon content standards are just some of the challenges facing the authorities and operators.

In terms of foreign direct investment, while Morocco has become one of the best-performing countries on the continent, the real challenge lies in the spillover effects of these investments on growth and employment. To enhance the local content of the export supply, private operators and national investment funds, namely the Mohammed VI Fund should be more involved. This is all the more important given that the foreign exchange balance of these investments is in deficit for the second consecutive year, with total disposals and dividend repatriations exceeding the amount of incoming investment flows.

Majesty,

In recent years, Morocco showed remarkable resilience, primarily thanks to its stability, security, and credibility. Its performance has been praised by international institutions, as evidenced by the renewal of the IMF Flexible Credit Line agreement and by financial markets, as demonstrated by the Treasury's latest issuance, carried out under conditions more favorable than those applied to some European countries.

Despite the growing complexity of the external environment and intensification of climate-related constraints, recent data point to a qualitative leap in the domestic economy towards a new level of growth and job creation.

Today, the conditions appear to be in place for the success of this new momentum. It is, first and foremost, a clear and ambitious Royal vision, articulated through large-scale economic, social, and infrastructure projects, as well as coherent implementation instruments. It is also a positive and favorable international image. All the country's driving forces are called upon to better organize and fully mobilize for the implementation and success of this vision, especially as the country will face, by 2030, major milestones, including the Sustainable Development Goals, numerous sectoral plans and strategies, as well as the organization of the FIFA World Cup. That said, the real challenge is to turn this milestone into a catalyst and a lever to sustain momentum beyond that horizon, thereby enabling our country to rise into the higher income categories.

Abdellatif JOUAHRI

Rabat, June 2025

Economic, monetary and financial situation

Part 1

1.1 International Environment

In addition to the scarring from the shocks that have emerged since 2020, the international environment was marked in 2024 by continued restrictive monetary conditions, heightened geopolitical tensions and economic fragmentation, as well as increased uncertainty, exacerbated by elections held in several countries. Despite this unfavorable background, the world economy proved relatively resilient, with a growth rate of 3.3 percent after 3.5 percent in 2023. However, this result hides heterogeneous country performances as growth was primarily driven by the US and the main emerging economies particularly China and India whereas activity was subdued in the euro area, the United Kingdom and Japan in particular.

Labor market conditions remained favorable overall in main advanced economies, with unemployment rates fluctuating around the levels observed prior to the pandemic, and a sustained, albeit decelerating pace of job creation year-on-year.

After two years of slowdown, world trade rebounded somewhat in 2024, mainly driven by a marked increase in services and, to a lesser extent, by a significant rise in goods trade at the end of the year. The latter is likely linked to businesses front-loading following the announcement by the new US administration of its intention to raise tariffs.

Regarding commodities, energy prices further decreased during the year, mainly reflecting the combined effect of the increase in oil production of non-OPEC+ countries and a significant weakening of demand, particularly from China. In contrast, excluding energy, prices trended upward, with a slight rise in agricultural product prices, as well as a continued increase in gold prices amid geopolitical tensions and strong uncertainties.

Due to lower energy prices and restrictive monetary policy stances over the two previous years, global inflation slowed further to 5.7 percent in 2024, down from 6.6 percent a year earlier. Under these conditions with the notable exception of the Bank of Japan, which raised its key rate for the first time in 17 years the central banks of the main advanced economies began easing their monetary policy in 2024, albeit at varying paces.

Regarding public finances, fiscal space remained overall limited, with high fiscal deficits and a further increase in public debt, which reached 92.3 percent of world GDP[1] in 2024.

In financial markets, euphoria prevailed in main stock markets, both in advanced and emerging countries, driven by the relative resilience of the world economy, the monetary easing and the strong interest in technology and artificial intelligence stocks, particularly in the United States. As for debt securities, long-term U.S. sovereign yields rose significantly, mainly due to exacerbated fiscal risks.

Lastly, in terms of international relations, the year 2024 which coincided with the 80th anniversary of the Bretton Woods agreement witnessed intensified protectionist measures and continued geo-economic fragmentation. Against this backdrop, and with the stated ambition of strengthening the role of emerging countries in global governance and financial architecture, the BRICS group[2] welcomed five new countries[3], bringing its total membership to ten.

1.1.1 Economic growth

In an environment marked by intense geopolitical tensions, restrictive monetary conditions, and elevated uncertainty due to elections taking place in many countries, including the United States, the world economy continued to prove relatively resilient in 2024, growing by 3.3 percent after 3.5 percent.

In the United States, growth remained strong at 2.8 percent instead of 2.9 percent in 2023, driven by robust domestic consumption, which benefited from favorable labor market conditions and the continuation of fiscal support measures.

In the euro area, growth was limited to 0.9 percent after 0.4 percent, fueled by a modest recovery in private consumption. The service sector was its main driver, while manufacturing activity continued to suffer from structural difficulties and high energy costs. In particular, the German economy, weakened by its automotive industry, contracted again by 0.2 percent. In main other member countries, growth accelerated to 3.2 percent in Spain, buoyed by the dynamism of the tourism sector, while it stabilized at 1.1 percent in France and 0.7 percent in Italy.

1 "Fiscal Monitor", IMF, April 2025.
2 Which consisting of Brazil, Russia, India, China, and South Africa.
3 These are Saudi Arabia, Egypt, the United Arab Emirates, Ethiopia, and Iran.

In the United Kingdom, the pace of activity improved from 0.4 percent in 2023 to 1.1 percent in 2024, driven by domestic demand amid significant decline in inflation. For its part, growth in the Japanese economy was nearly flat in 2024, after 1.5 percent a year earlier, mainly due to a contraction of exports and weakening of household consumption.

Table 1.1.1: Economic growth in the world (in percent)

	2020	2021	2022	2023	2024
World	**-2.7**	**6.6**	**3.6**	**3.5**	**3.3**
Advanced economies	**-4.0**	**6.0**	**2.9**	**1.7**	**1.8**
United States	-2.2	6.1	2.5	2.9	2.8
Euro area	-6.0	6.3	3.5	0.4	0.9
Germany	-4.1	3.7	1.4	-0.3	-0.2
France	-7.6	6.8	2.6	1.1	1.1
Italy	-8.9	8.9	4.8	0.7	0.7
Spain	-10.9	6.7	6.2	2.7	3.2
United Kingdom	-10.3	8.6	4.8	0.4	1.1
Japan	-4.2	2.7	0.9	1.5	0.1
Emerging and developing countries	**-1.7**	**7.0**	**4.1**	**4.7**	**4.3**
Emerging and developing countries of Asia	**-0.5**	**7.8**	**4.7**	**6.1**	**5.3**
China	2.3	8.6	3.1	5.4	5.0
India[1]	-5.8	9.7	7.6	9.2	6.5
Latin America and the Caribbean	**-6.9**	**7.4**	**4.2**	**2.4**	**2.4**
Brazil	-3.3	4.8	3.0	3.2	3.4
Mexico	-8.4	6.0	3.7	3.3	1.5
Emerging and developing countries of Europe	**-1.8**	**7.1**	**0.5**	**3.6**	**3.4**
Russia	-2.7	5.9	-1.4	4.1	4.1
Türkiye	1.9	11.4	5.5	5.1	3.2
Sub-Saharan Africa	**-1.5**	**4.7**	**4.1**	**3.6**	**4.0**
South Africa	-6.2	5.0	1.9	0.7	0.6
Nigeria	-1.8	3.6	3.3	2.9	3.4
Middle East and North Africa	**-2.4**	**4.2**	**5.5**	**2.1**	**1.8**

Source: World Economic Outlook, IMF, April 2025.

Regarding emerging countries, faced with persistent difficulties in the real estate sector, high indebtedness levels and a decline in consumer confidence, the Chinese authorities implemented a set of fiscal stimulus measures, alongside continued monetary easing. Under these conditions, driven by a substantial increase in exports at the end of the year, growth reached 5 percent, meeting the target set by the government.

[1] For India, the fiscal year runs from April to March. In Table 1.1.1, growth for the fiscal year spanning April of year N to March of year N+1 appears in the year N column.

In India, economic activity remained strong despite decelerating, with real GDP growth of 6.5 percent after 9.2 percent, thanks to dynamic public investment in infrastructure. In Brazil, growth reached 3.4 percent, up from 3.2 percent, sustained by expansionary fiscal policy, while it remained stable at 4.1 percent in Russia despite Western sanctions, particularly driven by public spending in the defense sector.

In Sub-Saharan Africa, economic activity recovered, with growth reaching 4 percent, after 3.6 percent in 2023, reflecting an increase of private consumption and investment. In the region's main economies, economic activity accelerated to 3.4 percent in Nigeria, driven by an increase in oil production, while it slowed slightly to 0.6 percent in South-Africa, due to electricity supply difficulties.

In the Middle East and North Africa region, economic growth slowed to 1.8 percent in 2024 after 2.1 percent a year earlier, particularly penalized by the continued decline in oil prices and ongoing conflicts and geopolitical tensions. Growth accelerated from 2.1 percent to 2.2 percent in oil-exporting countries, while it decreased from 2.1 percent to 1.1 percent in oil-importing countries.

1.1.2 Labor market

Despite some easing, labor market conditions in main advanced economies remained overall favorable in 2024, with unemployment rates continuing to evolve at low levels. However, in certain sectors such as healthcare, construction, and new technologies labor and skills shortages remain acute amid profound market changes. The latter are mainly linked to population ageing, the rapid expansion of the technology and artificial intelligence sectors, as well as shifts in employee preferences and approaches to workplace organization since the pandemic.

In the United States, owing to the resilience of economic activity, the pace of job creation remained high, albeit slowing slightly from a monthly average of 216,000 in 2023 to 168,000 in 2024. Considering the improved availability of labor, particularly foreign workers, the unemployment rate stood at 4 percent after 3.6 percent in 2023, while wages increased by a further 3.9 percent following 4.5 percent a year earlier.

In the euro area, despite subdued growth, the unemployment rate continued to decline, falling from 6.6 percent in 2023 to 6.4 percent in 2024, its lowest level since the creation of the eurozone. However, the situation continues to differ significantly from one country to another, with rates decreasing from 12.2 percent to 11.3 percent in Spain and from 7.7 percent to 6.6 percent in

Italy; and rising from 3 percent to 3.4 percent in Germany and from 7.3 percent to 7.4 percent in France. Elsewhere, the unemployment rate increased from 4.1 percent to 4.3 percent in the UK and remained low at 2.6 percent in Japan.

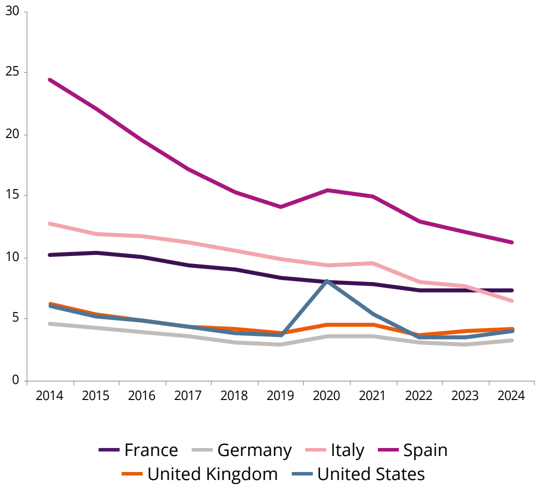
In main emerging economies, the rate continued its downward trend, falling from 5.2 percent in 2023 to 5.1 percent in 2024 in China, from 8 percent to 6.9 percent in Brazil, and from 9.4 percent to 8.7 percent in Türkiye.

Table 1.1.2: Unemployment rate (in percent)

	2020	2021	2022	2023	2024
Advanced economies					
United States	8.1	5.4	3.6	3.6	4.0
Euro area	8.0	7.8	6.7	6.6	6.4
Germany	3.6	3.6	3.1	3.0	3.4
France	8.0	7.9	7.3	7.3	7.4
Italy	9.4	9.5	8.1	7.7	6.6
Spain	15.5	14.9	13.0	12.2	11.3
United Kingdom	4.6	4.6	3.8	4.1	4.3
Japan	2.8	2.8	2.6	2.6	2.6
Emerging economies					
China	5.6	5.1	5.6	5.2	5.1
Brazil	13.8	13.2	9.3	8.0	6.9
Türkiye	13.1	12.0	10.4	9.4	8.7

Source: World Economic Outlook, IMF, April 2025.

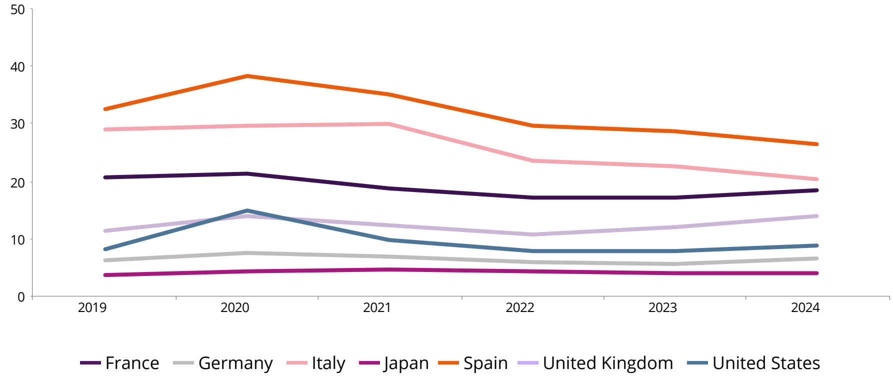
Chart 1.1.1: Unemployment rate in the main advanced countries (in percent)



Overall, the youth[1] unemployment rate increased across most advanced economies. In the euro area, it rose from 14.4 percent to 14.6 percent, with increases from 17.1 percent to 18.6 percent in France and from 5.8 percent to 6.6 percent in Germany, alongside declines from 28.7 percent to 26.5 percent in Spain and from 22.7 percent to 20.3 percent in Italy. The rate also rose from 7.9 percent to 8.9 percent in the United States and from 12.0 percent to 14.0 percent in the United Kingdom, while stabilizing at 4.0 percent in Japan.

[1] People aged 15 to 24.

Chart 1.1.2: Youth unemployment rate in advanced countries (in percent)



Source: OECD.

1.1.3 Commodity Markets

After the exceptional levels recorded in 2021 and 2022, and the decline posted in 2023, developments in commodity prices were heterogeneous, with a 5.1 percent decrease for energy products and a 2 percent rise for non-energy products.

Chart 1.1.3: Annual change in commodity price indexes (100=2010)

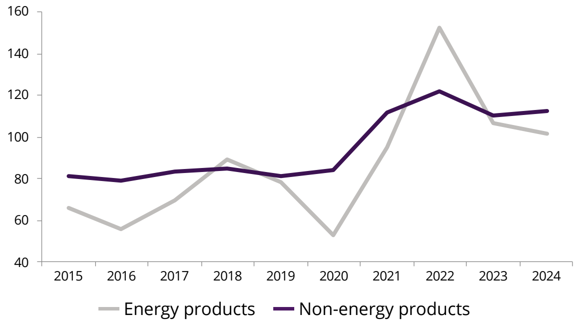
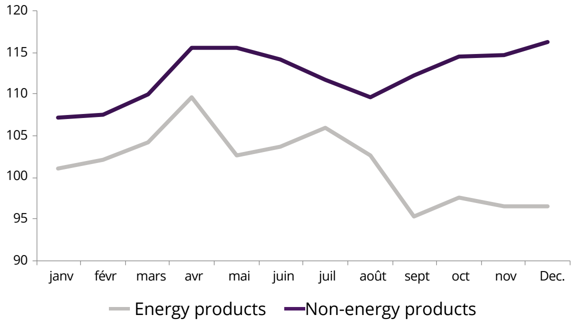


Chart 1.1.4: Monthly change in commodity price indexes in 2024 (100=2010)



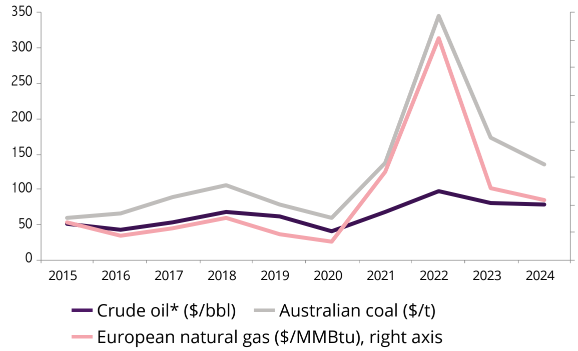
Source: World Bank.

Regarding energy products, crude oil[1] prices increased during the first four months of the year, averaging USD 82.4 per barrel, mainly driven by the intensification of the conflict in the Middle East, voluntary production cuts by OPEC+, and signs of firming global demand. Over the remainder of the year, the trend reversed due to a rise in non-OPEC+ supply especially from the United States a weakening of Chinese demand, and concerns over the global economic outlook. Prices declined to an average of 72.3 USD in December and reached USD 78.7 per barrel for the whole year, marking a 2.5 percent decrease compared to 2023.

Natural gas prices also fell by 16.4 percent in the European market and by 13 percent in the United States. In Europe, this development reflects both the continued adaptation of markets to the supply reconfiguration following the conflict in Ukraine, and relatively favorable weather conditions over the winter. In the U.S. market, the decline stemmed primarily from high production and elevated storage levels.

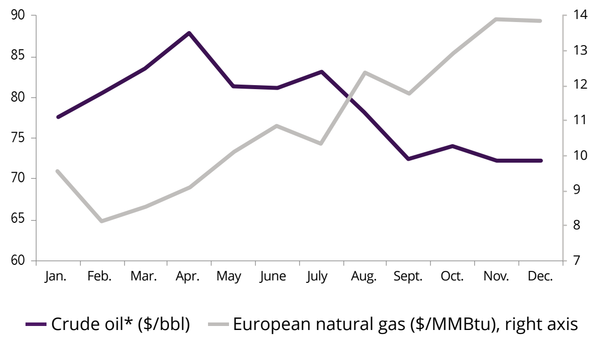
Similarly, coal prices declined by 21.2 percent for Australian coal and 11.2 percent for South African coal, mainly reflecting an increase in supply, notably from Indonesia and India, and lower consumption in China due to increasing use of renewable energies for power generation.

Chart 1.1.5: Annual change in energy prices



*The average of Brent, WTI and Dubai Fateh prices
Source: World Bank.

Chart 1.1.6: Monthly change in energy prices in 2024



Following contractions in 2022 and 2023, prices for metals and ores increased by 2.6 percent in 2024. By product, prices rose by 7.2 percent for aluminum and 7.7 percent for copper, bolstered by growing demand, particularly from energy transition technologies. Conversely, iron prices fell by 9.3 percent, reflecting slowing demand for steel, especially in China, amid abundant supply.

Phosphate and its derivatives experienced contrasting price developments in 2024. The price of DAP posted a 2.5 percent increase to USD 563.7 per tonne, mainly due to export restrictions on phosphate from China and ammonia from Russia, while the price of TSP declined by 1.2 percent to USD 474.6 per tonne and that of rock phosphate contracted by 52.6 percent to USD 152.5 per tonne.

[1] Average of Brent, WTI and Dubai Fateh prices.

Concurrently, agricultural product prices increased by 3.7 percent, reflecting a 63.7 percent surge in beverage prices, driven by the increase in coffee and cocoa prices, which more than doubled year-on-year due to adverse weather conditions. In contrast, prices of oils and flours fell by 10.1 percent and those of grains declined by a further 15.2 percent owing to good harvests in the main producing countries. In particular, durum wheat prices fell by 21.1 percent after 20.8 percent, and those of soft wheat by 11.2 percent instead of 32.5 percent.

Chart 1.1.7: Non-energy price indexes (base 100=2010)

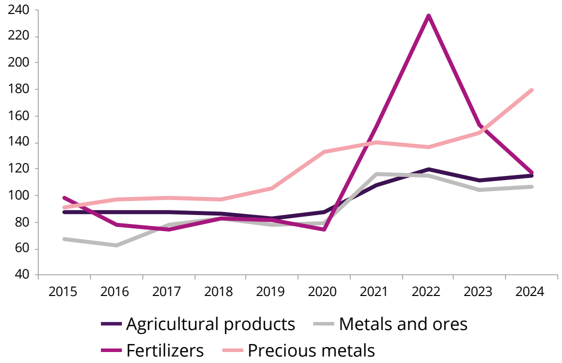
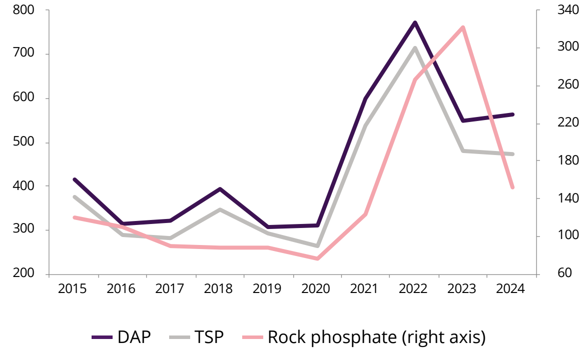


Chart 1.1.8: Prices of phosphate et derivatives (dollar/tonne)



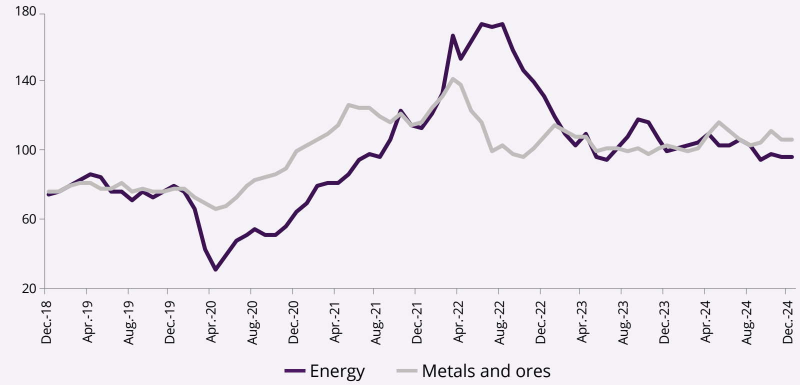
Source: World Bank.

As for precious metals, the price of gold continued its upward trend, posting a sharp increase of 22.9 percent to reach a record high of 2,387.7 dollars per ounce in 2024 (see Box 1.1.3). Alongside sustained demand from several central banks in emerging and developing economies and declining U.S. interest rates, this surge is attributable to the exacerbation of geopolitical tensions, which reinforces this metal's appeal as a safe-haven asset. Similarly, underpinned by demand for investment purposes and for industrial usage in connection with the energy transition, the price of silver experienced an additional 20.8 percent appreciation.

Box 1.1.1: Green and digital transitions and the reshaping of global energy demand

After their almost generalized collapse in early 2020 due to the pandemic-induced recession, energy prices soared in 2021-2022 (Chart B.1.1.1.1), reflecting both the recovery in economic activity and specific supply shocks stemming from geopolitical tensions and conflicts, as well as adverse climate events. Although prices trended downward after 2022, they remained overall above their pre-pandemic levels through the end of 2024.

Chart B.1.1.1.1: Price indexes for energy, metals, and ores (base 100=2010)



Source: World Bank.

Alongside business cycle-related factors, energy demand in recent years has been increasingly driven by the energy and digital transitions, and particularly by the rapid expansion of artificial intelligence (AI). According to the International Energy Agency[1] (IEA), electricity needs resulting from the growing data center installed capacity worldwide surged by about 20 percent in 2024 and are expected to reach 1,000 Terawatt-hours (TWh) in 2026 more than twofold compared to 2022. By 2030, AI-driven electricity demand is projected to reach 1,500 TWh according to the IMF[2], equivalent to India's current total electricity consumption, to which another 1,000 TWh would be added, driven by growing electric vehicle usage. However, this outlook remains highly uncertain, particularly due to potential efficiency gains in future AI models.

In order to meet these needs, renewable energy sources are expected to play an increasingly prominent role. Already in 2024, renewables, together with nuclear power, covered over 80 percent of the growth in consumption, estimated at more than 1,100 TWh[1] with renewables alone representing 32 percent of total production. Similarly, the pursuit of reliable, low-carbon energy sources has renewed interest in nuclear power, as evidenced by a 50 percent increase in nuclear power plants construction starts in 2024[2].

Furthermore, the energy transition could increase the world economy's reliance on certain key metals[3], particularly copper, which is essential for manufacturing cables and electronic equipment, as well as aluminum, which is used in the production of renewable energy, especially solar power. Demand for copper may grow by a factor of more than 1.5 by 2030, alongside a 25 percent decline in oil consumption under

[1] Global Energy Review 2025, IEA, March 2025.
[2] "Commodity Special Feature: Market Developments and the Impact of AI on Energy Demand", in World Economic Outlook, IMF. April 2025.
[3] "Commodity Special Feature: Market Developments and the Inflationary Effects of Metal Supply Shocks", in World Economic Outlook, IMF. October 2024.

a net zero emissions scenario[3]. However, the higher geographic concentration of base metal production[4] compared to oil, combined with their low substitutability, renders their supply less dependable amid global geo-economic fragmentation. This could result in strong price fluctuations, with growing economic repercussions as the world economy and energy systems become increasingly dependent on these metals.

[4] According to the IEA, 59 percent of copper refining at the international level was concentrated in three countries in 2023, with China leading at 46 percent, followed by the Democratic Republic of the Congo (7 percent) and Chile (5 percent).

1.1.4 Inflation

After the exceptional levels reached in 2022, inflation started decelerating in 2023 and continued its slowdown in 2024, while remaining above central bank targets in major advanced economies. This disinflationary process stems primarily from restrictive monetary policy stances, the decline in energy prices, and the relative easing of labor markets, notably in the United States.

Table 1.1.3: Inflation in the world (in percent)

	2020	2021	2022	2023	2024
World	**3.3**	**4.7**	**8.6**	**6.6**	**5.7**
Advanced economies	**0.7**	**3.1**	**7.3**	**4.6**	**2.6**
United States	1.3	4.7	8.0	4.1	3.0
Euro area	0.3	2.6	8.4	5.4	2.4
Germany	0.4	3.2	8.7	6.0	2.5
France	0.5	2.1	5.9	5.7	2.3
Italy	-0.1	1.9	8.7	5.9	1.1
Spain	-0.3	3.0	8.3	3.4	2.9
United Kingdom	0.9	2.6	9.1	7.3	2.5
Japan	0.0	-0.2	2.5	3.3	2.7
Emerging and developing economies	**5.2**	**5.8**	**9.5**	**8.0**	**7.7**
China	2.5	0.9	2.0	0.2	0.2
India	6.2	5.5	6.7	5.4	4.7
Brazil	3.2	8.3	9.3	4.6	4.4
Russia	3.4	6.7	13.8	5.9	8.4
Türkiye	12.3	19.6	72.3	53.9	58.5
Middle East and North Africa	**10.9**	**12.9**	**13.6**	**15.0**	**14.6**

Source: World Economic Outlook, IMF, April 2025.

In advanced economies, inflation fell from 4.6 percent in 2023 to 2.6 percent in 2024, with decelerations from 4.1 percent to 3 percent in the United States and from 5.4 percent to 2.4 percent in the euro area. Among the EU member states, it softened from 6.0 percent to 2.5 percent in Germany, from 5.7 percent to 2.3 percent in France, from 5.9 percent to 1.1 percent in Italy, and from 3.4 percent to 2.9 percent in Spain. Elsewhere, it slowed from 7.3 percent to 2.5 percent in the United Kingdom and from 3.3 percent to 2.7 percent in Japan.

In emerging and developing economies, the moderation of inflation was relatively limited, as it receded from 8.0 percent to 7.7 percent overall, though with heterogeneous developments across countries. For instance, it slowed from 5.4 percent to 4.7 percent in India and from 4.6 percent to 4.4 percent in Brazil, remained very low in China at 0.2 percent, while conversely accelerating from 5.9 percent to 8.4 percent in Russia and from 53.9 percent to 58.5 percent in Türkiye.

Regarding the MENA region, following an increase to 15 percent in 2023, inflation eased somewhat to 14.6 percent in 2024, with a slowdown from 9.3 percent to 4 percent in Algeria, 9.3 percent to 7 percent in Tunisia, and an acceleration from 24.4 percent to 33.3 percent in Egypt. In the Gulf Cooperation Council countries, it remained moderate overall, coming in at 1.7 percent after 1.6 percent in the United Arab Emirates, 1.7 percent following 2.3 percent in Saudi Arabia, and 1.1 percent after 3.1 percent in Qatar.

Chart 1.1.9: Inflation in the world (in percent)

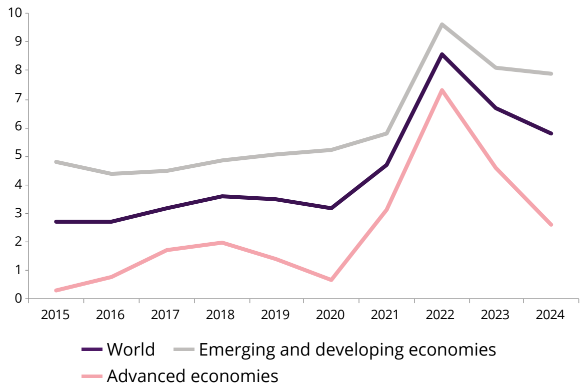
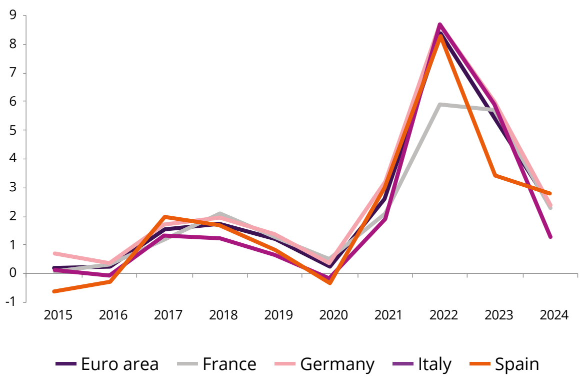


Chart 1.1.10: Inflation in the main economies of the euro area (in percent)



Source: Perspectives économiques mondiales. FMI. avril 2025.

1.1.5 Public Finances

Public finance situation remained concerning in 2024, with fiscal deficits persisting at high levels and public debt continuing to grow. The latter reached 92.3 percent of global GDP by the end of 2024.

In advanced economies, fiscal deficits and public debts virtually stabilized at an average of 4.7 percent of GDP and 108.5 percent of GDP respectively in 2024. In the United States, the fiscal deficit remained at 7.3 percent, while public debt increased slightly to 120.8 percent. In the euro area, the overall deficit eased from 3.6 percent to 3.1 percent, driven by the consolidation efforts deployed by southern European countries, notably Italy, where it declined from 7.2 percent to 3.4 percent, Spain, from 3.5 percent to 3.2 percent, and Greece, from 1.3 percent to 0.3 percent. Conversely, in major economies of the area, the deficit widened from 5.4 percent to 5.8 percent of GDP in France, and from 2.5 percent to 2.8 percent in Germany. Regarding public debt, with the notable exceptions of Spain and Greece, where it declined to 101.8 percent and 150.9 percent respectively, it continued to worsen, reaching 63.9 percent in Germany, 113.1 percent in France and 135.3 percent in Italy.

In the United Kingdom, the fiscal deficit eased to 5.8 percent of GDP, down from 6.1 percent in 2023, while public debt posted a slight increase to 101.2 percent of GDP. For its part, Japan's deficit widened to 2.5 percent, with its debt level remaining very high, albeit showing a relative decrease to 236.7 percent of GDP.

Chart 1.1.11: Fiscal balance in the main advanced countries (in percent of GDP)

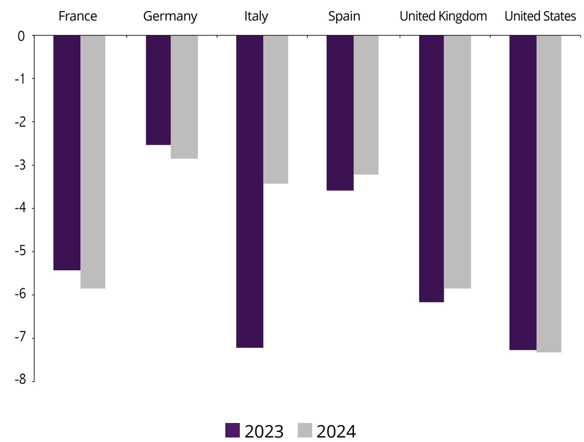
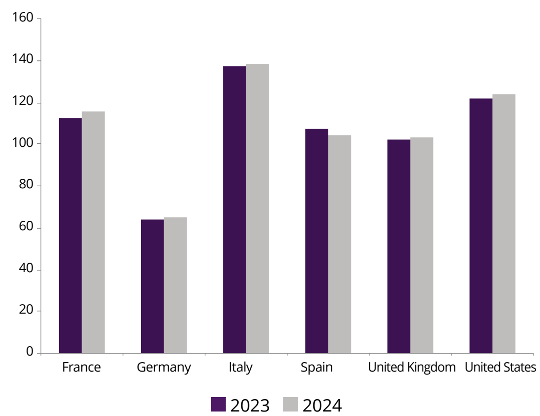


Chart 1.1.12: Public debt in the main advanced countries (in percent of GDP)



Source: World Economic Outlook, IMF, April 2025.

In emerging and developing economies, the fiscal deficit widened from 5.2 percent of GDP in 2023 to 5.5 percent in 2024 while public debt increased from 67.4 percent to 69.5 percent of GDP. Reflecting the expansionary stance of fiscal policy, aimed at supporting economic activity, as well as lower tax revenues, the fiscal deficit deteriorated to 7.3 percent in China, and public debt increased to 88.3 percent. Conversely, in India, the deficit declined to 7.4 percent due to the withdrawal of food and fertilizer subsidies following the conflict in Ukraine, and to strong tax revenue performance, while the debt ratio remained virtually stable at 81.3 percent. Elsewhere, Brazil's fiscal deficit narrowed from 7.7 percent in 2023 to 6.6 percent in 2024, although public debt rose to 87.3 percent. In Türkiye, following the deterioration of public finances in 2023, notably due to earthquake-related expenditures, an improvement was observed, with the deficit falling to 5.2 percent and public debt to 26 percent. In Russia, despite the ongoing conflict in Ukraine, both the fiscal deficit and public debt remained contained, at 2.2 percent and 20.3 percent, respectively.

Chart 1.1.13: Fiscal balance in the main emerging economies (in percent of GDP)

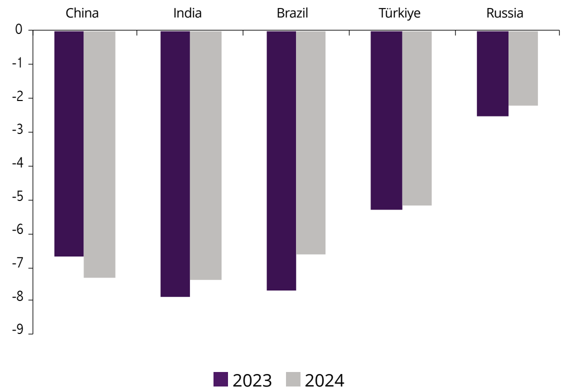
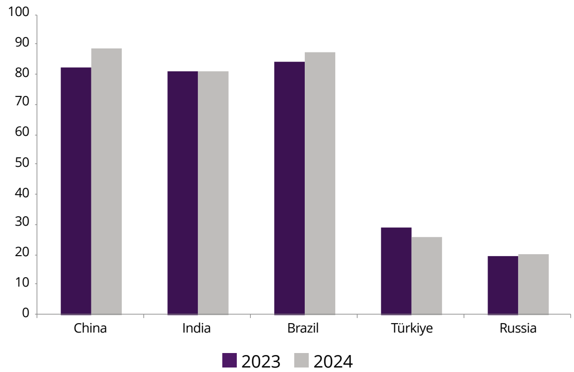


Chart 1.1.14: Public debt in the main emerging economies (in percent of GDP)



Source: World Economic Outlook, IMF, April 2025.

In the MENA region, public finances of oil-exporting countries continued to be affected by oil price declines. The fiscal surplus narrowed to 4.8 percent in the United Arab Emirates and to 0.7 percent in Qatar; while in Saudi Arabia, the deficit widened to 2.8 percent of GDP. As for public debt, it remained relatively moderate, standing at 29.9 percent in Saudi Arabia, 32.1 percent in the United Arab Emirates and 40.8 percent in Qatar.

1.1.6 External accounts

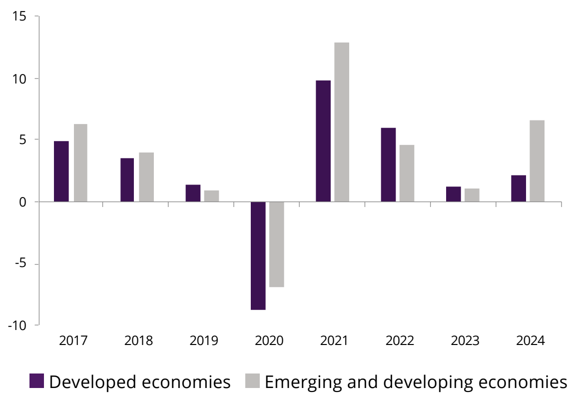
Despite a marked year-on-year improvement, the pace of world trade continued to suffer from geoeconomic fragmentation, which has intensified over recent years, as reflected in the multiplication of trade restrictions and the decrease in the number of trade agreements at the international level. Since the beginning of the 2020s, an average of five agreements has been signed annually, down by half compared to the 2000s[1].

[1] Ayhan Kose and Alen Mulabdic, "Global trade has nearly flatlined. Populism is taking a toll on growth", World Bank Blogs, February 2024.

Following a slight rise of 1 percent in 2023, trade volume increased by 3.8 percent in 2024, mainly driven by services and, to a lesser extent, by a significant growth in goods trade at the end of the year, which is likely linked to businesses front-loading in anticipation of tariff hikes, in particular by the new US administration. This development reflects an increase of 2.1 percent in advanced economies' exports, and of 6.7 percent in those of emerging and developing economies.

Chart 1.1.15: Growth of world trade in goods and services in volume terms

Chart 1.1.16: Exports of goods and services in volume terms (Change, in percent)



Source: IMF, World Economic Outlook, April 2025.

The year was also marked by a dynamic tourism sector, as evidenced by the developments in tourism revenues. Worldwide, these amounted to 1,600 billion dollars, up by 3 percent compared to the previous year, and by 4 percent since 2019. This upturn concerned both the main destinations, notably France, Spain, the UK and Italy, and others, such as Eastern European countries (Serbia and Moldova), Canada and the Gulf States.

As for migrant remittances to low- and middle-income countries, they reached 685 billion dollars1 in 2024, up by 5.8 percent, owing to the post-covid resilience of labor markets in high-income countries. Regional analysis shows an increase of 11.8 percent in remittances to South Asia, notably to India, the top recipient, with an amount of 129 billion dollars in 2024. It is followed by Latin America and the Caribbean, with a 5.5 percent increase, and the Middle East and North Africa, with a 5.4 percent rise to 58 billion dollars, of which 22.7 billion went to Egypt and 12 billion to Morocco. Moreover, remittances to Europe and Central Asia increased by 3 percent, those to Sub-Saharan Africa by 2.4 percent, and those to East Asia and the Pacific by 1 percent.

[1] Estimate published by the World Bank on December 18, 2024.

Under these conditions, current account balances improved overall in advanced economies, with an average surplus of 0.2 percent of GDP in 2024, following a zero balance a year earlier. This development includes a widening of the US current account deficit to 3.9 percent, and a strengthening of the surplus balance to 4.8 percent in Japan and to 2.8 percent in the euro area. In the main economies of the area, the surplus increased to 5.7 percent in Germany, 3.0 percent in Spain and 1.1 percent in Italy; while France's deficit reversed to a 0.4 percent surplus. For its part, the United Kingdom's current account deficit narrowed slightly to 3.4 percent of GDP.

In emerging and developing countries, the current account surplus grew slightly to 0.9 percent of GDP on average in 2024, up from 0.7 percent in 2023, reflecting in particular a strengthening of China's surplus balance from 1.4 percent to 2.3 percent, and Russia's from 2.4 percent to 2.9 percent. Conversely, the current account deficit widened from 1.3 percent to 2.8 percent in Brazil, and from 0.7 percent to 0.8 percent in India.

In the MENA region, the further decline in global prices for energy products weighed on the current account surplus of the main hydrocarbon-exporting countries in 2024. The current balances of Saudi Arabia and Algeria shifted from a surplus of 3.3 percent and 2.4 percent of GDP in 2023 to a deficit of 0.5 percent and 1.4 percent, respectively. Elsewhere, the current account surplus receded from 10.7 percent to 9.1 percent in the United Arab Emirates and from 31.4 percent to 29.5 percent in Kuwait, while it remained virtually stable at 17.2 percent in Qatar. Concomitantly, after improving in 2023, the current account deficit in oil-importing countries widened overall in 2024, notably in connection with increased imports of non-energy products. In particular, the deficit widened from 3.6 percent to 5.8 percent of GDP in Jordan, and from 1.2 percent to 5.4 percent in Egypt, further affected by the decline in Suez Canal receipts[1]. Conversely, it eased from 2.7 percent to 1.7 percent in Tunisia, owing in particular to significantly higher tourism receipts.

1 According to the press release published by the IMF following the fourth review of the extended fund facility arrangement for Egypt, trade disruptions in the Red Sea since December 2023 reduced foreign exchange inflows from the Suez Canal by 6 billion dollars in 2024.

Table 1.1.4: Current account balance (in percent of GDP)

	2020	2021	2022	2023	2024
Advanced economies	**0.2**	**0.8**	**-0.5**	**0.0**	**0.2**
United States	-2.8	-3.7	-3.9	-3.3	-3.9
Euro Area	1.8	2.7	-0.1	1.7	2.8
Germany	6.3	6.9	3.8	5.6	5.7
France	-2.1	0.3	-1.2	-1.0	0.4
Italy	3.8	2.1	-1.7	0.1	1.1
Spain	0.8	0.8	0.4	2.7	3.0
United Kingdom	-2.9	-0.4	-2.1	-3.5	-3.4
Japan	3.0	3.9	2.1	3.8	4.8
Emerging and developing economies	**0.5**	**1.0**	**1.6**	**0.7**	**0.9**
Emerging and developing countries of Asia	**1.5**	**1.2**	**1.3**	**1.0**	**1.5**
China	1.6	1.9	2.4	1.4	2.3
India	0.9	-1.2	-2.0	-0.7	-0.8
Latin America and the Caribbean	**-0.2**	**-1.8**	**-2.2**	**-1.1**	**-0.9**
Brazil	-1.7	-2.4	-2.2	-1.3	-2.8
Emerging and developing countries of Europe	**0.1**	**1.7**	**2.7**	**-0.3**	**0.0**
Russia	2.4	6.8	10.4	2.4	2.9
Sub-Saharan Africa	**-2.6**	**-0.8**	**-2.1**	**-2.6**	**-1.7**
South-Africa	2.0	3.7	-0.5	-1.6	-0.6
Middle East and North Africa	**-3.9**	**4.2**	**10.1**	**5.1**	**2.8**

Source: IMF, World Economic Outlook, April 2025.

Regarding global FDI flows, they continued to evolve amid a challenging context marked by geoeconomic fragmentation, rising geopolitical and trade strains, and restrictive monetary conditions. Altogether, they posted an 11 percent increase to 1378 billion dollars in 2024; however, when excluding flows through European conduit economies[1], they declined by 8 percent, after 10 percent a year earlier. This fall reflects a 15 percent decrease in net flows to developed economies, which hides a 45 percent drop in flows to Europe[2] and, conversely, a 13 percent rise to 317 billion dollars in flows to North America, primarily due to an increase in mergers and acquisitions operations in the United States.

[1] These often serve as intermediaries before FDIs reach their final destination.
[2] Europe recorded a net inflow of 104 billion dollars in 2024, following an outflow of 1 billion dollars a year earlier.

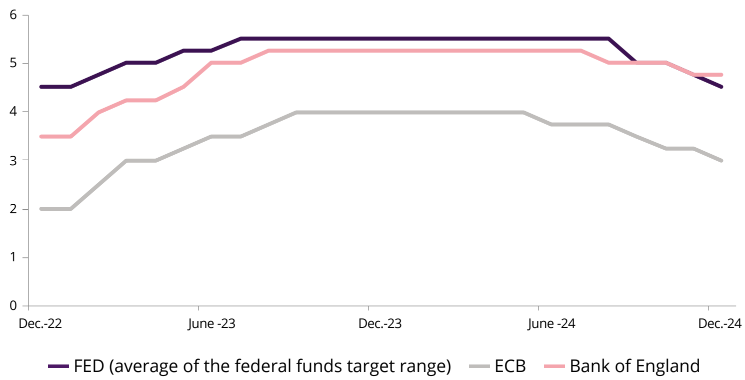
For their part, FDI to developing countries recorded a second consecutive annual decline, falling by 2 percent to 855 billion dollars, with contrasting developments across regions. Indeed, FDI inflows contracted by 7 percent in Asia to 588 billion dollars, and by 9 percent to 173 billion dollars in Latin America and the Caribbean, while FDI inflows to Africa surged by 86 percent to 94 billion dollars, the highest value ever recorded, largely driven by an investment megaproject planned in Egypt[1].

1.1.7 Monetary policies

Aside from the Bank of Japan, which lifted its key rates, central banks in the main advanced economies entered a monetary policy easing cycle in 2024, in a context of significant decrease in inflation, albeit at different paces.

After engaging in a tightening cycle between March 2022 and July 2023, which resulted, in particular, in a cumulative increase of 525 basis points (bp) in the Federal Funds Rate, the Fed started a gradual easing of its monetary policy in September 2024, with an initial 50 bp rate cut. This was followed by two additional successive reductions of 25 bp each in November and December, bringing the total annual decrease to 100 bp, thus lowering the target range to [4.25 percent - 4.50 percent]. Regarding its balance sheet reduction policy, the FED slowed the pace of decline in its treasury securities holdings starting in June 2024, by lowering the monthly redemption cap on these securities from 60 billion to 25 billion dollars. Meanwhile, the cap on mortgage-backed securities was maintained unchanged at 35 billion dollars.

Chart 1.1.17: key rates of the ECB, BoE, and FED (in percent)



Source: Thomson Reuters Eikon.

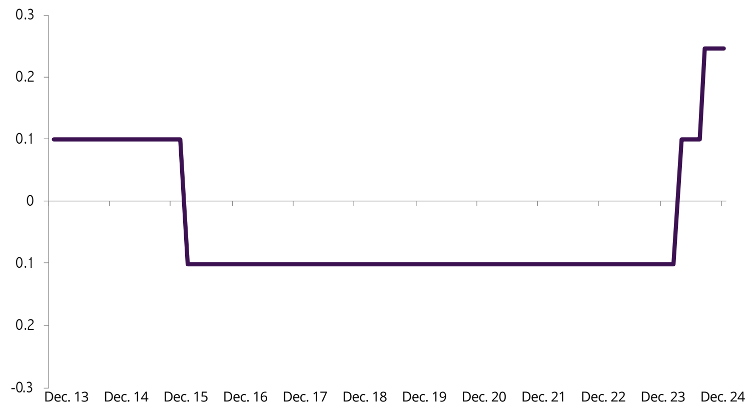
[1] The "Ras El-Hekma" development project, in Egypt, funded by the "Abu Dhabi Developmental Holding Company" sovereign investment fund. Valued at 35 billion dollars, the project aims to transform the peninsula into a tourist destination, a financial center, and a free zone.

Similarly, after a restrictive stance starting in July 2022, with a cumulative increase of 450 bp, the European Central Bank (ECB) initiated an easing cycle in June 2024, cutting its rates by 25 bp. Following a pause in July, the ECB implemented three additional consecutive cuts of 25 bp each, encouraged by the continued disinflationary process and the slowdown in economic activity. The cumulative decrease over 2024 turned out at 100 bp, bringing the deposit facility rate[1] to 3.00 percent, the rate on the main refinancing operations to 3.15 percent and the rate on the marginal lending facility to 3.40 percent. Concomitantly, the ECB continued reducing the size of its balance sheet, lowering reinvestments of maturing securities under the Pandemic emergency purchase program (PEPP) by an average of 7.5 billion euros per month in the second half of the year, before fully discontinuing them at the end of the year. Regarding the Asset Purchase Program (APP) portfolio, the contraction that began in 2023 continued throughout the year.

For its part, the Bank of England (BoE), one of the first central banks among major advanced economies to initiate monetary tightening, started its easing cycle in August 2024 with a 25-basis points cut to its key rate, followed by another decrease of the same magnitude in November, bringing the key rate down to 4.75 percent. Concurrently, it maintained the pace of reduction in its UK government bond holdings at 100 billion pounds over a 12-month period.

Conversely, in response to strong inflationary pressures, the Bank of Japan (BoJ) lifted its short-term interest rate for the first time since 2007, thus marking the end of negative interest rates era that had been in place since 2016. The BoJ initially increased the rate by 20 bp in March, then by an additional 15 bp in July, thus bringing it to 0.25 percent. Moreover, the BoJ announced in July a reduction in its purchases of government bonds by approximately 400 billion yen per quarter until March 2026.

Chart 1.1.18: Key rate of the Bank of Japan (in percent)

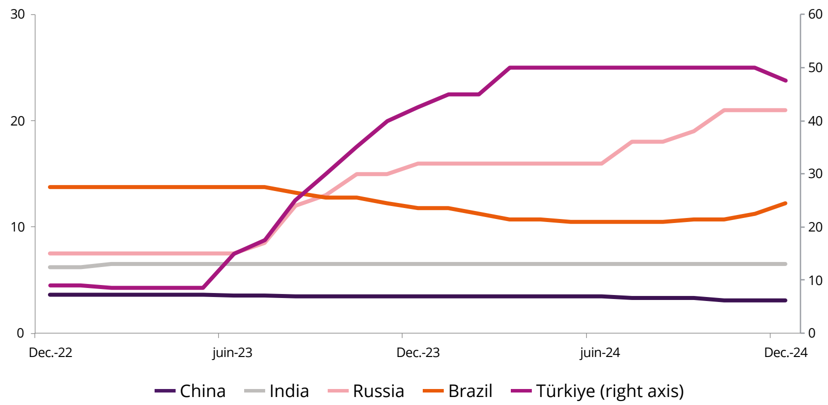


Source: Thompson Reuters Eikon

[1] In September 2024, the ECB changed its operational framework to steer monetary policy through the deposit facility rate.

As for the central banks of main emerging economies, they adopted heterogeneous stances. For instance, in order to support activity and the real-estate sector in particular, the People's Bank of China cut its key rate twice by a total of 35 bp, bringing it down to 3.10 percent. The Reserve Bank of India maintained its key rate unchanged at 6.5 percent, amid inflationary pressures and high volatility in food prices. For its part, faced with the persistence of inflation, the Central Bank of Brazil had to end the easing cycle initiated in August 2023, lifting its key rate three time by a total of 175 bp to 12.25 percent. Similarly, the Central Bank of Türkiye lifted its key rate by 250 bp in January and by 500 bp in March, before cutting it by 250 bp to 47.5 percent in December, following the slowdown in inflation. Meanwhile, the Central Bank of Russia continued its monetary policy tightening, with a cumulative increase of 500 bp in its key interest rate to 21 percent against a backdrop of high inflation and marked depreciation of the Russian ruble.

Chart 1.1.19: Key rates of major emerging countries' central banks (in percent)



Source: Thomson Reuters Eikon.

Box 1.1.2: Monetary policy framework reviews and evolution of inflation targeting regimes

Reviews of monetary policy frameworks are practices aimed at improving their effectiveness as well as strengthening central banks' credibility. They generally address several aspects, including monetary policy objectives, the strategies to achieve them, as well as governance and communication arrangements.

In recent years, in view of the profound changes that have characterized the international environment, and due to the successive shocks of various kinds with long-lasting repercussions on the structures and functioning of economies, such revisions have multiplied, and their scope has broadened to include, in particular, forecasting tools and models. Since 2015, reviews have become more frequent compared to the previous decade, mainly in advanced economies[1]. To avoid the perception of these reviews as reactions to errors or political pressure, some central banks have established a regular schedule (for example, a five-yearly frequency for the Fed and the ECB).

For several central banks in advanced economies, these reviews have also served as a framework for the assessment of a set of unconventional instruments, first adopted in the wake of the 2008 international financial crisis to address the persistence of inflation at near-zero levels. Among these are negative interest rates, long-term refinancing operations, forward guidance, as well as asset purchase programs.

More recently, the major disruptions caused by the COVID-19 pandemic and the conflict in Ukraine led to an exceptional surge in inflationary pressures stemming from supply shocks that central banks' traditional forecasting models were slow to anticipate. Therefore, the latter, built from a demand perspective, were widely brought into question, prompting several central banks to reassess their monetary policy framework as a whole. In particular, the relevance of inflation-targeting frameworks implemented by over 40 central banks since 1990 has been at the heart of the debates.

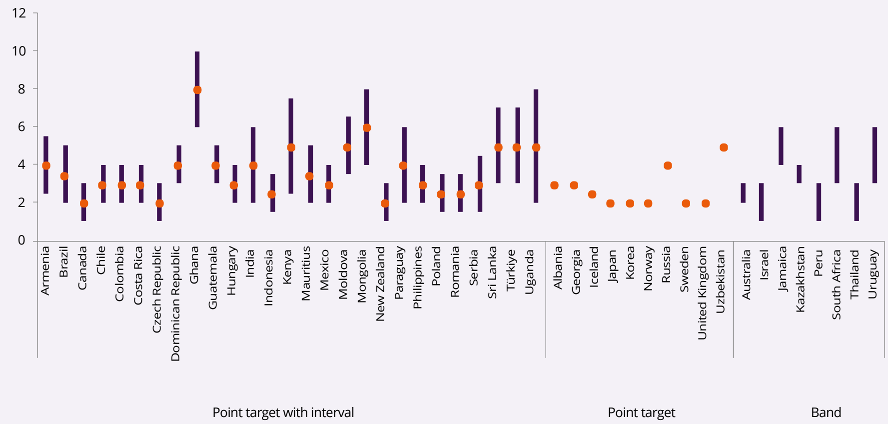
In this respect, a recent study by the BIS[2], covering a sample of 26 central banks in advanced and emerging market economies, points out a dual dynamic in recent years. For more than half of the advanced countries' central banks, there has been a trend towards stricter specification of numerical inflation targets (a shift from ranges to point targets), paired with increased flexibility in implementation methods, particularly regarding the horizon for achieving the objectives.

In contrast, monetary authorities in emerging economies resort more frequently to more flexible numerical targets, in the form of ranges, and are more prone to set shorter horizons. This stance is partly due to higher inflation volatility in emerging economies, which is frequently linked to the high weight of commodities in price indexes, potentially leading to transient but significant deviations from target.

[1] According to the BIS.

[2] "Moving targets? Inflation targeting frameworks, 1990-2025", BIS, March 2025. The sample includes 11 central banks from advanced economies (Australia, Canada, euro area, Iceland, Japan, Norway, New Zealand, Sweden, Switzerland, United Kingdom, and United States) and 15 from emerging economies (South Africa, Brazil, Chile, Colombia, South Korea, Hungary, Indonesia, India, Israel, Mexico, Peru, Romania, Philippines, Czech Republic, and Thailand).

Chart B.1.1.2.1: Levels and types of inflation targets adopted by inflation-targeting central banks, according to the IMF classification



Source: data from the Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER) 2022, IMF (45 Central Banks).

Ultimately, it is apparent from the various reviews and reflections that inflation-targeting frameworks have proven effective, particularly in the face of the exceptional inflationary episode of 2021-2022. Their robustness, the reinforced independence of central banks with clear price stability mandates, and the particular attention devoted to communication have all been instrumental to anchoring inflation expectations, thus lowering the risk of second-round effects.

1.1.8 Financial Markets

Despite persisting geopolitical tensions, as well as the uncertainties surrounding the economic outlook, the major stock markets, notably in the United States, ended 2024 with sharp price rises. This development reflects investors' optimism, fueled by the relative resilience of economic activity in the United States, declining rates, and the euphoria surrounding the growth of technology companies and artificial intelligence.

Chart 1.1.20: stock indexes of the main advanced economies (January 2024=100)

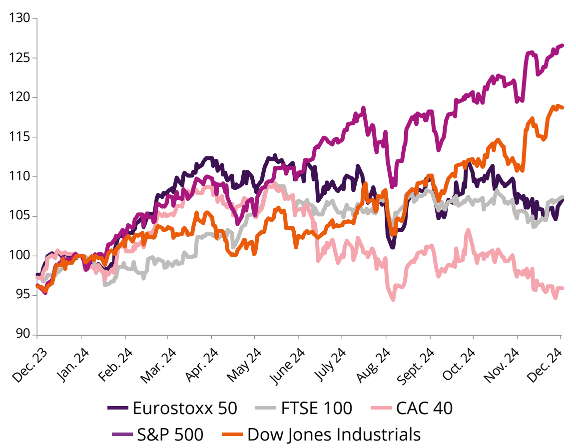
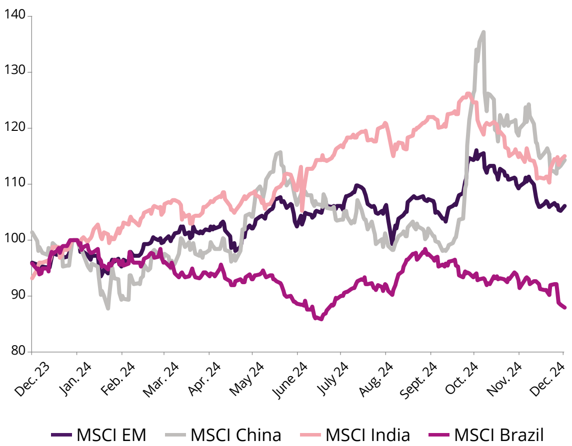


Chart 1.1.21: stock indexes of the main emerging economies (January 2024=100)



Source: Thomson Reuters Eikon.

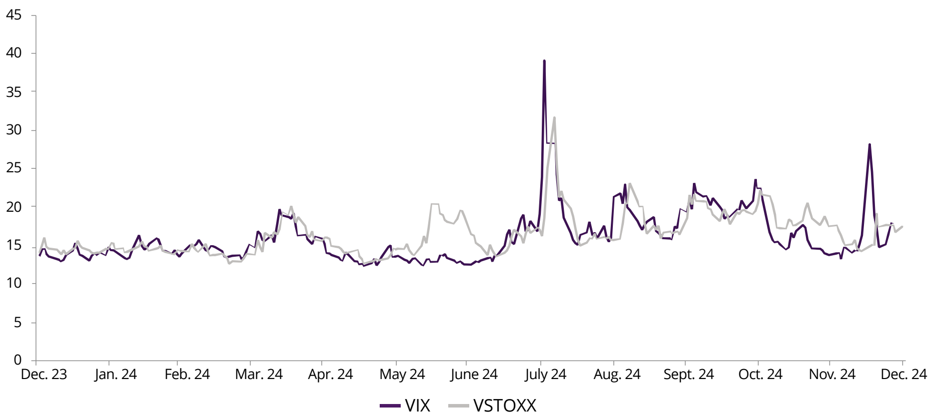
In the United States, the aforementioned factors, along with the expected shift towards lighter market regulation following the arrival of the new U.S. administration, led to a significant upward trend in equity prices, particularly in technology shares. The Dow Jones Industrial grew by 18.1 percent in 2024, after 3.7 percent in 2023, while the Nasdaq Composite recorded a sharp rise of 29.9 percent, after 14.8 percent. These increases resulted in a significant increase in relative valuation levels, as average price-to-earnings ratios rose from 23.4 in 2023 to 37.7 in 2024 for securities listed on the NASDAQ and from 29.9 to 31 for those included in the Dow Jones.

Similar developments were observed in European markets, with the EUROSTOXX 50 rising by 14 percent and the FTSE 100 by 6.1 percent, as well as in Japan, with the Nikkei 225 posting a 25 percent increase, underpinned by the weakening of the yen.

These performances were accompanied by a decrease in volatility, except for a few episodes, such as the one observed in August following the Bank of Japan's rate rise decision, and the release of weaker-than-expected U.S. labor market data. Over the whole year, the VIX index, which measures the volatility of stocks in the U.S. S&P 500, decreased from 16.8 in 2023 to 15.6 in 2024, while the VSTOXX, related to European stocks, declined from 17.7 to 16.

In emerging economies, developments were similar overall, with the MSCI EM index rising by 10.9 percent, albeit with significantly contrasting performances from one country to another. For instance, India's MSCI index was up by 32.4 percent, Brazil's by 5.1 percent, while in China, companies continued to suffer from the economy's structural challenges, with the country's MSCI index posting a second contraction of 5.1 percent, after 7.4 percent a year earlier.

Chart 1.1.22: Volatility indicators of U.S. and European stock markets



Source: Thomson Reuters Eikon.

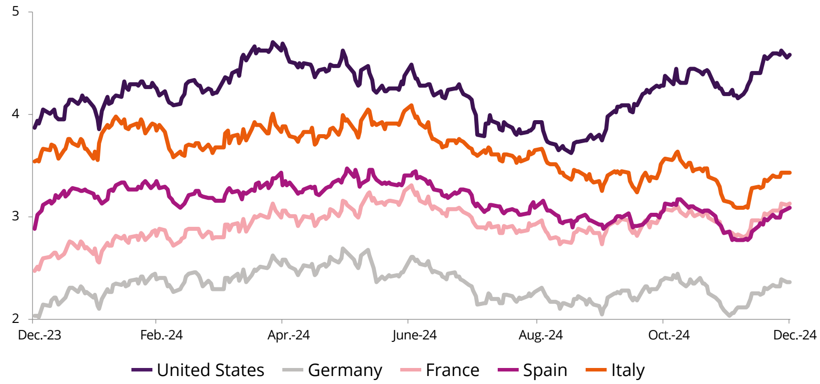
As regards sovereign bond markets, they were marked in 2024 by diverging developments between the United States and the euro area. Indeed, despite the decline in the federal funds rate, the 10-year sovereign yield followed an upward trend, averaging 4.2 percent over the whole year, up by 25 bp year-on-year. This change is notably attributable to (i) the persistence of inflation above the target; (ii) the high fiscal deficit level; and (iii) the increase in the term premium[1], in connection with macroeconomic uncertainties and fiscal risks in the United States.

In the euro area, on the other hand, yields declined, driven by the reduction of the ECB's key rates, and underpinned by the fiscal consolidation efforts in certain Southern countries. The 10-year sovereign yield decreased by 11 bp to 2.3 for Germany, 3 bp to 2.9 percent for France, 51 bp to 3.6 percent for Italy and 33 bp to 3.2 percent for Spain.

Developments were heterogeneous in the main emerging economies, including declines of 55 bp to 2.2 percent for China, 26 bp to 7 percent in India, as well as increases of 8 bp to 12 percent for Brazil, 297 bp to 14.4 percent for Russia and 927 bp to 26.4 percent in Türkiye.

[1] This is the compensation requested by investors for holding long-term bonds rather than more liquid assets. It is measured by the spread between the yield and the expected average short-term rate over the maturity of the security.

Chart 1.1.23: 10-year sovereign yields of the United States and the main countries of the euro area (in percent)



Source: Thomson Reuters Eikon.

Bank lending continued to evolve at a low pace in advanced economies, weighed down by persisting uncertainties surrounding the economic outlook. Its pace declined from 2.1 percent in 2023 to 1.2 percent in 2024 in the euro area and accelerated slightly from 1.4 percent to 2 percent in the United States. In the main emerging economies, it continued to evolve at a weak pace in China, hovering since early 2023 around 1 percent year-on-year, after the sharp slowdown that began in 2017, the year in which it had peaked at over 30 percent.

Chart 1.1.24: Bank lending in the United States and the euro area (change in percent, YoY)

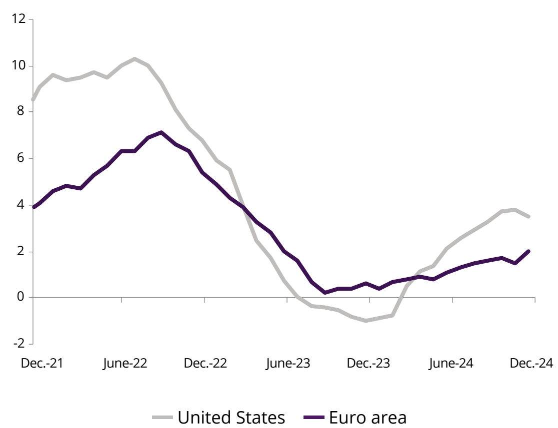
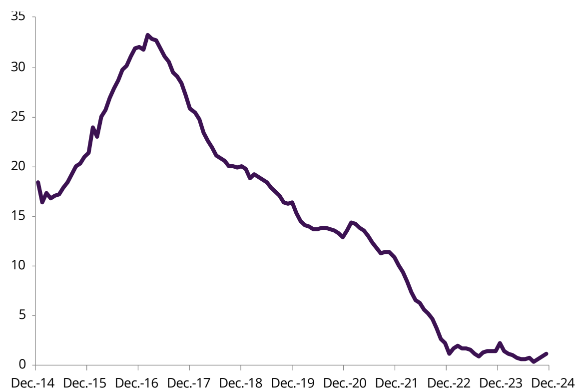


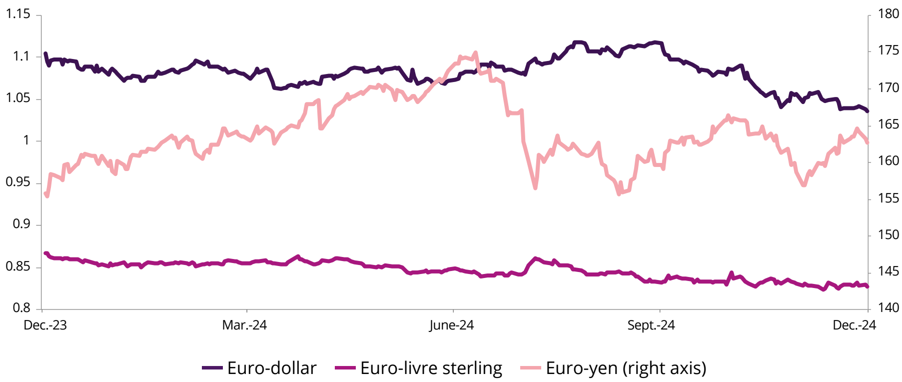
Chart 1.1.25: Bank lending to households in China (change in percent, YoY)



Source: Thomson Reuters Eikon.

In foreign exchange markets, the euro-dollar parity evolved throughout the year, influenced by data relating notably to inflation and the labor market, the main determinant of expectations regarding rate developments. The euro fluctuated within a range spanning from 1.04 dollars to 1.12 dollars, with a clear depreciation trend during the final quarter. Over the whole year, it averaged 1.08 dollars, remaining virtually stable year-on-year. Against the currencies of other major advanced economies, the euro appreciated by 7.8 percent versus the Japanese yen and depreciated by 2.7 percent against the pound sterling.

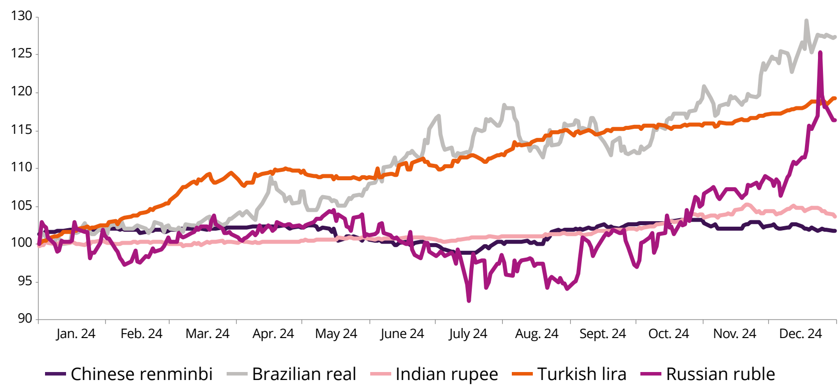
Chart 1.1.26: Euro exchange rate



Source: Thomson Reuters Eikon.

As for the currencies of the main emerging economies, they continued to suffer from uncertainty and from the reinforced status of the US dollar as a safe-haven currency, thus overall continuing to depreciate. The Chinese renminbi declined by an additional 1.6 percent against the dollar, after 5.1 percent in 2023, the Indian rupee by 1.3 percent compared to 4.9 percent in 2023, the Turkish lira by 38 percent after 43.5 percent and the Russian ruble by 5.7 percent versus 27.3 percent.

Chart 1.1.27: Change in the currencies of the main emerging countries against the dollar (31 December 2023=100)



Source: Thomson Reuters Eikon.

Box 1.1.3: Developments in gold prices

Owing to its physical and chemical properties, gold is sought after for various uses, notably in jewelry, the electronics industry, and technologies linked to the ecological transition. However, what chiefly distinguishes it from other metals is that, after having served a medium of trade throughout history, it has played a pivotal role in the international monetary and financial systems.

Between 1879 and 1914, the gold standard ensured monetary stability, as currency issuance was, at the time, backed by gold reserves. Following World War I, this system was gradually abandoned. The Bretton Woods agreement established a fixed exchange rate regime based on the convertibility of the dollar into gold. In 1971, the United States put an end to this convertibility in favor of adopting floating exchange rates, before the "Jamaica Agreements" of 1976 formalized the abandonment of gold as a monetary reference; since then, its price fluctuates in response to supply and demand.

Nowadays, while gold no longer holds an official role in the international monetary system, its intrinsic worth makes it a preferred asset for value preservation, particularly during periods of economic uncertainty and/or geopolitical tensions.

In recent years, gold prices have increased significantly, notably during the 2008 international financial crisis, the 2010-2011 European sovereign debt crisis, as well as the Covid-19 pandemic in 2020. In 2024, amid heightened uncertainty, they peaked at 2387 dollars per ounce, up by 23 percent year-on-year, and by 243 percent since 2007.

Several factors contributed to this development, chief among them remains its safe-haven status, reinforced by economic uncertainty and geopolitical[1] tensions, particularly since 2020. Similarly, for reasons related to diversification away from the dollar and to hedging against potential financial sanctions[2], central banks in emerging economies notably China, Russia and India have recently stepped up their gold purchases, bringing the overall demand from central banks to over 1000 metric tons in 2024 for the third consecutive year, while the yearly average between 2010 and 2021 was 473 tonnes[3].

Furthermore, gold has historically been regarded as a hedge against inflation. A rise in inflation or inflation expectations increases the attractiveness of gold, thus driving its price upward[5]. Lastly, in periods of heightened financial market volatility, gold also serves as an instrument for portfolio diversification. In this regard, according to the World Gold Council, investment in gold Exchange Traded Funds (ETFs)[4] grew by 25 percent in 2024 the strongest growth since 2020 driven by decreasing interest rates[5] and geopolitical uncertainty.

[1] "Gold as International Reserves: A Barbarous Relic No More?" Serkan Arslanalp; Barry J. Eichengreen and Chima Simpson-Bell, working paper No 2023/014, IMF, 2023.

[2 and 5] "What drives gold prices?", Robert B. Barsky, Craig Epstein, Adrian Lafont-Mueller, Younggeun Yoo, FED de New York, November 2021.

[3] "Gold Demand Trends, Q4 and Full Year 2024", World Gold Council, 5 February 2025.

[4] These are exchange-traded funds that replicate the performance of gold prices. It allows investors to expose their portfolio to gold without having to purchase, store or insure the physical metal.

Chart B.1.1.3.1: Gold prices per ounce (annual average in USD)

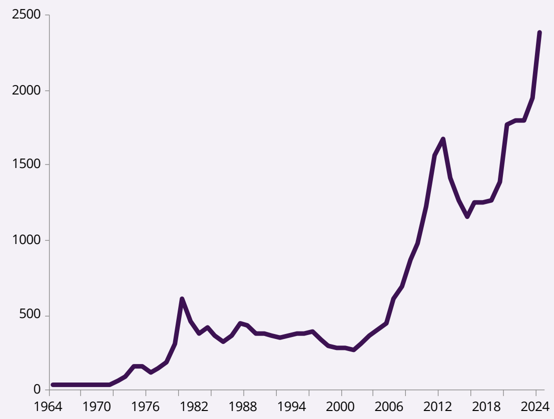
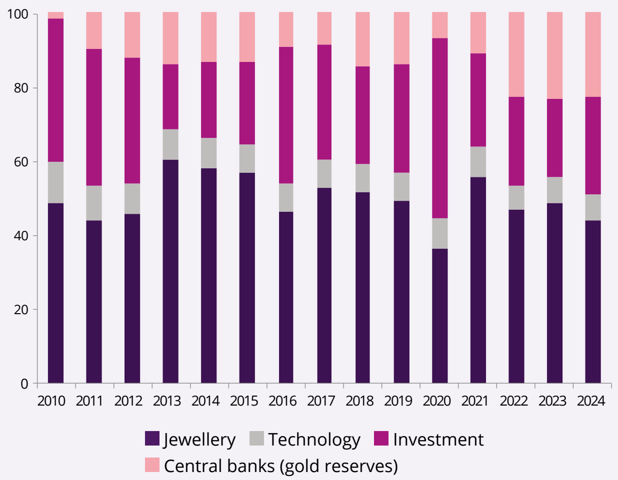


Chart B.1.1.3.2: Structure of global gold demand (in percent of total)



Sources: World Bank and World Gold Council.

1.2 Production and demand

While agriculture continued to suffer from unfavorable climate conditions in 2024, posting a 4.8 percent contraction in its value added, non-agricultural activities, on the other hand, recorded a strong improvement with growth of 4.5 percent. The national economy grew hence by 3.8 percent, compared with 3.7 percent a year earlier.

At the sectoral level, activity accelerated in manufacturing industries and trade, while construction and mining also posted notable improvements. Similarly, the tourism sector continued its strong momentum, with a record number of arrivals at the borders.

In a context of falling inflation and monetary policy easing, growth was driven exclusively by domestic demand, while the contribution of net exports in volume remained negative. Investment expanded by 10.9 percent, reflecting particularly the implementation of various infrastructure projects in preparation of the hosting of major international events and efforts to adapt to climate change. At the same time, household consumption improved by 3.2 percent, benefiting in addition to wage increases, from high level of transfers from Moroccans living abroad, and the introduction of direct social assistance program.

Nominal GDP grew by 7.9 percent to 1,596.8 billion dirhams in 2024. Considering increases of 3.8 percent to 23.7 billion dirhams in property income and of 4.7 percent to 135.9 billion dirhams in current transfers from abroad, gross national disposable income (GNDI) reached 1,709.1 billion dirhams, up by 7.7 percent year-on-year.

Table 1.2.1: Value added at last year's prices (Change, in percent)

	2017	2018	2019	2020	2021	2022*	2023*	2024**
Primary sector	**19.5**	**4.5**	**-3.9**	**-7.1**	**19.0**	**-11.8**	**1.8**	**-4.5**
Agriculture and forestry	21.5	5.6	-5.0	-8.1	19.5	-11.3	1.5	-4.8
Fisheries and aquaculture	-9.3	-12.5	13.8	12.2	9.9	-20.8	6.9	2.6
Secondary sector	**3.4**	**3.1**	**4.1**	**-5.2**	**7.8**	**-1.6**	**0.8**	**4.2**
Extraction industry	11.0	-0.8	2.3	2.6	7.3	-23.0	-4.2	13.0
Manufacturing Industries	3.4	3.2	3.4	-7.4	9.0	2.5	3.1	3.3
Electricity and gas supply - Water supply, sewage system, waste treatment	2.9	8.8	14.7	-1.3	7.5	-4.2	-10.6	2.6
Construction	1.3	1.3	0.5	-4.1	4.7	-3.7	0.3	5.0
Tertiary sector	**3.3**	**2.9**	**3.9**	**-7.9**	**5.7**	**6.8**	**5.0**	**4.6**
Wholesale and retail trade, repair of motor vehicles and motocycles	4.6	-0.2	2.1	-6.6	8.2	-0.6	3.0	4.1
Transport and storage	1.3	-0.5	5.5	-28.5	10.5	3.9	6.8	7.4
Accommodation and catering	10.4	6.2	3.6	-54.6	15.4	68.0	23.5	9.6
Information and communication	-2.0	3.5	2.5	5.1	-1.5	3.8	5.2	3.0
Financial activities and insurance	3.8	1.9	5.3	0.6	3.6	10.0	5.2	7.3
Real estate activities	1.5	3.2	1.8	-0.8	2.9	0.0	1.9	-1.6
Research and development and services to businesses	4.7	6.1	8.3	-13.4	9.6	10.8	6.8	4.2
General government, compulsory social security	3.9	3.9	6.6	5.3	5.1	5.0	2.1	4.1
Education, health and social work	1.1	4.1	2.0	0.8	3.6	6.5	4.6	6.6
Other services	1.9	1.5	0.2	-23.2	5.0	6.4	2.0	5.4
Non-agricultural value added	**3.2**	**2.8**	**4.0**	**-6.9**	**6.4**	**3.8**	**3.7**	**4.5**
Total value added	**5.2**	**3.1**	**3.0**	**-7.0**	**7.9**	**1.9**	**3.4**	**3.4**
Taxes on products net of subsidies	**4.0**	**2.4**	**2.3**	**-8.3**	**10.3**	**1.2**	**5.6**	**7.5**
GDP	**5.1**	**3.1**	**2.9**	**-7.2**	**8.2**	**1.8**	**3.7**	**3.8**

*Revised figures.
**Provisional figures.
Source: HCP.

1.2.1 Production

Agriculture significantly declined in recent years due to successive years of drought and increasing water stress which affected both crop and livestock production.

In 2024, value added in the sector contracted by 4.8 percent, compared with a slight increase of 1.5 percent in 2023. Considering a 2.6 percent growth in fishing activity, value added in the primary sector fell by 4.5 percent after growing by 1.8 percent a year earlier.

The 2023-2024 agricultural season was particularly difficult. The start of the season was characterized by late rainfall and significant temperature fluctuations, disrupting crop establishment.

Under these conditions, the area sown to the three main cereals[1] fell to an exceptionally low level of 2.5 million hectares, with yields averaging 12.6 quintals per hectare. As a result, the harvest was limited to 31 million quintals (MQx), down from 55 MQx in the previous season.

For other crops, production trends varied. In particular, production declined by 20.5 percent for sugar crops and by 19.6 percent for fodder crops, while it increased by 8.4 percent for vegetables, 3.8 percent for olives and 1.8 percent for citrus fruits.

Chart 1.2.1: Production of the three main cereals (in MQx)

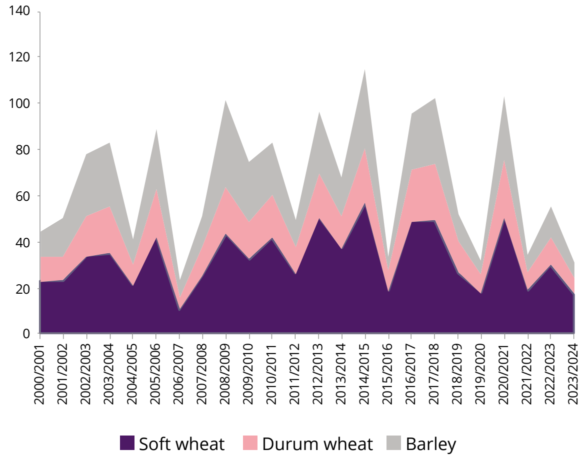
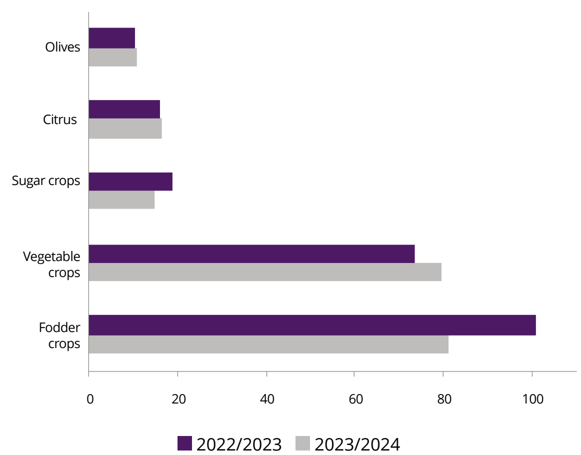


Chart 1.2.2: Production of the main crops excluding cereals (in MQx)



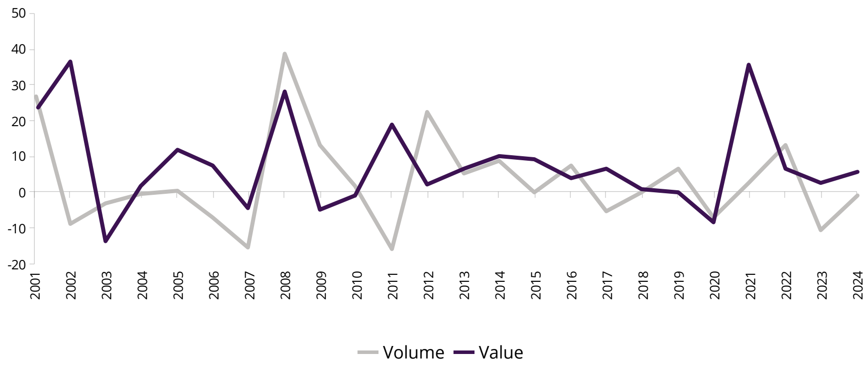
Source: Ministry of Agriculture, Maritime Fisheries, Rural Development, Waters and Forests.

[1] It refers to soft and durum wheat, as well as barley.

In the livestock sector, the decapitalization of livestock continued, with additional decreases of 9.3 percent year-on-year for sheep, 16.6 percent for cattle and 19 percent for goats. As a result, red meat production fell by 9.6 percent, leading to strong pressure on prices, increased recourse to imports of animals for slaughter and opening of the national market to imports of fresh meat.

Regarding fishing sector, available data for its coastal and artisanal components indicate a 1 percent fall in marketed volume, to 1.3 million tonnes in 2024. By species, production fell by 0.4 percent for pelagic fish, which make up 83.5 percent of the total, and rose by 6.7 percent for white fish and 10.1 percent for cephalopods. In value terms, production rose by 5.7 percent to 10.5 billion dirhams.

Chart 1.2.3: Marketed production of coastal and artisanal fisheries (Change, in percent)



Source: National Fisheries Office.

In the secondary sector, the pace of activity accelerated sharply, rising from 0.8 percent in 2023 to 4.2 percent in 2024, while its contribution to overall growth increased to 1.1 percentage points from 0.2 percentage points the previous year.

By branch, manufacturing industries sustained their post-pandemic recovery, with value added increasing by 3.3 percent, up from 3.1 percent in 2023. This growth was notably driven by a significant increase of 11.1 percent, instead of 1.6 percent, for the chemical industry largely due to improved production of phosphate derivatives, as well as a 5.2 percent increase, after a contraction of 2.4 percent, in "the manufacture of textiles, clothing, leather, and leather products".

In the 'Transport equipment manufacturing' industries, car production[1] slowed considerably, growing by 4.4 percent to almost 560,000 units, compared to 15.3 percent a year earlier, with value added declining from 15.3 percent to 3.5 percent. The 'Manufacture of food products and beverages' sector experienced a slight decrease of 0.1 percent, following an increase of 2.2 percent.

Chart 1.2.4: Contribution to the change in the value added of manufacturing industries (in percentage points)

Sources: HCP data and Bank Al-Maghrib's calculations.

Value added of extractive industries recorded a sharp increase of 13 percent, following a 4.2 percent decline in 2023. This development reflects a 23.1 percent rebound in market production of raw phosphate in a context characterized by an upturn in global demand.

Chart 1.2.5: Value added of extractive industries and market production of raw phosphate by volume (Change, in percent)

Sources: HCP and OCP.

[1] According to the International Organization of Motor Vehicle Manufacturers.

In the construction and public works sector, after several years of slowdown, activity is set to rebound in 2024, with value added growing by 5 percent compared to 0.3 percent in 2023, and an average annual growth of 1.5 percent between 2009 and 2022. This performance is supported by numerous infrastructure projects underway in preparation for major international events and efforts to address climate change, as well as the reconstruction and rehabilitation program for the disaster-stricken areas of Al Haouz. Additionally, it will also have been favored by the operationalization of the program, launched in January 2024 under Royal Instructions, is expected to further boost growth.

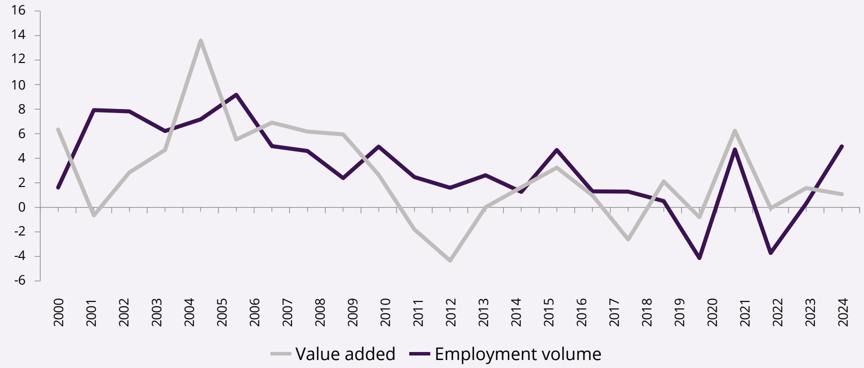
Chart 1.2.6: Value added of construction and cement sales (Change, in percent)

Sources: HCP and Ministry of National Territory upgrading, Urbanization, Housing and Policy of the City.

Box 1.2.1: Dynamics of the construction sector over the period 2000[1]- 2024

The construction sector plays a vital role through its direct contribution to investment and the creation of value added, as well as its ripple effects on other sectors. For many years, it has been a major source of employment, particularly for young people with low skills. Since the turn of the millennium, its growth has been driven by public policies aimed at upgrading infrastructure and improving access to housing. However, its development has been uneven, characterized by pronounced cyclical fluctuations that can be categorized into four distinct periods.

Chart B.1.2.1.1: Value added and employment in construction (Change, in percent)



Source: HCP.

[1] Year from which data on job creation in the construction sector is available.

During the period from 2000 to 2007, the sector expanded rapidly, with average annual growth of 7 percent in value added and the creation of 35,000 jobs. These developments are driven by the launch of major infrastructure projects and the dynamism infused into the building segment through numerous measures aimed at facilitating household access to housing. These particularly included the first social housing scheme introduced by the 1999/2000 Finance Act and subsequently amended several times, as well as "Cities without slums" and "New towns" programs, etc.

Between 2008 and 2019, the sector lost momentum, with growth slowing to an annual average of 2.7 percent and job creation dropping by more than half to 17,000 annually. These slowdowns are largely attributable to sluggish activity, particularly in the residential construction sector.

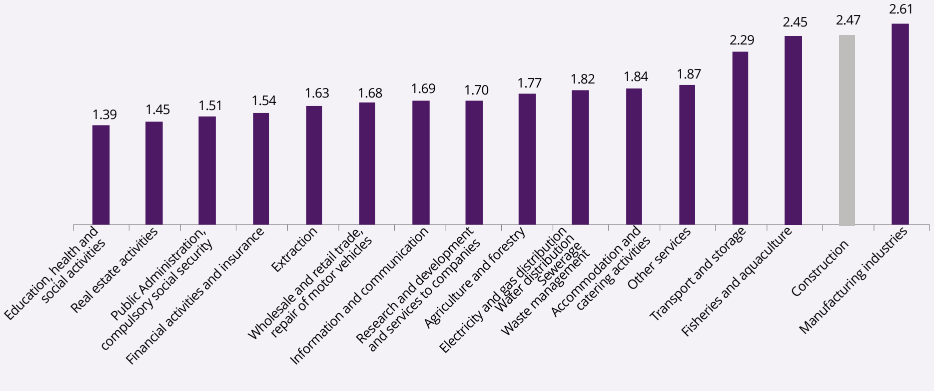
From 2020 to 2023, the construction sector was severely impacted by a series of crises. In 2020, coinciding with the Covid-19 pandemic, value added fell by 4.1 percent, and with the outbreak of war in Ukraine, the price of building materials, indexed to energy prices, sector sharply, impacting the pace of activity. As result, value added contracted by a further 3.7 percent in 2022, followed by a limited increase of 0.3 percent in 2023. Regarding employment, 20,000 jobs were generated annually, with high volatility from one year to the next.

In 2024, the sector posted a significant rebound, the early signs of which were already noticeable at the end of the previous year. Value added grew by 5 percent, with a gradual acceleration throughout the year, from 2.5 percent in the first quarter to 7 percent in the final quarter. This performance was underpinned by the implementation of numerous infrastructure projects in preparation for major international events, efforts to adapt to climate change, and the reconstruction and rehabilitation program for the disaster-stricken areas of Al Haouz. It was also supported by the operationalization, on Royal Instructions, of the direct housing assistance program from January 2024. Despite this improvement, job creation remained limited to 13,000 for the year as a whole, with a clear upturn in the second half of the year.

Overall, from 2000 to 2024, the construction and public works sector recorded average annual growth of 3.4 percent and generated 23,000 jobs annually. Its share of GDP rose from 4.3 percent to 5.6 percent, and its share of employment increased from 7.4 percent to 11.6 percent.

In terms of outlook, the observed momentum is expected to continue, supported by various large-scale projects launched or scheduled through 2030, which should help accelerate growth of the national economy. Estimates based on the 2024 national accounts resource-employment table show that construction and public works remain among the sectors with the greatest multiplier effects, with each dirham of demand generating an increase in total production of 2.47 dirhams, compared with 1.77 dirhams for "agriculture and forestry" and 1.68 dirhams for "wholesale and retail trade, motor vehicle and motorcycle repair".

Chart B.1.2.1.2: Production Multiplier



Sources: HCP data and Bank Al-Marghib calculations.

In the "Electricity, gas, water, sewerage and waste" sector, the pace of activity was reversed, with value added increasing by 2.6 percent instead of decreasing by 10.6 percent a year earlier. Despite a 3.1 percent fall in the thermal component, which accounts for over 73 percent of electricity generated, electricity production rose by 3 percent, driven by a 26.7 percent expansion in electricity from renewable sources, thanks in part to the increase in production governed by law no. 13-09[1]. This included expansions of 42.8 percent for wind power[2] and 33 percent for hydroelectric power, and a contraction of 23.4 percent for solar power[3].

At the same time, consumption, as measured by deliveries from the electricity transmission network, rose by 1.9 percent instead of 3 percent. Under these conditions, exports fell by 22.9 percent and imports rose by 25.3 percent, resulting in a foreign electricity trade deficit of 2,539 GWh and a value of 1.5 billion dirhams.

[1] This law establishes a legal framework for the production of electrical energy from renewable sources, by natural or legal persons, public or private. It specifies the general principles to be followed and the legal regime applicable to marketing and export.
[2] In particular, with the commissioning of the 270 MW Jbel Lahdid wind farm and the extension of the Koudia Al Baida wind farm from 50 MW to 100 MW.
[3] Following the temporary shutdown of the Noor Ouarzazate III power plant, from March 2024 to April 2025, following a technical problem with the molten salt reservoir.

Chart 1.2.7: Electricity production by source (in thousands de GWh)

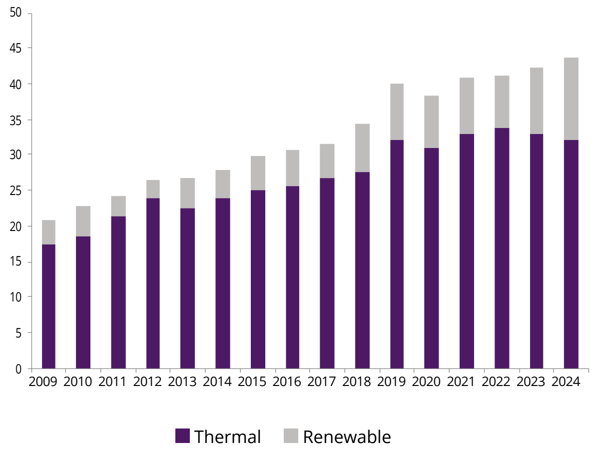
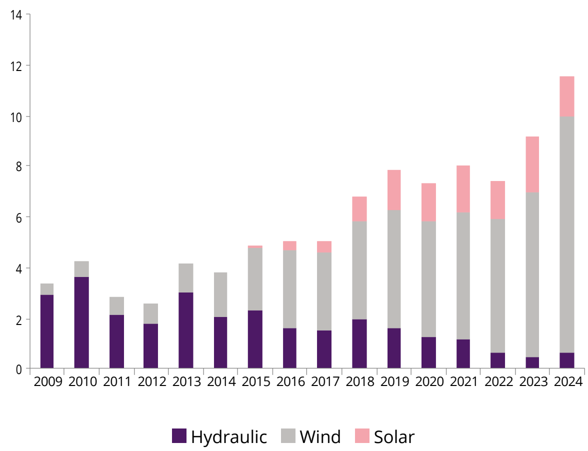


Chart 1.2.8: Renewable electricity generation (in thousands de GWh)



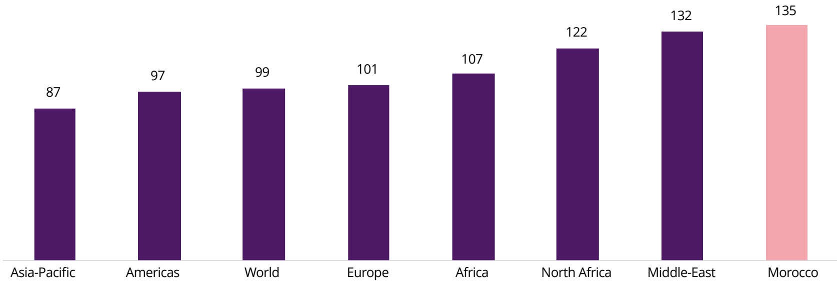
Source: National Electricity and Drinking Water Office.

For the tertiary sector, the pace of activity has returned to 4.6 percent in 2024, after 5 percent a year earlier, and its contribution to growth came out at 2.5 percentage points instead of 2.7 points.

The dynamism of tourism activity continued, with a further increase in value added in the “Accommodation and catering” branch of 9.6 percent, after 23.5 percent in 2023. Arrivals at border crossings rose by 20 percent year-on-year, and by 34.6 percent compared with 2019, reaching 17.4 million tourists, virtually the target set for 2026 (17.5 million) in the sector’s[1] roadmap (2023-2026). The number of Moroccan Living Abroad (MLA) rose by 16.8 percent, instead of 27.1 percent in 2023, to 8.6 million, and that of international tourists by 23 percent, after 41.2 percent, to 8.8 million.

[1] Roadmap adopted in March 2023.

Chart 1.2.9: Arrivals at border crossings by region in 2024 (in percent of the registered number in 2019)



Sources: World Tourism Organization (WTO) and Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

By nationality, the number of arrivals rose by 21.1 percent for French nationals, 14.9 percent for Spaniards, 47 percent for English and 34.8 percent for Italians. Tourists from China and Germany also saw increases of 78.3 percent and 28.6 percent respectively, though still below their pre-crisis levels.

Table 1.2.2: Arrivals at border crossings

		In thousands				Change (in percent)	
		2019	2022	2023	2024	2024/2023	2024/2019
Foreign tourists		**7,043**	**5,065**	**7,150**	**8,798**	**23.0**	**24.9**
Europe	France	1,991	1,505	1,999	2,422	21.1	21.6
	Spain	881	902	1,304	1,498	14.9	70.1
	Italy	352	240	335	452	34.8	28.3
	Germany	413	171	281	361	28.6	-12.6
	UK	551	482	679	999	47.0	81.1
	Ireland	26	30	43	56	30.2	117.2
	Russia	40	18	33	53	60.8	33.6
North America	United States	347	231	332	351	5.8	1.2
	Canada	131	72	108	126	16.8	-4.3
Africa	Tunisia	58	36	48	56	18.1	-3.0
	Algeria	117	35	47	51	7.1	-56.7
	Mauritania	49	44	61	74	22.6	52.8
	Senegal	58	57	69	86	25.3	49.8
Asia	China	141	28	60	106	78.3	-24.5
	India	17	13	29	41	42.7	147.8
MLA		**5,889**	**5,804**	**7,375**	**8,614**	**16.8**	**46.3**
Total		**12,932**	**10,869**	**14,525**	**17,412**	**19.9**	**34.6**

Source: Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

The improvement in arrivals was reflected in the trend in overnight stays in classified tourist accommodation establishments, which rose by 11.9 percent to 28.7 million, with an 18.1 percent increase for non-residents to 20.1 million and a virtual stagnation for nationals to 8.5 million. By main destination, overnight stays increased by 18 percent in Al Haouz, 17.8 percent in Agadir, 12.7 percent in Marrakech and Casablanca, 8.6 percent in Tangier, 6.1 percent in Rabat and 2 percent in Fez. Marrakech and Agadir continue to dominate, accounting for more than half of all overnight stays in 2024.

Table 1.2.3: Overnight stays in classified tourist accommodation establishments

		In thousands				Change (in percent)	
		2019	2022	2023	2024	2024/2023	2024/2019
Foreign tourists		**17,406**	**11,071**	**17,053**	**20,146**	**18.1**	**15.7**
Europe	France	4,853	3,412	5,060	5,563	9.9	14.6
	Spain	877	530	987	1,061	7.5	21.0
	Germany	1,746	429	864	1,103	27.7	-36.8
	UK	2,224	1,690	2,720	3,886	42.9	74.8
	Italy	419	261	462	583	26.1	39.1
	The Netherlands	436	244	410	523	27.5	19.9
	Russia	110	41	70	105	48.8	-4.2
North America	United states	672	551	785	772	-1.7	14.8
	Canada	177	128	205	231	12.8	30.4
Arab countries	Saudi Arabia	299	191	193	229	19.0	-23.5
	Egypt	55	34	53	65	21.8	17.3
	Tunisia	93	62	73	81	10.3	-13.6
National tourists		**7,838**	**7,939**	**8,587**	**8,539**	**-0.6**	**8.9**
Total		**25,244**	**19,010**	**25,641**	**28,685**	**11.9**	**13.6**

Source: Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

Taking into account changes in bedding capacity, the occupancy rate rose from 48 percent to 51 percent year-on-year. In particular, it reached 74 percent in Al Haouz, 72 percent in Marrakech and 69 percent in Agadir.

Table 1.2.4: Occupancy Rate by Main Destination

	In percent			change (in pp)	
	2022	2023	2024	2023/2022	2024/2023
Marrakech	65	67	72	11	5
Al Haouz	59	66	74	7	8
Agadir	52	61	69	9	8
Casablanca	37	43	47	6	4
Tangier	44	52	52	8	0
Rabat	45	52	52	7	0
Sale	42	27	42	-15	15
Fez	42	43	43	1	0
Essaouira	37	45	47	9	2
Tetouan	34	44	44	10	0
Ouarzazate	19	32	26	13	-6
Meknes	22	24	24	1	0
Al Hoceima	21	24	24	3	0
Assilah	16	21	19	5	-2
Total	**41**	**48**	**51**	**7**	**3**

Source: Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

The value-added of "transport and storage services" rose by 7.4 percent, reflecting a significant increase in both passenger traffic, particularly driven by the expansion of the tourism activity, and freight traffic. In the latter segment, growth was 15.2 percent for sea freight, 23.1 percent for rail freight and 22.2 percent for air freight. For passenger transport, the expansions were 11.6 percent, 4.4 percent and 20.5 percent respectively for the three modes.

Concerning the "Information and communication" branch, value-added growth slowed from 5.2 percent to 3 percent year-on-year. Data on the subscriber base show increases of 4.3 percent to over 58 million for the mobile segment, 5 percent to 40.2 million for Internet and 5.9 percent to 3 million for fixed line telephony. In terms of usage, the average outgoing usage[1] fell by 11.5 percent for mobile and stabilized for fixed-line. Average revenue per call (ARPM)[2] stagnated for mobile and fell by 22 percent for fixed line.

[1] Defined by the ratio of outgoing traffic (in minutes) to the average subscriber base per month.
[2] The average revenue per minute of communication (ARPM) is obtained by dividing the turnover free of Tax of the outgoing voice communications by the outgoing traffic in minutes.

Chart 1.2.10: Average outgoing usage (in minutes/months)

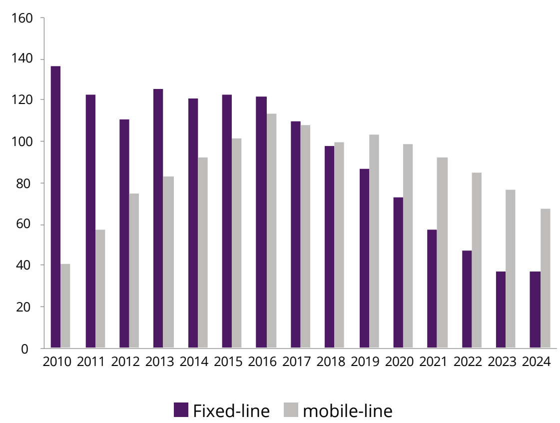
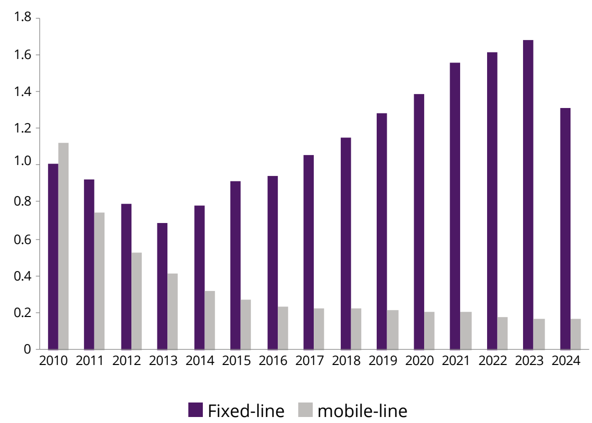


Chart 1.2.11: Average revenue per minute (ARPM) (in dirhams/minute)

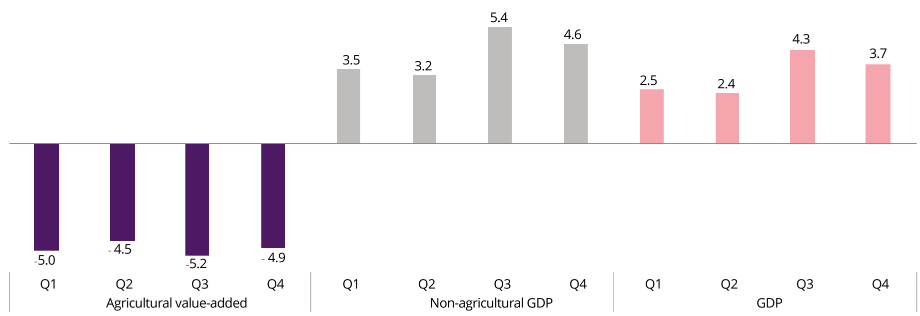


Source: The National Telecommunications Regulatory Agency.

Infra-annual trends in economic activity[1]

A sub-annual analysis of economic activity shows that, growth moderately increased by 2.4 percent on average in the first half of the year before accelerating to 4 percent in the second half. This noticeable improvement was mainly driven by “Accommodation and catering activities” (from 5.6 percent to 12 percent), “Electricity, gas, water, sewerage and waste” (from -1.7 percent to 4.6 percent), construction (from 3.1 percent to 6.9 percent) and manufacturing industries (from 2.5 percent to 5.6 percent).

Chart 1.2.12: Quarterly GDP profile by Components in 2024 (Change, in percent)



Source: HCP.

[1] The analyses in this section are based on the quarterly national accounts data published by the HCP on March 31, 2025.

1.2.2 Demand

The 3.8 percent growth of the national economy in 2024 was driven exclusively by domestic demand, which contributed 6.3 percentage points, compared to 5.4 points in 2023. By contrast, the contribution of net exports in volume terms remained negative, at 2.5 points instead of 1.8 points.

Table 1.2.5: Components of demand at previous year's prices (percentage change, unless otherwise indicated)

	2017	2018	2019	2020	2021	2022	2023	2024
Domestic Demand (contribution in pp)	**3.6**	**3.8**	**2.1**	**-7.0**	**9.7**	**-1.3**	**5.4**	**6.3**
Household final consumption	3.7	2.4	2.2	-5.6	6.8	0.1	4.7	3.2
General government final consumption	2.4	3.7	4.8	-0.6	7.2	2.6	6.1	5.6
Investment	3.0	5.3	-0.2	-11.9	14.5	-6.2	4.3	10.9
Net Exports (contribution in pp)	**1.5**	**-0.8**	**0.8**	**-0.1**	**-1.5**	**3.1**	**-1.8**	**-2.5**
Exports of goods and services	10.8	3.8	5.1	-15.0	7.9	20.7	7.9	8.0
Imports of goods and services	4.6	4.8	2.1	-11.9	10.4	8.8	9.5	11.6

Sources: HCP data and Bank Al-Maghrib's calculations.

Against a backdrop of a significant decrease of inflation, household consumption grew by 3.2 percent in 2024, after 4.7 percent in 2023, thanks particularly to salary increases, the launch of the direct social assistance program and a sustained level of transfers from Moroccans living abroad. Its contribution to growth was thus positive at 1.9 percentage points, compared to 2.8 points a year earlier. General government consumption decelerated from 6.1 percent to 5.6 percent, and its contribution to growth decreased from 1.2 to 1 percentage point.

Driven by strong public-sector participation, investment jumped by 10.9 percent, following a 4.3 percent increase a year earlier, and its contribution to growth rose from 1.3 percentage points to 3.2. By component, "gross fixed capital formation" rose by 12.8 percent, "change in inventories" contracted by 1.4 percent and "net acquisitions of valuables" stabilized.

Finally, the negative contribution of external demand to growth reflects an acceleration from 9.5 percent to 11.6 percent in the pace of imports of goods and services in volume terms, and a slight slowdown from 7.9 percent to 8.0 percent in that of exports.

Chart 1.2.13: Contribution of Demand Components to Growth (in percentage points) and GDP (in percent)

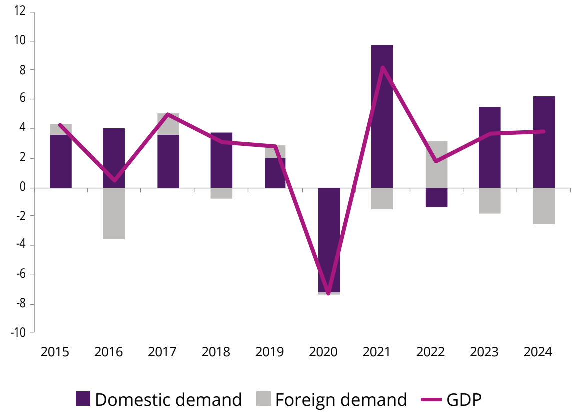
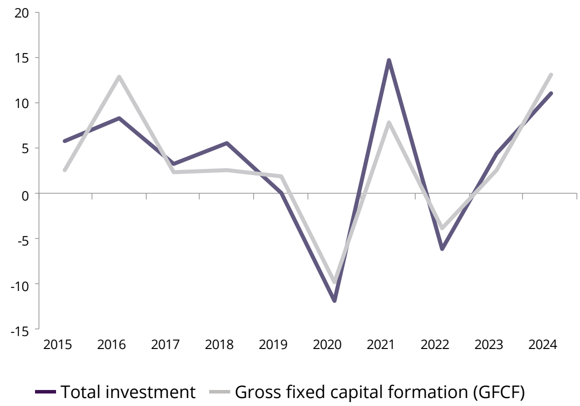


Chart 1.2.14: Investment (percentage change)



Source: HCP.

Box 1.2.2: Recent trends in purchasing power and household consumption

Household consumption is the economy main driver of growth and, as an aggregate, one of the most widely used measures of the population's standard of living. In recent years, its evolution has been largely affected by the pandemic crisis of 2020 and inflationary episode of 2022-2023, which eroded purchasing power and impacted household morale[1]. However, the fiscal and monetary support measures implemented by the authorities and subsequent inflation deceleration have mitigated the impact of these shocks.

Purchasing power, as measured by real income per capita, can be broken down into three main determinants[2]. These are (i) apparent labor productivity; (ii) the employment rate; and (iii) the distribution of income between households and other economic agents. The latter can in turn be disaggregated into three sub-factors. The first, measured by the share of households in GNDI[3], provides information on the internal distribution effect; the second reflects the external distribution effect or income transfers between the national economy and the rest of the world; while the third corresponds to the relative price effect.

Overall, the decomposition is as follows:

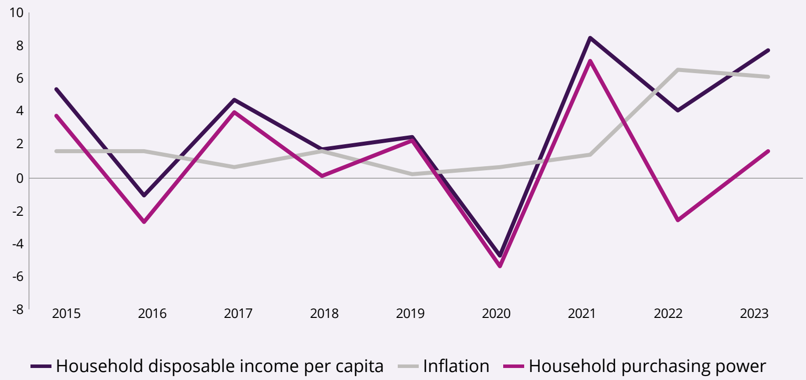
$$\frac{\text{Household Disposable Income per capita}}{\text{CPI}} = \underbrace{\frac{\text{Real GDP}}{\text{Employment Volume}}}_{\text{Apparent Labor Productivity}} \times \underbrace{\frac{\text{Employment Volume}}{\text{Total Population}}}_{\text{Employment Rate}} \times \underbrace{\frac{\text{Household disposable income/CPI}}{\text{Real GDP}}}_{\text{Distribution Effect}}$$

With

$$\underbrace{\frac{\text{Household disposable income/CPI}}{\text{Real GDP}}}_{\text{Distribution effect}} = \underbrace{\frac{\text{Household disposable income}}{\text{GNDI}}}_{\text{Internal distribution}} \times \underbrace{\frac{\text{GNDI}}{\text{Nominal GDP}}}_{\text{External distribution}} \times \underbrace{\frac{\text{GDP Deflator}}{\text{CPI}}}_{\text{Relative Prices}}$$

[1] see HCP's household business surveys.
[2] see box 1.2.2: Evolution of Purchasing Power in Morocco in Bank Al-Maghrib Annual Report, 2022.
[3] Gross National Disposable Income (GNDI) equals GDP plus net property income and net current transfers received from abroad.

Chart B.1.2.2.1: Household purchasing power and its components (in percent)



Sources: HCP data and Bank Al-Maghrib's calculations.

Over the 2015-2023 period[4], purchasing power recorded an average annual improvement of 0.9 percent. After falling by 5.4 percent in 2020, it recovered sharply, supported by an increase in apparent productivity, which partly reflects a slower recovery in employment than in growth. Lastly, despite the dynamism of transfers from Moroccans living abroad, the distribution effect remained negative overall, due to declines in the domestic component (share of household income in GNI) and relative prices (ratio of GDP deflator to CPI).

Table B.1.2.2.1: Decomposition of the evolution of purchasing power (Change, in percent)

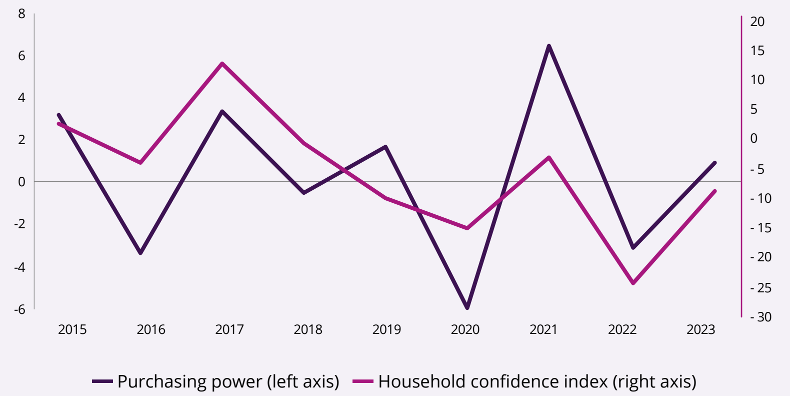
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average		
										2015-2019	2020-2023	2015-2023
Purchasing power	**3.8**	**-2.7**	**4.0**	**0.1**	**2.3**	**-5.4**	**7.1**	**-2.5**	**1.6**	**1.5**	**2.0**	**0.9**
Effect of productivity per capita	4.0	0.9	4.2	2.0	1.3	-3.4	5.8	2.0	5.2	2.5	4.4	2.5
Employment Effect	0.7	-1.4	-0.2	0.0	0.5	-4.9	1.2	-1.2	-2.4	-0.1	-0.8	-0.9
Effect of distribution, including :	-1.0	-2.1	0.0	-1.8	0.5	3.0	-0.1	-3.2	-1.2	-0.9	-1.5	-0.6
Internal distribution effect	-1.8	-2.0	0.9	-0.2	0.2	2.0	-1.8	-0.4	-1.4	-0.6	-1.2	-0.5
External distribution effect	-0.7	0.5	-0.1	-1.0	-0.3	1.6	0.8	1.0	-0.6	-0.3	0.4	0.1
Effect of relative prices	1.5	-0.6	-0.8	-0.7	0.6	-0.5	1.0	-3.8	0.9	0.0	-0.6	-0.3

Sources: HCP data and Bank Al-Maghrib's calculations.

These developments had an impact on household morale, with the confidence index published by the HCP showing its biggest drop in 2022 since it was introduced in 2008, a trend which continued in 2023.

[4] The 2014 base data of the integrated economic accounts table (TCEI) are available from 2014 to 2023.

Chart E.1.2.2.2: Purchasing power and household confidence index (Change, in percent)



Sources: HCP data and Bank Al-Maghrib's calculations.

After contracting by 5.6 percent in 2020, household consumption rebounded mechanically by 6.8 percent in 2021, with average annual growth of 2.4 percent in 2022 and 2023, a pace insufficient to reach the level that would have been observed had the pre-crisis trend (2015-2019) continued (see Charts below). This was particularly the case for consumption of services, which fell by 20.8 percent in 2020, followed by a gradual recovery between 2021 and 2023, with average annual growth of 9.4 percent. The consumption of goods, characterized by a certain incompressibility, has for its part shown a complete recovery.

Chart B.1.2.2.3: Consumption of goods in value and volume (base 100 = 2019)

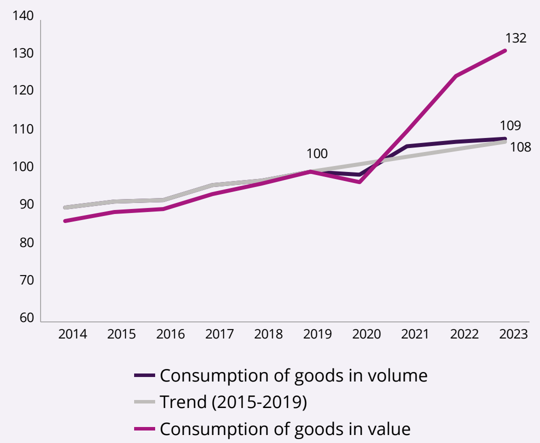
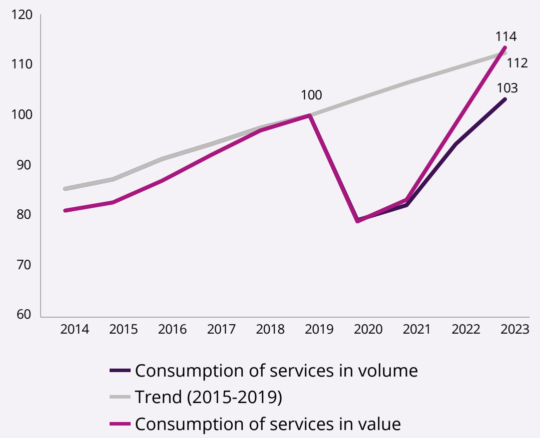


Chart B.1.2.2.4: Consumption of services in value and volume (base 100 = 2019)



Sources: HCP data and Bank Al-Maghrib's calculations.

Box 1.2.3: Key measures adopted in the April 2024 social dialogue agreement

In accordance with the commitments of the social agreement of April 30, 2022, the Government, the General Confederation of Moroccan Enterprises (CGEM), the Moroccan Confederation of Agriculture and Rural Development (COMADER) and the most representative trade unions1 signed an agreement on April 29, 2024, which includes a series of measures, and mainly:

- Improved income for public-sector civil servants and private-sector employees, through :
  - a general increase in the salaries of civil servants in public administrations, local authorities and public institutions who have not yet benefited from a salary increase. The increase of a net monthly amount of 1,000 dirhams will be applied in two equal instalments, one on July 1, 2024 and the other on July 1, 2025;
  - a 10 percent increase in both the guaranteed inter-professional minimum wage (SMIG) and the guaranteed agricultural minimum wage (SMAG), in two equal instalments, from January 1, 2025 and January 1, 2026 for the former, and from April 1, 2025 and April 1, 2026 for the latter;
  - the revision of income tax (IR) from January 1, 2025, with the threshold for the exempt bracket raised from 30,000 dirhams to 40,000 dirhams, and the marginal rate reduced from 38 percent to 37 percent; and
  - an increase in the annual tax reduction for family expenses from 360 dirhams to 500 dirhams per dependent.
- The start of implementation of a comprehensive reform of the pension system aimed at (i) establishing a two-tier system (public and private), the details of which will be agreed through a participatory approach; (ii) defining the mechanisms for transition to the new system, preserving rights acquired under current schemes until the reform comes into force; and (iii) strengthening the governance of pension systems in the light of best practice in this area.
- The drafting of an organic law related to the conditions and modalities for exercising the right to strike, through agreement on its fundamental principles, notably: (i) compliance with constitutional provisions and international legislation relating to the exercise of the right to strike; (ii) The regulation of this exercise in the public and private sectors, so as to ensure a balance between this constitutional right and the freedom to work; (iii) the definition of the various concepts related to the exercise of the right to strike; (iv) the identification of Departments which, by their nature and vital specificities, require the implementation of a minimum service during strike periods; and (v) the strengthening of mechanisms for dialogue, reconciliation and negotiation in the resolution of collective labor disputes. Revision of labor legislation, including (i) some provisions of the Labor Code; (ii) the legal and institutional framework for continuing vocational training; and (iii) legal provisions related to professional elections.

[1] Moroccan Labor Union (UMT), General Union of Moroccan Workers (UGTM), and Democratic Labor Confederation (CDT)

1.2.3 Main aggregates in nominal terms

Nominal GDP grew by 7.9 percent to 1,596.8 billion dirhams in 2024. Taking into account increases of 3.8 percent to 23.7 billion dirhams in property income outflows and of 4.7 percent to 135.9 billion in current transfers from abroad, GNDI reached 1,709.1 billion dirhams, an improvement of 7.7 percent year-on-year.

Chart 1.2.15: Available gross national income

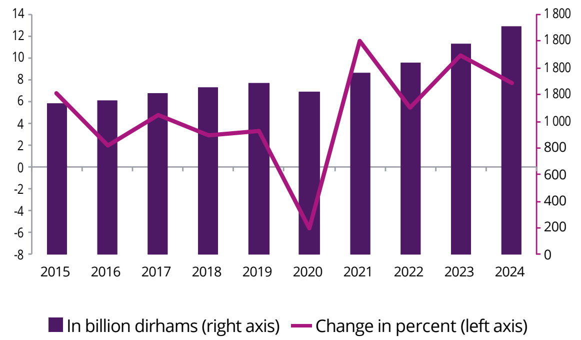
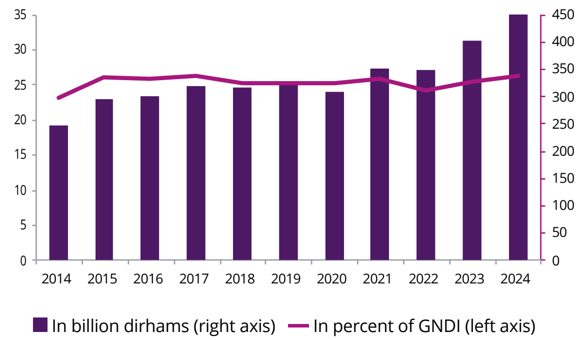


Chart 1.2.16: National saving



Source: HCP.

Final consumption rose by 6.3 percent to 1,247.4 billion dirhams, while national savings stood at 461.7 billion dirhams, equivalent to 27.0 percent of GNI. Taking into account investment expenditure of 480.2 billion, or 30.1 percent of GDP, the borrowing requirement rose from 5.7 billion to18.5 billion dirhams.

Chart 1.2.17: Investment rate (as a percent of GDP)

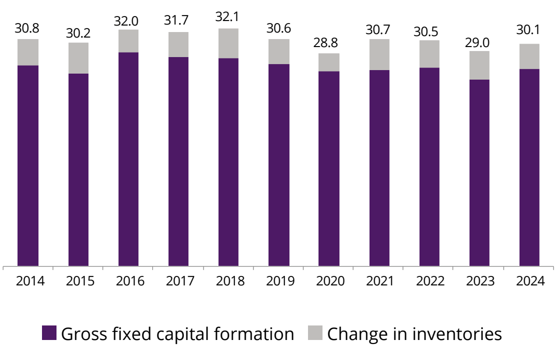
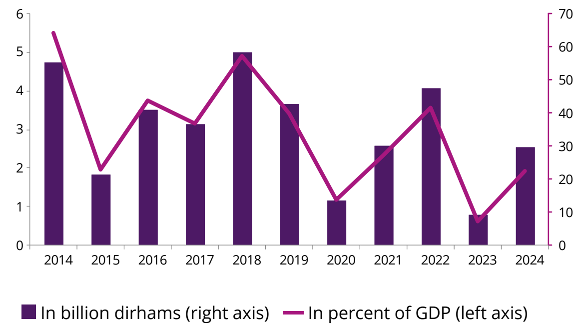


Chart 1.2.18: Financing needs



Source: HCP.

1.3 Labor market[1]

In 2024, the labor market continued to deteriorate in rural areas as additional job losses were registered in agriculture which still suffers from successive years of drought. In contrast, urban areas experienced a quantitative improvement, although from a qualitative standpoint, available data indicate that job creation was largely concentrated in sectors dominated by informality and a significant rise in seasonal or occasional employment.

The sectoral analysis shows a loss of 137,000 jobs in "agriculture, forestry, and fishing" a limited increase of 13,000 jobs in construction and public works, despite a significant rise in the sector's value added, as well as notable improvements of 160,000 in services and 46,000 in industry.

Overall, the national economy created 82,000 jobs, bringing global employment volume to 10.7 million, a level still lower than that recorded in 2019. Against this backdrop, labor market new net entries reached 140,000 active people while the working-age population increased by 386,000[2]. As a result, labor force participation fell slightly by 0.1 percentage points to 43.5 percent and the unemployment rate worsened to 13.3 percent, its highest level since 2001. This situation has prompted the Government to step up its efforts to reduce unemployment and create decent jobs, developing a roadmap and allocating a budget of 15 billion dirhams for its implementation under the 2025 Finance Act.

Furthermore, considering the 4.5 percent increase in non-agricultural value added, apparent labor productivity[3] improved by 1.6 percent, after 3.1 percent in 2023. This increase was well below the rise in wage costs, which stood in real terms at 3 percent in the private sector and 6.7 percent for the public service[4].

[1] Following the overhaul of its survey on employment, the HCP published the results for years 2016 to 2023. For the purpose of analysis, the series have been connected back since 1999 where possible.

[2] This figure is deduced from the labor force participation and the active population as published by the HCP.

[3] Measured by the ratio of value added to the number of employees.

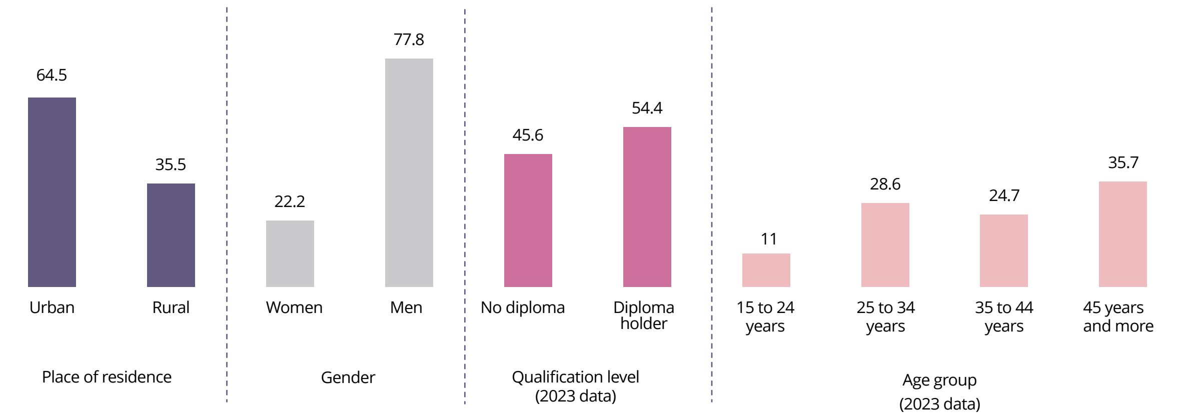
[4] Public-service salaries are estimated by Bank Al-Maghrib on the basis of evolution in job creations and cuts, published in the human resources report accompanying the Finance Act, and personnel expenditure as shown in the Treasury's statement of charges and resources.

1.3.1 Active population

In 2024, active population[1] marked a significant increase by 2.6 percent in urban areas, with a rise of 5.5 percent for women and 1.8 percent for men. Conversely, the number of active people fell by 1.5 percent overall in rural areas, by 5.5 percent for women and 0.4 percent for men. Overall, the active population went up by 1.1 percent to 12.3 million, following a 0.2 percent decline in 2023.

This population remains low-skilled, with 45.6 percent[2] of the workforce having no qualifications, and low in the proportion of women, who account for less than a quarter.

Chart 1.3.1: Structure of the active population (in percent)



Source: HCP.

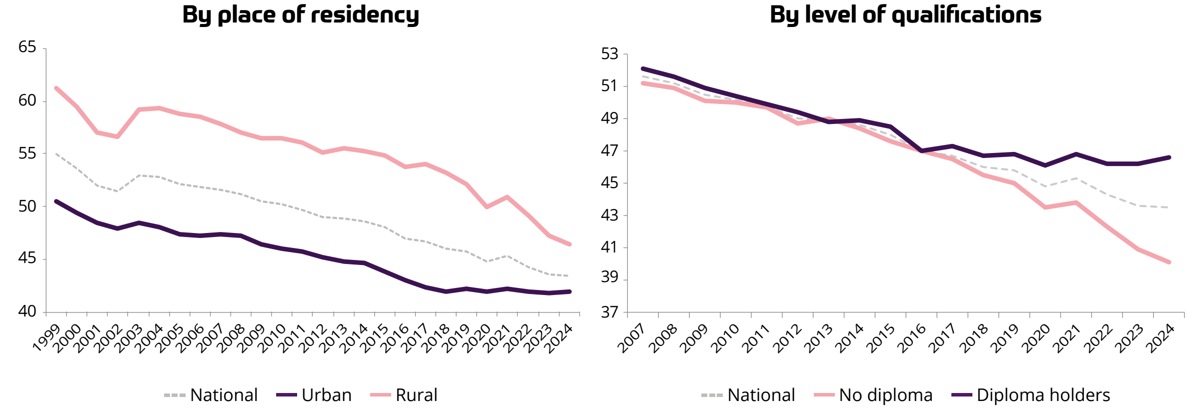
Considering changes in the population aged 15 and over, the participation rate[3] continued to fall, albeit at a slower pace than in 2023, dropping from 43.6 percent to 43.5 percent. In rural areas, it declined by 0.8 percentage points to 46.5 percent, with a drop of 1.1 percentage points to 18.8 percent for women and 0.7 percentage points to 72.9 percent for men. In urban areas, on the other hand, it rose from 41.8 percent to 42 percent, covering an increase of 0.7 point to 19.2 percent for women and a slight decrease of 0.1 point to 66.4 percent for their male counterparts.

By age group, the decline in the participation rate was confined to those aged 45 and over, with a 0.7-point drop to 38.8 percent. By contrast, the other categories saw increases of 0.5 point among 25-34-year-olds, 0.2 point for 35-44-year-olds and 0.1 point among 15-24 year-olds. Over a quarter[2] of the latter (25.6 percent) are not in education, employment or training (NEET).

[1] According to the HCP, this is the labor force available for the production of goods and services, either working or looking for work.
[2] 2023 data.
[3] This is the ratio of the number of workers (employed or unemployed) to the working-age population.

By qualification level, the participation rate for non diploma holders continued to fall at a high rate, to 40.1 percent, while that for diploma holders rose by 0.4 point to 46.6 percent.

Chart 1.3.2: Participation rate (in percent)



Source: HCP.

At the regional level, participation rate rose by 1.3 percentage points in "Souss-Massa" and by 0.4 percentage point in "Southern regions", and remained stable in the "Eastern region", while the rest of the regions posted declines. These ranged from 0.1 percentage points in "Casablanca-Settat" and "Fez-Meknes" to 0.9 point in "Drâa-Tafilalet".

Table 1.3.1: Participation rate by region (in percent)

	2022	2023	2024	2024/2023 Change (in pp)
Tangier-Tetouan-Al Hoceima	50.1	48.7	48.3	-0.4
Eastern region	42.0	40.1	40.1	0.0
Fez-Meknes	42.2	41.8	41.7	-0.1
Rabat-Sale-Kenitra	44.3	44.0	43.4	-0.6
Beni Mellal-Khenifra	42.2	40.0	39.7	-0.3
Casablanca-Settat	46.7	46.1	46.0	-0.1
Marrakech-Safi	45.0	44.0	43.8	-0.2
Drâa-Tafilalet	41.0	41.7	40.8	-0.9
Souss-Massa	38.3	39.0	40.3	1.3
Southern regions	44.5	45.3	45.7	0.4
Total	**44.3**	**43.6**	**43.5**	**-0.1**

Source: HCP.

Box 1.3.1: Population census 2024, key findings for the job market

The General Census of Population and Housing (GCPH) is an important source of information on the demographic and socio-economic characteristics of the population. For the labor market in particular, its exhaustiveness provides granular data at all levels (geographical, categorical, etc.), unlike the National Employment Survey (NES), limited in its representativeness to the regional level.

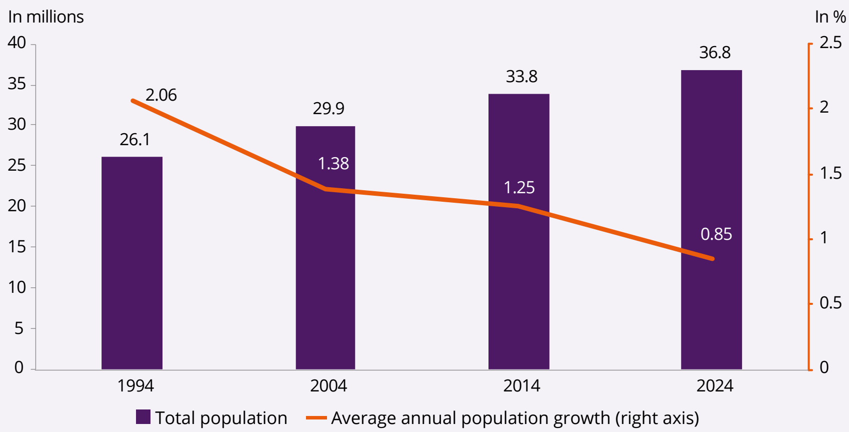
On the other hand, given the reduced number of questions in the General Census of Population and Housing and its more general approach, the results related to activity and employment are less precise and may differ significantly from those produced by the NES, which remains the main reference for understanding the situation on the labor market. The latter has the advantage of providing detailed information compiled in accordance with international standards in this regard, particularly those of the International Labor Office.

In accordance with the recommendations of the United Nations Statistical Commission, the General Census of Population and Housing is generally carried out every ten years. In Morocco, the latest exercise was conducted from September 1st to 30th, 2024, and revealed significant demographic changes with important implications for the labor market.

Accelerating demographic transition

Demographic growth continues to slow, falling from 1.38 percent between 1994 and 2004 to 1.25 percent over the period 2004-2014 and 0.85 percent over the last decade. This slowdown is mainly due to the decline in fertility, whose total rate[1] fell from 2.5 in 2004 to 2.2 in 2014 and to 1.97 in 2024, a level below the replacement threshold of generations (2.1 children per woman).

Chart B.1.3.1.1: Total population and demographic growth



Source: HCP.

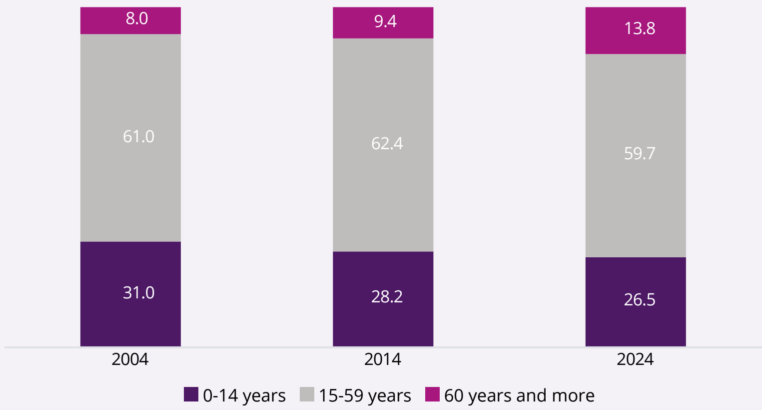
[1] The average number of children per woman.

This slowdown has led to a significant change in the age pyramid, with an acceleration in the ageing of the population. The proportion of people aged under 15 has fallen from 31 percent in 2004 to 26.5 percent in 2024, while that of people aged 60 and over has risen over the same period from 8 percent to 13.8 percent, an evolution which has implications for the viability of pension schemes and highlights the urgency of bringing their reforms to fruition.

Over the same period, the working-age population (aged 15 and over) rose from 20.6 million in 2004 to 24.3 million in 2014 and 27.1 million in 2024, representing average annual increases of 367.8 thousand and 276.6 thousand respectively. Considering the number of jobs, the national economy is creating (6 thousand on average per year since 2015), this trend shows that, although declining, the employment deficit remains very significant.

The acceleration of the demographic transition has been accompanied by continued urbanization, with cities home to 62.8 percent of the country's population, up from 60.4 percent in 2014 and 55.1 percent in 2004, as well as an improvement in human capital. Indeed, the average length of schooling for the population aged 25 and over rose from 4.4 years to 6.3 years, while the illiteracy rate fell to 24.8 percent in 2024, compared to 32.2 percent in 2014, with notable progress in rural areas and among women.

Chart B.1.3.1.2: Population structure by age group (in percent)



Source: HCP.

Sharp deterioration in labor market conditions

In terms of developments in labor market conditions, census data reveal the same trends and findings as those of the National Employment Survey, albeit with significant differences in terms of level (see Table B.1.3.1.1). Thus, the activity rate continued to fall, from 47.6 percent in 2014 to 41.6 percent in 2024 overall, from 49.1 percent to 43.8 percent in urban areas and from 45.1 percent to 37.6 percent in rural areas. The decline was particularly pronounced among men, with 8.4 points to 67.1 percent, compared with 3.6 points to 16.8 percent among women. Despite this decrease, unemployment rate reached 21.3 percent in 2024, up by 5.1 points in 2014. The increase was greater in rural areas, at 10.9 points, compared with 1.9 points in cities.

Table B.1.3.1.1: Comparison of some GCPH and NES results

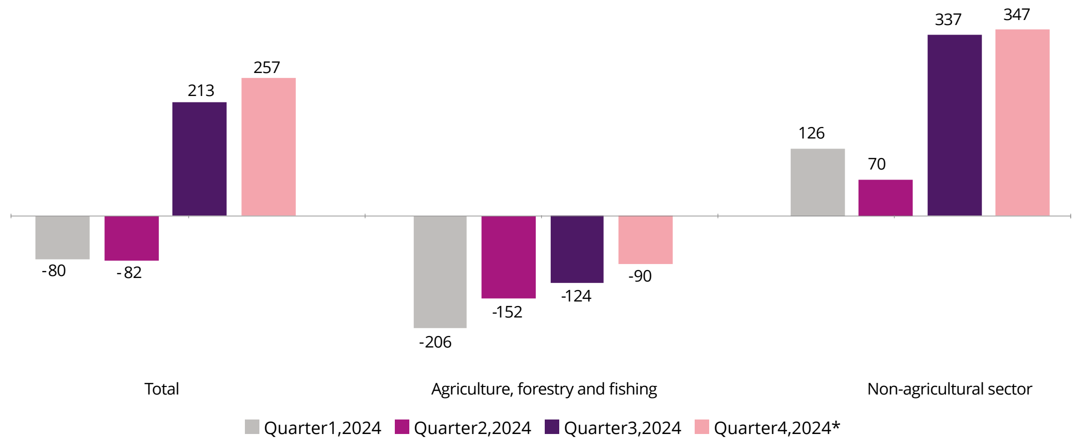
	2014		2024		Change in percentage points	
	GCPH	NES	GCPH	NES	2014	2024
Unemployment rate (in percent)	16.2	9.9	21.3	13.3	-6.3	-8.0
Urban	19.3	15.1	21.2	16.9	-4.2	-4.3
Rural	10.5	4.1	21.4	6.8	-6.4	-14.6
Participation rate (in percent)	47.6	48.6	41.6	43.5	1.0	1.9
Urban	49.1	44.6	43.8	42.0	-4.5	-1.8
Rural	45.1	55.3	37.6	46.5	10.2	8.9
Men	75.5	73.8	67.1	68.6	-1.7	1.5
Women	20.4	24.1	16.8	19.1	3.7	2.3

Source: HCP.

1.3.2 Employment

The analysis of employment trends in 2024 reveals two distinct periods. In the first half of the year, the deterioration observed in 2023 continued, with a loss of 80,000 jobs year-on-year in the first quarter and 82,000 in the second, mainly due to unfavorable weather conditions and a moderate pace of non-agricultural activity. In the second half of the year, the trend reversed thanks to a marked acceleration in non-agricultural growth, with new jobs created averaging 235,000.

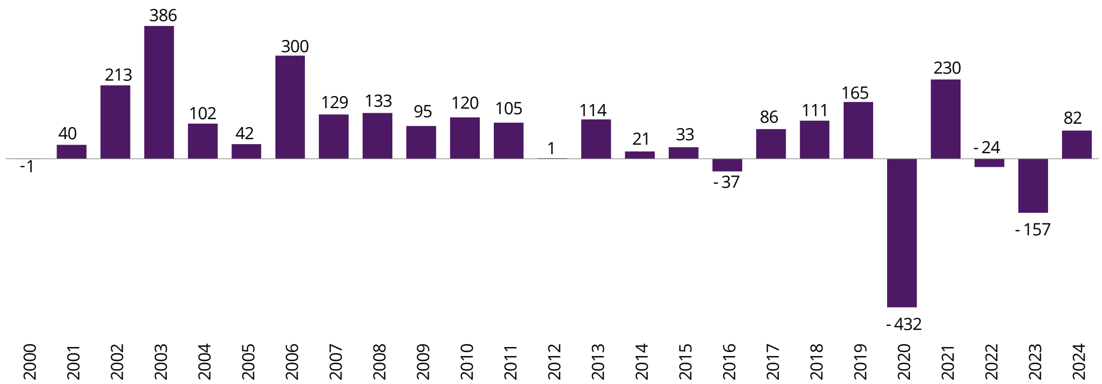
Chart 1.3.3: Quarterly job creation/loss in 2024 (in thousands)



Source: HCP.
*Job creation by sector of activity has been estimated on the basis of the employment structure in the fourth quarter of 2024 published by the HCP.

Over the whole year, the national economy generated 82,000 jobs, compared with a loss of 157,000 in 2023, bringing the employed population to 10.7 million, a level lower by 2.8 percent compared to 2019.

Chart 1.3.4: Annual job creation/loss (in thousands)



Source: HCP.

Considering changes in the population aged 15 and over, the employment rate[1] continued to fall, dropping from 38 percent to 37.7 percent. In rural areas, it contracted by one percentage point to 43.3 percent, with decreases of 1.3 percentage points to 17.5 percent for women and 0.8 percentage points to 68 percent for men. In urban areas, on the other hand, it rose slightly, from 34.8 percent to 34.9 percent, with an increase of 0.4 point to 14.3 percent for women.

Employment in non-agricultural sectors improved significantly, with 219,000 jobs created, compared with 41,000 a year earlier. Services generated 160,000 jobs, up from 15,000, reflecting increases of 51,000 in "trade", 44,000 in "social services provided to communities" and 39,000 in "financial, insurance, real estate, scientific, technical, administrative and support services".

In industry, the improvement in value added was reflected in employment trends, with an increase in the workforce from 7,000 in 2023 to 46,000. On the other hand, despite a strong upturn in construction activity, with value added growing by 5 percent, compared with 0.3 percent a year earlier, new jobs in the sector remained limited to 13,000, after 19,000 in 2023.

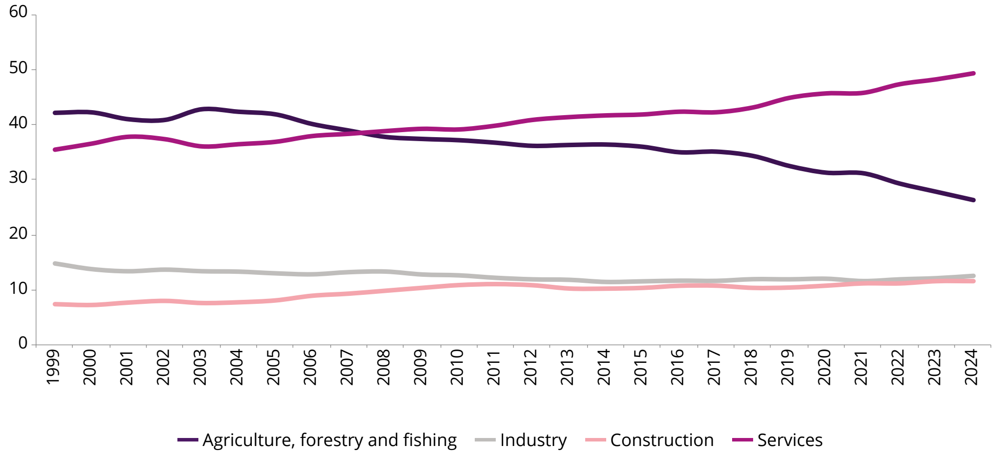
Suffering from the persistence of unfavorable climatic conditions and water stress, employment in agricultural sector fell by an additional 137,000, aggravating the erosion seen in recent years, with a cumulative net loss of 1.1 million jobs over a decade, including 554,000 between 2022 and 2024.

Taking into account these developments, the share of "agriculture, forestry and fishing" fell from 27.8 percent to 26.3 percent in one year, to the benefit of services and industry, whose weighting

[1] Ratio of the employed population aged 15 and over to the total population aged 15 and over.

increased from 48.3 percent to 49.4 percent and from 12.2 percent to 12.6 percent respectively, while the share of construction and public works stabilized at 11.6 percent.

Chart 1.3.5: Structure of employment by sector of activity (in percent)



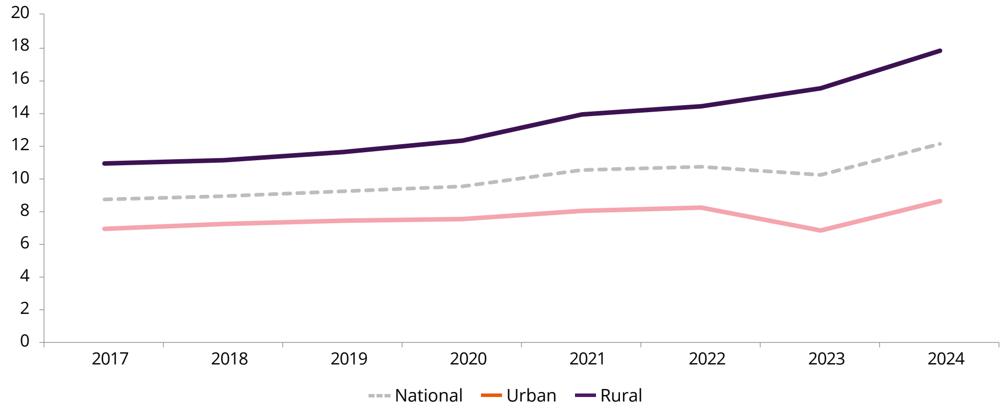
Source: HCP.

Analysis of the characteristics of working population shows that its level of qualification remains structurally low, with almost half (48 percent) having no diploma. The proportion[1] is 34.7 percent in services, 40.9 percent in industry, 56.7 percent in construction and peaks at 77.2 percent in agriculture, forestry and fishing.

The rate of wage employment continues to rise, reaching 59.9 percent instead of 58.9 percent a year earlier, but only half (52 percent) of employees hold an employment contract. For the remainder, 30.1 percent of the active population are self-employed and 9.5 percent are family helpers. In terms of regularity of employment, after a decline of 6.1 percent in 2023, “seasonal or occasional work” rose sharply by 29.7 percent in urban areas and 19.5 percent nationally, increasing its share of the overall volume from 10.2 percent to 12.1 percent.

[1] 2023 Data.

Chart 1.3.6: Share of seasonal or occasional employment in total employment (in percent)

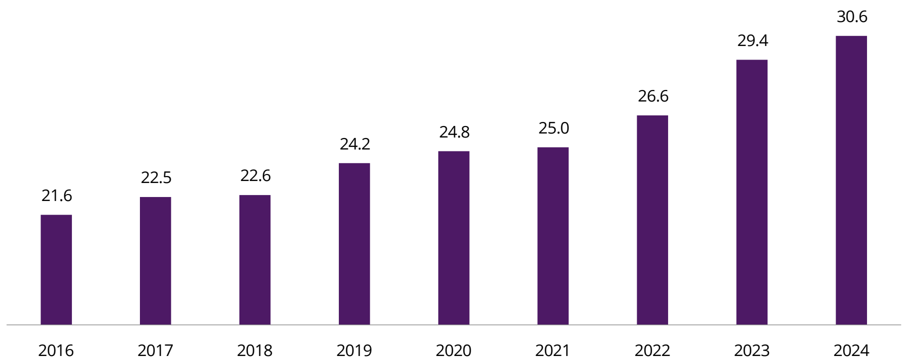


Source: HCP.

In terms of job[1]-related benefits, medical coverage continues to improve, but remains limited, with 30.6 percent of employees in 2024, up from 29.4 percent a year earlier, claiming to benefit from it. This figure rose from 41.5 percent to 42.4 percent in urban areas, and from 10.8 percent to 11.7 percent in rural areas. By level of qualification, it reached 74 percent[2] for holders of a higher diploma, compared with 13.5 percent[2] for those with no qualifications, and by branch of activity, it varied from 7.5 percent in "agriculture, forestry and fishing" to 49.2 percent in industry.

Similarly, the proportion of the working population claiming to be affiliated to a pension scheme remained low[2], at 28.3 percent overall, 40.7 percent in urban areas and 9.3 percent in rural areas.

Chart 1.3.7: Proportion of employees benefiting from health coverage linked to their job (in percent)



Source: HCP.

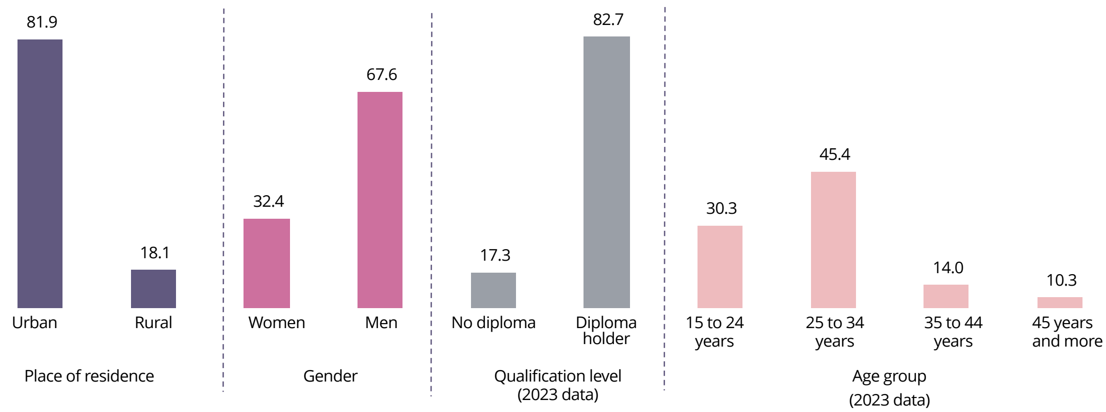
[1] It is to be noted that these proportions are calculated on the basis of respondents' statements.
[2] 2023 Data.

1.3.3 Unemployment and underemployment

The increase in entries into the labor market, which exceeded net job creation, resulted in an additional rise in the number of unemployed. The latter increased by 3.7 percent to 1.6 million, with a rise of 3.3 percent in urban areas to 1.3 million and 5.6 percent in rural areas to 300,000. This population[1] remains predominantly young, with 75.7 percent under the age of 35, and relatively better qualified, with a share of graduates of 82.7 percent compared with 52 percent for the employed population.

Close to half of the unemployed (49.3 percent) are first-time jobseekers, and 30 percent have become unemployed as result of lay-offs or business closures. In terms of duration, 62.9 percent of unemployed people have been unemployed for more than a year, compared with 66.4 percent in 2023.

Chart 1.3.8: Characteristics of unemployed population (in percent)



Source: HCP.

Given the 1.1 percent increase in the active population, the unemployment rate continued to rise, from 13 percent to 13.3 percent nationally, from 16.8 percent to 16.9 percent in urban areas, and from 6.3 percent to 6.8 percent in rural areas. The rise was more pronounced among women, with an increase of 1.1 point to 19.4 percent, compared with 0.1 point to 11.6 percent for men. By age group, the unemployment rate continued to increase among young aged between 15 and 24, reaching 36.7 percent, up from 35.8 percent, overall, and 48.4 percent, up from 48.3 percent, in cities.

[1] 2023 Data.

Chart 1.3.9: Unemployment rate by gender (in percent)

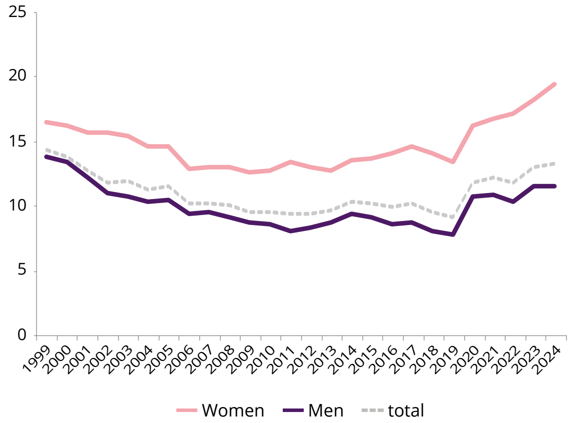
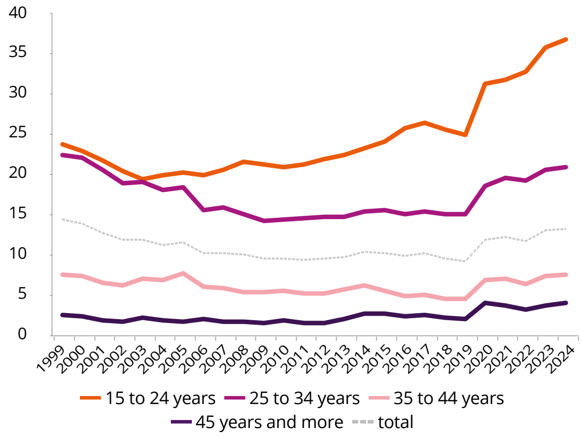


Chart 1.3.10: Unemployment rate by age group (in percent)



Source: HCP.

Analysis at regional level shows contrasting trends in the unemployment rate. The latter increased in six of the Kingdom's regions, with the most significant rise in the "Southern Regions", up by 1.9 percentage points to 22.2 percent. Conversely, the rate stabilized at 15 percent in «Casablanca-Settat», and fell in the rest of the country, by 1.2 percentage points to 10.7 percent in «Drâa-Tafilalt» and 12.3 percent in «Souss-Massa».

Table 1.3.2: Unemployment rate by region (in percent)

	2022	2023	2024	2024/2023 change (by percentage points)
Beni Mellal-Khenifra	10.5	12.8	12.5	-0.3
Eastern region	17.4	19.6	20.9	1.3
Drâa-Tafilalet	9.7	11.9	10.7	-1.2
Souss-Massa	11.4	13.5	12.3	-1.2
Casablanca-Settat	13.8	15.0	15.0	0.0
Marrakech-Safi	6.9	7.7	8.9	1.2
Fez-Meknes	13.5	14.2	14.4	0.2
Rabat-Sale-Kenitra	11.0	11.6	12.6	1.0
Tangier-Tetouan-Al Hoceima	9.7	10.1	10.2	0.1
Southern regions	20.1	20.3	22.2	1.9
National	**11.8**	**13.0**	**13.3**	**0.3**

Source: HCP.

The rise in unemployment has been accompanied by an increase in underemployment[1], 45 percent of which is due to inadequate qualifications and insufficient remuneration. As a result, the proportion of underemployed workers rose from 9.8 percent to 10.1 percent nationally, from 8.7 percent to 8.9 percent in urban areas and from 11.6 percent to 12.2 percent in rural areas. By gender, it stood at 11.2 percent for men versus 6 percent for women and varied by sector of activity from 6.3 percent in industry to 19.6 percent in construction.

Chart 1.3.11: Underemployment rate by place of residence (in percent)

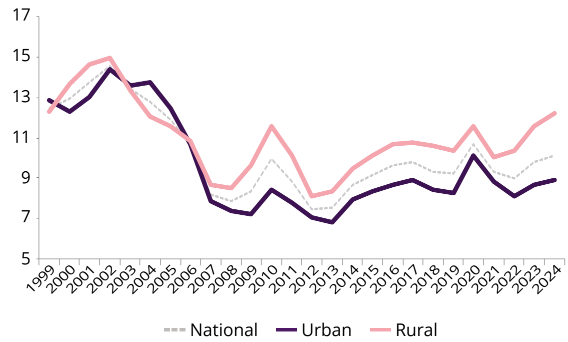
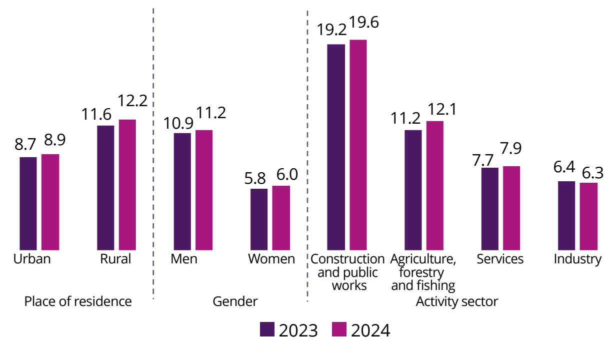


Chart 1.3.12: Underemployment rate by characteristics of the employed population (in percent)



Source: HCP.

Box 1.3.2: Estimated Non-Accelerating Inflation Rate of Unemployment (NAIRU) in Morocco

Unemployment is a major issue for public authorities in both advanced economies and emerging and developing countries. Designing effective policies in this area requires a thorough assessment of the current situation, and identification of the determinants of unemployment, distinguishing in particular between structural trends and cyclical fluctuations.

For this purpose, it is often common to estimate the "Non-accelerating Inflation Rate of Unemployment" (NAIRU). This concept, developed in the 1970s, refers to the component of unemployment linked to the structural and institutional characteristics of an economy. It is also defined as the lowest rate that can be maintained in the economy without accelerating inflation. Viewed in this light, this indicator is also of interest to central banks, particularly insofar as it can help assess inflationary pressures[1].

[1] For some central banks, such as the FED, employment is also one of the objectives of monetary policy.

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

As with many structural or equilibrium variables that are not directly observable, the empirical use of NAIRU is faced with the difficulty of estimating it. In fact, despite the attention it receives in the economic literature, the methods developed for its evaluation remain approximate and uncertain. These fall into three main categories: (i) structural methods, based on a system of equations to explain wage- and price-setting behavior; (ii) purely statistical techniques, allowing the decomposition of series by discerning, in particular, trend variations from those of a cyclical nature; and (iii) reduced-form models, widely used in empirical studies, combining statistical filtering and constraints derived from economic theory.

In Morocco, the prevalence of an unfavorable economic climate in recent years, linked to a series of external shocks and a succession of drought years, has resulted in a worrying rise in unemployment. In 2024, it was at levels not seen since 2001, reaching 13.3 percent overall and 16.9 percent in urban areas.

To further assess the nature of this trend, Bank Al-Maghrib estimated the NAIRU on the basis of quarterly National Employment Survey data for the period 2008-2024. The methodology used consists of simultaneously estimating the NAIRU and a reduced Phillips curve based on Gordon's[2] "triangle model", using a Kalman filter. This establishes the link between inflation and three of its determinants: (i) inflation expectations and/or persistence; (ii) demand pressures, approximated by the deviation of the unemployment rate from the NAIRU; and (iii) transitory shocks (inflation in eurozone countries, Brent crude oil prices, international food prices, real effective exchange rate, policy rate, credit to non-financial companies, production capacity utilization, tradable commodity prices, etc.).

After several specification tests, the chosen model is written as follows:

Measurement equation: $\pi_t=\alpha\pi_{t-1} +\beta(U_t-U^*_t) + \mu FAO_t +e_t$

Transition equation: $U^*_t = U^*_{t-1}+ \varepsilon_t$

Where: π_t: core inflation

FAO_t: Growth of the international food price index

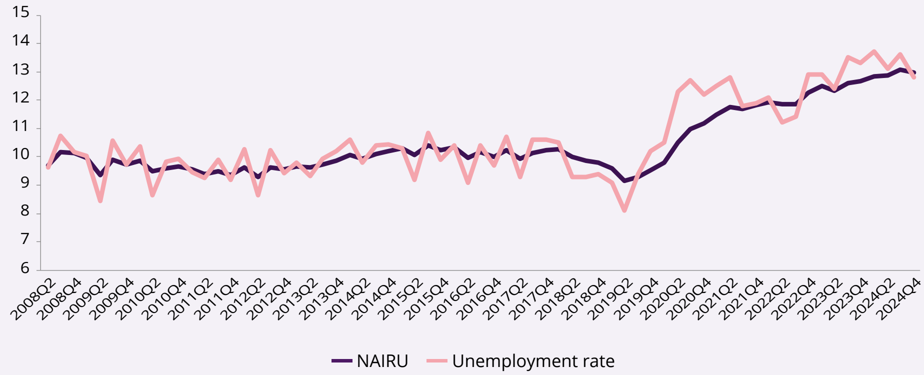
U_t: Observed unemployment rate

U^*_t:NAIRU

The estimates show a trend in NAIRU broadly similar to that of the reported unemployment rate. This result corroborates the stylized fact that unemployment in Morocco is mainly structural in nature. Since 2020, however, the NAIRU has deviated downwards from the unemployment rate realizations, a finding that would reflect the severity of recent shocks, notably the Covid-19 pandemic, the implications of the war in Ukraine and the recurrence of drought years.

[2] Gordon, R.J. (1997), « The time-varying NAIRU and its implications for economic policy », Journal of Economic Perspectives, vol.11, n°1.

Chart B.1.3.2.1: Evolution of in unemployment rate and NAIRU (in percent)



Sources: HCP and Bank Al-Maghrib estimates.

While the increase caused by these shocks can be predicted, their after-effects can lead to the phenomenon commonly known in the literature as "unemployment hysteresis", a situation where unemployment remains high despite the dissipation of the shocks that caused it to rise.

Several factors would favor such development. The first is the risk of depreciation of human capital, with high levels of long-term unemployment, which could weaken skills and reduce hiring opportunities. Indeed, since the pandemic, the number of long-term unemployed has risen significantly, exceeding one million people, and has remained at a level close to ever since.

The second relates to the slow recovery in investment, particularly private investment, due to the persistence of uncertainties linked primarily to the external environment, but also to the domestic situation. Data from the HCP's national accounts show that gross fixed capital formation was 5.3 percent lower in 2023 than in 2019. However, signs of a turnaround are already visible in the data available for 2024, a trend that should accelerate with the Government's efforts to boost investment.

Chart B.1.3.2.2: Trends in the number of long-term unemployed (in millions)

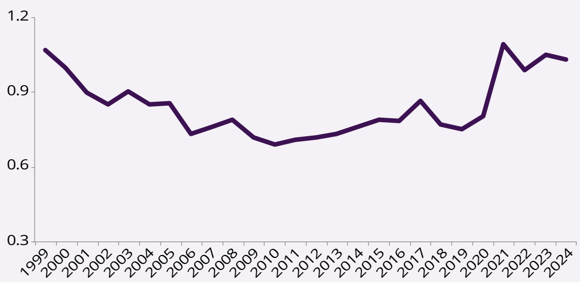
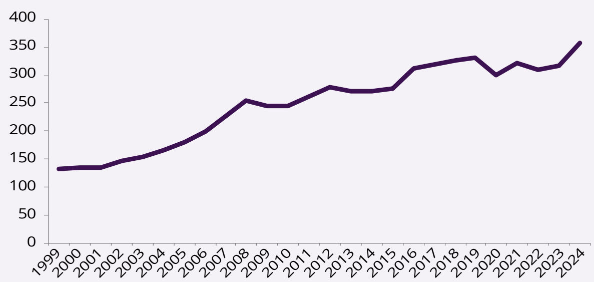


Chart B.1.3.2.3: Change in gross fixed capital formation (in billions of dirhams)



Source: HCP.

Overall, the recent NAIRU trend suggests that unemployment in Morocco depends mainly on structural factors that have kept it at a high level to date. The absence of tension on the market would translate into low pressure on demand and consequently on prices. What's more, given the weight of agricultural employment, mobility between sectors (mainly agricultural/non-agricultural) and entry/exit movements (especially for women), it remains difficult to project the unemployment rate and, consequently, inflationary pressures emanating from the labor market.

Conversely, Bank Al-Maghrib incorporates labor market indicators into its decision-making process. Thus, when inflation is projected to remain consistent with its price stability objective, the Bank may adjust interest rates to support economic activity more broadly, and employment in particular.

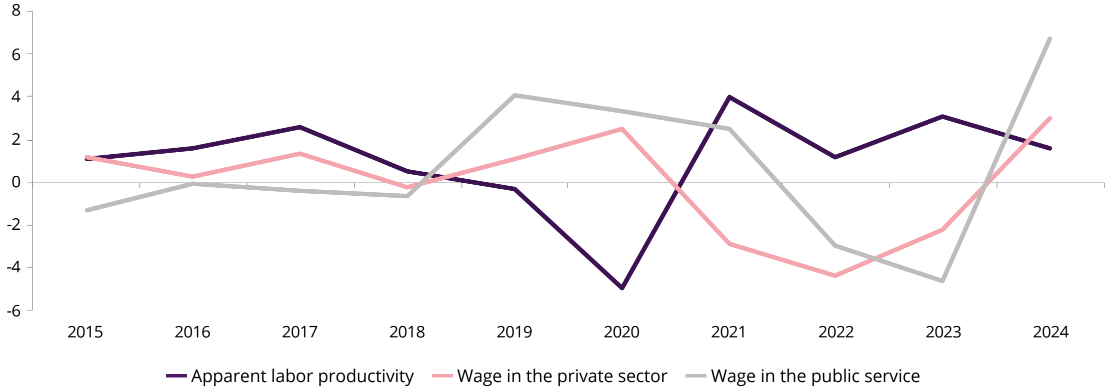
That said, the formalization of the labor market and the gradual predominance of supply and demand forces will, in the future, result in a more understandable and predictable market dynamic, and should thus enable employment to be better taken into account in decision-making.

1.3.4 Productivity and wages

In 2024, growth in apparent labor productivity in non-agricultural sectors slowed from 3.1 percent to 1.6 percent year-on-year. This was the result of a 4.5 percent increase in value added, compared with 3.7 percent, and a 2.9 percent rise in the number of employees, compared with 0.5 percent. By sector, productivity improved by 1.9 percent, instead of falling by 0.2 percent, in the secondary sector, and by 1.4 percent, after 4.7 percent, in the tertiary sector.

At the same time, average wages rose by 7.7 percent in the public service and 4 percent in the private sector. Adjusted for inflation, the increases in real terms were 6.7 percent and 3 percent respectively.

Chart 1.3.13: Apparent labor productivity in non-agricultural sectors and average wages in real terms (in percent)



Sources: HCP, CNSS Ministry of Finance and Bank Al-Maghrib's calculations

Table 1.3.3: Main labor market indicators

		2022	2023	2024
Activity indicators				
Active population (in thousands)		12,191	12,171	12,311
By place of residence	Urban	7,591	7,731	7,935
	Rural	4,599	4,441	4,376
Participation rate (in percent)		44.3	43.6	43.5
By place of residence	Urban	41.9	41.8	42.0
	Rural	49.1	47.3	46.5
By gender	Men	69.6	69.0	68.6
	Women	19.8	19.0	19.1
Employment indicators				
Job creation (in thousands)		-24	-157	82
By place of residence	Urban	150	41	162
	Rural	-174	-198	-80
By sector	Agriculture, forestry, and fishing	-215	-202	-137
	Industry	28	7	46
	Construction and public works	-1	19	13
	Services	164	15	160
Employed active population (in thousands)		10,749	10,591	10,673
By place of residence	Urban	6,390	6,431	6,593
	Rural	4,359	4,160	4,080
Employment rate (in percent)		39.1	38.0	37.7
By place of residence	Urban	35.3	34.8	34.9
	Rural	46.5	44.3	43.3
Unemployment and underemployment indicators (in percent)				
Unemployment rate		11.8	13.0	13.3
	Urban	15.8	16.8	16.9
By place of residence	Young people aged 15 to 24 years	46.7	48.3	48.4
	Rural	5.2	6.3	6.8
Underemployment rate		9.0	9.8	10.1
By place of residence	Urban	8.1	8.7	8.9
	Rural	10.4	11.6	12.2
Productivity and wages (Change, in percent)				
Apparent labor productivity in non-agricultural activities		1.2	3.1	1.6
Average wage in the private sector	In nominal terms	2.0	3.8	4.0
	In real terms	-4.4	-2.2	3.0
Average wage in the civil service	In nominal terms	3.5	1.2	7.7
	In real terms	-2.9	-4.6	6.7

Sources: HCP, CNSS, MEF and Bank Al-Maghrib calculations.

1.4 Inflation

After two years of high levels, inflation, measured by the change in the consumer price index (CPI), declined significantly in 2024. It averaged 0.9 percent, after 6.1 percent in 2023 and 6.6 percent in 2022. This trend is attributable to the combined effect of several factors. In addition to the easing of external pressures, favored by the drop in energy and food prices, it reflects the domestic effects of the monetary policy tightening initiated in 2022, the measures taken by the Government to support household purchasing power, and improved supply of certain agricultural products.

By component, the slowdown in inflation reflects the 2.9 percent drop in volatile food prices, after their 18.8 percent rise in 2023. It also results from the deceleration of core inflation from 5.6 percent to 2.2 percent, driven mainly by the increase in food prices included in its basket. Conversely, regulated tariffs grew by 1.2 percent instead of 0.8 percent, mainly as a result of the rise in butane price as part of the subsidy removal process initiated by the Government on May 20, 2024. Similarly, the decline in fuel and lubricant prices eased from 4.1 percent to 3.4 percent.

Producer prices in manufacturing industries excluding refining fell by 1 percent, after rising by 1.6 percent in 2023 and 12.7 percent in 2022, with declines of 1.1 percent in "food industries" and 5.3 percent in the "chemical industry".

Chart 1.4.1: Change in inflation (in percent)

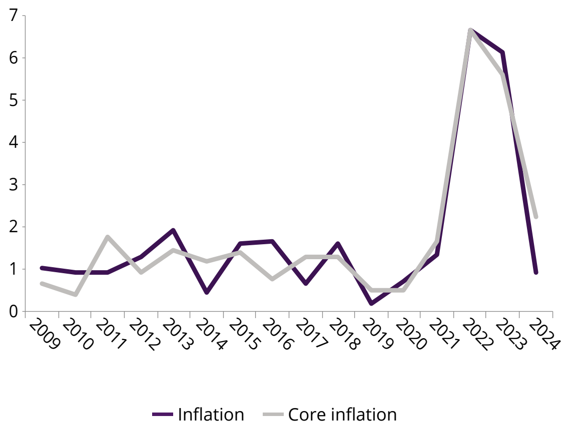
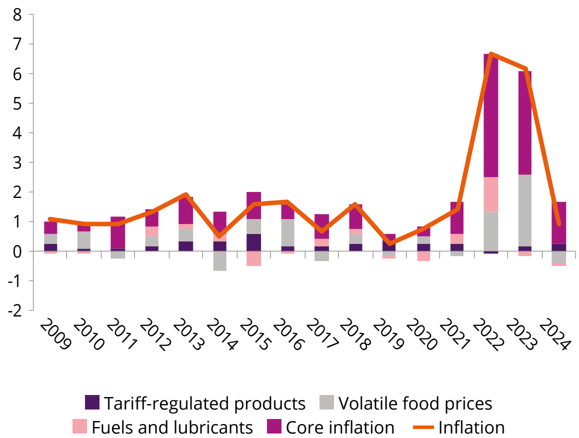


Chart 1.4.2: Contribution to inflation (in percentage points)



Sources: HCP data and Bank Al-Maghrib calculations.

Table 1.4.1: Consumer prices (change* in percent)

Product groups	2018	2019	2020	2021	2022	2023	2024
Consumer price index	**1.6**	**0.2**	**0.7**	**1.4**	**6.6**	**6.1**	**0.9**
Volatile food prices	**3.0**	**-1.5**	**2.0**	**-1.3**	**11.1**	**18.8**	**-2.9**
Tariff-regulated products	**0.9**	**1.3**	**1.2**	**1.2**	**-0.1**	**0.8**	**1.2**
Fuels and lubricants	**5.5**	**-2.7**	**-12.4**	**12.9**	**42.3**	**-4.1**	**-3.4**
Core inflation indicator	**1.3**	**0.5**	**0.5**	**1.7**	**6.6**	**5.6**	**2.2**
- Food products	1.4	-1.1	0.0	1.8	11.9	9.8	2.9
- Clothing items and footwear	1.2	1.2	0.3	1.9	4.8	3.7	2.0
- Housing, water, gas, electricity and other fuels(1)	1.0	1.5	1.3	1.6	2.3	1.7	1.2
- Furniture, household appliances and routine household maintenance	0.2	0.4	0.2	1.1	5.1	3.8	0.9
- Health(1)	1.0	0.0	0.5	2.2	2.1	2.9	1.2
- Transport(2)	0.3	0.7	0.7	1.7	4.4	3.7	2.2
- Communication	1.0	3.3	-0.4	-0.2	0.3	0.2	-0.1
- Entertainment and culture(1)	0.1	0.3	-1.4	1.1	5.7	1.8	-0.3
- Education	2.6	3.5	2.7	1.6	2.2	3.8	2.1
- Restaurants and hotels	1.1	1.4	1.1	1.0	2.8	5.7	3.4
- Miscellaneous goods and Services(1)	1.8	0.8	1.4	2.4	3.5	2.4	2.2

[1] Excluding tariff-regulated products.
[2] Excluding tariff-regulated products, fuels and lubricants.
Sources: HCP data and Bank Al-Maghrib calculations.

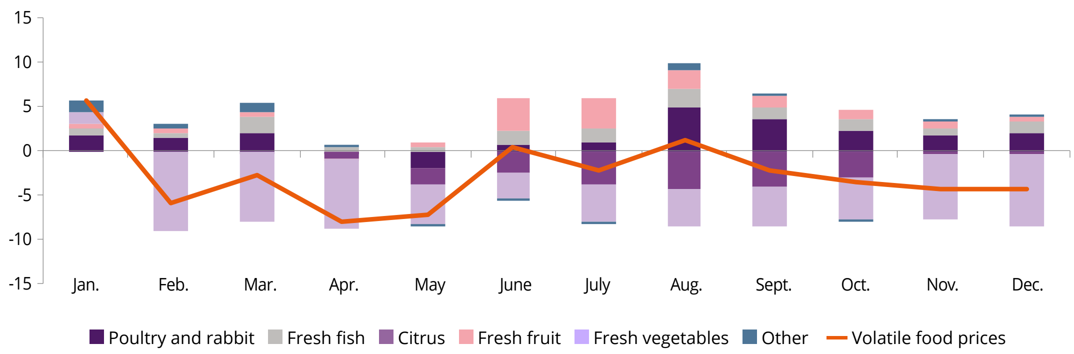
1.4.1 Components of the consumer price index

1.4.1.1 Volatile food prices

After rising by 11.1 percent in 2022 and 18.8 percent in 2023, volatile food prices fell by 2.9 percent in 2024, bringing their contribution to inflation down to -0.4 percentage points compared to 2.4 points a year earlier. This development mainly reflects improved production in certain agricultural sectors, notably fruit and vegetable crops, as well as lower input prices, particularly for energy products and fertilizers.

By product, the largest price drops were recorded for “citrus fruits” (26.9 percent) and “fresh vegetables” (16.3 percent), while prices increased by 9.7 percent for “fresh fish”, 8.9 percent for “dried beans”, 8.6 percent for “fresh fruits”, and 7.3 percent for “poultry and rabbit”.

Chart 1.4.3: Contribution to the changes in volatile food prices in 2024 (in percentage points)



Sources: HCP data and Bank Al-Maghrib calculations.

1.4.1.2 Tariff-regulated products

Regulated tariffs rose by 1.2 percent in 2024, after 0.8 percent the previous year. This increase was mainly driven by a 15.3 percent rise in "gas" prices, following the gradual removal of subsidies on butane gas launched on May 20, 2024. It also reflects the 2.3 percent rise in "tobacco" prices, which resulted from the implementation of the fourth increase in the Domestic Consumption Tax (DCT)[1] set out in the 2022 Finance Act, as well as a similar increase in prices of "medical services".

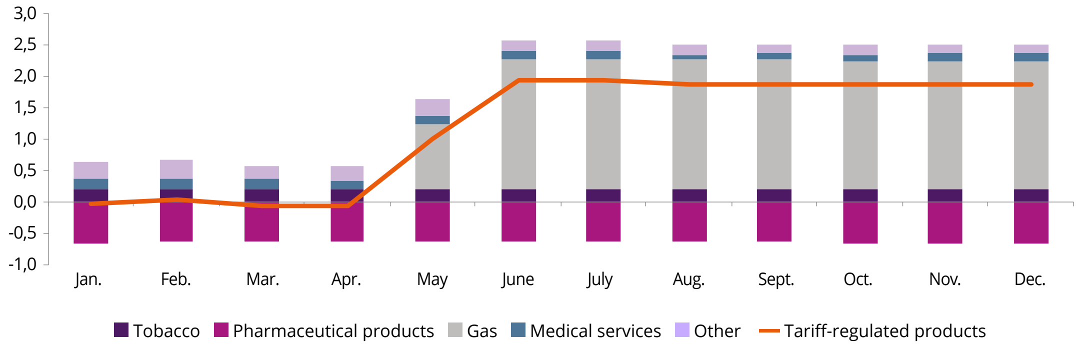
On the contrary, prices for "pharmaceutical products" fell by 5 percent, in line with the decision taken in the 2024 Finance Act to remove VAT on pharmaceutical products, and with the downward revisions[2] made by the Ministry of Health to the selling prices of certain categories of medicines.

Overall, the contribution of regulated tariffs to inflation remained stable year-on-year at 0.2 percentage points.

[1] For 2024, this measure consists, on the one hand, in reducing the ad valorem portion of the public retail price excluding VAT and specific DCT for cigarettes from 66 percent to 64 percent and, on the other hand, in raising the minimum collection rate for DCT from 782.1 dirhams to 826.7 dirhams per thousand cigarettes and the specific portion from 175 dirhams to 275 dirhams per thousand cigarettes.

[2] Ministerial orders (January 4, March 7, April 18, June 6, July 4 and October 17, 2024).

Chart 1.4.4: Contribution to monthly changes in regulated tariffs in 2024 (in percentage points)

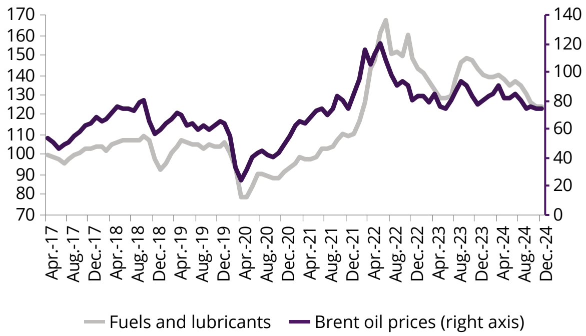


Sources: HCP data and Bank Al-Maghrib calculations.

1.4.1.3 Fuels and lubricants

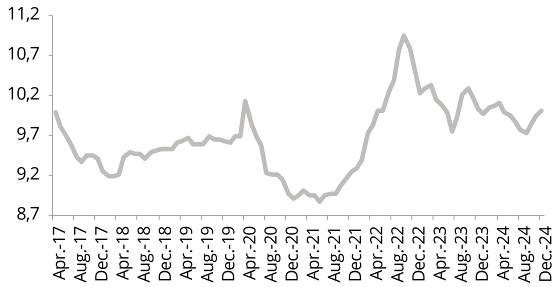
Prices for fuels and lubricants fell by 3.4 percent in 2024, after 4.1 percent in 2023, thereby maintaining their contribution to inflation at -0.1 percentage points. This trend reflects the continued decline in oil prices, with Brent crude dropping from USD 82.6/barrel to USD 80.7/barrel, the fall in the gross refining margin[1] from USD 10.19/barrel to USD 6.4/barrel, and the 1.9 percent appreciation of the national currency against the US dollar.

Chart 1.4.5: Prices of fuels and lubricants (base 100 = 2017) and Brent oil prices (USD per barrel)



Sources: HCP, World Bank and Bank Al-Maghrib.

Chart 1.4.6: Exchange rate of the Dirham against the US dollar (USD/MAD)



[1] Calculated by the French Ministry for Ecological Transition, Biodiversity, Forestry, the Sea and Fisheries. https://www.ecologie.gouv.fr/politiques-publiques/prix-produits-petroliers.

1.4.1.4 Core inflation

After rising to 6.6 percent in 2022 and 5.6 percent in 2023, core inflation fell back to 2.2 percent in 2024 amid easing external inflationary pressures and the appreciation of the national currency.

By component, this deceleration mainly reflects the 9.8 percent to 2.9 percent rise in the prices of food products included in the index. More specifically, prices of “oils” dropped from 17.9 percent to 1.7 percent, and “milk” from 12.4 percent to 0.4 percent. Likewise, prices for “cereal-based products” decreased by 0.8 percent, after increasing by 2.1 percent a year earlier. At the same time, despite the Government’s efforts to supply the national market with animals for slaughter, “fresh meat” prices increased by a further 11 percent, after 15.1 percent the previous year.

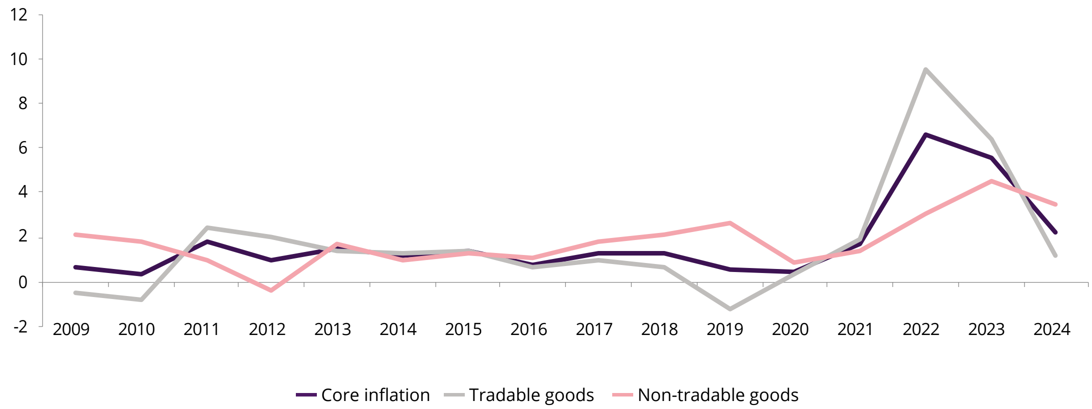
For non-food products, the most significant slowdowns were recorded for “furniture, household appliances and routine household maintenance” from 3.8 percent to 0.9 percent, for “education” from 3.8 percent to 2.1 percent and for “clothing and footwear” from 3.7 percent to 2 percent.

Overall, the contribution of core inflation to the consumer price index dropped from 3.5 percentage points in 2023 to 1.4 points in 2024.

Tradable and non-tradable goods

Breakdown of core inflation shows that prices of tradable goods rose by 1.2 percent instead of 6.4 percent a year earlier, mainly due to the drop in inflation from 5.5 percent to 2.4 percent in the euro area and the appreciation of the national currency. The latter strengthened by 1.9 percent against both the Euro and the US dollar. Similarly, the increase in prices of non-tradable goods and services eased from 4.5 percent to 3.5 percent, reflecting notably those of “fresh meat” and “pre-elementary and primary education”.

Chart 1.4.7: Change of core inflation and its tradable and non-tradable components (in percent)



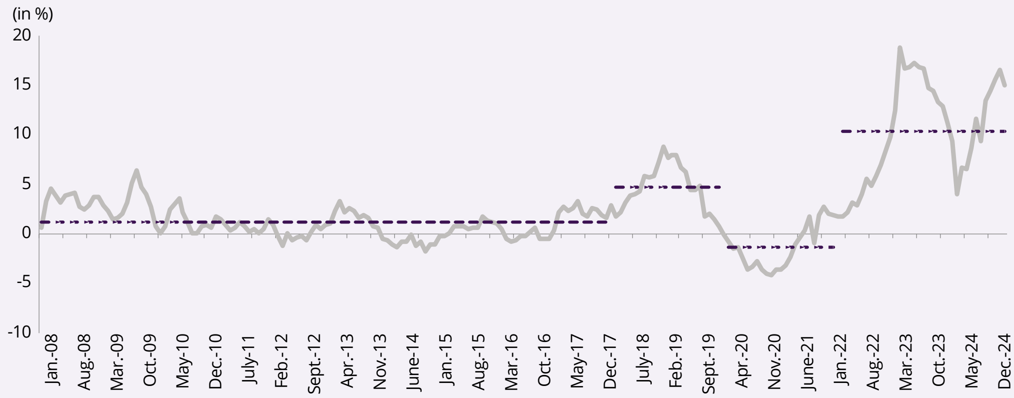
Sources: HCP data and Bank Al-Maghrib calculations.

Box 1.4.1: Developments in red meat prices

Red meat is one of the main items of food expenditure for Moroccan households, accounting for 13.5 percent, according to data from the National Survey of Household Living Standards of 2022-2023 conducted by the HCP.

Over the period 2007-2017, red meat prices, as measured by the "fresh meat" section of the CPI, increased at a virtually stable rate of 1 percent on average, with little volatility. Subsequently, prices posted an average annual increase of 5 percent in 2018 and 2019 before falling back slightly by 1 percent yearly during the Covid-19 pandemic in 2020-2021. The successive years of drought since then led to a significant rise in prices, reaching 15.1 percent in 2023 and 11 percent in 2024, thereby constituting the main source of inflation on average over the two years. Indeed, in 2024, without this surge, inflation would have been 0.5 percent instead of the observed 0.9 percent, and core inflation would have been limited to 1.4 percent instead of 2.2 percent.

Chart B.1.4.1.1: Change in red meat price index (year-on-year)



Source: based on HCP data.

To mitigate this rise and improve market supply, the government launched a series of measures, including waiving customs duties on imports of live animals and frozen meat and granting subsidies for the import of sheep for Eid al-Adha, in addition to other measures aimed at supporting and preserving the national livestock. However, these measures proved only marginally effective in rebuilding the livestock and lowering prices[1], due to market dysfunctions[2]. On February 26, 2025, His Majesty the King called on the population to refrain from performing the sacrifice of Eid al-Adha.

[1] According to the statement made by the Minister delegate in charge of the Budget during the meeting of the Finance Committee held on October 31, 2024, at the House of Representatives.

[2] Statement by the Minister of Industry and Trade during a broadcast debate on February 22, 2025.

1.4.2 Goods and services

The analysis of price trends, distinguishing between goods and services[1], indicates that the decline of inflation in 2024 is mainly due to the prices of goods. The growth of the latter fell from 8.8 percent to 1.2 percent, reflecting a slowdown from 17 percent to 0.6 percent for unprocessed products, and from 5.5 percent to 1.5 percent for processed products excluding fuels and lubricants. Prices of services also posted a decline, from 1.8 percent to 1.4 percent, mainly due to decelerations from 5.4 percent to 2.3 percent for "pre-elementary and primary education", from 3.6 percent to 1.6 percent for "secondary education" and from 9.9 percent to 4 percent for "tourist packages".

Chart 1.4.8: Price of goods and services (Change, in percent)

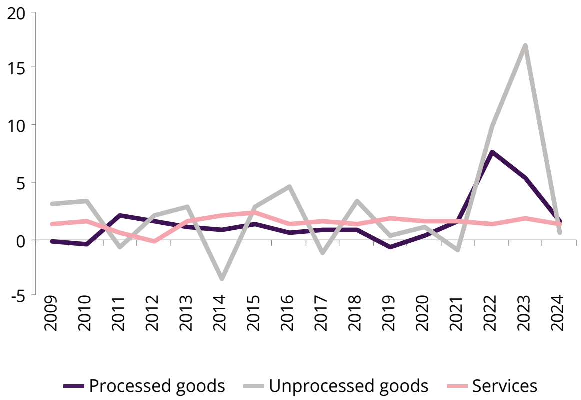
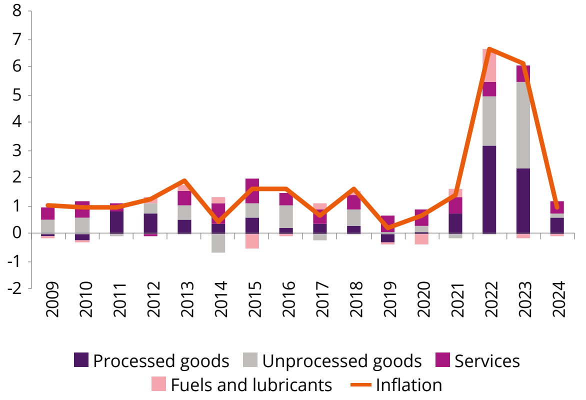


Chart 1.4.9: Contribution of prices of goods and services to inflation (in percentage points)



Sources: HCP data and Bank Al-Maghrib calculations.

Box 1.4.2: Inflation diffusion across CPI components

The sharp rise in global inflation between 2021 and 2023 is the result of a combination of factors, including the disruption of supply chains, rising freight costs, and the rebound in demand after the lifting of health restrictions. Price pressures were further exacerbated by soaring energy and food prices resulting from the outbreak of conflict in Ukraine.

At the national level, in addition to their direct impact, these pressures have spread rapidly to a wide range of goods and services. In this regard, understanding the "spillover" or "connectivity" effects linking the prices of different products and services can help understand how price shocks spread, and distinguish between temporary and persistent shocks, an issue that has been addressed by several empirical studies in recent years. Identifying these "contagion" effects enables central banks in particular to refine their inflation forecasts and calibrate their monetary policy decisions.

In this context, the approach generally used is inspired by the methodology developed by Diebold and Yilmaz (2009-2012)[1] to analyze "contagion" effects between financial assets. It consists in constructing, using a VAR model, an interaction matrix based on the generalized variance decomposition of forecast errors.

[1] Diebold, F. X. and K. Yilmaz (2009). "Measuring financial asset return and volatility spillovers, with application to global equity markets." Economic Journal,119(534). Diebold, F. X. and K. Yilmaz (2012). "Better to give than to receive, predictive directional measurement of volatility spillovers." International Journal of Forecasting, 28(1).

[1] Based on HCP data, Bank Al-Maghrib distinguishes four categories: fuels and lubricants, processed goods excluding fuels and lubricants, unprocessed goods and services.

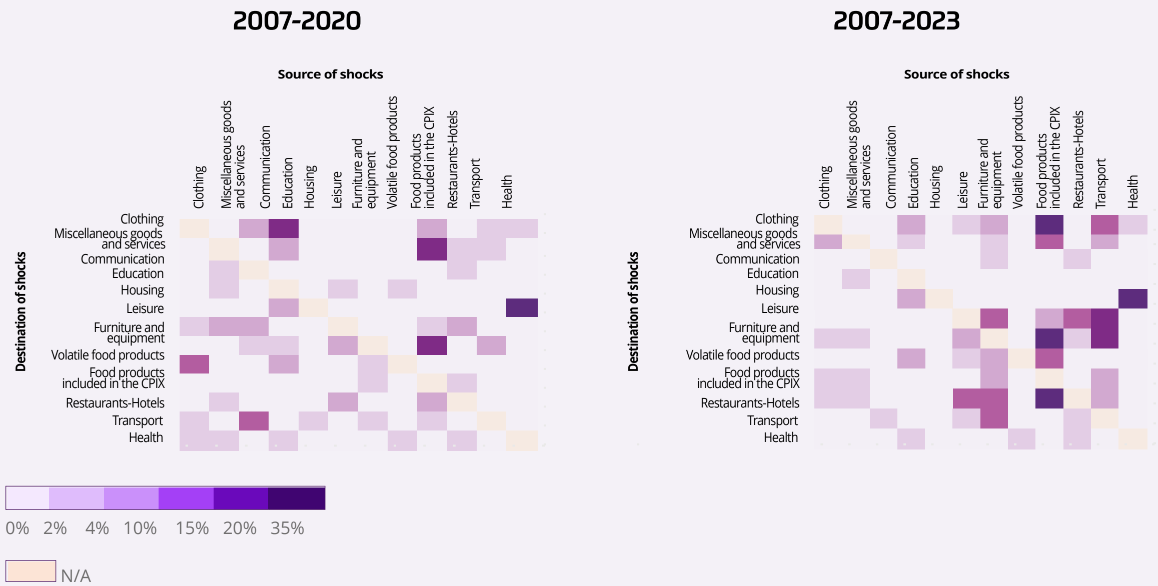
Applied by the BIS[2] to monthly US data covering two distinct periods, 1965-1985 (high inflation regime) and 1986-2019 (low inflation), this approach suggests that connectivity rises with inflation, with food and fuel identified as the most "contagious" components in terms of transmission of inflationary pressures. Similar conclusions emerge from a more recent study conducted by the Bank of Portugal[3] in 2023 on the post-pandemic period.

In the case of Morocco, this approach was applied using a BVAR model for the 12 components of the consumer price index, while also incorporating a set of variables to capture external shocks. These are inflation in the euro area, the price of oil (Brent) and the FAO index. Estimates were initially calculated for the period from January 2007 to December 2020, characterized by moderate inflation, then extended to 2023 to include the post-pandemic phase marked by a sharp rise in prices.

For the first period, results show an average interconnectedness of 24.4 percent between the various CPI components. In other words, almost a quarter of total variations in these indices is attributed to "spillover" effects, while idiosyncratic shocks explain the remaining 75.6 percent.

The most "contagious" divisions of the index turn out to be "food products included in the CPIX", with 57.4 percent of any variation in this heading being transmitted to the other divisions of the index. Conversely, the components most vulnerable to shocks are "clothing and footwear", of which 42.6 percent of the variation is explained by those emanating from the other headings, followed by "miscellaneous goods and services" with 37.4 percent and "furniture, household appliances and routine household maintenance" with 36.1 percent.

Chart B.1.4.2.1: Spillover* effects across CPI components



* Off-diagonal elements indicate the contagion effects of one CPI component to another. Darker colors correspond to higher levels of contagion. For example, for the period 2007-2023, the dark box at the intersection of the "Food products included in the CPIX" column and the "Restaurants and hotels" line means that variations in the prices of "Food products included in the CPIX" are strongly propagated towards those of "Restaurants and hotels" prices.

Source: HCP data and Bank Al-Maghrib calculations.

[2] "Inflation: a look under the hood", BIS Annual Economic Report 2022.
[3] Quelhas, J. and Serra, S. (2023). "The inflation process in Portugal: the role of price spillovers". Banco de Portugal Economic Studies, Vol. IX, No. 2.

Re-estimating the model by incorporating data which span the entire 2007-2023 period, reveals some significant changes in the results:

i. Total connectivity between CPI divisions rises from 24.4 percent to 35.7 percent;

ii. "Food products included in the CPIX" is confirmed as the most "contagious" division, with a diffusion rate of 125.9 percent instead of 57.4 percent;

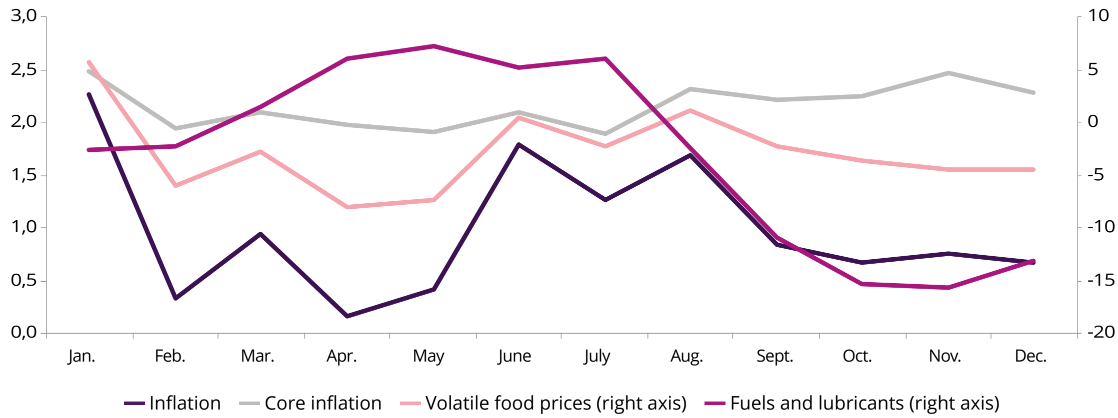
iii. In addition to "food products included in the CPIX", two other headings stand out as major generators of "spillover" effects. These are "furniture, household appliances and routine household maintenance", with a diffusion rate of 69.7 percent compared to 11 percent over the 2007-2020 period, and "transportation", with 70.6 percent after 16.2 percent;

iv. The "restaurants and hotels" division is becoming the most vulnerable to shocks, with 71 percent of its variations explained by those emanating from other components.

1.4.3 Infra-annual profile of inflation

The infra-annual analysis of inflation in 2024 reveals three phases of evolution, driven mainly by the dynamics of volatile food prices and those of fuels and lubricants. After starting the year at just above 2 percent, inflation declined sharply to 0.3 percent in February. Between March and May, it remained at a low level, before rising again in June and hovering around an average of 1.6 percent until August, driven by volatile food prices. From September onwards, the pace of inflation slowed as the decline in fuel and lubricant prices intensified, ending up at 0.7 percent in December. Meanwhile, core inflation followed a more stable trajectory, fluctuating between 1.9 percent and 2.5 percent throughout the year.

Chart 1.4.10: Infra-annual change of inflation in 2024 (in percent)



Sources: HCP data and Bank Al-Maghrib calculations.

1.4.4 Consumer prices by city

All cities covered by the HCP price survey showed a slowdown in inflation in 2024. The steepest deceleration was in Al-Hoceima, where inflation fell from 10.1 percent to 0.8 percent, followed by Beni-Mellal, from 8.8 percent to 0.1 percent, and Errachidia, from 8 percent to 1.1 percent. Looking at the disparity, the city of Laâyoune had the highest inflation rate, at 3 percent, while in Meknes, prices stagnated year-on-year. The inflation gap thus narrowed to 3 percentage points, compared with 5.3 points in 2023.

Table 1.4.2: Consumer prices by city (Change, in percent)

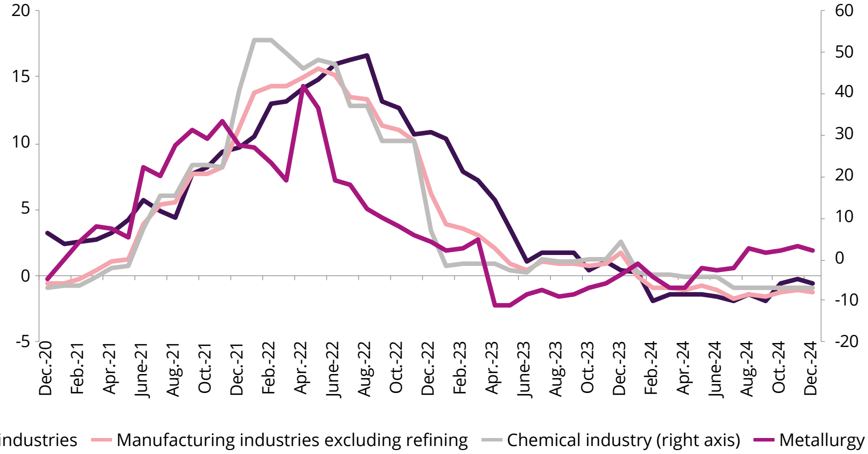
	Inflation					Inflation			
	2021	2022	2023	2024		2021	2022	2023	2024
Agadir	1.1	5.3	6.0	1.6	Tangier	1.3	6.7	6.2	0.6
Casablanca	1.9	6.5	4.9	0.8	Laâyoune	0.4	5.4	7.7	3.0
Fez	1.1	6.9	6.8	1.5	Dakhla	0.6	5.3	6.3	1.7
Kenitra	1.3	8.0	6.5	0.7	Guelmim	0.7	5.8	6.3	2.2
Marrakesh	1.6	7.3	7.1	1.3	Settat	1.7	6.6	5.2	0.6
Oujda	1.1	6.9	7.0	0.4	Safi	1.6	7.0	7.5	1.7
Rabat	1.3	6.0	4.8	1.5	Beni-Mellal	2.0	8.0	8.8	0.1
Tetouan	0.8	6.8	7.1	1.5	Al-Hoceima	1.3	8.4	10.1	0.8
Meknes	1.4	6.8	5.8	0.0	Errachidia	1.5	7.6	8.0	1.1
					National	1.4	6.6	6.1	0.9
					Range (in percentage points)	1.6	3.1	5.3	3.0

Source: HCP.

1.4.5 Industrial producer prices

Reflecting the easing of external pressures, linked in particular to the drop in commodity prices and the stabilization of global production and supply chains, producer prices in manufacturing industries excluding refining fell by 1 percent, after a 1.6 percent rise in 2023.

Chart 1.4.11: Change in industrial producer prices excluding refining (in percent)



Sources: HCP data and Bank Al-Maghrib calculations.

By industry, this decline was mainly driven by a 1.1 percent decrease in prices in the "food industries", instead of a 3.4 percent increase a year earlier, a further decline in prices in "chemical industry" to -5.3 percent after -0.6 percent, and a deceleration from 4.9 percent to 0.5 percent, in prices of the "manufacture of other non-metallic mineral products".

Table 1.4.3: Manufacturing producer price index* (Change, in percent)

	2018	2019	2020	2021	2022	2023	2024
Producer price index excluding refining	**2.6**	**0.6**	**-1.2**	**4.3**	**12.7**	**1.6**	**-1.0**
Including:							
Food industries	0.2	-0.1	2.9	5.4	13.5	3.4	-1.1
Textile manufacturing	1.8	0.2	0.8	4.4	6.8	2.6	0.6
Clothing industry	0.7	2.2	0.9	0.2	2.6	5.8	5.1
Electrical equipment manufacturing	6.2	-0.6	2.1	4.7	6.7	1.3	0.3
Chemical industry	12.1	3.0	-9.1	10.1	37.3	-0.6	-5.3
Metallurgy	-0.2	-2.3	-6.3	17.9	17.9	-5.4	-1.2
Manufacture of other non-metallic mineral products	2.6	-0.2	0.0	-0.1	4.0	4.9	0.5
Manufacture of rubber and plastic products	-0.5	-0.4	-0.6	-1.5	2.8	0.7	-5.0
Paper and cardboard production	0.8	4.7	-1.8	-0.2	3.2	3.0	0.0

* Changes are calculated based on the Producer Price Index base 100=2018 from 2019 and refer to base 100=2010 before this year.
Source: HCP.

1.5 Public Finance

The 2024 budget program was developed amid strong pressures on public resources. Indeed, in addition to continuing the rollout of the social protection generalization and to implementing the decisions resulting from the social dialogue, the State launched major investments in infrastructure in anticipation of hosting key international events, and to cope with the consequences of consecutive years of drought.

During its implementation, the Government had to meet additional spending needs, particularly related to new measures to increase wages and support household purchasing power. To this end, it opened additional credits of 14 billion dirhams.

At the same time, the evolution of revenues was significantly more favorable than expected, driven by an outstanding performance of tax receipts, which posted a record increase of 42.9 billion dirhams. This development is mainly attributable to the reform of tax legislation, the tax authorities' collection efforts and, to a lesser extent, the voluntary tax regularization operation which generated revenues of 6.5 billion dirhams, including 2.7 billion dirhams for the year 2024[1]. In addition, receipts generated from innovative financing mechanisms rose 38.7 percent to 35.3 billion dirhams.

Thanks to the exceptional revenue performance, and the start of the gradual phasing out of butane gas subsidies, materialized by a first increase of its price on May 20, the fiscal deficit continued to narrow faster than expected. Excluding proceeds from the sale of State holdings, it stood at 3.9 percent of GDP, compared to 4.4 percent in 2023 and to the 4.3 percent targeted in the Finance Act (FA).

On the financing side, the cash deficit[2] of 57.4 billion dirhams was mainly covered by domestic resources of a net amount of 36.7 billion dirhams, and net foreign inflows of 19 billion dirhams. Direct public debt fell by 1 percentage point (pp) to 67.7 percent of GDP, reflecting decreases of 0.8 pp in its domestic component to 50.8 percent of GDP and 0.2 pp in its external component to 16.9 percent of GDP.

[1] The regularization operation of the tax situation of individual taxpayers, providing for a contribution in full discharge of liabilities at 5 percent of the values subject of the said regularization, generated revenues of 6.5 billion dirhams, of which 2.7 billion dirhams was collected in December 2024 and 3.8 billion in January 2025.

[2] Considering the reconstitution of the stock of pending transactions amounting to 5.2 billion, versus a repayment of 9.2 billion a year earlier.

Table 1.5.1: Main public finance indicators
(In percentage of GDP, unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Current revenues	22.0	22.2	21.7	22.1	22.0	21.8	25.0	24.0	25.6
Tax receipts	19.3	19.6	19.7	19.3	19.3	19.0	21.1	20.0	21.2
Innovative financing mechanisms (in billion dirhams)	-	-	-	9.4	2.6	11.9	25.1	25.4	35.3
Overall expenditures	26.4	25.9	25.5	26.1	29.7	28.0	31.0	29.5	29.1
Current expenditures	20.6	20.1	20.0	20.2	22.2	21.9	24.0	22.0	21.8
Wage bill	9.6	9.1	8.9	10.3	11.6	11.0	11.1	10.3	10.3
Subsidies (in billion dirhams)	14.1	15.3	17.7	16.1	13.5	21.8	41.8	30.1	25.5
Investment	5.8	5.8	5.5	5.8	7.5	6.1	7.0	7.5	7.4
Fiscal balance (excluding sale of State's holdings)	-4.2	-3.2	-3.5	-3.8	-7.1	-5.9	-5.4	-4.4	-3.9
Direct public debt	60.1	60.3	60.5	60.3	72.2	69.4	71.4	68.7	67.7

Sources: MEF (DTFE) and HCP for nominal GDP.

1.5.1 The 2024 Finance Act

Main assumptions of the 2024 FA were a domestic economic growth of 3.7 percent, average oil and butane gas prices of $80 per barrel and $500 per ton respectively, average exchange rate of 9.8 dirhams per dollar, and inflation at 2.5 percent. It set a target fiscal deficit, excluding proceeds from the sale of State holdings, of 67 billion dirhams or 4.3 percent of GDP, instead of 70.7 billion dirhams or 4.9 percent of GDP in the 2023 FA.

Current revenues were set to improve by 8.8 percent, driven by a 6.5 percent increase in tax receipts. Direct taxes were expected to rise by 3.3 percent, reflecting a 10 percent growth in income tax receipts to 52.7 billion and a 1.6 percent drop in corporate tax receipts to 59.9 billion. Indirect taxes were set to grow by 7.5 percent, driven by a 9.6 percent rise in VAT receipts to 124.2 billion, with increases of 17.1 percent in its domestic component and 6.1 percent in import VAT. Similarly, custom duties were expected to rise by 4.7 percent to 15.7 billion, and registration and stamp duties by 20.9 percent to 19.3 billion. Non-tax revenues were projected to rebound by 22.6 percent, mainly resulting from innovative financing mechanisms of 35 billion instead of 25 billion in the 2023 FA, while monopoly revenues were expected to remain stable at 19.5 billion.

On the other hand, overall expenditures were projected to rise by 6.7 percent, reflecting a 10.2 percent increase in capital spending to 100.4 billion, and a 5.8 percent rise in current expenditures. The latter reflected a 7.6 percent rise in spending on goods and services, driven by a 3.7 percent increase in personnel expenditures to 161.6 billion, or the equivalent of 10.5 percent of GDP, and a 15.3 percent rise in other goods and services to 91.2 billion. Subsidies were expected to decrease by 36.2 percent to 17 billion, and debt interest charges by 24.2 percent to 37.2 billion.

Table 1.5.2: Budget programming (in millions of dirhams, unless otherwise indicated)

	2023 FA	2024 FA	Change in percent	Change in value
Current revenues	**341,720**	**371,747**	**8.8**	**30,027**
Tax receipts[1]	289,272	308,044	6.5	18,772
Including: VAT	113,329	124,158	9.6	10,830
CT	60,914	59,918	-1.6	-996
IT	47,931	52,739	10.0	4,808
Nontax receipts	49,148	60,253	22.6	11,105
Including: Revenues from innovative financing mechanisms	25,000	35,000	40.0	10,000
Receipts from other Treasury special accounts[2]	3,300	3,450	4.5	150
Overall expenditures	**416,594**	**444,709**	**6.7**	**28,115**
Current expenditures	**325,456**	**344,278**	**5.8**	**18,822**
Goods and Services	234,912	252,845	7.6	17,933
Wage bill[3]	155,794	161,623	3.7	5,829
Other goods and services	79,117	91,221	15.3	12,104
Debt interest	29,966	37,229	24.2	7,263
Subsidies	26,580	16,957	-36.2	-9,623
Transfers to territorial authorities	33,999	37,247	9.6	3,249
Current balance[4]	**16,264**	**27,469**		
Capital spending[5]	91,138	100,431	10.2	9,293
Balance of other Treasury special accounts	4,200	6,000		
Primary balance[4]	**-40,708**	**-29,733**		
Fiscal balance[4]	**-70,674**	**-66,962**		
In percent of GDP[6]	-4.9	-4.3		
Financing need	**-70,674**	**-66,962**		
Domestic financing	13,142	10,831		
External financing	52,532	51,131		
Sale of the State's holdings	5,000	5,000		

[1] Tax revenues are expressed net of tax refunds, rebates and refunds, and include the 30 percent of VAT revenues transferred to local authorities.
[2] Treasury Special Accounts.
[3] Personnel expenditures include social security contributions from the employer's share.
[4] Current balance refers to the difference between current revenues and current expenditures. The fiscal balance represents the difference between current revenues and overall expenditures including the balance of the Treasury special accounts. The primary balance excludes debt interest payments.
[5] Forecast in terms of issuances.
[6] Ratios calculated on the basis of nominal GDP as projected by the MEF.

Source: MEF (DTFE)

Box 1.5.1: Main tax measures of the 2024 Finance Act[1]

Tax measures introduced by the 2024 FA are part of the continued implementation of the framework law on tax reform, particularly with regard to VAT. Indeed, this law introduced a gradual approach to VAT reform over a three-year period. It has three core objectives: (i) social, to support household purchasing power and mitigate the impact of inflation, by extending VAT exemptions to some widely-consumed basic products; (ii) economic neutrality, in order to reduce the effect on businesses of not being refunded tax credits[2], through a gradual decrease in the number of VAT rates to two (20 percent and 10 percent) by 2026, instead of the current four rates (7 percent, 10 percent, 14 percent and 20 percent); and (iii) tax fairness, with a view to facilitate the inclusion of the informal sector, streamline tax incentives and clarify and harmonize text tax provisions.

Other measures were also included in the FA, particularly those relating to the fight against tax fraud, integration of the informal sector and reinstatement of voluntary regularization of taxpayers' situation.

Value-added tax

- Exempting some basic consumer products from VAT, namely: (i) pharmaceutical products; (ii) school supplies and products and materials used in their composition; (iii) water for domestic use; (iv) butter derived from animal milk; (v) tinned sardines; (vi) powdered milk; and (vii) household soap.
- Reducing the VAT rate from:
  - 14 percent to 12 percent in 2024 and to 10 percent in 2025 on the production of electricity from renewable sources;
  - 14 percent to 13 percent in 2024, 12 percent in 2025 and 10 percent in 2026 on urban and road passenger and freight transport operations;
  - 14 percent to 12 percent in 2024 and 10 percent in 2025 on services provided to insurance companies by direct marketers or insurance brokers.
- Increasing VAT rate from:
  - 14 percent to 16 percent in 2024, 18 percent in 2025 and 20 percent in 2026 on electricity;
  - 7 percent to 11 percent in 2024, 15 percent in 2025 and 20 percent in 2026 for electricity meters;
  - 14 percent to 16 percent in 2024, 18 percent in 2025 and 20 percent in 2026 on domestic air and sea transport operations of passengers and goods;
  - 7 percent to 10 percent on the sale and delivery of water for public distribution networks, as well as sanitation services and meter rentals;
  - 7 percent to 8 percent in 2024, 9 percent in 2025 and 10 percent in 2026 on refined sugar;
  - 7 percent to 10 percent on the economic (affordable) car.
- Introducing a new optional reverse-charge VAT scheme allowing taxpayers who buy goods from suppliers outside the scope of VAT or who are exempt without the right to deduct, to benefit from the deduction of VAT on their purchases. However, this scheme does not apply to purchases of land and agricultural products.

[1] Circular note No.735 from the Tax General Department on the tax provisions of the 2024 Finance Act.
[2] Effect generated by the differential in rates applied upstream and downstream of the goods and services production chains.

- Introducing two new VAT withholding mechanisms to encourage fiscal transparency and combat false invoicing.
- Reinstating the requirement to retain for a period of 60-month capital goods registered in a fixed asset account that benefited from VAT-exempt purchases or the right to deduct VAT.
- Expanding the scope of VAT to address digital commerce by: (i) revising the rules governing VAT territoriality; and (ii) introducing the obligation to identify non-resident suppliers, declare sales and pay the taxes due in Morocco.
- Establishing the principle of solidarity, in the event of a breach of VAT declaration or payment obligations, involving any person responsible for the financial or administrative management of the company or any beneficial owner of the unpaid amount of this tax.

Corporate tax

- The 2024 FA clarified the implementation of the 35 percent rate where a net profit equal to or greater than 100 million dirhams is realized as a result of non-current income from the disposal of fixed assets. This rate is applied only to the year in question, and the 20 percent rate remains applicable to subsequent years as long as the net profit remains below this threshold. Indeed, in the past, the 20 percent rate was only applied when the said profit remained below the threshold for three consecutive years.

Income tax

- Increasing the flat-rate tax deduction applicable to artist fees from 40 percent to 50 percent.
- Changing the tax regime for capital gains in the event of ex officio taxation, by: (i) determining the tax base according to the information available to the tax authorities; and (ii) applying common law rates (15 percent or 20 percent) to profits from the sale of securities and other equity and debt instruments.

Registration and stamp duties

- Aligning registration duty rates applicable to all deeds for the allocation of premises or land by cooperatives and associations to their members, with rates at 4 percent for buildings and 5 percent for land.
- Establishing an obligation for drafters of deeds on the transfer of real estate to require the presentation of proof of payment of taxes on the real estate being transferred, under penalty of being jointly liable with the taxpayer for payment of these taxes.

Common measures

- Revising the procedure for reviewing the overall tax situation of individuals through the introduction of a simplified adversarial procedure guaranteeing taxpayers' rights and allowing dialogue with tax authorities during the various phases of the procedure.
- Extending until end-2024 the implementation period of the measure relating to the regularization of the tax situation of inactive companies provided they file a declaration of total cessation of activity and pay a flat-rate tax of 5,000 dirhams for each financial year not barred by the statute of limitations.

- Reinstating, for 2024, the 5 percent contribution in full discharge of tax liabilities under the voluntary regularization of taxable profits and income of individuals in Morocco. This measure concerns: (i) liquid assets deposited in bank accounts or held in the form of banknotes; (ii) movable or immovable property not intended for professional use; and (iii) advances on partners' current accounts or on the operator's account and loans granted to third parties.
- Exempting the Mohammed VI Foundation for Science and Health, in view of its status of non-profit association, from corporate tax, VAT and registration duties.
- Granting the right to deduction from taxable income for cash or in-kind donations made to the Mohammed VI Foundation for Sciences and Health by taxpayers subject to corporate or income tax.

1.5.2 Budget implementation

In 2024, budget implementation took place against a backdrop of higher-than-expected spending pressure, which led the Government to resort to additional appropriations. Overall expenditures increased by 6.5 percent to 465.3 billion dirhams, compared to 444.7 billion dirhams set in the Finance Act, reflecting increases of 6.7 percent in current expenditures and 6 percent in capital spending. Current revenues outperformed projections significantly, with improvements of 14.5 percent in tax revenues and 19.9 percent in non-tax revenues, representing an implementation rate of almost 110 percent. Taking into account a negative balance of 6.4 billion in the Treasury's special accounts, the fiscal deficit, excluding proceeds from the sale of State holdings, came to 62.6 billion, instead of 65.8 billion a year earlier and 67 billion targeted by the FA.

Chart 1.5.1: Overall fiscal balance and primary balance (in billions of dirhams)

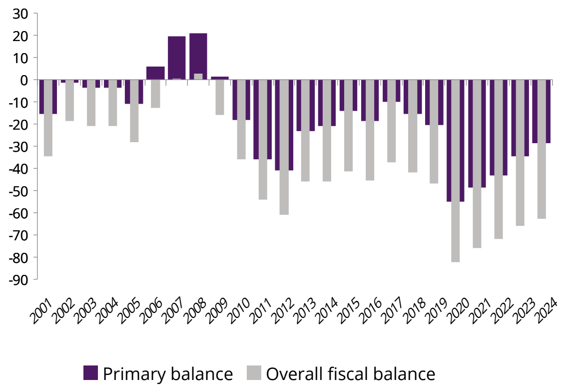
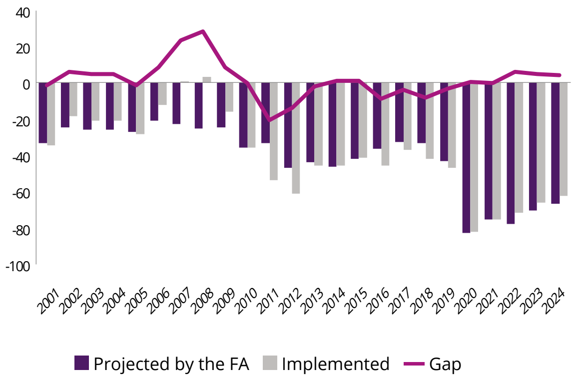


Chart 1.5.2: Overall fiscal balance (in billions of dirhams)



Source: MEF (DTFE).

Box 1.5.2: The State's new shareholding policy

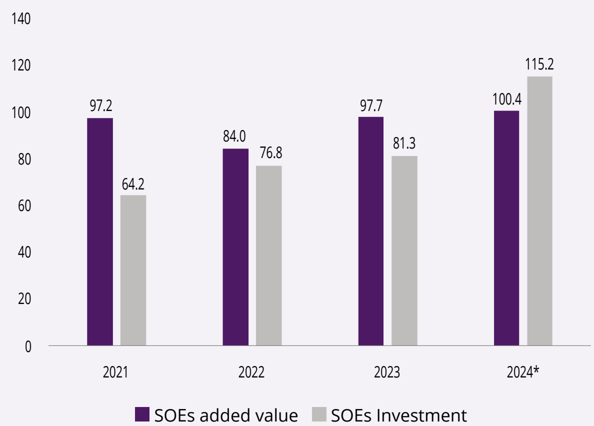
In recent years, despite the trend towards economic liberalization in many countries around the world, the share of the public sector remained significant. The number[1] of state-owned enterprises (SOEs) among the top 500 companies in terms of turnover rose from 34 in 2000 to 126 in 2023. These large SOEs, 86 of which are Chinese, hire over 21 million people and generate annual profits of $730 billion.

In view of their economic role, the governance of these companies remains one of the major concerns of public policy and a subject of interest for international institutions and organizations. Against this backdrop, the OECD in particular has developed a set of best practices in the area, based on a number of guidelines[2], including: (i) the assessment and communication of the reasons justifying state shareholdings; (ii) the establishment of transparent and effective governance, as well as a legal framework guaranteeing a level playing field when state-owned enterprises are engaged in economic activities; and (iii) the protection of the rights of shareholders, particularly minority and foreign shareholders.

In Morocco, (SOEs) also play a significant role in the domestic economy. In 2023, these 272 companies generated a turnover of 332.1 billion dirhams, a value added of 97.7 billion dirhams and invested 81.3 billion dirhams.

Fully aware of the strategic role of SOEs, public authorities have been working over the past few years to overhaul the sector, under the impetus of Royal Instructions, notably those included in His Majesty's speeches of July 29 and October 9, 2020. The ensuing reform, whose guidelines are set out in the Framework Law No. 50-21, adopted in 2021, aims to enhance their economic and social efficiency by addressing their structural dysfunctions and reinforcing complementarity and coherence between their respective missions.

Chart B.1.5.2.1: SOEs value added and investment (In billions of dirhams)



* Projections.

Source: Report on SOEs annexed to the 2025 Finance Bill.

In terms of governance, the reform focuses on five key areas: (i) monitoring the public portfolio; (ii) introducing good governance practices; (iii) generalizing financial control; (iv) strengthening transparency; and (v) performance-based management and adjusting control on the basis of criteria relating to the quality of management and governance.

[1] OECD, Shareholding and governance of state-owned companies, 2024.

[2] OECD Guidelines on State-owned Enterprise Governance, 2024.

The law also provides for the creation of a dedicated entity, the National Agency for the Strategic Management of State Holdings and Monitoring of the Performance of Public Institutions and Enterprises (ANGSPE), to protect the State's patrimonial interests and ensure the efficient and sustainable management of its shareholdings[3]. The ANGSPE, created in 2021, has set up a concerted vision of the State's shareholding policy (SSP), which was approved by the Council of Ministers on June 1, 2024 and set out in a decree published on January 6, 2025.

The SSP outlines the strategic orientations and overall objectives of the State's shareholding and its role in the governance of SOEs, as well as the procedures for implementing this policy. It is also designed to mobilize state-owned enterprises to achieve the country's objectives in terms of strengthening strategic and priority sectors, by establishing these companies primarily as: (i) a lever for consolidating national sovereignty through supporting the State's efforts in a range of key sectors; (ii) a driving force for continental and international integration; (iii) a pillar for boosting private investment; (iv) a catalyst for a competitive economy and a vehicle for the creation of value added and the promotion of productive employment; (v) an active player in territorial equity in the service of economic, social, financial and digital inclusion; and (vi) a responsible manager of resources contributing to the achievement of the Sustainable Development Goals.

To this end, the Agency has launched several projects, notably in the audiovisual sector, with a view to creating a viable public holding company. It is also studying the redefinition of the National Office of Electricity and Drinking Water (ONEE) strategic model in response to institutional changes[4] in the sector. In addition, it is assisting state-owned companies such as the National Transport and Logistics Company (SNTL) and Barid Al Maghrib (the Moroccan Postal Service) in the preparation of their restructuring projects and the redefinition of their strategic models.

[3] The Agency's public portfolio includes 57 SOEs operating in the sectors of "energy, water and industry", "infrastructure, mobility and logistics", "spatial planning and real estate activities", "banking, investment funds and finance" and "digital and transformation".
[4] Report on SOEs, 2025 Finance Bill.

Current revenues

Current revenues accelerated from 6.3 percent in 2023 to 15.3 percent in 2024. After rising by 5.1 percent, tax receipts improved by 14.5 percent to 338.4 billion dirhams, representing 21.2 percent of GDP instead of 20 percent a year earlier.

Direct tax revenues strengthened by 15.9 percent to 135.1 billion, with increases of 18.7 percent to 60.1 billion in income tax and 13.5 percent to 70.3 billion in corporate tax. The growth in income tax mainly resulted from a 2.4 billion increase in revenue from wages, a 0.8 billion rise in withholding tax on profits from the sale of securities and fixed-income investments, a 0.3 billion increase in revenue from professional income and a 0.6 billion rise in revenue from property profit. Income under this tax was also boosted by 2.7 billion in receipts from the voluntary contribution related to tax regularization, and 2.1 billion from the Tax authorities' collection efforts. The growth in corporate tax mainly reflects a 4.7 billion increase in advance payments and a 2.2 billion rise in income from the regularization supplement.

Similarly, indirect tax revenues rose by 15 percent to 164 billion. VAT revenues increased by 16.2 percent to 127.6 billion, due to a rebound of 11.9 percent in import VAT to 84.9 billion and of 25.6 percent in domestic VAT to 42.7 billion which takes into account VAT credit refunds of 18.7 billion. At the same time, ICT revenues rose by 11.8 percent to 18.1 billion for energy products, and by 8.3 percent to 14.8 billion for tobacco, bringing the total to 36.5 billion, up by 11.2 percent.

Chart 1.5.3: Corporate tax and Income tax revenues (variations in percent)

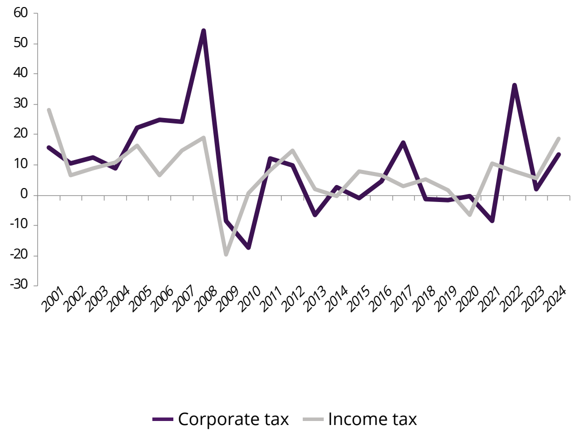
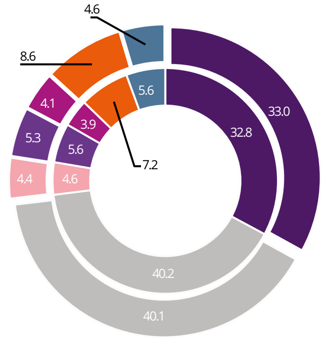


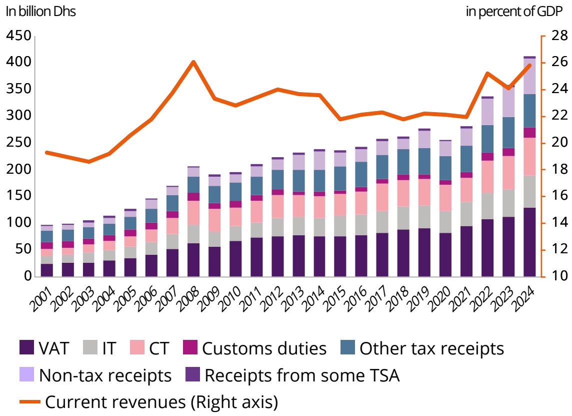
Chart 1.5.4: Breakdown of current revenues (in percent)



Source: MEF (DTFE).

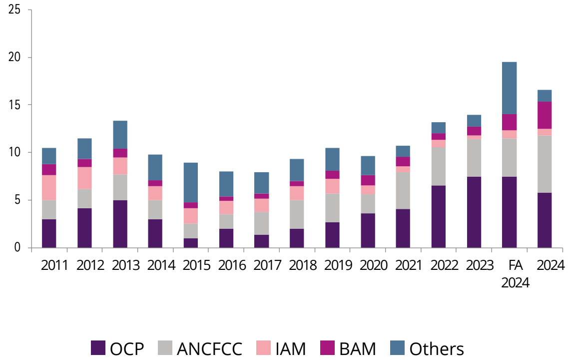
As for other resources, following an 18.3 percent increase in 2023, customs duties rose by 8.4 percent to 17.8 billion, including a 105.8 percent increase to 2.6 billion in import duties on live animals intended for consumption. Similarly, revenues from registration and stamp duties rose by 7.6 percent from 10.9 percent, to 21.5 billion.

Chart 1.5.5: Current revenues



Source: MEF (DTFE).

Chart 1.5.6: Revenues from SOEs (In billions of dirhams)



Non-tax revenues improved by 19.9 percent to 66.1 billion dirhams, exceeding FA projections by 5.9 billion dirhams. Receipts from innovative financing mechanisms rose from 25.4 billion in 2023 to 35.3 billion in 2024, bringing the total amount mobilized since the beginning of these operations in 2019 to 109.6 billion. In turn, receipts from state-owned enterprises (SOEs) rose by 18.7 percent to 16.6 billion, including 6 billion from the National Agency for Land Conservation, Cadaster, and Cartography, 5.8 billion from OCP, 2.9 billion from Bank Al-Maghrib and 690 million from Maroc Télécom. In addition, grants and donations stood at 2.9 billion, up by 5.9 percent.

Table 1.5.3: Situation of the Treasury's revenues and expenditures
(In millions of dirhams, unless otherwise indicated)

	2023[1]	2024	Change (in percent)	Implementation rate compared to the 2024 FA (in percent)
Current revenues	**354,804**	**409,129**	**15.3**	**110.1**
Tax receipts[2]	**295,505**	**338,413**	**14.5**	**109.9**
Direct taxes	116,504	135,074	15.9	115.5
Corporate tax	61,952	70,339	13.5	117.4
Income tax	50,656	60,144	18.7	114.0
Indirect taxes	142,576	164,012	15.0	105.1
VAT	109,796	127,553	16.2	102.7
Internal consumption tax	32,780	36,459	11.2	114.1
Customs duties	16,436	17,814	8.4	113.3
Registration and stamp duties	19,989	21,513	7.6	111.6
Non-tax receipts	**55,183**	**66,149**	**19.9**	**109.8**
SOEs and shareholdings	13,987	16,610	18.7	85.3
Other revenues	41,196	49,540	20.3	121.5
Including Revenues from Innovative financing mechanisms	25,432	35,271	38.7	100.8
Receipts of some Treasury' special accounts	**4,116**	**4,566**	**10.9**	**132.3**
Overall expenditures	**436,957**	**465,341**	**6.5**	**104.6**
Current expenditures	**326,215**	**347,958**	**6.7**	**101.1**
Goods and services	**231,991**	**250,328**	**7.9**	**99.0**
Wage bill	151,767	164,631	8.5	101.9
Other goods and services	80,224	85,697	6.8	93.9
Public debt interest	**31,221**	**33,893**	**8.6**	**91.0**
Domestic	22,930	23,399	2.0	86.7
External	8,291	10,494	26.6	102.3
Subsidies	**30,064**	**25,470**	**-15.3**	**150.2**
Transfers to territorial authorities	**32,939**	**38,266**	**16.2**	**102.7**
Current balance[3]	**28,589**	**61,171**		
Capital spending	**110,742**	**117,383**	**6.0**	**116.9**
Balance of other Treasury's Special accounts	16,388	-6,419		
Primary balance[3]	**-34,544**	**-28,738**		
Overall fiscal balance[3]	**-65,765**	**-62,631**		
Change in pending operations	-9,178	5,232		
Financing need/surplus	**-74,944**	**-57,399**		
Domestic financing	38,375	36,732		
Domestic debt	39,562	50,209		
Other operations	-1,187	-13,478		
External financing	34,962	18,967		
Drawings	45,502	40,364		
Amortizations	-10,540	-21,397		
Proceeds from the sale of State's holdings	1,607	1,700		

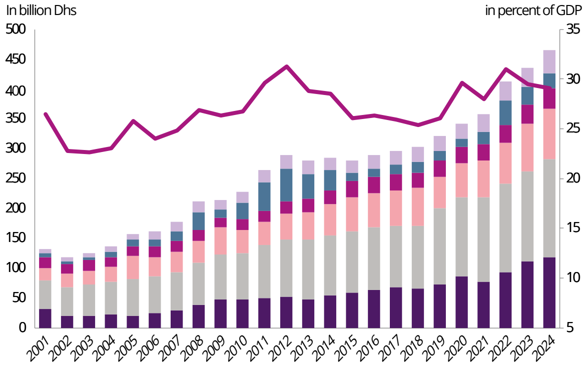
[1] Revised figures.
[2] Tax revenues are expressed net of tax refunds, rebates and refunds, and include the 30 percent of VAT revenues transferred to territorial authorities.
[3] Current balance refers to the difference between current revenues and current expenditures. The fiscal balance represents the difference between current revenue and overall expenditure, including the balance of the Treasury's special accounts. The primary balance excludes debt interest payments.

Source: MEF (DTFE).

Overall spending

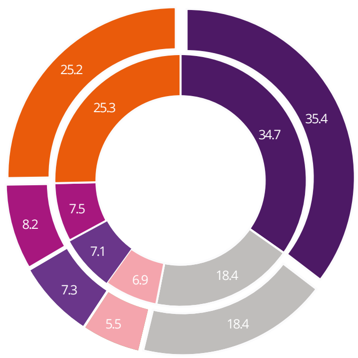
On the expenditure side, spending on goods and services rose by 7.9 percent to 250.3 billion, nearly the same amount projected in the FA. Driven in particular by the measures agreed upon as part of the social dialogue, including a first tranche of salary increases for civil servants starting July 2024, as well as the net creation of 14,280 budgetary positions[1], personnel expenditure[2] rose by 8.5 percent to 164.6 billion, i.e. an implementation rate slightly above the FA projections. The portion covered by the Personnel Expenses Department, which accounts for 84.5 percent of the total, increased by 8.6 percent, reflecting a 6.4 percent rise in its structural component and a 39.6 percent increase in recalls to 11.8 billion. The breakdown of this expenditure by Department, aside from the National Defense Administration, shows the predominance of three Ministries, namely National Education, Preschool and Sports with a share of 27.4 percent, the Interior with 19.2 percent and Health and Social Protection with 8.8 percent. As a percentage of GDP, the wage bill remained stable, year-on-year, at 10.3 percent of GDP, after a 0.8 point drop a year earlier.

Chart 1.5.7: Overall expenditures



Source: MEF (DTFE).

Chart 1.5.8: Structure of overall expenditures (in percent)

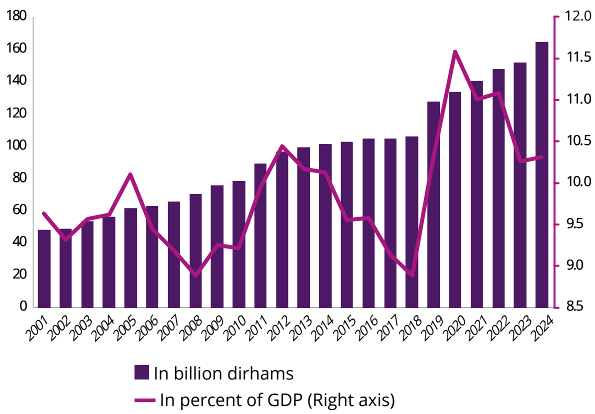


Expenditures on other goods and services rose by 6.8 percent to 85.7 billion dirhams, representing an implementation rate of 93.9 percent. This change includes increases of 1.2 percent to 41.6 billion in transfers to state-owned enterprises and 11.9 percent to 12.2 billion in payments to Special Treasury Accounts.

[1] Difference between the creation of 30,034 jobs and the suppression of 15,754 jobs.
[2] Including social security costs relating to the employer's share.

Conversely, subsidies continued to ease, shrinking from 30.1 billion to 25.5 billion, or 1.6 percent of GDP, although they exceeded the FA appropriations by 8.5 billion. By heading, 15 billion were allocated to support butane gas, 6.2 billion to sugar, 2.2 billion to domestic soft wheat flour and 1.7 billion to professionals in the transport sector.

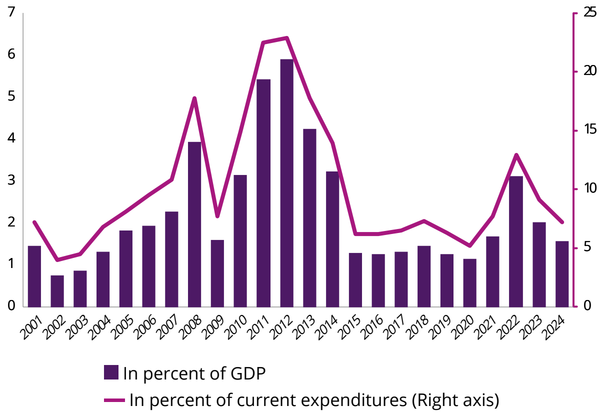
Chart 1.5.9: Wage bill*



* Starting 2019, staff expenditures include social security contributions relating to the employer's share, classified previously under other goods and services.

Source: MEF (DTFE).

Chart 1.5.10: Subsidies



Debt interest charges increased by 8.6 percent to 33.9 billion dirhams, reflecting increases of 2 percent to 23.4 billion dirhams in its domestic component and 26.6 percent to 10.5 billion dirhams in external debt charges.

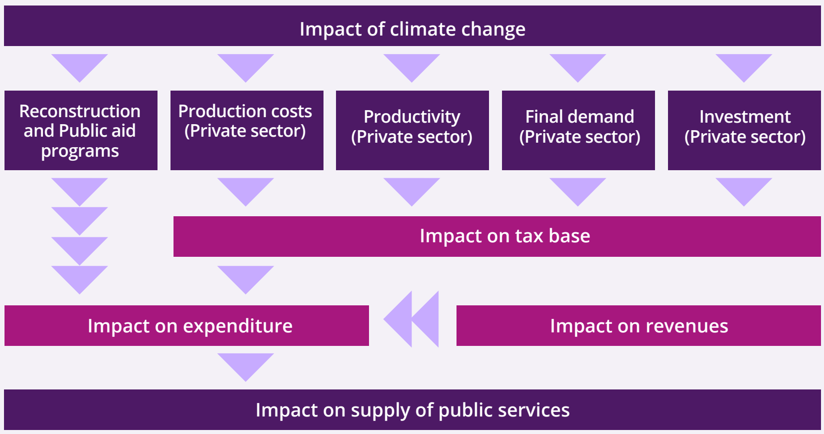
Box 1.5.3: Impact of climate change on public finances

Climate change (CC) is one of the greatest challenges facing the planet today. Its effects are increasingly tangible, manifesting themselves in more frequent and more intense extreme weather events. According to the Intergovernmental Panel on Climate Change[1] (IPCC), these risks[2] are much higher than initially predicted, and are set to continue worsening and multiplying.

This trend is not without economic consequences, with negative supply shocks (destruction of capital stock, lower agricultural yields, disruptions to labor supply or supply chains, etc.) and demand shocks (reduced consumption and investment resulting from a deterioration in household and corporate balance sheets).

These shocks can have a significant impact on public finances through a variety of channels (Figure E.1.5.3.1). On the one hand, they affect the state budget, through efforts to rebuild infrastructure damaged by extreme events and transfers to households and businesses in the event of disasters. In addition, they reduce tax revenues resulting in particular from the decline in production and/or employment. Conversely, public investment in infrastructure rebuilding would favor some activities, such as construction and public works, thus positively impacting tax revenues.

Diagram B.1.5.3.1: Impact of climate change on public finances



Source: Bachner, G., Bednar-Friedl, B. « The Effects of Climate Change Impacts on Public Budgets and Implications of Fiscal Counterbalancing Instruments ». Environmental Modeling & Assessment 24, 121-142 (2019).

Limiting global warming and mitigating its impact require considerable budgetary efforts, in a context marked by very high global debt levels and shrinking fiscal margins. According to the IMF[3], the adoption of expenditure-based emission reduction policies (increased public investment and subsidies for renewable energies) would increase public debt from 45 percent to 50 percent of GDP by 2050.

[1] Created in 1988 by the World Meteorological Organization and the United Nations Environment Program, the IPCC's mission is to assess the state of knowledge about climate change, its causes, impacts, as well as the adaptation and mitigation policies and measures implemented.
[2] 6th edition of the IPCC Assessment Report entitled «Climate Change 2022: Impacts, Adaptation, and Vulnerability,» March 2023.
[3] Fiscal Monitor, «Climate Crossroads: Fiscal Policies in a Warming World,» IMF, October 2023.

In Morocco, despite its low contribution to greenhouse gas (GHG) emissions, the impact of climate change is increasingly tangible. It is particularly manifested by extreme events, rising temperatures and declining rainfall, with aridification set to increase[4] and exacerbating water stress, which already reached an alarming level. Between 2000 and 2021, the Kingdom reported[5] some twenty major events, with direct losses averaging 450 million dollars per year, and impacts that have particularly affected vulnerable households. The IPCC[5] estimates the annual cost of land degradation for the country at around 0.5 percent of GDP. The World Bank[6] (WB), for its part, highlights that a 25 percent reduction in water availability, combined with lower agricultural yields, could reduce GDP by 6.5 percent by 2050. Overall, to build a resilient, low-carbon economy, the WB estimates Morocco's investment needs between 2022 and 2050 at nearly $78 billion.

To mitigate and adapt to the impacts of climate change, Morocco has implemented several sectoral reforms based on energy sobriety and efficiency, speeding-up the deployment of renewable energies, and developing climate- and water- resilient infrastructure, including inter-basin water transfer routes. The objective by 2030 is to reduce GHG emissions by 45.5 percent (National Determined Contribution revised in 2021), increase the share of renewable resources in the electricity mix to 52 percent, and achieve carbon neutrality by 2050 (new long-term low-carbon strategy).

In terms of fiscal policy, the framework law on taxation adopted in 2021 includes, among its objectives, the promotion of environmental protection, notably through the introduction of a carbon tax. Similarly, the Government integrated for the first time the impacts of the different IPCC climate scenarios into its macroeconomic projections, particularly in the Three-Year Fiscal Framework accompanying the 2025 FA. Simulations indicate that, in the event of a persistent rise in extreme temperatures, the fiscal deficit would widen by nearly 0.3 points of GDP in 2050 and the Treasury debt ratio would increase by 2.1 points of GDP compared to the baseline scenario, based on trend projections not integrating the impact of CC. Also, to mobilize the needed funds, Morocco has developed a strategy for developing climate finance by 2030, primarily aimed at identifying levers to level up the contribution of the private sector to climate financing to 50 percent.

[4] «Literature Review on Climate Change in Morocco: Observations, Projections, and Impacts,» AFD Research Papers, No. 108, July 2019.
[5] «Climate Change and Land: What Impacts for Africa?», IPCC Special Report, August 2019.
[6] «Morocco: Climate and Development Report,» World Bank, October 2022.

Considering the developments of current revenues and expenditures, the current balance was in surplus of 61.2 billion, compared to 28.6 billion a year earlier. This strengthening allowed to cover more than half of investment expenditure which amounted to 117.4 billion dirhams, up by 6 percent year-on-year and exceeding the FA projections by 16.9 percent. Excluding common charges, the largest capital spending was made by the Ministries of Equipment and Water for 17.4 billion, Agriculture, Fisheries, Rural Development, and Water and Forests for 13 billion, National Education, Preschool and Sports for 7 billion and Health and Social Protection for 6.9 billion

Chart 1.5.11: Current balance

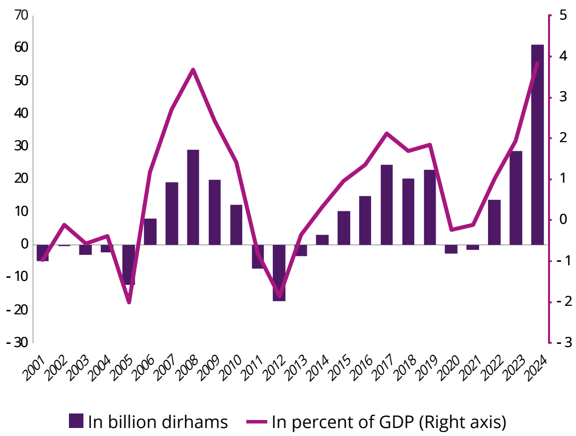
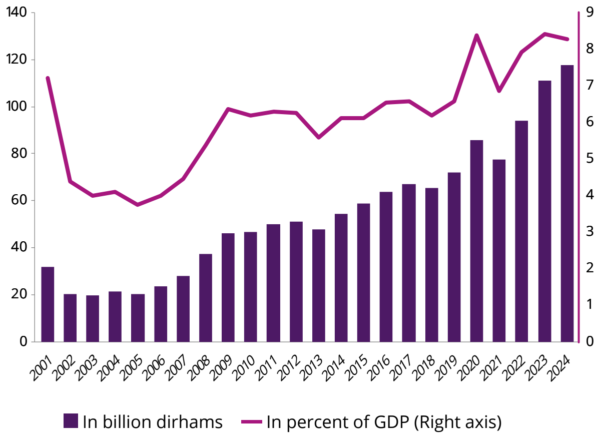


Chart 1.5.12: Capital spending



Source: MEF (DTFE).

For their part, the Treasury's special accounts posted a negative balance of 6.4 billion, resulting mainly from those of the Social Protection and Cohesion Support Fund (-7.8 billion) and the Fund for Managing the Effects of the Al Haouz Earthquake (-5.3 billion). Under these conditions, the fiscal deficit, excluding proceeds from the sale of State holdings, narrowed to 62.6 billion or 3.9 percent of GDP compared to 4.4 percent in 2023. Considering a replenishment of the stock of pending operations amounting to 5.2 billion, the cash deficit eased to 57.4 billion.

Chart 1.5.13: Stock of pending operations

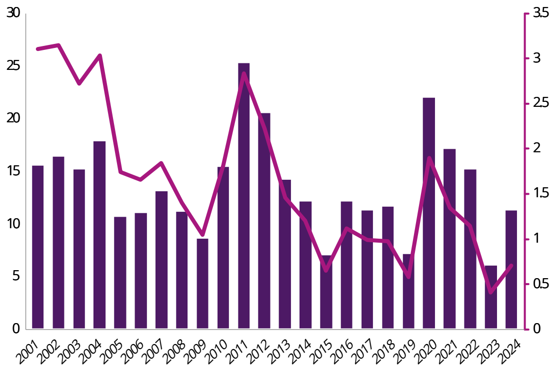
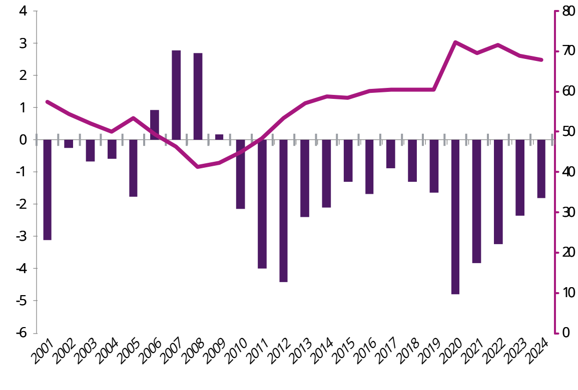


Chart 1.5.14: Primary balance and direct public debt (in percent of GDP)



Sources: MEF (DTFE) data and Bank Al-Maghrib estimations on the basis of annual flows for the stock of pending operations.

1.5.3 Treasury financing

The Treasury's financing needs for 2024 were covered by net domestic resources of 36.7 billion, net external financing of 19 billion, and the proceeds from a sale operation of government holdings of 1.7 billion[1].

Regarding domestic financing, net sales on the Treasury bond auction market amounted to 54.2 billion dirhams, compared to 33.6 billion in 2023. Subscriptions were made mainly by banks for a net amount of 39.7 billion, CDG for 11.9 billion, and insurance companies and social security institutions for 6.9 billion. On the other hand, non-financial companies and mutual funds reduced their holdings of Treasury bonds by 4.1 billion and 0.2 billion respectively.

Regarding external financing, gross drawings totaled 40.4 billion dirhams, down by 5.1 billion compared to the previous year. These resources come mainly from the World Bank in the form of loans totaling 16.5 billion dirhams and the IMF for 7.4 billion under the Resilience and Sustainability Facility. At the same time, principal repayments reached 21.4 billion dirhams, including 10.8 billion from a loan issued in 2014 on the international financial market, compared to 10.5 billion in 2023.

[1] Proceeds from the sale of the State's entire stake in "Société La Mamounia".

Chart 1.5.15: Treasury's net financing (in billions of dirhams)

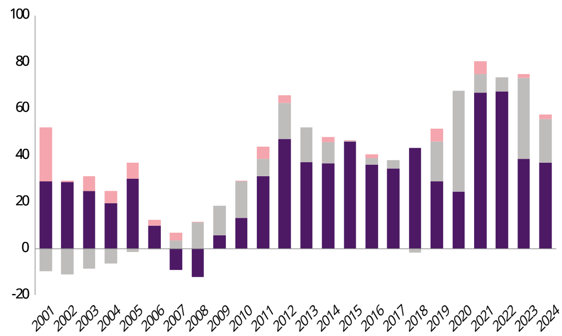
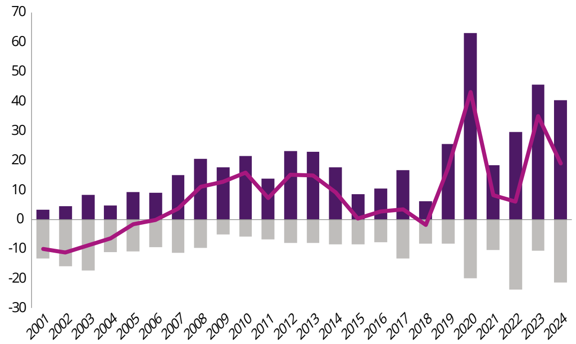


Chart 1.5.16: Treasury's external financing (in billions of dirhams)



Source: MEF (DTFE).

1.5.4 Public debt

Following a 2.7 pp easing in 2023, the direct public debt ratio decreased by 1 pp to 67.7 percent of GDP in 2024, or 1,081.6 billion dirhams. Its domestic component fell by 0.8 pp to 50.8 percent of GDP, or 811.8 billion dirhams, and its external debt by 0.2 pp to 16.9 percent of GDP, or 269.8 billion dirhams.

Concerning the characteristics of this debt, its average cost[1] stabilized overall at 3.3 percent, decreasing slightly from 3.2 percent to 3.1 percent for domestic debt, and increasing from 3.6 percent to 4.1 percent for external debt. The currency structure of the latter remains dominated by the euro, with a share of 58.1 percent, compared to 33.7 percent for dollar-denominated debt.

Regarding the external debt of other public borrowers, it increased by 7.1 percent to 198.5 billion, equivalent of 12.4 percent of GDP after 12.5 percent in 2023. Overall, public external debt[2] stood at 468,2 billion, or 29.3 percent of GDP instead of 29.7 percent. It is held up to 52.8 percent by multilateral creditors, 19.9 percent by bilateral lenders, while the remainder of 27.3 percent, representing outstanding issuances on the IFM.

[1] Calculated as the ratio of debt interest paid in the year under review to the stock of debt at end-December of the previous year.
[2] External debt of the Treasury and other public borrowers (SOEs, State-owned financial institutions, Territorial authorities and public utility institutions).

Chart 1.5.17: Treasury debt

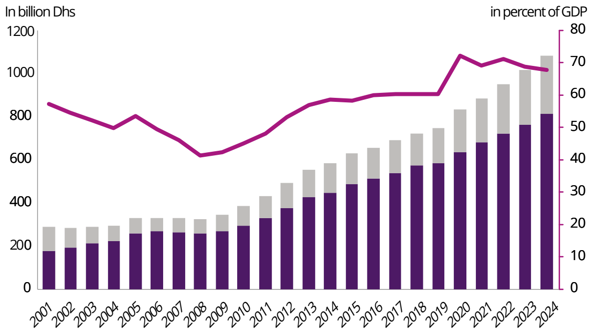
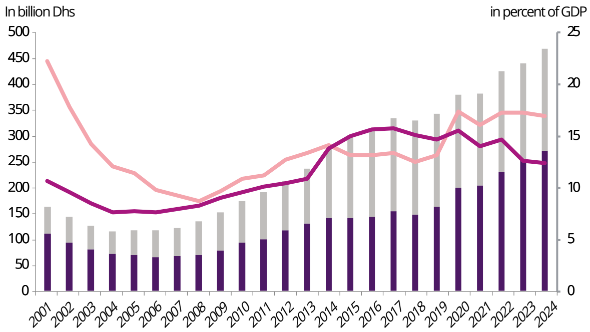


Chart 1.5.18: Public external debt



OPB: Other Public Borrowers.
Source: MEF (DTFE).

Table 1.5.4: Public debt position (in billion dirhams, unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
I- Domestic Treasury debt (1+2)	**514.7**	**539.1**	**574.6**	**585.7**	**632.9**	**681.5**	**722.9**	**763.0**	**811.8**
In percent of GDP	47.0	46.9	48.1	47.2	54.9	53.4	54.2	51.6	50.8
1- Treasury bond auctions	490.0	516.7	546.2	557.2	600.7	646.6	665.8	699.4	753.6
In percent of GDP	44.8	45.0	45.7	44.9	52.1	50.7	49.9	47.3	47.2
2- Other domestic debt instruments	24.7	22.4	28.4	28.5	32.2	34.9	57.2	63.7	58.2
In percent of GDP	2.3	2.0	2.4	2.3	2.8	2.7	4.3	4.3	3.6
II- Treasury External debt	**142.8**	**153.2**	**148.0**	**161.6**	**199.7**	**203.8**	**228.9**	**253.6**	**269.8**
In percent of GDP	13.0	13.3	12.4	13.0	17.3	16.0	17.2	17.1	16.9
III- Stock of direct debt (I+II)	**657.5**	**692.3**	**722.6**	**747.3**	**832.6**	**885.3**	**951.8**	**1,016.7**	**1,081.6**
In percent of GDP	60.1	60.3	60.5	60.3	72.2	69.4	71.4	68.7	67.7
IV- External debt of Other Public Borrowers	**170.0**	**180.4**	**179.7**	**180.6**	**178.7**	**177.6**	**195.0**	**185.3**	**198.5**
In percent of GDP	15.5	15.7	15.0	14.6	15.5	13.9	14.6	12.5	12.4
External public debt (II+IV)	**312.8**	**333.6**	**327.7**	**342.1**	**378.4**	**381.4**	**423.9**	**439.0**	**468.2**
In percent of GDP	28.6	29.0	27.4	27.6	32.8	29.9	31.8	29.7	29.3
GDP at current prices	**1,094.2**	**1,148.9**	**1,195.2**	**1,239.8**	**1,152.5**	**1,276.6**	**1,333.5**	**1,479.8**	**1,596.8**

Sources: MEF (DTFE) and HCP for nominal GDP.

1.6 Balance of payments

Despite the sustained performance of world crafts of Morocco, the trade deficit remained high in 2024, at 19.1 percent of GDP. Nevertheless, thanks to buoyant travel receipts and transfers from Moroccans living abroad (MLA), the current account deficit stabilized at a moderate 1.2 percent of GDP.

Imports of goods rose by 6.4 percent, mainly reflecting increased purchases of capital and consumer goods, while the energy bill continued to fall in line with the downturn in international prices. Exports expanded by 6.1 percent, mainly driven by sales of phosphate and derivatives and the automotive sector. Consequently, the coverage ratio remained stable around 60 percent year-on-year.

At the same time, travel receipts grew by another 4.6 percent, reaching 112.5 billion dirhams, and remittances totaled 119 billion dirhams, increasing by 3.3 percent compared to 2023.

Regarding the financial account, foreign direct investment (FDI) inflows expanded by 10.2 percent to 43.8 billion dirhams, equivalent to 2.7 percent of GDP, despite an uncertain international context, whereas Moroccan investments abroad contracted by 13.8 percent to 27 billion dirhams. The Treasury’s increased recourse to multilateral creditors led to a net increase of 21.6 billion dirhams in the country’s commitments.

Ultimately, official reserve assets (ORA) of Bank Al-Maghrib rose by 4.5 percent to 375.5 billion dirhams, equivalent to 5 months and 9 days of imports of goods and services, and 123 percent of the IMF adjusted ARA[1] metric.

[1] ARA (Assessing Reserve Adequacy) is an indicator developed by the IMF to assess foreign exchange reserve adequacy. When necessary, this metric is adjusted (Adjusted ARA) to take account of restrictions on capital flows. A country's level of foreign exchange reserves is considered adequate when it represents between 100 percent and 150 percent of the ARA metric. https://www.bkam.ma/Trouvez-l-information-concernant/Reforme-du-regime-de-change/Adequation-des-reserves-de-change-mesure-ara (available in French only).

Table 1.6.1: Main items of the balance of payments *
(in percent of GDP, unless otherwise indicated)

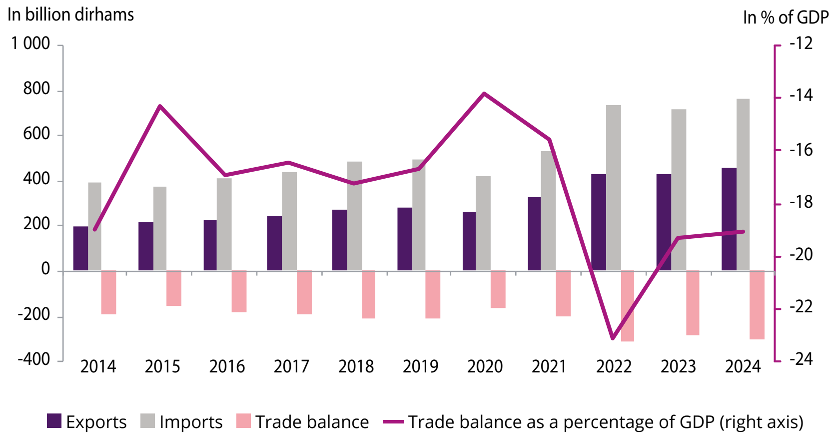
	2019	2020	2021	2022	2023**	2024***
Current account	**-3.4**	**-1.2**	**-2.3**	**-3.5****	**-1.0**	**-1.2**
Exports (FOB, change in percent)	3.3	-7.5	25.2	30.1	0.4	6.1
Imports (CIF, change in percent)	2.0	-13.9	25.0	39.5	-2.9	6.4
Trade Deficit (FOB-CIF)	16.7	13.9	15.6	23.2	19.3	19.1
Travel receipts (Change, in percent)	7.8	-53.7	-5.1	171.5	14.6	4.6
MLA receipts (Change, in percent)	0.1	4.8	40.1	16.0	4.0	3.3
Financial account excluding reserve assets******	**-4.1**	**-5.8**	**-2.8**	**-1.8**	**-1.2**	**-0.3**
FDI receipts	2.8	2.3	2.5	3.0	2.7	2.7
Moroccan investments abroad	0.7	0.4	0.5	0.5	0.8	0.4
Portfolio investment	-0.9	-1.8	0.2	0.8	-1.6	0.1
Loans	-0.9	-4.1	0.7	-1.6	-0.3	-1.4
Trade loans	-0.8	-0.9	-0.4	-0.1	-0.2	0.4
Cash and deposits	-0.8	1.8	-1.3	0.2	0.7	1.2
Official reserve assets, in billion dirhams	**253.4**	**320.6**	**330.8**	**337.6**	**359.4**	**375.5**
Official reserve assets, in months of imports	**6.9**	**7.1**	**5.3**	**5.4**	**5.4**	**5.3**

* According to the 6th edition of the IMF Balance of Payments Manual.
** Revised figures.
*** Provisional figures.
**** Net flows except for FDI inflows.
Sources: Foreign exchange office, HCP and Bank Al-Maghrib.

1.6.1 Trade balance

In 2024, the goods trade deficit widened by 6.8 percent to 304.9 billion dirhams, or 19.1 percent of GDP, compared to 19.3 percent a year earlier. Imports rose by 6.4 percent to 761.3 billion, while exports increased by 6.1 percent to 456.3 billion, leaving the coverage rate virtually unchanged at 60 percent.

Chart 1.6.1: Trade balance



Source: Foreign exchange Office.

Import growth covered almost all products, except energy ones. Acquisitions of capital goods continued trending up, rising by 13 percent to 180.3 billion dirhams, with a 36.8 percent increase in purchases of "utility vehicles" and a 14.9 percent rise in purchases of "devices for cutting or connecting electrical circuits and resistors." Similarly, imports of consumer goods rose by 10.7 percent to 177.5 billion, driven mainly by passenger cars and their parts, which totaled 57.7 billion.

Table 1.6.2: Imports, by main products

	In billion dirhams				Changes		
	2021	2022	2023	2024	2023/2022	2024/2023	
					In percent	In billion dirhams	In percent
Total Imports	**528.6**	**737.4**	**715.8**	**761.3**	**-2.9**	**45.5**	**6.4**
Equipment goods	**118.5**	**138.8**	**159.6**	**180.3**	**15.0**	**20.7**	**13.0**
Equipment for cutting or wiring electrical circuits and resistors	9.3	10.5	14.4	16.6	37.6	2.1	14.9
Parts and components for planes and other air or space vehicles	9.5	12.7	13.1	14.5	2.6	1.4	10.9
Commercial vehicles	6.8	7.7	8.1	11.0	4.6	3.0	36.8
Aircraft and other aerial or space vehicles	0.2	0.4	2.1	3.8	427.7	1.6	77.6
Consumer goods	**128.9**	**144.5**	**160.3**	**177.5**	**10.9**	**17.2**	**10.7**
Parts and components of tourism cars and vehicles	19.7	24.1	30.8	33.6	27.7	2.8	9.0
Tourism cars	18.5	19.2	22.2	24.1	15.4	1.9	8.6
Drugs and other pharmaceutical products	13.1	8.6	9.2	10.8	6.7	1.6	17.9
Artificial and synthetic fiber yarns and fabrics	9.0	11.4	11.7	12.7	3.0	1.0	8.4
Semi-finished products	**115.9**	**169.7**	**151.8**	**163.9**	**-10.6**	**12.1**	**8.0**
Chemicals	12.5	16.9	13.7	16.3	-18.7	2.6	18.8
Semi-finished products in iron or non-alloy steels	5.2	3.7	3.2	5.0	-14.6	1.8	57.1
Accessories for piping and steel construction	2.5	4.3	3.1	4.8	-26.1	1.7	54.1
Ammoniac	6.9	21.4	8.8	8.8	-58.7	0.0	-0.2
Energy and lubricants	**75.8**	**153.2**	**122.0**	**113.8**	**-20.4**	**-8.2**	**-6.7**
Gas-oils and fuel-oils	36.0	76.4	58.2	57.0	-23.8	-1.2	-2.0
Coal, Cokes and similar solid fuels	10.6	24.2	16.5	12.7	-31.8	-3.8	-23.2
Petroleum gas and other hydrocarbons	17.4	26.3	23.9	21.3	-9.0	-2.7	-11.2
Petroleum gasoline	4.5	7.5	6.7	6.6	-11.3	-0.1	-1.5
Food products	**59.9**	**86.7**	**89.6**	**91.6**	**3.3**	**2.0**	**2.2**
Live animals	0.8	0.6	2.9	5.6	409.1	2.7	95.2
Coffee	1.1	1.6	1.5	2.6	-4.1	1.1	73.9
Wheat	14.3	25.9	19.4	17.8	-25.3	-1.5	-7.9
Oilcake and other food industry residues	5.7	7.0	9.0	7.0	28.1	-2.0	-22.3
Raw products	**29.5**	**44.3**	**31.9**	**33.3**	**-27.9**	**1.4**	**4.3**
Raw and unrefined sulfur	10.7	18.8	8.0	9.1	-57.3	1.1	13.7
Oilseeds and oleaginous fruits	0.5	0.7	0.9	1.4	18.7	0.5	57.3
Scrap metal, waste, scrap copper, iron, steel and other minerals	2.0	3.6	4.3	4.4	18.5	0.2	3.8
Raw or refined soybean oil	5.8	8.1	6.1	5.5	-24.8	-0.6	-10.6

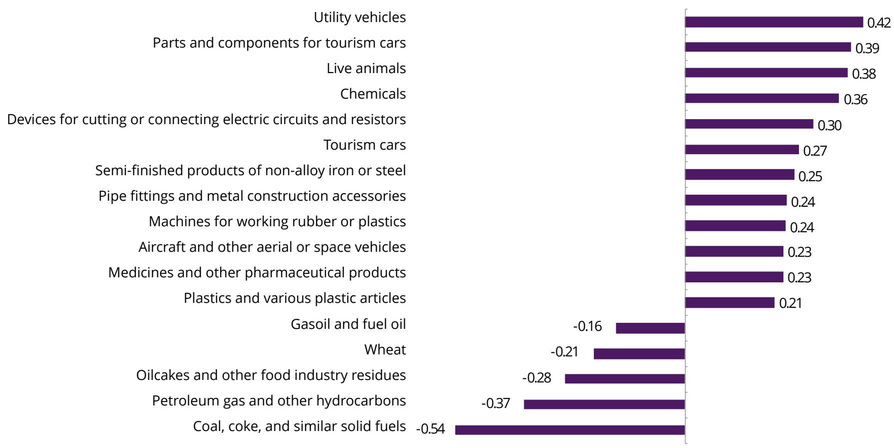
Source: Foreign exchange office.

Similarly, purchases of semi-finished products increased by 8 percent, reaching 163.9 billion dirhams, while those of raw products rose by 4.3 percent to 33.3 billion dirhams. Imports of “ammonia” and “unrefined sulfur,” the main inputs for the fertilizer industry, grew by 6.4 percent to 17.9 billion dirhams, driven by higher import quantities, even as prices continued to decline.

Regarding food products, amid successive years of drought, imports sustained their upward trend, reaching 91.6 billion dirhams in 2024, including 17.8 billion dirhams for “wheat”, 10 billion dirhams for “raw or refined sugar,” and 5.6 billion dirhams for “live animals” for slaughter.

Conversely, due to an additional reduction of international prices, the energy bill decreased by 6.7 percent to 113.8 billion dirhams, mainly reflecting a 23.2 percent drop to 12.7 billion dirhams for “coal, cokes and similar solid fuels” and a 2 percent decline to 57 billion dirhams for “gasoil and fuel oil.”

Chart 1.6.2: Contribution of main products to import growth in 2024 (in percentage points)

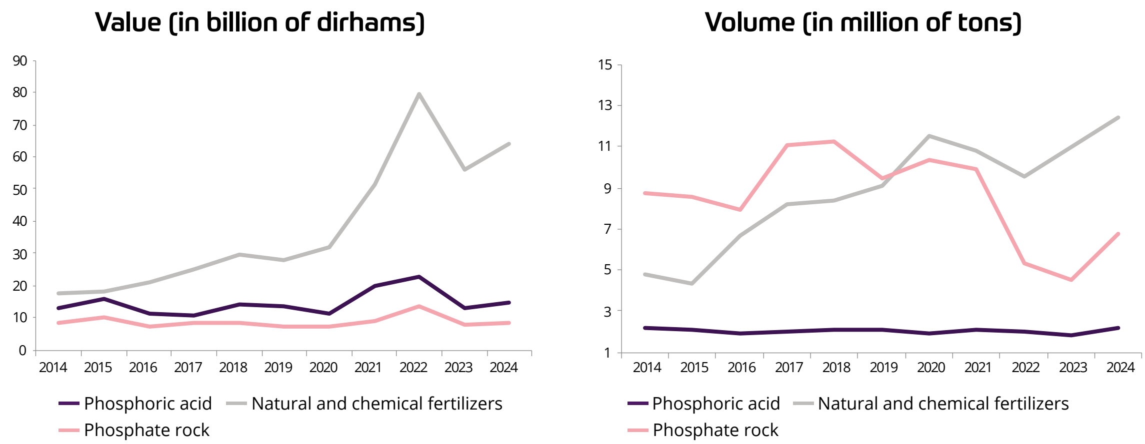


Sources: Foreign exchange office and Bank Al-Maghrib calculations.

In terms of exports, after the decline recorded in 2023, sales of phosphate and derivatives rose by 13.5 percent to 87.1 billion dirhams, due to increases of 14.4 percent to 64.1 billion for “natural and chemical fertilizers”, 11.5 percent to 14.4 billion for “phosphoric acid” and 10.6 percent to 8.6 billion for “raw phosphate”.

For fertilizers in particular, the increase reflects not only a moderate rise in price of 1.3 percent, but also a 13 percent expansion in volumes. The main destination markets remain Brazil and India, which account for 19.7 percent and 12.5 percent of shipments respectively, while the US share remained limited to 4.2 percent instead of 20.6 percent in 2019, access to this market being penalized by the countervailing duties imposed since 2021. The African continent absorbs 15 percent of the total, more than half of which is exported to Djibouti and Côte d'Ivoire.

Chart 1.6.3: Exports of phosphate and derivatives



Source: Foreign exchange office.

Similarly, automotive industry exports continued to grow, albeit at a slower pace. They reached 157.6 billion dirhams, up by 6.3 percent after an average of 30.5 percent during the two previous years. The "construction" segment generated revenues of 71 billion, up by 4.9 percent, as a result of an increase in the number of cars shipped to 537 thousand units from 515 thousand in 2023. By market, 29 percent went to France, 19 percent to Italy and 10 percent to Spain, while the share of the African market remained limited to 0.7 percent. In other sectors, sales of "wiring" and "vehicle interiors and seating" increased by 6.5 percent to 53.6 billion and 18.1 percent to 9 billion respectively.

At the same time, exports in the "agriculture and agrifood" sector expanded by 4.5 percent to 87 billion dirhams, mainly resulting from a virtual stagnation in the food industry at almost 43 billion, and a 9.1 percent improvement in agricultural products to 40.7 billion, despite the drought and water stress. Sales of agricultural products were driven mainly by a rise in the volume of exports of some types of red berries[1], while those of fresh tomatoes, which account for more than a quarter of the total, were virtually stable at 11.5 billion, covering a 16.5 percent increase in quantities and a 14.8 percent drop in prices.

[1] "Strawberries and raspberries" and "fresh cranberries and blueberries".

The aeronautical industry continues to enjoy remarkable dynamism in a global context characterized by strong demand linked to the rebound in international tourism and the renewal of aircraft fleets. Thus, following average annual growth of 19.8 percent between 2020 and 2023, exports improved by 14.9 percent to 26.4 billion overall, by 23.6 percent to 17.2 billion for the "assembly" segment, and by 1.5 percent to 9.1 billion for the "Electrical wiring interconnection system (EWIS)" segment.

Table 1.6.3: Exports by sector

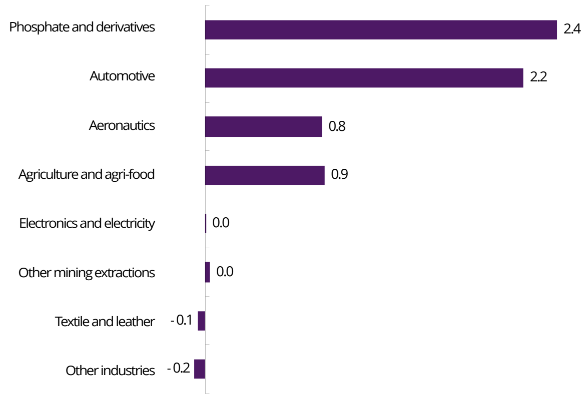
	In billion dirhams				Variations		
					2023/2022	2024/2023	
	2021	2022	2023	2024	In percent	In billion dirhams	In percent
Total exports	**329.4**	**428.6**	**430.2**	**456.3**	**0.4**	**26.1**	**6.1**
Phosphates and derivatives	**80.3**	**115.5**	**76.7**	**87.1**	**-33.6**	**10.4**	**13.5**
Natural and chemical fertilizers	51.5	79.3	56.0	64.1	-29.3	8.1	14.4
Phosphoric acid	19.8	22.8	12.9	14.4	-43.3	1.5	11.5
Phosphate rock	8.9	13.4	7.7	8.6	-42.2	0.8	10.6
Automotive	**87.1**	**115.4**	**148.2**	**157.6**	**28.4**	**9.4**	**6.3**
Construction	39.4	55.1	67.6	71.0	22.6	3.3	4.9
Wiring	29.9	37.5	50.4	53.6	34.4	3.3	6.5
Vehicle interiors and seating	5.2	5.9	7.7	9.0	29.2	1.4	18.1
Agriculture and agri-food industry	**69.9**	**83.2**	**83.2**	**87.0**	**0.0**	**3.7**	**4.5**
Food industry	36.6	43.8	43.0	43.2	-1.8	0.2	0.5
Agriculture, forestry, hunting	31.3	37.0	37.3	40.7	1.0	3.4	9.1
Aeronautics	**16.4**	**22.2**	**23.0**	**26.4**	**3.8**	**3.4**	**14.9**
Assembling	10.7	14.6	13.9	17.2	-4.2	3.3	23.6
Electrical wiring interconnection systems (EWIS)	5.7	7.5	9.0	9.1	19.4	0.1	1.5
Textile and leather	**36.4**	**43.9**	**46.1**	**45.9**	**5.0**	**-0.2**	**-0.5**
Ready-made garments	22.6	27.6	29.5	29.6	7.0	0.1	0.3
Knitwear	7.5	8.5	8.9	9.1	5.5	0.2	2.1
Footwear	2.7	3.5	3.3	3.0	-6.2	-0.2	-7.1
Electronics and Electricity	**10.6**	**15.1**	**18.3**	**18.3**	**21.0**	**0.0**	**0.0**
Electronic parts	4.1	6.7	8.4	7.7	26.0	-0.7	-8.6
Wires, cables and other conductors for electricity	3.1	4.6	5.2	5.6	13.7	0.4	7.0
Other industries	**23.7**	**27.6**	**29.2**	**28.5**	**5.8**	**-0.8**	**-2.6**
Other mining extractions	**5.0**	**5.6**	**5.4**	**5.6**	**-3.4**	**0.1**	**2.3**

Source: Foreign Exchange Office.

As for the “textile and leather” industry, exports totaled 46 billion dirhams, remaining virtually unchanged year-on-year, after an average annual increase of 15.5 percent over the previous three years. Sales of “ready-made garments” held steady at 29.6 billion, while those of “knitwear” rose by 2.1 percent to 9.1 billion, while “footwear” contracted by a further 7.1 percent to 3 billion.

Similarly, after the strong increases posted between 2021 and 2023, sales of “electronics and electricity” stagnated at 18.3 billion. This stability is the result of an 8.6 percent drop to 7.7 billion for “electronic components” and a 7 percent increase to 5.6 billion for “wires, cables and other electrical conductors”.

Chart 1.6.4: Contributions of key sectors to export growth in 2024 (in pp)



Sources: Exchange office and Bank Al-Maghrib calculations.

Box 1.6.1: Development and diversification of national exports of goods

In addition to serving as a driver of wealth and job creation, exports represent the primary source of foreign currency for emerging and developing countries, enabling them to meet their economic needs. Furthermore, the continuous pursuit of competitiveness in external markets necessitates enhanced productivity, the key determinant of long-term growth.

While export volume remains the predominant metric for measuring trade performance, integration into global value chains and the extent of diversification, across both products and destination markets, are equally critical indicators for assessing their economic impact and resilience.

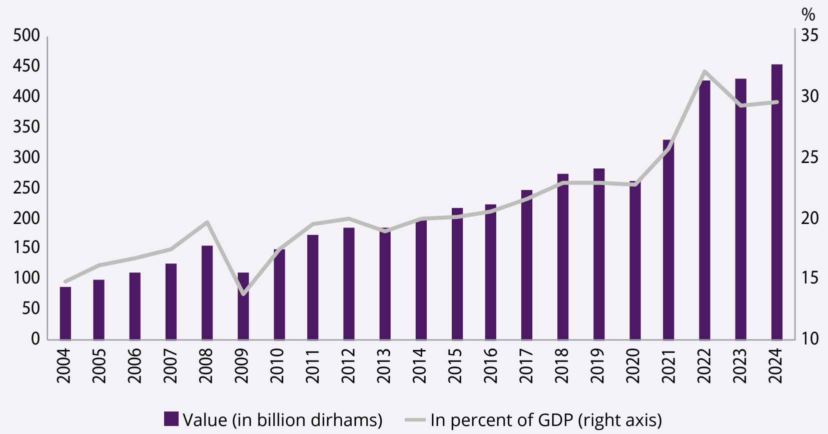
After decades of export concentration primarily on agricultural goods, raw minerals, and a limited range of low value-added products, Morocco has, since the early 2000s, undertaken significant efforts to develop and diversify its export base. These efforts included the design and implementation of a series of sectoral strategies[1] and development plans, the reinforcement of its trade liberalization policy through various free trade agreements, and substantial upgrades to its logistics and transport infrastructure.

Between 2004 and 2024, Morocco's good exports posted an average annual growth rate of 8.6 percent, reaching 456.3 billion dirhams and doubling their share of GDP to 29 percent. This performance was accompanied by a structural shift, notably driven by the development of Morocco's global industries. From 2014 onward, the automotive sector became the country's leading export industry, with its share rising from 22.5 percent to 34.5 percent in 2024. Other sectors also experienced significant growth, including the electrical and electronic industries and the aeronautic sector. As for phosphate and its derivatives, raw phosphate which accounted for nearly one-third of exports in the early 2000s represented only 10 percent in 2024.

In the same vein, according to the United Nations Conference on Trade and Development (UNCTAD) classification, 48 percent of Moroccan manufacturing exports in 2023, as opposed to 14 percent in 2004, will stem from medium-technology and medium-skill industries, and 20 percent against 54 percent for labor-intensive and resource-intensive industries.

[1] These include the Emergence Plan (2005-2009), the National Pact for Industrial Emergence (2009-2015), the Industrial Acceleration Plan (2014-2020) and the Industrial Recovery Plan (2021-2023).

Chart B.1.6.1.1: Morocco's exports of goods



Sources: Foreign Exchange Office and HCP.

The degree of diversification, both in terms of products and markets, can be assessed by several indicators, ranging from the number of products or export markets to more elaborate indices such as the Herfindahl-Hirschman concentration index (HHI)[2].

Thus, the number of goods exported rose from 245 products in 2004 to 252 in 2023[3,4], a trend comparable to those observed in many countries that have experienced a relatively similar trajectory in terms of export development, such as Malaysia (from 258 products to 261), South Africa (260 to 261), Thailand (257 to 258) or Turkey (255 to 259).

Chart B.1.6.1.2: Number of exported goods, by country

Source: Bank Al-Maghrib calculations based on Comtrade data.

[2] This indicator measures the concentration of goods exports as a function of the number and share of products (or destinations). Calculated as a normalized index according to the formula: HHI= (√∑ni=1 (xi/X)2-√1/n)/(1-√1/n), where xi denotes the value of exports of product i (or to destination i), X the total value of exports and n the total number of products (or destinations). This index varies between 0 and 1, a lower value indicating greater diversification. Several other indicators are used in the literature, such as the Gini index, the Theil index, the Economic Complexity Index, etc.
[3] Number of products/destinations at the three-digit level of revision 3 of the Standard International Trade Classification (SITC).
[4] For the purposes of international comparison, the data used are those of Comtrade. The most up to date are for the year 2023.

As measured by the HHI metric, however, the level of diversification fell slightly over the period studied (the index value rose from 0.16 to 0.21). This may reflect the fact that, despite the relative increase in the number of products, a limited number of them account for a significant share of exports, such as the automotive and fertilizer industries. By international comparison, the diversification of Moroccan exports in 2023 is lower than that of countries such as Turkey (HHI of 0.06), Thailand (0.08), Egypt (0.10), South Africa (0.14) or Indonesia (0.15), relatively similar to that of Vietnam (0.17) and Cambodia (0.19), and greater than that of Malaysia (0.26).

In terms of market diversification, the number of destination countries for Moroccan exports rose from 154 in 2004 to 186 in 2023 [3,5], with the share of the top 10 markets declining from 81.8 percent to 70.5 percent. The list of the latter changed slightly, with Belgium dropping out and Turkey entering thanks to increased shipments of motor vehicles and fertilizers to this country.

According to the HHI measure, diversification in terms of markets is also showing a relative improvement, with the index down to 0.27 from 0.35 in 2004. However, Moroccan exports remain more concentrated than those of countries such as Turkey (HHI of 0.11 in 2023), Egypt (0.13), Romania (0.14), Malaysia and South Africa (0.18) and Vietnam (0.20). On the other hand, they are more diversified than in Indonesia (0.30) or Cambodia (0.38).

Chart B.1.6.1.3: Ranking of Morocco's main export markets (% share)

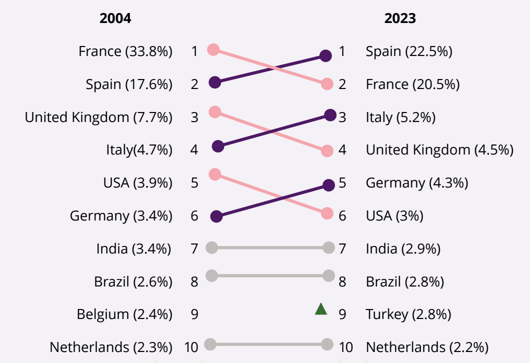


Chart B.1.6.1.4: HHI market concentration index, by country

Source: Bank Al-Maghrib calculations based on Comtrade data.

Analyzed by product group[6], market diversification is lowest for textiles, with an HHI of 0.57 in 2023, and highest for chemicals, with an index value of 0.19. In terms of evolution, the "machinery and transport equipment" branch, consisting mainly of motor vehicles, has seen the greatest improvement, with the index value falling from 0.76 in 2004 to 0.34.

[5] It should be noted that the number of partners for Morocco according to the Comtrade database is lower than that published by the Foreign Exchange Office (162 in 2004 and 198 in 2023).

[6] According to the World Bank classification (https://wits.worldbank.org/referencedata.html).

Overall, over the past twenty years, Morocco has succeeded in developing its export supply, improving its content and diversifying its markets. To consolidate these developments in an international context characterized by profound disruptions, with intensifying competition, rising protectionism and heightened demand, particularly in terms of climate change, efforts should be pursued on several fronts. First and foremost, we should continue to move up the global value chain and consolidate market and product diversification. Similarly, one of the major challenges facing the country is to increase the value added of exports in order to boost the knock-on effects on the productive fabric and, ultimately, improve growth and employment.

1.6.2 Balance of services

In 2024, the service surplus improved by 5.6 percent, reaching 138.2 billion dirhams, reflecting increases of 7.7 percent in exports, which rose to 279.9 billion dirhams, and 9.9 percent in imports, which amounted to 141.7 billion dirhams.

Travel revenues continued their upward trend, rising by 4.6 percent to 112.5 billion, following a 14.6 percent increase in 2023. Expenditure on the same item also recorded an additional increase of 9.6 percent to 29.4 billion, while the surplus on the travel service balance strengthened by 3 percent to 83.1 billion.

Chart 1.6.5: Travel receipts

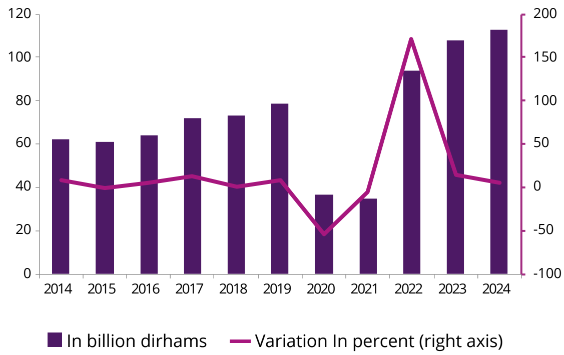
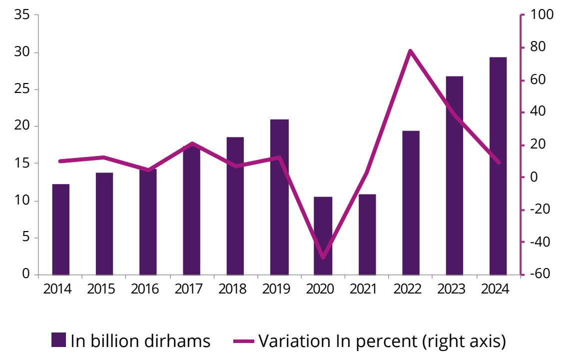


Chart 1.6.6: Travel expenses



Source: Foreign Exchange Office.

Similarly, revenues of “manufacturing services provided on physical inputs held by third parties”[1] and “telecommunications, computing and information services” increased by 3.4 percent to 22 billion dirhams and 7.1 percent to 26.2 billion respectively. Expenditure on “government goods and services” rose by an additional 16.7 percent, after 56.7 percent in 2023, to 15.6 billion.

[1] They include the processing of non-resident -owned goods by resident companies without transfer of ownership.

As for “other business services”, their surplus balance continued trending upward to reach 37.2 billion in 2024, up by 7.8 percent compared to 2023 and 194 percent since 2019. Year-on-year, exports of these services rose by 9.8 percent to 55.3 billion, and imports by 14.2 percent to 18.1 billion.

The transport service deficit was reduced by 6.5 percent to 14 billion dirhams. Revenues amounted to 44.2 billion dirhams, driven mainly by increases of 15.4 percent to 19.9 billion dirhams in air transport, mainly due to buoyant tourist activity, and 7.9 percent to 21.1 billion dirhams in maritime transport. Expenditure rose by 6.4 percent to 58.2 billion, of which 40.9 billion for sea freight and 12.3 billion for air freight.

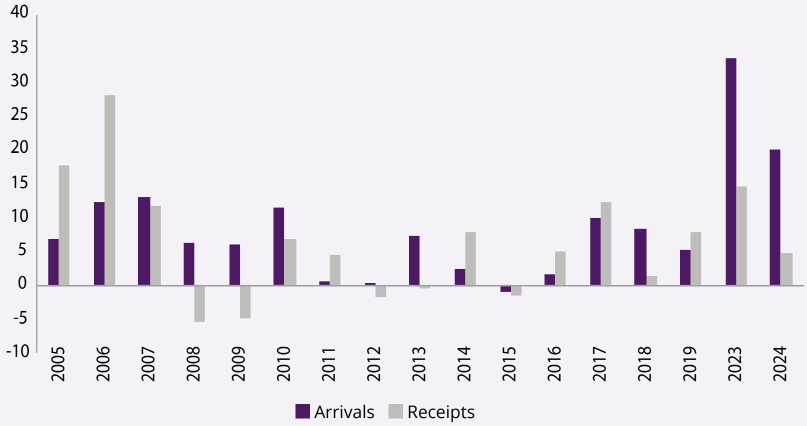
Box 1.6.2: Tourism receipts and arrivals: recent developments

In a context marked by the post-Covid-19 recovery in international tourism, and owing to the efforts made to enhance the country’s attractiveness, the tourism sector in Morocco performed remarkably well over the past two years. Indeed, according to the Ministry of Tourism, arrivals at the borders, which include foreign tourists and MLAs, reached a record level of 17.4 million in 2024, nearly meeting the target set for 2026 under the 2023-2026 tourism roadmap. This momentum was matched by a notable improvement in foreign currency revenues, albeit at a much slower pace.

Arrivals continued trending upward since the reopening of the borders in February 2022, with an acceleration in average annual growth from 6.2 percent over the 2015-2019 period to 26.6 percent between 2022 and 2024. At the same time, travel revenues climbed from an annual average of 6.5 percent to 9.5 percent between the two periods.

The significant disparity of pace between arrivals and receipts over the last two years has certainly shaped the ripple effects of the sector on the national economy and raises the question of the reasons underlying this situation. This disparity has already been observed in the past, both domestically, mainly in 2008-2009, and in other countries, albeit to a lesser extent.

Chart B.1.6.2.1: Tourist arrivals and travel receipts (annual variations*, in percent)



*The period 2020-2022 was excluded, due to exceptional variations during the Covid-19 pandemic.
Source: Foreign exchange office and Ministry of Tourism, Handicrafts and Social and Solidarity Economy

Analysis of the ratio of total receipts to arrivals (average receipts per tourist) shows that, after hovering around 6,100 dirhams on average between 2015 and 2019, the ratio reached 8,635 dirhams in 2022, before gradually declining to 7,405 dirhams in 2023 and 6,463 dirhams in 2024. This evolution could be attributable to several factors, including a change in tourist behavior and/or in the structure of arrivals.

Review of the latter indicates that the share of MLAs has not changed significantly, rising from 48 percent on average between 2015 and 2019 to 53 percent in 2022, before returning to 51 percent in 2023 and 49 percent in 2024. In the same way, no major changes were noted in the breakdown of foreign tourists by nationality; the French, Spanish, and British markets remain the primary sources in 2024, at 27.5 percent, 17 percent, and 11.4 percent respectively.

Similarly, the average length of stay[1] in classified tourist accommodation establishments, as measured by the ratio of non-resident overnight stays in these establishments to arrivals, fell from 1.3 nights on average between 2015 and 2019 to 1 night in 2022 and then to 1.2 nights over the last two years. Excluding MLAs, available figures indicate average stays of 2.5 nights between 2017 and 2019, 2.2 nights in 2022 and 2.4 nights in 2023.

These changes might not be sufficiently significant to justify the gap observed over the last two years between tourist arrivals and travel receipts. This can be partly explained by other factors, such as the exchange rate, with the dirham in particular gaining against the euro, the main currency for travel receipts, by 2 percent in 2023 and 4 percent in 2024. That being said, these changes suggest that, if the observed drop in receipts per tourist is merely a temporary post-Covid adjustment, travel receipts are projected, if all else is equal, to evolve at a rate close to that observed for arrivals.

[1] This indicator underestimates the average tourist stay, as it does not include other types of accommodation such as campsites, riads, family/friends stay, second homes and other market accommodations. It should be noted that, according to the latest survey of tourism demand, the average length of stay in 2016 was 12 nights, with 8 nights for foreign tourists and 17 nights for MLA.

1.6.3 Income balance

In 2024, the primary income deficit[1] widened by 3.8 percent to 23.7 billion dirhams. Regarding outflows, interest on public external debt rose by 23.7 percent to 16.9 billion, while income from direct investments, consisting mainly of dividends, amounted to 20.2 billion, up from 17.9 billion a year earlier.

At the same time, inflows were supported by an exceptional volume of 10 billion in direct investment, compared to an average of 5.6 billion over the last three years. Similarly, interest income from ORA investments continued to improve for the third year running, reaching 3.6 billion dirhams, compared to 3.1 billion in 2023 and 2.7 billion in 2022.

In contrast, the surplus balance on secondary income[2] rose by 4.8 percent to 137.1 billion dirhams, driven by the sustained performance of transfers from Moroccans living abroad, which reached 119 billion, up by 3.3 percent compared to 2023. Public transfers rose by 35.4 percent to 4.7 billion, of which 2.4 billion dirhams of grants from the European Union.

1.6.4 Financial account

Foreign direct investment inflows rose by 10.2 percent to 43.8 billion dirhams, or the equivalent of 2.7 percent of GDP. This reflected a 39.4 percent increase to 20.5 billion in equity investments[3], while debt flows between affiliated companies fell by 5.4 percent to 15.4 billion, and reinvested earnings decreased by 9.9 percent to 7.9 billion. Considering a 5.3 percent drop in FDI transfers to 27.5 billion, net flows rose by 52.5 percent to 16.3 billion.

The improvement in inflows mainly reflects the sustained dynamism of foreign investment in the domestic automotive industry, which reached 7.2 billion, up by 48.3 percent compared to 2023, as well as the 28.9 percent expansion to 9.6 billion of investment in real estate activities. In the same vein, investment in the "electrical equipment manufacturing" sector more than doubled year-on-year to 2.3 billion, after averaging just 341 million between 2018 and 2022, and that destined for "financial and insurance activities" rose from 2.1 billion to 3.7 billion. Conversely, FDI in the "trade" and "energy and mining" sectors fell to 2.9 billion and 2.4 billion respectively.

[1] According to the 6th edition of the Balance of Payments Manual, primary income describes the flow of income between resident and non-resident institutional units in return for their contribution to production or the provision of financial assets (investment income) or the rental of natural resources (rents). It mainly comprises dividends, reinvested earnings and interest on foreign debt.

[2] This account tracks the redistribution of primary income via current transfers, which consists of the provision of goods, services or financial assets without consideration. On the revenue side, it includes remittances from Moroccans living abroad, pensions and family allowances, and unrequited transfers received by the public and private sectors. On the expenditure side, it mainly records transfers made by resident foreigners in the form of savings on income, as well as contributions to foreign pension or social security funds.

[3] FDI can take the form of equity investments, debt between affiliated companies or reinvested earnings.

By country of origin, France remains the leading investor in Morocco with 13.6 billion, followed by the United Arab Emirates with 4.6 billion. Inflows from China and Hong Kong jumped to 3.7 billion from an average of 590 million over the previous five years.

Chart 1.6.7: FDI receipts by sector (in billion dirhams)

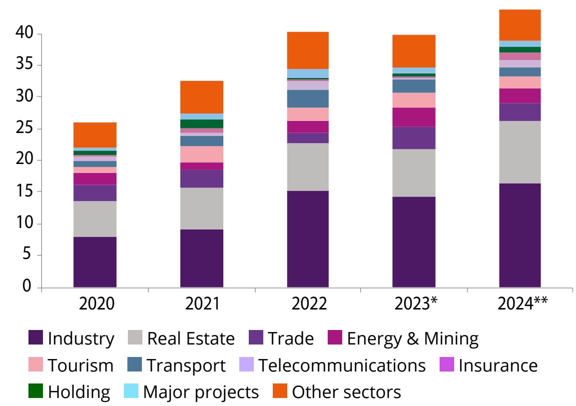
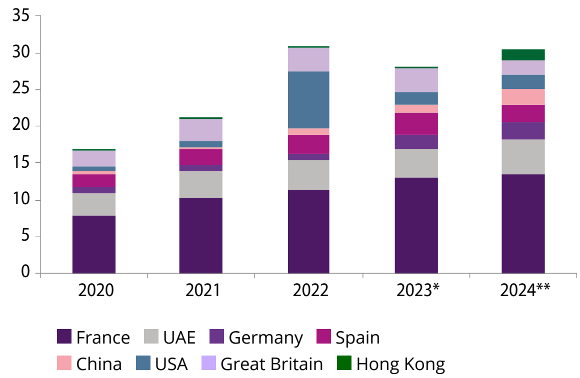


Chart 1.6.8: FDI receipts by main countries of origin (in billion dirhams)



* Revised figures
**Provisional figures.
Source: Foreign Exchange Office

At the same time, Moroccan direct investments abroad, dominated since the Covid-19 pandemic by debt flows between affiliated companies, fell to 27 billion, after a record 31.4 billion in 2023. Considering disposals of 20.2 billion, net flows from Moroccan direct investment abroad amounted to 6.9 billion dirhams, down by 44.6 percent compared to the previous year.

Moroccan direct investments abroad are still aimed mainly at manufacturing industries, with a share of 73 percent, followed by "telecommunications", which accounted for 6.4 percent. By country, half of these investments (13.7 billion dirhams) went to France, 4.8 billion to African countries and 3.4 billion to Italy.

Chart 1.6.9: Net flows of Moroccan direct investment abroad, by sector (in billion dirhams)

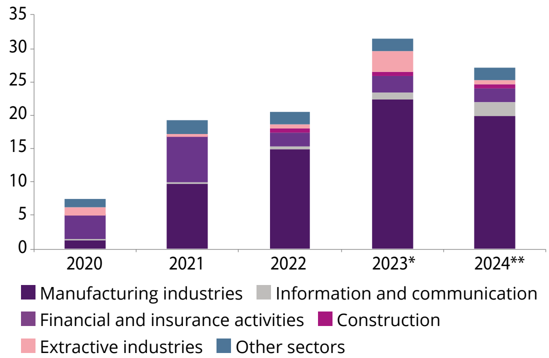
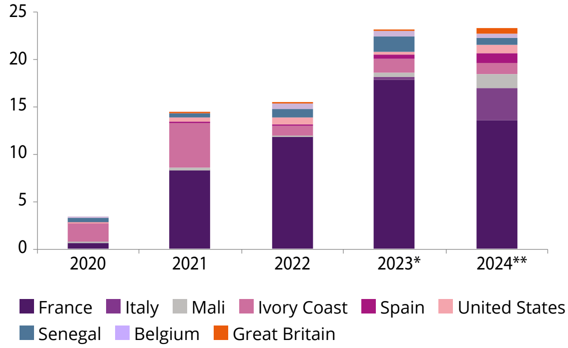


Chart 1.6.10: Moroccan direct investments abroad, by main destination countries (in billion dirhams)



* Revised figures
**Provisional figures.
Source: Foreign Exchange Office

Regarding other financial operations, net lending commitments increased by 21.6 billion dirhams, mainly due to the rise in Treasury drawings, other than on the international financial market, the gross amount of which almost doubled year-on-year to 40.4 billion.

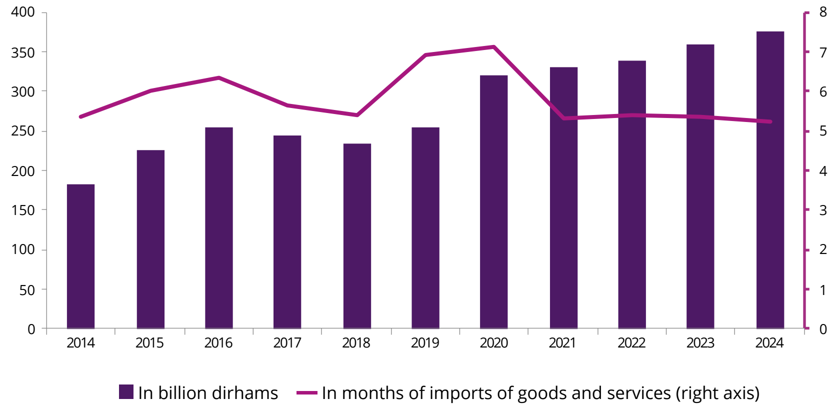
At the same time, "cash and deposits"[1] transactions resulted in a net outflow of 19.2 billion. Assets increased by 14.2 billion, mainly reflecting a 5.3 billion rise in foreign deposits held by Moroccan banks and a 9.2 billion increase in loans granted to non-residents. On the other hand, liabilities declined by 5 billion, driven by a 5.7 billion decrease in non-resident deposits with Moroccan banks.

Trade credits and payment facilities granted by Moroccan exporters to their foreign customers rose by 6 billion, while credits and advances granted to Moroccan importers fell by 400 million after a positive flow of 5.1 billion in 2023.

In view of all these developments, the financial account deficit, excluding reserve assets, declined from 17.3 billion dirhams in 2023 to 4.6 billion dirhams in 2024. Overall, official reserve assets of Bank Al-Maghrib increased by 4.5 percent to 375.5 billion in 2024, equivalent to 5 months and 7 days of imports of goods and services.

[1] Consisting in particular of loans granted by Moroccan banks to non-residents, resident deposits with foreign correspondents and resident accounts abroad. In liabilities, they include non-resident deposits with Moroccan banks - including offshore banks.

Chart 1.6.11: Official reserve assets



Sources: Foreign exchange office and Bank Al-Maghrib estimates.

1.6.5 International investment position (IIP)[1]

Analysis of Morocco international investment position at the end of 2024 shows a net debit position of 672.3 billion dirhams, equivalent to 42.1 percent of GDP, compared with 45.1 percent at the end of 2023.

Morocco liabilities to the rest of the world increased by 3.9 percent to 1295 billion dirhams at the end of 2024. Nearly half of this was made up of foreign direct investment in Morocco, i.e. 621.8 billion, and 29 percent or 377.5 billion of loans. The latter increased by 2.8 percent, mainly due to a 14.6 percent rise to 195 billion in loans to the "general government". Considering 77.6 billion dirhams in outstanding debt securities issued in the international market, total "general government" liabilities stood at 272.6 billion, or 17.1 percent of GDP. Similarly, the outstanding volume of "trade credits and advances" remained virtually unchanged at almost 67 billion, while the stock of "cash and deposits" contracted by 11.6 percent to 39.9 billion, of which 37.4 billion in the form of commitments by Moroccan banks - including offshore banks.

[1] The international investment position shows the stock of financial assets and liabilities vis-à-vis the rest of the world on a given date.

The strengthening of resident financial assets involved all assets. The outstanding volume of Moroccan direct investments abroad rose by 3.8 percent to 114.5 billion dirhams, while resident holdings of foreign securities increased by 28.4 percent to 22.3 billion. On the other hand, "cash and deposits"[1] held by deposit-taking institutions[2] rose to 75.2 billion dirhams, including 35.5 billion in loans granted by Moroccan banks to their non-resident customers and 22.5 billion in deposits from residents abroad. The stock of trade credits and advances granted by Moroccan exporters to their trading partners rose from 16.4 billion in 2023 to 21.4 billion. Finally, official reserve assets increased by 16 billion to 375.5 billion.

Table 1.6.4: International investment position (in billion dirhams)

	2023			2024		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Direct investments	110.3	589.0	-478.7	114.5	621.8	-507.2
Portfolio investments	17.4	154.9	-137.6	22.3	166.9	-144.6
Financial derivatives (other than reserves)	0.6	0.3	0.3	0.8	0.2	0.6
Other investments, of which	90.9	501.6	-410.7	109.8	506.2	-396.4
Cash and deposits	64.9	45.2	19.7	78.5	39.9	38.6
Loans	0.4	367.2	-366.9	0.5	377.5	-377.0
Trade credits and advances	16.4	67.0	-50.6	21.4	66.6	-45.2
Reserve assets	359.4	-	359.4	375.5	-	375.5
Total	**578.6**	**1,245.9**	**-667.3**	**622.7**	**1,295.1**	**-672.3**

Source: Foreign Exchange Office.

[1] "Cash and deposits" are made up mainly of residents' deposits abroad, balances on accounts opened abroad by resident entities, and Bank Al-Maghrib's cash balances in non-convertible currencies.
[2] Excluding the Central Bank.

1.7 Monetary conditions

After the tightening cycle initiated in September 2022 in a context of strong inflationary pressures, Bank Al-Maghrib started a shift of its monetary policy stance in 2024, cutting its policy rate twice, in June and December, by a cumulative 50 basis points (bp) to 2.50 percent.

Against this background, interest rates fell across different markets. Treasury bond rates posted a generalized decline in the secondary market at the end of the year, ranging from 34 bp for the 13-week maturity to 90 bp for the 20-year maturity. Similarly, lending rates decreased to an average of 5.08 percent in the fourth quarter, down by 28 bp compared to the same period in 2023. Time deposit rates also decreased by 27 bp for 6-month deposits and 5 bp for 12-month deposits.

Despite lower interest rates, bank lending to the non-financial sector slightly decreased to 2.6 percent. On the other hand, bank deposits increased by 9.1 percent instead of an average pace of 5.3 percent between 2020 and 2023, mainly due to the one-off operation aimed at allowing individuals to voluntarily regularize their tax situation. This also contributed to a significant slowdown of the currency in circulation, which grew by 5.2 percent compared to an average of 12 percent over the previous four years.

Regarding the external value of the dirham, the real effective exchange rate increased again in 2024 by 1.2 percent, reflecting an appreciation of 4.5 percent in nominal terms and a domestic inflation well below the average of partners and competitors.

Table 1.7.1: Monetary conditions key indicators

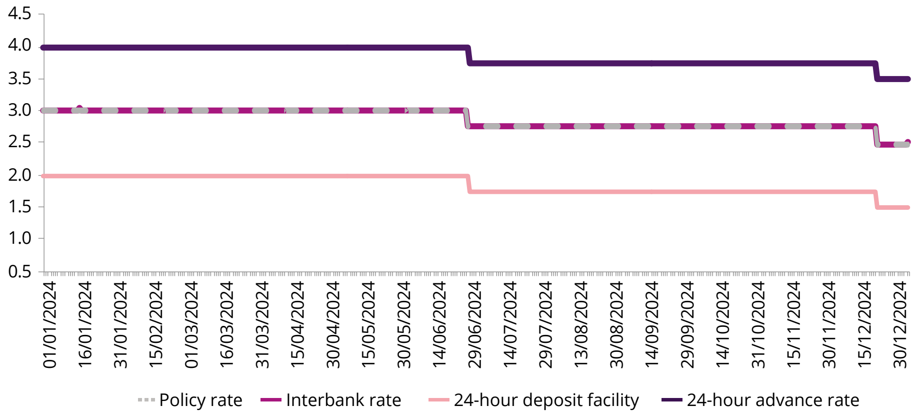
	2022	2023	2024	
Interest rates	(percent, end of year)			
Interbank rate	2.50	3.00	2.53	
13-week Treasury bill rate	2.81	2.94	2.60	
20-year Treasury bond rate	3.52	4.71	3.81	
Weighted average lending rate	4.50	5.36	5.08	
6-month deposit rate	2.24	2.60	2.33	
12-month deposit rate	2.67	3.05	3.00	
Effective exchange rate*	Change (in percent)			
In nominal terms	-1.5	1.9	4.5	
In real terms	-4.2	1.3	1.2	
Agrégats monétaires	Change (in percent)			Outstanding (in billion dirhams, at end-December)
Bank loans	7.5	5.3	4.4	1,164.6
Loans to the non-financial sector	7.8	2.9	2.6	957.6
Bank deposits	6.8	2.9	9.1	1,272.4
Currency in circulation	11.0	10.9	5.2	414.4

* Updated figures (see Box 1.7.2: Update of nominal and real effective exchange rates).

1.7.1 Interest rates

After keeping its policy rate unchanged over four consecutive quarters, between June 2023 and March 2024, Bank Al-Maghrib embarked on monetary policy easing, reducing its key rate by 25 basis points in June and December 2024 to 2.50 percent. Consequently, after stabilizing around 3 percent during the first two quarters, the interbank market weighted average rate hovered around 2.75 percent, before dropping again to an average of 2.50 percent during the last two weeks of the year.

Chart 1.7.1: Weighted average interbank rate in 2024 (In percent)



Reductions of the policy rate were transmitted to lending rates, which fell by 35 bp during the second half of the year to reach an average of 5.08 percent in the fourth quarter. Compared to the same quarter of 2023, the decrease reached 28 bp, benefiting more to non-financial companies (-30 bp) than individuals (-15 bp). By type of loan, reductions reached 37 bp for overdrafts and cash loans, 19 bp for consumer loans and 12 bp for real estate loans, while equipment loans increased slightly by 8 bp.

Table 1.7.2: Lending rates (in percent)

	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24
Average lending rates	5.36	5.36	5.40	5.43	5.21	5.08
By institutional sector						
Non-financial companies	5.32	5.30	5.26	5.37	5.12	5.00
Individuals	5.94	5.94	6.09	5.89	5.91	5.79
Individual entrepreneurs	6.15	6.19	6.11	6.10	6.05	5.95
By economic purpose						
Overdrafts and cash loans	5.32	5.37	5.33	5.39	5.08	5.00
Consumer loans	7.25	7.18	7.22	7.03	7.06	6.99
Real estate loans	5.21	5.14	5.05	5.30	5.24	5.02
Equipment loans	5.11	4.91	5.13	5.02	5.26	4.99

Similarly, between December 2023 and December 2024, deposit rates fell by 27 bp to 2.33 percent on average for 6-month deposits, and by 5 bp to 3 percent for 1-year deposits. The minimum rate applied to passbook savings accounts[1], indexed to the 52-week Treasury bill rate, stood at 2.48 percent in the second half of 2024, down by 50 bp compared to the same period a year earlier.

Table 1.7.3: Deposit rates* (in percent)

	2020	2021	2022	2023	2024
6-month deposits	2.51	2.19	2.24	2.60	2.33
12-month deposits	2.80	2.53	2.67	3.05	3.00
Passbook savings accounts with banks	1.74	1.03	1.24	2.98	2.48

*Figures relate to December for 6-month and 12-month deposits, and to the second half of the year for passbook savings accounts with banks.

In the sovereign bond market, primary market rates trended downwards for all maturities, particularly from July onwards, immediately after the Bank board decided to cut the policy rate. Over the whole year, the decrease ranged from 41 bp for 13-week bills to 92 bp for 15-year bills, with reductions of 72 bp for the 2-year maturity, 82 bp for the 5-year maturity and 60 bp for the 30-year maturity. In the secondary market, the yield curve followed a similar trend, falling from 34 bp for 13-week bills to 90 bp for 20-year bonds.

[1] With biannual revision.

Chart 1.7.2: Weighted average rate of T-bills and bonds issuances (in percent)

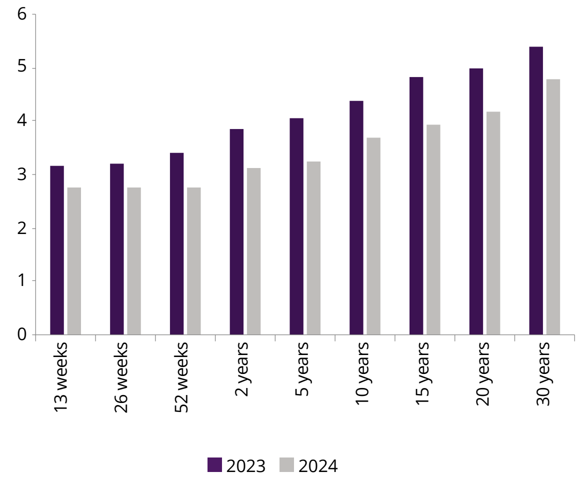


Chart 1.7.3: Secondary market yield curve (end-of-year, in percent)

1.7.2 Bank loans

In 2024, the outstanding volume of bank loans increased by 4.4 percent, slower than the previous year (5.3 percent), but faster than the average for the five years prior to the Covid-19 crisis. It stood at 1,164.6 billion dirhams, equivalent to 72.9 percent of GDP. This slowdown reflects that of loans to financial companies, which grew by 13.8 percent against 20.1 percent in 2023, and, to a lesser extent, loans to the non-financial sector, which increased by 2.6 percent after 2.9 percent.

Chart 1.7.4: Bank loans (change, in percent)

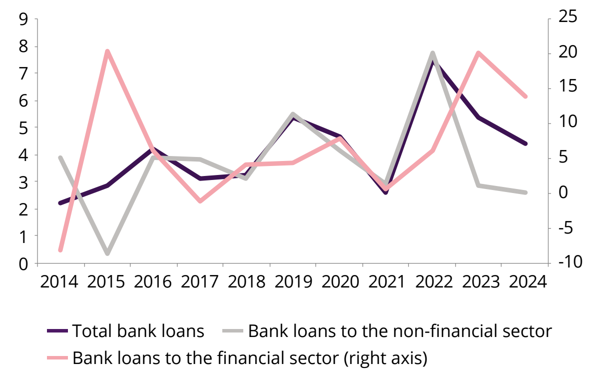
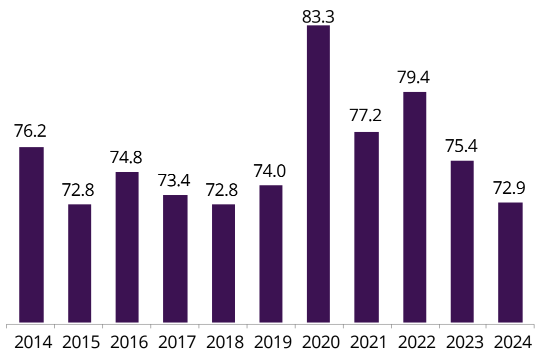


Chart 1.7.5: Bank loans to GDP ratio (in percent)



By institutional sector, the slowdown of loans to the non-financial sector mainly concerned lending to state-owned enterprises, with reductions of 10.4 percent, after a 5.1 percent rise for equipment loans and from 54.2 percent to 30.9 percent for cash facilities.

Similarly, loans to households rose by 1.7 percent, compared with 2.1 percent a year earlier. This change reflects a 3.7 percent fall, as opposed to a 0.7 percent increase, in loans to individual entrepreneurs, while loans to individuals remained stable at 2.1 percent, with consumer loans accelerating from 0.7 percent to 1.6 percent and housing loans slowing from 1.8 percent to 1.6 percent.

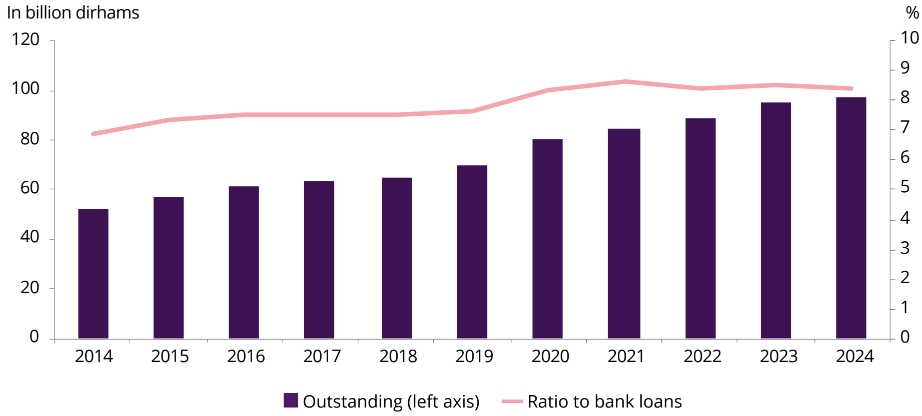
Conversely, after rising by 0.1 percent, loans to private non-financial companies increased by 0.6 percent, with the downturn in cash facilities easing from 8.9 percent to 4 percent, real estate development loans rising by 6.9 percent after a 2.5 percent decline, and the pace of growth in equipment loans accelerating from 6.8 percent to 10.2 percent.

Table 1.7.4: Bank loans

	2022	2023	2024	
	Change (in percent)		Change (in percent)	Outstanding (in billion dirhams)
Bank loans	**7.5**	**5.3**	**4.4**	**1,164.6**
Loans to the non-financial sector	**7.8**	**2.9**	**2.6**	**957.6**
Loans to private businesses	**12.5**	**0.1**	**0.6**	**453.1**
Cash facilities	16.1	-8.9	-4.0	186.7
Equipment loans	5.0	6.8	10.2	125.7
Real-estate development loans	3.8	-2.5	6.9	54.2
Loans to state-owned businesses	**23.8**	**27.1**	**6.9**	**83.4**
Cash facilities	117.4	54.2	30.9	43.3
Equipment loans	12.5	5.1	-10.4	33.3
Loans to households	**0.8**	**2.1**	**1.7**	**381.7**
Loans to individuals	**2.8**	**2.1**	**2.1**	**328.6**
Consumer loans	3.5	0.7	1.6	57.8
Housing loans	3.0	1.8	1.6	227.1
Loans to individual entrepreneurs	**-16.9**	**0.7**	**-3.7**	**31.1**
	Ratio to bank loans (in percent)			
Non-performing loans	8.4	8.5	8.4	
Households	9.7	10.0	10.4	
Private businesses	11.7	12.6	12.6	

Alongside these trends was a 2.8 percent rise in non-performing loans to 97.5 billion dirhams, 68.8 percent of which were covered by provisions, reflecting increases by 5.7 percent for households and 0.9 percent for private companies. The ratio of non-performing loans to bank loans thus stood at 8.4 percent overall, 10.4 percent for households and 12.6 percent for private businesses.

Chart 1.7.6: Non-performing loans



By sector, loans rose by 12.3 percent for "Extractive industries", by 6.5 percent for "Electricity, gas and water" and by 4 percent in "Construction". Conversely, they fell by 12.9 percent for "Hotels and restaurants", by 2.3 percent for "Trade, car repairs and household goods", and by 12.4 percent for "Textile, clothing and leather industries".

In addition, outstanding loans granted to the non-financial sector by financial companies other than banks[1] increased by 6 percent to 180.6 billion dirhams, including 148.8 billion dirhams provided by finance companies. For the remainder, offshore banks granted 11.7 billion and microcredit associations 9.6 billion.

Table 1.7.5: Loans granted by main financial companies other than banks

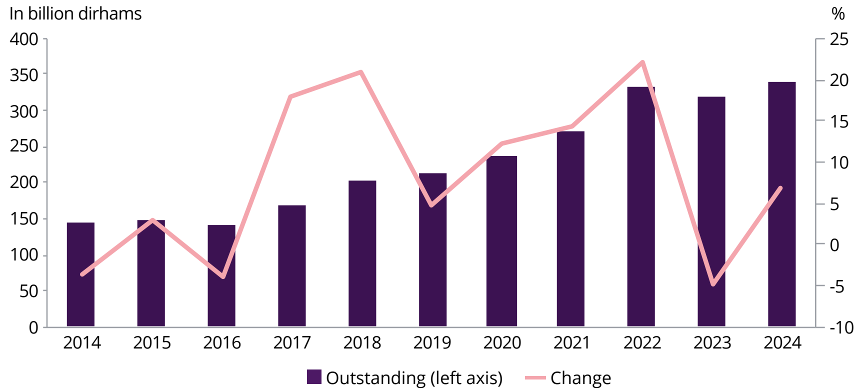
	2022	2023	2024	
	Change (in percent)		Change (in percent)	Outstanding (in billion dirhams)
Finance companies	**6.4**	**5.7**	**8.1**	**148.8**
Private businesses	6.8	2.6	4.0	62.2
Households	6.1	8.3	11.2	86.6
Offshore banks	**17.5**	**4.1**	**-17.5**	**11.7**
Microcredit associations	**4.4**	**1.0**	**9.3**	**9.6**

[1] Finance companies, offshore banks, microcredit associations, Caisse de Dépôt et de Gestion and securitization funds.

1.7.3 Other sources of money creation

After decreasing by 4.7 percent in 2023, net claims on the Central Government increased by 6.9 percent to 339.3 billion dirhams, with an improvement of 13.3 percent in Treasury bonds held by banks to 273.9 billion and a decline of 16 percent in money-market UCITS.

Chart 1.7.7: Net claims on the Central Government



Official reserve assets increased by 4.5 percent to 375.5 billion dirhams, particularly driven by net external financing of the Treasury totaling 19 billion dirhams. Reserves represent the equivalent of 5 months and 9 days of imports of goods and services, and 123 percent of the adjusted ARA metric[1], falling within the 100-150 percent range recommended by the IMF. At the same time, net foreign assets[2] held by other depository institutions increased again by 85.8 percent to 55.5 billion, after 83.4 percent a year earlier.

Chart 1.7.8: Official reserve assets

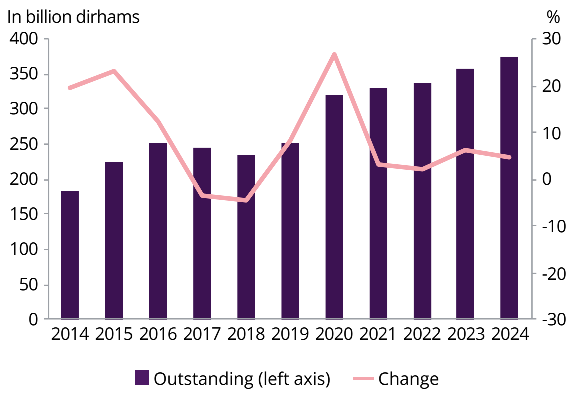
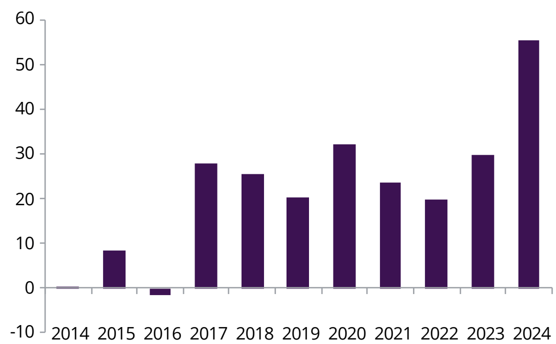


Chart 1.7.9: Net foreign assets of other depository institutions (in billion dirhams)



[1] ARA ("Assessing Reserve Adequacy") is a measure developed by the IMF to assess the adequacy of foreign exchange reserves. Its adjusted version is used for countries with capital flow restrictions, such as Morocco. See the following link (available in French only) (https://www.bkam.ma/Trouvez-l-information-concernant/Reforme-du-regime-de-change/Adequation-des-reserves-de-change-mesure-ara).

[2] They include all bank claims on non-residents, net of their foreign liabilities.

1.7.4 M3 components

Following a strong expansion reaching 12 percent on average annually between 2020 and 2023, growth of the currency in circulation slowed significantly in 2024 to 5.2 percent, after contracting by 14.5 billion dirhams in December. The outstanding volume of currency in circulation thus stood at 414.4 billion dirhams, representing 25.9 percent of GDP, compared with 26.1 percent on average over the previous four years. This development is linked to the voluntary regularization of the tax situation of individuals. This would also explain the significant increase in bank deposits, which increased by 46.4 billion dirhams in December, compared with 24.2 billion dirhams in the same month of the previous year. Over the whole year, they grew by 9.1 percent, compared with 2.9 percent in 2023.

By component, demand deposits rose by 11.6 percent to 906.5 billion, time deposits with banks by 3.5 percent to 119.8 billion after two years of decline, while savings accounts increased by 2.7 percent, after 1.9 percent, to 187.7 billion.

By main institutional sector, deposits from individuals[1] rose by 7.4 percent to 894 billion dirhams, covering expansions of 10.3 percent in demand deposits and 2.8 percent in savings accounts, and a decrease of 1.7 percent in time deposits. Demand deposits of private non-financial companies grew by 16 percent against 8.6 percent for time deposits, resulting in a total expansion of 15.6 percent to 236.7 billion.

Taking into account a 21 percent increase in money-market UCITS to 92.4 billion, M3 aggregate posted an annual growth of 8 percent in 2024 to 1,892 billion dirhams.

Table 1.7.6: Main components of M3

	Currency in circulation	Demand deposits with banks	Saving accounts	Time deposits with banks	Money-market UCITS	M3
Outstanding at end-December (billion dirhams)						
2022	355.2	760.8	179.3	129.8	82.6	1,685.8
2023	393.8	812.6	182.7	115.7	76.4	1,751.8
2024	414.4	906.5	187.7	119.8	92.4	1,892.0
Share of M3 (percent)						
2022	21.1	45.1	10.6	7.7	4.9	100
2023	22.5	46.4	10.4	6.6	4.4	100
2024	21.9	47.9	9.9	6.3	4.9	100
Change (percent)						
2022	11.0	8.9	2.9	-4.9	14.9	8.0
2023	10.9	6.8	1.9	-10.8	-7.6	3.9
2024	5.2	11.6	2.7	3.5	21	8.0

[1] Including Moroccans living abroad.

Box 1.7.1: Structural trends in bank deposits and loans

Over the period 2020-2024, bank deposits increased at a sustained annual average rate of 6 percent. In 2024, they jumped by 9.1 percent to 1,200.8 billion dirhams, as result of voluntary regularization of individual tax situations.

This trend outpaced that of bank credit, whose average annual growth over the past five years stood at 4.5 percent to 1,130.7 billion. The latter notably reflects a sharp deceleration to 2 percent in 2021, against a backdrop of high persistent levels of uncertainty, particularly linked to the pandemic, and an expansion of 7.2 percent in 2022, largely reflecting increasing liquidity facilities granted in response to the surge of prices of imported energy and food products following the outbreak of the war in Ukraine.

As consequence of these developments, the loan-to-deposit ratio fell from 101 percent at the end of 2019 to 94.2 percent in 2024, its lowest level since the 2008 financial crisis.

At the same time, other resources of the banking system displayed strong overall growth. Most notably, Bank Al-Maghrib liquidity injections more than doubled over the period, as banks' liquidity deficit widened due to expansion of the currency in circulation, and the adoption since 2020 of the full allotment policy.

Chart B.1.7.1.1: Loan-to-deposit ratio[1] (in percent)

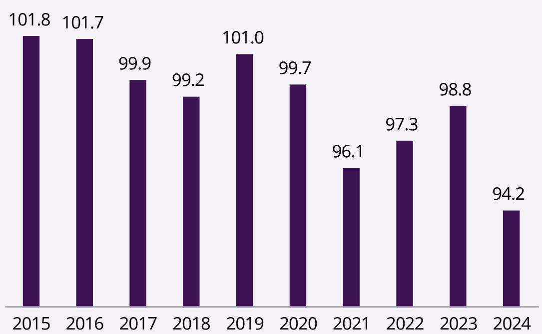
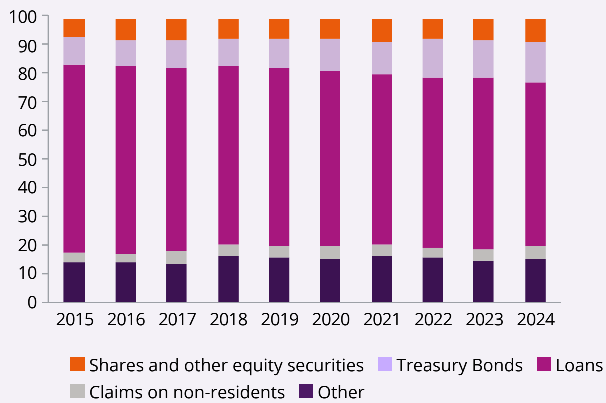


Chart B.1.7.1.2: Structure of banks' assets (in percent)



The analysis of banks' balance sheets provides some insight into the reasons behind diverging evolution of their resources and distribution of credit, whose share of assets fell from 62.7 percent in 2019 to 57.7 percent in 2024. Over the same period, banks' holdings of Treasury bonds increased by an annual average of 13.5 percent to 273.9 billion dirhams, and their share increased by 10.1 percent to 14 percent. Similarly, shares and other equity securities held by banks[2] recorded an annual increase of 9.9 percent to represent 8.4 percent instead of 7.1 percent of their assets. Shares of mutual fund increased by an average of 6.2 percent for money market funds and 9 percent for diversified funds[3]. In addition, banks' shares in collective real estate investment schemes rose by 62.3 percent between the second half of 2023 and the same period in 2024, to 35.9 billion dirhams.

[1] Loans and deposits from sectors outside Bank Al-Maghrib, other depository institutions and central government, as derived from monetary statistics relating to bank balance sheets.
[2] Including the shares of money-market mutual fund.
[3] These are shares in diversified mutual funds held by other depository institutions.

Against a backdrop of significant uncertainty and relatively slow economic recovery, this trend partly indicates a growing level of risk. Indeed, banks' cost of risk[4], mainly reflecting credit risk, reached 12.5 billion dirhams in 2020, equivalent to 47 percent of their gross operating income, compared with an average of 31.7 percent over the five previous years. In addition, non-performing loans increased by an annual average of 6.9 percent between 2019 and 2024, and their ratio to bank credit rose from 7.6 percent to 8.4 percent over the same period.

Furthermore, with the widening liquidity deficit, reaching a record level of 137.4 billion dirhams at the end of 2024, banks increased their holdings of Treasury bonds, the main collateral for BAM refinancing operations. This accumulation, greater than the actual need, was also favored by the attractiveness of the sovereign securities market, in a context of significant increase in Treasury issuances (+44.5 percent between 2015-2019 and 2020-2024).

Chart B.1.7.1.3: Bank cost of risk

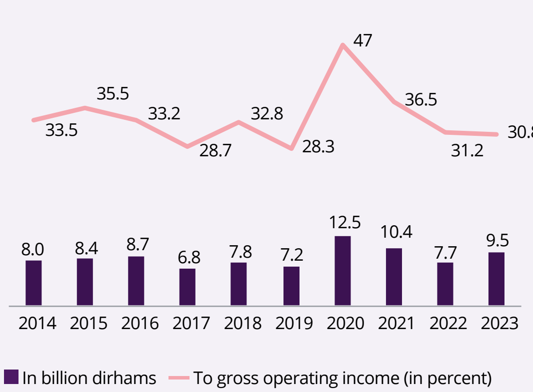
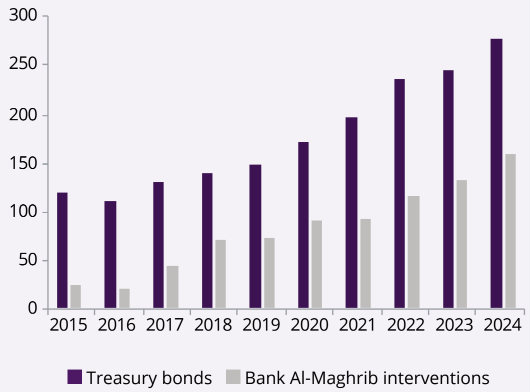


Chart B.1.7.1.4: Bank holdings of treasury bonds and BAM refinancing (in billions of dirhams)



[4] The cost of risk represents allocations net of write-backs to provisions for bad debts and general risks. Cf. Annual report on banking supervision, Bank Al-Maghrib, 2023.

1.7.5 Liquid investment aggregates[1]

Liquid investment aggregate expanded by 14.4 percent to almost 1,000 billion dirhams, mainly reflecting increases of 13 percent in Treasury bills, 12.7 percent in bond UCITS and 26.5 percent in equity and diversified UCITS. In view of these developments, the liquidity ratio of the economy, as measured by the ratio of total liquid investments and M3 to GDP, stood at 181.1 percent instead of 177.5 percent in 2023.

[1] Liquid investment aggregates include financial assets held by units other than depository institutions. These assets represent a reserve of purchasing power but are not liquid enough to be included in the M3 aggregate.

Table 1.7.7: Liquid investment aggregates

	2023		2024	
	Outstanding (in billion dirhams)	Change (in percent)	Outstanding (in billion dirhams)	Change (in percent)
LI1 aggregate	**485.2**	**8.4**	**548.4**	**13.0**
Treasury bills	461.5	10.2	521.5	13.0
Finance companies' bonds	14.8	-12.8	10.9	-26.4
Commercial paper	0.6	352.3	2.9	377.3
Contractual UCITS	8.3	-29.1	13.1	57.2
LI2 aggregate	**293.7**	**24.5**	**331.1**	**12.7**
Bond UCITS	293.7	24.5	331.1	12.7
LI3 aggregate	**95.2**	**8.5**	**120.4**	**26.5**
Equity and diversified UCITS	95.2	8.5	120.4	26.5
Total	**874.2**	**13.3**	**999.9**	**14.4**

Box 1.7.2: Update of the nominal and real effective exchange rates

Since 2015, Bank Al-Maghrib has been compiling and publishing nominal and real effective exchange rates (NEER and REER). These are calculated as a geometric weighted average of bilateral exchange rates linking the dirham to the currencies of partners and competitors, deflated in the case of the real effective exchange rate (REER) by the price differential captured by the consumer price index. For each currency, the weight corresponds to the contribution of each economy to foreign trade of manufactured goods over a given period.

Initially, the basket of economies and weights assigned to their currencies were determined based on trade patterns over a fixed period, i.e. 2011-2013.

In 2021, this approach has been adjusted by[1]: i) lowering the minimum trade share required for inclusion in the basket from 1 percent to 0.45 percent; and ii) using weights updated every three years, to reflect changes in trade patterns. This new approach has been applied retrospectively since 2011.

Using the same methodology, the reference basket and weights were updated on the basis of trade data covering the period 2020-2022, leading to the inclusion of 7 new countries (Bahrain, Denmark, Mexico, Norway, Thailand, Indonesia and Vietnam) and the exclusion of 3 (Chile, Hong Kong and Singapore), thereby bringing the number of countries in the basket from 27 to 31. The euro area maintains the most important share, up to 54.1 percent, followed by China (10.7 percent) and the US (6.3 percent).

Calculation of the new series[2] reveals a similar trend for the NEER, but with slightly lower level as of 2022, reflecting the increased weight of the euro. The result is almost similar for the REER both in terms of level and evolution, the differences in nominal terms being offset by the inflation differential with the euro area. Over the period 2022-2024, inflation in the euro area averaged 5.4 percent, against 4.6 percent in Morocco.

[1] See Box 1.7.3 "Updating the methodology for calculating effective exchange rates", Bank Al-Maghrib Annual Report, 2021.
[2] Series have been linked based on the method described by Chris Bloomer, Angela Kubik, Tony Liu and Sam Roe "Chain-linking in business prices". ONS, United Kingdom 2020.

Furthermore, the comparison with indices published by the IMF and BIS[3] shows almost identical trends, with correlation coefficients close to 1 over the 2020-2024 period.

Chart B.1.7.2.1: Nominal effective exchange rate

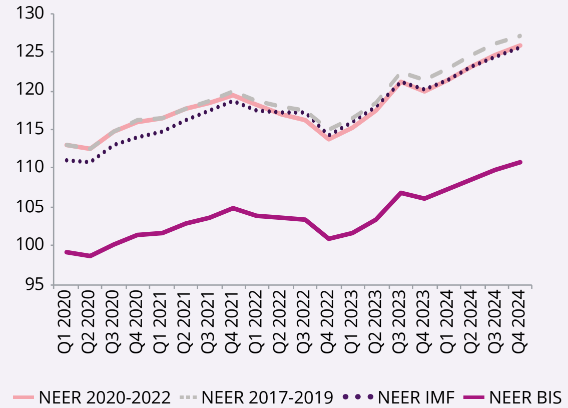
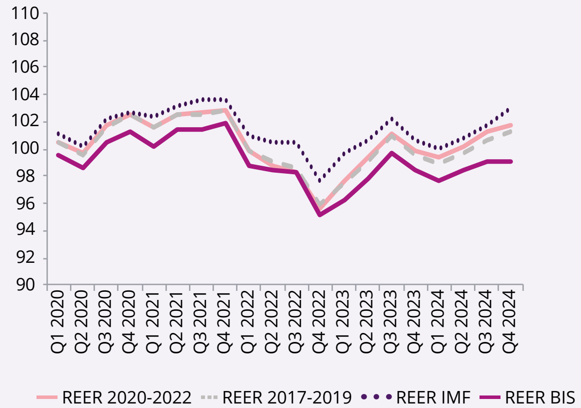


Chart B.1.7.2.2: Real effective exchange rate



[3] The gap in the NEER between BAM and the IMF on the one hand, and the BIS on the other, is attributable to the difference in the base year adopted (2010 for BAM and the IMF, and 2020 for the BIS).

1.7.6 Foreign exchange market

After depreciating by 3.5 percent in 2023, the US dollar rose by 6.4 percent against the euro, to stand at 1.04 EURO/USD[1] at the end of 2024, mainly in response to the results of the US presidential elections and the anticipation of a slower pace of the Fed's monetary easing than previously expected.

This development, combined domestically with a favorable market effect[2] for the dirham, resulted in a 2.2 percent depreciation of the national currency against the US dollar. Throughout the year, the dirham traded in the domestic foreign exchange market within the fluctuation band, without any intervention by Bank Al-Maghrib.

[1] Variations are calculated from period-end to the following.

[2] The exchange rate variation can be broken down into two parts: a basket effect resulting from changes in the euro/dollar parity, and a market effect resulting from deviations of the exchange rate from its value calculated on the basis of the basket.

Chart 1.7.10: Euro/dollar exchange rate in 2024

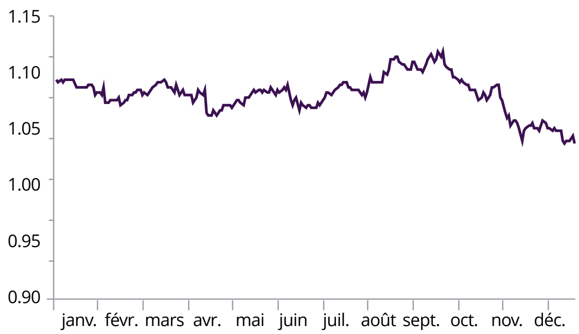
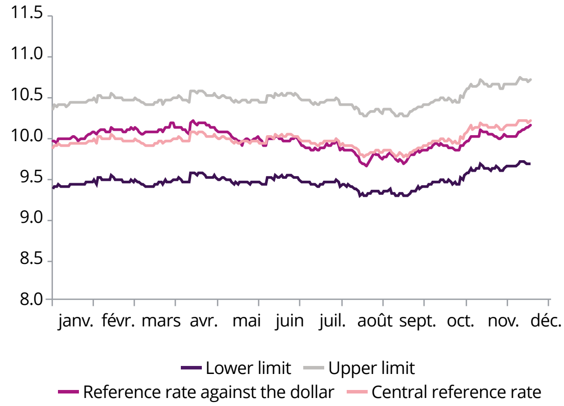


Chart 1.7.11: Reference rate of the dirham against the US dollar in 2024



Compared with other major currencies, the dirham gained 4 percent against the euro, 0.4 percent against the Chinese yuan, 17 percent against the Turkish lira and 24.5 percent against the Brazilian real, while it fell by 0.7 percent against the pound sterling. In view of all these developments, the effective exchange rate increased by an average of 4.5 percent in nominal terms and 1.2 percent in real terms, with domestic inflation well below the average of partners and competitors.

Chart 1.7.12: Effective exchange rate of the dirham (base 100 in 2010)

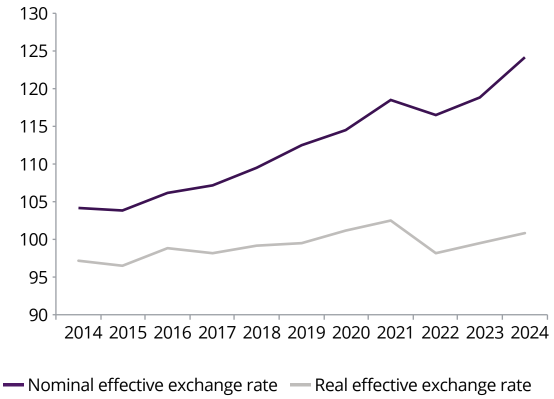
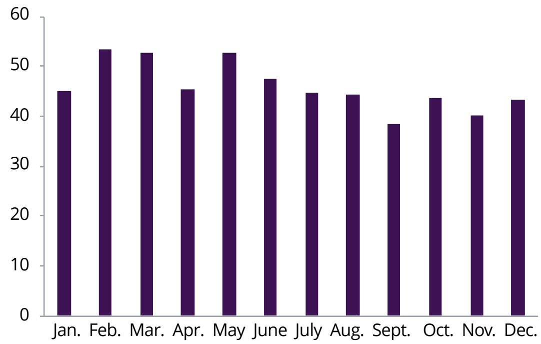


Chart 1.7.13: Trading volume of the interbank foreign exchange market in 2024 (in billion dirhams)



Box 1.7.3: Assessment of exchange rate misalignment in 2024

Assessing exchange rate misalignment from its equilibrium level, defined as the rate that can insure simultaneously the internal and external balance, i.e. non-inflationary economic growth and sustainable current account deficit over the long term, is of a great importance for central banks, particularly in the context of a fixed exchange rate regime.

The misalignment may be of a temporary nature, due to excess supply or demand for the currency, or reflect a structural misalignment linked to the country's economic fundamentals. By making the distinction between the two, monetary authorities can identify the appropriate response, yet the methods used in the literature to assess the equilibrium level remains largely approximate and can lead to significantly divergent results.

In Morocco, since the transition to a more flexible exchange rate regime started in 2018, assessing the equilibrium exchange rate has emerged as one of the main components in monitoring this reform. In this context, Bank Al-Maghrib introduced a quarterly assessment system inspired by the IMF's External Balance Assessment (EBA)[1] methodology. This methodology includes three approaches[2]: one based on the real effective exchange rate, the second on the current account and the third one on external sustainability. Given the approximate nature of assessment methods, it is generally considered that any deviation not exceeding ±10 percent is insignificant.

As the results for 2024 fall within this range, they do not suggest any sign of significant misalignment of the dirham. Indeed, the real effective exchange rate and external sustainability approaches indicate respective undervaluation of the national currency of 3.2 percent and 2.9 percent on average in 2024, while the current account method shows an overvaluation of 3 percent.

Table B.1.7.3.1: Gap between the real exchange rate and equilibrium exchange rate (on average, in percent)

	2023	2024
Real effective exchange rate approach	-2.7	-3.2
Current account approach	1.7	3.0
External sustainability approach	-7.5	-2.9

1 See "Box 1.7.2: "Assessment of the exchange rate misalignment degree", Bank Al-Maghrib Annual Report, 2021.

2 The "exchange rate" approach determines the degree of misalignment of the real effective exchange rate (REER) based on the difference between its observed level and its equilibrium level, as assessed using long-term determinants such as trade openness, labor productivity and the foreign reserves-to-GDP ratio. For the other two approaches, the gap between the REER and its equilibrium level is deduced from the difference between the observed current account and its 'standard' level. The latter is assessed in the "current account" method on the basis of macroeconomic determinants such as the energy balance, bank credit and labor productivity, and defined in the "external sustainability" method as the level ensuring a stock of foreign reserves equal to that measured by the foreign exchange reserve adequacy.

Interbank trading volumes fell by 26.9 percent to an average monthly volume of 45.9 billion dirhams, after a strong growth of 74.7 percent in 2023. The volume of bank transactions with customers rose by 5.1 percent to 35.4 billion dirhams for spot currency purchases, and by 8.1 percent to 35.9 billion dirhams for sales. On the other hand, in a context of continuous decline in commodity prices, particularly energy prices, the average monthly volume of forward transactions decreased by 26.9 percent to 2.6 billion dirhams for purchases, and by 9.3 percent to 16.3 billion dirhams for sales.

Chart 1.7.14: Banks' spot transactions with customers in 2024 (in billion dirhams)

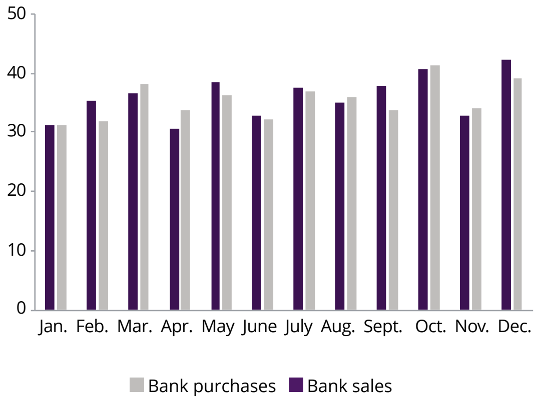
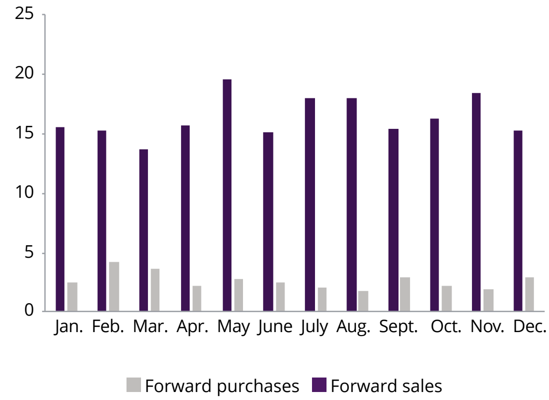


Chart 1.7.15: Hedging operations with customers in 2024 (in billion dirhams)



1.8 Assets markets

Easing of the Treasury's financing needs, added to a sharp decline in domestic debt redemptions, resulted in a large decrease of domestic debt issuances in 2024. These fell to 171.4 billion dirhams, of which more than half for long-term maturities, as opposed to one third the previous year. This was accompanied by rate reductions across all maturities, ranging from 41 basis points (bp) for 13-week bonds to 92 bp for 15-year bonds.

In the private debt market, subscriptions increased by 16.9 percent to 101.3 billion dirhams, particularly boosted by higher issuances of bonds by finance companies and debt securities by private non-financial companies.

As for the collective savings management, subscriptions continued to grow, rising by 4.6 percent to 1,233.2 billion dirhams, driven mainly by bond mutual funds, while money market and contractual funds posted declines.

In the Casablanca stock market, share prices soared once again, buoyed by the euphoria generated by the various large-scale projects launched or announced. The MASI jumped by 22.2 percent, after 12.8 percent in 2023, with increases of 112.1 percent for the health sector and 222.4 percent for the real estate sector. This performance was coupled with an expansion in the transaction volume and a 20.2 percent increase in market capitalization to 752.4 billion dirhams, equivalent to 47.1 percent of GDP. As a result, the liquidity ratio[1] improved significantly, up from 5.7 percent to 8.6 percent.

Real estate market prices, which had been on a downward trend between 2019 and 2022, remained virtually stable for the second year running, with variations in main cities ranging from 0.5 percent decrease in Kenitra to 1.2 percent increase in Oujda. Meanwhile, the volume of transactions rose by 17.9 percent overall.

[1] The liquidity ratio is calculated by dividing the annual trading volume in the central market by the average capitalization over the year.

Table 1.8.1: Key indicators of asset markets
(Changes in percent, unless otherwise indicated)

	2020	2021	2022	2023	2024
Debt market					
Treasury bill issuances	46.2	-5.4	-10.9	98.3	-32.9
Private debt issuances	-11.6	-20	4.4	35.0	16.9
Stock market					
MASI	-7.3	18.3	-19.7	12.8	22.2
Liquidity ratio[1] (equity central market, in percent)	6.0	6.4	5.1	5.7	8.6
Market capitalization, in percent of GDP	50.8	54.1	42.1	42.3	47.1
Real estate market					
Real Estate Price Index	-1.4	-2.6	-1.6	0.2	0.2
Number of transactions	-3.4	36.6	-15.3	8.1	17.9

Sources: Ministry of Economy and Finance, Casablanca Stock Exchange, Maroclear and the National Land Conservation, Land Registry and Mapping Agency, and Bank Al-Maghrib.

1.8.1 Debt securities

Treasury bonds

After an exceptional increase in 2023, redemptions of Treasury bonds in the domestic market fell by 47.1 percent to 117.1 billion dirhams. This, combined with a 23.4 percent decrease in the financing needs, led to a 32.9 percent reduction in issuances in the auction market to 171.4 billion.

Moreover, the easing of the Treasury needs and 50 bp reduction in Bank Al-Maghrib policy rate induced a decrease in rates across all maturities, ranging from 41 bp for 13-week bonds to 92 bp for 15-year bonds. Consequently, the Treasury redirected its bond issuance towards long and medium maturities. Consequently, the share of long-term issuances increased from 34.4 percent in 2023 to 54.1 percent and that of medium-term ones from 33.1 percent to 38.4 percent, while that of short-term issuances fell from 32.5 percent to 7.5 percent.

Chart 1.8.1: Issuances and redemptions of Treasury bonds (in billion dirhams)

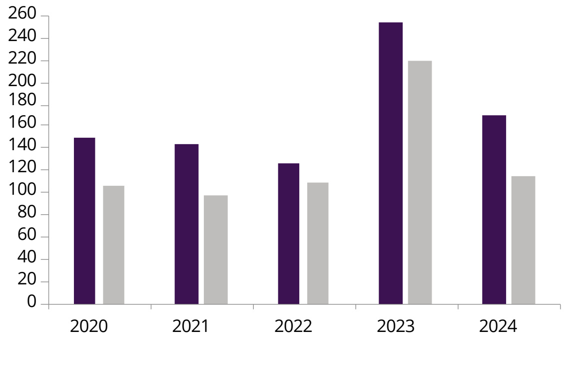
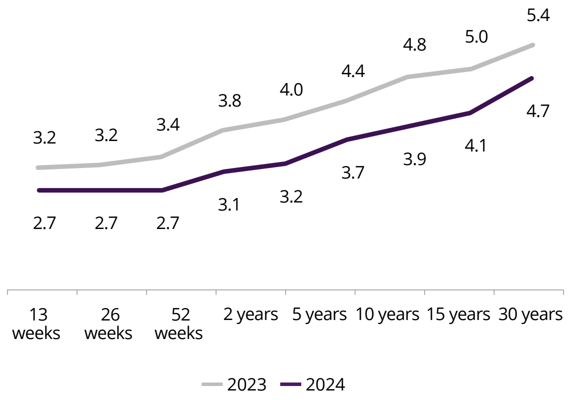


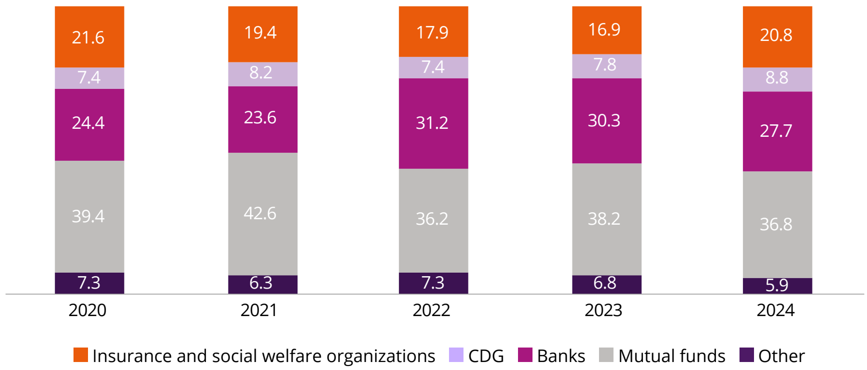
Chart 1.8.2: Weighted average rates of Treasury bonds on the primary market (in percent)



Source: Moroccan Capital Market Authority.

At the end of the year, the outstanding volume of Treasury bonds totaled 753.6 billion dirhams, up by 7.8 percent compared to 2023. Their structure continued to be dominated by long-term maturities, whose share increased from 63 percent to 68.2 percent, while medium-term maturities remained virtually stable at 30.6 percent and short-term ones stood at 1.2 percent, after 4.7 percent.

Chart 1.8.3: Structure of outstanding volume of Treasury bonds by holder (in percent)



Source: Moroccan Capital Market Authority.

By holder, the share of "insurance and social welfare organizations" rose to 20.8 percent and that of the CDG increased to 8.8 percent, at the expense of mutual funds and banks, whose share declined to 36.8 percent and 27.7 percent respectively.

Table 1.8.2: Treasury bond transactions by maturity (in millions of dirhams)

	2020	2021	2022	2023		2024	
				Amount	Structure in percent	Amount	Structure in percent
Issuances	**152,647**	**144,471**	**128,694**	**255,249**	**100**	**171,361**	**100**
Short term	47,286	24,579	64,358	83,032	32.5	12,812	7.5
Medium term	74,669	83,495	52,035	84,387	33.1	65,882	38.4
Long term	30,692	36,396	12,301	87,830	34.4	92,668	54.1
Redemptions	**109,067**	**98,580**	**100,933**	**211,631**	**100**	**117,140**	**100**
Short term	25,032	31,734	39,457	87,410	41.3	36,620	31.3
Medium term	51,450	50,991	49,362	104,757	49.5	61,603	52.6
Long term	32,585	15,854	12,114	19,464	9.2	18,917	16.1
Outstandings	**600,741**	**646,633**	**665,764**	**699,382**	**100**	**753,604**	**100**
Short term	32,825	25,670	47,474	33,096	4.7	9,287	1.2
Medium term	216,320	248,825	245,965	225,596	32.3	230,504	30.6
Long term	351,596	372,138	372,325	440,691	63.0	513,813	68.2

Source: Moroccan Capital Market Authority.

Private debt securities

Issuances of private debt securities increased by 16.9 percent to 101.3 billion dirhams. This increase is driven, on the one hand, by issuances of "other financial companies", which increased by 70.9 percent to 14.9 billion, mainly consisting of medium-term bonds of finance companies with an average interest rate down to 3.6 percent.

Similarly, issuances by non-financial companies increased by 24 percent to 27.5 billion dirhams. Those issued by private companies rose from 2.8 billion to 7.4 billion, driven largely by a 3.2 billion increase in bond debt, while debt issued by public companies remained virtually unchanged at 20.1 billion.

Table 1.8.3: Private debt issuances (In millions of dirhams)

	2020	2021	2022	2023	2024	Variation 2024/2023	
						In million dirhams	In percent
Overall	**76,263**	**61,042**	**64,056**	**86,678**	**101,301**	**14,623**	**16.9**
Financial companies	**49,920**	**45,333**	**49,156**	**64,518**	**73,827**	**9,309**	**14.4**
Banks	**38,902**	**33,423**	**42,499**	**55,798**	**58,928**	**3,130**	**5.6**
Certificates of deposit	32,702	31,523	34,199	49,248	48,428	-820	-1.7
Bonds	6,200	1,900	8,300	6,550	10,500	3,950	60.3
Other financial companies	**11,018**	**11,910**	**6,657**	**8,720**	**14,899**	**6,179**	**70.9**
Finance companies' bills	7,950	8,710	5,143	6,920	13,299	6,379	92.2
Bonds	3,068	3,200	1,514	1,800	1,600	-200	-11.1
Non-financial companies	**26,343**	**15,710**	**13,900**	**22,160**	**27,474**	**5,314**	**24.0**
Private	**16,443**	**11,760**	**6,235**	**2,780**	**7,424**	**4,644**	**167.1**
Commercial papers	3,941	2,388	2,455	1,440	2,850	1,410	97.9
Bonds	12,502	9,372	3,780	1,340	4,574	3,234	241.3
State-owned	**9,900**	**3,950**	**7,665**	**19,380**	**20,050**	**670**	**3.5**
Commercial papers	0	0	1,500	13,180	12,650	-530	-4.0
Bonds	9,900	3,950	6,165	6,200	7,400	1,200	19.4
Local authorities			**1,000**				

Source: Maroclear.

Considering redemptions, the outstanding amount of private debt increased by 9.7 percent to 280.8 billion dirhams, 46.4 percent of which was held by banks, 38.8 percent by non-financial companies and 14.4 percent by other financial companies.

Table 1.8.4: Outstanding amount of private debt (in million dirhams)

	2020	2021	2022	2023	2024	Variation 2024/2023	
						In million dirhams	Inpercent
Overall	**237,651**	**246,417**	**248,245**	**255,879**	**280,819**	**24,940**	**9.7**
Financial companies	**154,239**	**157,918**	**152,286**	**157,404**	**170,795**	**13,391**	**8.5**
Banks	**120,682**	**120,140**	**121,060**	**126,608**	**130,300**	**3,692**	**2.9**
Certificate of deposit	57,174	56,163	53,050	55,803	59,472	3,669	6.6
Bonds	63,508	63,977	68,010	70,805	70,828	23	0.0
Other financial companies	**33,557**	**37,778**	**31,226**	**30,796**	**40,495**	**9,699**	**31.5**
Finance companies' bills	26,884	29,608	22,805	22,205	30,897	8,692	39.1
Bonds	6,673	8,170	8,421	8,591	9,598	1,007	11.7
Non-financial companies	**83,412**	**88,499**	**94,959**	**97,475**	**109,024**	**11,549**	**11.8**
Private	**28,404**	**31,740**	**33,074**	**29,967**	**31,733**	**1,766**	**5.9**
Commercial papers	2,312	1,356	1,798	1,617	3,064	1,447	89.5
Bonds	26,092	30,384	31,276	28,350	28,669	319	1.1
State-owned	**55,008**	**56,759**	**61,885**	**67,508**	**77,291**	**9,783**	**14.5**
Commercial papers				1,180	5,370	4,190	355.1
Bonds	55,008	56,759	61,885	66,328	71,921	5,593	8.4
Local authorities			**1,000**	**1,000**	**1,000**	**0**	**0**

Source: Maroclear.

Box 1.8.1: Change in payment deadlines in 2023

Analysis of payment deadlines in 2023[1], using data from the mechanism developed by Bank Al-Maghrib, reveals continued improvement since 2021. Based on a sample of 80.000 companies, results show a higher proportion of companies paying their suppliers within the regulatory 60-day regulatory deadline. They also reveal a higher share of companies receiving payment from their customers in less than two months. This improvement is likely to be favored, for companies with sales exceeding 50 million dirhams, by the entry into force of law 69.21 on payment deadlines in the private sector.

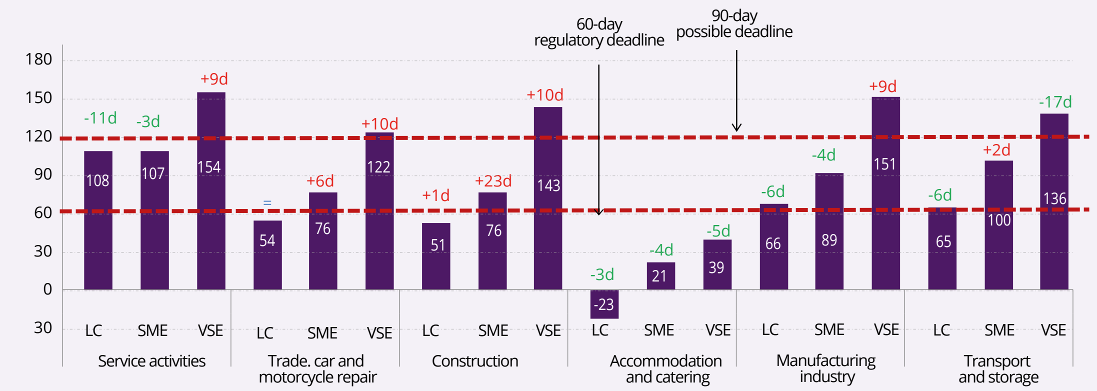
Table B.1.8.1.1: Change in payment deadlines (percentage of companies)

Indicators	Deadline range	2019	2020	2021	2022	2023
Customer payment deadlines	Less than 60 days	51	51	55	58	62
	Between 60 and 120 days	15	13	14	13	13
	More than 120 days	34	36	31	29	25
Supplier payment deadlines	Less than 60 days	62	59	62	66	68
	Between 60 and 120 days	15	15	14	14	13
	More than 120 days	23	26	24	20	19

Source: Bank Al-Maghrib calculations

In terms of customer payment deadlines, 62 percent of companies against 58 percent in 2022, were paid before 60 days, while a quarter against 29 percent, were paid after 120 days. The shortest payment deadlines were generally recorded in the "accommodation and catering" and "motor vehicle and motorcycle trade and repair" sectors. By company size, VSEs are by far the most penalized, with deadlines reaching 154 days in "service activities", 151 days in "manufacturing industries" and 143 days in "construction". This category of companies saw no improvement in 2023, except for those operating in "transport and warehousing". Conversely, large companies (LCs) reported better customer payment deadlines, with a particular drop of 11 days in "service activities" and 6 days in "transport and warehousing".

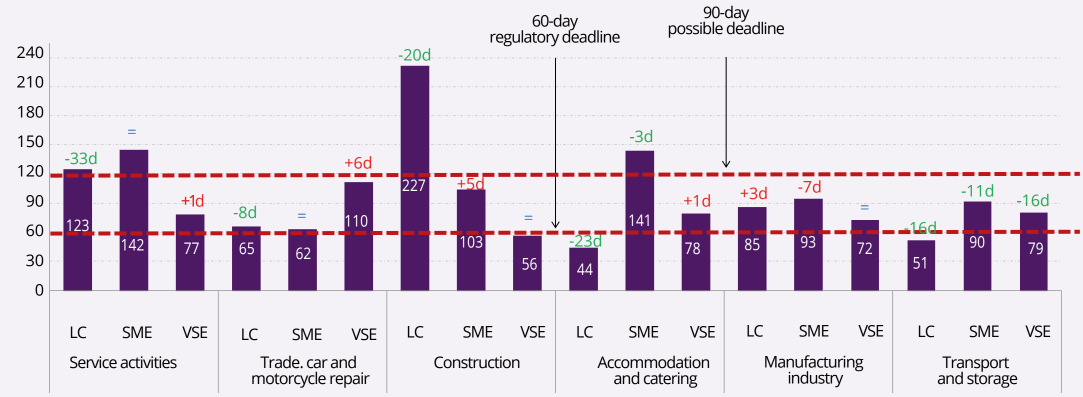
Chart B.1.8.1.1: Change in supplier payment deadlines in 2023 by sector of activity and by company size (in days of purchases)



[1] The most recent data concern the year 2023.

In terms of supplier payment deadlines, 68 percent of companies, against 66 percent in 2022, paid their invoices in less than 60 days. LCs, which are generally the slowest to pay their suppliers, improved significantly, with a decrease in deadlines ranging from 8 days in the "trade, car and motorcycle repair" branch, to 33 days in "service activities". Despite this improvement, payment deadlines remain long, particularly in the "construction" sector, with 227 days for this category of companies, i.e. over 7 and a half months.

Chart B.1.8.1.2: Change in supplier payment deadlines in 2023 by sector of activity and by company size (in days of purchases)



1.8.2 Mutual fund securities

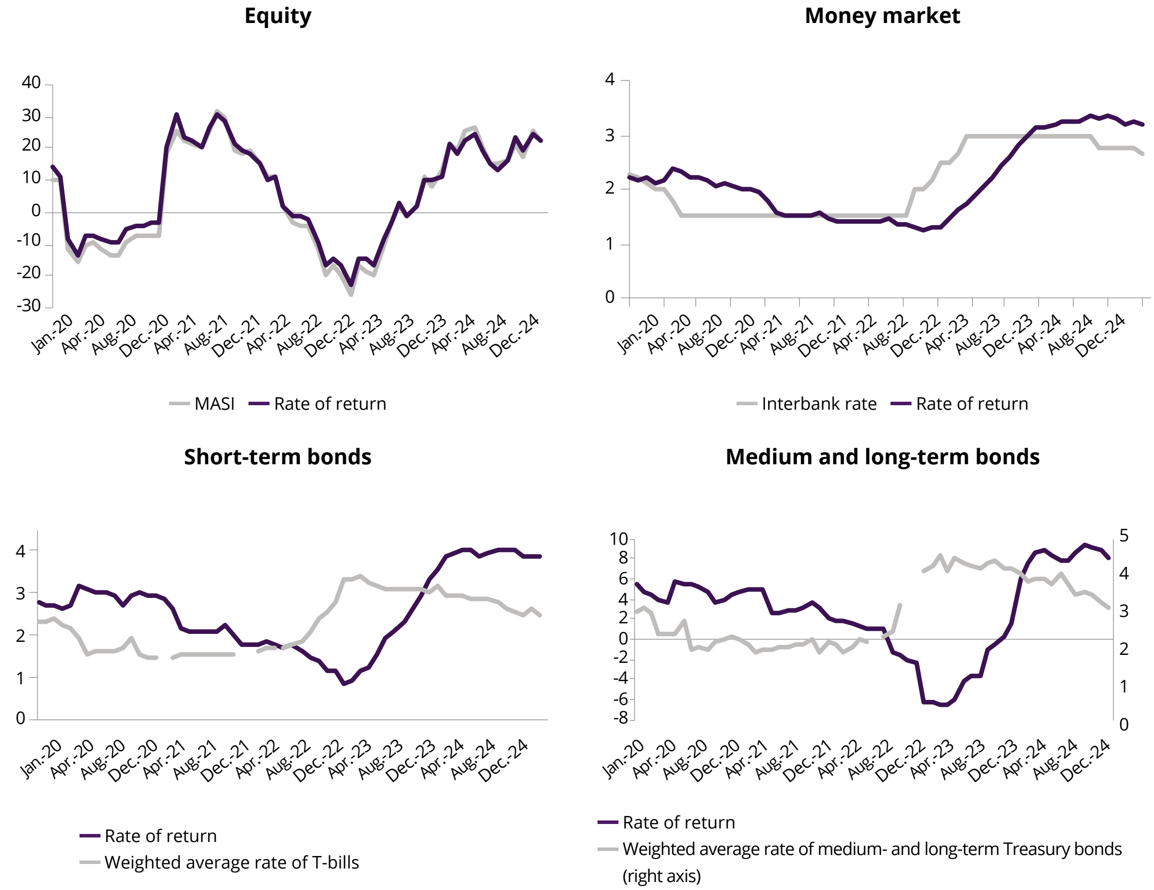
In 2024, asset management activity witnessed a shift of investors towards bond and equity funds, in the context of decreasing interest rates and rising stock market prices.

Indeed, subscriptions to bond mutual funds increased by 31.2 percent to 306.3 billion dirhams for medium and long-term maturities and by 18.1 percent to 264 billion dirhams for short-term maturities. Similarly, subscriptions to equity and diversified funds surged from 6.8 billion dirhams to 11.6 billion dirhams, and from 19.5 billion dirhams to 36.6 billion dirhams respectively. On the other hand, inflows decreased by 10.7 percent to 538 billion for money market funds and by 17.5 percent to 76.7 billion for contractual funds.

Overall, subscriptions to mutual fund shares and units totaled 1,233.2 billion, up by 4.6 percent from 2023. Considering redemptions of 1,187.9 billion, net inflows stood at 45.3 billion.

In terms of performance, all funds posted positive results, with yields ranging from 3.2 percent for money market funds to 22.6 percent for equity funds.

Chart 1.8.4: Mutual Funds Returns (in percent)



Sources: Moroccan Capital Market Authority, Casablanca stock exchange and Bank Al-Maghrib.

In this context, net assets of mutual funds increased by 16.7 percent to 653.2 billion dirhams, driven by the expansion of the net outstanding volume across all fund categories, except short-term ones for which it fell by 8.1 percent to 78.7 billion. Net assets grew by 19.8 percent to 333.4 billion for medium and long-term bond funds, by 25.9 percent to 76.5 billion for diversified funds, by 17.3 percent to 97.8 billion for money market funds, by 24 percent to 53.6 billion for equity funds, and by 56.7 percent to 13.2 billion for contractual funds.

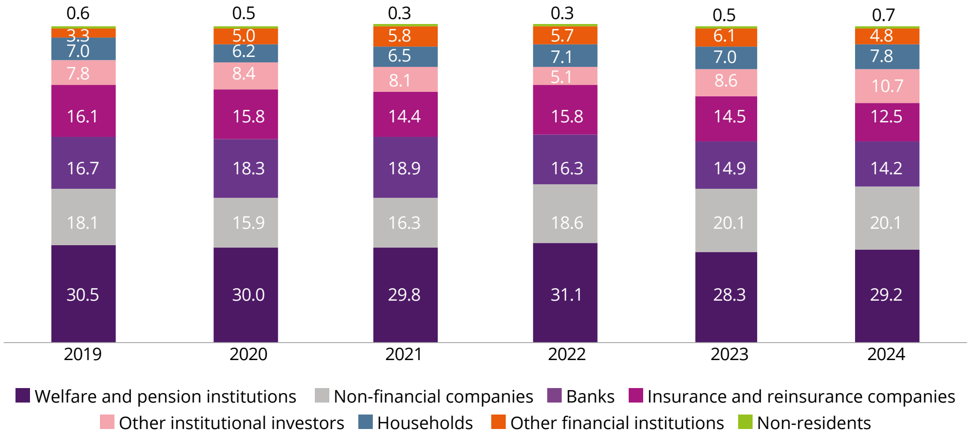
Table 1.8.5: Subscriptions, redemptions and net assets of mutual funds (in billion dirhams)

	2020	2021	2022	2023	2024
Categories			**Subscriptions**		
Equity	7.2	9.3	9.0	6.8	11.6
Contractual	21.0	16.2	44.5	93.0	76.7
Diversified	10.4	42.7	22.0	19.5	36.6
Money market	357.8	429.5	506.1	602.8	538.0
Short term bonds	186.2	246.7	226.9	223.6	264.0
Medium and long term bonds	357.2	341.2	279.9	233.5	306.3
Total	**939.7**	**1 085.6**	**1 088.5**	**1 179.2**	**1 233.2**
			Redemptions		
Equity	5.3	6.4	10.2	5.4	10.5
Contractual	19.6	18.2	34.5	96.5	72.2
Diversified	8.7	13.4	19.8	19.1	30.0
Money market	346.3	421.9	499.0	611.7	526.5
Short term bonds	180.5	245.1	256.3	187.1	274.3
Medium and long term bonds	339.0	332.5	342.4	215.7	274.4
Total	**899.5**	**1 037.5**	**1 162.3**	**1 135.6**	**1,187.9**
			Net equity		
Equity	37.1	47.1	37.9	43.2	53.6
Contractual	3.6	1.7	11.8	8.4	13.2
Diversified	30.8	63.1	58.0	60.8	76.5
Money market	72.2	81.0	89.2	83.4	97.8
Short term bonds	72.1	75.3	46.8	85.7	78.7
Medium and long term bonds	307.4	324.8	257.2	278.3	333.4
Total	**523.2**	**592.9**	**500.9**	**559.8**	**653.2**

Source: Moroccan Capital Market Authority.

Welfare and pension institutions account hold 29.2 percent of assets under management, followed by to 20.1 percent for non-financial companies, 14.2 percent for banks, 10.7 percent for other institutional investors and 7.8 percent for households.

Chart 1.8.5: Structure of Mutual fund net assets by holder (in percent)



Source: Moroccan Capital Market Authority.

1.8.3 Stock market

In 2024, stock market investment benefited from a favorable environment characterized, on the one hand, by the optimism generated after the announcement of international sport events to be hosted by Morocco, as well as the launch of major social and infrastructure projects, and on the other hand, by decreasing interest rates. As a result, stock market prices increased significantly for another year, with the MASI rising by 22.2 percent after 12.8 percent in 2023.

Chart 1.8.6: MASI daily changes in 2024

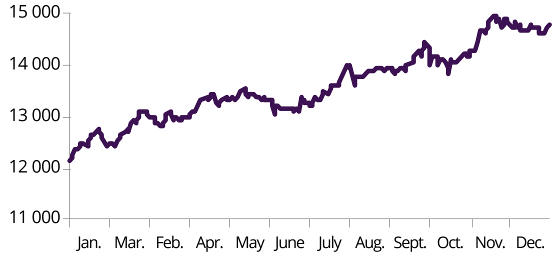
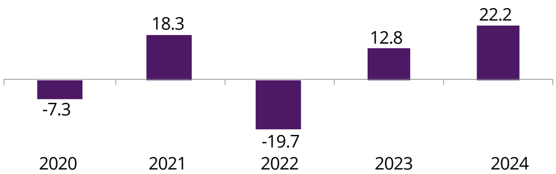


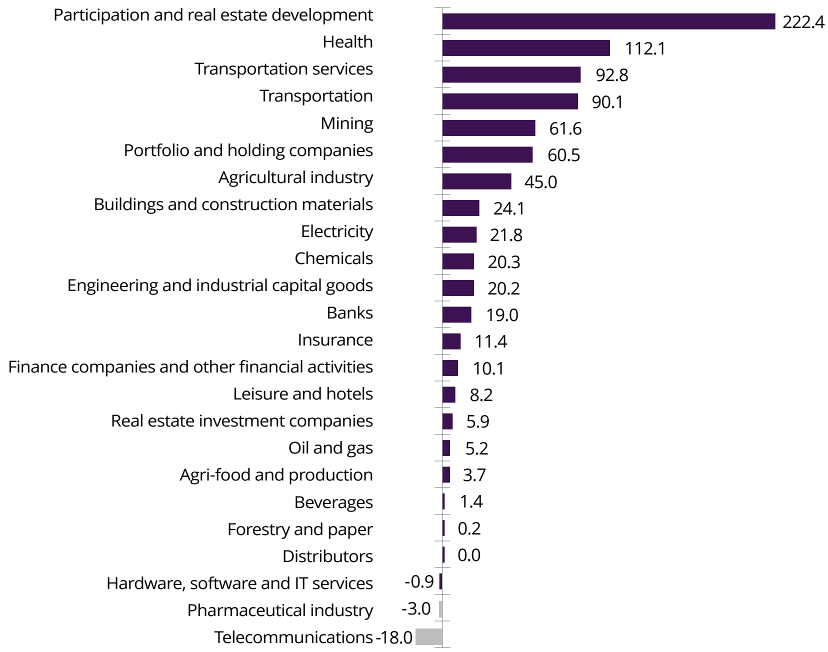
Chart 1.8.7: MASI annual changes (in percent)



Source: Casablanca Stock Exchange.

This performance covered almost all sectors, except for "Telecommunications", which decreased by 18 percent under the impact of the dispute between two of its operators. Share prices of listed companies in the "Participation and Real Estate Development " and " Building and Construction Materials" sectors posted exceptional performances of 222.4 percent and 24.1 percent respectively, driven not only by the implementation of the post-earthquake reconstruction plan, but also by the roll-out of the housing subsidy program and launching of various infrastructure projects. Similarly, the "Health" sector recorded a 112.1 percent rise, boosted by the expected increase of demand for healthcare services after the generalization of social welfare. The "Transport Services" sector posted a jump of 92.8 percent, underpinned by a sustained robust solid financial performance.

Chart 1.8.8: Changes in sectoral indices in 2024 (in percent)



Source: Casablanca stock exchange.

As a result of price developments, the stock market valuation expanded significantly, with the PER[1] increasing from 18.5 in 2023 to 22.2 in 2024. The dividend yield[2] remained virtually unchanged at 3 percent. By international comparison, this level of valuation stands well above that of frontier markets and many emerging countries.

[1] The Price-to-Earnings Ratio (PER) is the ratio of share price to earnings per share.
[2] The dividend yield is calculated by dividing the dividend distributed by the share price.

Chart 1.8.9: PER of major emerging and frontier markets in 2024

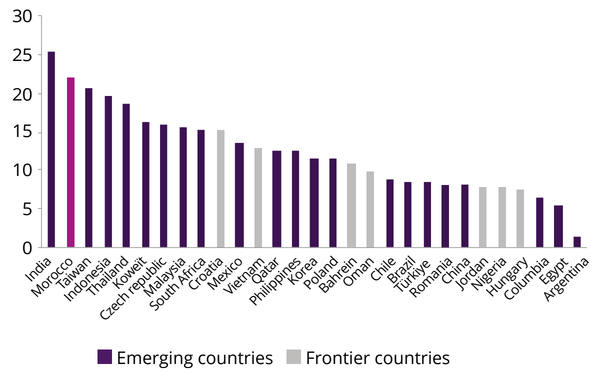
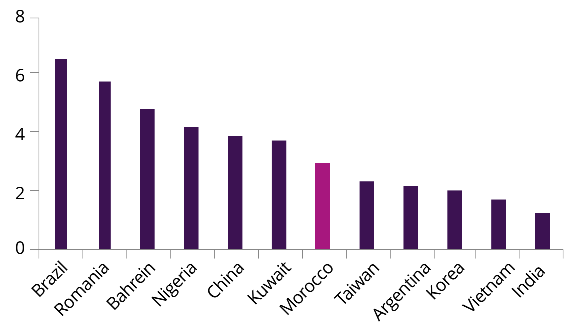


Chart 1.8.10: Dividend yield of major emerging and frontier markets in 2024 (in percent)



Source: Thomson Eikon Reuters.

Trading volume reached 99.1 billion dirhams, up from 65 billion in 2023. Transactions totaled 60.8 billion in the central market and 28.7 billion in the OTC market, with the remainder consisting mainly of capital increases of 5.2 billion dirhams, public offerings of 2.3 billion and an IPO for 1.1 billion.

Table 1.8.6: Transaction volumes (in million dirhams)

	2020	2021	2022	2023	2024
I-Equity	**55,309**	**74,557**	**57,354**	**64,874**	**98,751**
1-Central market	33,001	40,781	32,275	33,372	60,766
2-OTC market	**15,837**	**23,474**	**20,821**	**20,092**	**28,711**
Total of the secondary market (1+2)	**48,838**	**64,255**	**53,096**	**53,464**	**89,477**
3-New listings	600	600	1,372	600	1,100
4-Securities contributions	2,096	6,778	64	10,322	39
5-Public offerings	0	28	1,056	2	2,333
6-Transfers	1,368	503	391	430	635
7-Capital increases	2,406	2,393	1,376	56	5,167
Total of other markets (3+4+5+6+7)	**6,470**	**10,302**	**4,258**	**11,410**	**9,274**
II-Bonds	**468**	**186**	**325**	**172**	**307**
8-Central market	-	36	149	58	226
9-OTC market	187	130	175	114	81
Total of secondary market (8+9)	**187**	**166**	**325**	**172**	**307**
10- New listings	-	20	-	-	-
11- Securities contributions	281	-	-	-	-
12-Transfers	-	-	-	-	-
Total of other markets (10+11+12)	**281**	**20**	**-**	**-**	**-**
Overall Total (I+II)	**55,777**	**74,743**	**57,679**	**65,046**	**99,057**

Source: Casablanca Stock Exchange.

Stock exchange remains modestly attractive to issuers, with only one IPO was completed in 2024, instead of two in 2023, bringing the number of listed companies to 77. On December 16, the CMGP group, specializing in irrigation and agricultural infrastructure, was listed through the sale of 4 million shares and the issue of 1.5 million new shares at a unit price of 200 dirhams.

In the same vein, several capital increases were undertaken, mainly by Managem and Akdital, for 3 billion and 1 billion dirhams, respectively. Consequently, market capitalization rose by 20.2 percent to 752.4 billion, and its ratio to GDP increased from 42.3 percent to 47.1 percent year-on-year. Its floating component increased by 27.5 percent to 206.8 billion dirhams, and the liquidity ratio of the central equity market stood at 8.6 percent, up from 5.7 percent a year earlier.

Chart 1.8.11: Change in market capitalization

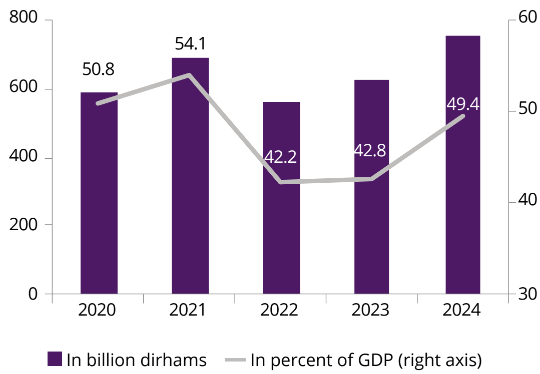
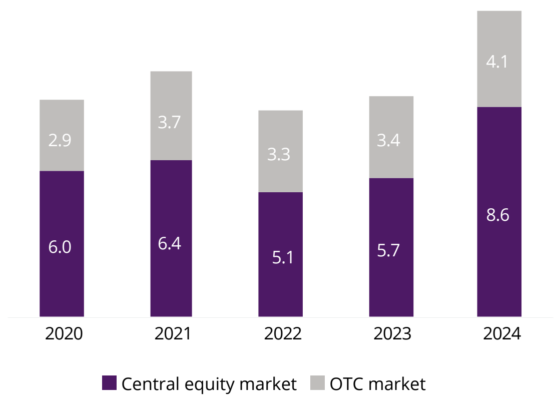


Chart 1.8.12: Equity market liquidity ratio (in percent)



Sources: Casablanca stock market data and Bank Al-Maghrib calculations.

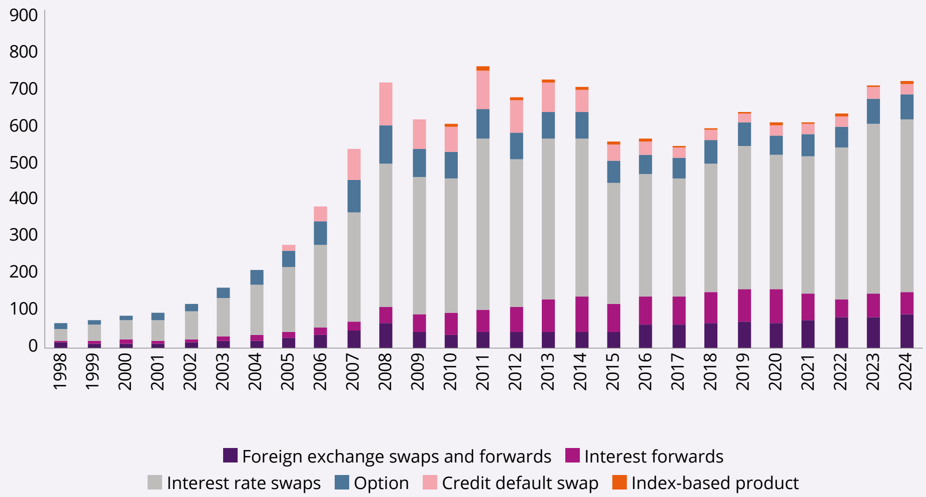
The euphoria that characterized the stock market in 2024 was accompanied by a notable interest from small investors, particularly individuals, who carried out a quarter of the transaction volume during the year, up from an average of 13 percent between 2021 and 2023. Fostering the return of investors and preserving their confidence in the stock market requires enhanced communication and increased awareness of the risks inherent to stock market investment. It is worth recalling to this regard that, after the market significant fall in 2008, the MASI index took more than 16 years to regain its peak reached this year.

Box 1.8.2: Development of derivatives markets

Derivatives are financial instruments whose value depends on an underlying asset, usually currencies, commodities, interest rates, bonds, equities, or credit. They come in three main categories, namely: futures, options and swaps, and are used for a variety of purposes, including risk hedging, speculation and arbitrage.

Over the past few years, international derivatives markets have grown exponentially. In the OTC segment, which accounts for most of the transactions, the notional value[1] grew almost tenfold since 1998, reaching 729.5 trillion US dollars at the end of June 2024. Interest-rate derivatives accounted for 64.3 percent of this volume, currency derivatives for 12.8 percent and credit derivatives for 5.9 percent. On the other hand, based on data of foreign exchange and interest rate markets, daily trading volume was estimated at $15.5 trillion in 2022, with almost 80 percent concentrated in the United States and in the global financial hubs of London, Hong Kong and Singapore.

Chart B.1.8.2.1: Notional value of global OTC markets (in trillions of dollars)



Source: BIS.

The development of derivatives is widely considered to foster economic growth, through their role of reducing and sharing risk, and stabilizing asset prices. A recent study[2] covering five major economies - the USA, the Euro area, Japan, China and India - revealed that a one percent increase in the volume traded in the derivative market relates to a 0.1 percent increase in GDP. Another empirical study conducted in 2024 corroborated these findings for South Africa[3]. In the same vein, a study conducted in 2016[4] on a larger sample reveled a positive correlation between the trading volume and economic development in general, albeit with a concave relationship in the case of developed countries, with the positive effects dissipating beyond a certain threshold.

[1] These statistics relate to the value of the derivative underlying assets. They are derived from a triennial survey of the BIS to assess the size and structure of global OTC derivative markets.

[2] « The derivatives market and economic development: Analysis of five significant economies », Muratova Aizirek, Central European University, Budapest, 2020.

[3] « Derivative markets and economic growth: A South African perspective », Matthieu Stevens and Cobus Vermeulen, University of South Africa, 2024.

[4] « Derivatives and economic growth: Links and evidence. The impact of the financial derivatives on the real economy », Diego Lema and Martín Grandes Universidad de Buenos Aires, 2016.

However, derivative development is not risk-free, particularly when it comes to financial stability. Consequently, several international regulatory institutions have issued guidelines to improve market transparency and stability and reinforce investor protection[5]. These include mandatory reporting of derivatives transactions, as well as the establishment of centralized clearing houses and development of adequate market infrastructure[6].

In Morocco, derivatives have been used for many years but were limited to over-the-counter transactions between banks and some economic operators, particularly importers. In February 2025, as part of the transition to a more flexible exchange rate regime initiated in 2018, Bank Al-Maghrib launched an OTC interbank market for overnight foreign exchange and interest rate swaps indexed to the MONIA[7] index. This market will provide participants with a transparent and reliable benchmark for their interest-rate and currency hedging operations and will further boost the development of derivatives in Morocco. The aim is to deepen the markets and prepare the economic agents for greater foreign exchange and interest rate volatility.

In the same vein, and as part of efforts to transform and modernize the country's financial infrastructures, regulatory authorities and players in the financial ecosystem have been working for several years to develop a future market in Morocco. Implementation of this market is being carried out gradually, starting with the regulatory, prudential and organizational aspects, centered around two institutions: the future market management company and the clearing house. In terms of products, the market should initially develop index futures, then interest rate futures, before extending the range of offerings to other instruments.

[5] « Streamlining variation margin in centrally cleared markets - examples of effective practices », IOSCO, BIS, 2025 and « Derivatives in financial market development», Rangaraja K.Sundaram, New York University, 2013.
[6] « Review of OTC derivatives market reforms: Effectiveness and broader effects of the reform » FSB, 2017.
[7] The MONIA index (Moroccan Overnight Index Average) represents the weighted average overnight repo rate.

1.8.4 Real estate assets

After the downward trend observed between 2019 and 2022, real estate asset prices recorded a slight increase in 2024 across all property categories, for the second year running.

Transaction volumes increased by 17.9 percent, after 8.1 percent the previous year, with increases of 19.7 percent for residential property, 16.5 percent for land and 7.3 percent for commercial property.

Table 1.8.7: Real Estate Price Index (REPI) and number of transactions (changes in percent)

	REPI					Transactions				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Overall	**-1.4**	**-2.6**	**-1.6**	**0.2**	**0.2**	**-3.4**	**36.6**	**-15.3**	**8.1**	**17.9**
Residential	**-1.5**	**-2.5**	**-1.2**	**0.2**	**0.1**	**-5.4**	**31.2**	**-14.1**	**8.8**	**19.7**
Apartment	-1.4	-2.7	-1.2	0.3	0.2	-4.3	30.2	-14.9	9.8	21.1
House	-1.7	-1.3	-1.6	-0.4	-0.6	-23.0	52.2	-6.4	-0.9	3.3
Villa	0.2	-4.0	-0.2	0.1	-1.0	-4.5	28.2	8.1	-6.2	-2.0
Property	**-1.0**	**-1.7**	**-2.3**	**0.4**	**0.4**	**1.1**	**50.7**	**-20.8**	**5.9**	**16.5**
Professional	**-0.4**	**-3.6**	**-1.7**	**-0.1**	**-0.1**	**5.1**	**48.0**	**-11.1**	**7.2**	**7.3**
Commercial premises	-0.6	-3.4	-1.6	0.0	-0.1	6.4	44.8	-10.5	4.9	4.5
Offices	-0.1	-3.9	-2.4	0.6	-0.7	-2.8	67.9	-14.2	20.3	20.7

Sources: National Agency for Land Conservation, Cadastre and Cartography and Bank Al-Maghrib.

In major cities, prices showed contrasting variations, with increases ranging from 0.2 percent in Fez to 1.2 percent in Oujda, and contractions ranging from 0.1 percent in Tangier to 0.5 percent in Kenitra. As regards the number of transactions, aside from Rabat, which recorded a one percent decrease, all other major cities posted increases at rates ranging from 4.9 percent in Agadir to 33.1 percent in Fez.

Table 1.8.8: Real Estate Price Index and number of transactions by major cities (Changes in percent)

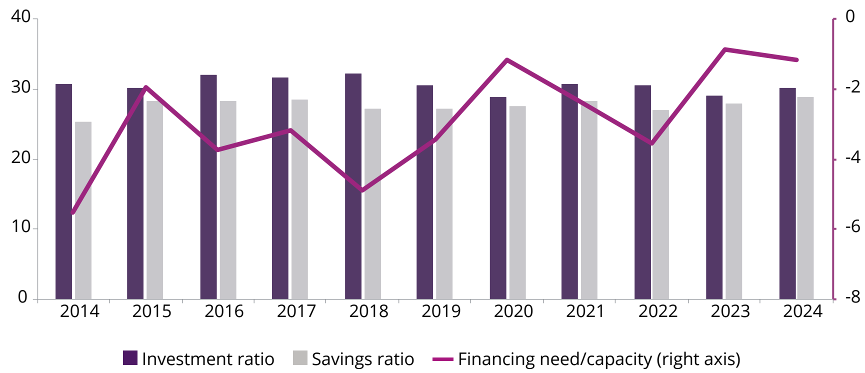
	REPI					Transactions				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Casablanca	-1.8	-3.0	-1.4	-0.1	0.0	-3.1	21.0	-17.0	3.7	6.9
Marrakesh	-2.0	-2.7	-1.6	1.0	1.0	6.3	33.5	-18.2	21.9	7.0
Fez	-0.8	-3.2	-1.7	0.5	0.2	1.5	29.4	-17.2	4.3	33.1
Meknes	-1.7	-2.6	-1.7	0.3	-0.2	-7.4	55.0	-14.6	-8.1	27.9
Oujda	-1.8	-2.4	-4.1	0.3	1.2	-15.7	47.2	-14.7	-2.0	12.3
Tangier	-1.8	-1.2	-1.9	0.2	-0.1	-15.2	44.2	-7.1	5.1	16.0
Kenitra	-1.2	-3.8	-1.1	-0.3	-0.5	-0.6	44.9	-11.8	-1.1	12.5
Agadir	0.2	-4.5	-1.0	0.5	0.8	6.0	45.6	11.1	8.9	4.9
El jadida	-1.1	-3.3	-1.1	-0.3	-0.2	-20.8	72.8	-21.9	2.0	11.7
Rabat	-0.1	-3.5	-1.6	0.3	0.3	-10.2	52.2	-29.0	13.2	-1.0
Global	**-1.4**	**-2.6**	**-1.6**	**0.2**	**0.2**	**-3.4**	**36.6**	**-15.3**	**8.1**	**17.9**

Sources: National Agency for Land Conservation, Cadastre and Cartography and Bank Al-Maghrib.

1.9 Financing the economy[1]

In 2024, national savings grew by 11.6 percent to 461.7 billion dirhams, equivalent to 27 percent of gross national disposable income (GNDI). Considering the increase of investment at current prices by 11.9 percent to 480.2 billion, equivalent to 30.1 percent of GDP, the financing need rose to 18.5 billion, or 1.2 percent of GDP, from 12.8 billion or 0.9 percent of GDP in 2023.

Chart 1.9.1: Financing need (in percent of GDP)



Source: HCP.

1.9.1 Financial flows with the rest of the world

Main sources of external financing[2] were loans, which generated 28.7 billion dirhams, equity investments in resident corporations, with 11.1 billion dirhams, and bonds, with 1.8 billion dirhams.

[1] This chapter is compiled based on several data sources, including monetary statistics of Bank Al-Maghrib, the balance of payments and international investment position established by the Foreign Exchange Office, as well as the national accounts of institutional sectors prepared by the HCP.
[2] In net flows.

Chart 1.9.2: Main sources of external financing (net flows in billion dirhams)

Sources: Foreign Exchange Office data and Bank Al-Maghrib calculations.

By economic agent, net flows of external liabilities[1] of resident non-financial corporations amounted to 31.7 billion dirhams, including 11.3 billion dirhams in external borrowings, 11.3 billion dirhams in "securities other than shares" and 9.5 billion dirhams in equity investments.

External liabilities of the general government[2] increased by 20.2 billion dirhams. Its net borrowings rose by 29.7 billion, while its net issues of "securities other than shares" fell by 9.5 billion. More specifically, the Treasury's gross external borrowings totalled 40.4 billion dirhams, mainly from the World Bank for 16.5 billion dirhams, and the IMF, as part of the Resilience and Sustainability Facility for 7.4 billion.

External assets of residents rose by 41.5 billion dirhams, mainly reflecting the 29.5 billion dirhams increase in foreign assets of financial corporations. At the same time, assets of non-financial corporations rose by 12 billion dirhams, with increases of 6 billion dirhams in their trade loans and 5.2 billion dirhams in their holdings of shares and other equity.

[1] Balance of inflows and outflows related to liabilities.
[2] General government includes central and local government as well as compulsory pension funds.

Table 1.9.1: Financial flows[1] with the rest of the world (in billion dirhams)

	2023				2024			
	Total	GG	NFC	FC	Total	GG	NFC	FC
Residents' assets with the rest of the world	**38.0**	**0.1**	**13.4**	**24.4**	**41.5**	**0.1**	**12.0**	**29.5**
Gold and SDR	-0.5			-0.5	1.0			1.0
Cash and deposits	-5.7		-0.8	-4.9	5.3		-0.4	5.7
Shares and other equity	5.1	0.1	3.4	1.6	5.2	0.1	5.2	-0.2
Securities other than shares	30.1			30.1	25.2			25.2
Loans	8.9		7.9	1.0	1.0		1.1	
Trade loans	2.9		2.9		6.0		6.0	
Financial derivatives	-2.9			-2.9	-2.2			-2.2
Residents' liabilities to the rest of the world	**35.4**	**33.8**	**9.6**	**-8.0**	**34.2**	**20.2**	**31.7**	**-17.8**
Deposits	-6.5			-6.5	-5.0			-5.0
Securities other than shares	23.9	24.1	-0.2		1.8	-9.5	11.3	
Shares and other equity	10.2		9.0	1.2	11.1		9.5	1.7
Loans	5.6	9.7	-4.3	0.2	28.7	29.7	11.3	-12.3
Financial derivatives	-3.0			-3.0	-2.2			-2.2
Trade loans	5.1		5.1		-0.4		-0.4	

GG: General Government; NFC: Non-financial corporations; FC: Financial corporations.
(1) Errors and omissions excluded.
Sources: Foreign Exchange Office data and Bank Al-Maghrib estimates.

1.9.2 Financial flows between resident sectors

In 2024, financial flows between resident sectors displayed higher liabilities for general government, a slightly lower level of liabilities for non-financial corporations and increased financial assets of households.

1.9.2.1 Financial flows of general government

General government liabilities increased by 55.6 billion dirhams in 2024, largely due to the expansion of net issuances of Treasury bonds to 54.2 billion dirhams. At the same time, net flows of deposits with the Treasury were limited to 4.9 billion and outstanding borrowings contracted by 8.7 billion dirhams.

Table 1.9.2: Main financial flows of general government (in billion dirhams)

	2023	2024
Net flows of acquisitions of financial assets	**27.3**	**64.2**
Deposits	26.2	-0.5
Negotiable debt securities	1.2	-0.1
Treasury bonds	-7.1	36.2
RECIU	8.8	2.4
UCITS	-1.7	26.2
Net flows of liabilities	**45.6**	**55.6**
Deposits with the Treasury	13.7	4.9
Treasury bonds	33.6	54.2
Loans (borrowings)	7.5	-8.7
Other accounts payable / receivable	-9.2	5.2

Sources: Bank Al-Maghrib, MCMA and Maroclear.

Regarding their financial assets, net flows increased significantly to 64.2 billion dirhams, driven mainly by a rebound in holdings of mandatory pension and provident fund institutions of 36.2 billion dirhams in Treasury bonds and a 26.2 billion dirhams surge in holdings of UCITS securities.

1.9.2.2 Financial flows of non-financial corporations

Liabilities[1] of non-financial corporations rose by 20.6 billion dirhams, driven by increases of 11.5 billion dirhams in their net issuances of "securities other than shares[2]" and 9 billion dirhams in their outstanding borrowings from financial corporations.

Table 1.9.3: Main financial flows of non-financial corporations (in billion dirhams)

	2023	2024
Net financial flows of financial assets (excluding trade loans)	**20.7**	**66.5**
Deposits	15.4	46.6
Securities other than shares	-10.4	2.0
Treasury bonds	2.8	-3.4
Negotiable debt securities	-0.3	6.9
Bonds	-12.9	-1.5
Shares and other equity	-4.4	-0.8
UCITS	19.6	18.3
Insurance technical reserves	0.5	0.5
Net flows of liabilities (excluding trade loans and shares)	**21.8**	**20.6**
Securities other than shares	2.5	11.5
Loans from financial institutions	19.3	9.0

Sources: Bank Al-Maghrib, MCMA and Maroclear.

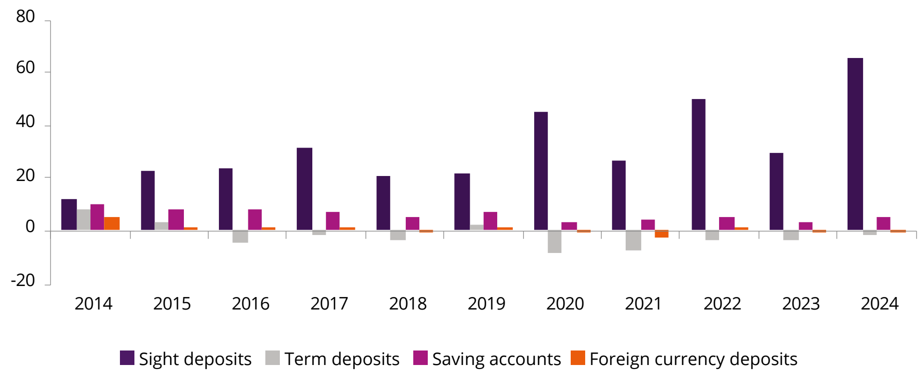
[1] Excluding trade loans and equities, for which no data are available.
[2] Debt securities (bonds and negotiable debt securities).

Financial assets of non-financial corporations rose by 66.5 billion dirhams. Their deposits increased by 46.6 billion, while their net subscriptions to mutual fund shares amounted to 18.3 billion and those in "securities other than shares" to 2 billion. By contrast, their holdings of equities and other investments fell by 0.8 billion, with a 1.8 billion decline in equities and a 1.1 billion increase in their holdings of RECIU.

1.9.2.3 Financial flows of households and NPISH[1]

Financial assets[2] of households and NPISHs increased by 126.7 billion dirhams in 2024, mainly reflecting a growth of 75.6 billion dirham of their deposits, with an expansion of 65.9 billion dirham in demand deposits, particularly linked to the one-off voluntary regularization of the tax situation of individuals. Similarly, their holdings of UCITs increased by 13 billion and those of shares and other equity by 8.1 billion. Their holdings of negotiable debt securities and bonds fell by 9.3 billion and 1 billion, respectively.

Chart 1.9.3: Net flows of household deposits with banks (in billion dirhams)



Regarding the liabilities of households and NPISHs, flow of loans granted by finance corporations increased to 26.3 billion in 2024. Their bank borrowings increased by 16.8 billion, while those granted to them by financial corporations other than banks rose by 9.2 billion, of which 8.7 billion allocated by finance corporations, with 4.7 billion in leasing and 1.8 billion in consumer loans.

[1] Non-profit institutions serving households.
[2] Excluding trade loans.

Table 1.9.4: Main financial flows of households and NPISH (in billion dirhams)

	2023	2024
Net acquisition flows of financial assets (excluding trade loans)	**102.3**	**126.7**
Cash [(1)]	38.3	20.5
Deposits	35.5	75.6
Negotiable debt securities	3.7	-9.3
Bonds	-0.4	-1.0
Shares and other equity	1.1	8.1
UCITS	4.7	13.0
Insurance technical reserves	19.4	20.1
Net flows of liabilities (excluding trade loans)	**13.2**	**26.3**
Loans	13.2	26.3

[(1)] All banknotes and coins in circulation are allocated to households, due to the unavailability of data on cash holdings in other sectors.
Sources: Bank Al-Maghrib, MCMA and Maroclear.

Box 1.9.1: Margin rate of non-financial corporations

The margin rate (MR) of non-financial corporations (NFCs), measured as the ratio of their Gross operating surplus (GOS)[1] to their VA (value added), is a widely used indicator to assess the profitability, competitiveness, and resilience of companies.

The short-term variation of the MR can be expressed[2] as the sum of contributions from changes in i) employer social security contributions (t_{contri}); ii) apparent labor productivity, measured as the ratio between value added in real terms (real VA[3]) and employment in NFC; iii) real wages (W/Pc); and iv) the ratio of the price of value added (Pva) to that of consumption (Pc), which notably reflects changes in the terms of trade. A residual element is added to cover taxes paid and subsidies received by companies.

$$MR = \frac{GOS}{VA} = 1 - (1 + t_{contri}) \frac{\text{Employment}}{\text{Real VA}} \times \frac{W}{Pc} \times \frac{Pc}{Pva} + \text{other factors (taxes, subsidies, ...)}$$

In Morocco, according to national accounts data, the NFC margin rate has been on the rise since 2020, reaching 64.0 percent in 2023, up by 5.5 percentage points (pp) compared to its pre-COVID crisis average (2014-2019). Over the same period, the share of employees' remuneration in NFC VA fell to 34.7 percent in 2023, from an average of 40.1 percent.

[1] This measure represents the value added, minus compensation of employees ("gross wages and salaries" + "social contributions payable by employers"), less other taxes on production, plus operating subsidies.
[2] Patier B., Virely, B. "Le taux de marge des entreprises s'équilibrerait à un niveau plus bas qu'avant-crise" ,INSEE December 2017.
[3] Due to the unavailability of the NFC VA deflator, nominal VA is deflated by the total VA deflator for the economy calculated from the HCP national accounts.

Chart B.1.9.1.1: NFC margin rate (in percent)

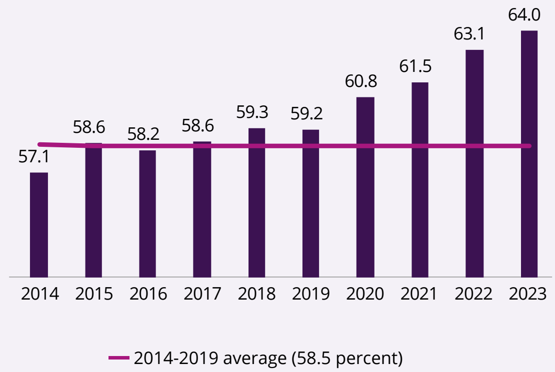
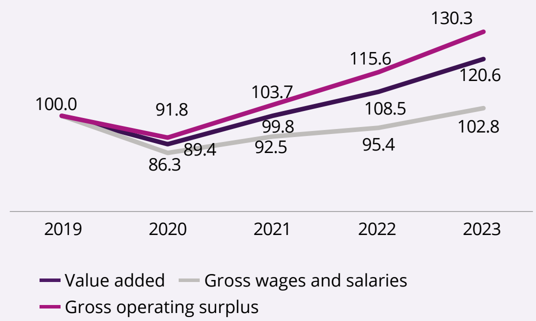


Chart B.1.9.1.2: Trends in VA, wages and GOS (2019=100)



Sources: HCP and Bank Al-Maghrib calculations.

Application of the above-mentioned decomposition indicates that the average 1.2 pp increase in the margin rate between 2020 and 2023 is explained exclusively by the decrease in real wages, which contributed 2.3 pp. However, the other components contributed negatively: 0.7 pp for apparent labor productivity 0.3 pp for social security contributions and 0.1 pp for the terms of trade

Table B.1.9.1.1: Accounting breakdown of NFC margin rate variations

	Averages	
	2015-2019	2020-2023
Margin rate (in percent)	**58.8**	**62.9**
Average annual change, including contribution from (in pp):	**0.4**	**1.2**
Apparent labour productivity	0.0	-0.7
Real wages	0.6	2.3
Social contributions	-0.2	-0.3
VA price/consumer price ratio	0.0	-0.1
Other items including taxes net of subsidies on production	0.0	0.0

Sources: Non-financial accounts of NFCs published by HCP and Bank Al-Maghrib calculations.

The trend in NFC investment, as reflected in the national accounts, reveals that it has not benefited from improvement in the margin rate. Indeed, its ratio to VA fell from an average of 35.2 percent over the 2014-2019 period to 30.3 percent in 2023, which could be due to a cautious policy of renewing productive capacity in a context of uncertainty. However, implementation of the new investment charter and the launch of major infrastructure projects could reverse this trend.

Governance and Achievement of the Bank's missions

Part 2

HIGHLIGHTS OF THE YEAR

As the first year of implementation of its new five-year strategic plan, 2024 was rich in achievements for Bank Al-Maghrib, both in terms of fulfilling its statutory missions and strategic projects, and in terms of its management and governance.

Regarding monetary policy, after its restrictive stance during the inflationary episode of 2022-2023, and with inflation returning to levels in line with the price stability objective, Bank Al-Maghrib decided to begin a gradual easing cycle. It reduced its policy rate twice, in June and December, by 25 basis points each time, bringing it down to 2.50 percent. In a national context marked by the implementation of large-scale social reforms and various infrastructure projects, this easing was aimed at encouraging recovery in economic activity and facilitating the financing of the economy. In addition to lowering rates, the Bank continued to meet all banks' liquidity needs through its weekly injections and longer-term refinancing programs.

The reform of the exchange rate regime is proceeding smoothly. Indeed, throughout the year, the dirham traded within the fluctuation band without intervention, and the quarterly assessments carried out by the Bank's staff continue to indicate that the value of the national currency remains broadly in line with the fundamentals of the economy. Similarly, the market continued to deepen, with significant trading volumes on the interbank market and hedging operations.

At the same time, Bank Al-Maghrib continued to refine the inflation-targeting framework it intends to implement once the right conditions are in place. With the support of the IMF and its partners, it launched an in-depth study to assess the appropriate timetable for its implementation. In particular, the study showed that the current ±5 percent exchange rate band already offers a sufficient degree of autonomy for monetary policy to consider the adoption of a more explicit inflation objective.

In terms of banking supervision, the Bank continued to proactively monitor credit risk developments. It conducted its annual stress testing exercise, and, with respect to prudential regulations, continued to implement the Basel III liquidity standards. As part of its ongoing effort to improve its supervisory tools, the Bank rolled out a new “Supervisory Review and Evaluation Process”, which was carried out on a broader panel of systemic and non-systemic banks. Furthermore, during the year, several measures and actions aimed at strengthening customer protection were implemented.

At the macroprudential level, Bank Al-Maghrib, in coordination with other members of the Systemic Risk Coordination and Supervision Committee, continued its close monitoring of the risks weighing on the financial system. Assessments carried out in this respect highlight the resilience and solidity of the national financial system, despite a difficult and uncertain international environment.

Regarding payment instruments, the Bank continued to strengthen its oversight by assessing the compliance of new payment products and services, and by conducting thematic on-site inspections.

In response to the resurgence of fraud involving some payment instruments, the Bank conducted in-depth monitoring, with the regulated entities, of the mechanisms in place for fraud detection, warning and real-time monitoring. At the same time, it strengthened the monitoring of Financial Market Infrastructures and worked to align their legal framework with best international standards.

Aware of the potential of digitalization to develop the financial sector and improve access to financial services, the Bank stepped up its efforts to foster the emergence of a national digital finance industry. In partnership with public and private stakeholders, it set up the Morocco Fintech Center, a strategic hub dedicated to innovation and the structuring of the Moroccan FinTech ecosystem. Designed to contribute to the digital transformation of the financial sector, the Center aims to bring together startups, financial institutions, investors and regulators around a framework conducive to the emergence of innovative solutions, thereby strengthening digital inclusion and financial innovation in Morocco.

In addition, Bank Al-Maghrib, alongside other national and international partners, led several initiatives to improve access to financial services and promote the economic empowerment of women, particularly in rural areas, and, in collaboration with the Ministry of Finance, launched the preparatory work for the second phase of the National Financial Inclusion Strategy.

In terms of currency production, the Bank continued to issue the new series of banknotes designed exclusively by its own staff. It produced 653 million new banknotes and 84 million coins to meet the needs of the domestic economy and satisfied on time all demands for secure identity and utility documents.

On another front, following Morocco's removal from the FATF and the European Union grey lists in 2023, several projects were launched to keep the Momentum and prepare for mutual evaluation under the third FATFMOAN evaluation cycle. To this end, the Bank contributed, alongside the other relevant authorities, to the preparation of the National AML/CFT Strategy covering the period 2024-2028. This strategy focuses on strengthening the capacity of supervisory and control authorities in both the financial and non-financial sectors, and monitoring risks related to the digitalization of financial services. In addition, the Bank participated in the preparation of the fifth MENAFATF technical compliance monitoring report, aimed at upgrading our country's rating and compliance, which is now recognized as compliant or largely compliant with 39 of the FATF's 40 recommendations.

In parallel, the Bank strengthened its policy of openness toward the public and its partners by diversifying its communication channels and contributing to the promotion of the country's cultural and numismatic heritage through the dynamism of its museum. In the same vein, it continued to develop its cooperative partnerships, while increasing its exchange of experiences with partner central banks.

In terms of governance, several advances were made. The Bank conducted an in-depth review of its organization in order to support its strategic plan and meet the imperatives of a changing internal and external environment. This restructuring also involved its network, as part of a specialization policy aimed at strengthening its regional presence, improving the quality of its services and optimizing the management of its currency activities. It also developed a new corporate social responsibility program aimed at strengthening the integration of CSR issues into its missions and activities, and adopted a new regulatory framework governing its procurement policy which includes several contributions from the new national public procurement regulations.

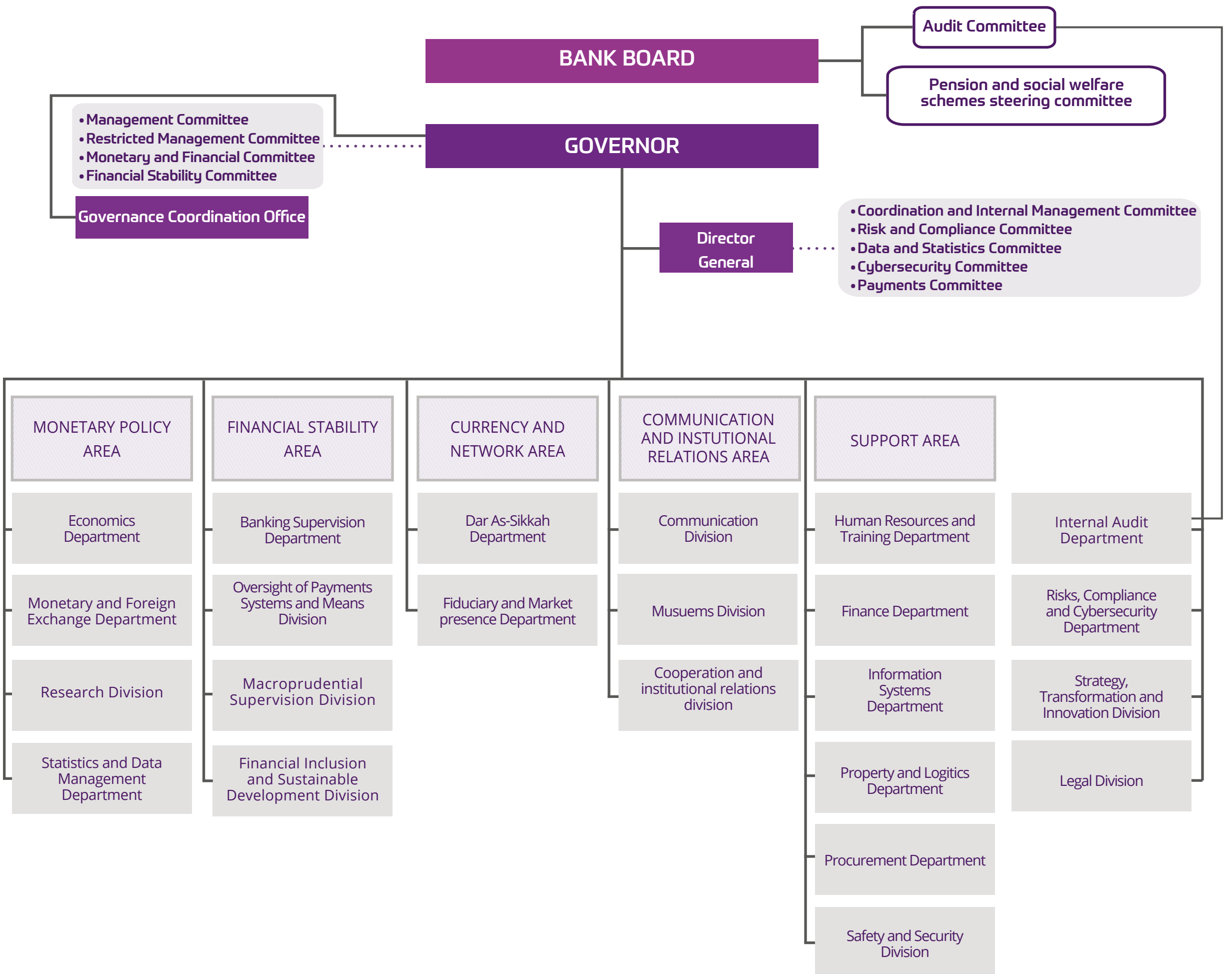
In terms of human capital, 2024 was marked by the launch of several strategic projects designed to address the changes taking place in the Bank's businesses and the expectations of its employees. For instance, a new workplace well-being policy was designed to encourage an unwavering commitment and enhanced performance, confirming the role and importance of well-being in the workplace as one of the top priorities of the Bank's HR policy. Similarly, the career management system was revised in order to offer more career development opportunities and to diversify career paths and trajectories. Other measures included promoting the Bank's employer brand, diversifying recruitment channels, offering a broad and varied range of training courses, and pursuing the institution's commitment to gender equality.

2.1 Governance and strategy

2.1.1 Organizational and governance structures

The Bank reviewed its organization and governance to support its 2024-2028 strategic plan and enhance the implementation of its vision and strategic commitments. The new organizational structure is based on 23 entities and 11 permanent governance bodies.

Diagram 2.1.1: Bank Al-Maghrib organizational chart



Box 2.1.1: Review of the Bank's organization

To facilitate the deployment of its 2024-2028 strategic plan and successfully implement its structural projects, Bank Al-Maghrib conducted a review of its organization and governance in 2024. The review covered central entities, governance activities, internal management committees and the Bank's network.

Adopted approach

The Bank's reorganization was carried out based on an approach that was (i) holistic, covering the various areas, i.e. culture, structures, governance and processes; (ii) participative, involving the Bank's various entities for a shared diagnosis and concerted design; and (iii) agile, with several iterations of target scenario design and validation. In addition to the priorities set by the strategic objectives, the organizational review was inspired by the best practices in this area, while taking into account the Bank's own specificities.

Objectives and guidelines

While preserving the current structure, the objectives of the organizational review aimed at: (i) adapting to the challenges and constant changes in the national and international context, related, in particular, to the rise of digital technologies, climate shocks and changes in the geo-economic landscape; (ii) supporting the Bank's developing activities and those with strong strategic ambitions; and (iii) supporting new the HR systems and the workplace well-being program.

Regarding the Bank's network, the reorganization aims to: (i) strengthen the Bank's local presence and activities so as to consolidate the Bank's role at the regional level; (ii) adapt missions and structures to the needs and levels of activity specific to each region; and (iii) separate the management of the cash cycle from operational currency activities.

Main new organizational changes

At the governance level

Governance activities and internal management committees were overhauled to enhance their effectiveness and optimize their operation, while focusing on strengthening inter-entity coordination and collaboration, through:

- setting up the "Governance Coordination Office", responsible for activities relating to the Bank's governance policy and the operation of its administrative and management bodies, as well as the assessment, monitoring and continuous improvement of its transparency system;
- reviewing the functioning of the current "Coordination and Internal Management", "Risks and Compliance" and "Data and Statistics" Committees;
- setting up the Cybersecurity Committee, tasked with examining and validating the cybersecurity strategy and monitoring the implementation of its related roadmap; and
- setting up a Payments Committee to examine issues relating to the promotion of digital payments and the reduction of cash usage.

At the central entities level

- Separating internal audit activities from those of risk management, in order to ensure their independence and objectivity, and regrouping risk management, cybersecurity and compliance activities within a single entity;
- disassociating activities relating to financial inclusion from those relating to systems and means of payments, in view of the strong strategic ambitions and expectations from these two activities, on the one hand, and to reinforce the synergies between financial inclusion, customer protection and the Bank's corporate social responsibility, on the other;
- transferring strategic planning, steering and projects activities to the entity in charge of organization and digital transformation, in order to capitalize on synergies between these activities and optimize their action;
- Strengthening fast-growing activities and/or those with high strategic potential, through the creation of ad-hoc structures.

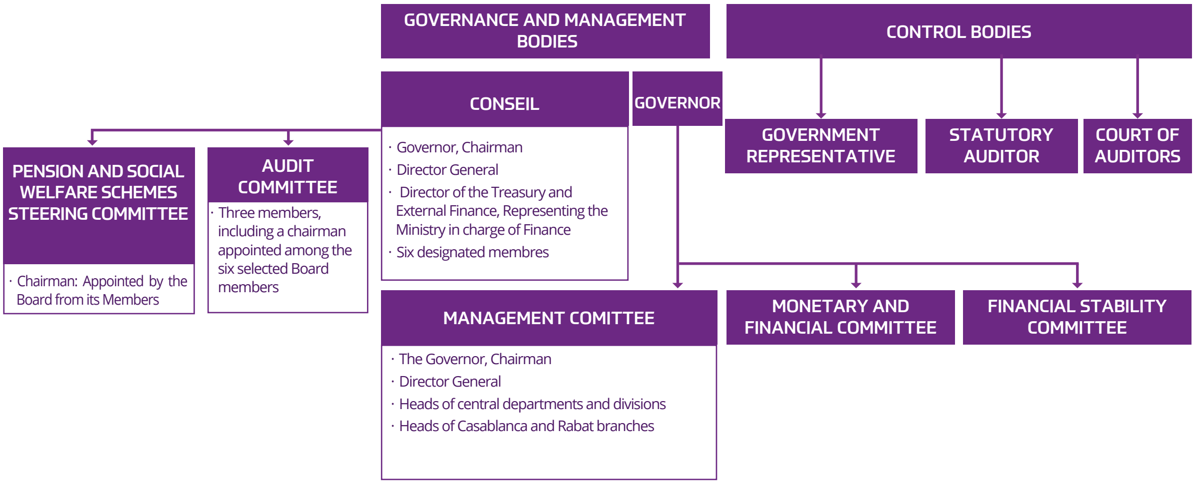
At the level of the Bank's network

The reorganization of the Bank's network led to a grouping around:

- Regional branches: Located in the regional capitals, these branches fall under the competence of the Fiduciary and Market Presence Department and represent the Bank in the region to which they belong. They manage the Bank's currency and banking activities, as well as on-site initiatives at the regional level;
- Branches: Placed under the supervision of their regional branch, they are responsible for carrying out currency, banking and on-site activities within their area of responsibility;
- Currency centers: Attached to the Fiduciary and Market Presence Department, these centers are responsible for operational activities relating to the storage, processing and maintenance of the quality of currency in circulation. In addition to these shared missions, the Main Currency Center is responsible for supplying the network with banknotes and coins, while Regional Currency Centers contribute to local activities in their region.

Bank Al-Maghrib's governing and management bodies consist of the Board, the Governor and the Management Committee. The controls to which the Bank is subject are devolved to three bodies: the Government representative, the Statutory Auditor and the Court of Auditors.

Diagram 2.1.2: Bank Al-Maghrib governance bodies



Governing and management bodies

The Bank Board is composed of the Governor, as Chairman, the Director General and six members appointed by the Head of Government. The latter are chosen among figures known for their integrity and competence in monetary, financial or economic matters, holding no public elective office and no position of responsibility in state-owned or private companies or in the public administration. Three of these members are proposed by the Governor and the other three by the Minister of Finance. Upon the renewal of the Board in 2020, the appointment criteria, as laid down in the Bank Al-Maghrib statutes, were further specified, in particular regarding the individual and collective skills of the said members, the diversity of their profiles and gender parity. The biographies of the appointed members are published on the Bank's website.

Members are appointed for a non-renewable six-year term. The Director of the Treasury and External Finance, who reports to the Ministry of Finance, sits on the Board as an ex-officio member, but does not have the right to vote on monetary policy decisions.

The Board meets at least once every quarter, according to a pre-established and publicly announced schedule. It defines the monetary policy stance based on analyses and projections produced by the Bank staff. At the end of each meeting, a press release is immediately issued, highlighting the Board's decisions and their rationale, and a live press conference is held by the Governor. The Board's by-laws set out the terms and conditions under which monetary policy decisions are communicated to the public. They are published on the Bank's website.

The Board defines the general rules governing the management of foreign exchange reserves and monitors the related results. It also specifies the characteristics of banknotes and coins issued by the Bank, and decides on their circulation and withdrawal in accordance with the relevant regulations. The Board is also responsible for the management of the Bank, particularly with regard to general policy, financial management, accounting and organization. It may also decide on any measures that may be implemented in exceptional or emergency situations, and set any other instrument of intervention in the money or foreign exchange markets, other than those provided for by law.

Two Committees emanating the Board members were set up:

- **The Audit Committee** is tasked with examining and giving advice on issues relating to accounting information, internal and external audit, internal control and risk management. It consists of three members, chosen among the six appointed members of the Board, and meets four times a year, ten days before the Board meetings. A charter, approved by the Board, defines the roles, responsibilities and operating procedures of the Audit Committee, which are set out in a set of internal regulations. The members appointed in 2020 are Mr. Mustapha Moussaoui, as Chairman, Mrs. Mouna Cherkaoui and Mr. Fathallah Oualalou. The Committee's secretariat is entrusted to the head of the Internal Audit Department.
- **The Pension and Social Welfare Schemes Steering Committee** is tasked with overseeing the Bank's internal pension and health insurance schemes, and monitoring their technical and financial management. It is chaired by a member of the Board and comprises the heads of the Finance, Human Resources and Monetary and Foreign Exchange Operations departments, as well as two staff representatives. Its operating procedures are laid down in a charter approved by the Board. Since 2020, the Committee has been chaired by Mrs. Najat El Mekkaoui, and its secretariat is entrusted to the head of the Finance Department.

In line with good governance practices and as specified in its internal regulations, the Bank Board carries out a self-assessment of its operations every two years. In 2024, the Board undertook its fourth self-assessment exercise, and also underwent an external peer review for the first time. Improvement actions were overall implemented, and led to updating the Board's internal regulations.

The Governor runs and manages the Bank. In particular, he is responsible for ensuring compliance with the Bank's by-laws and regulations, as well as implementing the decisions of the Board. He is assisted by a Director General, who carries out all the tasks assigned to him by the Governor and under his authority. The Director General also represents the Governor in the event of absence or impediment.

The Management Committee assists the Governor in managing the Bank's affairs. Chaired by the Governor, it is composed of the Director General and the heads of the central entities and the Rabat and Casablanca branches. The Committee holds monthly meetings according to a pre-established schedule. It meets, in restricted composition, once a quarter to monitor transformation projects, in particular those related to the digitalization of financial services, the development of FinTechs, as well as the Bank's digital and organizational transformation, and its information system.

In addition, the Governor is assisted by:

- **The Monetary and Financial Committee (MFC)** in areas relating to monetary policy, exchange rate policy, foreign exchange reserve management, banking supervision, financial stability, payment systems and means, financial inclusion, research and surveys and statistics. It meets monthly according to a pre-established schedule. Once a quarter, this Committee is preceded by a meeting of the Pre-MFC, chaired by the Director General, to conduct a preliminary review of the Bank's macro-economic projections. The forecasting team reporting to the Economics Department takes part in Pre-MFC and MFC meetings.
- **The Financial Stability Committee (FSC)**, which meets twice a year, according to a pre-established schedule. Its responsibilities include assessing risks and threats to financial stability, and reviewing measures aimed at mitigating them. Its meetings precede those of the established Systemic Risk Coordination and Supervision Committee.

Five other committees chaired by the Director General are involved in specific areas of activity, and their decisions are subject to the Governor's approval.

- **The Internal Management and Coordination Committee (IMCC)** is responsible for reviewing internal management issues requiring inter-entity coordination, monitoring the definition and implementation of the Bank's strategy, and deciding on specific policies for different areas of activity. It also reviews risks and alerts related to the implementation of high-impact projects, as well as to the Bank's budget.
- **The Risk and Compliance Committee (RCC)** is tasked with examining, validating and monitoring the implementation of risk management and compliance policies, as well as the resilience mechanisms of crisis management and ethics activities.

- **The Data and Statistics Committee (DSC)** is responsible for reviewing and validating decisions related to the Bank's Data and Statistics Strategy, and for monitoring the implementation of its related roadmap. It is also charged with examining and approving opportunities related to new data projects, data requirements, data exploration and advanced analysis projects, as well as those related to partnerships with national or international bodies.
- **The Cybersecurity Committee (CC)** is responsible for reviewing and approving the cybersecurity strategy, and monitoring the implementation of its roadmap, while ensuring its alignment with the Bank's strategic guidelines as well as the national strategy in this area.
- **The Payments Committee (PC)** is responsible for examining issues relating to digital payments and crypto assets. As such, it monitors the roll-out of the national digital payments strategy, develops studies on the introduction of a central bank digital currency, examines measures to reduce the use of cash and monitors the integration of national payment systems within regional and international platforms and infrastructures. It also monitors actions aimed at keeping risks under control and addressing vulnerabilities associated with payment systems and electronic means of payment.

Control bodies

The Government representative controls, on behalf of the State and in the name of the Minister of Finance, the regularity of the Bank's financial operations with regard to the legal and regulatory provisions applicable to them. He attends Board meetings in an advisory capacity and makes any proposals he deems useful.

The accounts of Bank Al-Maghrib, under the provisions of article 43 of Law 40-17 establishing its statutes, are subject to an annual audit undertaken under the responsibility of an external auditor who certifies that the Bank's financial statements give a true and fair view of its assets and liabilities, financial position and results, and assesses its internal control systems. The auditor produces an audit report, sent to the Government representative and members of the Board, no later than five months after the end of the financial year. The Board appoints the external auditor following a review by the Audit Committee of the selection process. The statutory audit is carried out in accordance with Moroccan auditing standards, which are largely based on International Standards on Auditing (ISA).

External audit is regulated by an internal instruction defining the following selection criteria: (i) the auditor must not be in a situation of self-audit, in compliance with the regulations governing the accounting profession (OEC Maroc and IFAC 2009); (ii) the auditor must belong to a renowned international financial audit network; (iii) should have carried out audit assignments for central banks, either directly or through its international network; (iv) should be financially stable; and (v) independent from Bank Al-Maghrib. The external auditor's team must be multi-disciplinary, have the required qualifications and proven experience in banking and finance.

The internal instruction also sets out the following criteria for ensuring the independence of the external auditor: (i) the external auditor must not provide consultancy services on behalf of the Bank; (ii) the size of the external auditor's fees as compared to his total turnover; (iii) the external auditor has no subordinate relationship or interest of any kind with Bank Al-Maghrib, or any kinship or alliance relationship with the members of its Board or senior management.

The Bank reviews situations of conflict of interest before submitting them to the Audit Committee for assessment. In addition, each year, the Statutory Auditor provides the Audit Committee with a certificate confirming his independence from the Bank. The Audit Committee examines the Statutory Auditor's annual action plan and considers how it fits in with the actions of the internal audit department, and takes note of the conclusions of his mission.

Deloitte has been the Bank's Statutory Auditor since 2021, appointed for a non-renewable six-year term.

The Bank is subject to the control of the Court of Auditors. Each year, the Bank sends the Court its accounting documents, as well as those of its staff pension and social security funds, in accordance with the legislation in force. It also submits to the Court extracts from the Board's minutes relating to its budget and assets, together with copies of the external auditors' reports.

Lastly, the Governor may be heard by the Parliamentary standing finance committees, at their initiative, on the Bank's missions, in accordance with the principle of accountability enshrined by the Constitution.

Audit Committee

During 2024, the Audit Committee reviewed the Bank's annual financial statements at December 31, 2023, and recommended their approval to the Bank's Board. It also ensured the independence of the Statutory Auditor (SA) in accordance with the regulatory provisions in force, and reviewed the latter's action plan for the 2024 financial year. In this respect, it enquired about the SA's audit approach, the scope of his work and his ability to grasp the challenges associated with the Bank's activities, as well as the coordination arrangements with internal audit.

The Committee also took note of the main conclusions of the report on the Bank's Internal Control System (ICS) for 2023, particularly the assessment of its maturity level and its various components.

It also reviewed the results of the operational, reputational, financial and strategic risk management mechanisms for 2024, and gave its opinion on the annual internal audit program for 2025, prior to its approval by the Bank Board. In addition, it examined the progress of its recommendations, which mainly focused on the risk management process, the annual financial statements, the ICS report and internal audit. Out of a total of twelve recommendations for 2024, seven were implemented and five are currently being finalized.

Steering committee for the pension and social welfare schemes

In accordance with the Instruction on the steering charter for the pension and social welfare schemes, the Steering Committee, chaired by a member of the Bank's Board, met with the external asset managers to examine the results of the funds dedicated to the Staff Pension Fund and the Health Insurance Fund for the 2024 financial year. It validated the actuarial balance sheet for these two schemes and submitted the conclusions of the annual report on the social funds, together with proposed decisions, to the Bank's Board for approval at its March 2025 meeting. The independent actuary, appointed by the Bank in accordance with the rules and procedures in force, did not raise any observations likely to call into question the data, assumptions, commitments, viability horizon of the two plans and the regulatory commitments.

The Bank's transparency framework

In line with the standards set out in the IMF's Central Bank Transparency Code (CBT), Bank Al-Maghrib continued to implement the recommendations issued following the IMF's 2022 assessment of its transparency framework. Various projects were undertaken in this area in 2024, including the preparation of educational documents designed to improve the accessibility and understanding of the information available on the Bank's website.

2.1.2 Strategy

Over the last two decades, Bank Al-Maghrib's activities were guided by strategic plans, which set out clear and precise goals to implement for the period in question, broken down into strategic objectives and structuring projects.

In its five-year plan 2024-2028, the Bank set itself the vision of being "a committed and innovative central bank at the service of the economy and the citizen", which it is striving to achieve through two strategic guidelines:

- Contributing to the resilience of the national economy by preserving monetary and financial stability;
- Pursuing the Bank's transformation towards greater agility, innovation and performance.

At the end of the first year of its deployment, major progress was made in all strategic areas.

Table 2.1.1: First annual progress report of the implementation of the 2024-2028 plan

Monetary policy	
Analysis and forecasting framework	**Reform of the exchange rate regime**
• Strengthening the macroeconomic analysis and forecasting framework through the adaptation and enhancement of the core forecasting model and satellite models; • Further refining the draft inflation-targeting framework developed for Morocco, taking into account the lessons learnt from the international experience in this area and the specific characteristics of the national economy; • Adapting monetary policy communication documents.	• Continuing the preparation for the next phases of exchange rate regime reform; • Strengthening the foreign exchange market monitoring and analysis framework; • Implementing measures aimed at deepening the foreign exchange market; • Designing actions to support and raise awareness among stakeholders of the challenges of exchange rate flexibility.
Research activities	**Data and statistics**
• Publishing three working papers; • Enhancing partnerships with academic circles, notably through the invitation of university scholars to internal seminars and sharing research papers produced by the Bank in scientific seminars; • Lanching, in July, the Second Edition of the Bank Al-Maghib Award for Economic and Financial Research.	• Adopting a new instruction on data governance mechanism; • Pursuing the implementation of the standardized processes for data and statistics management; • Publishing the data dissemination charter; • Data Analytics use case management; • Strengthening collaboration with the ecosystem and setting up new channels of exchange.
Financial stability, banking supervision and financial inclusion	
Banking supervision and prudential regulation	**Financial inclusion and on-site presence**
• Continuing the implementation of the Basel III standards, with the introduction of new liquidity management requirements; • Adapting the licensing, regulatory and supervisory framework for financial conglomerates, microfinance institutions and crowdfunding platforms; • Preparing the reform of the banking resolution regime in line with international standards, and submission of the related draft amendment to the Government Council for introduction into the legislative circuit;	• Assessing the first phase of the National Financial Inclusion Strategy (SNIF) and identifying the main challenges to be addressed in the second phase; • Rolling out a pilot project involving 100 rural women, based on a support model focused on the specific profiles and needs of this population, and development of a guide for women entrepreneurs in rural areas; • Continuing the implementation of financial education initiatives and preparing for the wider roll-out of the “Douar Tour” aimed at building up the financial decision-making capacities of the rural population;

- Strengthening the monitoring of cyber-risks in the financial sector;
- Consolidating the regulatory and supervisory framework for climate risks;
- Supporting the digitalization of financial services and strengthening the customer protection framework;
- Publishing a study conducted with the technical support of the World Bank on climate risks in the banking sector;
- Analyzing interactions between monetary, fiscal, budgetary and macroprudential policies;
- Monitoring the deployment of macroprudential instruments, in particular those relating to the real estate and household sectors.
- Adopting the new Law on Credit Information Bureaus and launching the drafting of related regulatory texts;
- Continuing the digitalization and decentralization of Common Interest Services, with the aim of improving citizens' access to information on bank accounts, payment incidents and credit ratings;
- Developing and implementing an on-site presence policy.

E-payments means and Fintech

- Drafting of a bill on the supervision of FMIs and issuers of means of payment;
- Preparing regulatory and supervisory frameworks for the new Clearing House-Central Counterparty (CCP) for the futures market;
- Continuing actions to develop electronic payments and reduce the use of cash;
- Setting up a fund to support fintech and promote their development;
- Drafting a bill to regulate crypto-assets and submitting it to the relevant stakeholders for adoption;
- Continuing discussions on a Central Bank Digital Currency.

Bank network, currency and secure documents

- Continuing the roll-out of the Bank's network specialization program;
- Issuing new 20, 50 and 200-dirham banknotes;
- Winning the Best Banknote Award in the Europe, Middle East and Africa region;
- Implementing a new, resilient FB management and processing system;
- Continuing modernization of the Cash Cycle;
- Implementing the prerequisites for increasing the capacity of the Secure ID Card personalization solution;
- Launching work to introduce a new generation of Moroccan biometric passports.

Governance, communication and outreach	
Governance	**Communication and outreach**
• Reviewing the Bank's organizational structure and intra and inter-entity coordination and management mechanisms; • Further structuring the Bank's transparency system in line with evolving international practices; • Strengthening cooperation with competent partners and players in the field of cyber-resilience; • Rolling out a digital crisis management solution and specifying areas for improvement resulting from crisis simulation exercises; • Adopting a new regulatory framework for procurement, which includes contributions from the new national public procurement regulations; • Continuing the reinforcement of the Bank's CSR maturity and awareness-raising initiatives in this area.	• Designing communication media for the general public in several languages: "Useful info" guides, video capsules, infographics, podcasts, etc.; • Strengthening the Bank's presence in social media and its interactivity with Internet users via a specific policy for responding to comments; • Enhancing internal communication by focusing on channels that encourage information sharing and accessibility; • Implementing programs dedicated to the dissemination and popularization of the Museum's activities, and organization of four conferences on the history of coinage.

Resources
• Developing a "well-being at the workplace" policy and launching its related roadmap, covering physical, emotional, social and relational, intellectual, professional, as well as financial well-being; • Implementing information, training and awareness-raising initiatives for managers on leadership issues; • Strengthening the Bank's employer footprint through regular participation in national and international forums and promotion of its business lines to talented individuals; • Reviewing the career path system to offer greater visibility and opportunities for career advancement and development; • Further consolidating video-surveillance systems and harnessing the power of digital technology and Artificial Intelligence to enhance safety and security at the Bank's sites; • Preparing the prerequisites for the development of the Bank's Innovation Lab activities.

2.1.3 Internal control, audit, risk management and ethics

Internal control system

The Bank's Internal Control System (ICS), based on the COSO[1] framework, is subject to an annual review for all its components[2]. This review is prepared on the basis of the results of the entities self-assessment of their control systems, the overall mapping of operational risks, and the conclusions and recommendations of internal and external audit assignments, as well as those of the Audit Committee.

The overall maturity of the ICS remained high, with four of its five components reaching the target maturity level. This performance is mainly attributable to the initiation of several initiatives aimed at maintaining the system's effectiveness and efficiency. The self-assessment of the Bank Board operations, the implementation of the recommendations stemming from the evaluation of the transparency framework and the external assessment of the risk management mechanism are all advances that contributed to this performance.

Internal audit

Bank Al-Maghrib's internal audit is an independent activity whose mission is to provide assurance to the Bank's main stakeholders (Board, Audit Committee and Governor) as regards keeping the risks to which the Bank is exposed under control. It aims to help the Bank achieve its objectives by assessing through a systematic and methodical approach its risk management, internal control and corporate governance processes.

To this end, it plans and carries out its assignments according to a risk-based approach, based on an audit plan covering all the Bank's entities, processes and activities. In addition to risk analysis, the annual planning of assignments takes into account strategic issues, the complementarity of work with that of the statutory auditor, the cyclicality criterion and the expectations of the above-mentioned stakeholders. Audit assignments aim particularly to assess the compliance of the Bank's activities with applicable laws, regulations and procedures, their effectiveness and efficiency with respect to the assigned objectives, and the reliability and security of information.

The 2024 audit program was therefore adapted to take into account the new risks arising from the roll-out of the 2024-2028 strategic plan.

[1] Committee of Sponsoring Organizations of the Treadway Commission (COSO).
[2] Control Environment, Risk Assessment, Control Activities, Information and Steering.

Table 2.1.2: Major processes audited in 2024

Management	Core missions	Support
• Organization • Information security and Resilience of activities	• Currency activities • Museum • Banking operations • Financial inclusion	• Human resources • Information systems • Financial information • Procurement • Security

Risk management

Strategic risks[1]

In 2024, a comprehensive review of the 2019-2023 strategic plan was conducted, highlighting the main risks identified and which should be monitored throughout the five-year cycle, taking into account their cross-functional nature and their impact on the Bank's core activities and reputation. Particular attention was paid to risks linked to the external environment, as well as to the challenges associated with new digital projects.

Operational risks[2]

In addition to an overall review of risk mapping, special focus was placed on risks linked to third parties likely to affect the Bank's resilience and missions. At the same time, the change in major risks was monitored, and control mechanisms were strengthened, in particular for risks relating to: (i) cybersecurity, due to the increase in cyberattacks on a national and global scale; (ii) macroeconomic projections, surrounded by economic, geopolitical and climatic uncertainties; and (iii) the volume of currency in circulation, which continued its upward trend despite the Bank's efforts to develop other means of payment.

Financial risk[3]

An ad-hoc committee, reporting to the Monetary and Financial Committee, ensures a regular monitoring of the indicators[4] related to financial risks and the actions taken to keep them under control.

Reputational risk[5]

Given its multidimensional nature, reputational risk was the subject of an in-depth analysis in 2024 with several actions undertaken, including:

[1] Strategic risk is the risk that may hinder the achievement of the Bank's strategic objectives, or result from their implementation.
[2] Operational risks are broken down into several categories: human, organizational, operational, information system and external. Each of the Bank's entities has a Risk Manager responsible for assessing the risks specific to its scope, and for ensuring the implementation of risk mitigation measures. A central unit provides methodological support and consolidated reporting.
[3] Financial risks cover credit, market and liquidity risks, as well as those related to the management of corporate funds and shareholders' equity.
[4] Financial risks inherent to the management of foreign exchange reserves are detailed in section "3.2.8 Financial risk management system".
[5] Reputation risk arises from a negative opinion or perception of the Bank's efficiency, by its various external or internal stakeholders. It may also arise from inadequate management of strategic, operational or financial risks.

- A close monitoring of medium-criticality risks related to the Bank's core business activities that could have a major impact on its image;
- A monthly follow-up of the Bank's image score in the media;
- A corruption risk awareness campaign targeting all exposed functions;
- A stakeholder consultation mechanism as part of the new 2024-2028 strategic plan.

Business continuity and information security

To strengthen its operational resilience, Bank Al-Maghrib rolled out a crisis management solution in 2024, which was tested during a backup exercise involving critical activities.

The Bank also reviewed its business continuity plan, paying particular attention to the management of cash stocks. At the same time, in collaboration with other financial authorities, banking institutions and financial market infrastructures, it continued to implement the roadmap for business continuity coordination. The repository of major operational threats was updated to include recent national and international events, as well as emerging risks specific to the financial sector.

In terms of information security, and in the face of intensifying cyber-attacks, the Bank consolidated its own system through the formalization of a cybersecurity governance charter, the operationalization of the Cybersecurity Committee and the implementation of a cybersecurity dashboard integrating both an internal and banking sector vision. It also continued to bring its systems into compliance with legal and regulatory requirements[1], and renewed the ISO/IEC 27001:2022 certification of its Information Security Management System.

Ethics

The Bank's ethics policy is based on two codes of conduct, one applicable to members of the Board, the other to all employees. It also includes specific rules for certain ethically sensitive functions (procurement, internal audit, external service providers) and an ethics whistleblowing system enabling the Bank's employees and its external partners to report any behavior that does not comply with the rules of good conduct. This system was strengthened by the introduction of an anti-corruption management system certified, as of 2019, by the ISO 37001 standard.

In 2024, the Bank revised its codes of ethics and anti-corruption policy to take into account changes in the national and international contexts and include opportunities for improvement identified during the roll-out of previous versions. On this occasion, the signing of the commitment to abide by their provisions was renewed by Members of the Board, the Bank's Governor and all staff. It was accompanied by an across-the-board awareness-raising campaigns to ensure a clear understanding of the new ethical provisions.

[1] Law No. 05-20 concerning cybersecurity and the National Directive on the Security of Information Systems.

Management systems

The year 2024 was marked by the preparatory work for the renewal of certification for the five management systems adopted by the Bank[1]. To this end, two instructions were developed, consolidating the Bank's commitments in terms of quality, health and safety at work and the environment. An internal audit campaign covering several entities and processes was conducted to identify gaps and implement areas for improvement. The certification audit, carried out in October 2024 by a specialized international firm, issued a positive opinion on the certification of all the Bank's management systems in line with current international standards.

At the same time, the Bank continued its efforts to combat corruption, deploying a targeted training program for exposed functions. On a sectoral level, implementation of the actions set out in the related roadmap continued in accordance with the provisions of the Convention on Anti-Corruption Cooperation in the Financial Sector[2].

Compliance

With regard to the fight against money laundering and the financing of terrorism (AML/CFT), Bank Al-Maghrib continued the periodic review of its internal system by updating the rules and regulations relating to: (i) identifying beneficial owners of legal entities and arrangements created in Morocco; (ii) due diligence measures with regard to customers and transactions originating from or destined for countries presenting a high risk level; and (iii) the processing of investigation requests ordered by the National Commission in charge of the implementation of sanctions provided for in the United Nations Security Council Resolutions relating to terrorism, arms proliferation and their financing.

The Bank also reviewed the account agreements model underpinning its customer relationships, by including the obligation to communicate the documents required to implement the due diligence measures with regard to customers and transactions, and the lawful use of accounts, in accordance with the declared nature of each business relationship.

In terms of national coordination, the Bank sent two unsolicited reports to the National Financial Intelligence Authority (ANRF). It also processed 249 requests issued by law enforcement authorities as part of investigations into national and international criminal cases.

[1] The relevant standards are as follows: ISO 9001, ISO 14001, ISO 27001, ISO 37001, and ISO 45001.
[2] Agreement, signed in November 2019, between the three financial sector regulators (Bank Al-Maghrib, Moroccan Capital Market Authority, the Supervisory Authority of Insurance and Social Welfare) and the National Authority for Probity, Prevention and Fight against Corruption.

With regard to the protection of personal data, consultation with the National Data Protection Commission (CNDP) enabled the Bank to integrate the principles of data protection and privacy into its digital development projects. Aware of the importance of using the DGSN's national trusted third-party solution for the digitization of certain services and activities, the latter also signed a memorandum of understanding to enable the use of the technical functionalities offered by the CNIE. It also carried out a preliminary analysis of the compliance of digital projects with privacy protection, digital trust and cybersecurity rules, using a "privacy by design" approach.

Finally, as part of implementing the access to information mechanism, the Bank satisfied all the requests received, numbering 165.

2.1.4 Corporate responsibility

In 2024, Bank Al-Maghrib developed its new CSR program, based on its corporate responsibility policy and strategic plan. The program aims to strengthen the integration of CSR issues into the Bank's missions and activities, and to assess its overall performance in this area.

The Bank thus continued its efforts to strengthen governance bodies, its transparency framework and cyber-risk management system. It also worked to improve the financial ecosystem's consideration of CSR issues, primarily related to financial security, cybersecurity and customer protection.

As part of the economic aspect of its CSR policy and its commitment to promoting research in economic and financial areas, Bank Al-Maghrib launched the second edition of the "Bank Al-Maghrib Prize for Economic and Financial Research". It also strengthened its local presence through a rich and diversified program of economic and financial education and cultural activities for the benefit of academia, entrepreneurs and schools.

With regard to its social responsibility towards its employees, the Bank formalized its workplace well-being policy and launched a vast program covering several areas: professional well-being, physical well-being, emotional well-being and financial well-being.

As part of its commitment to the environment, Bank Al-Maghrib encouraged actions aimed at strengthening the banking sector's resilience to climate risks, and together with other players in the financial ecosystem, worked to define a new climate finance strategy by 2030.

Internally, new initiatives were launched to assess the carbon footprint of the Bank's investment portfolios, through the implementation of a framework aligned with relevant standards. To reduce its greenhouse gas emissions, the Bank conducted energy audits at its main energy-hungry sites and launched a program to put in place photovoltaic installations. It also continued to implement its responsible water management program, which includes the redevelopment of green spaces, the upgrading of water distribution networks and the gradual connection of its sites to the treated wastewater distribution network.

In addition, to strengthen the social commitment of its employees, the Bank set up a skills sponsorship scheme that enables them to put their know-how to work on public-interest projects. Several missions, defined in partnership with associations working to develop rural areas and support people with disabilities, were carried out as part of the pilot phase for the implementation of this scheme.

The implementation of the Bank's CSR program was accompanied by the roll-out of an awareness-raising campaign, notably through workshops on climate change for employees, the organization of an exhibition on the theme "Water at the heart of science" in collaboration with the Research Institute for Development (IRD), and the organization of several seminars to share Bank Al-Maghrib's CSR approach with actors in its ecosystem.

2.1.5 Budget rules

Bank Al-Maghrib adopted an integrated approach starting with strategic planning, which provides the operational basis for drawing up budgets and preparing reports. The latter enables us to monitor the achievement of objectives and to take corrective action in the event of any deviations.

The budget preparation and implementation process within the Bank is governed by a charter that defines the roles and responsibilities of the various players involved, and sets out the principles involved, such as alignment with strategy, sound financial management, universality, consistency of accounting and budgetary information, unity, sincerity, annuality, specialization of financial years and budget fungibility. To this end, when preparing its budget, the Bank scrupulously ensures compliance with the following rules: (i) the financing of the needed tools to achieve its objectives, in order to fulfill its missions; (ii) the optimization of expenses; (iii) the adequacy of resources with regard to strategic priorities and the requirements of efficiency and compliance; and (iv) the determination of its investments within a rationalization logic.

In 2024, the budgetary process was marked by a review of the instruction relating to the budgetary process charter, with a view to formalizing all the improvements made to it. This involved formalizing certain practices, reinforcing the roles and responsibilities of those involved, and materializing the new articulation of the process value chain. This has resulted in the creation of an operational committee responsible for examining documents relating to new investment lines, and Opportunity committees dedicated to the validation of investment projects prior to their submission to IMCC "Investments".

This process is also governed by a precise and rigorously established budget schedule. Work begins in June with the scoping phase, which sets the projected change for the Bank's budgets. In October, the IMCC validates the relevance of operating expenses related to the provision of services and events, as well as the budgets allocated to new investments and their three-year breakdown. At the end of this process, and in accordance with statutory provisions, the Bank Board approves the annual budget at its December meeting.

2.2 Bank's missions

2.2.1 Monetary policy

Following the 2022-2023 inflationary episode, which prompted Bank Al-Maghrib to tighten its monetary policy, inflation fell markedly in 2024 to an average of 0.9 percent, with data releases during the year indicating the convergence of inflation to levels in line with the price stability objective.

At the same time, uncertainty remained high, fueled by global geopolitical tensions, conflicts in Ukraine and the Middle East and elections in several countries, as well as social negotiations and volatile weather conditions domestically.

With regard to economic activity, while agricultural production continued to suffer from water stress and recurrent droughts, non-agricultural growth showed a gradual improvement that is set to continue, boosted in particular by the expected surge in investment.

Against this background, and in a bid to support the economic recovery, Bank Al-Maghrib decided to ease monetary policy, following a gradual approach, and taking decisions meeting by meeting based on the most up-to-date data. Thus, after keeping its policy rate unchanged during four successive meetings, from June 2023 to March 2024, the Bank decided to reduce it twice, in June and December, by 25 basis points (bp) each, bringing it to 2.50 percent.

Meanwhile, the Bank continued to meet all liquidity demands expressed by banks through its weekly and longer-term refinancing operations. Indeed, with the increase of the currency in circulation, the total volume of Bank Al-Maghrib liquidity injection operations reached a weekly average of 137.2 billion dirhams, up from 96.9 billion in 2023.

In the foreign exchange market, the dirham continued to evolve within its fluctuation band with no intervention from Bank Al-Maghrib, amid low current account deficit and increasing foreign exchange reserves. Transaction volumes remained relatively high albeit declining, totaling 551 billion dirhams in the interbank market and 226.5 billion for hedging operations.

Monetary policy decisions

During the first Board meeting of the year held in March, available data indicated a faster-than-expected easing of inflation pressures at the international level, as well as a relatively resilient global economy, despite the monetary tightening.

At the national level, inflation was forecast to return to levels close to 2 percent. Nonetheless, expectations of financial sector experts remained relatively high although on a downward trend, averaging 3.4 percent over the eight-quarter horizon.

Economic growth was expected to be limited to 2.1 percent in 2024, down from 2.8 percent in 2023, and then to accelerate to 4.3 percent in 2025. Non-agricultural growth was forecast to gradually improve to 3 percent in 2024 then to 3.5 percent in 2025, boosted by higher level of investment with various infrastructure projects planned or underway. On the other hand, with limited rainfall and drop of cereal production, estimated by Bank Al-Maghrib at around 25 million quintals (MQs), agricultural value added was set to contract by 6.4 percent in 2024 before rebounding to 12.8 percent in 2025, assuming an average cereal harvest of 55 MQs[1].

Regarding macroeconomic balances, the current account deficit was expected to widen to 2.3 percent of GDP in 2024, then to 2.8 percent in 2025, mainly due to higher imports of food and capital goods. Official reserve assets were projected to stabilize in 2024, before strengthening in 2025 to an equivalent of 5 months and 5 days of imports of goods and services. As for the fiscal deficit, it was set to reach 4.6 percent of GDP in 2024, before narrowing to 4 percent in 2025. This trend mainly covered the expected increase in tax revenues and revenues from innovative financing mechanisms, as well as the decline in subsidy costs associated with the gradual phasing out of gas subsidies scheduled to begin in 2024.

Forecasts were, however, surrounded by considerable uncertainty, due to geopolitical tensions and elections in many countries, as well as adverse weather conditions and water stress at the national level.

Regarding the transmission of monetary policy decisions to financial conditions, the cumulative 150 bp increase in the policy rate induced 112 bp rise in bank lending rates, as showed in the quarterly lending rate survey of Bank Al-Maghrib, and 111 bp increase in sovereign bond yields of 52-week maturity in the secondary market from the third quarter of 2022 to the last quarter of 2023.

In view of all these data, the Board considered that the 3 percent level of the policy rate remained appropriate to support the anchoring of expectations and return of inflation to levels in line with the price stability objective.

[1] Corresponding to the average crop over the last five years.

Table 2.2.1: Mid-term inflation forecasts (in percent)

	Board meetings			
	March 19, 2024	June 25, 2024	September 24, 2024	December 17, 2024
Average over the 8-quarter horizon	2.3	2.2	2.0	2.0
2024	2.2	1.5	1.3	1.0
2025	2.4	2.7	2.5	2.4
2026	-	-	-	1.8

During the Board meeting held in June, core inflation forecast was kept at an average of 2.3 percent, while headline inflation projection was revised downward to 1.5 percent for 2024 and upward to 2.7 percent for 2025, due to faster-than-expected decrease of volatile food prices. Meanwhile, inflation expectations remained well-anchored, with financial sector experts forecasting a rate of 2.7 percent eight quarters ahead.

As regards economic activity, available data for economic activity suggested relatively stronger non-agricultural growth of 3.9 percent in 2024 and 4.1 percent in 2025. On the other hand, considering the cereal harvest of the 2023-24 crop year, estimated by the department of Agriculture at 31.2 MQs, agricultural value added was set to decline by 6.9 percent in 2024, before improving by 8.6 percent in 2025. Overall, growth was forecast to fall from 3.4 percent in 2023 to 2.8 percent in 2024, before accelerating to 4.5 percent in 2025.

As for the transmission of past monetary policy decisions, bank lending rates remained roughly unchanged between Q3-2023 and Q1-2024.

These developments highlighted the significant progress in bringing inflation back to levels in line with the price stability objective and preserving the post-Covid economic recovery. Against this background, and after keeping the policy rate unchanged for four consecutive meetings, from June 2023 to March 2024, the Board decided, in June, to cut the rate by 25 basis points to 2.75 percent.

During the Board meeting held in September, data available resulted in minor revisions of inflation and growth projections, while risks to the outlook remained high due to global conflicts, geopolitical tensions, and elections held in many countries. Domestically, main risks stemmed from the implementation of orientations of the 2025 Finance Law and the ongoing social negotiations with potentially higher-than-expected impact on prices and demand.

In this context, the Board decided to keep the policy rate unchanged at 2.75 percent, while closely monitoring economic and social developments.

The Board held its last meeting of the year after the adoption of the 2025 Finance Law and publication of the three-year fiscal framework for 2025-2027, indicating a continued commitment to consolidate the macroeconomic balances over the medium term.

Bank Al-Maghrib forecasts also revealed faster non-agricultural growth, though at a slower pace than previously expected. Inflation was projected at 1 percent in 2024 and around 2 percent in the medium term, with the balance of risks tilted to the upside.

In light of all these developments, the Board decided to further reduce the policy rate by 25 basis points to 2.50 percent, while stating that future decisions will be based on the most up-to-date data, meeting by meeting.

Table 2.2.2: Monetary policy decisions* since 2016

DATE	KEY RATE	RESERVE REQUIREMENT RATIO	OTHER DECISIONS
March 22, 2016	Decrease from 2.50 percent to 2.25 percent		
June 21, 2016		Increase from 2 percent to 5 percent	- Introduction of remuneration of reserve requirements for banks making greater efforts to lend.
September 24, 2019		Decrease from 4 percent to 2 percent	
December 17, 2019			- Introduction of an unlimited refinancing mechanism for bank loans granted to groups targeted by the Integrated Business Support and Financing Program. - Application of a preferential interest rate of 1.25 percent for refinancing loans granted under this program.
March 17, 2020	Decrease from 2.25 percent to 2 percent		
April 15, 2020			- Extension of the list of eligible collateral for refinancing operations to debt securities issued by Public Institutions and Enterprises (PIEs) or by securitization mutual funds, as well as instruments representing claims on the State or on PIEs. - Easing of refinancing conditions for banks under the program set up in 2013 to support VSME financing by (i) extending refinancing to operating loans in addition to investment loans and (ii) increasing its frequency from quarterly to monthly.
June 16, 2020	Decrease from 2 percent to 1.50 percent	Decrease from 2 percent to 0 percent	- Setting up a refinancing line for new loans and rescheduled loans granted by banks to micro-credit associations from Q2-2020 to Q4-2021. - Introducing a refinancing line for «Wakala Bil Istithmar» concluded with conventional banks from Q2-2020 to Q4-2021 in favor of participatory banks. - Extension of the list of eligible collateral for refinancing operations to include bills representing claims on micro-credit associations and "Wakala Bil Istithmar" concluded with participatory banks.
September 27, 2022	Increase from 1.50 percent to 2 percent		
December 20, 2022	Increase from 2 percent to 2.50 percent		
March 21, 2023	Increase from 2.50 percent to 3 percent		
June 25, 2024	Decrease from 3 percent to 2.75 percent		
December 17, 2024	Decrease from 2.75 percent to 2.50 percent		

*For the policy rate and the reserve requirement ratio, the table only includes decisions involving a level change.

Box 2.2.1: Transmission of monetary policy decisions to lending rates

To achieve price stability, monetary policy is often mainly conducted by setting the policy rate to influence aggregate demand and, ultimately, inflation.

However, many central banks face the challenge of transmitting their decisions to their ultimate objective. The transmission mechanism includes several channels[1], a key one being the interest rate channel, particularly in economies with a prominence of bank funding. Interest rate transmission can be broken down into two steps: the first one, from the policy rate to the bank rates, and the second one, generally longer, from bank rates to the real economy.

Several factors influence the degree of transmission, often referred to as "pass-through", and its speed including the quality of the central bank liquidity management, the characteristics of the banking system, such as the degree of competition, its size and profitability, as well as economic conditions, and the rate of bank penetration, among others.

Several methods can be used to empirically assess the pass-through and other characteristics of monetary policy transmission to lending rates, such as the speed and degree of asymmetry. Most used approaches in the literature are based on VAR (vector autoregressive), ECM (error correction model), ARDL (autoregressive with distributed lags), TAR (threshold autoregressive) and MTAR (momentum threshold autoregressive) models, which particularly help capture asymmetry in transmission.

In the case of Morocco, monetary policy is conducted in a context where financing of the economy is largely dominated by bank credit, mostly at fixed rates, the banking sector is resilient, the level of concentration of bank assets reaches 77 percent[2], and the share of non-interest-bearing deposits is over 40 percent of bank resources.

The succession of various shocks since 2020 induced rapid and significant shifts in economic conditions, prompting Bank Al-Maghrib to adjust its monetary policy instruments more frequently. From March 2020 to December 2024, for example, it changed its policy rate 7 times, an average frequency of 1.4 times a year, compared to 0.2 times over the 5 previous years. This increased frequency of policy rate change opens up an opportunity for more accurate assessment of monetary policy transmission through its different channels and during its different phases.

To assess the pass-through to lending rates, ECM[3] models were estimated for the period Q1-2008 to Q3-2024. The data used are the interbank rate, as a proxy for the policy rate[4], and lending rates by credit object from Bank Al-Maghrib quarterly survey, i.e. those for cash facilities, equipment loans, real estate and consumer loans.

[1] Besides the interest rate channel, these include the credit channel, asset prices channel, exchange rate channel and expectation channel.
[2] This level is calculated based on the market share of the top five banks in terms of assets.
[3] For real estate rates, the Granger cointegration hypothesis is not retained. An ARDL-type model was estimated, and the Bounds Test confirmed the existence of a cointegrating relationship.
[4] In the case of Morocco, Bank Al-Maghrib liquidity management aligns the interbank rate with the policy rate.

The model is represented as follows:

$$Lending\ rate_t = \beta_0 + \beta_1\ Interbank\ rate_t + \mu_t \quad (1)$$

$$\Delta(Lending\ rate)_t = \alpha_0 + \alpha_1\ \Delta(Interbank\ rate)_t + \sum_{i=2}^{n} \alpha_i\, \Delta(Interbank\ rate)_{t-i} - \alpha_2\ \mu_{t-1} + \varepsilon_t \quad (2)$$

where β_1 represents the long-term pass-through, α_1 the immediate pass-through and α_2 the speed at which lending rates adjust back to their equilibrium level after a change in the policy rate.

Table B 2.2.1.1: ECM model estimation resultss
(p-values are given between brackets)

Lending rates by credit type	Long-term pass-through (β_1)	Immediate pass-through (α_1)	Adjustment speed (α_2)	Average adjustment time[5] (in quarters) ((β_1-α_1) / α_2)
Consumer loans	0.51 (0.00)	0.36 (0.00)	0.44 (0.00)	0.34
Equipment loans	0.94 (0.00)	0.24 (0.28)	0.57 (0.00)	1.23
Cash facilities	1.30 (0.00)	0.77 (0.00)	0.45 (0.00)	1.18
Real estate loans	1.05 (0.00)	0.25 (0.00)	0.24 (0.00)	3.33
Overall average lending rate	1.09 (0.00)	0.59 (0.00)	0.31 (0.00)	1.61

Results show that the long-term transmission is complete for all lending rates, except for those applied to consumer loans, for which it is estimated at 51 percent considering the high levels of risk and concentration[6] in this segment.

Compared to the findings of a previous study of Bank Al-Maghrib covering the period 2006-17, the long-term pass-through has improved significantly for consumer loans, rising from 14 percent to 51 percent, while it increased slightly for real estate loans (from 99 percent to 105 percent) and equipment loans (from 90 percent to 94 percent).

Over a one quarter horizon, the policy rate pass-through fluctuates between 24 percent for equipment loans and 77 percent for cash loans. On the other hand, the adjustment of lending rates to reach long-term equilibrium is almost immediate for consumer loans, lasts just over a quarter for equipment loans and cash facilities, and exceeds three quarters for real estate loans.

[5] The average adjustment period corresponds to the time needed for the lending rate to reach its long-term equilibrium level.
[6] This level has averaged 82 percent over the last five years.

By international comparison, a meta-analysis of the World Bank[7] released in 2019, based on 52 interest rate transmission studies for 38 economies, showed that the pass-through coefficient averages 80 percent. Other studies conducted by central banks and international institutions indicate an overall complete pass-through in developing and emerging economies such as the Czech Republic, Dominican Republic, Indonesia and Mexico, while they reveal a partial pass-through in advanced economies such as the euro area and the United States (see Table B.2.2.1.2).

Table B 2.2.1.2: Pass-through estimates for a sample of countries

Economy	References	Empirical approach	Period of the study	Long-term pass-through	Selected lending rates
Euro area	Banque de France (2024)[8]	ARDL	2022-2023	0.49	The weighted average of several lending rates, both bank and market rates on new debt contracted by households, businesses and the government.
			2005-2007	0.68	
United States			2022-2023	0.53	
			2005-2007	0.42	
Mexico	Organisation for Economic Co-operation and Development (2022)[9]	ARDL	2002-2020	[0.2-0.97]	Lending rates by bank credit object.
Morocco	Bank Al-Maghrib (2018)[10]	ECM	2006-2017	[0.14-0.99]	
Czech Republic	T. Havraneka. Z. Irsovab(2016)[11]	ECM	2004-2015	[0.93-1.14]	
Indonesia	R. Herlambang. R. Purwono(2023)[12]	Non-linear ARDL	1990-2017	[1.14-1.31]	Treasury facility rates.
Dominican Republic	International monetary Fund (2015)[13]	ECM	2006-2015	[1.10-1.20]	3-month, 6-month, 12-month, consumer and weighted average lending rates.

[7] World Bank, "Interest rate pass-through. a meta-analysis of the literature". Policy research working paper no. 8713. 2019.
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Box 2.2.2: Assessment of inflation and growth forecasts

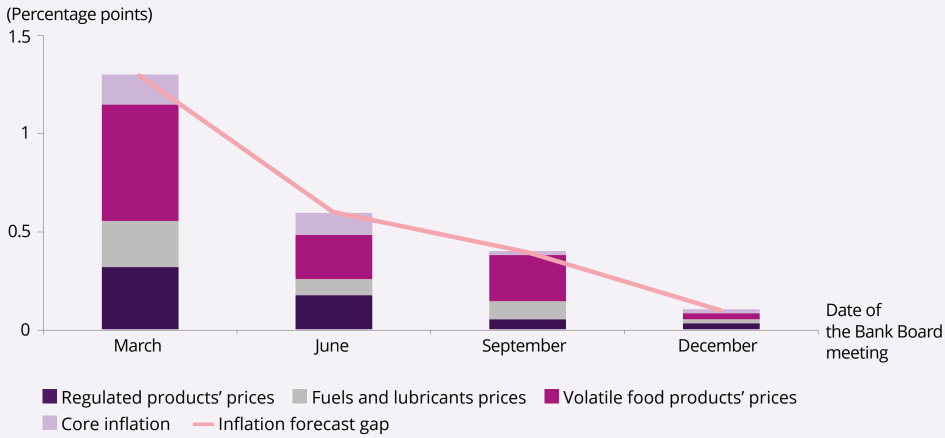
As part of its transparency policy and its commitment to improve the quality of its analysis and forecasting system, Bank Al-Maghrib conducts an annual assessment of its quarterly forecasts prepared for the Board meetings. This box summarizes the results for inflation and growth projections for 2024.

Throughout the year, the macroeconomic context was characterized by high uncertainty, particularly related to geopolitical conflicts, tensions, and elections in many countries, as well as weather conditions and the outcome of social dialogue, domestically.

Data available for March forecasting exercise suggested that the deceleration of inflation started in February 2023 would continue, albeit at a slower pace than observed. Thus, core inflation was forecasted at an annual average of 2.3 percent, close to the current rate of 2.2 percent. On the other hand, data available for volatile food products and fuels and lubricants suggested a significantly smaller decline than observed. Overall, inflation came out at 0.9 percent, against an initial forecast of 2.2 percent, a difference of 1.3 percentage points (pp).

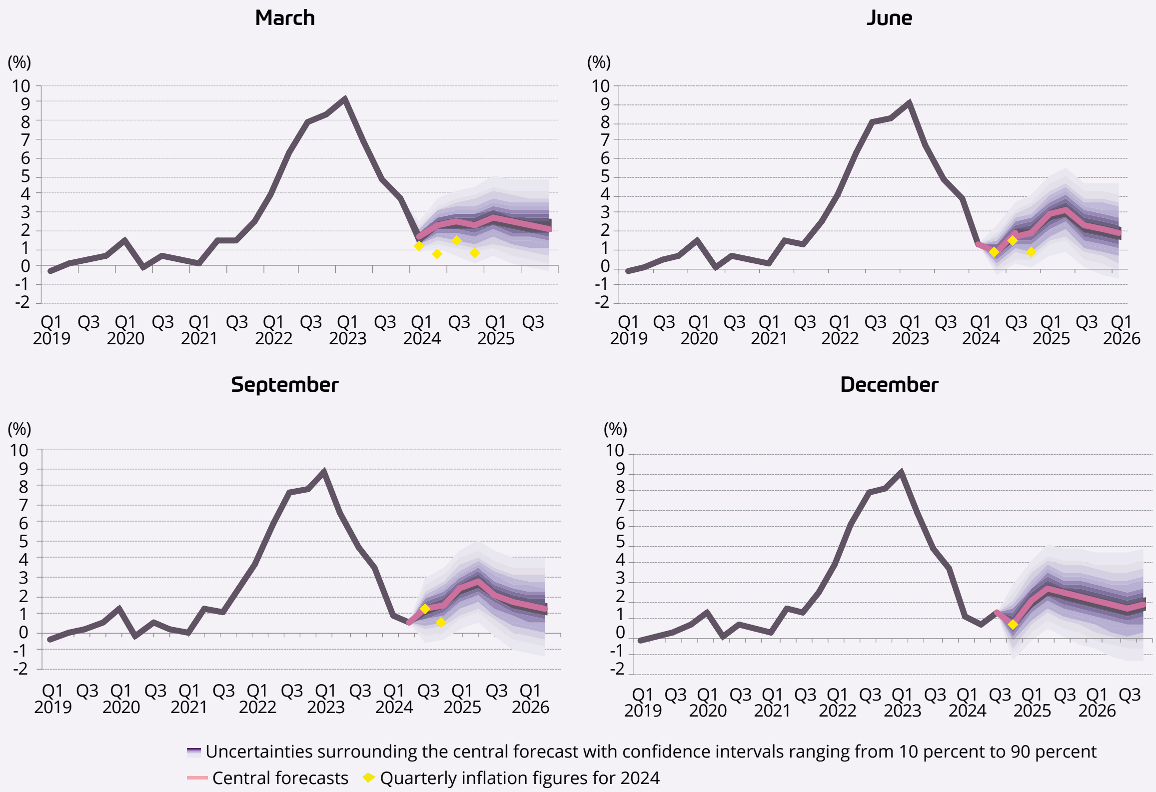
During the subsequent periods, while forecast deviation of core inflation remained close to zero overall, that of headline inflation decreased gradually to 0.6 point in June, 0.4 in September and 0.1 in December.

Chart B.2.2.2.1: Inflation forecast deviation for 2024



Under these circumstances, quarterly inflation figures during the year fell all within the 90 percent confidence interval except for the first quarter (fan charts below).

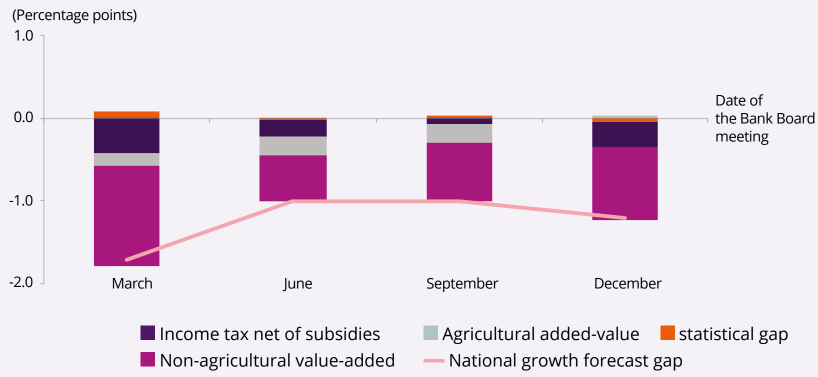
Chart B.2.2.2.2: Fan charts of inflation by Board meeting date in 2024



Economic growth accelerated to 3.8 percent in 2024, with a 4.8 percent drop in agricultural value added and a 4.5 percent increase in non-agricultural value-added. The forecasts presented during the 2024 Bank Board meetings have underestimated annual realizations, hovering between 2.1 percent in March and 2.8 percent in June and September, with an average absolute deviation of 1.2 pp.

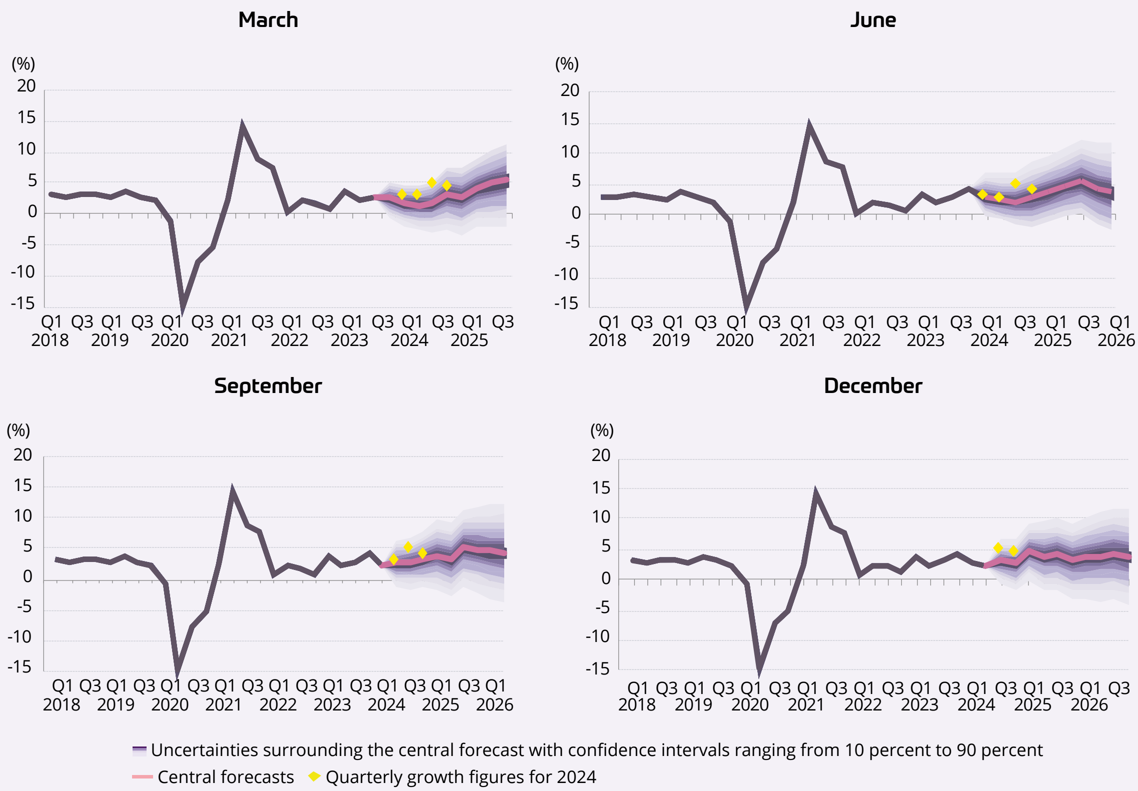
For the agricultural sector, absolute error was 1.9 pp for the first three forecasting exercices of the year and 0.2 pp in December. For non-agricultural activities, it reached 0.7 pp in June and 1.2 pp on average over the rest of the forecasting periods. In addition, a large proportion of the deviations are due to the annual national accounts data for 2024, which turned out to be much higher than the average quarterly figures, with a differential of 0.6 pp.

Chart B.2.2.2.3: Growth forecast deviation for 2024



Fan charts for growth forecast show that actual quarterly figures for 2024 all fell within the 90 percent confidence interval and were generally close to the central projection, except for Q3, that was slightly above the central projection for all four quarters.

Chart B.2.2.2.4: Fan charts of growth forecast by Board meeting in 2024

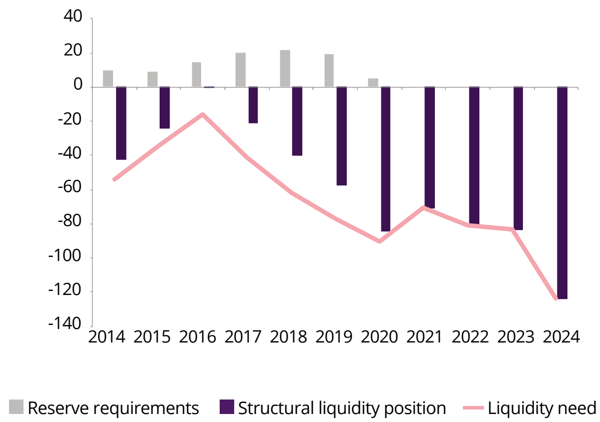


Monetary policy implementation

Money market interventions

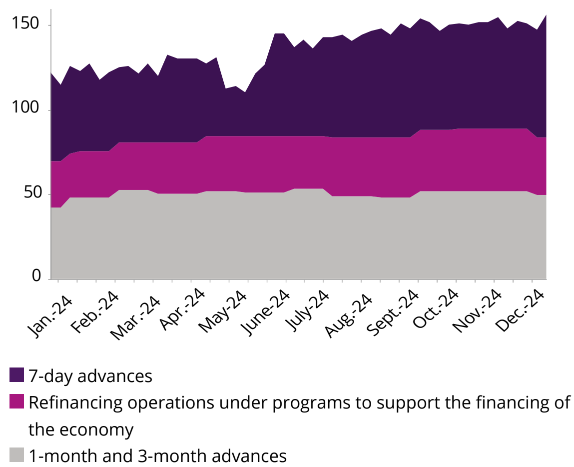
In 2024, banks' liquidity needs increased sharply from an end-week average of 83.3 billion dirhams in 2023 to 123.7 billion, mainly due to restrictive impact of the expansion of currency in circulation, partly mitigated by the accumulation of net foreign assets.

Chart 2.2.1: Structural liquidity position* and reserve requirements (in billion dirhams, end-week averages)



* The structural liquidity position of banks is the sum of Bank Al-Maghrib net foreign assets, the net position of the Treasury at the central bank and other items net, minus bank notes and coins.

Chart 2.2.2: Bank Al-Maghrib's interventions (in billion dirhams, end-week averages)



Consequently, Bank Al-Maghrib increased the volume of its monetary operations to an end-week average of 137.2 billion dirhams in 2024, from 96.9 billion a year earlier. By category of instrument, the average amount of 7-day liquidity injection operations rose from 40.8 billion to 53.9 billion, while it increased from 39.4 billion to 60.2 billion for injections of 1-month and 3-month maturity. The outstanding volume of refinancing operations conducted under programs[1] to support the financing of the economy increased from 16.6 billion in 2023 to 23 billion. Banks also requested the overnight lending facility on 3 occasions for a total volume of 4.6 billion. Under these conditions, the average duration of Bank Al-Maghrib monetary operations remained virtually stable at almost 50 days.

[1] These include the Program to support the financing of VSMEs, Program to support the financing of participatory banks, Program to support the financing of micro-credit associations, and Integrated Enterprise Support and Financing Program.

Chart 2.2.3: Banks' liquidity position (in billion dirhams, end-week average)

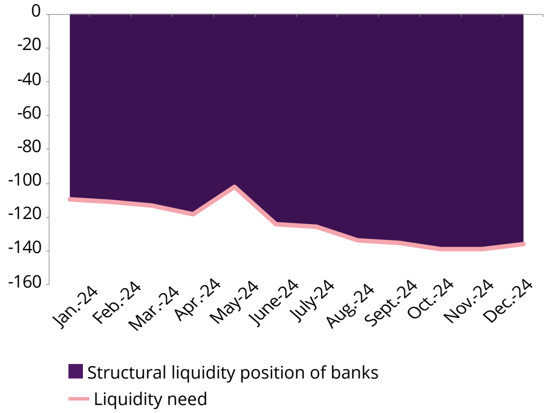
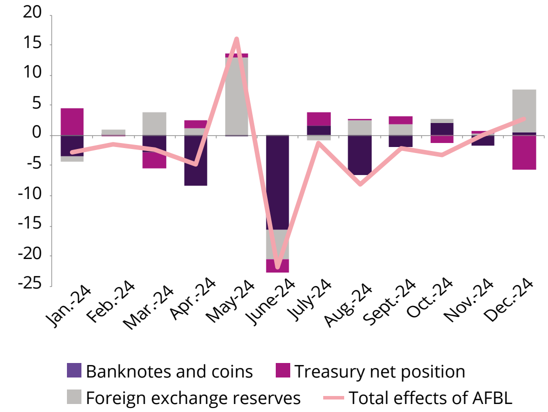


Chart 2.2.4: Contribution of autonomous factors to changes in liquidity needs (in billion dirhams, end-week averages)



Infra-annual analysis shows that bank liquidity needs tended to increase throughout the year, with occasional easing in May and, to a lesser extent, in December, mainly as a result of the rise in official reserve assets.

Under these conditions, the interbank market weighted average rate, operational target of monetary policy, remained in line with the policy rate throughout the year, while the trading volume fell to a daily average of 2.6 billion dirhams, after 3.5 billion a year earlier.

Chart 2.2.5: Interbank market average trading volume (in billion dirhams, daily average)

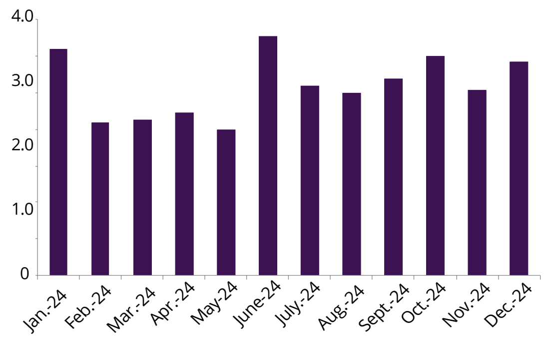
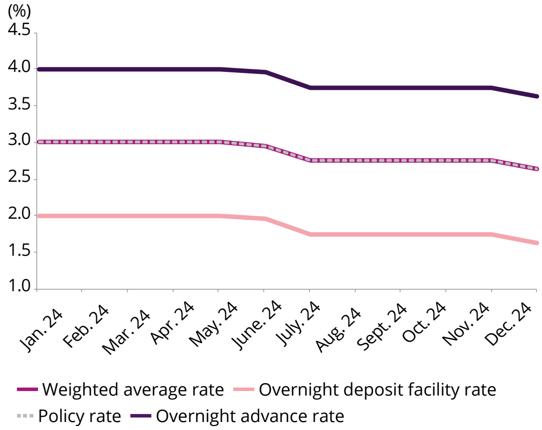


Chart 2.2.6: Interbank market weighted average rate (monthly average)

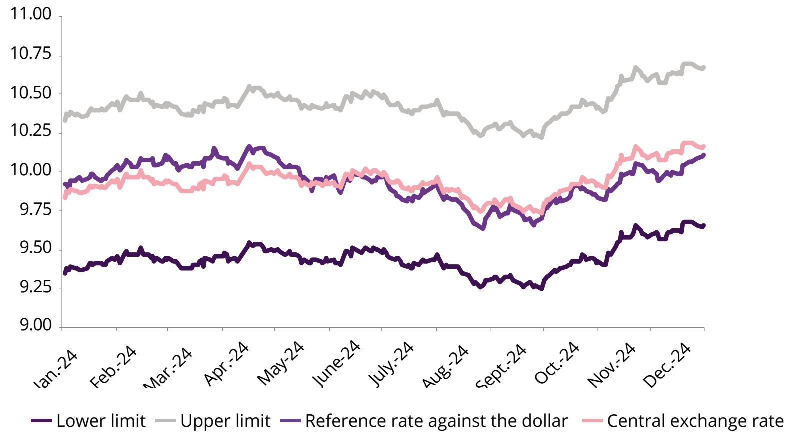


Interventions in the foreign exchange market

In 2024, the US dollar strengthened against the euro, mainly due to the results of the US presidential elections and expectations of slower pace of cuts of the federal funds rate.

In the domestic foreign exchange market, this trend, combined with a favorable market effect[1], resulted in a 2.2 percent depreciation of the dirham against the US dollar. Throughout the year, the dirham revolved around the central parity within the fluctuation band without any central bank intervention, confirming the results of Bank Al-Maghrib's quarterly assessments, which indicated that the value of the national currency remained broadly in line with the fundamentals.

Chart 2.2.7: Exchange rate of the dirham against the US dollar



Despite their decline, trading volumes remained relatively high in 2024, totaling 551 billion dirhams in the interbank market, following 754.1 billion in 2023, and 226.5 billion against 258 billion, for hedging operations.

[1] Exchange rate variations can be broken down into two parts: a basket effect resulting from changes in the euro/dollar parity, and a market effect resulting from deviations of the exchange rate from its value calculated on the basis of the basket.

2.2.2 Research

In 2024, the research activity at Bank Al-Maghrib included the publication of three working papers: "Credit supply momentum and economic activity in Morocco", "Impact of the cost of maritime shipping costs on inflation in Morocco" and "The effects of direct public investment in Morocco".

At the same time, the Bank organized the fifth edition of the International Macroeconomics and Finance Days in Dakhla, from May 22 to 24, in partnership with the "Laboratoire de Recherche en Innovation, Responsabilités et Développement Durable (INREDD)" of Cadi Ayyad University, Marrakech, and the Bernoulli Center for Economics (BCE) of the University of Basel, and in collaboration with the Regional Council of Dakhla-Oued Eddahab, under the theme "Economic integration in Africa: the path to a more prosperous future".

In addition, several research seminars were organized over the past year, including:

- "Africa without borders: a guide for Continental Free Trade Area skeptics", led by Mr. Andrew Mold, Senior Economist at the United Nations Economic Commission for Africa, and Mr. Francis Mangeni, Coordinator of Regional Advisors for the African Continental Free Trade Area (AfCFTA);
- "Liquidity demand and projections: facts, myths and challenges", moderated by Mr. Franz Seitz, Amberg-Weiden University of Applied Sciences;
- "Alternative statistical estimates of remittances", moderated by Ms. Sultanija Bojceva Terzijan, Director of the Monetary Policy, Research and Statistics Sector at the National Bank of the Republic of Northern Macedonia (BNRM);
- "Operating in a multi-mandate environment: a Governor's perspective", moderated by Mr. Marko Škreb, former Governor of the National Bank of Croatia.

2.2.3 Statistical activities and data management

Implementation of the Data and Statistics strategy continued in 2024, in line with its roadmap, with the adoption of the instruction relating to data governance mechanism and its roll-out in several areas.

In terms of technological infrastructure, several structuring projects were initiated, including the implementation of two platforms for data collection and dissemination, a central data warehouse, and the central credit register.

At the same time, efforts to standardize and harmonize data management and statistical production processes continued, with the integration of OPCIs (collective investment funds in real-estate) within the scope of monetary statistics. In addition, as part of the drive to increase proximity with the Bank's survey panel, meetings were organized with major industrial companies, targeting those located within the perimeter of the Rabat branch as well as those of the Kénitra and Agadir agencies.

Regarding advanced data analysis, several use cases were developed for the creation of analytical dashboards to monitor the foreign exchange market and means of payment.

In terms of collaboration with the ecosystem, the year was marked by continued exchanges with the Bank's main partners, notably the Foreign Exchange Office, with a view to reinforcing the concordance of monetary statistics with those of the external accounts, and the enhancement of several partnership agreements.

2.2.4 Reserve management

Foreign exchange reserve management framework

Bank Al-Maghrib holds and manages the country's foreign exchange reserves. These reserves are mainly held to meet balance of payments financing needs, to contain external vulnerability by maintaining liquid and adequate foreign exchange reserves, and to intervene in the foreign exchange market whenever necessary.

Foreign exchange reserves (Official Reserve Assets - ORA) consist of foreign currency investments (deposits and securities), gold holdings, SDR holdings, foreign currencies (foreign banknotes) and the IMF reserve position.

These reserves are managed in accordance with four principles ranked by priority: Security, liquidity, yield and sustainability. The principle of security aims to minimize the risk of capital loss, by maintaining a diversified portfolio of high credit quality. The liquidity principle involves investing in assets that can be sold quickly with minimum loss of value. The yield principle aims to achieve the best possible return while observing security and liquidity objectives. Finally, the principle of sustainability aims to prioritize investments of a sustainable and responsible nature (ESG) when the first three principles are respected.

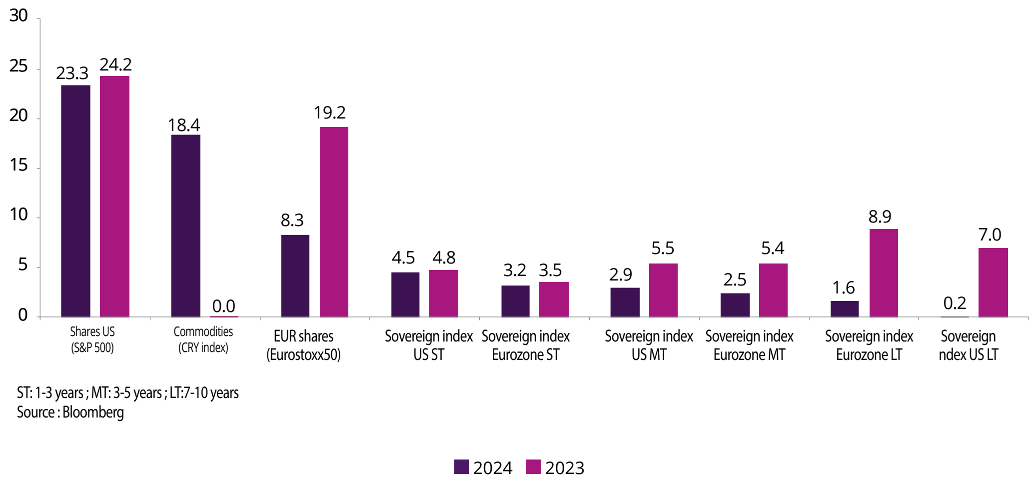
To this end, the Bank defines an annual strategic allocation, which may be revised if necessary, setting out the breakdown of reserves into tranches, asset classes and currencies, in compliance with the aforementioned management principles. This strategic allocation is examined by the Monetary and Financial Committee (MFC) prior to approval by the Bank Board.

Accordingly, reserves are divided into two tranches, each serving a specific purpose. The "precautionary reserves" tranche, designed to meet one-year foreign currency needs, includes portfolios booked at market value and invested over a short time horizon. The "excess reserves" tranche, on the other hand, is designed to finance medium- and long-term currency requirements. It is made up of portfolios booked at market value and others booked at historical value (investment portfolios made up of securities held to maturity), which are invested over a medium- to long-term horizon.

Foreign exchange reserves context and management for 2024

The year 2024 was characterized by persistent economic and geopolitical uncertainties and high volatility in the financial markets. Against this backdrop, the main central banks began a rate cut cycle in the second half of the year. In the financial markets, all asset classes, particularly US equities, posted positive performances. Yields on sovereign bonds denominated in euros and dollars stood on average at +2.5 percent, compared with +5.8 percent a year earlier.

Chart 2.2.8: Annual performance of the main asset classes



ST: 1-3 years ; MT: 3-5 years ; LT:7-10 years
Source : Bloomberg

As in the previous year, the Bank's management strategy focused on preserving capital and strengthening the credit quality of assets held, while continuing to capitalize on high interest rate levels and further improve the yield on investment portfolios. Accordingly, the Bank kept the duration of its investment portfolios (booked at market value) at short levels, in order to limit exposure to interest-rate risk. At the same time, it continued to strengthen the credit profile of foreign exchange reserves by investing in higher quality assets. In addition, expecting a drop in interest rates, the Bank stepped up its investments in investment portfolios at the beginning of the year (recorded at historical value), while extending their duration. The Bank also continued to increase the proportion of sustainable and responsible assets (ESG), which rose year-on-year from 6.3 percent to 11.4 percent.

This cautious and adaptive strategy enabled the reversal of almost all impairment provisions for the period between 2020 and 2022 and resulted in a positive performance of 4.40 percent for investment portfolios, compared with 3.88 percent a year earlier. Overall performance, including investment portfolios, rose to 2.77 percent in 2024 from 2.50 percent in 2023.

2.2.5 Banking supervision

Microprudential supervision

In 2024, Bank Al-Maghrib licensed two payment institutions and three crowdfunding companies, thereby extending its scope of supervision in Morocco to 93 credit institutions and similar bodies[1]. Cross-border, Moroccan banking groups operate 51 subsidiaries and 22 branches in 36 countries, including 27 in Africa, 7 in Europe and 2 in Asia.

Against a backdrop of uncertain economic conditions, Bank Al-Maghrib opted for an approach aimed at preserving the solidity of the banking sector, in particular by strengthening banks' capital base and raising their awareness of the need for a prudent dividend distribution policy.

At the same time, the Bank continued to pay particular attention to developments in bank credit risk. It conducted checks on practices for downgrading nonperforming loans and reviewed the provisioning policies implemented by credit institutions. It also closely monitored the impact of macro-financial developments on banks' balance sheets, against a backdrop of falling interest rates, and conducted the annual stress test exercise carried out by banks on the basis of two macro-economic scenarios, the results of which showed a resilience of these institutions.

On-site inspections covered a range of issues, including governance, the downgrading and provisioning of non-performing loans, cyber-risk management, compliance with bank account closure and guarantee release procedures, and the fight against money laundering and the financing of terrorism.

[1] Broken down into 19 conventional banks (3 of which have windows for participatory banking), 5 participatory banks, 29 finance companies, 6 offshore banks, 11 microcredit associations, 18 payment institutions, 3 crowdfunding companies, the Deposit and Management Fund and TAMWILCOM (SNGFE) (having a window dedicated to guaranteeing participatory financing).

With a view to improving its supervisory tools, Bank Al-Maghrib continued to roll out the prudential assessment system called "SREP[1]", which was applied to a wide range of banks. In terms of cross-border supervision, the Bank paid particular attention to sovereign risk, notably the level of exposure to certain countries whose ratings had been downgraded. It held a meeting of the Africa Committee, organized the annual meetings of the colleges of supervisors of the three cross-border Moroccan banking groups, and took part in the meeting of the French-speaking Banking Supervisors Group (GSBF).

On the regulatory front, the Bank continued its work on transposing the Basel III liquidity standards. Accordingly, it adopted the texts on the long-term structural liquidity ratio "Net Stable Funding Ratio", and strengthened the requirements for liquidity risk management through the piloting of a set of monitoring indicators and the Internal liquidity adequacy assessment process (ILAAP). Regarding participatory finance, the adaptation of the relevant regulations was completed by the inclusion of specific provisions in the prudential texts relating to liquidity. The Bank also continued work on the creation of a secondary market for non-performing loans. It also adopted a reform of the regulatory framework governing payment accounts and agents, with a view to boosting the payment ecosystem in Morocco and ensuring greater penetration of services among the population.

Regarding crowdfunding, Bank Al-Maghrib closely monitored the launch of platforms, with a view to ensuring that collaborative finance companies (CFCs) implement the various required mechanisms, related, in particular, to technological risks and digital data security.

Concerning the handling of credit institution difficulties and bank crisis resolution, Bank Al-Maghrib stepped up its efforts to finalize the reform project aimed at rolling out the foundations of this regime and putting in place new instruments to sustain the stability of the national financial system, preserve the critical functions of banking institutions, protect depositors and minimize recourse to public funds, in the light of international best practices.

[1] The SREP is an annual exercise designed to assess banks' risk profile by analyzing capital and liquidity risks, and their management systems. On the other hand, the second line of assessment concerns the viability of banks with respect to the robustness of their business model and governance and internal control systems, including AML/CFT risks, technological and cybersecurity risks, climate-related financial risks, and capital and liquidity adequacy.

Managing climate risks and promoting green finance

In 2024, the Bank published a "study" the first of its kind on the regional level, conducted with the technical support of the World Bank on climate risks in the banking sector. The study quantified the exposure of banking portfolios to the risks of droughts and floods, as well as the energy transition, and assessed banks' climate risk management practices. The Bank also continued to roll out its EBRD-supported capacity-building initiatives for the banking sector in the areas of governance and climate risk management.

In coordination with other regulators, Bank Al-Maghrib also contributed to reforms in the financial sector aimed at strengthening its resilience in the face of climate change. Efforts supported by the IMF's Resilience and Sustainability Facility (RSF) also led to the definition of a strategic vision for the financial sector to develop climate finance by 2030.

At the international level, the Bank contributed to the activities of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), Sustainable Banks and Financial Systems (SBFN) and the Alliance for Financial Inclusion (AFI) in the areas of climate risk supervision and the promotion of green and sustainable finance.

Customer protection

Regarding customer protection, the Bank set up a set of indicators to monitor the adoption by credit institutions of regulatory provisions governing bank mobility, account closure, the issuing of releases, and the communication of bank statements and commission summaries.

It also monitored the implementation of measures to ensure physical and digital accessibility to banking products and services for people with disabilities, and the introduction of a code of ethics governing relations between consumer loans financing companies and loan intermediaries. It also continued to promote greater transparency between banks and their customers, with the launch of a project to set up a platform for comparing bank rates and value dates, and the publication of a guide on the use of this platform.

Finally, several awareness-raising initiatives on customer protection were carried out for users and economic players (CGEM, IRC, MAROC PME, lawyers and banks), as part of Bank Al-Maghrib's regional on-site presence.

2.2.6 Macroprudential supervision

In terms of macroprudential supervision, Bank Al-Maghrib continued to closely monitor the risks weighing on the Moroccan financial sector, in collaboration with the other financial authorities and the Ministry of Finance, through the Systemic Risk Coordination and Monitoring Committee (CCSRS).

On the analytical level, the Bank continued to consolidate its systemic risk assessment framework and enhance its information system by conducting a semi-annual systemic risk survey with the entire banking sector, to ascertain their assessment of these risks and, more generally, of the stability of the financial system.

At the same time, Bank Al-Maghrib sought to improve its methodology for conducting semi-annual stress tests to include the climate dimension, and initiated steps to cover liquidity risk and cross-border risk. Parallel to this, it continued its in-depth review of climate change and cybersecurity risks from a macroprudential perspective, with a view to integrating them into its systemic risk mapping. In addition, it strengthened its collaboration with the Ministry of Finance to better understand the interactions between fiscal and tax policies and macroprudential policy.

With regard to macroprudential policy instruments, the Bank undertook steps to strengthen its toolbox in line with international best practice. At the same time, and in coordination with the Secretariat General of the Government, the Ministry of Finance and other financial sector regulators, a joint circular on financial conglomerates was approved and published in the Official Bulletin[1]. Bank Al-Maghrib also finalized its lender-of-last-resort mechanism, with the adoption of an Instruction setting out its terms and conditions, following the publication in 2023 of the decree[2] specifying the conditions for granting the State guarantee to cover emergency liquidity.

The year 2024 was also marked by the organization, in collaboration with the Moroccan Capital Market Authority, the Moroccan Supervisory Authority of Insurance and Social Welfare and the Ministry of Economy and Finance, of the 4th edition of the high-level regional symposium on financial stability, held under the theme of “Financial stability in Africa in the face of geo-economic uncertainties and emerging risks”.

[1] Official Bulletin No. 7378 of February 13, 2025.
[2] Decree no. 2 22 925 of 17 Rabii II 1445 (November 2, 2023).

2.2.7 Systems and means of payment

In line with its statutory missions, Bank Al-Maghrib continued to monitor Financial Market Infrastructures (FMIs) and conducted on-site inspections of two of them. These missions focused on examining the progress of certain projects and assessing the implementation of recommendations made during previous missions.

As part of the operationalization of the Central Counterparty Clearing House (CCP), the working group set up by the Futures Market Coordination Body (ICMAT), in conjunction with representatives of the Ministry of the Economy and Finance, carried out work on draft decrees related to the prudential rules applicable to the CCP and to members of the futures market.

Similarly, and in order to ensure that the legal framework for the supervision of FMIs aligns with international standards, the consultation process continued with the various stakeholders on the bill relating to the "Supervision of Financial Market Infrastructures and Issuers of Payment means".

Regarding payment means, and in line with regulatory requirements, the Bank continued to strengthen its oversight system by preparing compliance studies for new payment products and services launched in the market in 2024, and conducting thematic on-site inspections. In addition, and in response to the upsurge in cases of fraud involving certain means of payment, Bank Al-Maghrib followed up this issue with the different stakeholders to examine the measures adopted to detect, alert and monitor fraud in real time.

Regarding fintech development, a diagnosis of the national ecosystem showed that this emerging sector still faces a number of challenges. These include difficulties in access to financing, poor coordination of initiatives, insufficient technological support and a lack of flexibility in the regulatory framework. The Bank, therefore, mobilized its efforts to foster the emergence of a national digital finance industry, notably by setting up the Morocco Fintech Center with public and private stakeholders, which positions itself as a strategic hub dedicated to innovation and the structuring of the Moroccan FinTech ecosystem.

In addition, and as part of the development of digital financial services, Bank Al-Maghrib launched several initiatives aimed at strengthening the financial inclusion of merchants and promoting a more inclusive digital transition within the national economy. To this end, it introduced a regulatory framework governing domestic electronic interchange fees. This measure aims to encourage the adoption of electronic payments by merchants, by reducing the associated costs, while at the same time stimulating the modernization of business practices.

Box 2.2.3: Morocco Fintech Center

Bank Al-Maghrib's efforts to develop a national ecosystem culminated in the creation, in January 2025, of a non-profit association dedicated to the development of Fintech in Morocco, called the "Morocco Fintech Center" (MFC). This initiative reflects the joint determination of authorities, regulators and other public and private bodies to encourage the development and use of financial technologies, and to improve their accessibility and use.

The objective of the MFC is to support fintech and innovative project leaders, to encourage the development of financial technologies and the emergence of a national industry with a regional scope in this sector. Its main goals are to act as a one-stop shop for fintech, to support their development through coaching, incubation, acceleration and skills development programs, and to make it easier for these companies to understand the regulatory environment and access financing. In addition, it will promote a collaborative ecosystem that fosters partnerships and networking opportunities, while encouraging research and development in financial innovation.

In addition to Bank Al-Maghrib, the Ministry of Economy and Finance, the Ministry of Digital Transition and Administrative Reform and financial sector regulators, the MFC is composed of public institutions active in the field of Fintech or startups in general, private operators in the banking and payment areas, as well as representatives from academia. In accordance with its statutes, the Association may include future members from interested public or private entities.

Expenses related to the development of fintech will be covered by the Fintech Support Fund, whose creation was approved by the Bank Board at its meeting on March 19, 2024, with an initial endowment of 100 million dirhams, to which national and international partners may contribute.

2.2.8 Financial inclusion

During the past year, the preparatory work for the second phase of the National Financial Inclusion Strategy (SNIF) was launched. At the same time, the Bank continued its efforts to develop and improve the reliability of its measurement and monitoring indicators, broadening their scope to take into account the emergence of new players, notably payment institutions and participatory banks.

In collaboration with international organizations, the Bank also launched several initiatives to promote financial inclusion. Regarding the economic empowerment of rural women, the Bank, with technical assistance from the German Agency for International Cooperation (GIZ), conducted a pilot experiment with 100 rural women entrepreneurs, aimed at testing capacity-building tools for the management of their activities. It also supported the GIZ and the Moroccan Foundation for Financial Education in organizing a hackathon on financial education for this segment of the population.

In recognition of Bank Al-Maghrib's regional leadership in terms of financial inclusion, Morocco was selected by the EBRD as one of the champion countries for the deployment of the "We Finance Code", an initiative aimed at strengthening access to financing for women-run businesses. Significant efforts were exerted to ensure that the Code's priorities fall in line with national guidelines for financial inclusion.

At the same time, Bank Al-Maghrib, in collaboration with the World Bank, implemented the second phase of the Greenback-Morocco initiative, targeting the rural population. Within this framework, the "Douar Tour" concept was developed, based on the City Tours approach, and adapted to the constraints of this population.

2.2.9 Currency

Box 2.2.4: A new series of banknotes

As part of the new banknote series, Bank Al-Maghrib issued a new 20-dirham, 50-dirham and 200-dirham banknotes in 2024, following the introduction of a new 100-dirham banknote in 2023. The entire design and production process for these new banknotes was carried out exclusively by Dar As-Sikkah's own staff. The new banknotes include several state-of-the-art security features, such as three-window security threads, color-changing magnetic ink, embossing and latent image.

The new 20-dirham banknote, issued on August 21, 2024, to celebrate Youth Day, highlights Morocco's rich architectural heritage and socio-cultural development. The front of the banknote features a portrait of His Majesty King Mohammed VI, the Kingdom's coat of arms, an architectural motif inspired by Moroccan doors and a stylized view of the Al Quaraouiyine University in Fez. The back of the banknote features artistic representations of the Grand Theatre of Rabat, the "Mohammed VI" Museum of Modern Art and a sports complex stand, as well as a stylized view of the "Kasbah d'Ait-Ben-Haddou".

20 Dirhams Banknote

GENERAL DESCRIPTION

Technical features

Measurements : 130x70 mm

Watermark : Portrait of His Majesty King Mohammed VI and the number «20»

Windowed security thread : Color-Shifting with dynamic effect

Artistic features

The 20 Dirhams note highlights the richness of the architectural heritage and the socio-cultural development of our country

Theme: Culture, Art, Youth and Sport

Dominant Color: Purple

Obverse of the Banknote

- Portrait of His Majesty King Mohammed VI
- Coat of Arms of the Kingdom
- Architectural detail inspired from Moroccan portals
- Stylized view of "Al Quaraouiyine" University in Fez

Reverse of the Banknote

- Artistic repesentation :
  - The Great Theatre of Rabat
  - "Mohammed VI" Museum of Modern and Contemporary Art
  - Sport infrastructure
- Stylized views of the fibula and the Kasbah of "Aït-Ben-Haddou"

MAIN SECURITY FEATURES

WINDOWED SECURITY THREAD

Color-Shifting with dynamic effect of the five-pointed star on an arabesque background and demetalized number «20»

WATERMARK

Portrait of His Majesty King Mohammed VI and the number « 20 »

TACTIL

One five-pointed star printed in intaglio with a tactile relief to help the visually impaired to identify the banknote

OBVERSE OF THE BANKNOTE

TYPOGRAPHY

Typography printed with progressive caracters and special inks

RELIEF PRINTING

- Portrait of His Majesty King Mohammed VI
- The inscription « بنك المغرب »
- The value « 20 » in numbers and in arabic letters
- Coat of Arms of the Kingdom

LATENT IMAGE

Viewed from a razing angle, the apparent star tilts to the hidden number « 20 »

SEE THROUGH FEATURE

When the banknote is held against the light, the elements printed on both sides match perfectly to form the entire number « 20 »

REVERSE OF THE BANKNOTE

MICRO-TEXTS

Micro-texts printed on several areas of the banknote, visible with a magnifying device

IRIDESCENT STIP

Stylized Moroccan arabesque strip with the number « 20 » printed in special ink wich is cleary manifested once changing observation angle

The new 50-dirham banknote, issued on July 30, 2024, as part of the celebrations marking the 25th anniversary of the enthronement of His Majesty King Mohammed VI, highlights Morocco's sustainable development through the national clean energy strategy and the protection of natural resources. The front of the banknote features a portrait of His Majesty King Mohammed VI, the Kingdom's coat of arms, an architectural motif inspired by Moroccan doors and a stylized view of the Ouzoud waterfalls. The reverse features stylized views of the Ouarzazate "NOOR" station, wind turbines, the Ouirgane dam and the Agadir seawater desalination plant.

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The new 200-dirham banknote, issued on January 12, 2024, to mark the 80th anniversary of the presentation of the Independence Manifesto, highlights the economic and industrial development achieved under the enlightened leadership of His Majesty King Mohammed VI. The themes of the banknote's graphic representations are infrastructure, industry and development. The front features a portrait of His Majesty King Mohammed VI, the Kingdom's coat of arms and a depiction of the "Mohammed VI" cable-stayed bridge. The reverse features a stylized view of the "Mohammed VI" Tower and "Marrakech-Menara" International Airport, as well as designs symbolizing the development of industry and digital in Morocco.

200 Dirhams Banknote

GENERAL DESCRIPTION

Technical features

Measurements : 151 x 70 mm

Watermark :

Portrait of His Majesty King Mohammed VI and the number «200»

Windowed security thread :

Three - dimensional dynamic effect

Artistic features

The banknote highlights the industrial and economical development under the aegis of His Majesty King Mohammed VI.

Theme : Infrastructure, Industry and Development

Dominant Color : Blue

Obverse of the Banknote

- Portrait of His Majesty King Mohammed VI
- Coat of Arms of the Kingdom
- Architectural detail inspired from Moroccan portals
- Representation of the bridge "Mohammed VI"

Reverse of the Banknote

- Stylized views of the "Mohammed VI" Tower and the International Airport "Marrakech-Menara".
- Patterns symbolizing development of industry and digital in Morocco.

MAIN SECURITY FEATURES

WINDOWED SECURITY THREAD

Three-dimensional dynamic effect, with the inscriptions of « 200 » , "DH" and the star with five branches.

WATERMARK

Portrait of His Majesty King Mohammed VI and the number « 200 »

COLOR-SHIFTING INK

The number « 200 » printed with optically variable magnetic ink that changes the color depending on the observation angle

TYPOGRAPHY

Typography printed with progressive caracters and special inks

RELIEF PRINTING

Portrait of His Majesty King Mohammed VI
The inscription « بنك المغرب »
The value « 200 » in numbers and in arabic letters
Coat of Arms of the Kingdom

LATENT IMAGE

Viewed from a razing angle, the apparent star tilts to the hidden number « 200 »

TACTIL

Four five-pointed stars printed in intaglio with a tactile relief to help the visually impaired identify the banknote

OBVERSE OF THE BANKNOTE

SEE THROUGH FEATURE

When the banknote is held against the light, the elements printed on both sides match perfectly to form the entire of number « 200 »

MICRO-TEXTS

Micro-texts are printed on several areas of the banknote, visible with a magnifying device

REVERSE OF THE BANKNOTE

At end-2024, currency in circulation posted an annual increase of 7.6 percent to 444.3 billion dirhams. The breakdown by type of currency shows that outstanding banknotes rose by 7.7 percent to 439.9 billion dirhams for a volume of 2.9 billion notes, while coins increased by 5 percent to 4.4 billion dirhams for a volume of 3.3 billion units. There was no significant change in the structure of banknotes and coins, which remained dominated by the 200-dirham note and the 1-dirham coin, with shares standing at 57 percent and 29 percent respectively.

Chart 2.2.9: Structure of banknotes in circulation (in percent of volume)

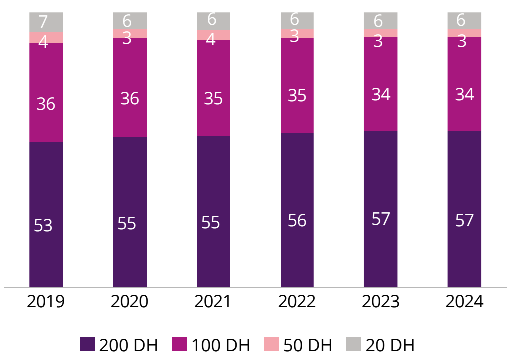
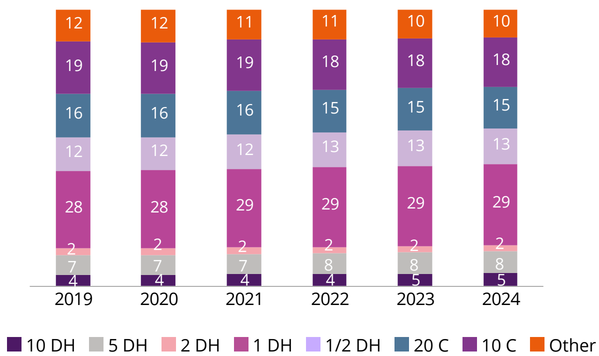


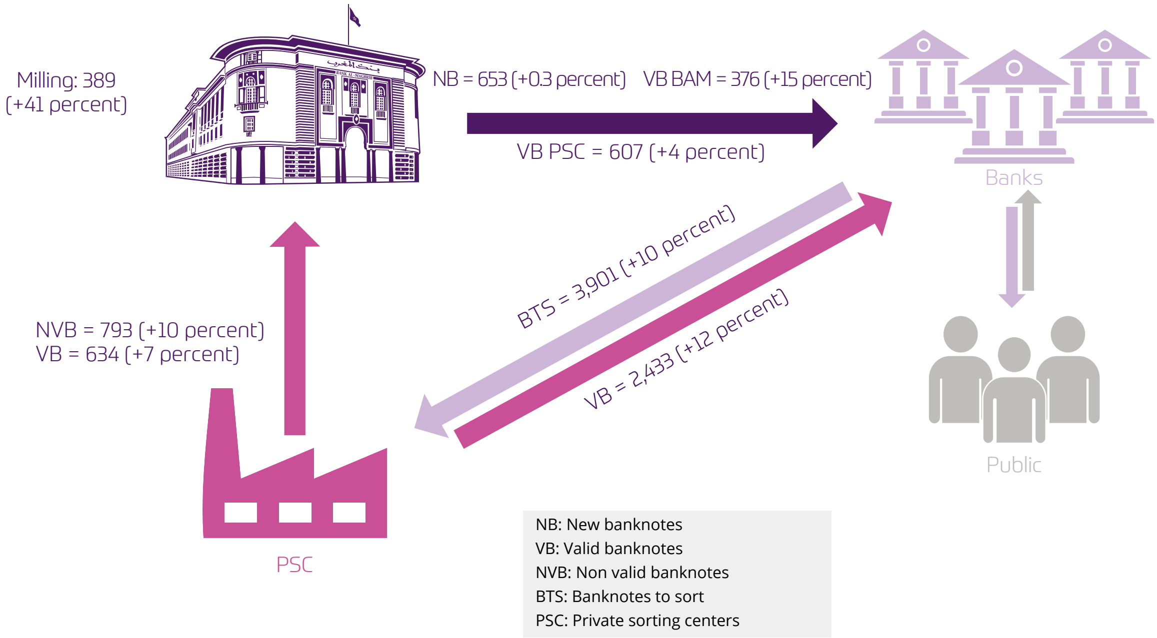
Chart 2.2.10: Structure of coins in circulation (in percent of volume)



Other: Commemorative coins and coins to be withdrawn from circulation.

To meet the demand for cash in 2024, Bank Al-Maghrib and the Private Sorting Centers (CPT) provided the economy with a volume of 4 billion banknotes, up 8 percent from 2023. This reflects an improvement in the number of recycled banknotes, which rose from 3.1 billion to 3.4 billion, while the number of new banknotes issued stabilized at 0.6 billion.

Diagram 2.2.1: Flows of banknotes in 2024 (in millions of banknotes)



The counterfeiting ratio continued to drop in 2024, to stand at 1.5 counterfeit banknotes for every million banknotes in circulation, compared with 2.3 in 2023 and 5.2 in 2019. In addition to the integration of several security features during the manufacturing process, this result reflects the efforts made by Bank Al-Maghrib to combat counterfeiting, notably by strengthening its counterfeit detection system through the modernization of its banknote processing equipment and the diversification of the scope of control missions conducted with banks and Private Currency Processing Centers. The number of counterfeit banknotes detected totaled 4,495, representing the equivalent of 636,000 dirhams, with the 200-dirham note still representing the largest share, accounting for 58 percent.

Bank Al-Maghrib also continued to timely produce and issue secure identity documents, including almost 2 million passports; 2.8 million pre-printed cards; 68,331 firearms and hunting permits; 1,862 professional cards; and other products for institutional clients (SNTL stickers, SNTL vouchers, anthropometric sheets, ten-print cards, diplomas and certificates, and postage stamps).

Box 2.2.5: Commemorative coins and medals issued

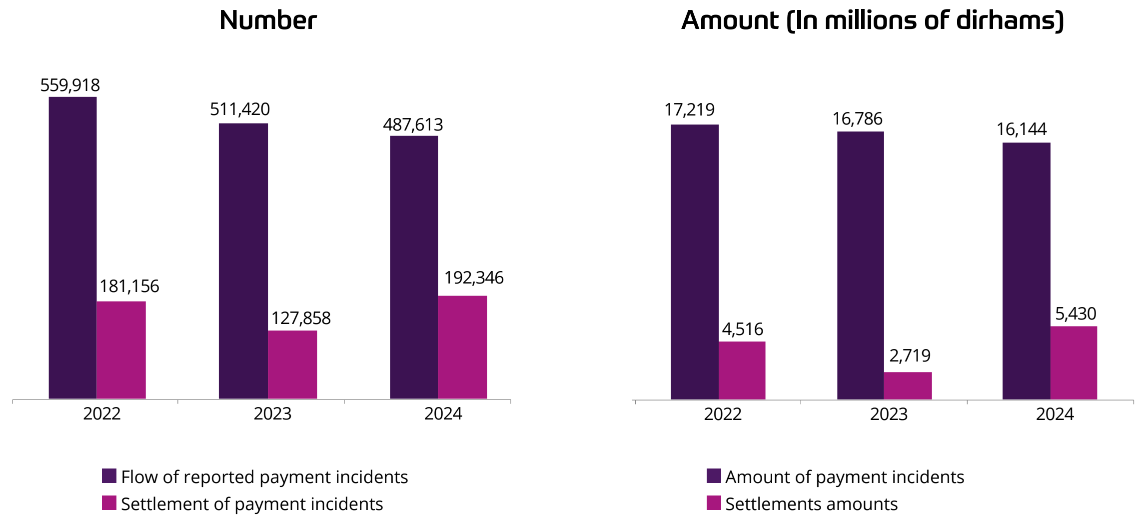
25th anniversary of the enthronement of His Majesty King Mohammed VI (Gold and silver coins)

61st Birthday of His Majesty King Mohammed VI (Gold coins)

2.2.10 Activities of central information registries

In 2024, the Central Registry of Payment Incidents on Cheques posted 487,613 reported payment incidents, down 4.7 percent on the previous year. The value of these incidents fell by 4 percent to 16.1 billion dirhams. The number of settlements reached 192,346, up 50.4 percent, for a volume which almost doubled to 5.4 billion. This increase was mainly due to the amnesty given to issuers of non-sufficient funds cheques, which came into force in 2024.

Chart 2.2.11: Cheque payment incidents and settlements



Unpaid bills of exchange increased by 5.5 percent to 617,967. At the same time, settlements amounted to 27,432 cases, compared with 27,149 in 2023.

Regarding the credits registry[1]. the number of active credit contracts rose by 1 percent to 5.8 million, of which 66 percent were allocated by banks, 17 percent by microcredit associations, 16 percent by finance companies and 1 percent by participatory banks and windows. The overall number of borrowers stabilized at 3.2 million customers, 95 percent of whom are individuals.

The Irregular Checks service covered more than 17.6 million RIBs with irregularities, including 15.6 million from closed accounts, 2.1 million from accounts subject to a banking or legal ban, and 485,000 from unavailable accounts, while 3.2 million checks were the subject of a stop payment. Consultations carried out by users of this service showed that the proportion of irregular cheques represented 6.4 percent.

[1] Number of loan contracts registered in the Credit Bureau database.

2.3 Communication and cooperation

In 2024, Bank Al-Maghrib continued to develop its communication tools in order to strengthen its outreach to its various target audiences and improve understanding of its missions and decisions. Press briefings following Board meetings continued to provide crucial information to the media, and are broadcast live on the Bank's YouTube channel. In addition, digital communication channels were expanded with the launch of new thematic podcasts. These, hosted by Bank staff, cover a wide array of topics including green finance, social responsibility, the fight against pyramid schemes, and the history of currency. At the same time, to meet the public's expectations, Bank Al-Maghrib continued to enrich its content on social networks and its website, adding the use of the Amazigh language on top of the Arabic, French and English languages.

In keeping with its mission to promote the national numismatic, artistic and archaeological heritage, Bank Al-Maghrib Museum organized, on October 17, 2024, an exhibition entitled "Sala, hidden treasures of an ancient Moroccan city", highlighting the thousand-year history of the ancient city of Sala, which played an important role in commercial activities with the Mediterranean world during the Mauritanian and Mauretania-Roman periods, thanks to its strategic location on the entrance of the Bouregreg estuary. Within the framework of its cultural partnership and in order to promote the Museum's collections beyond its walls, the Museum took part in the Moroccan pavilion "Dar Al Maghreb" in Doha, as part of the Qatar-Morocco 2024 cultural year. This immersive pavilion showcased Moroccan culture and history through an exhibition entitled "Splendors of the Atlas: a journey through Morocco's heritage", featuring a selection of rare coins from the Bank's collection, representing the coinage of the Idrisid, Almoravid, Almohad, Marinid, Saadian and Alaouite dynasties.

In terms of international cooperation and institutional relations, Bank Al-Maghrib continued to foster its ties with its peers. It organized 34 cooperation events, including 12 videoconferences for its staff with several central banks (France, Hungary, Portugal, England, Switzerland, Turkey, Mauritius and the ECB), 5 videoconferences by Bank Al-Maghrib experts for 4 partner central banks (BCEAO, BEAC, Central Banks of Iraq and Oman), 9 study visits for 7 Central Banks (Burundi, Djibouti, Mozambique, Madagascar, Republic of Guinea and BEAC), 2 study visits for the Bank staff and 3 technical assistance missions for partner Central Banks (Jordan, Burundi, BCEAO).

The Bank also carried out an external peer review of the internal audit function at the Central Bank of Jordan, to assess its compliance with IIA (Institute of Internal Auditors) standards and the effectiveness of its operations.

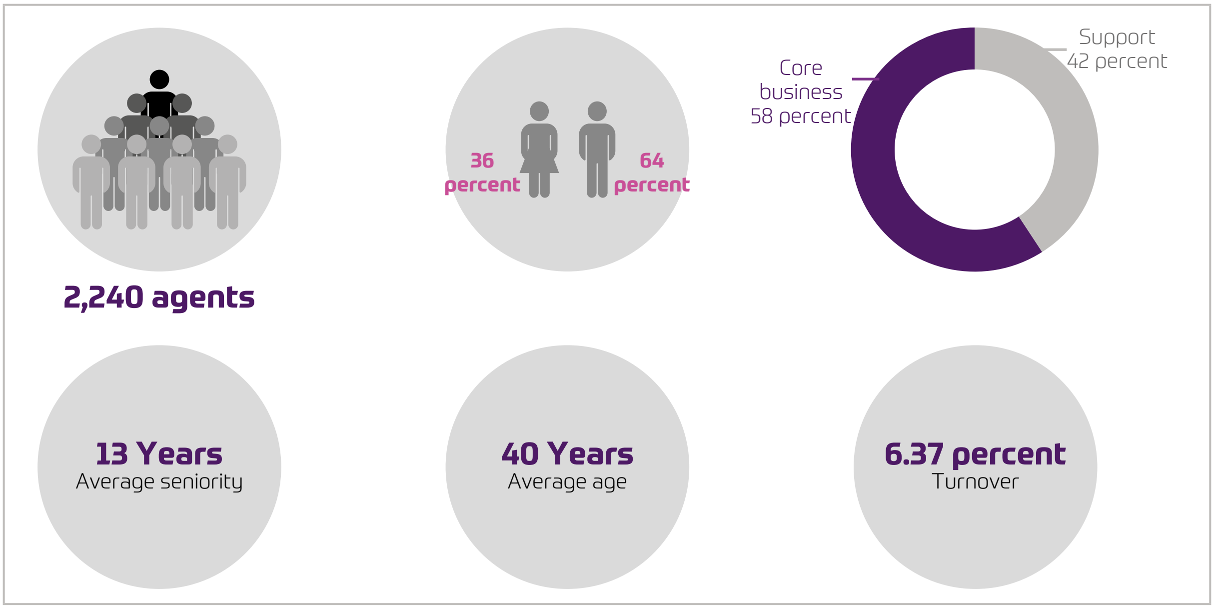
At the same time, the Bank strived to maintain its close relationships with national, international and multilateral institutions through participating in several high-level events, including:

- The Annual Meetings of the International Monetary Fund and the World Bank Group;
- Bimonthly high-level meetings and the Annual General Meeting of the Bank for International Settlements (BIS);
- Meetings of the African Central Bank Association (ABCA);
- Arab Monetary Fund events, including the General Assembly of the Arab Trade Financing Program and the 48th session of the Board of Governors of Arab Central Banks and Monetary Agencies (October 1 in Egypt);
- The international conference on the role of central banks in meeting the challenges of climate change, organized by the BCEAO;
- The eighth high-level forum on Central Bank Governance (April 30-May 2, Dubai);
- Conference of Central Bank Governors from French-speaking countries (May 29-31, Brussels);
- African Caucus meeting (August 1-4, Nigeria);
- The fifteenth session of the economic dialogue between Morocco and the European Union (June 5 in Rabat);
- The launch ceremony of the national digital development strategy “Digital Morocco 2030” (September 25 in Rabat);
- The Africa Financial Summit organized by the International Finance Corporation (December 9-10 in Casablanca).

2.4 Resources

2.4.1 Human Resources

Diagram 2.4.1: The Bank's human capital in figures



In 2024, the Bank stepped up efforts to develop its human capital. It designed a new workplace well-being policy for its employees, to promote unwavering commitment and enhanced performance. Accordingly, several actions and initiatives were implemented taking the form of conferences, workshops and challenges to strengthen employees' ability to maintain their health while creating the proper conditions for good team cohesion. The actions carried out also focused on the Culture and Leadership axis, considered as key levers for employee well-being, in the service of sustainable commitment and performance. A series of workshops and training sessions were organized, covering topics such as constructive feedback, the importance of listening and dialogue, career development and skills assessment.

In terms of professional development, the gradual enhancement of the career system, which began in 2023, has improved visibility of career opportunities while diversifying the possibilities for horizontal and vertical advancement. This co-constructed project made it possible to define typical career paths that employees could follow, to enrich the skills repository, to further clarify the objectives expected of positions and to increase the levers for career development.

For its part, the training program covered a broad spectrum of areas of expertise, in line with the priorities of the business lines and the needs of employees. Some 300 training topics were given to support the fulfillment of the Bank's missions and the projects arising from its strategic areas. In all, more than 1,600 participants - nearly 80 percent of the Bank's staff - benefitted from at least one training course.

The Bank also continued to enhance its employer brand and diversify its recruitment channels by consolidating its presence on social networks and specialized forums, both nationally and internationally. As a result, 156 new recruits joined the Bank to strengthen its workforce.

With a view to consolidating gender equality at the workplace, the Bank continued its commitment to an inclusive working environment. Actions taken in this respect included promoting Women role models in order to deconstruct gender stereotypes and combat self-censorship. New managers benefited from training aimed at raising their awareness about the benefits of gender diversity on performance and the importance of adopting inclusive managerial practices. Finally, close monitoring of developments in the comparative situation of women and men shows the absence of a glass ceiling, with women present at all levels of the organization, and in particular accounting for 40 percent of the Management Committee.

2.4.2 Information systems

The year 2024 was marked by significant achievements in the development of information systems in several areas of activity. These included, in particular, the implementation of the web platform for the management of the "One-Stop Shop Fintech" activity, the deployment of the Integrated Risk Management, Controls and Internal Audit Solution, the implementation of the Financial Inclusion Mapping System and the setting up of the Payment Accounts Registry.

On the technical side, the Bank continued to work towards strengthening its IT infrastructure and security, through the upgrading of the IT service management solution, the PKI[1] platform, the Moroccan Biometric Passport personalization solution and the IT equipment of its backup site.

In terms of cybersecurity, and in view of the growing complexity and sophistication of cyberattacks, the Bank stepped up efforts to improve the resilience of its information systems. To this end, a number of projects were initiated to strengthen cyber defense systems and better keep the risks associated with cyber-attacks under control. At the same time, the CERT[2] consolidated its cooperation with international communities active in this field.

[1] PKI (Public Key Infrastructure) is a set of policies, technologies and procedures enabling secure electronic transactions through the use of digital certificates to check the identity of users, devices or services.
[2] Computer Emergency Response Team.

2.4.3 Digital transformation

In line with the strategic guidelines aimed at upgrading processes and developing innovation to serve the Bank's activities, several actions were carried out in 2024. Thus, as part of its exploratory approach to identifying new technologies that meet business needs, the "Innovation Lab" launched several experiments covering: (i) the use of Artificial Intelligence (AI) to strengthen the monitoring process and the drafting of regulatory texts; (ii) the use of AI to improve on-site inspections of credit institutions and similar bodies with regard to AML/CFT compliance; (iii) exploring the use of Post Quantum Cryptography in securing data exchanges; (iv) exploring the use of generative AI as an Individual Assistant to improve the productivity of the Bank's employees; and (v) using gamification[1] to foster greater mobilization of entities and employees in favor of CSR practices.

Regarding Central Bank Digital Currency (CBDC), progress was made with the launch, with technical assistance from the World Bank and the IMF, of the third phase of the CBDC project, and the drafting of a bill to regulate crypto-assets. The topics identified for this phase include a study of the impact of CBDCs on monetary policy and financial stability, aspects of financial integrity (AML/CFT), the involvement of priority stakeholders, and the identification and implementation of other relevant PoCs. With regard to Crypto-assets, the work carried out within the NWGOC (National Working Group on Crypto-assets) enabled the drafting of a bill on crypto-assets and its introduction into the adoption circuit.

[1] Gamification is the process of improving systems, services, organizations and activities by integrating game design elements and principles into non-game contexts.

Financial statements of the Bank

Part 3

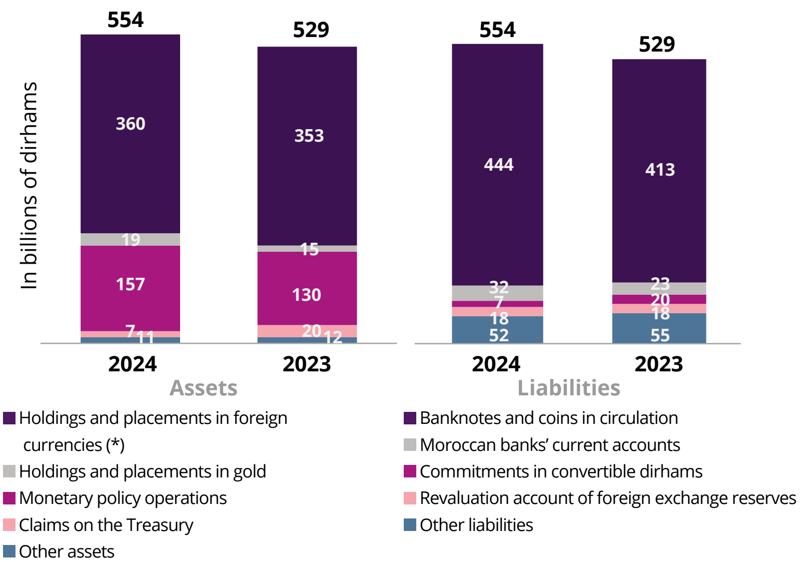
In this report section, figures are rounded to the nearest thousand dirhams. Therefore, totals and sub-totals do not always correspond to the sum of the relevant rounded-off figures.

3.1 Overview of the financial position for fiscal year 2024[1]

3.1.1 Balance sheet

At the end of 2024, the Bank's **total balance sheet** showed an annual increase of 5 percent, to 554,068,553 KDH. On the assets side, this change was mainly due to a rise in bank refinancing operations (+21 percent), holdings and placements in gold (+29 percent) and foreign currencies (+2 percent), partially offset by a decrease in claims on the State linked to PLL repayments (-64 percent). On the liabilities side, it reflected the combined effect of higher banknotes and coins in circulation (+8 percent) and increased deposits and commitments in dirhams (+18 percent), as well as a decline in commitments in convertible dirhams (-63 percent).

Chart 3.1.1: Balance sheet structure



(*) Including SDRs.

Table 3.1.1: Balance sheet by transaction type

In thousands of dirhams	2024	2023	Change (%)
(of which)			
Banknotes and coins in circulation	444,273,240	412,752,041	8
Foreign operations	-332,410,772	-306,984,216	8
Operations with the State	381,095	-8,960,079	>100
Net position of credit institutions	-124,702,983	-107,335,840	-16
Patrimonial operations[2]	8,337,400	5,559,196	50

[1] The changes in balance sheet and Profit and Loss Account (PLA) items are discussed in more detail in the comments on the summary statements. For analysis purposes, balance sheet and PLA items have been combined in this report section.

[2] Considering net income before appropriation.

After an average increase of 10 percent in 2022 and 2023, **banknotes and coins in circulation** rose by 8 percent to 444,273,240 KDH, driven by the one-off operation of voluntary regularization of the tax situation of individuals.

The **foreign operations balance** amounted to -332,410,772 KDH, up by +25,426,557 KDH compared to the end of 2023. This change is primarily due to the Bank reducing its commitments to international financial institutions after settling the principal owed to the IMF under the PLL. It is also attributable to an increase in holdings and placements in gold and foreign currencies.

At the end of 2024, the balance of **operations with the State** stood at 381,095 KDH, in comparison with -8,960,079 KDH a year earlier. This change was a mainly result of a decrease in the claims on the State following the PLL repayment (-12,816,436 KDH), combined with reduced cash balances in the Treasury current account (-3,416,190 KDH).

The **net position of credit institutions** went from -107,335,840 KDH at the end of 2023 to -124,702,983 KDH at end 2024, reflecting an increase in the Bank's interventions on the money market.

The balance of **patrimonial operations** grew by half to 8,337,400 KDH, due to the increase in equity and related capital from +1,405,675 KDH to 6,522,707 KDH. This was mainly the result of the allocation of 1 billion dirhams to the special reserve funds in 2024, and +1,354,309 KDH increase in the Bank's net income.

3.1.2 Income

At the end of fiscal year 2024, the Bank recorded a **profit** of 6,459,984 KDH, compared to 5,105,675 KDH a year earlier.

The 1,354,309 KDH rise in net income is mainly explained by the higher income of foreign exchange reserve management (+1,264,363 KDH), monetary policy operations (+840,729 KDH), and non-recurrent income (+549,853 KDH). These gains were partly offset by increased general operating expenses (+450,807 KDH) and income tax (+840,896 KDH).

Table 3.1.2: Net income of the financial year

In thousands of dirhams	2024	2023	Change (%)
Income of foreign exchange reserve management	8,736,942	7,472,579	17
Income of monetary policy operations	3,947,755	3,107,026	27
Income of other operations	1,274,489	1,283,422	-1
Operating income	**13,959,186**	**11,863,028**	**18**
General operating expenses	-2,541,555	-2,090,748	22
Gross operating income	**11,417,631**	**9,772,280**	**17**
Non-recurrent income	-446,843	-996,696	55
Income tax	-4,510,804	-3,669,909	23
Net income	**6,459,984**	**5,105,675**	**27**

The rise in the **income of foreign exchange reserve management** to 8,736,942 KDH (+1,264,363 KDH) was mainly due to the increase in net bond income (+1,346,352 KDH), reflecting in particular the improvement in interests on foreign currency assets, particularly investment securities, as well as the fall in provision reversals on short-term investment securities.

The increase in the **income of monetary policy operations** to 3,947,755 KDH (+840,729 KDH), is primarily due to the rise in the average outstanding amount of the Bank's interventions in the money market amid a growing banking liquidity deficit. This occurred despite the key rate on these interventions being lowered twice in June and December by 25 basis points each, to a rate of 2.50 percent.

The slight decline in the **income of other operations** to 1,274,489 KDH (-8,933 KDH) is mainly owed to the decrease in commissions on T-bill auction operations and on foreign exchange operations, particularly in foreign banknotes, which is linked to the drop in the sales of foreign banknotes by Moroccan banks to Bank Al-Maghrib. This decline was offset by reduced remuneartion of customers' accounts of the bank and by higher sales of secured documents (+13,235 KDH).

The increase in **general operating expenses** to 2,541,555 KDH (+450,807 KDH) is a result of the rise in both operating expenses (+270,906 KDH) and net depreciation and provision for risks and endowments (+179,900 KDH).

The improvement in **non-recurring income**[1] to -446,843 KDH (+549,853 KDH) is explained by the payment in 2024 of the social solidarity contribution on profits for the previous fiscal year, amounting to 486,081 KDH, and tne Bank's donation in 2023 of 1 billion dirhams to the special fund for managing the effects of the Al Haouz earthquake.

[1] Including non-recurring income and income from previous years.

3.2 Summary Statements and Related Notes

3.2.1 Balance sheet - Assets

Table 3.2.1: Assets as at December 31, 2024

In thousands of dirhams	Notes	2024	2023
Holdings and placements in gold	1	**18,781,915**	**14,532,787**
Holdings and placements in foreign currencies	2	**339,309,229**	**333,341,042**
- Holdings and placements with foreign banks		34,533,011	44,481,551
- Foreign and assimilated Treasury bills		294,645,307	279,618,315
- Other holdings in foreign currencies		10,130,912	9,241,175
Holdings with international financial institutions	3	**23,061,150**	**22,101,677**
- IMF subscription - Reserve tranche		2,132,439	2,146,416
- Holdings in Special Drawings Rights		20,529,114	19,553,046
- Subscription to the Arab Monetary Fund		399,597	402,216
Claims on the Treasury	4	**7,090,424**	**19,906,860**
Claims on Moroccan credit and assimilated institutions	5	**157,010,858**	**129,943,781**
- Securities received from banks under repurchase agreements		49,650,424	42,194,039
- Advances to banks		106,910,271	87,408,014
- Other claims		450,163	341,728
Treasury bills - Open market operations		**-**	**-**
Other assets	6	**4,169,685**	**4,823,925**
Fixed assets	7	**4,645,292**	**4,663,512**
Total assets		**554,068,553**	**529,313,584**

3.2.2 Balance sheet - Liabilities

Table 3.2.2: Liabilities as at December 31, 2024

In thousands of dirhams	Notes	2024	2023
Banknotes and coins in circulation	**8**	**444,273,240**	**412,752,041**
- Banknotes in circulation		439,909,217	408,599,194
- Coins in circulation		4,364,023	4,152,848
Commitments in gold and foreign currencies	**9**	**4,189,231**	**5,524,282**
- Commitments in gold		-	-
- Commitments in foreign currencies		4,189,231	5,524,282
Commitments in convertible dirhams	**10**	**7,419,443**	**20,222,140**
- Commitments to international financial institutions		7,404,544	20,201,079
- Other commitments		14,899	21,060
Deposits and commitments in dirhams	**11**	**44,789,654**	**38,000,970**
- Treasury current account		7,462,609	10,878,799
- Deposits and commitments in dirhams to Moroccan banks		32,307,874	22,607,941
- Current accounts		32,307,874	22,607,941
- Liquidity withdrawal accounts		-	-
- Deposit facility accounts		-	-
- Deposits of general government and public institutions		1,227,636	1,252,740
- Other accounts		3,791,534	3,261,490
Other liabilities	**12**	**21,706,964**	**23,761,499**
Special Drawing Rights allocations	**3**	**18,707,329**	**18,829,944**
Equity and related capital	**13**	**6,522,707**	**5,117,032**
- Capital		500,000	500,000
- Reserves		6,001,340	5,001,340
- Retained earnings		21,367	-384,308
- Other equity capital		-	-
Net income of the fiscal year		**6,459,984**	**5,105,675**
Total liabilities		**554,068,553**	**529,313,584**

3.2.3 Off-balance sheet

Table 3.2.3: Off-balance sheet as at December 31, 2024

In thousands of dirhams	Notes	2024	2023
Spot foreign exchange operations			
Spot delivery of currencies		-	-
Spot purchase of dirhams		-	-
Forward foreign exchange operations	**14**		
Forward Foreign currencies receivable		2,024,437	5,025,367
Forward Foreign currencies deliverable		2,001,365	5,077,338
Foreign exchange operations - deposits in gold and in foreign currencies	**14**	**3,681,650**	**9,850,050**
Foreign exchange operations - arbitrage operations	**14**		
Foreign currencies receivable		-	5,304
Foreign currencies deliverable		-	5,267
Off-balance sheet foreign currencies adjustment		**-**	**-**
Commitments on derivatives		**-**	**-**
Commitments on securities	**15**		
Securities received on granted advances		128,994,653	107,969,056
Securities received on advances to be granted		13,400,400	12,298,400
Other guarantees received on granted advances		37,836,194	30,750,502
Advances to be granted		12,730,380	11,683,480
Foreign securities receivable		7,376,028	-
Foreign securities deliverable		5,467,643	-
Other Commitments	**16**		
Received market guarantees		183,311	130,505
Guarantee commitments received for staff loans		916,140	904,446
Financing commitments granted to the staff		10,889	9,400
Other granted commitments		1,000	1,000

3.2.4 Profit and Loss Account

Table 3.2.4: Profit and Loss Account as at December 31, 2024

In thousands of dirhams	Notes	2024	2023
Revenues		**16,369,754**	**13,863,998**
Interests received on holdings and placements in gold and in foreign currencies	**17**	7,955,035	6,109,045
Interests received on claims on credit and assimilated institutions	**18**	3,948,987	3,002,226
Other interests received	**19**	9,823	9,689
Commissions received	**20**	1,087,281	1,135,349
Other financial revenues	**21**	1,206,050	1,183,547
Sales of produced goods and services	**22**	484,830	490,118
Miscellaneous revenues	**23**	23,273	32,712
Reversals on depreciation		-	-
Provision reversals	**24**	1,411,003	1,887,286
Noncurrent revenues	**25**	243,471	14,026
Expenses		**9,909,770**	**8,758,323**
Interests paid on commitments in gold and in foreign currencies	**26**	725,698	726,952
Interests paid on deposits and commitments in dirhams	**27**	334,984	379,467
Commissions paid	**28**	25,216	33,985
Other financial expenses	**29**	1,020,595	767,408
Staff expenses	**30**	929,863	850,114
Purchases of materials and supplies	**31**	505,447	343,563
Other external expenses	**32**	445,866	416,771
Depreciation and provision endowments	**33**	715,231	561,965
Non-current expenses	**34**	696,064	1,008,188
Income tax	**35**	4,510,804	3,669,909
Net income		**6,459,984**	**5,105,675**

3.2.5 Cash flow statement

Table 3.2.5: Cash flow as at December 31, 2024

In thousands of dirhams	2024	2023
Cash and foreign currency deposits at the beginning of fiscal year	**51,887,549**	**36,713,644**
Cash flow from operating activities	**-30,584,714**	**27,120,078**
Interests received	11,361,726	8,439,261
Commissions on banking operations received	1,087,281	1,135,349
Other revenues received	875,673	679,484
Interests and commissions paid	-1,086,974	-1,137,947
Staff expenses paid	-909,781	-840,699
Taxes and duties paid	-7,153,711	-143,735
Other expenses paid	-1,311,114	-1,674,907
+/- Change in Treasury deposits in dirhams	-3,416,190	6,791,599
+/- Change in deposits with Moroccan banks in dirhams	9,700,261	-9,776,280
+/- Change in other customer deposits in dirhams and in foreign currencies	-934,865	-2,279,777
+/- Change in foreign currency-denominated short-term investment securities	-7,429,963	18,951,289
+/- Change in foreign currency-denominated trading securities	-	-
+/- Change in advances to banks	-26,958,641	-15,181,874
+/- Change in other liabilities	-4,427,411	22,781,453
+/- Change in other assets	18,995	-623,138
Cash flow from investment activities	**-10,338,817**	**-49,623,163**
+/- Change in foreign investment securities in foreign currencies	-10,472,850	-48,998,387
+/- Change in IMF subscription-Reserve tranche	-	-
+/- Change in SDR holdings	-866,438	-382,634
+/- Change in holdings and placements in gold	-	-
+/- Change in deposits with the IMF	-	-
+/- Change in AMF subscription	-	-
+/- Change in SDRs allocations	-	-
Acquisition of fixed assets	-42,132	-255,967
Revenues from sale of fixed assets	42,604	13,825
+/- Change in equity capital	1,000,000	-
Cash flows from financing activities	**31,521,199**	**39,965,758**
+/- Change in banknotes and coins in circulation	31,521,199	39,965,758
Revaluation of cash and foreign currency deposits	**-217,316**	**-2,288,768**
Cash and foreign currency deposits at end of fiscal year	**42,267,901**	**51,887,549**

3.2.6 Statement of changes in equity

Table 3.2.6: Change in equity at December 31, 2024

In thousands of dirhams	2024 opening balance	Appropriation of 2023 income	Distribution of dividends	2024 income	Capital Operations (+incr./-decr.)	2024 closing balance
Capital	500,000					500,000
Retained earnings	-384,308	405,675				21,367
Reserves	5,001,340	4,700,000	-3,700,000			6,001,340
Income for the year				6,459,984		6,459,984
Income pending allocation	5,105,675	-5,105,675				0
Total	**10,222,707**	**0**	**-3,700,000**	**6,459,984**	**0**	**12,982,691**

3.2.7 Main accounting rules and evaluation methods

3.2.7.1 Legal framework

The financial statements are prepared and presented in line with Bank Al-Maghrib's chart of accounts, approved by the National Accounting Board in May 2007.

The Bank applies the accounting requirements set forth in the General Accounting Standards Code (CGNC) for all matters common to companies, particularly with regard to the evaluation of inventories and fixed assets.

The financial statements, as cited under Article 47 of Law No.40-17 bearing Statutes of Bank Al-Maghrib, include the balance sheet, the profit and loss account (PLA) and Additional Information Statetment (AIS).

Concurrently, the Bank prepares an annual off-balance sheet statement, the cash-flow statement and the statement of changes in equity.

3.2.7.2 Evaluation methods

Assets and liabilities in gold and foreign currencies

Foreign exchange operations

Foreign exchange operations include spot and forward purchases and sales of foreign currencies that entail:

- either a change in a holding or commitment in a foreign currency and a change in a commitment or holding in dirhams;
- Or a change in a holding or commitment in one currency and a change in a holding or commitment in another currency.

These operations are entered in the corresponding off-balance sheet accounts on their commitment date, then recorded in the balance sheet accounts on the value or delivery date

Revaluation of holdings in gold and foreign currencies

Holdings and commitments in gold, precious metals, and foreign currencies, including in SDRs, are valued at the exchange rates prevailing on the last business day of the fiscal year.

Table 3.2.7: Trends in exchange rates (*)

En DH	2024	2023	Change (%)
XAU	26,415.00	20,439.00	29.2
USD	10.11	9.89	2.2
EUR	10.52	10.94	-3.9
XDR	13.19	13.27	-0.7

(*) Year-end reference course.

Profits and losses resulting from this operation are entered in the "revaluation account of foreign exchange reserves" on the liabilities of the Bank's balance sheet, in accordance with the new agreement governing this account, concluded between Bank Al-Maghrib and the State on November 1, 2022, abolishing the provisions of the agreement signed on December 29, 2006.

By virtue of this agreement, the "revaluation account of foreign exchange reserves" must be kept positive at a minimum level of 2.5 percent of the Bank's net foreign holdings as of the fiscal year-end. In case of a foreign exchange loss causes the balance of this account to fall below this threshold, the amount of shortfall shall be deducted from the Bank's income statement for the year in question, up to a limit of 10 percent of the net profit for said year. It then entered in a "foreign exchange loss reserve" account and carried as a liability on the Bank's balance sheet.

If the "revaluation account of foreign exchange reserves" shows a negative balance, the latter is entered as an asset on the Bank's balance sheet, and no provision for risks and expenses is recognized.

If the "revaluation account of foreign exchange reserve" shows a negative balance non covered by the balance of the "foreign exchange loss reserve" account, the reserve will be replenished from the Bank's net profit up to a limit of 20 percent.

Securities

The securities acquired as part of the exchange reserves management are sorted into trading, placement, or investment portfolios, depending on the purpose for which they are held.

Trading portfolio consists of securities purchased with the initial intention of reselling them in the short term. They are recorded at their purchase price, including purchase costs and, where applicable, accrued coupons. Capital gains and losses resulting from the daily evaluation of such securities at the market price are entered in the corresponding income accounts.

Investment portfolio consists of securities acquired with the intention of being held until maturity.

They are posted according to the rules below:

- They are recorded at their purchase price, excluding costs and, where applicable, accrued coupons.
- Unrealized capital gains on these securities are not recognized.
- Unrealized capital losses on these securities are recorded only when the Bank considers that the security showing an unrealized capital loss is likely to be resold during the following fiscal year and where there is a probable issuer default risk.
- The differences between the acquisition price and the redemption value of the securities (discount or premium) are amortized on an actuarial basis over the remaining term of the securities.
- As of January 1, 2020, in order to comply with international best practices, the Bank switched from the straight-line method to the actuarial method for deferral of discounts/surcharges on investment securities. This method, just like the straight-line method, is accepted by the chart of accounts of Bank Al-Maghrib as approved by the National Accounting Board.

Placement portfolio consists of securities other than those sorted as trading or investment portfolios. Their recognition is governed by the following rules:

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding purchase costs and, where applicable, accrued coupons.
- The differences between the securities' purchase price and redemption price (discount or premium) are not amortized over the holding period of the securities.
- Unrealized capital losses resulting from the difference between the book value and the market value of these securities are recorded as depreciation provisions on a daily basis. Conversely, unrealized capital gains are not entered.

Discounted interest securities are entered at their redemption price. The discounted interests are deferred over the term of the securities and recorded in the profit or loss accounts on a daily basis.

Other holdings in foreign currencies

The Bank holds portfolios of securities denominated in US dollars, whose management is delegated to the World Bank by virtue of delegation contracts.

These securities are initially entered at their purchase price. The unrealized capital gains or losses are recorded in the appropriate profit and loss accounts, based on the net asset values reported by the managing agent.

Claims on the Treasury

As part of the agreement concluded between Bank Al-Maghrib and the State in November 2022, setting out the terms and conditions governing the State's use of funds available under the IMF's PLL, this operation was entered in the Bank's accounts as a claim on the State, in accordance with the guidelines set forth in the IMF manual.

This claim is periodically revalued at the exchange rate prevailing on the closing date.

In its balance sheet presentation of assets, Bank Al-Maghrib's chart of accounts only includes the item "State refinancing operations" for its relations with the State. However, although this PLL retrocession operation is reported as a claim on the State, it cannot be considered as a State refinancing operation, as the Bank is merely acting as an intermediary between the IMF and the State.

As a result, and in compliance with the principle of true and fair view, the following changes have been made:

- Changing the heading "State refinancing operations" into "Claims on the Treasury";
- Inserting a dedicated item called "Claim related to the State's use of the PLL";
- Maintaining the item "State refinancing operations".

Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their purchase cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus accumulated depreciations.

Fixed assets, including incidental expenses, are amortized according to the straight-line method, depending on the assets' probable useful life, by applying the current amortization rates.

Below are the amortization periods that have been adopted for each type of fixed assets:

Table 3.2.8: Depreciation periods of fixed assets

Properties	20 years
Fixtures, fittings, and installations	5 years
Dar As-Sikkah equipment	10 years
Office equipment, IT equipment and software, vehicles and other equipment	5 years
Office furniture	10 years
Smartphones and tablets	3 years and 4 months

Financial fixed assets

Equity securities in Moroccan and foreign financial institutions are entered in the assets side of the balance sheet at their net book value, corresponding to their acquisition cost minus the possible provisions set up at the closing date. Meanwhile, the value of foreign equity is converted into dirhams at the historical rate of the currency.

Non-fully paid-up securities are recorded as assets at their total value, including the remaining amount to be paid up. The share not yet paid up is recorded as a counterpart to a debt account on the liabilities side of the balance sheet.

The possible provisions for depreciation of these unlisted securities are evaluated at the end of the fiscal year using the net asset value method, based on the most recent financial statements available.

Inventories

Inventories are mainly composed of:

- Consumable materials and supplies.
- Raw materials needed for manufacturing banknotes, coins, and secured documents and identity cards (paper, inks, blanks, chips, cards, etc.).
- Finished goods and in-process inventory (secured documents, and miscellaneous.
- Commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus, where applicable, any provision for their depreciation at the closing date.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus, where applicable, any provision for their depreciation.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus, where applicable, any provision for their depreciation.

3.2.8 Mechanism for managing financial risks associated with foreign exchange reserve management

Definition of financial risks

Financial risks to which the Bank is exposed in the management of foreign exchange reserves are:

- **Credit risk**, defined as:
  - First, payment default risk (counterparty risk) which refers to the inability of a counterparty to fulfil its obligations.
  - Second, the risk of a downgrade of a counterparty's credit rating by one or more rating agencies.
- **Market risk**, referring to the risk of loss arising from adverse changes in market factors. It concerns, inter alia, risks related to fluctuations in interest or foreign exchange rates.
- **Liquidity risk**, which refers the inability to meet the country's immediate commitments, by mobilizing assets, without any significant impact on their price.

Governance framework

As part of its mission relating to foreign exchange reserve management, the Bank is equipped with a financial risk management system, which allows for the identification, monitoring, and mitigation of the risks associated with foreign exchange reserve management operations, namely credit, market and liquidity risks.

To this end, risk management at Bank Al-Maghrib is based on a clear and well-structured governance framework.

Each year, the **Bank Board** validates the placement policy of foreign exchange reserve and risk tolerances. It also approves the investment universe and the strategic asset allocation. The **Monetary and Financial Committee** (MFC) oversees the implementation of the strategic allocation and validates the management of foreign exchange reserves. Moreover, it examines trends in the financial risk indicators inherent in reserve management. Finally, the **Audit Committee** looks into the annual evolution of the Bank's financial and operational risks.

The purpose behind reserves holding and management, the placement principles, the limits by asset class and the rules defining issuer and counterparty eligibility and concentration are all set out in an investment directive, while the benchmark indices of the portfolios and their management methods are defined within the framework of the strategic asset allocation approved by the Bank Board.

From an operational point of view, all the Bank's foreign currency exposures are controlled and monitored on a daily basis to ensure compliance with the investment directive and with the strategic allocation.

In this context, these exposures are the subject of in-depth analyses in reports drawn up on a regular basis and submitted to the Bank's various governance bodies, especially the Monetary and Financial Committee.

Financial risks' management

Credit risk

The Bank manages credit risk by setting eligibility criteria for both issuers and counterparties, while keeping placements in line with security and liquidity principles.

The minimum criteria are distinguished based on the credit risk incurred by the different instruments. They are higher for operations with direct credit risk, such as unsecured deposits, than for operations processed in a delivery-versus-payment system. At present, the minimum average credit rating is "A-" for money market placements with bank counterparties, and "BBB-" for bond placements.

In addition to the eligibility criteria, the Bank sets limits to avoid excessive risk-taking and concentration. These include limits on exposure by issuer, counterparty, asset class, country and credit rating.

In order to ensure that the overall credit risk exposure is assessed, the Bank calculates and monitors the average credit rating of reserve portfolios on a daily basis, as well as the 99 percent Credit VaR, which assesses the potential losses over a one-year horizon, associated with a credit event (a rating downgrade or a default).

At the end of 2024, the average credit rating of foreign exchange reserves was "AA", reflecting the very good credit quality of the assets held.

Chart 3.2.1: Breakdown of portfolio exposures by region

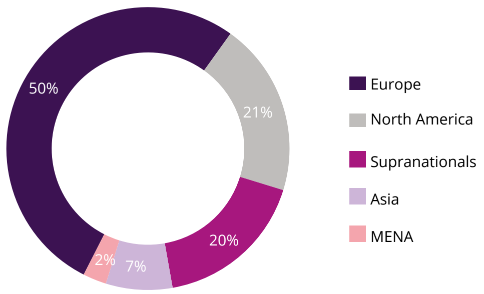


Chart 3.2.2: Breakdown of portfolio exposures by asset class

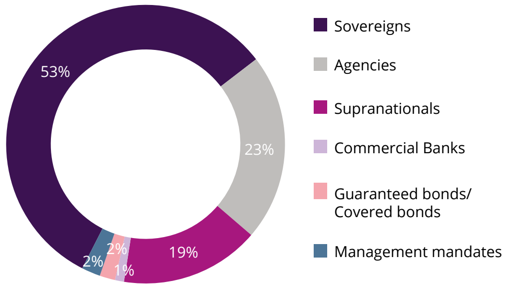
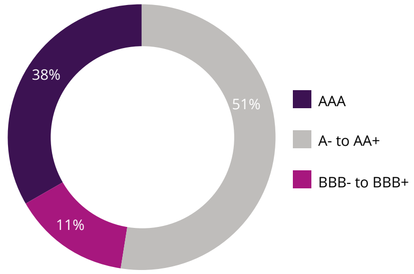


Chart 3.2.3: Breakdown of bond portfolios by rating



Market risks

The market risk associated with foreign exchange reserves management mainly arises from interest rate and foreign exchange risks.

- **Interest rate risk**

The Bank manages interest rate risk through benchmark indices for all portfolios, as well as authorized duration deviations relative to these benchmarks within the framework of the strategic allocation.

Exposure to interest rate risk is measured through various indicators, namely maximum potential loss (VaR), duration and volatility of performances against the benchmark indices (Tracking Error).

At the end of 2024, the overall duration of the foreign exchange reserves remained stable compared to end-2023, standing at 1.9 year.

- **Foreign exchange risk**

The foreign exchange risk arises from the impact of fluctuations in foreign exchange rates against the Moroccan dirham. This risk stems from:

- On the one hand, the deviation between the currency composition of foreign exchange reserves and that resulting from the weighting of the dirham basket, which is 60 percent in euros and 40 percent in US dollars. This deviation is capped at a maximum limit of +/-5 percent set by the strategic allocation;
- On the other hand, the variation in the gap between the reference rate and the central rate of the fluctuation band.

Liquidity risk

The Bank manages the liquidity risk by maintaining liquid tranches within the foreign exchange reserves:

- **Precautionary reserves**: made up of available and liquid assets that allow financing short-term needs of the Bank. As end-2024, precautionary reserves reached 57 billion dirhams.
- **Excess reserve portfolios recorded at market value**: made up of liquid assets that can be mobilized upon depletion of the "precautionary reserves" tranche. The value of these portfolios reached 37 billion dirhams at end-2024.

Liquidity risk is also managed, within the aforementioned liquid tranches, through minimum size requirements and maximum concentrations for bond issuances.

3.2.9 Comments on the balance sheet items

Assets

By virtue of Article 12 of its Statutes, Bank Al-Maghrib holds and manages foreign exchange reserves, which consist of gold, foreign currencies and SDRs.

Note 1: Holdings and placements in gold

This item contains the dirham-equivalent value of holdings in gold held in Morocco and with foreign depositories, as well as placements in gold made with foreign counterparties. Since the end of 2006, these holdings are evaluated at market prices on the last business day of the year. Gains and losses resulting from this operation are allocated to the revaluation account of foreign exchange reserves[1], in accordance with the agreement governing this account signed on November 1, 2022, between Bank Al-Maghrib and the of Ministry of Economy and Finance.

At the end of 2024, the equivalent value of holdings in gold stood at 18,781,915 KDH, up 29 percent, due to the sharp rise in gold price. The quantity remained stable at 711,032 ounces (equivalent to 22 tonnes).

Table 3.2.9: Holdings and placements in gold

	2024	2023
Quantity of gold ounces(1)	26,415	20,439
Quantity of gold ounces	711,032	711,032
Morocco	4,855	4,855
Abroad	706,177	706,177
Market value(2)	**18,781,915**	**14,532,787**
Gold stock (in tonnes)	**22.12**	**22.12**

(1) Price of Gold/MAD.

(2) In thousands of dirhams

Note 2: Holdings and placements in foreign currencies

This item primarily records the dirham-equivalent value of holdings in foreign currencies invested in monetary deposits (demand and term deposits) and in foreign bond securities.

Holdings and placements in foreign currencies increased by 2 percent at the end of 2024, reaching 339,309,229 KDH, primarily reflecting the strengthening of foreign exchange reserves and exchange rate evolution.

After a downward trend at the beginning of the year, they reached 342,786,316 KDH in May (+4 percent), mainly due to currency purchases from the OCP following its bond issuance on the international financial market.

[1] The credit balance of this account cannot be recognized as income for the fiscal year, nor can it be distributed or allocated for any other use.

Table 3.2.10: Holdings and placements in foreign currencies by type of investment

In thousands of dirhams	2024	Part		2023	Part	
Demand deposits	14,928,341	4%		32,038,072	10%	
Term deposits	13,349,155	4%		3,701,951	1%	
Short-term investment securities[1]	56,297,176	17%	87%	48,301,534	14%	84%
Investment securities[2]	238,348,130	70%		231,316,781	69%	
Transaction securities[3]	-	-		-	-	
Others[4]	16,386,426	5%		17,982,704	5%	
Total	**339,309,229**	**100%**		**333,341,042**	**100%**	

[1] Taking into account provisions for securities' depreciation. The market price valuation of short-term investment securities, at December 31, 2024, amounted to 56,580,311 KDH.
[2] In line with accounting rules, no provision has been recorded for this portfolio.
[3] Securities acquired with the intention of resale in the short term.
[4] Including accrued interests, management mandates and foreign banknotes.

Monetary deposits and placements fell by 21 percent to 28,277,497 KDH, representing 8 percent of holdings and placements in foreign currencies, compared with 11 percent a year earlier. This decline was mainly due to a reduction in foreign-currency cash holdings in favor of the investment portfolio[1].

Holdings in foreign currencies account for 61 percent of the Bank's total assets, compared to 63 percent in 2023, and 87 percent of which are invested in debt securities. Within this category, the short-term investment securities portfolio[2] rose by 17 percent to reach 56,297,176 KDH, while the investment securities portfolio grew by 3 percent to 238,348,130 KDH. This growth is attributable to increased investments within this portfolio during 2024.

Table 3.2.11: Holdings and placements in foreign currencies by currency

In thousands of dirhams	2024	2023	Change (%)
EUR	188,189,169	194,438,287	-3
USD	147,695,174	135,824,332	9
Other currencies	3,424,886	3,078,422	11
Total	**339,309,229**	**333,341,042**	**2**

Table 3.2.12: Holdings and placements in foreign currencies by residual maturity(*)

	2024	2023
≤1 year	30%	24%
> year	70%	76%
Total	**100%**	**100%**

(*) Securities held in internally-managed portfolios, including certificates of deposits.

Note 3: Holdings with international financial institutions

This item, which includes positions with the IMF and AMF, increased by 4 percent, reaching 23,061,150 KDH, driven mainly by the rise in holdings in SDRs.

[1] Securities acquired with the intention of being held to maturity (see section on Main Accounting Rules and Evaluation Methods).
[2] Securities other than those classified in the trading or investment portfolios.

Position with the IMF

On the assets side:

- IMF subscription - Reserve tranche, which composes the fraction (18.4 percent) covered by Bank Al-Maghrib as Morocco's quota subscription at the IMF. It is composed of:
  - **The available tranche:** 150.08 million SDRs (1,979,107 KDH), representing Bank Al-Maghrib's contribution to the IMF in foreign currency.
  - **The mobilized tranche:** 14.36 million SDRs (153,332 KDH) corresponding to Morocco's quota at the IMF, subscribed by Bank Al-Maghrib in national currency and registered in "Account n°1" opened on its books. As of the end of December 2024, the revaluation of this tranche resulted in an adjustment of +1,394 KDH, compared to -3,498 KDH a year earlier.

Table 3.2.13: Position with the IMF

In thousands of dirhams	2024	2023	Change (%)
Assets			
IMF subscription - Reserve tranche	2,132,439	2,146,416	-1
SDR holdings	20,529,114	19,553,046	5
Total	**22,661,553**	**21,699,461**	**4**
Liabilities			
SDR allocations	18,707,329	18,829,944	-1
Accounts n°1 and 2(*)	7,359,492	20,183,015	-64
Total	**26,066,822**	**39,012,959**	**-33**

(*) Taking into account the quarterly repayment of the principal due under the PLL.

- SDR holdings: represent the equivalent value of Bank Al-Maghrib's holdings with the IMF. This account records, in the debit side, SDRs purchased by the Bank and the remunerations paid by the IMF, while in the credit side, it records quarterly payments of commissions on SDR allocations as well as loan repayments by Morocco. These holdings were strengthened in 2021, after the IMF issued a general SDR allocation to member countries worth 456 billion SDR. Morocco's share of this allocation amounts to 857.2 million SDRs (equivalent to 10.9 billion dirhams[1]).

  At the end of 2024, the equivalent value of SDR holdings in dirhams stood at 20,529,114 KDH, up by 5 percent (+976,068 KDH) compared to the end of 2023. This change is due to the drawdown under the Resilience and Sustainability Fund (RSF) of 562.5 million SDRs[2] (7,416,921 KDH), granted by the IMF to Morocco in September 2023. It is also the result of the Bank's SDR purchases during 2024, totaling 550 million SDRs (7,232,666 KDH), after the repayment of PLL aimed at restoring the balance of the SDR position.

[1] Affecting SDR holdings in the assets side and SDR allocations in the liabilities side.
[2] In two tranches, the first in March for 250 million SDRs (3,322,977 KDH) and the second in November for 312.5 million SDRs (4,093,944 KDH).

The increase was eased, in particular, by the payment of the principal due by Morocco to the IMF under the PLL, for a total amount of 962.1 million SDRs (12,915,614 KDH), the deduction of financial costs related to the PLL of 56 million SDRs (741,109 KDH) and the drawdown on the RSF of 8.8 million SDRs (115,492 KDH), the payment of the commission on the Flexible Credit Line[1] (FCL) of 9.2 million SDRs (122,493 KDH), and the depreciation of the SDR rate (-0.7 percent).

On the liabilities side, the "Special Drawing Rights Allocations" item corresponds to the equivalent value in dirhams of SDR allocations granted by the IMF to Morocco as a member country. This account was credited in 2009 with 5.7 billion dirhams, representing Morocco's share of the general and special allocations (475.8 million SDRs)[2] granted by the IMF to member countries, and with 10.9 billion dirhams in 2021 covering Morocco's share of the general allocation (857.2 million SDRs) made by the IMF in August of this year.

At the end of 2024, this item showed a slight decline of 1 percent (-122,615 KDH) to 18,707,329 KDH, mainly due to the depreciation of the SDR rate against the dirham (-0.7 percent).

AMF subscription

This account represents the portion of the paid-in subscription to the AMF's capital, borne by the Bank.

Morocco's participation in this institution amounts to 41.33 million Arab dinars, divided[3] between Bank Al-Maghrib and the Treasury as follows:

- 200,000 Arab dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. Bank Al-Maghrib's share amounts to 150,000 Arab dinars (5,973 KDH).
- 21.69 million Arab dinars, subscribed in foreign currencies, 10.10 million Arab dinars of which subscribed by the Bank (399,597 KDH) remained unchanged since the last capital increase in 2018.
- 19.44 million Arab dinars, 9.10 million of which were paid by Bank Al-Maghrib under the AMF capital increase by incorporation of reserves, which took place in 2005 (5.88 million Arab dinars) and in 2013 (3.23 million Arab dinars).

Note 4: Claims on the Treasury

This item includes the claim related to the use by the Treasury in 2022 of the dirham equivalent of the funds drawn from the PLL in April 2020, amounting to 1,499.8 million SDR, in accordance with the provisions of the agreement concluded in this regard in November 2022 between Bank Al-Maghrib and the Ministry of Economy and Finance.

[1] Approved in April 2023 by the IMF for Morocco, for an amount of SDR 3.73 billion.
[2] SDR 436 million of which under the general allocation corresponding to 74.13 percent of Morocco's 2009 quota (SDR 588.2 million) and SDR 39.7 million under the special allocation granted in accordance with the IMF's Fourth Amendment.
[3] 53.16 percent for the Treasury and 46.84 percent for the Bank.

At the end of the 2024, this claim fell by 64 percent (-12,816,436 KDH) to 7,090,424 KDH. It was due to the combined effect of this year's settlement of the principal due to the IMF under the PLL for an amount of 962.1 million SDRs, reducing the overall claim amount from 1,499.8 million SDRs to 537.7 million SDRs, and to the depreciation of the SDR rate.

Note 5: Claims on Moroccan credit and assimilated institutions

This item covers refinancing operations of credit institutions made as part of the monetary policy conduct, in conformity with Article 7 of the Bank's Statutes.

Banks' need for liquidity increased sharply in 2024, driven mainly by the currency in circulation expansion. Under these conditions, the Bank continued to meet all banks' liquidity needs, increasing the volume of its money market interventions to a weekly average of MAD 139 billion, compared with 98 billion in 2023.

At December 31, 2024, bank refinancing operations totaled 156,560,695 KDH (129,602,053 KDH at the end of 2023), including:

- 72,623,271 KDH through 7-day advances following a call for tenders, granted at the key rate.
- 49,650,424 KDH related to repurchase agreements (1 month and 3 months), granted at the key rate.
- 34,287,000 KDH corresponding to secured loan operations, including 10,532,000 KDH at 1 month and 3 months, and 23,755,000 KDH over one year under programs designed to support the financing of the economy[1] (VSMEs, the Integrated Program of Business Support and Financing (PIAFE), participatory banks).

Table 3.2.14: Structure of Bank refinancing operations by instrument

In thousands of dirhams	2024	2023	Change (%)
Repo-type operations	**122,273,695**	**102,248,053**	**20**
7-day advances	72,623,271	60,054,014	21
Repurchase agreements	49,650,424	42,194,039	18
Secured loans (*)	**34,287,000**	**27,354,000**	**25**
Total	**156,560,695**	**129,602,053**	**21**

(*) 1 month, 3 months et 1 year.

Table 3.2.15: Breakdown of bank refinancing operations by maturity (*)

In thousands of dirhams	2024	2023	Change (%)
7 days	72,623,271	60,054,014	21
1 month	30,002,755	20,001,328	50
3 month	30,179,669	30,001,712	1
1 year	23,755,000	19,545,000	22
Total	**156,560,695**	**129,602,053**	**21**

(*) Ilnitial maturity.

[1] 20,847,000 KDH for 'VSMEs', 1,693,000 KDH at a 1.25 percent rate for 'PIAFE' and 1,215,000 KDH for the refinancing program of 'Participatory banks'.

Note 6: Other assets

Other assets mainly include inventories, collection accounts, and equalization accounts, which notably consist of expenses to be spread over several fiscal years, prepaid expenses, accrued revenues, as well as any other debit balances pending settlement.

Other assets fell by 14 percent year-end to year-end, from 4,823,925 KDH to 4,169,685 KDH.

Note 7: Net fixed assets

The Bank's net fixed assets fell slightly by 18,220 KDH to 4,645,292 KDH, mainly as a result of a greater increase in depreciation and provisions (+185,115 KDH) than in investments (+154,977 KDH).

Table 3.2.16: Net fixed assets

In thousands of dirhams	2024	2023	Change (%)
(of which)			
Long-term loans	762,353	749,198	2
Equity and assimilated securities	1,959,082	1,960,319	-0.1
Tangible and intangible fixed assets	8,242,804	8,087,827	2
Gross fixed assets	**10,964,543**	**10,797,647**	**2**
Depreciation and provision endowments	-6,319,251	-6,134,136	3
Net fixed assets	**4,645,292**	**4,663,512**	**-0.4**

Equity and assimilated securities

The gross value of Bank Al-Maghrib's equity portfolio fell slightly by -1,237 KDH, from 1,960,319 KDH in end-2023 to 1,959,082 KDH at end-2024. This change is mainly due to the liquidation of Dar Ad-Damane (-2,764 KDH), and to the increase in the Bank's shareholding in SWIFT (+1,006 KDH) to 1,524 KDH, in parallel with the acquisition of 12 additional shares as part of this organization's three-year reallocation process.

Table 3.2.17: Equity and assimilated securities [1]

In thousands of dirhams	2024						2023 Gross book value	Change (%)[3]
	Type of activity	Gross book value	Net book value [1]	Accounting net situation[2]	Number of shares held	Share %		
Securities held in Moroccan institutions and assimilated instruments (including)		**72,365**	**72,365**				**74,324**	**-3**
Dar Ad-Damane[4]	Financial	0	0	-	-	-	1,265	-100
Maroclear	Financial	4,000	4,000	346,924	4,000	20	4,000	-
Casablanca Finance City Authority	Financial	50,000	50,000	500,113	500,000	10	50,000	-
The Moroccan Deposit Insurance corporation	Financial	59	59	12,340	2,008	4.59	59	-
Receivables attached to equity [5]	Financial	18,306	18,306				17,500	5
Securities held in foreign financial institutions		**1,886,717**	**1,861,115**				**1,885,995**	**0.04**
Ubac Curaçao	Financial	23,228	12,008	90,362 USD	353,913	6.85	23,228	-
Swift [6]	Financial	1,524	1,524	719,277 EUR	33	0.03	519	>100
Arab Monetary Fund	Financial	5,973	5,973	1,423,541 DA[7]	3	0.02	6,257	-5
Arab Trade Financing Program	Financial	16,856	16,856	1,220,986 USD	546	0.28	16,856	-
Africa50 - Project FINANCE (PF)	Financial	175,142	175,142	461,275 USD	18,000	4.26[8]	175,142	-
Africa50 - Project Development (PD)	Financial	19,460	5,078	11,716 USD	2,000	4.29[8]	19,460	-
Bank for International Settlements	Financial	1,644,533	1,644,533	25,082,300 SDR[9]	3,000	0.53	1,644,533	-
Gross total of equity and assimilated securities		**1,959,082**	**1,933,479**				**1,960,319**	**-0.1**

(1) Net of provisions for the depreciation of the Bank's investments.
(2) Net position of bodies in which the Bank holds equity (in thousands), calculated using the net book value method based on the 2023 financial statements.
(3) Change in gross book value between 2023 and 2024.
(4) Liquidation of the company Dar Ad-Damane and full restitution of the Bank's share in this company and the related guarantee fund for a total amount of 2,764 KDH.
(5) Shareholder current account advance granted in 2023 in favor of CFCA and receivable related to the participation in the Africa50 Fund.
(6) Increase in the Bank's shareholding in the capital of SWIFT from 519 KDH to 1,524 KDH, following the allocation of 12 additional shares as part of the reallocation process carried out every three years by this organization.
(7) Arab dinars.
(8) Share capital increase through contributions from certain African states totaling USD 5.5 million. Bank Al-Maghrib's share thus decreased to 4.26 perceny for Africa50 - Project financing and 4.29 percent for Africa50 - Project development, compared to 4.31 percent and 4.34 percent in 2023, respectively.
(9) SDR: Special Drawing Rights.

1 The figures provided in this table are presented in thousands of dirhams, with the exception of the net position of foreign holdings, which is stated in foreign currencies.

Tangible and intangible fixed assets

Table 3.2.18: Tangible and intangible fixed assets

In thousands of dirhams	Gross Amount 2023	Increase	Decrease	Gross Amount 2024
Operating buildings	2,331,580	5,447	-	2,337,026
Operating furniture and equipment	2,986,135	109,877	66,719	3,029,293
Other operating tangible fixed assets	1,139,965	51,946	3,829	1,188,082
Non-operating tangible fixed assets	775,560	4,975	227	780,307
Intangible fixed assets	854,588	69,359	15,851	908,096
Total	**8,087,827**	**241,603**	**86,626**	**8,242,804**

At end-2024, the gross value of tangible and intangible fixed assets stood at 8,242,804 KDH, with an annual increase of 154,977 KDH. The main investments made this year are broken down as follows:

- 49 percent represent the revamping of banknote production and processing infrastructures, as well as the upgrading of IT equipment and information systems structures.
- 24 percent are related to the development of certain information systems, the acquisition of integrated solutions and software licenses, as well as the rolling-out of certain portals.
- 23 percent correspond to fittings and fixtures at the Bank’s various sites.
- 4 percent is dedicated, in particular, to real estate projects.

Disposals mainly concern the sale of real estate assets and transport equipment.

Liabilities

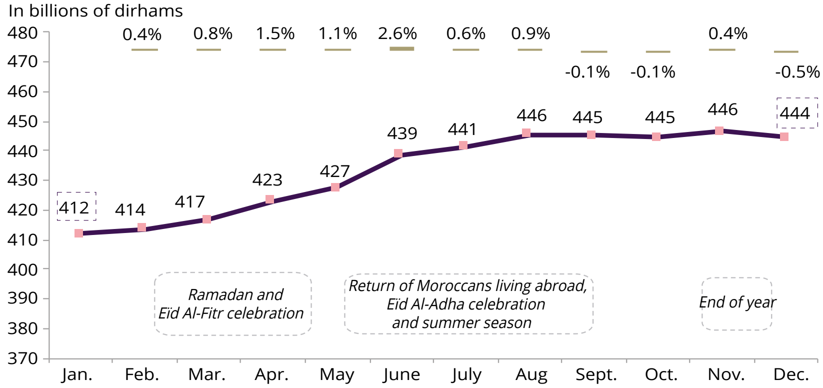
Note 8: Banknotes and coins in circulation

In accordance with Article 5 of its Statutes, Bank Al-Maghrib shall issue banknotes and coins. The amount of this item corresponds to the difference between the banknotes and coins issued and those held in the Bank's vaults.

Representing the Bank's largest liability item (80 percent), banknotes and coins in circulation continued its upward trend, rising from 412,752,041 KDH to 444,273,240 KDH, from one year-end to the next, up 8 percent compared to 11 percent in 2023. This slowdown can be explained in particular by the one-off operation of voluntary regularization of the tax situation of individuals.

In line with its regular seasonal profile, banknotes and coins in circulation peaked during the second semester, marked by a concentration of events with high cash demand (summer period, Eid Al-Adha celebrations and the new school year).

Chart 3.2.4: Change in banknotes and coins in circulation in 2024



Note 9: Commitments in gold and in foreign currencies

These liabilities consist mainly of foreign currency deposits from foreign banks and non-residents. They declined by 24 percent compared to the previous year to 4,189,231 KDH, due to the drop in commitments in foreign currencies.

It should be noted that these commitments include the unpaid portion of the Bank's subscription to the capital of the BIS, amounting to 11.3 million SDRs (equivalent to 149,321 KDH).

Note 10: Commitments in convertible dirhams

This item includes the Bank's commitments in convertible dirhams to foreign banks, international financial institutions (IMF and IBRD) and non-residents.

Table 3.2.19: Commitments in convertible dirhams

In thousands of dirhams	2024	2023	Change (%)
Commitments to international financial institutions	**7,404,544**	**20,201,079**	**-63**
Commitments to foreign banks	44,691	6,437	>100
Current accounts of international financial institutions	7,359,853	20,194,642	-64
Other commitments	**14,899**	**21,060**	**-29**
Total	7,419,443	20,222,140	-63

The annual variation of -12,802,697 KDH in the Bank's commitments in convertible dirhams is mainly explained by the decrease in commitments to international financial institutions (-12,834,789 KDH), and by the increase in the Bank's commitments to foreign banks (+38,254 KDH).

The holdings in the IMF's "account no. 1", which represent the major component of this item, and those in the IMF's "account no. 2", readjusted each year[1] to take account of the parity of the Dirham against SDRs, showed a 64 percent fall (-12,823,522 KDH) at the end of 2024. This change is explained by the repayment this year, on a quarterly basis, of the principal due under PLL for a total amount of 12,915,613 KDH.

The revaluation of dirham-denominated holdings carried out by the IMF for the year 2024 amounted to -292,947 thousand dirhams, and was adjusted by -66,912 thousand dirhams at the exchange rate on the last business day of the year.

Note 11: Deposits and commitments in dirhams

This item mainly includes:

- The Treasury current account, held by Bank Al-Maghrib by virtue of Article 16 of its Statutes. It is remunerated according to the requirements below, in accordance with the agreement signed between the Ministry of Economy and Finance and Bank Al-Maghrib on July 28, 2009:
  - The tranche lower than or equal to 2 billion dirhams is remunerated at the rate of 7-day advances minus 50 basis points.
  - The tranche above 2 billion dirhams and lower than or equal to 3 billion dirhams is remunerated at the rate of 7-day advances minus 100 basis points;
  - The tranche exceeding 3 billion dirhams is not remunerated.

[1] Annual revaluation since 2022 to neutralize the impact of the revaluation of the receivable related to the Treasury's drawdown on PLL.

- Accounts of Moroccan banks, held mainly to meet their commitments regarding monetary reserve requirement, established by virtue of Article 25 and 66 of the above-mentioned Statutes, were totally released to the banks following the decision of the Bank Board on June 16, 2020;
- Deposits of general government and public institutions, including the account of Hassan II Fund for Economic and Social Development.

This item can also include, in a context of excess liquidity:

- 7-day liquidity withdrawals as unsecured deposits by tenders, subject to the key interest rate reduced by 50 basis points.
- 24-hour deposit facilities allowing banks to deposit, on their own initiative, a cash surplus. The remuneration applied to these deposits equals the key rate minus 100 basis points.

Table 3.2.20: Deposits and commitments in dirhams

In thousands of dirhams	2024	2023	Change (%)
Treasury current account	7,462,609	10,878,799	-31
Moroccan banks' current accounts	32,307,874	22,607,941	43
Liquidity withdrawals	-	-	-
Deposit facilities	-	-	-
Deposits of general government and public institutions	1,227,636	1,252,740	-2
Other accounts	3,791,534	3,261,490	16
Total	**44,789,654**	**38,000,970**	**18**

At the end of 2024, deposits and commitments in dirhams increased to 44,789,654 KDH, representing a rise of 6,788,684 KDH compared to 2023. This growth was mainly driven by the combined effect of an increase in Moroccan banks' holdings (+9,699,933 KDH) and a decrease in the cash balance of the Treasury current account (-3,416,190 KDH).

Note 12: Other liabilities

Table 3.2.21: Other liabilities

In thousands of dirhams	2024	2023	Change (%)
Other securities operations	361	361	-
Miscellaneous creditors	1,425,932	3,610,944	-61
Equalization accounts	362,794	277,336	31
Amounts claimable after payment receipt	47,159	198,947	-76
Provisions for risks and expenses	1,445,200	1,258,986	15
Revaluation account of foreign exchange reserves	18,425,519	18,414,925	0.1
Total	**21,706,964**	**23,761,499**	**-9**

Other liabilities particularly include:

- The miscellaneous creditors mainly consist of tax withholdings, including corporate income tax payable of 767,984 KDH, as well as other amounts due pending settlement.

  As of the end of 2024, they stood at 1,425,932 KDH, 534,421 KDH of which relate to payables to suppliers (585,427 KDH at the end of 2023). The breakdown of these payables by maturity is as follows:

Table 3.2.22: Breakdown of supplier payables by due date

In thousands of dirhams	Amount of supplier payables at the end of the fiscal year	Amount of unmatured payables	Amount of debts due			
Closing dates			Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	More than 90 days
Fiscal Year 2023	585,427	585,374	-	-	-	53
Fiscal Year 2024	534,421	534,421	-	-	-	-

- The equalization accounts are mainly composed of suspense and clearing accounts, accruals, and deferred income. At the end of the year, they stood at 362,794 KDH, compared with 277,336 KDH a year earlier;
- Amounts claimable after receipt of payment, whose accounts make up the counterpart of securities presented for payment, decreased from 198,947 KDH at the end of 2023 to 47,159 KDH at the end of 2024.
- Provisions for risks and expenses are intended to cover a risk or a expense that will generate a probable outflow of resources to a third party, without at least equivalent consideration, and whose occurrence is made plausible by an event that has happened or is ongoing. They amounted to 1,445,200 KDH at the end of 2024, compared with 1,258,986 KDH a year earlier, mainly including the provisions set aside for the donation to the special fund for managing the effects of the earthquake, for an amount of 600,000[1] KDH, and the provision of 388,853 KDH for social fund commitments (see table 3.2.39 in note 33 of the PLA).
- The revaluation account of foreign exchange reserves reflects changes in counter values resulting from the valuation of holdings and commitments in gold, precious metals and foreign currencies, including SDRs, based on the exchange rates on the last business day of the year, in compliance with the agreement between Bank Al-Maghrib and the MEF[2] pertaining to this account.

  In 2024, this account reached a peak of 21,370,347 KDH at the end of March, and then followed a downward trend due to the appreciation of the dirham against foreign currencies, falling back to 15,622,597 KDH at the end of August. It subsequently improved, ending the year with a credit balance of 18,425,519 KDH, a slight increase (+10,594 KDH) compared to 2023.

[1] Taking into account this year's provision reversals set aside in accordance with Article 247 bis of the General Tax Code, concerning the 5-year tax deferral of all donations and bequests on behalf of the State.
[2] See section on the main accounting rules and evaluation methods.

This development is mainly explained by the rise in gold prices (+29 percent) and the US dollar (+2 percent), as well as by the depreciation of the euro (-4 percent), in conjunction with the appreciation of the dollar against the euro and the easing of liquidity conditions in the foreign exchange market.

Table 3.2.23: Change in the revaluation account of foreign exchange reserves

In thousands of dirhams	2024	2023
(of which)		
Gold	4,249,128	1,033,841
USD	2,855,522	-7,803,370
EUR	-7,237,143	-3,582,652

At the end of December 2024, this balance represented 5.3 percent of the Bank's net foreign assets (349.8 billion dirhams), compared with 5.7 percent at the end of 2023.

Note 13: Equity and related capital

Under Article 2 of the Bank's Statutes, the capital is set at 500,000 KDH, fully paid-up and held by the State. The capital may be increased by incorporation of reserves by decision of the Bank board, after consulting the government commissioner, within a limit of 50 percent of the capital.

The general reserve fund was established, in accordance with Article 48 of the aforementioned statute, by deducting 10 percent from the net profit. It has reached the amount of the capital.

The special reserve funds were built up, pursuant to Article 48 above, by allocating part of the profits. They have amounted to 4,501,340 KDH since 2006 and amounted to 5,501,340 KDH in 2024, following the allocation of 1 billion dirhams.

The foreign exchange loss reserve shows a zero balance, following its reimbursement to the Treasury in 2023, in accordance with the provisions of the agreement relating to the revaluation account of foreign exchange reserves.

Retained earnings moved from -384,308 KDH to 21,367 KDH year-on-year, taking into account the absorption of the loss recorded in 2022.

Table 3.2.24: Equity and related capital

In thousands of dirhams	2024	2023	Change (%)
Equity	**500,000**	**500,000**	**-**
Reserves	**6,001,340**	**5,001,340**	**20**
General reserve funds	500,000	500,000	-
Special reserve funds	5,501,340	4,501,340	22
Foreign exchange loss reserve	-	-	-
Retained earnings	**21,367**	**-384,308**	**>100**
Total	**6,522,707**	**5,117,032**	**27**

3.2.10 Comments on off-balance sheet items

Off-balance sheet position reflects commitments given and received that cannot be accounted for in the balance sheet accounts, and mainly covers:

- Purchases and sales of securities and currencies made between the trade date (commitment date) and the delivery and/or settlement date (value date);
- Currency swap operations carried out between the trade date (commitment date) and the maturity date.
- Guarantees received by the Bank as part of its monetary policy conduct and advance facilities.
- Bank refinancing commitments;
- Guarantees given or received by the Bank (markets).

Note 14: Foreign exchange operations

This item records foreign exchange swap operations in foreign currencies carried out, in particular, in the context of monetary regulation, as well as of transitional currency arbitrage operations.

Table 3.2.25: Foreign exchange operations

In thousands of dirhams	2024	2023
Forward foreign exchange operations		
Forward currencies receivable	2,024,437	5,025,367
Forward currencies to be delivered	2,001,365	5,077,338
Foreign exchange operations- deposits in gold and foreign currencies	**3,681,650**	**9,850,050**
Foreign exchange operations-arbitrage operations		
Foreign currencies receivable	-	5,304
Foreign currencies deliverable	-	5,267

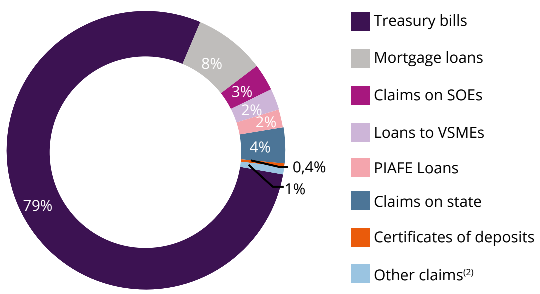
Note 15: Commitments on securities

This heading primarily records securities received by Bank Al-Maghrib as collateral for bank refinancing operations and advances granted to participants in the Moroccan Gross Settlement System (SRBM) (advance facilities).

Table 3.2.26: Commitments on securities

In thousands of dirhams	2024	2023
Securities received on advances granted	128,994,653	107,969,056
Securities received on advances to be granted	13,400,400	12,298,400
Other guarantees received on advances granted	37,836,194	30,750,502
Advances to be granted	12,730,380	11,683,480
Foreign securities receivable	7,376,028	-
Foreign securities deliverable	5,467,643	-

Chart 3.2.5: Structure of commitments on securities[1]



[1] Collateral received on the advances granted by the Bank as part of the monetary policy implementation.
[2] Wakala Bil Istitmar and bonds of financing companies.

Note 16: Other commitments

Table 3.2.27: Other commitments

In thousands of dirhams	2024	2023
Received market guarantees	183,311	130,505
Guarantee commitments received for staff loans	916,140	904,446
Financing commitments granted to the staff	10,889	9,400
Other granted commitments	1,000	1,000

3.2.11 Comments on profit and loss account items

Note 17: Interests received on holdings and placements in gold and foreign currencies

This item is correlated with levels of foreign exchange reserves and interest rates. It includes interest earned on investment operations in gold, SDRs and foreign currencies, as shown below:

- Bond market investments (investment, trading, placement portfolios);
- Investments in the international money market and in other Moroccan commercial banks (Treasury portfolio);
- SDR holdings and the reserve tranche available with the IMF;
- Foreign securities loans;
- Gold loans.

Table 3.2.28: Interests received on holdings and placements in gold and foreign currencies

In thousands of dirhams	2024	2023	Change (%)
Investments in gold	598	14,730	-96
Bond placements	6,024,194	4,218,851	43
Money market placements	1,058,445	1,000,737	6
Holdings in SDRs with the IMF	835,392	813,571	3
Other interets (*)	36,406	61,157	-40
Total	**7,955,035**	**6,109,045**	**30**

(*) Mainly include interests on foreign securities loans.

Reflecting the improvement in yield rates, interest earned on foreign currency investment operations increased by 30 percent to 7,955,035 KDH, 6,024,194 KDH of which (76 percent) came from bond investments. The latter are broken down as follows:

- 4,880,814 KDH generated by the investment portfolio (+44 percent or +1,499,365 KDH), as a result of the strengthening of investments within the HTM portfolios acquired at high rates;
- 1,143,379 KDH from the placement portfolio (+37 percent or +305,978 KDH), driven mainly by the USD portfolio, which benefited from the rise in yield rates.

Interests on money market investments amounted to 1,058,445 KDH, which is 57,708 KDH more than in 2023, mainly due to the increase in the outstanding amount of dollar-denominated investments.

As for interest on SDR holdings, it increased from 813,571 KDH to 835,392 KDH end-year to end-year, reflecting both the rise in SDR holdings and the increase in the average SDR remuneration rate by +3 basis points to 3.84 percent (compared to 3.81 percent in 2023).

Interest on placements in gold fell sharply (-14,132 KDH) to 598 KDH, due to the absence of gold lending operations in 2024 in view of the zero or even negative interest rates. The income of 598 KDH corresponds to operations that matured at the beginning of the year.

Note 18: Interests received on claims on credit and assimilated institutions

This item records interests received on various refinancing operations to credit institutions as part of the monetary policy conduct (see Note 5 of the balance sheet for interest terms).

Bank Al-Maghrib reduced its key rate twice in 2024, in June and in December, by 25 basis points each time, bringing it down to 2.50 percent.

Interest on refinancing operations to credit institutions amounted to 3,948,987 KDH at the end of 2024, marking a further increase to 946,761 KDH this year, resulting from the rise in the volume of the Bank's interventions on the money market, in parallel with the tightening of bank cash positions, mitigated by reductions in the key interest rate. They are made up, in particular, of:

- 1,557,728 KDH from 7-day advances, which increased by 30 percent, mainly due to the rise in the average outstanding amount, which reached 54,818,077 KDH.
- 1,468,598 KDH from 1 and 3 month repurchase agreements, which doubled (+53 percent), to an average outstanding amount of 51,319,429 KDH;
- 920,920 relating to secured loan operations (1 month, 3 months and 1 year), which increased by +41 percent to an average outstanding amount of 32,517,744 KDH.

Table 3.2.29: Interests received on loans to credit institutions

In thousands of dirhams	2024	2023	Change (%)
(of which)			
7-day advances	1,557,728	1,201,341	30
24-hour advances	509	2,300	-78
Repurchase agreements	1,468,598	961,447	53
Secured loans	920,920	653,394	41
Open Market	-	183,231	-100
Total	**3,948,987**	**3,002,226**	**32**

Note 19: Other interests received

This item mainly covers interests due to the Bank under loans granted to its staff for housing purchase and/or construction. These interests remained virtually steady at 9,823 KDH at the end of 2024.

Note 20: Commissions received

Commissions are charged on banking operations carried out on customer accounts, mainly exchange operations and the centralization of the Treasury's auction operations.

Table 3.2.30: Commissions received

In thousands of dirhams	2024	2023	Change (%)
Foreign exchange commissions	986,130	994,646	-1
Intermediation margin	139	169	-17
Treasury bills management	83,914	115,609	-27
Treasury money market placements	9,532	13,284	-28
Other commissions	7,565	11,641	-35
Total	**1,087,281**	**1,135,349**	**-4**

Commissions received decreased by 4 percent, falling from 1,135,349 KDH to 1,087,281 KDH. This change is mainly due to the 27 percent drop (-31,696 KDH) in the commission charged for centralizing T-bill auction operations, reflecting the decline in Treasury issues (172 billion dirhams in 2024 compared to 255 billion dirhams in 2023). It also reflects the 1 percent decline (-8,516 KDH) in commissions received on foreign exchange operations.

Commissions received on T-bill investments in the money market amounted to 9,532 KDH in 2024, down by 3,751 KDH compared to the previous year. This variation is attributable to the decline in the outstanding amount of these placements (18 billion dirhams on a daily average in 2024, against 27 billion in 2023).

Note 21: Other financial revenues

The other financial revenues mainly covers capital gains generated from foreign currency operations, deferral of discounts on investment securities and profits from foreign currency swaps.

At the end of 2024, these revenues slightly increased by +22,504 KDH, reaching 1,206,050 KDH. This growth is mainly attributable to the rise in the deferral of discounts on investment securities (+190,389 KDH) and the increase in capital gains on short-term investment securities (+89,041 KDH), particularly following the sale of dollar-denominated securities in response to changes in their yield rates. There was also a decrease in capital gains on management mandates (-150,805 KDH), due to a lower performance in 2024 compared to 2023.

Table 3.2.31: Other financial revenues

In thousands of dirhams	2024	2023	Change (%)
Capital gains on sales of marketable securities	103,758	14,717	>100
Deferral discounts on foreign securities	832,486	642,097	30
Capital gains on management mandates	202,309	353,114	-43
Capital gains on Open Market operations	-	109,042	-100
Gains on foreign exchange swap operations (monetary policy)	-	35	-100
Gains on foreign exchange swap operations (premium/discount)	41,466	48,144	-14
Dividends on equity securities	17,504	11,827	48
Other revenues	8,527	4,569	87
Total	**1,206,050**	**1,183,547**	**2**

Similarly, gains on foreign exchange swap operations with foreign counterparties amounted to 41,466 KDH versus 48,144 KDH a year earlier, reflecting this year's trend in yields rates.

Dividends on the Bank's equity interests in certain foreign entities amounted to 17,504 KDH (11,827 KDH in 2023), including 14,550 KDH from the BIS[1] (11,288 KDH in 2023) and 680 KDH from the Arab Trade Financing Program (PFCA)[2] (539 KDH in 2023).

Bank Al-Maghrib also received in 2024 the liquidating dividend from the company Dar Ad-Damane, in proportion to its share in the share capital, amounting to 1,467 KDH. This was in accordance with the decisions made at the plenary shareholders' meeting held on March 6, 2024.

Note 22: Sales of produced goods and services

This item mainly comprises (i) sales of goods produced by the Bank such as secure documents (biometric passport and secure identity cards), (ii) the contribution to on-site inspection costs of establishments subject to the Bank's supervision, and (iii) changes in inventories of finished goods, work-in-progress, and commemorative coins.

[1] Based on a unit dividend of SDR 370 approved by the Board on June 30, 2024.
[2] Based on a unit dividend of USD 125 approved by the Board on March 06, 2024.

Table 3.2.32: Sales of produced goods and services

In thousands of dirhams	2024	2023	Change (%)
Sales of secure documents (of which)	**390,746**	**376,826**	**4**
Passports	216,815	228,624	-5
Secure identity cards	153,106	125,184	22
Change in inventories	**33,149**	**55,571**	**-40**
Contribution to on-site inspection costs	**60,935**	**57,396**	**6**
Total	484,830	490,118	-1

At end-2024, the sales of produced goods and services stood at 484,830 KDH, down slightly by 1 percent or -5,287 KDH compared to 2023. This change reflects a 40 percent decrease in inventories of finished and semi-finished products (-22,422 KDH), alongside an increase in the sales of secure documents (+13,920 KDH) to 390,746 KDH, 216,815 KDH of which correspond to biometric passports and 153,106 KDH to secure identity cards[1], as well as the rise in the contribution to the on-site inspection costs (+3,539 KDH) to 60,935 KDH.

Note 23: Miscellaneous revenues

Between the end of 2023 and the end of 2024, miscellaneous revenues decreased from 32,712 KDH to 23,273 KDH, 19,039 KDH of which came from the SRBM billing system.

Note 24: Provision Reversals

This item recorded a balance of 1,411,003 KDH at the end of 2024, compared to 1,887,286 KDH a year earlier. It mainly includes the provision reversals for impairment of foreign short-term investment securities amounting to 1,389,732 KDH, against 1,830,052 KDH the previous year, and provision reversals for risks and expenses totaling 14,736 KDH (see Table 3.2.40 in Note 33 of the PLA).

Note 25: Non-current revenues

This item includes exceptional and non-recurring revenues. It amounted to 243,471 KDH at the end of 2024 compared to 14,026 KDH at the end of 2023, considering the provision reversals for expenses recognized as part the tax deferral of donations granted in 2023 to the special fund for managing the effects of the earthquake, amounting 200,000 KDH, and revenues of the sales of the banks' assets for 39,754 KDH.

[1] This includes the driver's license and the electronic registration certificate.

Note 26: Interests paid on commitments in gold and in foreign currencies

At the end of 2024, these interests slightly declined by 1,253 KDH to 725,698 KDH, due in particular to the drop in commissions paid on SDR allocations, which reached 725,157 KDH. Interests paid on money-market deposits ticked up from +497 KDH to 542 KDH, mainly as a result of changes in interest rates.

Note 27: Interests paid on deposits and commitments in dirhams

This item includes interests paid by the Bank, mainly on the Treasury current account and on the monetary reserve (for conditions of remuneration of the above-mentioned accounts, see Note 11 of the balance sheet). In a context of excess liquidity, it may also include interests paid by the Bank on 7-day liquidity withdrawals, overnight facilities, and dirham-for-currency swaps.

At the end of 2024, these interests decreased by 12 percent to 334,984 KDH, mainly due to a fall in the remuneration of Bank Al-Maghrib's customer accounts.

Table 3.2.33: Interests paid on commitments in dirhams

In thousands of dirhams	2024	2023	Change (%)
(of which)			
Treasury account	65,596	66,001	-1
Total	**334,984**	**379,467**	**-12**

Note 28: Commissions paid

This item includes commissions paid in exchange for financial services provided to the Bank as well as the negative intermediation margin on foreign exchange operations carried out with certain customer categories.

Table 3.2.34: Commissions paid

In thousands of dirhams	2024	2023	Change (%)
Foreign exchange commissions	489	5,520	-91
Intermediation margin	8,082	7,135	13
Custody of foreign securities	14,299	18,271	-22
Other commissions	2,346	3,059	-23
Total	**25,216**	**33,985**	**-26**

These commissions amounted to 25,216 KDH, down 26 percent (-8,769 KDH) compared to the previous year. This change was mainly due to lower commissions on foreign-banknote exchange operations (-5,031 KDH) and on custody fees of foreign securities (-3,972 KDH).

The negative intermediation margin on foreign exchange operations stood at 8,082 KDH at the end of 2024 instead of 7,135 KDH a year earlier. Accordingly, the net intermediation margin amounted to -7,943 KDH at end-2024, compared to -6,966 at the end of 2023.

Note 29: Other financial expenses

This item covers losses on foreign currency operations, mainly capital losses on the sales of short-term investment securities and the deferral of premiums on investment securities.

Table 3.2.35: Other financial expenses

In thousands of dirhams	2024	2023	Change (%)
Capital losses on sales of short-term investment securities(*)	547,845	146,774	>100
Deferral of premiums on foreign securities	464,265	602,493	-23
Negative interests paid on short-term investment securities	-	3,099	-100
Capital losses on management mandates	-	-	-
Capital losses on Open Market operations	-	3,764	-100
Losses on foreign exchange swap operations (premium/discount)	3,135	7,459	-58
Other expenses	5,350	3,820	40
Total	**1,020,595**	**767,408**	**33**

(*) The difference between the book value and the sale price.

At the end of 2024, these expenses amounted to 1,020,595 KDH, up by 253,188 KDH. This change is mainly due to the combined effect of the increase in capital losses on short-term investment securities, which rose from 146,774 KDH to 547,845 KDH from one year-end to the next, mainly as a result of the maturity of securities, particularly in EUR, and the fall in premiums on investment securities (-138,228 KDH).

Note 30: Staff expenses

This item mainly covers salaries and wages, allowances and bonuses paid, employer contributions to Bank Al-Maghrib Staff Pension Fund and contributions to the Mutual Fund, staff insurance premiums and professional training expenses.

Staff expenses amounted to 929,863 KDH, representing an increase of 9 percent compared with the end of 2023.

Table 3.2.36: Staff expenses

In thousands of dirhams	2024	2023	Change (%)
Staff salaries	725,462	676,206	7
Social expenses	164,785	141,248	17
Training expenses	17,641	12,650	39
Other expenses	21,975	20,010	10
Total	**929,863**	**850,114**	**9**

Note 31: Purchase of materials and supplies

This entry includes the purchase of raw materials (paper, inks, monetary blanks, electronic chips, and precious metals) used in the manufacturing of banknotes and coins, secure documents and identity cards, as well as commemorative coins.

This item rose by 47 percent or (+161,884 KDH) to 505,447 KDH, mainly due to the increase in the purchase cost of materials and supplies for manufacturing banknotes, notably paper and inks, in line with the increase in the production program in view of the rise in demand and the issue of the new series of banknotes, as well as the replenishment of the safety stock.

Table 3.2.37: Purchase of materials and supplies

In thousands of dirhams	2024	2023	Change (%)
Purchase of raw materials	327,246	215,511	52
Purchase of consumable materials and supplies	115,486	70,977	63
Others purchases	62,716	57,076	10
Total	**505,447**	**343,563**	**47**

Note 32: Other external expenses

This item covers costs relating mainly to IT maintenance, building upkeep, rents, water and electricity consumption, donations and grants, and various taxes and duties.

It increased, year-on-year, from 416,771 KDH to 445,866 KDH, posting a change of +29 095 KDH.

This mainly results from the Bank's annual contribution to the Fintech Support Fund (30,000 KDH).

Table 3.2.38: Other external expenses

In thousands of dirhams	2024	2023	Change (%)
Maintenance and repair of fixed assets	123,973	134,491	-8
Rents	49,687	45,362	10
Water, electricity, and fuel expenses	31,606	30,811	3
Transportation, travel, mission and reception expenses	25,825	24,033	7
Postal and telecommunication expenses	51,227	51,253	-0.1
Taxes and duties	22,903	21,086	9
Others purchases	140,646	109,735	28
Total	**445,866**	**416,771**	**7**

Note 33: Depreciations and provisions

Depreciations

Depreciation decreased from 272,675 KDH at the end of 2023 to 254,120 KDH at the end of 2024, representing a decline of 18,556 KDH.

Table 3.2.39: Depreciation

In thousands of dirhams	2024	2023	Change (%)
(of which)			
Depreciations of tangible and intangible fixed assets	**240,900**	**247,986**	**-3**
Buildings [1]	118,632	124,653	-5
Furniture and equipment	97,508	97,054	0.5
Other tangible fixed assets	-	-	-
Intangible fixed assets	24,760	26,279	-6
Depreciations of other expenses deferred over several years	**8,565**	**9,681**	**-12**
Total	**254,120**	**272,675**	**-7**

[1] Including fixtures, fittings and installations.

Provisions for impairment

Provisions for impairment of short-term investment securities amounted by the end of 2024 to 32,198 KDH compared to 19,338 KDH in 2023.

Table 3.2.40: Provisions for impairment

In thousands of dirhams	Outstanding amount 31/12/2023	Allocations	Reversals	Other variations	Outstanding amount 31/12/2024
Provisions for impairment					
Foreign and assimilated Treasury bills	1,602,247	32,198	1,389,732	476	245,188
Miscellaneous inventories and securities	11,888	16,100			27,988
Moroccan equity securities	3,085		3,085		
Foreign equity securities	13,738	11,865			25,602
Other provisions [2]	9,344		3,451		5,893
Provisions for risks and expenses (of which)	**1,258,598**	**400,949**	**214,736**		**1,444,812**
Pension and health commitment	420,000	388,853			808,853
Provisions for risks and expenses[3]	827,335	1,606	203,473		625,468
Other provisions	389				389
Total		**461,111**	**1,411,003**[4]		

[2] Includes, in particular, provisions for receivables from customers presenting a default risk.
[3] Includes the amount of the provision set aside for the donation to the "special fund for managing the effects of the earthquake", in order to comply with the provisions of Article 247a of the General Tax Code concerning the 5-year tax deferral of any donation or bequest on behalf of the State. It should be noted that the Bank's income has not been impacted by this measure.
[4] Corresponds to the amount posted under "provision reversals" in the profit and loss account (PLA).

Note 34: Non-current expenses

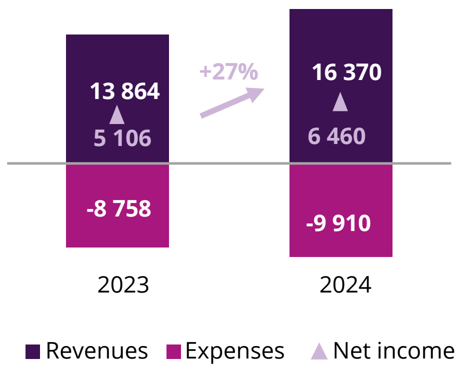
Non-current expenses totaled 696,064 KDH at the end of 2024, compared to 1,008,188 KDH at the end of 2023, representing a decrease of 312,124 KDH. This change is mainly due to the payment in 2024 of the social solidarity contribution on profits amounting to 486,081 KDH, calculated at 5 percent of the net income of the previous fiscal year, and the donation made by the Bank in 2023 of 1 billion dirhams to the «special fund for managing the effects of the earthquake».

Note 35: Income tax

Pursuant to the provisions of the General Tax Code, the tax rate applied to Bank Al-Maghrib for the 2024 fiscal year was set at 38,50 percent[1].

Income tax (IS) increased from 3,669,909 KDH at the end of 2023 to 4,510,804 KDH at the end of 2024.

Chart 3.2.6: Evolution of revenues, expenses ,and net income (in MDH)



[1] The corporate income tax rate provided for in the General Tax Code is 40 percent, based on a progressive approach over a four-year period. The difference between the initial rate of 37 percent and the target rate of 40 percent is progressively spread over the period from January 1, 2023, to December 31, 2026.

3.3 Five-year evolution in financial statements

3.3.1 Balance sheet - Assets

Table 3.3.1: Evolution of assets

In thousands of dirhams	2024	2023	2022	2021	2020
Holdings and investments in gold	**18,781,915**	**14,532,787**	**13,498,946**	**12,008,623**	**11,989,425**
Holdings and investments in foreign currency	**339,309,229**	**333,341,042**	**318,867,128**	**298,416,554**	**297,853,278**
- Holdings and placements with foreign banks	34,533,011	44,481,551	52,900,450	50,752,727	88,485,179
- Foreign and assimilated Treasury bills	294,645,307	279,618,315	257,366,426	239,508,275	205,947,284
- Other holdings in foreign currencies	10,130,912	9,241,175	8,600,252	8,155,552	3,420,815
Holdings with international financial institutions	**23,061,150**	**22,101,677**	**22,770,832**	**21,596,724**	**9,188,280**
- IMF subscription - Reserve tranche	2,132,439	2,146,416	2,248,490	2,097,811	2,084,098
- Holdings in Special Drawings Rights	20,529,114	19,553,046	20,100,998	19,105,311	6,715,532
- Subscription to the Arab Monetary Fund	399,597	402,216	421,344	393,602	388,650
Claims on the Treasury	**7,090,424**	**19,906,860**	**20,853,545**	**-**	**243,839**
Claims on Moroccan credit and assimilated institutions	**157,010,858**	**129,943,781**	**114,602,736**	**91,359,926**	**84,356,146**
- Securities received from banks under repurchase agreements	49,650,424	42,194,039	21,533,559	22,749,736	15,280,279
- Advances to banks	106,910,271	87,408,014	92,886,621	68,474,368	68,955,288
- Other claims	450,163	341,728	182,557	135,822	120,579
Treasury bills - Open market operations	**-**	**-**	**-**	**-**	**-**
Other assets	**4,169,685**	**4,823,925**	**3,706,864**	**3,988,298**	**4,329,415**
Fixed assets	**4,645,292**	**4,663,512**	**4,678,426**	**4,773,927**	**4,840,082**
Total assets	**554,068,553**	**529,313,584**	**498,978,477**	**432,144,052**	**412,800,465**

3.3.2 Balance sheet – Liabilities

Table 3.3.2: Evolution of liabilities

In thousands of dirhams	2024	2023	2022	2021	2020
Banknotes and coins in circulation	**444,273,240**	**412,752,041**	**372,786,283**	**337,710,576**	**319,282,169**
- Banknotes in circulation	439,909,217	408,599,194	368,820,223	333,902,150	315,640,803
- Coins in circulation	4,364,023	4,152,848	3,966,060	3,808,426	3,641,365
Commitments in gold and foreign currencies	**4,189,231**	**5,524,282**	**6,742,577**	**5,102,421**	**8,387,871**
- Commitments in gold	-	-	-	-	-
- Commitments in foreign currencies	4,189,231	5,524,282	6,742,577	5,102,421	8,387,871
Commitments in convertible dirhams	**7,419,443**	**20,222,140**	**21,230,274**	**19,566,060**	**29,434,460**
- Commitments to international financial institutions	7,404,544	20,201,079	21,212,432	19,554,414	29,421,299
- Other commitments	14,899	21,060	17,842	11,646	13,161
Deposits and commitments in dirhams	**44,789,654**	**38,000,970**	**42,444,609**	**38,967,531**	**35,974,495**
Treasury current account	7,462,609	10,878,799	4,087,201	5,258,034	6,242,051
Deposits and commitments in dirhams to Moroccan banks	32,307,874	22,607,941	32,383,423	28,484,675	24,819,013
- Current accounts	32,307,874	22,607,941	32,383,423	28,484,675	24,819,013
- Liquidity - withdrawal accounts	-	-	-	-	-
- Deposit facility accounts	-	-	-	-	-
Deposits of general government and public institutions	1,227,636	1,252,740	1,331,794	1,176,044	973,357
Other accounts	3,791,534	3,261,490	4,642,191	4,048,778	3,940,073
Other liabilities	**21,706,964**	**23,761,499**	**30,670,166**	**5,735,780**	**5,308,085**
Special Drawing Rights allocations	**18,707,329**	**18,829,944**	**19,725,415**	**18,426,682**	**7,200,415**
Equity and related capital	**6,522,707**	**5,117,032**	**5,792,002**	**5,697,969**	**5,528,801**
- Capital	500,000	500,000	500,000	500,000	500,000
- Reserves	6,001,340	5,001,340	5,263,461	5,169,757	5,001,340
- Retained earnings	21,367	-384,308	28,542	28,212	27,460
- Other equity capital	-	-	-	-	-
Net income of the fiscal year	**6,459,984**	**5,105,675**	**-412,850**	**937,033**	**1,684,169**
Total liabilities	**554,068,553**	**529,313,584**	**498,978,477**	**432,144,052**	**412,800,465**

3.3.3 Profit and Loss Account

Table 3.3.3: Evolution of the Profit and Loss Account

In thousands of dirhams	2024	2023	2022	2021	2020
Revenues	**16,369,754**	**13,863,998**	**6,876,041**	**5,282,811**	**5,961,582**
Interests received on holdings and placements in gold and in foreign currencies	7,955,035	6,109,045	3,340,653	2,418,155	2,623,873
Interests received on claims on credit and assimilated institutions	3,948,987	3,002,226	1,562,197	1,244,143	1,627,045
Other interests received	9,823	9,689	9,758	12,610	13,384
Commissions received	1,087,281	1,135,349	1,121,250	651,047	611,277
Other financial revenues	1,206,050	1,183,547	295,166	569,062	813,906
Sales of produced goods and services	484,830	490,118	382,028	310,627	204,829
Miscellaneous revenues	23,273	32,712	47,049	16,011	15,786
Reversals on depreciation	-	-	-	-	-
Provision Reversals	1,411,003	1,887,286	111,191	60,699	50,359
Non-current revenues	243,471	14,026	6,748	458	1,123
Expenses	**9,909,770**	**8,758,323**	**7,288,891**	**4,345,777**	**4,277,414**
Interests paid on commitments in gold and in foreign currencies	725,698	726,952	282,269	108,708	132,119
Interests paid on deposits and commitments in dirhams	334,984	379,467	200,982	153,540	174,404
Commissions paid	25,216	33,985	30,810	28,856	15,667
Other financial expenses	1,020,595	767,408	1,673,613	769,534	754,764
Staff expenses	929,863	850,114	898,809	880,452	878,935
Purchases of materials and supplies	505,447	343,563	370,771	313,924	285,073
Other external expenses	445,866	416,771	370,044	357,299	354,619
Depreciation and provision endowments	715,231	561,965	3,323,110	896,435	474,870
Non-current expenses	696,064	1,008,188	111,468	123,205	76,461
Income tax	4,510,804	3,669,909	27,012	713,824	1,130,502
Net income	**6,459,984**	**5,105,675**	**-412,850**	**937,033**	**1,684,169**

3.4 Commitments to social funds

The Bank's staff is covered by two internal pension and health insurance schemes called, respectively, "Caisse de Retraite du Personnel de Bank Al-Maghrib-CRP-BAM (Bank Al-Maghrib's staff pension fund)" and the "Fonds Mutuel-FM (Mutual Fund)".

The CRP-BAM provides the Bank's staff members or their dependents with a retirement pension, an invalidity pension, a dependents' pension and a mixed capital-pension allowance. Meanwhile, the Mutual Fund ensures reimbursement of medical and prescription expenses for the Bank staff and eligible family members.

In line with the provisions of Article 78 of the Bank's Statutes, the activities and operations of the above-mentioned Funds are subject to separate accounting.

The governing bodies of these schemes, subject to Law No. 40-17 on the statutes of Bank Al-Maghrib and the Governor's instruction No.3/W/2023 on the charter for management of pension and social security schemes, are as follows:

- The Bank Board, which oversees the implementation of all instruments designed to ensure compliance with the founding principles and balance of the schemes.
- The Governor, who decides on all proposals from the Social Funds Management Committee before they are approved by the Bank Board.
- The Social Funds Management Committee, set up by a decision of the Bank Board on March 25, 2008 and chaired by a member of the Board, which meets once a year and whenever necessary to monitor the technical and financial management of the two schemes.

Table 3.4.1: Commitment and financing of social funds

In thousands of dirhams	Pension Fund of BAM staff		Mutual Fund	
	2024	2023	2024	2023
Gross commitment	4,403,184	4,000,753	716,282	667,598
Hedging assests	3,770,202	3,358,711	540,411	470,138
Net commitement(*)	-632,982	-642,042	-175,871	-197,460

(*) Net liability of social funds totally provisioned at end 2024 for an amount of 808,853 KDH (see Note 12 of the balance sheet).

Commitments for pensions and health are calculated in accordance with actuarial standards, using the projected unit credit method which takes into account salary trends, pension revaluations and the probability of receiving the benefit[1].

The data and hypotheses used in actuarial valuations, as well as retirement and health commitments, are validated by an independent actuary.

Social security fund assets are managed within the framework of a strategic asset allocation policy, which specifies an optimal distribution by asset class, considering the objectives of the pension and health insurance plans, in terms of return and risk.

In accordance with the provisions of the Instruction on the Charter for the management of the pension and health insurance schemes, an annual report is drawn up outlining, on the one hand, the conclusions of the actuarial assessment carried out internally, duly validated and certified by the independent actuary and, on the other hand, the achievements of the financial management of the plan assets. This report is forwarded to the Social Funds Management Committee for review and validation, before the resulting decisions are submitted to the Bank Board for approval.

In accordance with the provisions of ACAPS' circular n°2/PS/18, the actuarial balance sheet, demographic and financial projections, and reports relating to investments allocated to represent the Bank's pension and social security commitments are forwarded to this authority in the forms and within the deadlines defined.

[1] Linked to the probability of presence at the retirement date, mainly taking into account the risks of resignation and death.

3.5 Statutory Audit Report

STATUTORY AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2024

AUDIT OF STATUTORY FINANCIAL STATEMENTS

Opinion

In accordance with the terms of our appointment by the Bank's Board, we have audited the accompanying financial statements of BANK AL MAGHRIB including the balance sheet as of December 31st, 2024, the profit and loss statement and the additional disclosures (ETIC). These financial statements show a net equity of 12 982 691 KMAD including a net profit of 6 459 984 KMAD.

We certify that the financial statements referred to in the first paragraph above are regular, sincere and give, in all material aspects, a true and fair view of the result of operations of the past fiscal year as well as the financial situation and the assets of BANK AL MAGHRIB on December 31st, 2024, in accordance with the accounting principles generally accepted in Morocco.

Basis for opinion

We conducted our audit in accordance with Moroccan auditing standards. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Morocco, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Moroccan accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Moroccan auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Moroccan auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Specific verifications

We ensured that the information contained in the Management board's report is consistent with the Bank's financial statements.

Casablanca, March 19, 2025

The Statutory Auditor

Deloitte Audit

Sakina Bensouda Korachi
Partner

3.6 Approval by the Bank Board

Pursuant to Article 47 of Law n°40-17, bearing Statutes of Bank Al-Maghrib, the Governor of the Bank submits the financial statements to the Bank Board for approval.

At its March 18,2025 meeting, the Board approved the financial statements, after reviewing the auditor's opinion on their sincerity and on their consistency with the information given in the Bank's management report, as well as the net income allocation for the fiscal year 2024.

Statistical appendices

Table A1 Main economic indicators

	2022*	2023*	2024**
World Economy [(1)]			
Economic growth (in percentage)			
World	3.6	3.5	3.3
Euro area	3.5	0.4	0.9
United States	2.5	2.9	2.8
United Kingdom	4.8	0.4	1.1
Brazil	3.0	3.2	3.4
China	3.1	5.4	5.0
Inflation (in percentage)			
World	8.6	6.6	5.7
Euro area	8.4	5.4	2.4
United States	8.0	4.1	3.0
United Kingdom	9.1	7.3	2.5
Brazil	9.3	4.6	4.4
China	2.0	0.2	0.2
Unemployment (in percentage)			
Euro area	6.7	6.6	6.4
United States	3.6	3.6	4.0
United Kingdom	3.8	4.1	4.3
Brazil	9.3	8.0	6.9
China	5.6	5.2	5.1
Moroccan Economy [(2)]			
National accounts			
At previous year prices (change in percentage)			
Gross domestic product	1.8	3.7	3.8
Non-agricultural gross domestic product	3.5	3.9	4.8
Non-agricultural value added	3.8	3.7	4.5
Taxes on products net of subsidies	1.2	5.6	7.5
Agricultural value added	-11.3	1.5	-4.8
Household final consumption	0.1	4.7	3.2
General government final consumption	2.6	6.1	5.6
Investment	-6.2	4.3	10.9
At current prices (in billions of dirhams)			
Gross domestic product	1 333.5	1 479.8	1 596.8
Gross National Disposable Income	1 439.3	1 586.8	1 709.1
Gross national saving (in percentage of GDP)	26.9	28.0	28.9
Investment rate (in percentage of GDP)	30.5	29.0	30.1
Financing requirement or capacity	-47.3	-12.8	-18.5
Financing requirement (in percentage of GDP)	-3.5	-0.9	-1.2

(*) Revised.
(**) Provisional.
(1) Source: World economic outlook, IMF April 2025.
(2) Source: High Commission for Planning.

TABLE A1 Main economic indicators (continued)

	2022*	2023*	2024**
Moroccan Economy			
Employment and unemployment			
Participation rate (in percentage)	44.3	43.6	43.5
Employment rate (in percentage)	39.1	38.0	37.7
Net job creations (in thousands)	-24	-157	82
Unemployment rate (in percentage)	11.8	13.0	13.3
Apparent labor productivity in non-agricultural sectors (change in percentage)	1.2	3.1	1.6
Prices (change in percentage)			
Inflation	6.6	6.1	0.9
Core inflation	6.6	5.6	2.2
External accounts			
Exports FOB (in Billions of DH)	428.6	430.2	456.3
Imports CIF (in Billions of DH)	737.4	715.8	761.3
Trade balance (in percentage of GDP)	-23.2	-19.3	-19.1
Travel receipts (in Billions of DH)	93.9	107.6	112.5
Remittances (in Billions of DH)	110.8	115.2	119.0
Current account balance (in percentage of GDP)	-3.5	-1.0	-1.2
Foreign direct investment receipts (in percentage of GDP)	3.0	2.7	2.7
Public finance (in percentage of GDP)			
Overall budget balance (1)	-5.4	-4.4	-3.9
Total treasury debt (Direct debt)	71.4	68.7	67.7
Domestic treasury debt	54.2	51.6	50.8
External treasury debt	17.2	17.1	16.9
Public external debt	31.8	29.7	29.3
Money and monetary conditions			
Excess or deficit of banking system liquidity (in Billions of dirhams)	-80.9	-83.3	-123.7
Policy rate (2) (in percentage)	2.50	3.00	2.50
Lending rate (3) (in percentage)	4.50	5.36	5.08
Interbank rate (3) (in percentage)	2.50	3.00	2.53
Official reserve assets (in Billions of dirhams) (2)	337.6	359.4	375.5
Official reserve assets in months of imports (2)	5.4	5.4	5.3
Bank credit (change in percentage)	7.5	5.3	4.4
Bank credit to the non financial sector (change in percentage)	7.8	2.9	2.6
Non-performing loans to total loans (in percentage)	8.4	8.5	8.4
Broad money (M3) (in Billions of dirhams)	1 685.8	1 751.8	1 892.0
Real effective exchange rate (annual change)	-4.15	1.31	1.17

(*) Revised for the sections of : Apparent labor productivity in non-agricultural sectors, public finance and money and monetary conditions.
(**) Provisional for the sections of : Apparent labor productivity in non-agricultural sectors, external accounts, public finance and money and monetary conditions.
(1) Excluding the proceeds from the sale of state holdings.
(2) At end-December.
(3) Weighted average rate.
Sources: High Commission for Planning, Foreign Exchange Control Office, Ministry of Economy and Finance and Bank Al-Maghrib.

Table A2.1 Gross domestic product at previous year prices

(Changes in percentage)

	2020	2021	2022*	2023*	2024**
Gross domestic product	**-7.2**	**8.2**	**1.8**	**3.7**	**3.8**
Primary sector	**-7.1**	**19.0**	**-11.8**	**1.8**	**-4.5**
Agriculture and forestry	-8.1	19.5	-11.3	1.5	-4.8
Fishing and aquaculture	12.2	9.9	-20.8	6.9	2.6
Secondary sector	**-5.2**	**7.8**	**-1.6**	**0.8**	**4.2**
Extraction industry	2.6	7.3	-23.0	-4.2	13.0
Manufacturing industries	-7.4	9.0	2.5	3.1	3.3
Electricity and gas distribution - Water distribution, sewerage system, waste treatment	-1.3	7.5	-4.2	-10.6	2.6
Construction	-4.1	4.7	-3.7	0.3	5.0
Tertiary sector	**-7.9**	**5.7**	**6.8**	**5.0**	**4.6**
Wholesale and retail trade, repair of motor vehicles and motorcycles	-6.6	8.2	-0.6	3.0	4.1
Transport and storage	-28.5	10.5	3.9	6.8	7.4
Accommodation and catering activities	-54.6	15.4	68.0	23.5	9.6
Information and communication	5.1	-1.5	3.8	5.2	3.0
Financial activities and insurance	0.6	3.6	10.0	5.2	7.3
Real estate activities	-0.8	2.9	0.0	1.9	-1.6
Research and development and services to companies	-13.4	9.6	10.8	6.8	4.2
Public administration, compulsory social security	5.3	5.1	5.0	2.1	4.1
Education, health and social action activities	0.8	3.6	6.5	4.6	6.6
Other services	-23.2	5.0	6.4	2.0	5.4
Total value added	**-7.0**	**7.9**	**1.9**	**3.4**	**3.4**
Non-agricultural GDP	**-7.1**	**6.9**	**3.5**	**3.9**	**4.8**
Non-agricultural value added	**-6.9**	**6.4**	**3.8**	**3.7**	**4.5**
Taxes on products net of subsidies	**-8.3**	**10.3**	**1.2**	**5.6**	**7.5**

(*) Revised.
(**) Provisional.
Source: High Commission for Planning.

Table A2.2 Gross domestic product at current prices by branch of activity

(In millions of dirhams)

	2020	2021	2022*	2023*	2024**
Gross domestic product	**1 152 477**	**1 276 563**	**1 333 539**	**1 479 763**	**1 596 799**
Primary sector	**122 896**	**152 906**	**130 636**	**164 715**	**168 739**
Agriculture and forestry	117 094	143 963	124 326	157 242	160 270
Fishing and aquaculture	5 802	8 943	6 310	7 473	8 469
Secondary sector	**300 147**	**331 318**	**347 861**	**374 720**	**409 387**
Extraction industry	16 659	24 282	34 121	23 828	33 674
Manufacturing industries	174 916	194 493	214 031	233 682	243 758
Electricity and gas distribution - Water distribution, sewerage system, waste treatment	44 343	45 360	23 950	34 446	42 111
Construction	64 229	67 183	75 759	82 764	89 844
Tertiary sector	**613 006**	**661 109**	**726 769**	**794 851**	**841 942**
Wholesale and retail trade, repair of motor vehicles and motorcycles	111 643	129 974	145 892	159 921	169 724
Transport and storage	33 754	37 263	38 544	44 714	45 186
Accommodation and catering activities	23 416	26 500	45 084	59 398	66 555
Information and communication	32 727	32 110	32 851	35 076	36 209
Financial activities and insurance	51 956	55 961	60 561	67 842	75 508
Real estate activities	86 599	89 957	90 383	93 936	93 287
Research and development and services to companies	51 623	56 918	66 856	77 385	81 517
Public administration, compulsory social security	119 152	126 029	133 166	136 830	145 111
Education, health and social action activities	87 739	91 216	97 283	102 938	110 863
Other services	14 397	15 181	16 149	16 811	17 982
Total value added	**1 036 049**	**1 145 333**	**1 205 266**	**1 334 286**	**1 420 068**
Non-agricultural GDP	**1 035 383**	**1 132 600**	**1 209 213**	**1 322 521**	**1 436 529**
Non-agricultural value added	**918 955**	**1 001 370**	**1 080 940**	**1 177 044**	**1 259 798**
Taxes on products net of subsidies	**116 428**	**131 230**	**128 273**	**145 477**	**176 731**

(*) Revised.
(**) Provisional.
Source: High Commission for Planning.

Table A2.3 Goods and services account at current prices

(In millions of dirhams)

	2020	2021	2022*	2023*	2024**	Changes in percentage 2023*/2022	Changes in percentage 2024**/2023
RESOURCES							
Gross domestic product	1 152 477	1 276 563	1 333 539	1 479 763	1 596 799	11.0	7.9
Imports of goods and services	438 514	541 101	749 378	750 244	801 413	0.1	6.8
EXPENDITURES							
Households final consumption	672 606	750 896	816 977	891 951	945 594	9.2	6.0
General government final consumption	223 638	242 213	252 580	268 585	286 656	6.3	6.7
Final national consumption of NPIs(1)	8 204	9 949	10 913	12 684	15 103	16.2	19.1
Gross fixed capital formation	302 245	335 583	354 939	371 065	422 496	4.5	13.9
Changes in stocks	27 596	53 931	48 953	55 627	55 312	13.6	-0.6
Acquisitions - cessions of valuables	1 807	2 089	2 308	2 415	2 419	4.6	0.2
Exports of goods and services	354 895	423 003	596 247	627 680	670 632	5.3	6.8

(*) Revised.
(**) Provisional.
(1) Non-profit institutions.
Source: High Commission for Planning.

Table A2.4 Gross national disposable income at current prices

(In millions of dirhams)

	2020	2021	2022*	2023*	2024**	Changes in percentage 2023*/2022	Changes in percentage 2024**/2023
Gross domestic product	1 152 477	1 276 563	1 333 539	1 479 763	1 596 799	11.0	7.9
Net income of property from outside	-11 018	-17 606	-19 451	-22 821	-23 681	17.3	3.8
Gross national income	1 141 459	1 258 957	1 314 088	1 456 942	1 573 118	10.9	8.0
Net current transfers from outside	81 200	105 776	125 253	129 874	135 932	3.7	4.7
Gross national disposable income	1 222 659	1 364 733	1 439 341	1 586 816	1 709 050	10.2	7.7
Final national consumption	904 448	1 003 058	1 080 470	1 173 220	1 247 353	8.6	6.3
Households	672 606	750 896	816 977	891 951	945 594	9.2	6.0
General government	223 638	242 213	252 580	268 585	286 656	6.3	6.7
NPIs	8 204	9 949	10 913	12 684	15 103	16.2	19.1
Gross national saving	318 211	361 675	358 871	413 596	461 697	15.2	11.6

(*) Revised.
(**) Provisional.
Source: High Commission for Planning.

Table A2.5 Investment and savings at current prices

(In millions of dirhams)

	2020	2021	2022*	2023*	2024**	Changes in percentage 2023*/2022	Changes in percentage 2024**/2023
RESOURCES							
Gross national saving	318 211	361 675	358 871	413 596	461 697	15.2	11.6
Net capital transfers received	3	0	23	2 714	0	-	-
EXPENDITURES							
Gross fixed capital formation	302 245	335 583	354 939	371 065	422 496	4.5	13.9
Changes in stocks	27 596	53 931	48 953	55 627	55 312	13.6	-0.6
Acquisitions - cessions of valuables	1 807	2 089	2 308	2 415	2 419	4.6	0.2
Financing requirement or capacity	-13 434	-29 928	-47 306	-12 797	-18 530	-72.9	44.8

(*) Revised.
(**) Provisional.
Source: High Commission for Planning.

Table A2.6 Agriculture

(Area in thousands of hectars / production in millions of quintals / yield in quintals/ha)

	Agricultural campaign 2022-2023			Agricultural campaign 2023-2024		
	Area	Production	Yield	Area	Production	Yield
Principal cereals	**3 674**	**55**	**15**	**2 452**	**31**	**13**
Soft wheat	1 603	30	19	1 177	17	15
Hard wheat	831	12	14	582	7	12
Barley	1 240	13	11	694	7	10
Pulse crops	**198**	**1**	**6**	**171**	**2**	**10**
Market garden crops	**253**	**73**	**290**	**252**	**80**	**316**

Source: Ministry of Agriculture, Fisheries, Rural Development, Water and Forests.

Table A2.7 Electricity production

(In GWh)

	2021	2022	2023	2024*	Changes in percentage 2024*/2023
Net local production (1)	**41 260**	**41 420**	**42 409**	**43 698**	**3.0**
Thermal	32 866	33 669	32 996	31 961	-3.1
Hydraulic	1 213	679	516	686	33.0
Wind	5 024	5 292	6 481	9 256	42.8
Solar	1 839	1 452	2 149	1 645	-23.4
Electricity trade balance (2)	**-163**	**1 397**	**1 849**	**2 539**	**-**

(*) Provisional.
(1) The difference between net local production and the total by the source of production represents the contribution of national third parties.
(2) The difference between imports and exports.
Source: The National Office of Electricity and Drinking Water.

Table A2.8 Industrial. energy and mining production index

(Base 100 in 2015)

Sector and Branch	2023	2024	Changes in percentage 2024/2023
Extractive Industries	**109.1**	**132.0**	**21.0**
Extraction of metal ores	103.7	104.0	0.3
Other extractive industries	109.4	133.4	21.9
Manufacturing industries excluding oil refining	**116.4**	**122.7**	**5.4**
Food Industries	127.6	130.2	2.0
Beverage manufacturing	106.6	101.9	-4.4
Manufacture of tobacco products	95.1	97.3	2.3
Manufacture of textiles	85.4	80.8	-5.4
Clothing industry	96.7	94.5	-2.3
Manufacture of leather and footwear (except leather clothing)	72.6	69.5	-4.3
Woodworking and manufacture of articles of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	82.1	75.7	-7.8
Paper and cardboard industry	118.2	125.6	6.3
Printing and reproduction of recordings	130.1	130.8	0.5
Chemical industry	136.0	154.8	13.8
Pharmaceutical industry	143.9	147.5	2.5
Manufacture of rubber and plastic products	132.2	133.8	1.2
Other non-metallic mineral product manufacturing	94.5	100.0	5.8
Metallurgy	96.8	102.3	5.7
Manufacture of fabricated metal products, except machinery and equipment	91.5	89.7	-2.0
Manufacture of computer, electronic and optical products	100.6	125.2	24.5
Manufacture of electrical equipment	130.3	129.5	-0.6
Manufacture of machinery and equipment n.c.e	110.8	114.2	3.1
Automotive Industry	141.1	157.6	11.7
Manufacture of other transport equipment	148.8	151.1	1.5
Furniture manufacturing	97.7	100.3	2.7
Other manufacturing industries	83.7	76.6	-8.5
Repair and installation of machinery and equipment	98.2	93.9	-4.4
Electricity production and distribution	**133.9**	**135.9**	**1.5**

Source: High Commission for Planning.

Table A2.9 Tourism

		In thousands			Changes (in percentage)	
		2019	2023	2024	2024/2019	2024/2023
Total of tourist arrivals		**12 932**	**14 525**	**17 412**	**34.6**	**19.9**
Foreign tourists		**7 043**	**7 150**	**8 798**	**24.9**	**23.0**
Europe	France	1 991	1 999	2 422	21.6	21.1
	Spain	881	1 304	1 498	70.1	14.9
	United Kingdom	551	679	999	81.3	47.0
	Italy	352	335	452	28.3	34.8
	Germany	413	281	361	-12.6	28.6
	Belgium	272	226	274	0.6	21.0
	Holland	241	192	241	0.1	25.5
North America	United States	347	332	351	1.2	5.8
	Canada	131	108	126	-4.3	16.8
Africa	Senegal	58	69	86	49.8	25.3
	Mauritania	49	61	74	52.8	22.6
	Tunisia	58	48	56	-3.0	18.1
	Algeria	117	47	51	-56.7	7.1
Asia	China	141	60	106	-24.5	78.3
	Saudi Arabia	92	83	96	4.8	16.0
Moroccans resident abroad		**5 889**	**7 375**	**8 614**	**46.3**	**16.8**

Source: Ministry of Tourism, Handicrafts, Social and Solidarity Economy.

Table A3.1 Labor force. employment and unemployment

(Population in thousands and rates in percentage)

	2022	2023	2024
Working age population	**27 502**	**27 888**	**28 301***
Labor force	**12 191**	**12 171**	**12 311**
Urban	7 591	7 731	7 935
Rural	4 599	4 441	4 376
Labor force participation rate	**44.3**	**43.6**	**43.5**
Urban	41.9	41.8	42.0
Rural	49.1	47.3	46.5
Employment rate	**39.1**	**38.0**	**37.7**
Urban	35.3	34.8	34.9
Rural	46.5	44.3	43.3
Unemployment rate	**11.8**	**13.0**	**13.3**
By place of residence			
Urban	15.8	16.8	16.9
Rural	5.2	6.3	6.8
By gender			
Men	10.3	11.5	11.6
Women	17.2	18.3	19.4
By group of age			
15 to 24 years	32.7	35.8	36.7
25 to 34 years	19.2	20.6	21.0
35 to 44 years	6.4	7.4	7.6
45 years and over	3.3	3.7	4.0
By diploma			
Without any diploma	4.2	4.9	5.2
With diploma	18.6	19.7	19.6

(*) Calculated on the basis of the ratio of the number of active people to the activity rate.
Source: High Commission for Planning.

Table A3.2 Employed population by sector of activity (1)

	Structure in percentage		Job creation (in thousands)	
	2023	2024	2023	2024
Agriculture, forestry and fishing	27.8	26.3	-202	-137
Industries	12.2	12.6	7	46
Construction and public works	11.6	11.6	19	13
Services	48.3	49.4	15	160
Employed active population	100.0	100.0	-157	82

(1) Persons aged 15 years and above.
Source: High Commission for Planning.

Table A3.3 Labor force participation, employment and unemployment rates by region

(in percentage)

Region	Year	Labor force participation ratio			Employment ratio			Unemployment ratio		
		Urban	Rural	National	Urban	Rural	National	Urban	Rural	National
Tangier-Tetouan-Al Hoceima	2023	44.8	55.7	48.7	38.5	53.3	43.7	14.1	4.2	10.1
	2024	44.4	55.4	48.3	38.1	53.1	43.3	14.3	4.2	10.2
Oriental	2023	38.9	43.5	40.1	30.6	36.9	32.2	21.3	15.2	19.6
	2024	39.6	41.4	40.1	30.7	34.7	31.7	22.5	16.1	20.9
Fez-Meknes	2023	39.4	46.5	41.8	31.8	43.9	35.8	19.3	5.5	14.2
	2024	40.0	45.2	41.7	32.6	42.0	35.7	18.5	7.2	14.4
Rabat-Sale-Kenitra	2023	42.1	49.9	44.0	36.0	47.8	38.9	14.5	4.3	11.6
	2024	41.9	47.7	43.4	35.5	45.2	37.9	15.3	5.2	12.6
Beni Mellal-Khenifra	2023	35.5	45.4	40.0	29.2	41.7	34.9	17.7	8.2	12.8
	2024	36.1	44.1	39.7	29.9	40.6	34.8	17.2	8.0	12.5
Casablanca-Settat	2023	44.3	52.9	46.1	36.5	49.7	39.2	17.8	6.1	15.0
	2024	44.2	52.8	46.0	36.5	49.3	39.1	17.5	6.7	15.0
Marrakech-Safi	2023	41.7	46.0	44.0	36.6	44.1	40.6	12.2	4.1	7.7
	2024	42.3	45.1	43.8	36.7	42.6	39.9	13.2	5.4	8.9
Draa-Tafilalet	2023	38.7	43.5	41.7	31.7	39.8	36.7	18.0	8.6	11.9
	2024	37.4	42.9	40.8	31.9	39.3	36.5	14.9	8.5	10.7
Souss-Massa	2023	40.7	35.8	39.0	34.4	32.5	33.7	15.5	9.5	13.5
	2024	42.2	36.7	40.3	36.1	34.0	35.4	14.6	7.3	12.3
Southern regions	2023	43.4	53.8	45.3	33.5	47.9	36.1	22.8	11	20.3
	2024	44.2	52.5	45.7	32.8	48.1	35.5	25.7	8.3	22.2
National	**2023**	**41.8**	**47.3**	**43.6**	**34.8**	**44.3**	**38.0**	**16.8**	**6.3**	**13.0**
	2024	**42.0**	**46.5**	**43.5**	**34.9**	**43.3**	**37.7**	**16.9**	**6.8**	**13.3**

Source: High Commission for Planning.

Table A4.1 Inflation

(In percentage, in annual change)

(Base 100 = 2017)

Period	Inflation															
	Global	Volatile food prices	Fuels and lubri-cants	Tariff-Regulated Products	Core inflation (CPIX)											
					Global	Food products included in core inflation	Clothing and footwear	Housing. water, gas, electricity and other fuels (1)	Furniture, household items and routine household mainte-nance	Health (1)	Transport (2)	Communi-cations	Leisure and culture (1)	Educa-tion	Restau-rants and hotels	Miscel-laneous goods and ser-vices(1)
2023	**6.1**	**18.8**	**-4.1**	**0.8**	**5.6**	**9.8**	**3.7**	**1.7**	**3.8**	**2.9**	**3.7**	**0.2**	**1.8**	**3.8**	**5.7**	**2.4**
January	8.9	21.7	29.7	0.2	8.4	15.5	5.1	2.2	6.2	2.4	5.3	0.6	5.9	4.5	5.0	2.5
February	10.1	32.2	21.1	0.6	8.5	15.7	5.1	2.2	6.1	2.6	5.0	0.5	5.9	4.5	6.1	2.6
March	8.2	21.1	8.1	0.8	7.9	14.3	4.9	2.0	5.8	2.5	5.9	0.5	6.1	4.5	6.2	2.5
April	7.8	24.0	-7.3	0.9	7.3	12.8	4.4	2.0	5.6	2.5	5.5	0.4	5.9	4.5	6.7	2.6
May	7.1	26.9	-12.6	0.9	6.1	10.4	3.8	2.0	4.0	2.4	4.9	0.5	1.5	4.5	6.9	2.5
June	5.5	20.4	-20.1	1.0	5.3	9.0	3.6	1.6	3.5	2.6	4.0	0.2	0.4	4.5	6.0	2.5
July	4.9	17.9	-23.1	0.9	5.1	8.5	3.6	1.4	3.1	3.2	3.9	0.2	0.3	4.5	5.8	2.5
August	5.0	14.8	-8.9	1.0	4.7	7.8	3.0	1.4	3.0	3.6	2.7	0.0	-0.1	4.5	5.9	2.5
September	4.9	13.7	-3.8	0.8	4.4	7.7	2.9	1.4	2.7	3.7	2.5	0.0	-0.7	2.9	5.4	2.1
October	4.3	11.7	-0.7	0.8	4.0	7.3	2.8	1.2	2.3	3.9	1.6	-0.1	-0.8	2.2	4.9	2.0
November	3.6	12.0	-8.2	0.8	3.3	5.7	2.7	1.2	2.1	2.5	1.6	-0.1	-0.9	2.1	4.8	2.0
December	3.4	12.0	-3.3	0.8	2.8	4.4	2.6	1.2	2.0	2.9	1.5	-0.2	-1.2	2.1	4.2	2.0
2024	**0.9**	**-2.9**	**-3.4**	**1.2**	**2.2**	**2.9**	**2.0**	**1.2**	**0.9**	**1.2**	**2.2**	**-0.1**	**-0.3**	**2.1**	**3.4**	**2.2**
January	2.3	5.8	-2.5	0.0	2.5	3.7	2.8	1.2	1.7	3.1	2.1	-0.2	-1.1	2.1	4.3	1.9
February	0.3	-6.0	-2.2	0.0	1.9	2.4	2.6	1.2	1.4	3.2	2.0	-0.2	-0.9	2.1	3.5	2.0
March	0.9	-2.7	1.5	-0.1	2.1	2.8	2.7	1.2	1.4	2.8	1.5	-0.2	-0.7	2.1	3.3	2.3
April	0.2	-8.0	6.0	-0.1	2.0	2.5	1.9	1.4	1.4	2.0	2.0	-0.2	-0.4	2.1	2.9	2.2
May	0.4	-7.2	7.2	1.0	1.9	2.4	2.0	1.3	1.1	1.9	1.8	-0.3	-0.2	2.1	3.2	2.2
June	1.8	0.5	5.2	2.0	2.1	2.9	2.1	1.2	0.7	1.0	1.4	-0.1	-0.2	2.1	3.2	2.2
July	1.3	-2.2	6.0	2.0	1.9	2.5	1.8	1.4	0.6	0.5	1.4	-0.1	-0.2	2.1	3.1	2.2
August	1.7	1.2	-2.4	1.9	2.3	3.4	1.9	1.2	0.6	0.2	2.3	-0.1	0.0	2.1	3.5	2.2
September	0.8	-2.2	-10.8	1.9	2.2	3.0	2.0	1.0	0.4	-0.3	2.9	-0.2	-0.1	2.6	3.5	2.2
October	0.7	-3.5	-15.2	1.9	2.2	3.0	2.0	1.0	0.4	0.3	3.8	-0.2	-0.3	2.3	3.6	2.4
November	0.8	-4.4	-15.6	1.9	2.5	3.6	1.7	1.0	0.3	0.1	3.6	-0.1	0.1	2.3	3.5	2.4
December	0.7	-4.4	-13.1	1.9	2.3	3.3	1.3	1.0	0.3	-0.3	2.6	0.1	0.4	2.3	3.8	2.3

(1) Excluding products and services with regulated tariffs.
(2) Excluding products and services with regulated tariffs and fuels and lubricants.
Source: Data from High Commission for Planning and Bank Al-Maghrib calculations.

Table A4.2 Inflation of tradables and non tradables

(In percentage, in annual change)

Period	Price of tradable goods	Price of non tradable goods	Core inflation
2023	**6.4**	**4.5**	**5.6**
January	11.4	4.5	8.4
February	10.7	5.6	8.5
March	10.1	5.2	7.9
April	8.9	5.3	7.3
May	6.9	5.1	6.1
June	5.7	4.8	5.3
July	5.2	4.8	5.1
August	4.7	4.5	4.7
September	4.6	4.1	4.4
October	4.3	3.6	4.0
November	3.2	3.5	3.3
December	2.4	3.3	2.8
2024	**1.2**	**3.5**	**2.2**
January	2.1	3.1	2.5
February	1.8	2.2	1.9
March	1.7	2.6	2.1
April	1.5	2.7	2.0
May	1.1	3.0	1.9
June	1.0	3.6	2.1
July	0.9	3.2	1.9
August	1.1	3.9	2.3
September	0.7	4.2	2.2
October	0.6	4.4	2.2
November	0.9	4.6	2.5
December	0.8	4.3	2.3

Source: Data from High Commission for Planning and Bank Al-Maghrib calculations.

Table A4.3 Industrial producer price index

(In percentage, in annual change)

(Base 100 = 2018)

	2024												Changes in percen-tage 2024/2023
	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	
Extractive industries	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**
Hydrocarbons extraction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining metallic ores	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other extractive industries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Manufacturing industries excluding refining	**0.0**	**-0.9**	**-0.8**	**-1.0**	**-0.8**	**-1.1**	**-1.8**	**-1.4**	**-1.6**	**-1.2**	**-1.1**	**-1.2**	**-1.0**
Food industries	0.2	-1.8	-1.3	-1.3	-1.4	-1.6	-2.0	-1.4	-1.9	-0.6	-0.2	-0.5	-1.1
Beverages manufacturing	1.5	1.3	3.3	4.8	6.5	6.5	5.3	5.3	5.3	5.3	5.3	5.3	4.6
Manufacturing of tobacco products	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Textile manufacturing	0.0	-0.1	-0.6	0.4	0.3	0.3	1.7	1.7	1.4	0.8	0.8	0.2	0.6
Manufacturing of wearing apparel	6.7	6.3	5.4	5.5	5.2	5.1	5.5	5.4	4.3	3.9	3.5	4.8	5.1
Manufacturing of leather and footwear except leather clothing	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.0	0.1
Manufacturing of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0.9	1.7	1.7	-0.1	-0.1	-0.1	0.3	0.3	-0.2	-0.2	-0.2	0.2	0.3
Manufacturing of paper and cardboards	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Printing and reproduction of recorded media	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemical industry	-3.3	-3.9	-3.8	-4.0	-4.1	-4.1	-6.8	-6.8	-6.8	-6.7	-6.7	-6.9	-5.3
Pharmaceutical industry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing of rubber and plastic products	-1.8	-2.9	-3.5	-5.0	-5.4	-5.5	-5.8	-5.8	-6.2	-6.2	-5.5	-5.4	-5.0
Manufacturing of other non-metallic products	3.6	3.6	2.9	1.3	0.7	-0.9	-1.3	-1.4	-1.5	-0.8	0.0	-0.1	0.5
Manufacturing of base metals	-1.3	-4.0	-7.0	-6.8	-2.0	-2.7	-2.0	2.6	1.8	2.0	3.0	2.4	-1.2
Manufacturing of metal products, except machinery and equipment	-0.1	1.0	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Computer, electronic and optics products	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Manufacturing of electric equipment	0.5	-0.1	0.4	0.3	0.8	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Manufacturing of machinery and equipment n.c.e	-1.9	-1.8	0.5	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.1	-0.1
Automotive industry	0.2	-0.1	0.5	0.5	0.8	0.8	0.8	0.8	1.0	1.0	0.6	0.6	0.6
Manufacture of other transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacture of furniture	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Other manufactured industries	9.8	2.4	2.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.9
Production and distribution of electricity	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Production and distribution of water	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source: High commission for planning.

Table A5.1 Imports by main products

(Volume in thousands of tonnes, Value in millions of dirhams)

	2023*		2024**		Changes				Structure of 2024 in percentage(***)	
					Volume		Value			
	Volume	Value	Volume	Value	Absolute	per cent	Absolute	per cent	Volume	Value
TOTAL IMPORTS	**71 764**	**715 752**	**78 868**	**761 272**	**7 104**	**9.9**	**45 520**	**6.4**	**100.0**	**100.0**
FOOD, BEVERAGES AND TOBACCO	**15 248**	**89 620**	**16 299**	**91 592**	**1 051**	**6.9**	**1 972**	**2.2**	**20.7**	**12.0**
Wheat	5 872	19 357	6 298	17 831	426	7.3	-1 526	-7.9	38.6	19.5
Raw or refined sugar	1 680	10 098	1 801	9 980	122	7.2	-119	-1.2	11.1	10.9
Oilcakes and other residues from food industries	2 266	8 975	2 239	6 978	-27	-1.2	-1 997	-22.3	13.7	7.6
Corn	2 492	7 487	2 763	6 548	271	10.9	-939	-12.5	17.0	7.1
Live animals	64	2 857	118	5 577	54	83.5	2 719	95.2	0.7	6.1
Fresh or dried fruit, frozen or in brine	161	3 251	181	4 114	20	12.7	863	26.5	1.1	4.5
Coffee	47	1 498	58	2 605	11	23.4	1 107	73.9	0.4	2.8
Barley	1 124	2 853	1 145	2 597	21	1.9	-256	-9.0	7.0	2.8
Tobacco	18	2 380	15	2 596	-3	-14.9	216	9.1	0.1	2.8
Other food products	1 525	30 863	1 681	32 767	156	10.2	1 904	6.2	10.3	35.8
ENERGY AND LUBRICANTS	**33 337**	**121 997**	**33 874**	**113 827**	**537**	**1.6**	**-8 170**	**-6.7**	**43.0**	**15.0**
Gas oils and fuel oils	6 916	58 162	7 664	57 012	749	10.8	-1 150	-2.0	22.6	50.1
Petroleum gas and other hydrocarbons	12 505	23 936	12 896	21 255	391	3.1	-2 681	-11.2	38.1	18.7
Coals, cokes and similar solid fuels	11 571	16 504	10 733	12 671	-838	-7.2	-3 832	-23.2	31.7	11.1
Petroleum oils and lubricants	1 217	12 173	1 345	12 126	128	10.5	-47	-0.4	4.0	10.7
Other energy products	1 130	11 222	1 236	10 763	107	9.4	-459	-4.1	3.6	9.5
RAW PRODUCTS OF ANIMAL AND PLANT ORIGIN	**1 717**	**17 991**	**1 894**	**17 966**	**176**	**10.3**	**-24**	**-0.1**	**2.4**	**2.4**
Crude or refined soybean oil	475	6 108	554	5 460	79	16.7	-648	-10.6	29.3	30.4
Raw, squared or sawn timber	590	2 850	599	2 972	8	1.4	122	4.3	31.6	16.5
Seeds, spores and fruits used to plant	40	1 376	33	1 574	-6	-16.3	198	14.4	1.8	8.8
Oilseeds and oleaginous fruits	37	887	62	1 395	25	67.2	508	57.3	3.3	7.8
Live plants and floriculture products	15	942	18	1 091	2	14.6	149	15.8	0.9	6.1
Other raw products of animal and vegetable origin	561	5 827	629	5 473	68	12.1	-353	-6.1	33.2	30.5
RAW PRODUCTS OF MINIRAL ORIGIN	**7 842**	**13 907**	**9 842**	**15 299**	**1 999**	**25.5**	**1 392**	**10.0**	**12.5**	**2.0**
Crude and unrefined sulfurs	6 503	8 007	8 288	9 108	1 785	27.5	1 101	13.7	84.2	59.5
Scrap metal, waste, scrap copper, cast iron, iron, steel and other minerals	999	4 267	1 094	4 428	95	9.5	161	3.8	11.1	28.9
Other raw products of mineral origin	341	1 633	460	1 764	119	34.9	131	8.0	4.7	11.5

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its group and the share of each group within the total.
Source: Foreign Exchange Office.

Table A5.1 Imports by main products (continued)

(Volume in thousands of tonnes, Value in millions of dirhams)

	2023*		2024**		Changes				Structure of 2024 in percentage(***)	
					Volume		Value			
	Volume	Value	Volume	Value	Absolute	per cent	Absolute	per cent	Volume	Value
SEMI-FINISHED PRODUCTS	**10 587**	**151 766**	**13 542**	**163 916**	**2 955**	**27.9**	**12 149**	**8.0**	**17.2**	**21.5**
Plastics and miscellaneous plastic articles	1 077	19 946	1 221	21 449	144	13.4	1 503	7.5	9.0	13.1
Chemical products	1 648	13 723	3 053	16 304	1 405	85.3	2 582	18.8	22.5	9.9
Copper wires, bars and profiles	98	9 058	108	10 267	10	10.0	1 208	13.3	0.8	6.3
Ammonia	1 580	8 837	1 849	8 815	269	17.0	-22	-0.2	13.7	5.4
Paper and cardboard, miscellaneous works of paper and cardboard	614	7 309	795	8 202	181	29.4	893	12.2	5.9	5.0
Electronic components (transistors)	1	7 390	1	6 344	0	-23.4	-1 046	-14.2	0.0	3.9
Electrical wires and cables	54	5 048	53	5 205	-1	-1.7	156	3.1	0.4	3.2
Semi-finished products in iron or non-alloy steels	544	3 192	937	5 015	393	72.2	1 824	57.1	6.9	3.1
Flat-rolled products. of iron or non-alloy steel	462	5 561	445	4 858	-17	-3.7	-703	-12.6	3.3	3.0
Pipe accessories and metal construction	104	3 145	190	4 846	86	82.1	1 701	54.1	1.4	3.0
Wires, bars, and profiles of iron or non-alloy steels	476	4 012	596	4 638	120	25.2	626	15.6	4.4	2.8
Raw aluminium, aluminum scrap and powders	164	4 016	168	4 518	4	2.5	502	12.5	1.2	2.8
Prepared wood and articles of wood	425	3 614	573	4 257	147	34.6	643	17.8	4.2	2.6
Other semi-finished products	3 339	56 916	3 554	59 197	215	6.4	2 282	4.0	26.2	36.1
FINISHED PRODUCTS OF AGRICULTURAL EQUIPMENT	**22**	**1 254**	**22**	**1 367**	**0**	**0.7**	**113**	**9.0**	**0.0**	**0.2**
Agricultural machinery and tools	18	1 054	18	1 080	-1	-4.0	26	2.5	80.5	79.0
Tillers and agricultural tractors	3	189	4	274	1	28.0	85	44.9	18.8	20.1
Other finished products of agricultural equipment	0	11	0	12	0	-2.8	2	16.3	0.7	0.9
FINISHED PRODUCTS OF INDUSTRIAL EQUIPMENT	**1 077**	**158 319**	**1 271**	**178 884**	**194**	**18.0**	**20 565**	**13.0**	**1.6**	**23.5**
Apparatus for breaking or connecting electrical circuits and resistors	32	14 422	38	16 568	7	20.6	2 146	14.9	3.0	9.3
Piston engines, other motors and its parts	108	15 296	107	15 803	-1	-0.8	507	3.3	8.4	8.8
Parts of airplanes and other air or space vehicles	3	13 081	3	14 502	0	5.5	1 421	10.9	0.3	8.1
Wires, cables and other insulated conductors for electricity	66	13 513	68	13 578	2	2.8	65	0.5	5.3	7.6
Miscellaneous machines and devices	99	12 088	106	12 414	7	6.7	326	2.7	8.3	6.9
Utility cars	75	8 069	101	11 041	26	35.0	2 971	36.8	7.9	6.2

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its group, and the share of each group within the total.
Source: Foreign Exchange Office.

Table A5.1 Imports by main products (end)

(Volume in thousands of tonnes / Value in millions of dirhams)

	2023*		2024**		Changes				Structure of 2024 in percentage(***)	
					Volume		Value			
	Volume	Value	Volume	Value	Absolute	per cent	Absolute	per cent	Volume	Value
Pumps and compressors	44	4 591	55	5 724	11	25.8	1 133	24.7	4.4	3.2
Electrical devices for line telephony or telegraphy	4	7 095	4	5 375	0	-10.1	-1 721	-24.3	0.3	3.0
Bandages and tires	80	4 272	90	4 722	10	11.9	451	10.6	7.1	2.6
Measuring, control or precision instruments	9	3 752	12	4 576	3	27.8	824	22.0	0.9	2.6
Medical-surgical instruments and devices	8	3 868	10	4 545	1	15.3	676	17.5	0.8	2.5
Centrifuges and devices for the filtration of liquids or gases	14	2 758	21	4 219	7	48.0	1 461	53.0	1.7	2.4
Turbo-jets and turbo-propellers and their parts	0	3 421	0	4 054	0	-7.1	633	18.5	0.0	2.3
Automatic data processing machines and their parts	4	3 598	4	3 912	0	5.8	315	8.7	0.3	2.2
Airplanes and other air or space vehicles	0	2 120	0	3 765	0	26.5	1 645	77.6	0.0	2.1
Other finished product of industrial equipment	530	46 375	652	54 086	122	23.0	7 711	16.6	51.3	30.2
FINISHED CONSUMER PRODUCTS	**1 933**	**160 278**	**2 124**	**177 482**	**191**	**9.9**	**17 204**	**10.7**	**2.7**	**23.3**
Parts and accessories for cars and passenger vehicles	323	30 834	324	33 608	1	0.4	2 774	9.0	15.3	18.9
Passenger cars	159	22 189	176	24 093	17	10.4	1 904	8.6	8.3	13.6
Fabrics and yarns of man-made fibers	116	11 709	127	12 688	11	9.8	979	8.4	6.0	7.1
Medicines and other pharmaceutical products	11	9 198	12	10 841	1	10.8	1 643	17.9	0.6	6.1
Miscellaneous articles of plastics	151	8 906	161	9 740	9	6.2	834	9.4	7.6	5.5
Ready made garments	113	7 578	142	8 531	29	25.9	953	12.6	6.7	4.8
Seats, furniture, mattresses and lighting items	116	5 335	129	5 714	12	10.7	379	7.1	6.1	3.2
Perfumery or toiletry products and cosmetic preparations	54	3 987	62	4 308	8	15.3	320	8.0	2.9	2.4
Cotton fabrics and yarns	35	3 949	37	3 966	1	4.1	17	0.4	1.7	2.2
Household hardware and home improvement items	56	2 849	69	3 516	14	24.8	667	23.4	3.3	2.0
Radio and television receivers	18	3 567	20	3 379	1	7.9	-189	-5.3	0.9	1.9
Hosiery items	14	2 629	17	3 019	3	24.1	389	14.8	0.8	1.7
Other finished consumer products	767	47 548	848	54 081	81	10.6	6 534	13.7	39.9	30.5
INDUSTRIAL GOLD	**0**	**621**	**0**	**939**	**0**	**-98.9**	**318**	**51.2**	**0.0**	**0.1**

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its group, and the share of each group within the total.
Source: Foreign Exchange Office.

Table A5.2 Exports by main products

(Volume in thousands of tonnes / Value in millions of dirhams)

	2023*		2024**		Changes				Structure of 2024 in percentage(***)	
					Volume		Value			
	Volume	Value	Volume	Value	Absolute	per cent	Absolute	per cent	Volume	Value
TOTAL EXPORTS	**31 102**	**430 209**	**35 395**	**456 342**	**4 293**	**13.8**	**26 133**	**6.1**	**100.0**	**100.0**
FOOD PRODUCTS, BEVERAGES AND TOBACCO	**3 947**	**76 866**	**4 297**	**81 041**	**350**	**8.9**	**4 175**	**5.4**	**12.1**	**17.8**
Crustaceans, molluscs and seashell	130	12 261	127	11 849	-3	-2.0	-412	-3.4	3.0	14.6
Fresh tomatoes	659	11 553	767	11 467	109	16.5	-86	-0.7	17.9	14.1
Fresh, frozen or pickled vegetables	549	7 482	665	8 284	116	21.1	802	10.7	15.5	10.2
Prepared and preserved fish and crustacean	175	8 627	149	8 088	-26	-14.8	-539	-6.2	3.5	10.0
Strawberries and raspberries	129	5 400	151	7 277	22	16.8	1 877	34.8	3.5	9.0
Fresh or dried fruit, frozen or in brine	125	5 129	172	6 898	47	37.7	1 769	34.5	4.0	8.5
Fresh, salted, dried or smoked fish	326	4 755	351	5 035	25	7.8	279	5.9	8.2	6.2
Other products	1 855	21 659	1 915	22 143	60	3.2	484	2.2	44.6	27.3
ENERGY PRODUCTS AND LUBRICANTS	**443**	**5 190**	**484**	**5 156**	**41**	**9.2**	**-34**	**-0.7**	**1.4**	**1.1**
Petroleum oils and lubricants	440	4 794	482	4 933	42	9.5	139	2.9	99.7	95.7
Other energy products	3	396	2	223	**-1**	-33.7	-173	-43.8	0.3	4.3
RAW PRODUCTS OF ANIMAL AND VEGETABLE ORIGIN	**230**	**7 090**	**230**	**6 319**	**0**	**0.1**	**-771**	**-10.9**	**0.6**	**1.4**
Fish fats and oils	37	2 275	21	1 268	-16	-42.8	-1 007	-44.3	9.2	20.1
Inedible animal by-products	55	1 214	50	1 237	-5	-9.3	23	1.9	21.8	19.6
Crude or refined olive oil	12	575	15	904	3	27.8	328	57.1	6.7	14.3
Plants and parts of plants	25	812	32	801	7	28.4	-11	-1.4	13.9	12.7
Live plants and floriculture products	10	273	11	342	1	5.7	69	25.4	4.8	5.4
Other crude or refined vegetable oils	1	309	1	308	0	-9.1	-1	-0.3	0.5	4.9
Gums. resins and other plant juices and extracts	1	271	1	270	1	90.4	-1	-0.2	0.5	4.3
Other raw products of animal and vegetable origin	88	1 362	98	1 190	10	11.1	-172	-12.6	42.6	18.8
RAW PRODUCTS OF MINERAL ORIGIN	**9 471**	**16 105**	**12 465**	**15 858**	**2 994**	**31.6**	**-246**	**-1.5**	**35.2**	**3.5**
Phosphates	4 566	7 743	6 802	8 562	2 236	49.0	819	10.6	54.6	54.0
Copper ore	130	1 589	117	1 659	-13	-10.0	69	4.4	0.9	10.5
Scrap metal, waste, scrap copper, cast iron, iron, steel and other minerals	95	2 492	57	1 187	-38	-40.1	-1 306	-52.4	0.5	7.5
Barium sulfate	1 036	1 130	932	1 046	-105	-10.1	-83	-7.4	7.5	6.6
Other raw products of mineral origin	3 644	3 150	4 558	3 404	913	25.1	254	8.1	36.6	21.5

(*) Revised.
(**) Provisional.
(***) Represents the share of each product in its group, and the share of each group within the total.
Source: Foreign Exchange Office.

Table A5.2 Exports by main products (continued and end)

(Volume in thousands of tonnes / Value in millions dirhams)

	2023*		2024**		Changes				Structure of 2024 in percentage(***)	
					Volume		Value			
	Volume	Value	Volume	Value	Absolute	per cent	Absolute	per cent	Volume	Value
SEMI-FINISHED PRODUCTS	**15 377**	**95 455**	**16 280**	**107 460**	**903**	**5.9**	**12 005**	**12.6**	**46.0**	**23.5**
Natural and chemical fertilizers	10 949	56 020	12 370	64 103	1 421	13.0	8 082	14.4	76.0	59.7
Phosphoric acid	1 871	12 933	2 209	14 420	338	18.1	1 487	11.5	13.6	13.4
Electronic components (transistors)	1	8 444	2	7 721	1	58.1	-723	-8.6	0.0	7.2
Electrical wires and cables	17	2 363	39	5 301	22	127.2	2 938	124.3	0.2	4.9
Copper and copper alloys	7	451	16	1 294	9	133.8	843	186.8	0.1	1.2
Other base metals and articles thereof	3	1 333	2	1 262	0	-9.5	-71	-5.3	0.0	1.2
Raw silver and semi-finished silver	0	1 281	0	1 155	0	-23.4	-126	-9.9	0.0	1.1
Insulators and insulating parts	5	926	6	1 083	1	22.9	157	16.9	0.0	1.0
Others semi-finished products	2 524	11 704	1 635	11 121	-889	-35.2	-583	-5.0	10.0	10.3
FINISHED PRODUCTS OF AGRICULTURAL EQUIPMENT	**1**	**204**	**2**	**197**	**1**	**48.5**	**-7**	**-3.7**	**0.0**	**0.0**
Agricultural machinery and tools	1	42	1	54	1	90.9	12	28.8	77.9	27.5
Tillers and agricultural tractors	0	7	0	2	0	-56.3	-5	-65.1	4.4	1.3
Others finished products of agricultural equipment	0	155	0	140	0	7.5	-15	-9.7	17.7	71.3
FINISHED PRODUCTS OF INDUSTRIAL EQUIPMENT	**368**	**83 595**	**332**	**87 585**	**-36**	**-9.7**	**3 990**	**4.8**	**0.9**	**19.2**
Wires, cables and other insulated conductors for electricity	237	47 997	228	47 730	-9	-3.8	-267	-0.6	68.5	54.5
Parts of airplanes and other air or space vehicles	3	12 700	3	16 136	1	19.9	3 436	27.1	1.0	18.4
Apparatus for breaking or connecting electrical circuits and resistors	20	9 492	21	10 805	1	4.5	1 312	13.8	6.2	12.3
Electrical apparatus for line telephony or telegraphy	0	1 994	0	1 982	0	0.0	-11	-0.6	0.1	2.3
Other finished products of industrial equipment	108	11 412	80	10 931	-28	-25.9	-480	-4.2	24.2	12.5
FINISHED CONSUMER PRODUCTS	**1 265**	**145 509**	**1 305**	**152 435**	**40**	**3.2**	**6 926**	**4.8**	**3.7**	**33.4**
Passenger cars	580	64 753	600	67 990	20	3.5	3 237	5.0	46.0	44.6
Ready made garments	83	29 530	85	29 615	3	3.0	85	0.3	6.6	19.4
Parts and accessories for cars and passenger vehicles	224	15 341	238	17 101	14	6.2	1 760	11.5	18.3	11.2
Hosiery items	44	8 937	47	9 124	2	5.4	187	2.1	3.6	6.0
Seats, furniture, mattresses and lighting items	32	3 998	37	5 815	5	15.0	1 818	45.5	2.8	3.8
Other finished consumer products	301	22 950	297	22 790	-4	-1.4	-160	-0.7	22.8	15.0
INDUSTRIAL GOLD	**0**	**196**	**0**	**292**	**0**	**9.0**	**95**	**48.6**	**0.0**	**0.1**

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its group, and the share of each group within the total.
Source: Foreign Exchange Office.

Table A5.3 Distribution of foreign trade by main partners

(In millions of dirhams)

	Exports FOB		Imports CIF		Balance	
	2023*	2024**	2023*	2024**	2023*	2024**
TOTAL	**430 209**	**456 342**	**715 752**	**761 272**	**-285 543**	**-304 930**
EUROPE	**308 721**	**325 825**	**416 096**	**429 054**	**-107 375**	**-103 229**
Spain	96 966	100 650	112 197	118 813	-15 231	-18 162
France	87 476	87 207	75 624	71 354	11 852	15 853
Italy	22 307	23 706	34 433	34 578	-12 127	-10 872
Germany	18 395	23 451	35 356	39 827	-16 961	-16 376
Turkey	11 833	11 648	36 567	39 253	-24 734	-27 605
Portugal	6 924	7 356	16 653	19 814	-9 730	-12 458
Russia	998	811	9 076	5 973	-8 079	-5 162
Other European countries	63 823	70 996	96 190	99 442	-32 367	-28 446
ASIA	**40 114**	**46 013**	**176 911**	**198 474**	**-136 797**	**-152 461**
China	3 550	3 998	76 018	90 234	-72 469	-86 236
Arab countries of the Middle East	5 048	5 464	50 700	49 787	-45 652	-44 323
India	12 335	14 602	15 001	15 732	-2 666	-1 130
Republic of Korea	433	525	6 733	6 712	-6 300	-6 188
Japan	1 771	1 811	4 759	5 660	-2 987	-3 849
Singapore	964	1 577	4 336	4 480	-3 372	-2 902
Thailand	380	340	1 829	2 249	-1 449	-1 909
Malaysia	258	440	1 964	1 269	-1 707	-829
Other Asian countries	15 375	17 255	15 570	22 352	-195	-5 096
AMERICA	**37 871**	**39 579**	**99 449**	**106 088**	**-61 578**	**-66 509**
United States	12 694	13 787	60 316	70 771	-47 622	-56 984
Brazil	12 197	13 173	15 776	15 585	-3 579	-2 412
Canada	2 837	3 778	7 158	7 855	-4 321	-4 077
Argentina	3 350	3 430	5 904	4 815	-2 554	-1 385
Mexico	3 292	2 708	1 761	1 741	1 531	967
Chili	590	869	412	395	178	474
Other American countries	2 912	1 834	8 122	4 927	-5 211	-3 092
AFRICA	**32 661**	**31 621**	**20 079**	**24 415**	**12 582**	**7 206**
Egypt	528	755	9 361	12 568	-8 833	-11 813
Tunisia	1 377	1 430	2 929	2 824	-1 553	-1 393
South Africa	285	287	2 329	1 740	-2 044	-1 453
Nigeria	1 093	1 047	407	1 342	686	-295
Libya	859	877	1 371	1 022	-512	-145
Algeria	654	67	650	810	3	-743
Ivory Coast	4 758	3 575	332	649	4 426	2 927
Senegal	3 111	3 033	294	589	2 817	2 445
Other African countries	19 997	20 549	2 405	2 872	17 591	17 678
OCEANIA and MISCELLANEOUS	**10 841**	**13 303**	**3 216**	**3 240**	**7 625**	**10 062**

(*) Revised.
(**) Provisional.
Source: Foreign Exchange Office.

Table A5.4 Balance of payment

(In millions of dirhams)

	2024*		
	Credit	Debit	Balance
CURRENT ACCOUNT TRANSACTIONS			
GOODS AND SERVICES	**670 632**	**802 543**	**-131 911**
GOODS	**390 757**	**660 832**	**-270 075**
General merchandise	389 459	659 961	-270 502
Net exports of goods under merchanting	1 224	-	+1 224
Non-monetary gold	74	871	-797
SERVICES	**279 875**	**141 711**	**+138 164**
Manufacturing services performed on physical inputs detained by others	21 976	24	+21 952
Maintenance and repairing services n.i.e (1)	4 362	1 583	+2 779
Transport	44 176	58 193	-14 017
Sea transport	21 074	40 910	-19 836
Air transport	19 892	12 344	+7 548
Other modes of transport	3 079	4 340	-1 261
Postal and courier services	131	599	-468
Travel	112 536	29 423	+83 113
Business	5 065	1 346	+3 719
Personal	107 471	28 077	+79 394
Construction	4 551	3 888	+663
Insurance and pension services	1 305	1 993	-688
Financial services	1 425	826	+599
Charges for the use of intellectual property n.i.e	92	2 160	-2 068
Telecommunications, computer and information services	26 151	8 954	+17 197
Other business services	55 287	18 108	+37 179
Personal, cultural and recreational services	2 283	954	+1 329
Government goods and services n.i.e	5 731	15 605	-9 874
PRIMARY INCOME	**13 934**	**37 615**	**-23 681**
Investment income	13 606	37 582	-23 976
Direct investment	9 970	20 244	-10 274
Portfolio investment	62	5 963	-5 901
Other investment	14	11 375	-11 361
Reserve assets	3 560	-	+3 560
Other primary income	328	33	+295
SECONDARY INCOME	**144 192**	**7 130**	**+137 062**
Public	4 720	1 126	+3 594
Private	139 472	6 004	+133 468
CURRENT ACCOUNT BALANCE	**828 758**	**847 288**	**-18 530**
CAPITAL ACCOUNT			
Net lending (+) / net borrowing (-)			**-18 530**

(*) Provisional.
(1) Not included elsewhere.
Source: Foreign Exchange Office.

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Table A5.4 Balance of payment (continued)

(In millions of dirhams)

	2024*		
	Net acquisition of financial assets	Net incurrence of liabilities	Balance
FINANCIAL ACCOUNT			
DIRECT INVESTMENTS	**6 896**	**16 292**	**-9 396**
Equity and investment fund shares	5 671	9 106	-3 435
Debt instruments	1 225	7 186	-5 961
PORTFOLIO INVESTMENTS	**4 864**	**3 886**	**+978**
Equity and investment fund shares	-586	2 038	-2 624
Debt securities	5 450	1 848	+3 602
FINANCIAL DERIVATIVES	**-2 199**	**-2 176**	**-23**
OTHER INVESTMENTS	**20 127**	**16 244**	**+3 883**
Other equity	82	-	+82
Currency and deposits	14 238	-4 978	+19 216
Loans	-182	21 552	-21 734
Insurance, pension and standard guarantee systems	-14	70	-84
Trade credits and advances	6 003	-400	+6 403
RESERVE ASSETS	**4 994**	**-**	**+4 994**
TOTAL ASSETS/LIABILITIES	**34 682**	**34 246**	**+436**
Net lending (+) / net borrowing (-)			**+436**
Net errors and omissions			+18 966

(*) Provisional.
Source: Foreign Exchange Office.

Table A5.5 International investment position

(In millions of dirhams)

	2023*			2024**		
	Asset	Liability	Balance	Asset	Liability	Balance
Direct investment	**110 334.0**	**589 031.7**	**-478 697.7**	**114 539.7**	**621 778.8**	**-507 239.1**
Equity and investment fund shares	**74 076.0**	**498 230.2**	**-424 154.2**	**77 829.4**	**528 775.6**	**-450 946.2**
Direct investor in direct investment enterprises	74 076.0	498 230.2	-424 154.2	77 829.4	528 775.6	-450 946.2
Debt instruments	**36 257.9**	**90 801.5**	**-54 543.5**	**36 710.3**	**93 003.2**	**-56 292.9**
Direct investor in direct investment enterprises	36 257.9	90 801.5	-54 543.5	36 710.3	93 003.2	-56 292.9
Portfolio investment	**17 367.3**	**154 949.7**	**-137 582.4**	**22 304.2**	**166 896.7**	**-144 592.5**
Equity and investment funds shares	**11 974.2**	**36 793.7**	**-24 819.5**	**11 363.7**	**44 495.7**	**-33 132.0**
Deposit-taking corporations, other than the central bank	759.3	12 543.4	-11 784.1	750.0	15 848.7	-15 098.7
Other sectors	11 214.9	24 250.3	-13 035.4	10 613.7	28 647.0	-18 033.3
Other financial corporations	2 614.7	2 908.9	-294.2	1 795.6	4 071.4	-2 275.8
Nonfinancial corporations, households and NPISHs	8 600.2	21 341.4	-12 741.2	8 818.1	24 575.6	-15 757.5
Debt securities	**5 393.1**	**118 156.0**	**-112 762.9**	**10 940.5**	**122 401.0**	**-111 460.5**
Deposit-taking corporations, other than the central bank	5 142.6	-	5 142.6	10 684.5	-	10 684.5
General government	-	86 558.0	-86 558.0	-	77 589.0	-77 589.0
Other sectors	250.5	31 598.0	-31 347.5	256.0	44 812.0	-44 556.0
Other financial corporations	250.5	-	250.5	256.0	-	256.0
Nonfinancial corporations, households and NPISHs***	-	31 598.0	-31 598.0	-	44 812.0	-44 812.0
Financial derivatives (other than reserves) and employees stock-options	**599.8**	**260.5**	**339.3**	**756.5**	**201.6**	**554.9**
Other investment	**90 888.5**	**501 611.4**	**-410 722.9**	**109 751.8**	**506 186.6**	**-396 434.8**
Other equity	**4 658.9**	**-**	**4 658.9**	**4 736.9**	**-**	**4 736.9**
Currency and deposits	**64 912.9**	**45 175.8**	**19 737.1**	**78 528.0**	**39 922.0**	**38 606.0**
Central bank	1 639.8	2 583.3	-943.5	731.3	2 563.2	-1 831.9
Deposit-taking corporations, other than the central bank	60 509.4	42 592.5	17 916.9	75 183.6	37 358.8	37 824.8
Other sectors	2 763.7	-	2 763.7	2 613.1	-	2 613.1
Other financial corporations	96.0	-	96.0	94.6	-	94.6
Nonfinancial corporations, households and NPISHs	2 667.7	-	2 667.7	2 518.5	-	2 518.5
Loans	**350.9**	**367 220.9**	**-366 870.0**	**491.0**	**377 520.5**	**-377 029.5**
Central bank	-	19 899.6	-19 899.6	-	7 094.4	-7 094.4
Deposit-taking corporations, other than the central bank	350.9	9 841.3	-9 490.4	491.0	9 187.8	-8 696.8
General government	-	170 092.0	-170 092.0	-	194 973.0	-194 973.0
Other sectors	-	167 388.0	-167 388.0	-	166 265.3	-166 265.3
Other financial corporations	-	626.3	-626.3	-	526.1	-526.1
Nonfinancial corporations, households and NPISHs	-	166 761.7	-166 761.7	-	165 739.2	-165 739.2
Insurance, pension and standard guarantee systems	**4 576.0**	**3 280.6**	**1 295.4**	**4 561.9**	**3 350.8**	**1 211.1**
Trade credit and advances	**16 389.8**	**67 034.2**	**-50 644.4**	**21 434.0**	**66 616.0**	**-45 182.0**
Other sectors	16 389.8	67 034.2	-50 644.4	21 434.0	66 616.0	-45 182.0
Nonfinancial corporations, households and NPISH	16 389.8	67 034.2	-50 644.4	21 434.0	66 616.0	-45 182.0
Other accounts receivable / payable	**-**	**70.0**	**-70.0**	**-**	**70.0**	**-70.0**
Other sectors	**-**	70.0	-70.0	**-**	70.0	-70.0
Nonfinancial corporations, households and NPISH	-	70.0	-70.0	-	70.0	-70.0
Special drawing rights	**-**	**18 829.9**	**-18 829.9**	**-**	**18 707.3**	**-18 707.3**
Reserve assets	**359 411.8**	**-**	**359 411.8**	**375 397.3**	**-**	**375 397.3**
Monetary gold	14 532.8	-	14 532.8	18 781.9	-	18 781.9
Special drawing rights	19 449.2	-	19 449.2	20 426.0	-	20 426.0
Reserve position in the IMF	1 992.1	-	1 992.1	1 979.1	-	1 979.1
Other reserve assets	323 437.7	-	323 437.7	334 210.3	-	334 210.3
TOTAL ASSETS/LIABILITIES	**578 601.4**	**1 245 853.3**	**-667 251.9**	**622 749.5**	**1 295 063.7**	**-672 314.2**

(*) Revised.
(**) Provisional.
(***) Non-profit institution serving household
Source: Foreign Exchange Office.

Table A6.1 Treasury revenue and expenditure

(In millions of dirhams)

	2023			2024			Changes in percentage Realization
	Realization(*)	FA	Implementation rate compared to FA (per cent)	Realization(**)	FA	Implemantation rate compared to FA (per cent)	
CURRENT REVENUE	**354 804**	**341 720**	**103.8**	**409 129**	**371 747**	**110.1**	**15.3**
Tax revenues	**295 505**	**289 272**	**102.2**	**338 413**	**308 044**	**109.9**	**14.5**
Direct taxes	116 504	113 165	103.0	135 074	116 942	115.5	15.9
Corporate tax	61 952	60 914	101.7	70 339	59 918	117.4	13.5
Income tax	50 656	47 931	105.7	60 144	52 739	114.0	18.7
Other direct taxes	3 896	4 320	90.2	4 591	4 286	107.1	17.8
Indirect taxes (1)	142 576	145 141	98.2	164 012	156 099	105.1	15.0
VAT	109 796	113 329	96.9	127 553	124 158	102.7	16.2
Interior	33 979	35 876	94.7	42 681	42 004	101.6	25.6
Import	75 817	77 453	97.9	84 872	82 154	103.3	11.9
ICT	32 780	31 813	103.0	36 459	31 940	114.1	11.2
Tobacco	13 651	12 500	109.2	14 779	12 500	118.2	8.3
Energy products	16 161	16 602	97.3	18 062	16 640	108.5	11.8
Others	2 967	2 711	109.5	3 618	2 800	129.2	21.9
Customs duties	16 436	15 019	109.4	17 814	15 728	113.3	8.4
Registration fees and stamp duties	19 989	15 947	125.3	21 513	19 276	111.6	7.6
Non-tax revenues (2)	**55 183**	**49 148**	**112.3**	**66 149**	**60 253**	**109.8**	**19.9**
Revenues from state-owned entreprises	13 987	19 464	71.9	16 610	19 480	85.3	18.7
Other revenues	41 196	29 684	138.8	49 540	40 773	121.5	20.3
Revenues from "Innovative financing mechanisms"	25 432	25 000	101.7	35 271	35 000	100.8	38.7
Revenues of Certain Special Treasury accounts	**4 116**	**3 300**	**124.7**	**4 566**	**3 450**	**132.3**	**10.9**
OVERALL EXPENDITURE	**436 957**	**416 594**	**104.9**	**465 341**	**444 709**	**104.6**	**6.5**
Current expenditure	**326 215**	**325 456**	**100.2**	**347 958**	**344 278**	**101.1**	**6.7**
Goods and services	231 991	234 912	98.8	250 328	252 845	99.0	7.9
Wage bill	151 767	155 794	97.4	164 631	161 623	101.9	8.5
Other goods and services	80 224	79 117	101.4	85 697	91 221	93.9	6.8
Debt expense	31 221	29 966	104.2	33 893	37 229	91.0	8.6
Interior	22 930	23 291	98.4	23 399	26 975	86.7	2.0
Foreign	8 291	6 675	124.2	10 494	10 254	102.3	26.6
Subsidies	30 064	26 580	113.1	25 470	16 957	150.2	-15.3
Transfers to territorial authorities	32 939	33 999	96.9	38 266	37 247	102.7	16.2
CURRENT BALANCE	**28 589**	**16 264**	**-**	**61 171**	**27 469**	**-**	**-**
Capital expenditure	**110 742**	**91 138**	**121.5**	**117 383**	**100 431**	**116.9**	**6.0**
Special Treasury accounts Balance	**16 388**	**4 200**	**390.2**	**-6 419**	**6 000**	**-**	**-**
BUDGET BALANCE	**-65 765**	**-70 674**	**-**	**-62 631**	**-66 962**	**-**	**-**
CHANGE IN PENDING OPERATIONS	**-9 178**	**-**	**-**	**5 232**	**-**	**-**	**-**
FINANCING NEED OR SURPLUS	**-74 944**	**-70 674**	**106.0**	**-57 399**	**-66 962**	**-**	**-**
Foreign financing	**34 962**	**52 532**	**66.6**	**18 967**	**51 131**	**-**	**-**
Draws	45 502	60 000	75.8	40 364	70 000	-	-
Amortization	-10 540	-7 468	141.1	-21 397	-18 869	-	-
Interior financing	**38 375**	**13 142**	**292.0**	**36 732**	**10 831**	**-**	**-**
Proceeds from the sale of State's holdings	**1 607**	**5 000**	**32.1**	**1 700**	**5 000**	**-**	**-**

(*) Revised.
(**) Preliminary.
(1) Including the share of the VAT receipts transferred to territorial authorities.
(2) Excluding proceeds from the sale of state's holdings.
Source: Ministry of Economy and Finance.

Table A7.1 Main exchange rates quoted by Bank Al-Maghrib and effective exchange rate

End of period	2023		2024												
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average
1 EURO (1)	10.957	10.964	10.863	10.856	10.937	10.845	10.796	10.708	10.706	10.747	10.797	10.732	10.577	10.497	10.757
1 DOLLAR (1)	10.136	10.055	9.962	10.061	10.064	10.111	9.985	9.946	9.872	9.769	9.724	9.841	9.954	10.016	9.942
REAL EFFECTIVE EXCHANGE RATE(*)	99.468	99.783			99.348			100.144			101.227			101.797	100.629
NOMINAL EFFECTIVE EXCHANGE RATE(*)	118.698	120.288			121.605			123.408			124.881			126.040	123.980

(*) Quarterly data.
(1) Monthly average reference exchange rate.
Source: Bank Al-Maghrib.

Table A7.2 Development of the foreign exchange market activity

(In millions of dirhams)

	2024												Annual average 2024
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Spot operations													
Sale/purchase of foreign currency against foreign currency with foreign correspondants	115 205	164 295	153 826	124 352	158 624	111 222	117 882	135 372	138 944	158 753	144 545	131 319	137 862
Interbank sale/purchase operations against the Moroccan Dirham(*)	44 984	53 486	52 568	45 455	52 571	47 529	44 630	44 326	38 440	43 540	40 219	43 208	45 913
Foreign currency investments abroad	13 908	16 823	25 056	22 486	20 351	19 929	19 182	22 395	31 239	24 469	29 133	23 352	22 360
Foreign currency sale by BAM to the banks	0	0	0	0	0	0	0	0	0	0	0	0	0
Forward operations													
Forward purchase of foreign currency by banks customers (import coverage)	15 507	15 202	13 587	15 620	19 506	15 074	17 897	17 969	15 395	16 192	18 382	15 229	16 297
Forward sale of foreign currency by banks customers (export coverage)	2 393	4 156	3 649	2 089	2 700	2 494	1 937	1 682	2 874	2 118	1 928	2 930	2 579

(*) The series of the volume processed on the interbank foreign exchange market now includes purchase or sale transactions against the Moroccan Dirham on the local interbank market (one-way), plus the transactions carried out between local and foreign banks.

Source: Bank Al-Maghrib.

Table A7.3 Autonomous liquidity factors (1) and Bank Al-Maghrib monetary operations(2)

(In millions of dirhams)

	Dec- 23	Jan- 24	Feb- 24	March- 24	April- 24	May- 24	June- 24	July- 24	Aug- 24	Sept- 24	Oct- 24	Nov- 24	Dec- 24
Banknotes and coins	412 752	411 981	413 532	416 774	422 904	427 390	438 660	441 486	445 540	445 030	444 502	446 486	444 273
Treasury's net position (3)	10 940	7 612	4 464	13 951	1 956	5 337	3 864	4 512	7 026	6 041	6 029	3 584	7 466
Bank Al-Maghrib net foreign exchange holdings	321 876	320 780	322 365	324 734	323 932	336 907	333 009	334 933	335 328	339 456	335 237	343 669	349 973
Other factors net	-9 632	-12 789	-12 464	-10 539	-15 820	-9 215	-9 045	-17 553	-17 172	-25 185	-24 734	-24 562	-26 259
Bank structural liquidity position (4)	-111 449	-111 602	-108 095	-116 530	-116 747	-105 035	-118 559	-128 619	-134 409	-136 799	-140 028	-130 963	-128 026
Reserve requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidity surplus or deficit	-111 449	-111 602	-108 095	-116 530	-116 747	-105 035	-118 559	-128 619	-134 409	-136 799	-140 028	-130 963	-128 026
Bank Al-Maghrib money market operations	**121 585**	**121 796**	**123 416**	**125 930**	**130 027**	**118 194**	**138 835**	**141 250**	**145 257**	**149 738**	**150 328**	**151 812**	**152 047**
7-days liquidity injection tenders	52 040	49 390	46 178	44 942	48 183	33 782	54 423	57 023	61 584	64 815	61 568	62 790	65 525
Repo	41 814	45 193	49 367	51 955	50 869	51 576	51 707	52 202	49 197	49 316	51 896	51 820	50 785
Overnight liquidity injections	-	-	-	-	-	-	-	-	-	-	-	-	-
Guaranteed loans	26 045	25 559	26 313	27 475	29 384	31 144	31 013	30 295	32 630	33 761	35 056	35 509	34 044
Foreign exchange Swap	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Outstanding volume at the end of the month.

(2) Calculated on the basis of end-of-week averages.

(3) The Treasury's net position is the difference between, on the one hand, the total of advances granted to the Treasury and the treasury bonds acquired though open market operations held by Bank Al-Maghrib, and on the other hand, the total of accounts of the Treasury and Hassan II Fund for economic and social development.

(4) Bank's structural liquidity position is the net effect of autonomous factors on bank liquidity It is calculated as follows : BSLP = Net foreign assets of Bank Al-Maghrib + Treasury's net position + Other factors net - Banknotes and coins in circulation.

Source: Bank Al-Maghrib.

Table A7.4 Money market rates in 2024

(in percentage)

Month	Bank Al-Maghrib's monetary operations rate(*)		Interbank market rate	
	7-days liquidity injections	Overnight liquidity injections	Monthly average	End of month
January	3.00	4.00	3.01	3.00
February	3.00	4.00	3.00	3.00
March	3.00	4.00	3.00	3.01
April	3.00	4.00	3.00	3.00
May	3.00	4.00	3.00	3.00
June	2.96	3.96	2.96	2.75
July	2.75	3.75	2.75	2.75
August	2.75	3.75	2.75	2.75
September	2.75	3.75	2.75	2.75
October	2.75	3.75	2.75	2.76
November	2.75	3.75	2.75	2.75
December	2.65	3.65	2.64	2.53

(*) Monthly avrage.
Source: Bank Al-Maghrib.

Table A7.5 Passbook saving accounts interest rate

(in percentage)

	2023		2024	
	January -June	July- December	January -June	July- December
Savings accounts (1)	1.51	2.98	2.73	2.48

(1) The minimum rate on savings books is equal to the weighted average rate of 52-week treasury bills issued by tender during the previous semester minus 50 basis points.
Source: Bank Al-Maghrib.

Table A7.6 Term deposits rates in 2024

(in percentage)

Month	6-month deposits	12- month deposits
January	2.59	2.81
February	2.65	2.95
March	2.38	2.82
April	2.40	2.96
May	2.51	3.03
June	2.77	3.20
July	2.67	2.74
August	2.73	2.53
September	2.92	2.52
October	2.68	2.89
November	2.35	2.74
December	2.33	3.00

Source: Bank Al-Maghrib.

Table A7.7 Weighted average rates of treasury bills and bonds issued by auction

(in percentage)

Months		Maturities										
		32-days bills	45-days bills	13-weeks bills	26-weeks bills	52-weeks bills	2-years bonds	5-years bonds	10-years bonds	15-years bonds	20-years bonds	30-years bonds
2023	January	-	-	3.17	3.30	3.52	3.70	3.90	4.20	-	4.75	-
	February	-	-	-	3.15	3.45	3.84	4.07	4.55	-	-	-
	March	-	-	-	-	3.41	3.85	-	-	4.97	5.17	5.59
	April	-	-	3.03	3.18	3.50	3.96	4.25	-	-	-	-
	May	-	-	3.00	3.16	3.39	3.86	4.19	4.65	5.03	5.31	-
	June	-	-	3.00	3.10	3.34	3.56	4.03	4.45	4.84	5.30	-
	July	-	-	2.95	3.08	3.30	3.49	3.82	4.21	4.68	4.98	5.41
	August	-	-	2.94	-	3.25	-	3.82	-	4.62	-	-
	September	-	-	2.94	3.05	3.24	3.48	-	4.19	4.62	4.95	-
	October	-	-	2.91		3.20	3.46	3.83	4.19	4.59	4.92	5.39
	November	-	-	2.88	2.98	3.08	3.39	3.74	4.19	4.57	4.91	-
	December	-	-	-	-	-	3.30	3.57	4.04	4.35	4.80	5.25
2024	January	-	-	2.85	2.87	3.03	3.22	3.40	3.86	4.08	4.58	5.15
	February	-	-	2.90		-	3.30	-	3.76	4.05	4.29	-
	March	-	-	-	2.85	2.94	3.22	3.43	3.74	4.02	4.23	4.90
	April	-	-	2.86	2.85	-	3.24	3.43	3.74	4.02	4.22	4.89
	May	-	-	2.86	-	-	3.20	3.44	3.75	4.03	4.22	-
	June	-	-	2.88	-	-	3.27		3.77	4.03	4.22	4.87
	July	-	-	2.70	2.75	2.79	2.92	3.24	3.57	3.84	4.08	4.67
	August	-	-	2.58	2.64	2.75	2.83	3.10	3.52	3.78	4.06	-
	September	-	-	2.47	-	2.69	2.79	2.98	3.35	3.60	3.99	4.44
	October	-	-	2.42	2.58	-	2.76	2.97	3.26	3.55	3.92	4.44
	November	-	-	-	2.57	2.64	2.76	2.93	3.24	3.53	3.83	-
	December	-	-	2.28	-	2.53	2.62	2.91	-	-	3.79	-

Source: Bank Al-Maghrib

Table A7.8 Issuance rates [1] of negotiable debt securities

(in percentage)

	2023	2024
Certificates of deposit		
Under 32 days	2.50-3.20	2.85-2.85
32 days to 92 days	2.50-3.50	2.50-3.25
93 days to 182 days	2.40-3.70	2.50-3.35
183 days to 365 days	2.50-3.80	2.70-3.50
366 days to 2 years	2.80-4.35	0.10-3.65
More than 2 years up to 3 years	3.68-4.12	3.65-3.75
More than 3 years up to 5 years	4.07	3.25-4.00
More than 5 years	-	4.50
Financing company bonds		
2 years	3.72-4.51	2.77-3.76
More than 2 years up to 3 years	3.86-4.29	3.24-3.91
More than 3 years up to 5 years	4.02-4.31	3.33-4.03
Commercial papers		
Under 32 days	5.40-5.90	-
32 days to 92 days	3.07-6.00	3.07-4.10
93 days to 182 days	3.16-5.90	2.57-4.71
183 days to 365 days	3.61-5.42	2.84-5.06

(1) Minimum and maximum observed.
(-) No emission.
Source: Bank Al-Maghrib

Table A7.9 Lending rates

(in percentage)

Agent and economic object	Q1-24	Q2-24	Q3-24	Q4-24
Average lending rate	**5.40**	**5.43**	**5.21**	**5.08**
Loans to individuals	**6.09**	**5.89**	**5.91**	**5.79**
Housing loans	4.81	4.79	4.76	4.75
Consumer loans	7.22	7.03	7.06	6.99
Loans to individual proprietors	**6.11**	**6.10**	**6.05**	**5.95**
Accounts receivable and cash advances	6.43	6.56	6.29	6.33
Equipment loans	5.69	5.93	5.98	5.53
Loans to property development	6.06	5.66	5.78	5.73
Loans to enterprises	**5.26**	**5.37**	**5.12**	**5.00**
By economic purpose				
Accounts receivable and cash advances	5.30	5.38	5.06	4.99
Equipment loans	5.11	4.99	5.24	4.98
Loans to property development	5.19	5.69	5.68	5.18
By size of the enterprise				
VSME	5.85	5.68	5.74	5.70
Large companies	5.16	5.34	5.14	5.08

Source: Bank Al-Maghrib.

Table A7.10 Maximum conventional interest rate of credit institutions(1)

(Annual rates in percentage)

Rates	April 2021 - March 2022	April 2022 - March 2023	April 2023 - March 2024	April 2024 - March 2025
Maximum interest rate agreed (MIRA)	13.36	13.09	12.94	13.27

(1) The maximum conventional interest rate (TMIC) is calculated annually on April 1 of each year, depending on variation recorded during the previous calendar year of the deposit rate on 6-month and 1-year deposits.
Source: Bank Al-Maghrib.

Table A8.1 Monetary and liquid investments aggregates

(In billions of dirhams)

	2022*	2023*	2024												Annual change (per cent)		
			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2022	2023	2024
Currency in circulation	**355.2**	**393.8**	**393.1**	**394.8**	**400.0**	**403.3**	**407.5**	**420.3**	**421.5**	**426.9**	**425.9**	**425.9**	**428.9**	**414.4**	**11.0**	**10.9**	**5.2**
Banknotes and coins in circulation	372.8	412.8	412.0	413.5	416.8	422.9	427.4	438.7	441.5	445.5	445.0	444.5	446.5	444.3	10.4	10.7	7.6
Banks cash holdings (To be deducted)	17.6	18.9	18.8	18.7	16.8	19.6	19.9	18.4	20.0	18.6	19.2	18.7	17.6	29.9	0.1	7.5	58.0
Bank money	**841.9**	**892.8**	**881.3**	**885.7**	**907.2**	**897.4**	**896.3**	**920.5**	**919.3**	**919.8**	**942.0**	**929.2**	**936.8**	**986.7**	**9.8**	**6.0**	**10.5**
Demand deposits with BAM	3.3	2.3	4.3	4.4	5.6	4.2	3.8	3.5	3.9	3.2	3.2	3.3	2.9	2.3	18.4	-29.5	0.4
Demand deposits with banks	760.8	812.6	799.1	803.4	823.8	815.4	814.7	839.2	837.6	838.8	861.0	848.1	856.0	906.5	8.9	6.8	11.6
Demand deposits with the Treasury	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	19.3	0.0	0.0
M1	**1 197.0**	**1 286.6**	**1 274.4**	**1 280.5**	**1 307.2**	**1 300.7**	**1 303.7**	**1 340.7**	**1 340.8**	**1 346.7**	**1 367.9**	**1 355.0**	**1 365.6**	**1 401.0**	**10.1**	**7.5**	**8.9**
Demand deposits	**179.3**	**182.7**	**182.8**	**183.3**	**184.5**	**185.3**	**185.4**	**187.1**	**187.2**	**187.6**	**188.1**	**188.4**	**188.6**	**187.7**	**2.9**	**1.9**	**2.7**
Savings accounts in banks	179.3	182.7	182.8	183.3	184.5	185.3	185.4	187.1	187.2	187.6	188.1	188.4	188.6	187.7	2.9	1.9	2.7
M2	**1 376.3**	**1 469.3**	**1 457.2**	**1 463.7**	**1 491.7**	**1 486.0**	**1 489.2**	**1 527.8**	**1 528.0**	**1 534.3**	**1 556.0**	**1 543.4**	**1 554.2**	**1 588.7**	**9.1**	**6.8**	**8.1**
Other monetary assets	**309.5**	**282.6**	**288.6**	**294.7**	**279.0**	**284.5**	**290.2**	**283.2**	**302.2**	**295.0**	**295.3**	**302.5**	**302.1**	**303.4**	**3.3**	**-8.7**	**7.4**
Time accounts and fixed-term bills with banks	129.8	115.7	113.6	114.7	112.7	113.0	115.8	115.3	121.2	117.8	118.2	117.1	118.5	119.8	-4.9	-10.8	3.5
Money market UCITS	82.6	76.4	81.9	85.0	72.7	81.0	81.6	78.9	89.0	83.1	82.6	86.8	84.8	92.4	14.9	-7.6	21.0
Deposits in foreign currencies (1)	47.7	41.6	47.1	49.9	49.3	47.5	49.2	45.4	47.1	46.8	46.4	46.1	48.8	44.9	13.9	-12.7	7.9
Values given in pension	9.2	9.3	7.5	6.8	5.0	3.7	5.5	2.4	8.0	8.5	5.5	11.0	10.8	8.5	-11.4	1.5	-8.9
Certificates of deposit of residual maturity of 2 years or less	25.1	27.7	27.1	27.8	28.7	27.6	28.2	28.0	26.9	28.3	28.5	30.3	29.3	26.1	-13.1	10.4	-5.8
Time accounts with the treasury	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	-29.2	0.0	0.0
Other deposits(2)	9.5	6.2	5.7	4.9	5.1	6.2	4.3	7.7	4.5	5.1	8.5	5.8	4.3	6.1	296.4	-34.8	-2.3
M3	**1 685.8**	**1 751.8**	**1 745.8**	**1 758.5**	**1 770.7**	**1 770.5**	**1 779.3**	**1 811.0**	**1 830.1**	**1 829.3**	**1 851.2**	**1 845.9**	**1 856.4**	**1 892.0**	**8.0**	**3.9**	**8.0**
LI	**771.4**	**874.2**	**897.0**	**898.0**	**905.7**	**896.7**	**920.8**	**909.1**	**926.1**	**938.1**	**958.9**	**967.0**	**976.4**	**999.9**	**-12.7**	**13.3**	**14.4**
LI 1	447.8	485.2	496.2	494.3	500.2	490.8	497.7	490.5	495.8	499.6	508.5	510.3	515.0	548.4	-6.5	8.4	13.0
LI 2	235.9	293.7	301.7	302.2	303.8	300.6	318.5	313.0	320.7	327.7	335.2	341.6	340.8	331.1	-22.2	24.5	12.7
LI 3	87.8	95.2	99.0	101.5	101.7	105.2	104.6	105.6	109.5	110.9	115.3	115.1	120.5	120.4	-13.8	8.5	26.5

(*) Revised.
(1) Demand and time deposits in foreign currencies with banks.
(2) Loans made by banks from financial corporations.
Source: Bank Al-Maghrib.

Table A8.2 Breakdown of monetary assets by institutional sector

(In billions of dirhams)

	2022*	2023*	2024												Annual change (per cent)		
			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2022	2023	2024
Households	**853.7**	**885.6**	**885.5**	**890.1**	**899.5**	**901.5**	**904.8**	**913.3**	**918.5**	**919.7**	**927.4**	**927.3**	**928.6**	**948.9**	**7.4**	**3.7**	**7.1**
Demand deposits	562.5	591.6	590.8	595.9	606.9	606.0	608.7	618.3	622.4	624.8	631.5	629.2	633.6	652.1	9.5	5.2	10.2
Saving accounts with banks	179.3	182.7	182.8	183.3	184.5	185.3	185.4	187.1	187.2	187.6	188.1	188.4	188.6	187.7	2.9	1.9	2.7
Time accounts and fixed-term bills with banks	84.2	80.7	80.4	79.9	79.3	79.3	80.0	78.3	77.7	77.1	76.4	77.8	77.9	79.2	-4.1	-4.1	-1.9
Deposits in foreign currencies	10.0	9.6	9.4	9.4	9.5	9.5	9.4	9.5	9.8	9.8	10.8	10.6	8.8	8.7	7.3	-3.2	-10.3
Certificates of deposits of a residual maturity of 2 years or less	4.1	7.5	7.5	6.9	6.9	6.4	7.5	6.9	5.9	6.0	5.8	6.0	5.9	5.7	55.5	82.6	-24.1
Money market UCITS	13.7	13.5	14.7	14.8	12.5	15.0	13.8	13.2	15.7	14.5	14.8	15.3	13.7	15.5	92.6	-0.9	14.8
Private non-financial corporations	**227.1**	**239.8**	**239.6**	**237.6**	**239.5**	**235.8**	**235.9**	**242.0**	**252.5**	**247.0**	**259.8**	**254.5**	**260.4**	**281.7**	**6.6**	**5.6**	**17.5**
Demand deposits	153.3	173.4	168.1	164.4	172.1	166.0	164.5	173.0	170.4	170.7	181.7	176.4	181.1	201.1	8.0	13.1	16.0
Time accounts and fixed-term bills with banks	19.6	17.1	16.4	16.7	16.2	14.7	14.8	13.4	20.5	21.1	21.5	18.8	19.0	18.6	12.7	-12.9	8.6
Deposits in foreign currencies	14.2	14.2	15.8	17.0	17.2	17.3	17.2	17.0	17.9	17.4	16.8	16.9	16.9	17.0	-4.7	-0.3	20.0
Money market UCITS	39.7	35.0	39.3	39.4	34.1	37.8	39.4	38.6	43.7	37.8	39.8	42.4	43.4	45.0	4.1	-11.8	28.6
Public sector	**49.2**	**40.3**	**40.6**	**48.4**	**43.5**	**40.2**	**45.2**	**44.2**	**45.1**	**40.5**	**38.0**	**39.0**	**37.5**	**46.1**	**31.1**	**-18.1**	**14.4**
Demand deposits	21.2	20.0	18.7	20.3	20.0	17.7	18.7	16.9	19.5	17.1	18.0	17.7	15.9	19.9	35.9	-5.8	-0.6
Time accounts and fixed-term bills with banks	11.3	6.0	5.8	5.8	6.2	7.9	10.2	11.6	11.2	8.5	8.1	8.3	8.5	9.3	85.7	-46.7	55.2
Money market UCITS	11.5	10.7	10.2	13.2	9.9	10.6	9.4	11.1	10.4	10.3	8.3	9.0	9.4	11.2	-17.0	-6.7	5.0
Other financial corporations	**101.5**	**91.8**	**86.9**	**85.1**	**86.4**	**88.7**	**83.9**	**90.3**	**92.1**	**94.0**	**99.4**	**97.4**	**99.8**	**95.4**	**-5.3**	**-9.5**	**3.9**
Demand deposits	14.5	16.6	12.9	11.9	16.0	16.1	11.5	20.7	16.1	15.3	19.5	13.4	14.2	17.3	-21.1	14.5	3.9
Time accounts and fixed-term bills with banks	11.9	9.0	8.1	9.3	7.9	8.1	8.1	9.0	8.8	8.3	9.4	9.3	10.5	10.0	-46.9	-24.8	11.8
Other deposits	9.2	5.7	5.4	4.5	4.6	5.7	3.7	7.1	3.8	4.4	7.7	5.1	3.7	5.3	353.2	-37.3	-7.5
Deposits in foreign currencies	18.2	13.9	15.8	14.1	14.9	16.4	15.4	14.1	15.3	14.7	14.8	14.3	19.1	13.3	16.7	-23.4	-4.2
Certificats of deposits of a residual maturity of 2 years or less	20.7	20.2	19.6	20.9	21.7	21.1	20.7	21.0	21.0	22.3	22.7	24.3	23.4	20.4	-18.9	-2.8	1.4
Money market UCITS	17.8	17.1	17.8	17.6	16.3	17.7	19.1	16.0	19.2	20.6	19.7	20.1	18.2	20.6	38.7	-4.0	20.2
Values given in pension	9.2	9.3	7.5	6.8	5.0	3.7	5.5	2.4	8.0	8.5	5.5	11.0	10.8	8.5	-11.8	1.9	-8.9

(*) Revised.
Source: Bank Al-Maghrib.

Table A8.3 M3 counterparts

(In billions of dirhams)

	2022*	2023*	2024												Annual change (per cent)		
			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2022	2023	2024
Claims on the economy	**1 262.9**	**1 325.8**	**1 318.5**	**1 317.4**	**1 327.1**	**1 324.1**	**1 322.5**	**1 331.8**	**1 348.9**	**1 341.7**	**1 372.2**	**1 374.0**	**1 379.9**	**1 417.2**	**7.4**	**5.0**	**6.9**
Claims of ODC	1 261.8	1 324.6	1 317.5	1 316.2	1 325.9	1 323.0	1 321.3	1 330.5	1 347.7	1 340.5	1 371.0	1 372.7	1 378.7	1 416.1	7.4	5.0	6.9
Bank loans	1 059.0	1 115.5	1 090.0	1 089.1	1 108.2	1 097.5	1 096.9	1 110.8	1 111.5	1 102.7	1 136.9	1 121.1	1 122.5	1 164.6	7.5	5.3	4.4
Of which participation financing	23.5	28.2	28.5	28.9	29.3	29.8	30.2	30.8	31.2	31.5	32.1	32.6	33.1	34.0	21.7	20.2	20.2
Net claims on central government	**333.1**	**317.3**	**316.9**	**328.7**	**329.4**	**327.9**	**336.2**	**354.7**	**354.0**	**347.5**	**351.1**	**347.4**	**340.4**	**339.3**	**22.2**	**-4.7**	**6.9**
Net claims of ODC	314.5	307.1	306.0	314.4	324.0	314.2	325.9	342.3	345.7	341.7	343.4	343.1	333.7	339.1	14.0	-2.4	10.4
Loans	56.9	60.1	59.9	63.2	68.0	66.9	67.8	68.1	67.1	67.2	67.0	63.8	64.9	64.7	-4.3	5.6	7.7
Treasury bills portfolio	264.4	263.4	263.0	271.1	276.9	278.2	283.9	285.9	291.1	287.9	292.9	289.8	283.8	292.2	18.4	-0.4	10.9
Banks	232.6	241.7	242.9	251.5	258.7	259.8	258.4	265.6	271.4	269.7	275.2	273.1	269.4	273.9	20.4	3.9	13.3
Money market UCITS	31.8	21.8	20.2	19.6	18.3	18.4	25.5	20.3	19.7	18.2	17.6	16.7	14.3	18.3	5.4	-31.6	-16.0
Net claims of depository institutions on non residents	**314.2**	**351.8**	**359.3**	**358.2**	**365.0**	**369.3**	**379.7**	**381.2**	**387.3**	**393.3**	**399.4**	**398.0**	**413.4**	**405.5**	**-0.8**	**11.9**	**15.3**
Official reserve assets	337.6	359.4	356.6	359.6	362.0	358.6	370.7	366.1	365.9	363.2	368.0	360.7	369.8	375.5	2.1	6.4	4.5
Monetary Gold	13.5	14.5	14.5	14.6	16.0	16.6	16.6	16.5	17.1	17.4	18.3	19.4	18.9	18.8	12.4	7.7	29.2
Foreign currency	17.1	8.3	5.8	5.2	4.5	4.6	5.0	5.3	6.7	13.3	8.9	4.2	4.0	5.8	7.1	-51.2	-30.5
Securities deposits included in official reserves	285.1	315.1	313.4	317.1	315.5	315.3	327.3	322.7	320.0	310.7	318.9	318.8	324.3	328.5	1.1	10.5	4.3
Reserve position in the IMF	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	7.0	-2.8	-0.7
SDR holdings	20.0	19.4	20.8	20.6	23.9	20.1	19.7	19.7	20.1	19.9	19.9	16.4	20.4	20.4	5.2	-2.7	5.0
Counterparts of deposits with the Treasury	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**83.4**	**14.1**	**0.0**	**0.0**
Non-monetary liabilities	**279.6**	**283.4**	**288.0**	**287.2**	**286.7**	**292.6**	**294.2**	**299.1**	**306.9**	**307.6**	**316.2**	**315.4**	**318.5**	**312.0**	**8.5**	**1.4**	**10.1**
DC capital and reserves	187.3	195.0	200.6	201.0	197.0	200.2	199.3	197.9	206.2	205.8	213.7	213.3	216.8	210.5	9.2	4.1	8.0
DC Non-monetary liabilities	92.3	88.4	87.4	86.2	89.7	92.4	94.9	101.2	100.6	101.8	102.4	102.2	101.7	101.4	7.1	-4.2	14.7
Others items net	**28.1**	**43.0**	**44.2**	**42.0**	**47.5**	**41.5**	**48.2**	**40.8**	**36.5**	**29.0**	**38.7**	**41.4**	**42.2**	**41.3**	**38.6**	**53.1**	**-4.0**
Total counterparts(**)	**1 685.8**	**1 751.8**	**1 745.8**	**1 758.5**	**1 770.7**	**1 770.5**	**1 779.3**	**1 811.0**	**1 830.1**	**1 829.3**	**1 851.2**	**1 845.9**	**1 856.4**	**1 892.0**	**8.0**	**3.9**	**8.0**

(*) Revised.
(**) Total of counterparts= Net claims of depository institutions on non residents + Net claims on central government + Claims on the economy + Counterparts of deposits with the Treasury - Non-monetary liabilities - Other net items.
Source: Bank Al-Maghrib.

Table A8.4 Breakdown of loans by economic purpose and by institutional sector

(In billions of dirhams)

	2022*	2023*	2024												Annual change (per cent)		
			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2022	2023	2024
Bank loans(1)	**1 059.0**	**1 115.5**	**1 090.0**	**1 089.1**	**1 108.2**	**1 097.5**	**1 096.9**	**1 110.8**	**1 111.5**	**1 102.7**	**1 136.9**	**1 121.1**	**1 122.5**	**1 164.6**	**7.5**	**5.3**	**4.4**
By economic purpose																	
Accounts receivable and cash advances	260.3	256.6	243.4	239.6	249.5	245.7	244.2	244.6	255.4	249.8	259.5	256.2	254.2	258.4	16.6	-1.4	0.7
Equipment loans	182.3	205.8	206.3	208.6	209.4	209.7	212.3	213.9	213.3	217.9	217.4	222.7	226.1	242.7	6.2	12.9	17.9
Real-estate loans	301.1	303.9	303.3	303.2	304.9	304.4	306.0	308.0	307.7	307.6	308.7	309.7	310.3	310.9	2.9	0.9	2.3
Home loans	239.4	243.9	244.1	243.8	244.3	244.2	244.9	245.5	245.6	245.9	246.2	246.9	247.8	248.2	2.8	1.9	1.7
Including: Participatory financing for housing	18.9	21.6	21.8	22.0	22.2	22.5	22.8	23.1	23.3	23.5	23.8	24.1	24.5	24.9	18.9	14.2	15.1
Loans to real-estate developers	56.0	54.7	53.7	53.1	55.0	54.3	55.6	56.6	56.2	56.0	57.4	57.6	57.6	57.9	0.1	-2.3	5.7
Consumer loans	57.5	57.8	57.9	57.9	58.0	57.8	58.4	58.5	58.4	58.5	58.5	58.7	58.7	58.5	3.3	0.5	1.3
Various claims on customers	168.9	196.6	185.3	184.7	190.7	183.3	179.4	189.7	180.4	171.7	194.1	175.4	175.2	196.6	7.7	16.4	0.0
Financial loans (2)	147.1	164.0	154.1	155.0	160.9	154.3	152.5	161.9	152.1	144.1	165.8	147.7	147.1	168.0	3.3	11.5	2.4
Other loans (3)	21.8	32.5	31.1	29.6	29.8	28.9	26.9	27.8	28.2	27.6	28.3	27.6	28.1	28.6	50.4	49.5	-12.0
Non performing loans	88.8	94.8	93.9	95.1	95.8	96.7	96.6	96.0	96.3	97.2	98.7	98.5	98.1	97.5	4.7	6.7	2.8
By institutional sector																	
Loans to the non-financial sector	**907.5**	**933.5**	**915.8**	**915.5**	**926.0**	**923.4**	**925.7**	**928.1**	**937.3**	**936.1**	**946.1**	**945.8**	**946.9**	**957.6**	**7.8**	**2.9**	**2.6**
Public sector excluding the central government	87.4	105.2	102.3	101.1	103.9	104.7	102.7	97.6	100.1	99.0	103.6	104.8	106.0	110.0	16.6	20.3	4.5
Local governments	26.1	27.2	27.2	27.1	26.6	26.4	26.5	26.3	26.0	25.9	26.2	26.3	26.4	26.6	2.6	4.3	-2.4
Public non-financial corporations	61.3	78.0	75.1	74.0	77.3	78.3	76.3	71.3	74.1	73.1	77.4	78.5	79.6	83.4	23.8	27.1	6.9
Private sector	820.0	828.3	813.6	814.4	822.1	818.7	822.9	830.4	837.3	837.1	842.5	841.0	840.9	847.7	6.9	1.0	2.3
Private non-financial corporations	450.1	450.6	435.6	433.2	440.7	437.0	436.3	443.1	449.2	447.5	451.9	447.9	447.3	453.1	12.5	0.1	0.6
Other resident sectors	370.0	377.7	378.0	381.2	381.4	381.7	386.7	387.3	388.1	389.6	390.6	393.2	393.6	394.6	0.8	2.1	4.5
Households	367.9	375.5	375.9	375.8	376.2	376.5	378.2	379.0	379.5	379.9	380.9	381.7	382.1	381.7	0.8	2.1	1.7
Private individuals and Moroccans living abroad	335.9	343.3	343.6	343.9	345.0	345.2	346.6	347.9	347.8	348.9	349.0	350.6	350.9	350.7	2.9	2.2	2.2
Sole proprietors	32.0	32.2	32.3	31.9	31.2	31.4	31.5	31.1	31.6	31.0	31.8	31.2	31.2	31.1	-16.9	0.7	-3.7
NPISH	2.0	2.2	2.1	5.4	5.2	5.1	8.5	8.3	8.6	9.8	9.8	11.4	11.5	12.8	17.2	10.1	471.9
Other financial corporations	**151.5**	**182.0**	**174.2**	**173.5**	**182.3**	**174.1**	**171.2**	**182.7**	**174.2**	**166.6**	**190.8**	**175.3**	**175.6**	**207.0**	**6.0**	**20.1**	**13.8**
Finance companies	60.4	66.2	64.3	64.6	64.8	65.8	65.5	67.5	67.3	66.8	68.3	67.4	68.6	66.9	14.5	9.7	1.1
Credit institutions and similar bodies(4)	32.3	30.9	31.0	30.0	29.2	29.3	30.3	28.4	28.4	26.6	26.9	25.5	25.0	25.7	31.2	-4.3	-16.8
Non-money market UCITS	16.6	13.5	15.5	16.6	18.6	15.5	14.6	17.1	15.8	12.5	24.3	16.9	17.8	26.2	-34.3	-18.9	94.2
Other (5)	42.2	71.4	63.4	62.4	69.6	63.5	60.9	69.6	62.7	60.7	71.3	65.4	64.2	88.2	4.9	69.1	23.5

(*) Revised.
(1) Loans granted by conventional banks and participants banks.
(2) Consisting of loans granted to financial and non financial customers as part of a financial operation.
(3) Composed mainly of factoring receivables.
(4) Mainly composed of offshore banks.
(5) Mutual fund management companies, brokerage firms, insurance and reinsurance companies, provident and pension funds and mutual securitization investment funds.
Source: Bank Al-Maghrib.

Table A8.5 Quarter breakdown of loans by term and by activity sector

(In billions of dirhams)

	2022*	2023*	2024				Annual change (per cent)		
			March	June	Sept	Dec	2022	2023	2024
Bank loans(1)	**1 059.0**	**1 115.5**	**1 108.2**	**1 110.8**	**1 136.9**	**1 164.6**	**7.5**	**5.3**	**4.4**
By term (2)									
Short term	334.3	311.8	310.2	313.5	335.9	344.5	16.2	-6.7	10.5
Nonperforming maturities	13.2	14.5	15.6	16.3	16.6	14.7	37.2	9.9	1.2
Medium term	226.0	244.0	233.2	230.7	229.0	235.4	-1.2	8.0	-3.5
Long term	409.8	464.8	469.0	470.6	473.3	487.2	6.9	13.4	4.8
Non-performing loans	88.8	94.8	95.8	96.0	98.7	97.5	4.7	6.7	2.8
By activity sector									
Primary sector	**41.8**	**41.3**	**40.0**	**39.4**	**39.8**	**40.9**	**8.2**	**-1.3**	**-1.0**
Agriculture and fishing	41.8	41.3	40.0	39.4	39.8	40.9	8.2	-1.3	-1.0
Secondary sector	**270.5**	**296.8**	**296.2**	**294.4**	**305.9**	**308.3**	**16.2**	**9.7**	**3.9**
Extractive industries	19.2	34.2	35.1	31.5	37.7	38.4	16.6	78.2	12.3
Manufacturing Industries	105.5	101.9	100.8	101.5	103.9	101.1	8.2	-3.4	-0.8
Food and tobacco industries	39.8	39.1	38.2	38.6	39.8	39.3	7.2	-1.7	0.5
Textile, clothing, and leather industries	8.0	7.3	6.9	6.6	6.8	6.4	-0.4	-8.4	-12.4
Chemical and Para chemical industries	11.1	12.4	13.7	13.1	13.7	13.4	15.5	11.9	8.0
Mechanical, electrical, electronic and metal-working industries	23.0	20.8	20.4	20.7	21.7	21.4	13.2	-9.6	3.2
Other manufacturing industries	23.6	22.3	21.5	22.4	21.8	20.5	5.5	-5.7	-8.1
Electricity, gas and water	54.8	68.2	65.7	65.0	68.2	72.6	37.7	24.6	6.5
Construction and public works	91.0	92.4	94.7	96.4	96.1	96.1	15.2	1.6	4.0
Tertiary sector	**746.6**	**777.4**	**772.0**	**777.0**	**791.2**	**815.5**	**4.6**	**4.1**	**4.9**
Trade, automotive and household good repairs	86.4	80.9	75.0	75.2	74.4	79.1	23.4	-6.4	-2.3
Hotels and restaurants	20.0	18.4	17.9	17.7	17.1	16.0	0.0	-8.0	-12.9
Transport and Communications	39.9	40.9	39.2	36.5	44.5	41.9	-2.8	2.4	2.4
Financial activities	158.7	186.1	186.1	186.4	194.8	211.4	6.3	17.2	13.6
Individuals and Moroccan living abroad	335.9	343.3	345.0	347.9	349.0	350.7	2.9	2.2	2.2
Local government	26.1	27.2	26.6	26.3	26.2	26.6	2.6	4.3	-2.4
Other sections (3)	79.5	80.6	82.2	87.0	85.1	89.9	-1.9	1.3	11.6

(*) Revised.
(1) Loans granted by conventional banks and participants banks.
(2) Short term: period < 2 years. medium term: between 2 and 7 years and long term: > 7 years.
(3) Excluding personal and domestic services.
Source: Bank Al-Maghrib.

Table A8.6 Claims of other financial corporations on non-financial units by economic purpose [1]

(In billions of dirhams)

	2022*	2023*	2024				Annual change (per cent)		
			March	June	Sept	Dec	2022	2023	2024
Claims on non-financial units	**348.3**	**372.6**	**377.1**	**385.8**	**394.1**	**406.6**	**2.7**	**7.0**	**9.1**
Loans granted by other financial corporations	**162.9**	**170.3**	**167.7**	**172.3**	**172.4**	**180.6**	**6.7**	**4.5**	**6.0**
Finance companies	**130.2**	**137.7**	**137.5**	**142.3**	**143.8**	**148.8**	**6.4**	**5.7**	**8.1**
Consumer loans	32.2	34.3	34.8	35.8	36.2	36.1	4.0	6.7	5.2
Leasing	70.5	74.8	75.2	77.0	77.7	81.8	4.9	6.1	9.4
Non performing loans	16.3	17.5	17.8	17.9	18.5	18.3	5.7	7.6	4.6
Offshore banks	**13.7**	**14.2**	**12.2**	**11.9**	**10.3**	**11.7**	**17.5**	**4.1**	**-17.5**
Cash advances	4.8	4.2	2.9	3.1	1.4	1.4	65.9	-12.5	-67.2
Equipment loans	8.2	8.2	8.6	8.2	8.2	8.1	1.9	-0.8	-1.2
Moroccan Deposit and Management Fund	**2.3**	**1.6**	**1.7**	**1.6**	**1.6**	**1.6**	**25.2**	**-30.7**	**2.7**
Cash advances	1.0	0.8	0.8	0.8	0.8	0.7	50.9	-16.4	-17.4
Equipment loans	1.3	5.0	5.0	5.0	5.0	5.0	0.0	292.3	-0.1
Microcredit associations	**8.7**	**8.8**	**9.0**	**9.3**	**9.5**	**9.6**	**4.4**	**1.0**	**9.3**
Securitization funds	**7.7**	**7.5**	**6.8**	**6.6**	**6.6**	**8.2**	**-6.6**	**-1.7**	**9.2**
Securities issued by non-financial corporations and held by other financial corporations	**174.3**	**188.6**	**195.6**	**198.0**	**205.8**	**211.4**	**-2.2**	**8.2**	**12.1**
Non-money market UCITS	72.1	78.3	85.0	87.2	94.0	99.9	-13.9	8.6	27.6
Insurance and reinsurance companies	63.2	68.3	69.2	69.0	70.0	70.0	4.8	8.1	2.5
Moroccan Deposit and Management Fund	11.0	11.5	11.0	10.9	10.9	10.6	6.1	4.5	-7.7
Pension funds [2]	27.6	29.7	29.7	30.2	30.2	30.2	18.6	7.6	1.9
Other claims	**11.1**	**13.7**	**13.8**	**15.6**	**15.9**	**14.6**	**33.9**	**23.6**	**6.2**

(*) Revised.
(1) Excluding claims of other financial corporations on Central Government.
(2) Relating to the financial sector. namely CIMR and CNRA.
Source: Bank Al-Maghrib.

Table A8.7 Change in the interbank market

(In millions of dirhams)

	2023	2024												Average
	Average	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Average outstanding volume	8 753	8 222	7 326	6 923	6 155	7 834	9 572	7 434	6 047	6 491	7 048	5 645	5 917	7 052
Average transaction volume	3 487	3 087	2 092	2 127	2 223	1 991	3 274	2 585	2 498	2 687	2 992	2 537	2 917	2 581

Source: Bank Al-Maghrib.

Table A8.8 Subscriptions to treasury bills and bonds by tender

(In millions of dirhams)

Maturities	TOTAL 2023	2024												
		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
Total subscriptions	**255 249**	**19 679**	**12 425**	**16 623**	**13 731**	**15 535**	**10 091**	**38 495**	**8 504**	**13 644**	**9 046**	**11 078**	**2 509**	**171 361**
Short term	**83 032**	**701**	**150**	**600**	**850**	**400**	**1 600**	**3 759**	**700**	**1 057**	**400**	**1 895**	**700**	**12 812**
32 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 weeks	28 721	350	150	-	500	400	1 600	603	300	650	300	-	100	4 953
26 weeks	16 994	150	-	300	350	-	-	309	200	-	100	295	-	1 704
52 weeks	37 317	201	-	300	-	-	-	2 846	200	407	-	1 600	600	6 155
Medium term	**84 387**	**6 042**	**2 450**	**6 590**	**6 041**	**12 546**	**2 713**	**8 766**	**5 226**	**4 385**	**4 394**	**5 927**	**800**	**65 882**
2 years	67 041	3 272	2 450	2 732	2 765	9 684	2 713	3 537	2 567	2 829	1 890	1 300	400	36 139
5 years	17 346	2 770	-	3 858	3 276	2 862	-	5 229	2 660	1 556	2 504	4 627	400	29 743
Long term	**87 830**	**12 936**	**9 825**	**9 434**	**6 839**	**2 589**	**5 778**	**25 970**	**2 578**	**8 202**	**4 252**	**3 256**	**1 009**	**92 668**
10 years	38 174	5 321	2 642	3 321	730	1 551	1 500	7 117	1 980	1 102	1 199	582	-	27 044
15 years	32 453	4 986	1 400	666	737	656	2 045	3 971	484	2 647	461	725	-	18 778
20 years	11 038	1 141	5 783	2 016	41	382	514	3 251	114	2 658	570	1 949	1 009	19 427
30 years	6 166	1 488	-	3 431	5 330	-	1 720	11 631	-	1 796	2 023	-	-	27 418

Source: Bank Al-Maghrib.

Table A9.1 Outstanding volume of treasury bills by tender (By category of initial subcribers)

(In millions of dirhams)

	2020	2021	2022	2023	2024	Changes in percentage		Share in percentage	
						2023/2022	2024/2023	2023	2024
UCITS	236 533	275 290	240 842	267 332	276 995	11.0	3.6	38.2	36.8
Insurance companies and pension institutions	129 539	125 246	119 046	117 947	156 969	-0.9	33.1	16.9	20.8
Banks	146 651	152 686	207 947	211 811	208 907	1.9	-1.4	30.3	27.7
Deposit and management fund(1)	44 423	52 956	49 398	54 659	66 590	10.7	21.8	7.8	8.8
Other financial enterprises	23 918	23 650	29 277	29 415	29 019	0.5	-1.3	4.2	3.9
Non-financial enterprises	19 282	16 361	15 017	15 098	11 682	0.5	-22.6	2.2	1.6
Finance companies	395	388	4 164	3 043	3 369	-26.9	10.7	0.4	0.4
Non-resident enterprises	-	56	73	78	75	7.0	-4.2	0.0	0.0
Total treasury bill auctions	**600 741**	**646 633**	**665 764**	**699 382**	**753 604**	**5.0**	**7.8**	**-**	**-**

(1) Excluding the outstanding amount of provident funds treasury bills by the CDG.
Source: Bank Al-Maghrib.

Source: Bank Al-Maghrib.

Table A9.2 Issuance volumes of negotiable debt securities (By category of initial subcribers)

(In millions of dirhams)

Securities types	2023					2024				
	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total
Issues	**7 679**	**2 442**	**46 613**	**14 054**	**70 788**	**15 884**	**3 243**	**50 578**	**7 322**	**77 027**
Certificates of deposit	6 072	1 870	29 834	11 472	49 248	9 368	530	31 258	7 272	48 428
Bills of financing compa-nies	1 390	325	5 155	50	6 920	5 256	330	7 513	0	13 099
Commercial paper	217	247	11 625	2 531	14 620	1 260	2 383	11 807	50	15 500

Source: Bank Al-Maghrib.

Table A9.3 Outstanding volumes of negotiable debt securities

(In millions of dirhams)

	2023	2024			
		Q1	Q2	Q3	Q4
Outstanding	**80 805**	**90 576**	**89 249**	**90 316**	**95 744**
Certificates of deposit	55 803	57 533	58 661	59 565	59 468
Bills of financing companies	22 205	23 902	24 228	25 560	27 842
Commercial paper	2 797	9 140	6 360	5 190	8 434

Source: Maroclear.

Table A9.4 Bond market

(In millions of dirhams)

	2023	2024				2024
		Q1	Q2	Q3	Q4	
Outstanding	**175 074**	**175 603**	**178 553**	**177 174**	**182 016**	**182 016**
Financial sector	**79 396**	**79 196**	**81 885**	**80 147**	**80 426**	**80 426**
Public	35 357	35 157	37 023	36 823	36 722	36 722
Banks	35 357	35 157	37 023	36 823	36 722	36 722
Private	44 039	44 039	44 861	43 323	43 704	43 704
Banks	35 448	35 448	35 770	34 770	34 106	34 106
Other financial corporations	8 591	8 591	9 091	8 553	9 598	9 598
Non-financial sector	**95 678**	**96 407**	**96 668**	**97 028**	**101 590**	**101 590**
Private non-financial corporations	28 350	29 208	29 092	28 573	28 669	28 669
Public non-financial corporations	66 328	66 199	66 577	67 454	71 921	71 921
Local administration	1 000	1 000	1 000	1 000	1 000	1 000
Bonds issued	**15 890**	**1 500**	**6 714**	**3 860**	**12 000**	**24 074**
Financial sector	**8 350**	**-**	**5 300**	**1 500**	**5 300**	**12 100**
Public	2 300	-	2 800	-	2 200	5 000
Banks	2 300	-	2 800	-	2 200	5 000
Private	6 050	-	2 500	1 500	3 100	7 100
Banks	4 250	-	2 000	1 500	2 000	5 500
Other financial corporations	1 800	-	500	-	1 100	1 600
Non-financial sector	**7 540**	**1 500**	**1 414**	**2 360**	**6 700**	**11 974**
Private non-financial corporations	1 340	1 500	514	1 160	1 400	4 574
Public non-financial corporations	6 200	-	900	1 200	5 300	7 400
Local administration	-	-	-	-	-	-

Sources: Data from Maroclear and Bank Al-Maghrib calculations.

Table A9.5 Stock exchanges indicators

Period	Turnover (in millions of dirhams)	MASI	MASI 20	Market capitalisation (in millions of dirhams)
2015 December	20 286.6	8 925.7		453 316
2016 December	22 115.5	11 644.2		583 380
2017 December	21 047.7	12 388.8		626 965
2018 December	18 220.2	11 364.3		582 155
2019 December	17 253.4	12 171.9	1000.0	626 693
2020 December	16 970.9	11 287.4	924.8	584 976
2021 December	20 395.0	13 358.3	1 085.7	690 717
2022 December	19 515.3	10 720.3	857.4	561 104
2023 January	1 869.1	10 275.5	825.6	538 607
February	11 137.9	10 907.5	874.9	570 360
March	2 317.7	10 391.4	832.1	542 100
April	1 288.0	10 525.2	848.1	546 156
May	3 401.6	11 049.1	893.2	572 026
June	4 253.6	11 579.8	942.8	598 449
July	2 282.0	12 083.3	982.5	625 476
August	3 214.1	11 954.3	966.8	618 734
September	3 360.4	11 865.3	961.6	609 592
October	3 794.1	12 021.6	978.1	616 389
November	10 175.6	11 781.6	964.3	604 090
December	17 951.5	12 092.9	989.8	626 078
2024 January	5 331.3	12 465.3	1 014.4	644 267
February	4 736.0	13 031.2	1 061.8	673 746
March	3 030.3	13 009.2	1 058.7	671 595
April	10 515.1	13 319.4	1 077.0	693 527
May	12 474.6	13 310.4	1 072.9	692 717
June	5 294.1	13 301.4	1 074.8	692 368
July	5 585.7	13 984.3	1 134.6	724 850
August	3 660.7	13 933.5	1 130.3	723 010
September	5 537.4	14 372.8	1 162.1	741 946
October	6 396.5	14 168.1	1 143.1	729 423
November	9 127.7	14 837.2	1 208.6	756 473
December	27 367.8	14 773.2	1 193.0	752 437

Source: Casablanca Stock Exchange.

Table A9.6 Index of real estate asset prices

	REPI		
	2023*	2024**	Changes (per cent)
Overall	**106.0**	**106.2**	**0.2**
Residential	**106.5**	**106.6**	**0.1**
Apartments	106.2	106.4	0.2
Houses	106.2	105.6	-0.6
Villas	113.2	112.1	-1.0
Urban Land	**113.9**	**114.3**	**0.4**
Professional	**104.8**	**104.7**	**-0.1**
Business premises	105.4	105.3	-0.1
Offices	106.7	105.9	-0.7

(*) Revised.
(**) Provisional
Sources: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and Bank Al-Maghrib calculations.

Table A9.7 Number of transactions by category

	Changes (per cent)	
	2023/2022	2024/2023
Overall	**8.1**	**17.9**
Residential	**8.8**	**19.7**
Apartments	9.8	21.1
Houses	-0.9	3.3
Villas	-6.2	-2.0
Urban Land	**5.9**	**16.5**
Professional	**7.2**	**7.3**
Business premises	4.9	4.5
Offices	20.3	20.7

Source: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and Bank Al-Maghrib calculations.

Table A9.8 Index of real estate asset prices and number of transactions in major cities

CITIES	Changes (per cent) 2024/2023	
	REPI	NUMBER OF TRANSACTIONS
Agadir	0.8	4.9
Casablanca	0.0	6.9
El Jadida	-0.2	11.7
Fez	0.2	33.1
Kenitra	-0.5	12.5
Marrakech	1.0	7.0
Meknes	-0.2	27.9
Oujda	1.2	12.3
Rabat	0.3	-1.0
Tangier	-0.1	16.0

Sources: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and Bank Al-Maghrib calculations.

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LIST OF ABBREVIATIONS

AACB	:	Association of African Central Banks
AFBL	:	Autonomous Factors of Banking Liquidity
AfCFTA	:	African Continental Free Trade Area
AFI	:	The Alliance for Financial Inclusion
AI	:	Artificial Intelligence
AIS	:	Additional Information Statement
AMF	:	Arab Monetary Fund
AMF	:	Arab Monetary Fund
AML/CFT	:	Anti-Money Laundering/Combating the Financing of Terrorism
AML/CFT	:	Anti-Money Laundering/Combating the Financing of Terrorism
AMMC	:	Moroccan Capital Market Authority
ANCFCC	:	National Agency for the Land Conservation of Cadastre and Cartography
ANRF	:	National Financial Intelligence Authority
APP	:	Asset Purchase Programme
ARA	:	Assessing Reserve Adequacy
ARDL	:	Autoregressive Distributed Lag
AREAER	:	Annual Report on Exchange Arrangements and Exchange Restrictions
ARPM	:	Average Revenue Per Minute
BAM	:	Bank Al-Maghrib
Bbl	:	Barrel of oil
bp	:	Basis point
BVAR	:	Bayesian Vector AutoRegression
CBDC	:	Central Bank Digital Currency
CBTC	:	Central Bank Transparency Code
CDT	:	Confédération Démocratique du Travail
CERT	:	Computer Emergency Response Team
CFC	:	Collaborative finance companies
CGEM	:	General Confederation of Moroccan Enterprises
COMADER	:	Moroccan Confederation of Agriculture and Rural Development
COSO	:	Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	:	Corona virus disease 2019
CP	:	Consumer price
CPI	:	Consumer Price Index
CPIX	:	Core Inflation Indicator Basket
CRP-BAM	:	Bank Al-Maghrib Staff Pension Fund
CSR	:	Corporate social responsibility

CT	:	Corporate Tax
DAP	:	Diammonium Phosphate
DCT	:	Domestic consumption tax
DGSN	:	Directorate General of National Security
DTFE	:	Treasury and External Finance Department
EBA	:	External Balance Assessment
ECM	:	Error Correction Model
ESG	:	Environnemental, Social and Gouvernance
ETF	:	Exchange Traded Funds
EWIS	:	Electrical Wiring Interconnection System
FA	:	Finance Act
FAO	:	Food and Agriculture Organization
FATF	:	Financial Action Task Force
FDI	:	Foreign Direct Investment
FED	:	Federal Reserve
FMI	:	Financial Market Infrastructures
FSB	:	Financial Stability Board
FSC	:	Financial Stability Committee
FTSE 100	:	Financial Times Stock Exchange 100
GCPH	:	General Census of Population and Housing
GDI	:	Gross Disposable Income
GDP	:	Gross Domestic Product
GHG	:	Greenhouse gases
GIZ	:	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNDI	:	Gross National Disposable Income
GOS	:	Gross operating surplus
GWh	:	Gigawatt-hour
HCP	:	High Commission for Planning
HHI	:	Herfindahl-Hirschman Index
HR	:	Human resources
HTM	:	Held To Maturity
IAM	:	Ittissalat Al Maghrib
IC	:	Income tax
ICMAT	:	Futures Market Coordination Body
ICS	:	Internal control system
IDME	:	Moroccan direct investments abroad
IFAC	:	International Federation of Accountants
IFM	:	International Financial Market

IIA	:	Institute of Internal Auditors
ILAAP	:	Internal Liquidity Adequacy Assessment Process
IMF	:	International Monetary Fund
INREDD	:	Laboratoire de Recherche en Innovation, Responsabilités et Développement Durable
INSEE	:	Institut National de la Statistique et des Etudes Economiques
IOSCO	:	International Organization of Securities Commissions
IPCC	:	Intergovernmental Panel on Climate Change
ISA	:	International Standard on Auditing
KDH	:	Thousand of dirhams
LCs	:	Large companies
LI	:	Liquid Investments
LT	:	Long Terme
MAD	:	Moroccan Dirhams
MASI	:	Moroccan All Shares Index
MDH	:	Million of dirhams
MEF	:	Ministry of Economy and Finance
MENA	:	Middle East and North Africa
MENAFATF	:	Middle East and North Africa Financial Action Task Force
MF	:	Mutual Fund
MFC	:	Morocco Fintech Center
MLA	:	Moroccans Living Abroad
mmbtu	:	Million British Thermal Units
MONIA	:	Moroccan Overnight Index Average
MR	:	Margin rate
MSCI	:	Morgan Stanley Capital International
MSCI EM	:	Morgan Stanley Capital International Emerging Markets
MT	:	Middle Term
MTAR	:	Momentum Threshold Autoregressive
NAIRU	:	Non Accelerating Inflation Rate of Unemployment
NASDAQ	:	National Association of Securities Dealers Automatic Quotation System
NDS	:	Negotiable debt securities
NEER	:	Nominal effective exchange rate
NEET	:	Not in Education, Employment or Training
NES	:	National Employment Survey
NFC	:	Non-financial corporations
NGFS	:	Network for Greening the Financial System
Nikkei 225	:	Nihon Keizai Shinbun 225
NSFR	:	Net Stable Funding Ratio

NWGOC	:	National Working Group on Crypto-assets
OCP	:	Moroccan state-owned phosphate company
OECD	:	Organization for Economic Cooperation and Development
ONEE	:	National Office of Electricity and Drinking Water
PC	:	Payment Committee
PEPP	:	Pandemic Emergency Purchase Programme
PER	:	Price Earning Ratio
PKI	:	Public Key Infrastructure
PLA	:	Profit and Loss Account
PoC	:	Proof of Concept
pp	:	Point(s) of percentage
PSC	:	Private sorting centers
Pva	:	Prix de la valeur ajoutée
RCC	:	Risk and Compliance Committee
REER	:	Real effective exchange rate
REPI	:	Real Estate Price Index
RSF	:	IMF Resilience and Sustainability Facility
S&P 500	:	Standard & Poor's
SBFN	:	Sustainable Banking and Finance Network
SDR	:	Special Drawing Rights
SGG	:	Secretariat General of the Government
SITC	:	Standard International Trade Classification
SMAG	:	Guaranteed agricultural minimum wage
SME	:	Small and Medium-sized Enterprises
SMIG	:	Guaranteed inter-professional minimum wage
SNIF	:	National Financial Inclusion Strategy
SNTL	:	Société Nationale des Transports et de la logistique (National Transport and Logistics Company)
SNTL	:	National Transport and Logistics Company
SOEs	:	State-owned Enterprises
SRBM	:	Moroccan Gross Settlement System
SREP	:	Supervisory Review and Evaluation Process
SSP	:	State's shareholding policy
ST	:	Short term
SVAR	:	Structural Vector AutoRegression
t	:	Tonne
TA	:	Territorial Authorities
TAR	:	Threshold Autoregressive
TCEI	:	Integrated economic accounts table

TSA	:	Treasury Special Accounts
TSP	:	Triple Super Phosphate
TWh	:	Terawatt-hour
UGTM	:	Union Générale des Travailleurs du Maroc
UMT	:	Union Marocaine du Travail (Moroccan Labor Union)
USD	:	Americal dollar
VA	:	Value added
VAR	:	Vector AutoRegression
VaR	:	Value at Risk
VAT	:	Value-added tax
VIX	:	Volatility Index
VSE	:	Very Small Enterprises
VSME	:	Very Small and Medium Enterprises
VSTOXX	:	Eurostoxx 50 Volatility
WTI	:	West Texas Intermediate

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