



## PRESS RELEASE

### BANK AL-MAGRIB BOARD MEETING

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Rabat, September 23, 2025

1. The Board of Bank Al-Maghrib held its third quarterly meeting of 2025 on Tuesday, September 23.
2. During this meeting, the Board analyzed national and international economic developments, as well as Bank Al-Maghrib's medium-term macroeconomic projections.
3. At the international level, the Board first examined recent developments in the US trade policy, including the conclusion of few bilateral agreements with no significant dissipation of uncertainty. Indeed, the latter continue to weigh on the global economic outlook, which is expected to continue slowing down, albeit at a slower pace than anticipated in June. In this context, and in view of declining energy prices, inflation should further decelerate, but with divergent dynamics across countries.
4. Domestically, the latest national accounts data, covering the first quarter of 2025, display a continuation of the favorable trend observed in 2024, with a significant improvement in non-agricultural sectors. This momentum, which is expected to consolidate in the medium-term thanks to the numerous large-scale projects launched and planned, was reflected in the labor market, with a notable rebound in job creation starting the third quarter of 2024. However, recent data for the second quarter of 2025 reveal a clear weakening of job creation, especially in the service sector.
5. Inflation continues to evolve at moderate levels, averaging 1.1 percent over the first eight months of 2025. According to Bank Al-Maghrib's projections, inflation is expected at 1 percent this year, remaining virtually unchanged compared with 2024, before accelerating to 1.9 percent in 2026. Core inflation should decline from 2.2 percent in 2024 to 1.1 percent in 2025, then rise to 2 percent in 2026.
6. Inflation expectations remained well anchored, with financial sector experts anticipating, in the third quarter of 2025, average rates of 2.1 percent for the 8-quarter horizon and 2.2 percent for the 12-quarter horizon.
7. Regarding the transmission of the Board's previous decisions, bank lending rates to the non-financial sector continue to decrease. The cumulative decline since the beginning of the monetary easing in June 2024 was 59 basis points in the second quarter, compared with 75 basis points for the key interest rate.
8. Overall, the Board considers that uncertainties weighing on the economic outlook remain high. Externally, in addition to the developments in the US trade policy, these uncertainties stem from persisting geoeconomic tensions and conflicts in the Middle East and Ukraine and their implications. Domestically, these are particularly related to the water stress and weather



conditions prevailing during the next crop year, as well as to the data of the 2026-2028 three-year fiscal plan.

9. Considering all these factors, the Board decided to maintain the key interest rate unchanged at 2.25 percent, while continuing to strengthen the measures aimed at easing financing conditions for businesses, especially VSEs. The Board will continue to closely monitor economic developments and to take its decisions, meeting by meeting, based on the most up-to-date data.
10. In international commodity markets, the oil price downward trend continues, favored by the increasing supply policy of OPEC+ countries, the increase in oil production of the United States and uncertainties surrounding the global demand. Hence, the price of Brent crude should drop from an average of USD 79.8 per barrel in 2024 to USD 68.5 in 2025, then to USD 65.2 in 2026. The price of Moroccan raw phosphate should fall to USD 202 per tonne in 2025 then to USD 183 in 2026, amid improved global supply. Conversely, prices of phosphate derivatives are expected to increase to USD 718 per tonne in 2025 then to USD 720 in 2026 for DAP, particularly driven by persisting restrictions on Chinese exports, and to USD 524 then to USD 561 for TSP. Regarding food products, the FAO index, which declined by 2 percent in 2024, is forecast to increase by 5.1 percent in 2025 and 0.8 percent in 2026.
11. Regarding the pace of activity, global economic growth is projected to decelerate from 3.2 percent in 2024 to 3 percent this year, then to 2.6 percent in 2026. In advanced economies, it is expected to slow from 2.8 percent to 1.7 percent in 2025, then to 1.6 percent in 2026 in the United States, and to improve in the euro area from 0.9 percent in 2024 to 1.3 percent over the next two years. In main emerging countries, owing to solid exports and the tariff truce with the United States, China should achieve its growth target of 5 percent this year, before a slowdown to 4.2 percent in 2026. In India, despite the increase in US tariffs, the economy should remain vigorous, with real GDP growth of 7.1 percent in 2025, then 6.2 percent in 2026, mainly driven by the trade agreement concluded with the United Kingdom.
12. Under these conditions, global inflation is expected to further decelerate in 2025, falling from 3.7 percent in 2024 to 2.9 percent, before picking up slightly to 3.1 percent in 2026. In advanced economies, it would hover around 2.2 percent in 2025 and 2026 in the euro area, while in the United States, it would remain above the FED's target, standing at 2.7 percent in 2025 and 3.1 percent in 2026, largely due to the increase in customs tariffs.
13. Regarding monetary policy in major advanced economies, after eight rate cuts since June 2024, the ECB decided at its meeting on September 11 to keep interest rates unchanged for the second time. On the other hand, pointing to weakening job creation, the FED decided, at its meeting on September 16 and 17, to lower the target range for the federal funds rate by 25 basis points to [4 percent -4.25 percent]. For its part, despite substantial disinflation, the Bank of England decided on September 17 to keep its key interest rate unchanged at 4 percent.
14. Domestically, Bank Al-Maghrib anticipate an acceleration in economic growth from 3.8 percent in 2024 to 4.6 percent this year, and a consolidation to 4.4 percent in 2026. Agricultural value added is expected to increase by 5 percent this year, considering a cereal harvest of 41.3 million



quintals (MQx), then by 3.2 percent in 2026, assuming a production of 50 MQx. In non-agricultural sectors, and owing mainly to strong investment in infrastructure, growth is expected around 4.5 percent in 2025 and 2026.

15. Regarding external accounts, the trade momentum should continue in the medium term, with the impact of recent US tariff measures likely to remain subdued. Thus, exports would increase by 6.2 percent in 2025, mainly driven by a rise in the sales of phosphate and derivatives to MAD 110.7 billion, and by 9.4 percent in 2026, in line with the expected recovery in the automotive industry. Sales of the latter are expected to rebound by 20 percent in 2026 to MAD 187.6 billion, following a slight decline this year. Imports should rise by 7.4 percent in 2025 then 7.1 percent in 2026, particularly reflecting a sharp increase in capital goods purchases, while the energy bill should continue falling to reach MAD 94.4 billion in 2026. At the same time, travel receipts are expected to maintain their performance, with additional increases of 11.3 percent this year and 4.8 percent next year to MAD 131.2 billion. Remittances remained virtually stable this year and are projected to grow by 4.8 percent in 2026 to MAD 125.5 billion. Under these conditions, the current account deficit would remain contained at around 2.3 percent of GDP in 2025 and 2 percent in 2026, after 1.2 percent in 2024. As for foreign direct investments, their revenues are expected to reach around 3.3 percent of GDP in 2025 and 3.5 percent in 2026. Overall, considering the Treasury's planned external financing, Bank Al-Maghrib's official reserve assets would continue to strengthen, reaching MAD 418 billion at the end of 2025 and MAD 434.5 billion by end-2026, corresponding to five and a half months of imports of goods and services.
16. Concerning monetary conditions, the liquidity deficit is expected to narrow to MAD 115.3 billion at end-2025 but will widen again to nearly MAD 133 billion in 2026, driven by an increase in currency in circulation. As for bank credit, given the expected economic outlook and banking system forecasts, lending to the non-financial sector is forecast to accelerate significantly by 5.9 percent in 2025 and 2026, after an average of 2.7 percent over the previous two years. The real effective exchange rate should remain stable over the forecast horizon, as a result of a 2.2 percent appreciation expected this year, and a 2.3 percent decline expected in 2026. Similarly, quarterly assessments carried out by Bank Al-Maghrib, based on the latest international methodology, indicate that the value of the national currency is broadly in line with economic fundamentals.
17. On the public finance front, budget execution at end-August 2025 revealed an improvement by 14.5 percent of ordinary revenues, driven mainly by the tax revenue performance. At the same time, considering higher ordinary and capital expenditures, overall expenditure rose by 12.6 percent. In light of these developments, the data from the 2025 Finance Act, the 2025-2027 three-year fiscal plan, the additional appropriations opened by the Government last April, and the guidelines of the 2026 Finance Act, Bank Al-Maghrib's projections foresee that the fiscal deficit, excluding proceeds from the sale of State holdings, would remain stable at 3.9 percent of GDP this year and ease to 3.4 percent in 2026.



18. Finally, as part of its process of openness and consultation aimed at a better understanding of the national economy's sectoral performance and outlook, the Board will hold a meeting with the OCP Group on September 24, 2025.