



## PRESS RELEASE

### BANK AL-MAGHRIB BOARD MEETING

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Rabat, December 16, 2025

1. The Board of Bank Al-Maghrib held its last quarterly meeting of 2025 on Tuesday, December 16.
2. During this meeting, the Board first commended the commitment of the various signatory stakeholders of the Charter on the Financing and Support of Very Small Enterprises signed on the 4<sup>th</sup> of this month. The Board considers that this Charter would contribute significantly to the development of this category of enterprises and reinforce its participation in investment, job creation, and the promotion of integrated territorial development.
3. The Board then analyzed economic developments, as well as Bank Al-Maghrib's medium-term macroeconomic projections. At the international level, the Board noted some easing of trade tensions and the end of the US fiscal deadlock, while observing that the level of uncertainty remains elevated, due, in particular, to the developments in the US tariff policy and its implications, as well as to the persistence of geopolitical tensions. Against this backdrop, and despite relative resilience over the first half of the year, helped by trade frontloading, the global economy is expected to continue its slowdown and will not accelerate until 2027. Furthermore, inflation is expected to continue decelerating before picking up again in 2027, albeit with heterogeneous developments across economies.
4. At the national level, the Board noted the remarkable performance of non-agricultural sectors, as well as the signs of recovery in the labor market. This momentum is expected to be sustained over the medium term, underpinned by investment efforts. Furthermore, the Board reviewed the data in the 2026 Finance Act and in the 2026-2028 three-year fiscal plan, which indicate an ongoing fiscal consolidation and a gradual easing of the Treasury's debt.
5. Inflation continues to evolve at low levels, averaging 0.8 percent over the first ten months of 2025, driven in particular by the improved supply food products, notably olive oil, and the decrease in fuel and lubricant prices. According to Bank Al-Maghrib's projections, inflation should gradually accelerate toward levels in line with the price stability objective. Indeed, after an inflation rate projected at 0.8 percent for this year as a whole, it is expected at 1.3 percent in 2026, then 1.9 percent in 2027. Core inflation is projected to stand at 0.7 percent this year and the next, before accelerating to 1.9 percent in 2027.
6. Inflation expectations remain well anchored. Financial sector experts surveyed as part of Bank Al-Maghrib's quarterly survey anticipate, in the fourth quarter of 2025, average rates of 2 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, the decline in bank lending rates to the non-financial sector remains partial, as the cumulative decline since the beginning of



the monetary easing in June 2024 was 58 basis points (bp) in the third quarter of 2025, compared with 75 bp for the key rate.

8. Considering all these factors, the Board deemed the current level of the key interest rate appropriate and decided to maintain it unchanged at 2.25 percent. In view of the still elevated level of uncertainty, linked in particular to persisting geo-economic tensions at the international level and to weather conditions at the domestic level, 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.
9. On international commodity markets, oil prices are projected to continue their downward trend, driven by significant supply from OPEC+ countries along with a still weak growth in global demand. The price of Brent crude in particular is expected to decline by 14.3 percent this year to average USD 68.4 per barrel, then USD 63.1 in 2026 before increasing slightly to USD 65.8 in 2027. As for Moroccan raw phosphate, its price should decline gradually, from USD 214 per tonne in 2024 to USD 182 in 2027. Regarding phosphate derivatives, after a steep increase in 2025, their prices are expected to contract over the medium term due to increasing international production capacity and the expected easing of China's export restrictions. They would decline from an average of USD 712 per tonne in 2025 to USD 641 in 2027 for DAP, and from USD 521 to USD 487 for TSP. Conversely, after declining in 2024, food prices are expected to trend upward, with the FAO index forecast to rise by 4.8 percent in 2025, 0.7 percent in 2026, and 2 percent in 2027.
10. Regarding global economic growth, it is expected to continue decelerating, declining from 3.2 percent in 2024 to 3.1 percent this year, then to 2.7 percent in 2026, before improving to an expected 3 percent in 2027. In major advanced economies, growth would follow diverging trajectories. In the United States, it is forecast to decelerate from 2.8 percent in 2024 to 1.9 percent in 2025 then to 1.8 percent in 2026 and 2027, affected in particular by the uncertainties arising from the tariff policy. In the euro area, it is expected to improve from 0.8 percent in 2024 to a rate ranging from 1.2 percent to 1.5 percent between 2025 and 2027, underpinned by private consumption and a recovery in investment. Among the major emerging countries, growth in China would be moderate, but steady, at close to 5 percent in 2025 and around 4.5 percent in the following two years. In India, growth is poised to remain vigorous, with a pace of 7.3 percent this year, but is expected to slow to 6.1 percent in 2026, adversely affected by the rise in US tariffs, before recovering to 6.7 percent in 2027.
11. In this context, inflation would continue to decline globally, falling from 3.7 percent in 2024 to 2.9 percent in 2025 and 2026, before rising again to 3.1 percent in 2027. In the major advanced economies, it is projected to remain close to the ECB's target in the eurozone, while in the United States, it would stay above the Fed's target, driven in particular by higher tariffs, standing at 2.8 percent in 2025, 3.1 percent in 2026, and 2.7 percent in 2027.
12. Regarding the monetary policy stance in the main advanced economies, after eight interest rate cuts since June 2024, the ECB decided at its meeting on October 30 to keep its rates unchanged for the third consecutive time. In the U.S., noting the rise in unemployment and



the increasing downside risks to the employment outlook, the Fed reduced, for the third time in a row this year, the target range for the federal funds rate by 25 basis points to [3.50 percent - 3.75 percent] at its meeting on December 9 and 10. For its part, after three cuts in the first 10 months of 2025, the Bank of England decided on November 5 to keep its key rate unchanged at 4 percent.

13. At the domestic level, economic growth is expected, according to Bank Al-Maghrib projections, to accelerate significantly this year to 5 percent and to average 4.5 percent over the next two years. Indeed, assuming a return to average cereal harvests of 50 million quintals, agricultural value added, following a 5 percent increase in 2025, would rise by 4 percent in 2026 and 2 percent in 2027. As for non-agricultural sectors, growth would remain strong, supported in particular by robust investment, reaching 5 percent this year, 4.8 percent in 2026, and 4.5 percent in 2027.
14. Regarding external accounts, exports are expected to increase by 4.5 percent in 2025, driven by improved sales of phosphate and derivatives to MAD 108 billion, then by 8.4 percent in 2026 and 7.9 percent in 2027, reflecting in particular the expected recovery in automotive industry shipments which, after contracting this year, are likely to grow by around 17 percent annually to reach MAD 208 billion in 2027. At the same time, the pace of imports is set to remain strong, driven mainly by purchases of capital and consumer goods, while the energy bill is expected to ease further in 2025 and 2026, before rising in 2027 to MAD 101 billion. For their part, travel receipts would continue to perform strongly, reaching nearly MAD 155 billion in 2027. Remittances would grow by an average of 3.1 percent per year between 2025 and 2027, to reach MAD 130 billion. Overall, the current account deficit is expected to remain contained, standing at 1.8 percent of GDP in 2025 and staying below 2 percent in the following two years. Similarly, foreign direct investment flows are likely to continue to strengthen, with annual revenues equivalent to 3.5 percent of GDP. Taking into account the Treasury's planned external financing, Bank Al-Maghrib's official reserve assets would gradually strengthen to reach MAD 448 billion at the end of 2027, providing coverage equivalent to nearly five and a half months of imports of goods and services.
15. Concerning monetary conditions, the banking sector's liquidity needs are expected to widen gradually, reaching 158 billion in 2027 due, in particular, to the projected increase in currency in circulation. As for bank credit granted to the non-financial sector and taking into account the economic outlook and the banking system expectations, its growth pace should accelerate to 4.1 percent in 2025 and to 5 percent in 2026 and 2027. As for the value of the dirham, quarterly assessments conducted by Bank Al-Maghrib, based on the latest international methodology, indicate that it remains broadly in line with economic fundamentals. The effective exchange rate is expected to appreciate by 2.2 percent in real terms in 2025, reflecting an increase in its nominal value, offset by lower domestic inflation compared with partner countries and trading competitors. It would subsequently depreciate by 2.8 percent in 2026 and by 0.5 percent in 2027.



16. In terms of public finance, taking into consideration budget execution at the end of October, the provisions of the 2026 Finance Act, and the 2026-2028 Three-Year Fiscal Plan, Bank Al-Maghrib's projections point to continued fiscal consolidation over the medium term. The deficit, excluding proceeds from the sale of state holdings, is expected to decline from 3.9 percent of GDP in 2024 to 3.6 percent in 2025 and further to 3.4 percent in 2026 and 2027.
17. Finally, the Board approved the foreign exchange reserves management strategy and validated the Bank's budget and the internal audit program for the 2026 fiscal year. It also set the dates of its ordinary meetings for the same year on March 17, June 23, September 22, and December 15.