



## PRESS RELEASE

### BANK AL-MAGHRIB BOARD MEETING

---

Rabat, March 17, 2026

1. The Board of Bank Al-Maghrib held its first quarterly meeting of 2026 on Tuesday, March 17.
2. During this meeting, the Board analyzed national and international economic developments, as well as Bank Al-Maghrib medium-term macroeconomic projections. Particular attention was given to recent developments related to the war in the Middle East, which are increasing the already high level of uncertainty, particularly in connection with the conflict in Ukraine and U.S. trade policy and thus severely testing the resilience displayed by the global economy during the recent years. The consequences of this war, already noticeable in financial markets and commodity prices, notably energy, will depend to a large extent on its length, scope, and intensity.
3. At the national level, this war would inevitably have implications, particularly through external accounts and, more specifically, energy prices. According to Bank Al-Maghrib preliminary assessments, the impact would remain relatively contained under the scenario of a short-lived conflict but could be more pronounced otherwise. Nevertheless, the strong momentum in non-agricultural sectors, driven by investment in economic and social infrastructure, is expected to continue, while agricultural production would experience a notable rebound thanks to exceptional weather conditions prevailing in the recent months.
4. Inflation continued to evolve at low levels, supported by improved supply of some food products and lower fuel prices. Over the medium term, while these effects are fading and oil prices are set to increase under the baseline scenario, inflation is expected to gradually accelerate while remaining at moderate levels. Consequently, it should remain virtually unchanged at 0.8 percent year-on-year in 2026, before reaching 1.4 percent in 2027.
5. As for inflation expectations, they have been trending downward. Financial sector experts surveyed by Bank Al-Maghrib in its quarterly survey prior to the outbreak of the war in Iran, projected in the first quarter of 2026 an average inflation of 1.5 percent over the next eight quarters and 1.8 percent over the next twelve quarters.
6. Regarding the transmission of the Board previous decisions, the cumulative decline in bank lending rates to the non-financial sector between the start of monetary easing in June 2024 and the fourth quarter of 2025 amounted to 61 basis points (bp), compared with 75 bp for the key rate.
7. Considering (i) the continued strong momentum in economic activity; (ii) the projected moderate levels of inflation; and (iii) the significant uncertainty surrounding the global outlook, as well as the results of the stress tests conducted by Bank Al-Maghrib for the national economy, the Board considered appropriate to keep the key interest rate unchanged at 2.25 percent. The Board will continue to closely monitor domestic and external conditions,



particularly developments in the Middle East and their repercussions on economic activity, and will base its decisions, meeting by meeting, on the most up-to-date data.

8. In the global commodity markets, the price development prospects remain highly uncertain and subject to upward pressures. According to Bank Al-Maghrib baseline scenario, Brent price is expected to rise from an average of USD 68.1 per barrel in 2025 to USD 78.9 in 2026, before declining to USD 64.5 in 2027. For phosphate and its derivatives, prices for Moroccan DAP are projected, according to the Commodities Research Unit (CRU) estimates, to reach USD 816 per ton in 2026, supported not only by continued restrictions on Chinese exports but also by disruptions in global trade of fertilizers and essential inputs for their production, before falling back to USD 703 in 2027. In contrast, prices for raw phosphate are expected to edge down slightly over the forecast horizon. Regarding food prices, after a 4.3 percent increase in 2025, the FAO index should decline by 2.3 percent this year before rebounding by 3.4 percent in 2027.
9. Global economic growth is estimated to have reached 3.3 percent in 2025 and is expected to slow to 2.9 percent this year, before rising to 3.1 percent in 2027. In the major advanced economies, growth is projected to remain robust in the United States, standing at 2.3 percent in 2026, virtually unchanged from 2025, before slowing to 1.9 percent in 2027, weighed down in particular by geopolitical and fiscal risks, as well as uncertainty surrounding the midterm elections. In the euro area, growth is expected to decelerate from 1.5 percent in 2025 to 1.1 percent in 2026, then increase to 1.5 percent in 2027, notably due to the anticipated fiscal easing in Germany. Among the major emerging economies, after reaching the 5 percent target in 2025, growth in China, hampered by structural challenges, is expected to moderate to 4.5 percent over the medium term. In India, the pace of economic activity is projected to slow from 7.7 percent in 2025 to 6.4 percent in 2026 as a result of the expected weakening of external demand, before rebounding to 6.7 percent in 2027.
10. In this context, global inflation is projected to temporarily rise to 3.3 percent in 2026, before declining to 2.9 percent in 2027. In major advanced economies, inflation in the euro area would remain slightly above the 2 percent target in 2026, then move closer to it in 2027. In the United States, it is expected to stay above the Fed's target, reaching 3.2 percent in 2026 and 2.3 percent in 2027.
11. Regarding the stance of monetary policy in major advanced economies, the ECB decided at its meeting on February 4–5 to keep its key rates unchanged for the fifth consecutive time. Similarly, following its meeting on January 27–28, the Fed maintained the target range for the federal funds rate at [3.50 percent - 3.75 percent], after three rate cuts in 2025.
12. At the domestic level, highly favorable weather conditions prevailing this year are expected to result in a significant increase of agricultural production. Based on Bank Al-Maghrib estimates, which rely on a sown area of 3.9 million hectares, the harvest of the three main cereals is projected to reach 82 million quintals. In this context, after an estimated growth of 5 percent in 2025, Bank Al-Maghrib anticipates a rebound in agricultural value added of 14.4 percent in 2026, followed by a decrease of 5.3 percent in 2027, assuming a return to an average cereal



season. At the same time, supported mainly by strong investment momentum in economic and social infrastructure, growth in non-agricultural activities is expected to remain robust, hovering around 4.5 percent. Overall, national economic growth would have improved markedly to 4.8 percent in 2025 and is expected to reach 5.6 percent in 2026, before slowing to 3.5 percent in 2027.

13. Regarding external accounts, the anticipated increase in commodity prices is expected to lead to a widening of the current account deficit from 2.3 percent of GDP in 2025 to 3.1 percent in 2026, before easing to 2.5 percent in 2027. After decreasing to MAD 107.6 billion in 2025, the energy bill is projected to rise by 15.6 percent in 2026, then decrease by 11.1 percent to MAD 110.5 billion in 2027. Similarly, imports of capital goods are expected to grow at an annual rate of nearly 10 percent through 2027, driven by strong investment momentum. Conversely, after a 2 percent contraction in 2025, automotive sector exports are expected to increase by 13.7 percent this year and 19.3 percent in 2027, reaching MAD 209.6 billion. Likewise, phosphate and derivative exports are projected to continue their upward trend in 2026, rising by 19.4 percent, before declining by 8.7 percent in 2027 to MAD 108.8 billion. At the same time, following exceptional results in 2025, travel receipts are expected to continue improving, reaching MAD 158.2 billion in 2027, while remittances are projected to stabilize around MAD 129 billion the same year. As for foreign direct investment inflows, projections point to an annual flow equivalent to 3.5 percent of GDP. Overall, considering the Treasury planned external financing, official reserve assets are expected to continue strengthening, reaching MAD 482.1 billion in 2027, covering the equivalent of 5 months and 23 days of imports of goods and services.
14. Regarding monetary conditions, banks' liquidity needs stood at MAD 131.7 billion in 2025 and are expected to gradually widen to MAD 169.4 billion in 2027, mainly reflecting the increase of the currency in circulation. With respect to bank credit to the non-financial sector and taking into account the expected evolution of economic activity and banking system forecasts, its growth is projected to accelerate from 4.7 percent in 2025 to 6 percent in 2026, before moderating to 5.1 percent in 2027. As for the value of the dirham, quarterly assessments conducted by Bank Al-Maghrib indicate that it remains broadly aligned with economic fundamentals. The effective exchange rate is expected to record a nominal depreciation of 1.4 percent this year, followed by a slight appreciation of 0.3 percent in 2027. Given a lower domestic inflation rate compared to major trading partners and competitors, it is projected to depreciate in real terms by 3.7 percent and 1.1 percent, respectively.
15. In terms of public finance, 2025 recorder a 15.3 percent increase in ordinary revenues, driven by a significant rise in tax receipts. At the same time, overall expenditure rose by 11.8 percent, reflecting higher spending on goods and services. Taking into account these results, the data from the 2026 Finance Act, and the 2026–2028 three-year fiscal plan, the fiscal deficit, excluding proceeds from the sale of state holdings, is projected to continue its downward trend, according to Bank Al-Maghrib forecasts, declining from 3.6 percent of GDP in 2025 to 3.5 percent this year and to 3.4 percent in 2027.