



## PRESS RELEASE

### BANK AL-MAGHRIB BOARD MEETING

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Rabat, June 23, 2026

1. The Board of Bank Al-Maghrib held its second quarterly meeting of 2026 on Tuesday, June 23.
2. During this session, the Board first examined and approved the Annual Report on the country's economic, monetary, and financial situation, as well as on the Bank's activities for the 2025 financial year.
3. The Board then assessed developments in the international environment, marked by the implications of the conflict in the Middle East, which has significantly disrupted supply chains, intensified inflationary pressures and heightened uncertainties surrounding the global economic outlook. The recent conclusion of a memorandum of understanding between the United States and Iran suggests a gradual normalization of maritime transport. However, economic activity is expected to continue to be adversely affected by the conflict fallout in the short term.
4. Domestically, the repercussions of this conflict are notably reflected in the energy bill and fuel prices which recorded a year-on-year increase of 27.6 percent in May. This increase, together with the overall rise in imported inflation, is expected to lead to a clear acceleration of domestic inflation, which, however, would remain moderate over the medium term. Thus, after averaging around 0.8 percent over the previous two years, inflation is projected to reach 1.5 percent on average this year and 2.1 percent in 2027, according to Bank Al-Maghrib's updated forecasts. For its part, core inflation is expected to be limited to 0.2 percent in 2026, mainly reflecting a decline in the prices of its food component, particularly olive oil. In 2027, as this effect dissipates and imported inflation rises, it is projected to accelerate to 2.9 percent.
5. Similarly, inflation expectations have recorded a limited increase. Financial sector experts surveyed by Bank Al-Maghrib in the second quarter of 2026, as part of its quarterly survey, expect average inflation to reach 2.2 percent over both the 8- and 12-quarter horizons.
6. Regarding economic activity, annual national accounts data for 2025 indicate a growth improvement, driven by a marked increase in agricultural production and by a consolidation in the pace of non-agricultural activities. This momentum is expected to continue this year, supported by very favorable weather conditions and by the continued strengthening of non-agricultural activities, albeit at a slower pace than previously anticipated.
7. In view of (i) the projected path of inflation toward levels consistent with the price stability objective over the medium term; (ii) the consolidation of the pace of economic activity; and (iii) the high level of uncertainty surrounding the global economic outlook, the Board considered it appropriate to keep the key rate unchanged at 2.25 percent. It will continue to closely monitor domestic and international developments and to base its decisions, on a meeting-by-meeting basis, on the most updated data.
8. In the international commodity markets, oil prices are expected to remain high, reflecting the damage suffered by the energy infrastructure and rapid depletion of inventories. Bank Al-Maghrib scenario assumes an increase in the Brent price from USD 68.1 per barrel in 2025 to an average of USD 92.3 this year, before decreasing to USD 71.6 in 2027. Regarding phosphate and its derivatives, prices of Moroccan products are expected, according to the latest estimates

by the Commodities Research Unit, to increase from USD 713 per tonne in 2025 to USD 912 in 2026—driven by the surge in input costs, particularly sulfur and ammonia, the persistence of restrictions on Chinese exports, and strong demand—before falling back to USD 766 in 2027 for DAP, and from USD 529 per tonne to USD 648 and then to USD 567 for TSP. In contrast, prices of phosphate rock are projected to decrease slightly over the forecast horizon. As for food products, the FAO Food Price Index is expected to rise by 3.9 percent this year and by 0.7 percent in 2027.

9. Global economic growth is projected to slow from 3.3 percent in 2025 to an average of 3 percent in 2026 and 2027. Among major advanced economies, growth in the United States is expected to remain stable at 2.1 percent, particularly supported by investment in artificial intelligence and fiscal support. By contrast, significantly affected by the implications of the conflicts in the Middle East and Ukraine, the euro area economic growth is projected to decelerate from 1.5 percent in 2025 to 1.1 percent in 2026, before reaching 1.3 percent in 2027. In major emerging market economies, after reaching the target of 5 percent in 2025, growth in China is expected to slow gradually to 4.4 percent in 2027, held back by difficulties in the real estate sector, fiscal pressures and highly unfavorable demographic trends. Similarly, growth in India is projected to decline from 7.5 percent in 2025 to 6.6 percent in 2027, with higher fuel prices and uncertainty expected to weigh on private consumption and investment.
10. Against this backdrop, global inflation would accelerate from 2.9 percent in 2025 to 3.6 percent in 2026, before moderating to 3.1 percent the following year. In the major advanced economies, euro area inflation would reach 3.1 percent in 2026, mainly driven by the surge of energy prices, before easing to 2.2 percent in 2027. In the United States, it would remain above the Federal Reserve's objective, at 3.7 percent this year and 2.8 percent in 2027.
11. As for monetary policy stances in major advanced economies, the European Central Bank raised its key interest rates by 25 basis points during its 10–11 June meeting, the first increase since September 2023. The Federal Reserve, for its part, maintained the target range for the federal funds rate at [3.50–3.75 percent] at its 16–17 June meeting, for the fourth consecutive time. Likewise, the Bank of England kept its key rate unchanged at 3.75 percent during its 17 June meeting, for the fourth consecutive time.
12. Domestically, agricultural value added would increase by 16 percent in 2026, following a rise of 8.2 percent in 2025, reflecting a cereal harvest estimated by the Department of Agriculture at 90 million quintals. It would then contract by 7.6 percent in 2027, assuming a return to average cereal output. Non-agricultural growth would hover around 4.2 percent on average in 2026–2027, after 4.5 percent in 2025. Overall, according to Bank Al-Maghrib's projections, national growth would accelerate from 4.9 percent in 2025 to 5.2 percent in 2026, before slowing to 3.1 percent in 2027, reflecting the base effect.
13. As for the labor market, results from HCP's new labor force survey indicate that in the first quarter of 2026 the unemployment rate reached 10.8 percent overall, 13.5 percent in urban areas and 6.1 percent in rural areas.
14. Regarding external accounts, the surge in oil and other input prices, together with the ongoing investment effort, are expected to weigh on the trade balance. On the import side, the energy bill would increase by 26 percent to MAD 135 billion in 2026 before easing to MAD 114.4 billion in 2027, while imports of capital goods would expand by 12.3 percent in 2026 and 9.3 percent in 2027, reaching close to MAD 245 billion. On the export side, following a 1.8 percent contraction in 2025, automotive exports are projected to increase gradually, reaching MAD 190.8 billion in 2027, while phosphate and derivative exports would rise by 8.5 percent and 2.4 percent respectively, reaching MAD 110.9 billion in 2027. In parallel, travel receipts are expected to remain on a solid upward trajectory, rising from MAD 138.6 billion in 2025 to MAD 161.1 billion in 2027, while remittances would continue to strengthen, increasing from MAD 122

billion to nearly MAD 130 billion over the same period. Under these conditions, the current account deficit would widen, from 2.4 percent of GDP in 2025 to 4 percent in 2026 before narrowing to 3.8 percent in 2027. Regarding foreign direct investment inflows, prospects remain surrounded by significant uncertainty, with projections assuming annual inflows equivalent to 3.5 percent of GDP. Overall, and considering the Treasury's planned external financing, official reserve assets would continue to strengthen, reaching MAD 542 billion in 2027, equivalent to 6 months and 9 days of imports of goods and services.

15. Concerning monetary conditions, the banking system's liquidity need is expected to widen further, increasing from MAD 131.7 billion in 2025 to MAD 143 billion in 2027, mainly reflecting the projected rise in currency in circulation. The growth of bank credit to the non-financial sector is expected to accelerate markedly, in line with projected economic activity and banking sector expectations, from 4.8 percent in 2025 to 6.8 percent this year, before moderating to 6.1 percent in 2027. With respect to the dirham, Bank Al-Maghrib quarterly assessments indicate that its valuation remains broadly in line with economic fundamentals. In the same vein, the real effective exchange rate is projected to depreciate by 3.6 percent this year and by 0.8 percent in 2027, after appreciating by 2 percent in 2025.
16. Regarding public finances, budget execution over the first five months of the year shows an 8 percent increase in ordinary revenues and a 12.2 percent rise in overall expenditure, mainly reflecting higher spending on goods and services and increased debt interest payments. Taking into account these developments, the provisions of the 2026 Finance Act, the three-year fiscal plan for 2026–2028, and the Government's opening of additional appropriations amounting to MAD 20 billion, Bank Al-Maghrib projects the fiscal deficit, excluding proceeds from the sale of state holdings, to narrow to 3.4 percent of GDP this year and to 3.3 percent in 2027.