PRESS RELEASE

BANK AL-MAGHRIB BOARD MEETING

Rabat, Septembre 22, 2026

1. The Board of Bank Al-Maghrib held its third quarterly meeting of the year on Tuesday, September 22.
2. During this meeting, the Board reviewed economic developments, recent trends in the external and domestic environments, as well as Bank Al-Maghrib's medium-term macroeconomic projections.
3. Internationally, the Board noted the resurgence of hostilities in the Middle East and the stalemate of the Russia–Ukraine conflict, which are exacerbating production and supply chain disruptions, particularly for energy and food products, as well as certain essential inputs. This resulted in rising and more volatile commodity prices and a marked acceleration in inflation. By contrast, global growth remains relatively resilient, supported notably by the expansion of investment related to artificial intelligence (AI), as well as increased public spending, particularly on defense.
4. At the national level, the adverse external environment is clearly impacting imports of energy products and the pace of activity in some industries reliant on imported inputs. By contrast, the impact of soaring energy prices on domestic prices remains limited, mitigated by subsidies granted to road transport operators and by maintaining butane gas and electricity prices unchanged.
5. Under these conditions, and due to the decline in the prices of some food products, inflation remained low, averaging 0.3 percent over the first eight months of the year. According to Bank Al-Maghrib's projections, inflation is expected to reach 0.7 percent overall during 2026, before rising to 1.5 percent in 2027, driven by its underlying component. The latter is expected to accelerate from -0.2 percent this year to 2.2 percent in 2027, reflecting the fading impact of the contraction in its food component, particularly olive oil prices, as well as the persistence of imported inflation at a relatively high level.
6. Furthermore, inflation expectations remained well anchored. Financial sector experts surveyed during the third quarter of 2026 as part of Bank Al-Maghrib's quarterly survey expect average rates of 2.1 percent for the 8-quarter horizon and 2.2 percent for the 12-quarter horizon.

7. The Board considers that uncertainty surrounding the economic outlook remains very high. Externally, it stems from the persistence of conflicts and heightened geoeconomic tensions, growing concerns over the supply of energy and food products and essential inputs, the repercussions of the surge in sovereign yields on financial markets, as well as increasingly pronounced manifestations of climate change. Domestically, it is related to weather conditions and the future stance of economic policy.

8. Taking into account this very high level of uncertainty, and in view of (i) the medium-term evolution of inflation at moderate levels and (ii) the expected consolidation of the momentum of non-agricultural economic activity, the Board considered it appropriate to maintain the key policy rate unchanged at 2.25 percent. It will continue to closely monitor domestic and external developments and base its decisions, on a meeting-by-meeting basis, on the most up-to-date available data.

9. In international commodity markets, oil prices rose significantly following maritime transport disruptions and damaged energy infrastructure in some major producing countries. This increase was dampened by a notable decline in Asian demand and stronger supply driven by the expansion of U.S. production and the use of strategic reserves. The average Brent price should therefore rise from USD 68.2 per barrel in 2025 to USD 87.2 in 2026, before declining to USD 73.5 in 2027. As for phosphate and its derivatives, prices are expected to remain high this year, driven by the surge in key input prices, particularly sulfur, and the continued restrictions imposed by China on phosphate fertilizer exports. For Moroccan-origin products, according to the latest estimates by the Commodities Research Unit, DAP prices are expected to rise from USD 713 per tonne in 2025 to average USD 860 in 2026, before declining to USD 803 in 2027, while TSP prices are expected to move from USD 529 per tonne in 2025 to USD 658 in 2026 and then to USD 657 in 2027. The price of raw phosphate is expected to increase slightly to USD 212 per tonne in 2026, before declining to USD 206 in 2027. Regarding food products, high fertilizer prices, recurring droughts, and increasingly severe disruptions to cereal exports from the Black Sea continue to put upward pressure on prices, with the FAO index expected to increase by 2.3 percent this year and by 2.4 percent in 2027.

10. Against this backdrop, global economic growth is expected to slow from 3.2 percent in 2025 to an average of 3 percent this year and 2.9 percent in 2027. In the major advanced economies, U.S. economic growth should remain stable at 2.1 percent, supported by AI-related investment and resilient household consumption. In the euro area, growth is projected at 1.3 percent in 2026 and 1.2 percent the following year, also supported by AI-related investment, higher German public spending on defense and infrastructure, and buoyant tourism in certain southern European countries. Among the major emerging market economies, growth in China is expected to decelerate gradually, from 5 percent in 2025 to 4.4 percent in 2027, held back by weak domestic demand, difficulties in the real estate sector, and population aging. Similarly, growth in India

should decline from 7.5 percent in 2025 to 6.4 percent in 2027, as an unfavorable monsoon season and U.S. tariff policy weigh on private consumption and investment.

11. Global inflation should accelerate from 2.9 percent in 2025 to 3.4 percent in 2026, before slowing to 3.2 percent the following year. In the major advanced economies, inflation is expected to rise sharply in the euro area, increasing from 2.1 percent in 2025 to 2.8 percent this year, before slowing to 2.4 percent in 2027. A similar trend is expected in the United States, where inflation is projected to remain above the Federal Reserve's target, reaching 3.4 percent this year, compared with 2.7 percent in 2025, before easing to 2.8 percent next year.

12. Regarding monetary policy in the major advanced economies, the European Central Bank (ECB) decided, at its September 9-10 meeting, to raise its three key interest rates by 25 basis points (bps), marking its second rate hike of the year, following the increase in June. Similarly, at its meeting held on September 15 and 16, the Federal Reserve raised its policy rates by 25 bps for the first time since 2023, bringing the target range for the federal funds rate to 3.75 percent–4.00 percent.

13. At the national level, agricultural value added is expected to rebound by 16 percent this year, based on a cereal harvest estimated by the Department of Agriculture at 93 million quintals (MQx), before declining by 7.6 percent in 2027, assuming a return to an average cereal output of 50 MQx. As for non-agricultural activities, their growth rate is expected to slow from 4.5 percent in 2025 to 3.1 percent this year, reflecting less favorable-than-expected developments in some sectors, particularly mining and manufacturing, before rebounding to 4 percent in 2027. Overall, according to Bank Al-Maghrib's projections, national economic growth is expected to slow from 4.9 percent in 2025 to 4.4 percent this year and 2.9 percent in 2027.

14. In the labor market, despite the growth slowdown, the results of the HCP labor force survey for the second quarter of 2026 indicate that the momentum observed in previous quarters has continued. Year-on-year job creation reached 406,000, and the strict unemployment rate declined to 9.5 percent overall, 11.9 percent in urban areas, and 5.4 percent in rural areas.

15. With regard to the external accounts, higher prices for petroleum products and certain inputs, together with the continued high level of capital goods imports associated with ongoing investment efforts, continue to weigh on the trade balance. The energy import bill is expected to increase by 28.4 percent to MAD 138.1 billion this year, before declining to MAD 116 billion in 2027, and imports of raw materials are projected to rise by 53.4 percent in 2026 and by 8.3 percent in 2027. Similarly, capital goods imports are expected to increase by 15.6 percent in 2026 and by 8.8 percent in 2027, reaching MAD 250.7 billion. On the export side, automotive exports are expected to gradually recover following near-stagnation in 2025, reaching MAD 202.2 billion in 2027. In addition, exports of phosphate and its derivatives are projected to increase by 9.7 percent this

year, driven notably by the surge in fertilizer prices, and by 12.1 percent, reaching MAD 122.6 billion in 2027. Meanwhile, travel receipts are expected to maintain their momentum, reaching MAD 160 billion in 2027, while remittances are projected to consolidate at MAD 136.3 billion in the same year. Under these conditions, the current account deficit is expected to widen significantly, from 2.4 percent of GDP in 2025 to 4.6 percent this year, before narrowing to 3 percent in 2027. Foreign direct investment (FDI) receipts are projected to represent an annual flow equivalent to 3.5 percent of GDP. Overall, taking into account, in particular, the Treasury's expected external financing, official reserve assets are expected to continue strengthening, reaching MAD 502.8 billion in end-2026 and MAD 515.3 billion in end-2027, equivalent to five and a half months of imports of goods and services.

16. As for monetary conditions, the bank liquidity need is expected to increase gradually, mainly as a result of the projected rise of currency in circulation, reaching MAD 168.2 billion in 2027. According to Bank Al-Maghrib's projections and the banking system's expectations, growth of bank credit to the non-financial sector should accelerate significantly, from 4.8 percent in 2025 to 8.1 percent this year, before easing to 6.1 percent in 2027. As for the value of the dirham, following a 2 percent appreciation in 2025, the real effective exchange rate is expected to depreciate by 4.1 percent this year and 2 percent in 2027. That said, the quarterly assessments conducted by Bank Al-Maghrib indicate that it remains broadly aligned with economic fundamentals.

17. Regarding public finances, budget execution during the first eight months of the year shows a 9.6 percent increase in recurrent receipts, driven notably by higher tax revenues, alongside a 10.5 percent increase in total expenditure, reflecting primarily higher spending on goods and services and debt interest payments. Taking into account these developments, the provisions of the 2026 Finance Act, the three-year fiscal plan for 2026–2028, the additional appropriations amounting to MAD 20 billion opened by the Government in May 2026, and the initial assumptions underlying the draft 2027 Finance Act, Bank Al-Maghrib projects the fiscal deficit, excluding proceeds from the sale of State holdings, to reach 3.4 percent of GDP this year and 3.5 percent in 2027.