

# Morocco

	2020	2021	2022	2023	2024	Forecasts		
						2025	2026	2027
GDP growth (%)	-7.2	8.2	1.8	3.7	3.8	4.4	4.2	4.0
CPI inflation (%)*	0.7	1.4	6.6	6.1	0.9	1.2	1.8	2.0
Fiscal balance (% of GDP)	-7.1	-5.9	-5.4	-4.4	-3.9	-3.8	-3.4	-3.2
Public debt (% of GDP)	72.2	69.4	71.4	68.7	67.7	67.2	66.6	65.8
Reference rate (%)*	1.8	1.5	1.7	2.9	2.8	2.3	2.3	2.3
Exchange rate (MAD/USD)*	9.5	9.0	10.2	10.1	9.9	9.4	9.5	9.5
Current balance (% of GDP)	-1.2	-2.3	-3.5	-1.0	-1.2	-2.3	-2.6	-2.9
External debt (% of GDP)	54.2	45.8	49.4	47.7	42.6	42.0	42.4	42.8

Notes: \* Annual average.

Source: CaixaBank Research, based on data from LSEG Workspace, the IMF and Oxford Economics.

## Outlook

Morocco's performance has been buoyant in recent years, driven by investment projects and capital inflows (preparations for the 2025 African Cup of Nations and 2030 FIFA World Cup football tournaments, water, energy and transport infrastructure, etc.), but also by institutional reforms, an improving business environment, and the economy becoming increasingly export-oriented (especially tourism, automobiles and fertilisers) with the EU as the main destination (close to 70% of exports).

GDP growth has accelerated through 2025 (+5.5% year-on-year in Q2 2025), fuelled by the recovery of the agricultural sector, investment momentum (especially in infrastructure) and household consumption (supported by low inflation), as well as strong export performance (driven by intra-regional trade and trade with China and Europe).

Buoyant investment activity has had a knock-on effect on imports and largely explains why the outlook for the current account this year has worsened somewhat. However, tourism revenues remain robust and remittances and exports of goods continue to be strong. In the same vein, external debt is forecast to rise to around 60% of GDP by 2030, but the average maturity of this debt is high (over eight years) and Morocco holds adequate foreign reserves, equivalent to just over five months' worth of imports. Morocco also has a two-year IMF credit line of 4.5 billion USD (3 per cent of GDP). This line is precautionary, to strengthen the economy's external buffers, and when it was approved in April 2025, the IMF highlighted the country's institutional strength.

Although the relative importance of agriculture has been declining (it is responsible for just over 10% of GDP), it is of great social importance (it employs 30% of the labour force) and the problems it has faced – following years of drought – explain why Morocco's unemployment rate has remained high (around 13%).

Inflation has been falling steadily and was below 1.0% in autumn 2025 (both headline and core, which excludes food and energy). Accordingly, the Central Bank (Bank Al-Maghrib, BAM) has gradually cut interest rates and entered slightly expansionary territory (the reference rate has been at 2.25% since March 2025, after five quarters at 3.00%). The BAM is shifting towards an «inflation-targeting» framework: its current focus is on price stability, but it is yet to set a numerical target.

Public debt is higher than average in the MENA (Middle East and North Africa) region, but recent reforms have helped boost fiscal revenues and reduce the deficit. Increased revenue mobilisation and spending restraint will

support the recovery of fiscal buffers going forward. Short-term measures include a reduction in subsidies for household butane gas, while in the medium term the country is on a path to bring the share of public investment down from to thirds to just one third of total investment.

The economic outlook for the coming years is positive, with a continuation of the forces that are currently driving growth (especially infrastructure projects and greater momentum behind private investment, aided by the authorities' reform and development agenda).

## Exchange rate

The BAM manages the exchange rate under a fixed exchange rate regime with a  $\pm 5\%$  fluctuation band. The dirham exchange rate is pegged against a basket of US dollars (40%) and euros (60%) and has weathered the uncertain global environment fairly well. The BAM is expected to maintain this stability going forward.

## Risks

The current global climate of geopolitical tensions and the reconfiguration of trade flows and value chains present both opportunities and risks for the Moroccan economy. Its geographical location presents an opportunity, as it serves as a natural bridge between Europe and sub-Saharan Africa. As regards risks, the following stand out:

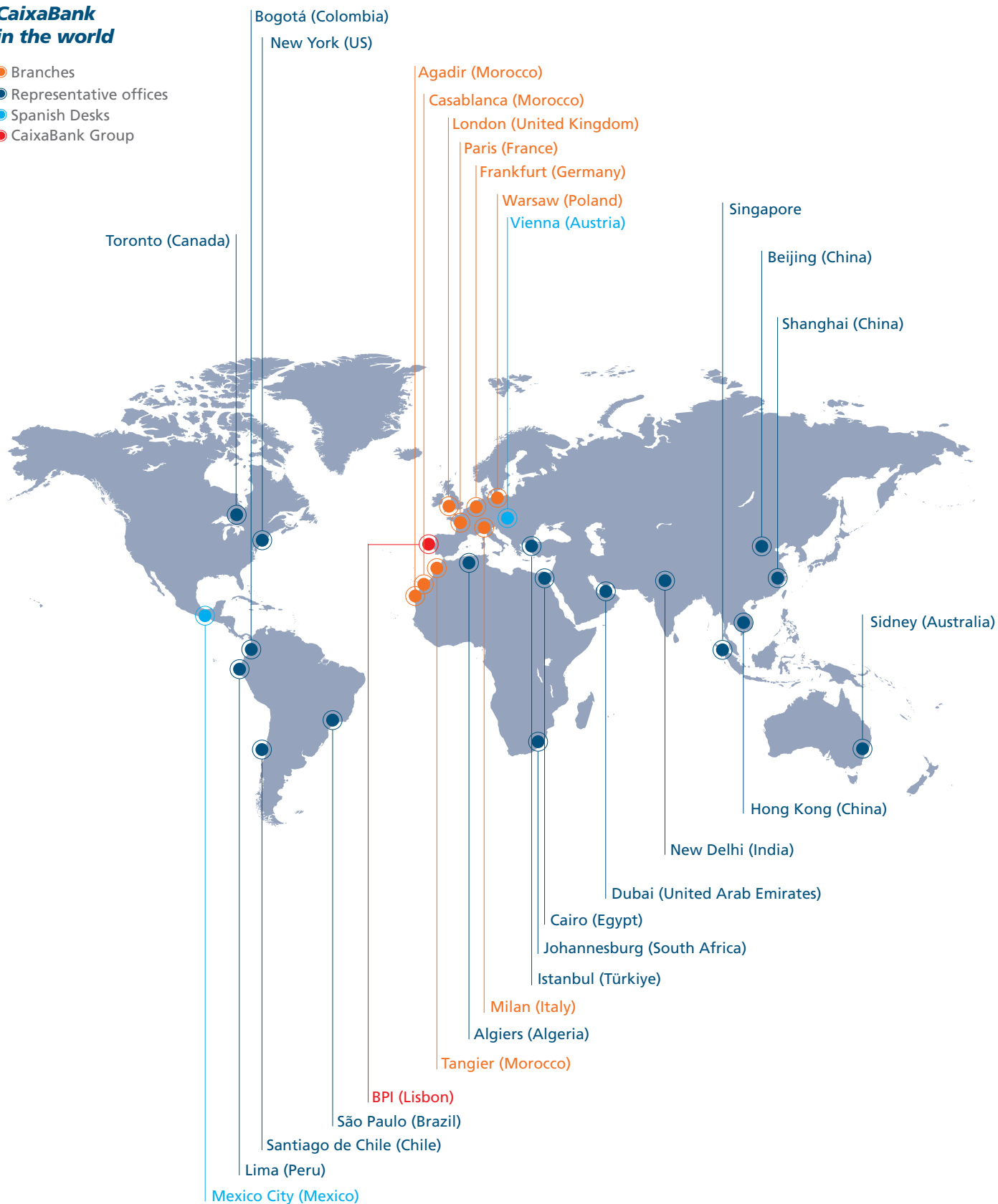
- **External trade risk.** Although the US tariffs will have a limited direct impact (Morocco faces a 10% tariff and less than 5% of its goods exports go to the US), Morocco's high trade exposure to Europe and its integration in the motor vehicle industry's supply chains may pose a risk due to global trade tensions. The Moroccan motor vehicle industry accounts for around 10% of Morocco's total exports, with a high concentration in the EU, close to 80%.
- **Climate and employment risk.** The country also faces the challenge of increasing its resilience to climate change and severe weather events, the effects of which have taken their toll on the agricultural sector (Morocco has endured sustained droughts for the past six years). One of the consequences of this is agricultural workers transitioning to other sectors (agriculture has lost 700,000 jobs in the last five years, only partially offset by the service sector and with the difficulty of reskilling workers with a low level of education, relatively advanced age and concentrated in rural areas). In a similar sense, it also highlights the importance of reducing informality in the labour market, especially among women, and high youth unemployment (over 20%) in a country with a young population (the median age is 30).

Sovereign credit rating				
Rating agency	Rating*	Last changed	Outlook	Last changed
<b>STANDARD &amp; POOR'S</b>	BBB-	26/09/25	Stable	26/09/25
<b>MOODY'S</b>	Ba1	25/06/07	Stable	01/07/22
<b>FitchRatings</b>	BB+	23/10/20	Stable	23/10/20

Note: \*A shaded cell indicates "investment grade" and an unshaded cell indicates "speculative grade".

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