

Responding to the Coronavirus Crisis

Update on Morocco (18/05/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

Tourism, private consumption, shipping

- Recession in Europe will dampen Moroccan growth, in addition to a sharp decline in tourism and lower commodity prices.
- At the same time, the negative impact of the virus on China's production of phosphate may benefit Morocco, the world's second largest producer of phosphate.
- The authorities also decided to regulate prices and control the distribution channels of facemasks and hydro alcoholic gels.

Selected crisis impact indicators

EBRD GDP growth outlook (May 2020) 2020: -2.0%
2021: 4.0%

Survey of household economic confidence (Q1 2020) 75.7
(down 2.1 points q/q)

Casablanca stock market (MASI) 9,413
(May 15 2020) (down 22% YTD)

Crisis response measures to date

A special fund, interest rate cuts, and payment delays

- BAM called on credit institutions to suspend all distribution of dividends or shareholder profits for the 2019 financial year
- A \$1bn special fund (financed by the government and by tax deductible voluntary contributions from public and private entities) will cover the costs of upgrading medical facilities and support businesses and households.
- Create a banking credit line to finance businesses' operational expenses, guaranteed by the Central Guarantee Fund.
- Triple the refinancing capacity of banks with BAM by providing MAD and FX liquidity, widening the scope of securities accepted for bank refinancing and extending the duration of loans.
- Reduce the maximum variation thresholds applicable to financial instruments listed in Casablanca Stock Exchange to reduce volatility.
- Broaden the dirham's fluctuation band to +/- 5% (from +/- 2.5%).
- A support programme for MSMEs manufacturing medical products and equipment to get up to 30% back.

Selected crisis response indicators

Payment holidays for loans (months) 4 months

Committed external assistance IMF: \$3bn under PLL to limit the social and economic impact, support reserves, and mitigate BOP pressures

Key short-term priorities

Economic diversification; measures to enhance the efficiency of the labour market; continued commitment to structural reforms.