Responding to the Coronavirus Crisis
Update on Morocco (18/05/20)

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.

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

Selected crisis impact indicators
EBRD GDP growth outlook (May 2020) 2020: -2.0%
2021: 4.0%
Survey of household economic confidence (Q1 2020) (down 2.1 points q/q)
Casablanca stock market (MASI) 9,413 (May 15 2020) (down 22% YTD)

Key short-term priorities
Economic diversification; measures to enhance the efficiency of the labour market; continued commitment to structural reforms.

To learn more about EBRD’s support to Morocco visit: https://www.ebrd.com/morocco.html
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