

Title: The Causes and Consequences of Inflation and Examining the Role of Central Banks in Achieving Price Stability

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Program: MSc in Economics

Institution: Hungarian University of Agriculture and Life Sciences (MATE)

Year: 2025

Overview

This thesis examines the phenomenon of inflation from both theoretical and practical perspectives, with a particular focus on Morocco. It aims to identify the main causes of inflation, evaluate its economic and social consequences, and analyze the role of Bank Al-Maghrib in maintaining price stability. The research also explores how monetary policy measures are used to control inflation while sustaining growth and financial stability.

Objectives

The central objectives of the study were:

1. To assess the primary drivers of inflation in Morocco during recent years.
2. To evaluate the impact of inflation on households and public perception.
3. To analyze the effectiveness of Bank Al-Maghrib's monetary policy framework in addressing inflationary pressures.
4. To provide insights and recommendations for enhancing price stability in the Moroccan economy.

Methodology

A mixed-methods approach was applied, combining both quantitative and qualitative analysis.

Primary data were collected through an online survey distributed via social media platforms such as Instagram, Facebook, and WhatsApp. The questionnaire gathered responses from 100 participants, including residents of Morocco and Moroccans living abroad. The survey focused on perceptions of price increases, the categories most affected by inflation, income adjustments, and trust in Bank Al-Maghrib.

Secondary data were obtained from official sources such as Bank Al-Maghrib, the High Commission for Planning (HCP), the World Bank, and the International Monetary Fund (IMF). These sources provided macroeconomic context and statistical evidence supporting the findings.

Main Findings

The study revealed that inflation in Morocco has been largely driven by a combination of external factors, such as rising global energy and food prices, and domestic factors, including agricultural fluctuations and supply-chain inefficiencies. Survey responses showed that most participants experienced noticeable price increases, especially in food, housing, and energy.

Most respondents indicated that their income did not keep pace with inflation, forcing them to reduce spending, mainly on non-essential goods. While Bank Al-Maghrib was generally viewed as a trustworthy institution, confidence levels varied, reflecting differing public expectations about monetary policy effectiveness.

The research also highlighted Morocco's progress toward an inflation-targeting framework, which is expected to improve transparency and credibility in policy communication.

Conclusions

The thesis concludes that achieving lasting price stability in Morocco requires a balanced mix of monetary, fiscal, and structural policies. While Bank Al-Maghrib has strengthened its independence and modernized its policy tools, inflation control also depends on reducing import dependency, improving agricultural resilience, and supporting vulnerable households.

The findings suggest that continued institutional reform and effective coordination between fiscal and monetary authorities are key to maintaining stability. The study contributes to the understanding of Morocco's monetary policy evolution and emphasizes the importance of public confidence in achieving sustainable economic outcomes.