بنك المغرب
BANK AL-MAGHRIB

ANNUAL REPORT

PRESENTED TO HIS MAJESTY THE KING

2013

GOVERNOR

Mr. Abdellatif JOUAHRI

DIRECTOR GENERAL

Mr. Abdellatif FAOUZI

GOVERNMENT REPRESENTATIVE

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BANK BOARD

The Governor

The Director General

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Ms. Faouzia ZAABOUL

REPORT
ON THE FINANCIAL YEAR 2013

PRESENTED TO HIS MAJESTY THE KING

BY MR. ABDELLATIF JOUAHRI

GOVERNOR OF BANK AL-MAGHRIB

Your Majesty,

In application of Article 57 of Law No. 76-03 on the Statutes of Bank Al-Maghrib promulgated by Dahir No. 1-05-38 of Shawal 20, 1426 (November 23, 2005), I have the honor to present to Your Majesty the report of the year 2013, the fifty-fifth year of the central bank.

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Your Majesty,

Global growth remained relatively low in 2013, at 3 percent from 3.2 percent a year earlier, despite some strengthening in the second half year. In advanced economies, fiscal policies were marked by continued consolidation efforts, which contributed to reducing fiscal space available for governments to support the economy. At the level of central banks, monetary policies remained extremely accommodative, with increased use of unconventional measures in order to lower medium and long-term rates and boost private demand. However, the impact of these actions remained limited, as evidenced by the growth of lending to the private sector, which decelerated sharply in the United States and contracted more markedly in the euro area. As a result, growth in advanced countries was limited to 1.3 percent, down from 1.4 percent in 2012, reflecting noticeable slowdown in the United States and further decline in the euro area, albeit lesser than the previous year.

In emerging and developing countries, growth felt the double impact of relatively weaker foreign and domestic demand, as GDP grew by only 4.7 percent compared with 5 percent in 2012 and 6.3 percent in 2011. Moreover, uncertainties about the U.S. tapering program led to significant volatility in capital flows and exerted strong pressure on the currencies of some emerging countries. The U.S. Federal Reserve has seemingly taken these effects into account in its forward guidance.

However, labor markets showed some signs of improvement in advanced countries, such as the United States, the United Kingdom and particularly Germany where the unemployment rate was close to its pre-crisis levels. In contrast, the jobless rate remained broadly elevated in the euro area at 12.1 percent, with exceptionally high levels in some partner countries of Morocco, mainly Spain, Italy and France. Youth unemployment, in particular, remains a worrying phenomenon in most developed countries and one of the main after-effects of the international crisis.

On the commodities market, prices showed a decline, less marked for oil due to renewed tensions in the Middle East and Africa. This trend contributed to the easing of world inflation which continued to moderate, with a fairly pronounced disinflationary trend in the euro area where inflation stood at 1.3 percent, the lowest rate since 2009.

The economic slowdown negatively impacted world trade, which grew by a mere 3 percent, from 2.8 percent in 2012 and 4.7 percent on average between 2000 and 2007. Meanwhile, after a sharp decline of 22.1 percent in 2012, direct investment flows rebounded by 11 percent, benefiting mainly developing countries.

Nationally, in 2013 the twin deficits narrowed significantly and growth improved from 2.7 percent to 4.4 percent, but with an opposite growth profile compared to 2012. Indeed, thanks to a bumper crop, the agricultural value added expanded markedly by 19 percent, after shrinking by 8.9 percent a year earlier. However, in conjunction with a broadly unfavorable international environment and the difficulties inherent to certain sectors, nonagricultural growth slowed down sharply from 4.4 percent to 2.3 percent. Secondary sector growth decelerated from 1.4 percent to 0.3 percent, mainly reflecting a drop in mining activities and a slowdown in construction and manufacturing industry, despite the buoyancy of certain high value-added sectors. Regarding services, the upturn in tourism strengthened further, as tourist arrivals rose by 7.2 percent, exceeding for the first time the 10 million visitors mark, set as a target for Vision 2010.

On the demand side, household consumption moved up at the same pace as in the previous year, amid moderate inflation and higher agricultural income, while government consumption grew less rapidly. Investment fell slightly for the second consecutive year, partly due to reduced Treasury capital expenditure.

Deceleration in nonagricultural activities greatly affected labor market conditions, mainly with a further decrease in the construction sector's workforce. Similarly, after four years of decline, employment in the industrial sector still showed no sign of recovery, registering the creation of only 5,000 jobs. Helped by the services sector, which confirmed its position as the first job-providing sector, and agricultural activities, a total of 114,000 jobs were created. Given the arrival on the market of 157,000 new job seekers, the unemployment rate rose by 0.2 percentage point to 9.2 percent nationally and 14 percent in urban areas, peaking at 36 percent among urban youth aged 15 to 24 years.

As to external accounts, the export performance of Morocco's world crafts, mainly the automotive sector, strengthened further, helping to offset the effect of the sharp drop in shipments of phosphates and derivatives. The latter moved down 22.9 percent, due to weak demand for fertilizers and lower world prices.

These developments, coupled with improved public transfers, led to a 2.2 percentage point reduction in the current account deficit to 7.6 percent of GDP, after two years of widening. This decrease also resulted from lower imports, reflecting lower value of food and energy purchases prompted by falling world commodity prices and a good crop year. Travel receipts and remittances from Moroccans living abroad continued to suffer the negative effects of the sluggish international economy, posting slight declines. In addition, the year saw significant foreign direct investment inflows of nearly 39.6 billion dirhams, which helped maintain net international reserves slightly above the threshold of four months of goods and services' imports.

With regard to public finance, fiscal deficit in 2013 narrowed by about two percentage points of GDP after a substantial deterioration in 2012. This change is primarily due to the rise in fuel prices and the reactivation of the oil price indexing system, leading to a significant decrease in subsidy costs, which represented 4.8 percent of GDP down from 6.6 percent in 2012. It is also attributed to the decisions taken by the Government to contain other expenses, mainly investment expenditure, as well as to the collection of donations from the Gulf Cooperation Council countries. However, tax revenues fell, mostly because of lower receipts from corporate tax and customs duties. Overall, fiscal deficit, excluding privatization proceeds, reached 5.5 percent of GDP down from 7.4 percent in 2012. Treasury borrowing in the domestic market increased significantly and negatively affected its financing conditions. As a result, public debt continued the upward trend that started in 2009, exceeding the threshold of 60 percent of GDP, with an increase of 12.6 percent in its domestic component and 11.1 percent in the external one.

In addition to subsidy expenses, payroll remains an important source of fiscal vulnerability. Its ratio to GDP stood at 11.3 percent in 2013, one of the highest in the region. Despite the voluntary retirement program of 2005, the number of civil servants increased by 9.2 percent and staff costs rose by 56.2 percent between 2006 and 2013. During the same period, average wage in the public sector appreciated by 43.1 percent, or 5.3 percent annually. Today, the average income of the Moroccan civil servant is 4 times the per capita GDP, much higher than the worldwide level, especially in middle-income countries where this ratio is 1.4.

Despite oil subsidy measures taken in the past two years, the prudent monetary policy helped maintain inflation at a level in line with the medium-term price stability objective of Bank Al-Maghrib, reaching 1.9 percent from 1.3 percent in 2012. Core inflation, which reflects the underlying trend of prices, rose from 0.8 percent to 1.5 percent.

In the monetary sphere, weaker demand and banks' cautious behavior, driven by rising risks in certain industries and households, resulted in a further slowdown in bank lending, whose growth decelerated from 4.6 percent to 3.9 percent, below its historical trend. This slowdown affected all credit categories, with the exception of equipment loans.

In this context, Bank Al-Maghrib kept its key rate at 3 percent, despite uncertainties surrounding the timetable and arrangements for reviewing the subsidization system, as well as future trend in global commodity prices. Meanwhile, it maintained the required reserve ratio low and significantly increased the volume of its injections in the interbank market. With a view to improving the financing of micro, small and medium-sized enterprises (MSMEs), the Bank established a new secured loan mechanism, benefiting particularly industrial businesses and those with export-oriented production.

The results of the banking sector were affected by slower credit growth and higher nonperforming loans, whose rate moved up from 4.9 percent to 5.9 percent. This impact was partially offset by the uptrend of Moroccan banking activity abroad, particularly in the African continent. This cross-border expansion does represent a growth driver, but could carry risks as well. It is in this spirit that the Bank strengthened its supervision of cross-border activities in collaboration with supervisors in the host countries. In addition, banks bolstered their financial base, in compliance with the enhanced capital requirements adopted in 2013.

In terms of macro-prudential supervision, the Bank continues to improve the analytical framework of financial stability assessment and coordination mechanisms with other regulatory authorities. In this context, specific tools were developed to monitor corporate and household debt.

As part of its efforts to improve financial inclusion, Bank Al-Maghrib introduced new reportings for banks in order to assess the level of access to financial services. At the same time, a survey is conducted jointly with the World Bank to gauge public perception in this area. In addition, the Moroccan Foundation for Financial Literacy, set up in 2012, became operational. It adopted its first strategic plan and launched several structuring projects.

Regarding customer protection, Bank Al-Maghrib established, in collaboration with the banking sector, a mediation center, now operational. It also signed an agreement with the National Commission for the Control of Personal Data Protection aimed at fostering the culture of privacy and personal data protection in the banking and financial sector. The efforts made with all stakeholders to reinforce the national anti-money laundering system and ensure its compliance with international standards led to removing Morocco from the grey list of the Financial Action Task Force.

On asset markets, the downward trend in stock indexes since 2011 moderated substantially, as the annual rate of decline in the MASI fell to less than 3 percent. The volume of market transactions remained limited and focused on a small number of stocks. The low level of liquidity led to downgrading the Casablanca Stock Exchange from the MSCI Emerging Markets Index to the Frontier Markets Index. Real estate prices were up 1.1 percent, reflecting respective price increases of 0.4 percent and 3.9 percent in residential property and urban land. This change occurred in a context of a 5.6 percent drop in the number of transactions, after a 4.8 percent rise in 2012.

In recent years, Morocco has achieved significant progress in terms of macroeconomic stability and was able in 2013 to correct the slippages of 2012. Such efforts have been widely appreciated by international institutions, as evidenced by the successive renewals of its eligibility for the IMF Precautionary and Liquidity Line and the recent positive assessments of rating agencies. These advances have also earned Morocco the trust of investors, reflected by the success of the various international bond issues and the significant foreign direct investment inflows. This Moroccan specificity in the MENA region is primarily attributable to the political stability of the country and the democratic gains enshrined in the new Constitution of 2011, which should be consolidated and strengthened. It is also due to public authorities' action aiming to maintain macroeconomic stability.

Morocco's option for sub-Saharan Africa asserts itself today as a strategic choice, in a context where economic blocks are becoming better organized at regional and intercontinental levels, while the Maghreb integration is still difficult to achieve and recovery in Europe remains slow. This direction, led by the highest authority of the country, should continue to mobilize all authorities and operators, particularly the banking sector which has been a pioneer in this regard, under a co-development partnership based on shared cultural and religious values.

The creation of an Africa Committee tasked with the continuous monitoring and assessment of commitments made by both sides should further cement relations between Morocco and the African continent, with its two main linguistic components, English and French, on the basis of mutually beneficial lasting confidence.

Thanks to this new momentum, the mission of the Casa Finance City (CFC), initiated as an Africa-oriented financial hub, will be reinforced to support this strategy and serve as an interface between Europe, the Middle East and Africa. Its positioning and attractiveness were significantly improved through several reforms aimed particularly at relaxing the conditions for exercising target activities, taxation and foreign exchange controls. The CFC status has already been granted to more than thirty institutions, including some leading firms that have chosen Morocco as a basis for their regional establishment. These efforts led to the inclusion of Casablanca in the Global Financial Centers Index, ranking 62 internationally and second in Africa. This position, which we should preserve and improve in an increasingly aggressive regional competition, requires that all efforts be combined within a global and well-managed vision.

Driven by this regional ambition, Morocco should also strengthen itself domestically, by accelerating the implementation of all reforms undertaken at institutional, political, social and economic levels.

Several reform projects that are already completed or widely discussed must become effective. These include the pension schemes, which should be reformed urgently, as well as other projects with more structuring dimension. More specifically, this concerns the advanced regionalization project, which should give concrete content to local and participatory democracy. The reform of justice will also strengthen the rule of law and contribute to improving business climate, an area in which our country remains well outpaced despite some progress, which negatively affects its competitiveness. The latter is also hampered by other factors, mainly the low development of scientific research and technological innovation and the quality of the training and education system.

Indeed, some quantitative achievements have been made in basic education. However, dropout rates remain high and enrollment rates in secondary and higher education are still low. The mean years of schooling, a key indicator in this regard, is 4.4 years in Morocco as against 4.7 in sub-Saharan Africa and 6 in the Arab countries. In the same vein, the vocational training system has seen quantitative progress in recent years and supported the implementation of some sectoral strategies. Nevertheless, the high unemployment rate among its young graduates raises questions about the quality of such training and its ability to meet labor market needs.

In the economic field, the largely divergent results of sectoral strategies raise questions about their coherence and the conditions of their development and implementation. Beyond the specificities of each sector, setting realistic goals, mobilizing the necessary resources, adopting a consultation-based approach and conducting assessment are some of the conditions likely to maximize the chances of success for these strategies. The creation of an independent agency for assessing sectoral strategies could be a way forward to achieve this objective.

Continued efforts should be made to develop and promote micro, small and medium-sized enterprises, a central component of the national economy. One key focus area is to facilitate their access to financing, which requires the involvement of all stakeholders, including enterprises themselves in terms of financial transparency. In this regard, in addition to the arrangements already in place, the Bank is working with its partners to set up a specific support fund, with a view to strengthening the resilience of these businesses and enhance their contribution to economic growth. Similarly, in order to improve the availability of information necessary for the support and coaching of this category of enterprises, an observatory is being put in place in partnership with the relevant stakeholders. As part of its policy of proximity to economic operators, the Bank has institutionalized a regular dialogue with professional representative bodies and businesses, by organizing meetings throughout the national territory.

In the banking sector more broadly, the new legal framework governing banking activity will contribute mainly to improving financial inclusion and banking services through the introduction of participatory finance, investment services and a new category of institutions specializing in payment transactions. It will also enhance the governance of banks and strengthen the mechanisms of bank difficulty management. At the same time, the Bank ensured that its prudential arrangements comply with the relevant international standards. Indeed, it revised capital and liquidity requirements to align them with the new Basel III standards, following a phased implementation timetable over the period 2014-2019.

Morocco's choice to adhere to the globalization process and its ambition to become a regional financial hub challenge us about the relevance of the current exchange rate system. The structural fragility of international reserves and the persistent current account deficit cast doubts on the sustainability of this regime. While transition toward greater flexibility may seem appropriate in many respects, it is essential to fulfill the prerequisites for its success and include any action in this direction in an integrated approach with a clear schedule.

In terms of tax reform, several measures were taken in 2013, particularly regarding targeted and progressive taxation of agriculture. However, many other proposals, which won consensus in the last taxation symposium, should be accomplished in the earliest convenience. One of the challenges in this area is the integration of the informal sector in the formal economy. Besides its impact on tax revenues, this action would help improving the overall performance of our economy and the quality of employment.

Regarding fiscal governance, the draft organic law on public finance, currently discussed in the Parliament, is a major step forward and should contribute to improving budget efficiency. Nevertheless, the value added of this law can be further strengthened if its scope of application is broadened and fiscal discipline is reinforced, by linking commitments to availability of resources. More rigor is also needed in the creation and transparency of special Treasury accounts.

Enlarging subsidy system reform should be accelerated to reflect market prices, while establishing safety nets for low-income classes. Such an approach will provide authorities with fiscal space for investment in infrastructure and the upgrading of sectors that contribute to human development, such as education, health and low-income housing.

It is only through the development of targeted and coordinated policies and the deepening and expansion of structural reforms, in a bid to reinforce the competitiveness of our national economy and income redistribution, that our country can sustainably improve the population's living standards, thus leading to the emergence of a real middle class, and bolster its position among emerging economies.

Abdellatif JOUAHRI

Rabat, June 2014

PART 1

ECONOMIC, MONETARY AND FINANCIAL SITUATION

1.1 International environment

The international environment was marked in 2013 by uncertainties about the consolidation of growth in the United States and the recovery in the euro area, as well as by concerns over the economic slowdown in emerging countries. Despite some improvement in the second half of the year, global growth remained broadly low at 3 percent from 3.2 percent in 2012 and 4.1 percent, on average, between 2000 and 2007.

In advanced economies, activity declined slightly from 1.4 percent to 1.3 percent. It slowed down sharply in the United States, while it contracted anew in the euro area, although at a lower degree compared to 2012. However, GDP growth accelerated in the United Kingdom and relatively improved in Japan. In emerging and developing countries, growth decelerated overall from 5 percent to 4.7 percent, with particularly a deterioration in Russia and India, stagnation in China and a relative recovery in Brazil.

On the labor market, the unemployment rate continued its downward trend in the United States, while it was up in most countries of the euro area, reaching record levels in Italy and Spain. In key emerging countries-China, Brazil and Russia-the unemployment rate remained virtually sTable.

Commodity prices were tilted to the downside, with the exception of energy prices, which remained high due to the rise in tensions in the Middle East and Africa.

Under these conditions, global inflation continued its subdued trend, with a significant decline in advanced countries, especially in the euro area, and a slight decline in emerging and developing countries.

The weakness of economic activity affected global trade whose growth was limited to 3 percent, as against 2.8 percent in 2012 and an average of 4.7 percent between 2000 and 2007. Imbalances in the balance-of-payments current account diminished generally, with an improvement in advanced countries and a contraction in surpluses in emerging and developing countries. In parallel, after a sharp drop in 2012, flows of foreign direct investment (FDI) rebounded in advanced countries, emerging and developing countries.

In financial markets of advanced countries, conditions were generally more positive than in 2012. Stock markets registered a significant performance, reflecting renewed investor confidence, thanks to a relatively improved outlook and a more explicit commitment by central banks to support growth. Similarly, in bond markets, yields were on the downside, particularly those of euro area peripheral countries. However, bank lending continued to decelerate in the United States and to contract in the euro area.

Moreover, uncertainties about the timing for exiting the quantitative easing policy in the United States caused a volatility of capital flows and exerted strong pressure on the currencies of some emerging countries.

1.1.1 Economic growth

Global economic growth decelerated slightly in 2013 to 3 percent from 3.2 percent. It slowed down from 1.4 percent to 1.3 percent in advanced economies and from 5 percent to 4.7 percent in emerging and developing countries.

Table 1.1.1 : Global growth trends (%)

	2009	2010	2011	2012	2013
World	**-0.4**	**5.2**	**3.9**	**3.2**	**3.0**
Advanced economies	**-3.4**	**3.0**	**1.7**	**1.4**	**1.3**
United states	-2.8	2.5	1.8	2.8	1.9
Euro area	-4.4	2.0	1.6	-0.7	-0.5
Germany	-5.1	3.9	3.4	0.9	0.5
France	-3.1	1.7	2.0	0.0	0.3
Italy	-5.5	1.7	0.4	-2.4	-1.9
Spain	-3.8	-0.2	0.1	-1.6	-1.2
United kingdom	-5.2	1.7	1.1	0.3	1.8
Japan	-5.5	4.7	-0.5	1.4	1.5
Emerging and developing countries	**3.1**	**7.5**	**6.3**	**5.0**	**4.7**
Developing countries of Asia	**7.7**	**9.7**	**7.9**	**6.7**	**6.5**
China	9.2	10.4	9.3	7.7	7.7
India	8.5	10.3	6.6	4.7	4.4
Countries of Latin America and the Caribbean	**-1.3**	**6.0**	**4.6**	**3.1**	**2.7**
Brazil	-0.3	7.5	2.7	1	2.3
Mexico	-4.7	5.1	4	3.9	1.1
Community of Independent States	**-6.4**	**4.9**	**4.8**	**3.4**	**2.1**
Russia	-7.8	4.5	4.3	3.4	1.3
Emerging and developing countries of Europe	**-3.4**	**4.7**	**5.4**	**1.4**	**2.8**
Turkey	-4.8	9.2	8.8	2.2	4.3
Sub-Saharan Africa	**2.6**	**5.6**	**5.5**	**4.9**	**4 .9**
South Africa	-1.5	3.1	3.6	2.5	1.9
Middle-East and North Africa	**3.0**	**5.5**	**3.9**	**4.1**	**2.2**

Source: IMF.

In the United States, growth slowed from 2.8 percent to 1.9 percent, reflecting a drop from 3.5 percent to 2.7 percent in the growth of exports and from 5.5 percent to 2.9 percent in that of gross fixed capital formation (GFCF), as well as a 2 percent decrease in public expenditure, due to a more restrictive fiscal policy.

In the euro area, GDP contracted by 0.5 percent as against 0.7 percent in 2012, owing to a slower fall in private consumption from 1.4 percent to 0.7 percent and in GFCF from 4.1 percent to 3 percent. Particularly, after stagnating in 2012, GDP grew 0.3 percent in France, mainly due to a 0.4 percent increase in households' consumption, after a decrease of 0.3 percent. In the main peripheral countries, GDP growth declined by 1.9 percent as against 2.4 percent in Italy and by 1.2 percent as opposed to 1.6 percent in Spain, due respectively to a slower fall in investment and improved exports. In contrast, in Germany, the weakening of exports affected growth whose rate fell from 0.9 percent to 0.5 percent.

In the United Kingdom, growth recovered significantly, from 0.3 percent to 1.8 percent owing to a 2.3 percent increase in private consumption, which benefited from improved conditions in the labor market. Similarly, GDP continued to rise in Japan, registering a growth of 1.5 percent from 1.4 percent, reflecting in part higher exports and government consumption thanks to the expansionary measures undertaken by the government (Box 1.1.3).

In key emerging countries, thanks to rising exports and investments in the second half, particularly following the Government's recovery plan, China managed to stabilize its growth at 7.7 percent, although this rate was lower than the long-term average. In Brazil, GDP moved up 2.3 percent from 1 percent, driven by improved investment. In contrast, growth declined from 4.7 percent to 4.4 percent in India and from 3.4 percent to 1.3 percent in Russia.

In the Middle East and North Africa, lower oil production, weaker investment and persistent political and social tensions in some countries weighed heavily on growth, which moved down from 4.1 percent to 2.2 percent. In particular, GDP growth declined from 5.8 percent to 3.8 percent in Saudi Arabia, from 3.6 percent to 2.7 percent in Tunisia, from 3.3 percent to 2.7 percent in Algeria and from 2.2 percent to 2.1 percent in Egypt.

In Sub-Saharan Africa, growth remained strong at 4.9 percent, supported by improved agricultural production and investment in low-income countries. However, in South Africa, one of the leading economies in the region, economic activity slowed down from 2.5 percent to 1.9 percent due to weaker investment.

1.1.2 Labor market

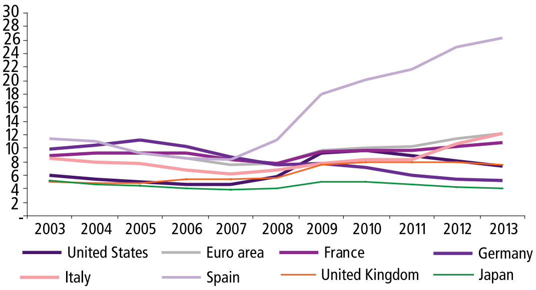
In advanced countries, the unemployment rate fell from 8.1 percent to 7.4 percent in the United States, from 4.3 percent to 4 percent in Japan and from 8 percent to 7.6 percent in the United Kingdom. In contrast, in the euro area, this rate hit a new record of 12.1 percent from 11.4 percent in 2012. With the noTable exception of Germany, where it fell from 5.5 percent to 5.3 percent, unemployment increased in most countries, from 10.2 percent to 10.8 percent in France, from 10.7 percent to 12.2 percent in Italy, while it reached 26.4 percent in Spain. In the main emerging and developing countries, the unemployment rate remained virtually unchanged at 4.1 percent in China, 5.5 percent in Russia and 5.4 percent in Brazil.

Table 1.1.2: Change in the unemployment rate (in %)

	2009	2010	2011	2012	2013
Advanced countries					
United States	9.3	9.6	8.9	8.1	7.4
Euro area	9.7	10.2	10.2	11.4	12.1
Germany	7.8	7.1	6.0	5.5	5.3
France	9.5	9.7	9.6	10.2	10.8
Italy	7.8	8.4	8.4	10.7	12.2
Spain	18.0	20.1	21.7	25.0	26.4
United Kingdom	7.7	7.9	8.1	8.0	7.6
Japan	5.1	5.0	4.6	4.3	4.0
Emerging countries					
Russia	8.4	7.3	6.5	5.5	5.5
China	4.3	4.1	4.1	4.1	4.1
Brazil	8.1	6.7	6.0	5.5	5.4

Source: IMF.

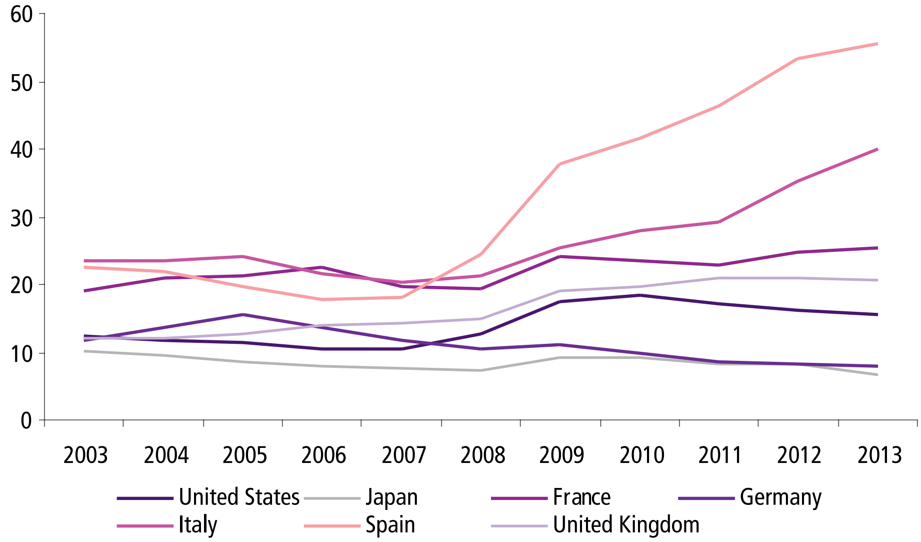
Chart 1.1.1: Change in the unemployment rate in advanced countries (in %)



The youth unemployment[1] remained broadly high in advanced countries, especially in some euro area peripheral countries where it affects nearly one youngster in two. The unemployment rate among this age group rose from 24.7 percent to 25.5 percent in France and reached new record highs in Italy with 40 percent and Spain with 55.7 percent. In the United States and the United Kingdom, while remaining higher than pre-crisis levels, it decreased from 16.2 percent to 15.5 percent and from 21 percent to 20.5 percent, respectively. In contrast, the lowest rates were registered in Germany at 7.9 percent and Japan at 6.8 percent.

1 Aged 15 to 24 years.

Chart 1.1.2: Change in the unemployment rate of youth from 15 to 24 years in advanced countries



Source: Eurostat.

Box 1.1.1: Measures regarding the euro area's labor market

In light of persistently high unemployment rates, especially among young people, several countries in the euro area continued in 2013 their efforts with a view to combating this phenomenon. In France, a reform plan was implemented in April 2013, in order to create 150,000 jobs by end 2014, with a "youth guarantee" program, allowing them access to sustainable employment, by providing them with training and financial support in the case of a long-term unemployment.

In Spain, new employment measures were adopted in March 2013, with the aim to fight against youth unemployment, which hit a new record. This plan makes it possible to provide adequate training to the unemployed, grant aids for the creation of businesses and reduce their social security charges over a period of three years.

In Italy, the main youth employment measures aim at improving education and vocational training systems and granting financial aids to those in difficulty. In addition, a guarantee arrangement entered into force in June 2013, providing benefits during internship.

1.1.3 Commodity markets

Due to slower demand, particularly from emerging countries, commodity prices in 2013 were generally tilted to the downside, with the exception of energy prices, which remained virtually unchanged from the previous year.

Chart 1.1.3: Annual change in commodity prices (2003-2013)

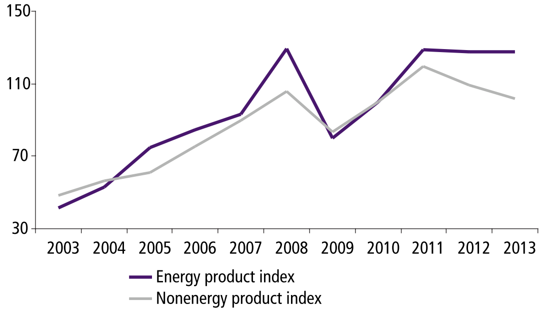
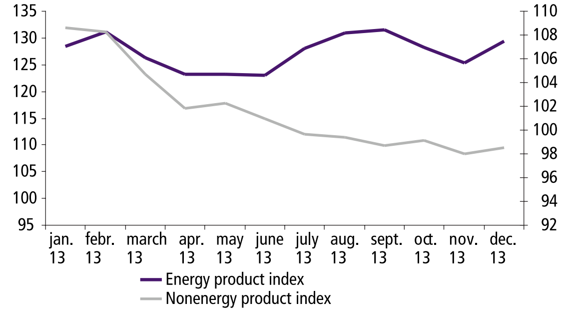


Chart 1.1.4: Monthly change in commodity prices (2013)



Source: World Bank.

The virtual stagnation of energy prices covers a 13.1 percent increase in the natural gas price and respective decreases of 12.2 percent and 0.9 percent in coal and oil prices. Despite multiple supply stoppages in the Middle East and Africa, the Brent price in particular was down by 2.8 percent to $108.86 on average, reflecting slower demand from China and rising production in Saudi Arabia.

Natural gas recorded a price increase of 35.4 percent in the United States and 2.7 percent in Europe, primarily due to a colder-than-normal winter. The coal price fell by 12.2 percent, in conjunction with China's environmental policies, adopted to reduce the consumption of this mineral.

Chart 1.1.5: Annual change in energy prices (2003-2013)

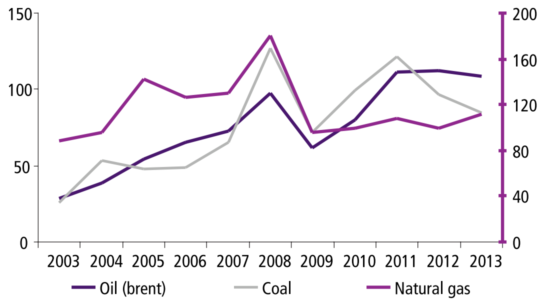
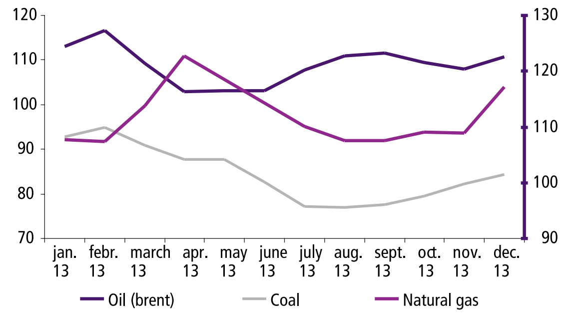


Chart 1.1.6: Monthly change in energy prices (2013)



Source: World Bank

Non-energy prices were down 7.2 percent, mainly reflecting a decrease of the same magnitude in prices of agricultural commodities, due to improved supply, and 5.5 percent in metal and mineral prices, due partly to higher production capacity. By product, prices fell 14.3 percent for nickel, 8.7 percent for aluminum and 7.9 percent for copper. Similarly, prices dropped by 15.9 percent for barley, 17.9 percent for sugar and 19.2 percent for coffee. As regards fertilizers, prices for crude phosphate declined markedly by 20.3 percent to $148.1 per tonne on average, while those for phosphate fertilizers were down 17.6 percent for diammonium phosphate (DAP), 17.3 percent for triple superphosphate (TSP) and 16.1 percent for urea.

Chart 1.1.7: Change in nonenergy price indexes

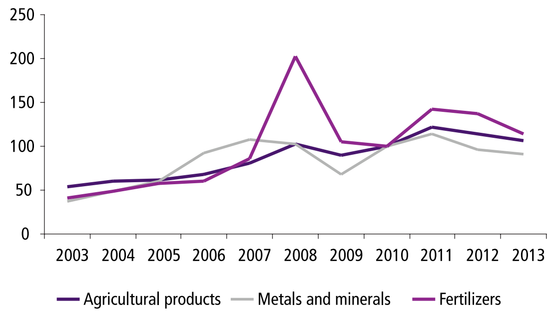
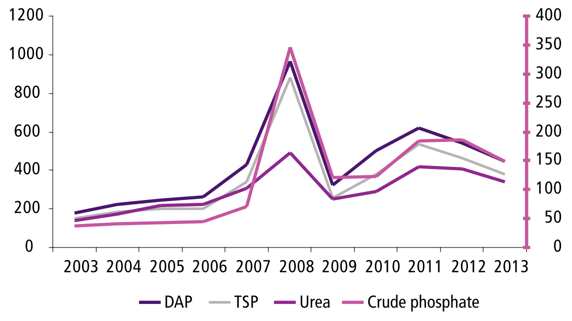


Chart 1.1.8: Change in the prices of phosphate and derivatives (Dollar/tonne)



Source: World Bank.

After eleven years of consecutive increases, prices for precious metals recorded a significant decline of 17 percent. In particular, gold price fell 15.4 percent due to the loss of investor interest and measures taken by India to restrict imports. Similarly, silver and platinum prices dropped by 23.4 percent and 4.1 percent, respectively.

1.1.4 Public finance

Most developed countries continued in 2013 their fiscal consolidation policies, in order to stabilize their fiscal positions and contain debt increases. The budget deficit was reduced from 9.7 percent of GDP to 7.3 percent in the United States, from 8.7 percent to 8.4 percent in Japan and from 3.7 percent to 3 percent in the euro area. This deficit fell from 4.8 percent to 4.2 percent in France, while it moved in Germany from a surplus of 0.1 percent to a zero balance. In the euro area peripheral economies, the fiscal deficit was substantially reduced from 10.6 percent to 7.2 percent in Spain, from 6.3 percent to 2.6 percent in Greece and from 6.5 percent to 4.9 percent in Portugal. By contrast, in Italy, it increased slightly from 2.9 percent to 3 percent of GDP.

Despite these efforts, the debt level increased in most of these countries. Thus, public debt increased again from 102.4 percent to 104.5 percent of GDP in the United States, from 237.3 percent to 243.2 percent in Japan and from 92.8 percent to 95.2 percent in the euro area. In France, the public debt rose from 90.2 percent to 93.9 percent, while in Germany it fell from 81 percent to 78.1 percent. In peripheral countries, the debt ratio rose from 85.9 percent to 93.9 percent in Spain, from 127 percent to 132.5 percent in Italy, from 157.2 percent to 173.8 percent in Greece and from 124.1 percent to 128.8 percent in Portugal.

Chart 1.1.9: Budget balance trend in % of GDP

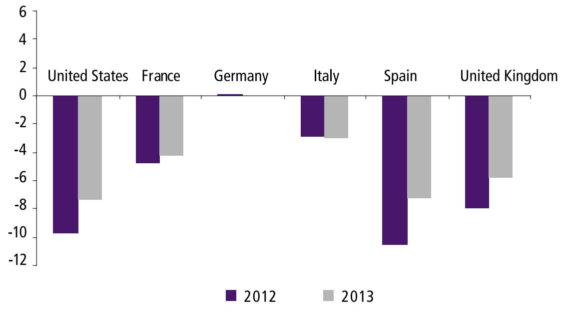


Chart 1.1.10: Public debt trend in % of GDP

Source: IMF.

In emerging countries, the public financial position remains relatively well controlled, with debt levels significantly lower than those of developed countries. In China, the fiscal deficit narrowed from 2.2 percent of GDP to 1.9 percent and the public debt ratio declined from 26.1 percent of GDP to 22.4 percent. In India, the deficit was down, while remaining high at 7.3 percent and public debt increased slightly from 66.6 percent of GDP to 66.7 percent of GDP. In Brazil, the fiscal deficit widened from 2.8 percent to 3.3 percent of GDP, with a drop from 68.2 percent to 66.3 percent of the debt ratio.

1.1.5 External accounts

After a sharp slowdown in 2012, the growth rate of world trade improved slightly from 2.8 percent to 3 percent, reflecting an acceleration of export growth from 4.2 percent to 4.4 percent in emerging and developing countries and from 2.1 percent to 2.3 percent in advanced economies. This change was accompanied by a relatively improved current account in advanced economies and a moderation of the surplus in some emerging and developing countries.

Table 1.1.3: Change in the balance-of-payments' current account (% of GDP)

	2009	2010	2011	2012	2013
Advanced economies	**-0.1**	**0.0**	**-0.1**	**-0.1**	**0.4**
United States	-2.6	-3	-2.9	-2.7	-2.3
Euro area	0.3	0.6	0.8	2.0	2.9
Germany	5.9	6.4	6.8	7.4	7.5
France	-1.3	-1.3	-1.8	-2.2	-1.6
Italy	-2	-3.5	-3.1	-0.4	0.8
Spain	-4.8	-4.5	-3.8	-1.1	0.7
United Kingdom	-1.4	-2.7	-1.5	-3.7	-3.3
Japan	2.9	3.7	2	1	0.7
Emerging and developing countries of Asia	**3.5**	**2.5**	**0.9**	**0.8**	**1.1**
China	4.9	4	1.9	2.3	2.1
India	-2.8	-2.7	-4.2	-4.7	-2.0
Countries of Latin America and the Caribbean	**-0.7**	**-1.3**	**-1.4**	**-1.9**	**-2.7**
Brazil	-1.5	-2.2	-2.1	-2.4	-3.6
Mexico	-0.9	-0.3	-1.1	-1.2	-1.8
Emerging and developing countries of Europe	**-3.2**	**-4.9**	**-6.4**	**-4.5**	**-3.9**
Community of Independent States	**2.6**	**3.4**	**4.3**	**2.6**	**0.7**
Russia	4.1	4.4	5.1	3.6	1.6
Middle-East and North Africa	**2.2**	**7.1**	**14.1**	**13.7**	**10.3**

Source : FMI.

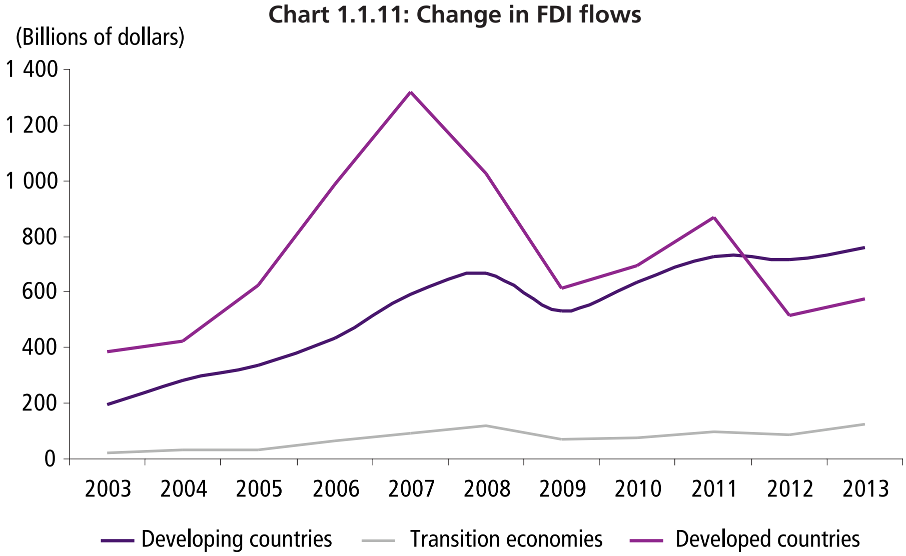
Thus, in the United States, the current account deficit continued to moderate to 2.3 percent of GDP from 2.7 percent in 2012 and 2.9 percent in 2011. In the euro area, the surplus remained high at 7.5 percent in Germany, while in Italy and Spain, the balance posted a slight surplus of 0.8 percent and 0.7 percent, respectively. In contrast, the deficit was reduced from 2.2 percent to 1.6 percent in France.

In other developed countries, the deficit fell from 3.7 percent of GDP to 3.3 percent in the UK, while in Japan, the surplus was down from 1 percent to 0.7 percent, mainly due to higher import prices caused by the weakness of the yen.

In emerging markets, the surplus fell from 2.3 percent to 2.1 percent of GDP in China and from 3.6 percent to 1.6 percent in Russia. In contrast, the deficit widened significantly in Brazil from 2.4 percent to 3.6 percent, while it narrowed from 4.7 percent to 2 percent in India.

After a contraction of 22.1 percent, the flow of foreign direct investment rebounded by 11 percent in 2013, reflecting renewed confidence thanks to the improved economic outlook.

Chart 1.1.11: Change in FDI flows



Source: UNCTAD.

Flows to advanced economies grew by 12 percent to $576 billion. This trend was mainly due to respective rises of 61 percent and 37.7 percent in flows to Japan and the European Union, with an increase in the majority of countries in this region, with the noTable exception of France whose inflows declined by 77 percent.

In emerging and developing economies, investment inflows went up by 17 percent in India and 5 percent in China, while they rebounded by 83 percent in Russia, but declined by 15 percent in Turkey and 3.9 percent in Brazil.

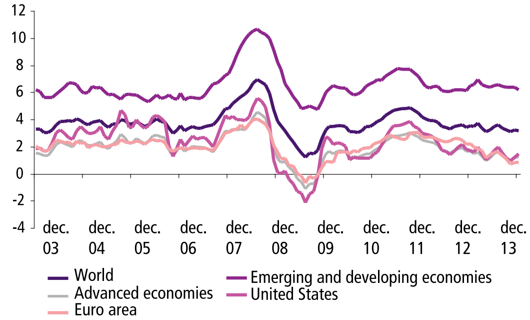
1.1.6 Inflation trend

Due to slower global demand and lower commodity prices, inflation declined from 3.9 percent to 3.6 percent. This trend mainly reflects a drop from 2 percent to 1.4 percent in advanced economies, with particularly a decline from 2.5 percent to 1.3 percent in the euro area and from 2.1 percent to 1.5 percent in the United States. It decelerated from 3.3 percent to 1.3 percent in Italy, from 2.4 percent to 1.5 percent in Spain, from 2.2 percent to 1 percent in France and from 2.1 percent to 1.6 percent in Germany.

In the United Kingdom, while remaining relatively high, inflation also trended downward from 2.8 percent to 2.6 percent. However, in Japan, after several years of deflation, prices rose 0.4 percent, following some recovery in demand and a depreciation of the yen, prompted by the accommodative policy of the Government and the Central Bank.

In emerging and developing economies, inflation declined slightly from 6 percent to 5.8 percent. It remained sTable at 2.6 percent in China, declined in India from 10.2 percent to 9.5 percent and increased from 5.4 percent to 6.2 percent in Brazil.

Chart 1.1.12: Inflation trend in the world



Source: IMF.

Chart 1.1.13: Inflation trend in the major partner countries of Morocco

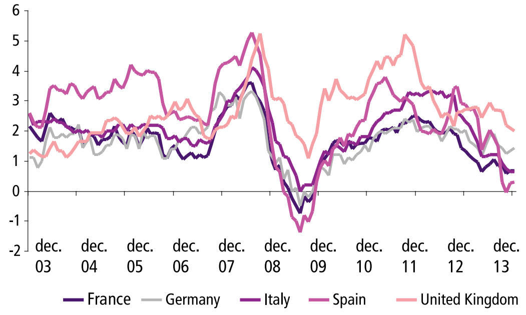


Table 1.1.4: Inflation trend in the world (in %)

	2009	2010	2011	2012	2013
World	**2.5**	**3.6**	**4.9**	**3.9**	**3.6**
Advanced economies	**0.1**	**1.5**	**2.7**	**2.0**	**1.4**
United States	-0.3	1.6	3.1	2.1	1.5
Euro area	0.3	1.6	2.7	2.5	1.3
Germany	0.2	1.2	2.5	2.1	1.6
France	0.1	1.7	2.3	2.2	1.0
Italy	0.8	1.6	2.9	3.3	1.3
Spain	-0.2	2.0	3.1	2.4	1.5
United Kingdom	2.2	3.3	4.5	2.8	2.6
Japan	-1.3	-0.7	-0.3	0.0	0.4
Emerging and developing countries	**5.4**	**5.9**	**7.3**	**6.0**	**5.8**
Russia	11.7	6.9	8.4	5.1	6.8
China	-0.7	3.3	5.4	2.6	2.6
India	13.0	10.5	9.6	10.2	9.5
Brazil	4.9	5.0	6.6	5.4	6.2
Middle-East and North Africa	**6.3**	**6.5**	**9.3**	**10.5**	**10.5**

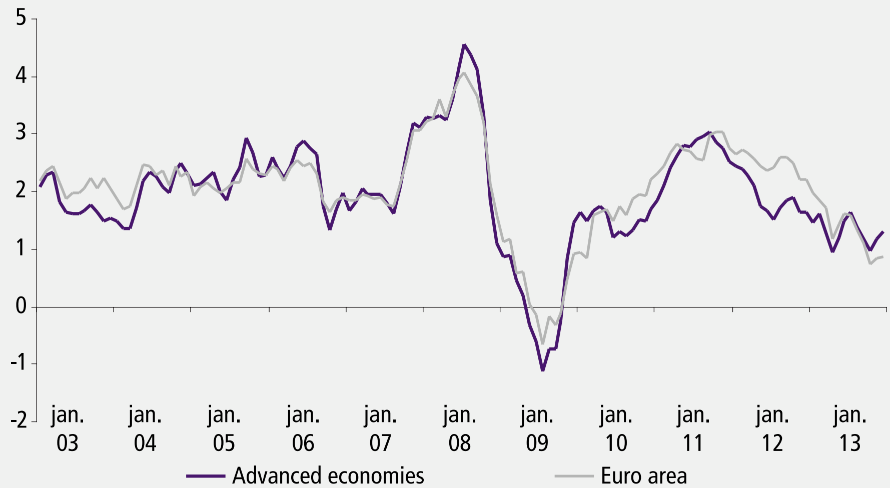
Source : FMI.

Box 1.1.2 : Easing of inflation in the euro area

The analysis of inflation in the euro area over the past decade reveals several phases of change. Indeed, after being almost sTable at around 2 percent between 2003 and 2007, inflation accelerated in 2008 to 3.3 percent, with a peak of 4.1 percent in July, driven by soaring commodity prices. During the same year, the ECB raised its key rate by 25 basis points, but due to the deteriorating economic and financial situation, it reduced it to 2.5 percent at the end of the year, while providing massive liquidity injections. In 2009, with increasing recessionary effects of the crisis, inflation fell to 0.3 percent registering even negative levels between June and October. As of this year, the ECB has embarked on an accommodative policy, with mainly several cuts in the key rate.

Over the period 2010-2011, inflation trended upward to 1.6 percent in 2010 and 2.7 percent in 2011, before beginning a downward trend starting from 2012. In 2013, there was a marked drop, as inflation reached levels well below the price stability objective, as defined by the ECB, thus raising the disinflationary pressures on the economy of the area. Against this backdrop, the Bank lowered again its key rate to 0.25 percent, its lowest historical level.

Chart B1.1.2.1: Inflation trend in 2003-2013



Source: IMF.

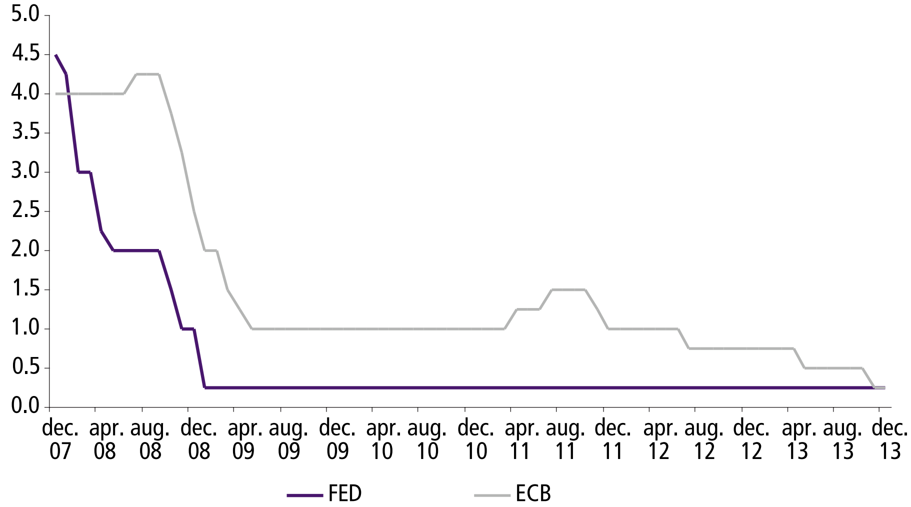
According to IMF projections, these low inflation rates should continue by 2015, thus resulting in higher real-interest rates and increased debt burden, and probably leading to further weakening of demand and production.

1.1.7 Key monetary policy measures

Concerning monetary policies, key rates of central banks in major advanced economies remained close to zero in 2013. The year was also marked by the continuation of monetary easing measures, or even their consolidation as in the case of the Bank of Japan, as well as the adoption of the "forward guidance" approach[1] by more central banks. In emerging countries, monetary policies trended differently, with particularly tighter measures in the countries which experienced price pressures and/or depreciation in their currencies.

In a context marked by uncertainties about economic recovery and disinflationary pressures, the ECB lowered its key rate twice, in May and November, to 0.25 percent. In addition, it announced that it would continue to provide unlimited liquidity in the money market until mid-2015, and stated in July 2013 that its rates would remain low for a long time.

Chart 1.1.14: Change in the key rates



Source : Datastream.

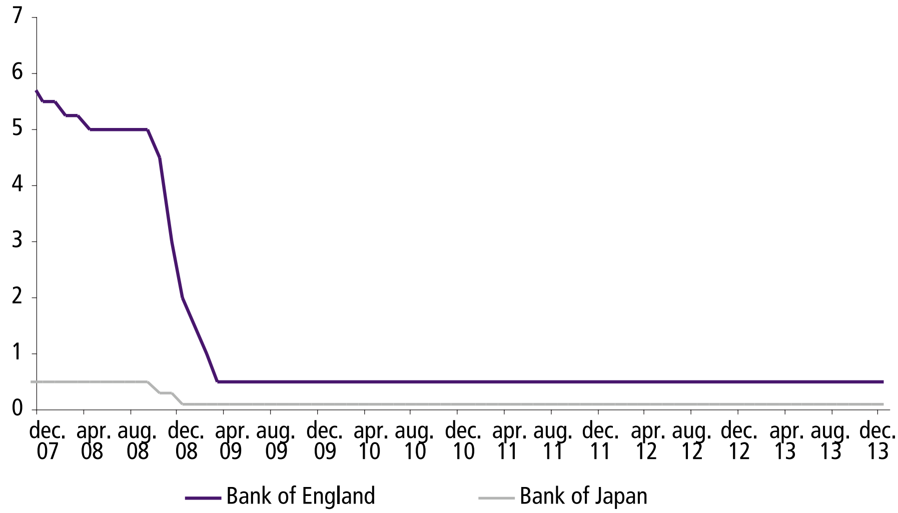
The U.S. Federal Reserve kept its key rate unchanged within a range between 0 percent and 0.25 percent and strengthened its "forward guidance", committing not to raise its rates as long as unemployment remains above 6.5 percent and the inflation rate does not exceed 2.5 percent. However, it announced in December that the horizon of maintaining a highly accommodative stance of monetary policy would depend on other data, including additional indicators of the labor market, inflation pressures and expectations and the development of financial conditions. Regarding nonconventional measures, after announcing on May 22 that it could reduce its purchases of securities if the economic outlook improved, it decided at its December meeting to

1 Forward Guidance is a tool used to provide guidance to economic agents on the future course of the monetary policy. In particular, the communication on the pattern of change of key rates aims to impact long-term rates, and overall financial conditions.

reduce its monthly asset purchases from 85 to 75 billion dollars as of January 2014. Moreover, uncertainties about the timeTable for exiting the quantitative easing policy in the United States created a volatility of capital flows and exerted strong pressure on the currencies of some emerging countries.

The Bank of England decided to keep its key rate unchanged at 0.5 percent, vowing in August not to increase it, as long as the unemployment rate remains above 7 percent. It also maintained its asset-purchase program, at a total of £375 billion, and its Funding for Lending Scheme[1], introduced in 2012 in collaboration with the Treasury.

Chart 1.1.15: Change in the key rates of the Bank of England and the Bank of Japan



Source : Datastream.

As part of its fight against deflation, the Bank of Japan further eased its monetary policy, with an inflation target of 2 percent in the following two years. While it maintained its key rate within a range of 0 percent to 0.1 percent, this Bank announced in April the adoption of a "quantitative and qualitative" easing policy, one of the pillars of a broader economic recovery program (Box 1.1.3). In qualitative terms, it decided to expand its range of asset purchases to Japanese 40-year Treasury bonds and to tolerate more risks by increasing its purchases of securities of exchange-traded funds and Japanese real-estate mutual funds. In quantitative terms, the Bank of Japan adopted particularly a monetary base target by increasing it from 60,000 to 70,000 billion yen annually.

1 A scheme allowing the reduction of the financing costs of banks and building societies in order to encourage them to expand household lending.

Box 1.1.3: Abenomics, the new Japanese economic policy

After two years of falling exports and weaker industrial production, combined with a 15-year deflation, the government, appointed in December 2012, announced a package of economic policy measures, known as "Abenomics"*. The main objective is to boost growth, while ensuring a quick exit from deflation before the 3-point increase in VAT, expected in April 2014. This arrangement is based on three main pillars :

- A quantitative and qualitative **monetary easing** to achieve an inflation target of 2 percent in 2015. It consists in injecting massive amounts of liquidity into the economy to create inflation, boost consumption, depreciate the yen and stimulate exports and production;
- An **expansionary fiscal policy** based on two pillars: i) a fifteen-month recovery plan (as of 2013), with an amount equal to 2 points of GDP; and ii) a fiscal consolidation as of 2014 to halve the primary deficit in 2015 and secure a primary surplus by 2020;
- **Structural reforms** to boost investment, employment and productivity in the long term. This consists, inter alia, in concluding free-trade agreements, which require the deregulation of some sectors, and improving the participation of women in the labor market to cope with an aging population.

In 2013, this policy resulted in a clear improvement in Japanese equity markets and a sharp depreciation of the yen. In terms of growth, the IMF highlights that "Abenomics" was the main factor behind GDP growth in 2013. Similarly, inflation accelerated starting from June 2013 to 1.6 percent in December 2013 and unemployment stood in the same month at 3.7 percent, its lowest level in six years.

Chart B1.1.3.1: Change in the NIKKEI225

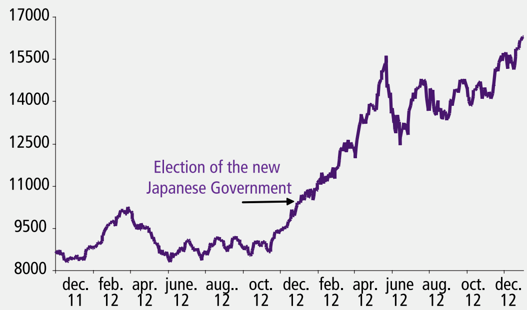
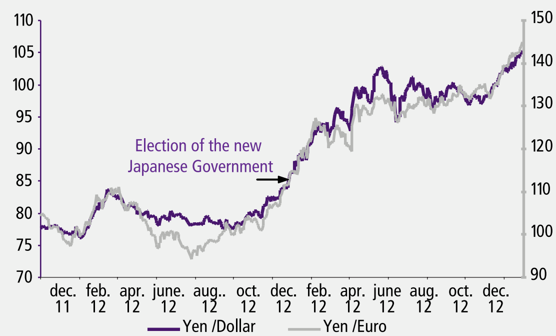


Chart B1.1.3.2: Change in the exchange rate of the Yen



Source : Datastream.

* This expression consists of the words "Economics" and "Abe", referring to Shinzo Abe, Prime Minister of Japan since December 26, 2012.

According to the IMF, the adoption of "Abenomics" should not have a significant impact on growth prospects due to the planned fiscal consolidation. GDP should grow 1.4 percent in 2014 and 1 percent in 2015. Meanwhile, inflation should continue to increase to 2.8 percent in 2014 before declining to 1.7 percent in 2015.

Table 1.1.3.1: Change in the key macro-economic indexes of Japan

								Forcasts	
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real GDP	2.2	-1.0	-5.5	4.7	-0.5	1.4	1.5	1.4	1.0
Inflation (%)	0.1	1.4	-1.3	-0.7	-0.3	0.0	0.4	2.8	1.7
Unemployment rate (%)	3.8	4.0	5.1	5.1	4.6	4.4	4.0	3.9	3.9
Fiscal balance (in %GDP)	-2.1	-4.1	-10.4	-9.3	-9.8	-8.7	-8.4	-7.2	-6.4
Current account balance (in % GDP)	4.9	3.3	2.9	3.7	2.0	1.0	0.7	1.2	1.3

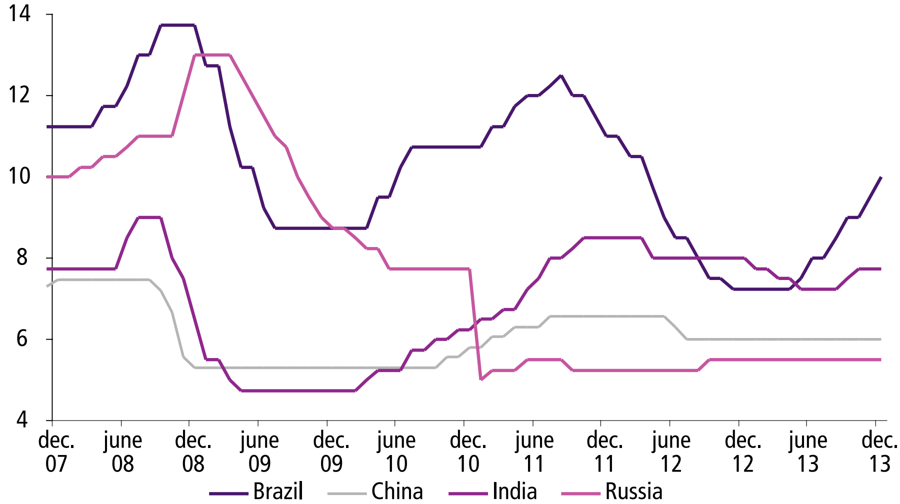
Source: IMF, April 2014.

The success of "Abenomics" is dependent on a full and timely implementation of the three pillars, especially as they are closely related. Indeed, structural reforms are required to strengthen the long-term growth and sustainability of public finances. The latter is necessary for obtaining a fiscal space to support the monetary policy, constrained by the near-zero interest bottom, and to prevent a surge in long-term rates.

In key emerging markets, the Central Bank of Brazil tightened its monetary policy to cope with rising inflation, as the Selic[1] was increased six times from 7.25 percent in early 2013 to 10 percent at the end of the year. In India, with a view to boosting economic growth, the central bank lowered twice its key rate by 25 basis points in March and May, bringing it from 7.75 percent to 7.25 percent. However, given the persistently high inflation rates, it raised this rate twice, as of September, bringing it up to 7.75 percent in December. In China, the central bank kept its key rate unchanged at 6 percent and had to intervene, starting from June, by injecting liquidity to meet pressing needs in the interbank market.

1 Selic (Special System for Settlement and Custody) is the key rate of the Central Bank of Brazil.

Chart 1.1.16: Change in the key rates of the main emerging countries



Source : Datastream.

1.1.8 International financial markets

Due to a relatively improved macroeconomic situation in the second half of the year and easing tensions of the sovereign debt crisis, bond yields of eurozone peripheral countries recorded significant declines in 2013. From one year-end to the next, the yields on 10-year sovereign bonds fell from 11.5 percent to 8.5 percent in Greece, from 5.3 percent to 4.1 percent in Spain, from 6.7 percent to 6.2 percent in Portugal and from 4.5 percent to 4.1 percent in Italy. In Ireland, they continued to drop, for the second consecutive year, to 3.4 percent from 4.6 percent. Similarly, credit default swaps[1] decreased in peripheral countries, with the exception of Greece, where they moved up 13.8 percent. Indeed, they fell 45.3 percent in Spain, 39.6 percent in Italy, 55.4 percent in Portugal and 67.8 percent in Ireland.

Chart 1.1.17: Change in 10-year bond yields in the Euro area peripheral countries

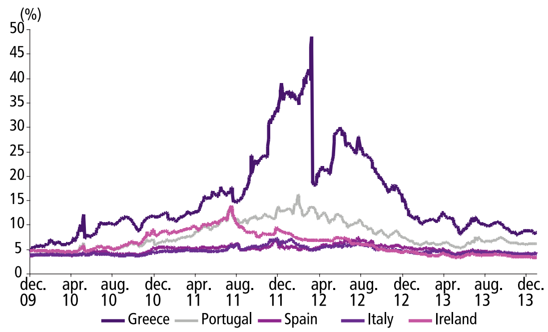
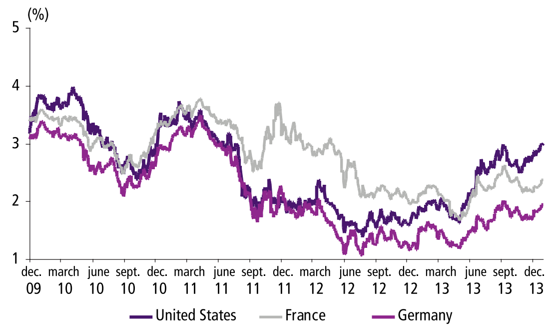


Chart 1.1.18: Change in 10-year sovereign yields of the United States, France and Germany



Source : Datastream.

1 Credit Default Swaps (CDS) correspond to insurance premiums against the default risk of a given debt.

In the core countries of the area, trends were divergent, with particularly a slight increase from 1.5 percent to 1.6 percent in the German Bund yields and a decline from 2.5 percent to 2.2 percent in French 10-year bonds.

The trend of the yield on U.S. 10-year Treasury bonds during the year was influenced by the Fed announcements about the timing of withdrawal from the asset purchase program. Indeed, after reaching its lowest level of the year, 1.6 percent on May 2, it increased gradually to 3 percent, its highest level in two years.

The Fed announcements also affected the changes in sovereign rates of major emerging countries during the year. From one year-end to another, the 10-year bond yields rose from 8.5 percent to 12.7 percent in Brazil and from 3.6 percent to 4.5 percent in China. Similarly, those of India and Turkey were up from 8.2 percent to 9.2 percent and from 6.7 percent to 9.5 percent, respectively.

In interbank markets, easing rates and spreads were also registered in both the euro area and the United States. The 3-month Euribor[1]fell to 0.15 percent on average in 2013 from 0.49 percent a year earlier, while the euro Libor-OIS spread[2] dropped sharply from 28.3 basis points to 5.3 points. Similarly, the 3-month dollar Libor[3] fell from 0.43 percent to 0.27 percent and the dollar Libor-OIS spread declined from 29.1 basis points to 15.5 points.

Chart 1.1.19: Change in the Libor-OIS spread

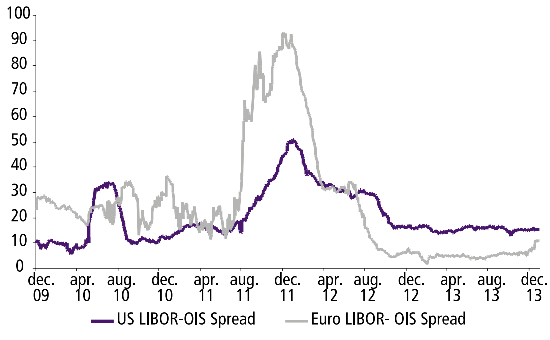
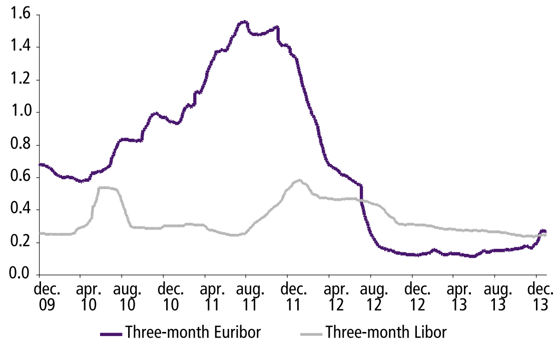


Chart 1.1.20: Change in the 3-month Euribor and Libor rates



Source : Datastream.

However, the volume of credit granted in developed countries remained low throughout the year. The credit contraction in the euro area intensified, with an average rate of 1.6 percent as against 0.2 percent a year earlier, while in the United States, its average growth rate slowed down from 5.3 percent to 3 percent. In key emerging countries, it decelerated from 16.6 percent to 14.9

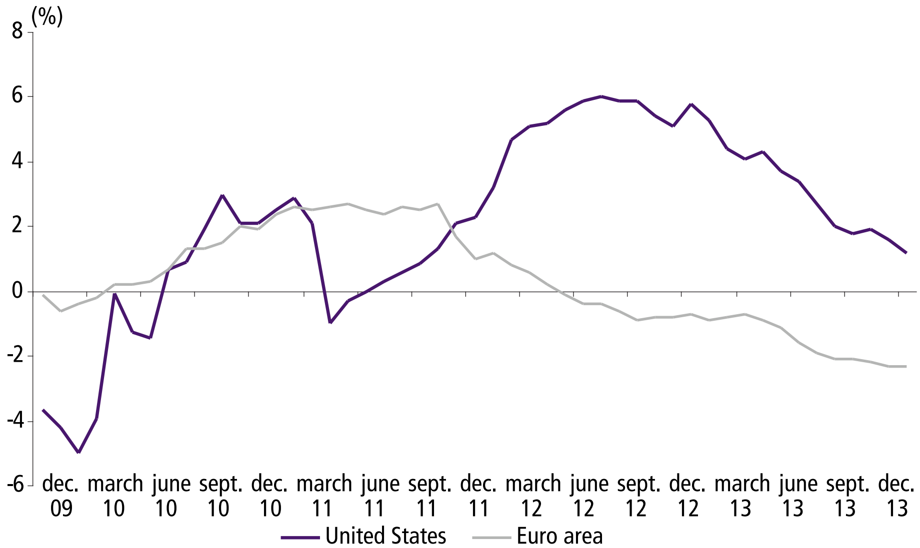
1 Euribor "Euro Interbank Offered Rate" is the reference rate of one-week to 12-month loans in the interbank market in the euro area.

2 The Libor-OIS spread reflects an interest rate risk, and corresponds to the difference between the 3-month interbank rate (Libor Eurodollar) and the 3-month overnight indexed swap rate (OIS).

3 Libor (London Interbank Offered Rate) is the reference short-term interest rate. It is calculated based on the rates applied by a sample of some of the most solvent banks in the world.

percent in Brazil and from 29.7 percent to 21.2 percent in Russia. However, the data available in China indicate that the growth of consumer loans posted a sharp acceleration from 16.6 percent to 23.4 percent.

Chart 1.1.21: Credit trend in the United States and the Euro area (YoY)



Source : Datastream.

In stock markets, indexes of the major advanced economies rose significantly, reflecting renewed investor confidence, especially following the improved outlook for growth and the central banks' continued accommodative monetary policy. Thus, the EUROSTOXX50, DAX30, CAC40, FSTE100 scored respective average increases of 15.8 percent, 21.2 percent, 18 percent and 12.7 percent. Similarly, the Dow Jones Industrial rose by 15.7 percent and the NIKKEI225 moved up sharply by 48.8 percent. These performances were accompanied by a significantly lower volatility, as the VSTOXX[1] fell from 24.6 basis points to 18.5 and the VIX[2] from 17.8 points to 14.2.

Major stock indexes of emerging economies showed a moderate increase, as the MSCI EM rose overall by 1.7 percent. This index was up 6.7 percent in China, 1.7 percent in India and 16.3 percent in Turkey. However, it declined by 12.7 percent in Brazil, 2.3 percent in Russia and 3.7 percent in South Africa.

1 VSTOXX is a reference indicator measuring the volatility of the European stock markets and the Eurostoxx 50.

2 VIX is a reference indicator of the volatility of the U.S. stock market, which allows to measur the volatility of the S&P 500.

Chart 1.1.22: Change in the major stock market indexes

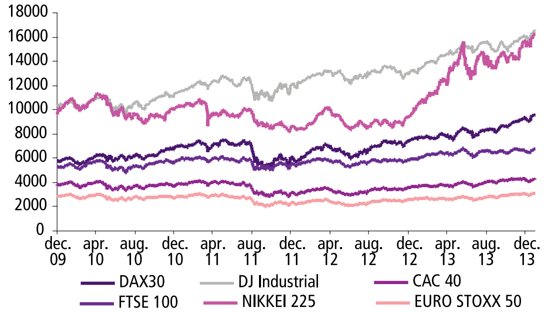
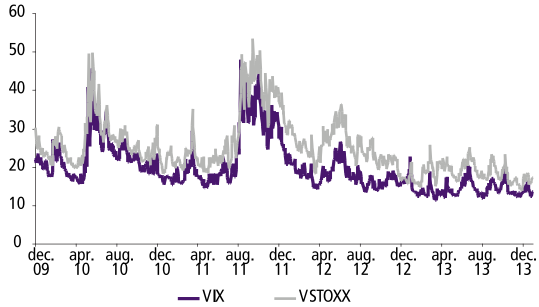
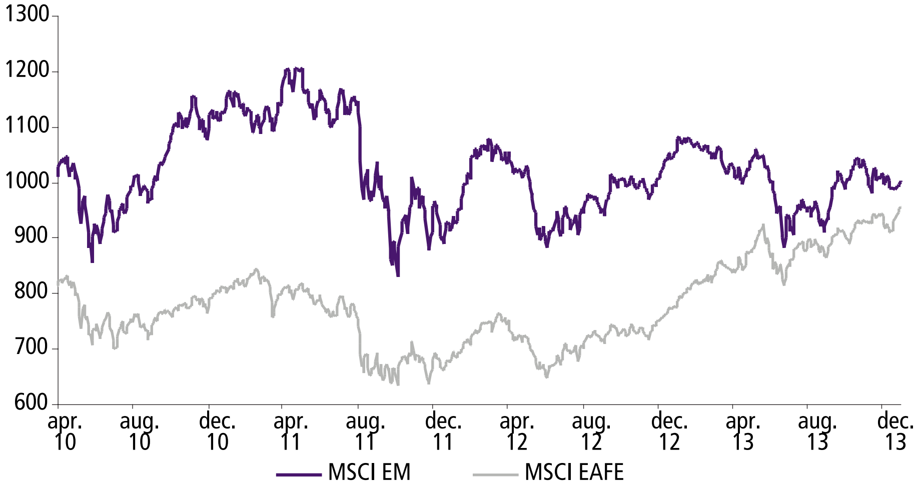


Chart 1.1.23: Change in volatility indicators



Source : Datastream.

Chart 1.1.24: Change in the MSCI EM* and MSCI EAFE (basis points)**



* The MSCI EM is a composite stock market index measuring the performance of the major equity markets of Central Europe, the Middle-East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Jordan, Egypt, Morocco and South Africa).

** MSCI EAFE index is a market capitalization index designed to measure equity market performance of developed markets excluding the United States and Canada. It contains indexes of around twenty developed countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

In foreign exchange markets, the euro continued its appreciation started since the second half of 2012, despite a fragile recovery in Europe. It appreciated on average by 3.4 percent against the dollar, to $1.33 and by 4.6 percent versus the pound sterling, reaching 0.85 pound. The highly accommodative monetary policy of the Bank of Japan led to a significant depreciation of 27.2 percent in the yen against the euro and 22.7 percent vis-à-vis the dollar, standing respectively at 129.8 yen and 97.6 yen.

Chart 1.1.25: Change in Euro/Dollar exchange rate

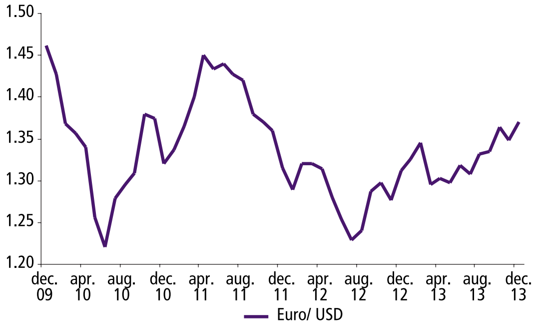
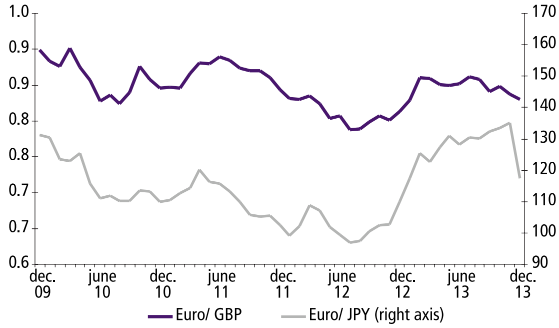


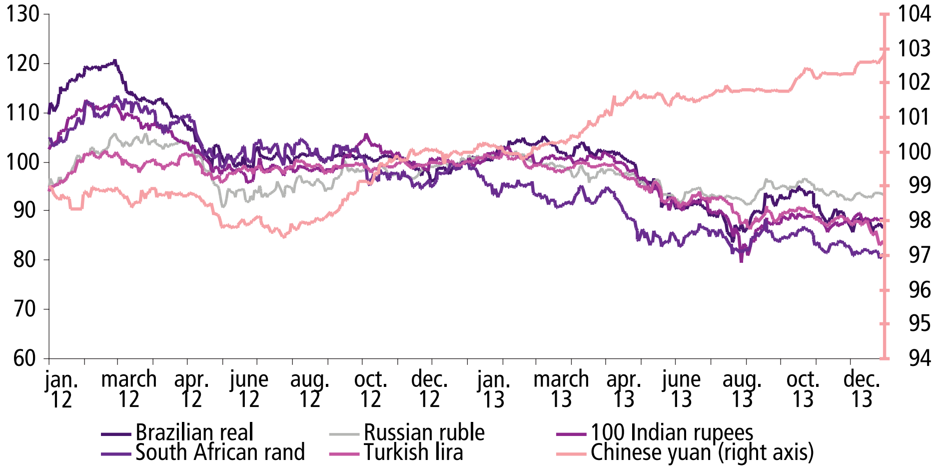
Chart 1.1.26: Change in Euro/Pound sterling and Euro/Yen exchange rates



Source : Datastream.

Currencies of key emerging economies were under significant pressure due to uncertainties surrounding the Fed's asset purchase program and its implications for capital flows. Thus, the Brazilian real, the Russian ruble and the South African rand recorded respective depreciations of 9.5 percent, 2.4 percent and 14.9 percent against the dollar. Similarly, the Turkish lira lost 6.1 percent of its value and the Indian rupee 9.6 percent. However, the renminbi appreciated by 2.6 percent to 6.1 yuans per a dollar.

Chart 1.1.27: Change in the currencies of main emerging countries against the euro and the dollar (1st January 2013= 100)



Source: Datastream and BAM calculations.

1.2 Output and demand

Thanks to the very favorable climatic conditions, the agricultural value added increased in 2013 by 19 percent, bringing the overall growth to 4.4 percent from 2.7 percent in 2012. Conversely, nonagricultural activities decelerated significantly from 4.4 percent to 2.3 percent, with a deceleration in the secondary and tertiary sectors. Particularly, mining industry showed a contraction while the construction sector and manufacturing industries continued to grow at lower pace, despite the recent momentum in some high-value added sectors. In the services sector, the tourism recovery consolidated in 2013, while the growth of post and telecommunications decelerated strongly from 25.6 percent to 2.8 percent.

Domestic demand rose by 2.6 percent after 3 percent in 2012, due to the lower growth of public expenditure, the continued growth of household consumption, which remained similar to 2012, and the slightly weaker investment for the second consecutive year. Regarding external demand, lower imports of goods and services combined with improved exports, in real terms, increased its contribution to growth to 1.6 percentage points.

GDP at current prices stood at 872.8 billion dirhams, up 5.5 percent. Similarly, net current transfers and income from abroad rose by 27.7 percent to 49.2 billion. Thus, gross national disposable income (GNDI) moved up 6.5 percent from 2.7 percent.

Table 1.2.1 : Change in value added in real terms (%)

	2009	2010	2011	2012	2013
Primary sector	**28.9**	**-2.3**	**5.1**	**-7.2**	**18.7**
Agriculture	30.4	-1.9	5.6	-8.9	19.0
Fisheries	12.2	-9.5	-1.5	13.7	15.7
Secondary sector	**-4.7**	**6.5**	**4.0**	**1.4**	**0.3**
Mining	-23.8	38.6	5.9	-2.4	-2.9
Industry (excluding petroleum refining)	0.9	3.1	2.3	1.5	0.8
Petroleum refining and other energy products	-70.7	-21.5	28.5	-1.8	4.0
Electricity and water	3.5	7.1	6.0	6.9	0.4
Construction	3.4	2.6	4.2	2.1	1.4
Tertiary sector	**3.6**	**3.3**	**6.0**	**5.8**	**2.7**
Trade	3.5	-0.4	4.7	2.3	1.1
Hotels and restaurants	-1.2	8.1	-2.0	2.5	4.6
Transport	2.9	7.2	5.9	2.7	2.2
Post and telecommunication	2.8	4.4	19.0	25.6	2.8
Financial activities and insurance	1.1	0.5	7.6	4.9	-0.2
Services to businesses and personal services	1.9	2.6	4.4	5.3	1.7
General Government and social security	9.3	2.9	5.8	6.7	3.4
Education, health and social work	3.2	4.8	8.4	4.9	3.8
Other nonfinancial services	2.3	1.1	1.0	0.8	2.1
Fictitious branch	1.5	-2.2	8.3	2.5	-1.9
GDP	**4.8**	**3.6**	**5.0**	**2.7**	4.4

Source : HCP.

1.2.1 Output

After a 7.2 percent drop in 2012, the value added of the primary sector grew 18.7 percent, reflecting an improved agricultural production and livestock farming, and the acceleration of fishing activities. The 2012/2013 crop year was marked by very favorable weather conditions, with a large volume of rainfall characterized by good spatial and temporal distribution, and a 2.7 percent expansion of the area sown. Consequently, the production of the three major cereals increased from 90 percent to 96.6 million quintals, with a record harvest of soft wheat of 50.3 million quintals.

Chart 1.2.1: Structure of cereal production by crop (in %)

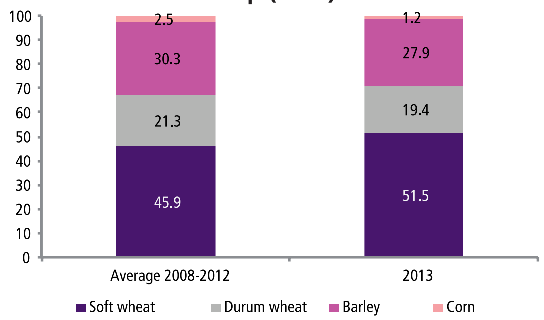
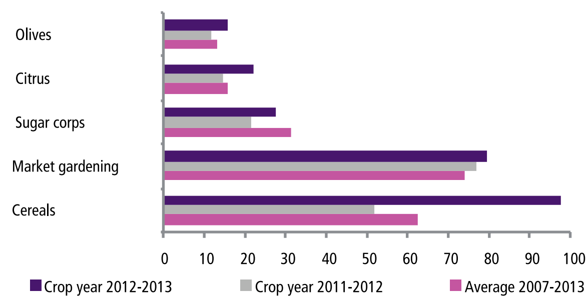


Chart 1.2.2: Main vegetable crops (million quintals)

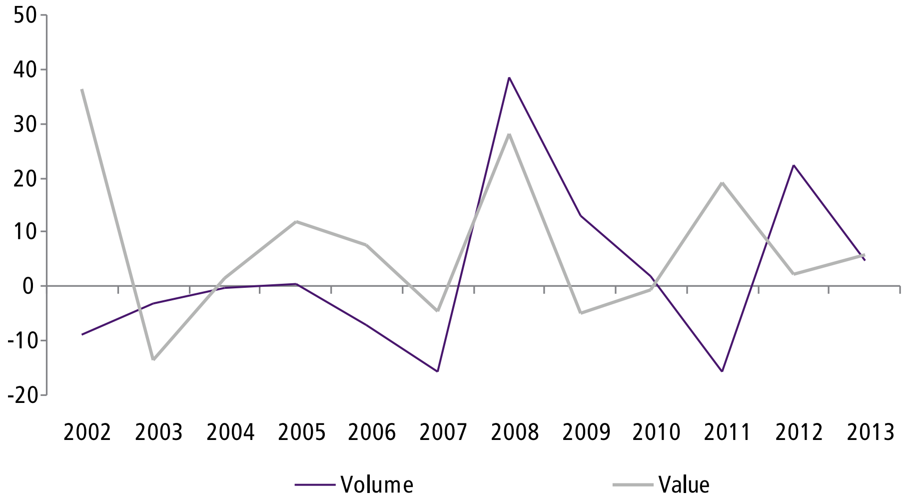


Source: Ministry of Agriculture and Fisheries.

Regarding other crops, production grew 12.4 percent for leguminous plants, 3.5 percent for market garden crops, 50.5 percent for citrus, 27.4 percent for sugar crops and 33 percent for olives. Similarly, livestock number increased by 6.8 percent to 26.9 million heads, consisting of sheep at 69 percent, goats at 20 percent and cattle at 11 percent.

Inshore and small-scale fishery output rose 4.6 percent in volume to 1.2 million tonnes, and 6 percent in value to 5.5 billion dirhams. The output was intended at a rate of 33.3 percent for fresh consumption, 37.3 percent for freezing plants, 15.5 percent for the production of “fish meal and oil” by manufacturing plants and 13.0 percent for canning industrial facilities.

Chart 1.2.3: Change in landings of inshore and small-scale fisheries (in %)

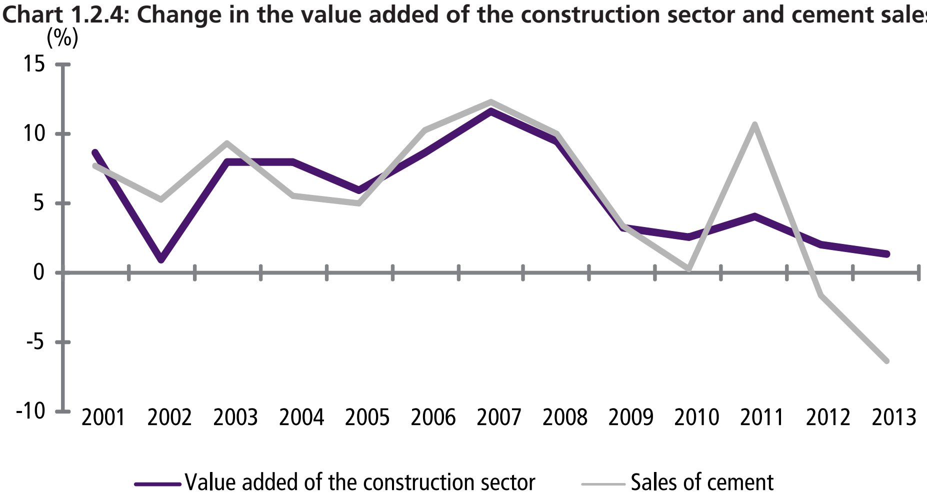


Source: National Fisheries Office.

In the secondary sector, the difficulties facing many branches accentuated in 2013, while some sectors with high growth potential continued to be dynamic. Indeed, non-refining industries continued their slowdown, registering a growth of 0.8 percent from 1.5 percent in 2012 and 2.3 percent in 2011. This change is mainly attributed to a decrease of 2.7 percent in the value added of textile and leather industries, as against an increase of 2.8 percent in 2012, and a slower growth of the agri-food industry from 4 percent to 2.5 percent and of the mechanical, metallurgical and electrical sectors from 0.9 percent to 0.3 percent, despite the momentum of automotive and aeronautics sector. However, after a contraction of 0.7 percent, chemical and related industries showed a recovery of 3.7 percent.

Regarding construction, after a fast growth cycle that began in 2003, the sector has slowed down since 2009, registering in 2013 a growth of 1.4 percent, as against 2.1 percent in 2012 and 4.2 percent in 2011. This performance affected cement sales, which declined by 1.6 percent in 2012 and 6.3 percent in 2013, after rising 8.8 percent on average between 2003 and 2008.

Chart 1.2.4: Change in the value added of the construction sector and cement sales



Source: HCP and APC (Cement manufacturers' professional association).

Box 1.2.1: Construction trends

Thanks to large public infrastructure projects, and a dynamic real estate market and tourism investment, the construction sector showed a strong growth between 2003 and 2008, with an average growth of 8.6 percent. However, since 2009, the sector has slowed down sharply, registering a growth of 3.1 percent on average between 2009 and 2012 and 1.4 percent in 2013.

In addition to its contribution to growth, moving down from a peak of 0.7 percentage points in 2007 to 0.1 percentage point in 2013, the slowdown of the construction sector has negative impacts through its spillover effects on other branches. The calculations conducted based on national accounts data show that a decrease of one dirham of demand for this sector leads to a decrease of 1.3 dirham of production in other branches. This weakening also affected employment in the sector, which suffered losses of 20,937 jobs in 2012 and 49,827 jobs in 2013, after an average of 47,432 jobs created annually between 2003 and 2011.

Recent developments in construction activities would have resulted from a slower investment, as was reflected by cement sales. The latter moved from an average increase of 8.8 percent over the period 2003-2008 to 4.8 percent between 2009 and 2011, before being down in 2012 and 2013 with respective rates of 1.6 percent and 6.3 percent. This trend would have been partly due to the slowdown in the real estate sector, as evidenced by a strongly slower growth of the number of transactions from 23.8 percent in 2007 to an average of 1.5 percent between 2008 and 2013. Moreover, the growth of loans decelerated markedly from 14.9 percent in 2008 to 6.3 percent in 2013 for housing and from 58.5 percent to 0.6 percent for real estate development.

Table B1.2.1.1: Change in some indicators of the construction sector

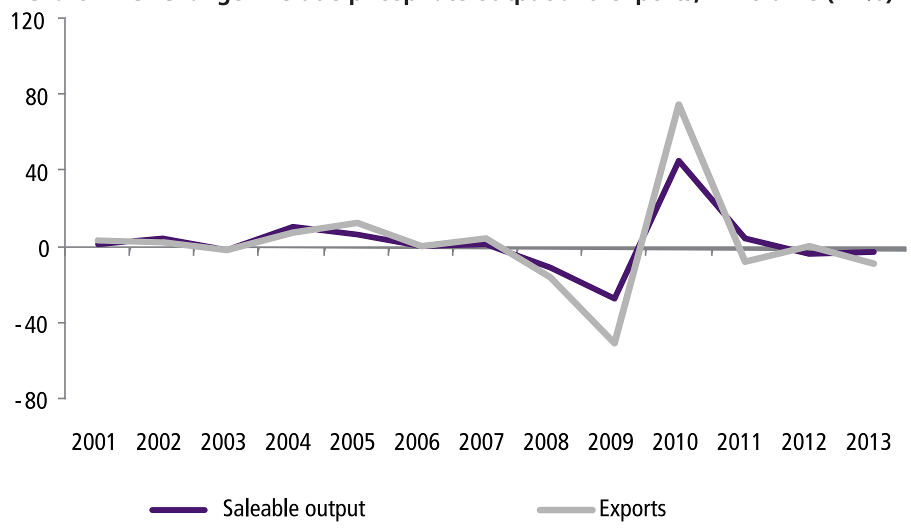
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Value added of the construction sector (in %)	8.0	8.0	6.1	8.7	11.7	9.4	3.4	2.6	4.2	2.1	1.4
Cement sales (in %)	9.3	5.6	5.0	10.4	12.4	10.1	3.4	0.4	10.7	-1.6	-6.3
Real-estate loans (in %)	16.5	15.5	23.8	28.4	64.8	27.6	13.0	8.7	10.2	6.1	4.8
Loans to real estate developers (in%)	11.7	40.4	80.4	56.4	453.3	58.5	14.0	1.1	6.8	-0.3	0.6
Job creation	-4,813	20,672	35,028	106,608	49,254	64,916	61,976	63,393	29,857	-20,937	-49,827

Source: HCP, BAM and APC (Cement manufacturers' professional association).

In terms of outlook, the sector should recover in the medium term. Indeed, despite significant achievements in recent years, infrastructure needs remain important and the housing deficit also remains high. In addition, the recovery in the euro area, the main source of tourists to Morocco, should boost demand and tourism investment.

In a context of weak global demand for phosphates and fertilizers, the saleable output of crude phosphate decreased by 2.3 percent to 26.4 million tonnes. Indeed, the mining value added was down 2.9 percent after 2.4 percent in 2012.

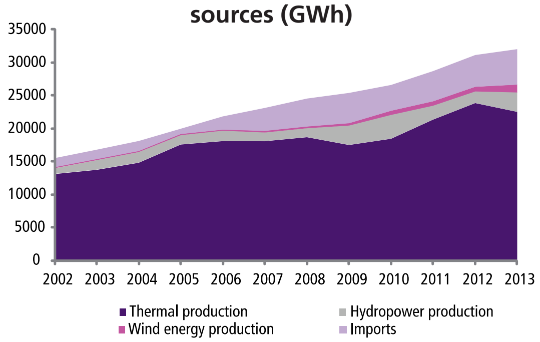
Chart 1.2.5: Change in crude phosphate output and exports, in volume (in %)



Source : OCP.

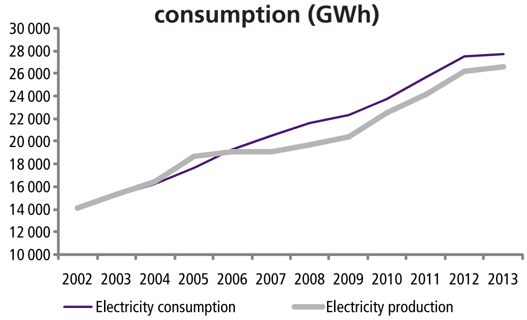
The energy sector was marked by a sharp deceleration in the electricity and water value added from 6.9 percent to 0.4 percent, and a recovery of the refining industry. The net domestic production of electricity totaled 26.6 billion KWH, up 1.6 percent as against 8.6 percent a year earlier, due to a 5.6 percent fall in its thermal component as opposed to an 11.7 percent increase. Concerning other energies, which contribute 29.9 percent to national production, water and wind energies grew 64.7 percent and 66.9 percent, respectively.

Chart 1.2.6: Change in available electricity by sources (GWh)



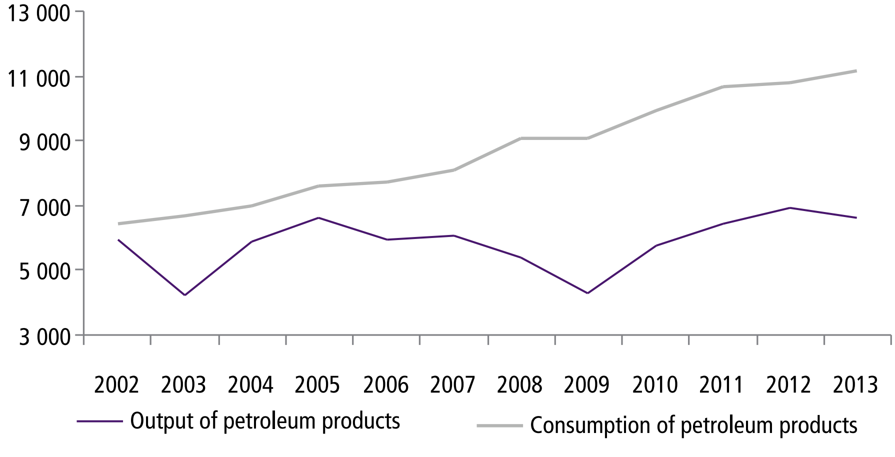
Source : ONEE.

Chart 1.2.7: Electricity production and consumption (GWh)



After an increase of 8.2 percent, refining industry output dropped by 4.9 percent to 6.6 million tonnes. This change was mainly attributed to contractions of 9.7 percent in diesel production and 7.4 percent in fuel one. Meanwhile, total consumption of petroleum products rose by 3.6 percent to 11.1 million tonnes, mainly owing to respective increases of 3.4 percent and 4 percent in diesel and fuel consumption.

Chart 1.2.8: Production and consumption of petroleum products (thousands of tonnes)



Source: Ministry of Energy, Mining, Water and Environment.

Growth of tertiary activities, the main contributor to nonagricultural growth, slowed down from 5.8 percent to 2.7 percent. This trend reflects the deceleration of the "post and telecommunications", “services to businesses and personal services”, “general administration and social security” branches. However, tourism consolidated its recovery that began in 2012.

Thus, after two strong increases of 19 percent in 2011 and 25.6 percent in 2012, the value added of posts and telecommunications moved up 2.8 percent. Activity indicators of this branch show that the number of Internet subscribers rose by 46 percent to 5.8 million, thus bringing the penetration rate from 12.2 percent to 17.6 percent. The number of subscribers to mobile telephony services increased by 8.7 percent to 42 million, while that of fixed telephony subscribers continued its downward trend that began in 2011, with a decline of 10.8 percent and a number of 2.9 million subscribers. The change in activity was marked by a price decline of 9.2 percent in 2013 as against 19.6 percent in 2012.

Chart 1.2.9: Change in the number of subscribers by segment (in thousands)

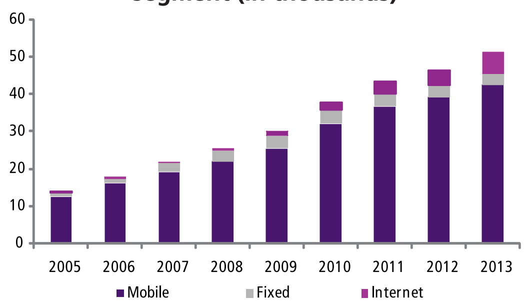
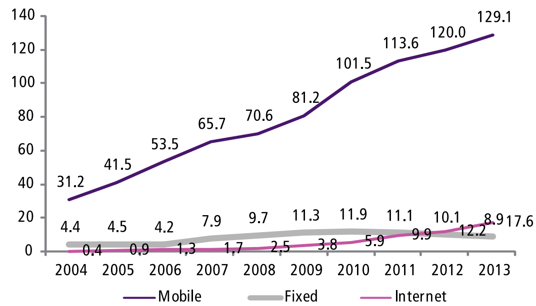


Chart 1.2.10: Change in the penetration rate (in %)



Source : ANRT.

The lower pace of activity also affected transport services whose value added increased by 2.2 percent as opposed to 2.7 percent. Passenger traffic slowed down for rail transport and recovered for air and maritime transport. With regard to freight, the overall maritime traffic rose by 9 percent; but excluding transshipment, it was down 1.8 percent, reflecting Morocco’s lower foreign trade. Rail freight was up 0.6 percent as opposed to a 2.7 percent decrease.

Regarding tourism, the value added of the “hotels and restaurants” branch improved by 4.6 percent from 2.5 percent a year earlier. Despite the continuing difficult economic conditions in sending countries, the number of tourist arrivals was up 7.2 percent, thus exceeding for the first time 10 million visitors, a target set within the 2010 tourism vision. This change reflects increases of 8.2 percent in the number of Moroccans living abroad to 4.7 million and 6.2 percent of foreign tourists to 5.3 million.

Table 1.2.2: Change in tourist arrivals (in thousands)

	2010	2011	2012	2013	Change in %			Market share in %			
					11-10	12-11	13-12	2010	2011	2012	2013
Foreign tourists	**4,910**	**4,934**	**5,012**	**5,323**	**0.5**	**1.6**	**6.2**	**52.9**	**52.8**	**53.5**	**53**
European Union	3,889	3,882	3,856	3,994	-0.2	-0.7	3.6	41.9	41.6	41.1	39.8
Europe excluding the European Union	255	256	250	313	0.2	-2.0	25.1	2.7	2.7	2.7	3.1
North America	251	240	258	295	-4.5	7.6	14.2	2.7	2.6	2.8	2.9
Arab countries	277	309	372	435	11.4	20.6	16.8	3.0	3.3	4.0	4.3
Rest of the world	238	248	275	286	4.2	11.1	4.1	2.6	2.7	2.9	2.9
Moroccan living abroad	**4,378**	**4,408**	**4,363**	**4,723**	**0.7**	**-1.0**	**8.2**	**47.1**	**47.2**	**46.5**	**47**
Total	**9,288**	**9,342**	**9,375**	**10,046**	**0.6**	**0.4**	**7.2**	**-**	**-**	**-**	**-**

Source: Ministry of Tourism

Overnight stays in classified hotels also increased by 9.3 percent, reflecting an increase of 11 percent for non-residents and 5 percent for residents. Taking into account the improvement of hotel capacity to 207,500 beds, the occupancy rate rose by three percentage points to 43 percent. Despite this change, tourism receipts declined again by 0.7 percent as against 1.8 percent in 2012.

Box 1.2.2: Impact of international crisis and "Arab Spring" on tourism

After a sharp slowdown to 1.7 percent in 2008 and a decrease of 4.2 percent in 2009, due to the international crisis, global tourism quickly regained its momentum, registering a growth of 5.2 percent in foreign tourist arrivals on average over the period 2010-2013. However, this performance covers divergent developments across the region. In particular, due to the "Arab Spring", tourism in MENA region declined significantly in 2011, followed by a slight increase in 2012. These underperformances were observed in the countries that witnessed political movements, mainly Tunisia, Egypt and Syria. The decline in these countries seems to have benefited other destinations around the Mediterranean, especially Turkey, which recorded a 10.5 percent increase in arrivals in 2011 as against 3.9 percent in 2010, or Cyprus and Croatia, with respective increases of 10.1 percent from 1.5 percent and 9 percent from 4.8 percent.

Concerning Morocco, after an increase of 12.6 percent on average between 2003 and 2007, the number of foreign visitors decelerated to 4.5 percent in 2008 and to 1.9 percent in 2009. This trend, relatively offset by flows of Moroccans living abroad, shows that Morocco was affected, albeit to a lesser extent, by the international crisis. In 2010, it benefited from the tourism global recovery with an increase of 11.4 percent in total arrivals. Over the following two years, the higher number of tourists declined at a much lower pace in a context marked by the Marrakech bomb attack in April 2011, political instability in some countries of the region and the drop of growth in the euro area. The year 2013 augurs well for a recovery in the sector, with arrivals up 7.2 percent.

Table B1.2.2.1: Change in tourist flows

	Change (in %)							Share (in %)		
	2001-2007	2008	2009	2010	2011	2012	2013	2001	2010	2013
Cyprus	-1.8	-0.5	-10.9	1.5	10.1	3.1	-2.4	0.4	0.2	0.2
Croatia	4.6	1.2	0.3	4.8	9.0	4.5	5.7	0.9	0.9	1.0
MENA	**10.4**	**15.0**	**-2.7**	**15.1**	**-9.7**	**1.2**	**6.1**	**6.2**	**10.3**	**9.1**
Turkey	15.9	14	1.3	3.9	10.5	3.0	9.8	1.5	3.2	3.6
Morocco	9.2	6.4	5.9	11.4	0.6	0.4	7.2	0.6	0.9	0.9
Egypt	16.0	15.9	-3.1	17.9	-32.4	17.9	-15.1	0.6	1.4	0.9
Tunisia	3.9	4.3	-2.1	0	-30.7	24.3	5.4	0.8	0.7	0.6
Syria	11.3	30.6	12.2	40.3	-40.7	-	-	0.3	0.9	-
Jordan	12.7	8.7	1.6	11	-5.9	5.1	-17.8	0.2	0.4	0.3
World	**5.1**	**1.7**	**-4.2**	**6.6**	**4.6**	**4.5**	**5.0**	**-**	**-**	**-**

Source: Wold Bank, national statistical Agencies and Ministries of Tourism.

The analysis of change in tourism receipts globally indicates a break-up with the strong momentum observed until 2007. Indeed, after having averaged 14 percent between 2004 and 2007, the growth of these revenues fluctuated around an average near zero since 2008.

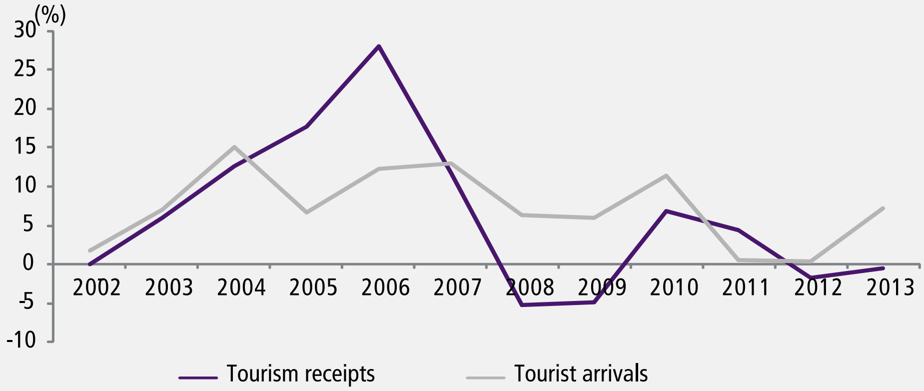
Table B1.2.2.2: Change in tourism receipts

	Evolution (en %)			
	2009	2010	2011	2012
Cyprus	-23.4	-4.2	16.0	-1.5
Croatia	-20.3	-11.3	16.8	-8.0
Morocco	-4.9	6.8	4.4	-1.8

Source: Wold Bank.

These developments suggest that economic conditions in sending countries affect the average expenditure per tourist in host countries more than the number of travelers. This finding was confirmed in the light of data in some countries, such as Cyprus and Croatia, where the impact of the recession in the euro area spilled over more into receipts than arrivals.

Chart B1.2.2.1: Change in receipts and tourist arrivals in Morocco (in %)

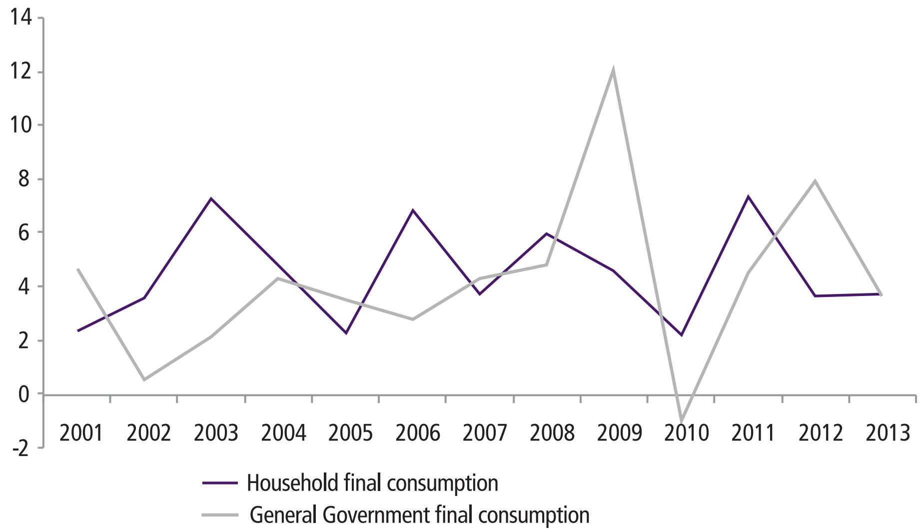


Source: Ministry of Tourism and Foreign Exchange Office.

1.2.2 Demand

The growth of national final consumption decelerated in 2013 to 3.7 percent from 4.6 percent a year earlier, reducing its contribution to growth from 3.6 to 2.9 percentage points. This deceleration reflects slower general government consumption from 7.9 percent to 3.7 percent in conjunction with the fiscal consolidation efforts. In contrast, the growth of household consumer spending remained at 3.7 percent, with a faster growth in the fourth quarter. This change is attributed to improved revenues in connection with that of agricultural production and further increase in wages, despite the deterioration of the labor market conditions in urban areas.

Chart 1.2.11: Change in the final consumption, in real terms (in %)



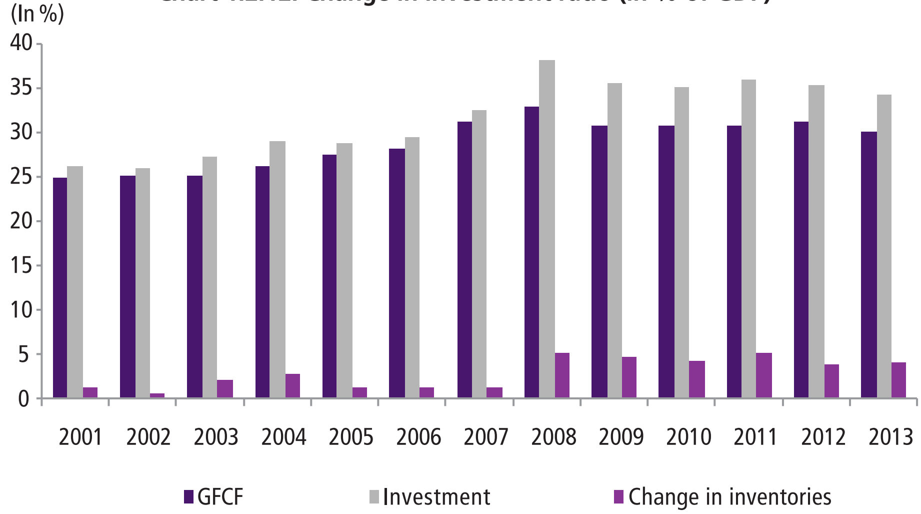
Source : HCP.

Investment dropped again, albeit at a slower pace from 0.7 percent to 0.1 percent, reflecting a 0.2 percent deceleration in gross fixed capital formation growth. Its contribution to growth remained negative at 0.1 percentage points. In addition to lower Treasury expenditure, this decrease would be attribuTable to the lack of strong private investment, as evidenced by trends of several indicators. Indeed, the year was marked by a weaker growth of equipment loans and credit to real estate development, a limited volume of bond issued by nonfinancial companies and lower cement sales for the second consecutive year.

Change in inventories rose to 34.9 billion dirhams from 33 billion in 2012, mainly owing to higher inventories in agricultural products.

Overall, the investment level remained high when compared to the international benchmark. Its ratio to GDP stood at 34.2 percent, with a predominance of investments in infrastructure and buildings, whose effects on growth are tangible only in the medium and long terms.

Chart 1.2.12: Change in investment ratio (in % of GDP)

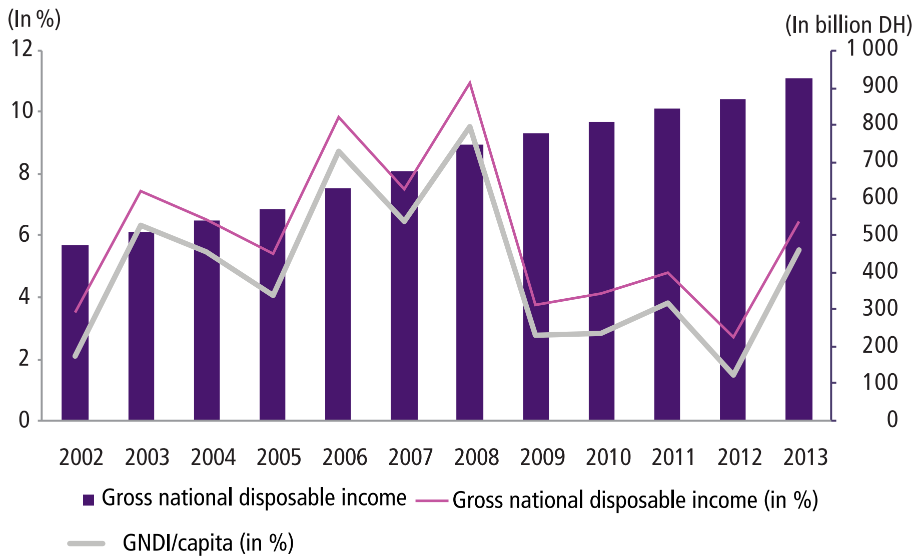


Source : HCP.

GDP at current prices grew by 5.5 percent to 872.8 billion dirhams. In parallel, driven by the collection of 5.2 billion dirhams as donations from the Gulf Cooperation Council countries, net current transfers increased by 10.6 percent to 73,3 billion dirhams, while net income outflows of external property were reduced from 27.8 to 24.1 billion dirhams. In total, GNDI improved by 6.5 percent to 922 billion dirhams. Given an increase of 1.1 percent of the population, per capita income was up 5.5 percent, a faster pace compared to that observed since 2009, but still below 6.8 percent, the average registered between 2003 and 2008.

At current prices, national final consumption stood at 690 billion dirhams, thus representing 74.8 percent of GNDI. Household consumption reached 524.4 billion dirhams or 56.9 percent of GNDI.

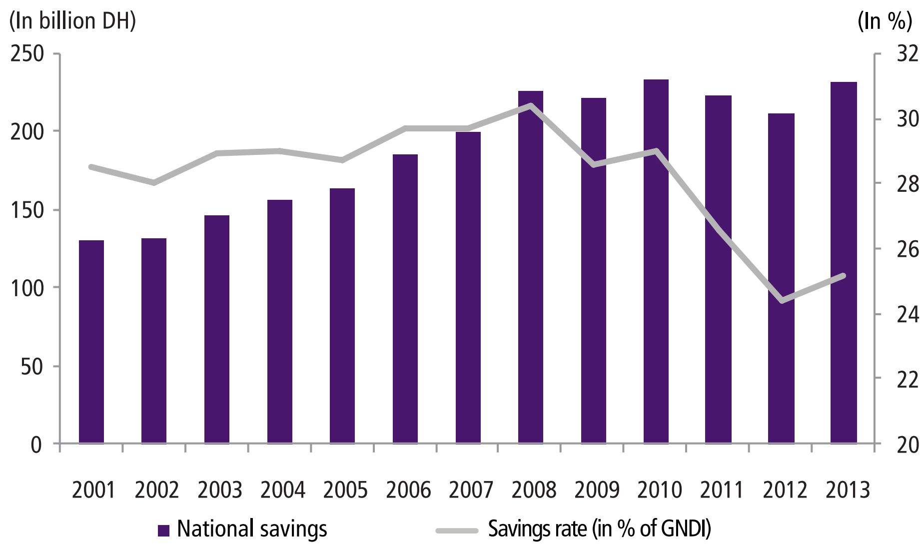
Chart 1.2.13: Change in GNDI



Source : HCP.

National savings stood at 232 billion dirhams, up 9.8 percent as opposed to a drop of 5.7 percent in 2012. Its domestic component stood at 182.8 billion dirhams, up 5,9 percent after a 5.8 percent decline. The national savings rate, calculated by reference to GNDI, stood at 25.2 percent, up from one year to another, while remaining below the average observed during the 2000s.

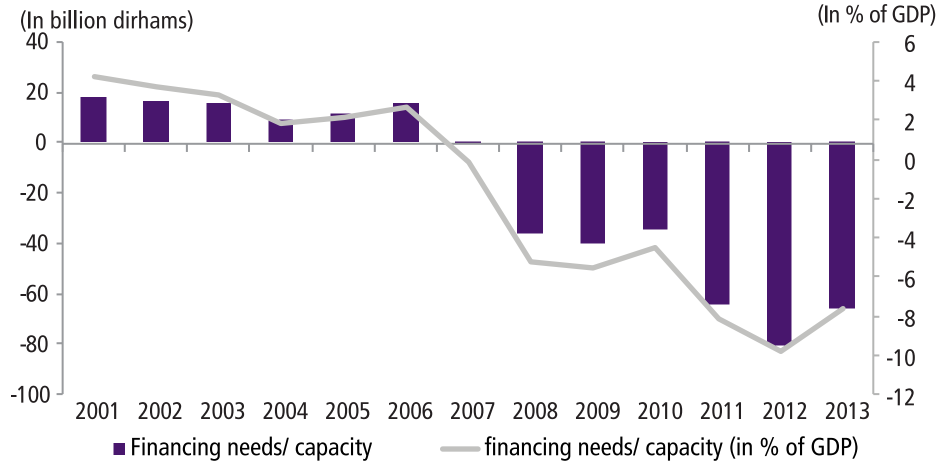
Chart 1.2.14: Change in national savings



Source : HCP.

Taking into account investment expenditures, estimated at 298.2 billion dirhams in nominal terms, the financing requirement of the economy eased by 66.2 billion, or 7.6 percent of GDP from 9.7 percent in 2012, partly due to the fall of that of the Treasury from 65.6 to 58 billion dirhams.

Chart 1.2.15: Financing needs/capacity



Source : HCP.

1.3 Labor market

The slowdown in nonagricultural growth in 2013 affected the labor market in urban areas, which continued its deterioration, with the creation of 26,000 jobs as against 48,000 in 2012 and 103,000 in 2011. Therefore, the unemployment rate rose significantly, especially among young persons aged 15 to 24 years, from 33.5 percent to 36 percent, despite a lower participation rate[1]. In contrast, 88,000 jobs were created in rural areas after a loss of 47,000 in 2012, thanks to the good crop year. In total, the national economy has created 114,000 jobs, while the number of arrivals in the labor market reached 157,000, which resulted in a 0.2 percentage point increase in the unemployment rate to 9.2 percent.

At the sectoral level, employment in the construction sector contracted again with a loss of 50,000 jobs, while the services sector confirmed its position as the first job-providing sector. The industry sector registered poor job creation, after four years of job losses.

Against this backdrop, the apparent labor productivity[2] decelerated, due to a narrowing of the gap between the growth pace of nonagricultural value added and nonagricultural employment. Meanwhile, labor costs were up, as indicated by changes in real terms of the guaranteed minimum wage, minimum agricultural wage and private sector's average wage index.

1.3.1 Activity indicators

The labor force aged 15 and over increased by 1.4 percent in 2013 to 11.7 million, with a rate of 1.6 percent in rural areas, higher than 1.2 percent in urban areas. This labor force remains little feminized, with a rate of 26.8 percent, and low skilled, as the share of the workers with no degrees reached 60 percent.

Taking into account demographic trends, the participation rate continued to decline, albeit at a relatively slow pace. It stood at 48.3 percent from 48.4 percent a year earlier, covering a decrease from 42.8 percent to 42.4 percent in urban areas and an increase from 57 percent to 57.4 percent in rural areas. The largest declines were recorded among the persons aged 15 to 24 years, with 1.3 percentage point, and graduates with 0.6 point. However, this rate improved by 0.9 percentage point for the 25 to 34 years age group and 1.2 for women in rural areas.

1 The participation rate is defined as the ratio of labor force aged 15 and over to the total population aged 15 and over.

2 It is calculated based on the ratio of nonagricultural value added and nonagricultural employed labor force.

Chart 1.3.1: Change in labor force participation rate by age group (in %)

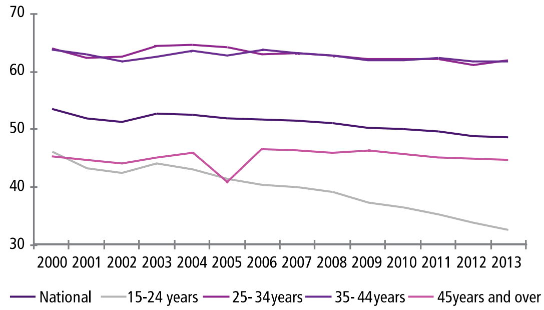
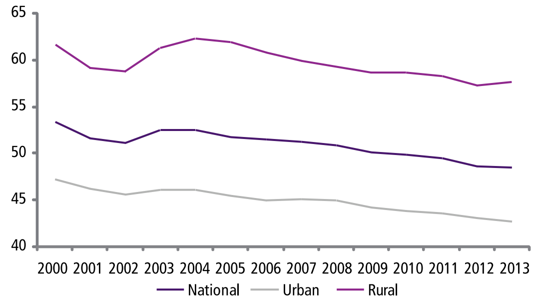


Chart 1.3.2: Change in labor force participation rate by residence (in %)



Source : HCP.

Box 1.3.1 : Economic conditions and labor supply

During periods of low growth, the difficulty of finding a job prompts some discouraged unemployed workers to withdraw from the labor market. This results in a decrease in the labor force (labor supply), and therefore the participation rate, thus contributing to slower rise in unemployment.

In the United States, for example, since the beginning of the crisis, the participation rate trended downward from 66 percent in 2008 to 63.2 percent in 2013, while the unemployment rate rose only by 1.6 percentage point.

In Morocco, despite a sharp slowdown in nonagricultural growth to 1.2 percent in 2009, the urban unemployment rate fell by 0.9 percentage point. Similarly, in 2002, this growth was 2.6 percent and the unemployment rate dropped by 1.2 percentage point. This apparent disconnection would reflect the discouragement of some unemployed who withdraw from the labor market. Indeed, the urban participation rate moved down significantly in these two years by 0.7 point in 2009 and 0.6 point in 2002. The calculations below show that if the participation rate remained unchanged compared to the previous year, the unemployment rate would have stood at 19.3 percent from 18.3 percent in 2002 and 15.1 percent from 13.8 percent in 2009.

	Actual situation		Situation if labor force participation rate had not declined	
	2002	2009	2002	2009
Working-age population(1)	11,696	13,446	11,696	13,446
Labor force participation rate (in %)	45.4	44.0	46.0 (2)	44.7(3)
Labor force aged 15 years and over(1)	5.315	5.916	5.380	6.010
Unemployed population(1)	973	815	1.038	909
Unemployment rate (in %)	18.3	13.8	19.3	15.1

(1) by thousands; (2) rate registered in 2001; (3) rate registered in 2008

Sources: HCP and BAM calculations

Over the period 2006-2013, the analysis of nonagricultural growth and the participation rate indicates a downward trend in the participation rate regardless of the economic conditions, but the range of the decline is strongly linked to the growth rate. This finding seems to confirm that the increase in labor supply decelerates when economic conditions are difficult.

Chart B1.3.1.1: Nonagricultural growth and change in male labor force participation rate in urban areas (in %)

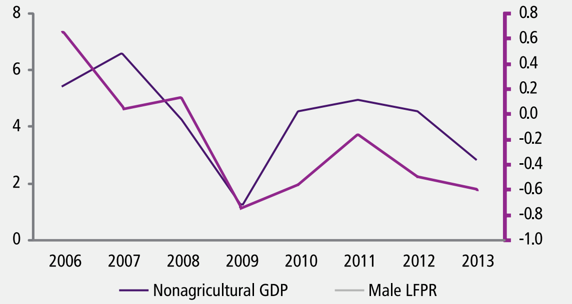
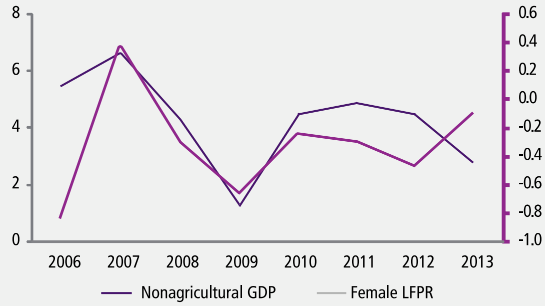


Chart B1.3.1.2: Nonagricultural growth and change in female labor force participation rate in urban areas (in %)



Source: HCP and BAM calculations

1.3.2 Employment indicators

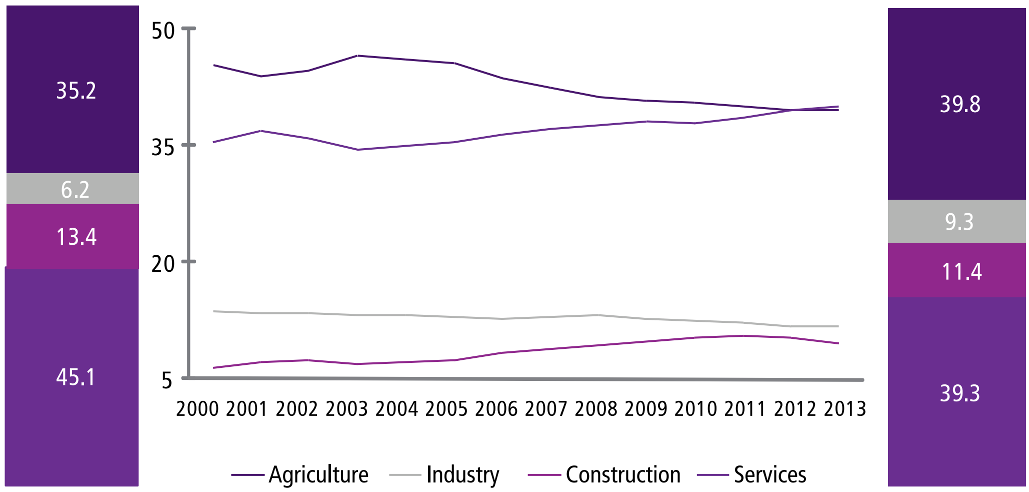
After stagnating in 2012, the employed labor force showed an increase of 1.1 percent to 10.6 million, due to a net job creation of 114,000 in 2013. However, the employment rate[1] continued its downward trend to 43.8 percent in 2013 from 44.1 percent a year earlier. This decrease covers a decline from 37 percent to 36.4 percent in urban areas and an increase from 54.7 percent to 55.2 percent in rural areas.

Services generated 101,000 jobs, mainly in the branches of "personal services", "retail and repair of household goods" and "services provided mainly to corporations". After a loss of 59,000 in 2012, agricultural employment grew by 58,000 jobs. The industry registered a slight increase of 5,000 jobs as against an annual average loss of 25,000 over the past four years. In contrast, construction showed a further loss of 50,000 jobs as opposed to 21,000 in 2012 and an annual average creation of 55,000 over the period 2008-2011.

Finally, services are confirmed as being the first job-providing sector in Morocco with a share of 39.8 percent of the employed labor force ahead of agriculture, which employs 39.3 percent. Regarding the secondary sector, the share of the industry sector continues its downward trend from 13.4 percent in 2000 to 11.4 percent in 2013, while the share of construction fell to 9.3 percent for the second consecutive year, after several years of increase.

1 The employment rate is defined as the ratio of the employed labor force aged 15 years and over to the total population aged 15 and over.

Chart 1.3.3: Change in employment structure by sector (in %)



Source : HCP.

The regional analysis of employment trends over the period 2006-2012[1] shows that the most dynamic regions are the Oriental with an increase of 17.7 percent in the number of jobs, followed by the southern regions with 15.6 percent and Rabat-Salé-Zemmour-Zaer with 14 percent. Conversely, this number dropped by 4.2 percent in the region of Tadla-Azilal and 0.5 percent in Fes-Boulemane.

Table 1.3.1: Employment structure and change by region

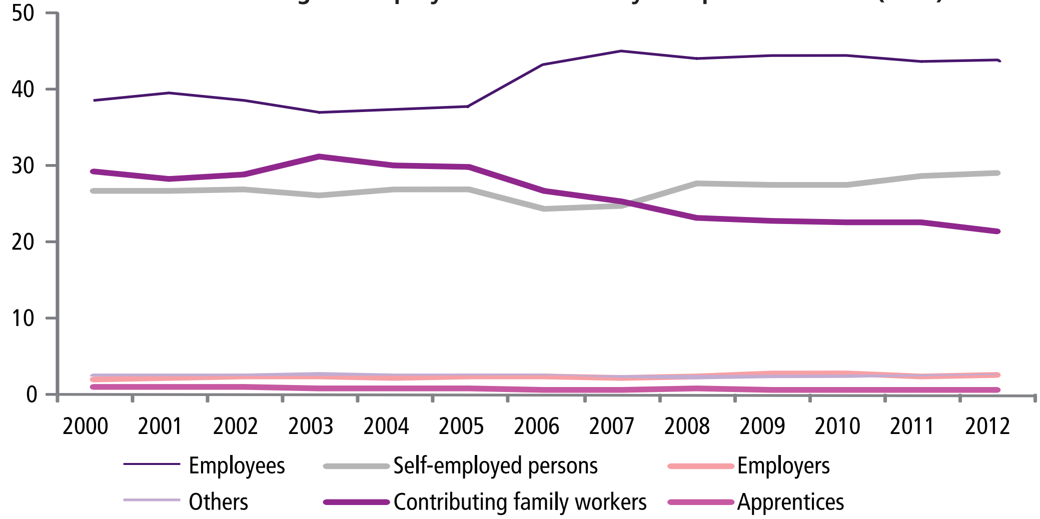
	Share in total employment		Growth during 2006-2012 (in %)
	2006	2012	
Oued Ed-Dahab- Lagouira – Laâyoune-Guelmim-Es-Semara	2.0	2.2	15.6
Souss-Massa-Draâ	10.4	10.4	6.1
Gharb-Chrarda- Beni Hssen	6.9	6.6	2.5
Chaouia-Ouardigha	6.8	6.6	1.3
Marrakech-Tensift-Al Haouz	11.3	11.0	3.0
Oriental	5.3	5.9	17.7
Grand Casablanca	11.8	11.9	6.1
Rabat-Salé-Zemmour-Zaer	7.4	8.0	14.0
Doukkala-Abda	7.4	7.8	10.5
Tadla-Azilal	4.8	4.4	-4.2
Meknes-Tafilalet	6.4	6.4	5.3
Fes-Boulemane	5.3	5.0	-0.5
Taza-Al Hoceima-Taounate	6.5	6.4	2.7
Tangier-Tetouan	7.4	7.6	7.7

Source : HCP.

1 2013 data are not yet available. Since 2006, a new sample from the national employment survey has been used.

The analysis of employment by professional status shows significant changes over the period 2006-2012[1]. Indeed, the share of employees decreased from 66.4 percent to 63.7 percent in urban areas and increased from 22.1 percent to 23.1 percent in rural areas, while that of self-employment grew from 20.9 percent to 25 percent and from 27.7 percent to 33.4 percent, respectively. The national share of contributing family workers moved down from 26.7 percent to 21.5 percent. Under these conditions, the share of vulnerable employment, consisting of independent and unpaid workers[2], amounts to 50.7 percent in 2012 from 51.9 percent in 2006.

Chart 1.3.4: Change in employment structure by occupational status (in %)



Source : HCP.

Furthermore, analysis of other job characteristics shows a job low quality, with mainly an employee contract coverage rate not exceeding 36 percent and a social security coverage benefiting only the fifth of the employed labor force.

Box 1.3.2 : Labor skills in Morocco

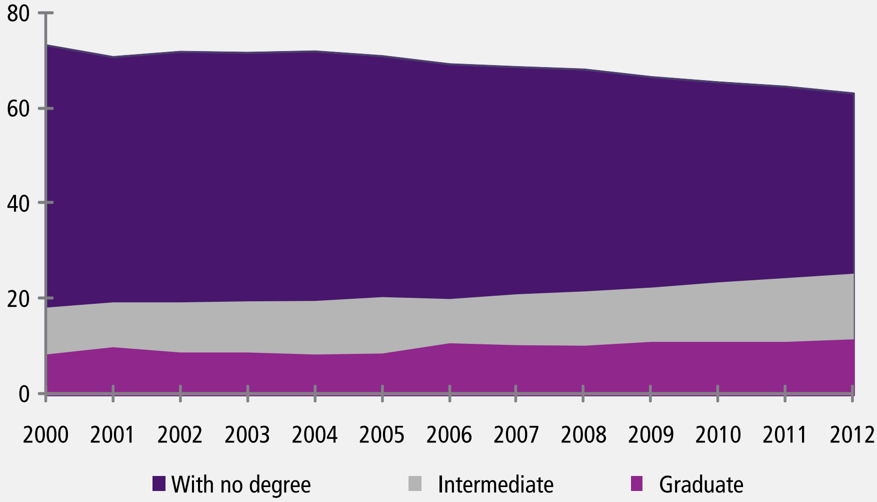
Despite continuous improvement in recent years, labor skills in Morocco remain broadly low. Indeed, those with no diplomas account nearly for two thirds of the workforce, while those with an intermediary degree represent 25.5 percent and those with a higher degree account for 11.3 percent.

At the sectoral level, those with no diplomas represent 85.8 percent of agricultural employment, 64.5 percent of the workforce in construction, 56.4 percent of those in trade and 52.8 percent in industry. Graduates are concentrated in the general administration with 23.3 percent holding an intermediary degree and 42.1 percent with a higher degree.

1 2013 data are not yet available.

2 They are mainly contributing family workers.

Chart B1.3.2.1: Change in employment structure by degree (in %)



Source : HCP.

When compared on a regional scale, the available data show that Morocco lags behind in this area. Indeed, the share of working population with a higher level of education is around 8 percent, as against 17 percent in Tunisia and Egypt and 27 percent in Jordan. The proportion of employed persons with no degree amounts to 37 percent in Egypt, 33 percent in Morocco, 11 percent in Tunisia and 1 percent in Jordan. This low qualification is reflected in the employment quality. Indeed, comparison based on the share of vulnerable employment indicates that the latter is considerably higher in Morocco.

Chart B1.3.2.2: Employment structure by level of education in some MENA countries (in %)

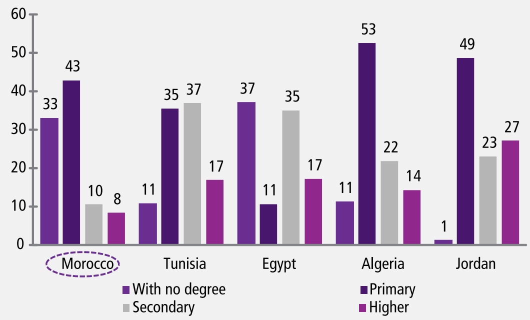
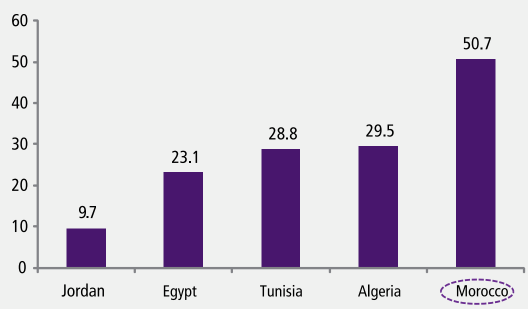


Chart B1.3.2.3 : The share of vulnerable employment in some MENA countries (in %)

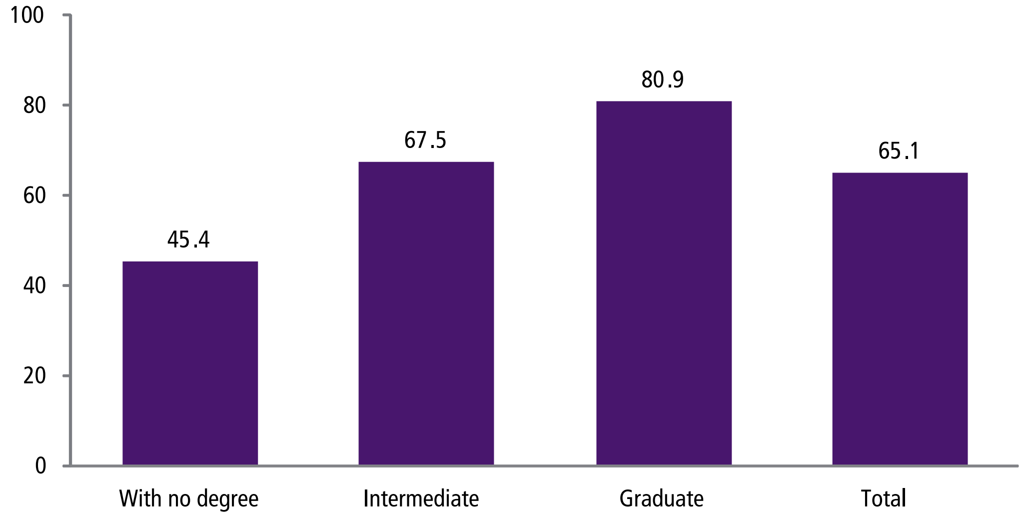


Source: WDI, Word Bank

1.3.3 Unemployment indicators

The unemployed labor force rose by 4.1 percent to 1.1 million. This increase, the largest in the past decade, is due to a 5.7 percent increase in the number of unemployed in urban areas, while in rural areas it decreased by 1.9 percent. The unemployed population, of whom more than half are first-time job seekers, is still dominated by long-term unemployment[1], particularly among graduates with higher degree.

Chart 1.3.5: Long-term unemployment by degree (in %)

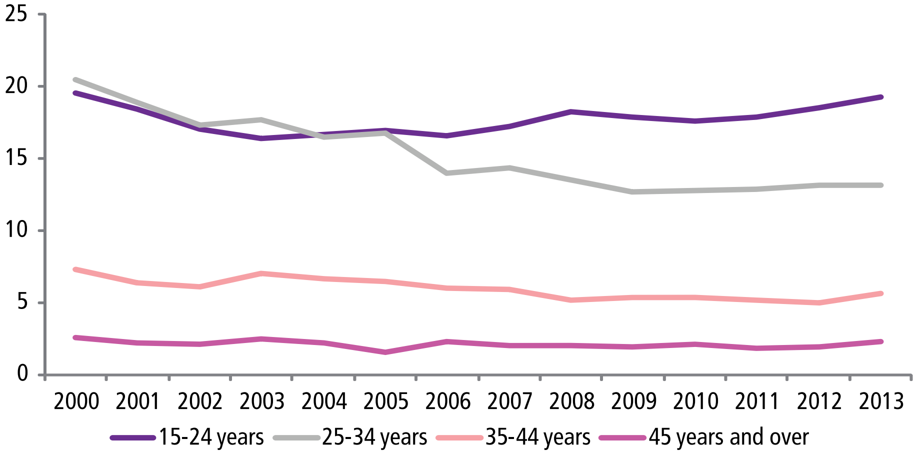


Source : HCP.

The unemployment rate rose by 0.2 percentage point to 9.2 percent, covering an increase from 13.4 percent to 14 percent in urban areas and a decline from 4 percent to 3.8 percent in rural areas. The increase in unemployment was particularly marked among urban youth aged 15 to 24 years, from 33.5 percent to 36 percent. Despite its decline from 9.9 percent to 9.6 percent, the unemployment rate remains higher among women, particularly in urban areas where it reached 20.4 percent as against 12.3 percent among men. By education level, those with a higher degree do not join easily the labor market, and their unemployment rate stood at 18.1 percent, as against only 1.9 percent among those with no education.

1 It is defined as unemployment whose duration is longer than or equal to one year.

Chart 1.3.6: Change in unemployment rate by age group (in %)



Source : HCP.

1.3.4 Productivity and labor cost

Due to the decline in nonagricultural growth from 4.3 percent to 2 percent and a 0.9 percent increase in the employed labor force as against 1 percent in 2012, the growth of the apparent labor productivity decelerated from 3.3 percent to 1.1 percent. This change reflects the productivity slowdown from 3.5 percent to 2.3 percent in the secondary sector and from 3 percent to 0.3 percent in the tertiary sector.

In parallel, the guaranteed minimum wage and the minimum agricultural wage moved up by 2.3 percent in nominal terms, to 97.92 and 63.39 dirhams/day, respectively, representing an appreciation of 0.4 percent in real terms. Similarly, the private sector's average wage index, calculated on the basis of data from CNSS, grew by 3.2 percent in nominal terms and 1.2 percent in real terms, as against 3.5 percent and 2.2 percent respectively in 2012. In the public sector, the average wage index has experienced a sharp deceleration from 7.3 percent to 0.8 percent in nominal terms, while it decreased by 1.1 percent in real terms against rising 5.9 percent a year earlier.

Table 1.3.2: Labor cost indicators (annual change in %)

		2008	2009	2010	2011	2012	2013
Apparent labor productivity		0.7	-0.8	2.5	3.3	3.3	1.1
Private sector	Nominal average wage index	5.4	6.1	2.5	1.0	3.5	3.2
	Real average wage index	1.6	5.0	1.5	0.1	2.2	1.2
Public sector	Nominal average wage index	5.5	6.8	1.5	11.8	7.3	0.8
	Real average wage index	1.7	5.7	0.6	10.7	5.9	-1.1
Nominal guaranteed minimum wage/ minimum agricultural wage		2.5	4.9	2.4	5.0	7.2	2.3
Real guaranteed minimum wage/ minimum agricultural wage		-1.2	3.9	1.5	4.0	5.8	0.4

Sources: HCP, National Social Security Fund, Ministry of Employment and Vocational Training, and BAM calculations.

Table 1.3.3: Annual activity and unemployment indicators

	Urban areas			Rural areas			Total		
	2012	2013	Changes in absolute values*	2012	2013	Changes in absolute values	2012	2013	Changes in absolute values
Total population	**19,158**	**19,513**	**355**	**13,439**	**13,437**	**-2**	**32,597**	**32,950**	**353**
Population aged 15 years and over	**14,370**	**14,672**	**302**	**9,484**	**9,558**	**74**	**23,854**	**24,230**	**376**
Labor force aged 15 years and over	**6,145**	**6,218**	**73**	**5,404**	**5,488**	**84**	**11,549**	**11,706**	**157**
Employed	5,321	5,347	26	5,190	5,278	88	10,511	10,625	114
Unemployed	824	871	47,0	214	210	-4	1,038	1,081	43
Participation rate	**42.8**	**42.4**	**-0.4**	**57**	**57.4**	**0.4**	**48.4**	**48.3**	**-0.1**
By gender									
Male	69.6	69.0	-0.6	79.7	79.3	-0.4	73.6	73.0	-0.6
Female	17.6	17.5	-0.1	35.6	36.8	1.2	24.7	25.1	0.4
By age									
15 to 24 years	24.5	23.1	-1.4	44.1	43.0	-1.1	33.5	32.2	-1.3
25 to 34 years	58.4	59.1	0.7	64.1	65.3	1.2	60.7	61.6	0.9
35 to 44 years	56.9	56.7	-0.2	69.6	69.8	0.2	61.4	61.4	0
45 years and over	36.8	36.1	-0.7	57.8	59.0	1.2	44.6	44.4	-0.2
By diploma									
Without any diploma	37.6	37.1	-0.5	58.8	60.0	1.2	48.6	48.9	0.3
With diploma	47.5	47.2	-0.3	50.6	48.7	-1.9	48.1	47.5	-0.6
Unemployment rate by gender	**13.4**	**14.0**	**0.6**	**4.0**	**3.8**	**-0.2**	**9.0**	**9.2**	**0.2**
Male	11.5	12.3	0.8	4.9	4.9	0	8.7	9.1	0.4
Female	20.6	20.4	-0.2	1.9	1.6	-0.3	9.9	9.6	-0.3
By age									
15 to 24 years	33.5	36.0	2.5	8.9	8.4	-0.5	18.6	19.3	0.7
25 to 34 years	19.6	19.8	0.2	4.3	4.2	-0.1	13.2	13.2	0
35 to 44 years	7.0	7.9	0.9	2.1	2.3	0.2	5.0	5.6	0.6
45 years and over	2.7	3.5	0.8	1.0	1.1	0.1	1.9	2.3	0.4
By diploma									
Without any diploma	6.9	8.1	1.2	2.4	2.4	0	4.0	4.5	0.5
With diploma	18.2	18.2	0	10.6	9.8	-0.8	16.4	16.3	-0.1

*For rates, it refers to a change in percentage points.

Source: HCP

1.4 Inflation

While remaining moderate, inflation, measured by the change in the consumer price index (CPI), rose significantly in 2013 compared to the past four years. Indeed, it stood at 1.9 percent as against an average of 1 percent between 2009 and 2012.

The year was marked by relatively higher internal inflationary pressures, due to changing prices of some services, higher fuel prices and lower supply of certain agricultural products. However, the impact of these pressures was offset by the easing external inflationary pressures, in a context of falling global commodity prices and a disinflationary trend in the euro area.

By component, the rise in inflation mainly reflects an acceleration of core inflation from 0.8 percent in 2012 to 1.5 percent in 2013, especially in connection with further increase in rental and education prices and slower fall of prices for communication services. It is also attributed to an increase from 1.6 to 2.3 percent in regulated prices, owing to the impact of the rise of fuel prices in June 2012 and, to a lesser extent, the reactivation of the indexation system in September 2013. It is due as well to the rise from 3 to 3.3 percent in inflation of volatile food prices.

Owing to lower global commodity prices, manufacturing producer prices showed a decline of 1.8 percent after a 2.9 percent increase in 2012.

1.4.1 Change in CPI components

Higher inflation in 2013 reflects accelerated prices of the three CPI components (Table 1.4.1). Indeed, volatile food prices rose by 3.3 percent as against 3 percent in 2012, keeping their contribution to inflation at 0.4 percentage point. This change was brought about by a 31.3 percent increase in the prices of citrus, after a 3 percent decline in 2012, in connection with the contraction of citrus production in the crop year 2011/2012. In addition, prices were up 5.5 percent for “poultry and rabbits”, 1.2 percent for “fresh vegeTables” and 2.1 percent for “fresh fish”. These increases were only partially offset by respective drops of 1.7 percent and 3.8 percent in prices for “fresh fruit” and “unprocessed cereals”.

Table 1.4.1: Change in CPI components
(2006 = 100)

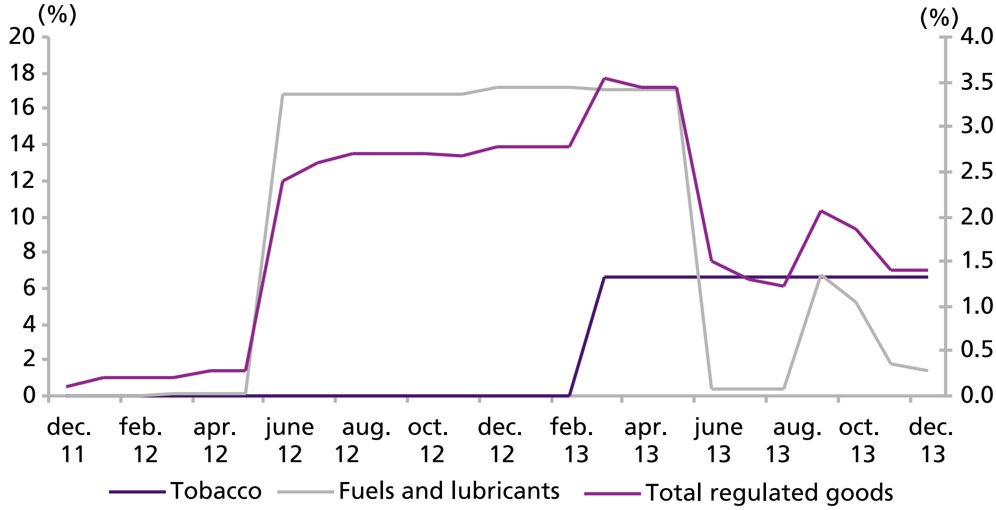
Groups of products	Weights	Annual change in %		
	In %	2011	2012	2013
Consumer price index (CPI)	100	0.9	1.3	1.9
Volatile food prices	12.1	-2.0	3.0	3.3
Regulated prices	20.9	0.1	1.6	2.3
- Fuels and lubricants	2.4	0.0	9.9	8.0
- Regulated goods excluding fuels and lubricants	18.4	0.1	0.7	1.4
Core inflation	67.1	1.8	0.8	1.5
- Food products included in core inflation	26.1	3.3	2.2	1.6
- Clothing items and footwear	3.9	1.6	2.1	1.6
- Housing, water, gas, electricity and other fuels (1)	7.0	1.0	1.0	2.2
- Furniture, household appliances and routine household maintenance	4.9	0.8	0.1	0.2
- Health (1)	0.1	0.3	2.0	0.9
- Transport (1)	7.0	-0.3	0.9	1.2
- Communications	3.5	-5.4	-19.6	-9.2
- Entertainment and culture	2.2	-0.7	0.5	0.4
- Education	3.9	4.1	3.8	5.5
- Restaurants and hotels	2.9	1.7	2.0	3.2
- Miscellaneous goods and services	5.5	2.1	1.4	1.3

(1) Excluding regulated goods.

Sources: HCP, and BAM calculations.

Prices for regulated goods grew by 2.3 percent in 2013, up from 1.6 percent in 2012 and 0.5 percent on average between 2008 and 2011, contributing 0.5 percentage point to inflation as against 0.3 and 0.1 point, respectively. The largest increase concerned "fuels and lubricants", with a rate of 8 percent, due to the June 2012 revision of pump prices and the reactivation of the partial indexation system on September 16, 2013. This increase spilled over into prices for "road passenger transport", which rose by 4.3 percent from 3.8 percent in 2012. Similarly, the reform of the taxation on manufactured tobacco, adopted under the 2013 Finance Act, caused a 5.5 percent increase in their prices. Prices of other regulated goods did not change significantly, with stagnant prices for water supply and slight increases in prices of certain services, mainly medical and hospital ones.

Chart 1.4.1: Infra-annual change in inflation of regulated prices (YoY)



Sources: HCP, and BAM calculations.

Box 1.4.1 : Oil price indexation system

Since the early 90s, oil prices showed significant increases accompanied by higher volatility. The crude oil price[1] rose on average from $18 a barrel during the 1990s to $28 a barrel in 2000. This price surge prompted the government to suspend in 2000 the application of the oil price indexation system, which had been implemented since the sector's liberalization in 1995, and to replace it with a fixed price mechanism in which the State bears the difference between cost prices and consumer prices. However, the continued rise in international prices, with an average price of $97 a barrel in 2008 and $104 a barrel between 2011 and 2013, placed a heavy burden on subsidy costs for petroleum products. Despite some one-off adjustments, mainly in June 2012, these costs increased from 7.9 billion dirhams in 2006 to 48.2 billion in 2012, before falling to 36.3 billion in 2013.

To address this situation, which largely contributed to the widening of the fiscal deficit, the government decided to reactivate the indexation system in September 2013. The new system, limited to diesel, premium-grade gasoline and industrial fuel, is partial as the State continues to bear a unit subsidy for these products, set annually based on the budget earmarked for subsidy costs. For the calculation of domestic prices, the system is based on the average two-month quotations and passes through changes only when they exceed, in absolute terms, a 2.5 percent threshold, therefore limiting the transmission of international price volatility to domestic prices.

(1) Average quotations of three products, West Texas Intermediate, Dubai light and North Sea Brent.

Impact on petroleum prices

The reactivation of the indexation system in September 2013 immediately led to a rise in diesel and gasoline prices by 8.5 percent and 4.8 percent, mainly due to declines in unit subsidies. These were reduced to 2.6 dirhams per liter for diesel, 0.8 dirham per liter for gasoline and 930 dirhams per tonne for industrial fuel, from 3.1 dirhams per liter, 1.2 dirham per liter and 1584.7 dirhams per tonne, respectively, on average during the first eight months of the year. The combined effect of lower international prices and higher exchange rate led to a 2.5 percent decline in gasoline prices in October and to respective decreases of 3.5 percent and 3.4 percent in gasoline and diesel prices in November. Overall, from June 2012 to end-December 2013, diesel prices rose from 7.15 to 8.54 dirhams per liter, while gasoline ones moved up from 10.18 to 12.02 dirhams per liter.

Table B1.4.1.1 : Change in domestic oil prices

Products	May 12	june 12	16 Sept.* 13	16 Oct. 13	16 Nov. 13	16 Dec. 13
Premium gasoline (dh/l)	10.18	12.18	12.77	12.45	12.02	12.02
Diesel 50 (dh/l)	7.15	8.15	8.84	8.84	8.54	8.54
Industrial fuel (dh/t)	3678	4666	5329	5329	5077	5077

* Date of indexation system's reactivation

Chart B1.4.1.1: Trend in the exchange rate and international oil price quotations

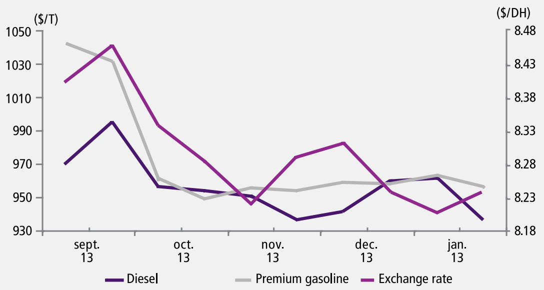
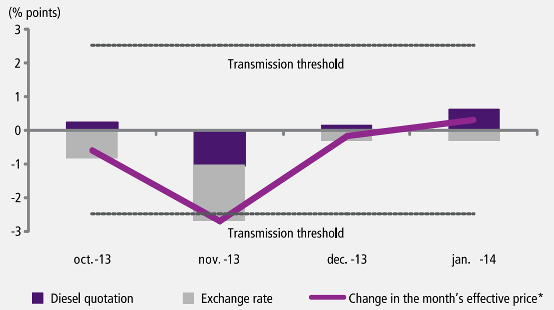


Chart B1.4.1.2: Contributions of exchange rate and international prices to changes in diesel price at the pump (% points)



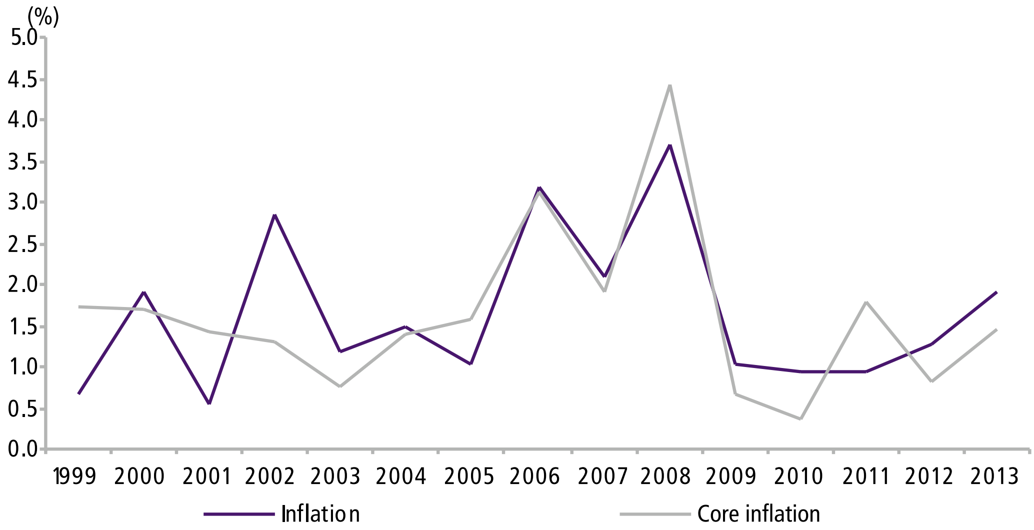
* When this change exceeds 2.5 percent, it feeds through to retail prices; otherwise, the price of the previous month remains unchanged.

Source: World Bank, Subsidy Fund and Bank Al-Maghrib.

Taking into account subsidy costs earmarked to petroleum products in the Finance Act 2014, the government decided on January 16, 2014 to remove subsidies for gasoline and industrial fuel prices and to gradually reduce the per unit subsidy for diesel from 2.6 dirhams per liter to 0.8 dirham per liter in October 2014.

Core inflation (CPIX), which traces the underlying trend of prices, rose from 0.8 to 1.5 percent, thus contributing 1 percentage point to CPI growth, as against from 0.5 point in 2012. This change is attributed to the faster growth from 1 to 2.2 percent in prices for "housing, water, gas, electricity and other fuels" and from 3.8 to 5.5 percent in prices for "education". It is also due to slower fall from 19.6 to 9.2 percent in communication prices. In contrast, the growth of food prices included in the CPIX decelerated from 2.2 to 1.6 percent, while maintaining their contribution to the increase of the CPIX at a significant rate of 0.7 percentage point.

Chart 1.4.2: YoY change in inflation and core inflation



Sources: HCP, and BAM calculations.

On an infra-annual basis, prices showed a sharp slowdown from 2.4 percent in the first quarter to 1 percent in the fourth quarter. This profile continues to be determined by the change in food prices excluded from core inflation, which moved down 2.1 percent in the last quarter after rising 7.3 percent in the first quarter. This decline is mainly due to higher supply of fresh fruits and vegeTables thanks to the good crop year 2012/2013.

Chart 1.4.3: YoY change in prices of products excluded from the CPIX

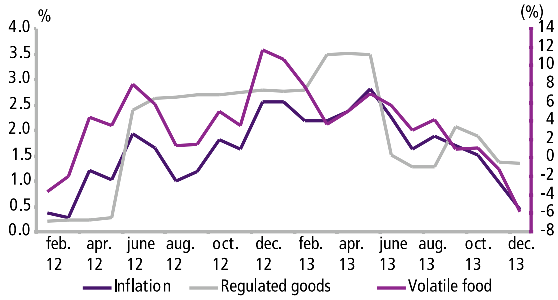
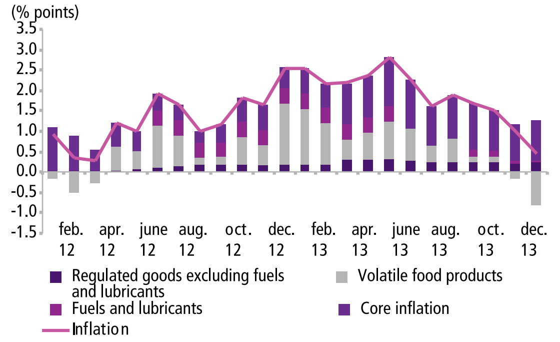


Chart 1.4.4: Contribution of the major headings to inflation (YoY)



Sources: HCP, and BAM calculations.

1.4.2 Prices of tradables and nontradables

The classification into tradable and nontradable goods allows distinguishing between the sources of inflationary pressures. This breakdown indicates further mitigation of external pressures in 2013, amid a disinflationary trend in the main euro area partner countries and a return of inflation of nontradables to a level close to its long-term trend.

The inflation of tradables decelerated from 2 percent in 2012 to 1.2 percent in 2013, particularly due to a slower growth of prices for "oils" from 7.9 to 4.4 percent and those for "cereal-based products" from 1.6 to 0.1 percent. However, the impact of rising international prices for milk powder on domestic prices, as of August, was the main factor behind higher inflation of tradables from 1.2 percent in the first half to 1.4 percent in the rest of the year.

Chart 1.4.5: YoY change in prices of tradables and nontradables*

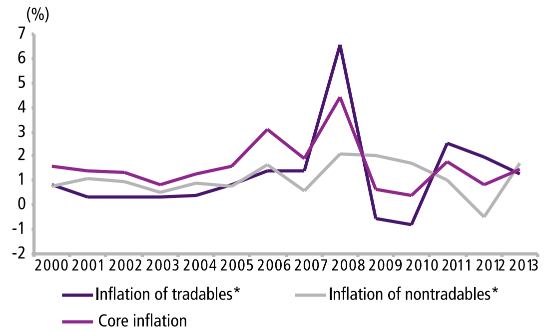
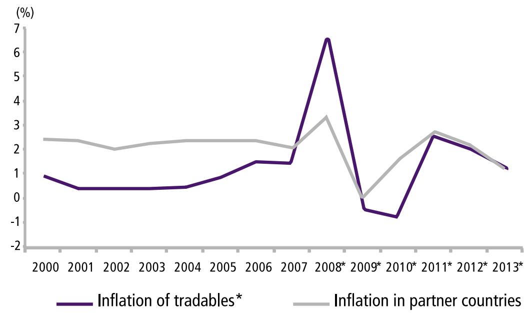


Chart 1.4.6: Change in prices of tradables* and inflation in partner countries

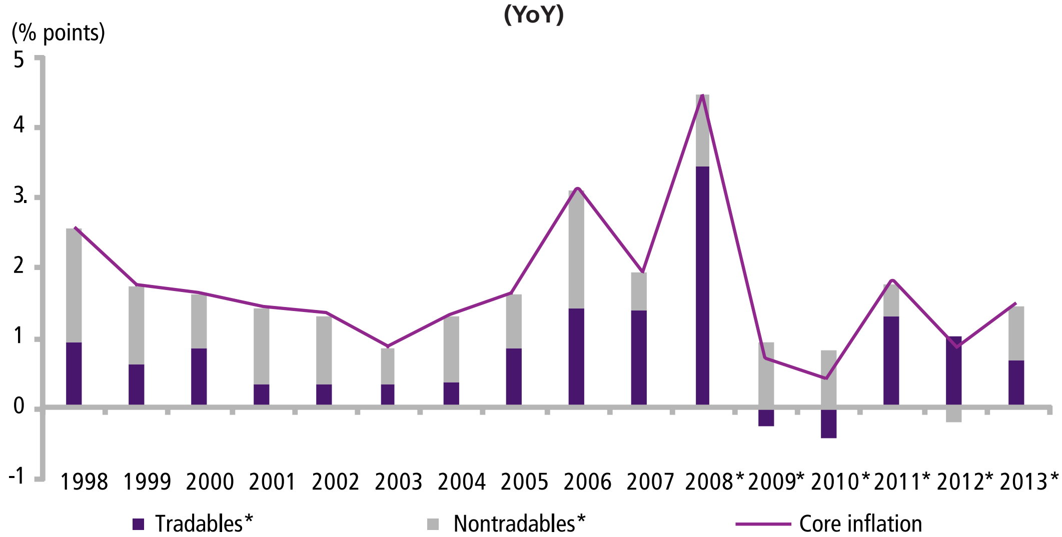


* Except excluded products

Sources: HCP, and BAM calculations.

After a decline of 0.5 percent in 2012, prices of nontradables grew by 1.7 percent in 2013, contributing 0.7 percentage point to core inflation as against -0.2 point in 2012. This increase largely reflects respective increases of 6.9 percent, 3.2 percent and 1.8 percent in prices for "preschool and primary education", "restaurants, cafes and the like" and "fresh meat". These trends more than offset a 10.6 percent decrease in prices of "telephony and fax".

Chart 1.4.7: Contribution of prices of tradables and nontradables* to core inflation (YoY)



* Except excluded products
Sources: HCP, and BAM calculations.

1.4.3 Trend in consumer prices by city

The analysis of consumer price trends by city shows significant differences from one city to another. The most important inflation rates were recorded in Oujda and Tangier with 2.7 percent and in Fes with 2.4 percent. However, prices remained sTable in Tetouan and grew only by 0.5 percent in Beni-Mellal.

Inflation differentials between cities were higher in 2013 compared to 2012. Indeed, the range between the highest rate, recorded in Tangier, and the lowest one, in Tetouan, stood at 2.7 percentage points as against a maximum difference of 2.2 points in the previous year, between Laayoune and Oujda. In terms of price levels, Meknes and Casablanca were the most expensive cities and Safi remains the cheapest.

Table 1.4.2 : Change in CPI by city

	Annual average indexes			Inflation (In %)	
	2011	2012	2013	2012	2013
Agadir	108.6	110.1	112.1	1.4	1.8
Beni Mellal	108.9	111.1	111.7	2.0	0.5
Casablanca	110.7	112.9	114.9	2.0	1.7
Dakhla	108.1	110.4	111.8	2.1	1.3
Fes	109.1	110.5	113.2	1.3	2.4
Guelmim	109.2	110.4	112.5	1.0	1.9
Al Hoceima	110.9	112.2	114.0	1.1	1.7
Kenitra	109.0	110.3	112.3	1.2	1.8
Laayoune	109.1	111.5	112.6	2.1	1.0
Marrakech	109.0	111.0	112.9	1.8	1.8
Meknes	111.2	112.5	114.9	1.2	2.1
Oujda	109.6	109.6	112.6	0.0	2.7
Rabat	107.7	108.4	110.5	0.6	2.0
Safi	105.0	105.9	108.2	0.8	2.2
Settat	109.7	111.4	112.7	1.5	1.2
Tangier	110.4	111.7	114.7	1.2	2.7
Tetouan	110.8	112.0	112.0	1.0	0.0
National	**109.4**	**110.8**	**112.9**	**1.3**	**1.9**
Range (in % points)				**2.2**	**2.7**

Sources: HCP, and BAM calculations.

1.4.4 Change in the industrial producer price index

The drop in global commodity prices in 2013 fed through to industrial producer prices[1], which fell by 1.8 percent after rising 2.9 percent in 2012.

Chart 1.4.8: Change in the overall DJ-UBSCI* and the industrial producer price index (by level, 2010 = 100)

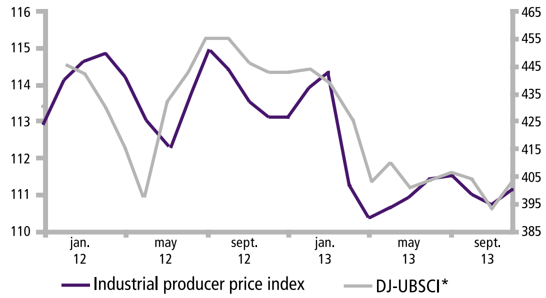
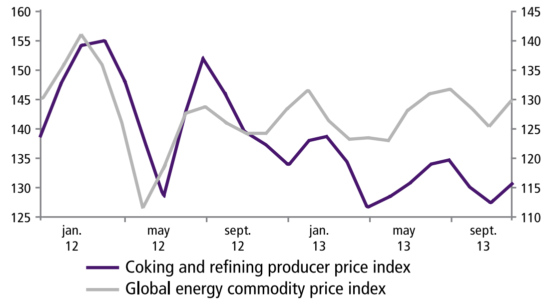


Chart 1.4.9: Change in the global energy commodity price index and the oil refining producer price index (by level, 2010 = 100)**



Sources: HCP, DataStream and World Bank.

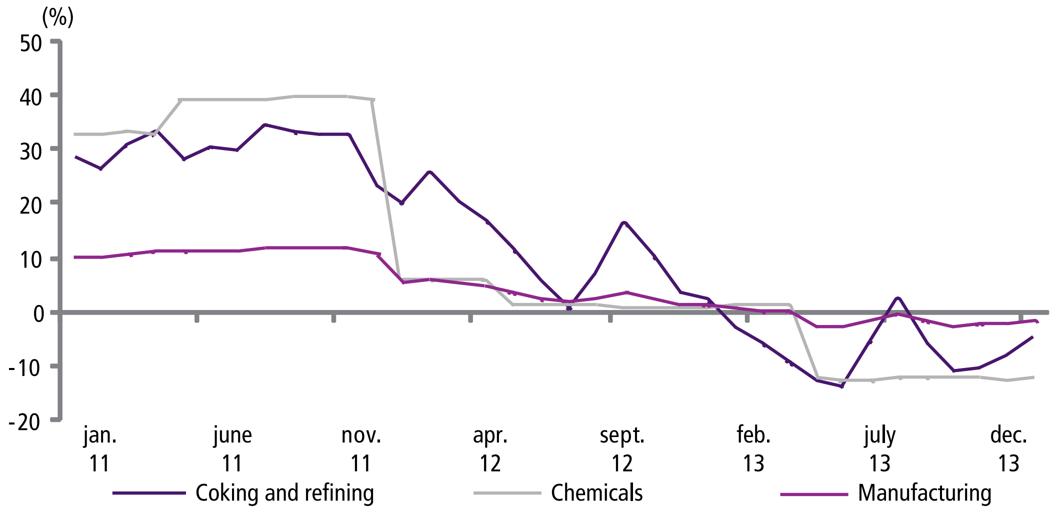
1 New industrial producer price index (2010 = 100)

* The Dow Jones-UBS Commodity Index (DJ-UBSCI) is composed of futures quotations of 22 commodities including energy and agricultural goods, precious metals and base metals.

** Index developed by the World Bank.

This trend is mainly due to declines of 7.8 percent in "coking and refining" prices and 9.5 percent in "chemicals" prices, owing mostly to lower international prices for crude oil and sulfur, major inputs of these two industries. Meanwhile, "food industry" prices moved up 1.5 percent as against 3.2 percent in 2012.

Chart 1.4.10: YoY change in the major sub-indexes of manufacturing producer prices



Source: HCP.

Table 1.4.3: Manufacturing producer price index (2010 = 100)

Change in %	2011	2012	2013
Food industries	4.5	3.2	1.5
Chemicals	36.7	2.1	-9.5
Textile industry	2.1	0.8	-0.3
Clothing industry	0.6	0.8	0.7
Coking and refining	29.8	10.9	-7.8
Overall index	10.6	2.9	-1.8

Source : HCP.

1.5 Public finance

The fiscal position in 2013 showed a significant recovery compared to 2012, with a reduction of the budget deficit from 7.4 percent to 5.5 percent of GDP. Despite being in line with the commitment made by the Moroccan government under the IMF Precautionary and Liquidity Line, this level remains high and exceeds the target set in the Finance Act.

The narrowing of the fiscal deficit mainly reflects a significant decline in subsidy costs, due to an increase in pump prices in June 2012 and the reactivation of price indexation of certain petroleum products in September 2013. Similarly, investments were down, following the decisions to stop executing a portion of these expenses in April and restrict liabilities in late October. On the revenue side, tax receipts posted a decline during the year, the second during the last twenty years after that of 2009. However, this drop, registered in a context of slower nonagricultural activities, was more than offset by the strong growth of nontax revenues, due to the collection of donations from the Gulf Cooperation Council countries and increase in support funds.

Against this background, and taking into account the repayment of almost 6.4 billion of arrears, the Treasury borrowing requirement amounted to 6.2 percent of GDP as against 7.5 percent in 2012. 72 percent of this requirement was raised in the domestic market, while the rest was provided by external resources, especially through the issuing of 6.4 billion dirhams on the international market. Thus, the public debt ratio rose from 59.7 percent in 2012 to 63.5 percent in 2013.

1.5.1 The 2013 Finance Act

The 2013 Finance Act assumed a growth rate of 4.5 percent, an average oil price of $105 per barrel, an average exchange rate of 8.5 dirhams per 1 dollar and an inflation rate of 2 percent. The budget deficit was expected to stand at 4.8 percent of GDP, as against 5.4 percent in the Finance Act 2012, with an increase of 7.3 percent in overall expenditure, representing respective increases of 8.2 and 3.2 percent in current expenditure and investment spending. Current receipts, excluding privatization,were projected to improve by 10 percent, reflecting increases of 5.1 percent in tax receipts and 70.3 percent in nontax revenues.

Table 1.5.1 : 2012 and 2013 budget forecast

	2012 Finance Act	2013 Finance Act	Change in %	Change in values
Current receipts excluding privatization	**213 171**	**234 554**	**10.0**	**21 382**
Tax receipts[1]	193 610	203 486	5.1	9 876
Nontax receipts	19 561	27 868	42.5	8 307
Receipts of some Treasury special accounts	3 200	3 200	0.0	0
Overall expenditure	**262 987**	**282 198**	**7.3**	**19 210**
Current expenditure	**216 995**	**234 726**	**8.2**	**17 731**
Goods and services	141 315	148 262	4.9	6 947
Debt service	20 244	22 392	10.6	2 148
Subsidization	32 525	40 000	23.0	7 475
Transfers to local governments	22 910	24 072	5.1	1 162
Current balance	**-3 824**	**-173**		
Investment	45 992	47 471	3.2	1 479
Balance of other Treasury special accounts	3 000	4 000		
Overall fiscal balance	**-46 816**	**-43 644**		
In percentage of GDP	**-5.4%**	**-4.8%**		
Change in arrears	-17 000	10 000		
Finance requirements or surplus	**-63 816**	**-33 644**		
Domestic financing	47 268	10 060		
External financing	13 348	23 584		
Privatization	3 200	0		

1-Including 30% of VAT receipts transferred to local governments

Source: Ministry of Economy and Finance (Department of Treasury and External Finance-DTEF)

Box 1.5.1 : Key tax measures in the 2013 Finance Act

Regarding corporate tax, it was particularly decided to set a reduced rate of 10 percent applicable on SMEs making a profit less than or equal to 300,000 dirhams and to extend the reduction granted for initial public offerings until the end of 2016.

Regarding income tax, the standard abatement rate on retirement pensions was raised from 40 percent to 55 percent. With a view to encouraging the use of corporate savings plan, a tax incentive scheme was introduced. It is based on (1) the exemption of the contribution granted to employees within the limit of 10 percent of the annual taxable salary and (2) the exemption of income and profits, provided that the various payments are retained for a minimum period of 5 years and without the payment amount exceeding 600,000 dirhams.

Furthermore, it was decided to increase corporate tax or income tax rate deducted at source regarding proceeds from shares, corporate rights and similar revenues, from 10 percent to 15 percent. The Finance Act also reviewed the terms of the social solidarity contribution on profits, introduced by the Finance Act 2012 by extending it to incomes and adjusting its rates.

Table B1.5.1.1 : Scale of the social solidarity contribution

Net book profit (in dirhams)	Rate applied
From 15 millions to less than 25 millions	0.5%
From 25 millions to less than 50 millions	1.0%
From 50 millions to less than 100 millions	1.5%
Equal to or more than 100 millions	2.0%

Net income (in dirhams)	Rate applied
From 360.000 to 600.000	2%
From 600.001 to 840.000	4%
> 840.000	6%

Concerning the Value Added Tax, the exemption of credit operations carried out by micro-credit associations, and imports of equipment and materials used for their operation was extended until the end of 2016. Moreover, the turnover threshold for exempting production cooperatives was raised from 5 to 10 million dirhams excluding VAT without the right to deduct. Goods, equipment, commodities and services purchased by the Mohammed VI Foundation for the Publication of the Holy Quran were also exempted.

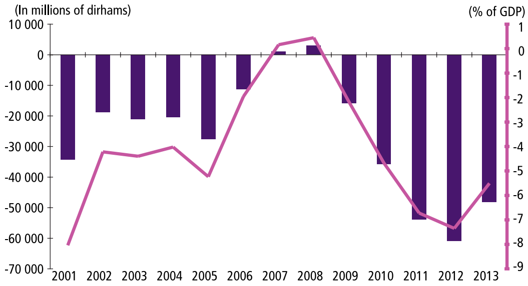
In addition, import duties on commercial vehicles were reduced from 17.5 percent to 10 percent. The domestic consumption tax on manufactured tobacco was amended; a specific tax was introduced and a part of proportional taxation to public retail price excluding VAT and special taxes was maintained.

As part of a tax amnesty, the Finance Act also introduced the possibility to cancel all penalties, surcharges and fees of collecting taxes and duties prior to January 1, 2012 and which remained unpaid, provided that the taxpayers concerned voluntarily pay the principal amount of taxes, duties and fees before December 31, 2013.

1.5.2 Execution of the Finance Act 2013

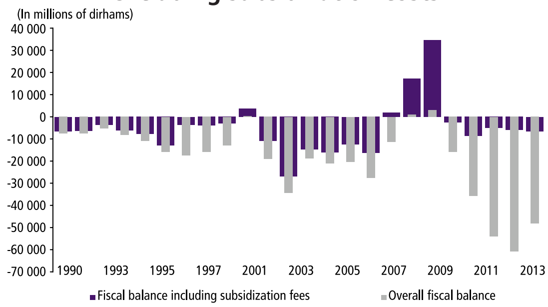
Budget implementation in 2013 was marked by a 49.5 percent increase in nontax revenue, while tax receipts were down 1.4 percent, after rising 7.3 percent in 2012, thus resulting in a slower growth of current revenue. In parallel, overall expenditure decreased by 3.4 percent, in conjunction with respective declines of 24.2 percent and 6.2 percent in subsidy costs and investments. The infra-annual profile of these expenditures shows that the acceleration, usually registered in December, was relatively subdued in 2013. Given the 6.4 billion reduction in arrears, the cash deficit stood at 54.5 billion dirhams, or 6.2 percent of GDP from 62.5 billion or 7.5 percent of GDP in 2012.

Chart 1.5.1: Fiscal balance trend



Source: Ministry of Economy and Finance (DTEF).

Chart 1.5.2: Trend of fiscal balance including and excluding subsidization costs



Current revenues

In 2013, tax revenues fell by 1.4 percent to 195.8 billion, thus resulting in an easing of the tax burden from 24 percent to 22.4 percent of GDP. Proceeds from direct taxes dropped by 2.9 percent to 76.6 billion, reflecting declines of 5.6 percent in corporate tax receipts and 0.5 percent in income tax revenue after respective increases of 9.7 percent and 14.8 percent a year earlier. In particular, receipts from income tax on real estate profits were down by 7 percent, while those on public wages[1] were up 5.8 percent.

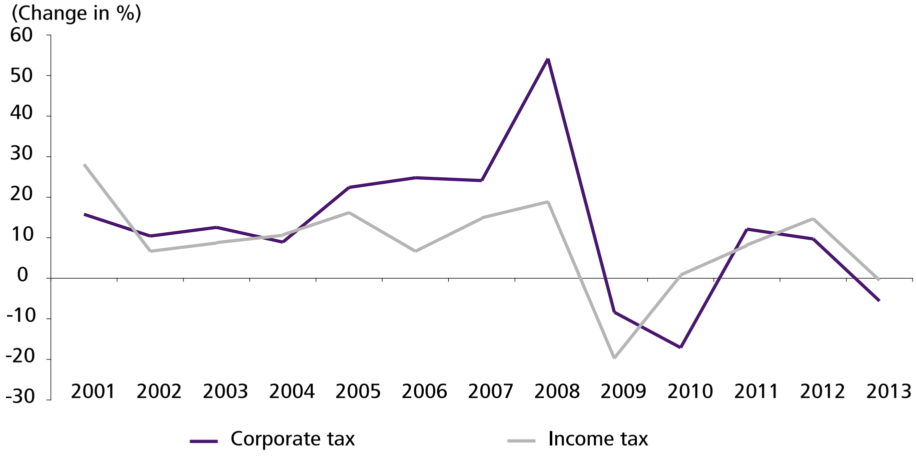
In parallel, proceeds from indirect taxes grew only by 0.5 percent as against 4.7 percent in 2012, due to the slowdown in VAT receipts from 4.9 percent to 0.5 percent and domestic consumer tax revenues from 4 percent to 0.6 percent. By component, the import VAT was down 1 percent after rising 6.1 percent in 2012, while domestic VAT was up 3 percent from 2.8 percent a year earlier. The trend of receipts from the domestic consumer tax covers a decrease of 1.8 percent in levies on manufactured tobacco as against an increase of 8.8 percent in 2012, and a 1.5 percent rise in levies on energy commodities as opposed to 1.4 percent.

Revenues from customs duties, achieved at a rate of 84.4 percent compared to the projections of the Finance Act, fell by 14.7 percent to 7.7 billion, owing to lower imports and further tariff dismantling with the European Union.

Despite a base effect due to the recovery of one billion dirhams in 2012 following the merger of the National Electricity Office and the National Office for Drinking Water, registration and stamp fees increased by 3 percent as against 22.4 percent a year earlier, standing at 13.5 billion. This change is mainly due to the modification of the scale of the annual special tax and stamp duties on the first registration of motor vehicles, as well as to raising the reduced rate on the purchase of premises, as of May 2012, from 3 percent to 4 percent.

1 Data from the Moroccan General Treasury's National Processing Center. It centralizes nearly 89 percent of the wage bill of the central government.

Chart 1.5.3: Corporate and income tax revenues trend



Source: Ministry of Economy and Finance (DTEF).

Nontax revenues moved up by 49.5 percent to 28.4 billion dirhams, after falling 4.7 percent in 2012. This improvement is mainly attributed to the collection of donations, amounting to 5.2 billion dirhams, and respective increases of 96.5 percent and 8.4 percent in support funds and gas pipeline fees to 4.4 billion and 2.3 billion. Monopoly revenues totaled 13.2 billion, up 14.9 percent, covering in particular an increase of 20.7 percent in the dividends paid by the OCP and 35 percent in those of the National Land Registry and Cartography Agency as well as a decrease of 23.5 percent in the payments of Maroc Telecom and 1.8 percent in those made by Bank Al-Maghrib.

Chart 1.5.4 : Trend in Treasury current receipts

Source: Ministry of Economy and Finance (DTEF).

Table 1.5.2 : Treasury expenses and revenues

	Year 2012[1]	Year 2013	Change in %	Execution compared to the 2013 Finance Act in %
Current receipts excluding privatization	**220 772**	**227 104**	**2,9**	**96,8**
Tax receipts [2]	**198 504**	**195 760**	**-1,4**	**96,2**
- Direct taxes	78 911	76 619	-2,9	98,8
Corporate tax	43 187	40 754	-5,6	95,8
Income tax	33 418	33 238	-0,5	100,9
- Indirect taxes	97 530	98 006	0,5	95,1
Value added tax [2]	74 786	75 131	0,5	93,6
Domestic consumer taxes	22 744	22 875	0,6	100,5
- Customs duties	9 003	7 681	-14,7	84,4
Nontax receipts	**18 974**	**28 360**	**49,5**	**101,8**
Including the GCC	0	5 166	-	52,7
Receipts of some Treasury special accounts	**3 294**	**2 984**	**-9,4**	**93,3**
Overall expenditure	**289 517**	**279 815**	**-3,4**	**99,2**
Current expenditure	**238 059**	**231 546**	**-2,7**	**98,6**
Goods and services	**140 656**	**144 904**	**3,0**	**97,7**
Personnel	96 673	98 641	2,0	100,7
Debt service	**20 097**	**22 502**	**12,0**	**100,5**
- Domestic	16 702	18 620	11,5	99,2
- External	3 395	3 882	14,3	107,2
Subsidization	**54 870**	**41 600**	**-24,2**	**104,0**
Transfers to local governments	**22 436**	**22 539**	**0,5**	**93,6**
Current balance	**-17 287**	**-4 441**		
Primary balance	**-40 755**	**-25 614**		
Capital spending	**51 458**	**48 270**	**-6,2**	**101,7**
Balance of other Treasury special accounts	7 893	4 594		
Overall fiscal balance	**-60 852**	**-48 117**		
Change in arrears	-4 786	-9 850		
Financing requirements	**-65 638**	**-57 967**		
Domestic financing	47 097	42 868		
External financing	15 249	15 099		
- Drawings	23 146	23 105		
- Depreciation	-7 897	-8 006		
Privatization	3 292	0		

1 Revised figures

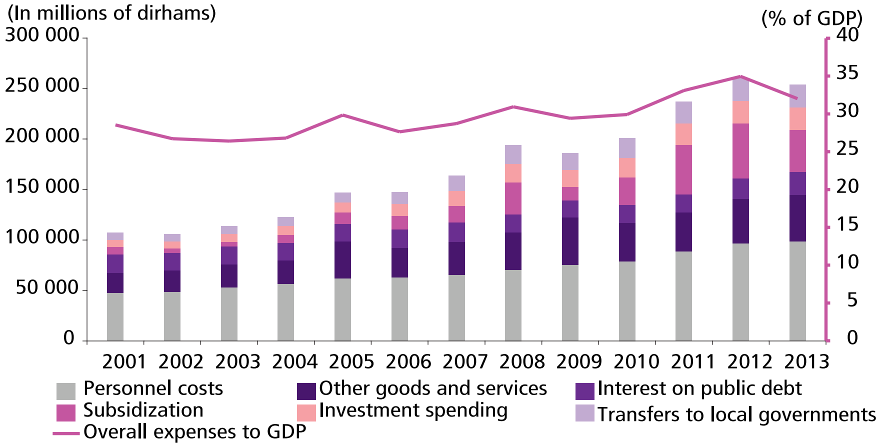
2 Including 30% of VAT receipts transferred to local government.

Source: Ministry of Economy and Finance (DTEF).

Overall expenditure

In 2013, current expenses showed a decline of 2.7 percent, the first since 2009 (3.5 percent). This trend, coupled with a 6.2 percent decrease in capital spending, resulted in a 3.4 percent drop in overall expenditure to 279.8 billion.

Chart 1.5.5 : Trend of Treasury overall expenditures



Source: Ministry of Economy and Finance (DTEF).

Costs of goods and services showed a rise of 3 percent as opposed to 10.6 percent in 2012 and 8.4 percent in 2011. Particularly, personnel costs moved up by 2 percent to 98.6 billion, a rate well below the average of 7.4 percent registered between 2007 and 2012. However, as a percentage of GDP, they remain high, standing at 11.3 percent as against 10.7 percent on average over the same period. Costs of other goods and services were up by 5.2 percent to 46.3 billion, down 4 billion compared to the projections of the Finance Act. The change in this heading is partly due to increases of 17 percent in transfers to the Moroccan Pension Fund and 8 percent in those intended for Treasury special accounts, while funds transferred to various public institutions remained similar to the previous year.

Chart 1.5.6 : Wage bill trend

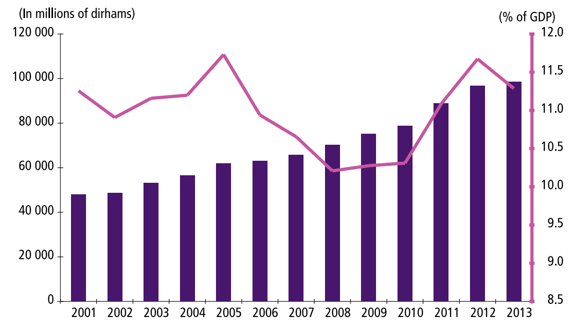
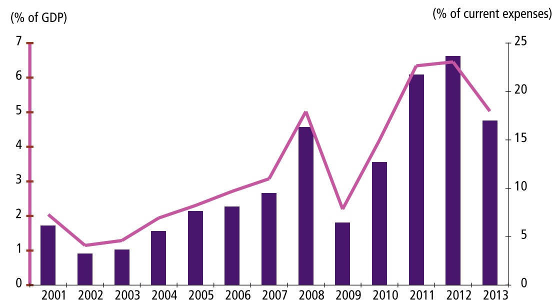


Chart 1.5.7 : Subsidy costs trend



Source: Ministry of Economy and Finance (DTEF).

Subsidy costs were reduced by 24.2 percent to 41.6 billion, or 4.8 percent of GDP as against 6.6 percent in 2012. This change is attribuTable to the effects of higher pump prices in June 2012, the adoption of the partial indexation system in September 2013 and the slight decline in international crude oil prices, as the average Brent price moved down from 112 to 108.9 dollars per barrel. Subsidies for oil products and foodstuffs fell by 25.1 percent and 18.7 percent to 35.5 billion and 6.1 billion, respectively.

Public debt interest charges rose by 12 percent to 22.5 billion, from 10.2 percent in 2012 and 3.8 percent in 2011. By component, after rising 9.9 percent in 2012, the domestic debt interest grew by 11.5 percent to 18.6 billion, reflecting an increase in both the outstanding amount and the rates on new issues. Similarly, the external debt interest charges rose by 14.3 percent to 3.9 billion, mainly in connection with loans contracted on the international financial market in December 2012 and May 2013.

Box 1.5.2 : Public wage levels and trends

This box aims to present some evaluation aspects of public wage levels, as compared with a sample of countries. Two main indicators are used for this purpose, the wage bill to GDP and the average wage ratio to GDP per capita. The analysis relies on a number of international studies, and especially on calculations based on data from the International Labor Organization (ILO) and the Ministry of Economy and Finance.

A study conducted by the World Bank based on a panel of 92 countries shows that in terms of the wage bill share in GDP, the MENA boasts the highest ration, at 9.8 percent. MENA is also the region where employees in the public sector are the most favored compared to the private sector. A public servant earns on average 30 percent more than a private sector employee. In Africa, the two categories of wages are equal, on average, while in other regions, the private sector pay is higher (Table I 1.5.2.1).

Table B.1.5.2.1: Central government wages, early 1990's

	Number of countries	Public wages, in % of GDP	Public average wage, to GDP per capita	Public average wages to private sector wages
Africa	21	6.7	5.7	1.0
Asia	14	4.7	3.0	0.8
Europe and central Asia	21	3.7	1.3	0.7
Latin America and the Caribbean	12	4.9	2.5	0.9
MENA countries	8	9.8	3.4	1.3
Total	92	5.4	3.0	0.8

Source: Schiavo-Campo, de Tommaso et Mukherjee: "An international statistical survey of government employment and wages", November 1999, World bank.

In addition, IMF analysis on 57 countries between 2000 and 2008 shows that an average employee's wage is 1.9 time higher than the GDP per capita in low-income countries, as against 1.4 time in middle-income countries and 1.2 time in high-income countries.

The calculations conducted based on ILO data over the period 2009-2011 show that the ratio of payroll (including social security contributions) to GDP is high in Morocco, reaching 13 percent, as against 7.2 percent in Egypt and 3 percent in Peru, for example (Table 2). In addition, analysis of the ratio of the number of public servants to the size of the population shows that Morocco, with a ratio of 2.7 percent, remains similar to the countries of the sample. Egypt and Romania differ significantly with a relative plethora of civil servants, representing 21.4 percent and 16.6 percent of the total population, respectively.

The ratio of average public wage to GDP per capita in Morocco is well above the levels registered in other countries of the sample.

This is largely due tothe significant appreciation of public wages in Morocco in recent years. Between 2003 and 2013, the number of employees increased by 7 percent, while the payroll appreciated by more than 85.3 percent. Therefore, the average gross salary of civil servants rose over the same period by 73.1 percent, up 6.2 percent annually. Taking into account an average inflation rate of 1.7 percent over the same period, wages appreciated by 4.5 percent in real terms. This increase was also due to the improvement of executive positions (share of scales 10 and over), whose ratio rose from 41 percent in 2003 to 60.3 percent in 2012.

Table B1.5.2.2: Wages of the public sector between 2009 and 2011

	Public payroll in % of GDP	Public average wage to GDP per capita
Morocco	13.0	3.9
Egypt	7.2	1.0
Hungary	5.6	0.6
Peru	3.0	0.7
South Africa	4.5	1.1
Philippines	5.2	1.6
Romania	6.0	1.0
Chile	4.1	1.0
Spain	2.5	1.0
France	9.7	1.2

Source: BAM calculations based on the International Labor Organization data and the World Bank World development indicators

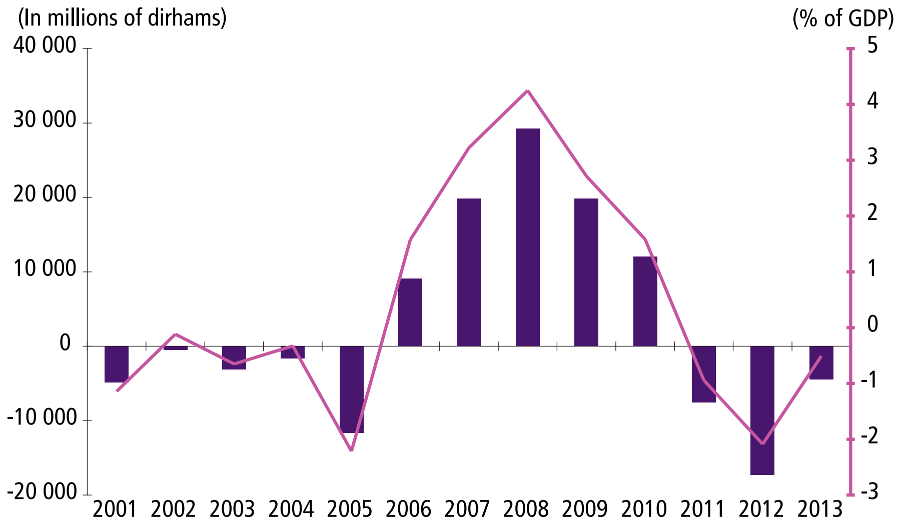
Table B1.5.2.3: Public payroll indicators in Morocco

	Payroll* in % of GDP	Average monthly gross wage	Average wage to GDP per capita
2003	11.2	5 303	3.9
2004	11.2	5 598	4.0
2005	11.7	6 095	4.2
2006	10.9	6 422	4.1
2007	10.7	6 649	4.0
2008	10.2	7 012	3.8
2009	10.3	7 491	3.9
2010	10.3	7 604	3.8
2011	11.1	8 497	4.1
2012	11.7	9 114	4.3
2013	11.3	9 182	4.2

Sources: Ministry of Economy and Finance (DTEF) and BAM calculations.
* Excluding social contributions.

Given the changes in current revenues and expenditures, the ordinary balance posted a deficit for the third consecutive year, albeit under sharp deceleration from 17.3 to 4.4 billion. Investment spending dropped by 6.2 percent to 48.3 billion. However, the execution of these expenses stood at 102 percent compared to the projections of the Finance Act, despite decisions to freeze authorized funds, amounting to 15 billion, down 25.5 percent of budgeted amounts, and restrict in late October the engagement of these expenditures (Box 1.5.3).

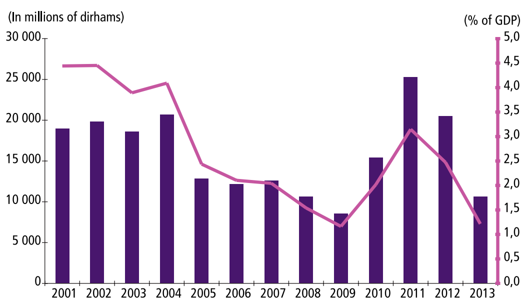
Chart 1.5.8 : Current balance



Source: Ministry of Economy and Finance (DTEF).

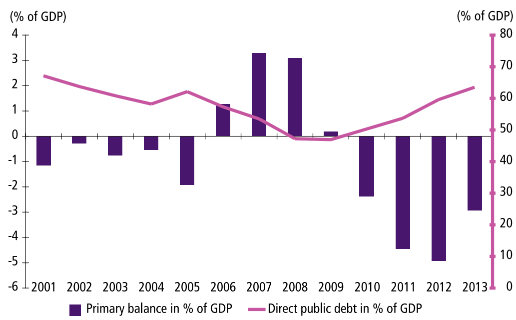
Overall, given a positive balance of Treasury special accounts of 4.6 billion, fiscal deficit fell to 5.5 percent of GDP from 7.4 percent a year earlier. In addition, taking into account the repayment of arrears, amounting to 6.4 billion, thus reducing their stock to 14.1 billion, the cash deficit stood at 54.5 billion dirhams, improving by 8 billion compared to 2012.

Chart 1.5.9 : Payment arrears stock



Source: Ministry of Economy and Finance (DTEF).

Chart 1.5.10 : Primary balance and direct public debt



Box 1.5.3 : Treasury investment in 2013

Given the growth of Treasury revenue and expenditure, and in order to gradually reduce the carrying forward of funds, the Government decided in April to stop the execution of 15 billion dirhams. This decision concerned almost all government departments and all common expenses. Alongside this measure, the Government encouraged departments to accelerate the execution of funds allocated under the 2012 Finance Act, but whose payment order was not issued as at December 31, 2012, estimated at 21 billion dirhams.

Table B1.5.3.1: Cuts in capital spending, in millions of dirhams

	Finance Act 2013	Share in the total (%)	Cut	Reduction rate (%)
Common expenses (Ministry of Economy and Finance)	18 668	31.7	2 392	12.8
Ministry of Agriculture and Fisheries	8 141	13.8	2 210	27.1
Ministry of Equipment and Transportation	5 841	9.9	1 756	30.1
National Defense Department	4 610	7.8	600	13.0
Ministry of Energy and Mining	3 509	6.0	1 515	43.2
Ministry of Interior	2 919	5.0	1 252	42.9
Ministry of National Education	2 768	4.7	957	34.6
Ministry of Health	2 000	3.4	646	32.3
Ministry of Islamic Affairs	1 210	2.1	634	52.4
Ministry of Commerce and Industry	1 180	2.0	331	28.1
Other departments affected by the cut	7 806	13.3	2 707	34.7
Other departments not affected by the cut	253	0.4	0	0.0
Total	**58 905**	**100**	**15 000**	**25.5**

Sources : Decree of April 5, 2013 published in the Official Gazette of April 8th, 2013 ; the 2013 Finance Act; and BAM estimates.

These two measures also aim at improving the execution of investment programs and control budget commitments at year-end. Accordingly, it was decided to set October 31, 2013 as the deadline for proposing investment spending engagements.

Against this backdrop, investment spending for December were relatively contained. They represented 13.2 percent of overall investment expenditure in 2013, as against 21.1 percent on average between 2003 and 2012. Throughout the year, out of the 47.5 billion projected in the Finance Act, the Treasury spent 48.3 billion, representing an execution rate of 102 percent as against 111.6 percent in 2012.

Table B1.5.3.2 : Investment expenditure in monthly flows, in millions of dirhams

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Monthly average (January - November)	1 526	1 453	1 440	1 502	2 071	2 909	3 361	3 329	3 382	3 472	3 811
December spending	3 466	3 832	5 558	3 992	5 434	6 174	9 243	10 410	12 711	13 266	6 353
December spendig compared to the year (in %)	17.1	19.3	26.0	19.5	19.3	16.4	20.0	22.1	25.4	25.8	13.2

Sources: Ministry of Economy and Finance (DTEF) and BAM estimates.

1.5.3 Treasury financing and debt

Treasury financing

The ease in Treasury borrowing requirement was reflected in the recourse to the domestic market, whose net flows declined, while external funding remained sTable from one year to another.

Treasury financing in the domestic market fell to 39.4 billion, down 4.6 billion from one year to another. However, net issues on the auction market grew by 15.8 percent to 56.3 billion, with a concentration of new issues on short-term maturities[1], standing at 76.6 percent, as against 61.1 percent in 2012. Net purchases were made mainly by banks for 18.8 billion and UCITS for 12.5 billion, while net flows of insurance and social welfare companies were negative at 7.4 billion.

Regarding external financing, the Treasury mobilized 23.1 billion dirhams, an amount virtually unchanged from 2012. In addition to the bond issue of 6.4 billion in May, it received funds from the World Bank and the African Development Bank, totaling 10.7 billion and 2.1 billion dirhams, respectively. As principal repayments increased by 1.4 percent to 8 billion, net inflows amounted to 15.1 billion dirhams.

Public debt

Total public debt grew by 12.3 percent to 554.3 billion, thus representing 63.5 percent of GDP, as against 59.7 percent in 2012. Its apparent average cost[2] fell to 4.6 percent from 4.7 percent in 2012 and an average of 5.3 percent between 2007 and 2011.

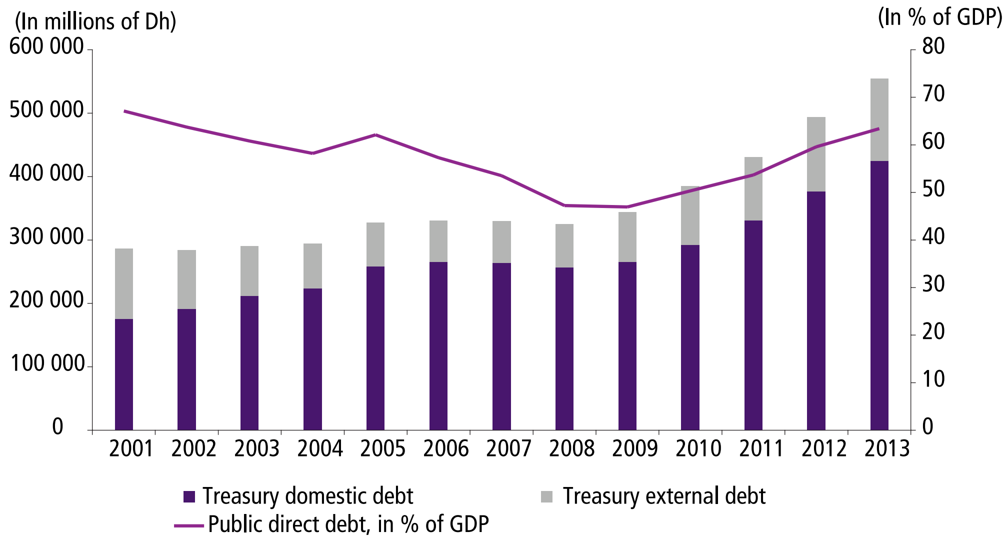
The outstanding public domestic debt grew by 12.6 percent to 424.5 billion dirhams or 48.6 percent of GDP compared to 45.5 percent of GDP in 2012.

1 Maturities less than or equal to 2 years.

2 As data on weighted average rates are not yet available, the apparent average cost is calculated based on the ratio of the debt interest and commissions paid in the current year to the debt stock of the previous year.

Public external debt rose by 11.1 percent to 129.8 billion dirhams or 14.9 percent of GDP, as against 14.1 percent a year earlier. The structure of this debt by creditor shows a predominance of international institutions with a share of 50.6 percent from 47.5 percent in 2012. Bilateral creditors account for 23.7 percent as opposed to 28.5 percent in 2012, especially in connection with a decline from 18.8 percent to 16.1 percent in the share of the European Union. Concerning the structure by currency, the dollar share rose from 12.2 percent to 13.3 percent, due to the recent amounts of Treasury bill issues, but the debt denominated in euro continues to be dominant with a share of 77.2 percent, slightly up from one year to another.

Chart 1.5.11 : Treasury indebtedness trend

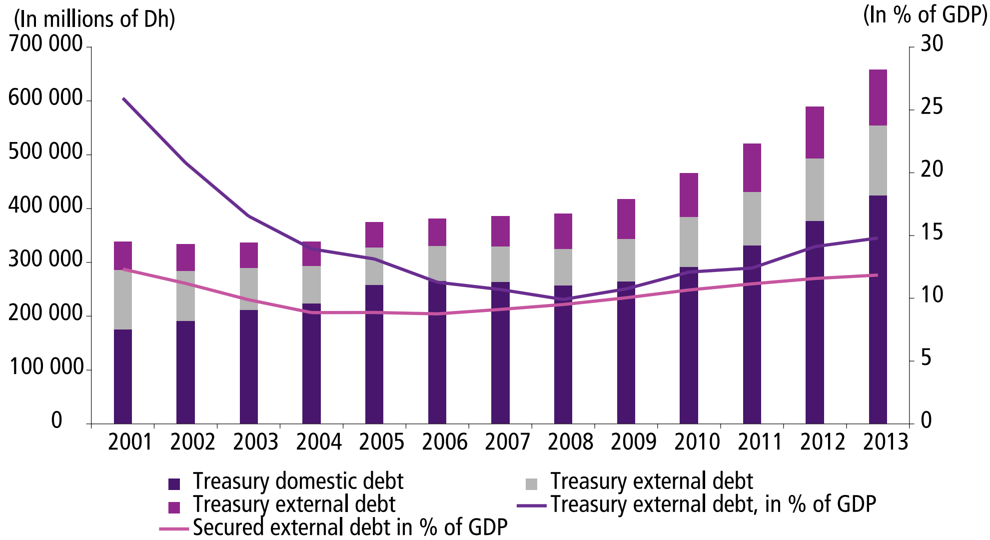


Source: Ministry of Economy and Finance (DTEF).

More generally, the outstanding public debt[1] increased by 11.8 percent to 659.2 billion, bringing its ratio to GDP from 71.3 percent to 75.5 percent a year earlier. Its external component, amounting to 234.7 billion dirhams, represents 26.9 percent of GDP compared to 25.7 percent a year earlier. A share of 51 percent is held by international institutions and 32.8 percent by bilateral creditors. The secured debt increased to 104.9 billion, representing 12 percent of GDP as against 11.6 percent.

1 Excluding secured domestic debt whose amount in 2013 will be published only in October 2014, when the draft Finance Act 2015 is published. It should be noted, for reference, that the outstanding debt was 18.1 billion dirhams in 2012 and 15.5 billion in 2011, representing for the two years 4.7 percent of Treasury's total domestic debt.

Chart 1.5.12 : Outstanding public debt trend



Source: Ministry of Economy and Finance (DTEF).

Table 1.5.3 : Public debt position

	2007	2008	2009	2010	2011	2012	2013
I-Treasury domestic debt (1+2)	**263 833**	**257 109**	**265 155**	**292 123**	**331 300**	**376 805**	**424 954**
In % of GDP	42,8	37,3	36,2	38,2	41,3	45,5	48,7
1-Treasury bill auctions	**259 625**	**252 677**	**257 937**	**277 815**	**314 211**	**356 721**	**412 971**
In % of GDP	42,1	36,7	35,2	36,4	39,1	43,1	47,3
- Other domestic debt instruments	**4 208**	**4 432**	**7 218**	**14 308**	**17 089**	**20 084**	**11 983**
In % of GDP	0,7	0,6	1,0	1,9	2,1	2,4	1,4
II- Treasury external debt	**65 945**	**68 259**	**78 738**	**92 353**	**99 581**	**116 872**	**129 804**
In % of GDP	10,7	9,9	10,7	12,1	12,4	14,1	14,9
III- Direct debt outstanding amount (I+II)	**329 778**	**325 368**	**343 893**	**384 476**	**430 881**	**493 677**	**554 758**
In % of GDP	53,5	47,2	47,0	50,3	53,7	59,7	63,6
IV- Secured external debt	**56 140**	**65 490**	**73 529**	**81 452**	**89 527**	**95 841**	**104 942**
In % of GDP	9,1	9,5	10,0	10,7	11,2	11,6	12,0
External public debt (II+IV)	**122 085**	**133 749**	**152 267**	**173 805**	**189 108**	**212 713**	**234 746**
In % of GDP	19,8	19,4	20,8	22,7	23,6	25,7	26,9
Public debt outstanding amount (III+IV)	**385 918**	**390 858**	**417 422**	**465 928**	**520 408**	**589 518**	**659 700**
In % of GDP	62,6	56,7	57,0	61,0	64,8	71,2	75,6
GDP at current prices	**616 254**	**688 843**	**732 449**	**764 031**	**802 607**	**827 497**	**872 791**

In millions of dirhams, unless otherwise specified

Source: Ministry of Economy and Finance

Box 1.5.4 : Debt sustainability evaluation

The 2014 Finance Act (FA) is based on a growth rate of 4.2 percent, an average crude oil price of $105 per barrel and an average exchange rate of 1.3 dollar per euro, or 8.5 dirhams per 1 dollar. It targets a deficit of 4.9 percent of GDP as against a forecast of 4.8 percent in the 2013 FA and 5.4 percent in the 2012 FA. It projects an increase of 0.6 percent in overall expenditure compared to the 2013 FA, covering a 2.3 percent growth in current expenditure and a 7.9 percent decrease in investment spending. Current revenues should drop by 0.2 percent, reflecting a 1.5 percent increase in tax revenues and a 12.3 percent decrease in nontax receipts.

Based on these data, the analysis of the medium-term fiscal sustainability is based on an average primary balance in equilibrium according to estimates by BAM, in line with the Government's objective to return gradually to a budget deficit of 3 percent of GDP by 2017. Assuming an average growth rate of 5 percent, the baseline scenario shows an increase in debt from 63.5 percent in 2013 to 65.9 percent in 2014, before returning to 63.5 percent in 2019.

Parametric shocks on the baseline scenario provide differentiated results. Indeed, an increase of ½ standard deviation[1] from the interest rate causes a debt change almost similar to the baseline scenario. In contrast, a similar fall of growth brings the debt ratio to 67.2 percent of GDP in 2019. Moreover, a similar impact on the primary balance leads to an increase in debt to 81.3 percent of GDP. These results show that the debt trajectory is much more sensitive to fiscal policy (primary balance) than to shocks on growth and the interest rate.

Chart B1.5.4.1: Interest rates shock scenario (r)

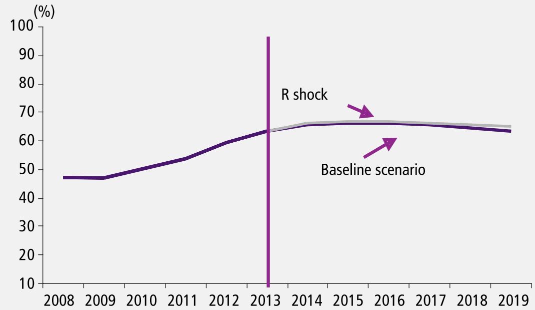


Chart B1.5.4.2: Growth shock scenario (g)

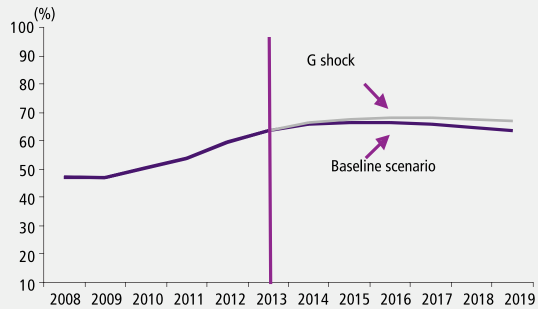
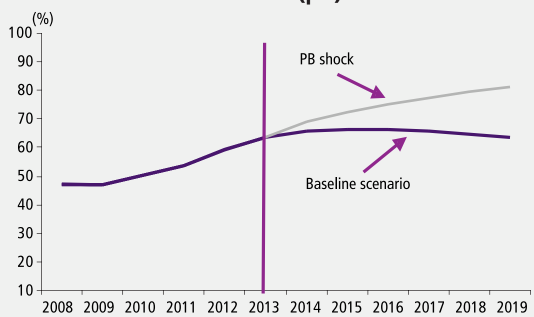


Chart B1.5.4.3: Primary balance shock scenario (pb)



1 Standard deviation, which measures volatility, is calculated over the period 2000-2012.

1.6 Balance of payments

After two consecutive years of widening, the current account deficit lessened in 2013 by 2.2 percentage points to 7.6 percent of GDP. This trend reflects a fall in the trade balance deficit by 2 percentage points of GDP to 22.4 percent and a rise in transfers thanks particularly to the inflows of public donations. Excluding phosphates and derivatives, whose sales declined significantly, exports were up 8 percent, driven by Morocco's strong global businesses, mainly the automotive sector. Meanwhile, imports dropped by 1.8 percent, reflecting lower food and energy bills, due to the decline in world commodity prices and the good crop year. Other current account components, namely travel receipts and remittances from Moroccans living abroad, continued to be impacted by the sluggish international economy, registering slight decreases compared to 2012.

Regarding the capital account, foreign direct investment inflows increased further, hitting a record high of nearly 40 billion dirhams. Similarly, loans contracted with private corporations and public institutions grew strongly, while the Treasury's external borrowing stagnated, after more than doubling in the previous year.

Against this backdrop, the net international reserves improved by 3.9 percent to 150.3 billion dirhams, representing the equivalent of 4 months and 9 days of imports of goods and services.

Table 1.6.1: Change in main components of external accounts

	2001-2007	2008	2009	2010	2011	2012	2013
Current account (% of GDP)	**2.4**	**-5.2**	**-5.4**	**-4.5**	**-8.0**	**-9.7**	**-7.6**
Trade deficit (% of GDP)	14.3	24.7	20.6	19.4	22.8	24.4	22.4
Travel receipts (Δ %)	15.8	-5.3	-4.9	6.8	4.4	-1.8	-0.4
Remittances from Moroccans living abroad (Δ %)	15.0	-3.5	-5.4	8.3	7.4	0.6	-1.5
Capital and financial transactions account (% of GDP)	**-2.1**	**5.7**	**6.0**	**4.9**	**8.4**	**10.0**	**7.3**
Net foreign direct investments (% of GDP)	3.6	2.8	2.1	1.7	2.6	2.8	3.2
Loans (% of GDP)	-1.9	1.6	3.1	3.1	1.8	2.8	3.7
Net international reserves in months of imports	**8.9**	**6.1**	**7.3**	**6.9**	**5.2**	**4.1**	**4.3**

Source: Foreign Exchange Office.

1.6.1 Change in the trade balance

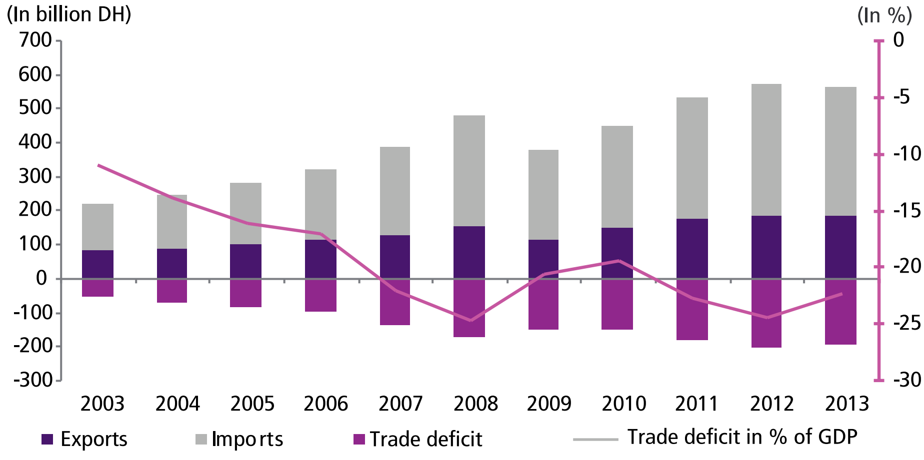
Due to a decrease in imports[1] combined with a virtual stability of exports[2], the trade deficit fell by 3.4 percent in 2013 to 195.2 billion dirhams. Thus, the export-import coverage stood at 48.6

1 Including cost, insurance and freight.

2 Free on board.

percent, up 0.8 point compared to 2012 and the openness rate[1] of the national economy was 32.3 percent, down 2.2 percentage points.

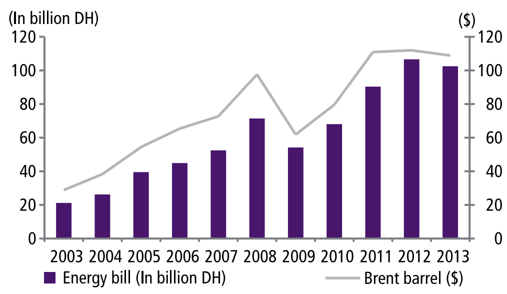
Chart 1.6.1: Change in the trade balance (FOB-CIF)



Source: Foreign Exchange Office.

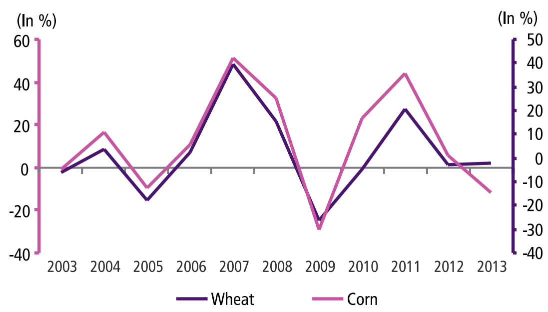
Imports fell by 1.8 percent to 380 billion dirhams. After an 18 percent increase in 2012, the energy bill lessened by 4.2 percent to 102.1 billion dirhams, particularly due to declines of 3.4 percent in crude oil purchases, to 36.3 billion, and 3.6 percent in diesel and fuel imports to 35.6 billion dirhams. This trend results from lower unit prices, while imported quantities were larger than in 2012.

Chart 1.6.2: Change in the energy bill and the Brent barrel price



Source: Foreign Exchange Office and World Bank.

Chart 1.6.3: Change in import prices of main food products

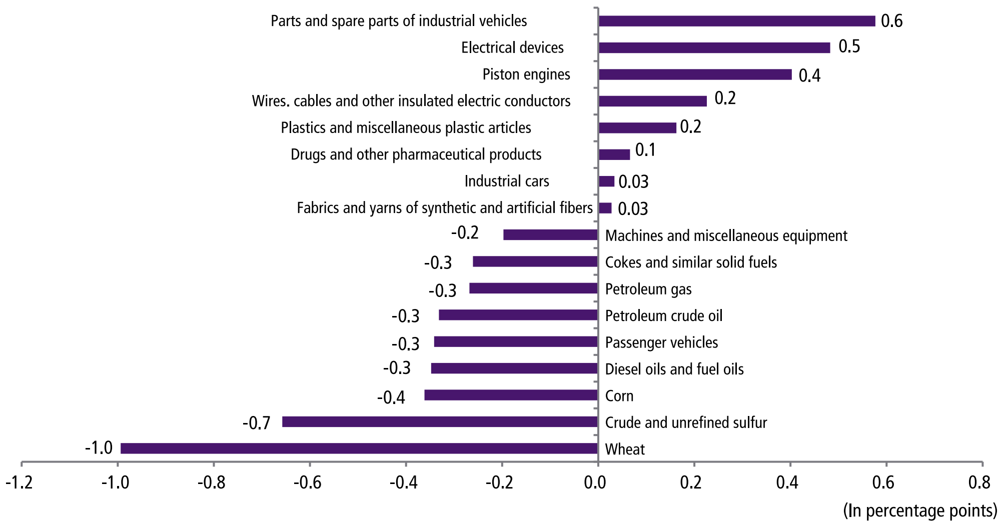


Food imports fell by 14.6 percent to 35.7 billion dirhams, after rising 7.7 percent in 2012. Wheat supplies decreased by 33.4 percent in volume and 31.9 percent in value to 8.2 billion dirhams. Meanwhile, after an increase of 14.7 percent, corn purchases contracted by 25.8 percent, reflecting a decrease in both quantities and prices.

1 ((imports + exports)/2) /GDP.

Similarly, in conjunction with a 9.5 percent decline in purchases of passenger cars and spare parts, imports of consumer goods fell by 2.3 percent. The same applies to imports of raw materials, mainly crude sulfur, which were down 22.6 percent.

Chart 1.6.4: Main contributions to imports trend in 2013



Source: Foreign Exchange Office.

However, purchases of capital goods, which represent more than a fifth of total imports, continued their upward trend that started in 2011, amounting to 80.4 billion dirhams, up 9.9 percent. This change is attributed to respective increases of 24.5 percent in purchases of industrial vehicles and spare parts, to 12.4 billion dirhams, and 59.2 percent in imports of automotive and aeronautics sectors, to 6.6 billion dirhams. These purchases include respective shares of 72.4 percent and 27.6 percent for "piston engines" and "parts of airplanes and other aerial vehicles".

Meanwhile, purchases of semi-finished products rose by 3.9 percent to 80.1 billion dirhams, covering a 6 percent increase in imports of plastic materials and a 2.1 percent decline in chemical purchases.

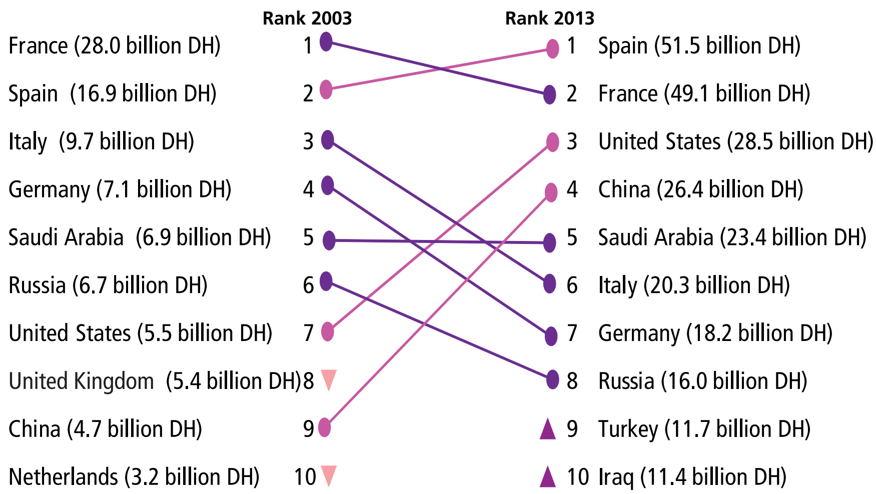
Table 1.6.2: Main imported goods (in billion dirhams)

				Change %	
	2011	2012	2013	2012-2011	2013-2012
Goods imports	**357.8**	**387.0**	**379.9**	**8.2**	**-1.8**
Energy and lubricants	90.4	106.6	102.1	18.0	-4.2
Excluding energy and lubricants	267.4	280.3	276.6	4.8	-1.3
Wheat	11.6	12.1	8.2	3.7	-31.9
Industrial cars	5.5	7.8	7.9	40.9	1.9
Machines and miscellaneous equipment	6.5	7.2	6.5	10.4	-8.5
Passenger cars	9	10.6	9.2	17.4	-12.5
Plastics	9.8	10.6	11.3	8.5	6.0
Electrical devices	3.8	4.3	6.2	13.4	43.4

Source: Foreign Exchange Office.

The breakdown of imports by country shows that Spain is Morocco's leading provider for the second consecutive year, with purchases up slightly by 1 percent to 51.5 billion dirhams, after large increases in 2011 and 2012. Imports from France grew by 2.2 percent in 2013, after a fall of 5.4 percent a year earlier, covering respective declines of 6 percent and 13 percent in purchases of finished consumer goods and semi-finished products and a 20 percent increase in capital goods. The United States ranked third in 2013, as imports from this country moved up by 15.5 percent to 28.5 billion dirhams, while the growth of imports from China slowed down from 9.8 percent to 3 percent. Meanwhile, purchases from Turkey continued their upward trend that began since the signing of the free trade agreement in 2006, with a rate of 19 percent to 11.7 billion, as their share reached 11.7 percent in 2013 from only 3.6 percent in 2005.

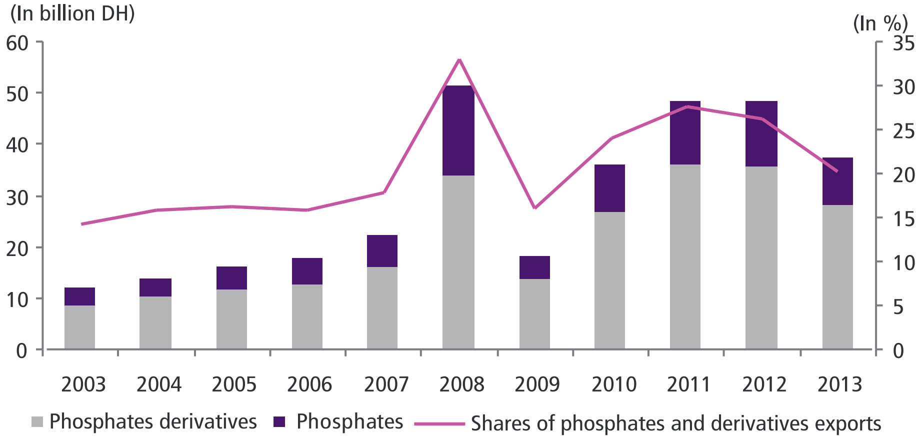
Chart 1.6.5: Morocco's main suppliers



Source: Foreign Exchange Office.

After an increase of 5.7 percent in 2012, exports almost stabilized at 184.7 billion dirhams, owing to a sharp contraction in shipments of phosphates and derivatives, and a growth of 8 percent in other products.

Chart 1.6.6: Exports of phosphates and derivatives



Source: Foreign Exchange Office.

Due to a weaker demand for fertilizers and lower world prices, sales of phosphates and derivatives dropped sharply by 22.9 percent, after virtually stagnating in 2012. This change reflects a decrease of 29.1 percent in shipments of crude phosphates, after an increase of 1.7 percent, and a further rise from 0.8 percent to 20.6 percent in sales of phosphate derivatives.

Excluding phosphates and derivatives, the automotive sector continued its momentum, registering a growth of 24 percent, driven by sales of the automotive industry, which amounted to 12.7 billion from 7.3 billion in 2012 and 2.7 billion dirhams in 2011. "Automotive wiring" shipments improved by 4.8 percent, after a decline of 15.9 percent in 2012. The share of this sector in all shipments to abroad rose from 11 percent in 2009 to 16.9 percent in 2013, while the textile share fell from 20.3 percent to 17.3 percent over the same period.

Due to the weak demand from major trading partners, sales of the textile sector decreased by 3.3 percent. Shipments of ready-made garments fell by 2.6 percent to 19 billion, and those of hosiery items decreased by 10.8 percent to 7.3 billion dirhams, after respective increases of 5.9 percent and 5 percent a year earlier.

The year 2013 was also marked by a significant hike in sales of petroleum products, which moved up by 24.1 percent, after nearly doubling in 2012. Particularly, sales of gas oil increased from 582.3 million in 2012 to 2.3 billion dirhams, and those of petroleum oil were up 6.5 percent to 6.7 billion dirhams. The share of these products in total exports reached 7.2 percent from 2.2 percent in 2009.

Agricultural and agribusiness exports amounted to 36.1 billion dirhams, up 10.5 percent from 4.1 percent in 2012, with a particularly faster growth in shipments of citrus fruits and early fruits and vegeTables, and a slower growth of food industry sales.

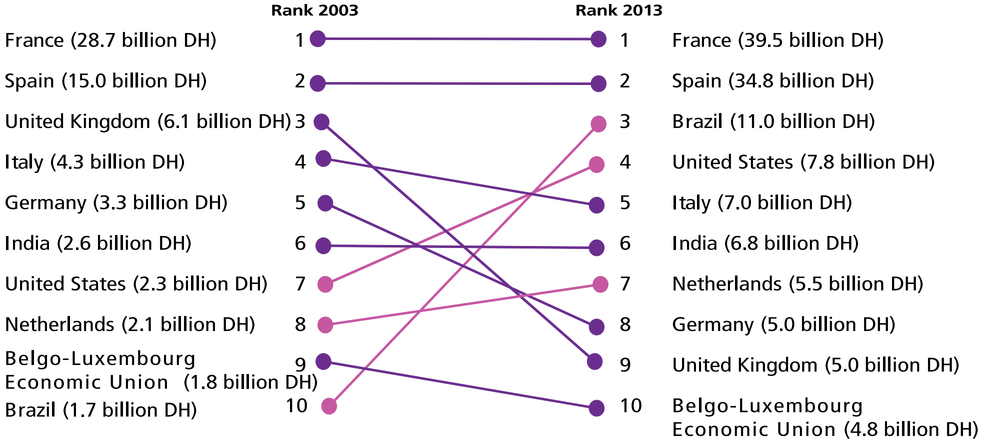
Table 1.6.3: Exports by main sectors

	Change in %		Structure in %	
	2012	2013	2012	2013
Phosphates and derivatives	**-0.1**	**-22.9**	**26.2**	**20.2**
Agriculture and agribusiness	4.1	10.5	17.7	19.5
Food industry	17.4	7.2	10.1	10.8
Textile and leather	**2.7**	**-3.3**	**17.9**	**17.3**
Ready-made garments	152.1	-2.6	10.6	10.3
Hosiery articles	-55.9	-10.8	4.4	3.9
Shoes	-14.1	5.9	1.4	1.5
Automotive	**7.7**	**24.0**	**13.6**	**16.9**
Cables	-15.9	4.8	8.0	8.4
Construction	169.7	74.1	3.9	6.9
Electronics	**-1.5**	**-1.5**	**3.8**	**3.8**
Electronic components	-10.6	-3.8	2.4	2.3
Aeronautics	**16.1**	**16.4**	**3.7**	**4.2**
Pharmaceutical industry	**47.6**	**20.0**	**0.5**	**0.5**
Others	**18.7**	**-6.1**	**11.0**	**10.3**
Petroleum derived products	41.6	24.1	5.8	7.2
Total	**5.7**	**-0.1**	**100**	**100**

Source: Foreign Exchange Office.

By destination, exports to France, Morocco's first customer, decreased slightly by 0.2 percent to 39.5 billion dirhams, after an increase of 7.6 percent a year earlier. In contrast, shipments to Spain, whose share increased in one year from 16 percent to 19 percent, rose by 14.6 percent to 34.8 billion dirhams. Shipments to Brazil and India, composed mainly of phosphates and chemical fertilizers, slowed down from 20.5 percent to 1.3 percent for the first country, and plummeted by 32.7 percent in 2013 as against 16.3 percent in 2012 for the second one.

Chart 1.6.7: Morocco's main clients



Source: Foreign Exchange Office.

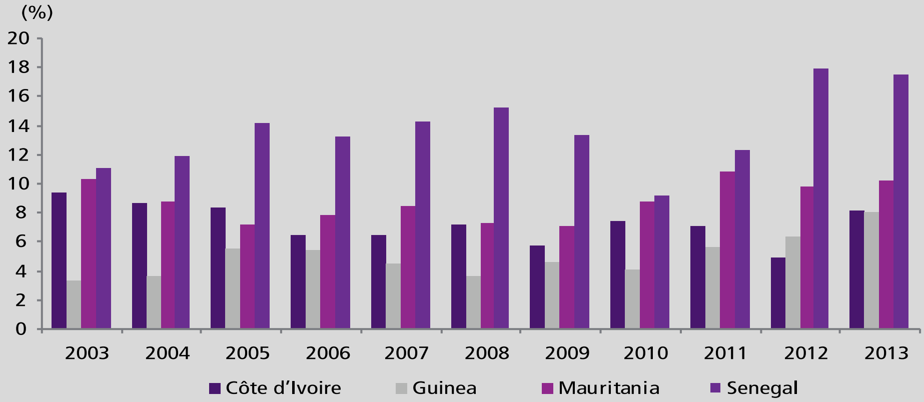
Box 1.6.1 : Change in trade exchange and investment flows between Morocco and Sub-Saharan Africa

1 - Trade exchanges

During the last decade, trade exchanges[1] with Sub-Saharan Africa improved steadily, but remained relatively low. Indeed, the share of this region in Morocco's foreign trade stood at 2.6 percent in 2013, as against 3.8 percent for North Africa, 11.9 percent for America, 18.8 percent for Asia and 61.6 percent for Europe.

Morocco's exports to the countries of the region grew significantly to 11.6 billion dirhams, from 5.2 billion in 2009 and 2.2 billion in 2003. Representing 6.3 percent of total Moroccan exports in 2013, they were primarily intended to West Africa countries, particularly Senegal, with a share of 17 percent, Mauritania with 10 percent and Côte d'Ivoire and Guinea with 8 percent each.

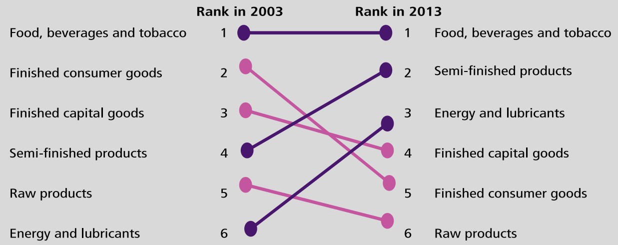
Chart B1.6.1.1: Shares of main African countries in Morocco's exports to Africa



Source: Foreign Exchange Office.

The composition of these exports has changed significantly since 2003. The share of food products fell from 54.2 percent to 33.9 percent, while that of semi-finished products, essentially fertilizers, increased from 11.6 percent to 20.1 percent. Those of finished consumer goods and capital goods did not change significantly, standing at 12.6 percent and 11.7 percent, respectively. Moreover, since 2012, energy products have represented more than a fifth, on average, of shipments from Morocco to Sub-Saharan Africa.

Chart B1.6.1.2: Structure of exports to African countries by usage groups



Source: Foreign Exchange Office.

1 Exports + imports

The amount of imports did not exceed 2.8 billion in 2013. They come mainly from South Africa and Nigeria, especially energy products.

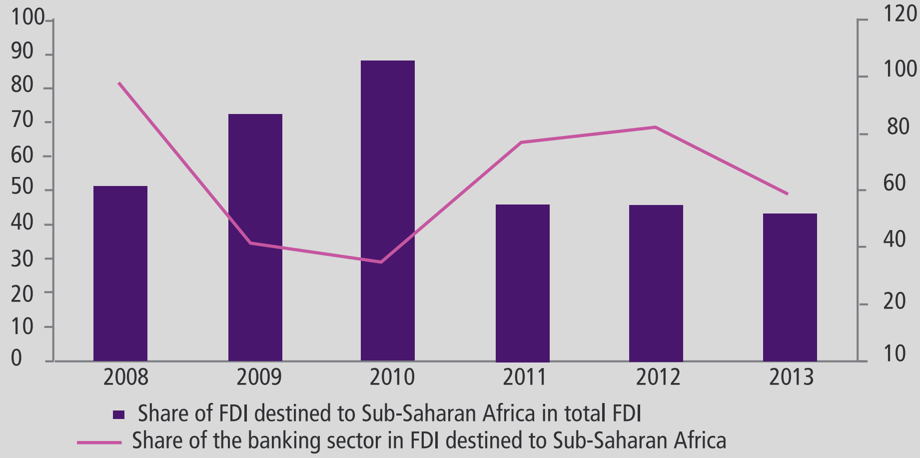
2 – Morocco's direct investment

Over the past five years, Africa has remained the primary destination of Morocco's direct investment abroad, with an average share of 59 percent. However, the volume of these investments declined in 2013 to 1.2 billion dirhams from 1.6 billion in 2012 and a peak of 4.4 billion in 2010. Such investments were made mainly in Côte d'Ivoire, amounting to 900 million dirhams in 2012 and 844 million in 2010, while investments in Mali totaled 1.6 billion dirhams in 2009 and 2010.

By sector, these investments concern primarily the banking sector, which accounts for an average share of 53 percent with a maximum of 75 percent in 2012. Meanwhile, the telecommunications sector benefited from investments of 1.8 billion dirhams in 2010 and 2 billion in 2011.

Since 2012, these investments have begun to expand into new African countries and new sectors, mainly real estate and insurance.

Chart B1.6.1.3: Change in direct investments destined to Sub-Saharan Africa



Source: Foreign Exchange Office.

1.6.2 Change in the services balance

Albeit at a slower pace than in 2012, the surplus of the services balance improved to 46.7 billion dirhams, or 5.4 percent of GDP. This trend reflects a less significant decrease in receipts compared to expenditure, or 2.8 percent as against 6.8 percent. Transport revenues, in particular, dropped by 11 percent, mainly reflecting a decline in air transport, while expenditure fell by 15.3 percent, due to the contraction of maritime transport.

Travel receipts, which account for more than half of inflows of services, virtually stagnated at 57.6 billion, after a decline of 1.8 percent a year earlier, while expenditure was up 2.4 percent to 11 billion dirhams, as against 0.8 percent in 2012.

Chart 1.6.8: Change in travel receipts

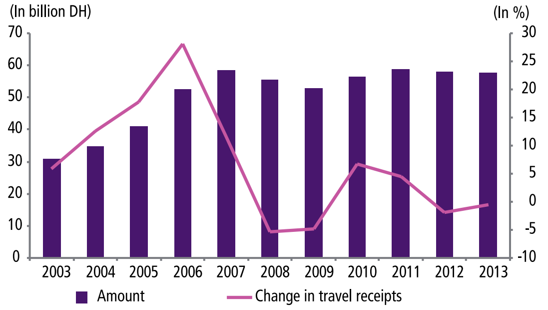
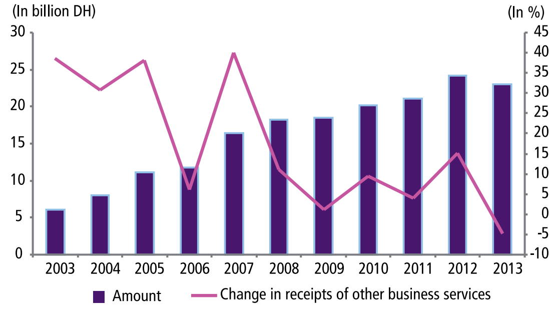


Chart 1.6.9: Change in receipts of other business services



Source: Foreign Exchange Office.

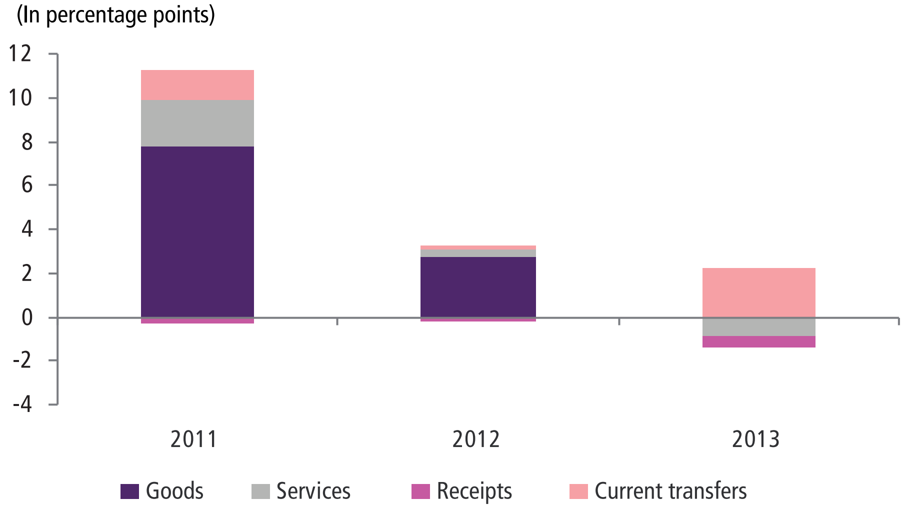
Receipts from other business services, consisting mainly of offshoring activities, dropped by 4.8 percent to 23.1 billion dirhams, after an average growth of 8 percent between 2008 and 2012. Conversely, expenditure moved up by 10.9 percent to 14.8 billion dirhams, thus bringing the surplus balance of this heading from 10.9 billion dirhams to 8.3 billion in one year.

1.6.3 Change in current transfers and income balances

Transfers revenue rose by 12.1 percent to 76.8 billion dirhams, reflecting increases in both public donations, from 2.8 to 7.3 billion dirhams, and private transfers, from 65.7 to 69.4 billion dirhams. The change in the latter results from respective increases of 1.8 billion and 1.5 billion dirhams in "pensions and family allowances" and private donations. However, after a slight improvement in 2012, remittances from Moroccans living abroad fell 1.5 percent. The euro area is still the main source of these transfers, but the share of Gulf countries continues to strengthen to 16 percent in 2013 from 14 percent in 2012 and 11 percent in 2011. Considering outflows of 3.5 billion dirhams, the current transfers balance stood at 73.3 billion dirhams, up 10.5 percent from one year to the next.

The incomes' negative balance dropped by 22.6 percent to 14.9 billion dirhams, primarily due to a decline of 7.5 billion dirhams in outflows of interest on foreign investment in Morocco. For other items, income from financial investments abroad diminished by 37.6 percent to 2.3 billion dirhams, due to lower bond yields, while public debt interest charges increased by 11.8 percent to 6.9 billion dirhams.

Chart 1.6.10: Contributions in current receipts

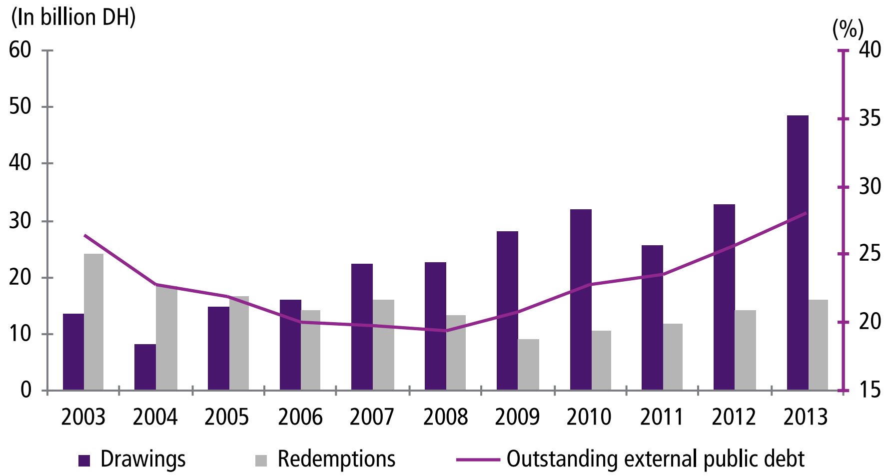


Sources: Foreign Exchange Office and BAM calculations.

1.6.4 Change in capital and financial transactions account

Capital account transactions were marked in 2013 by a significant surge in inflows of direct investment and loans. The latter stood at 6.6 billion dirhams for the private sector as against 527.9 million and benefited mainly the energy sector. Similarly, drawings of public institutions grew by 33.8 percent to 18.7 billion dirhams, while those of the government stabilized at 23 billion dirhams. Given an increase of 1.7 billion dirhams in repayments, the net flow stood at 32.4 billion dirhams, covering 49 percent of the current account deficit as opposed to 29 percent a year earlier.

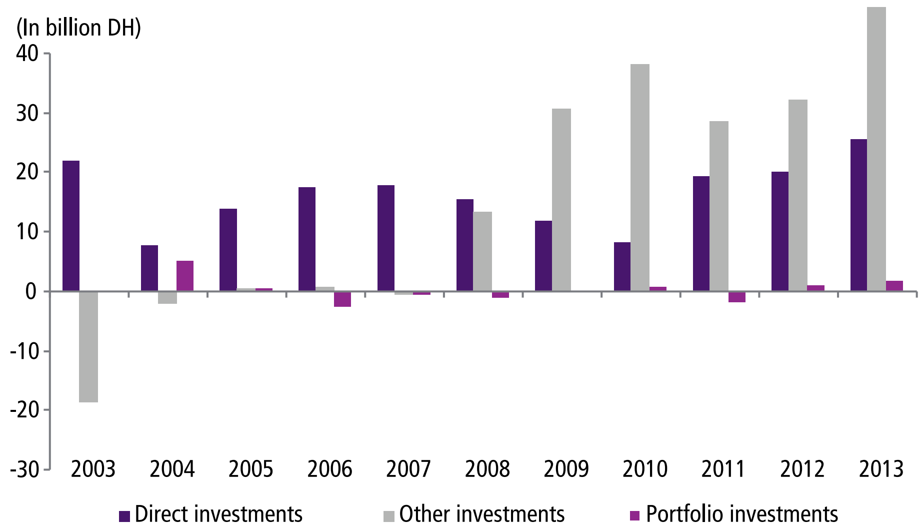
Chart 1.6.11: Change in drawings, redemptions and outstanding external public debt in % of GDP



Source: Ministry of Economy and Finance.

Foreign direct investment hit a record high of 39.6 billion dirhams, up 23.4 percent from 22.8 percent a year earlier. Equity investments reached 25.4 billion dirhams, up 53.4 percent. Reinvested earnings totaled 3.6 billion, up 11 percent, after a decline of 18 percent. In contrast, other capital, consisting of advances and loans granted by companies to their subsidiaries and branches in Morocco, were down by 14 percent to 10.5 billion dirhams.

Chart 1.6.12: Change in balances of financial transactions account sections



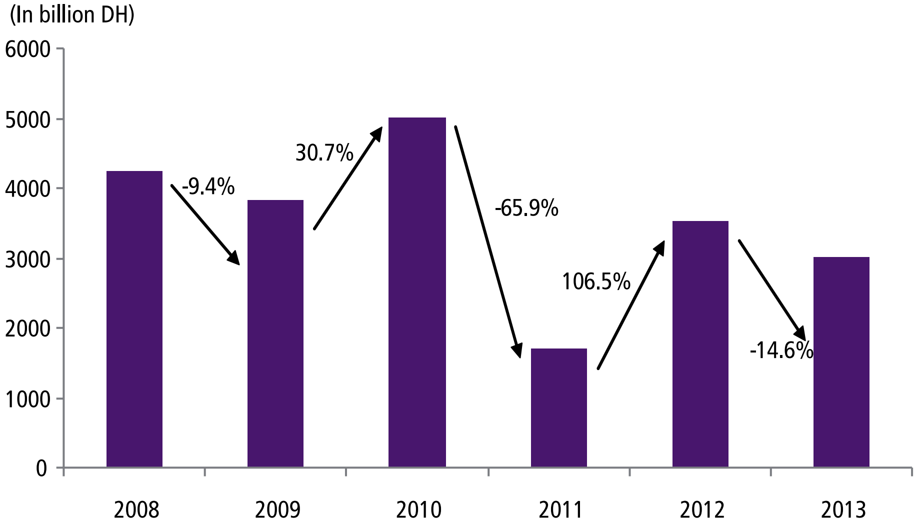
Source: Foreign Exchange Office.

FDI flows come mainly from France, who remains the largest investor with a share of 36.8 percent in 2013 and a volume rising by 19.2 percent to 14.6 billion dirhams. In contrast, investments from the United Arab Emirates, the second largest investor, fell by more than half to 3.4 billion, after rising 68.2 percent a year earlier. The year 2013 also saw a major acquisition by a Singaporean agribusiness operator, totaling 3.2 billion dirhams.

By sector, investments benefited mainly the manufacturing industry with a share of 38.7 percent. They rose by 2.5 percent to 7.5 billion for the real estate sector and from 1.7 billion dirhams to 3.7 billion for accommodation and catering sectors.

Morocco's direct investments abroad, totaling 3 billion dirhams in 2013, remain relatively low with a share of 56.3 percent in Sub-Saharan Africa.

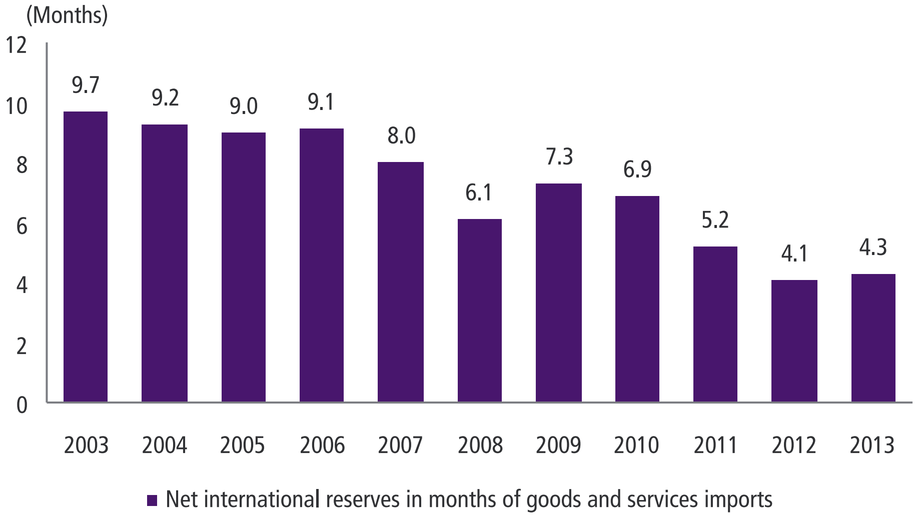
Chart 1.6.13: Change in Moroccan direct investments abroad



Source: Foreign Exchange Office.

Under these conditions, after a decline of 29.9 billion in 2012, the outstanding net international reserves increased by 11.8 to 150.3 billion dirhams, representing the equivalent of 4 months and 9 days of imports of goods and services, as against 4 months and 2 days in 2012.

Chart 1.6.14: Net international reserves in months of goods and services imports



Sources: Foreign Exchange Office and BAM calculations.

1.7 Monetary conditions

Money creation continued decelerating in 2013, as M3[1] grew by a mere 3.1 percent, as against 4.5 percent in 2012 and 9.7 percent on average between 2007 and 2011. This change mainly reflects the slowdown in bank lending due both to weaker demand in a context of declining nonagricultural growth, and tighter supply conditions in some troubled branches. However, after two years of decline, net international reserves improved due to the relative narrowing of the current account deficit and the significant increase in foreign direct investment flows. Net claims on the central government contributed positively to the money supply growth for the third consecutive year.

Regarding monetary conditions, the interbank rate declined by 13 basis points in 2013, the average lending rate dropped by 7 basis points, while deposit rates and Treasury bond yields were tilted to the upside. Meanwhile, the appreciation of the euro affected the dirham's effective exchange rate, which appreciated by 1.5 percent in nominal terms and 1.3 percent in real terms.

1.7.1 Money and liquid investments

1.7.1.1 M3 counterparts

The slowdown in the money supply growth covers mainly a deceleration from 5.1 percent to 3.5 percent in claims on the economy and an improvement of 3.8 percent in net international reserves, after a 16.7 percent contraction in 2012. Net claims on the central government rose by 19 percent as against 22.8 percent a year earlier.

Table 1.7.1: Change in M3 counterparts

In millions of dirhams	End 2011	End 2012		End 2013	
	Outstanding amount	Outstanding amount	Change (%)	Outstanding amount	Change (%)
A. Net international reserves	**173 843**	**144 736**	**-16.7**	**150 267**	**3.8**
B. Net claims on central government	**102 143**	**125 402**	**22.8**	**149 281**	**19.0**
C. Claims on the economy	**789 826**	**829 964**	**5.1**	**859 099**	**3.5**
Including : Bank loans	687 333	719 201	4.6	747 008	3.9
D. Nonmonetary resources	**144 318**	**154 357**	**7.0**	**157 490**	**2.0**
E. Other net items	**17 316**	**-1 867**	**-115.6**	**12 005**	**-743.2**
F. Counterparts of deposits with the Treasury	**45 109**	**48 898**	**8.4**	**42 620**	**-12.8**
M3	**949 287**	**992 176**	**4.5**	**1 023 166**	**3.1**

1 M3 aggregate refers to the money supply in the broad sense and includes currency in circulation, bank money, demand deposits and other monetary assets, including mainly time deposits, money market mutual funds and foreign currency deposits.

Bank lending

Bank lending continued the deceleration that began in 2008, registering a growth of 3.9 percent as opposed to 4.6 percent a year earlier. Its ratio to GDP stood at 85.6 percent from 86.9 percent. This trend is due both to lower demand and tighter supply conditions. Against this backdrop, nonperforming loans (NPL) registered a net growth of 23.8 percent, and their ratio stood at 5.9 percent from 4.9 percent in 2012.

Chart 1.7.1: Annual growth of loans

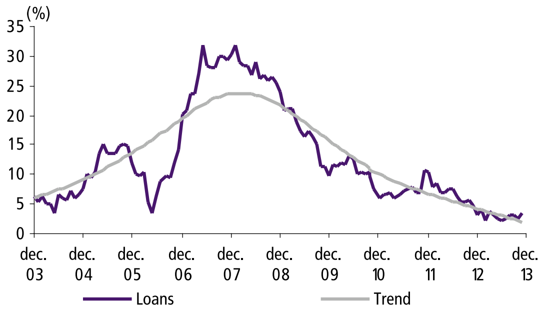
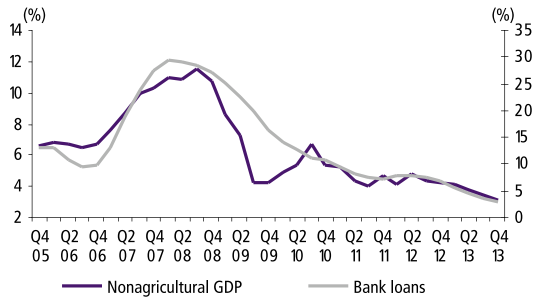


Chart 1.7.2: Annual change in loans and nonagricultural GDP (4-quarter moving average)



By economic purpose, the slowdown in bank lending affected all its components, with the exception of equipment loans, which rose by 1.5 percent after a decline in 2012. Cash advances were down 5.6 percent, as opposed to an increase of 7.8 percent, which is explained, in addition to adverse economic conditions, by a base effect due to an increase of 8 billion in December 2012. Meanwhile, consumer loans and housing ones decelerated from 9.8 percent to 1.9 percent and from 9.8 percent to 6.3 percent, respectively. Loans to real-estate developers showed a 0.6 percent increase, after a decline of 0.3 percent. Hence, real estate loans slowed down from 6.1 percent to 4.8 percent.

Chart 1.7.3: YoY growth of main bank loan categories (%)

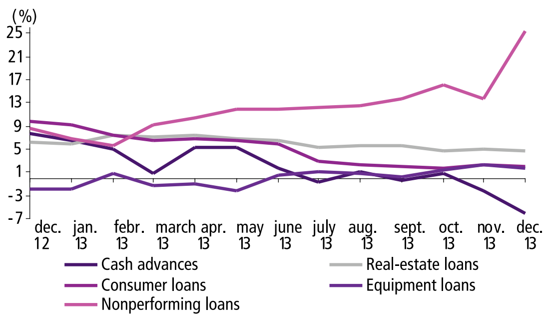
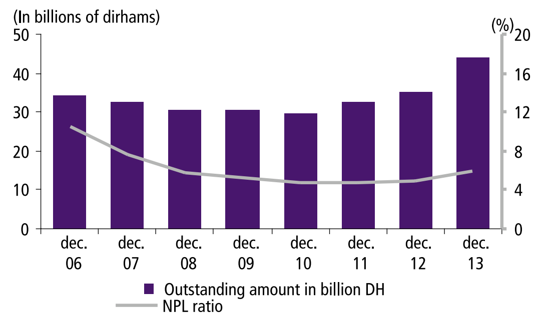
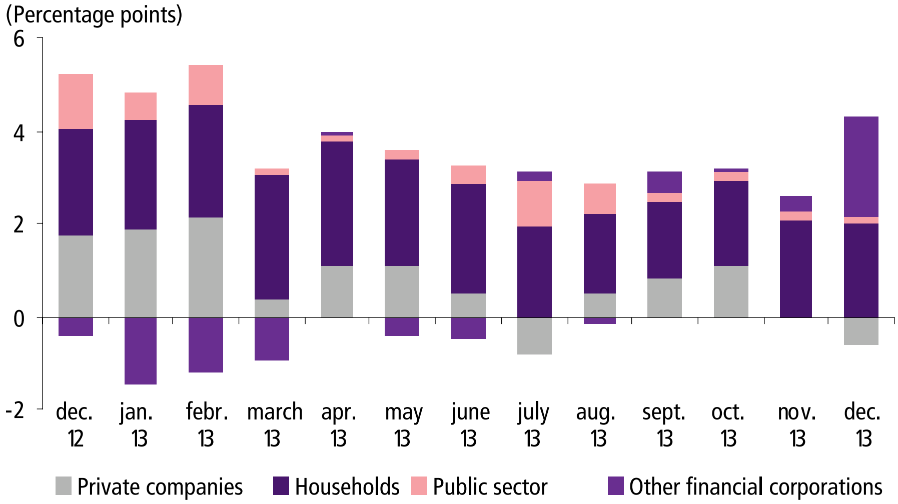


Chart 1.7.4: Change in NPL outstanding amount and ratio



By institutional sector, credit to the private sector continued to decelerate, down to 1.3 percent from 4.7 percent in 2012 and 10.1 percent in 2011. This change covers a 3.5 percent contraction in loans granted to nonfinancial corporations, after an increase of 3.6 percent, and an accelerating growth rate of loans to households from 7 percent to 8.7 percent. Credit to the public sector[1] slowed down from 24.4 percent to 7.6 percent, while those granted to other financial corporations strengthened by 19.3 percent, after a decline of 3.2 percent.

Chart 1.7.5: Contribution of institutional sectors to bank credit growth (YoY)



Box 1.7.1 : Evaluation of lending conditions in 2013

Bank Al-Maghrib conducts a quarterly survey among banks in order to gain more insight into credit-lending conditions and credit demand trends. The findings of this survey indicate tighter lending criteria in 2013, especially during the first semester and lower demand, especially in the second and third quarters.

Concerning supply, the findings for the first half year reveal tighter conditions for corporations to access bank credit. This tightening affected more loans to real estate developers and cash advances and is attributed to the economic outlook in general and for certain sectors in particular. Concerning loans to individuals, bank supply conditions have tightened for both consumer loans and housing ones.

1 Public nonfinancial corporations and local government.

During the last two quarters of the year, most banks maintained unchanged their conditions of lending to both businesses and individuals.

Chart B1.7.1.1: Change in lending criteria in 2013 (Diffusion index*)

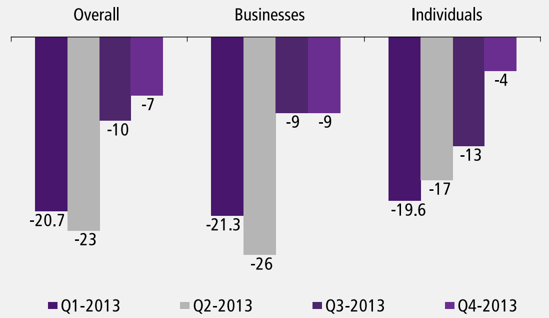
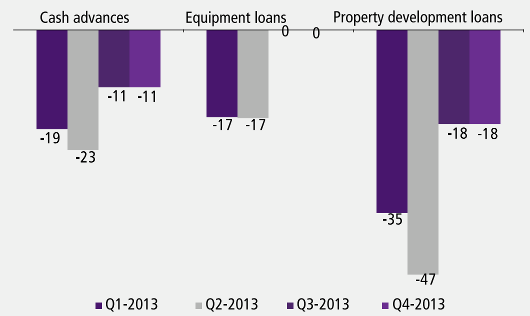


Chart B1.7.1.2: Change in lending criteria in 2013, by economic purpose (Diffusion index)



According to banks, **credit demand** decreased for both businesses and individuals, particularly in the second and third quarters. For businesses, this drop resulted from the degradation of economic prospects and lower investment. As to individuals, the decline affected particularly housing loans, owing to the outlook for the housing market and lower savings.

Chart B1.7.1.3: Change in credit demand in 2013 (Diffusion index)

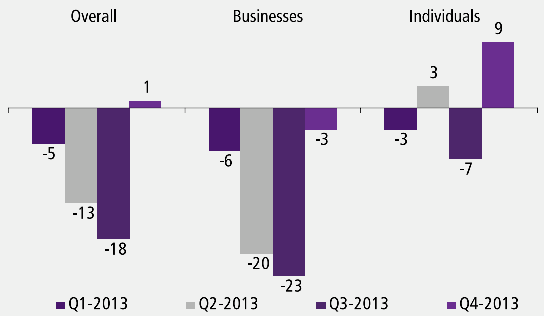
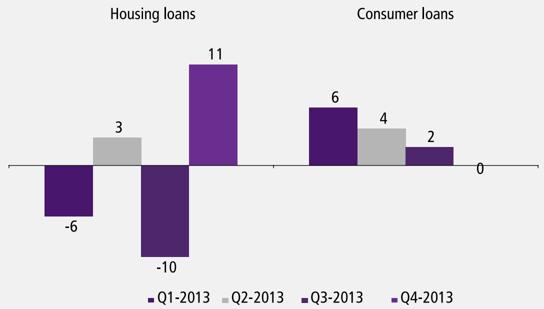


Chart B1.7.1.4: Change in credit demand to individuals in 2013, by economic purpose (Diffusion index)



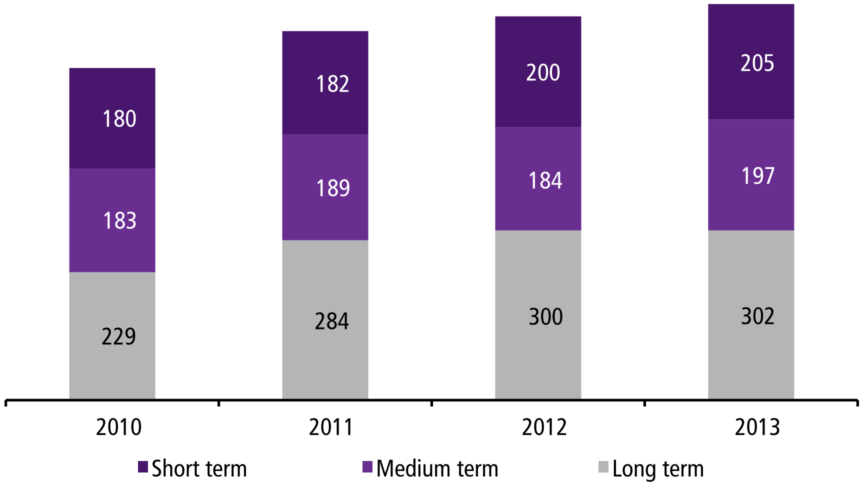
* The diffusion index is calculated as the difference between the percentages of "easing" and "tightening" responses.

Credit analysis by maturity[1] shows a 0.7 percent rise in short-term loans, as opposed to 5.6 percent a year earlier. Medium-term loans increased 6.7 percent after falling 2.5 percent in 2012, while

1 Short term: less than 2 years; medium term: between 2 and 5 years; and long term: more than 5 years.

long-term ones decelerated from 9.8 percent to 2.5 percent. Given these trends, the share of short-term loans stood in 2013 at 40 percent, as against 26 percent for medium-term loans and 27 percent for long-term ones.

Chart 1.7.6: Breakdown of loans by maturity (in billions of dirhams)



Analysis by sector reveals a weak momentum of loans to nonagricultural activities, reflecting the difficulties facing several activities, mainly manufacturing industries and construction. In contrast, loans to agricultural activities rose 3.6 percent, after falling 1.4 percent in 2012, in connection with the good crop year.

The growth of loans to manufacturing industries slowed down from 3.2 percent to 2.4 percent, mainly reflecting the contraction of credits to chemicals and related industries, after an increase in 2012, and a further decrease of loans to textile, clothing and leather industries. On the opposite, loans to food and tobacco industries rose from 8 percent last year to 12.8 percent. Loans to the construction sector almost stabilized after a 2.3 percent decline a year earlier, while those granted to mining activities strengthened by 49.1 percent.

Chart 1.7.7: Breakdown of loans by sector (%)

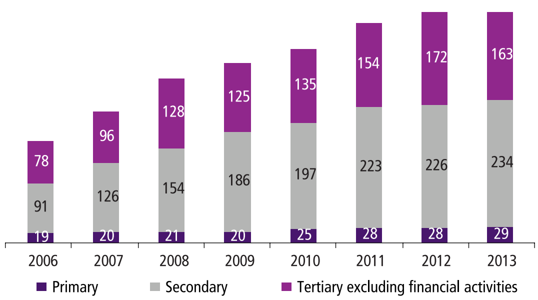
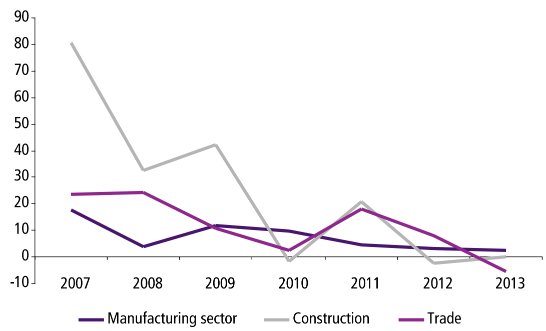


Chart 1.7.8: Annual growth of loans to some sectors (YoY in %)



The outstanding loans to the tertiary sector, excluding financial activities, dropped by 5.4 percent, after they increased by 12 percent in 2012. This trend is attributed to a 5.4 percent contraction in loans granted to the "trade" branch and a 1.5 percent decrease in loans to "transport and communications" activities, after respective increases of 7.9 percent and 2.2 percent. In addition, loans to "financial activities" showed a rise of 16.9 percent as against 4.2 percent a year earlier.

Box 1.7.2: Contribution of finance companies to private sector funding

Finance companies[1] (FC) in Morocco contribute significantly to the financing of the economy, particularly through consumer loans and leases. Over the past five years, they provided, on average, 13.9 percent of loans granted by financial companies[2] to the private sector, or 16.5 percent of loans to households and 10.8 percent of those granted to private nonfinancial corporations.

Over the past five years, an average of 68 percent of loans to households was intended for consumption. Credit to private nonfinancial corporations was dominated by equipment loans with a share of 84 percent.

FCs derive 54.4 percent of their funding from borrowings from the banking sector and 14.6 percent through bond issues.

Chart B 1.7.2.1: Structure of credit to the private sector (%)

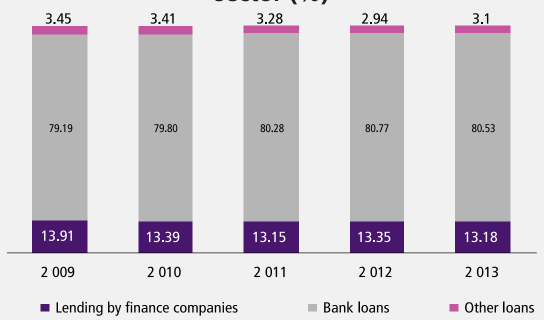
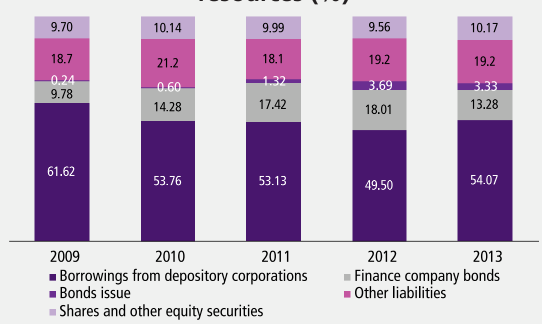


Chart B1.7.2.2: Structure of finance company resources (%)



In 2013, outstanding loans granted by these companies rose by 0.3 percent as against 5.7 percent in 2012, reflecting the deceleration in household loans from 7.3 percent to 0.3 percent, and corporate ones from 4.2 percent to 0.4 percent.

1 There are 36 finance companies, including mainly 18 consumer loan companies, 6 leasing companies and 2 real-estate companies.

2 Composed mainly of banks, finance companies, offshore banks, CDG, and microcredit associations.

By purpose, the growth of consumer loans, which represent on average 35 percent of credits granted by FCs, registered a downturn in the past 5 years, from 16.2 percent in 2009 to 0.5 percent in 2013. In contrast, leases trended at a relatively sTable rate of 8.4 percent on average between 2008 and 2012, before slowing down to 0.5 percent in 2013, while the growth rate of those granted by banks decelerated from 19.3 percent in 2008 to 1.3 percent in 2013.

Chart B1.7.2.3: Change in equipment loans and leasing (%)

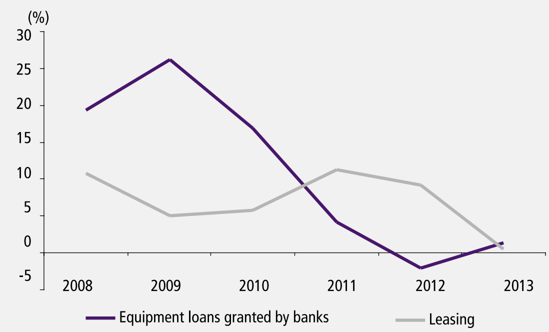
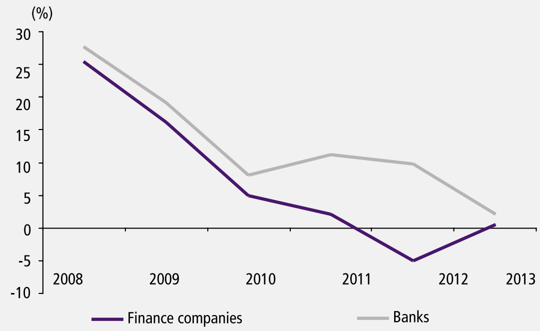


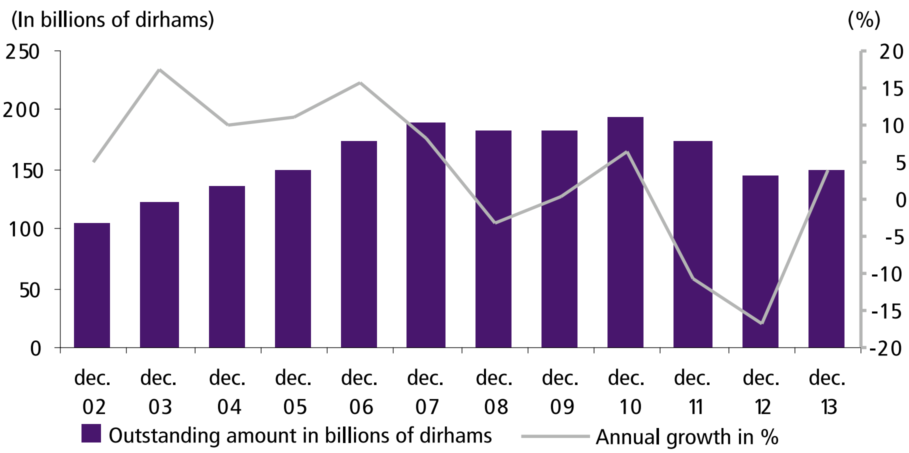
Chart B1.7.2.4: Change in consumer loans (%)



Net international reserves

After a significant decline of 16.7 percent in 2012, net international reserves[1] increased by 3.8 percent. This improvement is due to lower current account deficit and higher loans and foreign direct investment flows. These reserves, amounting to 150.3 billion dirhams at end-December, represent the equivalent of 4 months and 9 days of imports of goods and services, as against 4 months and 2 days a year earlier.

Chart 1.7.9: Annual change in net international reserves (YoY)



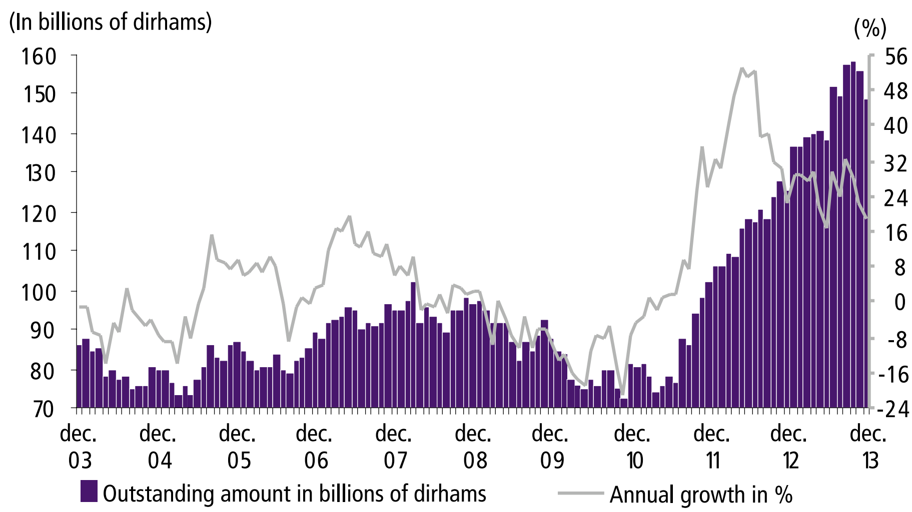
1 Net international reserves (NIR) are defined as reserve assets under the control of the monetary authority minus short-term liabilities to nonresidents:

NIR = monetary gold holdings + SDR holdings + assets in convertible foreign currencies + Morocco's reserve position with the IMF - Short-term foreign currency liabilities.

Net claims on central government

Net claims on the central government continued to rise since 2011, with an increase of 19 percent in 2013 to 149.3 billion dirhams, thus contributing 2.4 percentage points to M3 growth. They consist mainly of Treasury bonds, held at a rate of 88 percent by banks and 12 percent by money market mutual funds.

Chart 1.7.10: Annual change in net claims on central government



1.7.1.2 M3 components and liquid investment aggregates

M3 components

The money supply growth slowed down to 3.1 percent in 2013, reflecting particularly the deceleration of bank money and the contraction of foreign currency deposits, after a sharp rise in the previous year. In contrast, the other M3 components showed an acceleration.

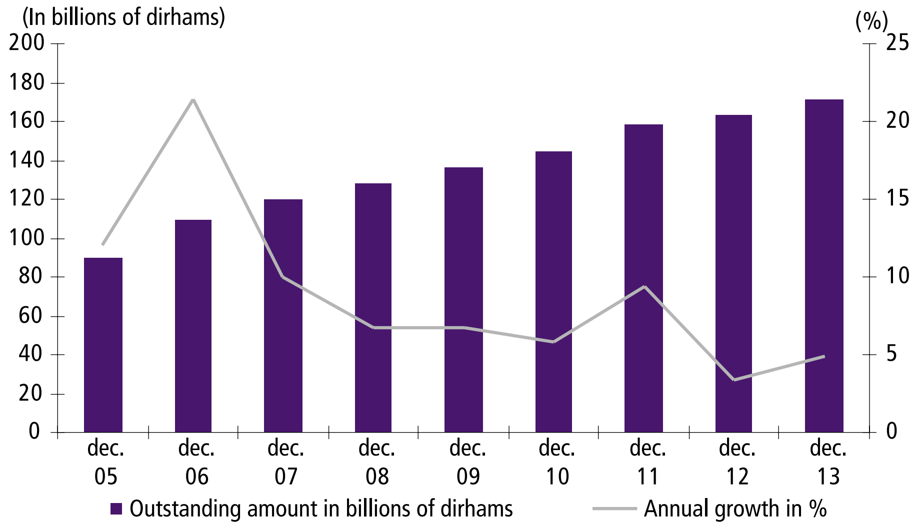
Table 1.7.2: Change in M3 components

	Currency in circulation	Bank money	Demand deposits	Other monetary assets [1]	M3
Outstanding amount as at end-December (in billions of DH)					
2008	128.1	360.8	79.9	231.2	799.9
2009	136.7	388.7	87.3	243.2	856.0
2010	144.7	404.8	94.0	248.4	891.9
2011	158.3	428.5	102.9	259.6	949.3
2012	163.6	448.5	111.4	268.7	992.2
2013	171.4	457.6	120.3	273.9	1 023.2
Share in M3 (%)					
2008	16.0	45.1	10.0	28.9	100.0
2009	16.0	45.4	10.2	28.4	100.0
2010	16.2	45.4	10.5	27.8	100.0
2011	16.7	45.1	10.8	27.3	100.0
2012	16.5	45.2	11.2	27.1	100.0
2013	16.8	44.7	11.8	26.8	100.0
YoY change (%)					
2008	6.7	7.0	10.3	31.1	13.3
2009	6.7	7.7	9.3	5.2	7.0
2010	5.9	4.1	7.7	2.1	4.2
2011	9.4	5.8	9.5	4.5	6.4
2012	3.4	4.7	8.2	3.5	4.5
2013	4.7	2.0	8.1	2.0	3.1

1 Other monetary assets include time deposits and fixed-term bills, foreign currency deposits, securities sold under repurchase agreements, certificates of deposit with a residual maturity of 2 years or less, securities of money market mutual funds, and time deposits with the Treasury.

The growth rate of currency in circulation stood at 4.7 percent, as against 3.4 percent in 2012, thus contributing 0.8 percentage point to the money supply growth, as opposed to 0.6 point in 2012. During the year, its outstanding amount continued to rise since March to reach a first peak in August under the combined effect of summertime and Ramadan, then a second peak in October in connection with Eid Al-Adha.

Chart1.7.11: Currency in circulation



Bank money growth decelerated from 4.7 percent to 2 percent, in a context of slowing nonagricultural activities, reducing its contribution to M3 growth from 2.1 percentage points to 0.9 percentage point. This change is mainly attributed to the deceleration from 4.2 percent to 4 percent in the growth rate of demand deposits with banks and the contraction by 14.9 percent in those with the Treasury, after a rise of 10.2 percent.

Chart 1.7.12: Bank money

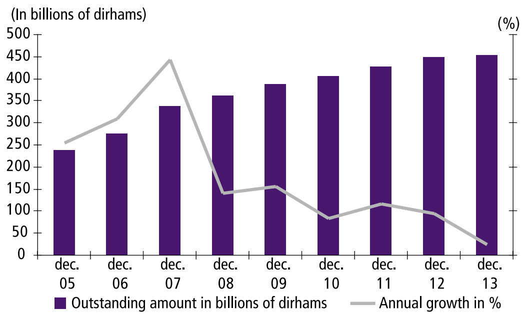
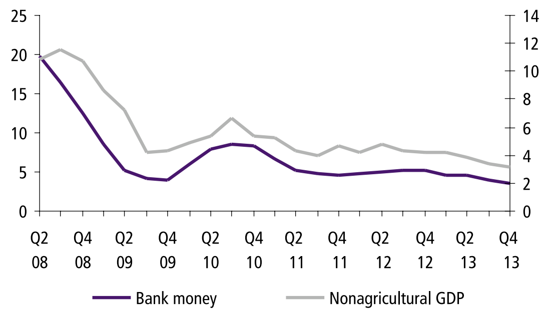
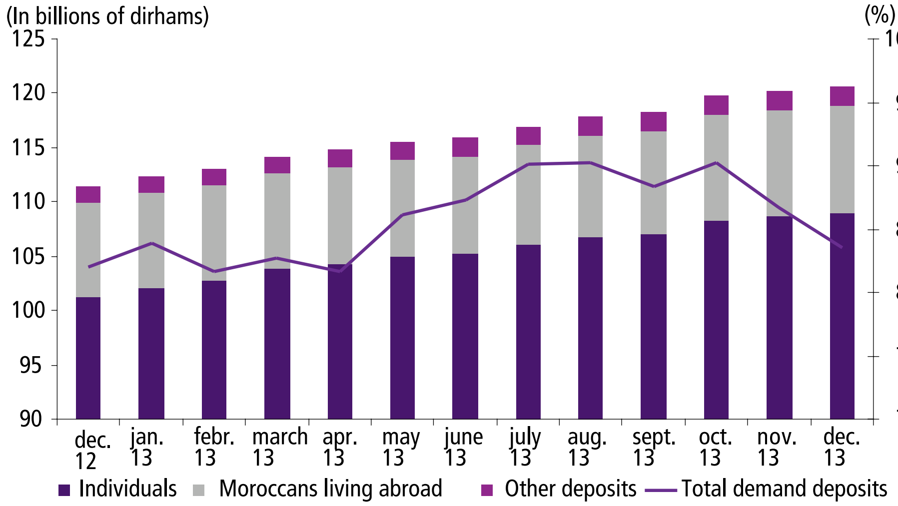


Chart 1.7.13: Annual growth of bank money and nonagricultural GDP (4-quarter moving average, in %)



Demand deposits moved up 8.1 percent from 8.2 percent in 2012, maintaining their contribution to M3 growth at 0.9 percentage point. By category of depositor, individuals contribute by 7 percentage points to this change and Moroccans living abroad by 1.1 point.

Chart 1.7.14: Change in demand deposits in 2013



Other monetary assets, identified in M3, increased by 2 percent as against 3.5 percent in 2012. This trend primarily covers a contraction of 8.7 percent in foreign currency deposits, after their 17.1 percent rise, and an increase of 4.8 percent in the growth of money market funds, after a 0.4 percent decline. After successive declines since 2011, time deposits improved in 2013, ending the year with an increase of 4.2 percent, in a context of rising deposit rates. By depositor, accounts of private nonfinancial corporations grew by 17.3 percent, as against a 27.1 percent decrease in 2012, and household accounts were up 7.1 percent, after rising 1.6 percent.

Chart 1.7.15: Change in time deposits

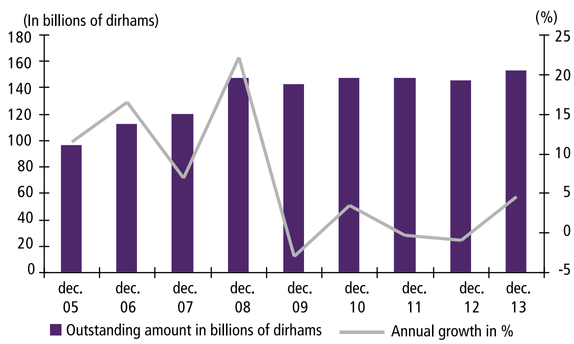
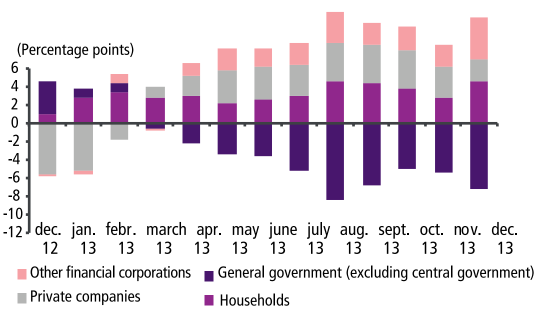


Chart 1.7.16: Contributions of institutional sectors to the growth of time deposits (YoY)



Liquid investment aggregates

Liquid investment aggregates[1] were down 1.3 percent in 2013, after a 6.9 percent increase in 2012, mainly due to lower holdings of Treasury bonds by welfare and social security organizations.

1 Liquid investment aggregates include financial assets held by institutional sectors other than depository corporations. These assets represent a purchasing power reserve, but are not liquid enough to be included in M3.

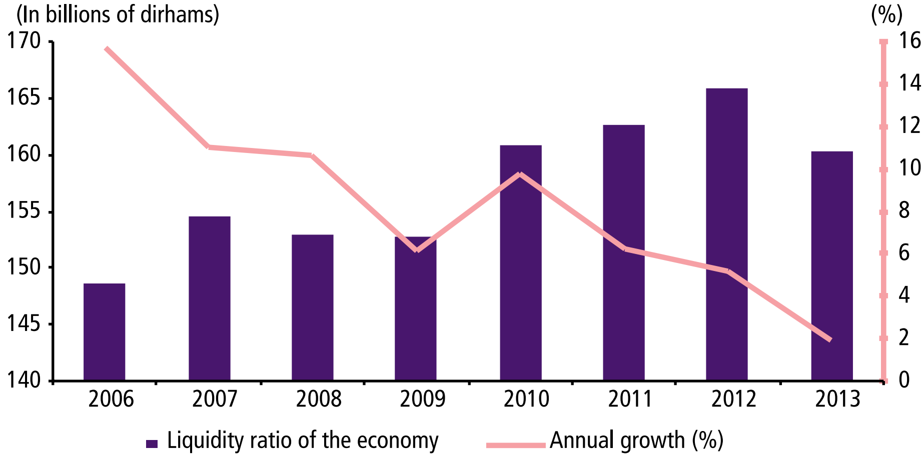
Conversely, the increase in bond mutual funds accelerated, while outstanding equity and diversified funds remained sTable.

Table 1.7.3: Liquid investment aggregates

Outstanding amount in billions of dirhams	End 2011	End 2012		End 2013	
	Outstanding amount	Outstanding amount	Change in %	Outstanding amount	Change in %
LI1 aggregate	**219.9**	**244.4**	**11.1**	**234.5**	**-4.0**
Treasury bonds	214.4	236.1	10.1	229.5	-2.8
Bonds issued by finance companies	3.5	5.9	67.1	2.4	-58.7
Commercial paper	1.4	1.4	0.4	1.6	20.6
Securities issued by contractual mutual funds	0.6	1.0	72.6	0.8	-15.4
LI2 aggregate	**106.4**	**110.0**	**3.3**	**114.9**	**4.4**
Securities issued by bond mutual funds	106.4	110.0	3.3	114.9	4.4
LI3 aggregate	**29.6**	**26.2**	**-11.4**	**26.2**	**0.0**
Securities issued by equity and diversified mutual funds	29.6	26.2	-11.4	26.2	0.0
Total LI	**355.9**	**380.6**	**6.9**	**375.6**	**-1.3**

Under these conditions, the liquidity of the economy, composed of the money supply and liquid investment aggregates, increased by 1.9 percent in 2013, and the liquidity ratio of the economy recorded its first decline since 2009 to 160.3 percent.

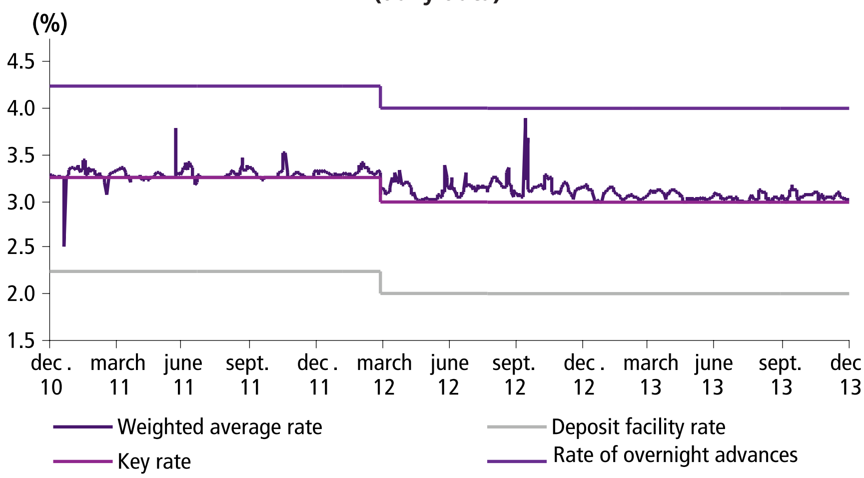
Chart 1.7.17: Liquidity of the economy



1.7.2 Interest rates

Down 13 basis points compared to 2012, the interbank market rate averaged 3.06 percent in 2013, a level close to the key rate. This change was accompanied by a decline in its volatility, as the standard deviation fell from 8 to 2 basis points.

Chart 1.7.18: Change of the weighted average rate in the interbank market (daily data)



Lending rates[1] dropped by 7 basis points on average to 6.23 percent. By object, the rates fell from 6.31 percent to 6.20 percent for cash advances and from 6 percent to 5.93 percent for equipment loans. In contrast, rates on real estate and consumer loans stabilized at 6.12 percent and 7.34 percent, respectively.

Table 1.7.4: Change in lending rates

	2012		2013							
	Q4	2012*	Q1	Q2	Q3	Q4	2013*	T3	T4	2013*
Debtor accounts and cash advances	6.56	6.08	6.41	6.17	6.31	5.87	6.02	6.28	6.62	6.20
Equipment loans	6.16	5.93	5.76	6.14	6.00	6.10	5.99	6.12	5.49	5.93
Real estate loans	6.19	6.13	6.03	6.10	6.11	6.27	6.15	6.04	6.03	6.12
Consumer loans	7.46	7.19	7.28	7.42	7.34	7.39	7.42	7.37	7.34	7.38
Overall credit rate	**6.52**	**6.13**	**6.35**	**6.20**	**6.30**	**6.01**	**6.09**	**6.30**	**6.52**	**6.23**

* Arithmetic means
Source: BAM quarterly survey among banks.

Regarding deposit rates, the weighted average rate of six and twelve-month deposits continued its upward trend to 3.79 percent in 2013. This increase reflects the effort and competition among banks to attract sTable resources in a context of persistently significant liquidity requirements. By maturity, the increase reached 8 basis points for twelve-month deposits and 7 points for six-month ones. The minimum interest rate paid on passbook accounts with banks[2] rose to 3.51 percent, up 51 basis points compared to the previous year.

1 According to the findings of Bank Al-Maghrib's quarterly survey among banks.
2 Pegged to the weighted average rate of 52-week Treasury bonds during the previous half of the year minus 50 basis points.

Table 1.7.5: Interest rate of time deposits and passbook accounts* (in %)

	2010	2011	2012	2013:Q1	2013:Q2	2013:Q3	2013:Q4	2013
6-month deposits	3.31	3.32	3.49	3.52	3.56	3.55	3.59	3.56
12-month deposits	3.69	3.76	3.83	4.02	3.89	3.83	3.92	3.91
6-month and 12-month deposits	**3.54**	**3.59**	**3.70**	**3.85**	**3.76**	**3.73**	**3.79**	**3.79**
Passbook accounts	**2.97**	**2.97**	**3.00**	**3.28**	**3.28**	**3.74**	**3.74**	**3.51**

*Arithmetic means.

Treasury bond yields in the primary market scored significant increases ranging from 34 basis points for 35-day maturities to 102 points for ten-year ones. This change is attributed to higher financing requirements of the Treasury, despite a relative reduction of the budget deficit. Rates also trended upward in the secondary market with a widening gap between short, medium and long-term maturities, similarly to the primary market.

Table 1.7.6: Treasury bond yields in the primary market*

	2010	2011	2012	2013 :Q1	2013 :Q2	2013 :Q3	2013 :Q4	2013
	Short-term yields							
21 days	3.37	3.28	-	-	-	-	-	-
24 days	-	-	3.71	-	-	-	-	-
35 days	-	-	3.78	4.12	-	-	-	4.12
39 days	-	-	3.38	-	-	-	-	-
43 days	-	-	3.48	-	-	-	-	-
44 days	-	-	3.41	-	-	-	-	-
45 days	-	-	3.97	-	-	-	-	-
13 weeks	3.36	3.31	3.33	3.93	3.94	3.50	3.48	3.71
26 weeks	3.42	3.33	3.48	4.07	4.11	3.82	3.74	3.94
52 weeks	3.54	3.47	3.69	4.20	4.23	4.11	4.13	4.16
	Medium and long-term yields							
2 years	3.68	3.64	3.94	4.57	4.68	4.61	4.69	4.64
5 years	3.90	3.86	4.22	4.75	-	4.93	5.08	4.92
10 years	4.17	4.14	4.49	-	-	5.42	5.60	5.51
15 years	4.34	4.36	4.70	5.52	5.69	5.71	5.85	5.69
20 years	4.45	4.42	5.01	-	-	-	-	-
30 years	-	-	5.02	-	-	-	-	-

* Arithmetic means.

Box 1.7.3: Conditions of Treasury financing on the domestic market in 2013

Since 2009, the budget deficit has been widening from 16 billion dirhams to 57.6 billion in 2012, before falling to 48.1 billion at the end of 2013. Despite this reduction, the amounts of Treasury bill issues increased significantly in 2013 to 175.2 billion dirhams compared to 120.3 billion in 2012.

The average maturity of Treasury bonds showed a continued increase from one year in 2008 to 4.5 years in 2012, before returning to 3 years in 2013, as the share of short-term maturities declined from 95 percent in 2008 to 19 percent in 2012, before increasing to 46 percent in 2013. This last development is mainly due to the significant increase in yields on the medium and long-term segments.

Chart B1.7.3.1: Change in the average maturity of primary market Treasury bonds (in years)

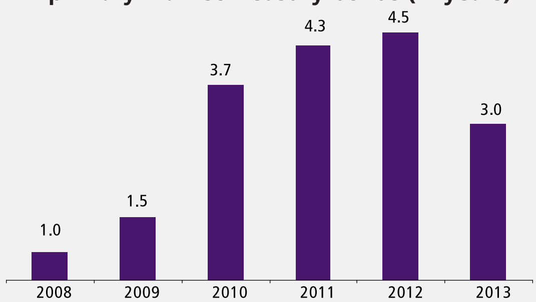
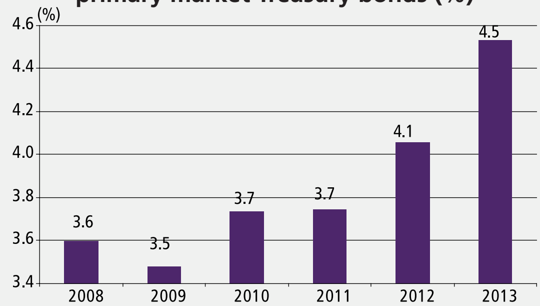
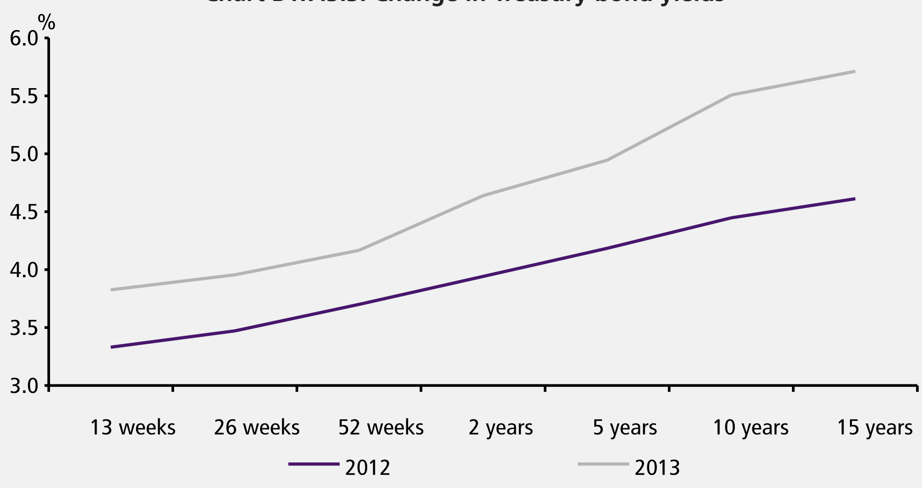


Chart B1.7.3.2: Change in the average yield of primary market Treasury bonds (%)



Under these conditions, the average yield of Treasury bonds moved up from 3.6 percent on average between 2008 and 2011 to 4.1 percent in 2012 and 4.5 percent in 2013. This rise was due to a significant and widespread increase in yields of all maturities, mainly medium and long-term ones.

Chart B1.7.3.3: Change in Treasury bond yields



1.7.3 Foreign exchange market

As a result of the trends in the euro/U.S. dollar exchange rate, the dirham depreciated 0.60 percent against the euro and appreciated 2.73 percent versus the dollar. Against this backdrop, the national currency recorded strong rises against the currencies of Morocco's major emerging partners, especially those affected by the Fed's tapering program. Indeed, the value of the dirham grew by 13.18 percent against the Brazilian real, 12.14 percent vis-à-vis the Indian rupee and 8.44 percent versus the Turkish lira. The dirham appreciated slightly by 0.75 percent vis-à-vis the currency of China, Morocco's third largest supplier.

Taking into account trends in exchange rates of other partners and competitors, the dirham's effective exchange rate rose 1.5 percent in nominal terms and 1.3 percent in real terms.

Chart 1.7.19: Transfer exchange rate (monthly average)

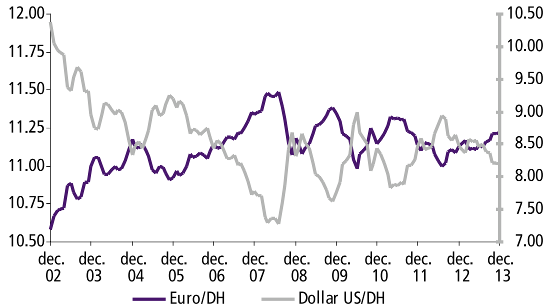
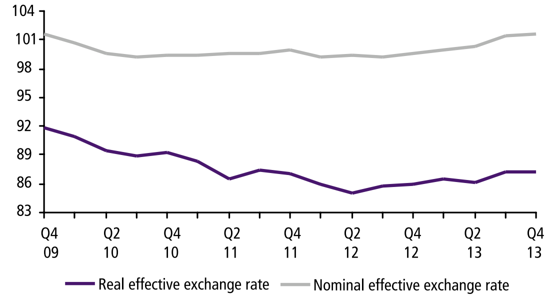
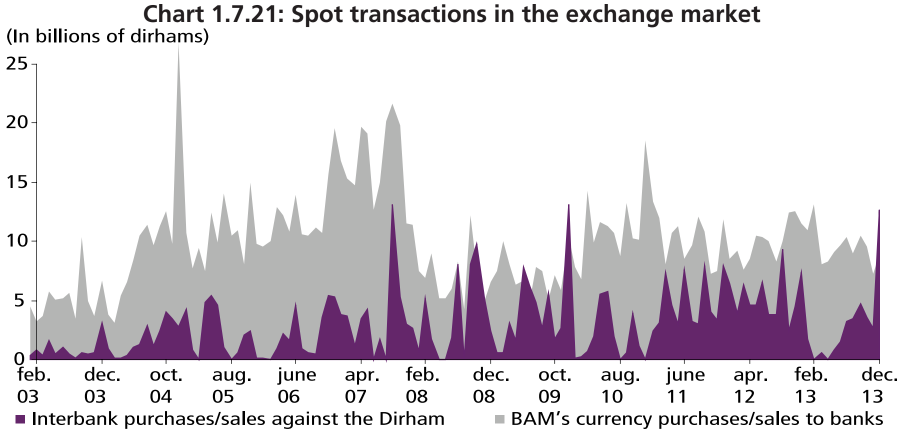


Chart 1.7.20: Nominal and real effective exchange rate of the dirham (2000=100)



Regarding transactions, the amount of interbank exchanges of foreign currency against the dirham reached a monthly average of 9.6 billion dirhams, down 4 percent compared to 2012. Similarly, the interbank lending and borrowing transactions in foreign currencies were down 4.4 percent, averaging nearly 30.9 billion dirhams.

Chart 1.7.21: Spot transactions in the exchange market



Foreign currency purchases by banks from Bank Al-Maghrib dropped by 49.5 percent to 2.7 billion, on monthly average, after rising 11 percent a year earlier. This decrease was more pronounced in the first half of the year, as the average volume totaled 760 million dirhams, as against 5.4 billion over the same period of 2012, mainly in connection with major direct investment inflows. With slower inflows in the second half, banks' purchases from to Bank Al-Maghrib rose to 4.6 billion dirhams on average.

In addition, forward purchases of foreign currency by bank customers, mainly to hedge imports, decreased by 19.7 percent in 2013 to 6.6 billion dirhams. Forward sales also contracted by 36.6 percent to 2.5 billion.

Chart 1.7.22: Forward sales of foreign currency

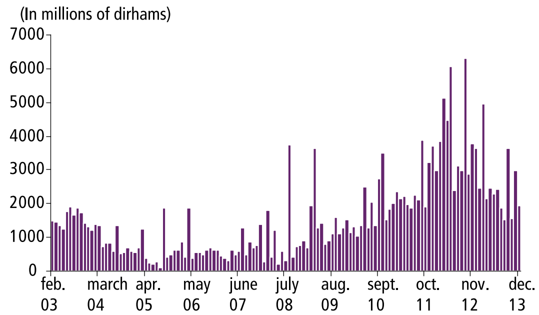
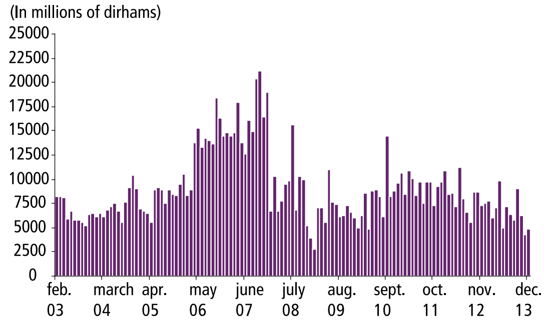


Chart 1.7.23: Forward purchases of foreign currency



After declining 59.8 percent a year earlier, the average volume of foreign exchange transactions made by banks with their foreign correspondents was up 31.8 percent in 2013, thus amounting to 76.8 billion dirhams. Foreign currency deposits and investments of banks abroad fell by 24.8 percent to 4.6 billion dirhams.

Table 1.7.7: Transactions on the exchange market (monthly average in billions of dirhams)

	2012	2013	Change in % 2012/2011	Change in % 2013/2012
Interbank purchases/sales against the dirham	10.0	9.6	-2.8	-4.0
BAM foreign currency purchases from banks	0.0	0.2	-	-
BAM foreign currency sales to banks	5.3	2.7	11.0	-49.5
Foreign currency purchases/sales with foreign correspondents	58.3	76.8	-59.8	31.8

1.8 Asset markets

In 2013, developments of the asset markets were generally unfavorable. In fact, prices in the stock market continued their decline of the last two years, but their trend reversed as of September, thus helping reduce significantly its annual counter-performance. Furthermore, the market continued to be characterized by weaker liquidity, which led the MSCI to reclassify it from the "emerging market" to the "frontier market" category.

In the debt market, Treasury bill issues rose by 45 percent and concerned in particular short-term maturities, due to a more marked increase in rates on medium and long-term ones. Regarding the private debt, the amount of new bond yields was limited to 4.5 billion dirhams compared to 19.6 billion in 2012. The year was also characterized by a virtual absence of bonds issued by finance companies, while issues of certificates of deposit and commercial papers were tilted to the upside.

Concerning real estate assets, prices increased by 1.1 percent as against 2.6 percent a year earlier, mainly reflecting an improvement of 0.4 percent in residential property prices and 3.9 percent in land prices. This change occurred in a context of a 5.6 percent decline in the number of transactions after rising 4.8 percent in 2012.

1.8.1 Stock market

After its counter-performances in 2011 and in 2012, reaching respectively 12.9 percent and 15.1 percent, the MASI declined further by 2.6 percent in 2013. By sector, telecommunications, real estate and construction and building materials registered respective drops of 9.4 percent, 9.2 percent and 4.6 percent, while the banking sector index was up 3.4 percent.

Chart 1.8.1: Annual performance of MASI (%)

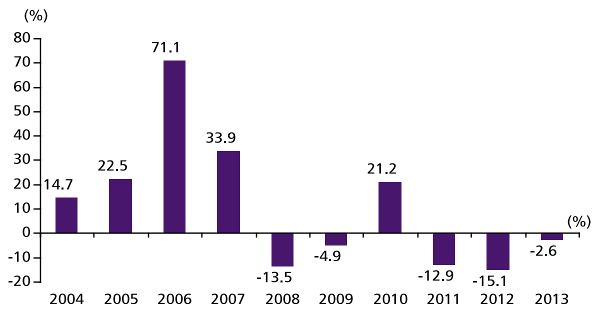
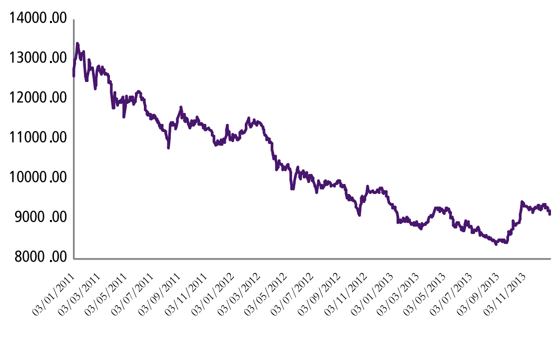


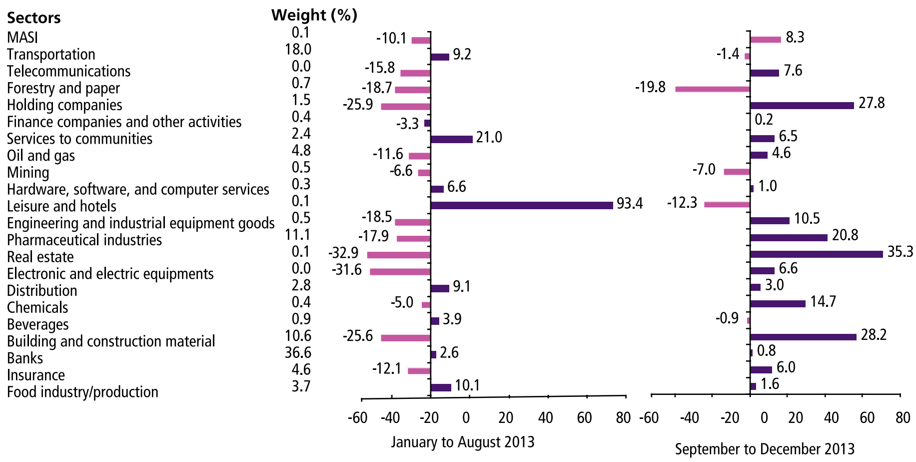
Chart 1.8.2: Daily change in the MASI between 2011 and 2013



Source: Casablanca Stock Exchange.

During the year, after a 10.1 percent fall in the first eight months, the index began to recover as of September, significantly reducing its loss at the end of the year. This trend would reflect an improved outlook, particularly in the sectors of real estate and construction and building materials, and would also be attributed to the integration of five new values into the MSCI following the reclassification of the Casablanca Stock Exchange from an "emerging market" to a "frontier market".

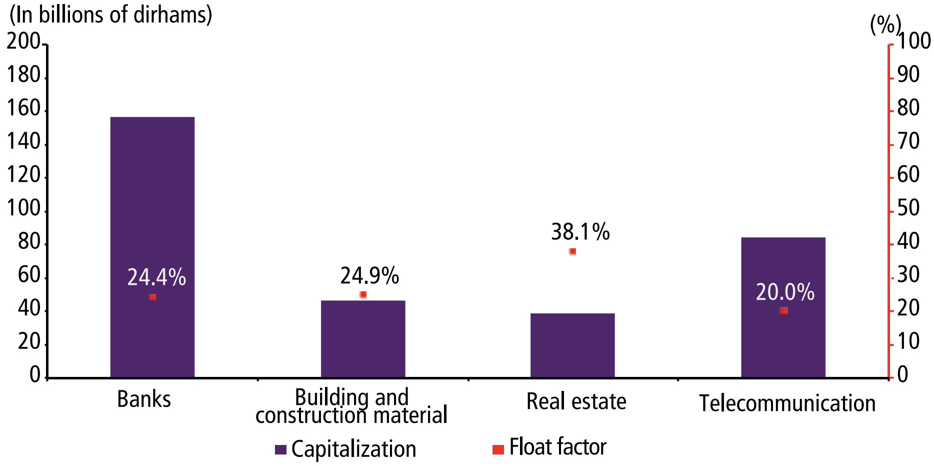
Chart 1.8.3: Performance of sectoral indexes in 2013 (%)



Source: Casablanca Stock Exchange.

Although the MASI declined and two companies were delisted[1], market capitalization increased by 1.3 percent to 451.1 billion dirhams, due to the listing of JLEC corporation, valued at 10.7 billion, and to capital increases, amounting to 3.2 billion. However, the free float market capitalization dropped by 1.2 percent, reflecting a decrease in the float factor[2] from 25 percent to 24.2 percent.

Chart 1.8.4 : Capitalisation and float factor of the main sectors



Source: Casablanca Stock Exchange.

1 SOFAC and BRANOMA were delisted at their own initiative.

2 The float factor is the ratio of the number of floating securities to total shares which make up the capital.

Regarding the valuation level, the PER[1] of the Casablanca Stock Exchange is superior to that of the most represented frontier markets, despite the depreciation of MASI in recent years. Still, the dividend yield[2] is higher than that of the major stock exchanges in this category, indicating that Moroccan listed companies paid relatively generous dividends in 2013.

Table 1.8.1: PER and dividend yield of most represented countries in the "frontier market" category

		2011	2012	2013
Kuwait	PER	14.3	16.7	18.3
	DY	5.58	3.32	2.89
Qatar	PER	12.6	11.3	14.0
	DY	3.48	3.64	3.79
Nigeria	PER	8.8	12.8	13.6
	DY	4.9	3.36	2.73
Argentina	PER	8.9	8.2	4.2
	DY	7.12	1.94	1.16
Morocco	PER	16.9	15.1	15.7
	DY	3.68	4.43	4.24

Source : Datastream.

After a contraction of 41 percent in 2012, the volume of transactions rose by 1.8 percent in 2013. In the equity market, trading grew by 3.8 percent, driven by transactions in the block market, totaling 22.1 billion as against 12.5 billion in 2012. In addition to the repurchase involving the JLEC value, 37.8 percent of the Centrale Laitière capital was sold to Gervais Danone. In contrast, the trading volume in the central market continued dropping, and reached 26.4 billion from 29.7 billion in 2012 and 35.2 billion in 2011. Trading concerned mainly the banking, real estate and Itissalat Al-Maghrib stocks, which accounted for 69.1 percent of the total. Regarding the bond compartment, the trading volume continued its downward trend to 7.6 billion dirhams. This change reflects a 1.1 billion decrease in the amount of transactions in the central market and an increase of 345 million in the block market.

1 PER: Price Earnings Ratio is the ratio of a company's share price to its per-share earnings.
2 The dividend yield is the ratio of the dividends paid and the share price.

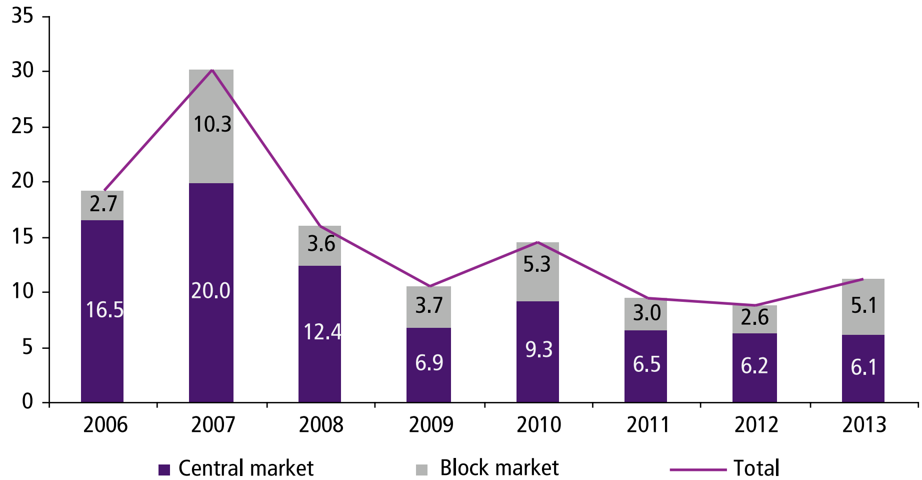
Table 1.8.2: Change in the volume of transactions (in millions of dirhams)

	2010	2011	2012	2013
I- Shares	**108 872**	**93 859**	**52 553**	**54 558**
1-Central market	51 990	35 211	29 729	26 450
2-Block market	29 729	16 089	12 470	22 101
Total of the secondary market (1+2)	**81 719**	**51 300**	**42 199**	**48 551**
3- New listings	837	416	27	1 000
4-Securities contribution	8 484	33 783	2 063	644
5- Public offerings	10 445	3	215	45
6- Transfers	1 156	978	580	1 116
7- Capital increases	6 231	7 379	7 469	3 202
Total of other markets (3+4+5+6+7)	**27 153**	**42 559**	**10 354**	6 007
II-Bonds	**11 058**	**9 509**	**8 483**	**7 584**
8- Central market	6 314	4 932	3 205	2 171
9- Block market	3 042	3 665	4 368	4 713
Total du marché secondaire (8+9)	**9 356**	**8 597**	**7 573**	**6 884**
10- Public offerings	1 593	889	910	700
11- Contributions of securities	109	23	0	0
12- Transfers	0	0	0	0
Total of other markets (10+11+12)	**1702**	**912**	**910**	700
Total (I + II)	**119 930**	**103 368**	**61 036**	**62 142**

Source: Casablanca Stock Exchange.

In total, the liquidity ratio, measured by the ratio of transactions on the secondary equity market to market capitalization, increased from 8.8 percent to 11.3 percent. Taking into account only transactions in the central market, this ratio continued its downward trend from 20 percent in 2007 to 6.2 percent in 2012 and to 6.1 percent in 2013.

Chart 1.8.5 : Annual change of the liquidity ratio (%)

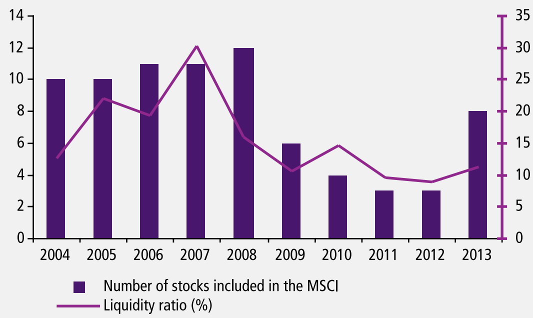


Source: Casablanca Stock Exchange, and BAM calculations.

Box 1.8.1: Position of the Casablanca Stock Exchange

Since 2008, the number of Moroccan values included in the MSCI EM fell gradually from 12 to 3 in 2012, due to lower liquidity. In June 2013, the MSCI decided to declassify the Casablanca Stock Exchange from "emerging market" to "frontier market" category. It has been represented, since November, in the MSCI FM by 8 companies out of 143, which is a share of 4.6 percent in the total capitalization of stocks included in the index. Kuwait stocks account for 18.1 percent, followed by the United Arab Emirates (UAE) and Qatar, with respective shares of 15.3 percent and 15.2 percent. The share of Moroccan companies is expected to increase as of May 2014, when MSCI decisions to reclassify the stock exchanges of Qatar and the UAE as emerging markets enter into force.

Chart B1.8.1.1: Change in the number of stocks included in the MSCI and in the Casablanca Stock Exchange liquidity ratio



Sources: Datastream and Casablanca Stock Exchange.

Table B 1.8.1.1: Weight of the main countries included in the MSCI FM at end 2013

Country	Weight (%)	Number of stocks
Kuwait	18.14	8
UAE	15.26	10
Qatar	15.16	13
Nigeria	14.09	15
Argentina	4.69	6
Morocco	**4.57**	**8**
Others	28.09	83
Total	**100**	**143**

Source : MSCI.

In 2013, the MSCI FM index appreciated significantly by 26.3 percent, mainly reflecting respective increases of 90 percent, 66 percent and 30 percent in indexes of the UAE, Argentina and Qatar. Meanwhile, the MSCI Morocco fell by 2.7 percent.

Table B 1.8.1.2: Change in the MSCI of the main frontier markets in 2013 (%)

Year	2008	2009	2010	2011	2012	2013
Kuwait	-48.1	-10.1	36.1	-22.5	-3.3	**2.1**
UAE	-72.7	37.9	-1.9	-17.6	27.4	**90**
Argentina	-54.5	64	77.4	-38.9	-37.1	**66**
Qatar	-26.3	8.9	31.3	8.2	-2.1	**30**
Nigeria	-57.9	-22.8	26.4	-16	62.9	**29.2**
Morocco	**-10.9**	**-5.0**	**15.3**	**-14.8**	**-11.5**	**-2.7**
MSCI FM	-54.1	11.72	24.24	-18.38	9.25	**26.32**

Source : MSCI.

Regarding the liquidity ratio, the Casablanca Stock Exchange stood at average between 2009 and 2013, behind the stock exchange of Kuwait, UAE and Qatar, but ahead of those of Nigeria and Argentina.

Table B 1.8.1.3: Liquidity of the main MSCI frontier markets in 2013

Stock exchange	2009	2010	2011	2012	2013	2009-2013 average
Kuwait	106.7	42.5	23.8	27.4	35.7	47.2
Dubai	77.9	29.9	16.8	26.3	52.2	40.6
Qatar	33.4	16.7	19.0	15.3	12.9	19.5
Abu Dhabi	23.6	25.0	11.2	7.9	18.3	17.2
Morocco	10.6	14.6	9.5	8.8	11.3	11.0
Nigeria	11.0	12.5	9.5	7.3	7.9	9.6
Argentina	6.5	5.9	7.2	5.9	5.4	6.2

Sources: WDI, Arab Monetary Fund, and official websites of stock exchanges.

As to the valuation indicators, the PER of the Casablanca Stock Exchange was slightly above the average of the frontier market category. It was lower than those of the UAE and Qatar, but higher than those of Nigeria and Argentina. In contrast, the yield of the Casablanca Stock Exchange is higher than the average of the frontier market category.

Table B 1.8.1.4: FM valuation and performance indicators*

Category	PER	PB	D.Y (%)
"Frontier market"	13.63	1.78	3.63
Kuwait	NA	NA	NA
UAE	17.7	1.65	1.78
Qatar	15.28	2.03	4.08
Nigeria	12.44	2.71	3.89
Argentina	5.85	1.16	2.01
Morocco	**13.94**	**2.69**	**4.48**

(*) Indicators calculated on the basis of the stocks included in the MSCI FM; data as at January 31, 2014.

Source : MSCI.

1.8.2 Debt securities

Despite the declining budget deficit, Treasury bill issues rose sharply in 2013, totaling 175 billion, as against 120.3 billion dirhams a year earlier. This change was due to the large volume of repayments in 2013, to lower deposits with the Treasury, as well as to virtually sTable external flows of funds.

The share of short-term issues rose from 35 percent in 2012 to 48 percent, while that of medium and long-term maturities decreased from 47 percent to 38 percent and from 18 percent to 14 percent, respectively. The relatively larger increase in short-term issues is attributed to a divergent increase in yields by term. Indeed, the rates on short-term maturities grew between 47 and 49 basis points, while those on medium and long-term ones rose from 70 to 110 basis points.

Chart 1.8.6: Change in T-bond payments and subscriptions (in billions of dirhams)

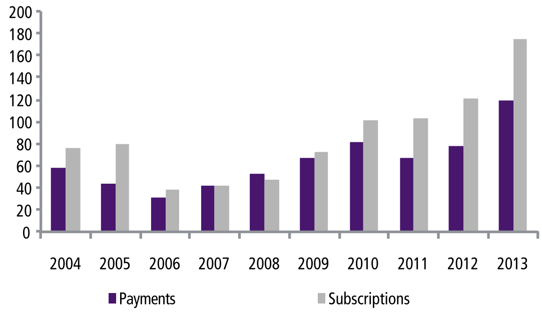
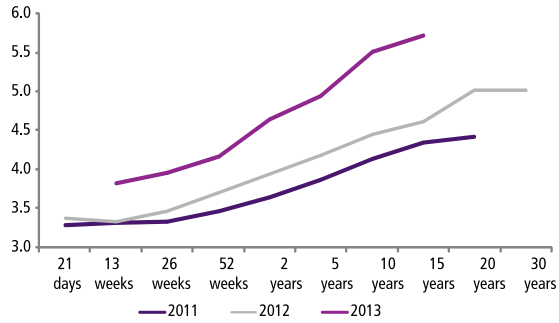


Chart 1.8.7: Change in the average rates of T-bonds in the primary market (%)



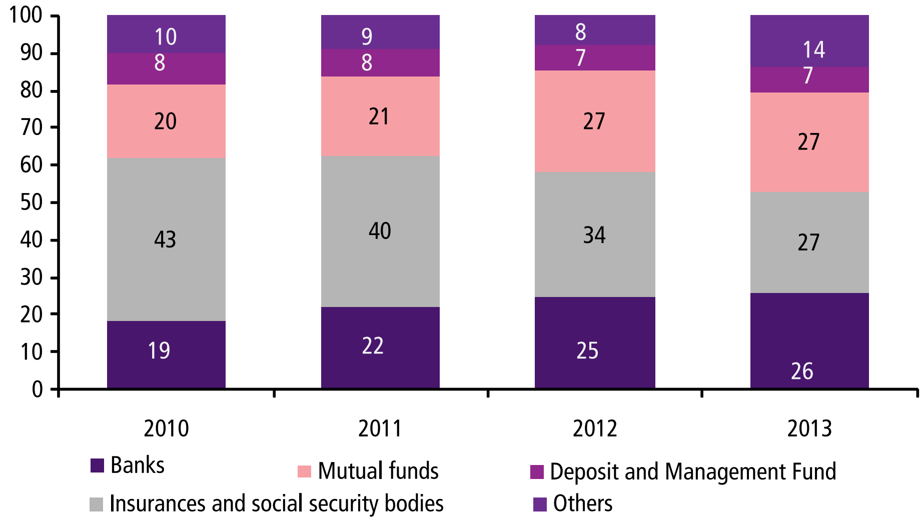
Given repayments totaling 118.9 billion dirhams, the outstanding amount of treasury bills at end-December stood at 413 billion dirhams, up 15.7 percent. Its structure remains dominated by long- and medium-term maturities with respective shares of 49 percent and 43 percent.

Table 1.8.3: T-bond outstanding amount (in billions of dirhams)

	2009		2010	2011	2012	2013	
Outstanding amount	**Volume**	**Structure %**		**Volume**		**Volume**	**Structure %**
	257.9	**100**	**277.4**	**314.2**	**356.7**	**412.97**	**100**
Short term	58.95	23	33.8	16.4	15.7	33.85	8
Medium term	43.8	17	81.9	122.4	156.8	177.55	43
Long term	155.1	60	161.6	175.5	184.3	201.57	49
Subscriptions	**72.9**	**100**	**101.1**	**103.5**	**120.3**	**175.2**	**100**
Short term	49.9	68	42.3	25.4	42.1	83.9	48
Medium term	23.0	32	47.2	60.3	57	66.7	38
Long term	0.0	0	11.7	17.8	21.2	24.7	14
Payments	**67.7**	**100**	**81.6**	**67.1**	**77.8**	**118.9**	**100**
Short term	25.9	38	67.4	43.3	42.74	65.7	55
Medium term	29.8	44	6.6	19.8	22.6	45.9	39
Long term	12.0	18	7.6	3.9	12.4	7.4	6

By holder, the shares of banks and mutual funds showed a steady increase between 2010 and 2013, from 19 percent to 26 percent and from 20 percent to 27 percent, respectively. However, holdings of insurances and social welfare organizations showed a significant drop, bringing their share from 43 percent to 27 percent.

Chart 1.8.8: Structure of T-bonds outstanding amount by holder (%)



Concerning private debt securities, bond issues contracted sharply from 19 to 4 billion dirhams, with an increase in the relevant matching rates compared to the previous year. The decline affected all issuers, particularly private nonfinancial corporations, with issues limited to 50 million as against 9 billion dirhams in 2012.

Taking into account repayments amounting to 4.3 billion, outstanding bond yields reached 88.6 billion dirhams - a virtually stagnant amount compared to 2012- and remain dominated by debts of nonfinancial corporations, with a share of 70 percent.

Table 1.8.4: Change in bond debt by issuer (in millions of dirhams)

	Issuance					Change	
	2009	2010	2011	2012	2013	In millions	In %
Overall	**11 600**	**25 336**	**11 222**	**19 626**	**4 500**	**-15 126**	**-77.07**
Financial corporations	**6 400**	**1 840**	**1 560**	**7 376**	**2 250**	**-5 126**	**-69.5**
Banks	6 400	1 200	1 500	3 250	2 250	-1 000	-30.77
Other Financial corporations	-	640	60	4 126		-4 126	-100
Nonfinancial corporations	**5 200**	**23 496**	**9 662**	**12 250**	**2 250**	**-10 000**	**-81.63**
Public (ADM+TMPA)*	3 400	7 500	6 000	3 250	2 200	-1 050	-32.30
Private	1 800	15 996	3 662	9 000	50	-8 950	-99.45

* ADM : Autoroutes du Maroc (National Company of the Highways of Morocco), TMPA: Tanger Med Port Autority.

Sources: Maroclear and BAM calculations.

Regarding bonds issued by finance companies, after a strong growth between 2009 and 2012, almost no emissions were carried out in 2013, which would be attributed to higher rates on other compartments. Against this backdrop, these companies would have resorted more to banks financing, whose outstanding amount increased by 8.9 percent. Taking into account repayments totaling 5.6 billion dirhams, the outstanding amount of these securities fell from 18.8 to 13.2 billion dirhams.

In contrast, issues of certificates of deposit rose by 14.2 percent to 50.8 billion. The issues concerned only maturities lower than or equal to 2 years, with rates ranging from 3.97 percent to 4.49 percent as opposed to a range of 3.74 percent to 4.32 percent in 2012. Given repayments of 51.3 billion dirhams, the outstanding amount of these securities almost stabilized at its 2012 level, or 58.6 billion dirhams.

Issues of commercial papers remained weak, albeit up 7.5 percent in 2013. They were issued at sharply higher rates ranging from 5.01 percent to 5.49 percent as against 3.73 percent to 4.54 percent a year earlier. Their outstanding amount was similar to that of the previous year, 3.4 billion, following repayments of 9.7 billion dirhams.

Chart 1.8.9: Change in the average rates of commercial paper (%)

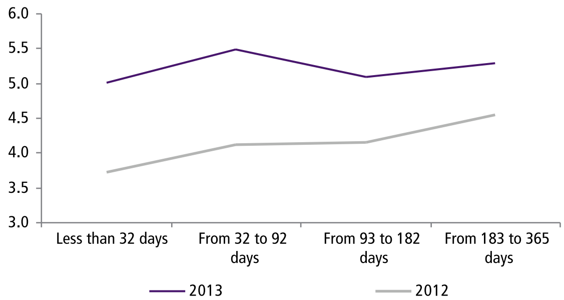
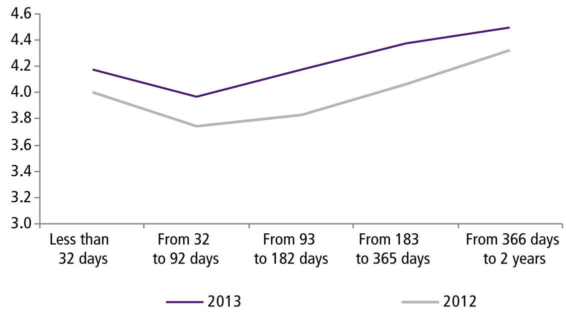


Chart 1.8.10: Change in the average rates of certificates of deposit (%)



1.8.3 Mutual funds shares/units

Subscriptions to mutual funds shares/units reached 518.1 billion dirhams, down 7.1 percent compared to 2012. Indeed, they fell to 373.8 billion dirhams from 405.3 billion in the money market funds, while they dropped to 137.6 billion dirhams from 143.2 billion in the bonds funds. In parallel, repurchases totaled 520.9 billion, which is a net outflow of 2.8 billion dirhams.

Despite this negative flow, net assets of mutual funds rose by 1.5 percent to 245.5 billion dirhams, in conjunction with a performance ranging from 0.2 percent for equity funds to 4.3 percent for short-term bond ones.

A share of 29 percent of these assets is held by financial corporations other than banks and 24.7 percent by social welfare and compulsory-scheme pension organizations. Concerning nonfinancial agents, the share of corporations stood at 19.9 percent, while that of households remained weak at about 9.1 percent since 2009, as against an average of 14.6 percent between 2005 and 2008.

Table 1.8.5: Change in mutual funds' net assets, subscriptions and repayments (in millions of dirhams)

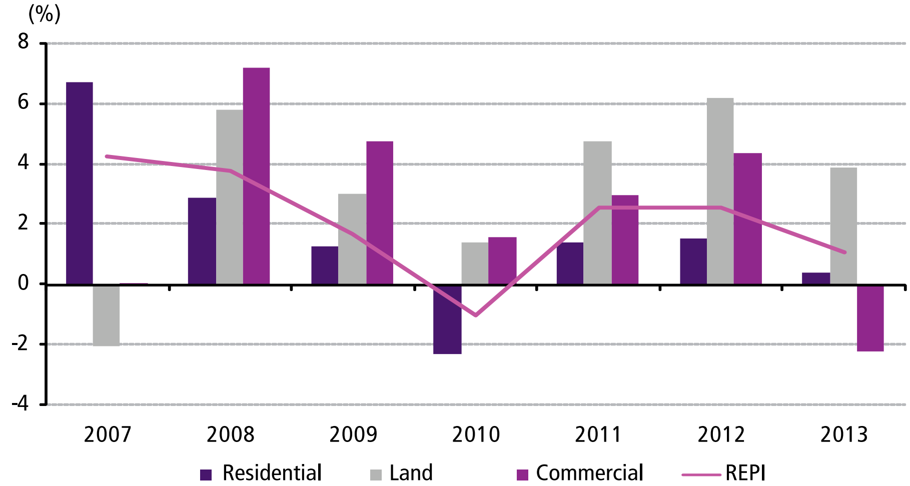
	2010	2011	2012	2013
Net assets	**222.7**	**229.5**	**241.9**	**245.5**
Equity mutual funds	25.6	22.2	20.7	20.0
Money market mutual funds	57.6	60.6	71.4	68.0
Bond mutual funds	128.0	135.8	140.7	147.8
Others	11.5	10.9	8.9	9.7
Subscriptions	**507.7**	**516.2**	**558.0**	**518.1**
Equity mutual funds	7.4	4.5	3.9	2.3
Money market mutual funds	365.1	388.1	405.3	373.8
Bond mutual funds	131.7	117.8	143.2	137.6
Others	3.5	5.8	5.5	4.4
Repurchases	**484.6**	**513.9**	**547.1**	**520.9**
Equity mutual funds	5.3	5.1	2.7	2.2
Money market mutual funds	362.6	389.0	396.5	379.6
Bond mutual funds	112.0	113.5	140.8	134.4
Others	4.6	6.4	7.1	4.7

Source: Transferable Securities Board.

1.8.4 Real estate assets

In 2013, the Real Estate Price Index (REPI) was up 1.1 percent from 2.6 percent in 2012. This change mainly reflects a slower growth in residential property prices from 1.5 percent to 0.4 percent, with a deceleration from 1.2 percent to 0.3 percent for apartments and from 2.2 percent to 0.8 percent for houses. In contrast, prices of business properties decreased by 1.8 percent after an increase of 2.4 percent, reflecting respective declines of 1.5 percent and 3.4 percent in prices of commercial premises and those of offices, after respective rises of 1.9 percent and 3.9 percent in 2012. Land prices continued to grow albeit at a lower pace than in 2012, or 3.9 percent from 6.2 percent.

Chart 1.8.11: Annual change in assets prices by category (%)

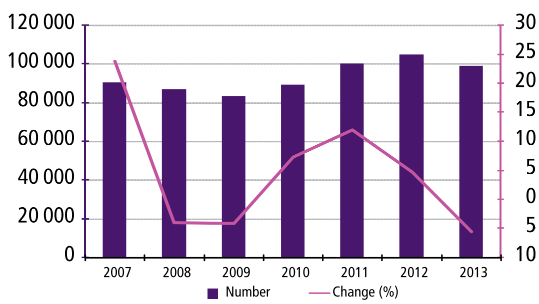


Source: National Land Registry Office and BAM.

By city, prices fell 0.6 percent and 1.9 percent in Kenitra and Meknes, after respective increases of 3.5 percent and 4.1 percent. They decelerated from 3.7 percent to 2.3 percent in Tangier, from 3 percent to 1.3 percent in Fes and from 0.6 percent to 0.3 percent in Marrakech. However, growth of prices accelerated from 0.6 percent to 1.9 percent in Rabat, from 0.2 percent to 1.9 percent in Agadir and to 3.1 percent in Casablanca, after a contraction of 0.4 percent.

The number of transactions decreased by 5.6 percent in 2013, after three consecutive years of growth with an average of 8 percent. This fall affected all asset categories, mainly residential property, whose sales dropped by 2.5 percent, with a drop of 1.2 percent for apartments and 16.9 percent for houses. Similarly, sales of business premises were down 4.8 percent, reflecting a decline of 6.8 percent for commercial premises and to a lesser extent a decrease of 0.4 percent for offices. Land transactions fell 14.4 percent, after rising 13.5 percent on average over the past three years.

Chart 1.8.12: Annual change in the number of real estate transactions



Source: National Land Registry Office and BAM.

Table 1.8.6: Change in the number of transactions by city (%)

	2012	2013
Agadir	48.3	-4.5
Kenitra	19.8	-8.4
Marrakech	6.5	-20.8
Oujda	9.9	-7.8
Casablanca	6.6	-3.8
Rabat	-4.4	-12.9
El Jadida	14.8	-1.7
Meknes	11.0	-33.1
Fes	3.7	-6.5
Tangier	20.4	14.1

By city, except Tangiers and El Jadida, where sales rose slightly from one year to another, the decline in transactions affected all cities covered by the index, ranging from 0.2 percent in Casablanca to 61.6 percent in Fes.

Box 1.8.2: Speculation and higher real estate prices

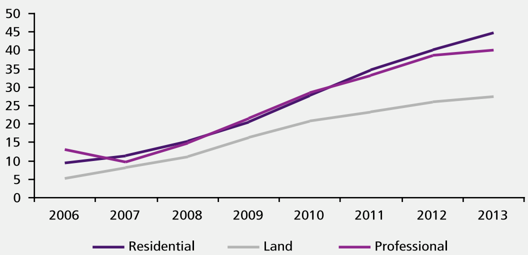
Over the last decade, the Moroccan real estate market remained dynamic, with a significant increase in the number of property transactions and a faster growth in real estate loans. These developments were accompanied by a rise in prices, which reached 3.6 on annual average between 2007 and 2009. Since this date, the sector's activity began to slow down and the price increase fell to 1.3 percent on average between 2010 and 2103.

The significant housing deficit, the tax incentives for social segment and the easier access to bank financing, in a context of excess liquidity, may have played an important role in the momentum of the real estate market. However, the question arises as to the contribution of speculation to the observed price increases. To understand this phenomenon, several methods are available, including the indicator based on the duration between two successive transactions on the same property. A short duration would reflect a phenomenon of speculation.

In the case of Morocco, calculation of this indicator is based on the data of the National Land Registry and Cartography Agency (ANCFCC) as of 2006. Results indicate a continuous extension of this period from 9 months in 2006 to 3 years and 4 months in 2013. This increase concerned all real estate assets, particularly residential ones, reaching 3 years and 9 months from 10 months. As for land assets, this period was extended by 22 months, to 2 years and 4 months in 2013.

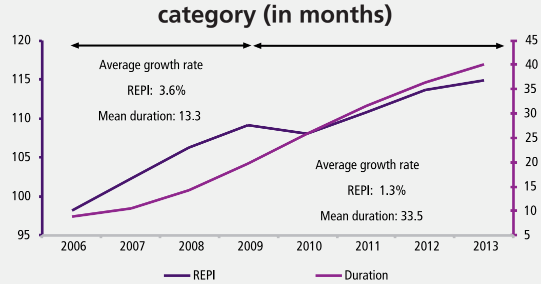
The comparative analysis of the REPI trends and the average duration indicate that over the period 2006-2009, the latter stood at a relatively lower level, or 13 months, while prices rose at a steady rate of 3.6 percent. As of 2010, the price increase slowed down, averaging 1.3 percent, and the time between two successive sales of the same property equaled 2 years and 10 months.

Chart B.1.8.2.1: Median duration between two successive sales of the same property (in months)



Source: National Land Registry Office and BAM.

Chart B.1.8.2.2: Duration between two successive sales of the same property, by category (in months)



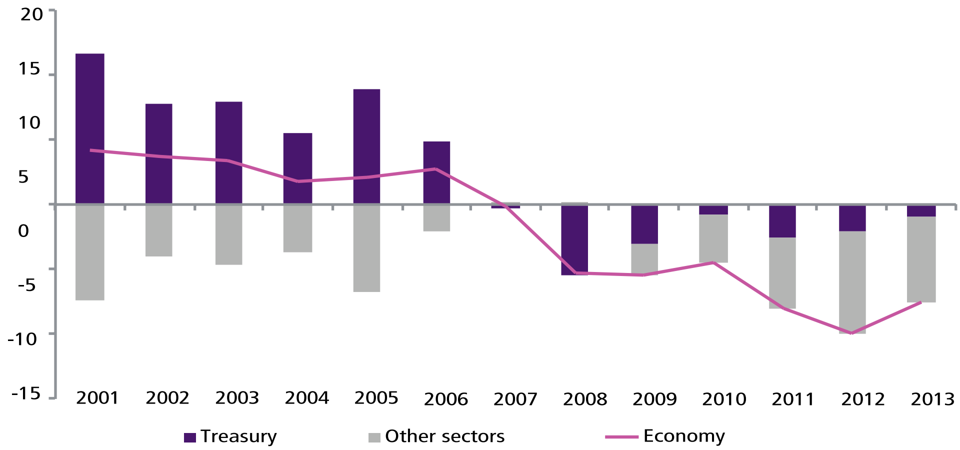
Source: National Land Registry Office and BAM.

While it is difficult to assess, with the data available, to what extent a possible speculative movement can contribute to the price increase on the real estate market, especially before 2009, the lengthening of the average duration clearly indicates that this phenomenon would be declining significantly.

1.9 Financing of the economy

In 2013, the national income amounted to 922 billion dirhams, up 6.5 percent compared to 2012, while consumption grew by 5.4 percent to 690 billion. Consequently, national savings improved by 9.8 percent to 232 billion dirhams, a level lower than that of investment, which reached 298.2 billion. Against this backdrop, the financing requirement of the economy vis-à-vis the rest of the world eased by 14.5 to 66.2 billion. This requirement was financed mainly by loans at 44 percent and equity participation by non-residents in domestic corporations at 42 percent.

Chart 1.9.1: Borrowing requirement, in % of GDP



Sources: Ministry of Trade and Finance, HCP, BAM calculations.

By institutional sector, the borrowing requirement of the general government would have increased, particularly in connection with the contraction of the financing capacity provided by the mandatory-scheme social welfare organizations. In contrast, due to a relatively less expansionary fiscal policy, the borrowing requirement of the central government diminished from 62.5 billion in 2012 to 54.5 billion dirhams in 2013. To cover this requirement, external flows stood at 23 billion, while issuances in the domestic market showed a significant increase of 32 percent to 56.3 billion. However, deposits with the Treasury fell 6.5 billion dirhams.

With regard to nonfinancial corporations, financial accounts data[1] indicate that they have essentially used external resources to cover their borrowing requirements. Indeed, their external borrowing stood at 25.3 billion while non-residents equity participation reached 25.5 billion dirhams. In contrast, the flow of loans contracted with resident sectors were down 8.8 billion and net issues of securities fell in one year from 9.5 to 2.8 billion dirhams.

1 The breakdown of national accounts by institutional sector is not available.

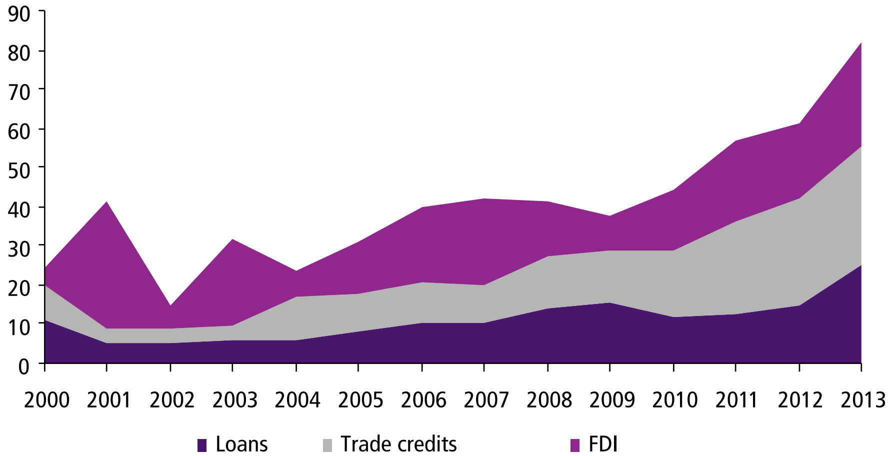
The increase in households' financing capacity in 2013 was reflected in their time deposits with the banking system and their holdings of mutual fund shares/units, which recorded respective increases of 5.1 and 1.3 billion dirhams. This trend would be particularly supported by the significant appreciation in deposit rates and yields of mutual fund shares/units.

1.9.1 Financial flows with the rest of the world

External financing of the national economy in 2013 was largely provided through external borrowing, which rose from 39.3 to 48.2 billion dirhams. Trade credits[1] continued their upward trend started since 2008, to 29.9 billion dirhams. Meanwhile, equity participations of nonresidents totaled 28.5 billion dirhams from 23.8 billion in 2012.

By institutional sector, businesses were the main beneficiary of external financing, particularly in the form of equity participations of nonresidents, which totaled 25.5 billion in 2013, as against 19.1 billion dirhams in 2012. Loans hit a record high of 25.3 billion dirhams as opposed to an average of 13.7 billion dirhams between 2008 and 2012.

Chart 1.9.2: Structure of the external financing of nonfinancial corporations, in billion DH



After a significant surge of 64 percent in 2012, external financing of the general government almost stagnated at 23 billion dirhams, of which 72 percent as loans and 28 percent as security issues.

In parallel, acquisitions of financial assets from the rest of the world were up 48.7 billion, particularly after a decline of 35.5 billion in 2012, and those of BAM rose 18 billion. In contrast, foreign deposits of resident banks decreased by 7.1 billion dirhams, after an increase of 13.6 billion in 2012. The volume of equity participations abroad of resident sectors remains low, not exceeding 1.1 billion dirhams in 2013.

1 Trade credits are trade facilities between resident and nonresident companies.

Table 1.9.1: Main financial flows of the national economy with the rest of the world, in billion DH

	2012				2013			
	Total	GG	NFC	FC	Total	GG	NFC	FC
Balance	**88.1**	**15.1**	**38.2**	**34.8**	**65.9**	**15**	**54**	**-3.1**
Residents assets on rest of the world	**1**	**7.9**	**22.8**	**-29.7**	**48.7**	**8**	**26.7**	**14**
World and SDR	-1.6	-	-	-1.6	-0.6	-	-	-0.6
Currency and other deposits	10.9	-	-	10.9	-7.3	-	-	-7.3
Securities								
Shares and other equity	1.2	-	-0.3	1.5	0.7	-	-0.4	1.1
Treasury bonds	-35.5	-	-	-35.5	18	-	-	18
Loans	9.1	7.9	6.1	-4.9	18.8	8	8	2.8
Trade credits	17	-	17	-	19.1	-	19.1	-
Other accounts payable	-0.1	-	-	-0.1	-	-	-	
Residents' liabilities to the rest of the world	**89.1**	**23**	**61**	**5.1**	**114.6**	**23**	**80.7**	**10.9**
Currency and other deposits	-1.4	-	-	-1.4	8	-	-	8
Securities								
Shares and other equity	23.8	-	19.1	4.7	28.5	-	25.5	3
Loans	39.3	23	14.5	1.8	48.2	23	25.3	-0.1
Trade credits	27.4	-	27.4	-	29.9	-	29.9	-

* GG: General government; NFC: Nonfinancial corporations; FC: Financial corporations.

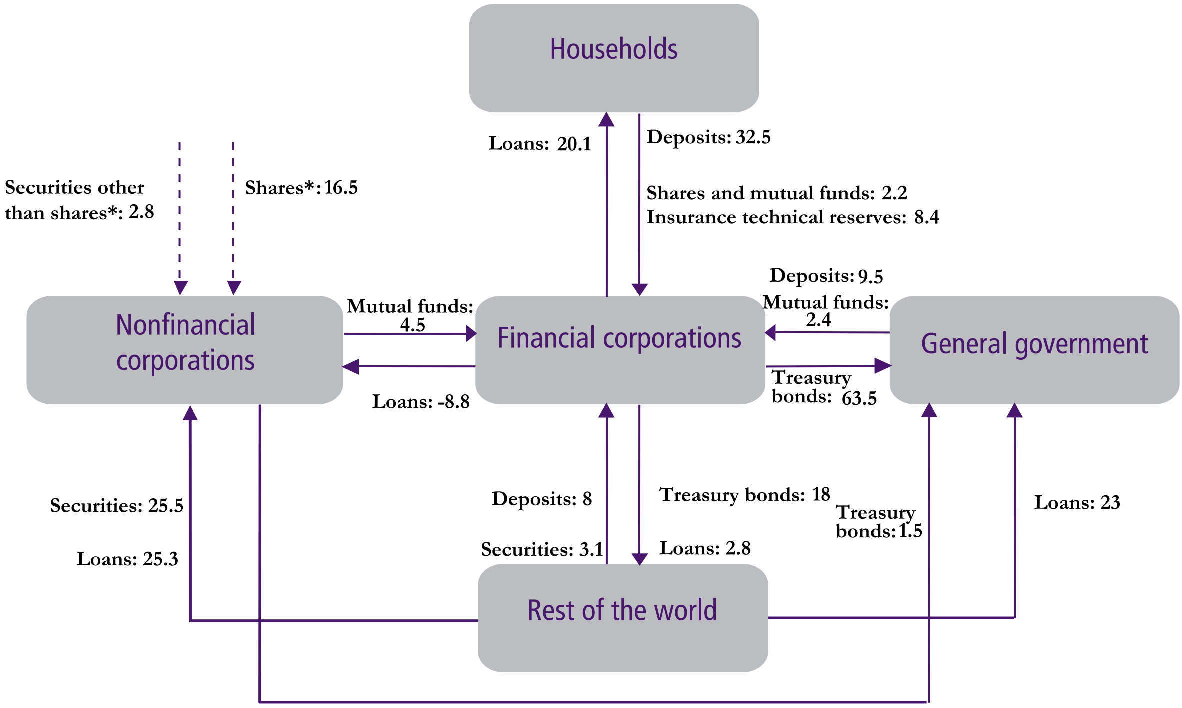
1.9.2 Financial flows between resident sectors

The financing capacity provided by resident institutional sectors[1] in 2013 was used primarily to finance the requirements of the general government. The net flow of credit to businesses was negative and their security issues showed a sharp decline, which would be attributed to higher interest rates on all domestic compartments.

The financing capacity of households, measured by the balance of their financial transactions, improved by 6.1 billion, to 13.5 billion.

1 Households and financial corporations.

Chart 1.9.3: Main financial flows between institutional sectors in 2013, in billion DH



* The breakdown of the flows by institutionel sector is not available.

1.9.3 Capital flows of the general government

Analysis of the general government's financial accounts in 2013 reveals an increase in its net flows of liabilities, mainly those of the Treasury. The latter moved up 1.7 billion dirhams, reflecting in particular the increase in the Treasury's net issues, which rose from 42.5 to 56.3 billion, thus continuing their upward trend that began in 2008. However, after a rise of 10.2 percent in 2012, the deposits with the Treasury contracted by 14.9 percent, covering a 17 percent drop in business deposits and a 4.5 percent increase in those of private individuals.

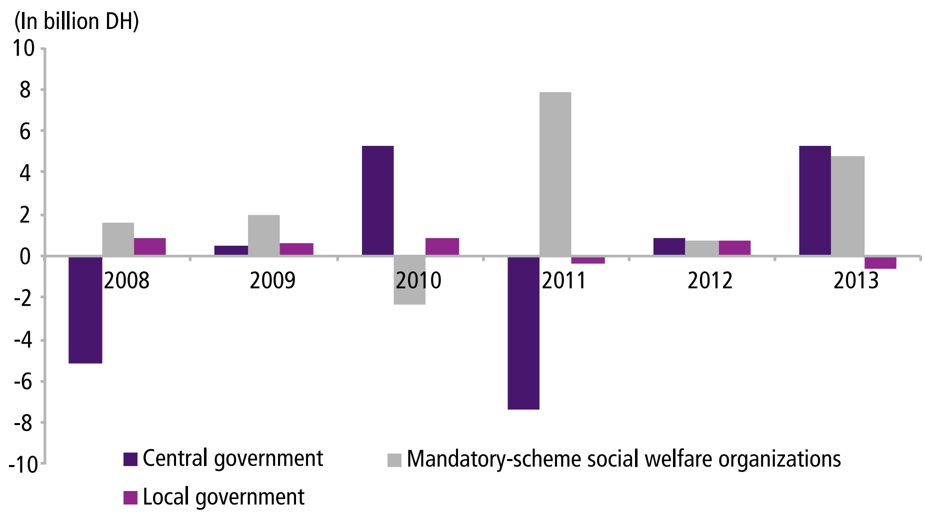
Table 1.9.2: Main financial flows of the general government, in billion DH

	2012	2013
Balance	**-27.6**	**-37.0**
Net flows of financial assets acquisition	**21.6**	**13.9**
Deposits	2.3	9.5
Securities		
Shares	7.2	4.7
Mutual funds	15.1	2.4
Treasury bonds	-7	-8.8
Negotiable debt securities	-1.4	0.7
Net flows of liabilities	49.2	**50.9**
Deposits with the Treasury	4.3	-6.5
Treasury bonds	42.5	56.3
Loans	2.2	1.0

In parallel, net flows of the acquisition of financial assets, consisting mainly of investments of mandatory-scheme social welfare organizations, dropped by 7.7 billion dirhams from one year to the next. This decrease covers a decline of 8.8 billion dirhams in these organizations' Treasury bill portfolio and an increase of 2.4 billion dirhams in flows of investments in mutual fund shares/units.

In addition, the net flows of the general government's deposits grew by 7.2 billion dirhams, reflecting mainly increases of 4.4 billion in Treasury deposits and 4 billion dirhams in the net flows of mandatory-scheme social welfare organizations, while those of the local government fell by nearly 1.3 billion from one year to the next.

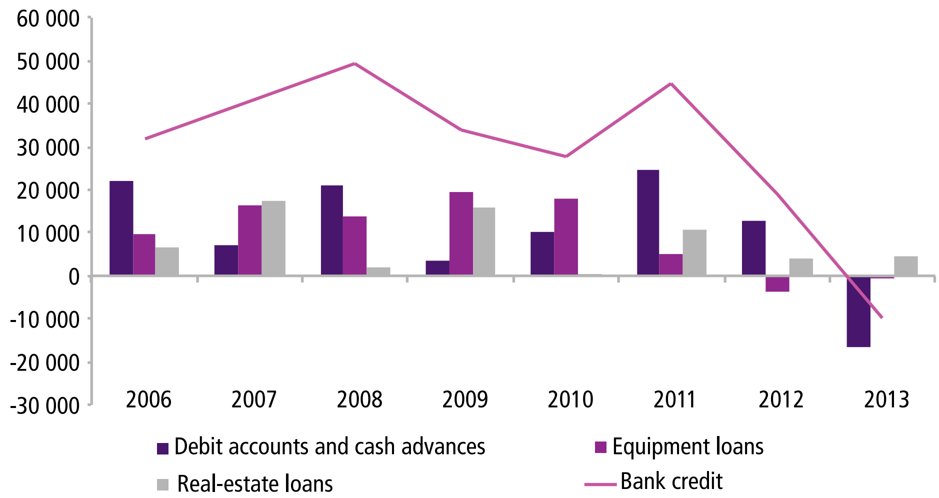
Chart 1.9.4: Net flows of the general government's deposits



1.9.4 Financial flows of nonfinancial corporations

In 2013, the domestic financing of nonfinancial corporations was provided mainly by equity participations, amounting to 16.5 billion, down 6.2 billion dirhams compared to 2012. Security issues also declined sharply from 9.5 to 2.8 billion dirhams. Meanwhile, the flow of loans contracted by 8.8 billion, after increasing by 20.5 billion a year earlier. Particularly, bank loans to these companies showed a negative flow of 12.8 billion dirhams, covering a decrease of 16.7 billion in short-term loans and an increase of 3.8 billion in medium and long-term ones. Net flows of loans contracted with other financial companies stood at 0.8 billion from 1.7 billion dirhams in 2012. Those contracted with finance companies moved down from 3.3 billion to 0.1 billion dirhams, while the flows of credits from offshore banks fell for the second consecutive year.

Chart 1.9.5: Net flows of bank loans to nonfinancial corporations



Flows of financial assets of nonfinancial corporations decreased by 10.8 billion dirhams, reflecting essentially a decrease of 14.3 billion in deposits, partially offset by a positive flow of 4.5 billion dirhams in acquisitions of mutual funds shares/units.

Table 1.9.3: Internal financial flows of nonfinancial corporations, in billion DH

	2012	2013
Balance	-34.7	-3.3
Net flows of liabilities	73.1	30.9
Securities		
Negotiable debt securities and similar securities	0.6	-
Bonds	8.9	2.8
Shares and other equity	22.7	16.5
Credits of financial institutions	20.5	-8.8
Net flows of financial asset purchase	38.4	27.6
Currency and deposits	5.5	-14.3
Shares		
Securities other than shares	10.5	0.8
Mutual funds shares	-14.5	4.5
Shares and other equity	0.8	0.5
Insurance technical reserves	0.2	0.2

1.9.5 Household financial flows

Household financing capacity would have improved in 2013. This trend was reflected in household investments, which increased by 7.2 billion, a rise higher than the 3.5 billion shown by their liabilities which stood at 39.8 billion dirhams.

Thus, household holdings of currency in circulation showed an increase of 2.4 billion to 7.8 billion dirhams and their deposits with banks amounted to 36.9 billion from 26.1 billion dirhams a year earlier.

The year was marked by a significant increase in net flows of acquisitions of mutual fund shares/units, which amounted to 1.9 billion dirhams as against 0.2 billion between 2008 and 2012, while those of negotiable debt securities declined by 4.7 billion dirhams.

Net flows of household liabilities reached 20.1 billion dirhams, up 3.5 billion from 2012. In particular, net flows of bank loans to individual entrepreneurs rose by 8.9 billion dirhams, covering an increase of 5.3 billion in cash advances and 2.8 billion in equipment loans. However, the flow of loans to private individuals was down, following a fall of 2.3 billion in housing loans and 2.9 billion in consumer loans.

Table 1.9.4: Main financial flows of households, in billion DH

	2012	2013
Balance	7.4	13.5
Net flows of liabilities	36.3	39.8
Loans	16.6	20.1
Net flows of financial assets purchase	43.7	53.3
Currency	5.4	7.8
Deposits	26.1	36.9
Securities		
Securities other than shares	4.6	-0.1
Mutual fund shares/units	0.6	1.9
Shares	0.4	0.3
Insurance technical reserves	8.4	8.4

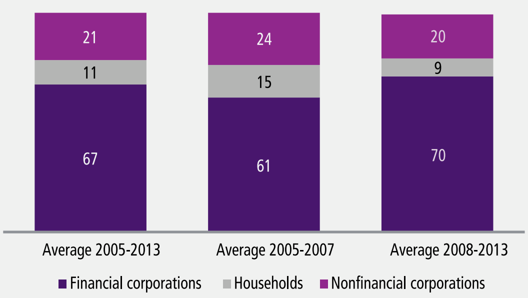
Box 1.9.1 Contribution of mtual funds to the financing of the economy

The activity of mutual funds has developed significantly in recent years. Between 2005 and 2013, their assets increased from 88.6 billion dirhams to more than 245 billion, representing an average annual growth rate of 15.2 percent. Similarly, their share in the total assets of all financial companies rose from 14 percent to 16 percent over the same period.

The breakdown of mutual fund assets by category indicates a predominance of bond funds, with an average share of 60.8 percent, as against 25.2 percent for money market funds, 9.1 percent for equity funds and 4.6 percent for diversified ones.

Mutual fund resources come primarily from financial companies, which held 60 percent of the shares issued by these entities between 2005 and 2007 as against 70 percent between 2008 and 2013. The household share has stabilized at around 9 percent since 2008, while it averaged 15 percent between 2005 and 2007. Similarly, the contribution of nonfinancial corproations fell from 24 percent on average between 2005 and 2007 to 20 percent between 2008 and 2013.

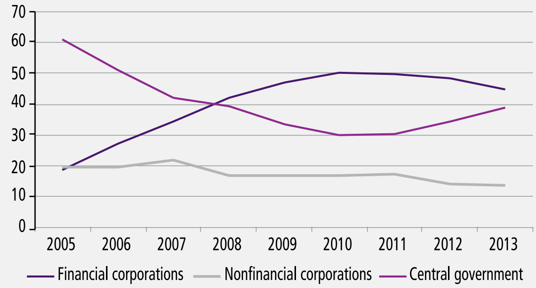
Chart B1.9.1.1: Structure of the net asset of mutual funds by holder (in %)



The contribution of mutual funds to the financing of the economy can be analyzed through the structure of their assets. It shows that an average 40 percent of their resources are used to finance the central government. At the end of 2013, Treasury bonds held by these entities amounted to 101.3 billion dirhams, or 25 percent of the total outstanding Treasury bonds.

It should be noted that this share trended downward between 2005 and 2008, from 61 percent to 30 percent, before gradually increasing to 39 percent in 2013. Meanwhile, mutual funds' claims on financial corporations reversed trend.

Chart B1.9.1.2: Change in mutual funds assets by economic agent (in %)



The share of mutual fund holdings from securities issued by nonfinancial corporations in their total investments did not change significantly between 2005 and 2013, averaging 17 percent. At the end of 2013, these holdings reached 35.6 billion dirhams, including 24.5 billion as Treasury bills and bonds. This amount represents 30 percent of total outstanding securities other than shares issued by companies.

PART 2

ACHIEVEMENT OF BANK MISSIONS

HIGHLIGHTS OF THE YEAR

This section of the Annual Report presents the achievements of the Bank in relation to its core functions as well as to changes affecting organization and strategic directions. It also provides a summary of the main contributions of the Bank's support entities. While the mission of monetary policy is described in detail, others relating in particular to banking supervision and means and systems of payment are presented summarily, as they are dealt with in other thematic reports.

In 2013, the Bank continued its accommodative monetary policy. Despite uncertainties surrounding future trends in prices, mainly in connection with the reform of the Subsidy Fund, the Bank Board decided to keep the key rate unchanged at 3 percent, while keeping the required reserve ratio at a low level. At the same time, the Bank increased the volume of its injections to meet the liquidity needs of banks.

In a context of slower bank lending, the Bank put in place a new program to support the financing of micro, small and medium-sized enterprises (MSMEs) to facilitate their access to funding. It also initiated with its partners the establishment of a financial support fund for this category of businesses as well as those of intermediate size experiencing difficulties linked to the economic situation. In the same vein, it further promoted the development of financial inclusion in our country.

The Bank continued its efforts to further strengthen the resilience of the banking sector. It transposed the new international standards for capital and short-term liquidity, under the Basel III prudential framework, while reinforcing consolidated supervision of Moroccan banking groups established abroad. At the macro-prudential level, the internal Financial Stability Committee continued assessing risks to the financial system.

Concerning the oversight of the systems and means of payment, the Bank ensured the robustness of the financial market infrastructure and the security of payment instruments.

With regard to the currency issue activity, the year was marked by the launch of a new series of banknotes using printing techniques in line with the highest international safety standards. In this respect, the new 100 dirham banknote was selected as the banknote of the month by a specialized international magazine.

In the strategic and organizational fields, the year 2013 saw the deployment of the new three-year strategic plan aimed to make the Bank "a benchmark player that inspires confidence through its expertise and commitment". It was also a year when the Bank carried out an overhaul of its organization, strengthened its governance bodies and improved its internal control. In December 2013, the certification audit, covering the whole central processes and five branches (Rabat subsidiary and the branches of El Jadida, Meknes, Settat and Kenitra), renewed the compliance of BAM's integrated management system with the requirements of ISO 9001 for all activities, and certified the site of Dar As-Sikkah to ISO 14001 and OHSAS 18001 standards.

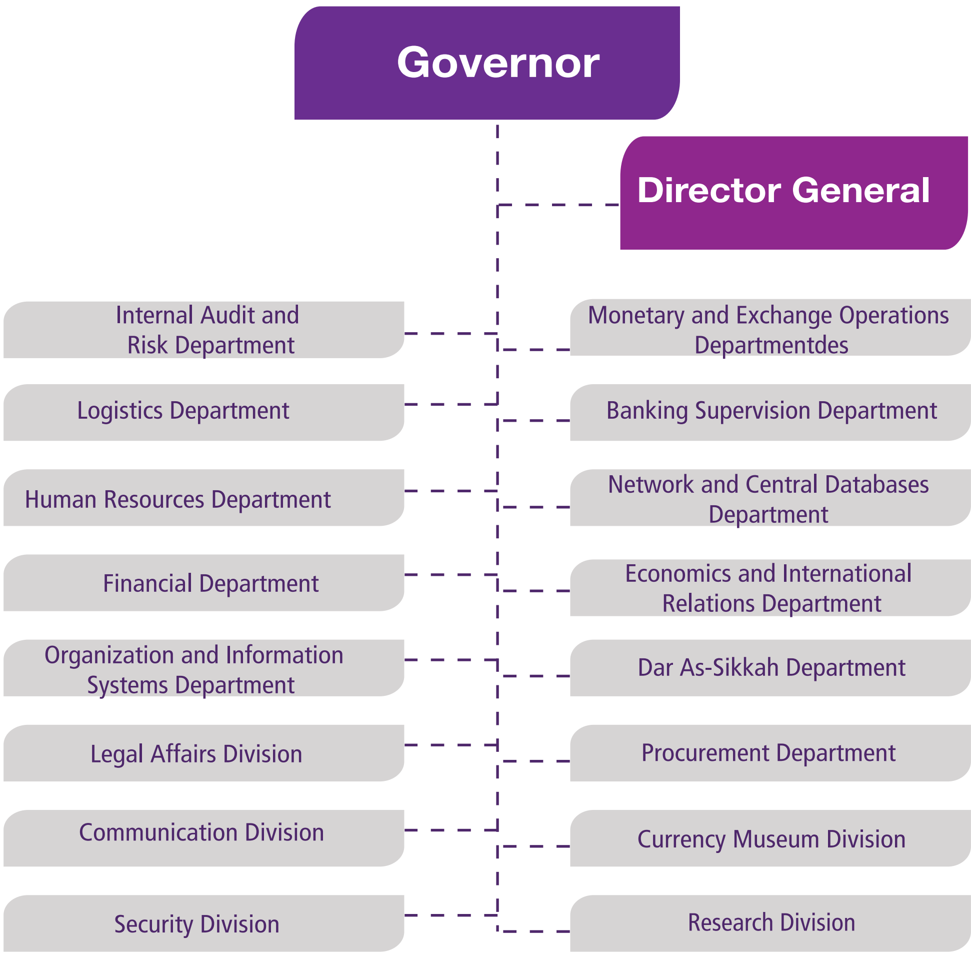
The realization of these various projects was made possible thanks to the strong mobilization of the Bank's support entities, which helped ensure favorable working conditions and see to the quality of processes and organization, based on best international practices.

2.1 Governance and strategy

2.1.1 Organizational structure

Simultaneously with the preparation of the new Strategic Plan 2013-2015, the Bank has launched an overhaul of its organization since late 2012. The aim was to take into account the expected impact of the draft Banking Act and Bank Statutes, on the one hand, and achieve its strategic directions, on the other. The new organization, deployed through specific instructions for each central entity, is presented in the chart below.

Bank Al-Maghrib organization chart



Therefore, to prepare for the new mission of financial stability under the best conditions, a division was created within the Banking Supervision Department in order to conduct work relating to macro-prudential monitoring and the coordination of financial stability arrangements.

Similarly, a strategic planning division was established within the Financial Department to coordinate the whole processes in collaboration with the different entities and permanently monitor the Bank's project portfolio to ensure the effective implementation of the strategy.

Bank Al-Maghrib also created a procurement department to centralize all purchases and optimize quality and price conditions. This centralization is primarily aimed at:

- bringing the organization and its practices into closer alignment with best standards;
- encouraging the search for economic efficiency;
- promoting the standardization of practices and the professionalization of procurement;
- optimizing and modernizing the procurement process in light of the development in the Bank's business.

As part of a drive toward continuous improvement to strengthen corporate governance and reinforce the optimization of processes and modes of operation, the committees established within the Bank were reviewed during the overall reorganization project conducted between 2012 and 2013.

At the end of this project, it was mainly decided to create three new committees and expand the remit of two other governance committees.

Thus, the following committees were established in 2013:

- Publication Committee;
- Strategic Procurement Committee;
- Strategy and Major Projects Committee.

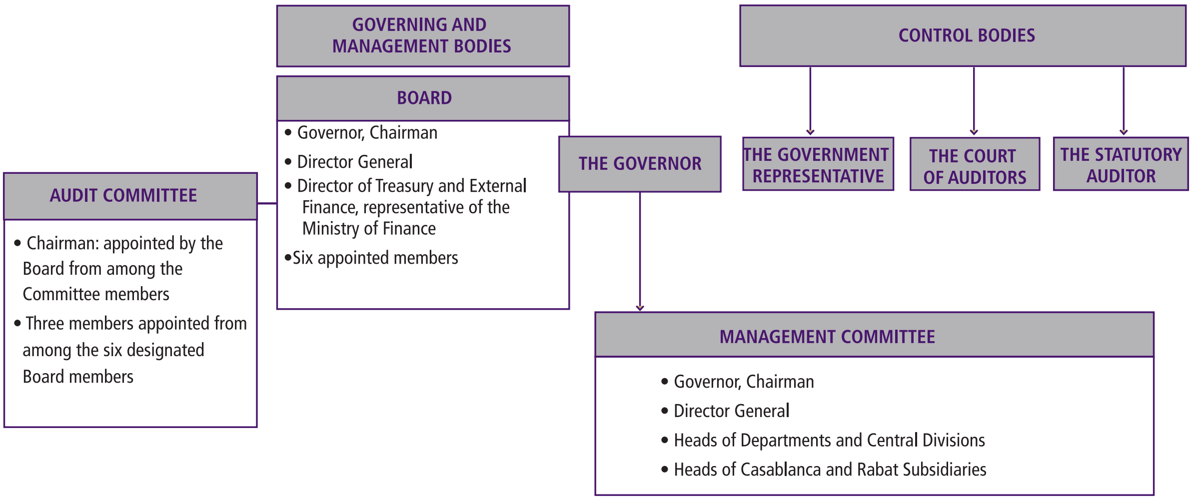
The two committees whose scope of intervention was expanded and whose instructions are being updated are as follows:

- The Private Sorting Centers Committee which will be replaced by the Paper Money Committee;
- The Payment Systems Committee which shall cover, among others, the component related to the means of payment.

Some committees, including the Monetary and Financial Committee, were subject to a self-assessment exercise in 2013.

2.1.2 Governance structure

The governing and management bodies of Bank Al-Maghrib are the Board, the Governor and the Management Committee. The Bank is controlled by three bodies: the Government Representative, the Statutory Auditor and the Court of Auditors.



2.1.2.1 Governing and management bodies

The Bank Board is composed of the Governor as Chairman, the Director General and six members appointed for their monetary, financial or economic expertise for a six-year renewable term. Three of these members are proposed by the Governor and the other three members by the Head of Government. The Treasury and External Finance Director sits in the Board as an ex-officio member but is not entitled to vote on monetary policy decisions.

The Board, which meets quarterly following a predefined public schedule, sets the quantitative objectives for monetary policy. It is also responsible for defining the characteristics of banknotes and coins issued by the Bank and taking decisions about their circulation or withdrawal. It is in charge of the Bank's management, particularly with regard to internal policies, financial management and accounting, as well as the Bank's organization and general policy. An Audit Committee, established by the Board, is entrusted with reviewing and advising on matters relating to accounting information, internal and external audit, internal control and risk management.

In compliance with good governance practices, the Bank Board in 2013 adopted rules of procedure formalizing its modes of organization and operation and enshrining the principle of regular self-assessment. The first self-assessment is expected in 2014 as part of the new Strategic Plan.

The Governor runs and manages the Bank. He particularly ensures the Bank's compliance with statutory provisions and regulations as well as the implementation of the Board's decisions.

The Management Committee assists the Governor in managing Bank's business. It is composed of the Governor, the Director General, the heads of departments and central divisions and the heads of Rabat and Casablanca subsidiaries. This Committee meets monthly.

2.1.2.2 Control bodies

The Government Representative, on behalf of the State and in the name of the Minister of Finance, controls the Bank's activities, except those relating to monetary policy. He ensures compliance with the legal provisions governing these activities, particularly the statutory provisions.

The Bank's accounts are audited annually by a statutory auditor, who certifies the Bank's financial statements, assesses its internal control system and submits his report to the Board.

The Bank annually submits to the Court of Auditors its own accounting records as well as those of staff social security funds, in accordance with the law in force.

2.1.2.3 Audit Committee

In 2013, the Audit Committee reviewed the financial statements of the Bank as at December 31, 2012 and the statutory auditor's action plan and its articulation with internal audit.

It also examined the main conclusions of the report on the Bank's internal control system, mainly the assessment of its level of maturity, as well as the actions planned to achieve the target level of maturity.

Moreover, the Committee reviewed the results of arrangements for the control of operational, strategic and financial risks for 2013 and gave its opinion on the internal audit program for 2014, prior to its approval by the Bank Board.

In accordance with good governance practices, the Audit Committee conducted a review of its operation at the end of which the following actions were taken:

- Enlarging the composition of the Committee to three members from among the six appointed Board members;
- Possibility to call on any expert in the fields falling within the remit of the Committee;
- Formalizing direct and unlimited access of the head of the entity in charge of internal audit to the Committee.

The Audit Committee charter, published in the Bank's internet portal, was amended to reflect these changes that are in line with suggestions for improvement made by the International Monetary Fund (IMF) as part of the central bank's safeguards assessment under the Precautionary and Liquidity Line granted to Morocco in 2012.

In the same vein, a more detailed self-assessment was made by the Committee and focused on the performance of its duties, its relationship with the Board, the organization of meetings, and communication about its activities. As a result, the Committee's operation was satisfactory, and some improvement measures were identified and implemented.

2.1.3 Strategy

Capitalizing on the achievements of the previous three-year plans, the Strategic Plan 2013-2015, which aims to make of Bank Al-Maghrib "a key player who inspires confidence through its expertise and commitment", ushers in a new cycle resting on four core values: governance, transparency, efficiency and compliance.

The strategic priorities were reflected in the Bank's strategic map to facilitate communication and ownership. This map is structured around four priorities, which are broken down into 16 strategic goals and nearly 100 operational goals:

- Consolidating the core missions to preserve financial stability and overcome the constraints of the internal and external environment;
- Contributing actively to meeting the challenge of financial inclusion and the emergence of the Casablanca financial hub;
- Consolidating the Bank's governance to meet the new national and international requirements;

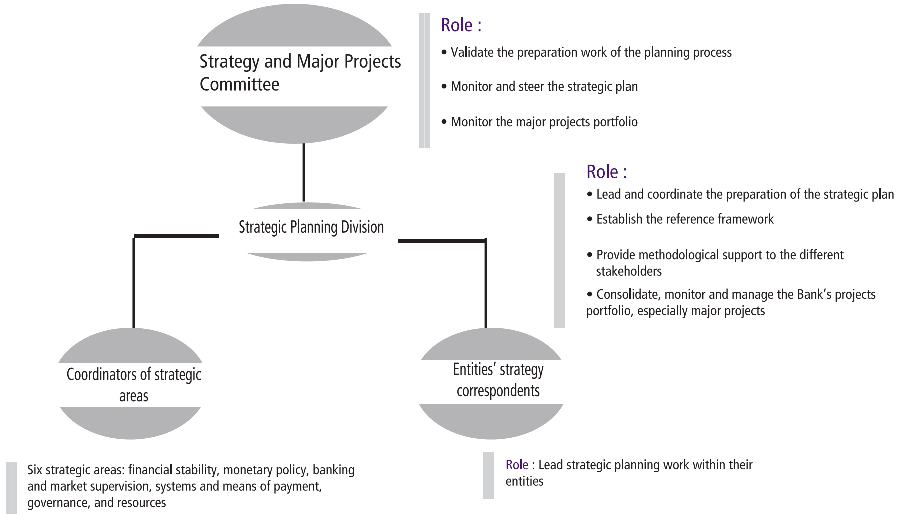
Strengthening resource optimization and adequacy in light of the strategic priorities and the requirements of efficiency and compliance.

To better monitor and assess these goals, the organizational framework of strategic planning was strengthened in 2013 by:

- establishing the "Strategy and Major Projects Committee" to intervene in all work relating to the preparation and steering of the strategic plan;
- reviewing the organization into strategic areas to reflect developments in the core missions of the Bank, by incorporating financial stability, and appointing "coordinators of strategic areas" and "strategy correspondents" within the entities;

- developing the "Strategy Charter", which specifies the process steps and tools as well as the roles and responsibilities of stakeholders.

Organizational framework of strategic planning



The management tools of the strategic plan were improved, notably through the design of the strategy map and the strategic dashboard, the institution of the "major projects" concept, the development of the major projects dashboard, and the introduction, identification and management of strategic risks.

The strategy map is a simplified visual representation of the overall objectives of the strategic plan, which facilitates communication, understanding and management. The strategic dashboard provides all the information needed to drive the strategy, highlighting the indicators for monitoring the achievement of strategic and operational objectives, the rates of progress in projects and actions and developments in strategic risks. Finally, the dashboard of major projects allows for more efficient control of this category of projects that address strategic, financial, complexity and risk issues.

Twelve major projects were selected for the period 2013-2015 and are directly related to the four strategic priorities of the three-year plan:

Strategic priorities	Major projects
Consolidating the core missions to preserve financial stability and overcome the constraints of the internal and external environment	• Integrated macroeconomic forecasting arrangements • Overhaul of the front to back trading room solution • Financial stability arrangements • Central databases program • Strategy for the publication of working documents
Contributing actively to meeting the challenge of financial inclusion and the emergence of the Casablanca financial hub	• Financial inclusion program: - Extending access to banking services - Financial education - Participatory finance - Reforming the banking mediation system
Consolidating the Bank's governance to meet the new national and international requirements	• Convergence towards best practices in financial information compilation and disclosure • Enhancing the effectiveness and efficiency of control arrangements • Quality, Safety and Environment (QSE) program
Strengthening resource optimization and adequacy in light of the strategic priorities and the requirements of efficiency and compliance	• Developing managerial practices and enhancing transversality • Program to outsource some activities of the Bank • Redeveloping the Bank's headquarters

The evaluation of the progress made in implementing the goals of the Strategic Plan 2013-2015 does not reveal any warning at the end of the first year of its implementation. In fact, nearly 80 percent of monitoring indicators reached their target, and about 85 percent of the projects proceeded according to plan.

Assessment of achievements made in 2013

Vision: Be a key player who inspires confidence through its expertise and commitment

STRATEGIC PRIORITIES	Consolidating the core missions to preserve financial stability and overcome the constraints of the internal and external environment	Contributing actively to meeting the challenge of financial inclusion and the emergence of the Casablanca financial hub	Consolidating the Bank's governance to meet the new national and international requirements	Strengthening resource optimization and adequacy in light of the strategic priorities and the requirements of efficiency and compliance
STRATEGIC GOALS	Further adapt the Bank's core missions	Entrench financial inclusion policy in the banking strategies and set financial education as a pillar of this policy	Consolidate the Bank's openness and transparency	Increase the efficiency of the Bank's resource management
	Implement macro-prudential arrangements to guarantee financial stability while optimizing interactions with monetary policy	Further improve bank/customer relationships in a more competitive environment	Optimize the internal control system to fulfill compliance and efficiency objectives	Further optimize processes, modes of operation and project steering
	Further develop the statistical and financial information systems and speed up their convergence toward international standards	Continue to play a major role in promoting the emergence of Casablanca Finance City as a regional hub	Integrate sustainable development in the Bank's mode of operation and preserve its heritage	Enhance the culture of performance and the sense of belonging, and establish a policy of parity between men and women
	Put in place a monitoring system for the financing of SMEs and VSEs	Enhance the use of electronic means of payment and foster e-banking		
	Become a regional benchmark in publication and research works			
	Develop the Bank network's action in light of the new regionalization policy			
STRATEGIC RISKS	Delay in the promulgation of laws (Banking Act, BAM law)	Non-fulfillment of commitments made under Moroccan offer	Misinterpretation by the public of the Bank's decisions	Insufficient coordination in projects

- The indicators for all operational objectives have reached their targets, and all projects/actions related thereto proceed according to plan;
- Some indicators have not achieved their targets and/or some projects/actions are behind their original schedule;
- All indicators have not achieved their targets and all projects/actions are behind their original schedule.

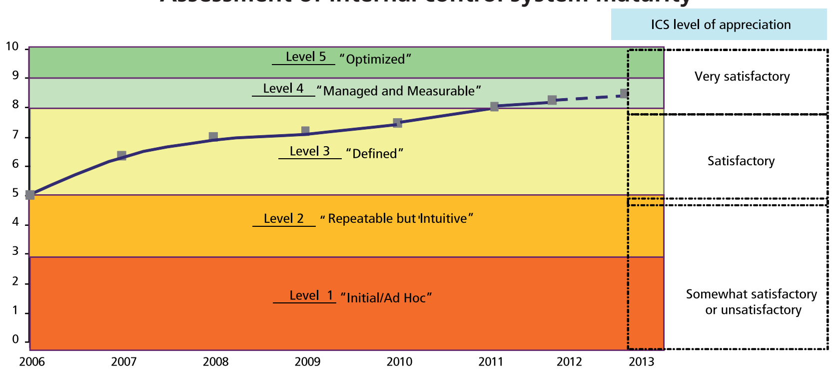
2.1.4 Internal control, audit, risk management and ethics

2.1.4.1 Internal control system

A report on the main achievements of the Bank's internal control system covering all its components (control environment, risk management, control activities, communication and management) is prepared annually and submitted to the Board. This report is based on the conclusions of the self-assessment made by entities of their control arrangements, the overall operational risk mapping and the findings of internal and external audits. In 2013, this assessment particularly focused on the controls implemented to achieve the strategic objectives. It is a straight continuation of those carried out in 2010 focusing on the compliance objective, in 2011 on operations' optimization, and in 2012 on information safety and reliability.

The maturity of the internal control system, assessed on the basis of a five-level rating scale inspired from the COBIT[1] reference framework, was positioned at level 4 "Managed and Measurable", given the various advances made by the Bank, particularly in enhancing control automation.

Assessment of internal control system maturity



1 The Control Objectives for Information and related Technology (COBIT) defines the five levels of the internal control system maturity as follows: Level 1 - Initial/ Ad Hoc (No control available / Management aware of the need to design and implement internal control frameworks); Level 2 - RepeaTable but Intuitive (Non-standardized controls / Informal execution of controls, strongly dependent on persons / Lack of training); Level 3 - Defined Process (Standardized controls / Existing traceability / Need to increase control automation and efficiency); Level 4 - Managed and Measurable (standardized, documented, traceable and highly automated controls / Regularly checked and constantly improved efficiency); Level 5 – Optimized (permanent state-of-the-art controls).

2.1.4.2 Internal audit

In 2013, internal audit conducted 20 missions, based on a risk-based approach plan. The objective of these missions was to assess the compliance of the Bank's operations and activities with the laws, regulations and procedures in force and their effectiveness and efficiency in relation to the objectives assigned to them.

Table 2.1.1: Main processes-activities covered by audit missions in 2013

Core business processes	Management / support processes
• Banking supervision: Management of authorizations and third-party relations • Banking operations: Account management solution BACETE[1] • Management of foreign exchange reserves: Derivatives • Currency in circulation : Banknote quality control and destruction of non-conforming banknotes • Museum: Collections management	• Strategic planning • Information system: Governance of information systems / decision-support system • Human resources: Training • Legal support: Legal support / advice • Physical security: Oversight of the management of major projects related to physical security • Infrastructure and work materials: Redevelopment of the Bank's headquarters • Financial reporting: External reporting, accounting interpreter

1 Account keeping central database

The recommendations of these missions were the subject of action plans developed by the audited entities. The total rate of implementing highly critical recommendations stood at 82 percent in 2013, as against 73 percent in 2012.

At the end of the audit cycle 2010-2012 and in line with the strategic planning cycle, the Bank conducted in 2013 a second external evaluation of its internal audit[1]. Performed by a specialist firm selected following an international tender, this mission confirmed the compliance of the Bank's internal audit process with international standards issued by the Institute of Internal Auditors (IIA) while highlighting its alignment with best practices for most of its activities.

2.1.4.3 Risk management

Risk management in the Bank rests on an organization structured around the nature of risks incurred.

Operational risks

Operational risks are managed according to a methodological approach covering risks of a human, organizational and operational nature as well as those related to information systems or to external factors.

1 The first external review was conducted in 2009.

To entrench the risk culture among its various entities, the Bank appointed in each department a Risk Manager to assess the risks surrounding the entity's processes and ensure the implementation of actions to control them. A central risk management structure keeps a methodological watch and provides assistance, support and consolidated risk reporting. Finally, an Operational Risk Committee, chaired by the Director General and composed of all directors, validates the relevant guidelines before being approved by the Governor and submitted to the Board.

Organization of operational risk governance

Financial risks

Financial risks inherent to the management of foreign exchange reserves (notably liquidity, credit, foreign exchange and interest rate risks) are managed by the Monetary and Foreign Exchange Operations Department. The Bank has established a proper governance framework so that its investments meet its main objectives of safety and liquidity. To this end, the investment guidelines and the strategic asset allocation are determined by the Monetary and Financial Committee at the beginning of each year, before they are presented to the Board. A risk committee monitors compliance with these directives and examines monthly change in risk and performance before their presentation to the Monetary and Financial Committee.

Strategic risks

Strategic risks relate to risks that may impede the achievement of strategic objectives set in the three-year plan 2013-2015, in particular because of exogenous factors, significant operational risks or inadequate specification of strategic priorities into goals.

In 2013, an approach for the identification and monitoring of key risks by strategic priority was developed and implemented. Fully integrated into the strategic planning process, it helps to define key indicators that help measure, throughout the strategic plan, changes in the level of risk management and identify appropriate action plans to implement. The risks identified are consolidated and reviewed by the Strategy and Major Projects Committee within the framework of strategic management reviews prior to their approval by the Governor and presentation to the Board.

2.1.4.4 Business continuity and information security

During the year under review, the Bank's business continuity framework entered the "ongoing activity" mode, and a new special structure was created to ensure the ongoing operational nature of this framework. The aim is to provide the Bank with the organization, procedures and resources necessary to handle any risk of interruption of critical operations due to major disasters.

In this context, several exercises of backup staff necessary to take over business continuity were performed on an alternative work site. Also, tests of critical information systems failover to the information backup site were carried out.

A crisis management plan aimed at coordinating the efforts of all entities for a better response to emergency situations was implemented, after being tested in 2011 and 2012.

At the same time, an intensive review of the effective implementation of information security arrangements was conducted in the different processes of the Bank. Thus, the entire local information security policies were updated to cope with developments in risks to information security, taking into account the requirements of personal data protection.

2.1.4.5 Ethics

The Bank conducted several support, awareness-raising and development activities to promote continuous entrenchment of its ethical values and rules of good behavior which apply to its staff members. In particular, a training tutorial that includes a self-assessment questionnaire was distributed to all staff in 2013. In addition, Bank Al-Maghrib stepped up its compliance monitoring activities to ensure staff abidance by the Code of Ethics.

All governance and strategic planning measures in place have enabled the Bank to perform its duties in the best conditions, particularly those relating to currency issuance, monetary policy, management of foreign exchange reserves, banking supervision, and systems and means of payment.

2.2 Monetary policy

In 2013, assessments of inflationary pressures did not reveal any significant price pressures in the medium term. However, forecasts remained surrounded by substantial uncertainties primarily related to the timing and terms of the subsidy system reform and the future change in international oil prices. Under these circumstances, the Board of Bank Al-Maghrib decided to maintain the key rate unchanged at 3 percent at its four meetings of the year.

To further support bank financing of micro, small and medium-sized enterprises (MSMEs) in a difficult environment marked by continued credit slowdown, Bank Al-Maghrib set up a new secured loan mechanism for this category of enterprises, particularly those operating in the industrial sector or whose production is export-oriented.

At the operational level, Bank Al-Maghrib increased the average volume of injections from 62.2 billion dirhams in 2012 to 69.6 billion, to meet banks' rising need for liquidity. Its interventions were made mainly through 7-day advances on auction as well as through longer term repo and secured loans. The interbank rate, operational target of monetary policy, remained close to the key rate and its volatility sharply fell compared to last year.

2.2.1 Monetary policy decisions

During the first two meetings of the Bank Board in 2013, analyzes and forecasts based on available data did not reveal any medium-term inflationary pressures under the assumption of maintaining the existing subsidy system. Indeed, global economic activity suffered from an uncertain environment, particularly in the euro area, causing most international institutions to revise downward their growth forecasts. Meanwhile, the decline in commodity prices contributed to keeping inflation in European countries at moderate levels. Altogether, these developments suggested the absence of external inflationary pressures in Morocco.

Domestically, economic outlook showed a recovery in overall growth as a result of favorable weather conditions, while the growth of nonagricultural GDP was expected to decelerate to a range between 2.5 and 3.5 percent. Consequently, nonagricultural output gap would remain negative, indicating the absence of demand-led pressure on prices. Similarly, the monetary sphere saw continued slowdown of credit and money, keeping the money gap at negative levels.

In this context and taking into account a projected inflation rate of 2 percent on average over the next six quarters and a neutral risk balance, the Board decided to keep the key rate unchanged at 3 percent. Aware of the fragility of SMSEs in a difficult environment marked by continued deceleration in bank credit, Bank Al-Maghrib announced in June the establishment of a new refinancing mechanism in their favor, particularly for those operating in the industrial sector or whose production is export-oriented (Box 2.2.2).

Table 2.2.2: Inflation forecasts

Board meeting dates	March 26	June 18	September 24	December 17
Average inflation over the forecast horizon	2.0	2.0	1.8	2.3
Inflation at the end of the forecast horizon	1.6	1.6	1.5	2.0
Risk balance	Neutral	Neutral	Slightly tilted to the upside	Neutral

The last two quarters of the year were characterized by an emerging recovery in the euro area, albeit weak as evidenced by the continuing credit crunch. At the national level, nonagricultural activity further slowed down while money and credit aggregates grew at a moderate rate.

In addition to these elements, the Board at its September meeting examined the impact on inflation of the reactivation of the price indexation system for certain petroleum products. The assessment showed an inflation forecast in line with the objective of price stability in the medium term, but the balance of risks was slightly tilted to the upside because of larger sensitivity to fluctuations in world oil prices.

At the December meeting, the Board took into account the data of the draft Finance Act 2014 that assumed a significant reduction in subsidy costs. Considering future developments in world oil prices, this decrease was expected to result in a significant increase in fuel prices at the pump and in inflation but at a rate consistent with the objective of price stability over the medium term.

Based on these elements, the Board decided at its last two meetings of the year to maintain the key rate at 3 percent.

Chart 2.2.1 : Nonagricultural output gap (in %)

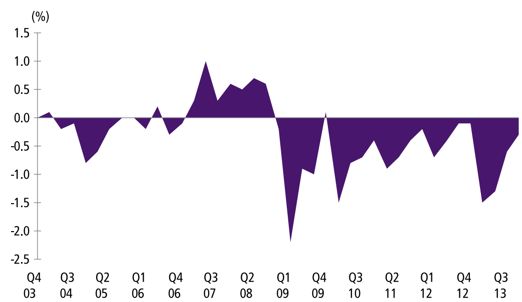
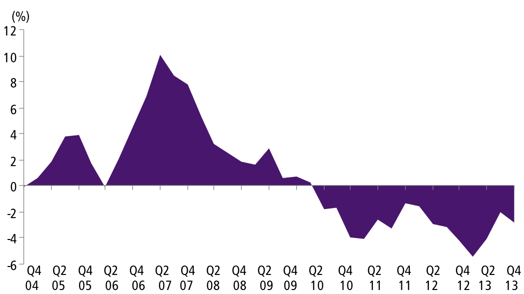


Chart 2.2.2 : Money gap[1] in real terms (in %)



1 Money gap is the difference between the observed stock of money and its equilibrium level. The latter, determined based on the quantity equation of money, corresponds to the growth rate of potential economic activity in real terms, less the average rate of decline in the velocity of circulation.

Sources: HCP, and BAM calculations

Table 2.2.3 : Monetary policy decisions since 2008

Entry into effect	KEY RATE (7-DAY ADVANCES RATE)	REQUIRED RESERVE RATIO	OTHER DECISIONS
01/01/2008		Decrease from 16.5% to 15%	
24/09/2008	Increase from 3.25% to 3.50%		
01/01/2009		Decrease from 15% to 12%	
25/03/2009	Decrease from 3.50% to 3.25%		
01/07/2009		Decrease from 12% to 10%	
01/10/2009		Decrease from10% to 8%	
01/04/2010		Decrease from 8% to 6%	
13/04/2011			- Extending eligible collateral for monetary policy operations to certificates of deposit - Adjusting auction periods to required reserve periods - Removing passbook accounts from the calculation basis of required reserves
20/09/2011			Introducing longer-term repo operations
27/03/2012	Decrease from 3.25% to 3%		Extending eligible collateral for monetary policy operations to securities representing credit claims on VSEs and SMEs.
26/09/2012		Decrease from 6% to 4%	
13/12/2012			- Implementing the first operation of loans secured by securities representing claims on MSMEs - Relaxing eligibility standards of certificates of deposit
11/12/2013			New mechanism to encourage bank financing for MSMEs
19/12/2013			Decision not to pay interest on required reserves

Box 2.2.1: Assessment of inflation forecasts in 2013

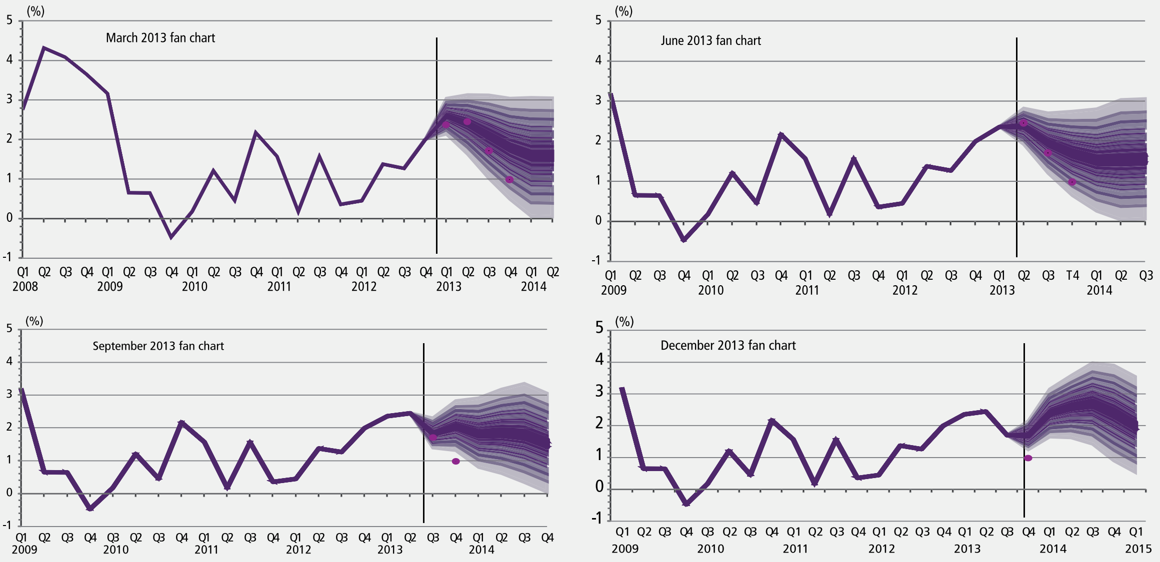
With the aim of assessing the quality of inflation forecasts included in the monetary policy reports, an analysis is conducted based on the average of absolute deviations between the expected and actual inflation rate. This deviation represents the absolute difference between the actual rate in a given quarter and the average consensus forecasts for the same quarter published in the last six monetary policy reports.

The results show that the average deviation stood at 0.3 percentage point in 2013, lower than the average level of the previous three years. It ranged between 0.2 and 0.3 percentage point in the first three quarters of the year, before increasing to 0.7 in the fourth quarter, mainly in connection with a larger-than-expected decline in volatile food prices.

Chart B2.2.1.1: Absolute deviation between quarterly forecast and actual inflation (in percentage points)

The quality of inflation forecasts is also assessed by calculating the number of times when the quarterly actual inflation rate is outside the 90 percent confidence interval. Actual inflation in the fourth quarter of 2013 came outside the intervals calculated in September and December, due to a significant contraction of volatile food prices and lower non-energy import prices against a forecast of higher inflation.

Chart B2.2.1.2: Fan charts of the year 2013 and comparison with actual rates



* The points on the fan charts represent year-on-year inflation rates during each quarter of 2013.

2.2.2 Monetary policy implementation

Amid persistently significant liquidity needs, Bank Al-Maghrib's injections in 2013 continued the upward trend that began in 2007, expanding by 7.4 billion dirhams on weekly average. These interventions were made mainly through 7-day advances, but also via longer term repos and secured loans.

Bank liquidity needs, measured in weekly average, increased from 61.9 billion dirhams in 2012 to 69.2 in 2013. This trend continues to reflect the worsening structural liquidity position of banks, which rose on average from -41.3 to -53.3 billion in connection with the increase of 8.5 billion in the currency in circulation and the decrease of 3.9 billion in net foreign assets of Bank Al-Maghrib. The Treasury's net position had no significant effect on the entire year, but impacted short-term fluctuations in bank liquidity. Besides the impact of inflows and outflows related to revenue and expenditure, the Treasury plays an increasingly important role through its operations in the money market with an average daily outstanding amount of 2.5 billion dirhams in 2013, up from 2 billion in 2012, mainly in the form of repurchase agreements. Following the decision to reduce their ratio in September 2012, required reserves shrunk by 4.6 billion to 16 billion dirhams.

Under these conditions, Bank Al-Maghrib increased the average volume of its injections to 69.6 billion, including 50.3 billion through 7-day advances on auction and 19.2 billion via three-month advances, of which 14.5 billion in the form of repos and 4.7 billion in secured loans. Meanwhile, banks used overnight advances nine times in 2013, for an average amount of 2.5 billion dirhams per transaction.

Box 2.2.2: Measures taken by Bank Al-Maghrib to improve MSMEs access to financing

Micro, small and medium-sized enterprises (MSMEs) constitute an important component of the economic fabric in both developed and developing countries. They contribute significantly to the creation of value added and employment. However, these enterprises are the most vulnerable to economic fluctuations and generally have more difficulty to obtain financing than large companies. For example, the share of loans to MSMEs in total bank lending[1] fell from 30.1 percent in 2007 to 26.5 percent in 2011 in the United States and from 40.1 to 35.7 percent in Turkey.

In Morocco[2], MSMEs represent 95 percent of total businesses, achieve 20 percent of the value added, contribute about 30 percent to exports and employ 50 percent of national workforce and 66 percent of industrial workforce. Recognizing this importance, the Government has worked for the promotion of these enterprises by giving them an important role in the industrial development strategy and the various economic programs.

MSMEs also receive significant financial support. A study by the World Bank reveals that loans to MSMEs in Morocco accounted for 30 percent of total lending to the private sector in 2012, while this share was only 8 percent in the MENA region. Similarly, the proportion of loans granted to MSMEs and guaranteed by the Central Guarantee Fund increased from 6 percent in 2008 to 14 percent in 2012.

To further improve MSMEs access to financing, Bank Al-Maghrib has undertaken several measures. The first fall within a more comprehensive framework and concern in particular the removal of barriers to access banking services for better financial inclusion of these businesses, the project of creating a financial support fund, and the establishment of an observatory for MSMEs financing. The purpose of the latter is to provide different stakeholders with reliable data on this category of corporations in order to find appropriate solutions to their problems.

1 OECD Report on Financing SMEs and Entrepreneurs 2013, and Paris Europlace study on SMEs debt financing 2013.

2 Data from the National Agency for the Promotion of Small and Medium-Sized Enterprises, and the Ministry of Industry, Trade, Investment and the Digital Economy for industrial sector's data.

As part of unconventional monetary policy measures, Bank Al-Maghrib in 2012 decided to expand the collateral eligible for monetary policy operations to private securities representing claims on MSMEs, under a new longer-term refinancing instrument, namely "secured loans". Against a background of persistently difficult economic conditions and continued deceleration in bank credit, a new mechanism was established in 2013 to refinance loans granted to MSMEs, excluding loans to real estate developers and liberal professionals, whose amounts are less than or equal to 50 million dirhams and with a maturity longer than or equal to 12 months.

This instrument allows banks to receive advances from Bank Al-Maghrib in an amount equal to the volume of loans they intend to give to MSMEs each year. They may also obtain additional refinancing equal to the volume of loans distributed to MSMEs operating in the industrial sector or whose production is export-oriented. These advances are allocated quarterly in the form of secured loans and/or repos, for a period of one year. Their collateral is extended to all loans granted to MSMEs, certificates of deposit and mortgage loans, provided they meet the criteria[3] defined by Bank Al-Maghrib.

3 Bank Al-Maghrib Circular Letter No. 112/DOMC/2013 of December 11, 2013 on the program of support for MSEs financing.

Chart 2.2.3 : Structural liquidity position and required reserve amount (end-of-week average, in billion dirhams)

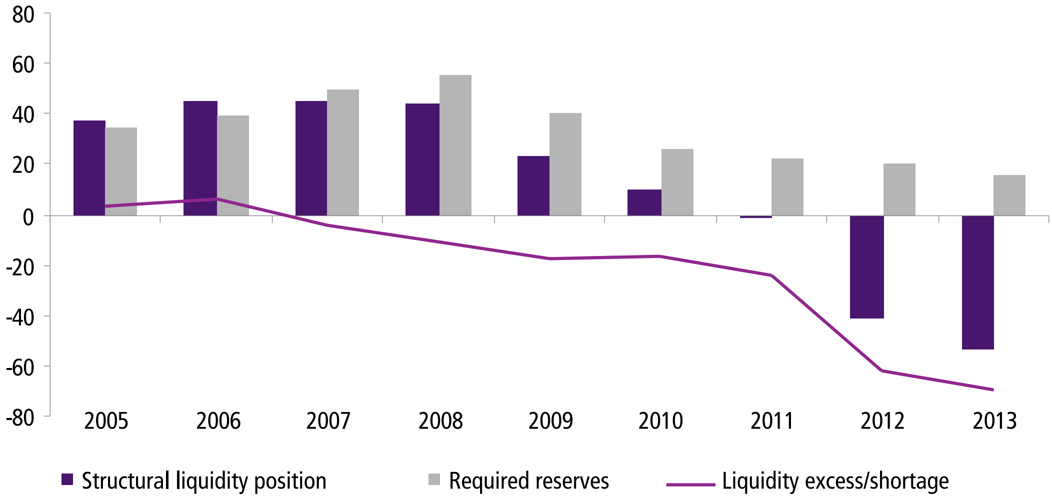
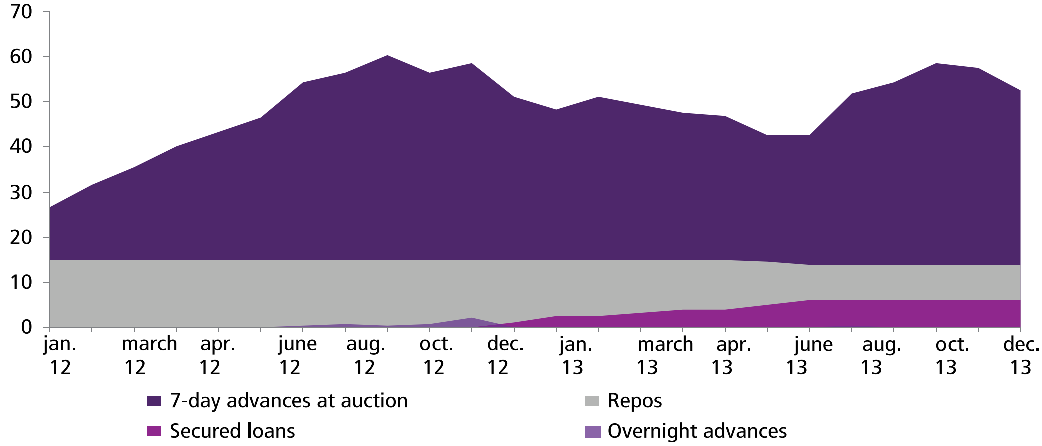


Chart 2.2.4 : Bank Al-Maghrib interventions (end-of-week average, in billion dirhams)



The analysis of the infra-annual change in banks' liquidity needs in 2013 shows that it remained almost sTable at 67.5 billion dirhams in weekly average during the first four months of the year. This situation is the result of the restrictive effect of lower net foreign assets of Bank Al-Maghrib, offset by the decline of currency in circulation and the drop in Treasury account. During this period, the Bank intervened through 7-day advances on auction for an average amount of 49.1 billion dirhams, and maintained the outstanding amount of three-month repos at 15 billion and that of secured loans at 2.9 billion.

Chart 2.2.5 : Liquidity position and required reserve amount (end-of-week average, in billion dirhams)

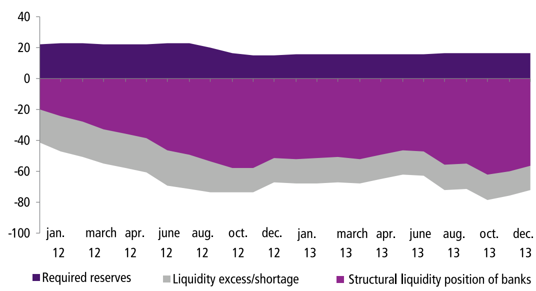
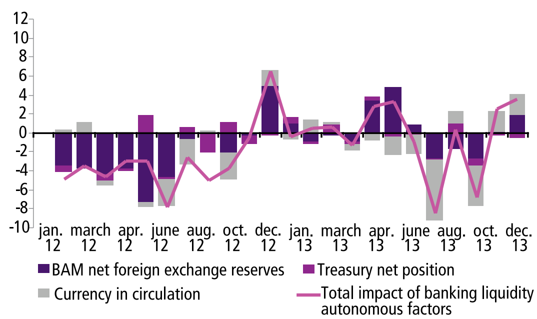


Chart 2.2.6: Contribution of autonomous factors to the monthly change in SLPB (end-of-week average, in billion dirhams)



Between May and July, banks' need for liquidity somewhat eased to 63.4 billion dirhams on average. This reflects the expansive impact of the increase in Bank Al-Maghrib's net foreign assets, which was much more important than the restrictive impact of increased currency in circulation. Consequently, Bank Al-Maghrib reduced the volume of its operations to 63.6 billion, including 44 billion through 7-day advances and 19.5 billion through repos and secured loans.

During the last five months of the year, the need for liquidity grew to 74.1 billion dirhams on average, under the combined effect of lower net foreign assets of the Bank and large outflows of currency in circulation on the occasion of summer holidays, the month of Ramadan, Eid Al-Adha and the start of the school year. Injections of Bank Al-Maghrib reached 75.2 billion dirhams, including 55.1 billion through 7-day advances on auction, 14 billion through repo transactions and 6 billion via three-month secured loans.

In this context, the weighted average rate on the interbank market averaged 3.06 percent, down 13 basis points compared to 2012, with an average trading volume of 2.2 billion instead of 3.3 billion dirhams. This rate remained close to the key rate and its volatility fell from 8 to 2 basis points from one year to another.

Chart 2.2.7 : Change in the interbank weighted average rate (daily data)

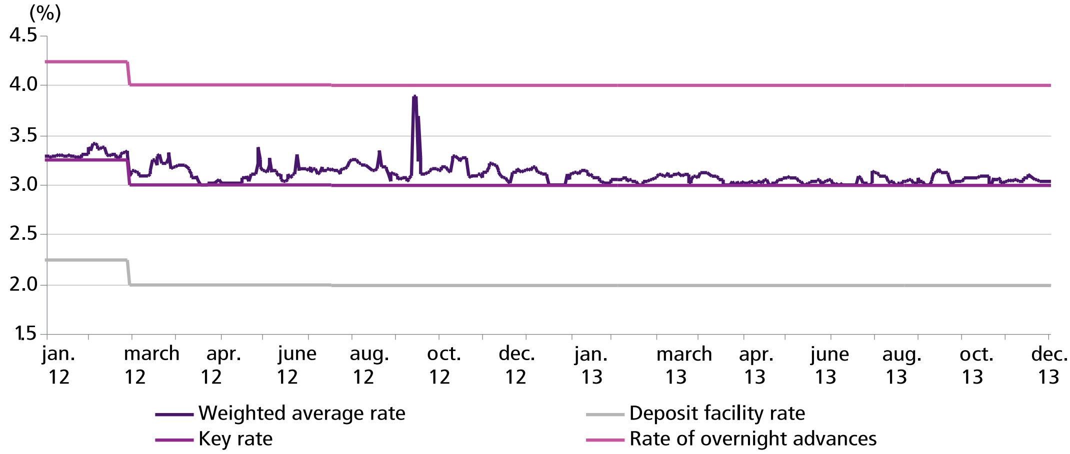
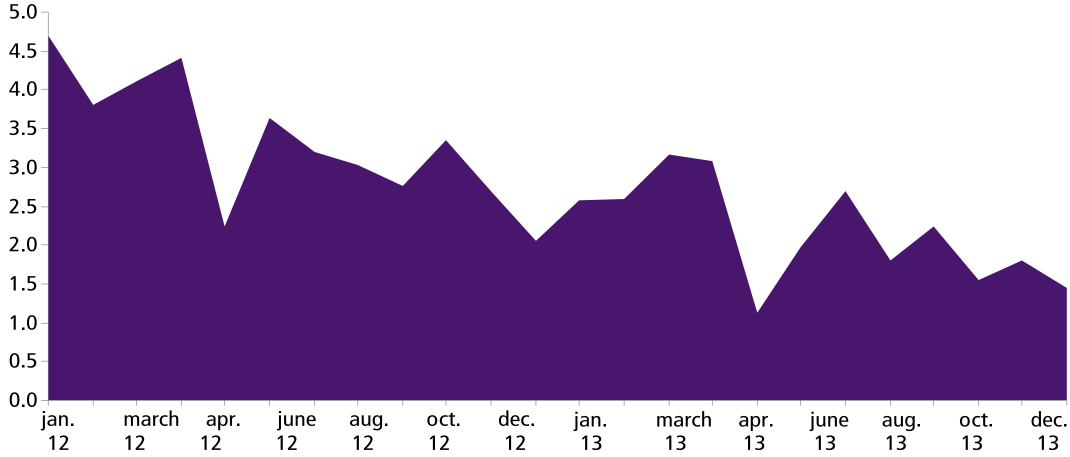


Chart 2.2.8 : Change in the average volume of interbank transactions (in billions of dirhams)



2.2.3 Continued strengthening of the monetary statistics compilation framework

As part of improving the statistical and informational framework of Bank Al-Maghrib, the year 2013 saw the expansion of monetary statistics to non-money market mutual funds and the Caisse de Dépôt et de Gestion – CDG (Deposit and Management Fund).

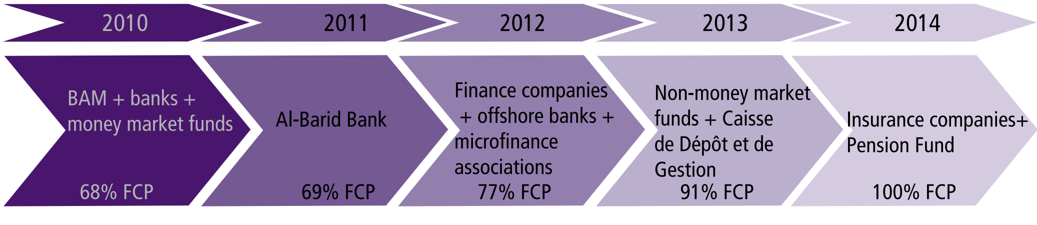
For the record, following the development of the monetary position (M3 and its counterparts) according to the methodology of the IMF manual in 2010, the Bank started expanding progressively the coverage of monetary statistics to all financial corporations. After the work of reliability and historical data reconstruction, the position of financial corporations was covered at 77 percent in 2012, with the integration of offshore banks, finance companies and microfinance associations.

In terms of impact, this expansion had no effect on the monetary position but aimed at improving the assessment of the financial position of nonfinancial sectors vis-à-vis financial corporations. Indeed, the coverage of financial corporations' position (FCP) in December 2013 reached 91 percent of the total assets of these corporations.

Following this expansion, two new editions of the monthly "Monetary Statistics" were published in 2013. The first, released in April 2013, was enriched by the balance sheets of non-money market mutual funds as well as data on the claims and liabilities of these entities vis-à-vis nonfinancial sectors. The second edition, published in December 2013, included the analytical situation of the CDG. Meanwhile, the methodology of monetary statistics was revised and the new series, reconstructed from 2005 for non-money market mutual funds and from 2007 for the CDG, were posted on the Bank's website.

In terms of outlook, it is projected to expand in 2014 monetary statistics to insurance companies and pension funds. At the end of this process, Morocco would have the financial accounts of all institutional sectors vis-à-vis financial corporations.

Timing and progress of the coverage of financial corporations' position (FCP)



2.3 Reserves management

In an international financial environment where very accommodative monetary policies were still conducted and the European sovereign debt crisis was not definitely solved, the Bank continued its prudent management of foreign exchange reserves, subject to stringent liquidity and safety requirements.

The reserves management strategy approved by the Bank Board focused on diversifying and maintaining assets credit quality. This strategy has also been evolving to adapt to the context of financial markets, characterized by short yields close to zero or even negative in the first half-year for countries with the highest ratings.

Moreover, in accordance with the strategic allocation for the year 2013, the size of the liquidity tranche was increased notably through the reallocation of revenues from the investment tranche throughout the year. In addition, the short duration of the liquidity tranche was maintained.

2.4 Banking supervision

Amid a difficult domestic macroeconomic context, marked by persistent effects of low growth in key partner countries, the Bank worked in 2013 to strengthen the resilience of the banking sector. It transposed the new Basel III capital and short-term liquidity standards, and significantly enhanced the consolidated supervision of Moroccan cross-border banking groups. It also worked, along with other financial system regulators, to supplement the macro-prudential supervision and systemic risk prevention framework.

Significant progress was made in the financial inclusion project in 2013, with the creation of the Moroccan Foundation for Financial Education and the establishment of an incentive framework to foster bank financing of MSMEs.

2.4.1 Strengthening the legal and prudential framework

In the field of legislation, the Bank finalized in coordination with the Ministry of Economy and Finance the draft amendment of the Banking Act. Pending adoption by the Parliament, it began preparing its implementing regulations, while giving priority to the regulations relating to participatory finance.

With regard to the prudential framework, it transposed in consultation with the industry the new Basel III framework of capital and short-term liquidity, adopting a phased approach to allow banks to adapt to the new requirements in the best conditions.

The new standards enhance the quality and quantity of regulatory capital requirements and give prominence to "core capital". The implementation of this reform by banks will be phased in from 2014 to 2019.

In addition, the new framework introduces a liquidity coverage ratio (LCR), prompting banks to hold sufficient liquid assets to cope with a severe one-month stress scenario. The entry into force of this new ratio, replacing the current liquidity ratio, is scheduled for July 1, 2015, after an observation period of 18 months. At that time, the minimum ratio will be set at 60 percent before increasing gradually by 10 percent annually to reach 100 percent on January 1, 2019.

Following the publication of the 29 principles of the Basel Committee, the Bank launched a project to upgrade the banking regulatory framework in light of the new standards, particularly in terms of internal control, governance and risk management.

The Bank also actively contributed to the preparation of the draft law on covered bonds. This law is intended, in particular, to define the legal regime applicable to such instruments whose issuance by banks is subject to a specific authorization of Bank Al-Maghrib.

2.4.2 Banking supervision activities

In 2013, the number of institutions falling under the supervision of Bank Al-Maghrib totaled 84, spread across 19 banks, 35 finance companies, 6 offshore banks, 13 microfinance associations, 9 money transfer companies, the Caisse de Dépôt et de Gestion and the Caisse Centrale de Garantie (Central Guarantee Fund).

The control framework is essentially based on onsite and offsite supervision.

Rising risks in a difficult situation constituted major challenges for supervisors. Under these conditions, the focus was particularly on credit and liquidity risks and those arising from cross-border activity as well as on strengthening banks' capital base. The assessment of assets quality remained at the heart of onsite and offsite supervision. Priority was given to the review of nonperforming loans and the adequacy of their provisions as well as the evaluation of the most sensitive assets and the level of macro-prudential provisions required by Bank Al-Maghrib. Following the increase in 2013 of the minimum capital adequacy ratio to 12 percent and the introduction of a minimum Tier 1 ratio of 9 percent, the Bank monitored banks' compliance with the new prudential requirements.

In response to the continuing pressure on bank liquidity, it continued to closely supervise the liquidity situation of banks and their refinancing plan. Like previous years, regular meetings were held with some of them to assess the actions taken in order to reduce liquidity risk.

The development of Moroccan banks abroad has prompted Bank Al-Maghrib to increase its monitoring in this field. To this end, it established a new reporting to monitor the financial and prudential position of Moroccan banking groups' subsidiaries abroad, and introduced quarterly follow-ups with the supervisory authorities of some host countries. It also conducted onsite inspection missions at two subsidiaries of Moroccan banks in sub-Saharan Africa, jointly with the local supervisory authority. In line with the best standards, Bank Al-Maghrib began discussions for the establishment of a college of supervisors for Moroccan cross-border banking groups, bringing together the main supervisory authorities of the host countries. It also enacted a new code of ethics specific to banking activities in the African continent to govern relations with the Moroccan banking groups and establish them on healthy and solid foundations.

At the same time, the Bank continued its onsite supervision of major banks, focusing on the development of credit activity and the relating sectoral risks. This kind of supervision also included money transfer companies and the microfinance sector as well as due diligence arrangements. Missions were also conducted in banks implementing advanced approaches for risk-based capital requirements, with the purpose of monitoring their progress.

As a result of some of these inspections, the Bank imposed administrative penalties on some institutions (injunctions and warnings) and financial penalties on others for non-compliance with regulations.

2.4.3 Macro-prudential supervision

Bank Al-Maghrib's Financial Stability Committee held two meetings in 2013, in accordance with its rules of procedure. Its work focused on the assessment of vulnerabilities facing the financial system and measures to reduce them. The issues addressed by the Committee were shared with other financial sector regulators within the Coordination Commission of Financial Sector Supervisory Authorities, in the presence of the Treasury and External Finance Department.

Analytically, the Bank continued to refine its assessment of systemic risks. In collaboration with the Insurance and Social Welfare Department, it extended the systemic risk mapping to cover the insurance sector and drew up an initial mapping of pension funds' soundness indicators. It also established a framework for the exchange of data, in normal times and in times of crisis, with other financial sector regulatory authorities.

For the purpose of assessing the financial situation of households, the Bank conducted a preliminary study to gauge their level of debt, based on the analysis of a sample of borrowers, and their financial assets in the form of deposits, securities and life insurance.

Similarly, an initial work was undertaken to evaluate the financial health of corporations, in particular the trend in their debt ratios. In this context, the Bank compiled and made reliable the balance sheet data of a sample of more than 1,200 large and medium-sized enterprises operating in the different sectors, generated from the database of the Moroccan Industrial and Commercial Property Office, for which it was able to have the financial statements of a 5-year period. On this basis, a study was conducted on financial debt levels, working capital requirements and intercompany loans.

As part of strengthening its crisis management framework, the Bank in 2013 adopted an internal policy for emergency liquidity. It plans to test this system in 2014 through a new stress testing exercise, after the one conducted in 2009, in collaboration with the capital markets supervisory authority, the insurance sector regulator and the Ministry of Economy and Finance.

2.4.4 Development of financial inclusion

The measures taken by the Bank in 2013 represent a straight continuation of the initiatives implemented in previous years to develop financial inclusion. Its principal activities focused this year on promoting financial education and establishing an incentive framework for the financing of MSMEs.

In the area of financial education, the Moroccan Foundation for Financial Education, created in 2012 to implement the National Strategy for Financial Literacy, held its first Board meeting in 2013. The adoption of its strategic plan led to the launch of structuring projects, such as the integration of financial education in the media landscape, the preparation of a youth learning repository and the development of website for the Foundation.

In continuation of measures for the protection of credit institutions' customers, the Bank monitored, through its onsite inspections, banks' compliance with its recommendations on claims processing and accounts closure. Similarly, a banking mediation center was established, replacing the mediator, with increased resources and larger prerogatives to foster the creation of better conditions for the settlement of disputes.

To contribute to the improvement of MSMEs financing, Bank Al-Maghrib worked for the creation of an observatory tasked with defining a comprehensive and shared vision on the issue of funding and support for this category of businesses, in partnership mainly with the Moroccan General

Confederation of Enterprises, the Ministry of Economy and Finance, the Ministry of Commerce, Industry and New Technologies, the Ministry of General Affairs and Governance and the banking sector. As part of initiatives to promote MSMEs, strengthen their resilience and enhance their ability to contribute to economic growth, the Bank, the Moroccan Bankers Association and the Central Guarantee Fund agreed to the establishment of a fund for the financial support these businesses. The fund aims to co-finance, together with the banking sector, operations designed to restore and ensure the sustainability of the financial balance of MSMEs and mid-cap companies which are viable but experience temporary difficulties.

Like in 2012, the subsidiaries and branches of the Bank largely contributed, together with the Ministry of National Education and commercial banks, to the success of the Child and Youth Finance Day/Week through awareness-raising and training activities. This event, held during the week of March 20, 2013, allowed nearly 60,000 children and young people in primary and high schools, aged 8-17 years, to participate in various educational activities. To support this operation, the Bank posted its content online through the development of a financial literacy website (bkamjunior.tarbiyamaliya.ma).

Below are some key figures:

- 8 public and private institutions partnered in this activity;
- 400 schools participated;
- 6 regions of the Kingdom and nearly 70 towns were covered;
- 300 supervisors were mobilized;
- 474 banking agencies were involved;
- 12 insurance companies and 23 representations were concerned.

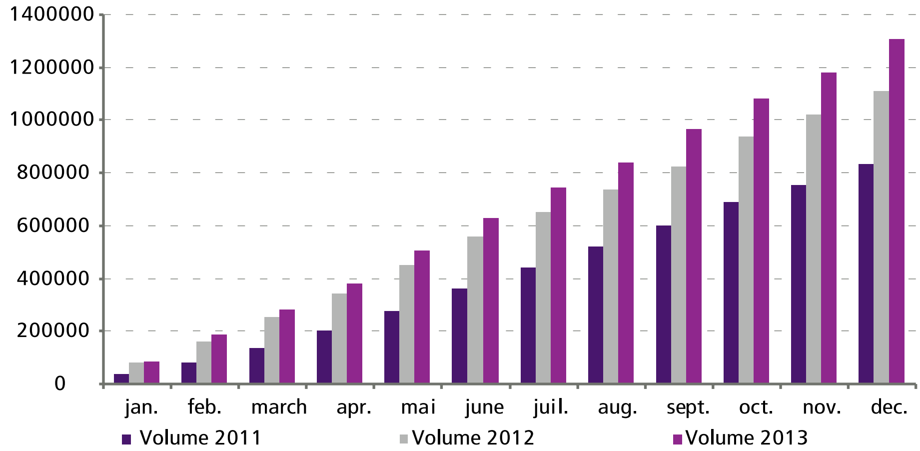
2.4.5 Central credit register

The Credit Bureau, operational since 2009, saw a significant increase in the number of data loads (customers and credit agreements), routine consultation of credit reports before granting loans, and marked improvement in the quality of data reported by credit institutions.

Concerning the data loading process, the number of contracts stored in the Credit Bureau database totaled 9.3 million, up 15.3 percent from 2012. Their outstanding amount reached 660.45 billion dirhams, up 0.45 percent from 2012.

The number of consultations stood at 1,304,794 units in 2013, up 17.43 percent compared to 2012, mainly due to the increase in the number of consultations carried out by microfinance associations following the rollout of automatic consultation at their level.

Chart 2.4.1: Annual cumulative volume of Credit Bureau consultations



Taking into account the performance of the system in place and the impact of market opening to competition on service quality and diversification, a call for tenders was launched for the license of a second credit bureau.

Bank Al-Maghrib, in consultation with banks, plans to launch in 2014 the central bank account register.

2.5 Systems and means of payment

2.5.1 Oversight of systems and means of payment

Pursuant to its mission of overseeing the systems and means of payment and ensuring their smooth functioning and their compliance to the standards in force, Bank Al-Maghrib continued actions to strengthen the robustness of financial markets' infrastructure and ensure payment instruments' security.

With regard to the monitoring of transfer systems, the Bank conducted in the first half of 2013 an assessment mission of the national electronic payment system in the Interbank Electronic Money Center, thus completing the cycle of onsite monitoring initiated 4 years before. Under this cycle, onsite assessment missions were carried out in the Moroccan Gross Settlement System in 2010, the Moroccan Interbank Electronic Clearing System in 2011 and Maroclear (the central securities depository) in 2012. The assessment revealed partial compliance of the electronic payment system with international standards. The recommendations made focused particularly on the soundness of the legal and governance framework, criteria for participation and transparency, operational risk management and business continuity.

As part of the development of capital markets, national legislation provided for the creation of a futures market and an independent central counterparty clearing house (CCP), which will be responsible for clearing futures. To implement a resilient CCP in line with the best international standards, the Bank, in coordination with the relevant stakeholders, conducted a study to establish the business model of the expected CCP.

Concerning the surveillance of non-cash means of payment, the Bank initiated a development project for the automation of all data collected from the banking system. This information relates to card and check fraud, the progress in EMV card migration, electronic money mapping and monitoring intra-bank transfers. This project, which should be operational in the first half of 2014, will in particular make it possible to refine the analyses related to the oversight of non-cash means of payment.

In anticipation of new legislation that would provide for the creation of payment institutions and in a bid to give a new impetus to the payments market, the Bank consider alternatives to the current system of routing authorization requests and clearing electronic payment transactions. This strategy of openness should allow the development of innovative means of payment and the integration, in fair access and treatment conditions, of new operators offering high value-added services.

Finally, as part of its strategic priorities aiming in particular to increase the use of electronic means of payment and the promotion of e-banking, the Bank would finalize in 2014 rules for the application of solutions for the strong authentication of users during online payment transactions.

2.5.2 Central Register for Check Payment Incidents

The activity of the Central Register for Check Payment Incidents (CIP) was marked by the completion of the project for decentralizing the system of inquiry and complaint processing in banks and all branches and subsidiaries of the Bank to provide a close-to-the-customer service.

For this system which allows online access to CIP information, the Bank received the Encouragement Prize of the 7th National e-Government Award "E-mtiaz 2012" for the category of business services, awarded by the Ministry of Public Service and Administration Modernization.

In 2013, information requests from banks more than doubled from 1,305,695 to 4,289,998. Customer requests also increased at an annual rate of 64.3 percent to 2,720; 47.6 percent of which were processed at the branches and subsidiaries of Bank Al-Maghrib.

Chart 2.5.1: Annual change in customer requests

The cumulative number of unsettled payment incidents to the end of 2013 stood at 2,443,337 cases, with an outstanding amount of around 60 billion dirhams, up 4.8 percent in volume and 10.5 percent in value. 82 percent of these incidents involve natural persons and 18 percent are attribuTable to legal persons. Moreover, the number of persons banned from writing checks increased to 559,318, up 4.2 percent from the previous year. This number was still dominated by natural persons, accounting for 90.5 percent.

Chart 2.5.2: Annual change in unsettled defaults (in number and value)

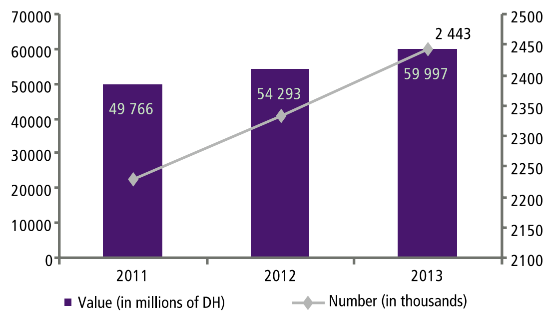
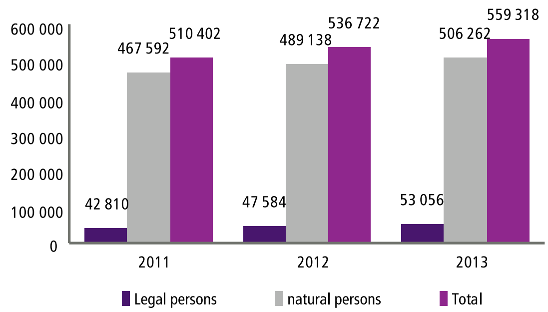


Chart 2.5.3: Breakdown of persons banned from writing checks



In order to provide a close-to-the-customer service, access to the CIP was rolled out among all branches and subsidiaries of the Bank, allowing to respond to 1,296 information requests and 93 complaints by the end of 2013.

Bank Al-Maghrib also conducted, jointly with the banking sector, a project for the creation of the Central Register for Payment Incidents on Standardized Bills of Exchange. The effective implementation of this central register will take place in 2014.

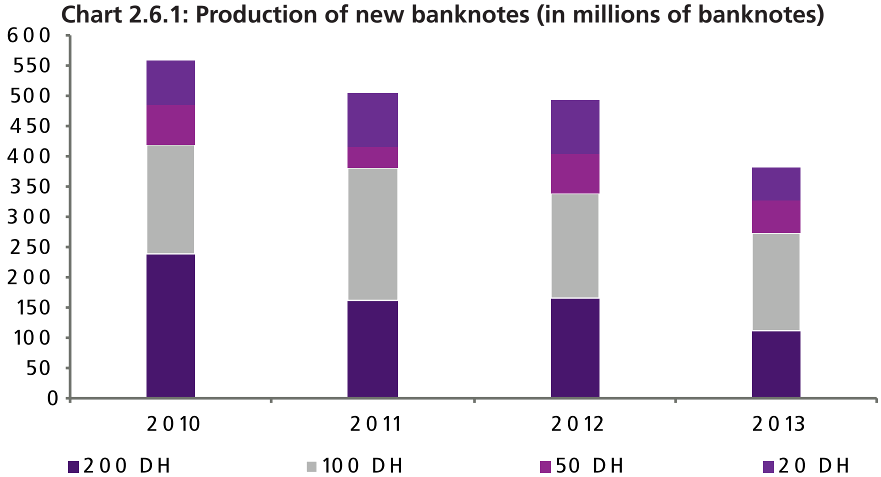
In view of strengthening check credibility among merchants and the general public, the Bank completed the feasibility studies that led to the choice of the model to be adopted for the implementation of the Irregular Checks Central Register (SCCI). It plans to launch a call for tenders in 2014 for the selection of a service provider which will be entrusted with the management and promotion of SCCI consultation.

2.6 Banknotes and coins

Currency activity in 2013 was mainly characterized by the issuance of a new series of four banknotes and the installation and effective implementation of a third production line.

During the same year, the volume of newly manufactured banknotes reached 379.9 million, including 107 million notes in the new series.

Chart 2.6.1: Production of new banknotes (in millions of banknotes)



Box 2.6.1: Issuance of a new banknote series

Starting from August 15, 2013, Bank Al-Maghrib issued a new series of banknotes comprising four denominations: 200, 100, 50 and 20 dirhams.

The sea 151*70

The Sahara 144*70

The countryside 137*70

The city 130*70

The new series is part of the ongoing modernization of currency and reflects the achievements that have marked the reign of His Majesty King Mohammed VI. Printing techniques used are consistent with the highest international security standards. The themes underlying the design and production of this new series are development and modernity, solidarity, diversity and openness. They also represent the spirit of the reforms initiated in several areas, particularly institutional reforms, human development, family, human rights, port facilities, highways, the environment, etc.

The topics selected are as follows:

- The city for the 20-dirham banknote;
- The countryside for the 50-dirham banknote;
- The Sahara for the 100-dirham banknote;
- The sea for the 200-dirham banknote.

In terms of colors and to perpetuate the tradition of the previous banknote series, the same dominant colors were maintained, albeit slightly revisited. The front of each banknote in this series features the portrait of His Majesty King Mohammed VI, the Royal Crown and Arms of the Kingdom. A stylized door from Morocco's architectural heritage symbolizes openness.

On the backside, the background consists of ornaments inspired by Moroccan carpets from different regions, each with its own character.

To highlight developments in the Moroccan society, the Royal Speech of March 9, 2011 is included in the banknotes through a micro-text excerpt, strongly symbolizing institutional reforms.

For graphic design, Bank Al-Maghrib adopted the following approach:

- The establishment of a thematic and artistic monitoring committee comprising internal and external personalities;
- The definition of the topic by this committee;
- The organization of a restricted international competition for the 100 and 200-dirham denominations. The models of the 20 and 50-dirham banknotes were assigned to the artists of Dar As-Sikkah (Bank Al-Maghrib Mint);
- The selection and amendment of models by the committee.

The new series incorporates twenty security features, nine of which are intended for the public, six are machine-readable elements and five are exclusively for the Bank and/or scientific laboratories of law enforcement bodies involved in combating counterfeiting.

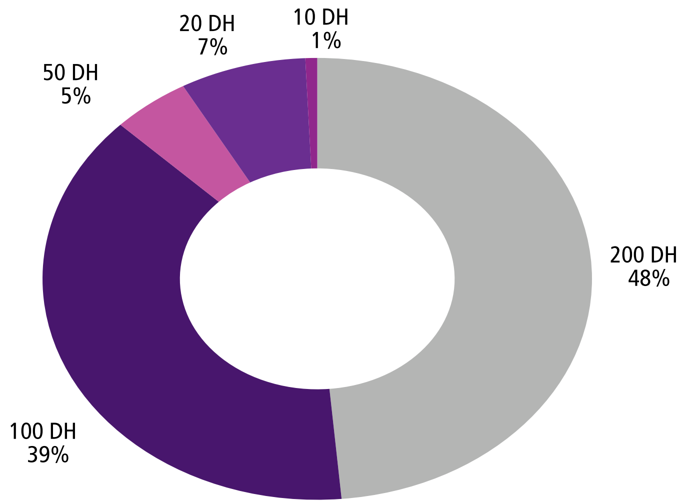
Pursuant to Article 37 of Law No. 76-03 on the Statute of Bank Al-Maghrib, the Bank Board, having considered and approved the characteristics of the new series of banknotes, decided to put them into circulation.

The new 100-dirham banknote was chosen "Banknote of the Month" by the international "Currency News" magazine in its March 2014 edition. The peculiarity of this banknote, according to "Currency News", is the use of the world's first Rolling Star security thread, a technology that creates a dynamic effect of color change. Also, many state-of-the-art security features were used in the new series. The magazine considers that the new production building, a project initiated in 2011, ranks Dar As-Sikkah among the top banknote printers in the world.

In 2013, currency activity was characterized by a 5.6 percent an increase in the total amount of currency in circulation to 182.1 billion dirhams compared to 172.5 a year earlier. Banknotes constituted the main component of this amount, with a share of 98.5 percent, while coins represented a 1.5 percent share. The volume of banknotes in circulation increased by 5.3 percent to 1.287 billion.

The breakdown of banknotes in circulation did not experience significant change, as the shares of 100 and 200-dirham denominations remained at 39 percent and 48 percent, and those of 50 dirhams and 20 dirhams at 5 percent and 7 percent.

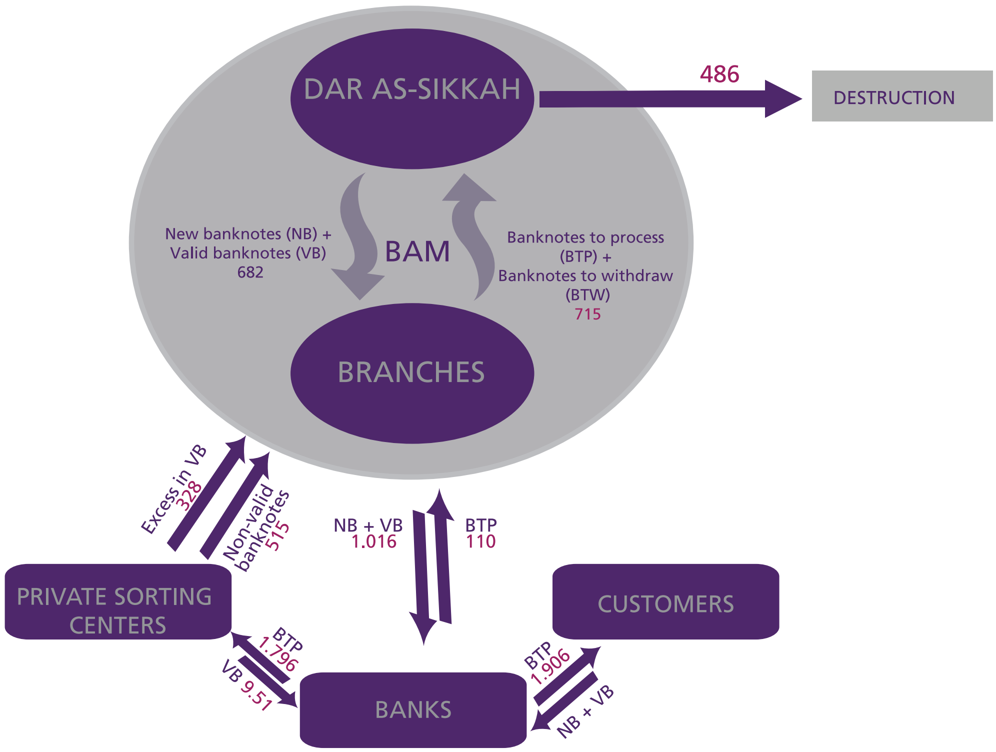
Chart 2.6.2: Shares of banknotes in circulation in 2013



The Bank put into circulation 1,016 million banknotes, including 335 million valid banknotes from the private sorting centers, up 4 percent from 2012. Meanwhile, the total number of banknotes paid in at Bank Al-Maghrib's counters stood at 953 million, including 328 million valid notes received from the private sorting centers.

The diagram below summarizes the cash cycle in Morocco, indicating the movement of banknotes in millions of denominations during the year 2013:

Cash cycle in numbers – Year 2013

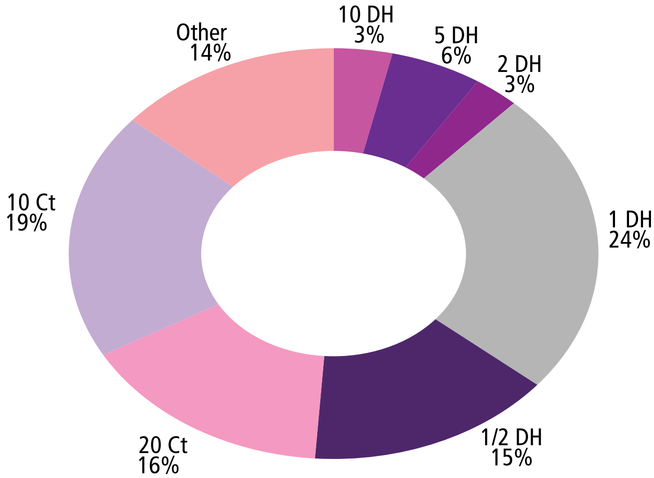


As part of monitoring the quality of banknotes in circulation, Bank Al-Maghrib carries out processing operations. 506 million banknotes were processed in 2013, including 226 million valid notes and 280 million invalid notes.

In the framework of supervising the conditions of Moroccan banknote recycling, packaging and delivery by banks, the Bank's branches and subsidiaries conducted 94 inspection missions in 2013. They focused on the compliance of currency operations with the rules issued by Bank Al-Maghrib, particularly in terms of operating procedures, internal control and Moroccan banknote authentication and recycling.

In 2013, the volume of coins in circulation expanded by 2.6 percent to 2,377 billion. Circulation is still dominated by the denominations of 1 dirham, ½ dirham, 20 centimes and 10 centimes, with respective shares at 24 percent, 15 percent, 16 percent and 19 percent.

Chart 2.6.3: Shares of coins in circulation in 2013



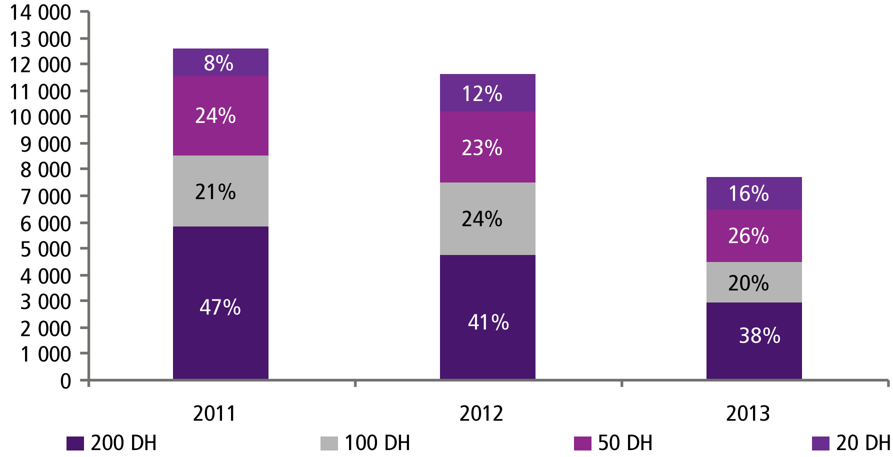
Other: comprise 1 and 5 centime coins, commemorative coins and coins to withdraw.

The Bank's counters issued a total of 104 million coins in 2013, down 8.8 percent from 2012, and received 40 million coins, down 10.7 percent. The number of banknotes and coins in circulation reached respectively 38 and 70 units per capita in 2013, as against 36 and 68 in 2012.

The volume of counterfeit notes detected by Bank Al-Maghrib declined from the previous year, down from 11,649 banknotes worth 1.4 million dirhams to 7,681 notes for a value of 0.86 million dirhams, representing a decrease of 34 percent in volume and 38 percent in value. This drop resulted primarily from the implementation of the Clean Note Policy, coupled with efforts to protect the national currency against counterfeiting, and involved all denominations.

With regard to the volume in circulation, the number of counterfeit notes detected in 2013 was 6 notes per million, down from 9 notes in 2012 and 10 in 2011. Compared with other countries, 41 counterfeit banknotes per million were found in the euro area in 2013 and 29 notes per million in Canada.

Chart 2.6.4: Breakdown of counterfeit banknotes detected by the Bank in 2011, 2012 and 2013



Key figures in 2013

	Change / December 2012
1,287 million banknotes in circulation (179.5 billion dirhams)	+5.3%
2,377 million coins in circulation (2.6 billion dirhams)	+2.6 %
1,016 million banknotes issued at the counters	+3.9%
953 million banknotes paid in at the counters	+0.6%
625 million banknotes to process paid in at the counters	-3.8 %
104 million coins issued at the counters	-8.8 %
40 million coins paid in at the counters	-10.7%
506 million banknotes processed	- 24.4 %
226 million valid banknotes produced	- 35.8 %
1.07 month period for processing sorting notes (100 and 200 dirhams)	+78.3%
379.9 million new banknotes produced (all denominations combined)	- 23.2 %
7.681 counterfeit banknotes detected (865,000.00 dirhams, average value: 113 dirhams)	-37.7 %
45.7 billion dirhams value of gross foreign banknote purchases	-2.6 %
44.1 billion dirhams value of net foreign banknote purchases	-2.3 %
1.6 billion dirhams value of foreign banknote sales	-9.2%

2.7 Resources and working conditions

2.7.1 Information systems

As part of improving the relationship between internal suppliers and their customers, the Bank adopted the principle of service level commitment. In the field of information systems, five new service level agreements (SLA) were signed in 2013, bringing the total number of SLA to 10. In addition, the year 2013 saw the launch or actual implementation of several structuring projects for the modernization and optimization of the operational framework for the exercise of the Bank's activities. These are:

- Electronic document management, with the rollout of the "Photos" process and then the "Mail" process at two pilot entities;
- The implementation of an IT solution for cost accounting based on the ABC model;
- The implementation of an IT solution for budgeting;
- The rollout of a solution for the evaluation of management practices;
- The establishment of an integrated training system, in line with the Bank's current training management platform.

Several technical infrastructure projects were completed or undertaken, especially after installing the necessary foundation in 2012. They involved:

- establishing a solution for monitoring flows exchanged with external partners: providing the relevant entities of the Bank with business line views to monitor data exchange with external partners;
- acquiring and implementing Windows central servers: the Bank acquired a new hardware platform and a highly available virtualization solution for Windows servers;
- redesigning the mail platform;
- redesigning the network infrastructure of some sites, with an upgrade of network equipment and expansion of the Wi-Fi network infrastructure in the Bank's main offices.

In terms of IT security, the Bank set up a backup system for the biometric passport personalization solution avoiding business interruption in case of disaster at the main production building.

2.7.2 Human resources management

The human capital of Bank Al-Maghrib is a major asset for the achievement of its missions and the fulfillment of its strategic priorities. At the end of 2013, the Bank's working staff included 2,387 employees, 61 percent of whom were assigned to core business fields and 39 percent to support areas.

Like previous years, the Bank continued to develop the mobility process with the aim to enrich individual skill portfolios and diversify career paths. In this regard, the year under review saw the realization of more than 180 mobilities across functions, business lines and entities. Mobility seeks to satisfy the efficiency requirements of human resources management. It allowed meeting 93 percent of the needs for resources that arose following the establishment of the new Procurement Department (48 mobilities). In addition, external recruitment contributes to the specialization of the Bank's business lines through increased staffing in the "Specialist" career path which represents 89 percent of external recruitments.

Developing good managerial practices is among the strategic concerns of the Bank. After the first evaluation campaign of these practices, conducted in 2012, Bank Al-Maghrib developed and implemented a program to fill the gaps identified in terms of ownership. As a result, 35 awareness-raising meetings were organized for the benefit of all managers, and 38 thematic workshops were held for over 200 managers to discuss professional assessment, identification of training needs and best use of human resources. A process of individualized support was also put in place to provide personalized support for managers.

The Bank engaged in a process of continuous consolidation of intra and inter-entity cooperation, the aim being to promote individual and managerial behaviors fostering transversality, improve collective performance and encourage synergies between teams. The first steps in this direction made it possible to assess the current situation and identify best practices deployed by organizations engaged in a similar process.

The training plan covered the entire processes of the Bank, with a predominance of "core business" processes (monetary policy, financial stability, management of foreign exchange reserves), followed by the processes of "management" (strategic planning and change management in a central bank, operational excellence) and "support" (finance, human resources management, information systems).

388 training sessions were organized in 2013 and benefited 45 percent of the Bank staff, representing an average of 7 days of training per trained employee. 71 percent of these sessions were held in the Bank's Al-Irfane training center, 25 percent abroad and 4 percent outside Bank Al-Maghrib.

At the social level, the year was marked by improvements in services and infrastructure, particularly the completion of the new holiday resort in Agadir, the construction of a multi-sports hall in the Social and Sports Center of Salé, the completion of an indoor pool in the holiday resort of Tangier, and the signing of a partnership agreement with the Swiss National Bank allowing staff members of both institutions to apply for stays in their respective resorts.

2.7.3 Financial information and management control

In line with its strategic priorities, the Bank in 2013 undertook several actions to strengthen the transparency of financial reporting and its management control system.

In terms of financial reporting, additional information and statements were gradually integrated at various reports to be further in line with best standards. In this context, the Bank carried out an overhaul of its financial report that is now consistent with the practices of central banks, and enriched the financial statements for a better reading of the Bank accounts.

At the same time, it continued the implementation of the project for establishing a governance framework for its Social Security Fund, with the completion of the actuarial balance of the staff health insurance scheme.

Concerning management control, several continuous improvement actions were carried out during the year, notably strengthening the analytical framework and putting in place a more efficient information system.

2.7.4 Working environment

In terms of improving the working environment, 2013 saw the launch of projects relating to the control of emergencies and the training of Bank staff, in general, and security staff, in particular, in safety rules.

As part of the policy of professionalizing security staff, several training courses leading to qualifications or diplomas were provided. On the technical side, the Bank continued the implementation of security systems modernization projects, particularly in the field of video-surveillance, in compliance with the requirements of the law on personal data protection.

Bank Al-Maghrib has engaged since 2010 in a sustainable development approach to migrate from the quality management system to an integrated system encompassing health and safety at work and the environment. In this context, a number of projects were launched in order to bring the Bank's premises and facilities as well as the quality management system in line with the ISO 14001 and OHSAS 18001 requirements.

On the basis of internal "supplier-customer" service contracts, the Bank made significant functional achievements, including:

- extending the new production line of Dar As-Sikkah, in accordance with the health, safety, environmental and quality standards;
- developing a multipurpose hall at Al-Irfane Training Center to prepare it for a regional vocation;
- rehabilitating and developing Hay Riad residential buildings to house the Bank's cooperative;
- upgrading the Social and Sports Center of Salé with the creation of a gym and the development of an outdoor play area.

Moreover, the architectural and engineering studies for the redevelopment of the historical headquarters building were completed, capitalizing on the lessons learned from the open space experience at the Patios building.

2.7.5 Legal compliance

Internal framework for personal data protection

As part of the effective implementation of its internal framework for personal data protection, the Bank in 2013 adopted regulations setting the legal requirements in this area and laying down the practical arrangements for data processing.

To build a culture of privacy protection, an awareness-raising guide was developed and distributed to all staff.

Concerning the compliance of the banking sector with the requirements of Law No. 09-08, the first symposium on personal data protection in the banking and financial sector was organized in October 2013, on the initiative of the Bank in coordination with the National Commission for the Control of Personal Data Protection (CNDP) and credit institutions.

This event discussed key issues related to the specificities of the sector and how to coordinate the actions of the central bank, the CNDP and the subjected institutions.

The joint commission composed of Bank Al-Maghrib, the CNDP, the Moroccan Bankers Association and the Professional Association of Finance Companies, which constitutes a framework for consultation and support for the banking sector to comply with the relevant requirements, actively contributed to the development of several decisions[1] applicable to common processing performed by credit institutions.

Box 2.7.1: Memorandum of Agreement for cooperation between Bank Al-Maghrib and the CNDP

Bank Al-Maghrib and the CNDP signed, in October 24, 2013, a Memorandum of Agreement for cooperation in order to:

- promote the culture of personal data protection in the banking and financial sector;
- set the practical arrangements of the legal and regulatory framework adapted to this sector;
- ensure mutual assistance, sharing of experience and exchange of expertise in the fields of competence of both institutions.

1 These decisions relate to the conditions of implementing the processing of personal data related to the holding of customer accounts and the management of the associated operations.

Anti-money laundering and combating the financing of terrorism (AML/CFT)

As part of its contribution to the efficiency of the national AML/CFT system, the Bank actively participated in the proceedings of all committees established at national level and responsible for the compliance of this system with the standards of the Financial Action Task Force (FATF).

This work led to the reform of almost all legal texts applicable to the subjected financial and nonfinancial professionals. They also resulted in the adoption of Law No. 145-12 that redefined the offense of terrorism financing, which constitutes the last stage of the action plan agreed with the FATF under the monitoring process.

Thanks to the progress made, our country was removed from the FATF "Dark Grey" list and its position vis-à-vis MENAFATF greatly improved as Morocco moved, as from 2013, from regular follow up process to biennial update.

Box 2.7.2: Redefining the offense of terrorism financing

Following the adoption of Law No. 145-12, the definition of the offense of terrorism financing is now in line with the 1999 United Nations Convention for the Suppression of the Financing of Terrorism.

According to this definition, the act of terrorism financing also includes the willful provision, procurement, collection or management, by any means whatsoever, directly or indirectly, of money or property, even if lawful, with the intention to use it or knowing that it will be used, in whole or in part, by a terrorist person or by a terrorist group, gang or organization.

As part of the implementation of the relevant UN Security Council resolutions, the Counter-Terrorism Committee Executive Directorate visited Morocco in 2013 to take stock of the progress made in this regard.

In the Bank's fields of competence, the visit focused on the progress made by the Bank in terms of regulation and supervision to implement Security Council Resolution 1373 adopted in 2001.

Concerning internal AML/CFT, the Bank implemented in its internal regulations all the requirements laid down by international standards and national legislation adopted in 2013.

2.7.6 Communication

In line with its Strategic Plan, the Bank undertook a number of actions in 2013 to enhance its image and communicate about its missions and decisions. Several communication channels were exploited for this purpose, particularly media relations, corporate communication and internal communication. Meetings with the media continued, with the organization of four briefings following each quarterly meeting of the Bank Board.

Besides the main communication channel of monetary policy, other meetings on the Bank's missions and activities were held with national press representatives, especially about the annual banking supervision report and the National Strategy for Financial Literacy.

With regard to the public-oriented communication, the Bank's set of publications, which include a wide array of information media about the role and functions of the central bank, was enriched by a new publication dealing with the Credit Bureau. The year 2013 saw the introduction of a new electronic newsletter intended for institutional partners, journalists and academics. It provides information on decisions, events and activities of the Bank, and highlights institutional publications and the cultural agenda of the institution's Museum.

Internally, the Bank paid particular attention to its communication policy and worked to improve and diversify communication actions and materials for its staff through:

- the internal biannual magazine "Tawassol", which sheds light on Bank news and major projects, underwent a graphic and editorial revision in 2013;
- the new edition of the Executives Day was the last activity for the year 2013 and provided an opportunity to discuss the interim progress of the Strategic Plan 2013-2015.

2.7.7 Museum

On the cultural level, the activity of the Bank Museum was characterized by the organization of four major exhibitions highlighting heritage diversity and richness:

- "In Praise of Matter" brought to light the great Moroccan artists who turned the matter for its primary universe in order to give it a new meaning;
- "Currency in Post-independence Morocco" traced the development of coins and banknotes issued since independence;
- "Intersecting views on Contemporary Art in Qatar and Morocco" offered an opportunity to discover 15 plastic artists whose works are representative of variety of themes, styles and trends characterizing painting in both countries;
- "Kacimi: art as an extreme act" commemorated the plural and fruitful work of one of the most distinguished Moroccan and Arab plastic artists.

Alongside each of these exhibitions, the Bank organized openings, educational workshops and conferences for different audiences. These workshops also benefited 555 students from public and private schools and children of Bank staff.

More and more international prominent visitors confirm the Museum's ability to establish itself as a cultural site of Rabat, a city inscribed on the UNESCO World Heritage List.

Finally, to improve the preservation of its numismatic and artistic heritage, the Bank conducted a physical inventory of its collection. It also migrated all of its numismatic and artistic collections to new vaults that meet international museum standards and offer the best conservation guarantees.

2.7.8 International relations

In 2013, the Bank continued and strengthened its international cooperation activities, participating in several international events and meetings, including:

- Annual and Spring Meetings of the International Monetary and Financial Committee held in April and October in Washington, as well as the Annual Meetings of the International Monetary Fund and the World Bank;
- Twentieth annual meeting of Central Bank Governors of Francophone Countries, organized by the Banque de France on May 8-10 in Versailles, on the theme "Crisis exit, prudential risks and challenges for central banks". During this event, Bank Al-Maghrib gave a paper on: "Will central bank independence come out stronger of the crisis?";
- Thirty-seventh session of the Board of Governors of Arab Central Banks and Monetary Institutions, held on September 29 in Abu Dhabi;
- Fifth conference of the Arab Maghreb Union, held on January 8-9 in Nouakchott on "The impact of cross-border investment and foreign direct investment on employment" in the Maghreb countries, during which Bank Al-Maghrib gave a presentation on the central theme of the meeting;
- RoundTable of Africa Central Bank Governors organized by the Bank for International Settlements in Basel on May 11-12, on "The role of central banks in macroeconomic and financial stability";
- At the invitation of the Bank of Portugal, Bank Al-Maghrib gave a lecture on October 22 in Lisbon entitled "Morocco in face of economic and social challenges".

Moreover, the Bank participated in the conduct of the IMF mission under the second review of the Precautionary and Liquidity Line (PLL), which highlighted the progress made by the country in redressing some macroeconomic imbalances identified by the IMF when it examined Morocco's eligibility to the PLL. It also contributed to the conclusion of the IMF mission on Article IV consultation with Morocco as well as to the IMF technical assistance project for the forecast models of the Bank.

At the end of its safeguards assessment mission at Bank Al-Maghrib, carried out in October 2012 following the approval of the PLL arrangement, the IMF sent a report to the Bank in which it noted the robust safeguards in place and the strong control mechanisms. Recommendations were also made, particularly with regard to strengthening the legal framework to formalize and sustain the good governance practices in place, whose implementation by Bank Al-Maghrib progresses well according to IMF staff.

At the same time, the Bank continued strengthening ties of cooperation with central banks and international financial institutions. 2013 saw the signing of a general cooperation agreement with the Central Bank of West African States (BCEAO), bringing the number of agreements signed to 13.

The Bank also accommodated a number of study visits from several partner institutions, mainly the BCEAO, the Bank of Central African States (BEAC), the Central African Banking Commission, the Nigerian Security Printing and Minting, the Palestinian Monetary Authority as well as central banks of African and MENA countries. These visits focused on such various topics as monetary policy, operational risk management, IFRS, banking supervision, credit bureau, internal audit, and modernization of human resources management.

In addition, Bank Al-Maghrib was requested by the Bank of the Republic of Burundi to conduct a peer review of its internal audit activity, as part of a technical assistance mission.

As regards international events, the Bank hosted the eighth annual conference of the International Operational Risk Working Group (IORWG). This meeting brought together 45 representatives from 34 central banks and international organizations in Africa, North America, Asia, Europe and Oceania. They discussed current issues related to risk management and shared their experience in this field.

At the invitation of the IMF, the Bank presented its experience in risk management at a forum held in the United Arab Emirates gathering central banks of some countries from Europe, Africa and the Middle East, on the theme of central bank governance and IMF safeguards assessment of central banks.

The Bank worked to develop cooperation in training and skills transfer at regional and international level. It concluded partnerships with the IMF to host, starting from 2014, regional training seminars led by experts from the Fund. Similarly, it agreed with the International Banking and Finance Institute, affiliated to the Banque de France, to organize regional seminars in Rabat benefiting staff from Bank Al-Maghrib and other central banks of the region. A similar collaboration project was also established with the Deutsche Bundesbank.

PART 3

FINANCIAL STATEMENTS

3-I Changes in the financial position for the fiscal year

Table 3-1-1: Key figures

In thousands of dirahms	2013	2012	Change in %
Total balance sheet	240 171 971	229 853 677	4%
Use of capital ratio	63%	65%	-2%
Total revenues	4 803 899	5 670 423	-15%
Total expenses	3 630 840	4 143 332	-12%
Net income	1 173 059	1 527 091	-23%
Operating ratio	45%	40%	14%

HIGHLIGHTS

- The key rate was kept unchanged at 3 percent during the financial year 2013.
- The required reserve remuneration was canceled as of December 19, 2013.
- Setting up a new program for encouraging bank financing for VMMEs.
- Stabilizing the Bank's operating budget at 5 percent, throughout the period covered by the 2013-2015 strategic plan.

3-1-1 Balance sheet

Table 3-1-2: Balance sheet by transaction

In thousands of dirahms	2013	2012	Change %
Including			
Currency in circulation	182 079 842	172 493 352	6%
Transactions with foreign countries (Including)	-134 126 868	-127 195 439	5%
Holdings and investments in gold and foreign currencies	152 884 659	144 314 009	6%
Revaluation account of foreign exchange reserves	8 685 391	11 381 879	-24%
Transactions with the State (Including)	2 506 672	3 644 960	-31%
Treasury account	2 212 364	2 870 774	-23%
Hassan II Fund	276 025	636 309	-57%
Net position of credit institutions (Including)	-52 308 245	-49 160 033	6%
Claims on Moroccan credit institutions	72 116 650	69 286 710	4%
Deposits and liabilities to Moroccan banks	19 808 405	20 126 676	-2%

Assets-liabilities

At the end of the fiscal year 2013, the total balance sheet(*) stood at 240,171,971 KDH, up 4 percent compared to 2012.

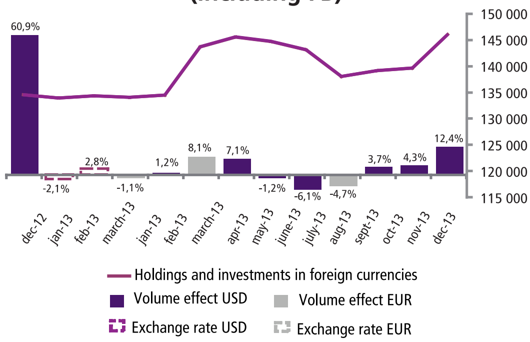
Currency in circulation, the main component of liabilities (76 percent), grew by 6 percent to 182,079,842 KDH, due to a higher demand for banknotes during this period.

* The change in the balance sheet and profit and loss account items is addressed in more details in the comments section of the financial statements.
For purposes of analysis, the balance sheet and profit and loss account items were adjusted in this first part of the report.

In this report, figures are rounded to the nearest thousand dirhams. Therefore, totals and sub-totals do not always correspond to the sum of the relevant rounded-off figures.

Transactions with foreign countries totaled 134,126,868 KDH (+5 percent), in connection with a 9 percent increase in holdings and investments in foreign currencies, due to the consolidation of foreign exchange reserves. The latter moved up by 4 percent to 150 billion dirhams, following an improvement in the trade deficit, a mobilization of external loans by the Treasury (23 billion dirhams) and donations received from the Gulf Cooperation Council (GCC).

Chart 3-1-1: Change in holdings and investments in foreign currencies in MDH (including FB)

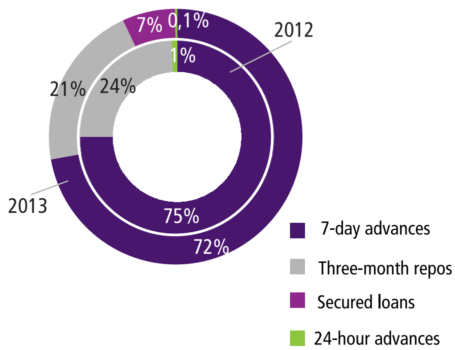


Assets in gold declined for the first time in several years to 6,940,913 KDH (-30 percent), owing to the depreciation of gold price per an ounce (1,201.5 at end-2013 as against 1,664 dollars a year earlier).

The balance of **transactions with** the State stood at 2,506,672 KDH, down 31 percent. This change is mainly attributed to a decrease in both the Treasury current account holdings (-23 percent) and Hassan II Fund deposits (-57 percent).

Net position of credit institutions increased by 6 percent at end-2013, as the bank refinancing at this end of the year totaled 72,005,970 KDH as against 69,188,060 KDH in 2012.

Chart 3-1-2 : Average outstanding amount of claims on banks



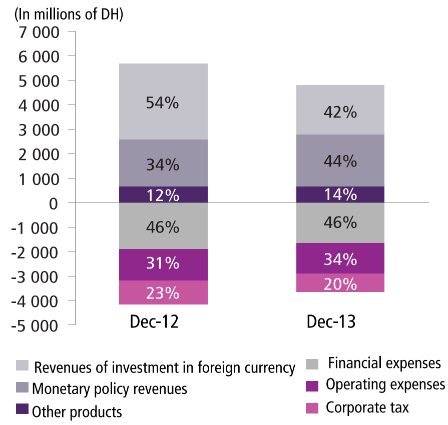
3-1-2 Income

Table 3-1-3 : Net income of the fiscal year

In thousands of dirahms	2013	2012	Var %
Income of foreign exchange reserve management transactions	1 032 482	2 004 870	-49%
Income of monetary policy transactions	2 006 355	1 769 780	13%
Income of other transactions	457 194	305 513	50%
Income of activities	3 496 031	4 080 163	-14%
General operating income	-1 569 079	-1 613 040	-3%
Gross operating income	1 926 952	2 467 123	-22%
Noncurrent income	-19 062	10 387	<100%
Corporate taxes	-734 831	-950 419	-23%
Net income	1 173 059	1 527 091	-23%

In 2013, the Bank generated a net income of 1,173,059 KDH, down 23 percent compared to 2012. This trend is primarily due to a contraction by almost half of the income of foreign exchange reserve management transactions, which was partially offset by improved income of monetary policy transactions and income of "other transactions".

Chart 3-1-3 : Structure of revenues and expenses



Revenues have a positive sign, while expenses have a negative one.

Foreign exchange reserve management transactions generated an income of 1,032,482 KDH, down 972,388 KDH compared to 2012, mainly due to lower yields, which were close to zero or even negative in the first half of 2013. This decrease encompasses:

- a decline in bond investment yields (-45 percent) and monetary securities yields (-68 percent);
- an improvement of 402,332 KDH in the balance of net allocations to provisions for depreciation of investment securities that recorded, at the end of 2013, a net recovery of 133,336 KDH as against a net allocation of 268,996 KDH a year earlier.

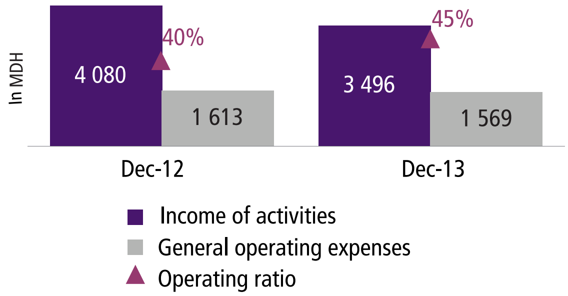
The income of **monetary policy transactions** grew by 236,575 KDH, in a context of persistent bank liquidity deficit, reflecting:

- an increase of 92,840 KDH in interest received on 7-day advances whose average outstanding amount rose, year on year, from 47,436,650 KDH to 51,157,591 KDH in 2013;
- interests, amounting to 143,342 KDH, generated by the secured loan operations, initiated by the Bank in December 2012;
- a decline of 41,558 KDH in interests paid by the Bank on the required reserve.

General operating expenses dropped by 43,961 KDH, mainly due to the combined effet of lower personnel expenses (-12 percent) and higher purchases of materials and supplies (+19 percent).

Excluding one-off charges incurred in the 2012 and 2013, the increase in operating expenses would stand at 4 percent.

Chart 3-1-4 : Operating ratio



3-2 Financial statements

3-2-1 Balance sheet (Assets)

Table 3-2-1

Assets as at December 31, 2013

In thousands of dirhams	Notes	2013	2012
Holdings and investments in gold	1	6 940 913	9 946 351
Holdings and investments in foreign currency	2	145 943 746	134 367 658
- Holdings and investments held in foreign banks		19 895 981	26 662 609
- Foreign Treasury bills and similar securities		122 550 633	102 249 212
- Other holdings in foreign currency		3 497 131	5 455 837
Holdings in international financial institutions	3	4 510 071	5 142 456
- IMF subscription-Reserve tranche		1 073 181	1 105 435
- Special Drawings Rights holdings		3 178 007	3 769 687
- Subscription to the Arab Monetary Fund		258 883	267 333
Lending to the Government		-	-
- Conventional advances		-	-
- Overdraft facilities advances		-	-
- Other facilities		-	-
Claims on Moroccan credit institutions and similar bodies	4	72 116 650	69 286 710
- Securities received under repurchase agreements		14 004 034	15 005 114
- Advances to banks		58 001 937	54 182 946
- Other claims		110 679	98 650
Treasury bills - Open market operations		-	-
Other assets	5	7 162 173	7 533 358
- Sundry debtors		4 873 721	5 028 720
- Other miscellaneous assets		2 288 452	2 504 638
Fixed assets	6	3 498 419	3 577 145
Total assets		240 171 971	229 853 677

3-2-2 Balance sheet (Liabilities)

Table 3-2-2

Liabilities as at December 31, 2013

In thousands of dirhams	Notes	2013	2012
Banknotes and coins in circulation	7	182 079 842	172 493 352
- Banknotes in circulation		179 436 597	169 925 633
- Coins in circulation		2 643 245	2 567 719
Liabilities in gold and in foreign currency	8	7 335 333	3 380 196
- Liabilities in gold		-	-
- Liabilities in foreign currency		7 335 333	3 380 196
Liabilities in convertible dirhams	9	200 210	222 014
- Liabilities to international financial institutions		193 880	212 813
- Other liabilities		6 330	9 201
Deposits and liabilities in dirham	10	26 978 301	26 997 811
Current account of the Treasury		2 212 364	2 870 774
Deposits and liabilities in dirhams to Moroccan banks		19 808 405	20 126 676
- Current accounts		19 808 405	20 126 676
- Liquidity-withdrawal accounts		-	-
- Deposit facility accounts		-	-
Deposits of general government and public institutions		2 285 290	1 515 766
Other accounts		2 672 241	2 484 594
Other liabilities	11	9 824 254	12 422 322
Special Drawings Rights Allocations	3	7 046 927	7 276 936
Equity capital and the like (including)	12	5 534 045	5 533 954
- Equity capital		500 000	500 000
- Reserves		5 001 340	5 001 340
- Retained earnings		21 105	21 014
Net income of the fiscal year		1 173 059	1 527 091
Total liabilities		**240 171 971**	**229 853 677**

3-2-3 Off-balance sheet

Table 3-2-3

Off-balance sheet as at December 31, 2013

In thousands of dirhams	Notes	2013	2012
Spot foreign exchange transactions			
Spot delivery of currencies			
Spot purchase of dirhams			
Forward foreign exchange transactions			
Currencies receivable			
Currencies payable			
Currency exchange-deposit transactions	13	4 892 800	2 045 124
Foreign exchange transaction-arbitrage operations	13		
Foreign currencies receivable		823 807	306 496
Foreign currencies payable		821 123	305 632
Off-balance currency adjustment		-	-
Liabilities on derivatives		-	-
Liabilities on securities	14	-	-
Securities received on advances granted		69 064 400	73 336 198
Securities received on advances to be granted		3 493 000	2 968 300
Other guarantees received on advances granted		6 920 000	-
Foreign securities receivable		102 114	-
Securities deliverable		-	-
Other liabilities	15	-	
Received market guarantees		40 906	100 586
Liabilities of guarantees received for staff loans		814 862	787 544
Financing liabilities granted to the staff		39 182	41 431
Other granted liabilities		1 000	1 000

3-2-4 Profit and loss account

Table 3-2-4

Profit and loss account as at December 31, 2013

In thousands of dirhams	Notes	2013	2012
Revenues		4 803 899	5 670 423
Interests earned on holdings and investments in gold and foreign currency	16	1 594 441	2 908 570
Interests earned on claims on credit institutions and similar bodies	17	2 122 439	1 927 422
Other interests earned	18	8 247	7 660
Commissions earned	19	411 751	325 859
Other financial revenues	20	58 963	131 597
Sales of produced goods and services	21	168 366	143 845
Miscellaneous revenues	22	42 084	21 803
Reversal of depreciation		-	-
Reversal of provisions	23	389 405	144 511
Noncurrent revenues	24	8 202	59 156
Expenses		3 630 840	4 143 332
Interests paid on liabilities in gold and foreign currency	25	4 479	7 883
Interests paid on deposits and liabilities in dirham	26	276 111	324 201
Commissions paid	27	12 776	14 798
Other financial expenses	28	739 548	844 052
Staff expenses	29	708 634	805 402
Purchase of materials and supplies	30	235 337	197 637
Other external expenses	31	284 869	284 699
Depreciation and provisions expenses	32	608 403	674 364
Noncurrent expenses	33	25 852	39 876
Corporate taxes	34	734 831	950 419
Net income		**1 173 059**	**1 527 091**

3-2-5 Main accounting rules and evaluation methods

3-2-5-1 Legal framework

The financial statements are developed and presented in conformity with the BAM Chart of Accounts, approved by the National Accounting Board in May 2007.

The Bank applies the accounting requirements specified in the General Accounting Standard for issues common to companies in terms of assessing its stock and fixed and other assets, and applies peculiar assessments for all its specific operations.

The financial statements, as cited under Article 55 of Law No. 76-03 bearing the Statutes of Bank Al-Maghrib, include the balance sheet, off-balance sheet, profit and loss account (PLA) and additional information statement (AIS).

3-2-5-2 Evaluation methods

Foreign exchange operations

Foreign exchange operations include spot and forward purchases and sales of currency, whether for Bank Al-Maghrib's own account or as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts under their commitment date. Then, they are recorded in the balance sheet accounts on the value date or on the date of liquidity delivery.

Assets and liabilities in gold and foreign currency

Assets and liabilities in gold and foreign currency are converted into dirhams based on the exchange rate of foreign currencies on the closing date of the fiscal year.

Profits and losses resulting from this operation are entered in the account of exchange reserves reassessment posted in the liabilities of the Bank's balance sheet, in accordance with the provisions of the agreement governing this account, concluded between Bank Al-Maghrib and the Government on December 29, 2006. This agreement sets the minimum threshold of 2.5 percent of BAM's net foreign assets, at which the balance of this account shall be maintained, and provides for a mechanism for allocation of provision to, or withdrawal from this account, in cases of deficit or surplus compared to the required minimum. This reassessment mechanism has no fiscal impact.

Revenues and expenses in foreign currencies are converted at the exchange rate on the date of the transaction.

Securities

The securities acquired as part of the exchange reserve management are classified based on the purpose for which they are held: portfolio of transaction, portfolio of securities held for sale or investment portfolio.

Transaction portfolio: It consists of securities purchased with the intention, right from the start, to re-sell them within a deadline not exceeding six months. They are recorded at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the monthly evaluation of such securities at the market price are entered in the corresponding profit and loss accounts.

At the end of 2013, Bank Al-Maghrib holds no transaction security in its portfolio.

Portfolio of securities held for sale consists of securities purchased with the intention of holding them for more than six months, with no intention from the Bank to hold them to maturity. Their recording shall respect the following rules:

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, excluding accrued coupons.
- The differences (discounts or premiums) between securities' purchase price and redemption price are not amortized over the duration of these securities holding.
- The unrealized losses resulting from the difference between the book value and the market value of these securities are subjected to depreciation provisionning on a weekly basis. However, unrealized gains are not entered in accounts.

It is worth reminding that as of October 2008, the Bank came up with a sub-category in its securities held for sale to include short-term discount securities. These securities are recorded at their purchase price, including interests. Discount securities are spread over the life of the securities and entered in the revenue accounts at the end of each month.

Investment portfolio consists of securities acquired with the intention of being held until maturity. They are entered in accordance with the following rules:

- They are recorded at their purchase price, excluding costs and, when applicable, accrued coupons as well;
- Gains on these securities are not recorded;
- Losses on these securities are recorded only when the Bank believes that the security, which suffers a loss, will be probably sold in the following fiscal year and in the case where there is a probable risk of default of the issuer.

- The differences (discounts or premiums) between securities' purchase price and redemption price are amortized on a straight-line basis over the remaining life of the securities.

Other foreign assets

The Bank holds a portfolio of securities denominated in US dollars. The management of this portfolio is delegated to the World Bank based on delegation contracts.

These securities are recorded at their market value. Indeed, they are initially recorded at their purchase price; the capital gains or losses incurred at the end of each month are entered in the appropriate profit and loss accounts, on the basis of the month-end market values, duly audited and reported by authorized agents.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their purchase cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus accumulated depreciations.

Fixed assets, including incidental expenses, are amortized according to the straight-line method, depending on the estimated duration of use of the goods, and by applying the depreciation rate in force.

The depreciation periods adopted, according to the nature of each fixed asset, are as follows:

Table 3-2-5 : Fixed assets depreciation periods

Real properties	20 ans
Fixtures, fittings and facilities	5 ans
Materials of Dar As-Sikkah	10 ans
Office equipment, computing materials and software, vehicles and other materials	5 ans
Office furniture	10 ans

Financial fixed assets

Shareholdings in Moroccan and foreign financial institutions are entered in the assets side of the balance sheet for their net value representing their acquisition cost minus the provisions set up at the closing date. Regarding foreign holdings, their value is converted into dirhams at the historical rate of the currency.

The provisions for depreciation of these unlisted securities are evaluated at the end of the fiscal year following the net asset value method, based on the last financial statements available.

Inventories

Inventories are composed of:

- Consumable materials and supplies;
- Raw material for the manufacturing of banknotes and coins (paper, ink, and blanks);
- Finished goods and in-process inventory (secured documents);
- Commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus the provisions for their depreciation at the closing date.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus the provisions for their depreciation, if need be.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus the provisions for their depreciation, if need be.

3-2-5-3 Comments on the balance sheet items

Note 1: Assets and investments in gold

Gold assets are composed of those deposited in Morocco and abroad. Since the end of 2006, gold assets are evaluated at market prices. Gains and losses resulting from this operation are allocated to the evaluation account of foreign exchange reserves.

Table 3-2-6 : Assets and investments in gold

	2013	2012
Gold price per ounce in dirhams [1]	9 793	14 033
Quantity of gold ounces	708 767	708 766
Market value [2]	**6 941**	**9 946**
Gold stock (in tonnes)	22	22

[1] Gold price USD/MDH
[2] In millions of dirhams

The value of gold assets dropped by 30 percent in 2013, thus breaking up with the upward trend of recent years. This change is attributed solely to the depreciation of gold price per ounce, which fell by 28 percent from one year to another, to 1,201.5 dollars.

Note 2: Assets and investments in foreign currency

This item represents the equivalent in dirhams of assets in convertible foreign currencies, which are held in the form of demand deposits, time deposits and foreign securities.

Table 3-2-7 : Breakdown by type of investment

In thousands of dirhams	2013	Share	2012	Share
Sight deposits	4 477 290	3%	11 513 399	9%
Time account	13 296 467	9%	13 730 555	10%
Securities held for sale [(1)]	96 119 659	66%	56 109 235	42%
Investment securities [(1)]	26 430 975	18%	46 139 977	34%
Miscellaneous [(2)]	5 619 355	4%	6 874 493	5%
Total	**145 943 746**	**100%**	**134 367 658**	**100%**

(1) Taking into account provisions for depreciation of securities

(2) Including accrued interest and management authorizations

Foreign currency assets totaled 145,943,746 KDH in 2013, up 9 percent as against a decline of 17 percent in 2012, in connection with the consolidation of foreign assets. Indeed, their share in the balance sheet rose from 58 percent to 61 percent from one year to the next.

Table 3-2-8 : Breakdown by remaining life

	2013	2012
< 1 year	90%	61%
> 1 year	10%	39%
Total	**100%**	**100%**

The Bank continued in 2013 to promote a prudent management strategy meeting the requirements of investment liquidity and security. This strategy focused during the year under review on maintaining credit quality and continuing diversification of assets comprising foreign exchange reserves.

Indeed, in order to adapt to the adverse market conditions marked by the degradation of yields during the year, the Bank, in accordance with the strategic allocation adopted, increased the liquidity tranche size, particularly through the reallocation of the investment tranche. Thus, the share of investment securities portfolio was brought to 18 percent, while the share of the portfolio of securities held for sale increased between 2012 and 2013 from 42 percent to 66 percent.

Note 3: Assets with international financial institutions

This item is composed of position with IMF and AMF :

IMF position

This includes on the assets side:

- **IMF subscription - Reserve tranche**: composed of the fraction (14.5 percent) of Morocco's quota in the capital of the IMF, paid by Bank Al-Maghrib. It is composed of:

  -The available tranche: 70.45 million SDR (884,294 KDH) paid by Bank Al-Maghrib in foreign currency. This tranche, which could be used by our country when needed, is included in the foreign exchange reserves of our Institute;

  -The mobilized tranche: 14.71 million SDR (188,887 KDH) equivalent to the subscription in national currency by Bank Al-Maghrib, deposited in the IMF "Account No.1" open in the books of our Institute.

Table 3-2-9 : Position with the IMF

In thousands of dirhams	2013	2012	Change in %
Assets			
IMF subscription - Reserve tranche	1 073 181	1 105 435	-3%
SDR assets	3 178 007	3 769 687	-16%
Total	**4 251 187**	**4 875 122**	**-13%**
Liabilities			
SDR allocations	7 046 927	7 276 936	-3%
Account No.1 and 2	188 909	192 301	-2%
Total	**7 235 836**	**7 469 237**	**-3%**

- **SDR assets:** This account records the equivalent of Bank Al-Maghrib's assets with the IMF. It records, in the debit side, SDR purchase transactions by the Bank and the remunerations paid by the IMF, while in the credit side, it records payments of commissions on SDR allocations on a quarterly basis and reimbursement of Morocco's borrowings.

The SDR allocations item is registered in the liabilities side. It corresponds to the value in dirhams of the amounts of SDR allocations granted by the IMF to Morocco as a member country. In 2009, this account was credited with 5.7 billion dirhams, representing Morocco's share in the general allocation and special allocation (475.8 million SDR) granted by the IMF to member countries.

Quarterly commissions are paid by the Bank to the IMF on these allocations

AMF subscription

This account represents the fraction paid by the Bank for the paid-in subscription in the capital of the AMF.

Morocco’s participation in this institution amounts to 34.44 million Arab dinars, divided between Bank Al-Maghrib and the Treasury as follows:

- 200,000 Arab dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. The share paid by BAM amounts to 150,000 Arab dinars (5,833 KDH);
- 14.8 million Arab dinars subscribed in foreign currency, of which 6.87 million Arab dinars subscribed by the Bank (258,883 KDH);
- 19.44 million Arab dinars, of which 9.11 million attribuTable to Bank Al-Maghrib for the AMF capital increase by incorporation of reserves, which took place in 2005 (5.88 million Arab dinars) and in 2013 (3.23 million Arab dinars).

The components of assets with international financial institutions totaled 4,510,071 KDH, thus continuing their decrease, standing in 2013 at 12 percent. This change is attributed to a 16 percent decline in the Bank's SDR holdings, following the payment of commissions on SDR allocations, the commitment fee on the Precautionary and Liquidity Line (PLL) granted to Morocco as well as the repayment of loan installments, for the Treasury, contracted with the AMF.

Note 4: Claims on Moroccan credit institutions and similar bodies

This item comprises refinancing operations of credit institutions as part of the monetary policy conduct, by means of:

- Main operations through 7-day advances at auction at the key rate, the main instrument for implementing the monetary policy, whose amount totaled at this year 52,001,937 KDH;
- long-term operations intended to fill the bank liquidity deficit for a period longer than that of the main operations, whose amount reached 20,004,034 KDH at the end of 2013, including:

Table 3-2-10 : Structure of claims on banks

In thousands of dirhams	2013	2012	Change in %
Repurchase agreements	**66 005 970**	**66 808 060**	**-1%**
7-day advances	52 001 937	51 002 182	2%
24-hour advances	-	800 764	<100%
Three-month repos	14 004 034	15 005 114	-7%
Secured loans	**6 000 000**	**2 380 000**	**>100%**
Total	**72 005 970**	**69 188 060**	**4%**

-14,004,034 KDH under 3 months repos granted at the key rate;

-6,000,000 KDH relating to secured loans, initiated in December 2012, carried out on a quarterly basis, whose rate is calculated based on the average key rate during the period under review.

- Standing facilities allowing credit institutions to obtain liquidity for a period of 24 hours, at a key rate plus one hundred basis points.

Meanwhile, the Bank adopted additional monetary policy measures to support the financing of the economy. It expanded in December 2012 the collateral eligible for monetary policy operations to private bills and implemented a program for refinancing MSMEs over a minimum period of two years, decided by the Bank Board at its meeting of December 2013.

Note 5: Other assets

This item includes primarily:

- Miscellaneous debtors consisting mainly of miscellaneous claims of the Bank, which amounted to 4,873,721 KDH at end- 2013;
- The equalization accounts which are mainly composed of expenses to be spread out over many fiscal years, expenses recognized in advance, and revenues due, and any other debtor amount pending equalization. They amounted to 43,734 KDH at the end of 2013.
- Cash accounts totaled 1,913,590 KDH.

Table 3-2-11 : Other assets

In thousands of dirhams	2013	2012	Change in %
Miscellaneous debtors	4 873 721	5 028 720	-3%
Equalization accounts	43 734	17 188	>100%
Cash accounts	1 913 590	2 197 828	-13%
Miscellaneous values and stocks	331 128	289 623	14%
Total	**7 162 173**	**7 533 358**	**-5%**

Note 6: Fixed assets

Table 3-2-12 : Fixed assets

In thousands of dirhams	2013	2012	Change in %
(Including)			
Equity securities	73 200	66 536	10%
Tangible and intangible fixed assets	5 904 986	5 671 158	4%
Gross fixed assets	**6 629 420**	**6 376 214**	**4%**
Depreciation and provisions	3 131 000	2 799 068	12%
Net fixed assets	**3 498 419**	**3 577 145**	**-2%**

Equity securities

Table 3-2-13 : Equity securities

In thousands of dirhams	2013	2012	Change in %
Securities held in Moroccan institutions (including)	26 765	26 765	-
Dar Ad-Damane	1 265	1 265	-
Maroclear	4 000	4 000	-
Moroccan Financial Board	20 000	20 000	-
Securities held in foreign financial institutions	46 436	39 772	17%
Ubac Curaçao	23 228	23 228	-
Swift	519	519	-
Arab Monetary Fund	5 833	5 926	-2%
Arab Trade Financing Program	16 856	10 099	67%
Gross total of equity securities	**73 200**	**66 536**	**10%**

The increase of 6,664 KDH in the gross value of Bank Al-Maghrib equity securities portfolio is mainly attributed to the Bank’s contribution in 2013 to the capital increase of the Arab Trade Financing Program by the issuance of new securities.

Tangible and intangible fixed assets

Table 3-2-14 : Tangible and intangible fixed assets

In thousands of dirhams	Cross amount of the fiscal year	Increase	Decrease	Gross amount end of the fiscal year
Real properties	2 238 070	3 868	1 128	2 240 809
Land	232 729	-	51	232 679
Construction and works in progress	124 020	42 298	-	166 319
Fixtures, fittings and facilities	188 463	16 626	15	205 073
Furniture, materials, vehicles and equipment of social character	2 167 023	132 225	16 577	2 282 670
Intangible fixed assets	493 616	52 876	9 415	537 078
Others	227 237	14 574	1 453	240 359
Total	**5 671 158**	**262 467**	**28 638**	**5 904 986**

At the end of 2013, the Bank's investments in tangible and intangible fixed assets totaled 5,904,986 KDH, up 233,829 KDH compared to the end of 2012, broken down by major field as follows:

- 26 percent relating to the “production of banknotes”, including, mainly, the implementation of a banknote quality control and tracking system and the purchase of a new banknote manufacturing line;

- 24 percent regarding "operating and non-operating projects", including, particularly, the extension of Dar As-Sikkah print room and the construction of the Agadir holiday center;
- 15 percent relating to "sorting and recycling", including mainly the upgrading of sorting machines for banknote processing.

Note 7: Banknotes and coins in circulation

The amount of this item covers the difference between banknotes and coins issued by the Bank and those deposited with the Bank.

Currency in circulation, which remains the main component of liabilities (76 percent), showed an annual growth of 6 percent, in conjunction with higher demand for banknotes. Month on month, currency in circulation trended overall in accordance with its seasonal pattern. Indeed, it recorded peaks in the third and fourth quarters of 2013 following summertime, the month of Ramadan and the celebration of Eid Al-Adha.

Note 8: Liabilities in gold and foreign currency

This entry mainly comprises currency deposits of foreign banks and nonresidents. It rose to 7,335,333 KDH, up 3,955,137 KDH, due to higher Bank's liabilities in foreign currencies.

Note 9: Liabilities in convertible dirhams

This item includes the Bank's liabilities in convertible dirhams towards foreign banks, international financial institutions (IMF, AMF, IBRD) and nonresidents.

The IMF "Account No.1" constitutes the major component of this entry. The deposits of this account as well as those of "Account No.2" of the IMF are readjusted annually to take into consideration the parity of the dirham against SDR.

Table 3-2-15 : Liabilities in convertible dirhams

In thousands of dirhams	2013	2012	Change in %
Liabilities to international financial institutions	193 880	212 813	-9%
Liabilities to foreign banks	4 961	16 948	-71%
Ordinary accounts of international financial institutions	188 919	195 865	-4%
Other liabilities	6 330	9 201	-31%
Total	**200 210**	**222 014**	**-10%**

Note 10: Deposits and liabilities in dirhams

This item includes:

- The current account of the Treasury, remunerated according to the requirements below, in accordance with the agreement signed between the Ministry of Economy and Finance and Bank Al-Maghrib on July 28, 2009:
  - The tranche lower or equal to 2 billion dirhams is remunerated at the rate of 7-day advances minus fifty basis points;
  - The tranche above 2 billion dirhams and up to 3 billion dirhams is remunerated at the rate of 7-day advances minus one-hundred basis points;
  - The tranche higher than 3 billion dirhams is not remunerated.
- Current accounts of banks, held mainly to honor their commitments as regards the required reserve, with a minimum of 4 percent of their liabilities and which must be respected on average over the period of observation. The remuneration of this reserve at 0.75 percent was canceled by decision of the Bank Board on December 17, 2013 with effect as of December 19 ;
- Deposits of general government and public institutions, including the account of Hassan II Fund for Economic and Social Development, remunerated at the rate of 7-day advances, minus 50 basis points.

Table 3-2-16 : Deposits and liabilities in dirhams

In thousands of dirhams	2013	2012	Change in %
Current account of the Treasury	2 212 364	2 870 774	-23%
Current account of Moroccan banks	19 808 405	20 126 676	-2%
Liquidity withdrawals	-	-	-
Deposit facilities	-	-	-
Deposits of general government and public institutions	2 285 290	1 515 766	51%
Other accounts	2 672 241	2 484 594	8%
Total	**26 978 301**	**26 997 811**	**-0,1%**

This item can also accommodate, in a context of excess liquidity:

- 7-day liquidity withdrawals as unsecured deposits by tenders, remunerated at the key rate minus fifty basis points;
- 24-hour deposit facilities allowing banks to place, on their own initiative, a cash surplus. The remuneration applied to these deposits is the key rate minus one hundred basis points.

Given the different accounting movements in 2013, the balance of this item remains virtually unchanged from one year to another (26,978,301 KDH as against 26,997,811 KDH in 2012). It covers:

- a decrease in the current account of the Treasury (-23 percent) and in banks' current account assets (-2 percent);
- and an increase in deposits of general government and public institutions (51 percent) and other accounts (8 percent).

Note 11: Other liabilities

This entry includes, mainly:

- Miscellaneous creditors, primarily consisting of tax and fiscal withholdings, other sums payable to the State, and third parties, and contributions to provident funds and institutions for social security pending settlement;
- The equalization accounts which are mainly composed of transactions between branches, expenses to be paid and revenues recognized in advance and any other debtor amount pending settlement;
- Amounts claimable after receipt of payment, including accounts making up the counterpart of securities presented for payment;
- Provisions for risks and expenses allowing to note the existing losses and expenses related to operations executed during the fiscal year and that are most likely realized. The provisions set in 2013 concern litigations and provisions for paid leaves;
- Foreign exchange reevaluation account, which includes the exchange variations resulting from the assessment of holdings and liabilities in gold and in foreign currency, based on the year-end average exchange rates, in accordance with the provisions of the agreement signed between Bank Al-Maghrib and the State to regulate this account.

Table 3-2-17 : Other liabilities

In thousands of dirhams	2013	2012	Change in %
Other securities transactions	1 086	1 086	-
Miscellaneous creditors	918 730	780 791	18%
Equalization accounts	158 240	147 358	7%
Amounts claimable after receipt of payment	22 992	29 550	-22%
Provisions for risks and expenses	37 815	81 659	-54%
Foreign exchange reevaluation account	8 685 391	11 381 879	-24%
Total	**9 824 254**	**12 422 322**	**-21%**

This agreement also stipulates that in case of a insufficiency vis-à-vis to the required minimum, a reserve for foreign exchange losses deducted from the net profit is constituted.

The credit balance of this account can neither be posted in the revenues of the fiscal year, nor distributed or allocated to any other usage.

The components of other liabilities fell by 2,598,068 KDH, especially due to the decline of 2,696,488 KDH in the revaluation account of foreign exchange reserves, which was heavily impacted in 2013 by lower gold prices.

Note 12: Equity capital and the like

Equity capital and the like amounted to 5,534,045 KDH, an amount almost similar to 2012.

Table 3-2-18 : Equity capital

In thousands of dirhams	2013	2012
Capital	500 000	500 000
Reserves	5 001 340	5 001 340
General reserve funds	500 000	500 000
Special reserve funds	4 501 340	4 501 340
Other equity capital	11 600	11 600
Retained earnings	21 105	21 014
Total	**5 534 045**	**5 533 954**

3-2-5-4 Comments on off-balance sheet items

The Bank keeps record of off-balance sheet liabilities, detailing both given and received commitments. Off-balance sheet accounts are registered to debit when the liabilities materialize on maturity or in case of realization by a debit on the balance sheet, and to credit side in the opposite case.

The off-balance sheet liabilities includes liabilities in foreign currency, liabilities on securities and other liabilities.

Note 13: Foreign exchange transactions

Table 3-2-19 : Foreign exchange transactions

In thousands of dirhams	2013	2012
Currency exchange-deposit transactions	4 892 800	2 045 124
Foreign exchange transaction-arbitrage operations		
Foreign currencies receivable	823 807	306 496
Foreign currencies payable	821 123	305 632

Note 14: Liabilities on securities

This heading records mainly securities pledged to Bank Al-Maghrib to secure various advances to banks (debt securities issued or guaranteed by the State, negotiable debt securities, private claims, etc.).

Table 3-2-20 : Liabilities on securities

In thousands of dirhams	2013	2012
Securities received on advances granted	69 064 400	73 336 198
Securities received on advances to be granted	3 493 000	2 968 300
Other guarantees received on advances granted	6 920 000	-
Foreign securities receivable	102 114	-
Securities deliverable		

Note 15 : Other liabilities

Table 3-2-21 : Other liabilities

In thousands of dirhams	2013	2012
Received market guarantees	40 906	100 586
Guarantees liabilities received for staff loans	814 862	787 544
Financing liabilities granted to the staff	39 182	41 431
Other granted liabilities	1 000	1 000

3-2-5-5 Comments on profit and loss account items

Note 16: Interest earned on investments in gold and foreign currency

This item is strongly correlated with levels of foreign exchange reserves and interest rates. It includes interests from foreign exchange reserves management transactions, which are, particularly:

- Bond market investments in foreign Treasury bills and similar securities (investment portfolio and portfolio of securities held for sale);
- International money market investments (Treasury portfolio);
- SDR holdings with the IMF;
- Loans of foreign treasury bills.

Foreign exchange reserves management returns shrank 45 percent to 1,594,441 KDH compared with 2012, reflecting adverse market conditions.

Bond yields thus fell by 45 percent to 1,569,421 KDH. The monetary component generated returns amounting to 11,794 KDH, down 68 percent compared to 2012.

Table 3-2-22 : Interests earned on holdings in foreign currency

In thousands of dirhams	2013	2012	Change in %
Foreign Treasury bills and similar securities	1 569 421	2 847 661	-45%
Holdings and investments in foreign banks	11 896	36 995	-68%
Claims on the IMF	2 343	5 673	-59%
Other interest	10 782	18 241	-41%
Total	**1 594 441**	**2 908 570**	**-45%**

Note 17: interest received on claims on Moroccan credit institutions and similar bodies

This is interest received by the Bank on various advances to credit institutions as part of the monetary policy conduct (for remuneration conditions, see Note 4 of the balance sheet).

This interest amounted to 2,122,439 KDH in 2013 from 1,927,422 KDH, as the Bank maintained liquidity injection operations given the persistent tightening of bank liquidity.

Table 3-2-23 : Interest received on claims on Moroccan credit institutions and similar bodies

In thousands of dirhams	2013	2012	Change in %
Interest received			
7-day advances	1 534 728	1 441 887	6%
Repurchase agreement	440 116	466 616	-6%
24-hour advances	4 023	16 652	-76%
Secured loans	143 342	2 107	>100%
Other interest	231	160	45%
Total	**2 122 439**	**1 927 422**	**10%**

In this context, the Bank intervened mainly through 7-day advances whose interest earned totaled 1,534,728 KDH. It also maintained its long-term repos, which generated proceeds of 440,116 KDH and used four secured loan operations, whose interest totaled 143,342 KDH.

Note 18: Other interest earned

This item covers interests due to the Bank under loans granted to its staff, which amounted on the balance sheet closing date to 8,247 KDH.

Note 19: Commissions earned

Commissions are deducted by the Bank in payment of banking transactions for customers, which cover, mainly, foreign exchange and management operations of Moroccan Treasury bills including, mainly, the auction centralization commission.

They amounted to 411,751 KDH, up 26 percent compared to 2012, due to higher

Table 3-2-24 : Commissions earned

In thousands of dirhams	2013	2012	Change in %
Foreign exchange commission	329 836	269 785	22%
Management of Treasury bills	73 204	48 465	51%
Other commissions	8 711	7 609	14%
Total	**411 751**	**325 859**	**26%**

commissions earned under foreign exchange operations (+22 %) and those deducted by the Bank on the centralization of the Treasury's auction operations (+51%).

Note 20: Other financial revenues

Other financial revenues, which mainly cover gains generated from foreign currency transactions, fell by 55 percent to 58,963 KDH, in conjunction with a decline of:

- 84 percent in gains from foreign investment securities sales due to a decrease in 2013 in sales of securities compared to the previous fiscal year;
- 42 percent in deferral of discounts on foreign securities due to the reduction of the investment securities portfolio.

Table 3-2-25 : Other financial revenues

In thousands of dirhams	2013	2012	Change in %
Gains from investment securities sales	11 084	69 070	-84%
Deferral of discounts on foreign securities	17 873	30 843	-42%
Gains in management authorizations	18 318	18 273	0,2%
Other revenues	11 689	13 411	-13%
Total	**58 963**	**131 597**	**-55%**

Note 21: Sales of produced goods and services

This item includes revenues from sales of various produced goods and services provided by the Bank, which cover mainly secured documents produced by Dar As-Sikkah, including the biometric passport. The selling price of these documents is fixed on the basis of data from the analytical system established by the Bank. This item also consists of changes in inventories of finished products, in-process production and commemorative coins.

The increase in this item to 168,366 KDH (+17%) was mainly attributed to higher inventories, mainly finished goods and in-process production, including the overall change, which stood at 18,096 KDH.

Note 22: Miscellaneous revenues

Miscellaneous revenues include, inter alia, the recovery of costs paid by the Bank and the contribution of banks to the Moroccan Gross Settlement Systems.

Their 93 percent increase was mainly due to tax adjustments resulting from the increase of the deductible proportion rate of VAT from 25 percent to 46 percent.

Note 23: Reversals of provisions

Reversals of provisions in 2013 cover mainly those constituted under the depreciation of foreign investment securities (see Table 3-2-31 of Note 32 of the PLA).

Note 24: Noncurrent revenues

This item includes exceptional noncurrent revenues, with a significant impact both in absolute and relative figures.

Noncurrent revenues dropped by 86 percent compared to 2012, which was marked by proceeds from the sale of a Bank's property.

Note 25: Interest paid on liabilities in gold and foreign currency

This item posts in 2013 an amount of 4,479 KDH which corresponds to the commissions paid quarterly by the Bank on SDR allocations accorded by the IMF to Morocco as a member country (see Note 3 of the balance sheet).

Note 26: Interest paid on deposits and liabilities in dirhams

It covers particularly interests paid by the Bank on:

- The required reserve constituted by banks with BAM and remunerated at the rate of 0.75 percent per year;
- Deposits at the account of Hassan II Fund for Economic and Social Development and the Treasury current account (for payment conditions, see Note 10 of the balance sheet).

Table 3-2-26 : Interest on liabilities in dirhams

In thousands of dirhams	2013	2012	Change in %
Interest paid			
Required reserve account	116 084	157 642	-26%
Other accounts	160 026	166 559	-4%
Treasury account	62 390	63 722	-2%
Total	**276 111**	**324 201**	**-15%**

This item can also include, in a context of excess liquidity, interests paid by the Bank as part of liquidity mopping up operations under liquidity withdrawals, deposits facilities and swap of

dirhams against currencies.

In 2013, these interests fell to 276,111 KDH, down 15 percent compared to 2012, mainly due to lower required reserve payments (-26%).

Note 27: Commissions paid

These are commissions paid in exchange for financial services provided to the Bank such as the custody of Moroccan (4,072 KDH) and foreign (5,519 KDH) securities.

Note 28: Other financial expenses

This item covers losses on foreign currency transactions including, mainly, losses on investment securities sales and deferral of premiums on Treasury bills and similar securities.

These expenses amounted to 739,548 KDH, down 12 percent, mainly due to the following changes:

- a 72 percent decline in deferral of premiums on foreign securities, due to the reduction of the investment portfolio;
- a 91 percent increase in losses in foreign investment securities sales, mainly reflecting the nature of the securities acquired.

Table 3-2-27 : Other financial expenses

In thousands of dirhams	2013	2012	Change in %
Losses in investment securities sales	600 251	313 880	91%
Deferral of premiums on foreign securities	122 968	434 963	-72%
Other expenses	16 330	95 209	-83%
Total	**739 548**	**844 052**	**-12%**

Note 29: Staff expenses

This item includes the salaries and wages, allowances and bonuses paid to the Bank staff, employer basic and supplementary contributions to Bank Al-Maghrib Staff Pension Fund and contributions to the Mutual Fund, social security charges and various insurance premiums.

Table 3-2-28 : Staff expenses

In thousands of dirhams	2013	2012	Change in %
Staff salaries and social security contributions	687 618	783 323	-12%
Training expenses	5 297	5 689	-7%
Other expenses	15 720	16 390	-4%
Total	**708 634**	**805 402(*)**	**-12%**

(*) Accounting reclassification of 5.7 million dirhams in 2012 between "staff expenses" and "purchases of materials and supplies".

It decreased by 12 percent compared to 2012, a year burdened by an exceptional expense of 150,000 KDH, relating to the conversion of the long-term loan granted in December 1994 by the Bank to the Pension Fund into special dues.

Payroll rose in 2013 by 8.6 percent to 672,618 KDH, as the collective variable premium was recorded as of this year in personnel expenses, which were included previously in allocations to provisions for expenses. Excluding the effect of this charge, change in the payroll would stand at 1.7 percent, in line with the target set by the Bank three years ago to limit the growth of this entry to around 3 percent.

Note 30: Purchases of materials and supplies

Raw materials (paper, ink, coin blanks, electronic chips and precious metals) are used in the manufacturing of coins and banknotes, secured documents and commemorative coins. This item also includes changes in inventories of raw materials and supplies as well as rebates,

Table 3-2-29 : Purchases of materials and supplies

In thousands of dirhams	2013	2012	Change in %
Purchase of raw materials	179 094	159 481	12%
Purchase of consumable materials and supplies	31 993	27 913	15%
Other purchases	24 249	10 243	>100%
Total	**235 337**	**197 637(*)**	**19%**

(*) Accounting reclassification of 5.7 million dirhams in 2012 between "staff expenses" and "purchases of materials and supplies".

discounts and payment deductions obtained on purchases, and granted to the Bank by its suppliers.

Its 19 percent growth was mainly attributed to changes in inventories of raw materials and supplies, which stood at -24,082 KDH in 2013 as against -53,641 KDH at end-2012.

Note 31: Other external expenses

They include all Bank overheads and current expenditure covering, inter alia, computer maintenance, building upkeep, rental, water and electricity consumption as well as various taxes. These expenses were similar to last year, standing at 284,869 KDH, thus reflecting the Bank's resolve to reduce its overheads.

Note 32 : Depreciations and provisions

Depreciations

Table 3-2-30 : Depreciations

In thousands of dirhams	2013	2012
Depreciations of tangible and intangible fixed assets	340 939	299 460
Real properties	121 258	119 288
Furniture and equipment	152 325	130 285
Other tangible fixed assets	43	43
Intangible fixed assets	67 313	49 844
Amortization expenses of other costs to be spread out over many fiscal years	5 462	3 168
Amortization expenses of previous fiscal years	4 526	4 132
Total	**350 926**	**306 759**

Provisions

Table 3-2-31 : Provisions

In thousands of dirhams	Outstanding amount 31/12/2012	Expenses	Reversals	Other changes	Outstanding amount 31/12/2013
Provisions for depreciation					
Foreign Treasury bills and similar securities	410 276	237 775	371 858	-48	276 240
Miscellaneous stocks and values	3 655	4 121	3 655		4 121
Moroccan equity securities	3 000	3 900			6 900
Foreign equity securities					
Provisions for risks and expenses posted under liabilities					
Provisions for risks and expenses	39 617	11 680	13 892		37 404
Other provisions	42 042			41 631	411
Total		**257 476**	**389 405**		

For the terms of the constitution and reversal of provisions, see Section 5-2 "Assessment Methods" and Note 11 of the balance sheet.

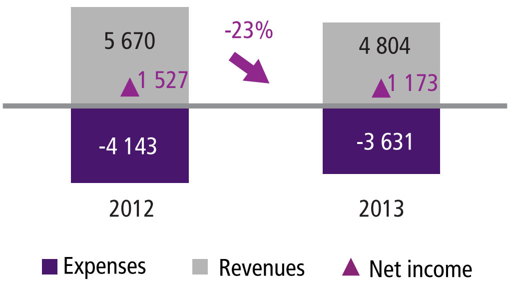
Note 33: Noncurrent expenses

Non-recurrent expenses include mainly the amount of the solidarity social contribution on profits, calculated in 2013 based on 2 percent of the Bank's net income (23,940 KDH).

Note 34: Corporate tax

The tax rate is fixed at 37 percent under Article 19 of the General Tax Code, which is the taxation level applied to credit institutions under common law.

Chart 3-2-1 : Change in revenues, expenses and net income (in millions of dirhams)



3-3 Statutory Audit Report

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(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards).

STATUTORY AUDIT REPORT
FISCAL YEAR ENDED DECEMBER 31st, 2013

In accordance with our engagement as statutory auditors by the Bank's Board, we have audited the accompanying financial statements including the balance sheet, the profit and loss account and the attached disclosures here attached of BANK AL MAGHRIB for the year ended December 31st, 2013, which show a net equity of 5 534 045 thousands of Moroccan Dirhams and a net profit of 1 173 059 thousands of Moroccan Dirhams.

Management's Responsability

Management is responsible for the preparation and fair presentation of these financials statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Deloitte.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph show, in all material aspects, a fair view of the results of the operations for the year ended as well as of the financial situation and the assets of BANK AL MAGHRIB on December 31st, 2013, in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we would note that assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A1 of the attached disclosures.

Specific Procedures and Disclosures

We have notably ensured the correspondence of the information provided in the management report with the Bank's financial statements.

March 26th, 2014

Deloitte Audit

Fawzi BRITEL
Partner

3-4 Approval by the Bank Board

In compliance with article 55 of Law No 76-03 bearing Statutes of Bank Al-Maghrib, the financial statements are hereby submitted by the Governor for approval by the Board.

At its meeting on March 25th, 2014, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information given in the Bank's management report, the Board approved the financial statements of the fiscal year 2013 and the distribution of the net income.

STATISTICAL APPENDICES

Table A1 MAIN INDICATORS OF THE ECONOMY

(Amounts in billions of dirhams)

	2011	2012	2013*	Percentage changes	
				2012 / 2011	2013 / 2012
Economy International					
Economic growth (in %)					
World	3.9	3.2	3.0	-	-
Euro area	1.6	-0.7	-0.5	-	-
United States	1.8	2.8	1.9	-	-
United Kingdom	1.1	0.3	1.8	-	-
Brasil	2.7	1.0	2.3	-	-
China	9.3	7.7	7.7	-	-
Inflation (in %)					
World	4.9	3.9	3.6	-	-
Euro area	2.7	2.5	1.3	-	-
United States	3.1	2.1	1.5	-	-
United Kingdom	4.5	2.8	2.6	-	-
Brasil	6.6	5.4	6.2	-	-
China	5.4	2.6	2.6	-	-
Unemployment					
Euro area	10.2	11.4	12.1	-	-
United States	8.9	8.1	7.4	-	-
United Kingdom	8.1	8.0	7.6	-	-
Brasil	6.0	5.5	5.4	-	-
China	4.1	4.1	4.1	-	-
Economy National					
National accounts					
- Gross domestic product at constant prices	107.2	97.7	116.2	-8.9	19.0
. Non-agricultural Added value	479.1	499.7	509.7	4.3	2.0
- Gross domestic product at current prices	802.6	827.5	872.8	3.1	5.5
. Agricultural Added value	106.3	102.6	124.1	-3.5	21.0
. Non-agricultural Added value	636.1	665.2	675.3	4.6	1.5
- Gross national disposable income	108.2	108.0	108.4		
- Final national consumption	58.9	59.9	60.1	-	-
- Gross fixed capital formation	30.7	31.3	30.2	-	-
- National gross saving	27.9	25.5	26.6	-	-
- Investment ratio (GFCF/GDP) in %	30.7	31.3	30.2	-	-
- Saving ratio (as % of GNDI)	25.8	23.6	24.5	-	-

(*) PreliminaryTableAU

Table A1 MAIN INDICATORS OF THE ECONOMY

(Amounts in billions of dirhams)

	2011	2012	2013*	Percentage changes	
				2012 / 2011	2013 / 2012
Economy National					
Unemployment rate in %	**8.9**	**9.0**	**9.2**	**-**	**-**
Prices					
- Consumer price index	109.4	110.8	112.9	1.3	1.9
Including : Foodstuffs	115.9	118.5	121.3	2.2	2.4
- Underlying inflation	108.9	109.8	111.4	0.8	1.5
External accounts					
- Total exports FOB	175.0	184.9	184.7	5.7	-0.1
- Total imports CAF	357.8	386.9	379.9	8.2	-1.8
Trade balance in % of GDP	-22.8	-24.4	-22.4	-	-
Balance of Travel in % of GDP	7.3	7.0	6.6	-	-
Balance of current transfers in % of GDP	8.1	8.0	8.4	-	-
Current account balancet in % of GDP	-8.0	-9.7	-7.6	-	-
Balance of the capital account in % of GDP	0.0	0.4	0.1	-	-
Public finance(3)					
- Budget balance as % of GDP	-6.0	-7.0	-5.5	-	-
Outstanding domestic treasury debt in % of GDP	44.8	49.1	58.2	-	-
- Outstanding amount of the domestic debt as % of GDP	23.6	25.7	26.5	-	-
Money and monetary conditions					
- Aggregate M1	586.8	612.2	628.5	4.3	2.7
- Money supply (M3)	949.3	992.2	1 023.2	4.5	3.1
- Net foreign assets	173.8	144.7	150.3	-16.7	3.8
Lending rates (2)	6.65	6.20	6.52	-	-
Deposits rates (2)	3.59	3.70	3.79	-	-
Key rates (2)	3.25	3.00	3.00	-	-
interbank rates (2)	3.35	3.16	3.03	-	-

(*) Preliminary
(1) Excluding privatization receipts.
(2) Weighted average rates

TABLE A2.1 GROSS DOMESTIC PRODUCT CHANGES (BASE 1998:100)

(At last year prices) (In percentage)

	2009	2010	2011	2012*	2013**
Gross domestic product	**4.8**	**3.6**	**5.0**	**2.7**	**4.4**
Primary sector	**28.9**	**-2.3**	**5.1**	**-7.2**	**18.7**
Agriculture	30.4	-1.9	5.6	-8.9	19.0
Fishing	12.2	-9.5	-1.5	13.7	15.7
Secondary sector	**-4.7**	**6.5**	**4.0**	**1.4**	**0.3**
Mining	-23.8	38.6	5.9	-2.4	-2.9
Industry (excluding oil refining)	0.9	3.1	2.3	1.5	0.8
Elecricity and water	3.5	7.1	6.0	6.9	0.4
Building and public works	3.4	2.6	4.2	2.1	1.4
Tertiary sector (1)	**3.6**	**3.3**	**6.0**	**5.8**	**2.7**
Trade	3.5	-0.4	4.7	2.3	1.1
Hotels and restaurants	-1.2	8.1	-2.0	2.5	4.6
Transportation	2.9	7.2	5.9	2.7	2.2
Postal and telecommunications services	2.8	4.4	19.0	25.6	2.8
Other services (2)	2.3	3.8	5.7	5.4	2.8
General government and social security	9.3	2.9	5.8	6.7	3.4
Added value to the base prices	**4.8**	**3.3**	**5.2**	**2.5**	**4.3**
Tax on products net of subsidies	4.6	6.7	2.7	5.4	6.0

(1) Including non-market services provided by the general government.
(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A2.2 GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (BASE : 1998)

(At current prices) (In millions of dirhams)

	2009	2010	2011	2012*	2013**
Gross domestic product	**732 449**	**764 031**	**802 607**	**827 497**	**872 791**
Primary sector	**107 050**	**105 534**	**114 866**	**110 575**	**132 465**
Agriculture	100 757	98 991	106 342	102 572	124 124
Fishing	6 293	6 543	8 524	8 003	8 341
Secondary sector	**186 742**	**204 075**	**224 556**	**232 872**	**228 079**
Mining	16 925	29 579	41 355	40 343	30 808
Industry (excluding oil refining)	104 004	105 250	114 338	120 694	123 231
Elecricity and water	18 953	19 362	18 962	20 044	21 042
Building and public works	45 776	47 085	47 941	50 099	52 833
Tertiary sector (1)	**359 365**	**378 113**	**402 997**	**424 283**	**438 861**
Trade	72 054	72 815	76 977	79 824	81 648
Hotels and restaurants	16 775	19 446	18 852	19 745	21 838
Transportation	25 795	27 480	28 424	29 158	31 123
Postal and telecommunications services	22 097	23 065	22 473	21 329	18 481
Other services (2)	162 769	172 707	186 660	199 397	207 834
General government and social security	59 875	62 600	69 611	74 830	77 937
Added value to the base prices	**653 157**	**687 722**	**742 419**	**767 730**	**799 405**
Tax on products net of subsidies	79 292	76 309	60 188	59 767	73 386

(1) Including non-market services provided by the general government

(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.

(*) Revised

(**) Preliminary

Source : High Commission for Planning (National accounting department)

TABLE A2.3 GOODS AND SERVICES ACCOUNT (1998:100)

(At current prices)

(In millions of dirhams)

	2009	2010	2011	2012*	2013**	Percentage changes 2012/2011	Percentage changes 2013/2012
RESOURCES	**812 933**	**839 143**	**907 832**	**946 638**	**988 119**	**4.3**	**4.4**
Gross domestic product	**732 449**	**764 031**	**802 607**	**827 497**	**872 791**	**3.1**	**5.5**
Resources deficit	**80 484**	**75 112**	**105 225**	**119 141**	**115 328**	**13.2**	**-3.2**
Imports of goods and services	290 725	329 053	390 755	416 311	408 998	6.5	-1.8
Exports of goods and services	210 241	253 941	285 530	297 170	293 670	4.1	-1.2
Expenditure	**812 933**	**839 143**	**907 832**	**946 638**	**988 119**	**4.3**	**4.4**
Final national consumption	**551 858**	**571 485**	**619 270**	**654 773**	**689 954**	**5.7**	**5.4**
households	418 461	437 547	472 938	495 655	524 395	4.8	5.8
General government	133 397	133 938	146 332	159 118	165 559	8.7	4.0
Investment	**261 075**	**267 658**	**288 562**	**291 865**	**298 165**	**1.1**	**2.2**
Gross fixed capital formation	226 177	234 407	246 394	258 859	263 272	5.1	1.7
Changes in stocks	34 898	33 251	42 168	33 006	34 893	-21.7	5.7

*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A2.4 GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION (1998:100)

(At current prices) (In millions of dirhams)

	2009	2010	2011	2012*	2013**	Percentage changes 2012/2011	Percentage changes 2013/2012
Gross domestic product	732 449	764 031	802 607	827 497	872 791	3.1	5.5
Net foreign income	40 610	40 790	40 617	38 493	49 162	-5.2	27.7
Gross national disposable income	**773 059**	**804 821**	**843 224**	**865 990**	**921 953**	**2.7**	**6.5**
Final national consumption	551 858	571 485	619 270	654 773	689 954	5.7	5.4
Gross national savings	221 201	233 336	223 954	211 217	231 999	-5.7	9.8

(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A2.5 INVESTMENT AND SAVINGS (BASE 1998:100)

(At current prices) (In millions of dirhams)

	2009	2010	2011	2012*	2013**	Percentage changes 2012/2011	Percentage changes 2013/2012
RESOURCES	**221 197**	**233 335**	**223 952**	**211 218**	**231 998**	**-5.7**	**9.8**
Gross national savings	221 201	233 336	223 954	211 217	231 999	-5.7	9.8
Net capital transfers received	-4	-1	-2	1	-1	-150.0	-200.0
Financing requirement	-39 878	-34 323	-64 610	-80 647	-66 167	24.8	-18.0
EXPENDITURE	**221 197**	**233 335**	**223 952**	**211 218**	**231 998**	**-5.7**	**9.8**
Gross fixed capital formation	226 177	234 407	246 394	258 859	263 272	5.1	1.7
Changes in stocks	34 898	33 251	42 168	33 006	34 893	-21.7	5.7

(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A2.6 AGRICULTURE

(area in thousands of hectars / production million quintals)

	Crop year 2011-2012			Crop year 2012-2013		
	Area	Production	Yield	Area	Production	Yield
Principal cereals	**154 5**	**51 601**	**10.0**	**171 5**	**565 96**	**18.7**
Soft wheat	2 179	27 400	12.6	2 259	50 367	22.3
Hard wheat	963	11 300	11.7	945	18 972	20.1
Barley	1 893	12 000	6.3	1 967	27 226	13.8
PULSE CROPS	**398**	**2 819**	**7.1**	**-**	**2 617**	**ND**
Market garden crops	**255**	**76 852**	**301**	**253**	**79 546**	**315**

Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.7 SEA FISHERIES

(In thousands of tonnes)

	2012*	2013**
Coastal fishing	**1 120.0**	**1 172.0**
Consumpting of fresh products	**437.3**	**391.0**
Processing	**673.2**	**772.0**
Conned fish	148.2	152.7
Fish meal and fish oil	206.6	181.3
Frozen	318.4	438.0

(*) revised
(**) Preliminary
Source : Ministry of Agriculture and Sea Fisheries

TABLENP A2.8 ENERGY PRODUCTION

	2011	2012*	2013**	Percentage changes % 2013/2012
Processing ativity				
Rafineries production (1000 t) (1)	6 412.4	6 940.9	6 598.9	-4.9
Net electricity production (in millions kWh)	24 145.0	26 214.3	26 626.0	1.6
Concession electricity thermic and wind power (in millions kWh)	12 657.9	13 200.7	12 779.0	-3.2

(1) Exluding non energy oil products(bitumen and lubricants).
(*) revised
(**) Preliminary
Sources : Ministry of Energy and Mining Water and Environment and National Electricity Office.

TABLE A2.9 ENERGY PRODUCTION EXPRESSED IN TONNES OIL EQUIVALENT (TOE)

(In billions of TOE)

	2012*			2013**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Total production (1)	**13 757**	**8.4**	**100.0**	**13 522**	**-1.7**	**100**
Refined petroleum (2)	6 941	8.2	50.5	6 599	-4.9	48.8
Electricity	6 816	8.6	49.5	6 923	1.6	51.2

(1) Total output of energy calculated from data provided by the Ministry of Energy and Mining and the National Electricity Office on the basis of a conversion coefficient of 0.26 TOE per 1000 kWh for electricity

(2) Excluding non-energy products (bitumen and lubricants)

(*) Revised

(**) Preliminary

Sources : Ministry of Energy and Mining and National Electricity Office

TABLE A2.10 TOTAL ENERGY CONSUMPTION

	2011	2012*	2013**	Percentage change 2013/2012
Oil products(1000 t)	**10 676**	**10 785**	**11 177**	**3.6**
Liquefied gas	2 032	2 158	2 247	4.1
Fuel-oil	2 685	2 649	2 755	4.0
Coal (1000 t)	**5 953**	**5 933**	**5 980**	**0.8**
Electricity O.N.E (millions kWh)	**25 670**	**27 559**	**27 729**	**0.6**
Final energy consumption (1)	**16 679**	**17 289**	**18 099**	**4.7**
Petroleum products	9 033	9 148	9 894	8.2
Gas oil	4 793	4 882	5 052	3.5
Electricity	6 674	7 165	7 209	0.6
Coal	845	976	996	2.0

(1) Final energy consumption is calculated on the basis of data provided by the Ministry of Energy and Mining and the National Electricity Office (ONE) on the basis of a conversion coefficient of 0 26 TOE per 1000 kWh for electricity and 0 66 TOE per tonne for coal

(*) Revised

(**) Preliminary

Sources : Ministry of Energy and Mining and National Electricity Office

TABLE A2.11 INDICES OF MANUFACTURING PRODUCTION

(Base 100 in 2010)

	2011	2012	2013	Percentage changes	
				2012/2011	2013/2012
Food industries					
Staple foods	103.0	105.2	106.8	2.2	1.5
Manufactured tobacco	103.9	106.2	109.2	2.2	2.8
Textiles and leather industries					
Textile industry products	95.8	95.1	93.9	-0.8	-1.3
Clothing goods and furs	100.6	105.5	101.3	4.9	-4.0
Leather, travel goods and footwear	97.4	90.6	92.0	-7.0	1.5
Chemical and parachemical industries					
woodwork products	90.6	88.9	86.9	-1.8	-2.3
Paper and cardboard	100.4	101.5	97.4	1.1	-4.0
Editing products, printed or reproduced products	103.6	107.3	108.5	3.5	1.2
Coking, refining, and nuclear industries products	117.2	116.3	108.9	-0.8	-6.4
Chemical products	101.7	103.6	107.1	1.8	3.5
Rubber or plastic products	112.5	110.5	111.2	-1.8	0.6
Other mineral non-metal products	104.5	101.3	99.0	-3.1	-2.3
Mechanical and metallurgical industries					
Metal products	103.4	106.2	104.6	2.7	-1.5
Metal works products	99.6	103.9	110.4	4.3	6.3
Machinery and equipement	98.3	99.5	95.9	1.2	-3.6
Car industry products	104.0	102.7	92.4	-1.3	-10.0
Other transport equipement	101.0	98.9	112.4	-2.0	13.6
Furniture, miscellaneous industries	132.1	140.8	163.7	6.6	16.3
Electrical and electronic industries					
Electrical machines	104.0	102.7	92.4	-1.3	-10.0
Radio, Television and communication equipement	101.0	98.9	112.4	-2.0	13.6
Mediacl, precision, optics and clock making material	132.1	140.8	163.7	6.6	16.3
Total manufacturing industries	**103.4**	**104.5**	**104.8**	**1.1**	**0.3**

Source : High commission for planning`

TABLE A2.12 TOURISM

	2011	2012	2013	Percentage changes 2013/2012
Total of tourist arrivals	**9 342 133**	**9 375 156**	**10 046 264**	**7.2**
Residence tourism	**4 933 883**	**5 011 729**	**5 323 333**	**6.2**
European Union countries	**3 882 250**	**3 855 875**	**3 994 226**	**3.6**
France	1 775 961	1 769 710	1 782 056	0.7
Spain	693 255	730 882	682 834	-6.6
Germany	219 576	199 349	237 852	19.3
United Kingdom	352 141	357 347	403 325	12.9
Italy	211 405	196 186	234 912	19.7
Other European countries	**255 627**	**250 455**	**313 234**	**25.1**
America	**239 591**	**257 908**	**294 618**	**14.2**
United States	130 427	140 045	160 033	14.3
Canada	63 237	69 206	70 923	2.5
Argentina	8 447	10 062	10 006	-0.6
Middle East (1)	**134 289**	**152 987**	**164 534**	**7.5**
Maghreb	**174 417**	**219 280**	**270 227**	**23.2**
Other African countries	**134 452**	**142 953**	**144 540**	**1.1**
Asia	**81 291**	**100 411**	**108 311**	**7.9**
Other countries	**31 966**	**31 860**	**33 643**	**5.6**
Moroccans resident abroad	**4 408 250**	**4 363 427**	**4 722 931**	**8.2**

(1) Including Egypt
Source : Ministry of Tourism

TABLE A3.1 INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

	Urban areas			Rural areas			National		
	2012	2013	Changes in absolute value (2) 2013/2012	2012	2013	Changes in absolute value (2) 2013/2012	2012	2013	Changes in absolute value (2) 2013/2012
Total population	**19 158**	**19 513**	**355**	**13 439**	**13 437**	**-2**	**32 597**	**32 950**	**353**
Population aged 15 years and over	**14 370**	**14 672**	**302**	**9 484**	**9 558**	**74**	**23 854**	**24 230**	**376**
Population aged 15 years and over	**6 145**	**6 218**	**73**	**5 404**	**5 488**	**84**	**11 549**	**11 706**	**157**
Employed	5 321	5 347	26	5 190	5 278	88	10 511	10 625	114
Unemployed	824	871	47	214	210	-4	1 038	1 081	43
Activity rate (1)	**42.8**	**42.4**	**-0.4**	**57**	**57.4**	**0.4**	**48.4**	**48.3**	**-0.1**
Unemployment rate	**13.4**	**14.0**	**0.6**	**4.0**	**3.8**	**-0.2**	**9.0**	**9.2**	**0.2**
By gender									
Men	11.5	12.3	0.8	4.9	4.9	0	8.7	9.1	0.4
Women	20.6	20.4	-0.2	1.9	1.6	-0.3	9.9	9.6	-0.3
By age									
15 to 24 years	33.5	36.0	2.5	8.9	8.4	-0.5	18.6	19.3	0.7
25 to 34 years	19.6	19.8	0.2	4.3	4.2	-0.1	13.2	13.2	0
35 to 44 years	7.0	7.9	0.9	2.1	2.3	0.2	5.0	5.6	0.6
45 years and over	2.7	3.5	0.8	1.0	1.1	0.1	1.9	2.3	0.4
By diploma									
Without any diploma	6.9	8.1	1.2	2.4	2.4	0.0	4.0	4.5	0.5
With diploma	18.2	18.2	0.0	10.6	9.8	-0.8	16.4	16.3	-0.1

(1) Labour force aged 15 and over as a percentage of the total population aged 15 and over
(2) For rates this is a change in percentage points
Source : High Commission for Planning

TABLE A3.2 EMPLOYMENT BY BRANCH OF ECONOMIC ACTIVITY (1)

(thousands of persons)

	Year		Changes	
	2012	2013	in absolute value	In percentage
Total	**10 510.5**	**10 624.5**	**114**	**1.1**
Agriculture, forestry and fishing	4 119.8	4 177.8	58	1.4
Industry (including handicraft)	1 208.3	1 213.3	5	0.4
Construction and public works	1 038.1	988.2	- 50	-4.8
Other services	4 131.6	4 232.4	101	2.4
Other activities	12.7	12.7	0	0.0

(1) This concerns the employment of persons aged 15 years and above.
Source : High Commission for Planning

TABLE A 4.1 INFLATION

(100 : 2006)

Catgory	General index	Food products			Non-food products										
		Overall	Food and soft drinks	Alcoholic beverages, tobacco and narcotics	Overall	Clothes and shoes	Housing, water, gas, electricity and other fuels	Furniture, household items and routine household maintenance	Health	Transport	Communications	Leisure and culture	Education	Restaurants and hotels	Various goods and services
2009	1.0	1.0	0.9	3.4	1.0	1.0	0.8	1.9	0.9	0.2	- 4.5	- 0.6	5.4	1.8	2.0
2010	0.9	1.2	1.2	0.1	0.8	0.5	0.5	0.8	0.9	0.0	- 1.1	- 0.7	4.1	2.4	1.7
2011	0.9	1.3	1.4	0.0	0.6	1.6	0.5	0.8	0.3	- 0.1	- 5.4	- 0.7	4.1	1.7	2.1
2012	1.3	2.2	2.4	0.2	0.6	2.1	0.5	0.1	0.7	3.2	- 19.6	0.5	3.8	2.0	1.4
2013	1.9	2.4	2.2	5.4	1.5	1.6	1.1	0.2	0.9	3.2	- 9.2	0.4	5.5	3.2	1.3
2013 January	2.6	4.1	4.4	0.1	1.3	1.1	0.7	- 0.1	0.7	5.2	- 16.0	0.8	6.1	2.4	0.9
February	2.2	3.3	3.5	0.1	1.3	1.0	0.7	- 0.1	0.8	5.3	- 16.2	1.1	6.1	2.3	0.9
March	2.2	2.5	2.3	6.5	1.8	1.2	0.8	- 0.1	0.8	5.6	- 8.7	1.0	6.1	2.2	1.4
April	2.4	3.0	2.8	6.5	1.9	1.0	1.0	0.0	0.7	5.6	- 8.8	1.1	6.1	3.0	1.4
May	2.8	3.4	3.2	6.5	2.4	1.3	1.0	0.1	0.7	5.7	- 0.3	0.9	6.1	3.3	1.3
June	2.3	3.2	3.1	6.5	1.5	1.2	1.1	0.0	1.0	1.6	- 0.3	0.2	6.1	3.2	1.2
July	1.6	2.3	2.1	6.5	1.0	1.6	1.1	0.2	1.0	1.0	- 11.1	0.3	6.1	3.5	1.1
August	1.9	2.8	2.7	6.5	1.2	1.6	1.3	0.3	1.0	1.0	- 9.3	0.2	6.2	3.9	1.4
September	1.7	1.7	1.6	6.5	1.6	1.9	1.5	0.5	1.0	2.5	- 9.3	0.3	5.9	3.8	1.4
October	1.5	1.7	1.4	6.5	1.4	2.1	1.5	0.6	1.1	2.5	- 9.3	0.0	3.5	4.0	1.4
November	1.0	0.7	0.5	6.5	1.1	2.1	1.5	0.5	1.1	1.5	- 9.3	0.0	3.5	3.1	1.4
Décember	0.4	- 0.7	- 1.1	6.5	1.3	2.2	1.4	0.7	1.2	1.5	- 9.3	- 0.6	3.5	3.3	1.9

Source : High Commission for Planning

TABLE A4.2 CORE INFLATION

(100 : 2006)

	Core Inflation	Food products included in core inflation	Clothes and shoes	Housing, water, gas, electricity and other fuels (1)	Furniture, household items and routine household maintenance	Health (1)	Transport (1)	Communications	Leisure and culture	Education	Restaurants and hotels	Various goods and services
2009	0.7	-0.1	1.0	1.6	1.9	0.8	0.3	-4.5	-0.6	5.4	1.8	2.0
2010	0.4	-0.6	0.5	0.8	0.8	0.0	0.3	-1.1	-0.7	4.1	2.4	1.7
2011	1.8	3.3	1.6	1.0	0.8	0.3	-0.3	-5.4	-0.7	4.1	1.7	2.1
2012	0.8	2.2	2.1	1.0	0.1	2.0	0.9	-19.6	0.5	3.8	2.0	1.4
2013	1.5	1.6	1.6	2.2	0.2	0.9	1.2	-9.2	0.4	5.5	3.2	1.3
2013 January	0.9	1.6	1.1	1.4	-0.1	-0.3	0.8	-16.0	0.8	6.1	2.4	0.9
February	0.9	1.5	1.0	1.3	-0.1	-0.2	1.0	-16.2	1.1	6.1	2.3	0.9
March	1.5	1.8	1.2	1.7	-0.1	-0.2	1.4	-8.7	1.0	6.1	2.2	1.4
April	1.6	1.9	1.0	2.1	0.0	-0.1	1.3	-8.8	1.1	6.1	3.0	1.4
May	1.7	1.6	1.3	2.2	0.1	0.0	1.4	-0.3	0.9	6.1	3.3	1.3
June	1.8	1.8	1.2	2.3	0.0	0.1	1.1	-0.3	0.2	6.1	3.2	1.2
July	1.5	1.6	1.6	2.3	0.2	0.8	0.9	-11.1	0.3	6.1	3.5	1.1
August	1.6	2.0	1.6	2.7	0.3	0.8	0.7	-9.3	0.2	6.2	3.9	1.4
September	1.8	2.0	1.9	3.0	0.5	2.1	1.1	-9.3	0.3	5.9	3.8	1.4
October	1.6	1.7	2.1	3.0	0.6	1.9	1.5	-9.3	0.0	3.5	4.0	1.4
November	1.4	1.4	2.1	2.8	0.5	2.5	1.4	-9.3	0.0	3.5	3.1	1.4
Décember	1.4	1.4	2.2	2.8	0.7	2.3	1.6	-9.3	-0.6	3.5	3.3	1.9

(1) Not regulated products and services regulated
Source : Calculated on the basis of data from High Commission for Planing products and services.

TABLE A4.3 IMPORT PRICE INDEX

Section	Overall Index	Food Index (1)	Mining Index (2)	Semis-finished (3)	Finished consumer goods index	Capital goods index	Plant and animal products index
2009	-27.1	-28.2	-45.0	-30.2	-4.2	-8.8	-11.6
2010	8.6	11.7	28.2	9.3	15.2	4.0	-2.0
2011	20.1	34.5	14.9	17.6	3.6	14.3	19.4
2012	8.0	1.3	13.1	10.1	7.2	5.5	2.8
2013	10.3	-9.1	49.6	17.7	5.2	4.5	1.7
2013 January	15.9	7.6	54.5	22.5	15.1	10.1	-2.5
February	20.2	10.5	70.8	26.4	5.9	9.2	2.1
March	19.9	8.9	77.1	25.7	5.7	6.6	5.9
April	14.4	1.2	64.2	19.3	4.5	8.7	5.2
May	12.4	-4.0	60.6	17.0	6.1	6.9	7.0
June	10.0	-5.1	53.6	14.3	6.2	8.6	3.3
July	12.8	-10.7	61.0	21.4	6.1	5.8	1.8
August	10.8	-15.6	54.0	22.5	7.2	3.2	-2.8
September	4.3	-22.8	34.4	15.1	5.4	2.1	-3.3
October	0.5	-24.9	23.4	9.8	4.6	1.9	-1.3
November	1.3	-26.7	29.1	10.3	-1.1	1.3	0.5
Décember	2.5	-24.0	31.2	9.7	-1.5	-2.0	5.0

(1) Excluding subsidized products and crude sulfur.
(2) Excluding wheat and sugar.
(3) Excluding crude sulfur.
Source : Calcullated on the basis of data from Foreign Exchange Office.

TABLE A4.4 PRICE INDEX OF TRADABLES AND NON TRADABLE

(ANNUAL CHANGE)

Section	Price of tradable goods (PCIXT)	Price of non tradable goods (CPIXNT)
2009	- 0.5	2.1
2010	- 0.8	1.7
2011	2.5	1.0
2012	2.0	- 0.5
2013	1.2	1.7
2013 January	1.2	0.6
February	1.2	0.6
March	1.2	1.8
April	1.1	2.1
May	1.2	2.5
June	1.2	2.5
July	1.1	1.8
August	1.5	2.0
September	1.5	2.1
October	1.5	1.6
November	1.4	1.3
Décember	1.4	1.4

Source : Calcullated on the basis of data from Foreign Exchange Office.

TABLE A4.5 INDUSTRIAL PRODUCER PRICE INDEX

(100: 2010)

	Average 2012	2013				Average 2013	Percentage changes	
		1st quarter	2nd quarter	3nd quarter	4th quarter		2012/2011	2013/2012
Textile manufacturing	102.9	102.1	102.4	102.9	102.8	102.6	0.8	-0.3
Furniture manufacturing	101.7	102.1	102.4	102.3	102.3	102.3	0.0	0.6
Other manufacturing industries	116.9	118.5	115.6	109.9	110.1	113.5	2.9	-2.9
Manufacturing of other transportation materiels	100.6	100.6	100.6	100.5	100.8	100.6	0.4	0.0
Automotive industry	99.2	98.9	98.9	98.9	99.0	98.9	-0.1	-0.3
Manufacturing of machinery and equipment	100.9	101.2	101.2	102.1	102.2	101.7	0.7	0.8
Electric equipment manufacturing	109.4	109.1	108.6	106.9	105.9	107.6	1.7	-1.6
Manufacturing of wood and products of wood and cork, exept furniture; manufacture of articles of straw and plaiting materials	110.4	110.9	111.0	111.0	112.3	111.3	5.2	0.8
Manufacturing of computer, electronic and optical products	100.0	100.0	100.0	100.0	99.4	99.9	0.0	-0.1
Manufacturing of metal products,exept machinery and equipment	101.9	103.9	103.6	103.1	102.5	103.3	2.1	1.4
Manufacturing of base metals	107.2	105.6	106.0	106.1	105.9	105.9	-0.6	-1.2
Manufacturing of other non-metallic products	101.6	104.4	104.6	106.1	107.6	105.7	-0.3	4.0
Chemical industry	139.6	140.7	121.6	121.6	121.6	126.4	2.1	-9.5
Pharmaceutical industry	101.2	100.0	100.1	100.1	100.0	100.0	1.2	-1.2
Coking and manufacturing of refined petroleum products	144.0	137.2	130.3	133.5	129.8	132.7	10.9	-7.8
Manufacturing of wearing apparel	101.4	102.3	102.0	101.1	102.9	102.1	0.8	0.7
Printing and reproduction of recorded media	102.6	102.6	103.3	103.4	103.4	103.2	0.0	0.6
Manufacturing of paper and cardboard	97.8	97.3	99.4	100.7	101.0	99.6	-2.0	1.8
Manufacturing of rubber and plastic products	106.2	106.3	106.4	106.5	106.1	106.3	2.9	0.2
Manufacturing of leather and related products exept leather clothing	101.7	106.8	107.0	107.0	107.0	107.0	0.0	5.2
Food industries	107.8	108.7	109.6	109.9	109.4	109.4	3.2	1.5
Manufacturing of tabacco products	100.0	102.5	107.6	107.6	107.7	106.4	0.0	6.4
Beverages manufacturing	113.6	115.8	115.1	115.2	115.1	115.3	9.7	1.5
Overall	**113.8**	**113.8**	**110.8**	**111.3**	**110.9**	**111.7**	**2.9**	**-1.8**

Source : High commission for planning`

Table A5.1 IMPORTS BY MAIN PRODUCTS

(Weight in thousands of tonnes, Value in millions of dirhams)

	2012*		2013**		Changes				Structure 2013 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL IMPORTS	**45 622**	**386 949**	**42 983**	**379 920**	**-2 639**	**-5.8**	**-7 029**	**-1.8**	**100**	**100**
Foodstuffs, beverages and tobacco	**9 991**	**41 783**	**7 817**	**35 667**	**-2 174**	**-21.8**	**-6 116**	**-14.6**	**18.2**	**9.4**
Wheat	4 094	12 067	2 728	8 221	-1 366	-33.4	-3 846	-31.9	41.0	28.9
Cake and other residues from the food industry	1 539	4 714	1 445	4 745	-94	-6.1	31	0.7	15.4	11.3
Mays	2 026	5 484	1 771	4 073	-255	-12.6	-1 411	-25.7	20.3	13.1
Raw or refined sugar	1 003	5 101	923	3 713	-79	-7.9	-1 388	-27.2	10.0	12.2
Tea	53	1 442	57	1 594	4	8.0	152	10.5	0.5	3.5
Other	1 277	12 975	893	13 321	-384	-30.0	345	2.7	12.8	31.1
Energy and lubricants	**19 854**	**106 619**	**20 048**	**102 094**	**194**	**1.0**	**-4 526**	**-4.2**	**46.6**	**26.9**
Crude oil	5 668	37 609	5 839	36 326	171	3.0	-1 283	-3.4	28.5	35.3
Gas oils and fuel oils	4 894	36 941	4 915	35 596	21	0.4	-1 346	-3.6	24.7	34.6
Oil gas and other hydrocarbons	2 950	20 163	3 175	19 125	225	7.6	-1 037	-5.1	14.9	18.9
Coal, coke ans similar solid fuels	6 010	5 916	5 716	4 756	-294	-4.9	-1 160	-19.6	30.3	5.5
Electrical energy	0	2 783	0	2 917	0	-	135	4.8	0.0	2.6
Other	332	3 208	404	6 291	72	21.6	3 083	96.1	1.7	3.0
Raw animal and vegeTable products	**1 830**	**12 711**	**1 532**	**11 217**	**-298**	**-16.3**	**-1 494**	**-11.8**	**3.6**	**3.0**
Crude soybean oil or unrefined	391	4 098	371	3 191	-21	-5.3	-907	-22.1	21.4	32.2
wood in the rough,squard or saws	988	3 217	711	2 751	-278	-28.1	-466	-14.5	54.0	25.3
Seeds, spores, and fruits ensemener	3	707	2	704	-1	-30.2	-3	-0.4	0.2	5.6
Inedible animal byproducts	12	695	13	679	1	9.7	-16	-2.4	0.7	5.5
Cotton	33	680	36	616	3	9.1	-64	-9.5	1.8	5.4
Other	403	3 313	400	3 275	-4	-0.9	-38	-1.1	22.0	26.1
Raw mineral products	**4 943**	**10 277**	**4 322**	**6 586**	**-621**	**-12.6**	**-3 691**	**-35.9**	**10.1**	**1.7**
Sulfur	4 032	6 697	3 600	4 152	-432	-10.7	-2 545	-38.0	81.6	65.2
Scrap, waste,scrao copper,iron, steel, and other minerals	480	1 846	352	1 190	-128	-26.7	-655	-35.5	9.7	18.0
Synthetic textile fibers	40	720	40	672	0	0.8	-48	-6.7	0.8	7.0
Sand,quartz, kaolin, and other clay	154	175	165	164	12	7.6	-11	-6.3	3.1	1.7
Synthetic rubber	4	112	4	101	0	-2.3	-10	-9.3	0.1	1.1
Other raw products of mineral origin	233	728	3 038	2 025	2 805	1 202.0	1 297	178.2	4.7	7.1

Table A5.1 IMPORTS BY MAIN PRODUCTS (continued)

(Weight in thousands of tonnes, Value in millions of dirhams)

	2012*		2013**		Changes				Structure 2013 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Semi-finished products	**7 162**	**77 113**	**7 420**	**80 094**	**259**	**3.6**	**2 981**	**3.9**	**17.3**	**21.1**
Plastic materials	637	10 643	664	11 286	28	4.4	643	6.0	8.9	13.8
Chemical products	1 275	8 127	1 162	7 954	-113	-8.9	-173	-2.1	17.8	10.5
Fiber and cotton yarns	430	4 531	463	4 801	33	7.8	269	5.9	6.0	5.9
Wire, rods, and sections of iron or non-alloy steel	487	3 243	671	4 513	184	37.7	1 270	39.2	6.8	4.2
Semi-finished products of iron or non-alloy steel	650	3 358	770	3 580	119	18.4	222	6.6	9.1	4.4
Wire, rods and sections of copper	46	3 258	49	3 313	4	7.8	55	1.7	0.6	4.2
Ammonia	744	3 599	647	3 011	-97	-13.0	-588	-16.3	10.4	4.7
Flat rolled products of iron or non-alloy steel	304	2 657	327	2 716	23	7.6	59	2.2	4.2	3.4
Electronic devices (transistors)	1	2 404	1	2 624	0	-18.1	220	9.2	0.0	3.1
Pipe fittings and metallic construction	94	3 177	92	2 636	-2	-2.1	-540	-17.0	1.3	4.1
Natural and chemical fertilizers	411	1 801	660	2 412	249	60.5	611	33.9	5.7	2.3
Other	2 082	30 316	1 914	31 247	-168	-8.1	932	3.1	29.1	39.3
Agricultural finished capital goods	**31**	**1 752**	**38**	**2 190**	**7**	**21.0**	**438**	**25.0**	**0.1**	**0.6**
Cultivators and africultural tractors	16	1 004	21	1 284	5	30.1	280	27.9	51.5	57.3
Agricultural machines and tools	15	743	17	900	2	11.3	157	21.1	48.4	42.4
Other agricultural finished capital goods	0	5	0	7	0	34.5	2	40.0	0.1	0.3
Industrial finished capital goods	**739**	**71 432**	**810**	**78 256**	**71**	**9.6**	**6 824**	**9.6**	**1.9**	**20.6**
Industrial vehicles	92	7 769	92	7 920	0	-0.3	151	1.9	12.5	10.9
Machines and miscellaneous equipment	62	7 151	64	6 542	3	4.2	-609	-8.5	8.3	10.0
Electrical switch gear	18	4 304	24	6 172	6	34.8	1 868	43.4	2.4	6.0
Wires and cables for electricity	27	4 027	29	4 989	2	8.4	962	23.9	3.6	5.6
Piston engines, other engines and their parts	30	3 241	49	4 800	19	62.5	1 559	48.1	4.1	4.5
Parts and spare parts of industrial vehicules	42	2 230	87	4 527	46	108.9	2 297	103.0	5.7	3.1

Table A5.1 IMPORTS BY MAIN PRODUCTS (continued)

(Wheight in thousands of tonnes, Value in millions of dirhams)

	Année 2012*		Année 2013**		Changes				Structure 2013 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Information processing automatic machines and their parts	9	3 190	8	3 297	0	-1.5	107	3.4	1.2	4,5
Pumps and compressors	19	1 863	20	2 512	1	5.7	649	34.8	2.5	2,6
Cushion and pneumatic tires	42	2 120	47	2 453	6	14.0	333	15.7	5.6	3,0
Sorting,crushing, grinding or agglomerating machines	71	4 116	35	2 233	-35	-49.8	-1 883	-45.7	9.5	5,8
Parts of planes and other air or space vehicules	1	924	2	1 928	1	56.2	1 004	108.6	0.2	1,3
Other	328	30 495	351	30 883	24	7.2	388	1.3	44.4	42,7
Finished consumer goods	**1 072**	**65 260**	**995**	**63 789**	**-77**	**-7.2**	**-1 471**	**-2.3**	**2.3**	**16,8**
Passenger cars	96	10 570	77	9 249	-20	-20.4	-1 321	-12.5	9.0	16,2
Spare parts	90	5 222	77	5 047	-13	-14.8	-175	-3.3	8.4	8,0
Pharmaceutical products	8	4 795	7	5 030	0	-4.1	235	4.9	0.7	7,3
Textile fibers	43	4 941	39	5 038	-4	-8.3	97	2.0	4.0	7,6
Hosiery	47	3 627	40	3 485	-6	-13.8	-143	-3.9	4.4	5,6
Plastic articles	73	3 191	76	3 472	3	4.0	281	8.8	6.8	4,9
Textile fibers and cotton	29	3 080	24	2 675	-5	-15.8	-405	-13.2	2.7	4,7
Telecommunications receivers	16	2 321	15	2 409	-1	-5.3	89	3.8	1.5	3,6
Seats, furniture, mattresses and li ghting articles(consumption)	95	2 533	83	2 411	-12	-12.2	-123	-4.8	8.8	3,9
Other	576	24 980	557	24 974	-20	-3.4	-6	0.0	53.7	38,3
Industrial gold	**0**	**2**	**0**	**27**	**0**	**-**	**25**	**1 067.2**	**0.0**	**0,0**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

Table A5.2 EXPORTS BY MAIN PRODUCTS

(Wheight in thousands of tonnes, Value in millions of dirhams)

	2012*		2013**		Changes				Structure 2013 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL	**23 280**	**184 885**	**24 530**	**184 685**	**904**	**3.9**	**-200**	**-0.1**	**100**	**100**
Foodstuffs beverages and tobacco	**2 208**	**30 105**	**2 530**	**33 504**	**321**	**14.5**	**3 399**	**11.3**	**10.5**	**18.1**
Canned fish	143	5 702	148	5 888	5	3.8	186	3.3	6.5	18.9
Crustaceans molluscs and shellfish	93	5 831	122	5 970	29	31.0	138	2.4	4.2	19.4
Fresh tomato	434	3 401	458	3 607	24	5.6	206	6.1	19.6	11.3
Citrus fruits	447	2 769	533	3 419	86	19.3	650	23.5	20.2	9.2
Canned fruits and vegeTables	272	2 223	359	3 084	87	31.9	861	38.7	12.3	7.4
Other	820	10 179	910	11 536	90	10.9	1 357	13.3	37.2	33.8
Energy and lubricants	**900**	**7 429**	**1 270**	**9 274**	**370**	**41.1**	**1 845**	**24.8**	**5.3**	**5.0**
Petrleum oil and lubricants	722	6 295	876	6 703	153	21.2	409	6.5	80.2	84.7
Diesel oil and fuel oil	85	582	331	2 258	246	289.2	1 676	287.8	9.4	7.8
Paraffin and other oil derivates	86	480	62	292	-24	-28.1	-188	-39.3	9.5	6.5
Gasoline	7	64	2	18	-5	-72.8	-46	-71.3	0.8	0.9
Other energy products	0	8	0	3	0	158.1	-5	-61.4	0.0	0.1
Raw animal and vegeTable products	**257**	**3 254**	**172**	**2 789**	**-85**	**-33.1**	**-465**	**-14.3**	**0.7**	**1.5**
Plants and their parts	35	528	43	592	8	23.3	64	12.1	13.5	16.2
Bowels and fish oil	26	405	16	289	-9	-35.8	-116	-28.7	10.0	12.5
crude or refined olive oil	16	299	13	263	-3	-18.6	-36	-11.9	6.1	9.2
Agar-agar	1	207	1	240	0	13.8	33	16.1	0.4	6.4
Inedible animal sub-products	17	312	15	229	-1	-8.7	-83	-26.5	6.5	9.6
Other crude or refined vegeTable oils	2	143	2	203	0	28.2	60	41.8	0.7	4.4
Other	162	1 359	81	973	-80	-49.7	-387	-28.5	62.9	41.8
Raw mineral products	**11 658**	**18 832**	**11 374**	**14 883**	**-284**	**-2.4**	**-3 949**	**-21.0**	**47.0**	**8.1**
Phosphates	9 100	12 827	8 608	9 097	-492	-5.4	-3 729	-29.1	78.1	68.1
Zinc ore	97	2 481	136	2 107	38	39.3	-374	-15.1	0.8	13.2
Barium sulfate	1 000	899	925	858	-75	-7.5	-41	-4.5	8.6	4.8
Copper ore	66	767	70	700	4	6.3	-67	-8.7	0.6	4.1
Lead ore	38	679	46	642	8	21.0	-37	-5.4	0.3	3.6
Other	1 357	1 179	1 590	1 477	233	17.2	299	25.3	11.6	6.3

Table A5.2 EXPORTS BY MAIN PRODUCTS (continued)

Weight in million of tonnes / Value in millions dirhams)

	2012*		2013**		Changes				Structure 2013 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Semi-finished	**7 738**	**52 776**	**8 598**	**44 974**	**860**	**11.1**	**-7 802**	**-14.8**	**35.6**	**24.4**
Phosphate derivatives	6 426	35 568	6 471	28 233	45	0.7	-7 335	-20.6	83.0	67.4
Electronic devices (transistors)	2	4 334	2	4 133	0	-17.1	-201	-4.6	0.0	8.2
Oil residual products and ralated materials	416	3 326	542	4 056	126	30.3	730	22.0	5.4	6.3
Raw silver and semi-manufactured silver products	1	2 044	0	1 228	0	-62.8	-816	-39.9	0.0	3.9
Flat-rolled products of iron or non-alloy steel	155	1 152	119	881	-36	-23.4	-270	-23.5	2.0	2.2
Other semi-finished	738	6 353	1 465	6 443	726	98.4	90	1.4	9.5	12.0
Other food products	820	10 179	910	11 536	90	10.9	1 357	13.3	37.2	33.8
Agricultural finished capital goods	**0**	**53**	**1**	**66**	**0**	**72.7**	**13**	**24.4**	**0.0**	**0.0**
Other agricultural finished capital goods	0	38	0	48	0	62.5	9	24.7	21.8	72.7
agricultural machines and tools	0	9	0	12	0	33.6	3	31.8	26.2	17.4
Motor cultivators and agricultural tractors	0	5	0	6	0	97.2	0	9.5	52.0	9.9
Industrial finished capital goods	**173**	**27 459**	**197**	**31 872**	**23**	**13.2**	**4 413**	**16.1**	**0.8**	**17.3**
Wires and cables for electricity	99	15 219	104	16 986	5	5.0	1 767	11.6	57.2	55.4
Electronic under-systems	9	3 167	11	3 301	2	16.8	134	4.2	5.3	11.5
Parts of aircrafts and other aerial or space vehicles	1	1 716	1	2 917	0	27.5	1 201	70.0	0.5	6.2
Industrial vehicls	22	1 737	38	3 285	16	72.1	1 548	89.1	12.6	6.3
Turbo-jets and turboprop aircraft parts thereof	0	537	0	912	0	89.2	375	69.7	0.1	2.0
Other	42	5 082	42	4 472	0	0.7	-611	-12.0	24.2	18.5
Finished consumer goods	**343**	**44 742**	**388**	**47 166**	**45**	**13.2**	**2 424**	**5.4**	**1.6**	**25.5**
Clothing	62	19 518	57	19 017	-5	-7.7	-501	-2.6	18.0	43.6
Passenger cars	79	5 634	129	9 643	50	63.3	4 008	71.1	23.0	12.6
Hosiery	46	8 128	44	7 253	-2	-4.9	-875	-10.8	13.3	18.2
Shoes	11	2 051	12	2 154	0	4.0	102	5.0	3.3	4.6
Blankets,linen and other made-up textile articles	11	1 877	9	1 611	-2	-19.7	-266	-14.2	3.1	4.2
Other consumer finished goods	135	7 534	139	7 489	4	2.8	-45	-0.6	39.3	16.8
Industrial gold	**0**	**237**	**0**	**157**	**0**	**-75.0**	**-79**	**-33.5**	**0.0**	**0.1**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

Table A5.3 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE

(In millions of dirhams)

	Imports CIF		Exports FOB		Balance	
	2012*	2013**	2012*	2013**	2012*	2013**
Total	**386 949**	**379 920**	**184 885**	**184 685**	**-202 064**	**-195 235**
EUROPE	**229 988**	**228 897**	**114 094**	**121 733**	**-115 894**	**-107 164**
European Union	**183 452**	**190 667**	**105 019**	**111 786**	**-78 433**	**-78 881**
France	48 050	49 123	39 629	39 543	-8 421	-9 580
spain	50 962	51 451	30 383	34 827	-20 579	-16 624
Germany	18 493	18 221	5 652	5 021	-12 841	-13 199
Italy	18 973	20 286	6 785	6 977	-12 188	-13 309
Great Britain	8 481	7 177	5 382	4 991	-3 099	-2 186
Netherlands	5 771	6 033	5 391	5 499	-379	-534
Belgium-Luxembourg Economic Union	6 523	6 971	3 449	4 791	-3 074	-2 180
Other European countries	**46 536**	**38 230**	**9 075**	**9 947**	**-37 461**	**-28 283**
Russia	20 263	16 033	1 987	2 291	-18 276	-13 742
Turkey	9 805	11 663	2 959	3 501	-6 846	-8 162
ASIE	**90 391**	**84 575**	**27 899**	**22 000**	**-62 492**	**-62 575**
Middle East countries	**45 958**	**43 864**	**4 242**	**3 982**	**-41 716**	**-39 882**
Saudi Arabia	24 502	23 400	907	540	-23 595	-22 860
Other Asian coutries	**44 433**	**40 711**	**23 657**	**18 018**	**-20 776**	**-22 693**
China	25 599	26 371	2 406	2 871	-23 193	-23 500
Iraq	10 054	11 412	76	103	-9 977	-11 309
Japan	5 631	2 703	1 784	2 200	-3 847	-503
India	4 439	5 289	10 181	6 849	5 742	1 559
AMERICA	**46 168**	**45 739**	**22 142**	**21 296**	**-24 026**	**-24 443**
United States	24 703	28 524	7 884	7 791	-16 819	-20 733
Canada	3 889	3 549	602	570	-3 287	-2 979
Brasil	8 735	6 772	10 890	11 028	2 155	4 255
Other	8 841	6 893	2 766	1 907	-6 075	-4 986
AFRICA	**19 663**	**19 782**	**19 925**	**19 009**	**262**	**-773**
Maghreb-Arab Union countries	**12 013**	**12 805**	**4 898**	**4 410**	**-7 115**	**-8 394**
Algeria	9 725	10 799	1 999	1 761	-7 726	-9 038
Tunisia	2 080	1 865	1 047	730	-1 033	-1 135
Libya	203	130	700	733	497	603
Mauritania	5	11	1 152	1 186	1 147	1 175
Other	**7 650**	**6 977**	**15 027**	**14 599**	**7 377**	**7 621**
OCEANIA AND OTHER	**739**	**927**	**825**	**647**	**86**	**-280**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

Table A5.4 BALANCE OF PAYMENTS

	2012*			2013**		
	Credit	Debit	Net	Credit	Debit	Net
CURRENT ACCOUNT	**372 668.2**	**453 315.9**	**-80 647.7**	**375 780.5**	**441 946.1**	**-66 165.6**
Goods	**184 885.0**	**357 927.9**	**-173 042.9**	**184 685.0**	**355 985.0**	**-171 300.0**
General merchandise	144 717.0	335 973.9	-191 256.9	150 635.0	334 927.8	-184 292.8
Goods for processing	37 924.0	21 914.2	16 009.8	31 366.0	20 967.2	10 398.8
Goods procured in ports by carriers	2 244.0	39.8	2 204.2	2 684.0	90.0	2 594.0
Services	**113 566.1**	**68 286.5**	**45 279.6**	**110 351.5**	**63 639.1**	**46 712.4**
Transportation	21 755.1	29 169.9	-7 414.8	19 355.5	24 696.6	-5 341.1
Travel	57 834.5	10 816.6	47 017.9	57 579.1	11 075.4	46 503.7
Communication services	5 271.9	896.5	4 375.4	5 662.0	956.5	4 705.5
Insurance services	1 046.9	1 788.1	-741.2	1 188.6	1 813.4	-624.8
Royalties and license fees	14.8	493.4	-478.6	8.7	621.4	-612.7
Other business services	24 215.1	13 326.4	10 888.7	23 052.2	14 782.0	8 270.2
Government services N.I.E	3 427.8	11 795.6	-8 367.8	3 505.4	9 693.8	-6 188.4
Income	**5 710.5**	**24 944.9**	**-19 234.4**	**3 958.8**	**18 854.5**	**-14 895.7**
Administrations	-	3 309.7	-3 309.7	11.4	3 883.0	-3 871.6
Monetary autority	3 692.2	-	3 692.2	2 303.3	-	2 303.3
BanKs	1 091.1	446.3	644.8	967.5	1 052.1	-84.6
Others sectors	927.2	21 188.9	-20 261.7	676.6	13 919.4	-13 242.8
Unrequited transfers	**68 506.6**	**2 156.6**	**66 350.0**	**76 785.2**	**3 467.5**	**73 317.7**
Public	2 768.9	699.5	2 069.4	7 336.1	826.8	6 509.3
Private	65 737.7	1 457.1	64 280.6	69 449.1	2 640.7	66 808.4
CAPITAL AND FINANCIAL ACCOUNT	**131 719.4**	**48 602.6**	**83 116.8**	**126 502.4**	**63 129.2**	**63 373.2**
Capital account	**2.9**	**1.8**	**1.1**	**0.5**	**1.5**	**-1.0**
Transfert of capital	2.9	1.8	1.1	0.5	1.5	-1.0
Financial account	**131 716.5**	**48 600.8**	**83 115.7**	**126 501.9**	**63 127.7**	**63 374.2**
Directs investments	**32 119.0**	**12 081.7**	**20 037.3**	**39 819.0**	**14 376.0**	**25 443.0**
Moroccan loans and investments abroad	27.3	3 531.5	-3 504.2	229.0	3 015.0	-2 786.0
Foreign loans and investments in Morocco	32 091.7	8 550.2	23 541.5	39 590.0	11 361.0	28 229.0
Portfolio Investments	**4 729.9**	**3 787.6**	**942.3**	**3 699.0**	**1 855.0**	**1 844.0**
Assets	3 861.5	2 822.6	1 038.9	2 990.0	1 511.0	1 479.0
Liabilities	868.4	965.0	-96.6	709.0	344.0	365.0
Others investments	**64 923.4**	**32 731.5**	**32 191.9**	**82 983.9**	**35 137.0**	**47 846.9**
Commercial credits	27 418.6	16 999.4	10 419.2	29 894.0	19 141.0	10 753.0
loans	37 504.8	14 308.9	23 195.9	48 386.4	15 996.0	32 390.4
Currency and deposits	-	1 423.2	-1 423.2	4 703.5	-	4 703.5
Reserve assets	**29 944.2**	**-**	**29 944.2**	**-**	**11 759.7**	**-11 759.7**
Statistical gap	**0.0**	**2 469.1**	**-2 469.1**	**2 792.4**	**-**	**2 792.4**
TOTAL	**504 387.6**	**504 387.6**		**505 075.3**	**505 075.3**	

N.I.E : not included elsewhere
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office .

TABLE A5.5 NTERNATIONAL INVESTMENT POSITION

(In millions of dirhams)

	2011			2012			Net position 2012 / Net position 2011	
	Assets	Liabilities	Net Position	Assets	Liabilities	Net Position	Changes in value	Changes %
Direct Investments	**16 992.2**	**381 822.1**	**-364 829.9**	**18 188.7**	**381 579.4**	**-363 390.7**	**1 117.7**	**- 0.3**
Moroccan investments abroad	17 313.7		+17 313.7	18 188.7		+18 188.7	875.0	5.1
Foreign investments in Morocco		381 822.1	-381 822.1		381 579.4	-381 579.4	242.7	- 0.1
Equity capital	16 241.1	364 475.5	-348 234.4	15 867.0	357 677.6	-341 810.6	6 423.8	- 1.8
Other capital	1 072.6	17 346.6	-16 274.0	2 321.7	23 901.8	-21 580.1	-5 306.1	32.6
Portfolio Investments	**6 834.3**	**27 840.3**	**-21 006.0**	**6 544.4**	**25 256.6**	**-18 712.2**	**2 293.8**	**- 10.9**
Foreign securities	6 834.3		+6834.3	6 544.4		+6 544.4	-289.9	- 4.2
Moroccan securitie		27 840.3	-27 840.3		25 256.6	-25 256.6	2 583.7	- 9.3
Shares and other equity securities	6 260.8	27 840.2	-21 579.4	6 325.7	25 256.6	-18 930.9	2 648.5	- 12.3
Bonds and other debt securities	573.5		+573.5	218.7		+218.7	-354.8	- 61.9
Other Investments	**34 762.7**	**265 112.5**	**-230 349.8**	**29 744.3**	**289 241.0**	**-259 496.7**	**-29 235.4**	**12.7**
Commercial credits	12 936.7	15 602.3	-2 665.6	13 508.8	18 878.5	-5 369.7	-2 704.1	101.4
Loans	1 666.7	196 238.1	-194 571.4	0.0	220 204.1	-220 204.1	-25 632.7	13.2
General government		99 581.0	-99 581.0		116 872.0	-116 872.0	-17 291.0	17.4
Banks	672.6	2 455.7	-1 783.1		2 216.7	-2 216.7	-433.6	24.3
Other sectors	994.1	94 201.4	-93 207.3		101 115.4	-101 115.4	-7 908.1	8.5
Public sector		88 404.0	-88 404.0		94 962.0	-94 962.0	-6 558.0	7.4
Private sector	994.1	5 797.4	-4 803.3		6 153.4	-6 153.4	-1 350.1	28.1
Notes, coins and deposits	19 410.4	45 790.6	-26 380.2	15 522.2	42 881.4	-27 359.2	-979.0	3.7
Monetary authorities (liabilities)		3 256.0	-3 256.0		3 193.0	-3 193.0	63.0	- 1.9
Other sectors	520.0		+520.0	899.3		+899.3	379.3	72.9
Public sector	480.0		+480.0	852.8		+852.8	372.8	77.7
Private sector (including residents foreign currency accounts)	40.0		+40.0	46.5		+46.5	6.5	16.3
Banks	18 890.4	42 534.6	-23 644.2	14 622.9	39 688.4	-25 065.5	-1 421.3	6.0
Non-Residents' accounts in convertible dirhams			0				-	-
Other liabilities			0				-	-
Other assets	748.9	7 393.0	-6 644.1	713.3	7 277.0	-6 563.7	80.4	- 1.2
Reserve assets	**177 051.0**	**0.0**	**+177 051.0**	**147 881.0**	**0.0**	**+147 881.0**	**-29 170.0**	**- 16.5**
Monetary gold	9 572.0		+9 572.0	9 946.0		+9 946.0	374.0	3.9
Special drawing rights	5 286.0		+5 286.0	3 668.0		+3 668.0	-1 618.0	- 30.6
IMF reserve position	928.0		+928.0	913.0		+913.0	-15.0	- 1.6
Foreign currency	161 265.0		+161 265.0	133 354.0		+133 354.0	-27 911.0	- 17.3
Net international investment position	**235 640.2**	**674 774.9**	**-439 134.7**	**202 358.4**	**696 077.0**	**-493 718.6**	**-54 993.9**	**12.5**

Source : Office des Changes.

Table A6.1 TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	January - December 2012*		January - December 2013**		Changes in % Realization
	Realization	Implementa-tion rate of finance bill	Realization	Implemanta-tion rate of finance bill	
CURRENT REVENUE(1)	**220 772**	**105**	**227 104**	**97**	**2.9**
Fiscal revenue	**198 504**	**103**	**195 760**	**97**	**-1.4**
Direct taxes	78 911	107	76 619	99	-2.9
Customs duties	9 003	91	7 681	84	-14.7
Indirect taxes(2)	97 530	99	98 006	96	0.5
Registration fees and stamp duties	13 060	111	13 454	97	3.0
Non-fiscal revenue	**22 266**	**136**	**28 360**	**102**	**27.4**
State monopolies	11 493	101	13 207	105	14.9
Miscellaneous revenues	7 481	150	15 153	99	102.6
Receipts of certain special Treasury accounts	**3 294**	**103**	**2 984**	**93**	**-9.4**
EXPENDITURE	**289 517**	**107**	**279 815**	**98**	**-3.4**
Current expenditure	**238 059**	**110**	**231 546**	**99**	**-2.7**
Administrative expenses	140 656	100	144 904	98	3.0
Personnel expenses	96 673	103	98 641	101	2.0
Other goods and services	43 983		46 263		
Interest on the public debt	20 097	99	22 502	100	12.0
Domestic	16 702	96	18 620	99	11.5
Foreign	3 395	118	3 882	107	14.3
Subsidization	54 870	169	41 600	104	-24.2
Transfers to local community	22 436	98	22 539	94	0.5
CURRENT BALANCE	**-17 287**		**-4 441**		
Capital expenditure	**51 458**	**1**	**48 270**	**102**	**-6.2**
Special accounts balance	**7 893**		**4 594**	**115**	
Budget deficit	**-60 852**		**-48 117**		
CHANGE IN ARREARS	**-1 614**		**-6 350**		
FINANCING REQUIREMENT	**- 62 466**		**- 54 467**		
NET FINANCING	**62 466**		**-54 467**		
Foreign financing	**15 249**		**15 099**		
Foreign borrowing	23 146		23 105		
Amortization	-7 897		-8 006		
Domestic financing	**43 925**		**39 368**		
Privatization	**3 292**		**0**		

(*) Revised
(**) Preliminary
(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

Table A6.2 TREASURY CURRENT REVENUE

(In millions of dirhams)

	January - December 2012*	January - December 2013**	Percentage change
FISCAL REVENUE	**198 504**	**195 760**	**-1.4**
Direct taxes	**78 911**	**76 619**	**-2.9**
Corporation tax	43 187	40 754	-5.6
Income tax	33 418	33 238	-0.5
Other direct taxes	2306	2627	13.9
Customs duties	**9 003**	**7 681**	**-14.7**
Indirect taxes	**97 530**	**98 006**	**0.5**
Value added tax (V.A.T)	74 786	75 131	0.5
Domestic	27 963	28 793	3.0
Imports	46 823	46 338	-1.0
Domestic taxes on consumption	22 744	22 875	0.6
Petroleum products	13 127	13 323	1.5
Tobacco products	8 153	8 007	-1.8
Other domestic taxes	1 463	1 545	5.6
Registration fees and stamp duties	**13 060**	**13 454**	**3.0**
NON-FISCAL REVENUE	**18 974**	**28 360**	**49.5**
Monopolies	11 493	13 207	14.9
Miscellaneous revenues	7 481	15 153	102.6
RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS	**3 294**	**2 984**	**-9.4**
TOTAL CURRENT REVENUE	**220 772**	**227 104**	**2.9**

(*) Revised
(**) Preliminary
Source : Ministry of Economy and Finance

TABLE A6.3 ESTIMATED GENERAL BUDGET

(In millions of dirhams)

	Finance Act 2011	Finance Act 2012	Finance Act 2013
CURRENT REVENUE (1)	**191 616**	**209 972**	**234 554**
Tax revenue	**178 201**	**193 611**	**203 486**
Direct taxes	68 636	73 414	77 546
Customs duties	11 225	9 913	9 099
Indirect taxes (2)	87 772	98 533	103 004
Registration fees and stamp duties	10 568	11 750	13 837
Non-tax revenue	**14 215**	**16 361**	**27 868**
State monopolies	10 227	11 380	12 563
Miscellaneous revenues	3 988	4 981	15 305
Receipts of certain special Treasury accounts	**3 200**	**3 200**	**3 200**
EXPENDITURE	**233 130**	**262 986**	**282 197**
Current expenditure	**185 033**	**216 994**	**234 726**
Administrative expenses	128 989	141 315	148 262
Personnel expenses	86036	93508	98000
Interest on the public debt	18 950	20 244	22 392
Domestic	15 496	17 356	18 772
Foreign	3 454	2 888	3 620
Subsidization	17 000	32 525	40 000
Transfers to local community	20 094	22 910	24 072
CURRENT ACCOUNT BALANCE		**-3 822**	**-172**
Capital expenditure		**45 992**	**47 471**
Special Treasury accounts balance		3 000	4 000
BUDGET BALANCE	**-33 514**	**-46 814**	**-43 643**
CHANGE IN ARREARS	**-5 640**	**-17 000**	**10 000**
FINANCING REQUIREMENT	**-39 154**	**-63 814**	**-33 643**
NET FINANCING	**39 154**	**63 814**	**33 643**
Foreign financing	**13 594**	**13 348**	**23 584**
Foreign borrowing	20 557	21 200	28 092
Amortization	-6 963	-7 852	-4 508
Domestic financing	**21 560**	**47 267**	**10 060**
Privatization	**4 000**	**3 200**	**0**

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

TABLE A7.1 MAIN FOREIGN EXCHANGE RATES QUOTED BY THE BANK AL-MAGHRIB

- Transfer exchange rate -

End of period		2012		2013												
		Annual average	Dec.	Janv.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual average
1 euro - EUR	Buying rate	11.103	11.114	11.166	11.099	11.051	11.093	11.080	11.094	11.123	11.115	11.163	11.175	11.172	11.197	11.161
	Selling rate		11.181	11.233	11.166	11.118	11.159	11.146	11.161	11.190	11.181	11.230	11.243	11.239	11.264	
1 dollar E.U.- USD	Buying rate	8.586	8.4082	8.2319	8.4606	8.6240	8.4828	8.5273	8.4773	8.3797	8.4077	8.2426	8.2000	8.2127	8.1262	8.390
	Selling rate		8.4588	8.2813	8.5115	8.6758	8.5338	8.5786	8.5282	8.4301	8.4582	8.2921	8.2493	8.2620	8.1750	
TCER(*)		85.679	85.996			86.512			86.143			87.260			87.055	86.743
TCEN(*)		99.336	99.521			100.028			100.357			101.344			101.548	100.818

(*) Quarterly data

Table A7.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(In millions of dirhams)

Monthly totals	Annual average 2012	2013												Annual average 2013
		Janv.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	
Spot operations														
Currency-againt-currency sale/purchase operations with foreign correspondants	58 293.9	92 315.4	101 584.4	93 452.7	138 041.1	136 790.9	116 844.9	41 932.7	33 221.5	41 801.0	47 171.3	39 670.3	43 573.9	77 200.0
Interbank sale/purchase operations againts the dirham	9 965.2	10 949.1	13 143.4	8 020.5	8 336.7	9 135.8	9 627.6	10 402.4	9 010.8	10 500.3	9 544.1	7 243.1	9 135.3	9 587.4
Currency investments abroad	6 168.4	4 243.0	3 172.8	6 353.7	6 014.7	4 883.9	5 785.4	3 898.5	5 360.5	3 582.1	3 205.2	3 016.2	8 555.8	4 839.3
Currency sale by BAM to the banks	5 328.0	1 770.6	3.5	558.6	10.8	785.6	1 446.1	3 180.8	3 443.6	4 735.1	3 571.9	2 634.2	10 175.3	2 693.0
Forward operations														
Forward purchase of currency by banks customers (import coverage)	8 222.3	7 784.5	5 969.8	7 073.0	9 892.6	4 980.5	7 142.0	6 375.8	5 746.6	8 976.7	6 263.9	4 265.7	9 985.4	7 038.0
orward sale of currency by banks customers (export cover)	3 969.7	2 457.0	4 940.4	2 140.7	2 450.9	2 285.0	2 425.7	1 876.9	1 523.2	3 623.2	1 566.0	2 981.8	4 356.0	2 718.9

Table A7.3 BANK LIQUIDITY DEVELOPMENTS

(In millions of dirhams)

Monthly totals	Dec. 2012 Change	Monthly Outstanding amounts 2013 (1)											
		Jan	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.
Notes and coin	1 673	-625	1 428	246	-699	-832	-1 893	-2 056	-6 288	1 306	-4 306	2 095	2 078
Treasury's net position (2)	-321	708	-283	828	-205	354	-379	-184	-206	945	-649	-297	-555
Bank Al-Maghrib net foreign exchange holdings	4 936	983	-926	-237	-940	3 416	4 837	844	-2 678	-1 741	-2 771	168	1 941
Other factors	159	-1 507	228	-188	562	-159	781	429	684	-151	862	531	151
Bank's structural liquidity position(3)	6 447	-441	446	648	-1 281	2 778	3 346	-966	-8 488	359	-6 863	2 497	3 615
Reserve requirement	-13	-191	-285	55	144	52	-130	-171	-459	-114	28	171	102
Surplus or liquidity requirement	6 434	-632	162	703	-1 137	2 830	3 217	-1 137	-8 946	245	-6 835	2 668	3 718
Bank Al-Maghrib money market interventions	**-8 237**	**-1 585**	**2 779**	**-980**	**-678**	**-950**	**-3 550**	**424**	**9 725**	**2 100**	**4 250**	**-1 149**	**-4 850**
Facilities on Bank Al-Maghrib's initiative	-6 278	-1 585	2 779	-980	-679	-949	-3 550	249	9 500	2 500	4 250	-1 149	-4 850
7-days advance on call for tenders	-7 468	-2 775	2 779	-1 628	-1 651	-949	-4 050	-251	9 500	2 500	4 250	-1 149	-4 850
Facilities on bank's initiative	-1 958	0	0	0	0	0	0	175	225	-400	0	0	0

(1) Monthly oustanding amounts calculated on the basis of end-of-week averages

2) The Treasury's net position is the difference between, on the one hand, the total of advances granted to the Treasury and the treasury bonds - open market transactions held by Bank Al-Maghrib, and on the` other hand, the total of accounts of the Treasury and Hassan II Fund for economic and social development . As the new statutes of Bank Al-Maghrib restrictes financial assistance to the state to cash facilities, the TNP is particularity influenced by movements at the level of the Treasury's account and that of Hassan II fund for economic and social development

(3) Bank's structural liquidity position is the net effect of autonomous factors on bank treasuries It is calculated as follows :

BSLP = Net foreign assets of Bank Al-Maghrib + Treasury's net position + Other net factors - Notes and coins in circulation

TABLE A7.4 MONEY MARKET RATES IN 2013

(Percent per annum)

	Bank Al-Maghrib's intervention rate				Interbank market rate	
	7-days advances	Liquidity withdrawals	24-hours advances	24-hours deposit facility	Monthly average	Month end
January	3.00	2.50	4.00	2.00	3.08	3.10
February	3.00	2.50	4.00	2.00	3.09	3.05
March	3.00	2.50	4.00	2.00	3.05	3.07
April	3.00	2.50	4.00	2.00	3.10	3.12
May	3.00	2.50	4.00	2.00	3.06	3.02
June	3.00	2.50	4.00	2.00	3.03	3.08
July	3.00	2.50	4.00	2.00	3.04	3.05
August	3.00	2.50	4.00	2.00	3.03	3.13
September	3.00	2.50	4.00	2.00	3.05	3.07
October	3.00	2.50	4.00	2.00	3.06	3.06
November	3.00	2.50	4.00	2.00	3.06	3.04
Décember	3.00	2.50	4.00	2.00	3.05	3.03

TABLE A7.5 INTEREST RATES OF DEPOSITS WITH BANKS

(Percent per annum)

	2012		2013	
	January -June	July- December	January -June	July- December
Deposits with banks				
Sight deposits	not remunerated	not remunerated	not remunerated	not remunerated
Savings accounts(1)	2.97	3.04	3.28	3.74
Other accounts	Free rate	Free rate	Free rate	Free rate
National Savings Fund books (2)	1.88	2.13	2.30	2.00

(1) Since january 2005,the minimum rate on savings books has been equal to the 52-week Treasury bills issued by tender during the previous half year minus 50 basis points.weight average rate on the 52-week tresury bills issued.
(2) Since July 2006, the remuneration rate of deposits and savings accounts with the National Savings Fund is equal to the average rate of 5-year treasury bills issued by tender during the previous half year minus 200 basis points instead of 250 before.

TABLE A7.6 DEPOSIT RATES IN 2013

(Percent per annum)

	6-month deposits weighted average interest rate	12- month deposits weighted average interest rates	6 and 12-month deposits weighted average interest rate
January	3.49	4.08	3.89
February	3.50	4.15	3.95
March	3.58	3.83	3.72
April	3.53	3.8	3.67
May	3.63	3.77	3.71
June	3.51	4.1	3.91
July	3.54	3.94	3.79
August	3.44	3.69	3.61
September	3.67	3.85	3.79
October	3.57	3.8	3.71
November	3.49	3.97	3.79
December	3.71	3.99	3.88

Table A7.7 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(Percent per annum)

Years		13 days bils	26-weeks bills	52-weeks bills	2-years bills	5-years bills	10-years bills	15-years bills	20-years bills	30-years bills
2012	January	3.39	-	-	3.80	3.99	-	4.44	-	5.02
	February	3.41	3.55	3.65	3.91	4.06	4.28	4.47	-	-
	March	3.45	-	-	3.96	4.11	4.35	-	-	-
	April	3.20	3.38	3.51	3.70	3.98	4.28	4.50	-	-
	May	3.20	3.40	3.52	3.69	3.98	-	4.51	-	-
	June	3.22	3.40	3.56	3.74	4.03	4.30	4.55	-	-
	July	3.23	3.42	3.65	3.75	-	4.36	-	-	-
	August	3.39	-	3.75	3.95	4.17	4.47	4.74	5.01	-
	September	-	-	3.82	4.08	4.47	4.70	-	-	-
	October	3.39	-	3.82	4.13	4.48	-	-	-	-
	November	3.41	3.55	3.83	4.20	4.57	4.84	5.08	-	-
	Décember	-	3.59	3.88	4.38	-	-	-	-	-
2013	January	3.90	4.06	4.14	4.57	4.75	-	5.38	-	-
	February	3.93	4.09	-	4.53	-	-	-	-	-
	March	3.95	4.07	4.25	4.61	4.75	-	5.66	-	-
	April	3.96	4.10	4.23	4.65	-	-	-	-	-
	May	3.97	4.13	4.25	4.72	-	-	-	-	-
	June	3.90	4.10	4.21	4.66	-	-	5.69	-	-
	July	-	3.89	4.11	4.59	-	-	5.66	-	-
	August	-	3.81	4.10	4.60	4.90	5.35	5.70	-	-
	September	3.50	3.76	4.11	4.64	4.96	5.48	5.76	-	-
	October	3.48	3.75	4.14	4.72	5.05	-	5.77	-	-
	November	-	-	-	4.70	5.07	5.55	5.84	-	-
	Décember	-	3.73	4.11	4.66	5.13	5.65	5.95	-	-

TABLE A7.8 INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS

(Percent per annum)

	2012	2013
Certificates of deposit		
Month of 32 days	4.00 à 4.00	4.17 à 4.17
32 days to 92 days	3.67 à 3.82	4.83 à 4.11
93 days to 182 days	3.71 à 3.94	4.02 à 4.33
183 days to 365 days	3.95 à 4.18	4.13 à 4.61
366 days to 2 years	4.32 à 4.45	4.50 à 4.70
More than 2 years up to 3 years	4.62 à 4.68	4.43 à 5.65
More than 3 years up to 5 years	4.23 à 4.42	5.36 à 5.50
More than 5 years up to 10 years	4.26 à 4.26	-
Financing companies bonds		
More than 2 years up to 3 years	4.50 à 4.51	-
More than 3 years up to 5 years	4.72 à 4.72	-
More than 5 years up to 10 years	4.66 à 4.72	-
Commercial paper		
Month of 32 days	3.72 à 3.75	4.64 à 5.41
32 days to 92 days	4.08 à 4.16	5.23 à 5.75
93 days to 182 days	4.13 à 4.17	5.06 à 5.13
183 days to 365 days	4.47 à 4.61	5.18 à 5.42
366 days to 2 years	-	-
More than2 years up to 3 years	-	-
More than 3 years up to 5 years	-	-
More than 5 years up to 10 years	-	-

(-) Pas d'émission.

TABLE A7.9 INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET(1)

(Percent per annum)

	2012	2013
less than 3 years	3.90 - 6.57	5.80
5 years	4.78 - 5.77	5.01 - 5.60
7 years	4.88 - 5.62	-
8 years	-	-
10 years	4.50 - 6.04	4.75 - 6.18
15 years	4.73 - 5.30	6.03 - 6.35
20 years	4.69 - 5.38	6.50
25 years	-	-

(1) Rates of past emissions
(-) No emission
Source : Maroclear

TABLE A7.10 LENDING RATES

(in percentage)

Periods / agreed	March-12	June-12	Sept-12	Dec-12	March-13	June-13	Sept-13	Dec-13
Global	**6.52**	**6.13**	**6.35**	**6.20**	**6.01**	**6.09**	**6.30**	**6.52**
By economic purpose								
Overdraft facilities	6.56	6.08	6.41	6.17	5.87	6.02	6.28	6.62
Equipment loans	6.16	5.93	5.76	6.14	6.11	5.99	6.12	5.49
Real-estate loans	6.19	6.13	6.03	6.10	6.27	6.15	6.04	6.03
Consumer loans	7.46	7.19	7.28	7.42	7.39	7.42	7.37	7.34
By agent								
Business	6.52	6.11	6.34	6.17	5.92	6.04	6.27	6.51
Individuals	6.34	6.17	6.18	6.25	6.38	6.41	6.39	6.38
Individual entrepreneurs	8.88	8.55	8.50	8.06	8.31	7.23	7.40	8.88

TABLE A7.11 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS(1)

(in percentage)

Periods / agreed	April 2010 - March-11	April 2011- March 2012	April 2012 - March 2013	April 2013 - March 2014
Maximum interest rate agreed	14.26	14.14	14.19	14.30

(1) The maximum conventional interest rate (TMIC) is calculated for the period from October 2006 to March 2007, based on interest rates for consumer loans in 2005, plus 200 basis points. Starting from 2007, it is revised annually on April 1 of each year, depending on variation recorded during the previous calendar year in the deposit rate on 6-month and 1-year deposits.

Table A 8.1 MAIN MONETARY INDICATORS

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
M1	612.2	595.2	596.2	595.3	595.3	600.5	621.8	618.7	625.5	619.5	617.9	618.3	628.9	6.8	4.3	2.7
M2	723.5	707.6	709.3	709.5	710.1	716.0	737.6	735.7	743.3	737.8	737.7	738.5	749.3	7.2	4.9	3.6
M3	**992.2**	**962.8**	**971.8**	**968.0**	**971.4**	**980.5**	**1.004.8**	**1.010.2**	**1.012.7**	**1.006.0**	**1.005.9**	**1.000.0**	**1.023.2**	**6.4**	**4.5**	**3.1**
LI	**380.6**	**363.8**	**372.3**	**378.4**	**376.9**	**379.5**	**393.7**	**380.5**	**383.5**	**383.6**	**391.9**	**385.7**	**375.6**	**5.8**	**6.9**	**-1.3**
Currency in circulation	163.6	163.1	161.9	163.1	163.3	164.5	167.0	168.9	173.7	171.8	174.2	173.4	171.4	9.4	3.4	4.7
Banking depositsof monetary nature(1)																
Demand deposits wih banks	400.6	389.6	387.6	387.8	387.8	391.7	410.1	404.9	407.8	405.2	401.4	402.7	416.6	7.7	4.2	4.0
Time accounts and fixed-term bills	146.5	143.6	149.5	148.3	149.1	147.6	148.0	148.8	147.2	147.3	146.7	145.2	152.7	-0.2	-0.9	4.2
Money market UCITS	58.8	51.6	57.3	53.1	54.9	58.5	58.4	62.8	56.8	56.1	54.5	53.4	61.7	7.3	-0.4	4.8
Net international reserves	**144.7**	**144.2**	**144.9**	**143.4**	**144.2**	**153.1**	**151.6**	**151.0**	**150.2**	**145.8**	**145.4**	**145.8**	**150.3**	**-10.7**	**-16.7**	**3.8**
Net claims on central government	**125.4**	**136.8**	**136.5**	**139.5**	**140.2**	**141.1**	**138.2**	**152.1**	**149.5**	**157.2**	**158.6**	**155.8**	**149.3**	**25.8**	**22.8**	**19.0**
Claims on the economy	**830.0**	**810.8**	**810.7**	**803.4**	**807.7**	**811.8**	**842.2**	**831.4**	**831.8**	**832.6**	**829.1**	**828.7**	**859.1**	**10.4**	**5.1**	**3.5**
Loans of other depository corprations	**729.0**	**711.1**	**711.6**	**705.8**	**711.7**	**712.9**	**734.9**	**731.5**	**730.9**	**732.2**	**730.6**	**730.5**	**756.6**	**9.8**	**4.8**	**3.8**
Banks loans	719.2	702.2	702.2	699.6	704.7	705.4	728.5	724.7	723.9	725.8	722.9	722.3	747.0	10.6	4.6	3.9
By economic purpose																
Real-estate loans	220.0	219.5	224.7	224.4	226.4	227.7	228.8	228.3	230.2	230.8	229.7	231.0	230.5	10.2	6.1	4.8
Overdraft facilities (2)	185.7	178.1	172.6	171.5	173.0	172.3	183.7	185.7	182.4	180.7	178.3	173.9	175.3	20.5	7.8	-5.6
Equipment loans	138.0	137.1	137.1	134.9	135.9	135.3	138.1	134.4	134.9	135.4	136.6	138.4	140.1	4.1	-2.0	1.5
Consumer loans	39.6	39.7	39.3	39.5	39.7	40.1	40.4	40.6	40.5	40.5	40.4	40.5	40.4	11.2	9.8	1.9
Miscellaneous claims	100.5	92.4	92.9	92.1	91.8	92.1	98.4	95.9	96.1	97.7	95.8	97.2	117.0	5.8	2.3	16.4
Nonperforming loans	35.3	35.4	35.6	37.3	37.9	37.7	39.1	39.7	39.8	40.8	42.1	41.4	43.7	9.5	8.7	23.8
By economic sector																
Other financial corporations	87.9	80.5	80.7	82.5	84.3	81.5	86.9	85.2	85.1	87.5	85.3	87.0	104.9	7.0	-3.2	19.3
Public sector (3)	41.2	41.2	41.7	42.0	41.6	41.7	46.1	46.5	45.2	42.4	43.0	43.3	44.3	31.9	24.4	7.6
Private sector	590.1	580.5	579.8	575.1	578.9	582.1	595.5	593.0	593.6	595.9	594.5	592.1	597.8	10.1	4.7	1.3

(1) All deposits opened by money-holding sectors with the banking system except regulated deposits and guarantee deposits
(2) Central government
(3) Including debtor accounts
(4) Excluding the central government

Table A 8.2 MONETARY AGGREGATES

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
Currency in circulation[1]	**163.6**	**163.1**	**161.9**	**163.1**	**163.3**	**164.5**	**167.0**	**168.9**	**173.7**	**171.8**	**174.2**	**173.4**	**171.4**	**9.4**	**3.4**	**4.7**
Bank notes and coins in circulation	172.5	172.0	170.5	171.4	172.6	173.4	175.4	178.1	183.8	181.1	184.1	182.5	182.1	9.3	3.8	5.6
Banks' cash holdings	8.9	9.0	8.6	8.3	9.3	8.9	8.4	9.3	10.1	9.3	9.9	9.1	10.7	7.7	11.1	20.9
Bank money	**448.5**	**432.2**	**434.3**	**432.2**	**432.0**	**436.1**	**454.8**	**449.9**	**451.7**	**447.7**	**443.7**	**444.9**	**457.6**	**5.8**	**4.7**	**2.0**
Demand deposits with BAM	1.9	2.8	3.0	3.6	4.2	4.0	4.2	3.6	3.3	3.0	2.8	2.4	1.8	14.0	-17.7	-3.9
Demand deposits with banks	400.6	389.6	387.6	387.8	387.8	391.7	410.1	404.9	407.8	405.2	401.4	402.7	416.6	7.7	4.2	4.0
Demand deposits with the Treasury	46.0	39.7	43.7	40.8	40.1	40.3	40.5	41.3	40.6	39.5	39.6	39.8	39.2	-9.1	10.2	-14.9
M1	**612.2**	**595.2**	**596.2**	**595.3**	**595.3**	**600.5**	**621.8**	**618.7**	**625.5**	**619.5**	**617.9**	**618.3**	**628.9**	**6.8**	**4.3**	**2.7**
Demand deposits[2]	111.4	112.3	113.1	114.2	114.8	115.5	115.9	116.9	117.8	118.3	119.8	120.2	120.3	9.5	8.2	8.1
Comptes d'épargne auprès des banques	111.4	112.3	113.1	114.2	114.8	115.5	115.9	116.9	117.8	118.3	119.8	120.2	120.3	9.5	8.2	8.1
M2	**723.5**	**707.6**	**709.3**	**709.5**	**710.1**	**716.0**	**737.6**	**735.7**	**743.3**	**737.8**	**737.7**	**738.5**	**749.3**	**7.2**	**4.9**	**3.6**
Other monetary assets	268.7	255.2	262.5	258.4	261.2	264.4	267.2	274.5	269.4	268.1	268.1	261.5	273.9	4.5	3.5	2.0
Time accounts and fixed-term bills with banks	146.5	143.6	149.5	148.3	149.1	147.6	148.0	148.8	147.2	147.3	146.7	145.2	152.7	-0.2	-0.9	4.2
Money market UCITS	58.8	51.6	57.3	53.1	54.9	58.5	58.4	62.8	56.8	56.1	54.5	53.4	61.7	7.3	-0.4	4.8
Deposits in foreign currencies	25.3	24.9	22.5	23.0	23.4	23.3	23.5	24.1	23.6	24.4	25.2	23.0	23.1	26.2	17.1	-8.7
Securities sold under repurchase agreements	3.9	1.9	2.1	2.0	2.3	2.9	1.8	2.4	3.5	3.2	2.0	2.5	2.4	-42.8	-9.5	-38.8
Certificates of deposit of a residual maturity of 2 years or less	29.6	29.2	26.7	27.7	28.0	28.0	31.0	31.5	32.6	31.3	33.4	31.1	29.3	48.5	28.5	-1.2
Time accounts with the treasury	2.9	2.9	3.1	3.1	2.3	2.8	2.6	2.7	3.2	3.3	3.4	3.4	3.5	-	-14.2	20.5
Other deposits[3]	1.7	1.2	1.3	1.3	1.3	1.4	1.9	2.2	2.6	2.6	2.9	3.0	1.4	-77.4	289.5	-16.8
M3	**992.2**	**962.8**	**971.8**	**968.0**	**971.4**	**980.5**	**1 004.8**	**1 010.2**	**1 012.7**	**1 006.0**	**1 005.9**	**1 000.0**	**1 023.2**	**6.4**	**4.5**	**3.1**

(1) Currency in circulation = banknotes and coins in circulation - banks' cash holdings
(2) Demand and time deposits in foreign currencies with banks
(3) Loans made by banks from financial corporations

Table A 8.3 LIQUID INVESTMENT AGGREGATES

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
LI 1	**244.4**	**232.5**	**239.3**	**241.1**	**241.8**	**244.9**	**257.8**	**245.6**	**248.2**	**247.1**	**253.8**	**246.9**	**234.5**	**8.2**	**11.1**	**-4.0**
Negotiable Treasury bonds	**236.1**	**224.6**	**230.6**	**232.6**	**232.8**	**236.4**	**250.3**	**238.1**	**241.4**	**240.6**	**247.7**	**241.4**	**229.5**	**8.1**	**10.1**	**-2.8**
Other financial corporations	234.9	223.7	229.4	231.7	232.2	234.4	244.6	231.4	233.8	233.6	246.4	239.1	228.6	8.5	9.8	-2.7
Nonfinancial corporations	1.2	0.9	1.3	0.8	0.6	2.0	5.7	6.6	7.5	7.1	1.3	2.3	1.0	-59.7	161.2	-20.9
Bonds of finance companies	**5.9**	**5.7**	**5.4**	**6.0**	**6.2**	**5.9**	**4.9**	**5.0**	**4.3**	**3.8**	**3.7**	**3.0**	**2.4**	**9.2**	**67.1**	**-58.7**
Other financial corporations	5.9	5.7	5.4	6.0	6.2	5.9	4.9	5.0	4.3	3.8	3.7	3.0	2.4	9.2	67.1	-58.7
Commercial paper	**1.4**	**1.3**	**2.1**	**1.5**	**1.7**	**1.5**	**1.5**	**1.5**	**1.5**	**1.6**	**1.3**	**1.6**	**1.7**	**54.4**	**0.4**	**20.6**
Other financial corporations	1.4	1.3	2.1	1.4	1.6	1.5	1.5	1.5	1.5	1.6	1.3	1.5	1.6	54.4	-0.3	17.5
Contractual UCITS	**1.0**	**0.9**	**1.1**	**1.1**	**1.2**	**1.1**	**1.2**	**1.0**	**1.0**	**1.0**	**1.1**	**0.9**	**0.8**	**-22.1**	**72.6**	**-15.4**
Other financial corporations	0.5	0.4	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.5	0.4	-1.6	55.4	-18.4
Nonfinancial corporations	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	-53.6	31.1	10.7
Individuals and Moroccans living abroad	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.2	0.2	-6.7	200.3	-25.5
LI 2	**110.0**	**106.0**	**109.2**	**111.6**	**109.7**	**108.8**	**110.4**	**109.6**	**110.2**	**111.1**	**111.9**	**112.4**	**114.9**	**6.1**	**3.3**	**4.4**
Bond UCITS	**110.0**	**106.0**	**109.2**	**111.6**	**109.7**	**108.8**	**110.4**	**109.6**	**110.2**	**111.1**	**111.9**	**112.4**	**114.9**	**6.1**	**3.3**	**4.4**
Other financial corporations	78.2	74.2	77.2	78.1	75.9	74.8	75.5	74.9	75.6	76.1	76.9	77.2	78.9	7.4	6.4	0.9
Nonfinancial corporations	18.8	19.7	19.9	21.3	21.7	21.6	22.0	21.9	22.0	22.1	22.3	22.4	22.8	2.2	-12.1	21.2
Individuals and Moroccans living abroad	12.9	12.1	12.1	12.2	12.2	12.4	12.8	12.8	12.7	12.8	12.8	12.9	13.1	5.5	12.1	1.7
LI 3	**26.2**	**25.4**	**23.8**	**25.7**	**25.3**	**25.8**	**25.5**	**25.3**	**25.0**	**25.4**	**26.2**	**26.4**	**26.2**	**-10.4**	**-11.4**	**0.0**
Equity UCITS and diversified UCITS	**26.2**	**25.4**	**23.8**	**25.7**	**25.3**	**25.8**	**25.5**	**25.3**	**25.0**	**25.4**	**26.2**	**26.4**	**26.2**	**-10.4**	**-11.4**	**0.0**
Other financial corporations	22.9	22.2	20.6	22.4	22.0	22.4	22.2	22.0	21.7	22.0	22.8	22.9	22.7	-7.6	-9.2	-0.5
Nonfinancial corporations	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	-43.7	-33.0	1.0
Individuals and Moroccans living abroad	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.6	2.7	2.8	2.8	2.8	-14.3	-21.6	3.7
LI	**380.6**	**363.8**	**372.3**	**378.4**	**376.9**	**379.5**	**393.7**	**380.5**	**383.5**	**383.6**	**391.9**	**385.7**	**375.6**	**5.8**	**6.9**	**-1.3**

Table A 8.4 M3 COUNTERPARTS

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
Claims on the economy	**830.0**	**810.8**	**810.7**	**803.4**	**807.7**	**811.8**	**842.2**	**831.4**	**831.8**	**832.6**	**829.1**	**828.7**	**859.1**	**10.4**	**5.1**	**3.5**
Claims of BAM	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.9	9.3	-23.4	10.6
Claims of ODC	829.2	810.0	809.9	802.6	806.9	811.0	841.3	830.5	831.0	831.8	828.3	827.9	858.2	10.4	5.1	3.5
Net claims on central government	**125.4**	**136.8**	**136.5**	**139.5**	**140.2**	**141.1**	**138.2**	**152.1**	**149.5**	**157.2**	**158.6**	**155.8**	**149.3**	**25.8**	**22.8**	**19.0**
Net claims of BAM	0.5	2.2	1.1	1.8	1.0	1.8	1.7	2.5	0.7	0.6	0.7	-0.2	0.8	-37.1	-79.4	76.8
Net claims of ODC	124.9	134.7	135.4	137.7	139.1	139.3	136.5	149.6	148.8	156.6	157.9	156.0	148.5	28.6	25.0	18.8
NIR	**144.7**	**144.2**	**144.9**	**143.4**	**144.2**	**153.1**	**151.6**	**151.0**	**150.2**	**145.8**	**145.4**	**145.8**	**150.3**	**-10.7**	**-16.7**	**3.8**
Non-monetary liabilities	**154.4**	**158.2**	**155.1**	**152.9**	**151.7**	**151.9**	**152.7**	**154.3**	**156.6**	**157.0**	**156.8**	**157.3**	**157.5**	**10.5**	**7.0**	**2.0**
DC capital and reserves	**114.4**	**117.5**	**116.5**	**114.9**	**115.1**	**115.8**	**113.6**	**116.1**	**117.8**	**118.0**	**120.3**	**120.6**	**120.8**	**4.9**	**9.8**	**5.6**
BAM	18.4	18.5	18.5	17.4	16.7	16.5	15.3	16.1	16.8	16.5	16.7	16.3	16.3	4.1	4.5	-11.7
ODC	95.9	99.1	98.0	97.5	98.5	99.3	98.3	99.9	101.0	101.5	103.5	104.3	104.5	5.0	10.9	8.9
DC non-monetary liabilities	**40.0**	**40.7**	**38.6**	**38.0**	**36.6**	**36.1**	**39.1**	**38.2**	**38.8**	**39.0**	**36.5**	**36.7**	**36.7**	**28.2**	**-0.4**	**-8.2**
Deposits excluded from M3	7.5	6.8	6.7	6.1	5.8	6.3	8.2	7.5	7.8	9.2	7.5	8.8	7.1	18.1	8.1	-5.1
Loans	7.7	7.4	7.2	8.1	7.4	8.6	7.6	7.2	8.2	7.3	7.4	7.3	8.3	-24.6	2.0	7.1
Securities other than equity exclud from M3	24.5	26.2	24.4	23.4	23.1	20.9	22.9	23.2	22.6	22.3	21.3	20.3	21.0	67.3	-3.5	-14.1
Autres ressources	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	21.4	6.0	-6.2
Others counterparts of M3	**46.4**	**29.2**	**34.9**	**34.6**	**31.0**	**26.3**	**25.5**	**30.0**	**37.8**	**27.3**	**29.5**	**27.1**	**22.0**	**-11.6**	**67.1**	**-52.6**
Counterparts of deposits with the Treasury	48.9	42.7	46.7	43.9	42.3	43.1	43.2	44.0	43.7	42.8	43.0	43.2	42.6	-8.2	8.4	-12.8
Others nets items	1.9	-7.4	-9.0	-5.6	-6.6	-8.9	-9.7	-6.8	-4.6	-7.7	-5.6	-6.2	-12.0	-23.4	-115.6	-743.2
ODC net claims on nonresidents	2.7	0.8	4.1	3.4	2.2	-0.9	-1.0	-0.4	5.6	-0.9	-1.0	-3.1	-1.8	-64.3	56.1	-168.4
SDR allocations and other liabilities	7.3	7.2	7.3	7.3	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.1	7.1	2.5	-1.5	-3.4
Other external assets BAM (2)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	2.5	-7.7	-0.6
Total counterparts3)	**992.2**	**962.8**	**971.8**	**968.0**	**971.4**	**980.5**	**1.004.8**	**1.010.2**	**1.012.7**	**1.006.0**	**1.005.9**	**1.000.0**	**1.023.2**	**6.4**	**4.5**	**3.1**

(1) Composed of consolidation adjustments and the net balance of various elements
(2) BAM's foreign assets and liabilities excluded from the NIR.
(3) Total of counterparts = Net international reserves + net claims on central government + claims on the economy - non-monetary resources + other M3 counterparts.

Table A 8.5 net international reserves

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
Net international reserves(1)	**144.7**	**144.2**	**144.9**	**143.4**	**144.2**	**153.1**	**151.6**	**151.0**	**150.2**	**145.8**	**145.4**	**145.8**	**150.3**	**-10.7**	**-16.7**	**3.8**
Official reserve assets(2)	**147.9**	**147.8**	**148.0**	**146.9**	**147.4**	**156.4**	**157.0**	**156.9**	**155.6**	**149.8**	**150.8**	**150.9**	**156.9**	**-10.3**	**-16.5**	**6.1**
Monetary gold	9.9	9.8	9.6	9.8	8.9	8.5	7.3	7.9	8.3	7.8	7.8	7.3	6.9	14.6	3.9	-30.2
Foreign curencies	2.5	2.8	2.3	2.1	1.9	2.3	2.2	2.6	10.0	2.7	4.2	2.4	2.1	-30.9	18.1	-16.2
Deposits and securities included in official3)	130.8	131.0	131.9	130.7	132.5	141.4	143.4	142.2	133.0	135.2	134.9	137.2	143.9	-11.0	-17.8	10.0
Reserve position in the IMF	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	2.3	-1.6	-3.2
SDR holdings	3.7	3.3	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.1	3.1	3.1	3.1	-14.8	-30.6	-16.0
Short term foreign liabilities in foreign currencies(B)	**3.1**	**3.6**	**3.2**	**3.5**	**3.2**	**3.3**	**5.4**	**5.8**	**5.3**	**4.0**	**5.4**	**5.1**	**6.7**	**17.8**	**-1.9**	**112.3**
Other foreign assets	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**2.5**	**-7.7**	**-0.6**
Other external liabilities	**7.3**	**7.2**	**7.3**	**7.3**	**7.2**	**7.2**	**7.2**	**7.2**	**7.2**	**7.2**	**7.2**	**7.1**	**7.1**	**2.5**	**-1.5**	**-3.4**
Allocations of SDRs	7.3	7.1	7.2	7.3	7.2	7.2	7.2	7.1	7.2	7.1	7.1	7.1	7.0	2.3	-1.6	-3.2
Net claims of other depositary corporations on non residents	**2.7**	**0.8**	**4.1**	**3.4**	**2.2**	**-0.9**	**-1.0**	**-0.4**	**5.6**	**-0.9**	**-1.0**	**-3.1**	**-1.8**	**-64.3**	**56.1**	**-168.4**
Claims on nonresidents	**28.1**	**28.1**	**28.8**	**28.8**	**28.6**	**27.3**	**27.8**	**28.4**	**31.7**	**26.0**	**26.3**	**25.9**	**28.0**	**20.5**	**7.3**	**-0.1**
Assets in foreign currencies	0.7	0.5	0.4	0.5	0.6	0.5	0.5	1.2	1.2	0.7	0.6	0.5	0.7	0.3	74.6	11.0
Deposits	9.6	9.2	9.1	9.2	9.9	8.3	8.7	8.5	11.8	9.0	9.9	9.4	9.1	73.6	41.2	-5.2
Loans	2.8	3.1	4.0	3.4	2.8	2.7	2.4	2.3	2.3	2.7	2.1	2.1	4.0	-2.5	-48.7	43.7
Securities other than equities	2.5	2.6	2.5	2.9	2.7	3.0	2.9	2.9	2.9	0.2	0.2	0.2	0.5	-10.2	-3.4	-80.7
Shares and other equity	**12.4**	**12.6**	**12.6**	**12.6**	**12.5**	**12.6**	**13.1**	**13.2**	**13.1**	**13.3**	**13.2**	**13.6**	**13.6**	**19.3**	**16.6**	**9.3**
Autres créances	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**0.3**	**0.2**	**0.2**	**0.2**	**0.1**	**519.5**	**-59.7**	**-5.3**
Liabilities to nonresidents	**25.4**	**27.3**	**24.7**	**25.4**	**26.4**	**28.2**	**28.9**	**28.8**	**26.1**	**26.9**	**27.4**	**28.9**	**29.9**	**44.7**	**3.9**	**17.6**
Deposits	21.4	23.0	20.9	21.5	22.8	24.6	24.9	24.8	21.8	22.7	23.2	22.4	23.5	67.5	-5.3	9.6
Loans (4)	1.4	1.4	1.0	1.1	1.1	1.1	1.3	1.3	1.5	1.6	1.5	1.6	1.4	-51.4	-6.6	1.7
Money market UCITS	1.2	1.4	1.4	1.4	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.0	1.2	4.2	334.8	4.3
Other liabilities	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.7	1.5	1.6	3.9	3.8	41.7	2 460.1	165.5

(1) Official reserve assets excluding BAM's short term liabilities towards non-residents.
(2) Foreign assets made at BAM's immediate disposal and under its effective control.
(3) As of May 2012, BAM carried out foreign currency investments in resident banks; their amounts was excluded from the official reserve assets.
(4) Financial and subordinated loans.

Table A 8.6 NET CLAIMS ON CENTRAL GOVERNMENT

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
DC net claims on central government	**125.4**	**136.8**	**136.5**	**139.5**	**140.2**	**141.1**	**138.2**	**152.1**	**149.5**	**157.2**	**158.6**	**155.8**	**149.3**	**25.8**	**22.8**	**19.0**
Net claims of BAM	**0.5**	**2.2**	**1.1**	**1.8**	**1.0**	**1.8**	**1.7**	**2.5**	**0.7**	**0.6**	**0.7**	**-0.2**	**0.8**	**-37.1**	**-79.4**	**76.8**
Claims	**4.9**	**4.9**	**4.9**	**4.7**	**4.7**	**4.7**	**4.9**	**4.9**	**4.9**	**5.2**	**5.2**	**5.2**	**5.4**	**-25.5**	**-12.0**	**9.9**
Loans	4.9	4.9	4.9	4.4	4.4	4.4	4.4	4.5	4.4	4.4	4.4	4.4	4.4	-4.4	-10.1	-9.5
Other (1)	0.0	0.0	0.0	0.2	0.2	0.2	0.5	0.5	0.5	0.7	0.7	0.7	1.0	-92.7	-90.6	7781.1
Liabilities	**4.5**	**2.7**	**3.8**	**2.9**	**3.6**	**2.8**	**3.2**	**2.5**	**4.2**	**4.5**	**4.4**	**5.3**	**4.6**	**-15.2**	**32.4**	**3.1**
Account of Hassan II Fund for Economic and Social Development	0.6	0.9	1.6	0.9	1.0	0.6	0.9	0.6	1.1	0.6	0.5	0.2	0.3	-45.0	9.2	-56.6
Treasury current account	2.9	0.7	0.9	0.8	1.5	1.1	1.3	0.9	2.1	2.9	2.9	4.2	2.2	-2.9	45.0	-22.9
Net claims of ODC	**124.9**	**134.7**	**135.4**	**137.7**	**139.1**	**139.3**	**136.5**	**149.6**	**148.8**	**156.6**	**157.9**	**156.0**	**148.5**	**28.6**	**25.0**	**18.8**
Claims	**136.9**	**145.9**	**146.4**	**148.1**	**150.2**	**152.9**	**149.9**	**161.3**	**161.2**	**169.3**	**171.1**	**168.9**	**164.1**	**21.2**	**22.8**	**19.9**
Loans	24.8	24.4	26.6	25.0	23.6	24.3	24.1	23.5	22.9	23.7	23.7	23.5	25.4	2.9	10.8	2.1
Portefeuille de bons de Trésor	106.2	117.4	116.4	120.5	124.2	125.9	121.7	133.8	134.1	140.4	142.1	140.1	133.6	31.8	24.8	25.7
Banques	94.2	105.5	102.9	106.0	107.8	105.8	101.8	112.7	115.4	121.4	125.0	123.2	115.7	30.0	24.0	22.9
Money market funds	12.1	11.9	13.5	14.6	16.4	20.1	19.9	21.1	18.7	18.9	17.1	17.0	17.8	49.5	31.6	47.9
Other (1)	5.8	4.1	3.4	2.5	2.5	2.8	4.1	4.1	4.2	5.2	5.2	5.3	5.2	-29.6	46.0	-10.9
Liabilities (2)	**11.9**	**11.3**	**11.0**	**10.4**	**11.1**	**13.7**	**13.4**	**11.7**	**12.4**	**12.7**	**13.2**	**13.0**	**15.6**	**-19.0**	**3.0**	**30.9**
Conterparts of deposits with Treasury	**48.9**	**42.7**	**46.7**	**43.9**	**42.3**	**43.1**	**43.2**	**44.0**	**43.7**	**42.8**	**43.0**	**43.2**	**42.6**	**-8.2**	**8.4**	**-12.8**

((1) Sums owed to the State. including down payments on income taxes and VAT recoverable
(2) Composed mainly of sums owed to the state as wellas pecial guarantee funds for guaranteeing loans granted.

Table A 8.7 CLAIMS ON THE ECONOMY

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
Claims of DC	**830.0**	**810.8**	**810.7**	**803.4**	**807.7**	**811.8**	**842.2**	**831.4**	**831.8**	**832.6**	**829.1**	**828.7**	**859.1**	**10.4**	**5.1**	**3.5**
Claims of ODC	**829.2**	**810.0**	**809.9**	**802.6**	**806.9**	**811.0**	**841.3**	**830.5**	**831.0**	**831.8**	**828.3**	**827.9**	**858.2**	**10.4**	**5.1**	**3.5**
Loans of ODC	**729.0**	**711.1**	**711.6**	**705.8**	**711.7**	**712.9**	**734.9**	**731.5**	**730.9**	**732.2**	**730.6**	**730.5**	**756.6**	**9.8**	**4.8**	**3.8**
Bank loans	**719.2**	**702.2**	**702.2**	**699.6**	**704.7**	**705.4**	**728.5**	**724.7**	**723.9**	**725.8**	**722.9**	**722.3**	**747.0**	**10.6**	**4.6**	**3.9**
By economic purpose																
Cash advances (1)	185.7	178.1	172.6	171.5	173.0	172.3	183.7	185.7	182.4	180.7	178.3	173.9	175.3	20.5	7.8	-5.6
Equipment loans	138.0	137.1	137.1	134.9	135.9	135.3	138.1	134.4	134.9	135.4	136.6	138.4	140.1	4.1	-2.0	1.5
Real-estate loans	**220.0**	**219.5**	**224.7**	**224.4**	**226.4**	**227.7**	**228.8**	**228.3**	**230.2**	**230.8**	**229.7**	**231.0**	**230.5**	**10.2**	**6.1**	**4.8**
Home loans	150.6	151.4	152.7	153.8	154.7	156.3	157.5	157.9	158.5	159.4	159.8	160.8	160.1	10.7	9.8	6.3
Loans to real-estate developers	68.1	65.5	70.5	68.9	69.8	69.0	69.0	68.1	69.5	68.8	67.1	67.7	68.6	6.8	-0.3	0.6
Consumer loans	39.6	39.7	39.3	39.5	39.7	40.1	40.4	40.6	40.5	40.5	40.4	40.5	40.4	11.2	9.8	1.9
Various claims on customers	100.5	92.4	92.9	92.1	91.8	92.1	98.4	95.9	96.1	97.7	95.8	97.2	117.0	5.8	2.3	16.4
Nonperforming loans	35.3	35.4	35.6	37.3	37.9	37.7	39.1	39.7	39.8	40.8	42.1	41.4	43.7	9.5	8.7	23.8
By economic sector																
Other financial corpotayions	87.9	80.5	80.7	82.5	84.3	81.5	86.9	85.2	85.1	87.5	85.3	87.0	104.9	7.0	-3.2	19.3
Public sector	**41.2**	**41.2**	**41.7**	**42.0**	**41.6**	**41.7**	**46.1**	**46.5**	**45.2**	**42.4**	**43.0**	**43.3**	**44.3**	**31.9**	**24.4**	**7.6**
Local governments	11.6	11.7	11.6	11.5	11.5	11.5	11.4	11.7	11.7	11.8	11.8	12.0	12.3	7.0	10.8	6.4
Public nonfinancial corporation	29.6	29.5	30.1	30.5	30.1	30.3	34.7	34.8	33.6	30.6	31.2	31.2	32.0	47.8	30.7	8.1
Private sector	**590.1**	**580.5**	**579.8**	**575.1**	**578.9**	**582.1**	**595.5**	**593.0**	**593.6**	**595.9**	**594.5**	**592.1**	**597.8**	**10.1**	**4.7**	**1.3**
Private nonfinancial corporation	346.1	337.2	334.6	328.0	329.5	331.0	341.5	338.2	337.9	340.2	337.3	333.4	334.1	12.8	3.6	-3.5
Other resident sectors	244.1	243.3	245.2	247.1	249.4	251.1	253.9	254.8	255.7	255.8	257.2	258.6	263.7	6.4	6.4	8.1
Securities	**78.5**	**77.5**	**77.3**	**75.2**	**75.1**	**77.9**	**84.8**	**78.0**	**77.7**	**77.5**	**76.0**	**76.0**	**79.1**	**33.8**	**1.1**	**0.8**
Securities other than shares	22.3	24.2	24.3	21.6	23.0	23.7	25.8	25.3	24.8	24.5	23.0	22.6	21.1	46.0	27.0	-5.1
Banks	11.0	12.9	12.4	10.6	12.1	12.3	13.6	13.8	13.2	12.5	11.6	10.9	10.3	-0.6	97.4	-6.2
Money UCITS	11.3	11.3	11.9	11.0	11.0	11.4	12.2	11.5	11.6	12.0	11.3	11.7	10.8	86.6	-5.7	-4.1
Shares and other equity	56.3	53.3	53.0	53.6	52.1	54.2	59.0	52.6	52.9	53.0	53.0	53.3	58.0	30.6	-6.5	3.1
Banks	56.2	53.2	52.9	53.5	52.1	54.2	58.9	52.5	52.8	52.9	52.9	53.3	57.9	28.4	-5.0	3.0
Other (2)	**21.7**	**21.4**	**21.0**	**21.6**	**20.1**	**20.2**	**21.6**	**21.1**	**22.4**	**22.0**	**21.6**	**21.5**	**22.5**	**-31.0**	**38.5**	**3.9**
Claims of BAM	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**	**0.8**	**0.9**	**9.3**	**-23.4**	**10.6**
Loans	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	10.8	-12.4	2.0

(1) Inciding debtor accounts
(2) Composed mainly by the counterparty of deposits with AL Barid-Bank

TABLE A 8.8 CROSS CLASSIFICATION OF BANK LOANS BY ECONOMIC PURPOSE AND BY INSTITUTIONAL SECTOR (1)

(In billions of dirhams)

	2012	2013												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2011	2012	2013
Bank loans	**719.2**	**702.2**	**702.2**	**699.6**	**704.7**	**705.4**	**728.5**	**724.7**	**723.9**	**725.8**	**722.9**	**722.3**	**747.0**	**10.6**	**4.6**	**3.9**
Accounts receivable and cash advances	**185.7**	**178.1**	**172.6**	**171.5**	**173.0**	**172.3**	**183.7**	**185.7**	**182.4**	**180.7**	**178.3**	**173.9**	**175.3**	**20.5**	**7.8**	**-5.6**
Other financial corporations	1.8	2.1	2.8	2.5	4.0	2.3	2.7	3.8	3.1	3.4	3.3	3.2	3.9	33.8	-23.0	122.7
Public nonfinancial corporations	7.5	7.7	8.4	9.0	8.9	8.9	9.9	9.9	9.8	7.3	7.8	7.6	7.8	355.2	35.3	4.3
Private nonfinancial corporations	159.7	153.0	146.4	144.4	144.4	144.3	153.9	154.9	152.6	153.2	149.8	145.0	142.6	15.6	7.5	-10.7
Households	16.2	14.8	14.5	15.0	15.1	16.2	16.7	16.6	16.4	16.3	16.9	17.7	20.6	35.2	6.8	26.9
Equipmentloans	**138.0**	**137.1**	**137.1**	**134.9**	**135.9**	**135.3**	**138.1**	**134.4**	**134.9**	**135.4**	**136.6**	**138.4**	**140.1**	**4.1**	**-2.0**	1.5
Local governments	11.6	11.7	11.6	11.5	11.5	11.5	11.4	11.7	11.7	11.8	11.8	12.0	12.3	7.0	10.8	6.4
Public nonfinancial corporations	18.4	18.3	18.1	17.5	17.6	17.3	20.8	20.1	19.1	19.1	19.7	20.0	18.8	95.4	29.4	1.8
Private nonfinancial corporations	97.2	96.4	96.9	95.4	96.0	97.7	96.6	92.9	94.4	95.2	95.5	96.8	96.4	-1.7	-7.3	-0.9
Real estate loans (2)	**220.0**	**219.5**	**224.7**	**224.4**	**226.4**	**227.7**	**228.8**	**228.3**	**230.2**	**230.8**	**229.7**	**231.0**	**230.5**	**10.2**	**6.1**	**4.8**
Private nonfinancial corporations	59.4	58.1	60.6	59.6	60.9	61.0	61.1	60.9	62.5	62.7	61.1	61.7	63.8	24.2	7.3	7.4
Households	160.8	161.5	164.2	164.9	165.8	166.7	167.8	167.3	167.9	168.1	168.7	169.2	166.7	5.2	5.7	3.7
Housing loans	136.0	136.7	137.5	138.3	138.9	140.2	141.2	141.3	141.7	142.4	142.7	143.4	142.9	8.5	7.0	5.1
Loans to real estate developers	23.8	23.7	25.5	25.3	25.4	25.2	25.1	24.4	24.6	24.0	24.0	24.0	23.0	-9.9	-0.9	-3.2
Consumer loans	**39.6**	**39.7**	**39.3**	**39.5**	**39.7**	**40.1**	**40.4**	**40.6**	**40.5**	**40.5**	**40.4**	**40.5**	**40.4**	**11.2**	**9.8**	**1.9**
Sundry claims on customers	**100.5**	**92.4**	**92.9**	**92.1**	**91.8**	**92.1**	**98.4**	**95.9**	**96.1**	**97.7**	**95.8**	**97.2**	**117.0**	**5.8**	**2.3**	**16.4**
Other financial corporations	85.8	78.0	77.4	79.6	79.9	78.8	83.7	80.9	81.5	83.6	81.6	83.4	100.5	6.4	-2.5	17.2
Public nonfinancial corporations	4.0	3.8	3.9	4.3	3.8	4.2	4.2	4.8	4.9	4.3	3.8	3.7	5.5	-59.2	25.4	38.3
Private nonfinancial corporations	8.7	8.6	9.6	6.2	6.0	5.9	6.9	6.5	6.1	6.2	6.7	6.4	7.2	204.8	27.1	-16.9
Pending claims	**35.3**	**35.4**	**35.6**	**37.3**	**37.9**	**37.7**	**39.1**	**39.7**	**39.8**	**40.8**	**42.1**	**41.4**	**43.7**	**9.5**	**8.7**	**23.8**
Other financial corporations	0.4	0.4	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.5	0.5	15.9	-28.6	18.4
Private nonfinancial corporations	20.4	20.5	20.6	21.7	21.5	21.5	22.4	22.3	21.7	22.3	23.6	22.8	23.4	32.3	14.5	14.8
Households	14.5	14.6	14.7	15.2	16.0	15.8	16.3	16.9	17.5	18.0	18.1	18.2	19.8	-9.0	3.4	36.4

(1) Some gaps may be observed between the total of certain loan categories and their breakdown by institutional sector.These gaps are due to the lack of detailed-enough information on loans granted by banks to public nonfinancial corporations and to central governments bodies.

(2) Since 2007, the growth in real estate development loans has been partly amplified by the reclassifications carried out by banks,at the request of Bank Al-Maghrib,wherebyadvances granted to real estate developers were included in real estate development loans,after they were originally included in cash advances.

Table A 8.9 POSITION OF OFCS TOWARDS CENTRAL GOVERNMENT

(In billions of dirhams)

	2010	2011		2012				2013				Annual change (%)		
	Dec.	June	Dec.	Mar	June	Sept.	Dec.	Mar	June	Sept.	Dec.	2011	2012	2013
OFCs claims on central government	**89.7**	**87.2**	**93.9**	**101.5**	**100.5**	**98.7**	**106.8**	**107.0**	**114.5**	**109.4**	**118.5**	**4.8**	**13.7**	**10.9**
Securities issued by central government and held by OFCs	**87.1**	**84.9**	**90.7**	**98.1**	**97.9**	**96.1**	**104.0**	**103.8**	**111.1**	**106.6**	**115.5**	**4.1**	**14.7**	**11.0**
Deposit and management fund	23.6	24.6	25.4	24.8	25.6	26.6	26.9	28.3	28.5	28.6	30.9	7.5	5.9	14.8
Non-monetary mutuals funds	63.3	60.1	65.1	73.1	72.2	68.9	76.5	75.2	81.8	77.2	83.4	2.8	17.6	9.0
Bond funds	-	-	62.9	69.8	69.2	65.2	72.9	70.9	77.0	72.6	78.9	-	15.9	8.2
Diversified funds	-	-	1.9	2.2	2.2	2.1	2.2	2.5	2.5	2.8	3.1	-	14.8	43.3
Other claims	**2.5**	**2.4**	**3.3**	**3.3**	**2.6**	**2.6**	**2.8**	**3.2**	**3.4**	**2.8**	**3.0**	**28.1**	**-14.4**	**7.6**
OFCs liabilities towards central government	**11.7**	**12.1**	**4.8**	**4.4**	**5.1**	**5.5**	**5.2**	**4.8**	**5.3**	**4.7**	**6.1**	**-59.1**	**8.1**	**18.7**
Deposits with the Deposit and management fund	5.6	6.0	2.1	2.1	2.7	2.7	2.3	2.3	2.9	2.5	3.0	-61.9	7.2	32.7

Table A 8.10 POSITION OF OTHER FINANCIAL CORPORATIONS TAWARDS HOUSEHOLDS

(In billions of dirhams)

	2010	2011		2012				2013				Annual change (%)		
	Dec	June	Dec	Mar	June	Sept.	Dec	Mar	June	Sept.	Dec	2011	2012	2013
OFCs claims on households	**48.1**	**48.9**	**51.4**	**51.5**	**53.3**	**52.2**	**53.4**	**52.9**	**53.8**	**53.3**	**53.8**	**7.0**	**3.8**	**0.8**
Loans granted by finance companies	**43.2**	**43.9**	**46.7**	**46.7**	**48.5**	**47.4**	**48.6**	**48.1**	**48.8**	**48.3**	**48.8**	**8.1**	**4.2**	**0.4**
Consumer loans	31.6	31.9	32.2	31.9	32.1	30.6	30.6	30.7	30.9	30.8	30.8	2.1	-5.0	0.5
Leasing	4.3	5.0	6.1	6.7	7.6	8.7	9.5	9.3	9.5	9.4	9.6	42.6	55.2	1.1
Loans granted by microcredits associations	**4.8**	**4.8**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.7**	**4.9**	**5.0**	**4.9**	**-3.5**	**0.6**	**6.0**
Loans to micro bisiness	3.9	4.0	4.0	3.9	4.0	4.0	4.0	4.0	4.2	4.3	4.4	1.3	0.8	9.3
Housing loans	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	-18.6	-23.5	-7.1
OFCs liabilities to households	**25.8**	**27.4**	**27.5**	**28.3**	**29.2**	**29.8**	**31.2**	**32.9**	**33.5**	**33.7**	**34.8**	**6.6**	**13.7**	**11.3**
Securities issued by non-money market funds	**15.0**	**15.6**	**15.0**	**15.2**	**15.5**	**15.3**	**15.9**	**15.1**	**15.8**	**15.8**	**16.1**	**0.1**	**5.5**	**1.6**
Bond funds	10.9	11.6	11.5	11.7	12.1	12.1	12.9	12.2	12.8	12.8	13.1	5.5	12.1	1.7
Equity funds	2.8	2.6	2.3	2.1	1.9	2.0	1.9	1.8	1.9	1.8	1.8	-16.6	-19.6	-1.2
Diversified funds	1.2	1.3	1.1	1.2	1.3	1.0	0.8	0.8	0.8	0.9	1.0	-9.1	-25.6	14.7
Contractual funds	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.2	-6.7	200.3	-25.5
Other liabilities	**10.8**	**11.8**	**12.4**	**13.1**	**13.7**	**14.5**	**15.4**	**17.7**	**17.7**	**17.9**	**18.6**	**15.6**	**23.5**	**21.3**
Guarantee deposits with finance companies	0.7	1.4	2.2	2.7	3.3	4.0	4.5	4.5	4.5	4.5	4.6	231.9	100.1	3.2
Regulated deposits with the Deposit and management fund(1)	8.8	8.9	8.7	8.9	8.9	9.3	9.6	11.7	11.6	11.7	12.5	-1.2	10.7	29.9

(1) Composed mainly of third-party funds of notaries and bar associations as well as consignment deposits

Table A 8.11 POSITION OF OTHER FINANCIAL CORPORATIONS TOWARDS NONFINANCIAL CORPORATIONS

(In billions of dirhams)

	2011	2012				2013				Annual change (%)		
	Dec.	Mar	June	Sept.	Dec.	Mar	June	Sept.	Dec.	2011	2012	2013
OFCs claims on private nonfinancial corporations	**97.2**	**93.6**	**97.2**	**97.6**	**97.7**	**96.3**	**96.0**	**95.7**	**98.2**	**103.4**	**0.5**	**0.5**
Loans	**63.4**	**61.0**	**65.9**	**64.0**	**65.1**	**65.1**	**66.2**	**64.7**	**65.9**	**65.6**	**2.7**	**1.2**
Finance companies	**45.0**	**45.2**	**47.1**	**46.5**	**48.2**	**48.2**	**47.8**	**46.6**	**48.4**	**49.4**	**7.3**	**0.3**
Factoring loans	2.8	3.5	4.3	4.2	4.8	5.1	4.4	4.0	4.6	5.8	70.8	-3.6
Leasing	39.6	39.0	40.0	39.5	40.4	39.9	40.0	39.3	40.5	39.9	2.0	0.4
Offshore banks	**15.4**	**12.8**	**15.5**	**14.2**	**13.6**	**13.6**	**14.9**	**14.2**	**13.3**	**12.4**	**-11.6**	**-2.4**
Cash advances	12.0	9.3	9.6	8.3	7.9	7.8	9.3	8.6	8.1	7.7	-34.7	3.3
Equipment loans	2.1	2.2	4.6	4.6	4.5	4.4	4.2	4.2	3.9	4.2	108.5	-11.8
Caisse de Dépôts et de Gestion	**3.0**	**3.1**	**3.3**	**3.2**	**3.2**	**3.3**	**3.6**	**3.8**	**4.2**	**3.8**	**6.0**	**30.0**
Cash advances	2.3	2.3	2.5	2.2	2.2	2.3	2.5	2.6	2.7	2.2	-3.9	21.4
Equipment loans	0.7	0.7	0.8	1.0	1.0	1.0	1.0	1.2	1.5	1.5	36.4	49.4
Securities held by OFCs	**33.8**	**32.5**	**31.3**	**33.6**	**32.6**	**31.2**	**29.8**	**31.1**	**32.3**	**37.8**	**-3.4**	**-1.0**
Securities other than shares	**13.0**	**13.9**	**13.6**	**15.0**	**15.7**	**15.3**	**14.8**	**14.9**	**15.6**	**17.8**	**20.4**	**-0.7**
Bond funds	10.0	10.6	10.4	12.1	12.7	12.3	11.9	12.1	12.9	15.2	26.6	2.0
Caisse de Dépôts et de Gestion	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.7	12.4	0.8
Shares	**20.8**	**18.7**	**17.7**	**18.6**	**16.9**	**15.8**	**15.1**	**16.2**	**16.7**	**20.0**	**-18.4**	**-1.3**
Equity funds	11.3	10.7	9.9	9.3	9.2	8.3	7.7	7.6	8.7	9.6	-18.7	-5.5
Diversified funds	2.3	2.2	1.8	1.5	1.5	1.2	0.9	1.2	1.4	1.6	-32.6	-11.8
Caisse de Dépôts et de Gestion	4.1	4.3	4.6	4.6	4.2	4.9	4.8	5.1	5.7	6.0	3.1	36.7
Claims of OFCs on public nonfinancial corporations	**11.2**	**9.0**	**9.8**	**11.9**	**9.0**	**9.2**	**9.2**	**8.4**	**8.9**	**10.4**	**-19.7**	**-0.7**
Securities other than shares	**10.6**	**8.4**	**9.1**	**11.3**	**8.4**	**8.6**	**8.7**	**8.4**	**8.9**	**9.9**	**-20.8**	**5.6**
Bond funds	9.7	7.3	7.8	9.7	6.9	7.2	7.1	6.7	7.2	8.3	-28.7	4.3
Liabilities of OFCs to private nonfinancial corporations	**25.6**	**26.3**	**26.9**	**25.1**	**23.3**	**26.5**	**26.6**	**26.7**	**27.4**	**29.6**	**-9.0**	**17.2**
Securities issued by non-money market funds	**22.6**	**22.6**	**23.4**	**21.2**	**19.7**	**22.2**	**22.9**	**23.0**	**23.7**	**25.5**	**-12.8**	**20.4**
Bond funds	21.4	21.3	22.6	20.1	18.8	21.3	22.0	22.1	22.8	24.6	-12.1	21.2
Other liabilities	**3.1**	**3.7**	**3.4**	**3.9**	**3.7**	**4.3**	**3.6**	**3.6**	**3.6**	**4.1**	**18.8**	**-0.2**
Deposits	3.1	3.7	3.4	3.9	3.7	4.3	3.6	3.6	3.6	4.1	18.8	-0.2
Factoring accounts with finance companies	1.1	1.2	1.1	0.9	0.9	1.0	1.1	0.7	0.9	1.5	-15.1	-6.0
Guarantee deposits with finance companies	0.2	0.2	0.4	0.3	0.3	0.1	0.1	0.2	0.4	0.3	78.3	24.6
Foreign-currency-denomited with off-shore banks	1.0	1.4	1.6	1.8	1.5	2.4	1.2	1.5	1.8	1.8	49.0	15.4

Table A 8.12 BALANCE SHEET OF OTHER FINANCIAL CORPORATIONS

(In billions of dirhams)

	2011	2012				2013				Annual change (%)		
	Dec	Mar	June	Sept.	Dec	Mar	June	Sept.	Dec	2011	2012	2013
Finance companies												
Assets	98.4	99.3	103.0	103.5	105.7	104.4	105.5	103.2	105.3	7.0	7.3	-0.4
Claims on depository corporations	1.0	1.0	1.1	2.5	2.2	1.9	2.0	1.1	1.7	-14.1	119.1	-20.5
Loans	92.3	92.6	96.3	94.7	97.5	97.0	97.3	95.7	97.6	7.6	5.7	0.0
Securities	0.4	0.4	0.5	0.8	0.8	0.6	1.0	1.4	0.8	-33.8	93.8	-1.2
Claims on nonresidents	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	115.1	7.2	28.8
Fixed assets	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	8.2	5.2	-1.8
Other assets	3.2	3.8	3.7	4.1	3.6	3.3	3.6	3.5	3.6	3.6	11.0	0.2
Liabilities	98.4	99.3	103.0	103.5	105.7	104.4	105.5	103.2	105.3	7.0	7.3	-0.4
Loans from depository corporations	52.3	52.0	50.4	49.6	52.3	49.9	53.0	50.9	56.9	5.7	0.0	8.8
Deposits	4.2	5.0	5.1	6.1	6.5	6.5	7.0	6.7	6.5	-10.3	54.7	-1.0
Securities other than shares	18.4	18.6	22.2	22.4	22.9	21.8	20.9	19.1	17.5	34.7	24.3	-23.8
Liabilities to the central government [1]	1.5	1.6	1.6	1.8	1.7	1.7	1.8	2.1	1.9	13.4	11.1	13.9
Liabilities to nonresidents	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-60.9	-14.2	-44.8
Shares and other equity securities	9.8	10.0	9.3	9.6	10.1	10.5	10.1	10.4	10.7	5.3	2.7	6.0
Other liabilities	12.0	12.1	14.3	13.7	12.0	13.9	12.6	13.9	11.7	-8.6	0.0	-2.4
Microcredit associations												
Assets	6.1	5.9	5.9	5.9	5.6	5.7	5.9	6.0	5.9	2.0	-7.2	5.3
Cash and deposits	1.1	1.0	0.9	0.9	0.6	0.5	0.7	0.7	0.7	16.5	-50.5	17.8
loans	4.6	4.6	4.6	4.6	4.6	4.7	4.9	5.0	4.9	-3.5	0.6	6.0
Fixed assets	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	-1.5	31.9	39.4
Other assets	0.2	0.2	0.2	0.2	0.3	0.4	0.1	0.1	0.1	143.4	28.8	-51.8
Liabilities	6.1	5.9	5.9	5.9	5.6	5.7	5.9	6.0	5.9	2.0	-7.2	5.3
Loans from nonresidents	0.6	0.5	0.6	0.6	0.5	0.6	0.4	0.4	0.5	-2.9	-13.6	-6.4
Loans from residents	3.8	3.6	3.4	3.3	2.9	2.8	3.0	3.0	2.9	5.8	-24.3	1.4
Shares and other equity securities	1.2	1.2	1.3	1.3	1.7	1.7	1.8	1.9	1.9	11.1	36.3	14.8
Other liabilities	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	-27.9	23.6	6.7
Offshores banks												
Assets	36.6	33.3	36.9	34.0	35.4	32.7	35.8	36.0	38.0	12.8	-3.2	7.2
Claims on nonresidents	6.6	6.3	5.4	5.7	4.7	5.7	4.6	4.4	7.2	19.2	-29.1	53.7
Claims on depository corporations	13.7	12.8	14.6	13.2	16.0	12.2	13.8	15.4	15.0	26.3	17.1	-6.6
Loans	15.4	13.4	15.7	14.2	13.6	13.6	15.5	14.5	14.3	8.1	-11.6	4.9
Securities	0.6	0.7	0.6	0.7	0.9	1.0	1.7	1.6	1.3	-59.5	41.8	53.4
Other assets	0.3	0.2	0.5	0.2	0.2	0.2	0.2	0.2	0.2	-10.6	-22.3	-5.0
Liabilities	36.6	33.3	36.9	34.0	35.4	32.7	35.8	36.0	38.0	12.8	-3.2	7.2
Liabilities to nonresidents	18.6	14.6	16.6	14.1	16.8	14.1	17.5	18.3	18.1	70.2	-9.5	7.7
Liabilities to depository corporations	16.1	16.4	17.7	16.9	15.4	14.7	15.9	14.5	17.0	-17.1	-4.5	10.4
Foreign-currency-denominated deposits by residents	1.0	1.4	1.6	1.8	1.6	2.4	1.2	1.5	1.8	-19.7	49.1	15.3
Shares and other equity securities	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.7	0.7	9.0	18.8	8.6
Other liabilities	0.3	0.2	0.3	0.7	1.0	0.8	0.5	1.0	0.4	1.8	256.0	-64.0

Table A 8.13 CHANGE IN THE INTERBANK MARKET

(In millions of dirhams)

	2012	2013												Average
	Average	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec	
Averge outstanding amounts	8 476	7 489	8 529	8 040	7 293	4 934	5 393	6 771	5 234	5 508	5 228	6 873	5 750	6 408
Average exchanged volume	3 333	2 975	2 601	3 316	3 085	1 585	2 963	3 264	2 790	2 241	2 409	2 994	2 033	2 688

Table A 8.14 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

Maturités	TOTAL 2012	2013												
		Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec	TOTAL
Total subscriptions	**120 278.9**	**18 594.0**	**13 982.5**	**13 314.5**	**13 318.7**	**16 406.4**	**9 885.0**	**12 300.0**	**14 896.0**	**18 128.5**	**15 985.0**	**16 333.2**	**12 022.0**	**175 165.8**
Short-term	**42 051.3**	**9 734.0**	**11 982.5**	**7 362.5**	**11 886.7**	**11 035.4**	**5 124.0**	**7 680.0**	**7 550.0**	**6 055.0**	**5 241.0**	**0.0**	**200.0**	**83 851.1**
24 Days	4 650.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35 Days	0.0	4 958.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4 958.0
39 Days	5 520.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
43 Days	1 070.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
44 Days	7 780.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
45 Days	6 022.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13 Weeks	8 130.0	2 966.0	6 390.0	2 795.0	3 509.0	350.0	424.0	0.0	0.0	1 500.0	560.0	0.0	0.0	18 494.0
26 Weeks	2 600.0	1 760.0	5 592.5	4 120.0	5 351.0	6 690.0	2 600.0	3 145.0	4 400.0	1 390.0	380.0	0.0	100.0	35 528.5
52 Weeks	6 279.0	50.0	0.0	447.5	3 026.7	3 995.4	2 100.0	4 535.0	3 150.0	3 165.0	4 301.0	0.0	100.0	24 870.6
Moyen term	**56 997.6**	**7 860.0**	**2 000.0**	**4 852.0**	**1 432.0**	**5 371.0**	**4 426.0**	**4 540.0**	**4 056.0**	**7 773.5**	**10 444.0**	**6 686.2**	**7 212.0**	**66 652.7**
2 Years	31 495.6	5 610.0	2 000.0	4 802.0	1 432.0	5 371.0	4 426.0	4 540.0	3 306.0	6 022.0	6 789.0	4 606.2	1 500.0	50 404.2
5 Years	25 502.0	2 250.0	0.0	50.0	0.0	0.0	0.0	0.0	750.0	1 751.5	3 655.0	2 080.0	5 712.0	16 248.5
Long term	**21 230.0**	**1 000.0**	**0.0**	**1 100.0**	**0.0**	**0.0**	**335.0**	**80.0**	**3 290.0**	**4 300.0**	**300.0**	**9 647.0**	**4 610.0**	**24 662.0**
10 Years	14 360.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2 250.0	3 300.0	0.0	6 877.0	1 710.0	14 137.0
15 Years	6 470.0	1 000.0	0.0	1 100.0	0.0	0.0	335.0	80.0	1 040.0	1 000.0	300.0	2 770.0	2 900.0	10 525.0
20 Years	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30 Years	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table A9.1 OUTSTANDING TO TREASURY BILLS BY TENDER

((In millions of dirhams)

Maturity	2012						2013					
	Banks	C.D.G.(1)	Insurance companies and pension institutions	UCITS	Other	TOTAL	Banks	C.D.G.(1)	Insurance companies and pension institutions	UCITS	Other	TOTAL
Total	**97 308**	**24 801**	**93 729**	**96 262**	**44 622**	**356 721**	**124 700**	**27 587**	**84 264**	**105 232**	**71 188**	**412 971**
Short-term	**6 176**	**370**	**245**	**6 910**	**1 970**	**15 671**	**18 133**	**166**	**2 025**	**8 613**	**4 917**	**33 854**
45 days	2 593	100	90	2 826	413	6 022	0	0	0	0	0	0
13 weeks	550	270	100	1 300	450	2 670	0	0	0	60	0	60
26 weeks	300	0	0	400	0	700	4 312	0	1 293	2 972	326	8 903
52 weeks	2 733	0	55	2 384	1 107	6 279	13 821	166	733	5 581	4 592	24 891
Moyen term	**55 530**	**1 500**	**43 134**	**30 719**	**25 893**	**156 776**	**68 780**	**1 584**	**36 169**	**40 810**	**30 207**	**177 550**
2 years	31 974	220	14 172	15 030	12 500	73 896	38 934	312	9 871	20 538	13 567	83 222
5 years	23 556	1 279	28 962	15 689	13 394	82 880	29 847	1 272	26 298	20 272	16 639	94 328
Long-term	**35 602**	**22 931**	**50 350**	**58 632**	**16 759**	**184 274**	**37 787**	**25 838**	**46 070**	**55 809**	**36 064**	**201 567**
10 years	13 082	6 182	21 842	28 577	13 891	83 574	13 311	5 647	16 455	31 520	23 759	90 692
15 years	15 987	15 455	20 374	22 810	1 839	76 465	16 667	18 821	23 817	18 442	8 894	86 640
20 years	5 850	1 255	7 646	5 682	1 027	21 461	6 618	1 330	5 721	4 583	3 209	21 461
30 years	682	40	487	1 564	2	2 775	1 191	40	78	1 265	202	2 775

(1) Excluding the outstanding amount of provident funds treasury bills by the C.D.G.

Table A9.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(by category of initial subcriptions)

Securities types	2012					2013				
	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total
Total	**19 984**	**4 197**	**49 675**	**7 441**	**81 297**	**15 073**	**5 413**	**48 238**	**6 440**	**75 163**
Certificates of deposit	12 577	3 564	35 496	7 431	59 068	9 465	4 828	37 895	6 386	58 574
Bills of financing companies	6 463	433	11 867	-	18 763	4 810	417	7 941	-	13 168
Commercial paper	945	200	2 312	10	3 467	798	168	2 402	54	3 422
Total	**8 480**	**3 327**	**38 736**	**8 592**	**59 135**	**8 796**	**11 860**	**36 001**	**3 935**	**60 592**
Certificates of deposit	5 525	3 010	27 408	8 582	44 524	6 755	11 475	28 742	3881	50 853
Bills of financing companies	1 829	87	3 669	-	5 585	-	20	20	-	40
Commercial paper	1 127	230	7 660	10	9 027	2 041	365	7 239	54	9 700

Table A9.3 BOND MARKET

	2012	2013				2013
		Q1	Q2	Q3	Q4	
Outstanding	**88 420**	**88 861**	**91 859**	**90 075**	**91 091**	**91 091**
Public sector	28 824	28 566	29 537	29 537	29 428	29 428
Private sector	59 596	60 295	62 322	60 539	61 662	61 662
Financial corporations	26 195	26 946	27 902	26 212	26 074	26 074
Non-financial corporations	62 226	61 915	63 957	63 863	65 017	65 017
Bonds issued	**19 626**	**1 000**	**3 450**	**-**	**50**	**4 500**
Public sector	5 250	-	1 200	-	0	1 200
Private sector	14 376	1 000	2 250	-	50	3 300
Financial corporations	7 376	1 000	1 250	-	0	2 250
Non-financial corporations	12 250	-	2 200	-	50	2 250

Table A9.4 STOCK EXCHANGES INDICATORS (1)

Period		Turnover	Market capitalisa-tion	MASI (*)	MADEX (**)
2002 December		9 545.6	87 175	2 980.44	2 512.69
2003 December		11 388.8	115 507	3 943.51	3 174.56
2004 December		30 004.4	206 517	4 521.98	3 522.38
2005 December		48 041.3	252 326	5 539.13	4 358.87
2006 December		36 528.1	417 092	9 479.45	7 743.81
2007 December		137 479.4	586 328	12 694.97	10 464.34
2008 December		59 360.1	531 750	10 984.29	9 061.02
2009 December		36 791.2	508 893	10 443.81	8 464.47
2010 December		29 615.7	579 020	12 655.20	10 335.25
2011 December		18 885.8	516 222	11 027.65	9 011.57
2012	January	3 152.0	523 474	11 211.71	9 172.59
	February	5 097.8	530 091	11 398.94	9 333.41
	March	2 597.2	509 573	10 948.45	8 957.45
	April	3 338.4	482 094	10 293.90	8 400.34
	May	4 146.7	479 594	10 286.99	8 411.24
	June	8 205.4	472 180	10 053.90	8 202.90
	July	3 738.9	461 341	9 849.77	8 042.50
	August	1 350.6	463 864	9 944.22	8 119.11
	September	5 499.9	444 782	9 471.80	7 728.77
	October	4 869.2	451 702	9 504.55	7 753.15
	November	2 824.5	461 990	9 733.62	7 931.62
	December	16 213.8	445 268	9 359.19	7 614.04
2013	January	3 151.9	429 387	8 996.43	7 329.32
	February	9 117.1	426 378	8 932.82	7 273.49
	March	2 866.9	431 644	9 040.96	7 364.14
	April	5 174.3	438 988	9 145.51	7 450.16
	May	2 902.4	429 591	8 906.65	7 236.57
	June	7 663.5	425 075	8 792.15	7 139.93
	July	1 887.0	414 426	8 577.59	6 963.68
	August	1 158.9	406 803	8 413.72	6 831.20
	September	1 663.6	419 727	8 673.49	7 046.32
	October	2 788.3	450 576	9 385.49	7 646.72
	November	5 744.3	446 288	9 262.49	7 541.46
	December	18 278.6	451 113	9 114.14	7 418.05

(1) As of January 3, 2011, and to comply with the international standards, the Casablanca Stock Exchange has modified the transaction volumes disclosure. The latter are communicated based on only one side of the transaction (buying) instead of two-way (buying and selling)
Source : Casablanca Stock Exchange.

Table A9 5 INDEX OF REAL ESTATE ASSETS PRICES

	Index of real estate assets prices			Number of transactions		
	2012	2013	Changes (%) 2013/2012	2012	2013	Changes (%) 2013/2012
Overall	**113.7**	**114.8**	**1.1**	**104 771**	**98 929**	**-5.6**
Residential	**112.7**	**113.1**	**0.4**	**71 882**	**70 070**	**-2.5**
Apartments	107.4	107.7	0.3	64 020	63 251	-1.2
Houses	134.5	135.5	0.8	6 144	5 108	-16.9
Villas	133.0	129.8	-2.2	1 718	1 711	-0.4
Urban Land	**114.3**	**118.4**	**3.9**	**25 409**	**21 739**	**-14.4**
Commercial property	**114.3**	**112.4**	**-1.8**	**7 480**	**7 120**	**-4.8**
Offices	118.9	114.4	-1.5	6 653	6 198	-6.8
Business premisesDAH	121.6	120.1	-3.4	827	845	-0.4

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