بنك المغرب
BANK AL-MAGHRIB

# ANNUAL REPORT
# PRESENTED TO HIS MAJESTY THE KING

2012

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## GOVERNOR

Mr Abdellatif JOUAHRI

## DIRECTOR GENERAL

Mr Abdellatif FAOUZI

## GOVERNMENT REPRESENTATIVE

Mr Khalid SAFIR

## BANK BOARD

The Governor

The Director General

Mr Abdellatif BELMADANI

Mr Mohammed BENAMOUR

Mrs Miriem BENSALAH CHAQROUN

Mr Bassim JAI-HOKIMI

Mr Mustapha MOUSSAOUI

Mrs Faouzia ZAABOUL

# REPORT

## ON THE FINANCIAL YEAR 2012

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 Royal Decree No. 1-05-38 of Shawwal 20, 1426 (November 23, 2005), I have the honor to present to Your Majesty the report of the year 2012, the fifty-four year of the bank of issue.

# Summary

# Your Majesty,

The year 2012 proved to be particularly difficult for the global economy, as the lingering effects of the 2009 crisis caused growth to slow down to 3.2 percent, from 4 percent in 2011. In the developed countries, the economy expanded by a mere 1.2 percent, reflecting in particular a contraction in the euro area in conjunction with the worsening effects of the sovereign debt crisis in peripheral countries and their spread to core countries. However, Japan and, to a lesser extent, the United States stood out, as their respective economies improved relatively compared to 2011. In the emerging and developing countries, GDP growth decelerated to 5.1 percent because of the lower demand from advanced economies and the restrictive policies mostly adopted by the major emerging countries, including China, India and Brazil.

This weakening of activity significantly affected labor markets. Despite the multiple reforms and support measures undertaken by several developed countries, the unemployment rate remained elevated, mainly in the euro area where it reached 11.4 percent, with a record high of 25 percent in Spain. Given its scale and scope, youth unemployment in particular remained the major concern for governments and the cause of protest movements in many countries.

In commodity markets, prices trended downward, while remaining broadly high. However, oil prices increased slightly, mainly due to heightened geopolitical tensions in the Middle East. Coupled with weaker demand, this development led price pressures to ease, with an inflation rate falling to 2 percent in developed countries. In emerging and developing economies, this rate, albeit declining, was around 6 percent.

These economic conditions clearly weighed on global trade, whose growth slowed down to 2.5 percent. They also impacted the global flows of foreign direct investment, down 18.3 percent, particularly in developed countries.

Despite such a situation, stock markets broadly trended upward, indicating the decoupling of the financial sector from the real economy. Investors were likely reassured by the continued accommodative policies of central banks and the fiscal austerity measures as well as the support programs for crisis-hit countries to which international institutions contributed.

Amid this challenging environment, the role of central banks became stronger, as they increasingly resorted to accommodative measures in their policies and realigned their objectives to focus more on economic growth and employment.

The recessionary effects of the international economic situation, combined with unfavorable weather conditions, negatively impacted domestic growth, which slowed down to 2.7 percent from 5 percent a year earlier. Only the tertiary sector kept momentum, driven primarily by the performance of the “post and telecommunications” industry. The increase of the secondary sector’s value added decelerated sharply, dragged down by the slowdown in industrial and construction activities. The latter, in particular, began to show signs of weakness after a sustained activity and significant contribution to job creation for several years.

Domestic demand, the traditional locomotive for growth, increased by 3 percent. It was driven by a further expansionary fiscal policy, especially by keeping investment at a high level, and a relative preservation of the purchasing power on the back of the continuation of the subsidy system, the various adjustments of pay systems and schemes, and the moderate inflation trend.

Labor market worsened significantly, with almost no net job creation, a situation never seen since 1999, as the minimum record was 42,000 jobs in 2005. Alongside this deterioration, the participation rate fell, potentially reflecting the withdrawal of a part of discouraged workers from the market, which caused the unemployment rate to stabilize at 9 percent. Boosted by the buoyant trade activities in recent years, the services sector became in 2012 the first job-providing sector ahead of agriculture.

As regards external accounts, the current account again deteriorated in 2012. Due to the economic downturn in the euro area and the lower prices for phosphate derivatives, export growth slowed to 5.5 percent, albeit with a strong expansion of the automotive industry. Meanwhile, though decelerating, the increase in imports was relatively faster, particularly owing to a higher energy bill, causing the trade deficit to widen from 22.8 percent to 24.3 percent of GDP. Travel receipts and remittances of Moroccans living abroad, which usually contribute to mitigating the impact of this deficit on the current account, showed declines of 1.7 percent and 3.8 percent, respectively, partly in conjunction with lower income and higher unemployment in the euro area. Therefore, the current account deficit widened to 10 percent of GDP from 8 percent last year and 5.1 percent on average between 2008 and 2010, further jeopardizing the external sustainability of our economy. These developments led to a new contraction in net foreign exchange reserves, which represented at end-2012 a little more than 4 months of goods and services’ imports.

The year 2012 was specifically marked by the deterioration of public finances, as fiscal deficit continued the upward trend observed since 2009, reaching 7.6 percent of GDP, a level well above the 5.4 percent target set in the Finance Act. This slippage is attributed to a growth pace of expenditures twice faster than that of revenues, following an 8.2 percent increase in the payroll to 11.6 percent of GDP and a rise in subsidy costs to a record high of 55 billion dirhams or 6.6 percent of GDP. On the opposite, current revenues slowed down significantly, as import VAT and corporate tax income decelerated, because of the lower economic activity, and customs receipts further declined owing to the continued tariff dismantling. Against this backdrop, the public debt ratio rose by nearly 6 percentage points to 59.4 percent of GDP, further weakening medium-term fiscal sustainability.

Concerning inflation, it was contained at 1.3 percent as against 0.9 percent in 2011, despite the increase in fuel prices in June, and many one-off food supply shocks. In contrast, core inflation, which traces the underlying trend of prices, dropped sharply from 1.8 percent to 0.8 percent, in conjunction with moderate demand pressures and slower increase in non-energy import prices.

On the monetary side, after recording 6.4 percent in 2011, money supply growth was limited to 4.5 percent, a rate well below its long-term trend, mainly reflecting the slowdown in bank lending and the contraction in net foreign assets. The decline in bank credit growth, which started in 2008 and was particularly pronounced in 2012 for equipment and property development loans, primarily reflects a sluggish economic activity, the wait-and-see stance marking the business environment and a greater sensitivity of banks to risk factors. This deceleration, however, was partially offset by the expansion of bond debt issues by nonfinancial corporations, whose outstanding amount grew by 20 percent annually since 2010 to 66 billion in 2012. The rate of nonperforming loans rose from 4.7 percent to 4.9 percent, reflecting a slight upturn of credit risk, resulting mainly from the difficulties faced by some companies, operating especially in the steel sector, real-estate development and some related fields.

In the asset market, the major stock price indexes showed a further decrease of over 15 percent, coupled with a sharp drop in the volume of transactions in an illiquid and structurally tight market. This change caused valuation indicators to decline, though remaining relatively high, as the price earnings ratio moved down from 17.2 to 16.5. Real-estate asset prices rose 1 percent, primarily due to a 2.6 percent increase in land prices, while prices for residential property stagnated on average. These developments were accompanied by a deceleration in the growth rate of the number of transactions to 7.8 percent, as against 14.8 percent in 2011.

In the absence of inflationary pressures and amid economic slowdown, the central bank continued its accommodative monetary policy. It lowered the key rate by 25 basis points, at its Board meeting in March, and the required reserve ratio by two percentage points in September, and continued to adapt the volume of its interventions to banks' liquidity needs. Under this policy, Bank Al-Maghrib also expanded collateral and relaxed its eligibility criteria. In order to encourage the banking system to develop funding for very small, small and medium-sized enterprises, the Bank initiated, as part of its longer-term operations, loans secured by bills in favor of these businesses.

Despite such performance, Morocco continued to enjoy the confidence of its partners and investors, as evidenced by the signing of the Precautionary and Liquidity Line agreement with the IMF and the advantageous terms of the last two international bond issuances of the Treasury. This reflects the structural reforms that our country has undertaken in recent years, its commitment to maintain macroeconomic balances, and especially its choices for openness and political transition that have gained new momentum since 2011.

However, signs of weakness have intensified, especially with the increasingly marked deterioration of fundamental balances, particularly on the fiscal and external side, and the persistently high youth unemployment, along with a significant squeeze of the Government's margins for maneuver. These are the main developments that prompted rating agencies to issue a negative outlook for our country in October 2012 and February 2013, without however downgrading its rating.

Addressing the current challenges facing our country today requires an acceleration and expansion of the structural reforms. However difficult and unpopular this endeavor may be, it is the only way to restore macroeconomic balances, ensure their viability and give back to the State the means to improve competitiveness, boost growth and strengthen social cohesion, while maintaining the country's good relations with its international partners. Postponing these reforms will only increase their economic and social cost.

In addition to completing the implementation of the Constitution as a reference framework and the structuring projects undertaken in recent years, such as the regionalization and the reform of justice, other projects that are at an advanced stage of finalization must be adopted and their implementation must be accelerated.

The first reform concerns pension systems whose financial stability continues to worsen, as a result of the demographic change, while their coverage remains low. The same applies to the tax system reform, which generated much debate, mainly during the third national symposium on taxation. The avenues of reform are quite well identified and should be included among the Government's priorities. They particularly involve a broadening of the tax base to low taxed sectors and informal activities, in order to increase State resources and ensure greater tax fairness. They also require reviewing the many costly derogatory arrangements that generate significant lost earnings for the State while their yields have no clear positive impact on the economy.

Reconsidering these derogations should be part of a broader framework for subsidy policy reform. The subsidy system, the main component of this policy, remains poorly efficient financially and socially. Although it contributes to preserving the purchasing power, this system remains unfair and very costly for the government budget, exposing it to the shocks of commodity price and exchange rate fluctuations. Based on the outlook for international energy prices, the subsidy system represents a real threat to fiscal sustainability, and its reform should be a priority on the Government agenda. However, the latter should be implemented gradually, with the establishment of social safety nets to mitigate its impact on the disadvantaged populations, while being supported by a well-targeted communication and outreach policy.

The sustainability of public finances also requires fiscal consolidation, by reducing unproductive costs, moderating wage increases and linking them to productivity or performance, and channeling available resources to productive investment and human development. In this regard, accelerating the process of drafting, adopting and implementing the Organic Budget Law should contribute to this rationalization by improving spending efficiency and enhancing public action transparency.

In terms of external viability, the continued deterioration of the current account position, trade balance in particular, inevitably raises the issue of export competitiveness, as the exportable supply remains limited both in content and destination. Its improvement is dependent upon the implementation of sectoral and cross-sectoral policies, mostly by promoting research and development and improving training and business climate. The project of Morocco's global businesses could be one of the means of action, as evidenced by the remarkable performance of the automotive industry this year.

The competitiveness of our exports also entails the reform of the exchange rate regime, whose current configuration does not enable it to play its buffer role against exogenous shocks on the balance of payments. However, the success of this reform requires a gradual process and a number of prerequisites, several of which are not currently fulfilled.

In the financial sector, deepening markets and bolstering their soundness are of crucial importance for the financing of the economy. As such, it is necessary to complete the projects undertaken to strengthen and modernize the institutional and regulatory infrastructure and align it with international best practices. In particular, this includes the adoption of the new statutes of Bank Al-Maghrib and other financial authorities as well as the new law on credit institutions.

Meanwhile, in terms of financial stability, the work done by the Bank to design and develop a risk monitoring and assessment framework will continue, in consultation with other regulators, in order to have an overall macro-prudential policy framework. This will complement the financial crisis management arrangements, whose protocol was signed between the various regulatory authorities in 2012.

The national banking sector continued to show good resilience, backed by the diversification and international development of its activities. To further enhance the financial base of this sector, Bank Al-Maghrib raised capital requirements, by setting minimum tier 1 ratio at 9 percent and increasing the minimum solvency ratio to 12 percent. Following the publication of the new Basel III norms, it has put in place a program to implement these standards, aiming mainly to review the definition of regulatory capital and establish a new short-term liquidity ratio.

In a context where very small, small and medium-sized enterprises are most exposed to the effects of economic downturn, the implementation of the incentive measures falling under the national strategy for the promotion of very small enterprises, recently launched by the Government, is likely to reduce the problems they face and facilitate their integration into the formal economy. Bank Al-Maghrib, along with the banking system and other concerned partners, is working to set up an observatory that will define a common overall vision at the national level on funding and support for these types of businesses. Moreover, in addition to the Bank's expansion of eligible collateral to loans granted to these businesses, the Central Guarantee Fund strengthened the guarantee system they benefit from, by establishing several new products in 2012.

The promotion of financial inclusion, one of the Bank's priority areas under the Strategic Plan 2013-2015, continued to be at the core of actions carried out for the development of financial services. The population's access to these services improved, as the banking penetration rate reached about 57 percent at end-2012. Meanwhile, the Bank took the initiative to coordinate financial education activities as part of a long-term strategy supported by a national foundation. It sought to enhance the framework for protecting credit institutions' customers, in light of legal reforms adopted by our country in accordance with the highest standards in this area.

The Casablanca Finance City project has certainly made significant progress, but its pace of completion has been affected by the national and international economic conditions and the adverse developments in the Moroccan stock market. It is therefore necessary to accelerate already-identified actions to revitalize the Casablanca Stock Exchange, particularly by implementing the regulatory reform, adapting listing requirements and establishing new financial instruments to increase liquidity and cover risks. In addition, the realization of a holistic vision of integration and mutually beneficial co-development with partner countries, particularly in sub-Saharan Africa, is a key element to make this project succeed.

All these reforms must be part of an overall strategy to promote inclusive growth, enhance social cohesion, through a redistributive policy, and fight against unemployment in general and among youth in particular. This requires medium-term actions, with priority given to improving the education system, which still remains well below expectations despite strong political will and considerable financial efforts.

The internationally acclaimed successful political transition of our country, in an unstable regional context, cannot be sustained without tangible economic progress allowing for the improvement of the living conditions of a population that has largely supported this transition but still waits for its actual impact. To ensure success for this process amid an international economic situation whose unfavorable effects on our country are likely to persist, it is of paramount importance that all economic, political and social stakeholders in the country be aware how difficult the situation is and how necessary it is to transcend partisan, group or individual interests for the sole interest of the nation.

**Rabat, June 2013**
**Abdellatif JOUAHRI**

# PART 1

## ECONOMIC, MONETARY AND FINANCIAL SITUATION

## 1.1 International environment

In 2012, global growth weakened further, standing at 3.2 percent as against 4 percent in 2011 and after a rebound of 5.2 percent in 2010. In the euro area, economic conditions deteriorated significantly, particularly due to the deepening of the sovereign debt crisis and the spread of its effects to core countries. However, Japan and, to a lesser extent, the United States stood out among developed countries with a significant economic recovery compared to 2011.

In major emerging and developing countries, lower demand from advanced economies and restrictive economic policies carried out in recent years led to a slower growth, particularly in India, China and Brazil.

Against this backdrop, the labor market conditions continued to deteriorate in advanced countries, with the exception of the United States and Germany, where they continued to improve gradually. In France and the euro area peripheral countries, particularly Italy and Spain, the unemployment rate hit new record highs, following large job losses. However, in the major emerging economies, despite the decline in activity, the unemployment rate fell in Brazil and Russia, while it stagnated in China.

Regarding price trends, pressures registered in 2011 were relatively reduced in 2012 under the combined effect of a slight decline in commodity prices and lower demand pressures owing to weaker economic activity.

The volume of world trade showed a sharp deceleration from 6 percent in 2011 to 2.5 percent in 2012, reflecting in particular strongly slower imports in advanced economies. Similarly, the global flows of foreign direct investment shrank, reflecting mainly the sharp decline recorded in developed countries.

Despite the deteriorating economic conditions, stock markets recorded overall a strong growth, thus marking a decoupling between real and financial spheres of the economy. Other financial markets were characterized by tensions related to the sovereign debt crisis in the euro area, which, however, lessened as of the second half, in conjunction with the central banks' accommodative policies, fiscal consolidation measures and support from international institutions. Accordingly, the analysis of several central banks' recent decisions and measures suggests a rebalancing of their priorities to take more into account growth and employment.

### 1.1.1 Global growth

Global economic growth continued in 2012 its slowdown that began a year earlier from 4 percent to 3.2 percent, after the rebound of 5.2 percent in 2010. This slowdown affected both advanced economies, where GDP growth decreased from 1.6 percent to 1.2 percent, and emerging and developing countries, where year-on-year growth decelerated from 6.4 percent to 5.1 percent. The most affected were Asian, Latin American and the Caribbean countries. However, in the Middle East and North Africa, growth increased from 4 percent to 4.8 percent.

**Table 1.1.1 : Global growth trends (in %)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **World** | **2.8** | **-0.6** | **5.2** | **4.0** | **3.2** |
| **Advanced countries** | **0.1** | **-3.5** | **3.0** | **1.6** | **1.2** |
| United States | -0.3 | -3.1 | 2.4 | 1.8 | 2.2 |
| Euro area | 0.4 | -4.4 | 2.0 | 1.4 | -0.6 |
| Germany | 0.8 | -5.1 | 4.0 | 3.1 | 0.9 |
| France | -0.1 | -3.1 | 1.7 | 1.7 | 0.0 |
| Italy | -1.2 | -5.5 | 1.7 | 0.4 | -2.4 |
| Spain | 0.9 | -3.7 | -0.3 | 0.4 | -1.4 |
| United Kingdom | -1.0 | -4.0 | 1.8 | 0.9 | 0.2 |
| Japan | -1.0 | -5.5 | 4.7 | -0.6 | 2.0 |
| **Emerging and developing countries** | **6.1** | **2.7** | **7.6** | **6.4** | **5.1** |
| Russia | 5.2 | -7.8 | 4.5 | 4.3 | 3.4 |
| **Developing countries of Asia** | **7.9** | **6.9** | **9.9** | **8.1** | **6.6** |
| China | 9.6 | 9.2 | 10.4 | 9.3 | 7.8 |
| India | 6.2 | 5.0 | 11.2 | 7.7 | 4.0 |
| **Countries of Latin America and the Caribbean** | **4.2** | **-1.5** | **6.1** | **4.6** | **3.0** |
| Brazil | 5.2 | -0.3 | 7.5 | 2.7 | 0.9 |
| Mexico | 1.2 | -6.0 | 5.3 | 3.9 | 3.9 |
| **Middle-East and North Africa** | **5.2** | **3.0** | **5.5** | **4.0** | **4.8** |

Source: IMF

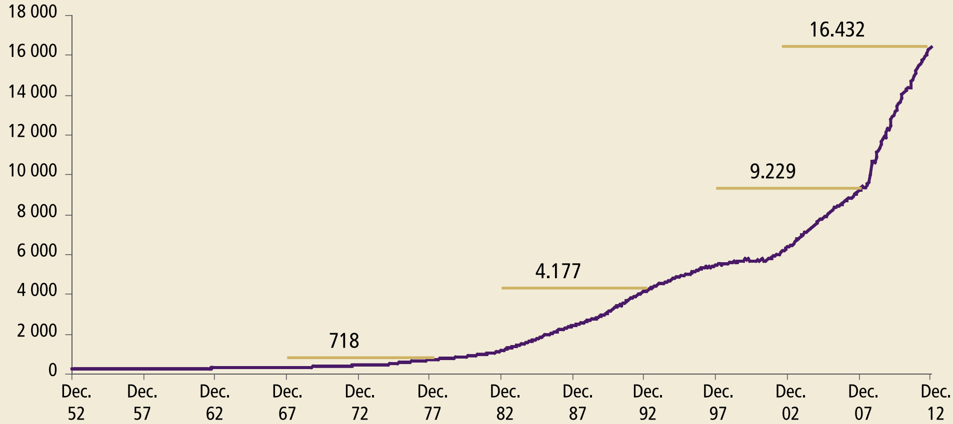
In the United States, growth increased from 1.8 percent to 2.2 percent from one year to another. This slight recovery is due to improved domestic demand, with a 1.9 percent increase in private consumption and a significant rise of 6.1 percent in gross fixed capital formation (GFCF), while there was no change in external demand.

**Box 1.1.1 : The U.S. "Fiscal Cliff»**

Economic activity in the United States in 2012 was marked by uncertainties about the fiscal policy, particularly those relating to the outcome of the "Fiscal Cliff" problem. This term refers to the public debt threshold set at $16.4 trillion, that is 100 percent of GDP, beyond which fiscal tightening is initiated automatically according to the law.

The potential impact of the "Fiscal Cliff" on the U.S. and global economies raised serious concerns throughout the year 2012, especially in the last quarter. The provisional agreement reached on January 2, 2013 finally helped avoid massive tax increases, estimated at $400 billion and public spending cuts of more than $100 billion.

**Chart B1.1. 1.1 : The U.S. debt trend (in billions of $)**




Source: Datastream

In an environment marked by the worsening of the sovereign debt crisis, the euro area GDP fell 0.6 percent after a 1.4 percent increase in 2011. This decline is mainly due to lower domestic demand, resulting from respective contractions of 1.3 percent and 4.1 percent in household consumption and GFCF.

Concerning the major economies of the area, growth in Germany fell to 0.9 percent from 3.1 percent, due to lower external demand, and stood at zero levels in France from 1.7 percent in 2011. In addition, after 0.4 percent in 2011, GDP declined by 2.4 percent in Italy and by 1.4 percent in Spain, partially in connection with the crisis in the real-estate sector.

In the United Kingdom, despite an improvement in domestic demand, particularly investment spending, GDP fell to 0.2 percent after rising 0.9 percent in the previous year, reflecting a decline in external demand and a 6.9 percent appreciation of the pound sterling against the euro.

After contracting by 0.6 percent in 2011, the Japanese economy grew by 2 percent in 2012, driven by respective increases of 2.4 percent and 4.5 percent in household consumption and GFCF, due to reconstruction works that followed the earthquake and tsunami which hit the country in March 2011.

In emerging and developing countries, growth in China slowed down to 7.8 percent, from 9.3 percent in 2011, reflecting lower external demand mainly from its European partners. Internally, this trend is attributed to a bursting of the real-estate bubble and a domestic demand remaining relatively low despite the monetary and fiscal easing measures adopted in this regard. In India, growth showed a significant drop from 7.7 percent to 4 percent, in conjunction with the sharp decline in industrial production and a slowdown in external demand.

In Latin America and the Caribbean, GDP growth decelerated from 4.6 percent to 3 percent, reflecting a decline in its rate from 2.7 percent to 0.9 percent in Brazil, from 8.9 percent to 1.9 percent in Argentina and from 5.9 percent to 5.5 percent in Chile.

In emerging countries of Central and Eastern Europe, growth fell sharply from 5.2 percent in 2011 to 1.6 percent in 2012, with in particular a slowdown from 4.3 percent to 3.4 percent in Russia, due mainly to lower external demand from the euro area.

In the Middle East and North Africa, growth improved in 2012 to 4.8 percent from 4 percent. In particular, GDP rebounded by 3.6 percent in Tunisia after a contraction of 1.9 percent, while it grew in Egypt by 2.2 percent as against 1.8 percent.

### 1.1.2 Labor market

The weakening global growth and uncertainties about its prospects significantly affected labor markets in 2012, despite the many stimulus measures adopted by several countries (Box 1.1.2).

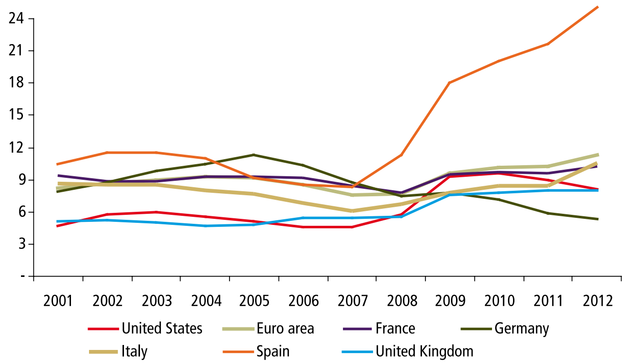
In the euro area, the unemployment rate stood at 11.4 percent as against 10.2 percent in 2011. It rose from 9.6 percent to 10.2 percent in France, from 8.4 percent to 10.6 percent in Italy and remained stable at 8 percent in the United Kingdom. It is in Spain that it increased most reaching a record of 25 percent as opposed to 21.7 percent in 2011. Unemployment declined however from 8.9 percent to 8.1 percent in the United States, from 6 percent to 5.5 percent in Germany and from 4.6 percent to 4.4 percent in Japan. In emerging countries, it remained unchanged in China at 4.1 percent and decreased from 6 percent to 5.5 percent in Brazil and from 6.6 percent to 6 percent in Russia.

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

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Advanced countries** | | | | | |
| United States | 5.8 | 9.3 | 9.6 | 8.9 | 8.1 |
| Euro area | 7.7 | 9.6 | 10.1 | 10.2 | 11.4 |
| Germany | 7.6 | 7.7 | 7.1 | 6.0 | 5.5 |
| France | 7.8 | 9.5 | 9.7 | 9.6 | 10.2 |
| Italy | 6.8 | 7.8 | 8.4 | 8.4 | 10.6 |
| Spain | 11.3 | 18.0 | 20.1 | 21.7 | 25.0 |
| United Kingdom | 5.6 | 7.5 | 7.9 | 8.0 | 8.0 |
| Japan | 4.0 | 5.1 | 5.0 | 4.6 | 4.4 |
| **Emerging countries** | | | | | |
| Russia | 6.4 | 8.4 | 7.5 | 6.6 | 6.0 |
| China | 4.2 | 4.3 | 4.1 | 4.1 | 4.1 |
| Brazil | 7.9 | 8.1 | 6.7 | 6.0 | 5.5 |

Source : IMF.

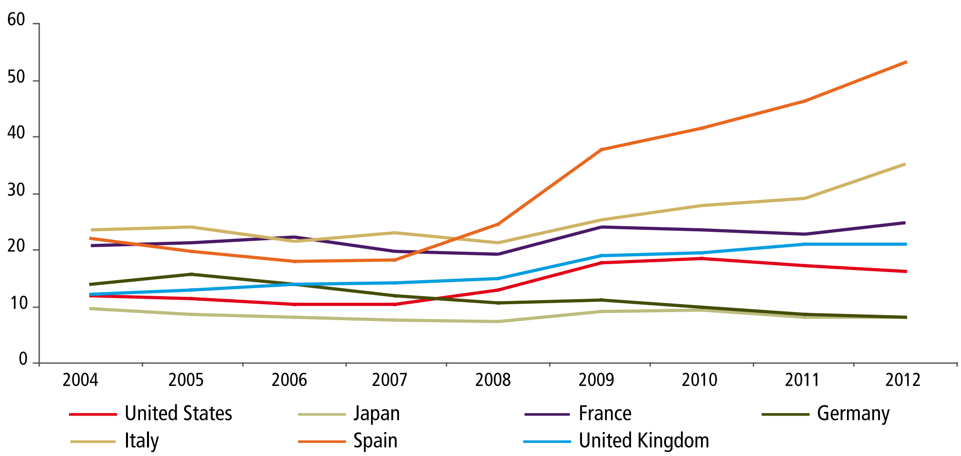
**Chart 1. 1.1 : Change in the unemployment rate in advanced countries (in%)**




Source : Eurostat.

The employment situation in advanced countries remains characterized by high unemployment rates among young labor force under 25 years. In 2012, this rate stood at 16.2 percent in the United States down from 17.3 percent in 2011. In France and Italy, it rose sharply to 24.7 percent and 35.3 percent as against 22.8 percent and 29.1 percent respectively in 2011, while it remained almost stable in the United Kingdom at 21 percent. In Spain, unemployment affected more than half of young work force in 2012, or 53.2 percent as against 46.4 percent in 2011. Japan and Germany recorded the lowest rates among the advanced countries with 8.1 percent and 8.2 percent respectively, as against 8.2 percent and 8.6 percent a year earlier.

**Chart 1.1.2 : Change in the unemployment rate among the youth under 25 years in advanced countries (in %)**




Source : Eurostat.

**Box 1.1.2 : Main labor market measures in the Euro area**

In 2012, most countries of the euro area have undertaken labor market reforms, supported in some cases by financial aid from the European Union in order to stem rising unemployment and accelerate labor market recovery.

In France, the measures focused on the support of "partial unemployment"*, removal of taxes on young workers in very small enterprises (VSE) and development of a training plan for the long-term unemployed.

Spain undertook measures focusing on reducing unemployment benefits, implementing training plans and raising the legal age of retirement from 65 to 67 years by 2027.

In Italy, the main measures aim at improving vocational training systems and strengthening the unemployment compensation system. In addition, a solidarity fund supported by businesses was set up to help seniors who lost their jobs during the crisis. Finally, the age of retirement was raised by one year to 66 years for men and two years to 62 years for women.

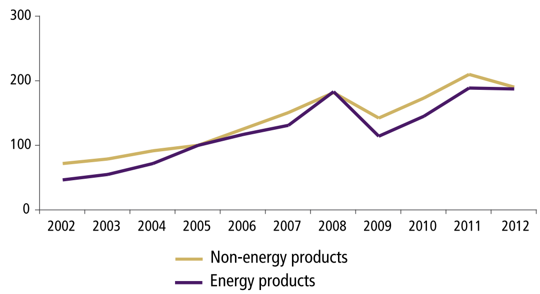
In the United Kingdom, an Innovation Fund of up to £30 million over three years has been established to fund social projects for disadvantaged young people. Similarly, a budget of nearly £650 million was allocated to the development of vocational training and initiatives for young people outside the education and employment circuits.

* Businesses can use partial unemployment when they reduce or temporarily suspend their activity, with a workers' compensation system provided by the employer and/or the State.

## 1.1.3 Commodity markets

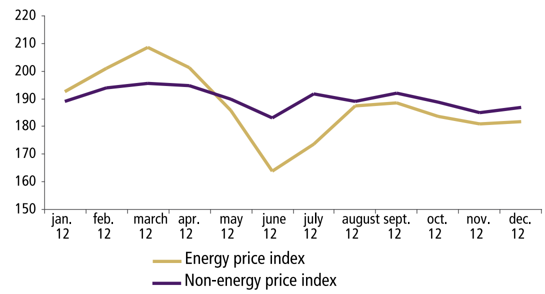
Although remaining high, commodity prices broadly declined slightly in 2012. After an increase in the first quarter driven by positive signs of recovery, prices contracted until June due to the deteriorating economic situation and outlook, before stabilizing towards the end of the year.

**Chart 1.1.3 : Annual change in commodity prices (2005=100)**




Source : World bank.

**Chart 1.1.4 : Monthly change in commodity prices (2005=100)**



Energy prices fell 0.4 percent, reflecting a 21 percent decrease in the coal price and a 1 percent increase in the price of natural gas and oil. In particular, the average Brent price reached $111.97 per barrel as against $110.94 a year earlier, in conjunction with the intensification of geopolitical tensions in the Middle East and about Iran. Global demand remained almost stable at 88 mb/d, despite the slowdown in energy consumption in China.

The change in the natural gas price varied across regions, covering a 9 percent increase in Europe, following a higher demand, and a 31 percent contraction in the United States, due to a mild winter. As for coal, abundant U.S. supply coupled with weakening global demand led to a decline in its prices until the third quarter, before trending upward at the end of the year.

**Chart 1.1.5 : Annual change in energy prices (2002-2012)**

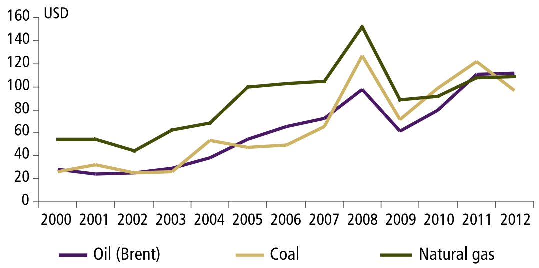
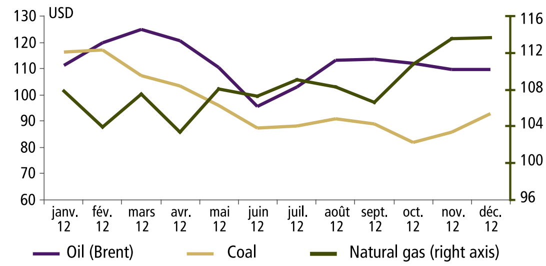



**Chart 1.1.6 : Monthly change in energy prices (2012)**




Source : World bank.

Non-energy prices dropped by 9.5 percent in one year, reflecting a decline in the prices of base metals and agricultural products. Thus, metal and mineral prices shrank by 15 percent from one year to another, owing to lower global demand. The prices of iron, aluminum and copper fell by 23 percent, 16 percent and by 10 percent, respectively, after increases of 15 percent, 11 percent and 17 percent. The prices of agricultural products fell by 7 percent, due to improved production and inventory levels. The largest decreases affected cotton, coffee and sugar whose prices dropped by 40 percent, 19 percent and 17 percent, respectively, in 2012, while they had recorded increases ranging from 22 percent for sugar to 45 percent for cotton.

In the fertilizer market, the contraction in demand led to a 3 percent decline in prices from one year to the next, after a 43 percent rise in 2011, albeit with divergent trends across products. The price of crude phosphate averaged $186 per tonne, which is an annual increase of 0.5 percent as against 50 percent in 2011. The phosphate fertilizer prices were down 14.2 percent for triple superphosphate (TSP), 12.8 percent for diammonium phosphate (DAP) and 3.7 percent for Urea, after large increases in 2011 ranging from 24 percent to 46 percent.

**Chart 1.1.7 : Change in non-energy price indexes by category (2005=100)**

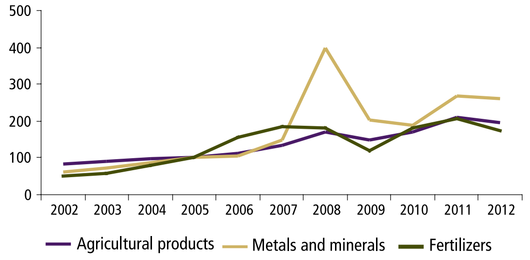
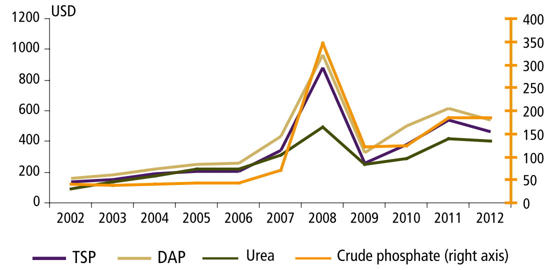



**Chart 1.1.8 : Change in the prices of phosphate and derivatives**




In terms of precious metals, the price increase decelerated considerably, recording a rate of 2 percent as opposed to 37 percent in 2011 due to slower growth of gold prices from 28 percent to 6 percent, as a result of lower demand particularly from India. However, the price of platinum and silver showed respective declines of 10 percent and 12 percent, in conjunction with the decline in demand from the industry sector.

## 1.1.4 Inflation trend

Global inflation slowed down from 4.8 percent in 2011 to 3.9 percent in 2012, due to mitigated demand and commodity price pressures. Thus, inflation in advanced economies fell from 2.7 percent to 2 percent, reflecting decreases from 3.1 percent to 2.1 percent in the United States and from 2.7 percent to 2.5 percent in the euro area. In emerging and developing economies, inflation dropped overall from 7.2 percent to 5.9 percent, with a rate of 5.4 percent from 6.6 percent in Brazil and 2.6 percent from 5.4 percent in China.

In Morocco's main partner countries, inflation was broadly tilted to the downside, except in Italy, where it rose from 2.9 percent to 3.3 percent, impacted primarily by the increase in the VAT rate. The inflation rate fell from 2.1 percent to 2 percent in France, from 3.1 percent to 2.4 percent in Spain, from 2.5 percent to 2.1 percent in Germany and from 4.5 percent to 2.8 percent in the United Kingdom.

**Chart 1.1.9 : Inflation trend (in %)**

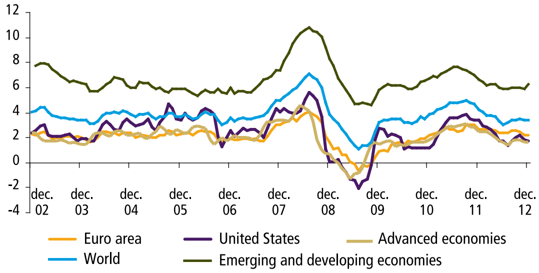
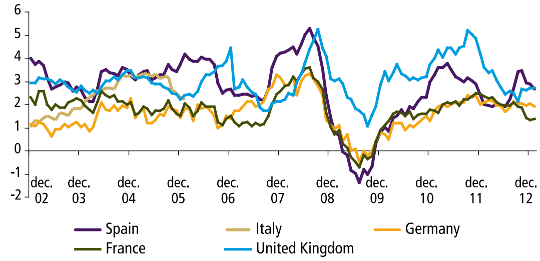



**Chart 1.1.10 : Inflation trend in Morocco's main partner countries (in %)**




Source : IMF.

**Table 1.1.3 : Inflation trend in the world (in %)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **World** | **5.9** | **2.4** | **3.6** | **4.8** | **3.9** |
| **Advanced countries** | **3.4** | **0.1** | **1.5** | **2.7** | **2.0** |
| United States | 3.8 | -0.3 | 1.6 | 3.1 | 2.1 |
| Euro area | 3.3 | 0.3 | 1.6 | 2.7 | 2.5 |
| Germany | 2.8 | 0.2 | 1.2 | 2.5 | 2.1 |
| France | 2.8 | 0.1 | 1.5 | 2.1 | 2.0 |
| Italy | 3.5 | 0.8 | 1.6 | 2.9 | 3.3 |
| Spain | 4.1 | -0.2 | 2.0 | 3.1 | 2.4 |
| United Kingdom | 3.6 | 2.1 | 3.3 | 4.5 | 2.8 |
| Japan | 1.4 | -1.3 | -0.7 | -0.3 | 0.0 |
| **Emerging and developing countries, including** | **9.2** | **5.1** | **6.0** | **7.2** | **5.9** |
| Russia | 14.1 | 11.7 | 6.9 | 8.4 | 5.1 |
| China | 5.9 | -0.7 | 3.3 | 5.4 | 2.6 |
| India | 8.3 | 10.9 | 12.0 | 8.9 | 9.3 |
| Brazil | 5.7 | 4.9 | 5.0 | 6.6 | 5.4 |
| **Middle-East and North Africa** | **12.5** | **6.2** | **6.4** | **9.2** | **10.7** |

Source: IMF

## 1.1.5 Public finance

In 2012, developed countries made further progress in fiscal consolidation, and their deficits decreased mainly due to the reduction of public spending. Despite these efforts, debt ratios worsened anew. In the United States, the deficit reached 8.5 percent of GDP in 2012 as against 10 percent a year earlier, while the public debt rose from 102.5 percent to 106.5 percent of GDP. In the euro area, the deepening of the sovereign debt crisis led some countries, especially peripheral ones, to pursue fiscal consolidation efforts. The deficit in the area moved down from 4.1 percent to 3.6 percent of GDP and public debt increased, year on year, from 88.1 percent to 92.9 percent of GDP.

**Chart 1.1.11 : Budget balance trend in % of GDP**

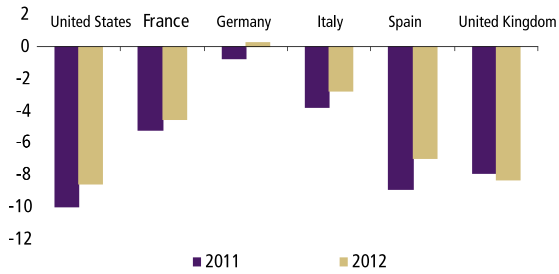
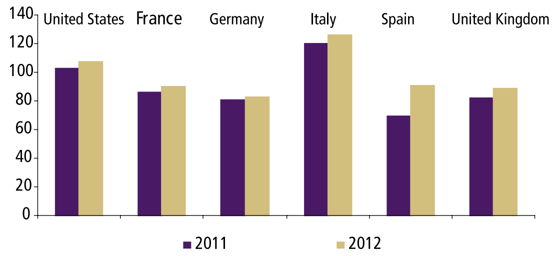



**Chart 1.1.12 : Gross Public debt trend in % of GDP**




Source: IMF

In the major economies of the euro area, the German fiscal balance moved from a deficit of 0.8 percent of GDP in 2011 to a surplus of 0.2 percent in 2012, while public debt increased from 80.5 percent to 82 percent of GDP. In France, the budget deficit was reduced to 4.6 percent of GDP from 5.2 percent in 2011, while public debt rose to 90.3 percent from 86 percent in the previous year.

In peripheral countries, particularly Italy and Spain, significant fiscal consolidation measures were adopted in 2012 to reduce expenditure and increase tax revenues. The budget deficit increased from 9.4 percent to 10.3 percent of GDP in Spain and fell from 3.7 percent to 3 percent in Italy, while the public debt rose to 84.1 percent and 127 percent of GDP, respectively, as against 69.1 percent and 120.8 percent in 2011.

In emerging countries, fiscal balances and debt ratios remained overall at relatively sustainable levels. However, the situation differs across countries. In China, the fiscal deficit widened from 1.3 percent of GDP in 2011 to 2.2 percent in 2012, and the debt ratio decreased from 25.5 percent to 22.8 percent of GDP. In contrast, the deficit and debt ratio remained almost stable in India at 8.3 percent and 66.8 percent of GDP, respectively. Brazil recorded a slight widening of the fiscal deficit from 2.5 percent to 2.8 percent of GDP and its debt moved up from 64.9 percent to 68.5 percent. In Russia, the 1.5 percent surplus recorded in 2011 mainly due to higher energy prices dropped in 2012 to 0.4 percent of GDP, while the debt ratio declined from 11.7 percent to 10.9 percent of GDP.

In the Middle East and North Africa, the public deficit and debt ratio continued to rise in 2012, reaching historically high levels of 9.7 percent and 74.9 percent of GDP, respectively, as against 8.7 percent and 70.1 percent a year earlier. This change affected particularly the Arab countries in transition, importers of energy products, whose fiscal space shrank significantly. The deficit of Egypt and Jordan, in particular, widened from 9.8 percent and 6.8 percent in 2011 to 10.7 percent and 8.2 percent in 2012, while the debt ratio was up from 76.6 percent and 70.7 percent to 80.2 percent and 79.6 percent, respectively.

## 1.1.6 International trade and balance of payments

After a 6 percent increase in 2011, world trade registered a slowdown to 2.5 percent in 2012, due to that of the global economy. This change contributed to the mitigation of imbalances in the balance-of-payments current account. In advanced economies, the current account deficit was absorbed to 0.1 percent in 2012 from 0.2 percent of GDP in 2011, while the surplus of emerging and developing countries fell from 1.9 percent to 1.4 percent of GDP.

**Table 1.1.4 : Change in the balance-of-payments current account (% of GDP)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Advanced countries** | **-1.1** | **-0.1** | **0.0** | **-0.2** | **-0.1** |
| United States | -4.7 | -2.7 | -3.0 | -3.1 | -3.0 |
| Euro area | -0.7 | 0.2 | 0.5 | 0.6 | 1.8 |
| Germany | 6.2 | 6.0 | 6.2 | 6.2 | 7.0 |
| France | -1.7 | -1.3 | -1.6 | -1.9 | -2.4 |
| Italy | -2.9 | -2.0 | -3.5 | -3.1 | -0.5 |
| Spain | -9.6 | -4.8 | -4.5 | -3.7 | -1.1 |
| Japon | 3.3 | 2.9 | 3.7 | 2.0 | 1.0 |
| United Kingdom | -1.0 | -1.3 | -2.5 | -1.3 | -3.5 |
| **Emerging and developing countries** | **3.5** | **1.5** | **1.5** | **1.9** | **1.4** |
| **Emerging Asia** | **5.8** | **3.7** | **2.5** | **1.6** | **1.1** |
| China | 9.3 | 4.9 | 4.0 | 2.8 | 2.6 |
| India | -2.4 | -2.1 | -3.2 | -3.4 | -5.1 |
| **Latin America and the Caribbean** | **-0.9** | **-0.7** | **-1.2** | **-1.3** | **-1.7** |
| Brazil | -1.7 | -1.5 | -2.2 | -2.1 | -2.3 |
| Mexico | -1.7 | -0.7 | -0.2 | -0.8 | -0.8 |
| **Countries of Central and Eastern Europe** | **-8.3** | **-3.1** | **-4.7** | **-6.3** | **-4.3** |
| **Commonwealth of Independent States** | **5.0** | **2.6** | **3.6** | **4.5** | **3.2** |
| Russia | 6.2 | 4.1 | 4.6 | 5.2 | 4.0 |
| **Middle-East and North Africa** | **14.7** | **2.5** | **7.7** | **14.0** | **12.5** |

Source: IMF

In the United States, the current account deficit fell slightly from 3.1 percent to 3 percent of GDP, reflecting increases of 3.4 percent in exports and 2.4 percent in imports. In the euro area, the surplus of 0.6 percent of GDP recorded in 2011 increased to 1.8 percent in 2012, mainly as a result of its improvement in Germany from 6.2 percent to 7 percent. In contrast, the deficit widened from 1.3 percent to 3.5 percent in the United Kingdom and from 1.9 percent to 2.4 percent in France, and was down from 3.7 percent to 1.1 percent in Spain and from 3.1 percent to 0.5 percent in Italy. In Japan, the surplus fell from 2 percent to 1 percent of GDP, mainly after the increase in energy imports following the Fukushima nuclear incident.

In emerging markets, the current account surplus in China stood at 2.6 percent of GDP from 2.8 percent, and moved down from 5.2 percent to 4 percent of GDP in Russia. In contrast, the deficit widened from 3.4 percent to 5.1 percent in India and from 2.1 percent to 2.3 percent in Brazil.

It is thanks to the growth of remittances that current account balances were maintained broadly at sustained levels in emerging and developing countries. In fact, according to World Bank estimates, despite the crisis, total remittances increased from $513 billion in 2011 to more than $534 billion in 2012, up 6.5 percent as against 3.9 percent a year earlier. By region, remittances rose significantly to South Asia (12.5 percent), East Asia and the Pacific (7.2 percent) and the Middle East and North Africa (8.4 percent) where they reached $47 billion in 2012.

**Table 1.1.5 : Remittances from emigrants to developing countries (Billions of dollars)**

| | 2008 | 2009 | 2010 | 2011 | 2012e |
|---|---|---|---|---|---|
| **Developing countries** | **325** | **316** | **341** | **381** | **406** |
| East Asia and the Pacific | 85 | 85 | 95 | 106 | 114 |
| Europe and Central Asia | 46 | 37 | 37 | 41 | 41 |
| Latin America and the Caribbean | 65 | 57 | 58 | 62 | 64 |
| Middle East and North Africa | 36 | 34 | 41 | 43 | 47 |
| South Asia | 72 | 75 | 82 | 97 | 109 |
| Sub-Saharan Africa | 21 | 28 | 29 | 31 | 31 |
| **World** | **443** | **435** | **462** | **513** | **534** |

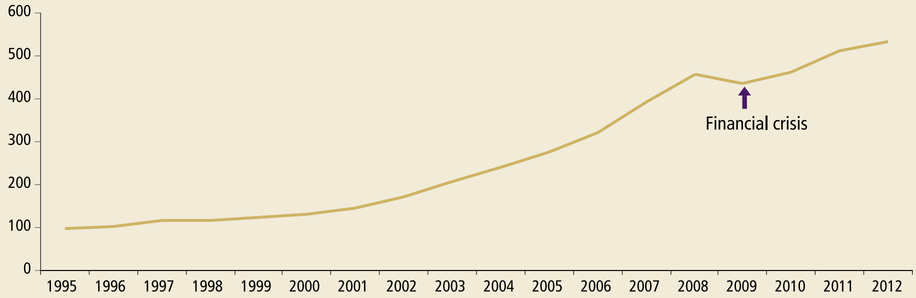
e: estimate.

Source: World Bank.

## Box 1.1.3 : Change in migrants' remittances internationally

Despite the persistence of the crisis, remittances increased internationally at a steady pace. Between 2000 and 2012, they quadrupled from $132 billion to $534 billion, attributable to many factors, including the increase in the number of migrants in the world, the development of the telecommunications sector, the modernization of the banking and financial infrastructure and especially the decrease in transfer costs, which contributed to channeling informal flows to official circuits.

**Chart B1.1.3.1 : Change in international transfers**




Source : World bank.

The increase in transfers affected more developing countries, mainly countries of South Asia and especially India and China. For the latter, the contribution of transfers to the balance of payments remains significant and far exceeds that of the flow of FDI and development aid.

By Country, India ranked No. 1 in 2012 with $69.8 billion received, followed by China (66.3 billion) and the Philippines ($24.3 billion). Morocco (7 billion) ranked 20th worldwide and third in the MENA region, behind Egypt and Lebanon, while in the early 2000s, it was 15th in the world.

**Chart B1.1.3.2 : Ranking of the main recipients of transfers**

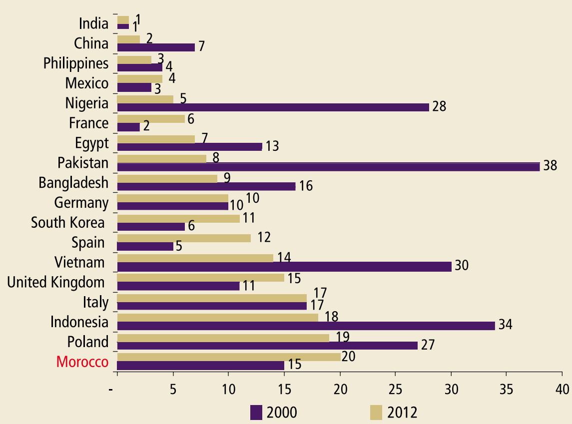
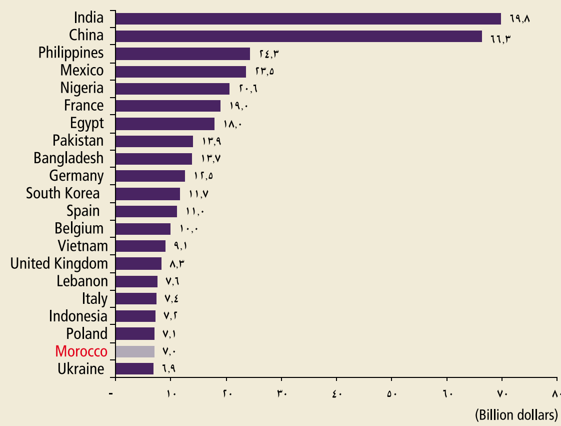


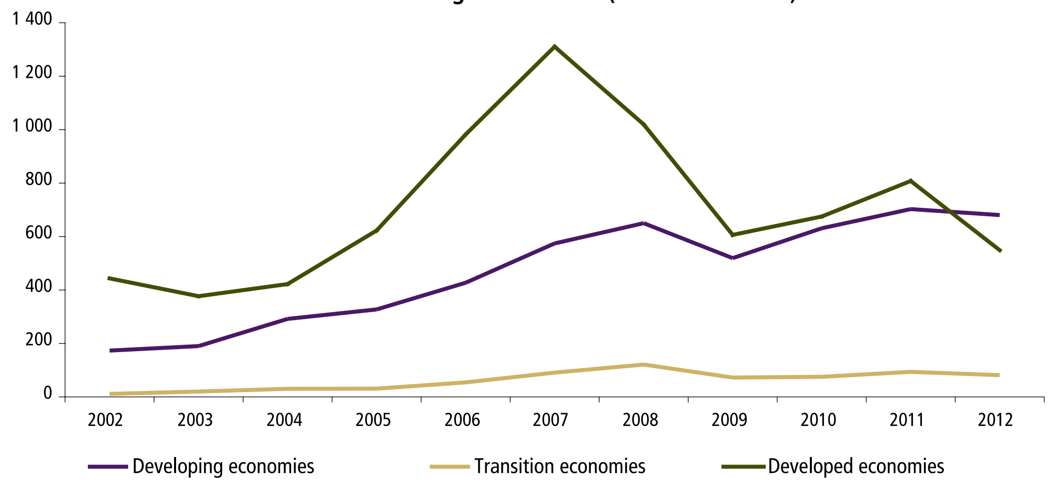

**Chart B1.1.3.3 : Remittances volumes by major recipients in 2012**




Source : World bank.

Flows of foreign direct investment (FDI) decreased by 18.3 percent in 2012 to $1,310 billion in volume, in conjunction with uncertainties about the global economic activity.

**Chart 1.1.13 : Change in FDI flows (Billions of dollars)**




Source: UNCTAD.

In advanced economies, FDI flows dropped by over 32 percent in 2012, to 548 billion dollars, the lowest level since 2005. The majority of countries in the European Union experienced significant decreases estimated at more than $150 billion, down 34.8 percent. In particular, FDI flows in Germany, Italy and Spain contracted by 96.8 percent, 84.7 percent and 40.6 percent in 2012, while in France and the United Kingdom, these flows increased by 43.8 percent and 22.2 percent, respectively. In the United States, the largest recipient of FDI in the world, these flows fell 35.3 percent to nearly $147 billion.

Albeit a slight decline, FDI flows to developing economies exceeded by $131 billion those of developed countries. Thus, these flows rose by 7.2 percent in Latin America and the Caribbean and by 5.5 percent in Africa. However, those to Asia were down by 9.5 percent, with declines of 13.5 percent in India and 3.4 percent in China.

Flows to transition economies declined by 13.1 percent, following a 16.6 percent contraction of FDI flows to Russia and 52 percent decrease of those to Southeast Europe, particularly from the European Union, the major investor in the region.

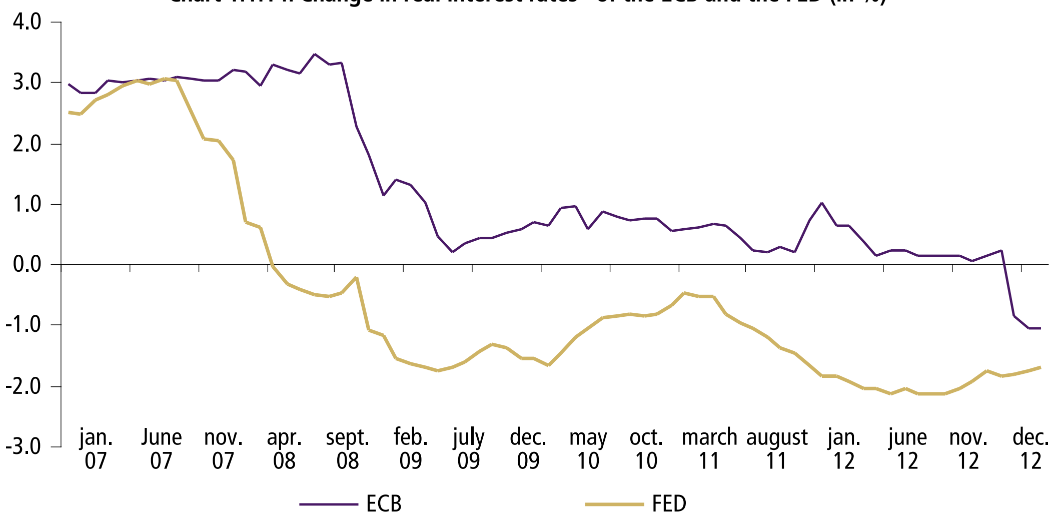
## 1.1.7 Key monetary policy measures

In a context of easing inflationary pressures, central banks of major advanced and emerging countries eased their monetary policy with a view to restoring market confidence and sustaining growth.

Indeed, the ECB lowered its key rate in July by 25 basis points to 0.75 percent and undertook new monetary easing measures in September in response to the tightening of financing conditions in a number of countries in the area. In parallel, an outright bond purchase program was launched for countries having recourse to the European Stability Mechanism.

In the United States, the weaker growth and persistent relatively high unemployment led the Federal Reserve (FED) to keep its key rate unchanged in a range between 0 percent and 0.25 percent in 2012. It also introduced "Evans Rule", which aims to keep the federal funds rate near zero, as long as the unemployment rate would remain above 6.5 percent and inflation would remain below 2.5 percent. As to unconventional measures, the Fed embarked on a new bond buyback program, without a time limit, for an amount of $40 billion per month. In addition, it decided in June to extend its "Twist Operation"[1] through the end of 2012 in order to lower long-term rates by selling or redeeming Treasury bills with maturities of less than three years and purchasing an equal amount of government securities with maturities of 6 to 30 years.

**Chart 1.1.14: Change in real interest rates* of the ECB and the FED (in %)**




* The real interest rate is the nominal interest rate adjusted by the core inflation rate.

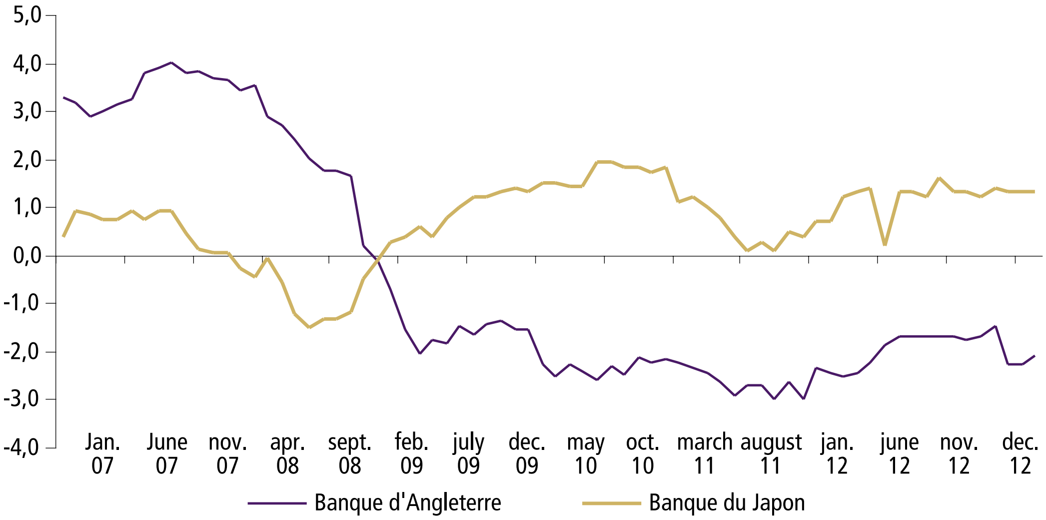
Source: ECB, FED and BAM calculations

1 Twist Operation is a policy initiated by the Fed at the end of 2011, involving the sale of short-term government bonds and purchase of long-term Treasury bonds in order to lower long-term interest rates and stimulate the economy.

In a context of weaker demand and growth, the Bank of England decided to keep its key rate at 0.5 percent, the same level since March 2009. It raised twice the amount of its asset purchase program to 375 billion pounds in July and adopted jointly with the government a scheme for reducing funding cost for banks to encourage them to increase their lending to households.

The Bank of Japan kept its key rate within a range of 0 percent to 0.1 percent, while continuing the fight against deflation. Therefore, it set a short-term inflation target of 1 percent and undertook several easing monetary policy measures. It injected an additional total of 46,000 billion yen in the financial circuit, bringing its asset purchase program from 55,000 to 1 01,000 billion yen (about 900 billion euros). It also announced the adoption of a new mechanism for unlimited loans to banks at low rates for a maximum of four years in order to stimulate the credit supply. At the same time, new loan provisions were implemented to enable it to provide banks with foreign currency loans financed from its foreign exchange reserves.

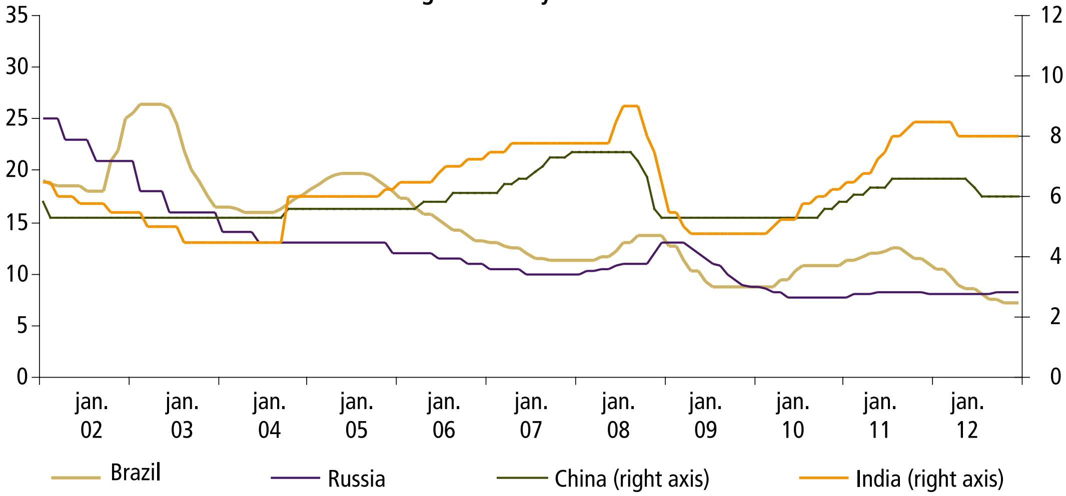
**Chart 1.1.15 : Change in real interest rates of the Bank of England and the Bank of Japan (in %)**




Source: Bank of England, Bank of Japan and BAM calculations

In emerging countries, receding inflationary pressures prompted the Reserve Bank of India to reduce its key rate by 50 basis points to 8 percent in April. In China, the Central Bank lowered its key rate by 56 basis points to 6 percent and injected liquidity through open market operations. The Bank of Brazil reduced the key rate repeatedly from 11 percent to 7.25 percent, while the Central Bank of Russia raised its key rate by a quarter point in September to 8.25 percent.

**Chart 1.1.16 : Change in the key rates in the BRIC economies**




Source: Datastream

## 1.1.8 Financial markets

The disruptions observed in the euro area's bond markets in 2011, especially in peripheral countries, continued throughout the first half of 2012. However, tensions eased considerably in the third quarter, due to ECB intervention in sovereign bond markets. In addition, from one year-end to the next, the sovereign spreads of peripheral countries were down from 37.5 percent to 11.5 percent in Greece, from 13.4 percent to 6.7 percent in Portugal and from 6.7 percent to 4.5 percent in Italy, while they stabilized around 5.4 percent in Spain. On average, bond yields remained high over the year compared to 2011. The yields on 10-year bills[1] reached 24.7 percent, as against 19 percent for Greece and its increase varied within a range of 14 to 41.1 basis points for Spain, Italy and Portugal.

In Ireland, a country receiving financial aid from the IMF since 2010, and in a context of renewed confidence in the economy, sovereign yields eased considerably in 2012 from 8.4 percent to 4.6 percent, from one year-end to the next, and from 9.4 percent to 6.2 percent on annual average.

At the same time, even if they ended the year at levels significantly lower than the end of 2011, the CDS[2] were up in the peripheral countries, with the exception of Ireland, where they decreased by 35 percent. They more than tripled in Greece and grew by 34 percent in Spain, 33.2 percent in Italy and 3.4 percent in Portugal.

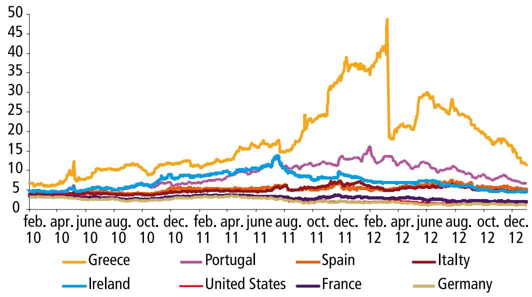
1 The change in 10-year bond rate is generally considered the one that best reflects the economic health of a country.

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

Bond yields in other advanced countries broadly declined from one year to another. The German Bund yields stood at 1.5 percent from 2.6 percent a year earlier and the yields on 10-year U.S. Treasury bills fell by 98 basis points on average to 1.8 percent, despite uncertainties about the "Fiscal Cliff" (see Box 1.1.1).

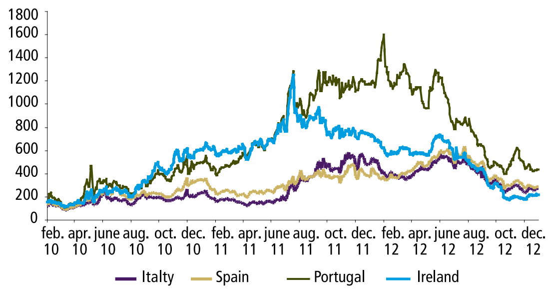
The French government bond yields fell by 78 basis points, on average, to 2.5 percent in 2012 although the country's rating was downgraded twice because of high levels of fiscal and external deficits (Box 1.1.4). These decreases, widely anticipated by investors, did not lead to a rise in long-term rates.

**Chart 1.1.17 : Change in 10-year bond yields (in %)**




Source: Datastream

**Chart 1.1.18 : Change in CDS premiums on 5-year sovereign debt**




In major interbank markets of advanced countries, the rates and spreads showed divergent changes across the euro area and the United States. The 3-month Euribor fell to 0.5 percent on average in 2012, as against 1.3 percent a year earlier and the euro Libor-OIS spread[1] decreased from 43.5 to 28.3 basis points. In contrast, the 3-month Libor[2] rose slightly from 0.3 percent to 0.4 percent and the dollar Libor-OIS spread was up from 23.1 points to 29.1 points, year on year.

1 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).

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

**Box 1.1.4 : Change in sovereign ratings of partner countries in 2012**

The year 2012 was marked by a continued downgrade of sovereign debt ratings of some countries of the euro area. Indeed, after placing all euro area countries under negative watch on December 5, 2011, Standard and Poor's announced on January 13, 2012 the downgrade of certain countries' rating. It lowered ratings of France and Austria by one notch from AAA to AA+. In addition, Malta, Slovakia and Slovenia were also downgraded by one notch, while the ratings of Cyprus, Italy and Portugal were lowered by two notches. In contrast, Germany, Finland and Luxembourg kept their rating of Triple A.

**Table B1.1.4.1 : Ratings of partner countries in 2012**

| Country/rating agency | | dec.11 | dec.12 | Lost notches |
|---|---|---|---|---|
| | SP | AAA | AA+(-) | 1 |
| France | M | AAA | AA1(-) | 1 |
| | F | AAA | AAA | 0 |
| | SP | AA-(-) | BBB- | 6 |
| Spain | M | A1 | Baa3 | 5 |
| | F | AA-(-) | BBB | 5 |
| | SP | A | BBB+ | 2 |
| Italy | M | Aa3(-) | Baa2 | 5 |
| | F | A+(-) | A- | 2 |
| | SP | AAA | AAA | 0 |
| Germany | M | Aaa | Aaa | 0 |
| | F | AAA | AAA | 0 |
| United Kingdom | SP | AAA(-) | AAA(-) | 0 |
| | M | Aa1 | Aa1 | 0 |
| | F | AAA(-) | AAA(-) | 0 |

Sp : Standard and Poor's
M : Moody's
F : Fitch ratings
(-) : Perspective négative
Sources : Standard and Poor's, Moody's et Fitch Ratings.

**Chart 1.1.19 : Change in the Libor-OIS spread**

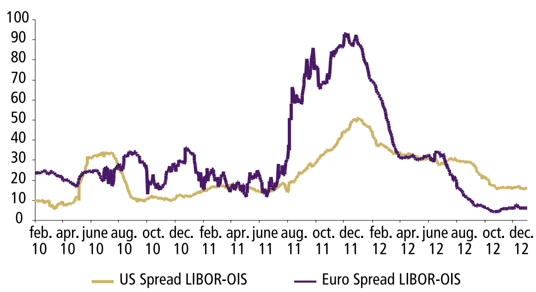
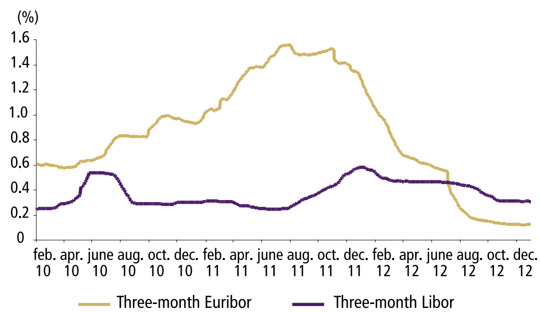


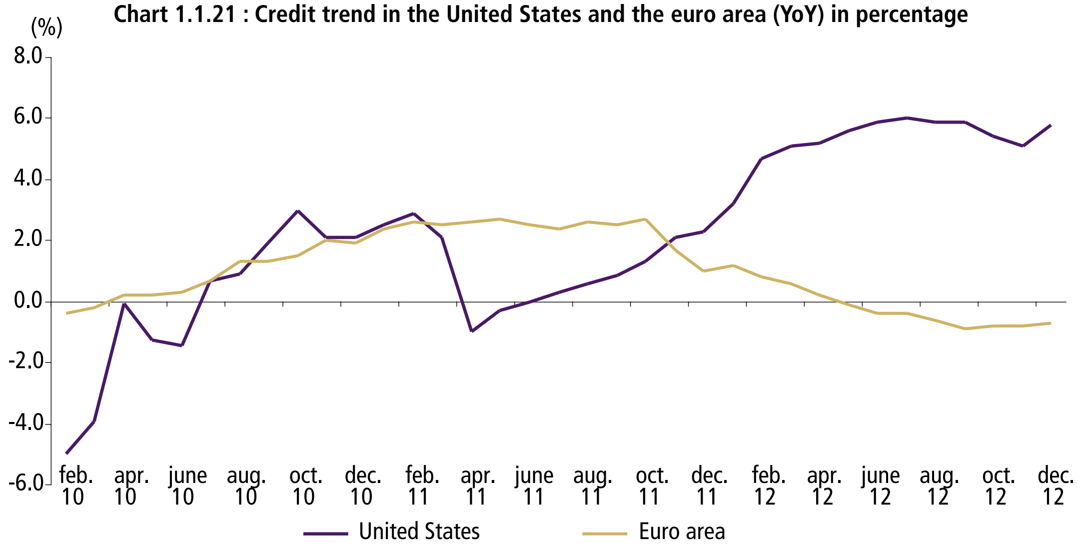

**Chart 1.1.20 :Change in the 3-month Euribor and Libor rates**




Source: Datastream

Except for a 1.2 percent increase in January, credit growth in the euro area gradually weakened to register contraction as of May and ended the year down 0.2 percent. In the United States, after rising steadily since July 2011, credit expanded by 6 percent in July 2012 before ending the year with an increase of 5.8 percent. In the major emerging economies, credit growth slowed down relatively from 18.7 percent to 15.2 percent in Brazil and from 31.8 percent to 25.2 percent in Russia. In China, the available data on consumer loans show a virtually stable pace of around 18 percent.

**Chart 1.1.21 : Credit trend in the United States and the euro area (YoY) in percentage**




Source: Datastream

In stock markets, major indexes ended the year overall on a positive note, despite unfavorable economic conditions, particularly in the euro area, reflecting a decoupling between the real and financial spheres of the economy. This trend reflects a return of confidence in the European and U.S markets due to ongoing conventional and unconventional measures adopted by major central banks. Finally, the indexes ended the year up 29.1 percent for the DAX30, up 15.2 percent for the CAC40, up 22.9 percent for the NIKKEI225, up 13.8 percent for the EUROSTOXX50 and up 7.3 percent for the Dow Jones Industrial. These performances were accompanied by lower volatility in U.S. and European markets, as evidenced by respective declines from 23.4 to 18 points and from 32.2 to 21.4 points for the VIX[1] and VSTOXX[2]. The MSCI EM index of emerging economies ended the year up 15.1 percent in a context characterized by slower growth.

1 VIX is the reference indicator measuring the volatility of U.S. stock markets, and allows analyzing the volatility of the S&P 500.

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

**Chart 1.1.22 : Change in the major global stock market indexes**

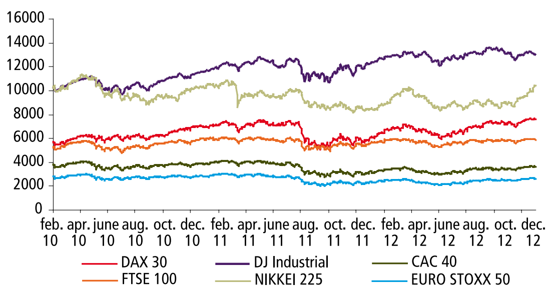
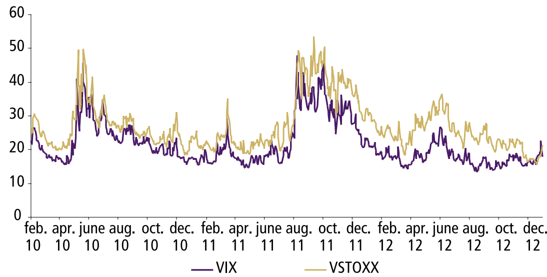
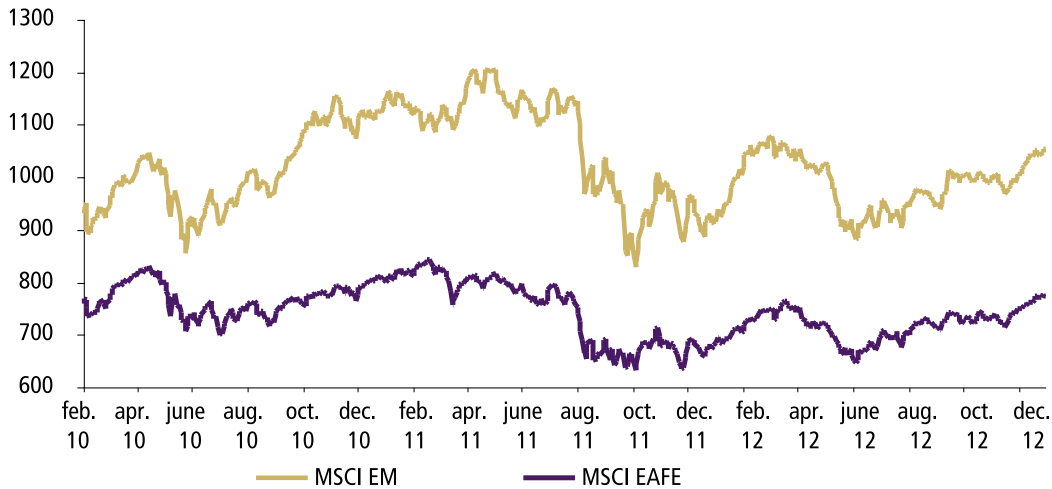



**Chart 1.1.23 : Change in the main volatility indicators**




Source: Datastream

**Chart 1.1.24 : Change in the MSCI EM* and MSCI EAFE****

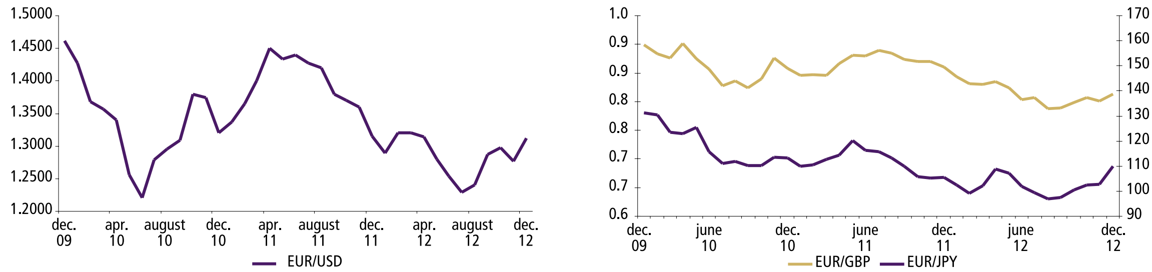



* The MSCI EM is a composite stock market index measuring the performance of the major equity markets of Central Europe, the Middle East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Jordan, Egypt, Morocco and South Africa).

** 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.

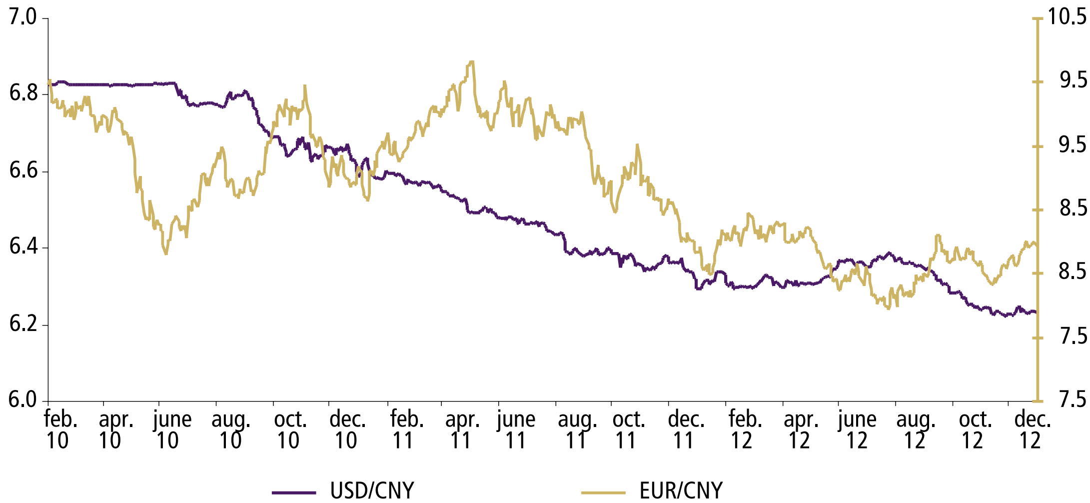
In foreign exchange markets, the euro depreciated on average by 7.7 percent against the dollar and the Japanese yen and by 6.6 percent vis-à-vis the pound sterling. Thus, after an increase during the first two months of the year, with a higher level of $1.34, it is tilted to the downside within a range of $1.31 to $1.21, between April and July before closing at $1.31 in December.

**Chart 1.1.25 : Change in exchange rates of main international currencies (Annual average)**




With regard to Asian currencies, the yen fell on average by 0.2 percent against the dollar, a depreciation registered at the end of the year, following the adoption by the new government of a strongly expansive economic policy. The Chinese Yuan depreciated on average by 9.9 percent against the euro and by 2.4 percent vis-à-vis the dollar.

**Chart 1.1.26 : Change in the exchange rate of the Chinese Yuan against the euro and the dollar (monthly average)**




Source: Datastream

## 1.1.9 International financial architecture

In 2012, intergovernmental groups and international financial institutions enhanced their efforts to boost global growth and restore financial stability. Thus, the IMF worked to upgrade its governance model, strengthen its supervisory role, consolidate its financial resources and support Arab Countries in Transition (ACT)[1].

1 The ACT are Egypt, Jordan, Morocco, Libya, Tunisia and the Yemen.

Concerning its governance, the IMF advanced the agenda relating to the adoption of the 2010 reform of both the 14th General Review of Quotas and the functioning of its Executive Board, whose entry into force can be effective only after approving the Amendment to the Articles of Agreement proposed by a number of member countries with at least 85 percent of voting rights[1]. The entering into effect of this reform would result mainly in a doubling of the Fund quotas and a revision of the formula used for their calculation in order to better reflect the growing share of emerging countries.

The Fund also continued to improve its approaches and surveillance methods by setting up an action plan focusing on five main areas:

- Taking better account of linkages between countries and across sectors;
- Improving the process of risk identification and assessment to better spot vulnerabilities and their impact on the economic and financial spheres;
- Integrating financial stability under the surveillance framework;
- Improving the coverage, consistency and transparency of external stability assessments of member countries;
- Improving the quality of advice to member countries and communication strategy.

Meanwhile, in order to increase its financial resources, the IMF was able to obtain the agreement of certain member countries for bilateral contributions of $430 billion. It also strengthened resources for low-income countries using the windfall profits from gold sales made between 2009 and 2010, totaling 2.45 billion SDRs, an equivalent to $ 3.68 billion.

In addition, the Fund increased its support for ACT through policy advice, capacity building and financial assistance. As such, it approved the following three loan agreements:

- The Stand-By Arrangement for Jordan amounting to $ 2.1 billion, or 800 percent of its quotas, covering a three-year period. Established in 1952, this facility is used to help countries overcome their short-term balance of payments problems. Disbursements are subject to quarterly revisions by the IMF Executive Board as well as performance criteria and other conditions.
- The Precautionary and Liquidity Line (PLL) granted to Morocco of an amount of $ 6.2 billion in August 2012, representing 700 percent of its quotas, and for a two-year period. This instrument, which benefits to countries having sound fundamentals and a strong institutional framework, was created in 2011 to meet in a flexible manner real or potential liquidity needs. The PLL is subject to semi-annual monitoring by the Fund.

1 At the end of 2012, 129 member countries, including Morocco, representing 70% of the voting rights approved the Amendment. The entry into force of the reform hinges on the amendment ratification by the U.S which holds 16.7 percent of voting rights and therefore has a blocking minority.

- The Rapid Credit Facility to Yemen amounting to $ 100 million, that is 25 percent of its quotas. It is a concessional facility created by the Fund in 2010 benefitting low-income countries facing urgent balance of payments needs, by allowing immediate disbursement of the overall amount.

In addition, the IMF continued to explore with Egypt the possibility of a stand-by arrangement and discuss with other countries in the region their needs to provide adequate responses.

The G-20[1], chaired in 2012 by Mexico, multiplied its initiatives to strengthen global financial stability and to boost growth and employment. Thus, member countries agreed on a new action plan for growth and employment "Los Cabos Plan", designed primarily to curb high levels of unemployment especially in advanced economies.

1 The G-20 is composed of the following countries: South Africa, Germany, Saudi Arabia, Argentina, Australia, Brazil, Canada, China, South Korea, USA, France, India, Indonesia, Italy, Japan, Mexico, United Kingdom, Turkey, Russia and the European Union.

**Box 1.1.5 : Deauville Partnership**

At the Deauville Summit in May 2011, the G8 launched a partnership with Arab Countries in Transition (ACT), whose main objectives include economic stability, strengthening of governance and transparency, regional and international integration, support for private sector, job creation and human capital development.

The Partnership includes:

- The G-8 countries: Germany, Canada, United States, France, Italy, Japan, United Kingdom and Russia;
- The ACT: Egypt, Jordan, Libya, Morocco, Tunisia and the Yemen;
- Regional partners: Saudi Arabia, United Arab Emirates, Kuwait, Qatar and Turkey; and
- The international financial institutions (IFIs): Organization of economic cooperation and development, African Development Bank, World Bank, International Financial corporation, European Investment Bank, European Bank for Reconstruction and Development (EBRD), Islamic Development Bank, Arab Fund for Economic and Social Development, Arab Monetary Fund, IMF, and the OPEC Fund for International Development.

The main actions undertaken within the framework of the Partnership were:

- The launch in September 2011 of the IFI coordination platform to enable these institutions to combine their efforts on financial assistance and projects implementation;
- The extension of the geographic mandate of EBRD to countries of the region. Approved in August 2012, this extension would enable ACT to benefit from an annual investment budget estimated at $3.4 billion for the region;
- The creation of a Transition Fund at the Partnership ministerial meeting, held in October 2012 in Tokyo. This Fund, whose value is expected to reach $250 million, provides ACT with the necessary technical assistance in order to prepare and implement the programs, policies and needed reforms in the areas of (i) economic governance; (ii) trade, investment and integration; and (iii) inclusive development and job creation. At this stage, nine countries confirmed their contribution totaling $165 million;
- The capital markets access initiative to help ACT access foreign capital to finance critical investments and increase access to finance for the private sector.

# 1.2 National output

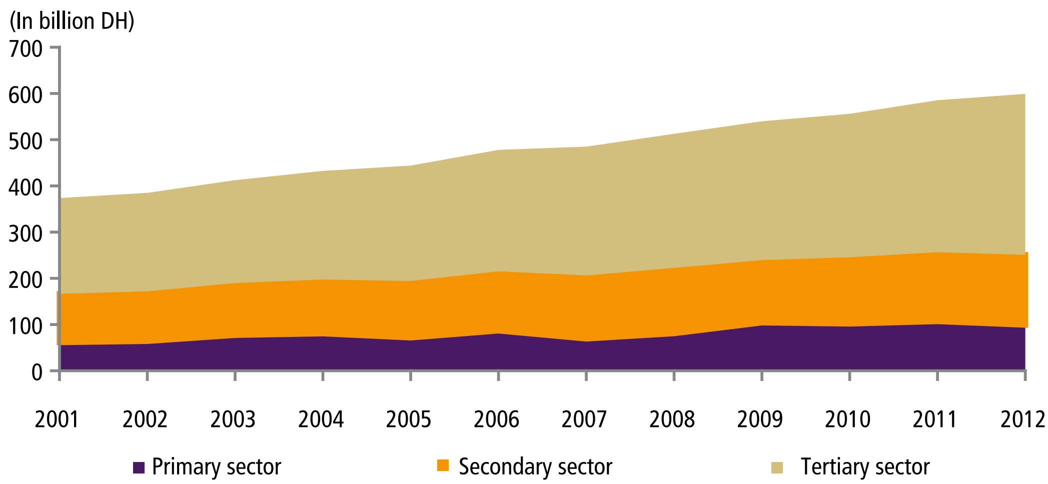
The difficult international economic situation, particularly in the euro area, and adverse weather conditions severely affected the national economy in 2012. It slowed down significantly to 2.7 percent from 5 percent in 2011. However, this change covers divergent performances across sectors.

The primary sector recorded a decline of 7.2 percent, after rising 5.1 percent in the previous year, reflecting an 8.9 percent drop in agricultural production and a 13.7 percent improvement in the value added of fishing activities. The growth of the secondary sector decelerated sharply from 4 percent to 1.4 percent due to a 2.4 percent drop in mining activities and a downturn in nonrefining industry and construction. With a rate of 2.1 percent, the latter recorded its lowest growth since 2002, which resulted in a loss of 21,000 jobs.

However, the tertiary sector maintained a steady growth with a rate of 5.9 percent as against 6 percent in 2011, driven mainly by respective increases of 25.6 percent and 6.7 percent in the value added of the "post and telecommunication" sector and that of the "general administration" branch. Overall, nonagricultural GDP grew by 4.5 percent as opposed to 4.9 percent in 2011.

In nominal terms, GDP stood at 828.2 billion dirhams, up 3.2 percent as against 5 percent a year earlier. The value added of nonagricultural activities grew by 4.7 percent to 665.8 billion dirhams, while that of the agricultural sector dropped by 3.5 percent to 102. 6 billion dirhams.

**Chart 1.2.1: Change in the value added by sector at constant prices**



**Box 1.2.1 : Change in the Moroccan economic structure**

Over the period 1999-2011, the national economy grew at an average annual rate of 4.5 percent accompanied by a slight change in its output structure. The weight of the services sector also increased both in terms of value added and employment, mainly due to the momentum of the post and telecommunication sector. The share of trade, the main job-providing activity in the sector, rose in terms of employment but decreased in terms of value added, thus indicating a relative decline in labor productivity in this branch.

The secondary sector showed divergent trends across components. The contribution of industry to both employment and value added declined, while the weight of the construction sector strengthened in terms of employment more than in terms of value added.

For the agricultural sector, its share in value added remains fluctuating depending on climatic conditions, but its weight in terms of employment trends downwards.

**Table B 1.2.1.1: Change in the sectoral structure of value added and employment (in %)**

| | Share in value added* | | | | Share in employment | | | |
|---|---|---|---|---|---|---|---|---|
| | 1999 | 2003 | 2007 | 2011 | 1999 | 2003 | 2007 | 2011 |
| **Primary sector** | **17.5** | **18.7** | **14.2** | **18.3** | **45.8** | **46.2** | **42.1** | **39.8** |
| **Secondary sector** | **28.2** | **27.3** | **28.1** | **25.5** | **20.5** | **19.5** | **21.1** | **21.8** |
| Mining | 2.5 | 2.2 | 2.6 | 2.3 | 0.7 | 0.6 | 0.5 | 0.5 |
| Industry | 18.4 | 17.3 | 16.4 | 14.7 | 13.0 | 11.9 | 11.8 | 10.9 |
| Electricity and water | 3.1 | 3.3 | 3.6 | 3.7 | 0.5 | 0.4 | 0.4 | 0.4 |
| Construction | 4.2 | 4.6 | 5.4 | 5.4 | 6.3 | 6.6 | 8.3 | 10.1 |
| **Tertiary sector** | **54.3** | **54.0** | **57.2** | **56.1** | **33.8** | **34.4** | **36.8** | **38.4** |
| Trade | 13.9 | 12.9 | 12.8 | 12.0 | 11.2 | 12.3 | 12.5 | 13.1 |
| Tourism | 2.4 | 2.0 | 2.3 | 2.0 | 1.6 | 1.8 | 2.0 | 2.5 |
| Transport | 4.9 | 4.9 | 5.8 | 5.8 | 3.2 | 3.4 | 4.0 | 4.7 |
| Post and telecommunication | 2.3 | 5.5 | 6.7 | 7.7 | | | | |
| Other services | 35.7 | 34.0 | 36.6 | 35.8 | 16.1 | 15.0 | 16.6 | 16.4 |

* The sum is not equal to 100 percent due to the non-inclusion of the financial intermediation services indirectly measured (FISIM).

Sources: HCP and BAM calculations.

## 1.2.1 Primary sector

In 2012, the value added of the primary sector contracted by 7.2 percent, following lower production of all vegetable crops except market gardening. However, the fishing activity increased by 13.7 percent.

## Agriculture

The 2011-2012 crop year was marked by adverse weather conditions characterized by a significant rainfall deficit in February and March, whose impact on crop development was, however, mitigated by the low temperatures recorded during this period and the return of the rains in April. In total, the average cumulative rainfall stood nationally at 234 mm, down 59 percent compared to the previous year and 51 percent compared to the average of the last five crop years, bringing the filling rate of farming dams from 74 percent to 69 percent in one year.

Against this backdrop, the average yield decreased by 38 percent and cereal production stood at 52 million quintals, down 39.5 percent compared to the previous crop year and 25 percent compared to the average of the previous five years.

By crop, yields dropped by 36 percent for soft wheat, 45 percent for barley, 30 percent for corn and 39 percent for durum wheat. As a result, harvest of these crops fell by 34 percent, 48 percent, 57 percent and 39 percent, respectively.

**Chart 1.2.2: Structure of cereal production by crop**

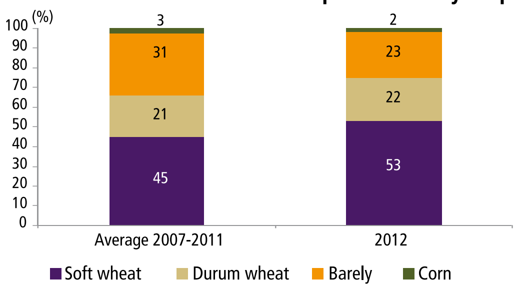
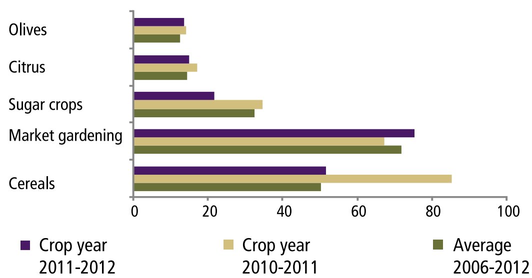



**Chart 1.2.3: Main vegetable crops (million quintals)**




Source: Ministry of Agriculture and Fisheries.

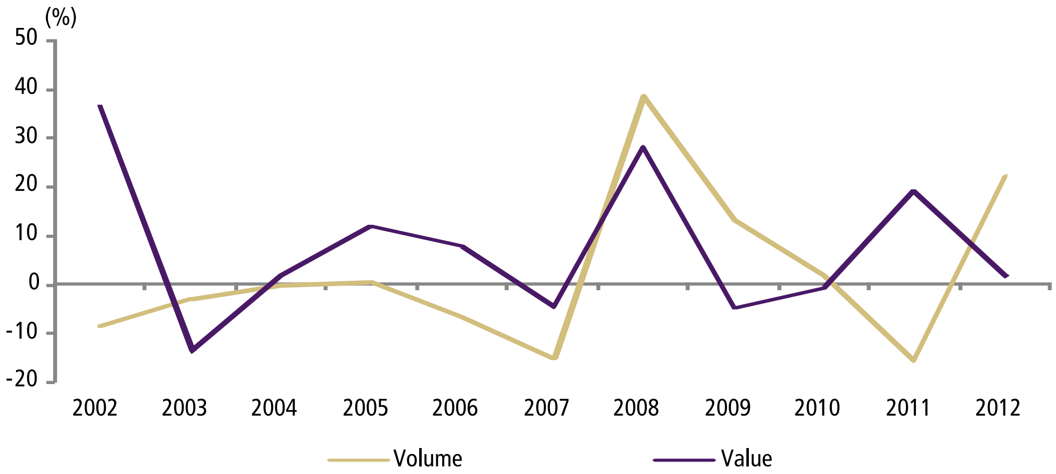
Meanwhile, the production of leguminous plants and citrus fruits contracted by 13 percent each, while that of sugar crops and olive fell by 37 percent and 3 percent, respectively. In contrast, production of market gardening increased by 12 percent.

Livestock farming was affected by lower fodder availability due to the lack of rainfall. Indeed, livestock numbers increased by only 2.8 percent in 2012, as against 6.8 percent a year earlier, to 28 million heads, consisting of sheep at 69 percent, goats at 20 percent and cattle at 11 percent.

## Fisheries

Inshore and small-scale fishery output amounted to 1.1 million tonnes, up 22 percent after falling 16 percent in 2011. However, the increase in value was only 2 percent, due to lower average prices for cephalopods. The output was intended at a rate of 38.8 percent for fresh consumption, 18.5 percent for the production of "fish meal and oil" by manufacturing plants and 28.5 percent for freezing plants. The share used by canning industrial facilities stood at 13.3 percent of the total, as against 12.8 percent in 2011.

**Chart 1.2.4 : Change in landings of inshore and small-scale fisheries**

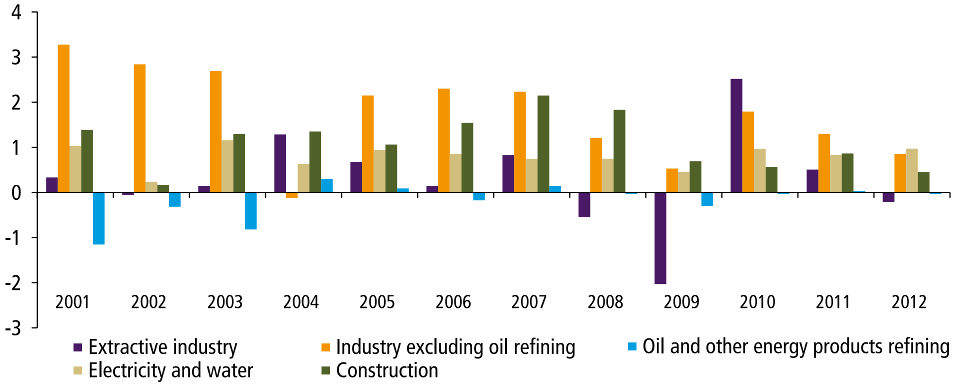



Source: National Fisheries Office

## 1.2.2 Secondary sector

After a 4 percent growth in 2011, the value added of the secondary sector in 2012 showed a significantly slower growth of 1.4 percent, reflecting a lower mining activity and slower industry excluding refining and decelerated construction, although offset by the rapid growth of the value added of the "electricity and water" branch.

**Chart 1.2.5: Contribution to growth of the secondary sector value added (in percentage points)**




Sources: HCP and BAM calculations.

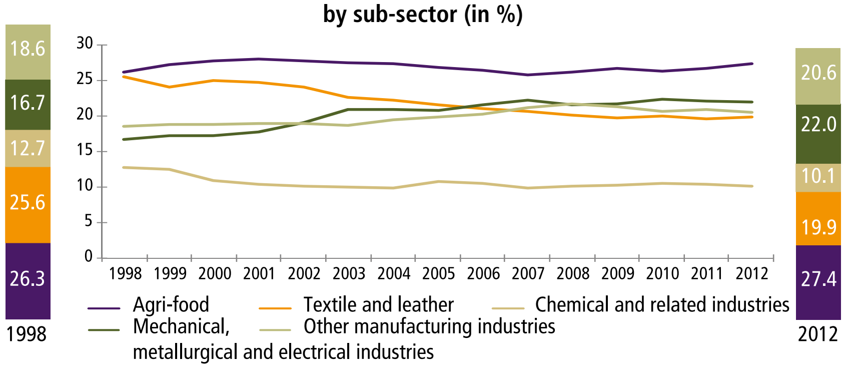
## Industry excluding oil refining

The value added of industry excluding oil refining increased 1.5 percent as against 2.3 percent a year earlier and 3.1 percent in 2010. This slowdown, which was accompanied by a 2.2 percent decline in the number of jobs in the sector, reflects divergent trends across branches.

Food industries, which contribute 27.4 per cent to the industrial value added, maintained their 4 percent growth rate and the activity of the textile and leather branch increased 2.8 per cent instead of 0.5 per cent in 2011.

In contrast, the activity of the mechanical, metallurgical and electrical branch decelerated from 1.1 percent to 0.9 per cent in 2012, despite the momentum of the automotive sector, as the Renault Tanger factory started production. However, chemical and related industries fell 0.7 percent as opposed to a rise of 1.2 percent in 2011, mainly due to lower demand from the construction branch.

**Chart 1.2.6: Change in the structure of the value added of industry excluding refining, by sub-sector (in %)**




Source: HCP

**Box 1.2.2 : Assessment of the National Pact for Industrial Emergence**

According to the Ministry of Industry, Trade and New Technologies, Morocco's six global businesses defined by the National Pact for Industrial Emergence (Automotive, Aeronautics, Offshoring, Electronics, Textile and Leather and Agri-Food) recorded, over the 2009-2012 period, an increase of nearly 16.7 billion dirhams in value added and 36 percent in exports, which corresponds to respective implementation rates of 30 percent and 25.6 percent. Regarding employment, nearly 111,000 jobs have been created out of a total of 220,000 planned for 2015.

However, this trend reflects divergent performances across branches. Indeed, automotive and aeronautics industries were the most dynamic with 31,205 and 3,731 jobs created respectively and increases of 125 percent and 56 percent in exports over the period. The offshoring sector generated nearly 30,000 jobs at the end of 2012, or 43 percent of the target set, and the turnover was 25.3 billion dirhams, up 49 percent over the 2009 -2012 period. In the electronics sector, nearly 2,400 jobs were created, with an export turnover of 25.5 billion dirhams.

In addition, the agri-food industry and textile and leather one provided 23,000 and 21,000 jobs, respectively, but their export performance remains limited, with respective increases of 15 percent and 8 percent.

**Table B1.2.2.1 : Exports and job creations of Morocco's six global businesses**

| | Exports (in billion DH) | | | | Job creations | | | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 |
| Automotive | 12,0 | 18,3 | 23,4 | 27,0 | 4.739 | 8.293 | 9.149 | 9.024 |
| Aeronautics* | 4,1 | 4,7 | 5,8 | 6,4 | 1.531 | 400 | 694 | 1.106 |
| Offshoring** | 4,9 | 6 | 7,1 | 7,3 | 14.633 | 4.000 | 9.555 | 1.445 |
| Electronics | 5,1 | 6,3 | 7,1 | 7,0 | 1.748 | 1.700 | -550 | -559 |
| Textile and leather | 30,7 | 31,9 | 34,0 | 33,3 | 6.310 | 20.014 | -4.622 | -710 |
| Agri-food | 15,5 | 16,7 | 15,9 | 17,9 | 3.863 | 12.271 | 3.343 | 3.612 |

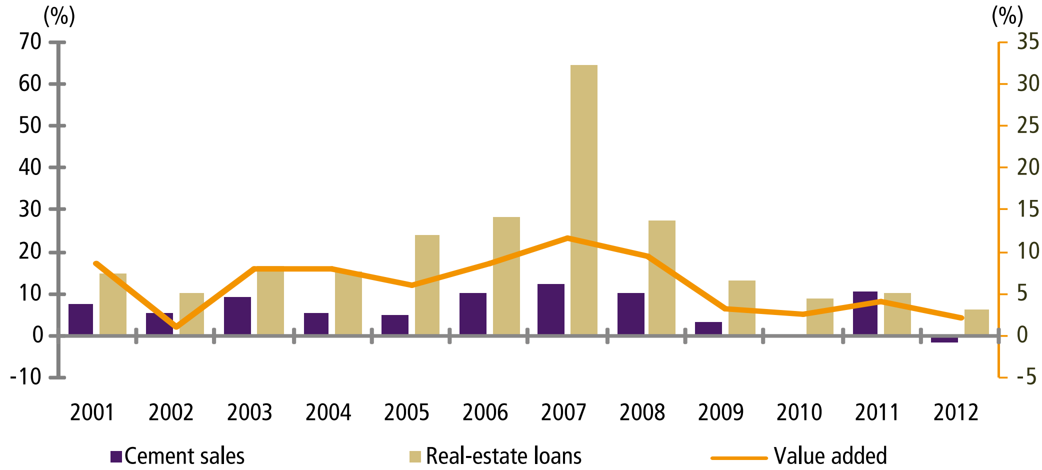
* The data on aeronautics does not take into account service companies.
** For offshoring, it is about revenue instead of exports.
Source: Ministry of Industry, Trade and New Technologies, 3rd Conference on Industry.

It should be noted that, during the 3rd Conference on Industry, held in February 2013, the list of Morocco's global businesses was extended to the chemical and related industries sector, with a view to increasing its contribution to GDP to 47 billion dirhams and creating 43,000 additional jobs, as well as to pharmaceutical industries, with a target of potential turnover of 25.5 billion dirhams and 27,500 additional jobs by 2023.

## Construction

The construction sector slowed down in 2012 with an increase of 2.1 percent in its value added as against 4.2 percent in 2011, the lowest performance since 2002. This sluggish development severely impacted employment in the sector causing a loss of 21,000 jobs. This trend was reflected in cement sales that contracted for the first time since 1998, with a rate of 1.6 percent, as well as in the growth of real-estate loans. Indeed, housing loans growth decelerated from 10.7 percent to 9.8 percent and loans to real-estate developers decreased by 0.3 percent.

**Chart 1.2.7: Change in the value added of the construction sector, cement sales and real-estate loans**




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

## Mining

Mining, whose performance is closely linked to external markets, fell by 2.4 percent in 2012, due to lower phosphate output, which represents about 93 percent of the sector. Indeed, the phosphate market production stood at 27 million tonnes, down 3.5 percent after a 5.3 percent increase a year earlier. This trend is due to a 7.4 percent contraction in demand from local processing plants, after a 12 percent rise in 2011, bringing the local processing rate of this ore from 66 percent to 64 percent. The volume of crude phosphate exports almost stagnated as against a 7.8 percent decline a year ago, while their value grew by 1.7 percent to 12.8 billion dirhams, following slightly rising prices in international markets, as phosphate prices moved up from $184.9 per tonne in 2011 to $185.9 per tonne in 2012.

**Chart 1.2.8: Change in crude phosphate output and use, in volume**

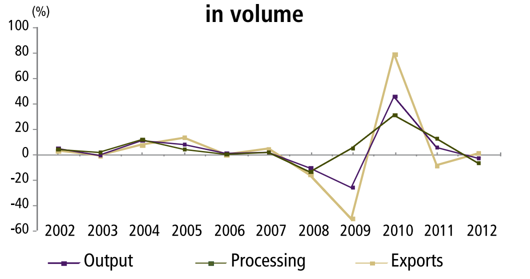
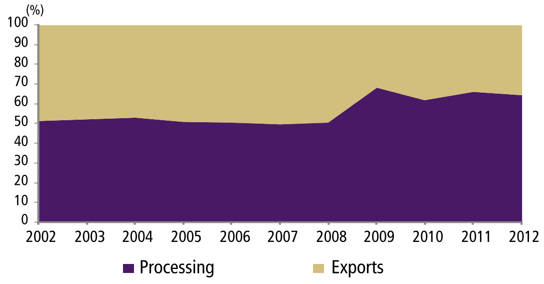



**Chart 1.2.9: Structure of crude phosphate use**




Source: OCP

Meanwhile, the volume of non-phosphate mineral exports fell by 6 percent, due to a drop of 21 percent in scrap exports and 7 percent in lead sales. Other minerals, such as barium, copper, fluorine and iron showed positive changes.

## Energy

The energy sector growth in 2012 was mainly driven by the momentum of the "electricity and water" branch whose value added improved by 6.9 percent from 6 percent in 2011. However, the growth of refining activity fell by 1.8 percent compared to a rise of 28.5 percent a year ago.

In terms of output, 13.8 million tonnes of oil equivalent (TOE)[1] were produced, up 8.4 percent compared to 2011. The final energy consumption rose by 4.2 percent to 17.2 million TOE.

**Chart 1.2.10: Energy production and consumption (thousand TOE)**

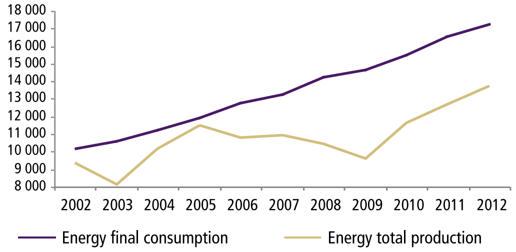
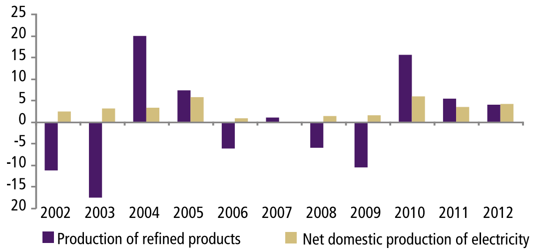



**Chart 1.2.11: Contribution to the growth of energy production (in percentage points)**



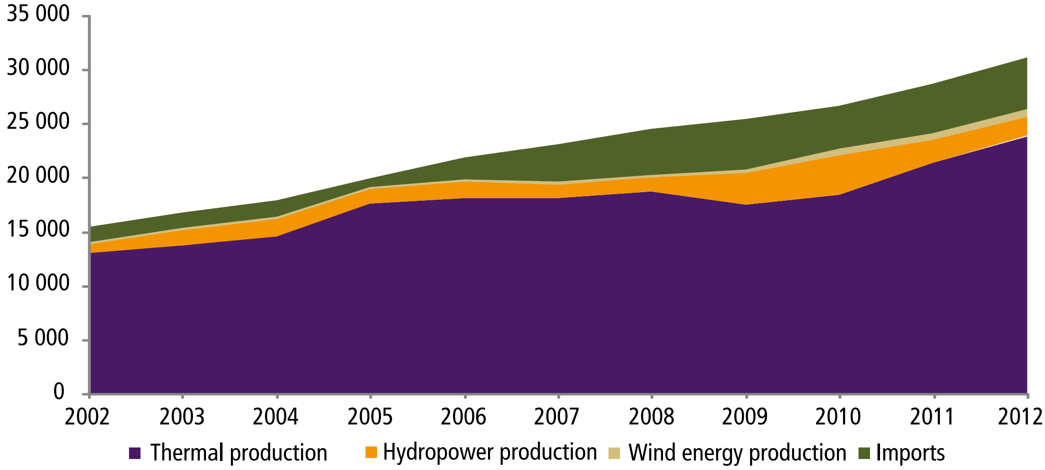

Source: Ministry of Energy, Mining, Water and Environment.

The net domestic production of electricity increased by 8.6 percent to 26 billion KWH, mainly due to a 4.7 percent increase in the installed capacity. By source, thermal and wind energy production rose 11.7 percent and 5.2 percent, respectively, while water energy output dropped 15.1 percent, due to the lack of rainfall.

1 TOE is the energy produced by burning one tonne of average-quality oil and is used to make a comparison among various energies.

In parallel, demand for electricity grew by 7.4 percent as against 8.1 percent in 2011. This slight deceleration is attributed to slower demand for medium and high voltage electricity from 7.8 percent to 6.8 percent, while low voltage electricity increased by 9.5 percent as opposed to 9 percent a year earlier. Under these conditions, the increase in electricity imports was limited to 5 percent as against 16.9 percent in 2011.

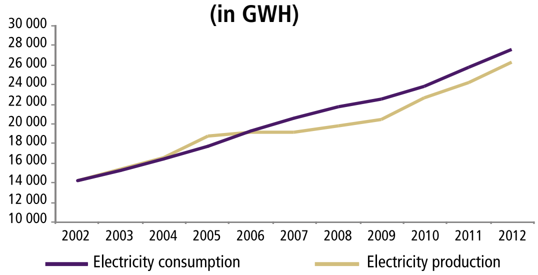
**Chart 1.2.12: Change in available electricity sources (in GWH)**




Source: National Electricity and Water Office (ONEE).

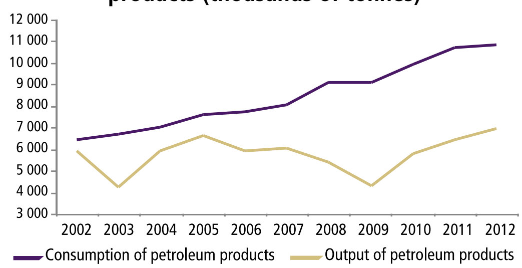
Refining industry output grew by 8.2 percent to 6.9 million tonnes, compared to 11.2 percent a year earlier. This slowdown is attributable to respective declines of 13 percent and 2 percent in fuel production and gasoline one, and the deceleration from 7 percent to 3 percent in diesel production growth. Total consumption of petroleum products amounted to 10.8 million tonnes, up 1.3 percent from 7.7 percent in 2011 and 9 percent in 2010.

**Chart 1.2.13: Electricity production and consumption (in GWH)**




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

**Chart 1.2.14: Production and consumption of petroleum products (thousands of tonnes)**



## 1.2.3 Tertiary sector

The tertiary sector recorded a growth rate of 5.9 percent in 2012 as against 6 percent a year earlier. This change is primarily due to the momentum of the "post and telecommunication" and "general administration" branches whose value added recorded respective hikes of 25.6 percent and 6.7 percent.

### Tourism

The value added of the national tourism sector grew 2.5 percent after a decline of 2 percent in 2011, despite a difficult economic environment in the major tourism source markets. The growth rate of tourist arrivals slowed down again, from 11.4 percent in 2010 to 0.6 percent in 2011 and 0.4 percent in 2012, well below the average rates in the world and in North Africa. Tourist arrivals, in fact, amounted to nearly 9.37 million visitors in 2012 as against 9.34 million in 2011. Overnight stays in classified hotels rose by 3.7 percent as against a 6.4 percent decline a year earlier.

**Table 1.2.1: Change in tourist flows by region (in %)**

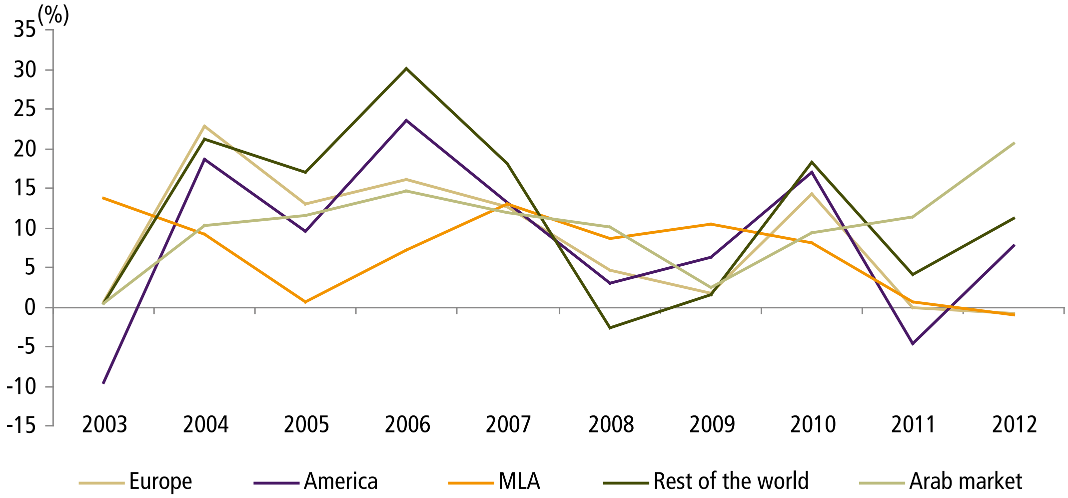
| | 2000-2010 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Asia-Pacific | 6.4 | 13.2 | 6.4 | 7.0 |
| North Africa | 6.3 | 7.0 | -9.0 | 9.0 |
| **- Morocco** | **8.1** | **11.4** | **0.6** | **0.4** |
| South Asia | 7.0 | 19.0 | 12.0 | 9.0 |
| North America | 0.8 | 6.6 | 3.0 | 3.0 |
| Europe | 2.3 | 3.1 | 6.7 | 3.0 |
| Middle East | 9.5 | 13.0 | -7.0 | -5.0 |
| World | 3.5 | 6.6 | 5.0 | 4.0 |

Source: World Tourism Organization and the Ministry of Tourism.

Foreign tourist arrivals totaled nearly 5 million, up 1.6 percent from 0.5 percent in 2011. By nationality, this trend concerned mainly Spanish and English tourists with respective increases of 5.4 percent and 1.5 percent. In contrast, the number of French, Belgian and German tourists fell by 0.4 percent, 1.3 percent and 9.2 percent, respectively. The number of visitors from other European countries also declined by 5.3 percent, while arrivals of nationals from Arab countries and North America registered increases of 20.6 percent and 7.6 percent, respectively.

Arrivals of Moroccans living abroad (MLA) decreased by 1 percent to 4.4 million after a rise of 0.7 percent in 2011 and 8.5 percent on annual average between 2001 and 2010.

**Chart 1.2.15: Change in tourist numbers by nationality**




Source: Ministry of Tourism.

Overnight stays in classified hotels totaled 17.5 million, up 3.7 percent after a 6.4 percent decline in 2011. They increased by 11 percent from 9 percent a year earlier for residents, and by 1 percent to 12.5 million, after an 11 percent decrease for non-residents. This recovery particularly concerned the destinations of Marrakech, Casablanca and Tangier where respective rises of 2.8 percent, 9.8 percent and 5.7 percent were recorded. In contrast, overnight stays in Agadir and Fez almost stagnated in 2012.

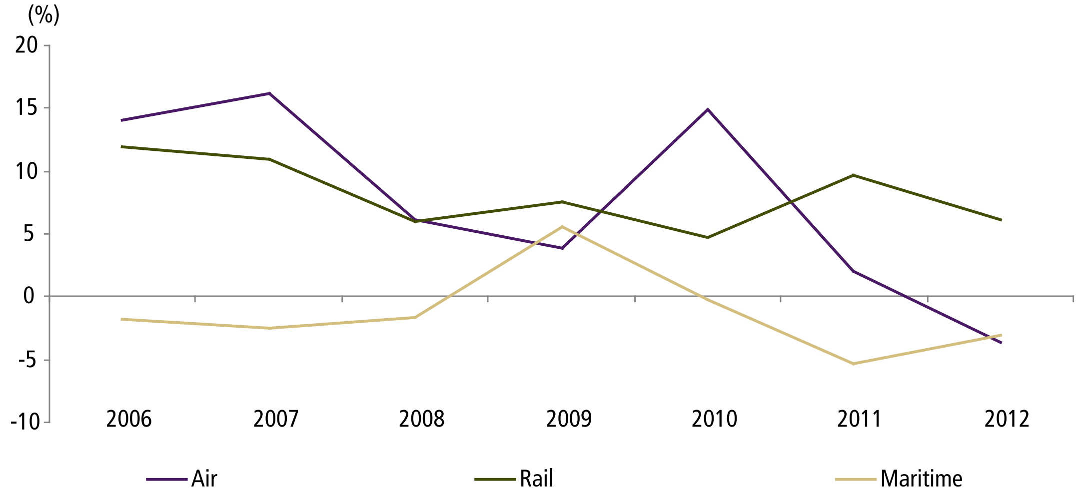
Hotel capacity stood at 193,987 beds in 2012, an additional supply of 9,862 beds compared to 2011. This offer remains concentrated mainly in Marrakech, Agadir, Casablanca and Tangier. Against this backdrop, the occupancy rate stabilized at 40 percent, reflecting stagnation in all destinations, with the exception of Agadir where the rate fell by 2 percentage points to 53 percent.

## Transport

The growth of the value added of transport services slowed down from 5.9 percent in 2011 to 3.7 percent in 2012, reflecting a decline in passenger air and maritime transport and merchandise maritime and rail traffic.

The volume of passenger air transport stood at 15.1 million travelers, down 3.6 percent in 2012 as against increases of 2 percent in 2011 and 14.9 percent in 2010. This trend, which involved almost all airports, reflects decreases of 3.4 percent in international air traffic and 5.9 percent in domestic flights. Similarly, the passenger maritime transport showed a contraction of 3 percent as against that of 5.4 percent in 2011. However, rail traffic grew by 6.1 percent as against 9.8 percent to 36 million travelers.

**Chart 1.2.16: Change in passenger traffic by type of transport**



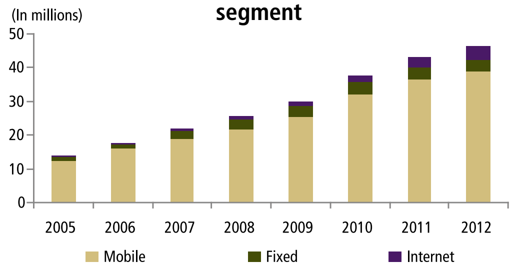

Sources: ONDA, ONCF, ANP and BAM calculations.

Regarding freight, the overall domestic shipping, including transshipment at Tanger Med Port, representing 17 percent of the total, amounted to 92.3 million tonnes, down 3.9 percent as against an increase of 4.1 percent in 2011. This drop affected only the transshipment activity with a decline of 30.6 percent in tonnage, following labor unrest in that port. However, national traffic grew by 4.1 percent, reflecting an increase of 5 percent in imports and 2.6 percent in exports. Rail freight posted a slight decline of 0.3 percent to 36.9 million tonnes, as against a rise of 2.8 percent in 2011.

## Communication

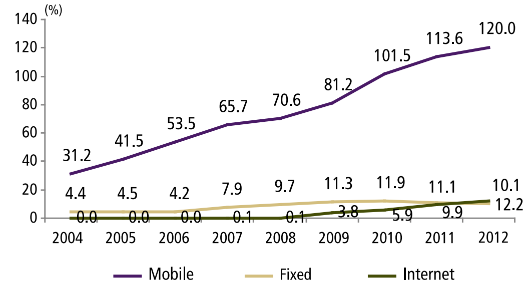
Driven by the expansion of the "mobile telephony" segment, the telecommunication branch maintained a good performance in 2012, with its value added growing by 25.6 percent as against 19 percent a year earlier.

**Chart 1.2.17: Change in the number of subscribers by segment**




Source: ANRT.

**Chart 1.2.18: Change in the penetration rate**



By segment, the global mobile market, dominated by prepaid accounts with 95.2 percent of the total, reached more than 39 million subscribers, up 6.7 percent, bringing the penetration rate from 113.6 percent to 120 percent in one year. The number of Internet subscribers rose significantly by 24.3 percent to 4 million, mainly driven by the 26.4 percent growth in the third-generation mobile Internet (3G). Under these conditions, the penetration rate rose from 9.9 percent in 2011 to 12.2 percent in 2012. However, the number of fixed telephony subscribers moved down from 11.1 percent to 10.1 percent, reflecting an 8.1 percent decline in this segment as against 5 percent in 2011. This decrease covers a decline of 8.4 percent in the number of residential customers and an increase of 2.4 percent in the number of business customers.

# 1.3 Labor market

Despite an apparent stabilization of the unemployment rate, labor market conditions in Morocco deteriorated significantly in 2012, as a result of the decline in agricultural production and the deceleration of nonagricultural activities. Almost no net job creation was registered, while over the 1999[1] -2011 period, the minimum recorded was 42,000 jobs in 2005. Apart from "services", which became in 2012 the first job-providing sector ahead of agriculture, all other sectors suffered losses. In particular, employment in building and public works was down after a steady rise since 2003. The number of workers in the sector of "industry including handicrafts" continued its contraction that began in 2009.

This deterioration was accompanied by lower participation rate in all categories of population, which indicates the withdrawal of a portion of the labor force from the labor market. Against this backdrop, the unemployment rate only rose slightly to 9 percent, as against 8.9 percent in 2011. The increase was, however, significant among urban youth with more than one in three of the 15 to 24 years age group and nearly one in five of those aged 25 to 34 years without work. In total, the number of unemployed increased to 1.04 million, of whom more than half are first-time job seekers and nearly two-thirds are jobless for more than one year.

In this context, the guaranteed minimum wage and the minimum agricultural wage were raised by 5 percent in July 2012, following the decision taken to this effect as part of the social dialogue in May 2011. The private sector's average wage index, calculated on the basis of data from the National Social Security Fund (CNSS), also appreciated in nominal terms by 4.1 percent.

## 1.3.1 Activity indicators

The labor force aged 15 and over reached nearly 11.55 million persons in 2012, up 0.1 percent as against 0.8 percent in 2011 and 1 percent on annual average between 2007 and 2011. This deceleration covers a 0.8 percent decline in rural areas and a slowdown from 1.6 percent to 0.9 percent in urban areas.

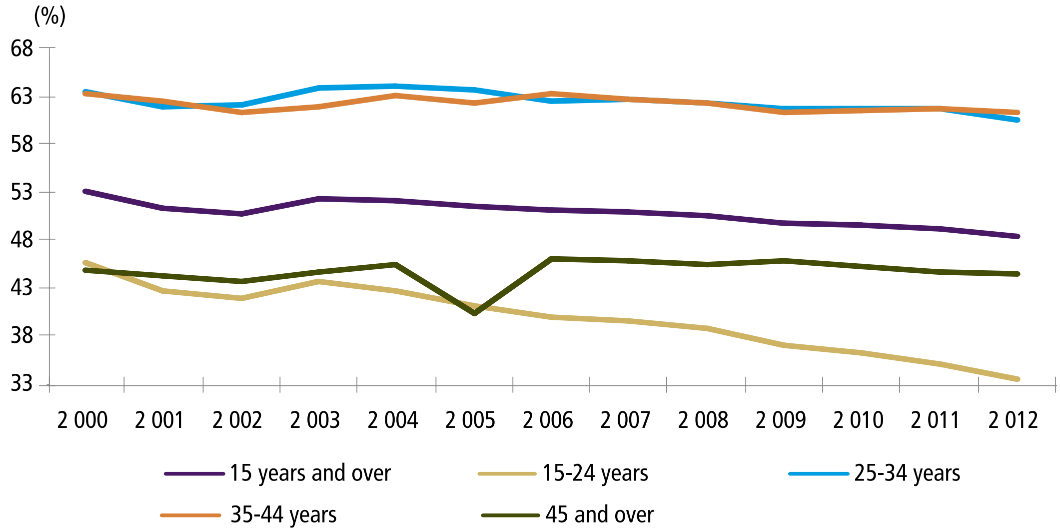
Taking into account a 1.6 percent growth of the population aged 15 and over, the participation rate[2] continued its downward trend, from 49.2 percent in 2011 to 48.4 percent. This change involves a decrease of one percentage point to 57 percent in rural areas and 0.5 points in urban

1 The year when the HCP employment surveys was extended to cover the entire national territory.

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

areas to 42.8 percent, and affected both men and women with respective variations from 74.3 percent to 73.6 percent and from 25.5 percent to 24.7 percent. This trend is largely due to lower activity of the youth aged 15 to 24 years, owing to universal and longer education for this age group.

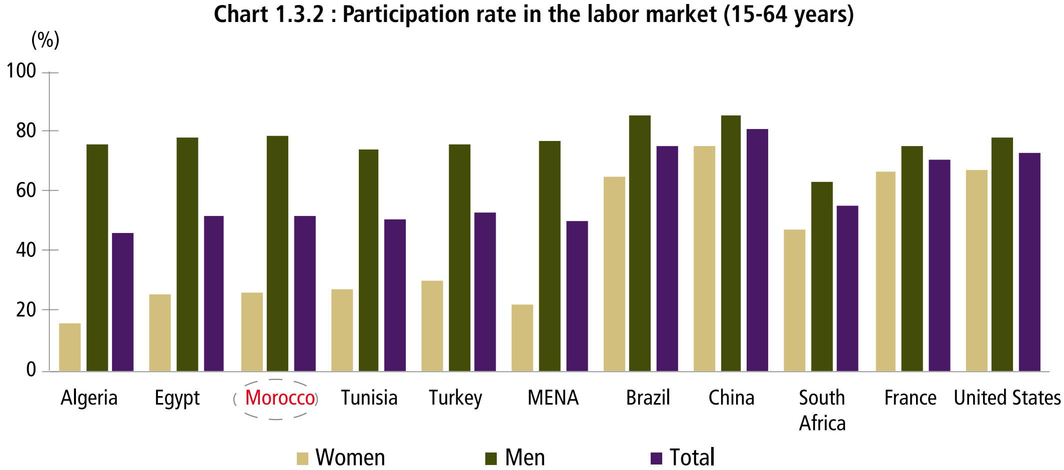
**Chart 1.3.1: Change in participation rate by age group (in %)**




Source: High Commission for Planning

When compared on an international scale, the participation rate of the group aged 15 to 64 years stood at 51.6 percent in Morocco, much lower than in developed countries and in many developing countries. For example, it reached 62.8 percent in Malaysia, 70.6 percent in France and 80.4 percent in China. In the MENA region, it stood at 50.2 percent, a relatively lower rate, mainly due to the weaker participation of women in the labor market.

**Chart 1.3.2 : Participation rate in the labor market (15-64 years)**



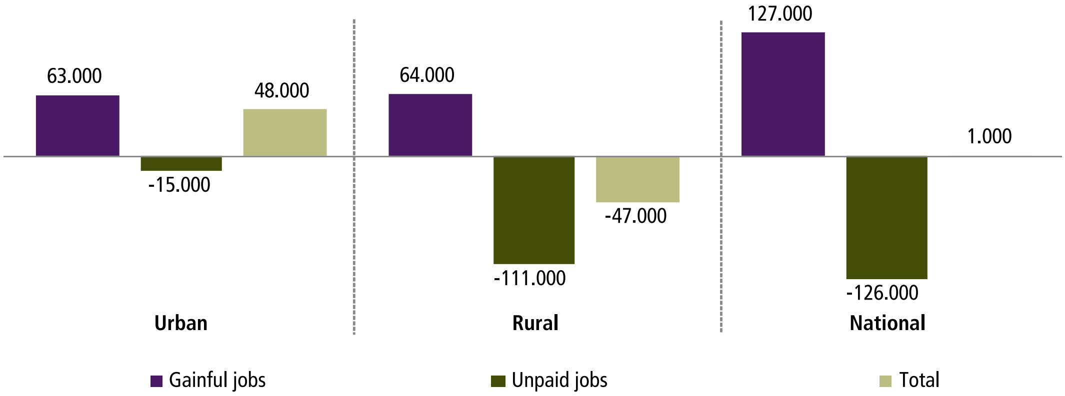

Source: WDI, World Bank

Employment rate[1] continued its downward trend that began in 2005, indicating, just like the participation rate, an underutilization of the potential labor force. Thus, it stood at 44.1 percent in 2012 from 44.8 percent a year earlier. By place of residence, rural areas show an employment rate of 54.7 percent, as against 37 percent in urban areas.

## 1.3.2 Job characteristics

The employed labor force stabilized at 10.5 million, owing to virtually no net job creation (1,000 jobs), as against 105,000 in 2011 and 116,000 on annual average between 2007 and 2011. This resulted from a loss of 47,000 jobs in rural areas and the creation of 48,000 jobs in urban areas. Gainful employment increased by 127,000 jobs, while unpaid one suffered a loss of 126,000. By professional status, the share of self-employment[2] grew by 0.5 percentage points to 43.9 percent, while the number of wage earners declined by 0.5 points to 56.1 percent.

**Chart 1.3.3: Creation of gainful and unpaid jobs in 2012**




Source: High Commission for Planning

At the sectoral level, services were the only job-providing sector, with 111,000 jobs concentrated in urban areas. These jobs were mainly created in the branches of "personal services" with 33,000 positions, "retail and repair of household appliances" with 32,000 and "domestic services" with 15,000. However, job losses, totaling 110,000 positions were registered in the sectors of agriculture with 59,000, "industry including handicrafts" with 28,000 and building and public works with 21,000 jobs.

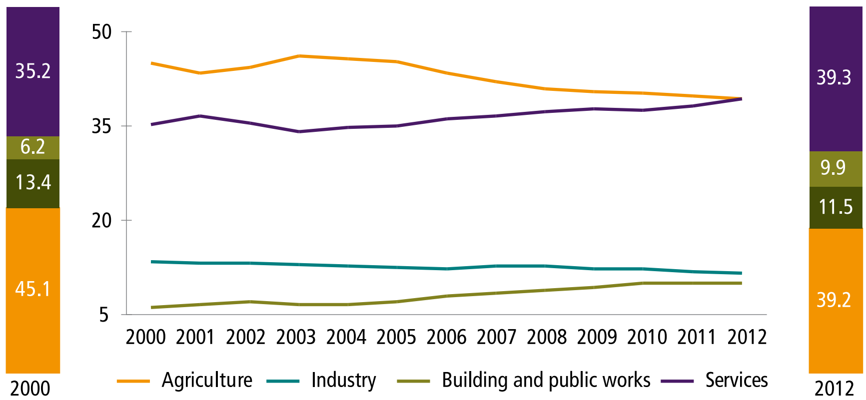
The divergent trend of job creation across activity sectors since 2000 resulted in a gradual change in the employment structure. Thus, the share of agriculture declined from 45.1 percent in 2000 to

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.

2 Self-employment refers to people who work for themselves.

39.2 percent in 2012 and industry from 13.4 percent to 11.5 percent, while the "services" became the first job-providing sector ahead of agriculture with a share of 39.3 percent, as against 35.2 percent. The share of building and public works rose to 9.9 percent from 6.2 percent. It should be noted, however, that the branch of "retail and repair of household appliances", dominated by the informal employment, constitutes more than one-third of jobs in the services sector.

**Chart 1.3.4: Change in employment structure by sector (in %)**




Source: High Commission for Planning

Structure by education level shows a low-skilled employment in Morocco, with a predominance of people with no education, who account for 33.1 percent in 2012. The proportions of those with primary, college and secondary levels are 27.1 percent, 15.9 percent and 10.4 percent, respectively. In contrast, people with a higher education level represent only 8.3 percent of this population.

**Box 1.3.1: Job-content of growth**

Between 2007 and 2012, the national economy registered an average annual growth of 4.1 percent. Meanwhile, 583,000 jobs were created, i.e 97,000 positions annually. Thus, on average, each percentage point of growth resulted in the creation of nearly 24,000 jobs. This pace of job creation remains insufficient to cause a significant decline in unemployment in the medium term. Indeed, over the same period, the labor force aged 15 and over rose from 11.15 to 11.55 million persons, or 401,000 people more or nearly 67,000 on average annually. In addition, unemployed population was reduced by only 30,000 per year, to 1.04 million in 2012.

**Chart B1.3.1.1 : Employment growth and GDP at constant prices**

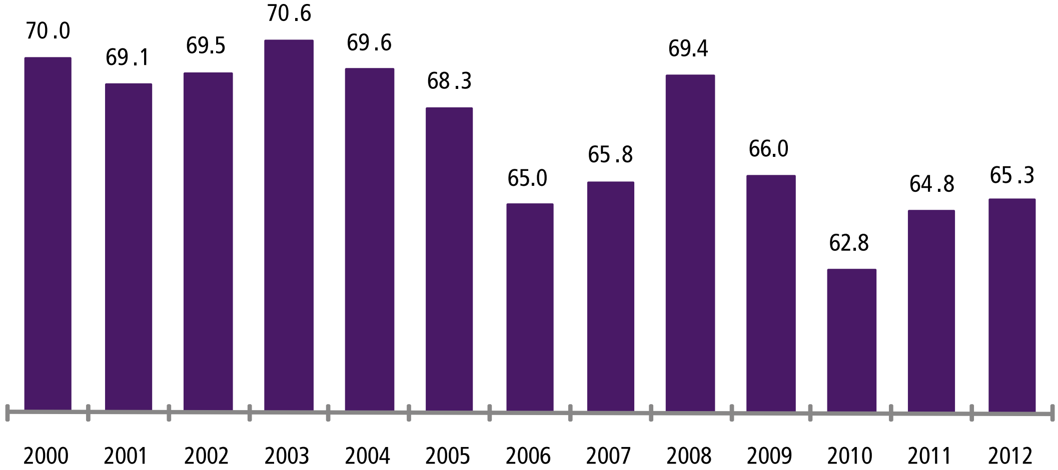

Sources: HCP, and BAM calculations

The linear projection of this trend by 2016 shows an increase in the labor force by 268,000 to nearly 11.9 million and job creations of about 388,000, leading to a decrease in the number of the unemployed by nearly 120,000 to 920,000. However, these projections remain largely optimistic, given the low participation rate and mobility, mainly of women, between activity and inactivity. Indeed, when the context is not favorable, a portion of the working population withdraws from the labor market and becomes inactive. This movement helps contain the rising number of the unemployed and stabilize the unemployment rate as defined by the ILO. For these reasons, the labor force remains a measure that underestimates the actual supply of available jobs. According to projections by the HCP, the working-age population, and therefore potentially active, increases by 190,000 persons per year, a figure well above the additional 67,000 workforce recorded annually.

## 1.3.3 Change in unemployment

The unemployed labor force, estimated at 1.04 million persons in 2012, was up 1 percent, as against a decline of 0.9 percent in 2011, reflecting respective increases of 0.9 percent and 1.4 percent in urban areas and rural ones. It is still dominated by the first-time job seekers, who represent 52.1 percent and the long-term unemployed with a share of 65.3 percent.

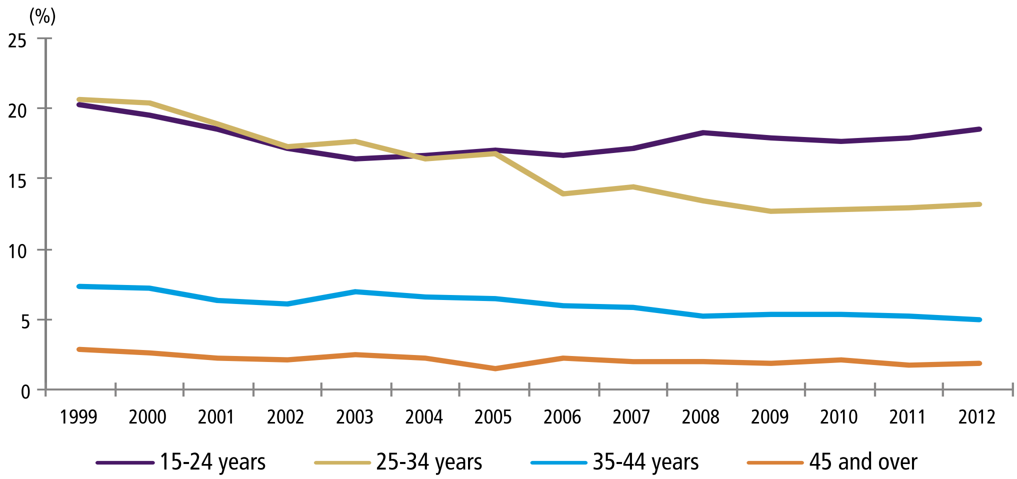
**Chart 1.3.5: Change in the share of long-term unemployment among the unemployed labor force (in %)**




Source: High Commission for Planning

Unemployment rate also rose by 0.1 percentage point to 9 percent, with a slight increase of 3.9 percent to 4 percent in rural areas and stagnation at 13.4 percent in urban areas. Analysis by age group reveals particularly an increase of 0.7 points to 18.6 percent of the unemployment rate among young people aged 15 to 24 years nationally and a rise of 1.2 points to 33.5 percent in urban areas. For other groups, this rate moved up from 12.9 percent to 13.2 percent among the labor force aged 25 to 34 years and from 1.8 percent to 1.9 percent among the population aged 45 and over, while it fell from 5.2 percent to 5 percent among the group aged 35 to 44 years. By gender, women are more affected by unemployment than men in urban areas, 20.6 percent as against 11.5 percent, but the opposite was observed in rural areas, 1.9 percent as against 4.9 percent.

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




Source: High Commission for Planning

**Box 1.3.2 : Outcome of the Second Plan on "Employment Initiative 2009-2012"**

The public policy for promoting employment and fighting against youth unemployment is focused primarily on Moukawalati, Idmaj and Taehil programs. These programs were supplemented in October 2011 by two new arrangements, namely "enhanced training-integration" and "professional integration contract" with a view to boosting employment among young graduates.

According to data from the National Agency for Promotion of Employment and Skills (ANAPEC), Moukawalati program helps in 2012 to create 749 businesses providing 1970 jobs. In terms of funding, 68 of these businesses were financed by banks, 162 by the National Initiative for Human Development and 519 were self-financed. Idmaj program promoted the integration of 55,399 young people in 2012 as opposed to 58,740 young people in 2011. According to the same source, Taehil program benefited 65,681 youth at the end of 2012, or 65.7 percent of the stated target for the period 2009-2012.

For the two new arrangements, their outcome at end-November 2012 remains virtually non-existent compared to the targets set by 2016.

| Programs | | 2009 | 2010 | 2011 | 2012 | Total | Objectif |
|---|---|---|---|---|---|---|---|
| MOUKAWALATI | Businesses created | 1,012 | 1,029 | 633 | 749 | 3,423 | 3,000 |
| | | 3,566 | 2,566 | 1,582 | 1,970 | 9,684 | 15,000 |
| IDMAJ | Jobs provided | 52,257 | 55,881 | 58,740 | 55,399 | 222,277 | 230,000 |
| TAEHIL | | 14,033 | 15,199 | 18,136 | 18,313 | 65,681 | 100,000 |

Source: National Agency for Promotion of Employment and Skills.

## 1.3.4 Change in labor cost

In July 2012, the minimum wage and the minimum agricultural wage were raised by 5 percent to 97.92 and 63.39 dirhams/day, respectively. This increase affected the private sector's average wage index, calculated on the basis of data from the CNSS, which grew by 4.1 percent in nominal terms and 2.7 percent in real terms, as against 1.6 percent and 0.7 percent respectively in 2011. Overall, given the inflation trend, the successive increases in the minimum wage granted since 2008 have improved the purchasing power by 16.7 percent over the period, or 3 percent annually.

**Table 1.3.1: Labor cost indicators (Annual change in percentage)**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| Nominal minimum wage | 0.0 | 2.5 | 4.9 | 2.4 | 5.0 | 7.2 |
| Nominal average wage index | 4.7 | 5.3 | 4.9 | 3.4 | 1.6 | 4.1 |
| Inflation | 2.1 | 3.7 | 1.0 | 0.9 | 0.9 | 1.3 |

Source: HCP, CNSS, Ministry of Employment and Vocational Training and BAM calculations.

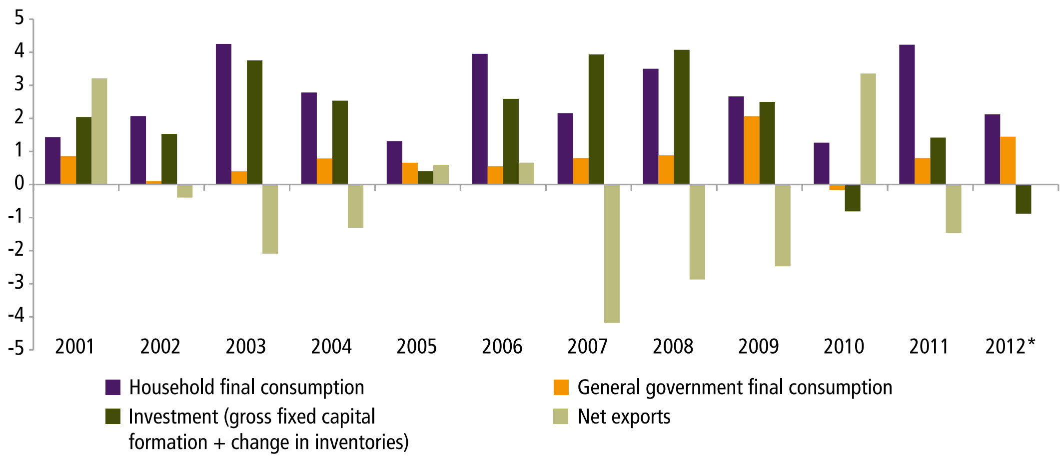
# 1.4 Domestic demand

Demand trends in 2012 were characterized by the combination of two adverse shocks. On the one hand, the weaker economic activity in key partner countries had a direct negative effect on external demand and an indirect one on domestic demand, through private current transfers. On the other hand, unfavorable weather conditions led to a drop in the agricultural value added and to the decline of rural incomes and own-consumption.

However, the impact of these shocks on domestic demand was offset by a continued expansionary fiscal policy, with particularly a still-high level of investment and a relative preservation of purchasing power, owing to a moderate inflation trend and various adjustments of pay systems and schemes.

Against this backdrop, the domestic demand growth in real terms decelerated from 5.7 percent in 2011 to 3 percent in 2012, while continuing to be the locomotive for growth, to which it contributes 2.7 percentage points. External demand's[1] share in GDP growth was zero point in 2012, as against 1.5 point in 2011. Overall, GDP growth slowed from 5 percent in 2011 to 2.7 percent in 2012.

**Chart 1.4.1: Contribution of demand aggregates to GDP growth (Percentage of GDP)**




Source: High Commission for Planning

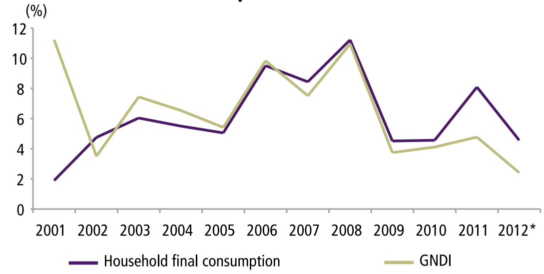
(*) Provisional data

1 External demand is the difference between exports and imports of goods and services. Its contribution to economic growth was almost zero on average over the period 1980-2012.

## 1.4.1 Consumption

National final consumption rose by 5.5 percent in 2012 in nominal terms as against 8.4 percent in 2011 and by 4.5 percent as opposed to 6.8 percent in real terms, thus contributing 3.6 percentage points to growth, compared to 5 points a year earlier. This deceleration is due to a slowdown, from 8.1 percent to 4.6 percent at current prices and from 7.4 percent to 3.6 percent at constant prices, of household final consumption, which represents 75.7 percent of national final consumption. On a quarterly basis, household consumption started, as of the third quarter of 2011, to slow down gradually from 9.6 percent to 3 percent in the fourth quarter of 2012.

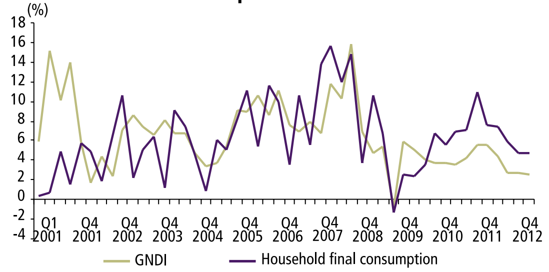
**Chart 1.4.2 : Annual change in household final consumption and GNDI**




Source: High Commission for Planning

(*) Provisional data

**Chart 1.4.3 : Quarterly change in household final consumption and GNDI**




In contrast, general government final consumption grew by 8.7 percent in nominal terms and 7.9 percent in real terms, as against 9.3 percent and 4.6 percent respectively in 2011. Its contribution to GDP change stood at 1.4 percentage point, from 0.8 point in 2011. Its infra-annual profile witnessed a significant increase in the fourth quarter, partly due to the acceleration of the Treasury's operating expenses in December.

**Chart 1.4.4: Change in general government final consumption and Treasury's operating expenses**


Sources: High Commission for Planning and Ministry of Economy and Finance

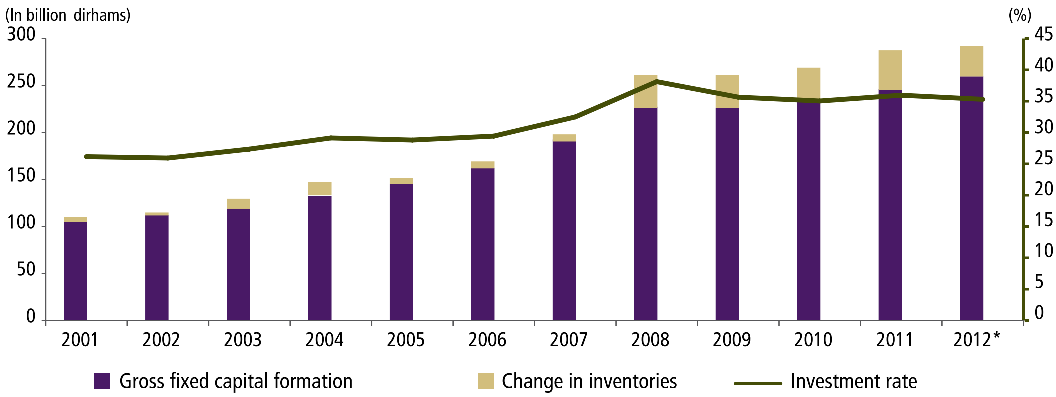
(*) Provisional data

## 1.4.2 Investment

Totaling 259.7 billion dirhams in nominal terms, gross fixed capital formation[1] (GFCF) grew by 5.4 percent in 2012 as against 5.1 percent in 2011, while it rose 1.9 percent at constant prices compared to 2.5 percent in 2011. Considering a change in inventories, valued at 32.7 billion dirhams, at current prices, as against 42.2 billion in 2011, investment grew 1.3 percent in 2012. Accordingly, the investment rate fell in one year from 36 percent to 35.3 percent.

At constant prices, investment was down 0.3 percent after rising 3.3 percent in 2011, covering a year-on-year slowdown in GFCF from 2.5 percent to 1.9 percent and a decrease of the change in inventories to 11.7 billion from 16.1 billion dirhams a year earlier.

**Chart 1.4.5: Change in investment**



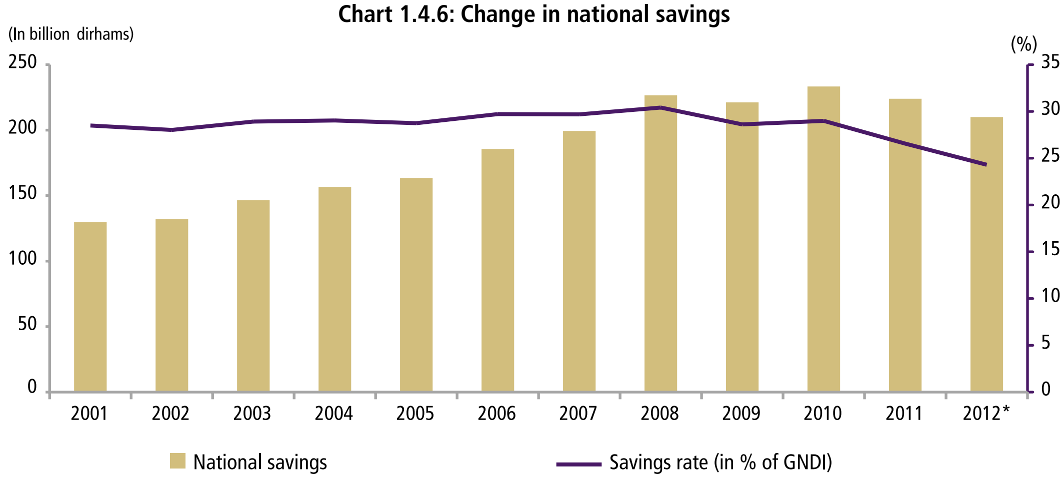

Source: High Commission for Planning
(*) Provisional data

## 1.4.3 Income and saving

The observed trend in domestic demand reflects a slowdown in the growth of gross national disposable income[2] (GNDI) in 2012. GNDI, estimated at 863.5 billion dirhams, increased in nominal terms by 2.4 percent as against 4.8 percent in 2011. In addition to the deceleration of nominal GDP from 5 percent to 3.2 percent, this change covers a continued widening of the negative balance of the net foreign income to 28.3 billion dirhams, and a 3 percent decline in current transfers from abroad, as against a 6.6 percent increase in 2011. In particular, remittances from Moroccans living abroad decreased by 3.8 percent in 2012 after they increased by 7.4 percent in 2011.

1 Gross fixed capital formation corresponds to investment, minus the change in inventories.
2 The gross national disposable income is the sum of nominal GDP, net property income and current transfers from abroad.

**Chart 1.4.6: Change in national savings**




Sources: High Commission for Planning
(*) Provisional data

Given these developments, national savings stood at 210 billion dirhams, down 6.3 percent after a decline of 4 percent in 2011. The savings rate, expressed as a percentage of GNDI, decelerated to 24.3 percent, thus continuing its slowdown that began in 2010.

The decline in national savings reflects a 4.8 percent decrease in domestic savings, particularly due to the expansion of fiscal expenditure, which resulted in negative public savings for the second year running, standing at -20 billion dirhams as against -7.6 billion in 2011.

Under these conditions, the borrowing requirement of the economy expanded year on year to 10.0 percent of GDP, mainly burdened by the Treasury borrowing requirement of 8.2 percent of GDP, thus worsening steadily over the past four years.

## Box 1.4.1: Household purchasing power

The purchasing power of households is defined as their capacity to purchase goods and services, depending on their income and the level of prices. The measurement and analysis of its trend require micro-economic data on the level and distribution of household income. Otherwise, an alternative approach is adopted based on macroeconomic aggregates from national accounts, mainly household gross disposable income per capita and inflation, as measured by the change in the consumer price index. The disadvantage of this method lies in the fact that it only provides information on the average trend and ignores inequality.

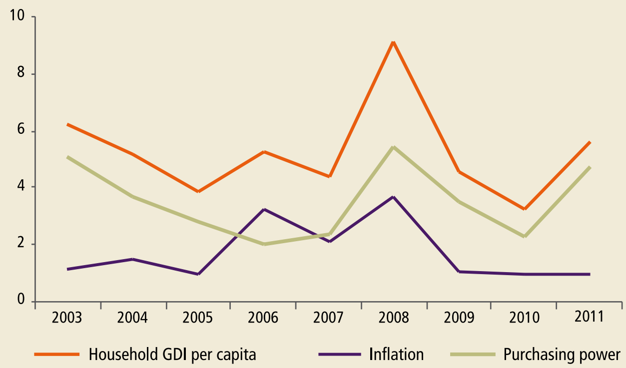
In Morocco, the available data show that between 2002 and 2011, household gross disposable income grew by 6.4 percent in nominal terms, as a result of the increase by 6.2 percent in employee compensation and 8.1 percent in property income. Given an average population growth of 1.1 percent and an annual inflation rate of 1.7 percent over that same period, household purchasing power improved annually by 3.6 percent.

To assess the level of inequalities between households, the latest microeconomic data date back to 2006/2007 and are taken from the survey on household income and living standards. Based on these data, it appears that in terms of consumption, 20 percent of the better-off households account for 48.1 percent of the overall volume of the household consumer spending compared to 6.5 percent for 20 percent of low-income households. The Gini coefficient, another tool measuring the degree of expenditure concentration, stood at 40.7. By analyzing inequalities between places of residence, expenditure per capita proves to be 1.8 times higher in urban areas than in rural ones (13,894 DH per person annually as against 7,777 DH). These indicators remained virtually stable in comparison with those of the 2001 survey on household consumption and spending.

**Table B1.4.1.1: Change in household purchasing power and its determinants, in %**

| | Household GDI per capita | Inflation | Purchasing power |
|---|---|---|---|
| 2003 | 6.2 | 1.2 | **5.1** |
| 2004 | 5.2 | 1.5 | **3.7** |
| 2005 | 3.8 | 1.0 | **2.8** |
| 2006 | 5.3 | 3.3 | **2.0** |
| 2007 | 4.4 | 2.1 | **2.4** |
| 2008 | 9.1 | 3.7 | **5.4** |
| 2009 | 4.6 | 1.0 | **3.5** |
| 2010 | 3.2 | 0.9 | **2.3** |
| 2011 | 5.6 | 0.9 | **4.7** |
| **Average** | **5.3** | **1.7** | **3.6** |

**Chart B1.4.1.1 : Change in household purchasing power and its determinants, in %**




Sources: HCP and BAM calculations

# 1.5 Economic and financial flows[1]

In 2012, the borrowing requirement of the economy worsened to 82.4 billion as against 64.6 billion dirhams in 2011. By institutional sector, estimates by Bank Al-Maghrib show that the deficit of the central government widened to 30.7 billion and that of nonfinancial companies to 67.9 billion. Similarly, the household financing capacity was limited to 3.6 billion and that of financial companies to 11.5 billion.

As funds raised on the international financial market and foreign investment flows did not cover the financing requirement of the economy, reserve holdings[2] contracted again by 29.2 billion after declining 20.3 billion in 2011.

## Central government

The borrowing requirement of the central government amounted to 30.7 billion in 2012, as opposed to 20 billion dirhams in 2011. This increase is due to an 8.6 percent growth of expenditure, faster than the 2.6 percent increase in revenues. More particularly, the financial situation of the central government deteriorated again in 2012, as its budget deficit, excluding privatization receipts, equaled 7.6 percent of GDP as against 6.7 percent in 2011.

This sector's borrowing requirement financing was provided mainly by the domestic market with a net volume of Treasury bill issues of 42.5 billion. External financing totaled 23.1 billion, including 12.8 billion borrowed from the international market.

## Nonfinancial companies

In a context characterized by a slower economic activity and persistent uncertainty about its prospects, the growth of investment by nonfinancial companies slowed down from 9.4 percent to 2.5 percent and that of their income decelerated from 5.9 percent to 0.3 percent. Consequently, their borrowing requirement worsened to 67.9 billion dirhams.

1 The table of the economic and financial flows in this chapter has undergone several amendments compared to the 2011 Report, with a view to better align with the sectoral division of national accounts and to ensure a full coverage of the financial accounts classification instruments. These adjustments are part of an ongoing recasting process to generate a detailed and comprehensive picture of the financial interactions among different institutional sectors.

2 Official reserve assets of Bank Al-Maghrib

Analysis of the domestic financing structure of this sector shows respective increases of 21.2 billion and 9.4 billion in loans granted by financial companies and in bill issues.

For their external financing, nonfinancial companies benefited from foreign investment flows, amounting to 21.5 billion and payment facilities totaling 26.1 billion.

## Households

The growth of household income slowed down to 3 percent in 2012 as against 6.7 percent a year earlier and 6 percent on average over the past ten years. This change affected household consumer spending, which decelerated from 8.1 percent in 2011 to 4.6 percent. Overall, their financing capacity declined from 4.5 to 3.6 billion dirhams.

Under these conditions, households' deposits growth stood at 23.3 billion as against 33.9 billion in 2011, while their net equity on insurance reserves fell to 7.9 billion from 10.5 billion. As for contracted loans, they were up 15 billion, significantly lower than 29.1 billion in 2011.

## Financial companies

In 2012, the net flow of deposits collected by financial companies recorded a significant drop, falling in one year from 88.5 billion to 53.8 billion dirhams, while the insurance reserves increased by 8.6 billion as against 11.9 billion in 2011. In contrast, net issues of UCITS rose to 9.3 billion from 6.7 billion in the previous year.

As for assets, loans granted by financial companies increased by 32.5 billion, as opposed to 74.5 billion in 2011, while their securities holding moved up by 27.5 billion as against 53.3 billion a year earlier. This latest change is attributed to respective increases of 46.6 billion and 14.6 billion in their purchases of Treasury bills and in corporate bonds as well as a decrease of 35.6 billion in their portfolio of securities issued by nonresidents.

## Table 1.5.1: Economic and financial flows in 2012

### A- Nonfinancial transactions

In billion dirhams

| | Central government | Nonfinancial companies | Financial companies | Households | Rest of the world |
|---|---|---|---|---|---|
| Gross disposable income | 167.8 | 101.5 | 20.0 | 574.2 | |
| Final consumption | 159.1 | | | 494.5 | |
| Investment | 31.8 | 176.4 | 4.7 | 79.5 | |
| Net exports | | | | | 117.8 |
| Net income and current transfers (1) | | | | | -35.4 |
| Net capital transfers | -7.6 | 7.0 | -3.8 | 3.4 | 1.0 |
| **Borrowing surplus (+) / requirement (-)** | **-30.7** | **-67.9** | **11.5** | **3.6** | **82.4** |

### B- Financial transactions

In billion dirhams

| Assets | | | | | | Resources | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Central government | Nonfinancial companies | Financial companies | Households | Rest of the world | | Central government | Nonfinancial companies | Financial companies | Households | Rest of the world |
| 0.0 | 0.0 | -1.6 | 0.0 | 1.6 | **Gold and SDR** | | | | | |
| **7.9** | **6.0** | **34.7** | **27.7** | **-1.4** | **Currency and deposits** | **4.1** | **0.0** | **60.0** | **0.0** | **10.9** |
| -0.5 | 1.7 | 1.4 | 4.4 | 0.0 | Currency | 0.0 | 0.0 | 6.2 | 0.0 | 0.7 |
| 0.7 | 8.0 | 7.9 | 12.7 | -1.4 | Transferable deposits | 4.5 | 0.0 | 13.2 | 0.0 | 10.2 |
| 7.7 | -3.7 | 25.4 | 10.6 | 0.0 | Other deposits | -0.5 | 0.0 | 40.6 | 0.0 | 0.0 |
| **-6.0** | **0.1** | **27.5** | **4.6** | **12.8** | **Securities other than shares** | **55.3** | **9.4** | **9.9** | **0.0** | **-35.7** |
| **8.0** | **0.0** | **32.5** | **0.0** | **31.5** | **Loans** | **13.3** | **40.6** | **-0.1** | **15.0** | **3.1** |
| **31.5** | **1.9** | **9.6** | **0.8** | **25.2** | **Shares and UCITS units** | **3.5** | **33.5** | **16.7** | **0.0** | **17.1** |
| 16.4 | 16.4 | 2.4 | 0.2 | 24.4 | Shares and other equity | 3.5 | 33.5 | 7.4 | 0.0 | 17.1 |
| 15.1 | -14.5 | 7.2 | 0.6 | 0.8 | UCITS securities | 0.0 | 0.0 | 9.3 | 0.0 | 0.0 |
| **0.0** | **0.2** | **0.5** | **7.9** | **0.0** | **Insurance technical reserves** | **0.0** | **0.0** | **8.6** | **0.0** | **0.0** |
| 0.0 | 0.0 | 0.0 | 6.7 | 0.0 | net equity of households on life insurance reserves and on pension funds | 0.0 | 0.0 | 6.7 | 0.0 | 0.0 |
| 0.0 | 0.2 | 0.5 | 1.2 | 0.0 | Premium reserves and claims reserves | 0.0 | 0.0 | 1.8 | 0.0 | 0.0 |
| **5.4** | **51.2** | **2.3** | **-1.8** | **27.4** | **Other accounts receivable / payable** | **0.2** | **46.5** | **2.3** | **19.7** | **15.4** |
| 0.1 | 41.2 | 0.6 | 0.0 | 26.1 | Trade credits and advances | -4.8 | 49.2 | 0.0 | 8.7 | 15.4 |
| 5.3 | 10.0 | 1.8 | -1.8 | 1.3 | Other accounts receivable/ payable | 5.0 | -2.7 | 2.3 | 11.0 | 0.0 |
| **46.8** | **59.4** | **105.5** | **39.1** | **97.2** | **Total financing** | **76.4** | **130.0** | **97.5** | **34.7** | **10.8** |
| **-29.6** | **-70.6** | **8.0** | **4.4** | **86.4** | **Borrowing surplus (+) / requirement (-)** | | | | | |

(1) For resident sectors, income and current transfers are included in gross disposable income
Source: Estimates by Bank Al-Maghrib

# 1.6 Inflation

Inflation, as measured by the change in the consumer price index (CPI), remained moderate in 2012 at 1.3 percent, from 0.9 percent in 2011. This rate, which is consistent with the Bank's forecasts and in line with its price stability objective in the medium term, is attributed to four main factors.

The first element is the increase by the Government of the prices for major fuels on June 1, 2012. Secondly, volatile food prices registered an increase of 3 percent, after declining 2 percent in 2011, which was particularly marked in December when adverse supply conditions caused the prices of fresh vegetables to rise markedly.

The other two factors are related to the slower growth in the prices of tradables, in conjunction with easing inflationary pressures in partner countries, and the lower prices of nontradables, mainly due to the low domestic demand pressures and the downward adjustment of prices for communication services. These two trends caused a significant decline in core inflation from 1.8 percent to 0.8 percent.

Furthermore, the relatively abating tensions on global commodity prices, especially as of the second half of 2012, spread to import prices and later to industrial producer ones. Indeed, the growth of the non-energy import price index decelerated from 21.5 percent to 6.5 percent, and that of manufacturing producer prices slowed down from 14.8 percent to 4.8 percent.

## 1.6.1 Consumer prices

In 2012, the CPI rose 1.3 percent from 0.9 percent in 2011, with significant change in its components (Table 1.6.1). This trend covers a decline in core inflation (CPIX)[1] to 0.8 percent from 1.8 percent in 2011, and a 2.2 percent increase in the prices of products excluded from the CPIX, as against a decline of 0.7 percent.

1 Excluding volatile food and regulated goods.

**Table 1.6.1: Change in major CPI items**

**(2006=100)**

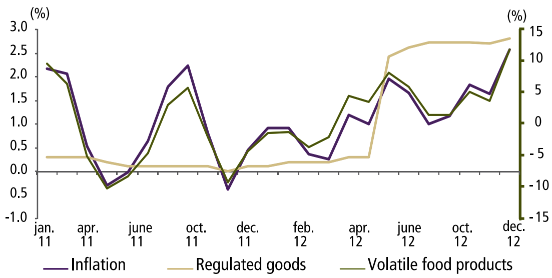
| Groups of products | Weights in the reference basket In % | Change in % | | |
|---|---|---|---|---|
| | | 2010 | 2011 | 2012 |
| **Consumer price index, including:** | **100** | **0.9** | **0.9** | **1.3** |
| **Items excluded from core inflation** | **32.9** | **2.2** | **-0.7** | **2.2** |
| - Food products | 12.1 | 5.1 | -2.0 | 3.0 |
| - Fuels and lubricants | 2.4 | -0.7 | 0.0 | 9.9 |
| - Regulated goods excluding fuels and lubricants | 18.4 | 0.4 | 0.1 | 0.7 |
| **Core inflation** | **67.1** | **0.4** | **1.8** | **0.8** |
| - Food products included in core inflation | 26.1 | -0.6 | 3.3 | 2.2 |
| - Clothing items and footwear | 3.9 | 0.5 | 1.6 | 2.1 |
| - Housing, water, gas, electricity and other fuels (*) | 7.0 | 0.8 | 1.0 | 1.0 |
| - Furniture, household appliances and routine household maintainance | 4.9 | 0.8 | 0.8 | 0.1 |
| - Health (*) | 0.1 | 0.0 | 0.3 | 2.0 |
| - Transport (*) | 7.0 | 0.3 | -0.3 | 0.8 |
| - Communications | 3.5 | -1.1 | -5.4 | -19.6 |
| - Entertainment and culture | 2.2 | -0.7 | -0.7 | 0.5 |
| - Education | 3.9 | 4.1 | 4.1 | 3.8 |
| - Restaurants and hotels | 2.9 | 2.4 | 1.7 | 2.0 |
| - Miscellaneous goods and services | 5.5 | 1.7 | 2.1 | 1.4 |

(*) Excluding regulated goods.

Sources: HCP, and BAM calculations.

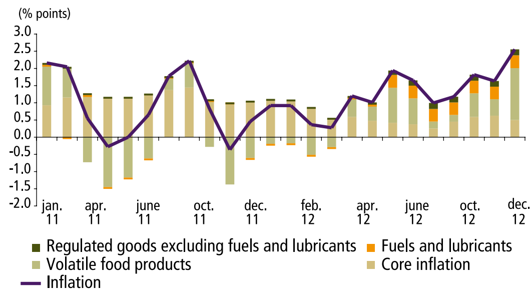
Volatile food prices rose 3 percent, contributing 0.4 percentage point to annual inflation. This increase, which is broadly attributed to adverse supply conditions towards the end of the year, covers an increase of 1.4 percent in the prices of fresh fruits and vegetables and 6.1 percent in those of poultry, as well as respective declines of 3 percent and 0.2 percent in the prices of citrus and fish. The analysis of infra-annual change shows highly volatile prices for these goods, with variations ranging from -2.3 percent in the first quarter to 6.7 percent in the fourth quarter.

**Chart 1.6.1: Change in inflation and food prices excluded from CPIX (YoY)**




Source: HCP, and BAM calculations

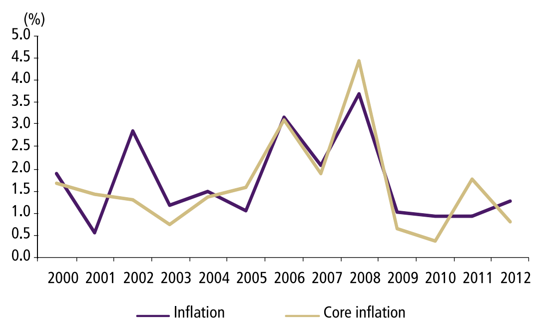
**Chart 1.6.2: Contribution of main headings to inflation (YoY)**




With regard to regulated goods, in addition to the 9.9 percent increase in the prices of "fuels and lubricants", the rise in pump prices in June 2012 also affected those of "road passenger transport" which moved up 3.8 percent. The prices of other regulated goods did not change significantly, as the prices of "water, electricity and gas" stagnated and those of certain services, mainly medical and hospital ones, increased somewhat.

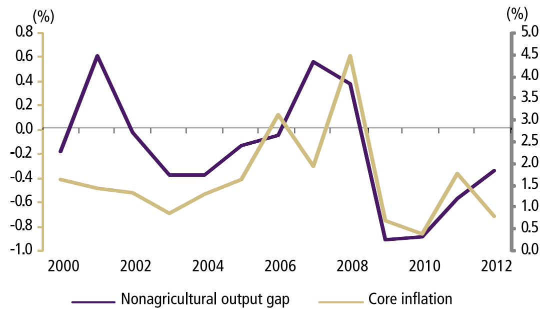
The decline in core inflation occured in a context marked by weak demand pressures, as evidenced by the trend of the nonagricultural output gap (Chart 1.6.4). It results from a slower growth of food prices included in the CPIX, a 19.6 percent decrease in communication prices as against 5.4 percent in 2011, and a slower growth of the prices for education and miscellaneous goods and services (Table 1.6.1). On this basis, the absolute difference between headline inflation and core inflation stood at 0.5 percentage point in 2012, as against 0.9 in 2011.

**Chart 1.6.3: Change in inflation and core inflation**




Source: HCP, and BAM calculations

**Chart 1.6.4: Change in core inflation and nonagricultural output gap**



**Box 1.6.1 : Food weight and inflation volatility**

Inflation volatility reflects its sensitivity to exogenous shocks that affect mainly energy products and foodstuffs. In countries where energy products are regulated, this volatility is linked to short-term disturbances in food prices. The impact of such disruptions becomes more important when the food weight in the inflation reference basket is strong.

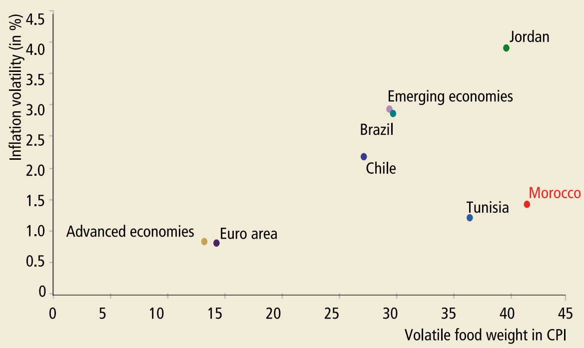
**Table B 1.6.1.1: Food share in CPI basket and inflation volatility**

| Country | Food weight in CPI in % | Inflation volatility(1) in % |
|---|---|---|
| Advanced economies | 13.3 | 0.8 |
| Euro area | 14.4 | 0.8 |
| Emerging economies | 29.5 | 2.9 |
| **Morocco** | **41.5** | **1.4** |
| Jordan | 36.7 | 3.9 |
| Tunisia | 32.7 | 1.2 |
| Brazil | 29.8 | 2.8 |
| Chile | 20.9 | 2.2 |

(1) Standard deviation of year-on-year inflation rates from January 1997 to December 2012.

Sources: IFS, statistics offices of the countries concerned, and BAM calculations.

**Chart B 1.6.1.1: Food share in CPI basket and inflation volatility**




In Morocco, volatile food products account for 12.1 percent in the CPI reference basket and constitute the main source of inflation volatility. For example, in 2012 the standard deviation is estimated at 0.7 percent for monthly inflation and 4.3 percent for volatile food products.

To better understand the underlying trend of prices, Bank Al-Maghrib, like other central banks, developed a set of core inflation indicators that it includes in its analysis arrangements, and which exclude volatile food and regulated goods.

## 1.6.1.1 Prices of tradables and nontradables

Inflation trend can also be captured through its components, prices of tradables and nontradables, which respectively represent 35 percent and 32 percent in the CPI reference basket. The advantage of this breakdown is to distinguish between the internal and external shocks impacting prices.

Thus, in a context marked by slight decline in inflationary pressures in partner countries, inflation of tradables slowed down from 2.5 percent in 2011 to 2 percent in 2012. This trend mainly reflects less rapid growth in prices for “cereal-based products” and “milk”, which jointly contributed 0.3 percentage point to inflation of tradables in 2012 as against 0.5 in 2011.

**Chart 1.6.5: Change in prices of tradables and nontradables***

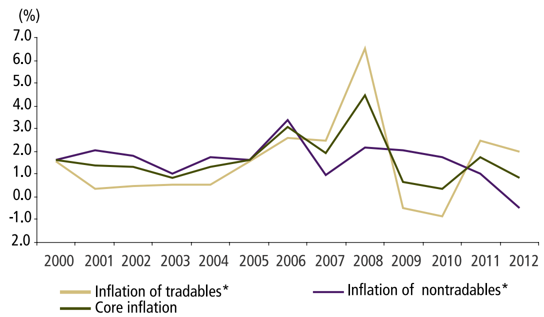
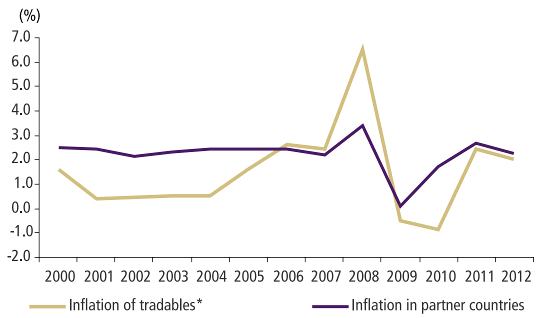



**Chart 1.6.6: Change in prices of tradables* and inflation in partner countries**

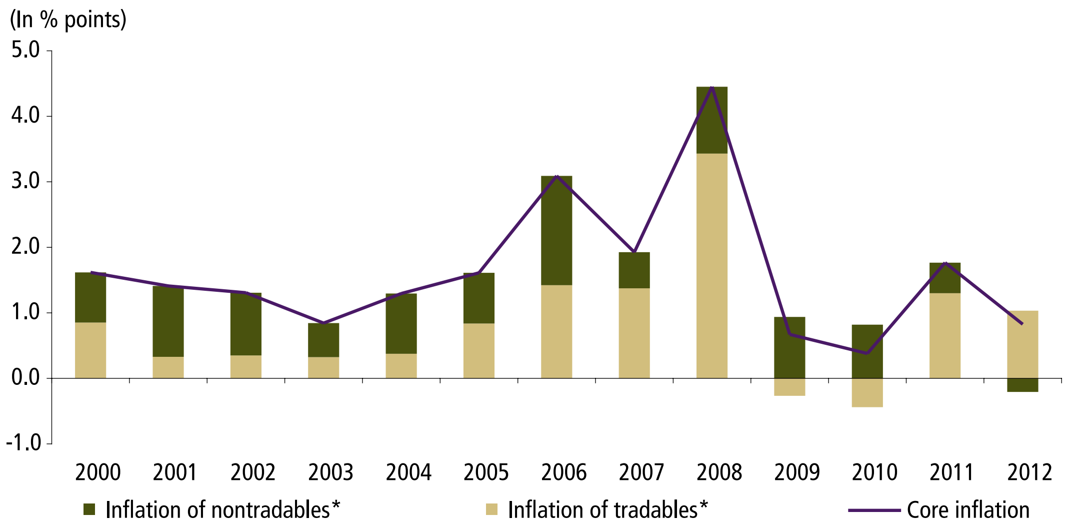



* Excluding volatile food and regulated goods.

Sources: HCP, and BAM calculations.

Prices of nontradables fell by 0.5 percent in 2012, after rising 1 percent a year earlier. This decline was primarily due to the decrease by 9.5 percent in March and 9.9 percent in May in the prices of “telephony and fax”. Excluding this component, inflation of nontradables stood at 1.5 percent in 2012, a rate almost unchanged from 2011.

**Chart 1.6.7: Contribution of prices of tradables and nontradables* to core inflation**




* Excluding volatile food and regulated goods.

Sources: HCP, and BAM calculations.

### 1.6.1.2 Consumer prices by city

The data used to calculate inflation in Morocco are taken from a national survey conducted in 17 cities. Analysis of these data shows quite changing inflation rates ranging from 0 percent in Oujda to 2.2 percent in Laayoune (see Box 1.6.2). In addition to Laayoune, the cities with the largest price increases were Dakhla with 2.1 percent, and Casablanca and Beni Mellal with 2 percent. In contrast, the lowest rates were recorded, in addition to Oujda, in Rabat with 0.6 percent and Safi with 0.9 percent.

**Box 1.6.2: Geographical variability of inflation**

The geographical analysis of the month-on-month inflation trend shows significant differences between the 17 cities of Morocco covered by the CPI. They fall somewhat when considering changes over longer periods, but remain significant over the four-year horizon. Indeed, the intercity average range(*) of the monthly change of inflation in 2012 reaches 4.2 percentage points, but stands at merely 2.2 points when considering the annual change between 2011 and 2012.

**Table B 1.6.2.1: Maximum and minimum inflation rate in 2012 in the 17 cities included in the CPI**

| | Maximum (in %) | Minimum (in %) | Range (in % points) |
|---|---|---|---|
| January | 3.5 | -1.0 | 4.5 |
| February | 2.7 | -2.1 | 4.8 |
| March | 3.0 | -1.2 | 4.2 |
| April | 4.1 | -0.4 | 4.4 |
| May | 2.9 | -0.5 | 3.3 |
| June | 3.3 | 1.1 | 2.2 |
| July | 2.6 | -0.5 | 3.1 |
| August | 3.3 | -1.5 | 4.8 |
| September | 3.3 | -0.6 | 3.9 |
| October | 3.8 | -1.6 | 5.4 |
| November | 2.7 | -2.2 | 4.9 |
| December | 3.9 | -0.8 | 4.7 |
| **Average range** | | | **4.2** |

**Table B 1.6.2.2: CPI trend by city**

| | Annual average indexes | | Change (in %) |
|---|---|---|---|
| | 2011 | 2012 | |
| Agadir | 108.6 | 110.1 | 1.4 |
| Casablanca | 110.7 | 112.9 | 2.0 |
| Fes | 109.1 | 110.5 | 1.3 |
| Kenitra | 109.0 | 110.3 | 1.2 |
| Marrakech | 109.0 | 111.0 | 1.8 |
| Oujda | 109.6 | 109.6 | 0.0 |
| Rabat | 107.7 | 108.4 | 0.6 |
| Tetouan | 110.8 | 112.0 | 1.1 |
| Meknes | 111.2 | 112.5 | 1.2 |
| Tangier | 110.4 | 111.7 | 1.2 |
| Laayoune | 109.1 | 111.5 | 2.2 |
| Dakhla | 108.1 | 110.4 | 2.1 |
| Guelmim | 109.2 | 110.4 | 1.1 |
| Settat | 109.7 | 111.4 | 1.5 |
| Safi | 105.0 | 105.9 | 0.9 |
| Beni-Mellal | 108.9 | 111.1 | 2.0 |
| Al-Hoceima | 110.9 | 112.2 | 1.2 |
| **Together** | **109.4** | **110.8** | **1.3** |
| **Range (in % points)** | | | **2.2** |

Sources: HCP, and BAM calculations.
(*) Variability indicator calculated as the difference between the maximum and the minimum.

Over the horizon 2008-2012, differences between cities in the annual average inflation diminish. The range between the highest rate, recorded in Tetouan, and the lowest one, registered in Safi, stood at 1.3 percentage point. Over this period, Casablanca was the most expensive city, with an index of 112.9, while the lowest price level was observed in Safi, with 105.9.

**Table B1.6.2.3: CPI trend by city (2008-2012)**

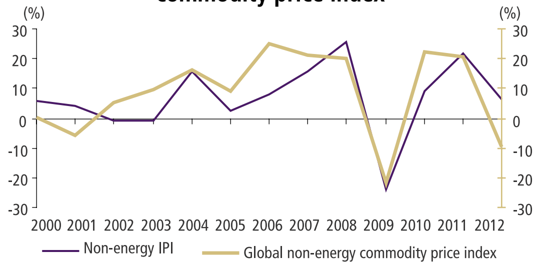
| | Annual average indexes | | Annual average change (in %) |
|---|---|---|---|
| | 2008 | 2012 | |
| Agadir | 105.1 | 110.1 | 1.2 |
| Casablanca | 106.8 | 112.9 | 1.4 |
| Fes | 106.7 | 110.5 | 0.9 |
| Kenitra | 105.7 | 110.3 | 1.1 |
| Marrakech | 106.3 | 111.0 | 1.1 |
| Oujda | 106.1 | 109.6 | 0.8 |
| Rabat | 106.0 | 108.4 | 0.6 |
| Tetouan | 105.2 | 112.0 | 1.6 |
| Meknes | 107.9 | 112.5 | 1.0 |
| Tangier | 107.6 | 111.7 | 0.9 |
| Laayoune | 105.0 | 111.5 | 1.5 |
| Dakhla | 104.4 | 110.4 | 1.4 |
| Guelmim | 105.0 | 110.4 | 1.3 |
| Settat | 106.5 | 111.4 | 1.1 |
| Safi | 104.8 | 105.9 | 0.3 |
| Beni-Mellal | 106.7 | 111.1 | 1.0 |
| Al-Hoceima | 106.4 | 112.2 | 1.3 |
| **Together** | **106.3** | **110.8** | **1.0** |
| **Range (in % points)** | | | **1.3** |

Sources: HCP, and BAM calculations.

## 1.6.2 Import prices

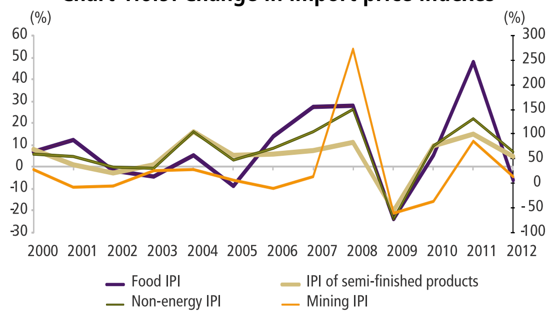
In 2012, growth of import prices broadly slowed down. Excluding energy, the import price index (IPI) rose 6.5 percent as against 21.5 percent in 2011, reflecting a slower increase in prices of mining and semi-finished products as well as a decline in those of imported food.

**Chart 1.6.8: Change in the non-energy IPI and non-energy commodity price index**




Sources: Foreign Exchange Office, World Bank, and BAM calculations.

**Chart 1.6.9: Change in import price indexes**



The increase in the IPI of semi-finished products slowed down from 14.9 percent to 4.6 percent, especially as the average import price of artificial plastic materials increased by a mere 3.2 percent after 12.7 percent in 2011. The mining IPI grew by 14.8 percent as against 85.5 percent, mainly due to the increase of 16 percent as against 151.4 percent in the average import price of crude sulfur. Meanwhile, the food IPI was down 6.1 percent after an increase of 47.5 percent a year earlier, due in particular to the 11.3 percent contraction in the average import price of wheat.

**Table 1.6.2: Change in import price indexes**

**(1996 = 100)**

| | Change in % | | |
|---|---|---|---|
| | **2010** | **2011** | **2012** |
| **Non-energy import price index** | **9.0** | **21.5** | **6.5** |
| **Food import price index, including:** | **4.7** | **47.5** | **-6.1** |
| - Wheat | -3.6 | 62.2 | -11.3 |
| - Corn | 13.4 | 35.7 | 1.3 |
| - Sugar | 15.3 | 36.9 | -7.3 |
| - Crude vegetable oils | 5.1 | 34.7 | 0.7 |
| **Mining import price index, including:** | **-37.5** | **85.5** | **14.8** |
| - Iron, blanks and blooms steel | 28.1 | 14.9 | 12.6 |
| - Crude sulfur | -57.7 | 151.4 | 16.0 |
| **Import price index of semi-finished goods, including:** | **9.4** | **14.9** | **4.6** |
| - Artificial plastic materials | 20.3 | 12.7 | 3.2 |
| - Papers and paperboard | 5.4 | 10.6 | 2.0 |
| - Wires, bars, iron sections and steel | 8.3 | 19.8 | 9.9 |

Sources: Foreign Exchange Office, and BAM calculations.

**Box 1.6.3 : Import price indexes**

To measure the level of imported inflation, Bank Al-Maghrib developed an import price index calculated monthly. This index (base year 1996 = 100) is based on a basket of 62 outstanding products that represent, in value, 80 percent of all imported products and meet two conditions:

- The product must be imported at least six times during the reference year;
- The coefficient of variation in the product's price must be less than 30 percent during the reference year.

In addition to the overall import price index, which excludes energy products, three sub-indexes are also calculated:

- Food import price index, calculated on the basis of nine outstanding products;
- Mining import price index, based on a basket of four outstanding products;
- Import price index of semi-finished goods, developed on the basis of 19 outstanding products.

The overall index and the sub-indexes are calculated using the following formula:

$$\mathrm{IPI} = \sum \alpha_i \frac{MA_q(UVI_{i,t})}{MA_q(UVI_{i,0})} \qquad UVI_{i,t} = \frac{V_{i,t}}{Q_{i,t}}$$

IPI : Import price index

$\alpha_i$ : Weight of the product "i" in all products imported during the reference year.

$MA_q$ : Moving average of q type (q = 3)

$UV_{i,t}$ : Unit value index of the product "i" during the period "t"

$V_{i,t}$ : Import value of the product "i" during the period "t"

$Q_{i,t}$ : Imported quantity of the product "i" during the period "t"

## 1.6.3 Manufacturing producer prices

The slowdown in import prices fed through to domestic producer prices, as the growth of the industrial producer price index (IPPI) decelerated from 14.8 percent in 2011 to 4.8 percent in 2012.

**Chart 1.6.10: Change in the overall DJ-UBSCI* and the industrial producer price index (by level, 1997 = 100)**

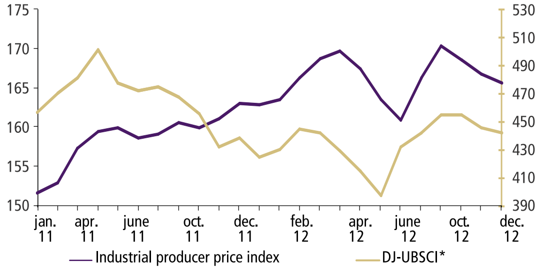
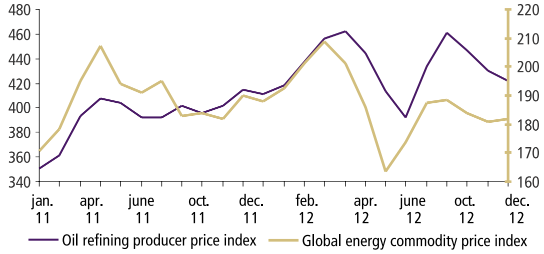



**Chart 1.6.11: Change in the global energy commodity price index and the oil refining producer price index**




* The DJ UBSCI includes 19 categories of commodities from the following sectors: energy, precious metals, base metals, agriculture and livestock.

Sources: HCP, DataStream, World Bank, and BAM calculations.

By industry, the rise of "oil refining" prices decelerated from 31.1 percent in 2011 to 10.4 percent in 2012, contributing 3.4 percentage points to the growth of the IPPI. Excluding refining, the increase was limited to 2.1 percent as against 8.1 percent a year earlier. This slowdown covers decreases in the producer prices of "leather and footwear industry" by 3 percent, "paper and paperboard industry" by 2.2 percent and "clothing and fur industry" by 0.3 percent, as well as a slowdown from 37.4 percent to 1.7 percent in prices of the chemical industry.

**Chart 1.6.12: Contribution of major sectors to the change in IPPI**


Sources: HCP, and BAM calculations

**Chart 1.6.13: Change in the major sub-indexes of manufacturing producer prices**

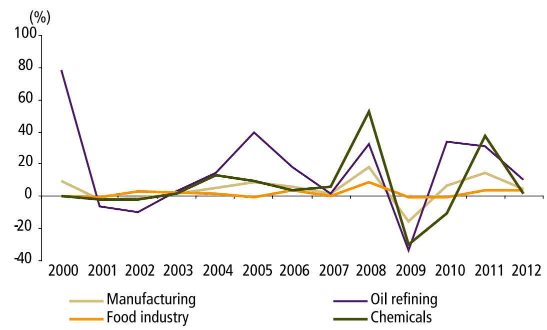



**Table 1.6.3: Manufacturing producer price index (1997=100)**

| | Weigths in % | Change in % 2010 | 2011 | 2012 |
|---|---|---|---|---|
| **Manufacturing industries excluding oil refining** | **86.7** | **-1.7** | **8.1** | **2.1** |
| Including: Food industries | 28.9 | -0.6 | 3.7 | 3.7 |
| Chemicals | 13.1 | -10.6 | 37.4 | 1.7 |
| Textile industry | 6.5 | 2.0 | 0.5 | 0.7 |
| Clothing industry | 6.7 | -0.4 | 0.3 | -0.3 |
| **Oil refining** | **13.3** | **33.8** | **31.1** | **10.4** |
| **General index** | **100** | **6.4** | **14.8** | **4.8** |

Sources: HCP, and BAM calculations.

# 1.7 Balance of payments

In 2012, the balance-of-payments current account deteriorated anew, undermining further the external viability of the Moroccan economy. Indeed, the deteriorating economic situation in the euro area and the lower prices of phosphate derivatives significantly affected export growth, whose rate fell from 17 percent in 2011 to 5.5 percent. In addition, albeit under slowdown, imports grew faster, recording 7.9 percent, mainly due to a higher energy bill. As a result, the trade deficit widened to 24.3 percent of GDP from 22.8 percent.

Travel receipts and remittances from Moroccans living abroad, which usually contribute to mitigating the effect of this deficit on the current account, showed a decline in 2012, particularly owing to higher unemployment in the euro area. Considering all these developments, the current account deficit widened to 10 percent of GDP from 8 percent last year and 5.1 percent on average between 2008 and 2010.

The capital account posted a positive balance equivalent to 10.2 percent of GDP, from 8.4 percent in 2011, mainly due to the 10.4 percent increase in foreign direct investment and the Treasury issuance of $1.5 billion on the international market.

Overall, the balance of payments outcome recorded a deficit of 3.7 percent of GDP as against 2.7 percent in 2011 and net foreign reserves fell from 173,8 billion in 2011 to 144,7 billion in 2012, representing the equivalent of 4 months and 2 days of imports of goods and services as against 5 months and 6 days a year before.

**Table 1.7.1: Change in balance of payments major components (% of GDP)**

| Section | 2001-2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| **Current account balance** | **2,4** | **-5,2** | **-5,4** | **-4,5** | **-8,0** | **-10,0** |
| Goods balance | -11,9 | -21,9 | -17,9 | -16,5 | -19,4 | -20,8 |
| Travel receipts | 7,6 | 8,1 | 7,2 | 7,4 | 7,3 | 7,0 |
| Expatriate remittances | 7,9 | 7,7 | 6,9 | 7,1 | 7,3 | 6,8 |
| **Balance of capital and financial transactions account** | **-2,1** | **5,7** | **6,0** | **4,9** | **8,4** | **10,2** |
| Direct investments | 3,3 | 2,3 | 1,6 | 1,1 | 2,4 | 2,6 |
| Commercial credits | 0,6 | 0,1 | 0,3 | 0,6 | 1,2 | 1,3 |
| Loans | -1,9 | 1,6 | 3,1 | 3,1 | 1,8 | 2,9 |
| **Foreign reserve assets (in months and days of goods and services imports)** | **8m 27d** | **6m 3d** | **7m 10d** | **6m 27d** | **5m 6d** | **4m 2d** |

Source: Foreign Exchange Office

## 1.7.1 Change in the trade balance

In 2012, imports[1] amounted to 386.1 billion dirhams, up 7.9 percent compared to 2011. This increase was greater than the 5.5 percent recorded in exports[2], which reached 184.7 billion. Accordingly, the structurally negative trade balance worsened by 10.2 percent to 201.5 billion dirhams, or 24.3 percent of GDP, as against 22.8 percent in 2011, and the export-import ratio fell to 47.8 percent from 48.9 percent in 2011 and 50.2 percent in 2010.

**Chart 1.7.1: Change in the trade balance**

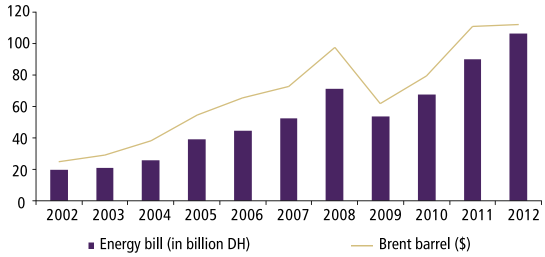

Source: Foreign Exchange Office

Concerning the change in the main import items, the energy bill rose by 17.9 percent as against 31.9 percent in 2011, thus amounting to 106.5 billion dirhams. This increase, which contributed 4.5 percentage points to import growth, is mainly attributed to a 19.4 percent rise in crude oil purchases due to increases of 13.6 percent in quantities and 5.1 percent in the price of imported tonne. It also results from a 17.3 percent increase in diesel and fuel purchases, owing to respective increases of 13.2 percent in their prices and of 3.6 percent in the quantities imported.

1 Valued CIF (Cost, insurance and freight)

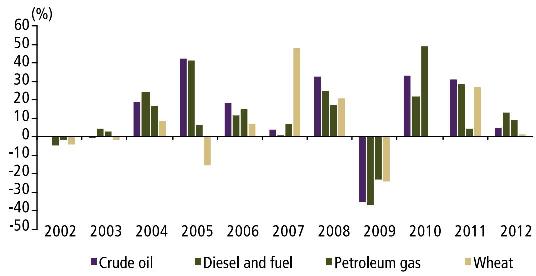
2 Valued FOB (free on board)

**Chart 1.7.2: Change in the energy bill and the Brent barrel price**




Source: Foreign Exchange Office and World Bank

**Chart 1.7.3: Change in prices of main import products**



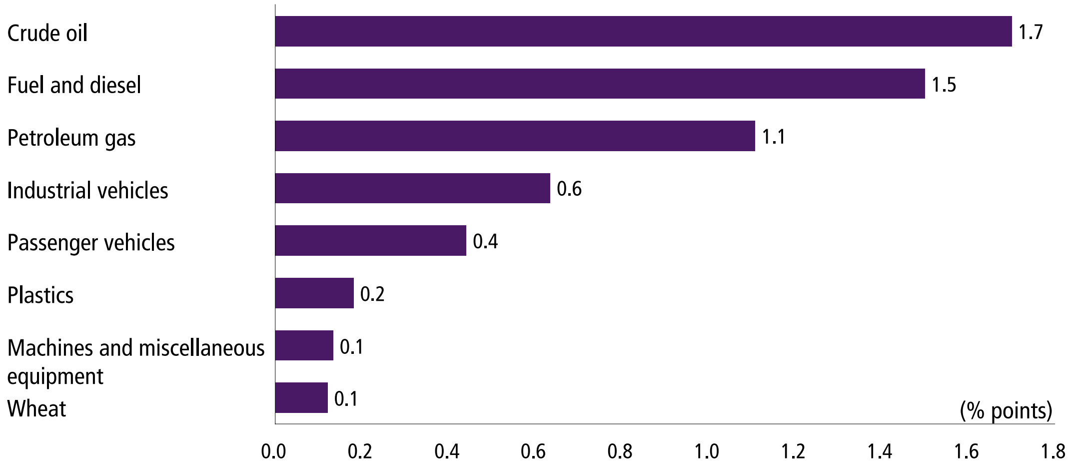

Purchases of capital goods increased by 6.9 percent, as against 3.3 percent in 2011, to 72.9 billion dirhams, due to respective increases of 41 percent and 6.6 percent in purchases of industrial vehicles and of machines and miscellaneous equipment.

Imports of consumer goods registered a growth of 5.8 percent, as opposed to 10.2 percent in 2011, to stand at 65 billion dirhams, mainly following a 17.4 percent increase in purchases of passenger cars. On the contrary, those of pharmaceutical products declined by 6 percent.

Regarding food imports, they decelerated from 33.4 percent to 7.6 percent, totaling 41.8 billion dirhams, mainly in connection with virtually stable cereal prices on the international market, after a sharp increase in 2011.

As for imports of raw materials, they amounted to 23 billion dirhams, up 1.9 percent, as against 41.6 percent in 2011, covering a 2.6 percent drop in purchases of soybean oil and a 9.7 percent increase in the crude sulfur. Similarly, purchases of semi-finished products reached 77 billion dirhams, slightly up 0.7 percent, as against 21.8 percent a year earlier, due to a 51.7 percent increase in imports of piping and steel construction fittings, and a 46.1 percent decrease in purchases of electronic components.

**Chart 1.7.4: Major contributions to imports trend in 2012**




Sources: Foreign Exchange Office

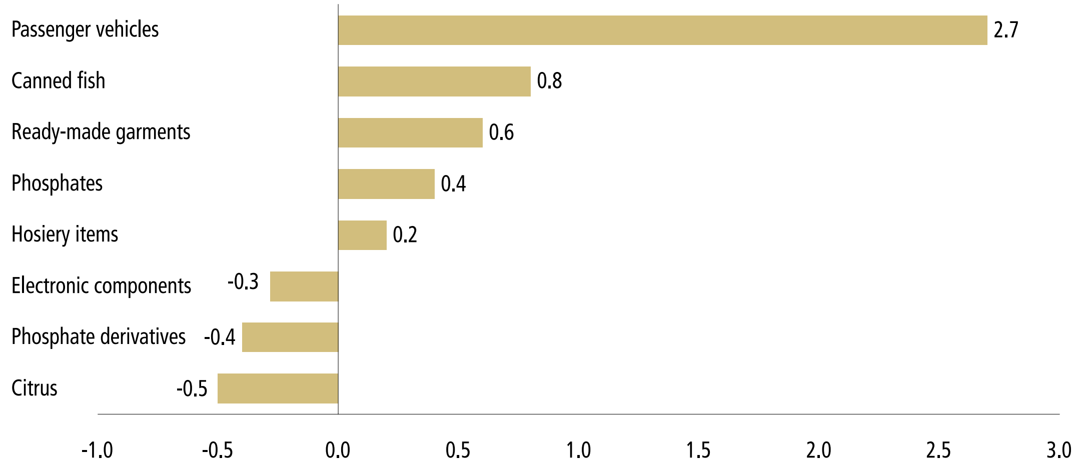
The export trend mainly reflects a slower pace of sales excluding phosphates and derivatives from 11.3 percent to 7.7 percent, to stand at 136.3 billion dirhams, and virtually stable shipments of phosphates and derivatives at 48 billion dirhams.

Shipments of consumer goods totaled 44.9 billion dirhams, up 17.9 percent from 8.4 percent in 2011. This significant improvement reflects a dynamic automotive sector, following the start of production by the Tangier-based Renault factory, as shipments of cars reached 5.7 billion, as opposed to 892.5 million dirhams in 2011, contributing 2.7 percentage points to export growth in 2012 as against 0.3 percent in 2011.

In addition, sales of ready-made garments rose by 5.6 percent, compared to 3.8 percent for hosiery items, but their contributions to export growth remain low, with 0.6 and 0.2 percentage points, respectively.

Sales of capital goods increased by 1.6 percent to 27 billion dirhams, mainly in connection with a 16.8 percent improvement in sales of apparatus for shutting down or connecting electrical circuits. The latter offset respective declines of 10.6 percent and 2.8 percent in exports of electricity wires and cables, and in sales of industrial vehicles. Food shipments also rose by 6.2 percent to 30.4 billion dirhams, especially following the significant increase of 34.4 percent in shipments of canned fish.

**Chart 1.7.5: Major contributions to exports trend in 2012**



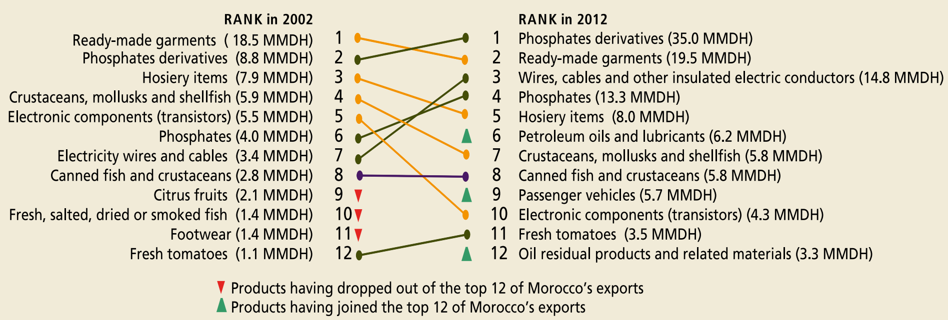

Sources: Foreign Exchange Office

**Box 1.7.1 : Change in foreign trade structure between 2002 and 2012**

The foreign trade structure changed significantly over the past ten years. Analysis of exports change makes it possible to distinguish between three periods:

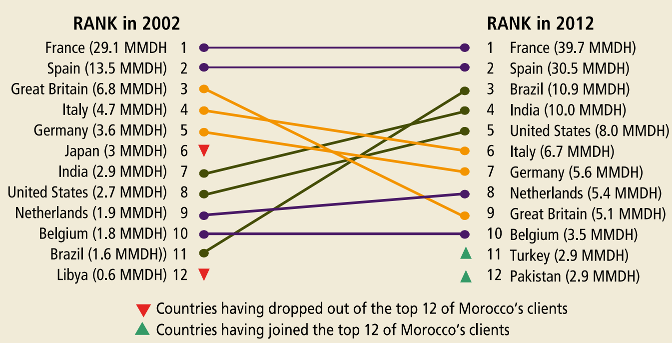
- 2002 to 2006: ready-made garments accounted for nearly 20 percent of all exports as against 16 percent for phosphates and derivatives.
- 2007-2009: exports of phosphates and derivatives grew significantly to 50 billion dirhams in 2008, or 24 percent of exports volume, while those of ready-made garments fell on average by 5 percent per year with a share falling to nearly 15 percent.
- 2010-2012: the exports structure remained dominated by phosphates and derivatives but with the emergence as of 2011 of automotive industry exports whose value reached 23.7 billion dirhams in 2012.

**Chart B.1.7.1.1 : Main exports**




By recipient country, France and Spain, the major markets for ready-made garments, and wires and cables and other insulated electric conductors, remained Morocco's main clients since 2002. Exports to Brazil increased seven-fold over the past two years to almost 11 billion dirhams in 2012, of which 8.1 billion dirhams consist of natural and chemical fertilizers. Thus, among Morocco's first twelve clients, Brazil moved from the 11th rank in 2002 to the 3rd one in 2012 before India and the United States. Exports to Great Britain, consisting essentially of ready-made garments and hosiery items, declined significantly over the period under study, from 6.8 billion dirhams in 2002 to 5.1 billion dirhams in 2012.

**Chart B.1.7.1.2 : Morocco's main clients**



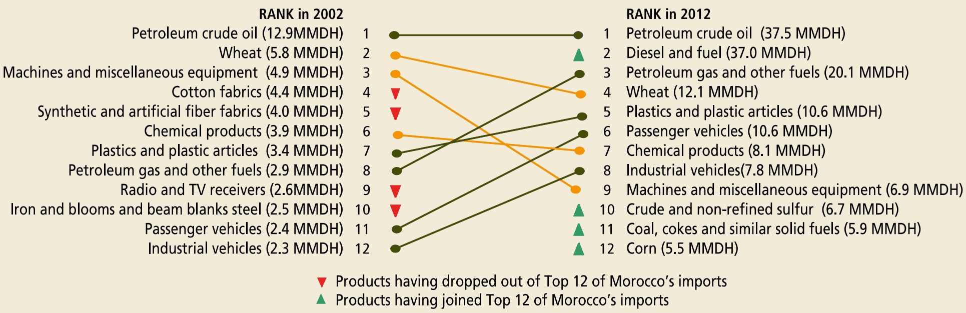
Regarding the change in the imports structure since 2002, two periods can be distinguished.

- 2002 to 2004: marked by the dominance of imports of finished consumer goods and capital ones with respective average shares of 23 percent and 21 percent. Energy products represented 16 percent of total imports in this period as against 10 percent for food products.
- 2005 to 2012: recorded a significant increase in energy products imports whose share rose to 23 percent. The share of food products and capital goods stabilized respectively around 10 percent and 22 percent. In contrast, the share of consumer goods stood at 18 percent as opposed to an average of 21 percent during the first phase.

By outstanding product, crude oil remained the main product imported by Morocco with 38 billion dirhams in 2012. Imports of petroleum gas and other fuels multiplied six-fold to 20 billion dirhams in 2012, i.e. the third imported product after diesel and fuel, whose imports were characterized by a considerable increase in the past two years, as their share rose from 1 percent in 2002 to 9 percent in 2012.

It is worth noting that in 2012, passenger vehicles ranked sixth in Morocco's imports, while they were in the 11th rank in 2002. Meanwhile, wheat, which represented in 2002 the second imported product with 5.8 billion dirhams, moved down to the fourth rank with 12.1 billion dirhams.

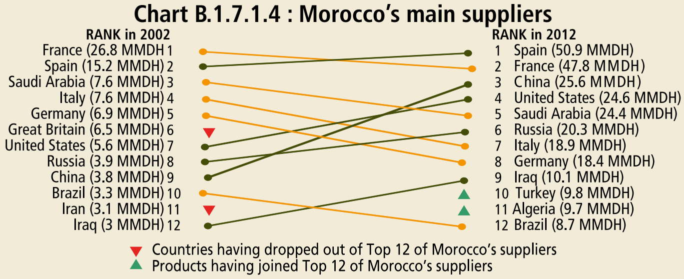
**Chart B.1.7.1.3 : Main imports**




By supplier, the year 2012 was marked by a significant increase in imports from Spain to 51 billion dirhams, consisting of diesel and fuel. Thus, this country has become in 2012, and for the first time, Morocco's leading provider before France that held this position before 2012.

On the other hand, imports from China, including finished consumer goods and industrial capital goods, increased significantly to 26 billion dirhams in 2012 as against 4 billion dirhams in 2002. This country has become Morocco's third largest supplier before the United States and Saudi Arabia.

**Chart B.1.7.1.4 : Morocco's main suppliers**



### 1.7.2 Change in the services balance

After rising 4.4 percent in 2011, tourism receipts declined by 1.7 percent in 2012 to 57.9 billion dirhams, due to unfavorable economic conditions in the major tourist-generating countries. Given stagnation of expenditure at 10.8 billion, the travel balance fell by 2.3 percent to 47.1 billion, or 5.7 percent of GDP.

In parallel, the deficit balance of transport worsened by 3.5 percent to 5.4 billion dirhams. The volume of air transport declined in almost all airports, totaling 15.1 million passengers, down 3.6 percent. Maritime transport also decreased by 3 percent for passengers and 3.9 percent for freight. The surplus balance of communications dropped by 8.7 percent to 5.1 billion dirhams, driven by the mobile telephony segment.

Other business services, essentially including -in the case of Morocco- off shoring activities, mainly call centers, posted a positive balance of 10.5 billion, up 48 percent compared to 2011.

### Change in incomes and current transfers

Net outflows of investment income grew by 20 percent over the previous year to 19.8 billion dirhams, mainly due to the worsening, by 8.7percent, of the negative balance of private income to 20.1 billion, consisting primarily of dividends. Bank Al-Maghrib investment income dropped by 27.5 percent to 3.7 billion dirhams, while the public debt interest payment rose by 8.8 percent to 6.2 billion dirhams.

Private current transfers fell by 1.3 percent to 63.5 billion dirhams, in conjunction with a 3.8 percent decline in remittances from Moroccans living abroad, which totaled 56.2 billion as against 58.4 billion dirhams in 2011. These transfers continue to be dominated by those from France (38.5 percent), Italy (10 percent) and Spain (8.8 percent), countries with significant increases in unemployment in recent years.

**Chart 1.7.6: Change in travel receipts and expatriate remittances**


Sources: Foreign Exchange Office

Overall, the current account deficit further widened to 10 percent of GDP from 8 percent last year and 5.1 percent on average between 2008 and 2010. This decline is due to the deterioration in the goods balance by 9.3 percentage points, and in income and current transfers by 1.9 points and 0.5 points, respectively. On the contrary, the services balance contributed positively by 1.7 percentage point.

**Chart 1.7.7: Net foreign reserves in months and days of goods and services imports**

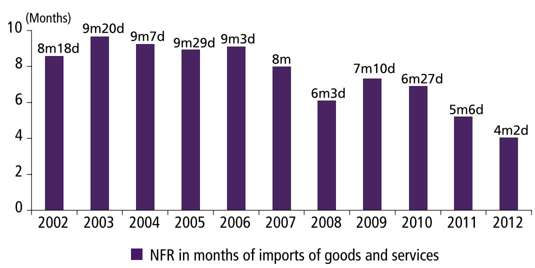
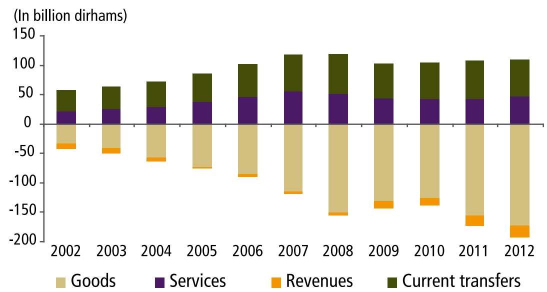



**Chart 1.7.8: Contributions of the main sections to the current account**

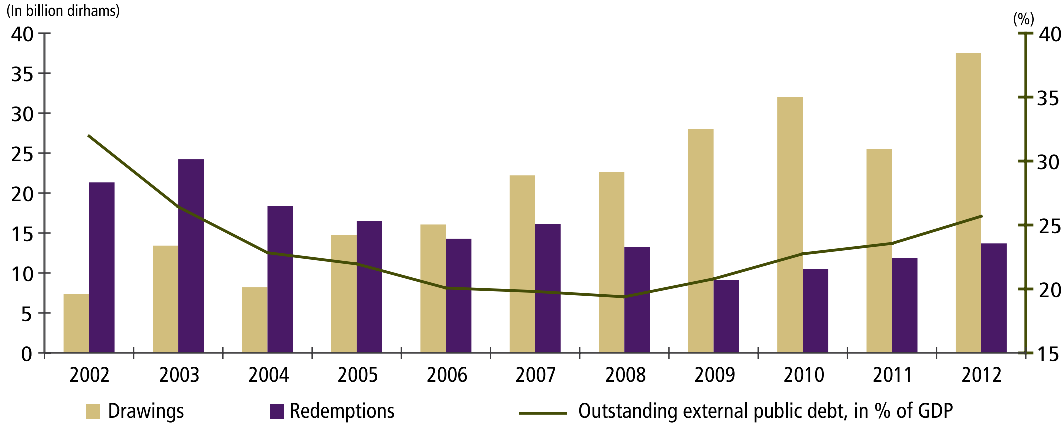



Source: Foreign Exchange Office

## 1.7.3 Change in capital and financial transactions account

Capital and financial transactions account recorded a positive balance of 84.4 billion, or 10.1 percent of GDP as against 8.4 percent in 2011, mainly due to higher net loans. The latter, amounting to 23.8 billion dirhams, brought the outstanding external public debt to 212.7 billion dirhams, i.e. 25.7 percent of GDP. The relevant overall burden rose by 13.4 percent to 19.9 billion dirhams, reflecting an increase of 15.6 percent in the principal burden and 8.8 percent in interest charges.

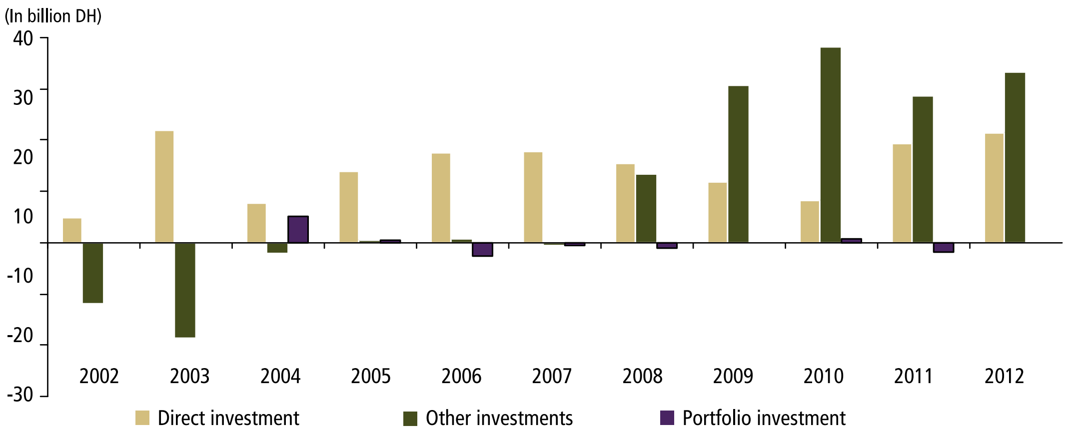
**Chart 1.7.9: Change in drawings, redemptions and outstanding external public debt (% of GDP)**




Source: Foreign Exchange Office

Net direct investments rose by 10.4 percent to 21.3 billion dirhams, following an improvement of 17.7 percent in inflows, which totaled 24.5 billion dirhams. These investments come mainly from France with 39.3 percent and the United Arab Emirates with 24.8 percent, and were intended primarily for manufacturing industry with a share of 26 percent, real estate with 24.5 percent and electricity, gas, steam and air conditioning with 16.6 percent. Portfolio investment showed again a deficit of 69.1 million dirhams, as against 1.8 billion a year earlier.

**Chart 1.7.10: Change in balances of financial transactions account sections**




Source: Foreign Exchange Office

Ultimately, the balance of payments outcome declined by 29.9 billion dirhams, as against 21.3 billion in 2011, bringing the total outstanding net foreign reserves to 144.7 billion dirhams, or 4 months and 2 days of imports of goods and services, down from five months and 6 days in 2011 and six months and 24 days on average between 2008 and 2010.

## Box 1.7.2: International investment position[1] in 2011

The international investment position in 2011 resulted in a net liability position of 438.7 billion dirhams or 54.7 percent of GDP from 48.5 percent in 2010. This deterioration is mainly due to a higher net liability position of other investments, as well as lower stock of assets.

### I. Assets

The stock of residents' financial assets dropped by 5.4 percent to 236 billion dirhams, covering a 10.3 percent decline in reserve assets to 177.1 billion, and a 8.2 percent increase in direct investment to 17.3 billion. Change in the latter followed mainly a 4.9 percent rise in direct shareholdings to 16.2 billion dirhams. These investments are concentrated mainly in France, the United Kingdom and some African countries and focus on the banking and financial sectors, as well as on holdings and telecommunications.

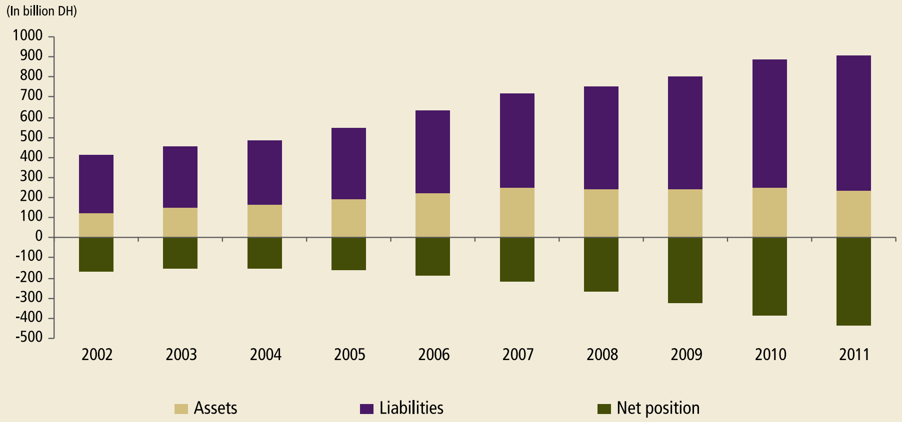
At the same time, the stock of other investments grew by 24.5 percent to 34.8 billion dirhams, following respective increases of 12.1 percent and 45.5 percent in commercial loans and deposits abroad. In contrast, the stock of portfolio investment declined by 15 percent to 6.8 billion dirhams, in conjunction with the 21-percent drop in the outstanding equity holdings abroad.

### II. Liabilities

Morocco's external liabilities increased by 5.7 percent to 674.7 billion dirhams, following a 14.3 percent increase in the stock of other investments. The stock of liabilities under foreign direct investment moved up by 1.3 percent to 381.8 billion dirhams, mainly following a 2.6 percent increase in outstanding unlisted securities. Their share in total liabilities stood at 46.1 percent. These investments mainly concerned industry, telecommunications and real-estate sectors. France remained the largest investor with a share of 54 percent.

Meanwhile, other investments increased by 14.3 percent to 265 billion dirhams, mainly in connection with a 7.1 percent increase in the outstanding external debt to 196.2 billion dirhams, or 24.5 percent of GDP. Finally, the outstanding liabilities under portfolio investment declined by 6.8 percent to 27.8 billion dirhams.

**Chart B1.7.2.1: Aggregates of the international investment position**




Source: Foreign Exchange Office

1 The international investment position (IIP) traces at a given date the stock of external financial assets and liabilities of an economy, taking into account the impact on existing stocks of both financial flows registered by the balance of payments, and other factors such as changes in prices and exchange rates. In Morocco, this position is established by the Foreign Exchange Office in 2002 and released in full version with a deadline of more than one year.

# 1.8 Public finance

The fiscal position deteriorated again in 2012, accentuating the trend observed since 2009. Thus, after having stood at 6.7 percent of GDP in 2011, the budget deficit, excluding privatization receipts, widened to 7.6 percent, a level well above the 5.4 percent objective forecast in the Finance Act and the 6.1 percent target set within the commitments made by Morocco following its subscription to the IMF Precautionary Liquidity Line[1] in August 2012.

This fiscal slippage occurred in a context marked by persistently high international commodity prices and difficult national economic conditions. It reflects a growth of current expenditure, which is twice faster than that of revenues, despite the delayed adoption of the Finance Act.

Regarding expenditure, after the exceptional increase in 2011, the wage bill recorded in 2012 a rise above its historical average, to 11.6 percent of GDP. Subsidy costs also rose to an unprecedented level of 6.6 percent of GDP, despite the increase in June of the pump price of certain fuels. Although standing below the amount projected in the Finance Act, the costs of other goods and services rose significantly by 16.6 percent. In parallel, the growth of current revenues slowed down significantly, following a deceleration in VAT and corporate tax receipts, due to a lower domestic economic activity, coupled with a further decline in customs revenues due to further tariff dismantling.

Against this backdrop, public savings were negative for the second consecutive year. Given a slight decrease in capital expenditures and the repayment of a portion of arrears, the Treasury borrowing requirement amounted to 8.2 percent of GDP, as against 5.5 percent in 2011. It was covered to nearly three-quarters by domestic resources, while more than half of the rest was borrowed from the international market. These trends resulted in a higher public debt ratio, which rose from 53.7 percent in 2011 to 59.6 percent in 2012, thus further weakening fiscal sustainability.

1 The Precautionary and Liquidity Line is a financial instrument established by the IMF in 2011 to meet the liquidity needs of member countries with sound economic fundamentals and a strong record of policy implementation, but which remain exposed to external vulnerabilities. It can reach up to 1,000 percent of quota. For Morocco, this line is for an amount of $ 6.2 billion, or 700 percent of its quota.

**Box 1.8.1: The Finance Act 2012**

The development of the Finance Act (FA) 2012 was based on a growth rate of 4.2 percent, an inflation rate of 2.5 percent, an average crude oil price of $100 per barrel and an average exchange rate of one dollar to 8.2 dirhams.

The budget deficit, excluding privatization receipts, was expected to stand at 5.4 percent of GDP. Current revenues and overall expenditures were projected at 10.6 percent and 12.8 percent, respectively. As to revenues, the FA projected respective increases of 8.6 percent and 15.1 percent in tax revenues and nontax receipts. The subsidy costs should rise from 17 billion to 32.5 billion, while personnel costs were up 8.7 percent to 93.5 billion, in conjunction with wage increases and the planning of 26,204 new jobs. Expenditure of other goods and services stood at 47.8 billion, up 11.3 percent, and capital expenditure was 45.9 billion, down 4.4 percent.

**Key tax measures**

The FA introduced in 2012 a new contribution in the framework of the corporate tax. It represents 1.5 percent of the net profit for companies making a profit of between 50 million dirhams and 100 million dirhams. This contribution should be increased to 2.5 percent, if this benefit exceeds 100 million dirhams. For micro-credit associations, it extended for one year the exemption from VAT on their domestic transactions and on the import of equipment used for their operation.

To encourage low-income housing, exemptions were granted regarding the corporate tax and income tax relating to the low-income housing rentals, as well as capital gains generated from the sale of the said housing beyond a period of 8 years.

The reduced registration rate rose from 3 percent to 4 percent for the purchase of built premises and land to be subdivided for sale or for building. However, this increase does not apply to low-income housing purchases (250,000 dirhams) and housing with low real-estate value (140,000 dirhams).

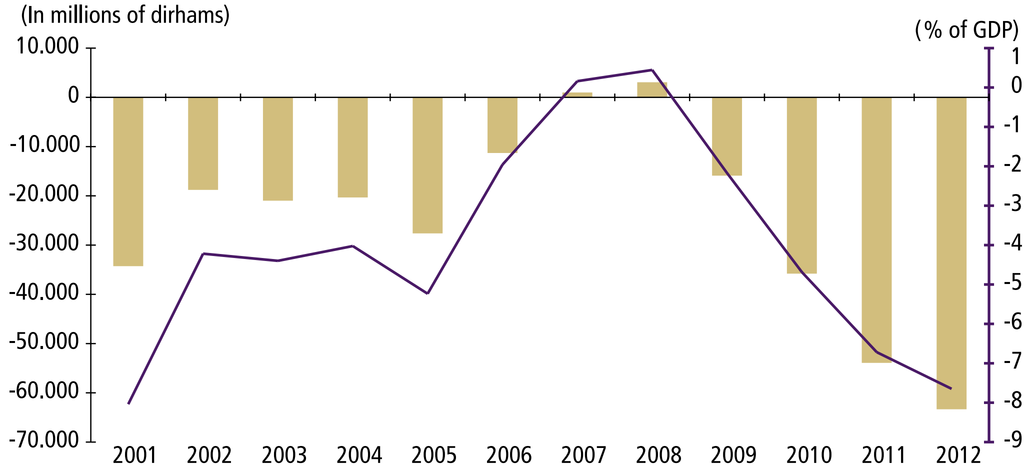
Furthermore, it was decided to raise as of 2013 the charges of the first registration and road tax for vehicles with more than 11 horsepower and to remove exemption of road tax for vehicles of more than 25 years old, with the exception of vintage vehicles.

## 1.8.1 Execution of Finance

In a context marked by the establishment of a new government, the Finance Act 2012 was only enacted at end-May. This resulted in a delayed execution of certain expenditures, mainly those of investment. This delay was largely caught up and these expenditures were even exceeded at the end of the year.

Current revenues[1] increased by 4.8 percent to 218.1 billion dirhams, while current expenditure totaled 238.1 billion, up 10.4 percent compared to the previous year. In addition, public savings were negative, for the second consecutive year, at 20 billion from 7.6 billion in 2011. Given a 3 percent decline in capital expenditures and a positive balance of Treasury special accounts of 5.2 billion, the budget deficit stood at 63.3 billion dirhams, or 7.6 percent of GDP.

**Chart 1.8.1: Fiscal deficit trend**




Source: Ministry of Economy and Finance

## Current receipts

The increase in Treasury current revenues decelerated from 7.4 percent in 2011 to 4.8 percent, covering a stable rise of tax revenues and a decline of nontax receipts.

Tax revenues, up 6.2 percent, totaled 196.4 billion, bringing the tax burden to almost 23 percent of GDP [2]. By component, income tax receipts improved by 9.6 percent from 8.1 percent in 2011, to 31.9 billion, particularly due to wage increases. Corporate tax receipts moved up 9.7 percent, as against 12.1 percent in 2011, following the increase in some major contributions, in particular, that of the OCP, which rose from 3.1 billion in 2011 to 5.7 billion in 2012. Direct taxes totaled 77.1 billion, up 8.8 percent.

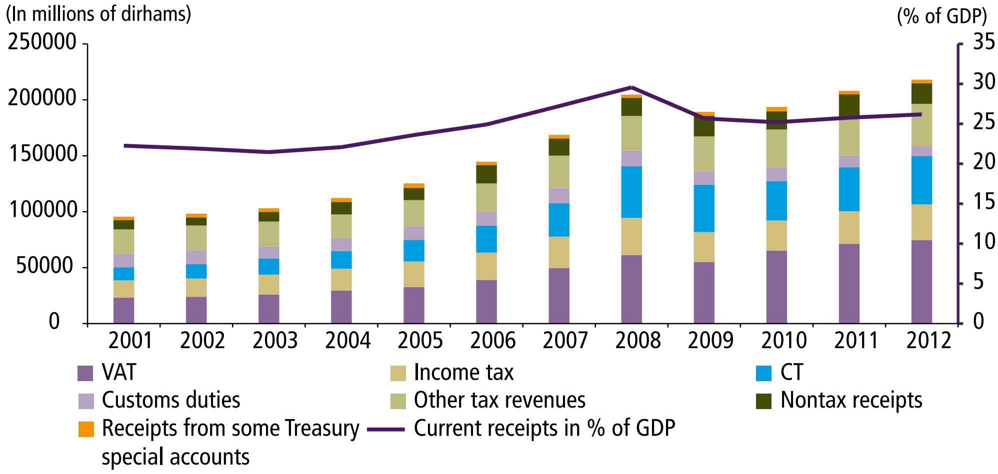
Although up 4.6 percent to 97.5 billion, indirect taxes slowed down compared to 2011, mainly in connection with the deceleration of receipts from VAT on imports from 14.8 percent to 6.1

1 Given the VAT share transferred to local governments.

2 The tax burden is the ratio of tax revenues to nominal GDP.

percent. In contrast, revenues from the domestic consumer tax increased by 4 percent from 3.4 percent in 2011, due to higher levies on manufactured tobacco. Revenues from customs duties were down by 12.5 percent to 9 billion, owing to continued tariff dismantling, particularly with the European Union.

**Chart 1.8.2: Trend in Treasury current receipts**




Source: Ministry of Economy and Finance

In addition, registration and stamp fees generated 12.9 billion, up 20.5 percent, from one year to another, mainly due to the increase of the rate on the purchase price of built premises and building plots from 3 percent to 4 percent, the modification of stamp duties on the first registration of motor vehicles, and the recovery of one billion following the merger of the National Electricity Office and the National Office for Drinking Water.

Nontax revenues dropped from 19.9 to 18.5 billion dirhams. This decrease resulted from a 25.7 percent decline of other nontax revenues and a 9.4 percent increase in State monopoly receipts to 11.5 billion, mainly due to the increase from 3 billion to 4.1 billion dividends paid by the OCP. Other monopoly and holdings revenues include mainly 2.3 billion from Maroc Telecom, 2 billion from the National Land Registry and Cartography Agency, and 903 million dirhams from BAM.

**Table 1.8.1: Treasury expenses and revenues** (In millions of dirhams)

| | FY 2011* | in % of GDP | FY 2012 | in % of GDP |
|---|---|---|---|---|
| **Current receipts** | **208,047** | **25.9** | **218,061** | **26.3** |
| **Tax receipts** | **184,981** | **23.0** | **196,444** | **23.7** |
| Direct taxes | 70,850 | 8.8 | 77,119 | 9.3 |
| Corporate tax | 39,370 | 4.9 | 43,206 | 5.2 |
| Income tax | 29,121 | 3.6 | 31,925 | 3.9 |
| Indirect taxes | 93,178 | 11.6 | 97,473 | 11.8 |
| Value added tax** | 71,319 | 8.9 | 74,729 | 9.0 |
| Domestic consumer taxes | 21,859 | 2.7 | 22,744 | 2.7 |
| Customs duties | 10,286 | 1.3 | 9,003 | 1.1 |
| **Nontax receipts** | **19,904** | **2.5** | **18,474** | **2.2** |
| **Receipts of some Treasury special accounts** | **3,161** | **0.4** | **3,143** | **0.4** |
| Price Support Fund | 434 | 0.1 | 357 | 0.0 |
| Roads Special Fund | 2,727 | 0.3 | 2,786 | 0.3 |
| **Overall expenditure** | **265,633** | **33.1** | **286,607** | **34.6** |
| **Current expenditure** | **215,610** | **26.9** | **238,092** | **28.7** |
| Current expenditure excluding subsidization | 166,780 | 20.8 | 183,222 | 22.1 |
| **Goods and services** | **127,144** | **15.8** | **140,792** | **17.0** |
| Personnel | 88,973 | 11.1 | 96,288 | 11.6 |
| **Debt service** | **18,240** | **2.3** | **20,012** | **2.4** |
| Domestic | 15,204 | 1.9 | 16,689 | 2.0 |
| External | 3,036 | 0.4 | 3,323 | 0.4 |
| **Subsidization** | **48,830** | **6.1** | **54,870** | **6.6** |
| Price Support Fund | 479 | 0.1 | 431 | 0.1 |
| **Transfers to local governments** | **21,396** | **2.7** | **22,419** | **2.7** |
| **Current balance** | **-7,563** | **-0.9** | **-20,031** | **-2.4** |
| **Primary balance*** ** | **-35,678** | **-4.4** | **-43,326** | **-5.2** |
| **Investment spending** | **50,023** | **6.2** | **48,515** | **5.9** |
| Roads Special Fund | 2,834 | 0.4 | 2,407 | 0.3 |
| Balance of other Treasury special accounts | **3,668** | **0.5** | **5,208** | **0.6** |
| **Overall fiscal balance** | **-53,918** | **-6.7** | **-63,338** | **-7.6** |
| Change in arrears | 9,851 | 1.2 | -4,786 | -0.6 |
| **Financing requirements or surplus** | **-44,067** | **-5.5** | **-68,124** | **-8.2** |
| Domestic financing | 31,141 | 3.9 | 49,770 | 6.0 |
| External financing | 7,279 | 0.9 | 15,062 | 1.8 |
| Drawings | 13,954 | 1.7 | 22,958 | 2.8 |
| Depreciation | -6,675 | -0.8 | -7,896 | -1.0 |
| Privatization | 5,647 | 0.7 | 3,292 | 0.4 |

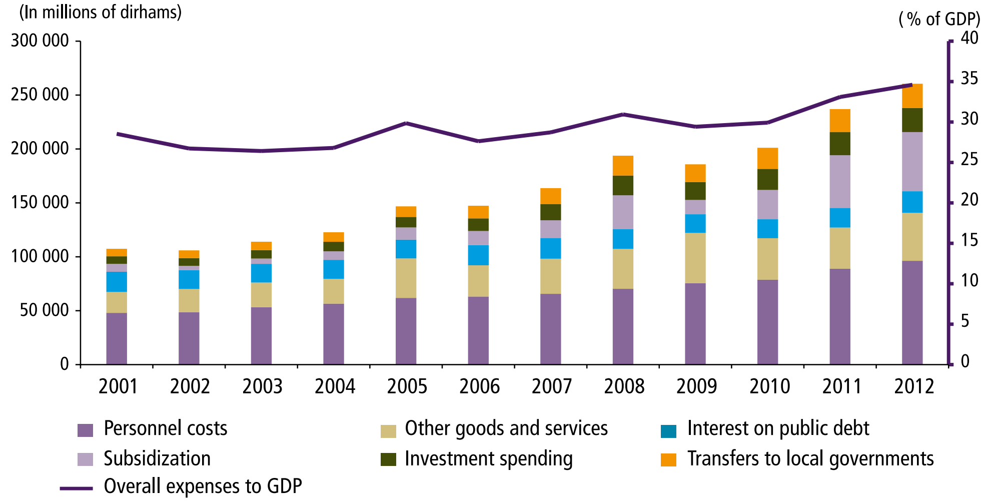
*Revised figures
** Taking into account the share of VAT transferred to local governments
*** Corresponds to the overall fiscal balance excluding debt interest

Source: Ministry of Economy and Finance

## Overall expenditure

Treasury current expenditure rose 10.4 percent, year on year, to 238.1 billion, reflecting increased operating expenses and subsidy expenses.

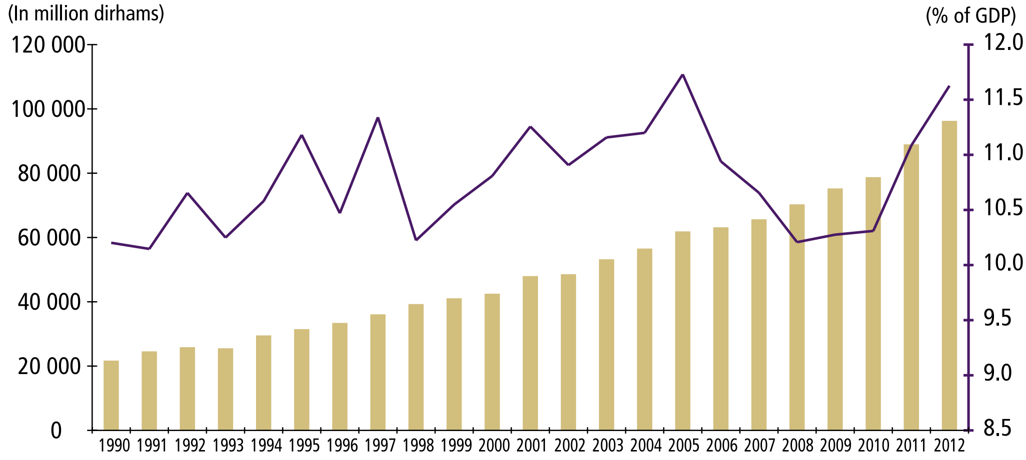
**Chart 1.8.3: Trend of treasury overall expenses**




Source: Ministry of Economy and Finance

Personnel costs, up 8.2 percent as against 13 percent in 2011 and 5.7 percent on average between 2002 and 2010, totaled 96.3 billion, or 11.6 percent of GDP in 2012. This trend resulted from the creation of over 11,000 jobs and wage increases granted as part of the social dialogue, which resulted in an additional expense of 2.8 billion. Accordingly, the average monthly net salary of civil servants showed a continuous rise from 4,670 dirhams in 2003 to more than 7,200 dirhams in 2012, an average annual increase of 5 percent. The costs of other goods and services moved up by 16.6 percent to 44.5 billion, albeit down 3.3 billion compared to the projections of the Finance Act. In total, expenditures under goods and services were up 10.7 percent to 140.8 billion.

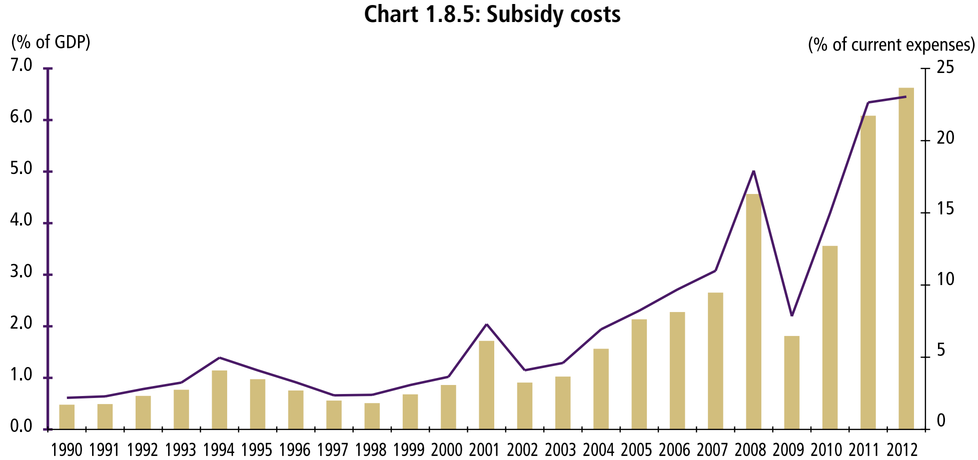
**Chart 1.8.4: Wage bill trend**




Source: Ministry of Economy and Finance

Subsidy expenses were up 12.4 percent to 54.9 billion, or 6.6 percent of GDP, despite the 17 percent average increase in pump prices in June. In detail, oil products engaged 32.3 billion of these expenditures, while butane gas and foodstuffs absorbed 15.7 billion and 5.4 billion, respectively.

**Chart 1.8.5: Subsidy costs**

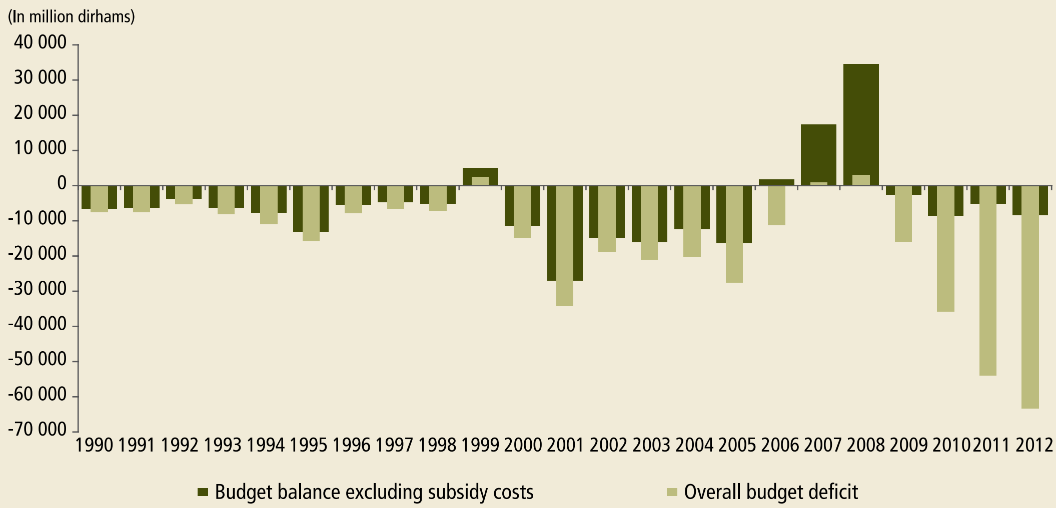



Source: Ministry of Economy and Finance

**Box 1.8.2 : Subsidy costs**

Over the past two decades, subsidy costs increased significantly from one billion in 1990 to nearly 55 billion dirhams in 2012, or from 0.4 percent to 6.6 percent of GDP. Between 2009 and 2012, these charges accounted for nearly 84.2 percent of the deficit over the period. Fiscal deficit, excluding subsidy costs, would have been 0.8 percent of GDP as opposed to 5.3 percent on average and 1 percent as against 7.6 percent in 2012.

**Chart B1.8.2.1 : Budget balance and subsidy costs**

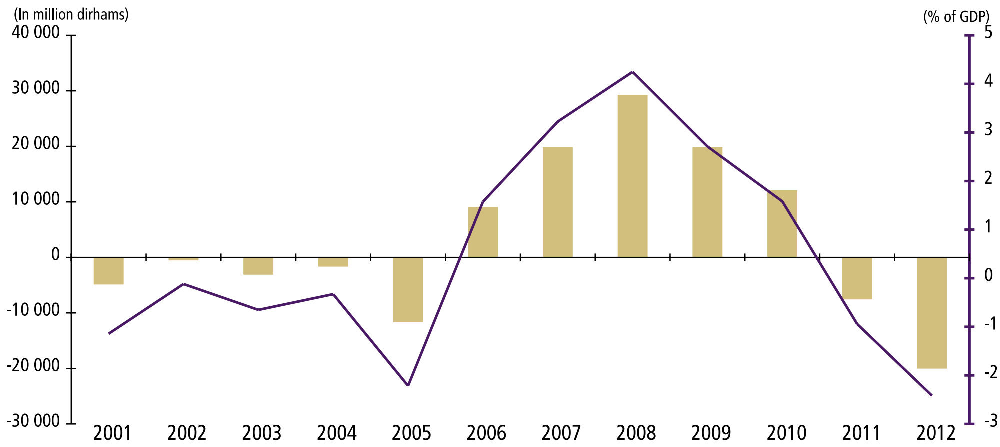



Taking into account the outlook for commodity prices in international markets and in the absence of reforms of the subsidization mechanism, this trend should continue especially as, the annual average price for crude oil should remain above $100 per barrel, according to the World Bank's long-term projections.

Debt interest charges were up 9.7 percent to 20 billion, reflecting respective increases of 9.8 percent and 9.4 percent of their internal and external components. For the latter, charges incorporated mainly the payment of 501 million dirhams under the interest payment of the loan of one billion euros contracted in October 2010.

In light of these developments, the ordinary balance posted a deficit of 20 billion dirhams, or 2.4 percent of GDP, as against 7.6 billion or 0.9 percent of GDP in 2011, thus remaining negative for the second consecutive year (Chart 1.8.6). Capital expenditures totaled 48.5 billion, down 3 percent. Accordingly, overall expenditures were up 7.9 percent to 286.6 billion, or 34.2 percent of GDP.

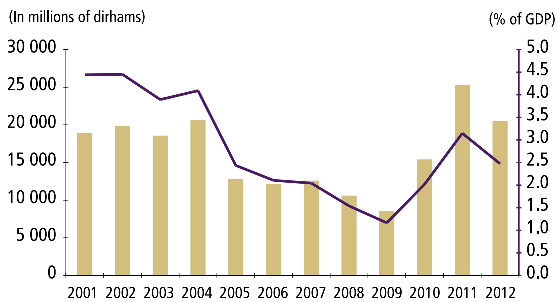
Chart 1.8.6: Current balance




Source: Ministry of Economy and Finance

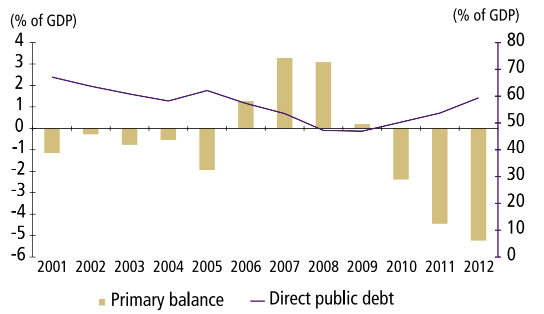
With a positive balance of Treasury special accounts[1] of 5.2 billion, fiscal deficit rose from 53.9 to 63.3 billion or from 6.7 percent to 7.6 percent of GDP. The primary balance posted a deficit of 43.3 as against 35.7 billion. Taking into account the repayment of arrears, amounting to 4.8 billion, the cash deficit stood at 68.1 billion dirhams, widening by 24.1 billion compared to 2011.

Chart 1.8.7: Trend in stock of payment arrears




Source: Ministry of Economy and Finance

Chart 1.8.8: Trend in primary balance and direct public debt




## 1.8.2 Treasury financing

In addition to privatization revenues of 3.3 billion from the sale of 10 percent of the capital of Banque Centrale Populaire (BCP), the Treasury borrowing requirement was covered to nearly three-quarters by domestic resources and up to 20 percent by external funding. The latter, up 7.8 billion compared to 2011, was largely provided through the borrowing in December of $1.5 billion from the international financial market.

1 This balance corresponds to the difference between revenues and expenditures of Treasury special accounts, except for the Price Support Fund and the Roads Special Fund.

## External financing

Foreign borrowings totaled 23.1 billion dirhams, up 65.9 percent from the year 2011. In addition to the bond issue of $1.5 billion, the Treasury received funds mainly from the African Development Bank, the World Bank and the Arab Monetary Fund, totaling 3 billion, 1.4 billion and 1.3 billion dirhams, respectively. In comparison, principal repayments of external debt increased by 18.3 percent to 7.9 billion. Net inflows stood at 15.1 billion, an amount twice larger than in 2011.

**Box 1.8.3 : Morocco's subscription to the IMF Precautionary and Liquidity Line**

On August 3, 2012, the IMF Executive Board approved a 2-year arrangement for Morocco under the Precautionary and Liquidity Line (PLL) in an amount equivalent to SDR 4.12 billion (USD 6.21 billion) or 700 percent of Morocco's quota to support the authorities' economic agenda aiming, particularly, at reconstructing external and fiscal buffers and promoting a strong and inclusive economic growth. The PLL seeks to provide insurance against external shocks, strengthen market confidence and facilitate access to private capital markets.

The PLL was introduced by the IMF in November 2011 to meet more flexibly liquidity needs of member countries with an overall strong economy, but with some remaining external vulnerabilities. In other words, the eligibility of a country for this instrument reflects the strength of its economy and economic policies pursued by the authorities in the following five areas: 1) external position and market access; 2) fiscal policy; 3) monetary policy; and 4) financial sector soundness and supervision; 5) data quality.

This tool may cover 1 to 2-year arrangements (renewable), with a ceiling equal to 500 percent of quotas for the first year and a total of 1.000 percent of quotas over a period of two years. Arrangements are reviewed semi-annually by the Executive Board. The arrangements can also cover a 6-month period, non-renewable, to meet short-term balance of payments needs. As part of a six-month arrangement, access cannot exceed 250 percent of quota, or a maximum of 500 percent in exceptional circumstances.

Thus, the PLL arrangement to which our country subscribed provides for three semi-annual reviews, which will assess the results of the authorities' economic agenda and the indicative targets, which were agreed with the IMF, relating to the net international reserves levels of BAM and the fiscal deficit in Morocco.

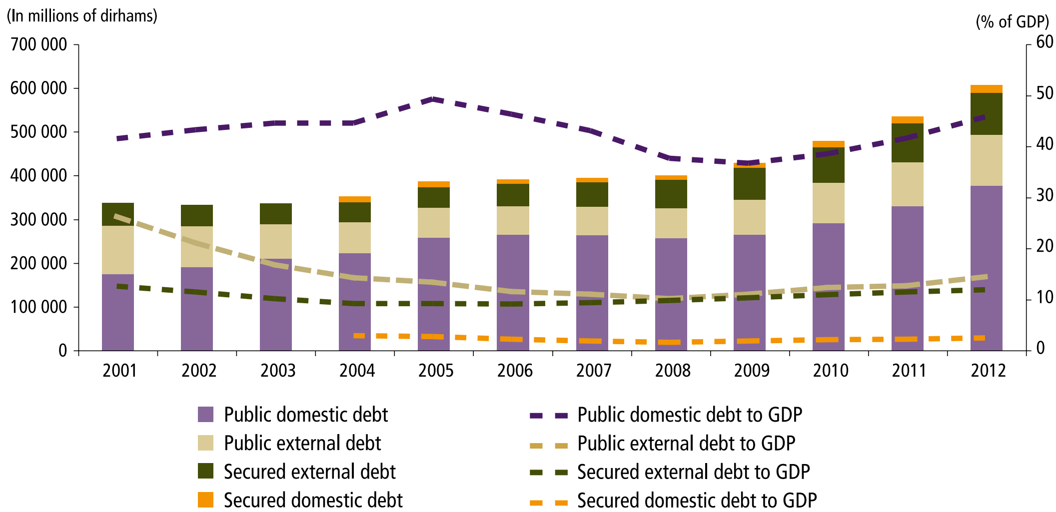
## Domestic financing

Treasury net borrowing in the domestic market increased significantly to 49.8 billion, as against 31.1 billion in 2011. Net issues of Treasury bonds on the auction market, composed up to 54 percent of 5-year securities, totaled 42.5 billion, as against 36.4 billion dirhams. By type of investors, net purchases were positive at 32 billion for UCITS, 17.8 billion for banks and 2.1 billion for nonfinancial corporations. However, they were negative at 7.5 billion for insurance and social welfare organizations and at 2.3 billion for other financial institutions.

### 1.8.3 Public debt

The outstanding public debt, up 13.4 percent, stood at 607.6 billion dirhams at the end of 2012, bringing its ratio to GDP from 66.8 percent to 73.4 percent. The domestic component stood at 394.9 billion or 47.7 percent of GDP, while the public external debt was 212.7 billion dirhams or 25.7 percent of GDP. The external component registered an increase from 12.4 percent to 14.1 percent of GDP for public direct debt, and from 11.2 percent to 11.6 percent of GDP for the secured debt.

**Chart 1.8.9: Public debt trend**




Source: Ministry of Economy and Finance

By creditor, the public external debt is mainly mobilized with multilateral international institutions with a share of 49.2 percent and bilateral creditors with 35.2 percent. Concerning its structure by currency, the debt denominated in euro accounts for 72.7 percent, while the shares of the dollar and the yen are 9.9 percent and 5.6 percent, respectively.

In sum, the apparent average cost[1] of the public debt fell from 4.7 percent in 2011 to 4.6 percent in 2012, covering a slight decrease in the apparent rate of domestic debt and an increase in the external one.

1 As data on weighted average rates are not yet published by the Ministry of Economy and Finance, the average apparent cost is calculated based on the ratio of the debt interest paid in the current year to the debt stock of the previous year.

# 1.9 Monetary policy

At its first meeting of the year in March 2012, the Board of Bank Al-Maghrib decided to reduce the key rate from 3.25 percent to 3 percent, and kept it unchanged for the rest of the year. These decisions were taken in a context of subdued inflationary pressures, consistent forecasts with the price stability objective in the medium term and a balance of risks tilted to the downside at the end of the first quarter and neutral over the last three quarters of the year. Externally, this is linked to weaker foreign demand and slightly lower commodity prices; internally, it reflects moderate demand, less rapid bank credit growth and continued negative money gap.

Operationally, the widening liquidity deficit, due primarily to the decline in foreign exchange reserves, caused the Bank to increase the volume of its injections, mainly through 7-day advances at auction and, to a lesser extent, overnight advances and longer-term operations. Given the magnitude and persistence of bank liquidity shortage, the Bank Board also decided, at its meeting of September 2012, to reduce the required reserve ratio by 2 percentage points to 4 percent. All of these actions helped keep the interbank rate at a level broadly close to the key rate.

## 1.9.1 Monetary policy decisions

Analyses and forecasts based on available data for the first quarter of the year highlighted the absence of medium-term inflationary risks. Internationally, economic activity and outlook in the euro area worsened, contributing to further weakening of foreign demand for Morocco. Internally, both the trend in nonagricultural output gap and money gap indicated the absence of inflationary risks. In this context, the inflation forecast for the subsequent six quarters remained consistent with the price stability objective in the medium run, with a balance of risks tilted to the downside. This led the Bank Board at its first meeting of March 27 to reduce the key rate from 3.25 percent to 3 percent.

During the remaining three quarters of 2012, inflationary pressures remained subdued in tough economic conditions. Externally, economic activity in the euro area continued to be weak, with the deteriorating fiscal position of some countries. Together with the slowdown in global commodity prices, mainly energy, these underperformances negatively affected foreign demand for Morocco and contributed to a decline in external inflationary pressures.

Nationally, the nonagricultural output gap continued to be negative and growth forecasts remained below 3 percent for 2012 and between 4 and 5 percent for 2013, indicating the absence of demand pressure on prices. Moreover, the slower growth of money supply and credit continued, keeping the money gap negative and thus confirming the absence of monetary inflationary risks in the medium term.

**Chart 1.9.1: Nonagricultural output gap**

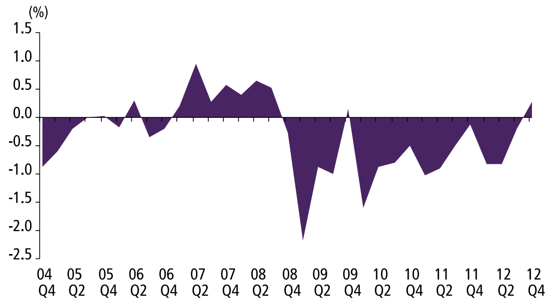
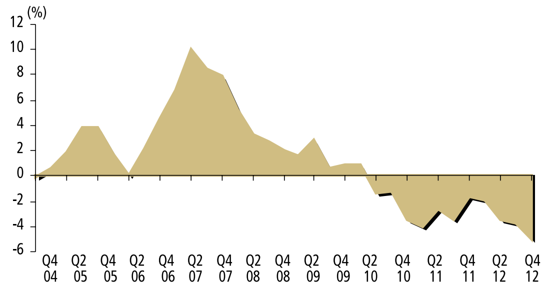



**Chart 1.9.2: Money gap in real terms**




Sources: HCP and BAM

Based on these elements and despite the Government's increase of some fuel prices in June 2012, inflation projection by the end of the forecast horizon remained in line with the price stability objective in the medium term. Accordingly and considering that risks were broadly balanced, the Bank Board decided to keep the key rate unchanged at 3 percent at its other three meetings of the year.

**Table 1.9.1: Monetary policy decisions since 2008**

| Entry into effect | Key rate (7-day advances rate) | Required reserve ratio | Other Key |
|---|---|---|---|
| **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 from 10% to 8% | |
| **01/04/2010** | | Decrease from 8% to 6% | |
| **13/04/2011** | | | - Extending eligible collateral for monetary policy operations to certificates of deposit<br>- Adjusting tender periods with required reserve periods<br>- Removing passbook accounts from the base used for calculating 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 private 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 private credit claims on SMEs and VSEs<br>- Relaxing eligibility standards of certificates of deposit |

Given the scope and sustainability of bank liquidity needs, as reflected in the forecasts of liquidity factors, the Bank Board decided at its third meeting of September 26 to reduce the required reserve ratio by 2 percentage points from 6 percent to 4 percent. This measure allowed a liquidity injection of 7.6 billion dirhams.

Regarding the means of intervention in the money market, the Bank conducted longer-term repo operations[1], in addition to 7-day advances, and carried out for the first time a secured loan transaction[2].

1 These operations take the form of repurchase agreements and make it possible to inject liquidity in the money market over longer periods (usually 3 months) than those of the main operations (7-day advances).

2 These operations consist in providing liquidity to banks as part of longer-term transactions and are secured by bills representing private credit claims on VSEs and SMEs.

## Box 1.9.1: Assessment of inflation forecasts in 2012

To make an a posteriori assessment of the quality of the quarterly inflation forecasts assumed in the four monetary policy reports of 2012, an analysis is carried out on the basis of forecast errors measured by the absolute deviation[1] between inflation forecast and the actual rate observed.

The results for 2012 show that the absolute forecast deviation stood at 1.4 percentage point in the first quarter. It later fell to 0.7 point in the second quarter and 0.4 point in the third quarter before standing at zero level in the fourth quarter.

**Chart B1.9.1.1: Absolute deviation between quarterly inflation forecast and actual inflation (in percentage points)**


**Chart B1.9.1.2: Fan chart of March 2012**

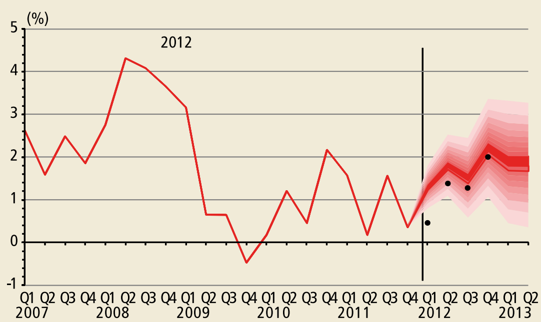



**Chart B1.9.1.3: Fan chart of June 2012**

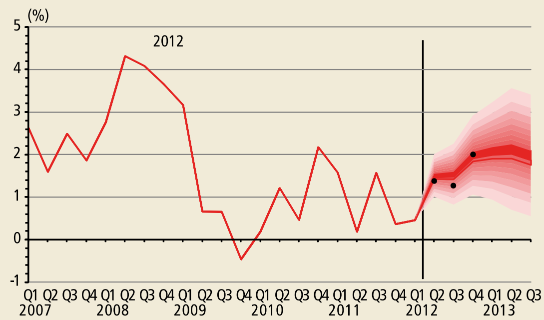



**Chart B1.9.1.4: Fan chart of September 2012**

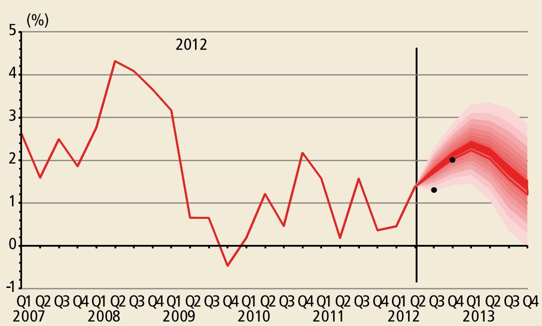
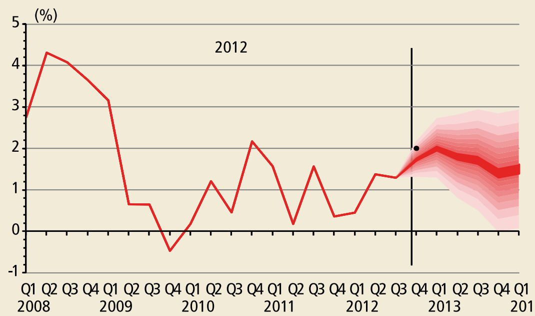



**Chart B1.9.1.5: Fan chart of December 2012**




1 The forecast deviation measures the absolute deviation of the actual value of inflation from the forecast value. The latter is calculated by taking the average of the six previous forecasts made for the quarter concerned.

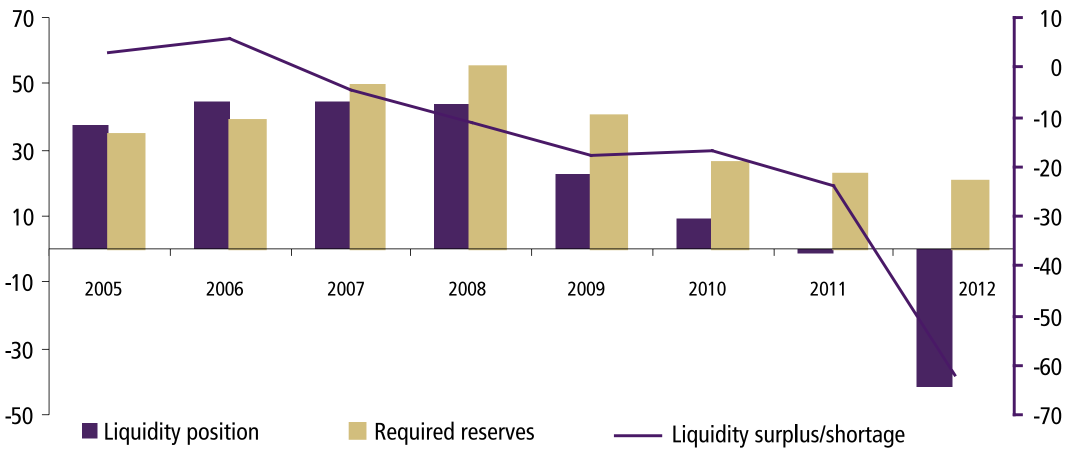
2 The points on the fan charts represent year-on-year inflation rates during each quarter of 2012.

## 1.9.2 Monetary policy operations

Bank liquidity needs[1], calculated at the end of each week, averaged 61.8 billion as against 23.7 billion dirhams a year earlier. This trend, which reflects the worsening structural liquidity position of banks from -1.1 billion dirhams in 2011 to -41.3 billion in 2012, results mainly from a 31.7 billion decrease in Bank Al-Maghrib net foreign exchange reserves and a 9.2 billion increase in currency in circulation. Meanwhile, the amount of required reserves fell from 22.6 billion in 2011 to 20.5 billion dirhams on end-of-week average, especially following the Bank Board's decision to lower their ratio from 6 percent to 4 percent as of September 26.

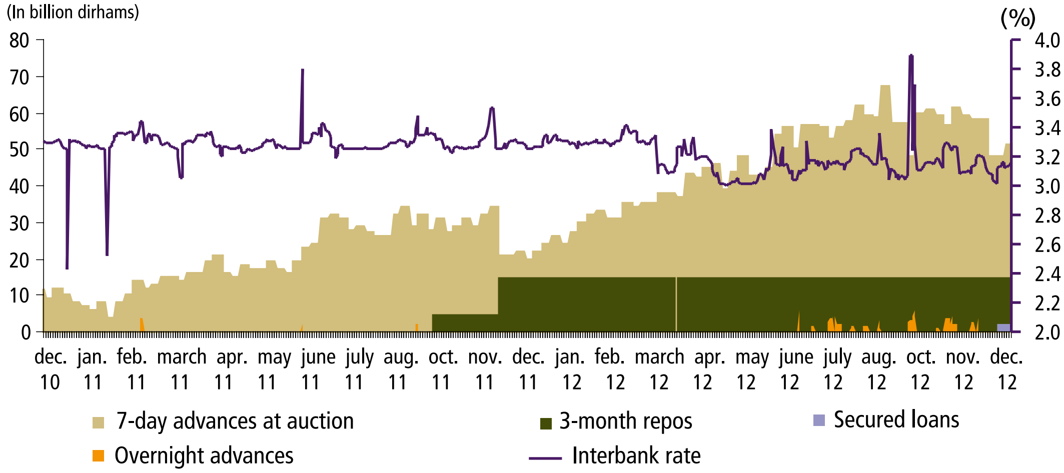
In response to this liquidity deficit, Bank Al-Maghrib increased the volume of its interventions from 24 billion in 2011 to 62 billion dirhams in 2012, including 46.8 billion through 7-day advances at auction. The remaining amount was injected via three-month repos, overnight advances, and a borrowing operation secured by private credit claims on SMEs and VSEs amounting to 2.4 billion.

**Chart 1.9.3: Structural liquidity position and required reserve amount (end-of-week average, in billion dirhams)**




1 Bank liquidity needs correspond to a difference between the structural liquidity position of banks (SLPB) and the required reserve amount. When the difference is positive, there is excess liquidity. SLPB is the net effect of autonomous factors on bank liquidity. It is calculated as follows: SLPB= Bank Al-Maghrib net foreign assets + Treasury's net position + other net factors – currency in circulation.

**Chart 1.9.4: BAM injections and interbank weighted average rate (daily data)**




The infra-annual analysis shows that banks' liquidity posted an average deficit of 52.2 billion dirhams in the first six months of the year, mainly due to a 27.4 billion decrease in Bank Al-Maghrib net foreign exchange reserves. During this period, the Bank intervened primarily through 7-day advances at auction for an average amount of 37.3 billion dirhams, and kept the outstanding amount of long-term refinancing operations at 15 billion dirhams through repos.

**Chart 1.9.5: Liquidity position and required reserve amount (end-of-week average, in billion dirhams)**

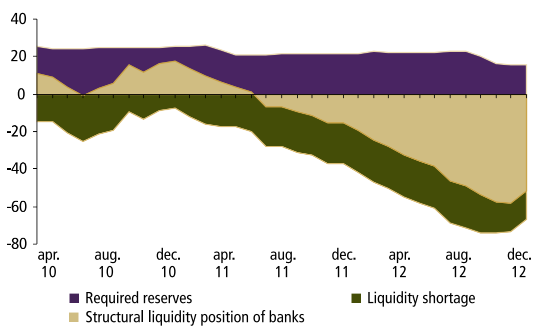
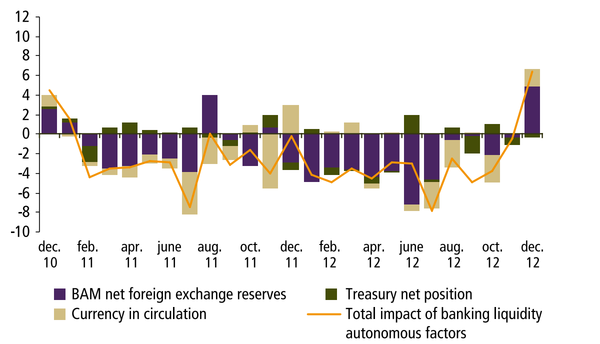



**Chart 1.9.6: Contribution of autonomous factors to the monthly change in SLPB (end-of-week average, in billion dirhams)**




From July to November, banks' liquidity shortage widened to 72.4 billion dirhams on average. This trend reflected the continued contraction in the Bank's foreign exchange reserves, as well as higher currency in circulation in conjunction with summertime, the month of Ramadan and the celebration of Eid Al-Adha. In response, the Bank increased its volume of interventions to 73.1

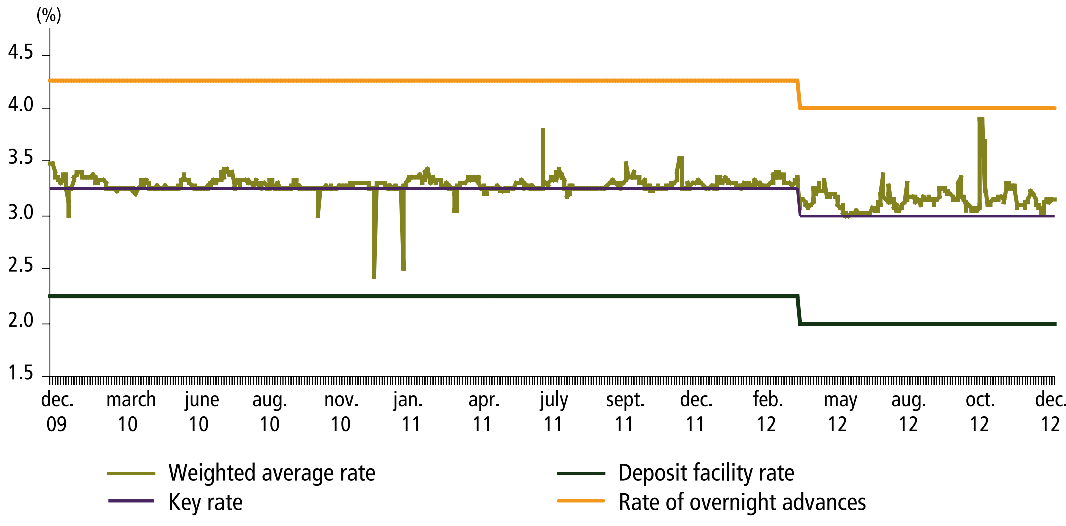
billion on average, mostly through 7-day advances that averaged 57.3 billion dirhams. It occasionally intervened via overnight advances, while outstanding long-term refinancing operations remained at 15 billion dirhams.

However, liquidity deficit narrowed somewhat in December to 67 billion dirhams, under the combined effect of higher net foreign exchange reserves of Bank Al-Maghrib, following the Treasury's external bond issuance, and lower currency in circulation. In addition to the use of common instruments, the Bank carried out in this month the first secured loan transaction.

## 1.9.3 Change in interest rates

After cutting the key rate from 3.25 percent to 3 percent in March 2012, the interbank weighted average rate reached 3.19 percent on average, down 10 basis points compared to 2011. It hovered around 3.30 percent in the first quarter and 3.15 percent in the rest of the year. Its volatility[1] remained virtually stable year on year, as its standard deviation stood at 8 basis points.

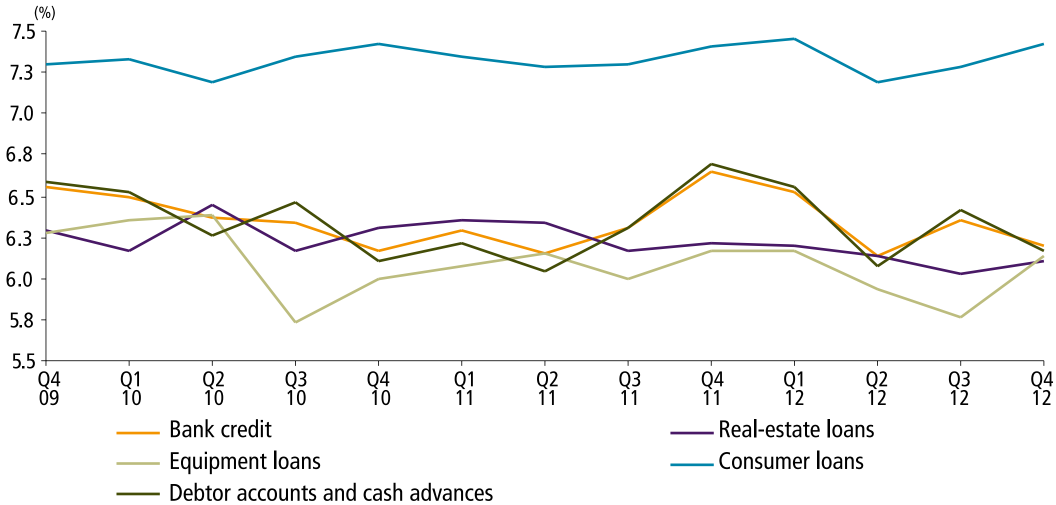
**Chart 1.9.7: Change in interbank weighted average rate (daily data)**




Concerning lending rates, Bank Al-Maghrib quarterly survey among banks indicated that the weighted average rate fell to 6.29 percent on average in 2012, down 9 basis points compared to last year.

1 The interbank rate volatility is measured by its historical standard deviation.

**Chart 1.9.8: Change in lending rates by purpose of credit**




The slight decline in the weighted average lending rate reflects drops from 6.10 percent to 6 percent in equipment loans, from 6.28 percent to 6.11 percent in real-estate loans and from 6.38 percent to 6.29 percent in cash advances, while rates on consumer loans remained stable at around 7.33 percent.

The infra-annual trend suggests that the cut of the key rate was transmitted to lending rates within a period of one to two quarters. At the end of the year, higher rates were observed in all credit categories, with the exception of cash advances.

**Table 1.9.2: Change in lending rates**

| | 2011 | | | | | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | 2011* | Q1 | Q2 | Q3 | Q4 | 2012* |
| Debtor accounts and cash advances | 6.22 | 6.05 | 6.31 | 6.69 | 6.38 | 6.56 | 6.08 | 6.41 | 6.17 | 6.29 |
| Equipment loans | 6.08 | 6.15 | 6.00 | 6.16 | 6.10 | 6.16 | 5.93 | 5.76 | 6.14 | 6.00 |
| Real estate loans | 6.35 | 6.34 | 6.17 | 6.22 | 6.28 | 6.19 | 6.13 | 6.03 | 6.10 | 6.11 |
| Consumer loans | 7.34 | 7.28 | 7.30 | 7.40 | 7.33 | 7.46 | 7.19 | 7.28 | 7.42 | 7.33 |
| **Overall rate** | **6.29** | **6.15** | **6.31** | **6.65** | **6.38** | **6.52** | **6.13** | **6.35** | **6.20** | **6.29** |

* Averages weighted by loans distributed.

Source: BAM quarterly survey among banks.

The analysis of banks' deposit rates shows that the weighted average rate of six and twelve-month deposits increased by 9 basis points to 3.71 percent on average. This change reflects respective increases by 18 and 6 basis points in interest rates on six and twelve-month deposits, to reach respectively 3.50 percent and 3.85 percent on average in 2012. The minimum interest rate paid on passbook accounts with banks, pegged to the weighted average rate of 52-week Treasury bonds, slightly rose to 3 percent.

**Table 1.9.3: Interest rates on time deposits and passbook accounts* (in %)**

| | 2009 | 2010 | 2011 | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Year |
| 6-month deposits | 3.46 | 3.31 | 3.32 | 3.50 | 3.45 | 3.50 | 3.55 | 3.50 |
| 12-month deposits | 3.79 | 3.72 | 3.79 | 3.90 | 3.83 | 3.83 | 3.85 | 3.85 |
| **6-month and 12-month deposits** | **3.66** | **3.56** | **3.62** | **3.70** | **3.68** | **3.71** | **3.73** | **3.71** |
| **Passbook accounts** | **3.20** | **2.97** | **2.97** | **2.97** | **2.97** | **3.04** | **3.04** | **3.00** |

* Averages weighted by outstanding deposits.

Treasury bond yields in the primary market broadly trended upward, mainly due to tight liquidity in the market and higher financing requirements of the Treasury. Indeed, all maturities showed increases ranging from 2 to 59 basis points.

**Table 1.9.4: Treasury bond yields in the primary market***

| | 2009 | 2010 | 2011 | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Year |
| **Short-term rates** | | | | | | | | |
| 21 days | 3.48 | 3.37 | 3.28 | - | - | - | - | - |
| 24 days | - | - | - | - | - | - | 3.71 | 3.71 |
| 35 days | - | - | - | - | - | - | 3.78 | 3.78 |
| 39 days | - | - | - | 3.38 | - | - | - | 3.38 |
| 43 days | - | - | - | - | - | 3.48 | - | 3.48 |
| 44 days | - | - | - | - | 3.22 | 3.59 | - | 3.41 |
| 45 days | - | - | - | - | - | - | 3.97 | 3.97 |
| 13 weeks | 3.33 | 3.36 | 3.31 | 3.42 | 3.21 | 3.31 | 3.40 | 3.33 |
| 26 weeks | 3.38 | 3.42 | 3.33 | 3.55 | 3.39 | 3.42 | 3.57 | 3.48 |
| 52 weeks | 3.45 | 3.54 | 3.47 | 3.65 | 3.53 | 3.74 | 3.84 | 3.69 |
| **Medium and long-term rates** | | | | | | | | |
| 2 years | 3.60 | 3.68 | 3.64 | 3.89 | 3.71 | 3.93 | 4.24 | 3.94 |
| 5 years | 3.79 | 3.90 | 3.86 | 4.05 | 4.00 | 4.32 | 4.53 | 4.22 |
| 10 years | - | 4.17 | 4.14 | 4.32 | 4.29 | 4.51 | 4.84 | 4.49 |
| 15 years | - | 4.34 | 4.36 | 4.46 | 4.52 | 4.74 | 5.08 | 4.70 |
| 20 years | - | 4.45 | 4.42 | - | - | 5.01 | - | 5.01 |
| 30 years | - | - | - | 5.02 | - | - | - | 5.02 |

(*) Arithmetic averages

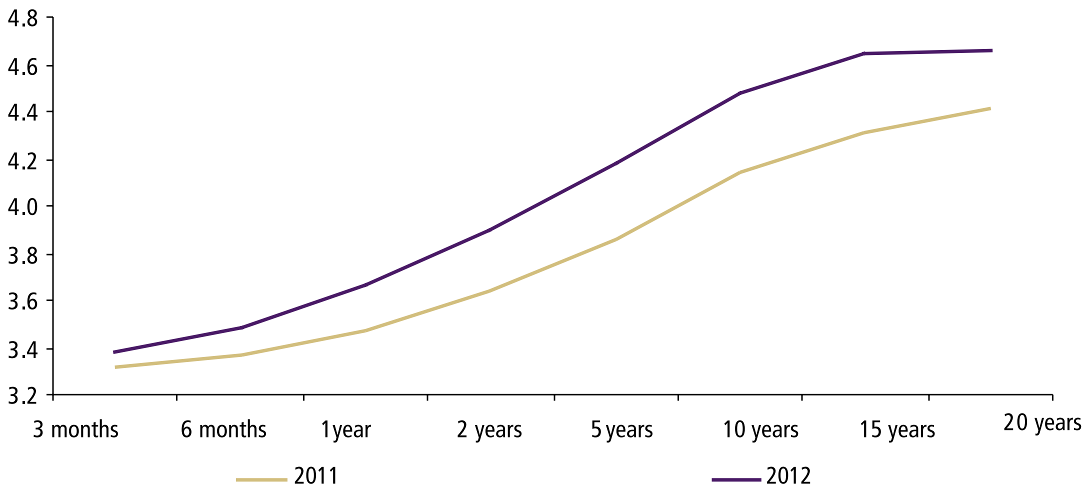
In the secondary market, like the change registered in the primary market, yields of all maturities moved up, with the exception of a slight downward trend in some yields between the first and second quarters, especially in connection with the key rate decrease.

**Table 1.9.5: Treasury bond yields in the secondary market***

| | 2009 | 2010 | 2011 | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Year |
| **Short-term rates** | | | | | | | | |
| 13 weeks | 3.36 | 3.38 | 3.31 | 3.43 | 3.29 | 3.35 | 3.43 | 3.38 |
| 26 weeks | 3.39 | 3.43 | 3.36 | 3.51 | 3.37 | 3.46 | 3.56 | 3.48 |
| 52 weeks | 3.48 | 3.55 | 3.47 | 3.63 | 3.53 | 3.69 | 3.81 | 3.66 |
| **Medium and long-term rates** | | | | | | | | |
| 2 years | 3.60 | 3.69 | 3.64 | 3.85 | 3.71 | 3.90 | 4.14 | 3.90 |
| 5 years | 3.81 | 3.90 | 3.86 | 4.04 | 3.98 | 4.19 | 4.51 | 4.18 |
| 10 years | 4.11 | 4.17 | 4.14 | 4.29 | 4.28 | 4.50 | 4.81 | 4.47 |
| 15 years | 4.48 | 4.35 | 4.31 | 4.48 | 4.49 | 4.68 | 4.94 | 4.65 |
| 20 years | 4.50 | 4.45 | 4.42 | 4.55 | 4.56 | 4.69 | 4.84 | 4.66 |

(*) Arithmetic averages

**Chart 1.9.9: Yield curve in Treasury bond secondary market (in %)**




## 1.9.4 Exchange rates

In 2012, the national currency appreciated by 1.42 percent against the euro and depreciated by 6.24 percent, 5.17 percent and 0.71 percent versus the U.S. dollar, the pound sterling and the Swiss franc, respectively.

Vis-à-vis the currencies of major emerging economies, the dirham was up 8.7 percent against the Brazilian real, 6.85 percent versus the Indian rupee and 0.54 percent against the Turkish lira, but fell 9.17 percent against the Chinese yuan.

In this context, the dirham's nominal effective exchange rate, whose calculation is based on a basket of currencies including Morocco's main partners and competitors, remained virtually unchanged from the previous year. In real terms, it depreciated by 1.6 percent on average, due to an inflation differential broadly in favor of Morocco.

**Chart 1.9.10: Transfer exchange rate (monthly average)**

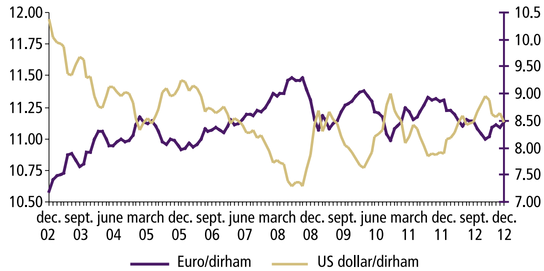
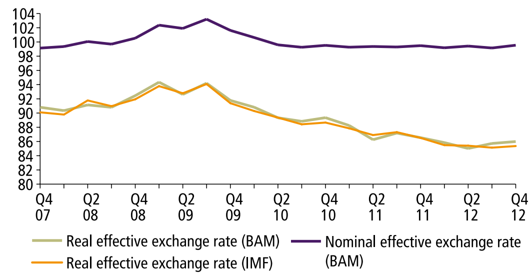



**Chart 1.9.11: Dirham's nominal and real effective exchange rate (2000=100)**




Sources: BAM and IMF

# 1.10 Money and credit

In a context marked by slower economic activity and deteriorating external accounts, money creation continued to be moderate in 2012, with a 4.5 percent increase in M3[1] aggregate as against 6.4 percent in 2011 and 7.1 percent on average over the past five years. This trend reflects a deceleration in bank credit and claims on the central government, as well as a contraction of net foreign assets.

The fundamental downtrend in bank credit growth, observed since 2008, worsened further, as the outstanding credit increased by 4.6 percent compared to 10.6 percent a year earlier. This fall affected all loan categories, especially equipment loans, which recorded their first decline since 2004, in conjunction with lower investment rate, as well as real-estate loans, whose growth decelerated from 10.2 percent to 6.1 percent, reflecting mainly slower increase in the number of real-estate transactions.

Following the rise in the Treasury financing requirements, claims on the central government were up 22.8 percent, a rate which is still lower than the 25.8 percent registered in 2011.

The outstanding net international reserves fell by 16.7 percent to 144.7 billion dirhams, equivalent to about 4 months and 2 days of goods and services' imports, as against 5 months and 6 days a year earlier. This decrease is attributed to wider trade deficit and lower travel receipts and remittances from Moroccans living abroad.

## 1.10.1 M3 aggregate

In 2012, the M3 money supply grew 4.5 percent as against 6.4 percent in 2011, mainly reflecting a slowdown from 10.4 percent to 5.1 percent in the growth rate of claims on the economy and from 25.8 percent to 22.8 percent in that of net claims on the central government, as well as a contraction of 16.7 percent in net international reserves. In contrast, nonmonetary resources[2] were up 7 percent, compared to 10.5 percent in 2011. Against this backdrop, and taking into account a 3.2 percent increase in nominal GDP, the velocity of money[3] stood at 0.83, a rate similar to the average recorded since 2007.

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 UCITS and foreign currency deposits.

2 Nonmonetary resources, whose increase causes a negative impact on money supply, include the capital and reserves of depository institutions and nonmonetary liabilities of other depository institutions, including regulated and guarantee deposits, subordinated loans, certificates of deposits with a residual maturity of more than 2 years, and bonds.

3 The velocity of money is the number of times the same monetary unit is used in transactions made during a given period. It is measured by the ratio of nominal GDP to M3 aggregate.

Chart 1.10.1: M3 annual growth

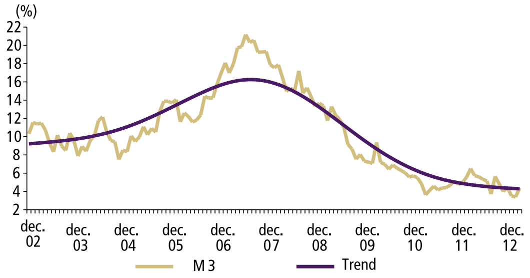
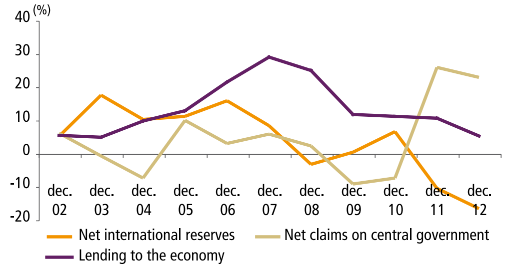



Chart 1.10.2: Annual growth of M3 main counterparts



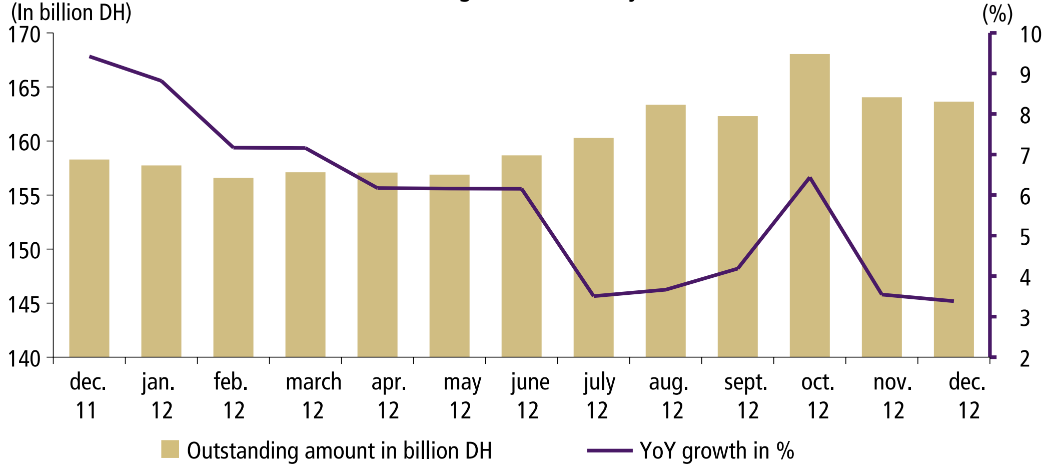

The infra-annual analysis shows that M3 growth stood at 5.2 percent on average in the first half-year, covering a 42.4 percent expansion of net claims on the central government, an 8.5 percent increase in nonmonetary resources and a 15.1 percent decrease in net international reserves. In the second half, the money supply growth rate decelerated to 4.2 percent, mainly due to further decline in net international reserves and slower growth of bank lending and net claims on the central government.

## 1.10.2 M3 components

### Currency in circulation

Currency in circulation increased by 3.4 percent in 2012 compared to 9.4 percent in the previous year, thus contributing 0.6 percentage point to the money supply growth. In the first half, it rose by 6.9 percent on average, as against 8.1 percent over the same period of 2011. In the second half, except for the increase registered at end-October in connection with Eid Al-Adha, the growth of currency in circulation stood at 4.1 percent on average, as opposed to 9.5 percent over the same period of 2011.

**Chart 1.10.3: Change in the currency in circulation**




## Bank money

The bank money growth decelerated from 5.8 percent to 4.7 percent, mainly reflecting a slower economic activity. Its contribution to money growth stood at 2.1 percentage points, from 2.7 points a year earlier. This trend covers a deceleration from 4.4 percent to 3.1 percent in the growth of demand deposits of private nonfinancial corporations and from 8.8 percent to 4.6 percent in that of households.

**Chart 1.10.4 : Change in bank money**

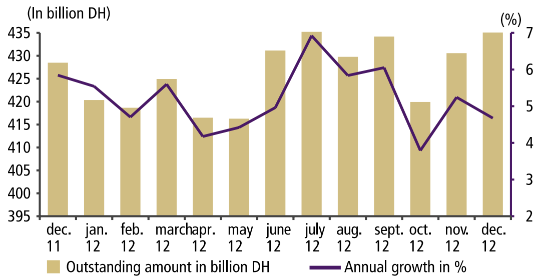
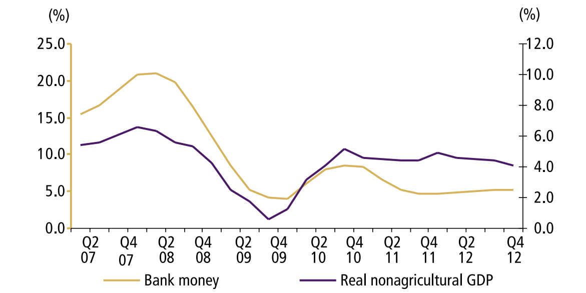



**Chart 1.10.5 : Annual growth of bank money and nonagricultural GDP (Moving average over four quarters)**

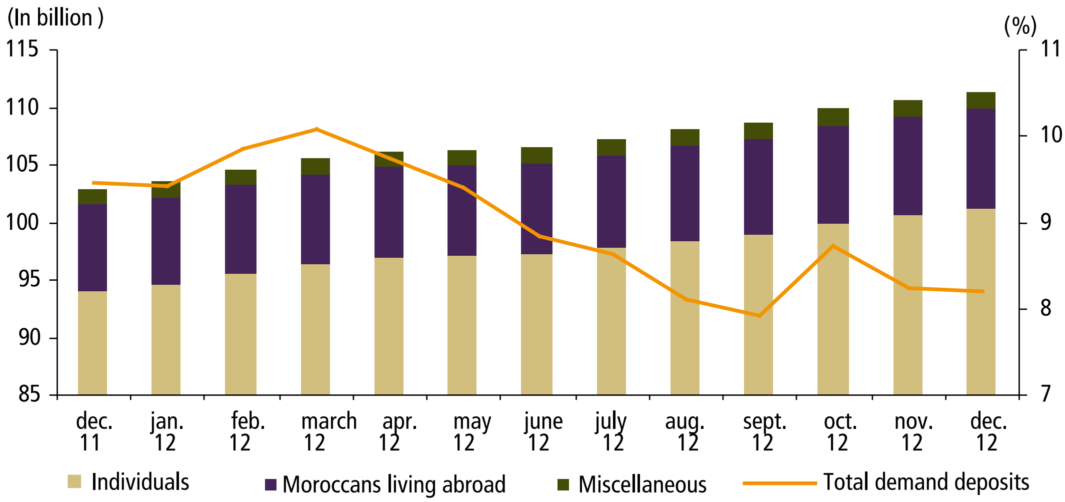



The infra-annual trend of bank money remains in line with its usual seasonal pattern. Monthly increases were recorded at the end of each quarter, especially in connection with down-payments made by businesses for corporate tax payment. Year on year, it grew on average by 4.9 percent in the first half and 6.3 percent in the third quarter, before slowing down to 4.6 percent in the last quarter. This trend remains in line with the nonagricultural GDP growth, which moved from 4.2 percent in the first half to 4.4 percent and then to 3.7 percent in the last two quarters.

## Demand deposits

Demand deposits grew 8.2 percent in 2012, compared to 9.5 percent in 2011, contributing 0.9 percentage points to the money supply growth, as against a point a year earlier. This slight deceleration is attributable to the combined effect of a slower economic activity and lower interest rates in real terms for this deposit category. Households contributed most to the increase in demand deposits, with 7 points for individual residents and 1 percentage point for Moroccans living abroad.

**Chart 1.10.6 : Change in demand deposits**




## Other monetary assets

Other monetary assets, identified in the M3 aggregate, rose by 3.5 percent, as against 4.5 percent in 2011, following a slower growth in foreign currency deposits and certificates of deposits and a decline in time deposits and money market UCITS.

Time deposits decreased by 0.9 percent, particularly owing to a 27.1 percent fall in assets by private nonfinancial corporations, which largely offset a 35.9 percent increase in public sector deposits. The infra-annual analysis indicates that outstanding time accounts recorded an almost continuous monthly decline during the first five months of the year, before increasing in June and July. They subsequently returned to a contraction trend with a more pronounced rate until October, reflecting lower deposits by private nonfinancial companies and households. In the last two months of the year, the fall was less marked, mainly due to the expansion of public sector assets.

**Chart 1.10.7: Change in time deposits**

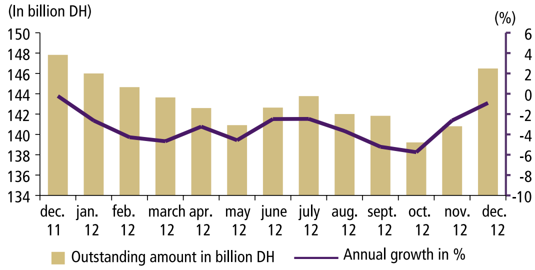
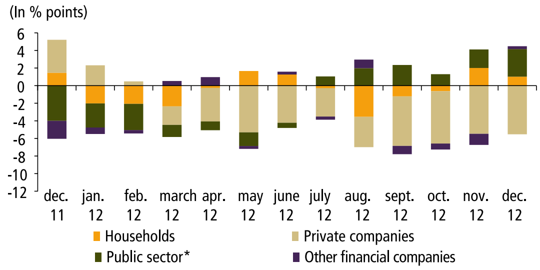



**Chart 1.10.8: Contributions of institutional sectors to the growth of time deposits (YoY)**




*Excluding central government

The outstanding securities of money market UCITS recorded a slight decline of 0.4 percent, after rising 7.3 percent a year earlier. The analysis of change during the year shows an increase of 22.5 percent on average in these securities in the first half, while in the second half, their growth decelerated to 12.2 percent, particularly due to the favoring of time deposits at the end of the year. Foreign currency deposits grew by 17.1 percent, as against 26.2 percent in 2011, reflecting a slowdown in the growth of deposits by private nonfinancial companies. The growth pace of certificates of deposit with a residual maturity of two years or less decelerated from 48.5 percent to 28.5 percent.

**Chart 1.10.9: Change in money market UCITS**

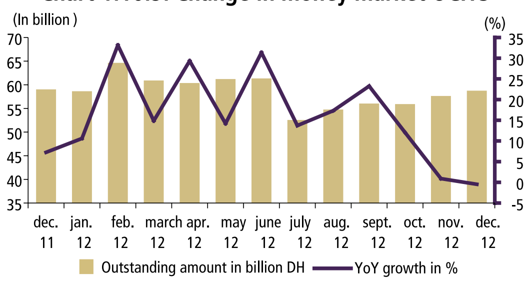



**Chart 1.10.10: Growth in the securities of money market UCITS and time deposits**

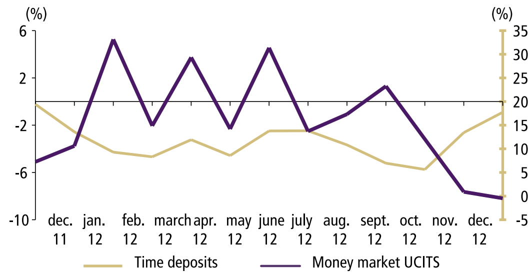


**Table 1.10.1: Change in M3 money supply components**

| | Currency in circulation | Bank money | Demand deposits | Other monetary assets * | M3 |
|---|---|---|---|---|---|
| **Outstanding amount as at the end of December (in billion dirhams)** | | | | | |
| 2007 | 120.0 | 337.1 | 72.4 | 176.3 | 705.9 |
| 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 |
| **Shares in M3 in %** | | | | | |
| 2007 | 17.0 | 47.8 | 10.3 | 25.0 | 100.0 |
| 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 |
| **Contribution to M3 annual growth as at the end of December** | | | | | |
| 2007 | 10.0 | 22.1 | 10.7 | 17.6 | 17.5 |
| 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 |

*Other monetary assets consist of assets with lower liquidity characteristics and/or a risk of capital loss relatively higher than those of currency in circulation, bank money and demand deposits. They include mainly time accounts and fixed-term bills, foreign currency deposits, securities sold under repurchase agreements, certificates of deposits with a residual maturity of 2 years or less, securities of money market UCITS and time deposits with the Treasury

## 1.10.3 Credit, claims on central government and net international reserves

After an increase of 10.4 percent in 2011, the growth of claims on the economy decelerated to 5.1 percent, contributing 4.2 percentage points to the money supply growth, as against 8.4 points a year earlier. Similarly, net claims on the central government moved up 22.8 percent, compared to 25.8 percent a year earlier, thus contributing 2.5 percentage points to M3 growth. However, net international reserves contracted by 16.7 percent and contributed negatively, for the second consecutive year, to the money supply growth, by 3 percentage points.

**Table 1.10.2 : Change in money supply counterparts**

| In billion DH | End-2010 | End-2011 | | End-2012 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| **A. Net international reserves** | **194 605** | **173 843** | **-10.7** | **144 736** | **-16.7** |
| **B. Net claims on central government** | **81 218** | **102 143** | **25.8** | **125 402** | **22.8** |
| **C. Claims on the economy** | **715 247** | **789 826** | **10.4** | **829 964** | **5.1** |
| Including: Bank loans | 621 486 | 687 333 | 10.6 | 719 201 | 4.6 |
| **D. Nonmonetary resources** | **130 645** | **144 318** | **10.5** | **154 357** | **7.0** |
| **E. Other net items** | **17 688** | **17 316** | **-2.1** | **2 466** | **-85.8** |
| **F- Counterparts of deposits with the Treasury** | **49 128** | **45 109** | **-8.2** | **48 898** | **8.4** |
| **Total of counterparts*** | **891 866** | **949 287** | **6.4** | **992 176** | **4.5** |

* Total of counterparts = A+B+C-D-E+F

## Bank loans

The bank credit growth decelerated from 10.6 percent in 2011 to 4.6 percent, keeping the virtually continuous trend that started in 2008. This change is due to slower economic activity and persistent uncertainties about its outlook, as well as to an increase in the banking sector's structural need for liquidity in connection with higher current account deficit. This shortage in fact moved up from 23.7 to 61.8 billion dirhams. This is confirmed by the survey on bank lending conditions, which highlights in 2012 that banks have continued to tighten loan supply policy, since 2009, due to weaker credit demand, especially from businesses. Under these conditions, the ratio of outstanding bank loans to nominal GDP remained almost stable at about 87 percent.

**Chart 1.10.11: Annual credit growth**

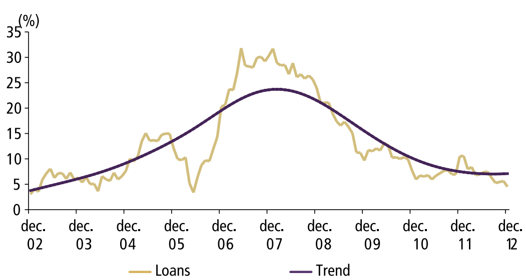
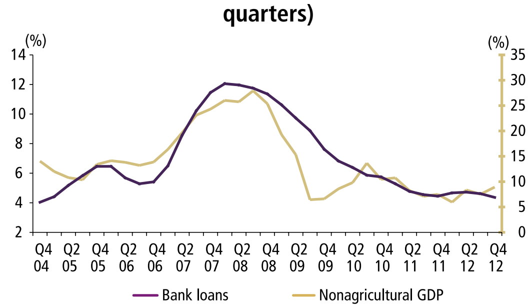


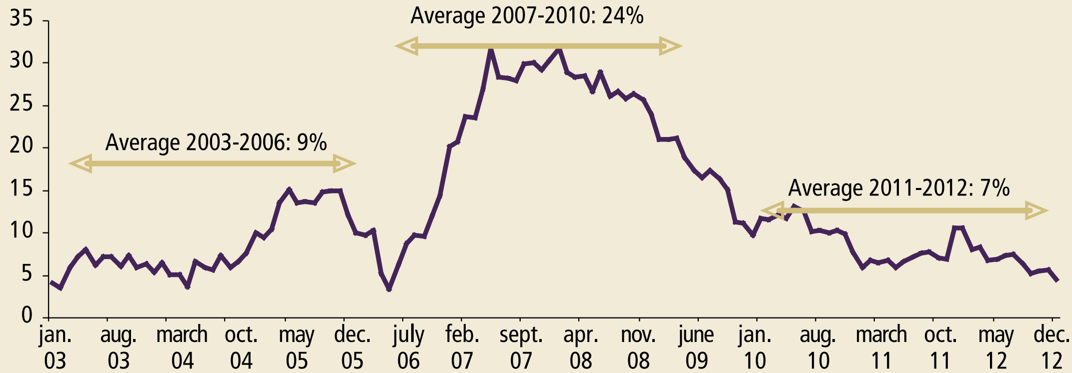

**Chart 1.10.12: Annual change in bank loans and nonagricultural GDP (Moving average over 4 quarters)**



**Box 1.10.1 : deceleration of bank credit growth: explanation by imbalance model**

The annual growth of bank credit continued to slow down since the second half of 2008, largely reflecting a downward adjustment after a period of strong growth between 2007 and early 2008. In recent months, the deceleration of credit was particularly pronounced, as its growth stood at 4.6 percent in December 2012, after a peak of 31.7 percent in January 2008 and an average increase of more than 22 percent between 2007 and 2009. This trend affected all categories of credit, for both the private sector and the public one.

**Chart B1.10.1.1 : Change in bank credit YoY (%)**




With a view to understanding changes and identifying any imbalances in the Moroccan credit market, a study of the Bank staff was based on the econometric method proposed by Maddala and Nelson (1974), which estimates a disequilibrium model, to detect the origin of credit slowdown or contraction. This type of model makes it possible to simultaneously estimate, through two behavioral equations, credit supply and demand, which are unobservable variables. The minimum between these two quantities is the actually observed amount of credit. For the case of Morocco, the disequilibrium model was estimated using data on a quarterly basis. The specifications used for the equations of demand $C_t^d$ and supply $C_t^s$ are as follows:

$$C_t^d = \alpha_0 + \alpha_1 PIBNA_t + \alpha_2 TIB_t + \alpha_3 ratcapit_t + \alpha_4 IPAI_t + \varepsilon_{1t} \qquad \varepsilon_{1t} \rightarrow N(0, \sigma_1)$$

$$C_t^s = \beta_0 + \beta_1 Cap_t + \beta_2 TIB_t + \beta_3 ratiosouffr_t + \beta_4 IPAI_t + \varepsilon_{2t} \qquad \varepsilon_{2t} \rightarrow N(0, \sigma_2)$$

$$C_t = \mathrm{Min}(C_t^s, C_t^d)$$

Where $C_t^d$ and $C_t^s$ represent the unobserved quantities demanded and supplied on the credit market in real terms, $\alpha_i$ and $\beta_i$ are the parameters to be estimated, and $\varepsilon_{it}$ are residuals. The third equation forces the system so that the minimum between credit supply and demand corresponds to the observed amount of credit Ct.

In the specification above, **credit supply** is determined primarily by the interest rate, measured by the interbank weighted average rate in real terms (IBR). The second determinant of credit supply is the supply capacity (Cap), calculated as the difference between bank deposits and required reserves (in real terms), whose coefficient should be positive.

The real-estate price index (REPI) was also introduced in order to capture the effect of the value of collateral required by banks when distributing loans. Its assessment should lead to a higher borrowers' net worth, lower risk premium and increased supply of credit by banks. Finally, the variable of nonperforming loans, an indicator of customers' solvency largely determined by economic activity and the uncertainty surrounding it, should have a negative impact on the distribution of loans.

**Regarding demand**, credit is explained by the real interest rate **(IBR)**, which represents the cost of financing for businesses and households, and should have a negative coefficient. It is also determined by economic activity measured by real nonagricultural GDP **(NAGDP)**, as well as real-estate prices **(REPI)**. A rise in real-estate prices would result in a valuation of the equity of potential borrowers and thus would help facilitate their access to the credit market. Finally, the market capitalization ratio **(capitrat)** was introduced as an indicator of profit and, hence, of cash flow, especially in the case of nonfinancial corporate credit. This variable is used to determine the degree of substitution between domestic and external corporate financing and should be negatively correlated with the demand for loans.

## Results for Morocco

Estimates are broadly in line with the economic theory. Indeed, regarding credit supply, the results confirm the expected positive impact of the increase in loan distribution capacity, which could result from improved deposits or lower reserve requirements. The real-estate price index has a positive and significant impact on credit supply, while the ratio of nonperforming loans exerts rather a negative effect. As to demand, the nonagricultural economic activity and real prices of property have a significant positive effect. The negative link between the market capitalization ratio and credit demand is consistent with expectations.

**Chart B1.10.1.2: Difference between growth of credit demand and supply**

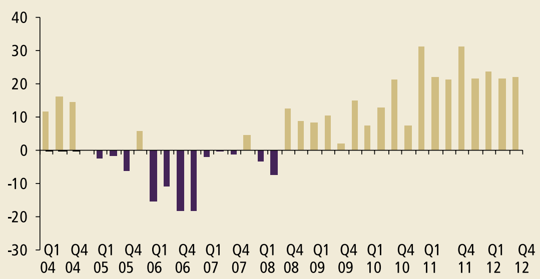
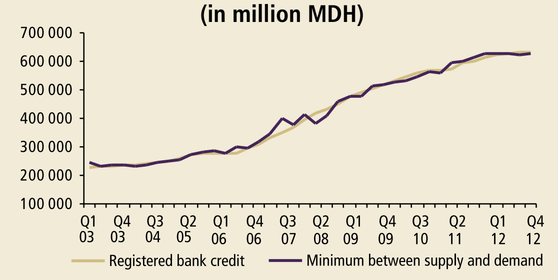



**Chart B1.10.1.3: Registered credit in real terms and minimum between estimated credit supply and demand (in million MDH)**




**These results show that there is a disequilibrium between supply and demand in the credit market.** Since late 2008, credit demand has grown faster than credit supply. The gap became more significant over the period 2011-2012, averaging about 25 percentage points. This market trend would be attributed to tighter lending conditions, mainly due to bank liquidity deficit, slower deposits and higher uncertainties about economic conditions. It can also be due to weaker demand in connection with the economic situation and the wait-and-see climate prevailing among economic operators.

**Change in bank loans by purpose**

The observed slowdown of credit affected all of its components. Indeed, cash advances increased 7.8 percent, as against 20.5[1] percent in 2011, mainly due to adverse economic conditions. Similarly, consumer loans rose by 9.8 percent compared to 11.2 percent, reflecting slower growth of household final consumption expenditure from 6.8 percent to 4.5 percent. In addition, the growth of real-estate loans decelerated from 10.2 percent to 6.1 percent, covering a decline from 10.7 percent to 9.8 percent in the growth of housing loans and a contraction of 0.3 percent in loans to real-estate developers, after rising 6.8 percent in the previous year. Slower growth of real-estate loans is due to the decline in that of real-estate transactions from 14.8 percent to 7.8 percent. Equipment loans recorded their first decrease since 2004, with 2 percent, after rising 4.1 percent a year earlier, especially in connection with a lower investment rate, as the annual increase of GFCF in volume decelerated from 2.5 percent in 2011 to 1.9 percent.

The growth of nonperforming loans slowed from 9.5 percent to 8.7 percent, thus representing 4.9 percent of total outstanding credit in the banking system, as against 4.7 percent a year earlier.

**Chart 1.10.13: YoY growth of the main categories of bank loans (in %)**

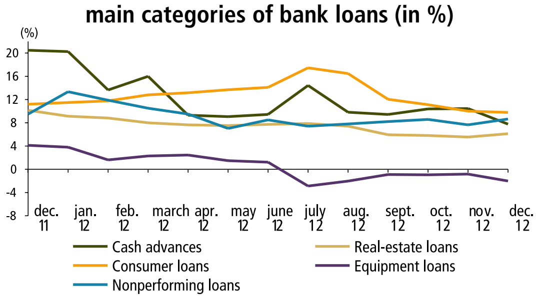



**Chart 1.10.14: Contributions to bank credit growth**

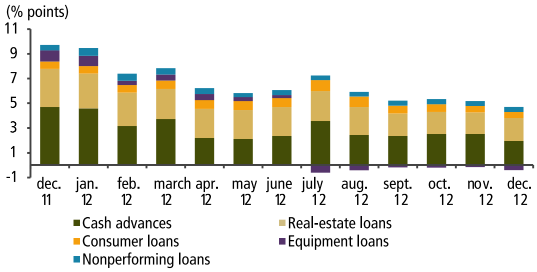
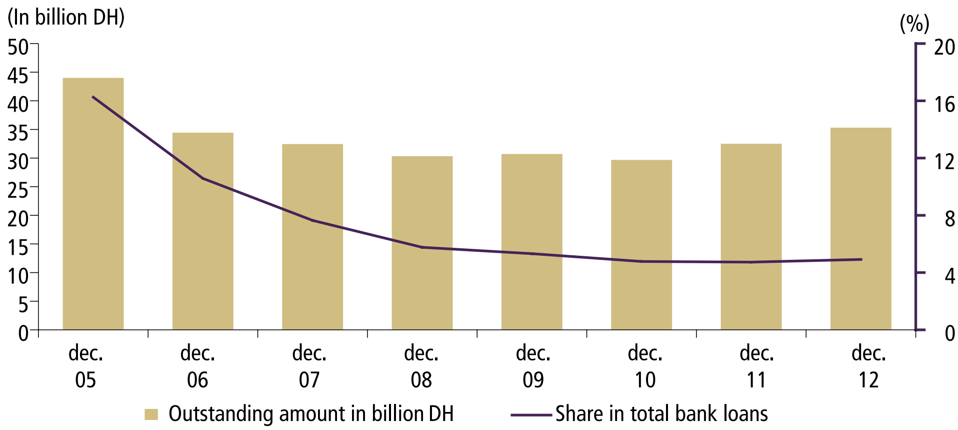



**Chart 1.10.15: Change in nonperforming loans and their share in total bank loans**




1 The significant increase recorded in 2011 is due to the exceptional rise in loans to private nonfinancial corporations in December of the same year.

### Change in bank loans by sector

The analysis of loans trend by sector indicates a 1.4 percent contraction in amounts allocated to the primary sector, as opposed to a 12.3 percent increase last year, in conjunction with lower agricultural production.

**Chart 1.10.16: Breakdown of loans by sector**

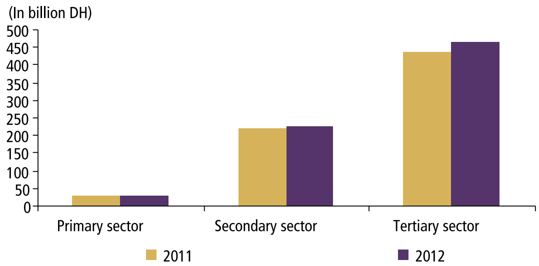
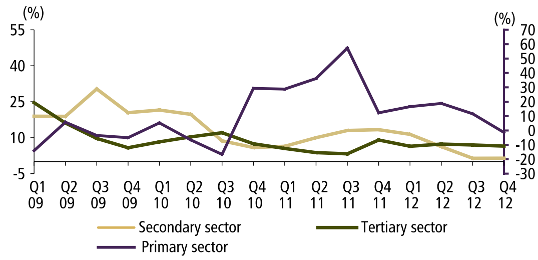



**Chart 1.10.17: Annual growth of loans by sector**



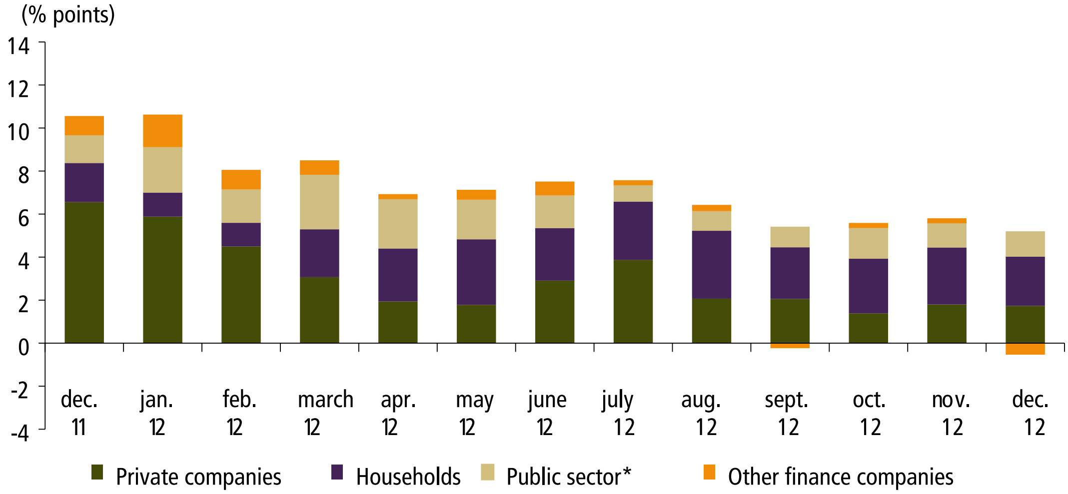

Meanwhile, reflecting a slower increase from 4 percent to 1.4 percent in the secondary sector value added, the growth rhythm of this loan category decelerated from 13.3 percent to 1.4 percent. Loans to the construction branch fell 2.3 percent, while those accorded to metallurgical, mechanical and electrical industries dropped by 4.2 percent, and those granted to extractive industries were down 8.8 percent. This trend was also due to a slowdown from 28.1 percent to 11.9 percent in loans to the electricity, gas and water branch, and from 25 percent to 1 percent in those granted to chemical and related industries.

Growth of loans to the tertiary sector moved down from 9.1 percent to 6.7 percent. This trend pattern is mainly due to a deceleration from 18.1 percent to 7.9 percent in the growth of loans granted to the "trade" branch and from 14.6 percent to 2.2 percent for loans to the transport and communication branch. It also results from a 4.2 percent contraction in loans to financial activities, after a 4.8 percent rise a year earlier. In contrast, the growth rate of loans to local governments and those accorded to the hotels and restaurants branch registered respective accelerations from 7 percent to 10.8 percent and from 8.4 percent to 8.9 percent.

### Change in bank loans by economic agent

Growth of loans to the private sector decelerated from 10.1 percent in 2011 to 4.7 percent in 2012, bringing their contribution to the bank credit growth from 8.3 percentage points to 3.9 points. This slowdown is mainly attributed to the decrease from 13.8 percent to 3.5 percent in the growth of loans to nonfinancial corporations, while those allocated to households rose by 7 percent compared to 5.3 percent. Loans to the public sector were up 24.4 percent as against 31.9 percent, while those allocated to other finance companies shrank by 3.2 percent.

**Chart 1.10.18: Contribution of economic agents to bank credit growth (YoY)**




* Public non-finance companies and local administrations

### Change in bank loans by term[1]

The analysis of loans trend by term reveals that their deceleration in 2012 is due to a 2.5 percent contraction of medium-term loans and a slowdown from 23.7 percent to 5.6 percent in those granted on the short term. In contrast, long-term loans rose by 9.8 percent from 1.1 percent in 2011.

**Chart 1.10.19: Breakdown of loans by term**

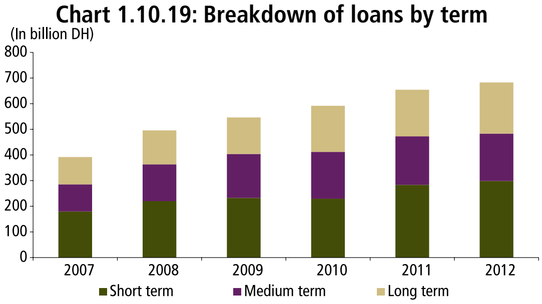
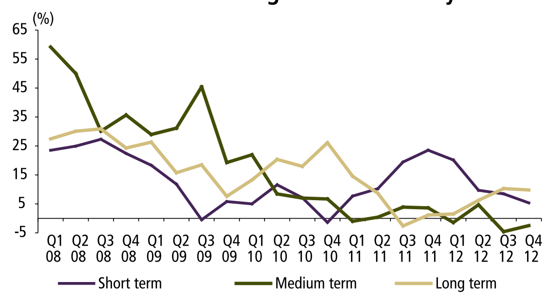



**Chart 1.10.20: Annual growth of loans by term**




## Loans distributed by finance companies, offshore banks and microcredit associations in 2012

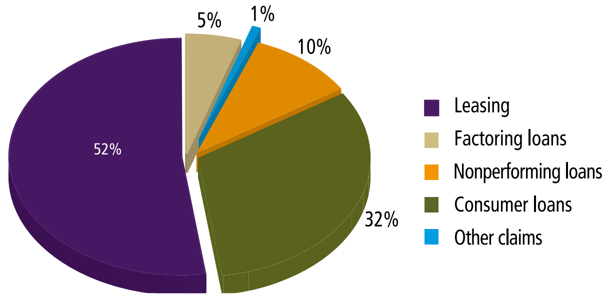
Loans granted by finance companies to nonfinancial agents amounted to 97 billion dirhams in 2012, up 5.7 percent from 8 percent in 2011. They are dominated to the tune of 52 percent by leasing, which rose 9.2 percent, and of 32 percent by consumer loans, which contracted by 5 percent. The growth rate of loans by factoring companies accelerated from 10.2 percent to 70.8

1 Short term: less than 2 years; Medium term: between 2 and 7 years; Long term: more than 7 years.

percent, thus raising their share in total credits accorded by finance companies from 1.1 percent to 1.4 percent.

**Chart 1.10.21: Change in main categories of loans distributed by finance companies**


**Chart 1.10.22: Structure of loans distributed by finance companies in 2012**




Loans distributed by offshore banks recorded a decline of 11.6 percent in 2012, after rising 18.1 percent in 2011, as their total outstanding fell to 13.6 billion dirhams. This contraction affects mainly cash advances, which dropped by 34.7 percent. However, equipment loans showed a significant increase of 108.5 percent, which concerned virtually all offshore banks, bringing their share in total loans granted by this category of banks from 13.9 percent to 32.7 percent.

**Chart 1.10.23: Change in the main categories of loans distributed by offshore banks**

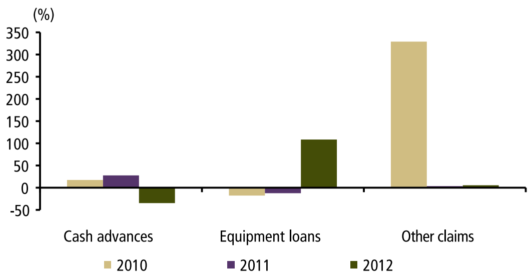
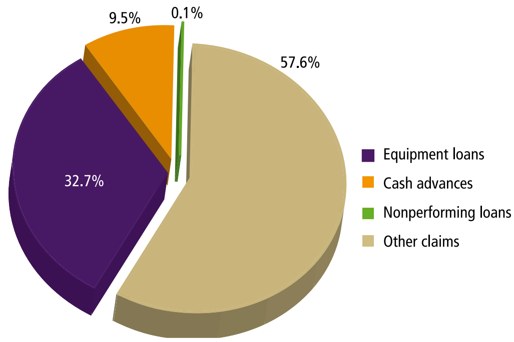



**Chart 1.10.24: Structure of loans distributed by offshore banks in 2012**




Loans by microcredit associations grew only by 0.6 percent to an outstanding amount of 4.6 billion. This change reflects a 0.8 percent increase in loans to micro-businesses, whose share in total outstanding amount is 86.2 percent, a 23.5 percent decline in loans to low-income housing and a 47.2 percent rise in nonperforming loans.

**Chart 1.10.25: Change in the main categories of loans distributed by microcredit associations**

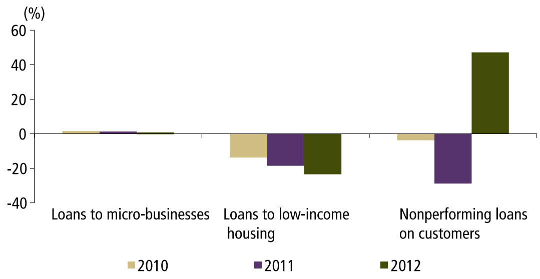
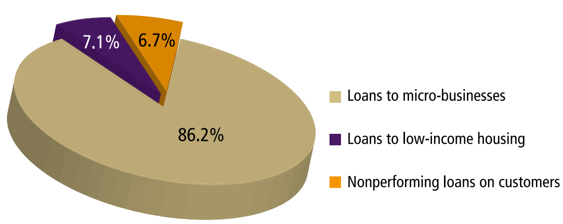



**Chart 1.10.26: Structure of loans distributed by microcredit associations in 2012**




## Net international reserves

Net international reserves declined 16.7 percent in 2012, compared to 10.7 percent in 2011, mainly due to a 10.2 percent worsening of the trade deficit, and respective contractions of 3.8 percent and 1.7 percent in remittances from Moroccans living abroad and travel receipts. They stood at 144.7 billion dirhams at the end of 2012, accounting for 4 months and 2 days of goods and services imports, compared to 5 months and 6 days at end 2011.

The analysis of infra-annual changes in net international reserves shows a virtually continuous decline until November, followed by a slight recovery at the end of December, mainly due to the issuance by the Treasury of an international bond loan of $1.5 billion.

**Chart 1.10.27: Monthly change in net international reserves**

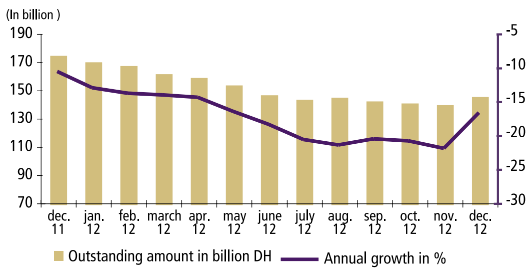
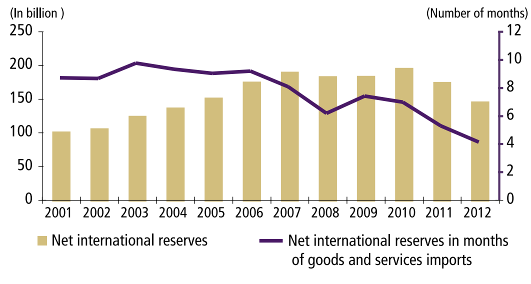


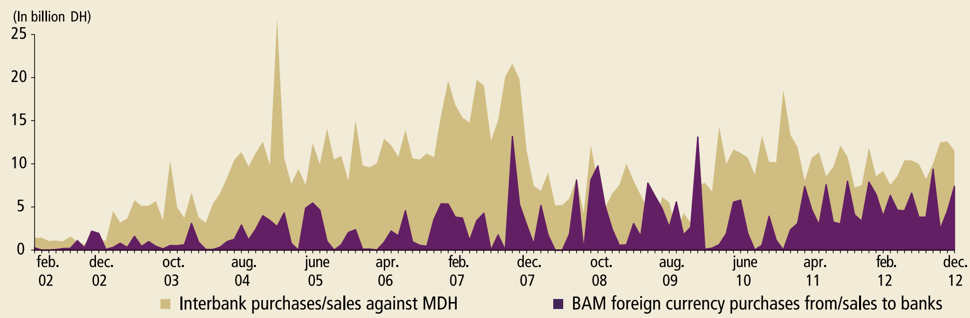

**Chart 1.10.28: Change in the structure of net international reserves**



## Box 1.10.2: Transactions on the exchange market in 2012

The average monthly volume of interbank spot foreign currency/dirhams transactions totaled nearly 10 billion dirhams in 2012, down 2.8 percent from the previous year. Meanwhile, the interbank lending and borrowing transactions in foreign currencies remained almost stable at around a monthly average of 32.4 billion dirhams. Foreign currency sales by Bank Al-Maghrib to other banks amounted to 5.3 billion on monthly average, as against 4.8 billion in 2011.

**Chart B1.10.2.1: Change in spot transactions on the exchange market**




Forward purchases of foreign currencies by bank customers, mainly to hedge imports, declined by 11.5 percent in 2012 to 8.2 billion dirhams. In contrast, forward sales to hedge exports rose by 60.9 percent to 4 billion dirhams on monthly average.

The average volume of foreign currency/foreign currency transactions, made by banks with their foreign correspondents, decreased by 59.8 percent in 2012 to 58.3 billion dirhams, after an increase of 26.4 percent one year earlier. Foreign currency deposits and investments abroad increased by 3.3 percent to 6.2 billion dirhams.

**Chart B1.10.2.2: Forward sales of foreign currency**

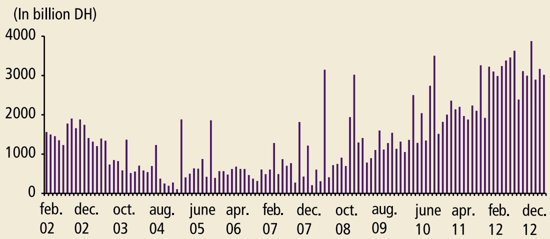



**Chart B1.10.2.3: Forward purchases of foreign currency**

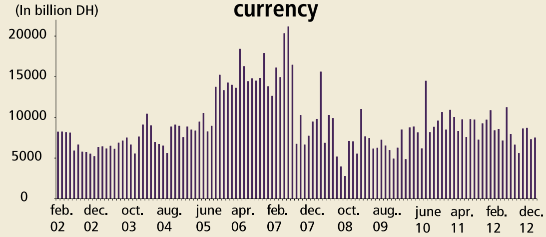



**Table B1.10.2.1: Transactions on exchange market (Monthly average in billion DH)**

| | 2011 | 2012 | Change in % | Change in % |
|---|---|---|---|---|
| | | | 2011/2010 | 2012/2011 |
| Interbank purchases/sales against MDH | 10.3 | 9.9 | -7.8 | -2.8 |
| BAM foreign currency purchases from banks | 0 | 0 | 0 | 0.0 |
| BAM foreign currency sales to banks | 4.8 | 5.3 | 163.3 | 11.0 |
| BAM foreign currency purchases from /sales to banks | 145 | 58.3 | 26.4 | -59.8 |

## Net claims on central government

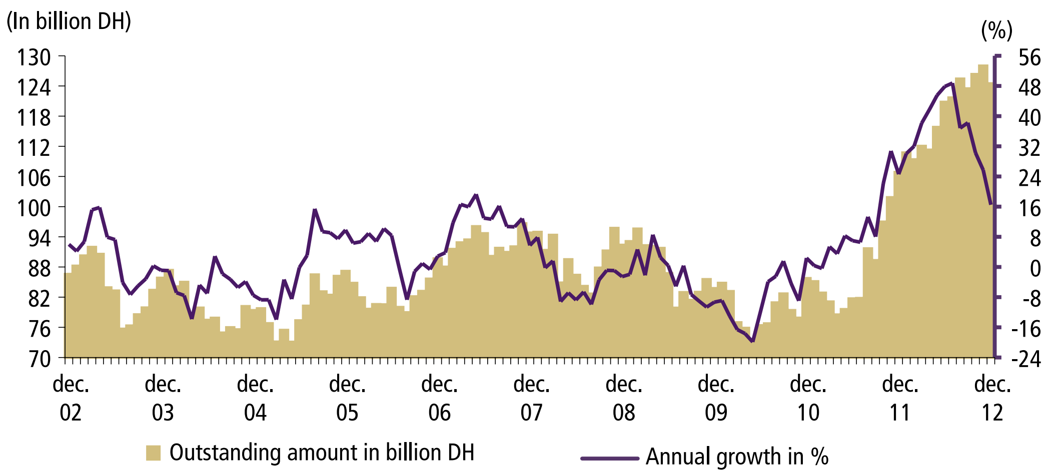
Net claims on the central government rose by 22.8 percent in 2012, compared to 25.8 percent a year earlier, and contributed 2.5 percentage points to money supply growth, as against 2.3 points. Despite this slowdown, the growth of these claims remains high, in a context of a significant increase in the Treasury borrowing requirement.

**Table 1.10.3: Net claims on central government (in million dirhams)**

| | End of 2010 | End of 2011 | | End of 2012 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| **Net claims of depository institutions on central government** | **81 218** | **102 143** | **25.8** | **125 402** | **22.8** |
| Net claims of Bank Al-Maghrib | 3 524 | 2 216 | -37.1 | 456 | -79.4 |
| Net claims of other depository institutions (banks) | 77 694 | 99 927 | 28.6 | 124 946 | 25.0 |

During the year, net claims on the central government recorded an average increase of 42.5 percent, year on year, in the first nine months, owing to the average increase of 48.6 percent in subscriptions to Treasury bills. However, the growth rate of these claims decelerated to 28.1 percent in the fourth quarter, while purchases of Treasury bills by banks declined by 2 percent on average during this period.

**Chart 1.10.29: Change in net claims on central government**



## 1.10.4 Liquid investment aggregates

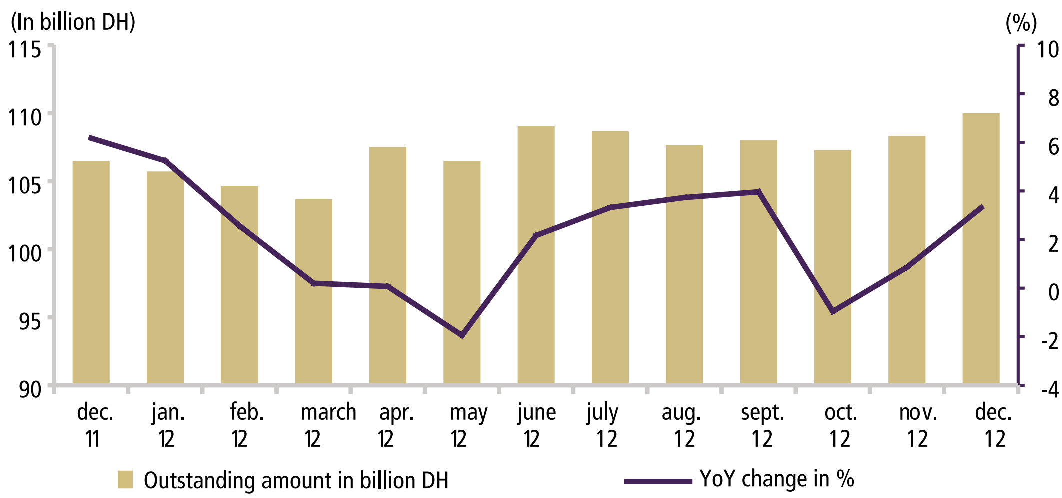
Liquid investment aggregates grew by 6.9 percent in 2012, from 5.8 percent a year earlier. This change covers an acceleration of securities included in LI1 aggregate, a deceleration of the outstanding amount of bond UCITS securities and a decrease in the volume of securities issued by equity and diversified UCITS.

LI1 aggregate increased by 11.1 percent to 244.4 billion dirhams, due to the rise of 10.1 percent in the outstanding amount of negotiable Treasury bills as against 8.1 percent in 2011 and an increase of 67.1 percent in bonds issued by finance companies compared to 9.2 percent. However, the growth of commercial papers went down from 54.4 percent to 0.4 percent.

**Table 1.10.4: Liquid investment aggregates**

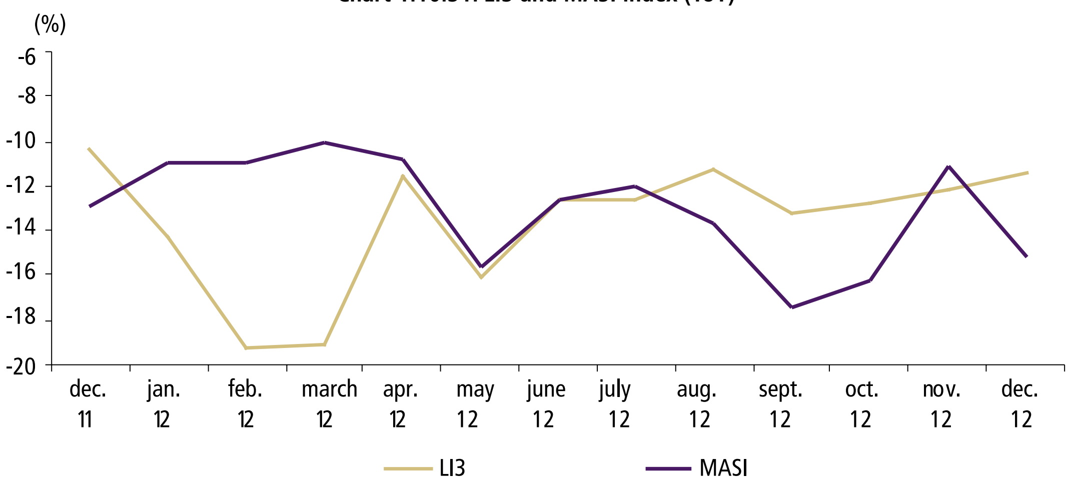
| Outstanding amount in million dirhams | End of 2010 | End of 2011 | | End of 2012 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| **LI1 Aggregate** | **203.1** | **219.9** | **8.2** | **244.4** | **11.1** |
| Negotiable Treasury bonds | 198.2 | 214.4 | 8.1 | 236.1 | 10.1 |
| Bonds issued by finance companies | 3.3 | 3.5 | 9.2 | 5.9 | 67.1 |
| Commercial papers | 0.9 | 1.4 | 54.4 | 1.4 | 0.4 |
| Securities issued by contractual UCITS | 0.7 | 0.6 | -22.1 | 1.0 | 72.6 |
| **LI2 Aggregate** | **100.3** | **106.4** | **6.1** | **110.0** | **3.3** |
| Securities issued by bond UCITS | 100.3 | 106.4 | 6.1 | 110.0 | 3.3 |
| **LI3 Aggregate** | **33.1** | **29.6** | **-10.4** | **26.2** | **-11.4** |
| Securities issued by equity and diversified UCITS | 33.1 | 29.6 | -10.4 | 26.2 | -11.4 |
| **Total LI** | **336.5** | **355.9** | **5.8** | **380.6** | **6.9** |

**Chart 10.1.30: YoY change in bond UCITS securities**



Securities of bond UCITS, classified within LI2 aggregate, grew by 3.3 percent from 6.1 percent in 2011, while those of equity and diversified UCITS, included in LI3 aggregate, showed a decrease of 11.4 percent after that of 10.4 percent a year earlier, due to lower prices at the Casablanca Stock Exchange.

**Chart 1.10.31: LI3 and MASI index (YoY)**




### Liquidity of the economy

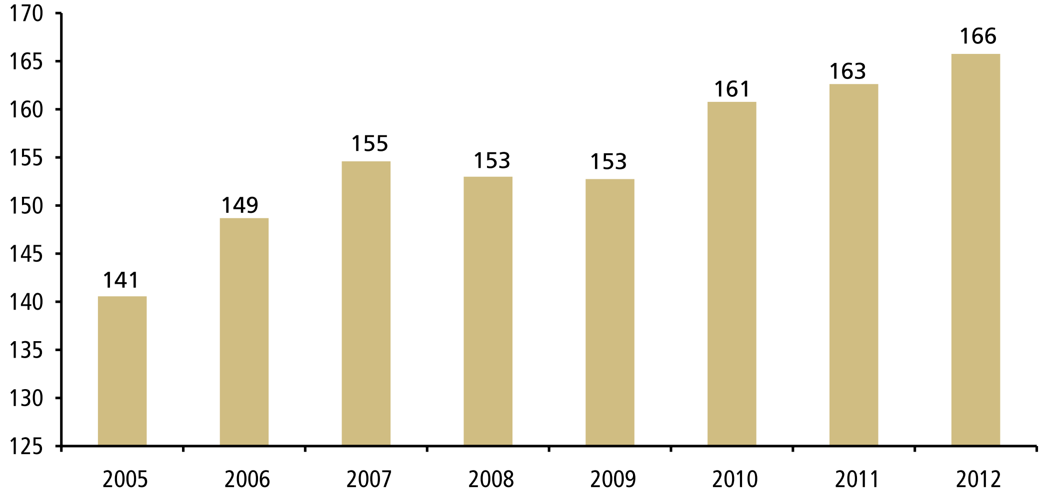
The liquidity of the economy, composed of M3 aggregate in the broad sense and total liquid investment aggregates, increased by 5.2 percent compared to 6.3 percent in 2011. Given a 3.2 percent growth of GDP at current prices, the liquidity ratio of the economy stood at 165.8 percent, slightly up over the previous year.

**Table 1.10.5: Liquidity ratio of the economy (in percentage)**

| | 2008 | 2009 | 2010 | 2011 | 2012* |
|---|---|---|---|---|---|
| M3/GDP | 116.1 | 116.9 | 116.7 | 118.3 | 119.8 |
| M3/GNDI | 107.3 | 110.7 | 110.8 | 112.6 | 114.9 |
| Total liquidity /GDP | 153.0 | 152.7 | 160.8 | 162.6 | 165.8 |
| Total liquidity/GNDI | 141.4 | 144.7 | 152.6 | 154.8 | 159.0 |

*Provisional

**Chart 1.10.32: Liquidity of the economy (in % of GDP)**



# 1.11 Asset markets

The Casablanca Stock Exchange showed in 2012 a decrease of more than 15 percent for MASI and MADEX indexes, thus worsening its underperformance to over 26 percent since December 2010. This deterioration, broadly attributed to lower profits of listed companies, was accompanied by a sharp drop in the volume of transactions in a structurally tight market.

With regard to debt securities issued in the domestic market, the amounts of Treasury bill issues grew by 16.2 percent from 2.4 percent in 2011, bringing the domestic debt ratio to 43.3 percent of GDP from 39.1 percent a year earlier. This change was accompanied by an appreciation of rates ranging from 5 basis points for the 13-week maturity to 60 points for the 20-year maturity. Meanwhile, the issues of negotiable debt securities moved up 4.2 percent, with a 1.3 percent increase in certificates of deposit, due to a 158 percent rise in Bank Al-Maghrib injections. In addition, bond issues rose significantly from 12.5 to 19.6 billion dirhams, driven mainly by private companies' bonds.

Moreover, net assets of Undertakings for Collective Investment in Transferable Securities (UCITS) increased 4.6 percent, owing to higher money market and bond UCITS. However, equity and diversified funds fell, in conjunction with the poor performance of the Casablanca Stock Exchange.

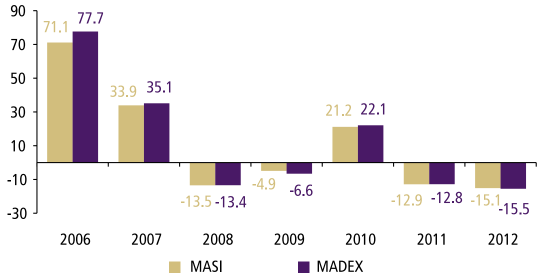
In the real-estate market, prices were up 1 percent on average, covering virtually stable prices of residential property and respective increases of 2.6 percent and 1 percent in land prices and commercial property ones. This change was accompanied by a slower growth of the volume of transactions from 14.8 percent to 7.8 percent.

## 1.11.1 Stock market

### Change in stock indexes and valuation indicators

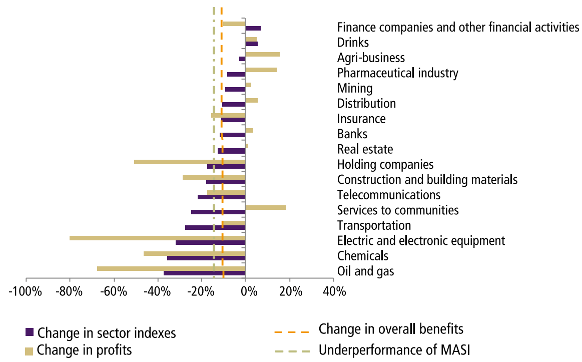
In 2012, MASI and MADEX indexes registered respective drops of 15.1 percent and 15.5 percent after those of 12.9 percent and 12.8 percent in 2011. This underperformance affected all sectors, except those of "finance companies and other financial activities" and "drinks", whose indexes rose by 6.6 percent and 5.6 percent, respectively. The declines recorded ranged from 2.8 percent for the agri-food sector to 37.3 percent for oil and gas.

**Chart 1.11.1: Annual performance of stock indexes (in %)**




Sources: Casablanca Stock Exchange and CDVM.

**Chart 1.11.2: Change in profits and stock indexes by sector of activity**




Change in stock indexes reflects a 10.3 percent contraction in the profits of listed companies, in a difficult economic environment. This decline affected particularly the sectors of "telecommunications" with a rate of 17.5 percent and "construction and building materials" with 28.7 percent. However, increases were recorded mainly in banking and agri-food sectors with respective rates of 3.4 percent and 15.3 percent.

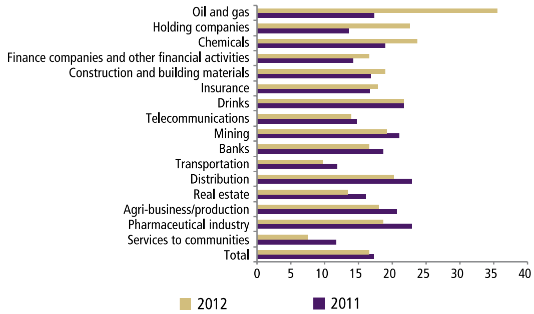
The developments registered in prices and profits resulted in a decline of the main valuation indicators. Indeed, the Price Earnings Ratio[1] (PER) fell in most sectors, overall, from 17.2 in 2011 to 16.5. The largest decreases affected the sectors of "services to the community" and the "pharmaceutical industry" with a PER moving down from 11.8 to 7.5 and from 22.9 to 18.7, respectively. However, increases were registered, especially in the sectors of "oil and gas" from 17.4 to 35.5 and "holding companies" from 13.6 to 22.7. The Price to Book Ratio[2] fell overall from 2.75 to 2.32.

Market capitalization dropped by 13.7 percent to 445.3 billion dirhams, or 53.8 percent of GDP as against 76 percent on annual average between 2007 and 2011. Its structure remains dominated by the banking sector with a share of 33 percent, followed by the telecommunications sector with 21 percent, and "construction and building materials" and real-estate sectors with respective rates of 11 percent and 9 percent.

1 PER : Price Earnings Ratio is the ratio of a company's share price to its per-share earnings.

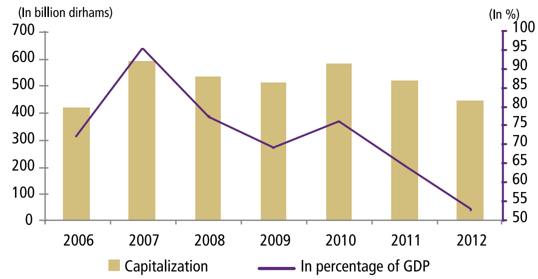
2 The price/book ratio is the ratio of equity market value (market capitalization) to its book value.

**Chart 1.11.3: Change in sectoral PER**




Source: Casablanca Stock Exchange and BAM calculations.

**Chart 1.11.4: Annual change in market capitalization**



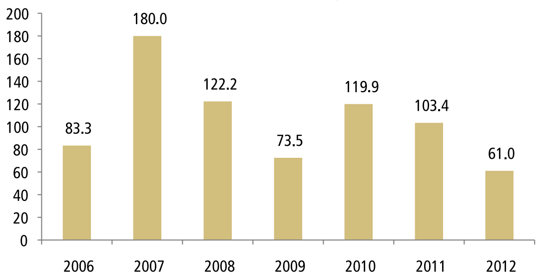

In terms of initial public offerings, only one operation was carried out in 2012 as opposed to three in 2011. It was for an amount of 27 million dirhams, or 38 percent of the capital of "Afric industrie" company, which operates in the sector of "construction and building materials". In addition, Branoma company is expected to be delisted as of February 2013. Therefore, the number of listed companies remains unchanged at 76 until that date.

### Volume of transactions

Due to the decline in stock prices and quantities traded, the volume of transactions showed a significant decrease of 41 percent compared to 2011, standing at 61 billion dirhams. This change reflects drops of 44 percent in the volume of transactions to 52.5 billion for shares and of 10.8 percent to 8.48 billion for bonds.

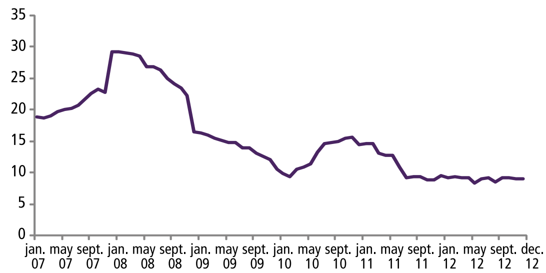
By compartment, 54 percent of transactions were carried out in the central market, 27.6 percent in the block market and 18.4 percent concerned initial public offerings, transactions of securities contributions, public offers, capital transfers and increase. Under these conditions, liquidity[1] showed a further decline to 9.03 percent from 9.57 percent in 2011.

**Chart 1.11.5 : Change in volume of transactions (in billions of DH)**




Source: Casablanca stock exchange

**Chart 1.11.6 : Monthly change in liquidity ratio (in %)**



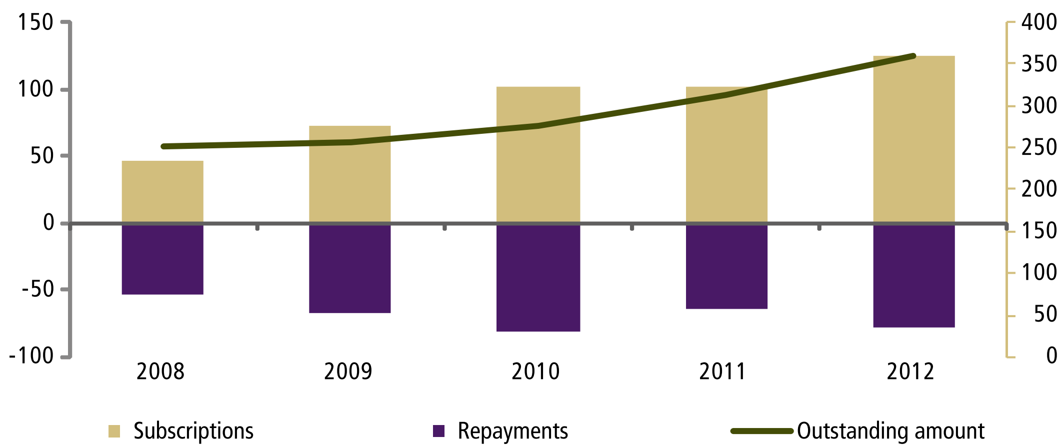

1 It is measured by the ratio of the volume of transactions in central and block markets to capitalization.

## 1.11.2 Debt securities

### Treasury bonds

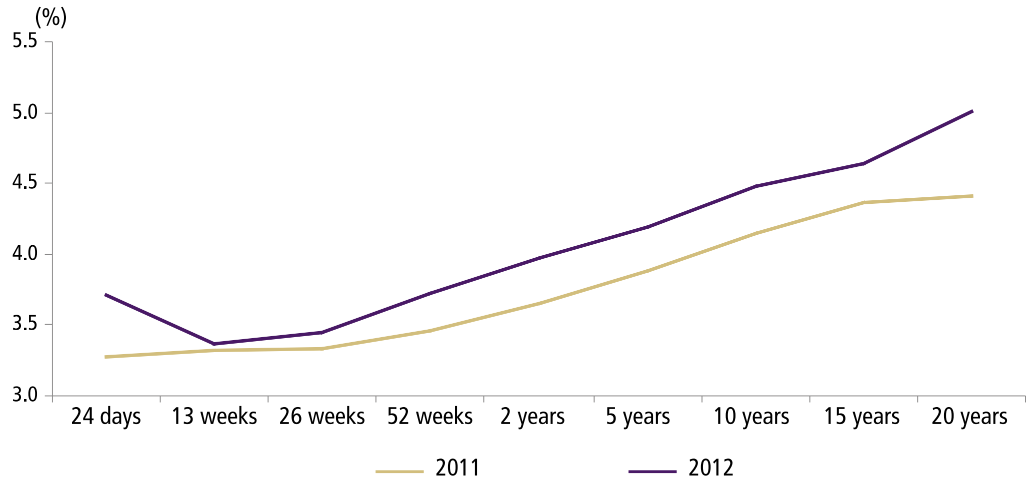
Given the worsening of the budget deficit, the amount of Treasury bill issues grew by 16.2 percent to 120.3 billion dirhams. This change reflects rises of 65.7 percent in short-term issues to 42.1 billion dirhams, 19.1 percent in long-term ones to 21.2 billion and a 5.5 percent decrease in medium-term issues.

**Chart 1.11.7 : Change in public domestic debt (in billions of DH)**




Rates matching these issues moved up compared to 2011. Increases ranged from 5 to 25 basis points for short-term maturities and from 28 to 60 points for long-term ones, while they stood at 32 points for medium-term maturities.

**Chart 1.11.8 : Yield curve in the primary market**

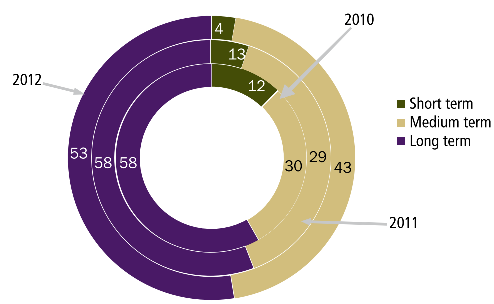


Given repayments amounting to 77.8 billion, the outstanding amount of Treasury bills increased by 13.5 percent to 356.7 billion dirhams. Its maturity structure remains dominated by long- and medium-term bills, with respective shares of 51.7 percent and 44 percent.

**Table 1.11.1 : Change in public domestic debt (in billions of DH)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Outstanding amount** | **252.7** | **257.9** | **277. 8** | **314 .2** | **356 .7** |
| Short term | 34.9 | 58.946 | 34.2 | 16.4 | 15.7 |
| Medium term | 50.6 | 43.8 | 82.0 | 122.4 | 156.8 |
| Long term | 167.1 | 155.1 | 161.1 | 175.5 | 184.3 |
| **Subscriptions** | **46.5** | **72.9** | **101.1** | **103.5** | **120.3** |
| Short term | 43.9 | 49.9 | 42.3 | 25.4 | 42.1 |
| Medium term | 2.6 | 23.0 | 47.2 | 60.3 | 57.0 |
| Long term | 0.0 | 0.0 | 11.7 | 17.8 | 21.2 |
| **Repayments** | **53.4** | **67.7** | **81.6** | **67.1** | **77.8** |
| Short term | 30.3 | 25.9 | 67.4 | 43.3 | 43.2 |
| Medium term | 20.7 | 29.8 | 6.6 | 19.8 | 22.6 |
| Long term | 2.4 | 12.0 | 7.6 | 4.0 | 12.4 |

**Chart 1.11.9: Change in the structure of public domestic debt by term (in %)**

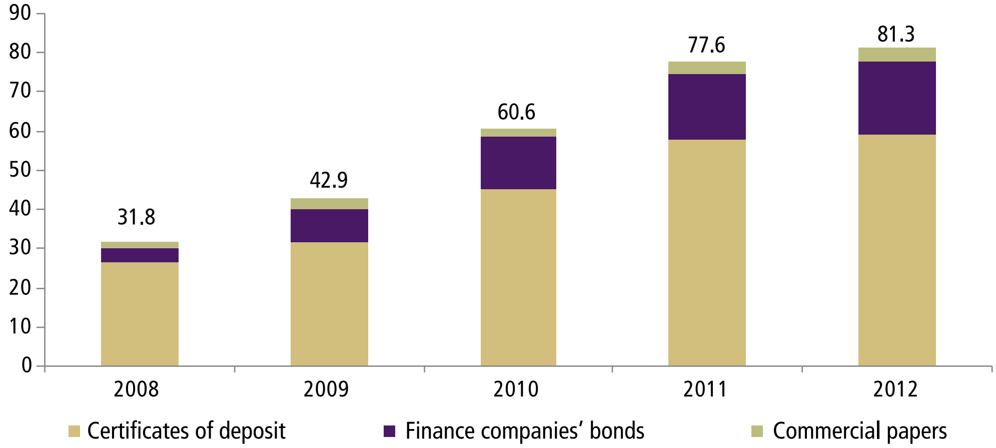



## Negotiable debt securities (NDS)

Despite the deceleration registered in 2012, the market of NDS continued its development that began in 2006, with issues totaling 59.1 billion, bringing their outstanding amount to 81.3 billion, twice the level of 2009. 39 percent of these issuances covered 6-month to 1-year maturities and 22 percent concerned 1- to 2-year maturities.

This change is attributed to higher issues of certificates of deposit, which stood at 44.5 billion from 44 billion in 2011 and 20.5 billion dirhams in 2009. The volume of issued commercial papers reached 9 billion dirhams, up 3 billion compared to 2011 and 5.5 billion compared to 2009. In contrast, finance companies' bonds fell by 2 billion dirhams to 5.6 billion, including 65 percent concerning 1 to 2-year maturities.

**Chart 1.11.10: Change in outstanding amount of NDS (in billions of dirhams)**




Certificates of deposit rates ranged from 3.67 percent to 4.68 percent, while the rates of finance companies' bonds varied between 4.5 percent and 4.72 percent and those of commercial papers were between 3.71 percent and 4.61 percent.

## Bond yields

In 2012, bond issues were up by 7.3 billion to 19.6 billion dirhams. This increase covers particularly an increase of 8.2 billion in issues of private companies excluding banks and a decrease of 2.8 billion in those of public nonfinancial corporations.

These issues mainly concerned five-year maturities, with rates ranging from 4.79 percent to 5.77 percent and 10-year maturities with rates between 4.84 percent and 6.04 percent.

**Table 1.11.2 : Bond issues by issuer (in millions of dirhams)**

| | 2011 | 2012 | Variation en millions de dirhams |
|---|---|---|---|
| **Total** | **12 296** | **19 626** | **7 330** |
| **Financial companies** | **1 446** | **7 376** | **5 930** |
| Banks | 1 386 | 3 250 | 1 864 |
| Public | - | 2 000 | 2 000 |
| Private | 1 386 | 1 250 | -136 |
| Other financial companies | 60 | 4 126 | 4 066 |
| Private | 60 | 4 126 | 4 066 |
| **Nonfinancial companies** | **10 850** | **12 250** | **1 400** |
| Public | 6 000 | 3 250 | -2 750 |
| Private | 4 850 | 9 000 | 4 150 |

Sources: Maroclear and BAM calculations.

Taking into account repayments totaling 5 billion, the outstanding amount of bond debt reached 87.6 billion dirhams, up 18.1 percent as against 16 percent in 2011. Its structure is still dominated by nonfinancial companies' bonds, with a share of 70 percent.

**Table 1.11.3 : Change in bond debt by issuer**

| | Outstanding amount (in million dirhams) | | Change | |
|---|---|---|---|---|
| | dec-11 | dec-12 | in million dirhams | In % |
| **Total** | **74 153** | **87 571** | **13 418** | **18.1** |
| **Financial companies** | **20 790** | 25345 | **4 555** | 21.9 |
| Public | 2 290 | 3 272 | 982 | 42.9 |
| Private | 18 500 | 22 073 | 3 573 | 19.3 |
| **Nonfinancial companies** | **53 364** | **62 226** | **8 862** | **16.6** |
| Public | 21 949 | 24 702 | 2 753 | 12.5 |
| Private | 31 415 | 37 524 | 6 109 | 19.4 |

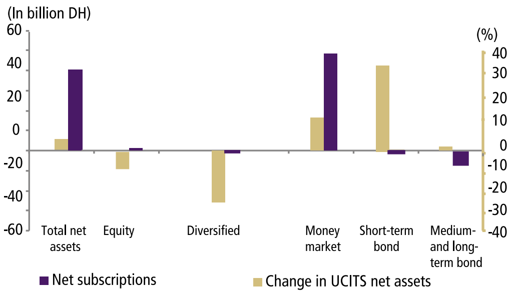
Sources: Maroclear and BAM calculations.

## 1.11.3 UCITS management

In 2012, net assets managed by UCITS recorded an increase of 4.6 percent from 2.3 percent in the previous year, reaching 242 billion dirhams. This trend is attributed to higher bond and money market UCITS, which more than offset the decline in other categories.

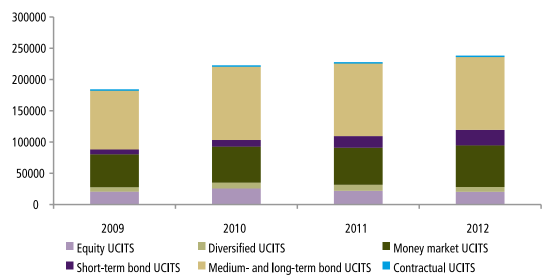
Indeed, net assets of money market UCITS grew by 12.3 percent, mainly due to a net inflow of 57 billion dirhams, while bond funds rose 0.8 percent for medium and long terms and 33.4 percent for the short term, despite the respective net outflows of 8.4 and 1.9 billion dirhams. In contrast, net assets of diversified UCITS showed a significant decline of 20.3 percent to 7.7 billion and those of equity funds dropped by 7.4 percent to 20.3 billion. This last category recorded a net purchase of 1.4 billion, despite the decline in stock prices.

**Chart 1.11.11 : Balance of net subscriptions and change in net assets by UCITS category**




Source: CDVM

**Chart 1.11.12 : Chart 1.11.12: Change in net assets by UCITS categories (in billion DH)**

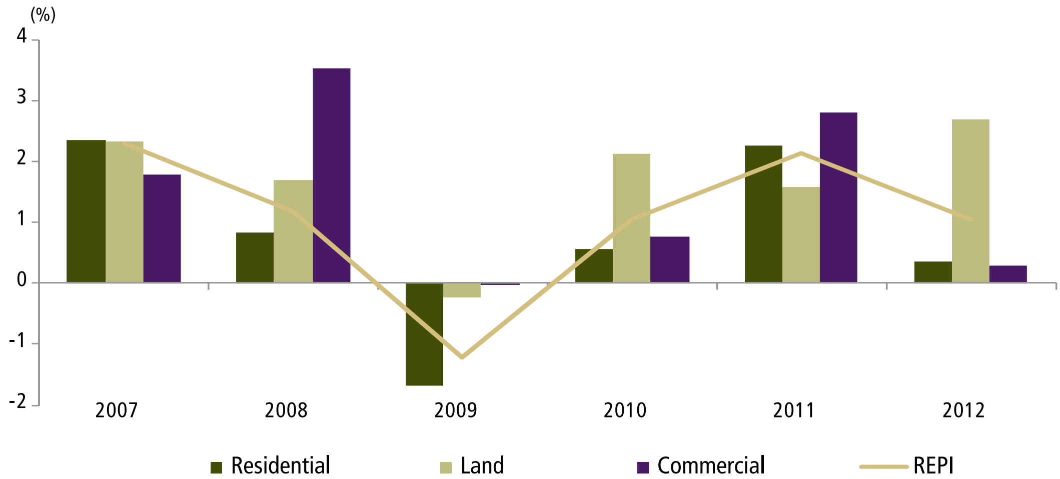


The number of active UCITS increased from 79 to 86 for equity funds, and from 56 to 58 for diversified funds. Other categories improved by four funds each, to 44 for money market UCITS, to 29 for short-term bond funds and to 132 for medium and long-term bond funds. By legal form, 87.5 percent of these funds are mutual funds and 12.5 percent are open-end mutual funds.

## 1.11.4 Real estate assets

The analysis of the real estate market trends indicates a slowdown in 2012 both in prices and number of transactions. Thus, real estate prices were up by 1 percent as against 2.2 percent in 2011. This change covers virtually stable prices of residential property, after an increase of 2.4 percent in 2011, acceleration from 1.5 percent to 2.6 percent in the growth of land prices, and a deceleration from 2.6 percent to 1 percent in commercial property prices.

**Chart 1.11.13 : Change in real estate price indexes**




By region, the main increases were registered in Chaouia-Ourdigha, Taza-Al Hoceima-Taounate and Tangier-Tetouan, while the most significant contractions were observed in Doukkala-Abda and Meknes-Tafilalt. By city, the largest increases were 10.9 percent in Kenitra and 6 percent in Oujda. However, Marrakech, Agadir and Tangier experienced respective declines of 1.7 percent, 1.6 percent and 0.7 percent.

**Chart 1.11.14 : Change in prices by region**


**Chart 1.11.15 : Change in prices by city**


Sources: ANCFCC and BAM.

The increase in the number of transactions decelerated from 14.8 percent to 7.8 percent, mainly reflecting a slowdown from 14.3 percent to 8.7 percent in the growth of residential property sales and from 18 percent to 5.5 percent in that of land sales. Concerning the structure of transactions, residential property, mainly apartments, remains predominant, with a share of 69 percent as against 24 percent for land and 7 percent for commercial property.

**Chart 1.11.16 : Annual change in the number of real estate transactions**

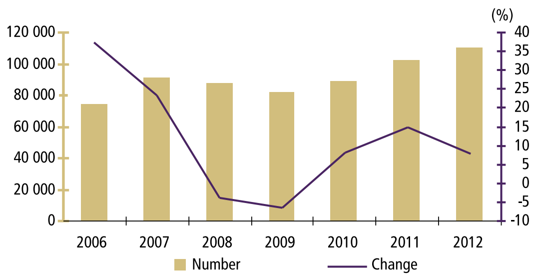
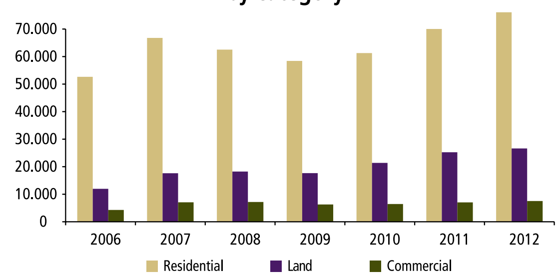



**Chart 1.11.17 : Change in the number of real estate sales by category**




Sources: ANCFCC and BAM.

At the regional level, significant decreases in the number of transactions were recorded in Fes-Boulmane with 31 percent and Tadla-Azilal with 17 percent. However, this number increased by 45 percent in Souss-Massa-Draâ and 22 percent in Tangier-Tetouan. The analysis by city indicates that, with the exception of Rabat where the number of sales declined by 6 percent, other cities recorded increases up to 54 percent in Agadir and 22 percent in Tangier and Kenitra.

**Chart 1.11.18 : Number of real estate transactions by region**

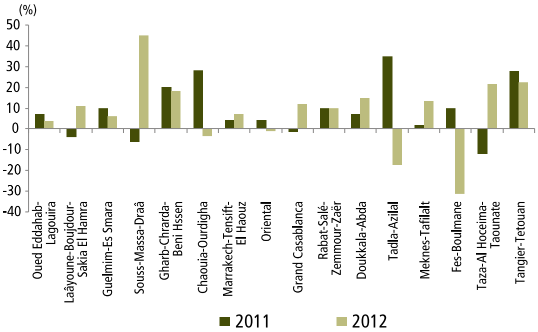
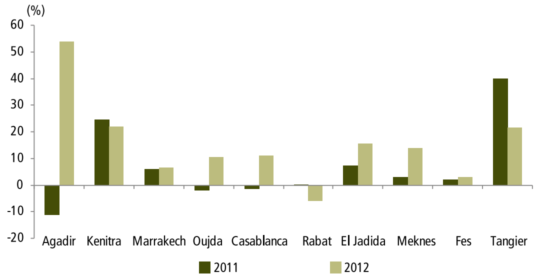



**Chart 1.11.19 : Number of real estate transactions by city**




Sources: ANCFCC and BAM.

# PART 2

## BANK ACTIVITIES

# Highlights of 2012

The year 2012 coincides with the completion of the third three-year strategic plan 2010-2012, which aimed to make the Bank evolve "from consolidation towards performance".

Indeed, Bank Al-Maghrib has adopted since 2004 the three-year strategic planning mode, which guides its progress towards clearly defined objectives, by efficiently mobilizing human and material resources necessary for the achievement of these goals.

In 2012, Bank Al-Maghrib continued to strengthen its governance, through more marked cultural and institutional anchoring, thus contributing to greater transparency, consultation and efficiency at all decision-making levels, and within its various structures.

Regarding core business entities, many significant advances have been made, allowing the Bank to fulfill its core tasks in a more effective manner.

As to monetary policy, the conceptual framework was strengthened by new analysis and evaluation tools making it possible to eventually better assess inflationary pressures. Models for forecasts and simulations of impact of monetary policy were newly developed or improved. Operationally, the Bank continued its accommodative policy, reducing the key rate and increasing the volume of its injections to meet the banks' liquidity needs. In the same vein, the Bank lowered the required reserve ratio and expanded eligible collateral to bills representing credit claims on VSE and SME.

In terms of banking supervision, the Bank continued to strengthen prudential requirements in order to allow credit institutions to converge with the Basel II advanced standards and be prepared for the new framework under Basel III. In addition, Bank Al-Maghrib made substantial progress over the last two years internally and in collaboration with other financial market regulators, to help build and institutionalize an efficient and reliable macro-prudential supervision system, which helps assess and monitor the systemic risks of the various components of the financial sector. The national system now relies on a systemic risk monitoring committee, a crisis committee, bringing together financial authorities, and an internal financial stability committee at the Bank, whose work is used to assess the risks likely to affect the stability of the national financial system.

Moreover, with a view to improving the banking penetration rate, and more generally the financial inclusion aiming to bring the financial sphere closer to all institutional sectors, the Bank worked towards developing financial education and strengthening consumer protection as vectors of this inclusion.

Regarding banknotes and coins, the production tool was modernized in 2012, by installing a new manufacturing line and automating controls process, thus allowing Dar As-Sikkah to continue to meet, in the best possible conditions, the demand for currency in circulation.

Support entities also contributed to the achievement of the strategic plan 2010-2012, either directly through their own goals, or indirectly by providing support to core business entities. Their contributions covered many areas, including human capital development, reinforcement of the transparency of financial information, modernization of information systems, improvement of the working environment, optimization of the management of financial resources and establishment of a culture of quality in the Bank's various processes and services.

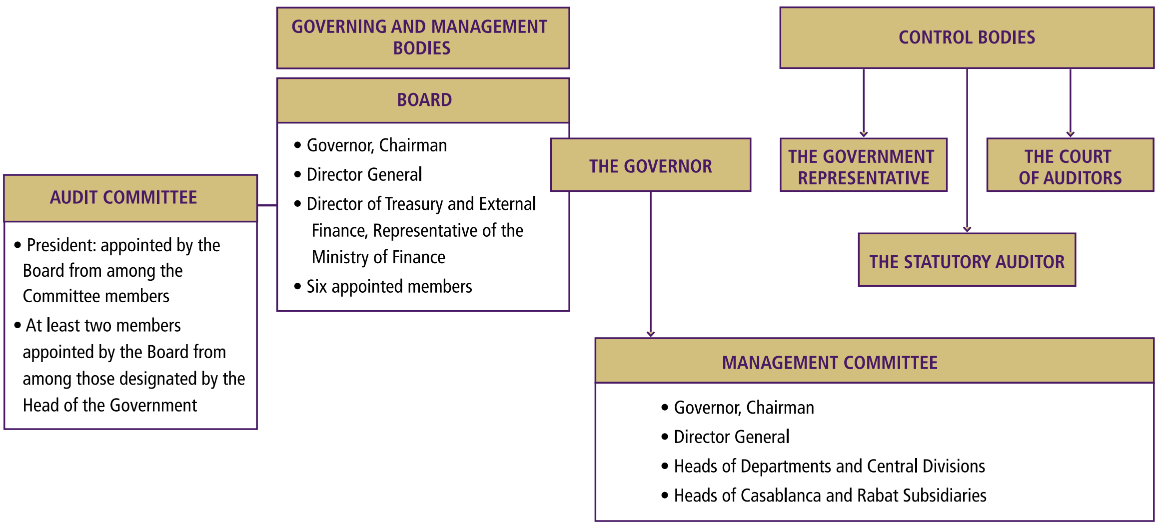
Under its new strategic plan 2013-2015, Bank Al-Maghrib will capitalize on these achievements in order to consolidate and strengthen its position as a reference actor, which inspires confidence, through its credibility, expertise and commitment.

# 2.1 Governance

## 2.1.1 Governance structure

Bank Al-Maghrib governing and management bodies 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. This mission was strengthened in 2011 by establishing an Audit Committee whose role is to analyze and evaluate the accounting information mechanism, internal and external audit framework and risk control system, and report to the Board.

**Governance structure**




### 2.1.1.1 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 Chief of the Government. The Treasury and External Finance Director sits in the Board as an ex-officio member, and is not entitled to vote on monetary policy decisions.

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

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

The Management Committee assists the Governor in managing the Bank affairs. It is composed of the Governor, Director General and heads of departments and divisions of the Central Administration and Rabat and Casablanca Subsidiaries. This Committee holds its meetings every month.

### 2.1.1.2 Control bodies

Except for monetary policy matters, the Government Representative, on behalf of the State and in the name of the Minister of Finance, controls the Bank activities. He ensures compliance with the legal measures governing such activities, particularly statutory provisions.

The Bank accounts are audited annually by the 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 social security of its staff, in accordance with the law in force.

### 2.1.1.3 Internal Audit Committee

In 2012, the Audit Committee reviewed and gave its opinion on the Bank's annual financial statements as at 31 December 2011 and the rules and principles on the process of designating the Statutory Auditor, mainly those related to the term and the principle of rotation. Similarly, the Committee reviewed the procedures for consulting and evaluating bids submitted by tenderers to the mandate of the office of statutory auditor for the fiscal years 2012-2014, situations of conflict of interests and criteria for assessing the independence of the statutory auditor. These criteria include mainly the prohibition on the statutory auditor to perform consulting services for the Bank, the importance of his fees in relation to his overall turnover and the absence of ties with the concerned officials of the Bank. These rules were approved by the Board at its meeting of June 2012.

In addition, the Audit Committee reviewed the evaluation process of the Bank's internal control system as well as the conclusions of the related report, and examined the draft amendment to the charter of this system, approved by the Board in September. The amendments concerned the focus of this system on the five components of the Committee of Sponsoring Organization of the Treadway Commission (COSO) and the clarification of control activities by distinguishing between the permanent control and the periodic one. They also concerned the establishment of four control levels instead of two before, the formalization of the roles of actors steering this system, namely the Governor and the Board, as well as the formalization of control frameworks, relating mainly to the achievement of strategic objectives, monitoring of incidents and outsourced or delegated activities. Moreover, the Committee made amendments to the internal audit charter regarding its role in approving the annual audit program, including outsourced and delegated activities in the audit scope and clarifying the principle of the objectivity and independence of auditors. The new charter was approved by the Board in September 2012 and was published on the Bank's website.

In terms of internal audit and risk management, the Committee assessed the results of the operational and financial risk control systems for the year 2012 and drew up the 2013 audit program.

### 2.1.1.4 Organizational structure and activity steering

The Bank's organizational structure consists of seven core business entities and eight support entities.

**The Bank's organizational chart**


The activities are steered by four committees, which ensure the basic tasks of the Bank.

- **Monetary and Financial Committee (MFC):** it is chaired by the Governor and composed of the Director General and the heads of entities responsible for the monetary policy development and implementation, as well as the head of banking supervision department. This Committee assists the Governor in areas directly related to some core missions of the Bank, the economic, monetary and financial developments, monetary policy, reserves management, foreign exchange market developments, banking supervision and payment systems. It provides a monthly diagnosis of the economic situation, based on studies, analyzes and forecasts made by the Bank staff. It validates the monetary policy report, which provides the Board members with all necessary data for decision-making, and monitors the implementation of the Board's decisions.

- **Money Market Committee:** it is composed of heads of entities in charge of monetary policy development and implementation. It assesses, on a weekly basis, the money market situation in order to specify the volume and mode of the Bank's intervention.
- **Financial Stability Committee:** it is a standing advisory body, established in April 2012 and entrusted with assessing risks to financial stability and examining relevant mitigation measures. This Committee is chaired by the Bank Governor and is composed of the heads of departments and divisions whose works are related to financial stability. It holds its meetings twice a year.
- **Payment Systems Committee:** it is an advisory body, which meets on a quarterly basis in order to discuss issues related to payment systems and means, mainly the legal, regulatory and technical measures aiming at improving the efficiency, transparency and safety of these systems and means.

In addition, steering committees are established to ensure a regular monitoring of projects on governance, support areas and corporate social responsibility. These are the committees in charge of steering and monitoring strategic planning, Ethics Committee, Operational Risk Committee, Communication Board, Training Board, Information technology Strategy Committee, Computing Technical Committee, Investment Committee, Crisis Management Committee, Physical Security Committee, Safety and Health Committee, and Private Sorting Centers Committee.

### 2.1.2 Strategic guidelines

In line with its strategic planning approach, the Bank conducted in 2012 a strategic diagnosis, which includes, mainly, the outcome of the strategic plan 2010-2012, prior to the development of the new plan of 2013-2015.

**Table 2.1.1: Key achievements 2010-2012**

| Areas of core business activities | |
|---|---|
| **Monetary policy** | - Adapting institutional and operational frameworks and strengthening the analytical framework<br>- Deepening the understanding of monetary policy transmission mechanisms<br>- Strengthening the monetary policy informational base<br>- Publishing monetary and financial statistics based on the IMF methodology |
| **Banking supervision** | - Amending the law on credit institutions and similar bodies<br>- Converging prudential regulations with international standards, mainly Basel II<br>- Consolidating the risk governance of credit institutions |
| **Financial stability** | - Completing the legal reforms supporting the financial stability function<br>- Establishing macro-prudential supervision arrangements<br>- Concluding a crisis management protocol |
| **International cooperation** | - Strengthening cooperation with several central banks by signing five agreements of cooperation with: the Central Bank of Qatar, BEAC , COBAC , Palestinian Monetary Authority and Central Bank of Luxembourg<br>- Organizing several regional and international meetings and seminars |
| **Systems and means of payment** | - Enhancing infrastructure and security of payment systems and their compliance with international standards<br>- Setting up arrangements against counterfeiting and forgery<br>- Putting into operation a new check default registry |
| **Network** | - Putting into production a new book keeping system "BACETE" and generalizing it to all Bank premises |
| **Financial services** | - Improving banking penetration and financial inclusion<br>- Improving credit institutions/customers relationship<br>- Contributing to the establishment of a regional financial platform |
| **Coins and banknotes** | - Modernizing and automating manufacturing and control tools<br>- Issuing a new series of coins |

| Areas of support activities | |
|---|---|
| **Support** | - Reinforcing ownership of human resources management principles<br>- Establishing a succession management system<br>- Improving welfare benefits and services for staff<br>- Modernizing workspaces and optimizing their functionality<br>- Improving service delivery<br>- Upgrading information systems supporting the development of the Bank's core businesses<br>- Management methods and tools modernized<br>- Modernizing financial resources management<br>- Outsourcing certain activities<br>- Reinforcing the Bank's security system<br>- Implementing an integrated approach to protect environment, health and safety at work |
| **Bank's openness** | - Enhancing internal and external communication strategies<br>- Developing museum activities |
| **Gouvernance** | |
| **Governance** | - Strengthening the Bank's governance framework (Audit Committee, Contract Compliance Control Commission and review of the composition of the Investment Committee)<br>- Anchoring ethics and risk culture<br>- Strengthening legal and regulatory compliance (law on money laundering, Personal Data Protection Act). |

1 Bank of Central African States.
2 Central African Banking Commission.

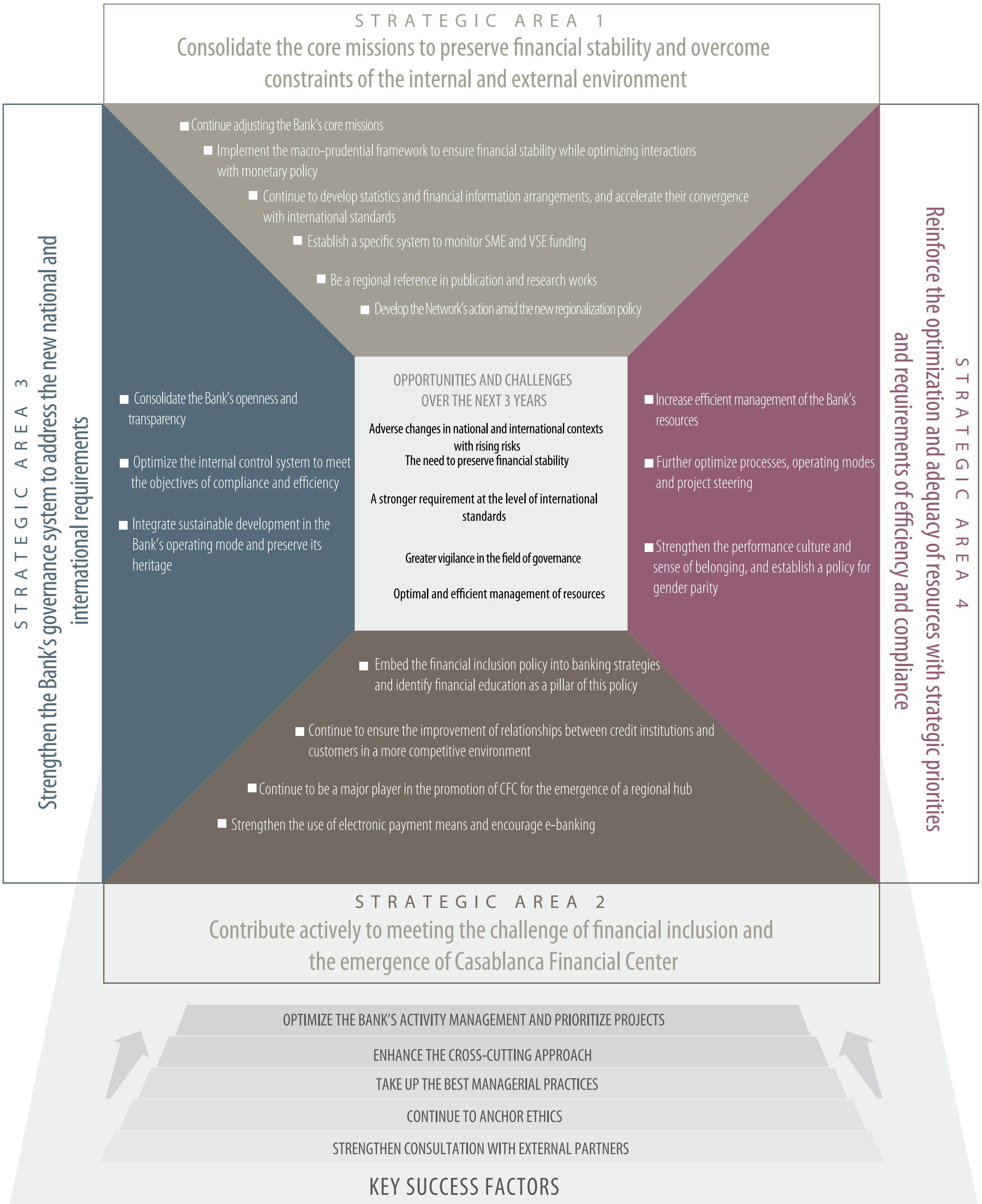
Based on the achievements of the plan 2010-2012, the strategic plan 2013-2015 is part of a vision that took into account the profound changes caused by the international crisis and the new responsibilities of the Bank, as envisaged under the reform of its Statutes and the law on credit institutions and similar bodies. These challenges relate mainly to:

- Adverse changes in national and international contexts;
- The need to preserve financial stability;
- A stronger requirement at the level of international prudential standards;
- Greater vigilance in the field of governance;
- Optimal and efficient management of resources.

Thus, the Bank adopted a strategic map for the period 2013-2015, based on four priority areas, broken down into 16 strategic objectives and over 100 operational objectives. These four priority areas are as follows:

- Consolidate the core missions to preserve financial stability and overcome constraints of the internal and external environment;
- Contribute actively to meeting the challenge of financial inclusion and the emergence of Casablanca Stock Exchange;
- Strengthen the Bank's governance system to address the new national and international requirements;
- Reinforce the optimization and adequacy of resources with strategic priorities and requirements of efficiency and compliance.

# STRATEGIC MAP 2013-2015



## 2.1.3 Audit, internal control and risk management

### 2.1.3.1 Internal audit

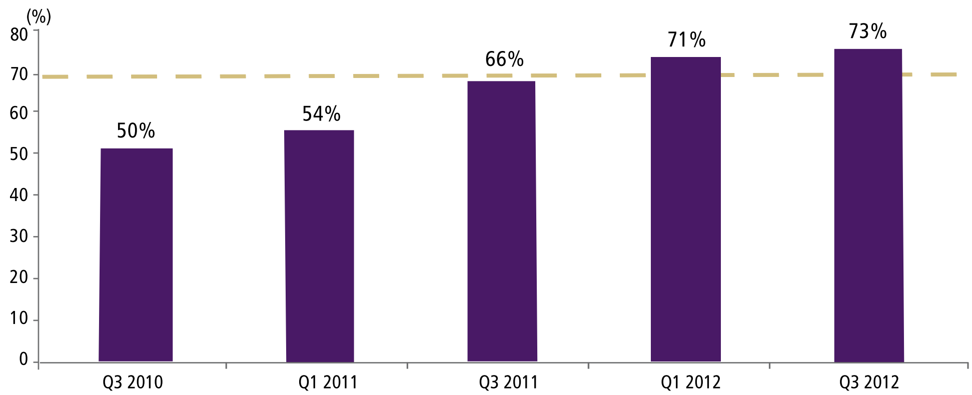
During the audit cycle 2010-2012, a total of 50 missions to audit core and support activities were performed. These missions focused on assessing the compliance of the Bank's operations and activities with the laws, regulations and procedures in force and on their effectiveness vis-à-vis the objectives assigned and the resources mobilized.

**Table 2.1.2: Main audited processes-activities in 2010-2012**

| "Core" processes | "Support" processes |
|---|---|
| • Monetary policy<br>• Foreign exchange and management of foreign reserves<br>• Manufacturing and circulation of banknotes and coins<br>• Supervision of payment systems<br>• Banking supervision<br>• Studies and research<br>• Treasury account management<br>• Management of artworks | • Accounting, budgetary and financial activities<br>• Information systems<br>• Information security<br>• Human resources (recruitment and management of the personnel pension fund)<br>• Management of procurement contracts<br>• Anti-money laundering systems<br>• Ethics<br>• Operational risk management |

Recommendations of these audit missions were subject to action plans developed by audited entities. The consolidated rate of implementing the recommendations at high risk rose to 73 percent in the third quarter of 2012, exceeding the target threshold set at 70 percent for this year.

**Chart 2.1.1 : Rate of implementing high risk overdue actions**



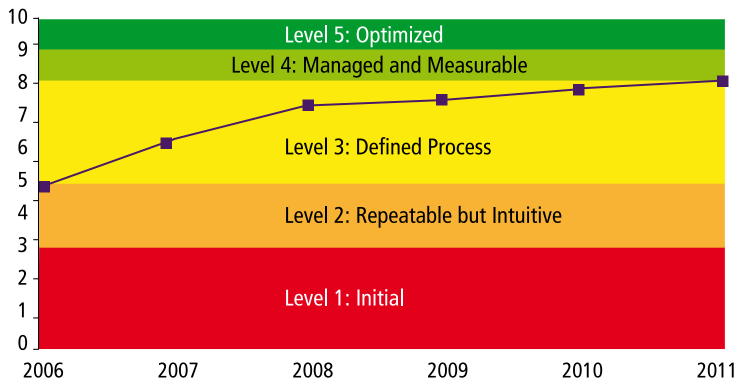
In order to enhance the internal audit efficiency, the Bank implemented an IT solution for managing the planning and conduct of audit missions, and for following up on related recommendations. This solution allowed for a better steering of internal audit activities and a high efficiency in the conduct of missions. In addition, these activities were based on a data extraction and analysis tool[1], able to query, in a comprehensive manner, computer databases and perform information consistency and check-crossing tests.

## 2.1.3.2 Internal control

In 2012, the internal control system report was developed based on the results of a self-assessment conducted by the entities, the global operational risk mapping and findings of internal and external audits. It particularly focused on the assessment of information security and reliability frameworks within the Bank. This report was submitted to the Bank Board at its September meeting.

The progress made by the Bank in the field made it possible to improve the overall rating of its internal control system from "Defined" level 3 to "Managed and measurable" level 4, on a five-level scale based on COBIT[2].

**Chart 2.1.2: Assessing Internal Control System maturity**




At the end of the strategic plan 2013-2015, the goal of the Bank is to reach "Optimized" level 5, particularly through the deployment of structuring projects aiming to automate and modernize its activities, strengthen project steering by the various bodies and further anchor the efficiency and cost control culture.

1 Audit Command Language

2 Control Objectives for Information and related Technology (COBIT) defines the following five levels: Level 1 - Initial (Absence of control/the management aware of the need for developing and implementing them); Level 2 - Repeatable but Intuitive (Control not standardized/conducted informally, strongly depend on individuals/ no training); Level 3 - Defined (Standardized controls,/traceability ensured/need for strengthening automation and effectiveness of controls); Level 4 - Managed and Measurable (Standardized, documented, traced and highly automated controls/effectiveness regularly checked and constantly improved); Level 5 - Optimized (Controls permanently state-of-the-art).

### 2.1.3.3 Risk management

The eighth annual operational risk mapping was developed in 2012, based on the reassessment of existing risks, identification of new risks, using the benchmark of central banks members of the International Operational Risk Work Group (IORWG) and refinement of analytical data on common risks. In line with its proximity approach adopted since 2009, this mapping was constructed within the framework of several workshops coordinated by the central entity in charge of risk consolidation.

Meanwhile, risk analysis was further refined by strengthening the constitution and use of the incident database, which also helps draw, in a cross-cutting manner, the necessary lessons to prevent the occurrence of already observed incidents and identify new risks. In addition, the process of implementing the approach to support entities regarding internal control, which is based on causal analysis and development of key risk indicators[1], continued, with a view to detecting potential flaws in the permanent control system and therefore refining risk assessment.

## 2.1.4 Ethics

The year 2012 saw an intensification of awareness-raising actions and the development of various tools and materials with a view to better anchoring the ethics culture among the Bank staff.

Thus, in accordance with the best practices in this area, the Bank established in 2012, based on a collaborative and participatory approach, a whistle-blowing framework, which may be used by any staff member to inform about an unethical situation he observed. Furthermore, compliance control was extended to all reporting requirements[2] and also focused on the concepts of the Code of Ethics related to staff involved in the "purchase" process, interns and external service providers.

All of these efforts and actions strengthened the Bank's experience and expertise in professional ethics.

## 2.1.5 Information security

As part of securing information and electronic exchanges, the implementation of the Public Key Infrastructure (PKI) was extended to all processes, thus making it possible to provide services of

1 Risk Indicators give an idea of the Bank's exposure to risks and are reviewed periodically. They are measured as a number, a percentage, or an aggregation of several of individual risk indicators.

2 Gifts, conflict of interests, securities accounts and portfolios, etc.

coding and electronic signature of documents and messages, as well as user authentication in the Bank's critical applications. Awareness-raising actions for users were organized in this regard.

### 2.1.6 Business Continuity Plan

In 2012, the Bank finalized the project of implementing the Business Continuity Plan (BCP), which aims to cope with any risks likely to cause operational interruptions to its core business, following a major disaster, such as earthquakes, fires, floods or pandemics. This project aims at ensuring adequate organization, procedures and resources to deal with this situation.

As such, backup exercises and continuity arrangements tests, which started in 2011, were extended in 2012 to all processes. Similarly, the operability of the crisis management plan arrangements was tested through an emergency exercise simulating a generalized communications line failure in a strategic location hosting core business entities.

### 2.1.7 Legal compliance

#### 2.1.7.1 Internal system against money laundering and terrorist financing

As part of its efforts to improve the efficiency of the national system against money laundering and terrorist financing (ML-TF), the Bank actively participated in the implementation of all actions adopted for this purpose.

Thus, the Bank continued to improve its internal ML-TF regulations, based on an exhaustive survey of texts requiring alignment with the new legal, regulatory and technical requirements.

In addition, as part of handling requests for customer information and transactions from the Financial Data Processing Unit (UTRF), the Bank made data collection more fluid, while maintaining a high level of security. Moreover, given the risk associated with this type of operations, rules of controlling cross-border payment orders were strengthened, in an international context marked by the adoption of new financial sanctions by the United Nations Security Council and high frequency for updating the lists of official sanctions.

Similarly, as part of setting up the national system for controlling dual-use goods to comply with relevant international standards, the Bank contributed to elaborating the entire legal, regulatory and institutional arsenal in the field.

**Box 2.1.1: Measures introduced in 2012 or being taken to strengthen national ML-TF arrangements**

The progress made in 2012 included:

- Drafting Law No. 145/12, amending and supplementing the Criminal Code and Law No. 43-05 on the fight against money laundering, which should harmonize the definition of terrorism financing, adopted by the Moroccan legislator, with international standards;
- Finalizing the draft Decision by the UTRF, No. D5/12 of November 16, 2012, laying down the rules implementing due diligence by those subject to its control.

In addition, a national system for dual-use goods control[1] is being put in place, in accordance with the provisions of the Charter of the United Nations relating to the maintenance of international peace and security:

- Member States are thus required to adopt national measures aiming to fight against the phenomenon proliferation[2] and covering the establishment of a preventive framework to control exports, transfers, brokering and transit of dual-use goods, the criminalization of acts of proliferation and specification of the types of failures subject to sanctions and the fight against financing the proliferation of weapons of mass destruction and their means of delivery.

1 This system aims to control the activities of export, re-export, import, transit and trans-shipment of goods or products, including software and technology, which can have both civilian and military purposes.

2 The United Nations Security Council imposed on all Member States to apply countermeasures (assets freeze, targeted financial sanctions, dual-use goods control and travel ban) against persons and entities involved in the proliferation of weapons of mass destruction and their means delivery.

## 2.1.7.2 Framework for the protection of individuals with regard to personal data processing

To ensure compliance of personal data processing with legal requirements established by Law No. 09-08[1], the Bank put in place in October 2012, an internal framework based on a division of roles and responsibilities between various stakeholders involved in the processing of such data. This framework determines the controller of data processing carried out by the Bank, entitles the Bank's central entities to take the necessary measures to comply with legal requirements and establishes a structure to support them and ensure compliance with the conditions to carry out processing operations. In this regard, the Bank adopted an action plan for 2013 and 2014, whose objectives are:

- ensure that the personal data collected by the Bank are proportionate and relevant to the purposes of processing operation set for them (data controllers should collect only the personal data necessary for the purposes of processing they carry out);

1 Law on personal data protection.

- ensure compliance with the stated or authorized purposes;
- ensure that the adequate system is applied (authorization or declaration) to each processing operation according to the nature of data;
- ensure good management of personal data collection media, particularly in order to use them as a tool to inform the persons concerned at the time of collection;
- integrate aspects of compliance with Law No. 09-08 in contracts and agreements between the Bank and third parties;
- identify and manage data retention periods in accordance with the purposes of stated or authorized processing operations, and
- control the flow of information.

Similarly, as part of strengthening dialogue and partnership with the National Commission for Personal Data Protection Control (CNDP), the Bank appointed a Permanent Correspondent and two alternate correspondents at this body who hold regular consultation meetings with representatives of the CNDP. In addition, within the framework of implementing Law No. 09-08 in the banking sector, the Mixed Commission, composed of Bank Al-Maghrib, CNDP and Moroccan Bankers Association, was extended to the Professional Association for Finance Companies and continues to hold its regular workshops.

### 2.1.7.3 Technical assistance

In order to ensure for our banking and financial system the support necessary for improving its capacity to fight against financial crime, particularly money laundering and terrorism financing, the supervising body and professionals subject to its control benefited from a series of trainings and exchange of expertise, as part of the technical assistance program run by the U.S. Treasury Department. At the end of this program, a manual on the fight against money laundering and terrorist financing was developed for supervisors of the banking and financial sector at Bank Al-Maghrib, the Foreign Exchange Office and bodies responsible for controlling capital and insurance markets, and social security.

# 2.2 Bank missions

## 2.2.1 Monetary policy

In 2012, the Bank continued to enrich its analytical framework for monetary policy. Thus, the works conducted in this regard focused on developing new impact analysis, forecast and simulation tools and improving existing ones. In parallel, the Bank continued its process of adapting the operational framework, mainly by expanding the eligible collateral for monetary policy operations to bills representing credit claims on VSE and SME.

### 2.2.1.1 Analytical framework

**Strengthening the analysis framework**

The analysis framework was improved by developing several new statistical and econometric tools. Thus, a composite index of prices for phosphate and derivatives on the basis of export prices was developed to allow for better monitoring of commodity price dynamics. This index corresponds to the weighted average of monthly export price indexes of five products (phosphate and four derivatives), chosen based on the export frequency (at least 9 months out of 12).

Moreover, the sectoral activity monitoring was refined by including new indicators with high information content in aggregate economic indexes of nonagricultural activities, mainly construction, mining and hotels and restaurants.

**Forecast models**

The economic forecast framework underwent several improvements, in line with the progress and developments in this area. Thus, a new cereal production forecast tool, still in test phase, was developed containing, in addition to climatic parameters, data from satellite observation of vegetation cover.

For inflation forecast, new models incorporating the non-linear dimension, mainly Bayesian and Markov regime-switching VAR models, were developed and are being tested. In parallel, an import price forecast model was established on the basis of the non-energy commodity price index produced by the World Bank.

Anticipating a possible reform of the subsidy fund, the Bank staff developed a neo-Keynesian-based model to simulate the impact of regulated price liberalization on inflation, by quantifying, through a wage-price loop, first- and second-round effects.

Many other works were also conducted in the monetary sphere. In this context, the money demand function for the case of Morocco was refined by introducing new explanatory variables, in order to improve the accuracy of the M3 aggregate forecast. The methodology adopted in this project is that of error correction models (ECM), which helped get stable estimates and make short-and medium-term forecasts of M3 aggregate. These were used in the Bank's semi-annual monetary and economic prospects.

In addition, several projects were pursued in order to expand the macroeconomic analysis and forecast framework taking into account the key stylized facts of the Moroccan economy. Thus, a neo-Keynesian framework model, integrating the behavioral functions of the main components of demand relating to consumption, investment and trade balance, is being developed. Also, a new version of the dynamic stochastic general-equilibrium model (DSGE) was developed on the basis of the Bayesian approach[1].

In terms of research, the Bank staff carried out two studies. The first one seeks to assess the degree of the competitiveness of the Moroccan banking system, and the second one aims to provide an estimate of capital outflows for Morocco over the period 2010-2011.

### 2.2.1.2 Operational framework

As part of its continuous process of adapting the operational framework for monetary policy, the Bank extended the collateral eligible for monetary policy operations to bills representing credit claims on VSE and SME. Thus, a first transaction of loans secured by these bills was initiated in December 2012 with a three-month maturity and an amount of 2.4 billion dirhams. In addition, the Bank relaxed eligibility criteria for certificates of deposit, mainly through the elimination of the minimum issue size (500 million dirhams) and the maximum amount to be mobilized per issue (20 percent of total amount of each issue), in order to facilitate banks' access to refinancing operations.

1 A method based on a priori knowledge of probability distributions.

### 2.2.1.3 Monetary policy transparency

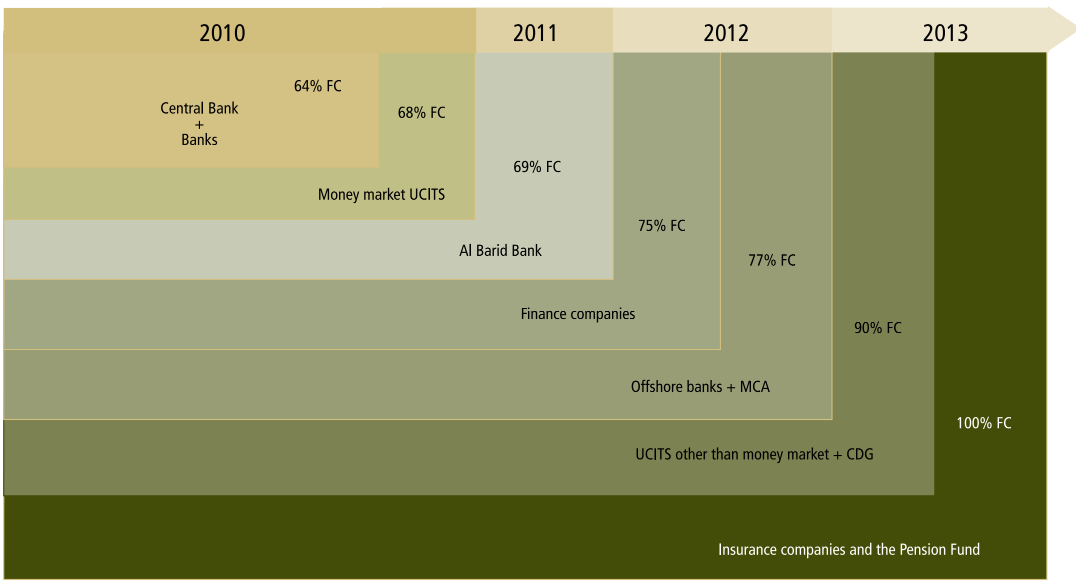
The Bank diversified its communication actions to improve the transparency of the Board's monetary policy decisions. In addition to the dissemination of both the news release and the monetary policy report following the Board meeting and the press conference organized on the same day, occasional meetings with the specialized press were held in 2012 on the monetary policy, its definition and implementation.

## 2.2.2 Statistical and informational arrangements

### 2.2.2.1 Revision of monetary statistics

Following the elaboration in 2010 of the monetary position, in accordance with the requirements of the IMF manual, and the integration in 2011 of Al Barid Bank as a depository institution, the Bank worked in 2012 on expanding the scope of monetary statistics to finance companies, micro-credit associations (MCA) and offshore banks. Thus, at the end of 2012, monetary statistics covered 77 percent of the assets of financial corporations.

**Timeline and progress made in covering the position of financial corporations (FC)**




Moreover, as part of improving the process of developing these statistics, a triple-goal platform was built:

i securing and tracking all the process stages;

ii. implementing a configurable and evolutionary methodology framework;
iii. modernizing the monetary statistics management and development system by specifying the necessary stages and validations.

### 2.2.2.2 Expanding the scope of decision-making system

A tool for calculating foreign exchange reserves indicators, based on daily, weekly, monthly and quarterly frequencies, was established in 2012 for the following indicators:

- Gross and net foreign exchange reserves;
- Net foreign assets;
- Breakdowns in foreign currencies of official foreign reserves;
- Reporting to the IMF.

In addition, with a view to amending the methodology of monetary and financial statistics manual, the Bank participated in February, along with representatives of several regional central banks and international financial institutions, in the first meeting of the expert group on monetary and financial statistics, organized by the IMF.

In addition, the Bank organized in March 2012, a seminar[1] on "Data of nonfinancial companies: cross international experiences of central banks". A workshop was also held in November under the theme "Reform of monetary statistics and consistency with other macroeconomic statistics", attended by representatives of various national bodies in charge of developing macroeconomic statistics.

In 2012, the Bank also continued to develop the Financial Information Registry on Nonfinancial Companies (CIFEN-F), by setting up the functional competence center for supporting SAS users and strengthening the Bank's survey system[2].

Thus, the actions performed and undertaken by the Bank to improve its statistical and informational framework resulted in:

- converging this system with international standards;
- controlling data and publications circulation;

1 Participants included the Central Bank of West African States, the Central Bank of Tunisia, the Bank of France and the National Bank of Belgium as well as several national producers of statistical information.

2 Survey on lending conditions, survey on inflation forecast and survey on lending rates.

- enhancing the Bank's transparency and credibility, by publishing reference documents on all indicators used in the monetary policy conduct.

### 2.2.3 Reserves management

In an international financial environment marked by continued accommodative monetary policies, the European sovereign debt crisis and the downgraded sovereign ratings for several countries, the Bank adopted a cautious management of foreign exchange reserves, subject to stringent liquidity and security requirements. Thus, the strategy for the management of these reserves, approved by the Board, focused on diversifying and strengthening assets credit quality, based on an evolutionary approach allowing for adaptation with market conditions, characterized by historically low yields, or even negative ones for countries with good credit ratings.

### 2.2.4 Systems and means of payment

With a view to ensuring the smooth functioning of payment systems, the Bank continued its actions to strengthen the resilience of their infrastructure and security.

Regarding the payment systems supervision, the Bank conducted an onsite assessment of securities settlement system managed by Maroclear, the central securities depository in Morocco. This assessment showed a high level of compliance of the settlement system with international standards.

In accordance with the strategic guideline to strengthen the credibility of the noncash means of payment, the Bank set up a monitoring framework to collect data on various cases of fraud identified on bankcards and outstanding checks. This framework helped identify key measures to implement to counter fraud identified in remote payment transactions. In addition, compliance of all electronic payment systems with international standards made it possible to increase the migration rate of domestic bankcards towards the EMV standard, to nearly 34 percent, at end-December 2012.

In addition, as part of its strategic guideline to increase the banking penetration rate and access to basic financial services by low-income populations, the Bank sought to promote the use of new generation electronic payment means, particularly through opening the payments market to non-banking actors.

Finally, and in order to comply with international standards regarding the organization of electronic banking activities and promote innovation and competition, the Bank recommended that purely commercial activities be separated from systemic ones.

## 2.2.5 Banknotes and coins, and private sorting centers

### 2.2.5.1 Banknotes and coins

In 2012, the production of new banknotes increased 4.5 percent to 492.6 million, while that of coins rose 18 percent to 102 million.

**Chart 2.2.4.1: Change in the production of new banknotes (2008-2012)**

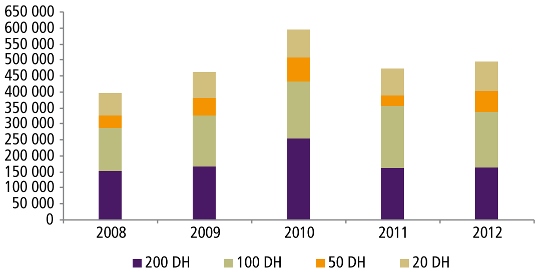
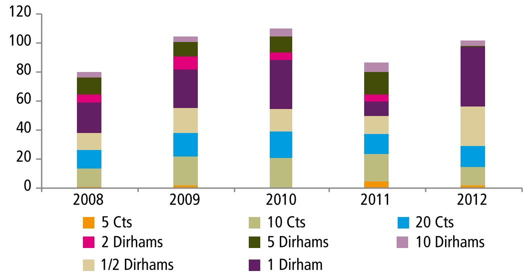



**Chart 2.2.4.2 : Change in the production of new coins 2008-2012 (in millions of coins)**




Thus, at the end of 2012, the total amount of currency in circulation reached 172.5 billion dirhams, up 3.8 percent as against 9.3 percent in 2011 and 6.2 percent in 2010. It remains dominated by banknotes, which represent 98.5 percent of the total, while the share of coins stands at 1.5 percent. The volume of notes is composed up to 48 percent of 200-dirham denominations and 39 percent of 100-dirham denominations. 50, 20 and 10-dirham denominations represent only 4 percent, 8 percent and 1 percent, respectively. Coins in circulation are dominated by 1-dirham coins, with a share of 24 percent, 10 centimes with 19 percent, and 20 centimes and ½ dirham with 15 percent each.

**Chart 2.2.4.3 : Structure of banknotes in circulation at end-December 2012**

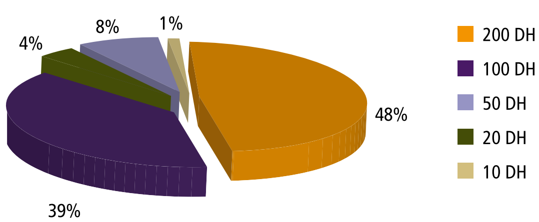
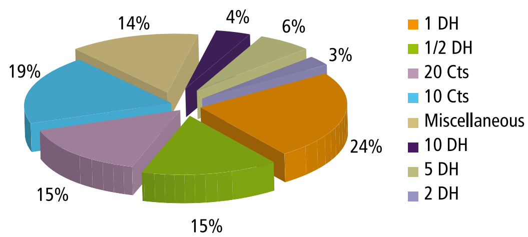



**Chart 2.2.4.4 : Structure of coins in circulation at end-December 2012**




* Miscellaneous: coins of 1 Ct and 5 Cts as well as commemorative coins and coins to be withdrawn.

In 2012, the Bank issued 977 million denominations, including 336 million of valid notes issued by private sorting centers (PSC), down 6.3 percent compared to 2011. In parallel, the deposits of banknotes at the Bank's counters declined slightly by 0.8 percent to 947 million denominations, including 31.5 percent of valid notes received from PSC.

**Chart 2.2.4.5: Banknote withdrawals from counters (in thousands of denominations)**

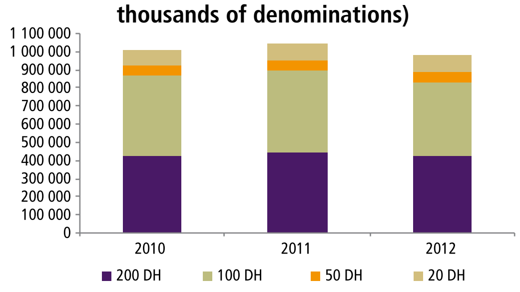
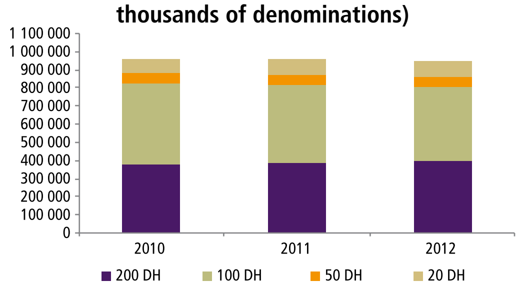
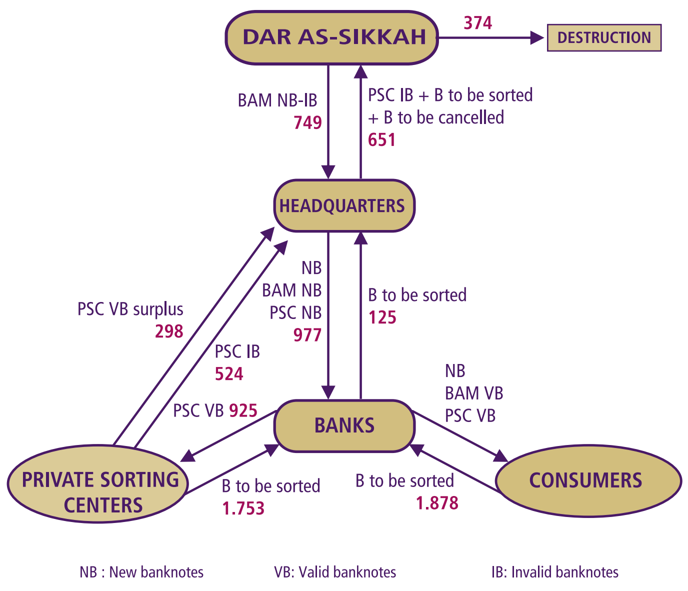



**Chart 2.2.4.6: deposits of banknotes at counters (in thousands of denominations)**




The diagram below summarizes the cash cycle in Morocco, indicating banknote movements in millions of denominations.

**Cash cycle in figures in 2012 (in millions of denominations)**




In 2012, the volume of banknotes subject to authenticity and quality checks was estimated at 2.4 billion notes, or almost twice the volume of notes in circulation. PSC performed 71 percent of these checks and met 72 percent of the banknote demand of the economy.

The flow of metallic money at the Bank's counters stood at 114 million issued coins as against 45 million deposited. The overall net withdrawal of coins stood at 14 million for 1 dirham, 13 million for each coin of ½ dirham and 10 centimes, and 12 million for 20 centimes.

Regarding the fight against counterfeiting, the number of counterfeit banknotes detected by the Bank fell in one year from 12,577 banknotes with a value of 1.6 million to 11,649 with a value of 1.4 million dirhams. This decrease is mainly attributed to the efforts made by authorities to fight against fraud as well as the adopted recycling policy. 200-dirham denomination represents 41 percent of the total number of counterfeit notes, followed by 100-dirham and 50-dirham notes with respective shares of 24 percent and 23 percent.

The share of counterfeit notes in the volume in circulation remains low, falling from 12 notes per million in 2010 to 9.5 notes in 2012. The average value of counterfeiting stood at 119 dirhams as against 128 dirhams between 2009 and 2011.

As to the production of coins and banknotes, and as part of modernizing the manufacturing tool of Dar As-Sikkah, projects implemented under the strategic plan 2010-2012 focused on:

- Automating the banknotes' quality control through purchasing and putting into production automatic systems of banknote inspection, in accordance with the best international standards;
- Modernizing prepress, following the implementation of systems of designing and manufacturing the latest-generation printing plates;
- Implementing automatic traceability systems that allow for individual monitoring of each printed sheet during the production process;
- Upgrading the monetary presses;
- Automating and modernizing systems for packaging processed notes;
- Modernizing secured documents manufacturing equipment, particularly through purchasing, commissioning and controlling offset and screen printing presses as well as modern numbering and perforating systems;
- Installing and commissioning a new banknote manufacturing line, whose objective is to ensure the sustainability of production volume and extend technical capacities by integrating new processes, such as screen printing and varnishing. This production unit was installed in a new facility with an area of 4,500 m².

**Box 2.1.2: Issuing commemorative notes of 25 DH**
**"25th anniversary of Dar As-Sikkah"**

On the occasion of the 25th anniversary of the establishment of Dar As-Sikkah, on March 5, 1987 by His Majesty Late King Hassan II, Bank Al-Maghrib issued a commemorative note of 25 dirhams, whose design and printing were made by the Bank staff at the new manufacturing unit. 3.6 million notes were put into circulation, including 200,000 reserved to collectors.



**Technical specifications: Substrate:** Composite structure, comprising a polymer layer inserted between two layers of paper

**Size:** 70 mm x 130 mm

**Watermark:** Effigy of His Majesty King Mohammed VI

**Security thread:** Changing color from pink to green. When held up to the light, it reveals the figure "25" and a five-pointed star.

**Security window:** Thin window with the coat of arms of the Kingdom

**Color-changing content:** Royal Crown

**Artistic specifications:**

**Front:** Portrait of His Majesty King Mohammed VI, symbols of the Kingdom (Royal Crown and five-pointed star) and main facades of the Bank headquarters-Rabat and Dar As-Sikkah buildings.

**Verso:** Stylized illustrations of Dar As-Sikkah's activities: printing, minting, biometric passport manufacturing, etc.

### 2.2.5.2 Recycling of banknotes

As part of monitoring the quality of banknotes in circulation, the Bank conducts quality-processing operations[1], whose outcome in 2012 is as follows:

- 731 million notes processed;
- 356 million valid notes produced;
- 375 million invalid notes.

As part of the actions to supervise the sorting activity, delegated to PSC management companies, control missions decreased from 80 in 2011 to 60 in 2012. This decline is attributable to the implementation of a lighter control program taking account of the Bank's request for management companies to audit their internal control system by an external firm, as well as the absorption of stocks of notes to process held by the Bank.

### 2.2.5.3 Secured documents

Parallel to the banknotes and coins activity and regarding the production of secured documents, the Bank had a turnover of 196 million dirhams, virtually stable compared to the previous year. The turnover of secured documents excluding passports grew by 28 percent compared to the previous year. Moreover, 1,331,103 personalized biometric passports were delivered, with an average personalization time of 1.2 days, up 25 percent in one year. The rate of erroneous personalized passports stood at 0.36 percent, registering a significant decrease of 67 percent compared to 2011.

## 2.2.6 Banking supervision

In an international context marked by rising risks, the resilience of the Moroccan banking sector reflects the efficient prudential policy adopted by Bank Al-Maghrib. Alongside the completion of the project for reforming the legal framework applicable to credit institutions, the Bank continued strengthening prudential requirements in order to enable credit institutions to converge with the Basel II advanced approaches and to prepare for the new Basel III framework.

1 These operations aim to count, authenticate and separate valid notes with the quality required to be recirculated from invalid notes destined for destruction.

### 2.2.6.1 Legal and prudential framework

In consultation with the Ministry of Economy and Finance, the draft banking law was finalized after being submitted for public consultation by the General Secretariat of the Government.

Regarding prudential requirements applicable to credit institutions, the Bank raised both the capital adequacy ratio from 10 to 12 percent, by introducing a tier 1 of 9 percent as of the end of June 2013, and the risk division norms, by overhauling the related regulatory reporting. In the same way, the minimum capital of money transfer companies rose from 3 to 6 million dirhams.

Regarding the implementation of the new Basel III framework, priority was given to the revision of the capital requirements and the short-term liquidity ratio. Relevant draft regulations were discussed with the banks and impact studies were initiated.

In terms of risk management, Bank Al-Maghrib introduced in 2012 banks' stress tests on major risks and rules for their implementation, on the basis of a technical note defining minimum scenarios for these tests as well as a new regulatory reporting.

### 2.2.6.2 Control activity

Like the previous year, the Bank conducted inspection of 86 institutions, including 19 banks, 36 finance companies, six offshore banks, 13 micro-credit associations, 10 money transfer companies, the Caisse Centrale de Garantie (Central Guarantee Fund) and the Caisse de Dépôt et de Gestion (Deposit and Management Fund). The offsite inspection was improved and adapted to better assess the financial and prudential situation of institutions subject to this inspection and refine their rating process.

Under these circumstances and in order to cope with increased tensions weighing on bank liquidity, a regular monitoring of the situation of banks was introduced this year, and some of them were requested to diversify their resources and strengthen their liquid asset buffers.

Given the persistence of risks to the economic context, sensitive portfolio hedging by provisions was revised upwards. Meanwhile, a review of the first stress tests reporting established by banks regarding various risks focused on the quality of data used, compliance of scenarios with regulatory requirements and impact assessment.

Similarly, the control of banks' international activities was improved thanks to new reportings established to monitor the financial and prudential situation of these banks and their networks abroad. To this end, the Bank intensified exchange of information with its counterparts, mainly European ones, and introduced more frequent updates of the situation of banks' subsidiaries abroad.

Regarding onsite inspection, interventions focused on most significant risk areas, by organizing nine general missions and three thematic or cross-cutting ones. Emphasis was placed this year on the effective functioning of internal governance, internal control and audit systems as well as risk management frameworks.

Meanwhile, the bank mediation framework, established in 2009 in order to facilitate out-of-court settlement of disputes between banks and their customers, underwent major improvements to strengthen its governance and to broaden its powers. Similarly, the new guidelines aimed at improving customer complaints handling, established in early 2012, are controlled regularly during onsite checks.

## 2.2.7 Financial stability

In close collaboration with other financial regulators, the Bank's efforts in terms of financial stability helped lay the foundations for a macro-prudential supervision framework. Internally, the proposed legal reforms to institutionalize the maintenance of financial stability led to the establishment of a system supporting this new function. In addition, this system is now supported by a systemic risk monitoring committee and a crisis committee, composed of financial authorities, as well as an internal financial stability committee at the Bank, whose work is intended to assess vulnerabilities affecting the financial system.

The analytical framework for macro-prudential supervision, based on risk mapping, scoring system and stress testing tools, was completed by the establishment of non-banking financial risk assessment frameworks. In addition, this component was strengthened by the development of macro stress testing tools, aiming to assess the resilience of the Moroccan financial system. Thus, a model was designed, incorporating all small-scale models developed within the Bank as well as the findings of the IMF technical assistance in 2011. This model was used to evaluate systemic risks by taking into account the main balance sheet channels of shock transmission, on the one hand, and the risk of cross-sector contagion between the real and financial spheres, representing the cross-cutting dimension of systemic risks.

Similarly, this framework was improved by an empirical work on the determinants of non-performing loans, which constitute a key indicator of risks to financial stability. Indeed, the findings indicate that changes in the rate of non-performing loans in Morocco is mainly affected by the level of bank debt of non-financial private sectors, level of economic activity and, to a lesser extent, change in the real-estate stock market index.

As part of its efforts to strengthen the analytical bases of financial stability, the Bank implemented a mapping of potential risks from economic, monetary and financial pillars. In this regard, a range of indicators, relating mainly to macro-economic balances, monetary conditions and asset prices, is monitored, which helps identify sources of uncertainty surrounding financial stability.

Regarding non-banking financial risk assessment arrangements, a sectoral barometer was set up to evaluate the degree of credit risk posed by certain sensitive economic sectors. This risk is measured by change in credit and non-performing loans. The analysis will be extended in the future to other indicators related to the financial strength of these sectors.

In addition, a theoretical study is being finalized to further understand to what extent the objectives of monetary policy and those of macro-prudential policy are consistent or divergent. The goal is to strengthen the analytical bases of financial stability.

## 2.2.8 Credit institution-customer relation and information registries

### 2.2.8.1 Credit institution-customer relations

The protection of credit institutions' customers and promotion of financial inclusion remain a central concern for Bank Al-Maghrib. In this regard, the Bank closely monitored the measures taken by credit institutions to comply with the provisions of Law No. 31-08 relating to consumer protection.

In terms of financial education, the Bank organized the first edition of "Child-Specific Finance Days" in collaboration with its various partners[1], developed a three-year national communication strategy and worked to set up the foundation for financial education.

1 Ministry of National Education, Ministry of Economy and Finance, Transferable Securities Board, Department of Insurance and Social Welfare, Casablanca Stock Exchange, Moroccan Bankers Association and Moroccan Federation of Insurance and Reinsurance Companies.

## 2.2.8.2 Information registries

The commissioning of the new checks default registry (DR) helped to automate the process of identifying customers, who are subject of default payment notifications, reduce the processing time associated with corrections and settlements of default notifications, implement online consultation of the DR database and ensure the reliability of historical data of this database. Analysis of data flows processed by the DR showed the following trends:

**Table 2.1.3: Assessment of data flows processed by the DR**

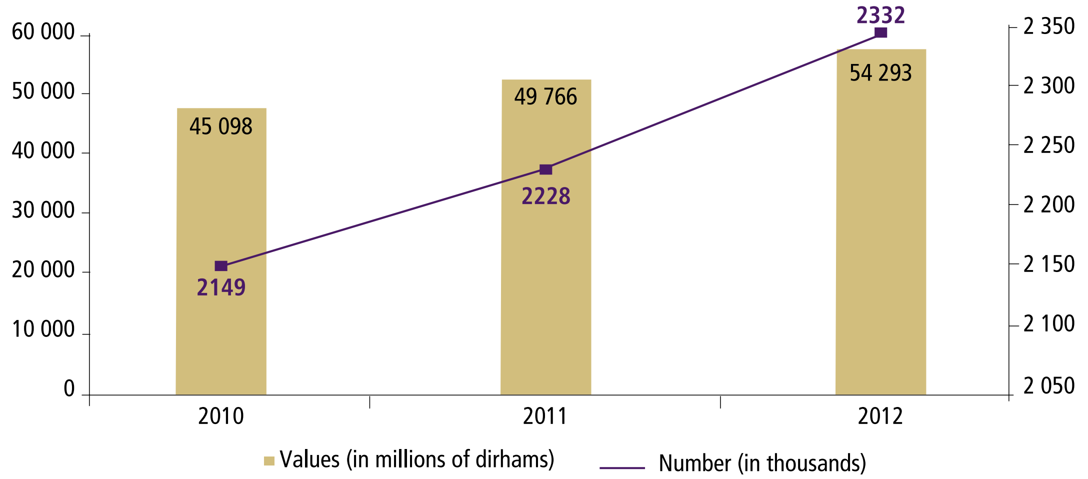
| | 2010 | 2011 | 2012 | Change 2011/2010 (%) | Change 2012/2011 (%) |
|---|---|---|---|---|---|
| Default notification | 366 596 | 386 950 | 385 781 | 5,55 | -0,30 |
| Default settlement | 104 695 | 106 690 | 107 252 | 1,90 | 0,53 |
| Overdue defaults | 209 587 | 196 715 | 185 338 | -6,14 | -5,78 |
| Judicial bans on check issuance | 91 | 56 | 46 | -38,46 | -17,86 |
| Default cancellation | 5 385 | 4 849 | 5 826 | -9,95 | 20,15 |
| Information requests from banks | 1 270 159 | 1 246 842 | 1 305 695 | -1,84 | 4,72 |

In addition, the listening and assistance framework made available to the public received 8,406 requests, up 45.7 percent. The analysis of these requests resulted in:

- Lifting 207 wrongly-declared bans;
- Processing 30 claims, including 15 unresolved defaults, 8 errors on identification data, 4 identity frauds and 3 duplicate notifications;
- Satisfying 1,323 requests for access to personal information;
- Responding to 6,152 assistance requests on the DR activity.

The cumulative unresolved defaults stood at end-December 2012 at 2,332,360 cases, for an amount totaling 54.3 billion dirhams, up 4.7 percent in number and 9.1 percent in value. 83.1 percent of this outstanding amount concern individuals and 16.9 percent legal persons.

**Chart 2.2.8.1: Annual change in unresolved defaults (in number and value)**



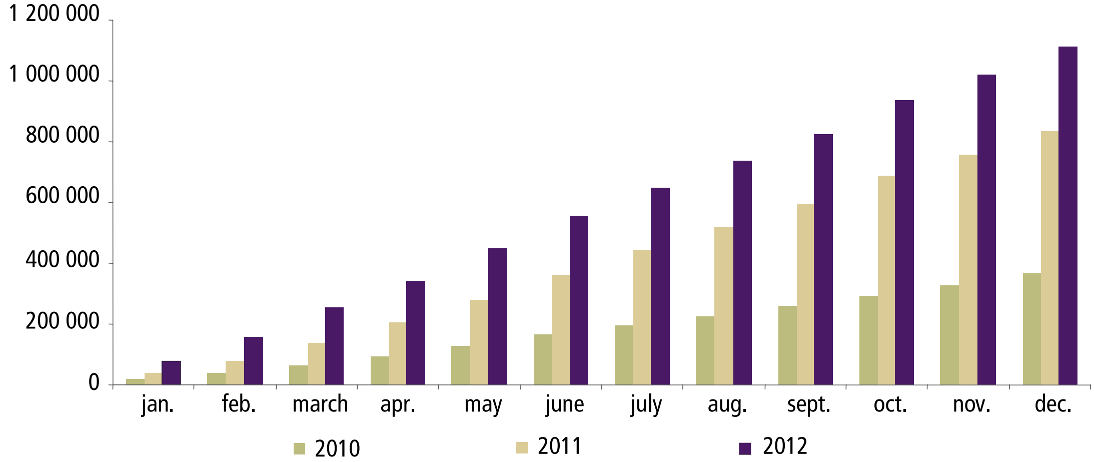

The number of persons banned from issuing checks increased to 536,722 in 2012, up 5.2 percent compared to 2011, including 91.1 percent as individuals.

In 2013, the Bank plans to integrate into the existing system the registry of defaulted amounts on the normalized bill of exchange and that of bank accounts. Furthermore, in order to contribute to strengthening check credibility, it plans to launch a tender for opening the register of irregular checks to merchants.

The activity of the Credit Bureau grew considerably, as reflected by the significant increase in the number of loadings of customer and credit contract data, the systematic use of credit reports before granting loans and the marked improvement of data quality reported by credit institutions.

In terms of loading process, the Credit Bureau accumulated over 8 million credit agreements, up 23 percent year on year to an outstanding amount of 657.5 billion dirhams, up 13.6 percent. The monthly number of consultations increased from 69,591 to 92,595, an annual volume of 1,111,134, up 33 percent.

**Chart 2.2.8.2: Annual cumulative volume of Credit Bureau consultations**




With a view to ensuring rigorous credit risk monitoring on a basis consolidated by economic interest group, the Credit Bureau developed a new "Group Report", intended to credit institutions and set up a secondary site to ensure the continuity of its operational activity.

Finally, to conduct a progress assessment on the Credit Bureau activity, the Arab Monetary Fund and the International Finance Corporation organized a mission to evaluate the credit information sharing system in Morocco as part of the Arab Credit Report Initiative (ACRI), whose findings reflect the Bank's expertise in this area, recognition of the Moroccan model at the international level and a significant gain in maturity in risk management by credit institutions. Moreover, the main areas for improvement are the implementation of a financial education for consumers and the integration of data from non-supervised entities to further facilitate access to credit.

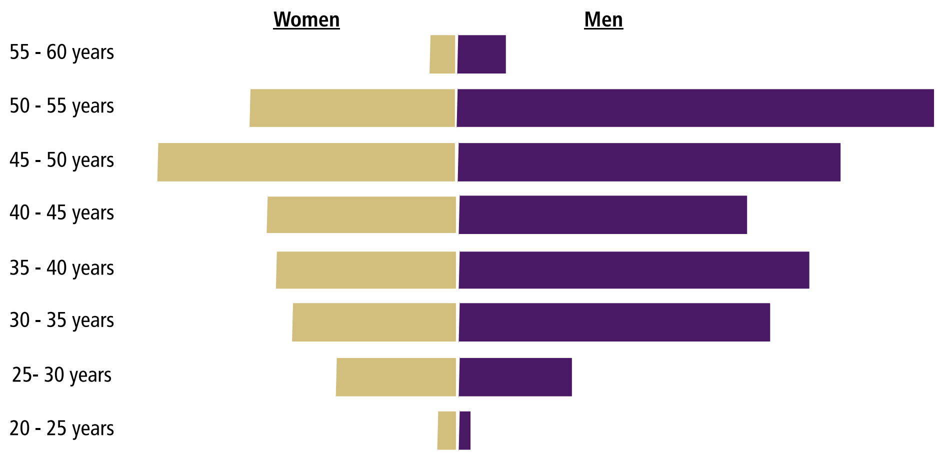
# 2.3 Resources and work environment

## 2.3.1 Human resources

### 2.3.1.1 Staff

In order to discharge its functions, Bank Al-Maghrib relies on the quality of its human capital and their commitment and contribution to achieving its strategic objectives. At end-2012, the bank's working staff stood at 2,437 employees, including 38 percent of women. This number decreased slightly by 2.75 percent compared to 2011, which is a trend in line with the Bank's policy to outsource and optimize its resources. The staff are broken down into 50 percent working in the Central Administration, 18 percent in the manufacturing of coins and notes and 32 percent in the Bank's network. 62 percent of staff is assigned to the core business field and 38 percent to support areas. The average age is 42 years and average seniority is 15 years.

**Chart 2.3.1: Age pyramid by gender**




## 2.3.1.2 Compensation and social services

The Bank offers for its employees a comprehensive policy of compensation and social benefits, that promotes the skills and performance, and helps attract the best profiles. This policy is based on the principles of internal equity and equal opportunity. In addition, the Bank pursued in 2012 its efforts to continuously improve social benefits for its staff in a bid to promote a motivating and incentive work environment.

## 2.3.1.3 Development of human resources

In 2012, which coincides with the completion of the three-year strategic plan, launched in 2010, the objectives of human resources management were achieved, focusing on anchoring the management principles and tools enshrined in the Human Resources Master Plan.

Thus, the Bank's efforts focused on the implementation of a management practice evaluation approach aimed primarily at assessing the efforts of its managers in terms of ownership and deployment of principles and rules adopted under HR management. The related framework was used to assess managers' daily implementation of three core practices related to professional assessment, identification of training needs and optimization of the use of human resources. The first evaluation included 342 proximity managers, holding middle management positions. The relevant findings will better guide future training efforts and collective and individual support.

Parallel to the expansion of its missions and activities, the Bank continued to strengthen its workforce with specialized skills, as confirmed by the direction of 54 percent of recruitments towards the "Specialist" career path.

## 2.3.1.4 Training

Several training activities were conducted in 2012 and helped to back up the implementation of the strategic plan and contributed to the development of skills enabling employees to perform their duties.

The 2012 Training Plan covered all the Bank's processes, with a predominance of the "Realization" process, followed by "Management" and "Support" processes. In addition, several training sessions were carried out to support projects, mainly BACETE[1] and QSE[2] projects.

In addition, specific training courses were integrated this year in the training plan, including particularly:

- "Banking Transactions" Course, to improve the knowledge of employees directly involved in the banking transaction procedures.
- "Network Managers" Course, which is part of implementing the succession management system.
- "New Recruits" Course, including seminars on the Bank's missions and core business enabling this category to better understand the Central Bank's core business, hence promoting their integration.

A total of 397 training sessions were conducted, including 70 percent at the Bank's Al-Irfane Training Center, 25 percent abroad and 5 percent on an intercompany format in Morocco. The employees, who benefited from these trainings, represent 52 percent of the Bank's total staff with an average of 7-day training per trained employee.

1 Central base for cutomer account keeping.

2 Quality, health, security at work and environment.

## 2.3.2 Information systems

The Bank continued to invest in modernizing and improving its information systems in order to improve its core business and support activities, and back up changes in its functions. Thus, a common base of IT application development and management tools were deployed according to the international best practices. This process of improvement helped to strengthen the reference framework for the management of the Bank's project portfolio (Haqiba BAM) and establish a dedicated structure. It also helped to update the methodology for handling IT projects (MENHAGE SI).

In addition, the Bank has been involved since 2011 in the urbanization process of its information systems in accordance with the standards in force and with a view to optimizing such systems. Thus, the last study phase of this project was completed in 2012 and focused on:

- The progressive implementation of an architectural framework in line with the Bank's strategy, which consists of functional, informational and application models;
- The implementation of a framework for best practices in urbanization;
- The identification of areas for improvement, designed to achieve optimization and performance of information systems.

In addition, the Bank continued to develop and implement its options for technical architectures. Thus, projects prioritizing consistency and sustainability of infrastructures helped to:

- Implement the Wide Area Network (WAN) in various sites of the Bank;
- Ensure compliance of IMTIASE solution (IT Service Management) with the recommendations of the ITIL approach (Information, Technology, Infrastructure, Library) in "Problem Solving", "Release Management" and "Service Level Management" processes;
- Install the technical platform "Sentinel" for monitoring cross file transfer and developing technical and functional scoreboards, allowing for monitoring flows of exchange between entities and external partners; and
- Purchase and install the technical platform of central virtualization servers, application migration to this platform being planned for 2013.

Meanwhile, achievements in terms of structuring projects concerned:

- The implementation of the "Banking Transactions" module of the new Book Keeping

Centralized Base "BACETE", which helped to:

- Modernize the management of transactions with customers, ensuring an integrated and consistent management of various processes;
- Centralize the management of customer accounts and real-time monitoring of transactions and positions;
- Standardize the account processing operation by separating the operational component from the accounting one;
- Secure transaction processing and reduce operational risk.

- The application MFID-Lot1 (Currency in circulation), which helps to track and monitor in real time the movement and position of currency in circulation in the Bank's subsidiaries and agencies;
- The establishment of Basel II and IFRS reportings, which contribute to improving prudential and accounting systems applicable to banks and similar bodies as well as information exchange between them through the adoption of a common vocabulary established by the European Banking Authority (EBA) and based on Extensible Business Reporting Language (XBRL); and
- The activation of the new Checks Default Registry, which offers new online services for banks, including the consultation of reports on customers' check defaults and claim management.

Regarding computer security, actions were pursued by the definition of an overall program whose main areas concern mainly the security of Networks, Datacenter, Computer, Data, Terminals and Email. Several projects were completed, including the establishment of a backup Wide Area Network (WAN) through a second telecom operator, redesign of the Internet/Extranet platform to adopt advanced security systems in line with relevant standards and practices as well as the establishment of a Public Key Infrastructure (PKI) to provide advanced services securing electronic exchanges.

In addition, special attention was given to strengthening customer relations. Thus, a "Service Catalog" is open to all Bank's employees, helping them to industrialize IT service requests processing and improve the services provided to users.

Moreover, the establishment of Service Level Agreements (SLA) within the Bank accelerated with the signing of six new agreements.

Similarly, as part of modernizing working methods and tools, value added solutions and services were provided, including video conferencing, access to the Bank's mail service from outside (Webmail) and fleet of mobile terminals.

### 2.3.3 Accounting information control system

Several actions were undertaken in 2012 and enabled the Bank to have an efficient and effective accounting control system and contributed to improving the reliability, comprehensiveness and traceability of accounting information:

- Formalizing information control in eight areas of activity (Management of reserves and monetary policy; Banking transactions; Purchases suppliers; Sales customers; Inventory management; Taxation; Management of fixed assets; Welfare funds) and bilateral procedures, defining the terms of exchange as well as the roles and responsibilities of the entities involved.
- Strengthening the transparency of financial information, mainly through preparing weekly accounting statements and posting financial statements on the Bank's website, including the report on the Statutory Auditor's opinion for fiscal 2011.

In addition, the accounting information system was strengthened in 2012 through the implementation of the BACETE, and the software of accounting interpreter and "currency in circulation", which cover the areas of "banking transactions" and "currency operations". These various projects helped, mainly, to formalize and centralize the reference of accounting schemes (440 accounting schemes) and automate several reportings necessary for the justification of accounts.

These improvements also contributed to reducing the time required for closing 2012 accounts and the number of recommendations made by the Statutory Auditor.

### 2.3.4 Approach to management control

In fiscal 2012, the Bank continued to manage its financial resources by combining efficiency and optimal use of resources, including through continued outsourcing policies and efficiency of information systems as well as the convergence of its security systems with relevant standards.

With a view to strengthening management tools, it continued management meetings which, inter alia, helped to hold management entities accountable and raise their awareness on the optimal use of resources available to them. Meanwhile, it established a set of indicators under the new budgetary nomenclature tree presented by groups of means instead of budget chapters.

In this context and on the investment side, several structuring projects were developed in order to optimize project steering and governance systems, key elements of good management of the Bank's investments:

- adopting a new methodology for prioritizing projects according to the four areas on the right, thus allowing for ensuring the suitability of investments in relation to the Bank's needs and available resources. This approach led to the restructuring of the project portfolio and redistribution of the remaining budgets for completed projects;


- enhancing the quality of budget reporting through the creation of an interactive database on SAS, centralizing all information on investment projects and the operating budget for the previous three years.

The Bank also worked to improve the analytical system, through enriching data and increasing their reliability, and shortening the periods that generate costs, which resulted in a better use of analytical results by the Bank's entities. Three major projects supported dynamics to improve this system:

- reviewing the working time collection system, whose main area for improvement is the transition of the reporting frequency from annually to monthly;
- purchasing a new solution capable of developing the analytical system, optimizing the cost calculations time and producing a monthly analytical accounting;
- establishing a repository of costs by creating databases centralizing all products and services invoiced by the Bank.

## 2.3.5 Working environment

In order to continuously improve working conditions, particularly by modernizing spaces and optimizing their functionality, the Bank initiated several projects that led in 2012 to:

- The expansion of manufacturing and storage premises at Dar As-Sikkah, according to the international standards for building industrial sites, by integrating energy saving, hygrothermal comfort and maintenance cost control;
- The construction of the new branch of Bank Al-Maghrib in Laayoune, in accordance with a program responding to the functional conditions and in line with the requirements of economic development in the region.

### 2.3.5.1 "Quality, Health, Safety at Work and Environment" (QSE)

In the pursuit of risk control linked to health and safety at work, and environmental impacts, the Bank continued to implement its action plans in this area, which focused in 2012 on:

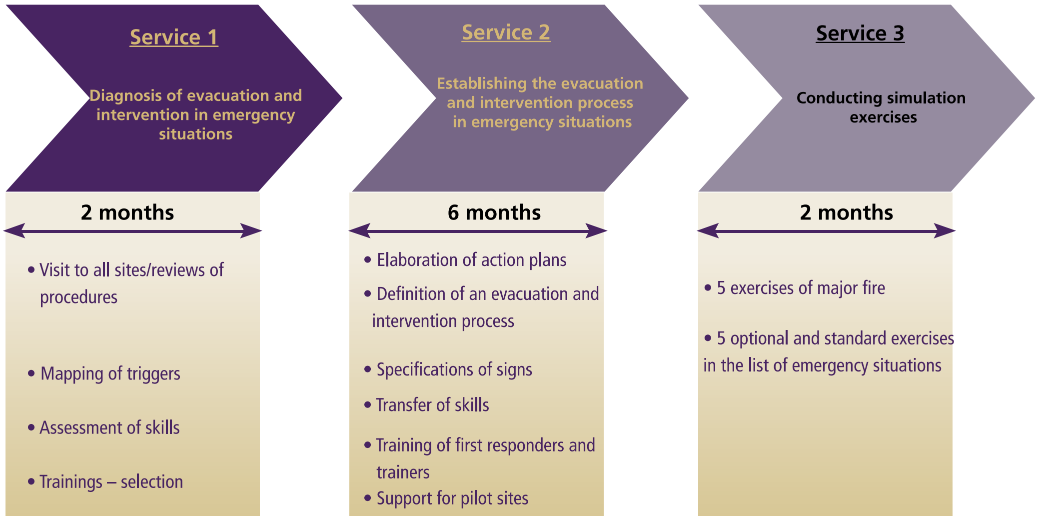
- Conducting regulatory controls of technical facilities;
- Measuring the quality of indoor air at Dar As-Sikkah;
- Equipping the staffing with personal protective equipment against potential health and safety risks;
- Preparing specifications on waste management;
- Defining technical specifications for arranging chemicals stores;
- Launching actions aiming to optimize desktop energy.

These efforts were accompanied by the formalization of procedures, work instructions and monitoring plans as well as the realization of many awareness actions about electrical accreditations, production of a comic strip about handling and circulation rules, awareness of agents about wearing personal protective equipment and development of a related user guide.

Similarly, the Bank initiated in 2012 two structuring projects, to better understand the risks associated with security and business continuity. The first project was about evacuation engineering, which involves the establishment of a plan for managing emergency situations in all sites[1], in line with the Moroccan and international regulatory requirements and standards.

1 Emergency control is an essential action that responds to the problems raised in the context of crisis management within the Bank and the QSE project, mainly compliance with OHSAS 18001.

**Process of controlling risks to security and continuity**




The Bank also completed a study to launch a major project aiming to upgrade and standardize video surveillance system technologies at all its sites, with a centralized supervision from the Rabat-based Central Control Station.

Meanwhile, security professionalization was accompanied by sustained training and awareness actions for the Bank's employees. This process culminated in 2012 with the certification of 40 staff members (FSPAS[1]) and the training of 165 first-response workers and more than 1,000 employees on how to use first-response means.

### 2.3.5.2 Energy audit

In 2012, the energy audit concerned the pilot area, covering the agencies of Agadir, Marrakech, Tetouan and Fez as well as the sites of Dar As-Sikkah and Annakhil. The recommendations made following this exercise helped to fix new methods for operational energy management. The expected savings would be about 10 percent, with investments amortized over periods of 1 to 8 years.

1 Fire safety and personal assistance service level 1.

### 2.3.5.3 Archive management

The project for modernizing the archive management system led to the establishment of a modern and standardized management system and the upgrade of these archives, by performing consolidation works, bringing archive conservation premises to standards and training various stakeholders in the management chain. Other actions were launched in 2012, including on the sustainability of the archive management system to ensure its continuity.

Following the consolidation of the Bank's archives and as part of the project to promote historical archives, finer document processing operations will be undertaken with a view to establishing documentary holdings.

### 2.3.5.4 Outsourcing of support activities

To enable the Bank to refocus on its core business, search for efficiency and improved quality of the service provided, the project of outsourcing certain support activities initiated under the strategic plan 2010-2012 concerned, in 2012, the following activities:

- Transport activity related to almost all light vehicle fleet and a part of personnel transport;
- Maintenance of operating and non-operating buildings in the cities of Rabat, Casablanca, Kenitra, Settat and El Jadida.

This policy, which proved its effectiveness in terms of service quality and reduction of management costs, is being extended to the entire vehicle fleet and the Bank' sites.

# 2.4 Communication and cooperation

## 2.4.1 Communication and proximity

As part of a comprehensive communication strategy, the Bank worked to consolidate information vis-à-vis its various sections of public and improve the understanding of its tasks and decisions. Thus, in order to ensure transparency and optimization of information exchange with journalists, the Bank renewed the press briefings organized following each Board meeting so as to share and explain the monetary policy decisions taken by the Bank. Other occasional meetings were also organized around current issues, including on the transmission mechanisms of monetary policy or financial education.

The Bank also continued to improve its Internet portal, in order to provide the public with rich and updated information. Several training and awareness actions were organized in all regions of Morocco, around economic and financial concepts, in collaboration with partners on the spot for 30,000 primary and high school students. This program involved visits to the headquarters of the Bank, Dar As-Sikkah, the Bank museum, agencies of commercial banks and the Casablanca Stock Exchange. It also involved training activities provided by bank managers in schools. On the other hand, information and outreach materials were developed. This major operation was awarded the prize for the best organization, awarded by the Child and Youth Financial International (CYFI)[1].

Internally, "Tawassol" magazine falls also under a process of continuous improvement, through moving more towards human capital and collective successes and supporting the Bank's major projects while opening up to national and international news.

In order to consolidate visual communication around performance, a new concept of outreach action was launched. Targeting each entity according to its business, this project helps to communicate on the most important indicators of the activity in question.
Furthermore, on the occasion of the commemoration of the 25th anniversary of Dar As-Sikkah, guided tours were organized for 600 Bank employees and their families.
The year ended with the Staff Day, which was an opportunity to share with all the managerial staff the new guidelines of the strategic plan 2013-2015 and the institutional film about the main achievements of the Bank since 2004, year of the first strategic plan.

The Bank also seeks to adopt a strategy enabling all staff members to reflect its vision and strategic guidelines. For this purpose, a specific communication was devoted to the three-year plan 2013-2015 and each employee received a personalized medium breaking down the strategic guidelines into operational objectives by entity.

## 2.4.2 Museum

In 2012, the museum received nearly 6,000 visitors, up 9 percent compared to 2011. This performance is due to promotion actions conducted in schools as well as free access on Friday.

1 NGO based in Amsterdam and working for child and youth financial education.

A varied program was devoted to the museum's cultural activities, including temporary thematic exhibitions, conference debates and educational workshops for schools.

Regarding the reconstruction of the Bank's historical memory, the synthesis study of all its historical archives with domestic and foreign bodies was launched in 2012.

The numismatic heritage was enriched by the purchase of seven lots of coins and banknotes. This operation brought the number of coins to 2,300 and the number of banknotes to 341, covering emissions during both the period of the protectorate and that of independent Morocco under the reign of late King Mohammed V. In addition, a modern and ergonomic system for storing artistic and numismatic collections was put in place, respecting the storage environment and air quality.

## 2.4.3 International cooperation

### 2.4.3.1 Cooperation with central banks

As part of strengthening its cooperation with central banks and banking supervisory agencies, the Bank signed two cooperation agreements in July:

- A cooperation agreement with the Central Bank of Luxembourg, setting up a framework covering financial cooperation, technical assistance and training;
- A memorandum of understanding with the Palestinian Monetary Authority to further strengthen bilateral relations and promote the exchange of publications, scientific research and expertise.

Thus, the number of agreements signed by the Bank since 2003, covering general cooperation, exchange of expertise, banking supervision and exchange of information increased to twelve conventions.

Moreover, several actions of cooperation were carried out with other central banks: Bank of France, National Bank of Belgium, Swiss National Bank, Bank of Canada, Reserve Bank of Australia and Central Bank of Qatar. They focused on issues related to monetary policy, Basel III, Islamic finance, peer reviewing, reorganization and organizational redesign of process, and legislation on the protection of individuals with regard to the processing of personal data.

The Bank also organized 20 study visits for 54 staff members representing 13 central banks and organizations of Africa and MENA region[1]. In late 2012, the Bank's cooperative actions covered 40 percent of African countries.

### 2.4.3.2 International relations

Bank Al-Maghrib organized jointly with the European Central Bank the 7th Seminar of the Eurosystem with the central banks of the Mediterranean countries, on July 12 in Casablanca. The seminar was attended by Governors and senior representatives of the Eurosystem, the European Commission, the European Investment Bank and the central banks of Algeria, Egypt, Jordan, Lebanon, Mauritania, Tunisia, Turkey and the Palestinian Monetary Authority.

The Bank actively collaborated with the European Central Bank in the preparation of the working papers and documents of this meeting whose sessions focused on the following topics:

I. Economic and financial developments in the Mediterranean countries and the euro area: coping with internal and external shocks;

II. Monetary policy implementation: recent experiences in the euro area and in the Mediterranean countries;

III. Macro-prudential policies and financial stability: the views of the European Union and Mediterranean countries.

In addition, the Bank received two IMF missions:

- In October, the BAM safeguards assessment mission conducted following approval by the IMF Executive Board of the Precautionary and Liquidity Line arrangement (PLL) for our country;
- In December, the mission combining both consultations with Morocco under Article IV and the first half-yearly review under the PLL agreement. The first aspect of this mission is part of the IMF bilateral surveillance which aims to monitor the financial and economic situation of member countries. For the second aspect, the objective is to monitor the results and indicative targets of Morocco's economic agenda sustained by the PLL. At the end of this dual mission, the IMF Executive Board concluded in February 2013 that Morocco continues to meet the qualification criteria for the PLL.

1 Bank of Central African States, Central Bank of the States of West Africa, Bank of the Republic of Burundi, Central Bank of Congo, Central Bank of the Republic of Guinea, Central Bank of Libya, Central Bank of Madagascar, Central Bank of Mauritania, Central Bank of Mozambique, Palestinian Monetary Authority, Bank of Sudan, Central Bank of Tunisia, United Nations Development Programme.

Finally, the Bank participated in several international major events, including:

- The conference of the historical mission of the Bank of France on March 15-16 in Paris under the theme "Central Banks and Governments Nowadays";
- The annual meetings of Arab financial institutions, held in Marrakesh in April;
- The Spring and Fall Meetings of the International Monetary and Financial Committee, held in Washington in April and in Tokyo in October, as well as the IMF-World Bank Annual Meetings;
- The 19$^{th}$ annual meeting of central bank governors of French-speaking countries, held in May in Mauritius on "Central banks: new role, new tasks in a changing global economy";
- The 82$^{nd}$ Annual General Meeting of the Bank for International Settlements and the Meeting of Central Bank Governors of Africa, held in Basel in June;
- The meeting of the African Governors of the IMF and World Bank, held in August in Kinshasa;
- The 36$^{th}$ Meeting of Central Bank Governors and Arab Monetary Institutions, held in October in Kuwait;
- The high-level symposium held in Dakar in November by the Central Bank of West African States (BCEAO) on the occasion of its 50th anniversary, under the theme "Monetary Integration and Changes in International Financial System: Challenges and Prospects";
- Symposium on the 40$^{th}$ anniversary of the Bank of Central African States (BEAC), held in November in Malabo, on "Monetary integration in Africa: Experiences and Prospects";
- The high-level conference commemorating the 50$^{th}$ anniversary of the Bank of Algeria, organized in Algiers in December, under the theme "Financial Stability and Growth in Arab Countries".

# PART 3

## FINANCIAL STATEMENTS OF BANK AL-MAGHRIB

# Balance sheet

## 1. Balance sheet as at December 31, 2012

| **Assets** (in KDH)(*) | **Notes** | **31/12/2012** | **31/12/2011** |
|---|---|---|---|
| **Holdings and investments in gold** | **1** | **9 946 351** | **9 571 626** |
| **Holdings and investments in foreign currency** | **2** | **134 367 658** | **161 265 474** |
| - Holdings and investments held in foreign banks | | 26 662 609 | 19 472 831 |
| - Foreign Treasury bills and similar securities | | 102 249 212 | 137 307 963 |
| - Other holdings in foreign currency | | 5 455 837 | 4 484 680 |
| **Holdings in international financial institutions** | **3** | **5 142 456** | **6 668 110** |
| - IMF subscription-Reserve tranche | | 1 105 435 | 1 110 328 |
| - Special Rights Drawings holdings | | 3 769 687 | 5 286 188 |
| - Subscription to the Arab Monetary Fund | | 267 333 | 271 593 |
| **Lending to the Government** | | - | - |
| - Conventional advances | | - | - |
| - Overdraft facilities advances | | - | - |
| - Other facilities | | - | - |
| **Claims on Moroccan credit institutions and similar bodies** | **4** | **69 286 710** | **39 330 041** |
| - Securities received under repurchase agreements | | 15 005 114 | 15 001 597 |
| - Advances to the banks | | 54 182 946 | 24 001 223 |
| - Other claims | | 98 650 | 327 221 |
| **Treasury bills - Open market operations** | | **-** | **-** |
| **Other assets** | **5** | **7 533 358** | **7 058 502** |
| - Sundry debtors | | 5 028 720 | 5 629 441 |
| - Other miscellaneous assets | | 2 504 638 | 1 429 061 |
| **Fixed assets** | **6** | **3 577 145** | **3 182 867** |
| **TOTAL ASSETS** | | **229 853 677** | **227 076 620** |

(*) In thousands of dirhams.

In this part, 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.

| **Liabilities** (in KDH) | **Notes** | **31/12/2012** | **31/12/2011** |
|---|---|---|---|
| **Banknotes and coins in circulation** | **7** | **172 493 352** | **166 252 990** |
| - Banknotes | | 169 925 633 | 163 807 102 |
| - Coins | | 2 567 719 | 2 445 888 |
| **Liabilities in gold and in foreign currency** | **8** | **3 380 196** | **3 451 385** |
| - Liabilities in gold | | - | - |
| - Liabilities in foreign currency | | 3 380 196 | 3 451 385 |
| **Liabilities in convertible dirhams** | **9** | **222 014** | **211 949** |
| - Liabilities in convertible dirhams to international financial institutions | | 212 813 | 202 136 |
| - Other liabilities | | 9 201 | 9 813 |
| **Deposits and liabilities in dirham** | **10** | **26 997 811** | **29 566 029** |
| Current account of the Treasury | | 2 870 774 | 1 979 729 |
| Deposits and liabilities in convertible dirhams to Moroccan banks | | 20 126 676 | 23 787 663 |
| - Current accounts | | 20 126 676 | 23 787 663 |
| - Liquidity-withdrawal accounts | | - | - |
| - Deposit facility accounts | | - | - |
| Deposits of general government and public institutions | | 1 515 766 | 1 309 496 |
| Other accounts | | 2 484 594 | 2 489 141 |
| **Other liabilities** | **11** | **12 422 322** | **13 155 415** |
| **Special Rights Drawings Allocations** | **12** | **7 276 936** | **7 392 898** |
| **Equity capital and the like (including)** | **13** | **5 533 954** | **5 533 810** |
| - Equity capital | | 500 000 | 500 000 |
| - Reserves | | 5 001 340 | 5 001 340 |
| - Retained earnings | | 21 014 | 20 869 |
| **Net income of the fiscal year** | | **1 527 091** | **1 512 144** |
| **TOTAL LIABILITIES** | | **229 853 677** | **227 076 620** |

## 2. Profit and loss statement as at December 31, 2012

| (in KDH) | Notes | 31/12/2012 | 31/12/2011 |
|---|---|---|---|
| Interests earned on holdings and investments on gold and foreign currency | **17** | 2 908 570 | 3 983 664 |
| Interests earned on claims on Moroccan credit institutions and similar ones | **18** | 1 927 422 | 778 872 |
| Other interests earned | **19** | 7 660 | -56 923 |
| Commissions earned | **20** | 325 859 | 371 070 |
| Other financial revenues | **21** | 131 597 | 137 159 |
| Sales of produced goods and services | **22** | 143 845 | 207 373 |
| Miscellaneous revenues | **23** | 21 803 | 27 726 |
| Reversal of amortization | | - | 4 528 |
| Reversal of provisions (*) | **24** | 144 511 | 3 744 373 |
| Noncurrent revenues | **25** | 59 156 | 894 |
| **Total revenues** | | **5 670 423** | **9 198 736** |
| Interests paid on liabilities in gold and foreign currency | **26** | 7 883 | 28 698 |
| Interests paid on deposits and liabilities in dirham | **27** | 324 201 | 368 814 |
| Commissions paid | **28** | 14 798 | 15 009 |
| Other financial expenses | **29** | 844 052 | 941 514 |
| Staff expenses | **30** | 799 713 | 955 483 |
| Purchase of materials and supplies | **31** | 203 326 | 268 827 |
| Other external expenses | **32** | 284 699 | 242 838 |
| Amortization and provisions expenses (*) | **33** | 674 364 | 3 905 157 |
| Noncurrent expenses | **34** | 39 876 | 5 498 |
| Corporate taxes | **35** | 950 419 | 954 753 |
| **Total expenses** | | **4 143 332** | **7 686 592** |
| **Income** | | **1 527 091** | **1 512 144** |

(*) See Box 3.2.1: New accounting presentation of expenses and reversal of provisions

## 3. Off-balance sheet as at December 31, 2012

| In KDH | Notes | 31/12/2012 | 31/12/2011 |
|---|---|---|---|
| **Spot foreign exchange transactions** | | | |
| - Spot delivery of currencies | | | |
| - Spot purchase of dirhams | | | |
| **Forward foreign exchange transactions** | | | |
| - Currencies receivable | | | |
| - Currencies payable | | | |
| **Currency exchange-deposit transactions** | **14** | **2 045 124** | **-** |
| **Foreign exchange transaction-arbitrage operations** | **14** | | |
| - Foreign currencies receivable | | 306 496 | 720 073 |
| - Foreign currencies payable | | 305 632 | 718 247 |
| **Off-balance currency adjustment** | | - | - |
| **Liabilities on derivatives** | | - | - |
| **Liabilities on securities** | **15** | - | - |
| - Securities received on advances granted | | 73 336 198 | 41 069 179 |
| - Securities received on advances to be granted | | 2 968 300 | 2 144 600 |
| - Foreign securities receivable | | - | 832 950 |
| - Securities deliverable | | - | - |
| **Other liabilities** | **16** | | |
| - Received market guarantees | | 100 586 | 40 171 |
| - Liabilities of guarantees received for staff loans | | 787 544 | 731 954 |
| - Financing liabilities granted to the staff | | 41 431 | 43 019 |
| - Other granted liabilities | | 1 000 | 1 000 |

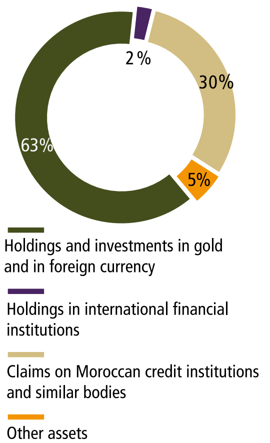
# 3.1 Bank balance sheet

At the end of the fiscal year 2012, Bank Al-Maghrib balance sheet totaled 229,853,677 KDH, up 2,777,057 KDH or 1 percent compared to 2011.

In terms of assets, this change results from the combined effect of higher advances to banks as part of the monetary policy and lower holdings and investments in foreign currency.

As to liabilities, the change is due to higher currency in circulation, offset by lower deposits of banks with BAM.

## 3.1.1 ASSETS

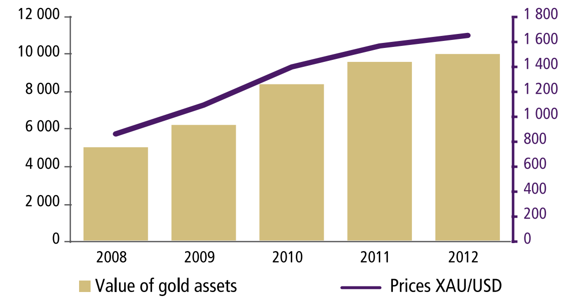



| (In KDH) | Notes | 2012 | 2011 | Δ % |
|---|---|---|---|---|
| Holdings and investments in gold | 1 | 9 946 351 | 9 571 626 | 4 |
| Holdings and investments in foreign currency | 2 | 134 367 658 | 161 265 474 | -17 |
| Holdings in international financial institutions | 3 | 5 142 456 | 6 668 110 | -23 |
| Claims on Moroccan credit institutions and similar bodies | 4 | 69 286 710 | 39 330 041 | 76 |
| Other assets | 5 | 7 533 358 | 7 058 502 | 7 |
| Fixed values | 6 | 3 577 145 | 3 182 867 | 12 |
| **Total assets** | | **229 853 677** | **227 076 620** | **1** |

### Holdings and investments in gold

The equivalent value of assets in gold continued to rise in 2012 to 9,946,351 KDH, up 4 percent compared to 2011, in connection with rising gold prices, which reached 1,664 dollars per ounce at the end of December 2012. The gold stock held by the Bank remained almost unchanged at 708,766 ounces (equivalent to 22 tonnes).

**Chart 3.1.1: Change in the value of gold assets (in MDH)**



## Holdings and investment in foreign currencies

With a total of 134,367,658 KDH, assets and investments in foreign currencies are the most important asset item. Their share in the balance sheet, which was 84 percent in 2010 and 71 percent in 2011, is no more than 58 percent in 2012, in conjunction with the contraction of foreign exchange reserves.

Month on month, this item showed one-off increases of 0.7 percent in August 2012 due to foreign currency earnings during the summer and 6 percent at end-December 2012, owing to the Treasury issuance of 1.5 billion U.S. dollars, on the international financial market.

The share of bond securities stands at the end of the year at 76 percent, while monetary investments fell to 4 percent while other assets and investments accounted for 20 percent of this item.

The rise in the latter in 2012 is mainly due to the increase by the Bank of its deposits with central banks given zero or even negative rates and higher credit risk.

**Table 3.1.1: Change in the volume effect and exchange rates on holdings and investments in foreign currencies**

| Effect 2012/2011 | Δ % |
|---|---|
| **Volume** | |
| EUR | -23.5 |
| USD | 19.9 |
| **Exchange rate** | |
| EUR | 0.4 |
| USD | -1.7 |

**Table 3.1.2: Structure of holdings and investments in foreign currencies**

| | 2012 | | 2011 | |
|---|---|---|---|---|
| In KDH | Montant | Part | Montant | Part |
| Monetary investments(1) | 4 714 327 | 4% | 11 112 764 | 7% |
| Bond securities held for sale | 56 518 862 | 42% | 72 047 023 | 44% |
| Investment bond securities | 46 140 625 | 34% | 65 419 160 | 41% |
| Miscellaneous (2) | 26 993 844 | 20% | 12 686 527 | 8% |
| **Total assets in foreign currencies** | **134 367 658** | **100%** | **161 265 474** | **100%** |

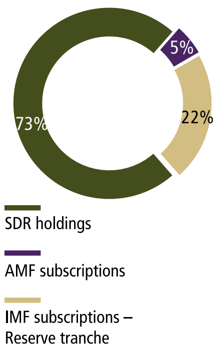
(1) With foreign banks

(2) Including demand deposits with central banks and management authorizations

**Table 3.1.3: Breakdown of bond portfolios by maturity**

| | 2012 | 2011 |
|---|---|---|
| < 1 year | 61% | 79% |
| > 1 year | 39% | 21% |
| **Total** | **100%** | **100%** |

## Assets with international financial institutions




These assets decreased from 6,668,110 KDH to 5,142,456 KDH, down 23 percent compared to the previous year, reflecting mainly lower SDR holdings following the repayment during this year of loan installments, for the Treasury, contracted with the Arab Monetary Fund, totaling 105,136,806 SDR as against 80,513,415 SDR settled in 2011.

## Claims on Moroccan credit institutions and similar bodies

**Box 3.1.1: Monetary policy decisions**

The Bank Board decided at its meeting of March 2012 to bring the key rate from 3.25 percent to 3 percent, against a backdrop of significant decline in economic activity and a central inflation forecast permanently in line with the price stability objective and a balance of risks tilted to the downside in the first quarter of the year

Moreover, taking into account the extent and sustainability of liquidity needs as well as forecast changes in liquidity factors, the Board also reduced in September the required reserve ratio from 6 percent to 4 percent. This measure resulted in the reduction of 7,600 MDH in the minimum amount of the required reserve.

Following the intensification of liquidity needs in 2012 in connection with the widening trade balance deficit, Bank Al-Maghrib continued its accommodative policy by injecting liquidity necessary for maintaining the bank treasuries balance and the stability of the interbank rate at a level close to the key rate.

The Bank also initiated in December, as part of its longer-term operations, a loan secured by private securities for SMEs and VSEs, amounting to 2,380,000 KDH and relaxed eligibility standards of certificates of deposit, as part of enlarging the collateral eligible for monetary policy operations.

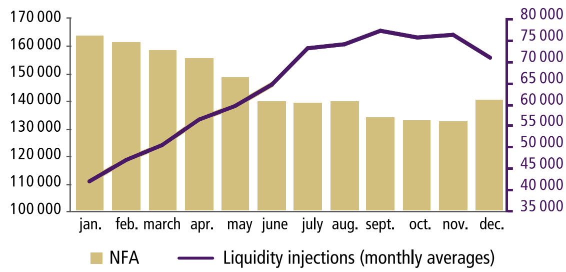
In 2012, the bank liquidity deficit amplified significantly, owing to the restrictive effect of autonomous factors, particularly foreign currency assets.

In this context, Bank Al-Maghrib increased the volume of its liquidity injections, which continued to be carried out, mainly through 7-day advances.

**Table 3.1.4 : Claims on credit institutions**

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Repurchase agreements** | | | |
| 7-day advances | 51 002 182 | 24 001 223 | 112 |
| 24-hour advances | 800 764 | - | NS |
| Repos | 15 005 114 | 15 001 597 | - |
| **Secured loans** | 2 380 000 | - | NS |

**Chart 3.1.2: Restrictive effect of NFA on bank liquidity in 2012 (in MDH)**



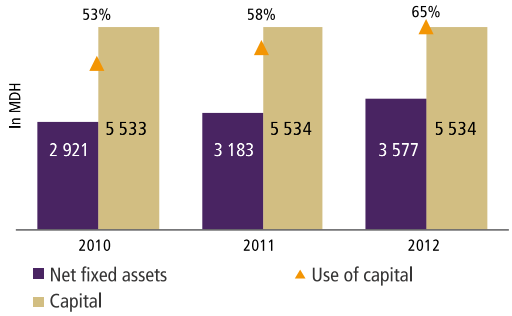
## Fixed assets

**Table 3.1.5: Composition of fixed assets**

| In KDH | 2012 | 2011 | Δ value | Δ % |
|---|---|---|---|---|
| Fixed loans | 638 520 | 728 806 | -90 286 | -12 |
| Equity securities | 66 536 | 146 924 | -80 387 | -55 |
| Tangible and intangible fixed assets | 5 671 158 | 4 864 322 | 806 836 | 17 |
| **Gross fixed assets** | **6 376 214** | **5 740 051** | **636 162** | **11** |
| Amortization and provisions | 2 799 068 | 2 557 184 | 241 884 | 9 |
| **Net fixed assets** | **3 577 145** | **3 182 867** | **394 278** | **12** |

Gross fixed assets of the Bank rose at end-December 2012 to 6,376,214 KDH, which is an annual increase of 636,162 KDH or 11 percent. Given allocations to amortization or to provisions for depreciation, amounting to 2,799,068 KDH, net fixed assets totaled 3,577,145 KDH, up 12 percent compared to 2011.

**Chart 3.1.3: Change in the use of capital ratio**




Fixed loans fell by 90,286 KDH to 638,520 KDH at the end of December 2012, mainly due to the conversion in 2012 of a long-term loan of 150,000 KDH granted by the Bank to the Pension Fund into special dues.

**Table 3.1.6 : Equity securities**

| In KDH | 2012 | 2011 | Δ valeur | Δ % |
|---|---|---|---|---|
| **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** | **39 772** | **120 159** | **-80 387** | **-67** |
| Ubac Curaçao | 23 228 | 104 081 | -81 852 | -78 |
| Swift | 519 | 188 | 330 | 175 |
| Arab Monetary Fund | 5 926 | 5 791 | 134 | 2 |
| Arab Trade Financing Program | 10 099 | 10 099 | - | - |
| **Gross total of equity securities** | **66 536** | **146 924** | **-80 387** | **-55** |
| Provisions | 3 000 | 60 650 | -57 650 | -95 |
| **Net total of equity securities** | **63 536** | **86 274** | **-22 737** | **-26** |

The gross value of the Bank portfolio of equity securities declined from 146,924 KDH in 2011 to 66,536 KDH in 2012, down 80,387 KDH. This is due to lower equities held by the Bank in Ubac Curaçao, as this institution reduced in 2012 its capital following the reduction of the nominal value of its shares from 50 to 10 USD.

The value of the Bank's equities in the capital of SWIFT moved up, year on year, from 188 to 519 KDH, in conjunction with the purchase by the Bank of 9 additional shares, in accordance with the general rules applicable to shareholders which stipulate that SWIFT shares must be reallocated at least every three years.

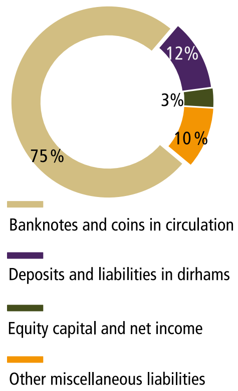
**Table 3.1.7 : Tangible and intangible fixed assets**

| In KDH | | Real properties | Land | Constructions and works in progress | Fixtures, fittings and facilities | Furniture and equipment | Miscellaneous | Intangible fixed assets | Total |
|---|---|---|---|---|---|---|---|---|---|
| Gross amount beginning of the fiscal year | | 2 109 098 | 232 732 | 187 448 | 160 396 | 1 499 102 | 203 091 | 472 455 | **4 864 322** |
| Increase | Purchase | 225 | | 66 044 | 28 568 | 648 593 | 24 146 | 45 131 | **812 707** |
| | Transfer | 128 772 | | 41 | | 23 970 | | 5 953 | **158 736** |
| Decrease | Sale | 26 | 3 | 741 | 460 | 4 641 | | | **5 871** |
| | Transfer | | | 128 772 | 41 | | | 29 923 | **158 736** |
| **Gross amount end of the fiscal year** | | **2 238 070** | **232 729** | **124 020** | **188 463** | **2 167 023** | **227 237** | **493 616** | **5 671 158** |

The increase of 806,836 KDH or 17 percent in gross tangible and intangible fixed assets in 2012 is mainly due to:

- the continued modernization of Dar As-Sikkah equipment (624,711 KDH) and the Bank buildings (operating and non operating);
- the construction of a holiday center in Agadir and an indoor swimming pool at the holiday center of Tangier (27,595 KDH), as part of social activities;
- and the strengthening of the Bank's information systems (20,575 KDH).

## 3.1.2 LIABILITIES




| In KDH | Notes | 2012 | 2011 | Δ % |
|---|---|---|---|---|
| Banknotes and coins in circulation | **7** | 172 493 352 | 166 252 990 | 4 |
| Liabilities in gold and foreign currency | **8** | 3 380 196 | 3 451 385 | -2 |
| Liabilities in convertible dirhams | **9** | 222 014 | 211 949 | 5 |
| Deposits and liabilities in dirhams | **10** | 26 997 811 | 29 566 029 | -9 |
| Other liabilities (*) | **11** | 12 422 322 | 13 155 415 | -6 |
| Special Drawing Rights allocations | **12** | 7 276 936 | 7 392 898 | -2 |
| Equity capital and the like | **13** | 5 533 954 | 5 533 810 | - |
| Net income of the fiscal year | | 1 527 091 | 1 512 144 | 1 |
| **Total liabilities** | | **229 853 677** | **227 076 620** | **1** |

(*) Including account of reevaluation of foreign exchange reserves

### Notes and coins in circulation

Currency in circulation, which remains the most significant liability item (75 percent), increased due to higher demand for banknotes. It reached 172,493,352 KDH, which is an annual increase of 4 percent compared to 9 percent in 2011.

Month on month, currency in circulation overall changed depending on its seasonal pattern. Indeed, it recorded peaks followed by periods of reflux in the 3rd and 4th quarters of 2012, during summer time, the month of Ramadan and the celebration of Eid El-Adha.

### Deposits and liabilities in dirhams

They fell to 26,997,811 KDH, down 2,568,218 KDH, mainly due to a 15 percent decrease in assets of banks' current accounts, reflecting partially a decline in required reserve ratio from 6 percent to 4 percent, in September 2012.

**Chart 3.1.4: Monthly change in banknotes and coins in circulation in 2012**

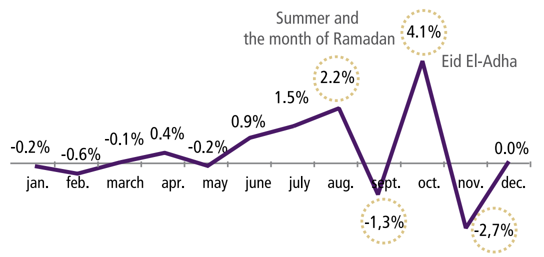
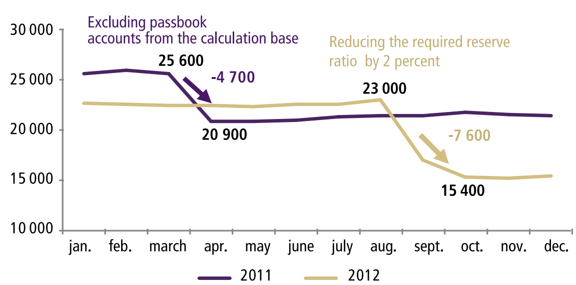



**Chart 3.1.5: Change in amount of required reserve (in millions of dirhams)**



The current account position of Treasury and deposits of general government and public institutions rose respectively by 45 percent and 16 percent to 2,870,774 KDH and 1,515,766 KDH at the end of December 2012.

### Special Drawing Rights allocations

The value of the Special Drawing Rights allocations declined by 115,961 in KDH, totaling 7,276,936 KDH, mainly due to the depreciation of the dollar at the end of December 2012 compared to the end of 2011.

### Equity capital and the like

Their amount stood at 5,533,954 KDH remained virtually unchanged from the previous year.

**Table3.1.8 : Equity capital and the like**

| In KDH | 2012 | 2011 |
|---|---|---|
| including | | |
| Capital | 500 000 | 500 000 |
| Reserves | 5 001 340 | 5 001 340 |
| Retained earnings | 21 014 | 20 869 |

## 3.1.3 Balance sheet by main transactions as at December 31, 2012

### Transactions in gold and foreign currencies

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Assets** | **149 456 465** | **177 505 210** | **-16** |
| Holdings and investments in gold | 9 946 351 | 9 571 626 | 4 |
| Holdings and investments in foreign currency | 134 367 658 | 161 265 474 | -17 |
| Assets in international financial institutions | 5 142 456 | 6 668 110 | -23 |
| **Liabilities** | **22 261 025** | **21 663 837** | **3** |
| Liabilities in gold, foreign currency and convertible dirhams | 3 602 210 | 3 663 334 | -2 |
| Special Drawing Rights allocations | 7 276 936 | 7 392 898 | -2 |
| Account of revaluation of foreign exchange reserve | 11 381 879 | 10 607 605 | 7 |
| **Transactions in gold and foreign currency (*)** | **-127 195 439** | **-155 841 373** | **-18** |

(*) Liabilities - assets

### Transactions with the State

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Assets** | - | - | - |
| Moroccan Treasury bills | - | - | - |
| **Liabilities (including)** | **3 644 960** | **2 676 208** | **36** |
| Treasury account | 2 870 774 | 1 979 729 | 45 |
| Hassan II Fund | 636 309 | 582 568 | 9 |
| **Transactions with the State (*)** | **3 644 960** | **2 676 208** | **36** |

(*) Liabilities - assets

### Net position of credit institutions

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Assets** | **69 286 710** | **39 330 041** | **76** |
| Claims on Moroccan credit institutions and similar bodies | 69 286 710 | 39 330 041 | 76 |
| **Liabilities** | **20 126 676** | **23 787 663** | **-15** |
| Deposits and liabilities to Moroccan banks | 20 126 676 | 23 787 663 | -15 |
| **Net position to credit institutions (*)** | **-49 160 033** | **-15 542 377** | **216** |

(*) Liabilities - assets

# 3.2 Profit and loss account

In this part of the document on profits and losses, the change in the presentation of allocations/reversals of provisions for depreciations of investment securities must be taken into account.

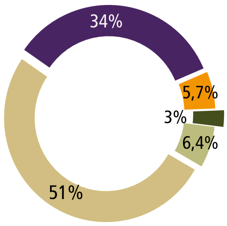
**Box 3.2.1: New accounting presentation of allocations and reversals of provisions**

In accordance with the principle of clarity, the accounting presentation of allocations and reversals of foreign securities provisions was revised in 2012. Regarding the fiscal year 2011, this new approach helped better track the cost of the risk on these securities during the year in the endowment accounts.

Meanwhile, the total or partial reduction of this risk is recorded in the withdrawal accounts.

This operation has no impact on the income as the differential (allocations-reversals) remains the same in both presentations, while improving the reading of the Bank's profit and loss accounts.

## 3.2.1 Revenues




| Main items in KDH | Notes | 2012 | 2011 | Δ % |
|---|---|---|---|---|
| Interests earned on holdings and investments in gold and foreign currency | 17 | 2 908 570 | 3 983 664 | -27 |
| Interests earned on claims on credit institutions and similar bodies | 18 | 1 927 422 | 778 872 | 147 |
| Commissions earned | 20 | 325 859 | 371 070 | -12 |
| Other financial revenues | 21 | 131 597 | 137 159 | -4 |
| Sales of produced goods and services | 22 | 143 845 | 207 373 | -31 |
| Miscellaneous revenues | 23 | 21 803 | 27 726 | -21 |
| Reversal of provisions | 24 | 144 511 | 3 744 373 | -96 |
| Noncurrent revenues | 25 | 59 156 | 894 | NS |
| **Total revenues** | | **5 670 423** | **9 198 736** | **-38** |

The Bank revenues fell, from one year-end to another, from 9,198,736 KDH to 5,670,423 KDH, showing a contraction of 38 percent, largely due to the change, which occurred at the end of the year, in the presentation of allocations/reversals of provisions for depreciation of foreign securities, thus responding to a recommendation by the statutory auditor. Excluding the impact of this new presentation, revenues would be up by 2 percent compared to 2011.

This operation has no impact on income since the differential (allocations - reversals) remains the same in both presentations. This differential stood at + 251,902 KDH in 2012 as against -135,879 KDH in 2011.

**Table 3.2.1 : Structure of revenues**

| In KDH | 2012 | | 2011 | |
|---|---|---|---|---|
| | Amount | Share | Amount | Share |
| Revenues of investment in foreign currency | 3 028 581 | 53% | 4 053 277 | 44% |
| Monetary policy revenues | 1 927 262 | 34% | 778 872 | 9% |
| Revenues of other operations(*) | 714 580 | 13% | 4 366 587 | 47% |
| **Total revenues** | **5 670 423** | **100%** | **9 198 736** | **100%** |

(*) including commissions, sales of secured documents and reversals of provisions.

### Interests of investments in gold and foreign currency

Reflecting the contraction of foreign assets and the persistent context of low interest rates, interest from management operations of foreign exchange reserves showed a decline of 27 percent to 2,908,570 KDH compared to 2011.

**Table 3.2.2 : Interests earned on holdings in foreign currency**

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| Monetary segment | 36 347 | 125 499 | -71 |
| Bond segment-holding | 831 231 | 1 157 467 | -28 |
| Bond segment - investment | 2 016 430 | 2 641 421 | -24 |
| SRD holdings | 5 086 | 23 489 | -78 |

Revenue of bonds dropped by 951,227 KDH or 25 percent, to 2,847,661 KDH, while the monetary item generated interests of around 36,347 KDH, down 89,152 KDH or 71 percent compared to 2011.

### Interest received on claims on Moroccan credit institutions and similar bodies

In 2012, bank refinancing increased significantly, in conjunction with continued tight bank liquidity. Against this background, Bank Al-Maghrib intervened mainly through 7-day advances whose average outstanding amount reached 47,436,650 KDH as against 21,598,105 KDH at the end of December 2011.

It extended long-term repo operations, amounting to 15,005,114 KDH and initiated a secured loan operation of 2,380,000 KDH. It also conducted, occasionally, 24-hour advances for an average outstanding amount of 416,309 KDH.

These various operations generated interests totaling 1,927,262 KDH as against 778,872 KDH in 2011.

**Table 3.2.3 : Interests earned on bank refinancing operations**

| En KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Repo operations** | | | |
| 7-day advances | 1 441 887 | 701 938 | 105 |
| Repurchase agreement | 466 616 | 74 938 | NS |
| 24-hour advances | 16 652 | 1 995 | NS |
| **Secured loans** | 2 107 | - | NS |

### Commissions earned

The commissions earned by the Bank in payment for services provided to customers stood at end-December 2012 at 325,859 KDH, down 45,210 KDH or 12 percent compared to the previous year. This change is mainly attributable to lower foreign exchange commission.

### Other financial revenues

Other financial revenues, which essentially consist of gains generated from foreign currency transactions, fell by 5,562 KDH or 4 percent to 131,597 KDH, in conjunction with:

- drops of 49 percent in revenues from deferral of discounts on foreign securities and 51 percent in gains in management authorizations;
- an increase of 94 percent in gains from foreign investment securities sales due to the appreciation of their prices in a context of bearish rates.

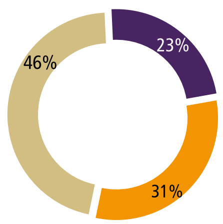
**Sales of produced goods and services**

The 31 percent decline in this section is mainly attributed to the decrease in inventories of goods in process, whose change stood at -34,116 KDH. Meanwhile, sales of secured documents remained at the same level of the previous year, totaling 154,485 KDH, including 143,207 KDH generated by the biometric passport.

**Non-recurrent revenues**

These revenues amounted at end-December 2012 to 59,156 KDH, including 28,989 KDH as proceeds from the sale of a Bank's real property.

## 3.2.2 Expenses




| In KDH | Notes | 2012 | 2011 | Δ % |
|---|---|---|---|---|
| **Operating expenses** | | **1 287 739** | **1 467 148** | **-12** |
| Staff expenses | **30** | 799 713 | 955 483 | -16 |
| Purchase of materials and supplies | **31** | 203 326 | 268 827 | -24 |
| Other external expenses | **32** | 284 699 | 242 838 | 17 |
| **Financial expenses (including)** | | **1 905 174** | **5 264 691** | **-64** |
| Interests paid on deposits and liabilities in dirham | **27** | 324 201 | 368 814 | -12 |
| Other financial expenses | **29** | 844 052 | 941 514 | -10 |
| Amortization and provisions expenses | **33** | 674 364 | 3 905 157 | -83 |
| Noncurrent expenses | **34** | 39 876 | 5 498 | NS |
| **Total expenses excluding CT** | | **3 192 913** | **6 731 839** | **-53** |
| Corporate tax | **35** | 950 419 | 954 753 | -0,5 |
| **Total expenses** | | **4 143 332** | **7 686 592** | **-46** |

The overall expenses of the Bank fell to 4,143,332 KDH, down 3,543,259 KDH or -46 percent compared to 2011, covering a decrease of 3,359,517 KDH in financial expenses. The new accounting presentation of allocations/reversals of provisions for depreciation of foreign securities is behind the change in expenses in 2012. Excluding the effect of this change, these expenses would increase 2 percent compared to 2011.

### Operating expenses

Operating expenses dropped to 1,287,739 KDH at end-December 2012, down 12 percent or 179,409 KDH compared to 2011.

- **Staff expenses**

Staff expenses contracted by 155,770 KDH or 16 percent, standing at 799,713 KDH as against 955,483 KDH in 2011, including 303,482 KDH as the final installment of the annual share of the Bank's liabilities to welfare funds. Fiscal 2012 recorded a charge of 150,000 KDH relating to the conversion of a long-term loan granted in December 1994 by the Bank to the Pension Fund into special dues.

Payroll decreased by 0.4 percent to 619,323 KDH in 2012 as against 621,831 KDH in 2011 which was marked by an exceptional charge of 16,146 KDH relating to the pension coverage cost for contractual staff (Decision of the Board at its 228th meeting of March 29, 2011).

Excluding this charge, change in payroll would be around 2.2 percent, in line with the target set by the Bank to limit for three years the growth of this item around 3 percent.

- **Purchases of materials and supplies**

This item showed a decline of 24 percent or 65,500 KDH compared to the previous year, due to:

- lower purchase costs of coin blanks, owing to the use of new cheaper alloys of coin blanks for the new series of coins, which allowed this year for a budget optimization of 21 percent compared to 2011;
- higher inventories of raw materials.

- **Other external expenses**

These expenses increased by 17 percent or 41,862 KDH, mainly due to:

- higher costs for maintaining computer software;
- higher costs for renting the "Patios" building that house, temporarily, the entities of the Central Administration.

### Financial expenses

Financial expenses ended the year 2012 with a decrease of 64 percent compared to 2011, amounting to 1,905,174 KDH, mainly in conjunction with the new accounting presentation of allocations to provisions for depreciation of securities. Thus, this item fell from 3,508,604 in 2011 to 306,026 KDH in 2012.

Excluding this major trend, other expense items showed relatively moderate changes:

- a decrease of 97,463 KDH in other financial expenses due to the combined effect of:
  - a decline of 116,882 KDH in losses in foreign investment securities sales and 66,725 KDH in deferral of premiums on investment securities, following the reduction of the investment portfolio size;
  - a loss of 76,780 KDH resulting from the reduction of the UBAC Curaçao capital;

**Table 3.2.4 : Other financial expenses**

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Other financial expenses (including)** | **844 052** | **941 514** | **-10** |
| Losses of investment securities sales | 313 880 | 430 762 | -27 |
| Defferal of premiums on foreign securities | 434 963 | 501 688 | -13 |
| Losses on equity securities | 76 780 | - | NS |

- a decrease of 44,613 KDH (-12 percent) of interests paid on deposits and liabilities in dirhams, which moved down to 324,201 KDH, in connection with a decline in both:
  - interests paid by the Bank on the required reserve (-9 percent), following the decrease of the minimum required in this regard;
  - a decline in the remuneration of deposit of Hassan II Fund for Economic and Social Development and Treasury current account (-18 percent) due to the decrease in their deposits with the Bank in fiscal 2012.

**Table 3.2.5 : Interests paid on deposits and liabilities**

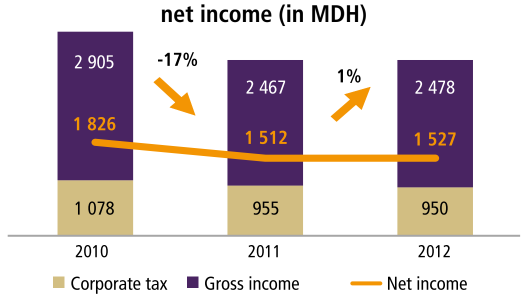
| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Interests paid on deposits and liabilities (including)** | **324 201** | **368 814** | **-12** |
| Available reserve | 157 642 | 173 030 | -9 |
| Hassan II Fund | 29 240 | 39 759 | -26 |
| Treasury | 64 013 | 74 153 | -14 |

- increase of 34,378 KDH in non-recurrent expenses compared to 2011, primarily due to the Bank's contribution in 2012 to the Social Cohesion Fund (37,804 KDH representing 2.5 percent of the net income for fiscal 2011).

### Net income

After deduction of income taxes, amounting to 950,419 KDH, net income stood at 1,527,091 KDH at the end of 2012, up 1 percent compared to 2011.

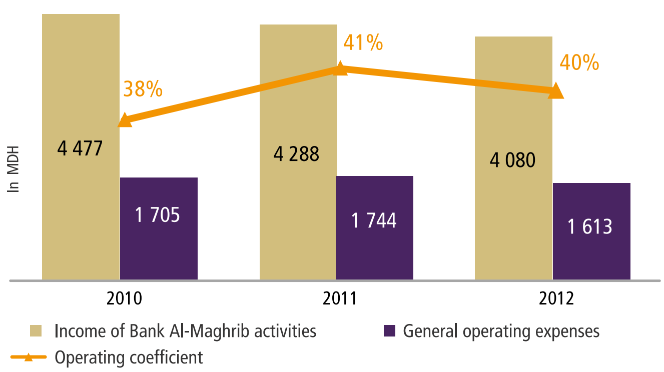
**Chart 3.2.1: Change in gross income, corporate tax and net income (in MDH)**



## 3.2.3 Statement of management balances as at December 31, 2012

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Income of Bank Al-Maghrib activities** | **4 080 163** | **4 287 470** | **-5** |
| Income of reserves management transactions | 2 004 870 | 3 274 290 | -39 |
| Income of monetary policy transactions | 1 769 620 | 605 842 | 192 |
| Income of other banking transactions | 305 673 | 407 608 | -25 |
| **General operating expenses** | **1 613 040** | **1 744 466** | **-8** |
| **Gross operating income** | **2 467 123** | **2 543 274** | **-3** |
| Noncurrent income | **10 387** | **-76 377** | **-114** |
| **Corporate taxes** | **950 419** | **954 753** | **-0,5** |
| **Net income** | **1 527 091** | **1 512 144** | **1** |

**Chart 3.2.2: Change in operating coefficient**



# 3.3 Annexes to accounts

## 3.3.1 Legal Framework

The financial statements of Bank Al-Maghrib 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 the stock and its fixed and other assets, and applies peculiar assessments for all operations specific to Bank Al-Maghrib .

The financial statements, as cited under Article 55 of Law No. 76-03 bearing the Statutes of Bank Al-Maghrib, include the balance sheet, profit and loss account and additional information statement.

## 3.3.2 Accounting principles and evaluation rules

**Foreign exchange operations**

Foreign exchange operations include spot and forward purchases and sales of foreign exchange, whether for the Bank's own account or as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts on 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 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 revaluation are entered in the account of exchange reserves evaluation posted in the liabilities of the Bank's balance sheet, in accordance with the provisions of the convention governing this account, concluded between Bank Al-Maghrib and the Government on December 29, 2006. This convention 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 management of exchange reserves 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 to re-sell them within a short deadline not exceeding six months. They are recorded, right from the start, 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 2012, Bank Al-Maghrib holds no transaction security in its portfolio.

**. Portfolio of securities held for sale** consists of securities purchased with the intention of being held for more than six months, with no intention from the Bank to hold them to maturity. Their recording shall respect the following guidelines:

- 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.
- At the end of every month, the unrealized losses in value resulting from the difference between the book value and the market value of these securities are subjected to depreciation provisions. On the contrary, 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 investment securities to include short-term discount securities. These securities are recorded at their purchase price including interests. Commitment interests are spread over the life of the securities and entered in the revenue accounts at the end of each month.

**. Investment portfolio:** It consists of securities acquired with the intention of being held until maturity.

- They are recorded at their purchase price, excluding costs and, if need be, accrued coupons;

- Gains or losses on these securities are not recorded.
- 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 assets in foreign currency**

The Bank holds a portfolio of securities denominated in US dollars. The management of that portfolio is delegated to external managers based on contracts fixing the performance benchmark. These securities are recorded at their market value. They are initially recorded at their purchase price; the gains or losses recognized at the end of each month are entered in the appropriate profit and loss accounts, on the basis of the month-end net asset 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 are depreciated 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, is as follows:

| | |
|---|---|
| Real properties | 20 years |
| Fixtures, fittings and facilities | 5 years |
| Office furniture and materials of Dar As-Sikkah | 10 years |
| Office equipment, computing materials and software, vehicles and other materials | 5 years |
| Office furniture | 10 years |

**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.

Being unlisted, these shareholdings are evaluated at the end of the fiscal year following the method of the net asset value, 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.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost,

minus the provisions for their depreciation.

# 3.4 Information 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.

## 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. As at December 31, 2012, the breakdown by kind of securities of the item "foreign Treasury bills and the like" is as follows:

**Table 3.4.1 : Breakdown of portfolios by type of securities**

| In KDH | 2010 | 2011 | 2012 |
|---|---|---|---|
| Investment securities | 67 654 029 | 65 419 160 | 46 140 625 |
| Provisions | -65 672 | -17 866 | -648 |
| Securities held for sale | 69 263 882 | 72 047 023 | 56 518 862 |
| Provisions | -228 413 | -140 556 | -409 628 |
| **TOTAL** | **136 623 826** | **137 307 761** | **102 249 212** |

## Note 3 : Assets with international financial institutions

This item includes:

**- 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 (913,157 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 (192,279 KDH) equivalent to the subscription in national currency by Bank Al-Maghrib, deposited to the IMF "Account No.1" open in the books of our Institute.

It should be noted that Morocco's full contribution to the capital of the IMF amounts to 588.20 million SDR, of which 85.5 percent is held by the Treasury (in national currency).

**- SDR assets:** This account records 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 and reimbursement of Morocco's borrowings.

These available funds are remunerated by the IMF on a quarterly basis.

**- AMF subscription:** This account represents the fraction paid by the Bank for the subscription, paid up in foreign currency, in the capital of the AMF.

Morocco's participation in this institution amounts to 27.55 million Arab dinars, divided between Bank Al-Maghrib and the Treasury:

- 200 thousand Arab dinars paid in national currency and deposited to the AMF account open in Bank Al-Maghrib books. The share paid by the latter amounts to 150 thousand Arab dinars (5,926 KDH);

- 14.8 million Arab dinars subscribed in foreign currency, of which 6.87 million Arab dinars subscribed by the Central Bank (267,333 KDH);
- 12.55 million Arab dinars, of which 5.88 million attributable to Bank Al-Maghrib for the AMF capital increase by incorporation of reserves, which took place in 2005.

## Note 4 : Claims on Moroccan credit institutions and similar bodies

This item comprises operations of refinancing credit institutions as part of the monetary policy conduct. As at December 31, 2013, this item consists mainly of:

**Table 3.4.2 : Claims on credit institutions**

| In KDH | 2012 | 2011 | Δ % |
|---|---|---|---|
| **Repurchase agreements** | | | |
| 7-day advances | 51 002 182 | 24 001 223 | 112 |
| 24-hour advances | 800 764 | - | NS |
| Repos | 15 005 114 | 15 001 597 | - |
| **Secured loans** | 2 380 000 | - | NS |

## Note 5 : Other assets

This item includes primarily:

- Miscellaneous debtors consisting mainly of miscellaneous claims of the Bank;
- The equalization accounts which are mainly composed of expenses to be spread out over many fiscal years, expenses recognized in advance, and revenues due, making it possible to attach to each fiscal year the revenues and expenses relevant thereto as well as any other debtor amount pending equalization;
- Cash accounts including checks for immediate credit.

## Note 6 : Fixed assets

This entry includes:

- Loans granted by the Bank to its staff members;
- Stakes in Moroccan and foreign financial institutions;
- Operating and nonoperating tangible and intangible fixed assets.

## Note 7 : Banknotes and coins in circulation

This entry covers the difference between banknotes and coins issued by the Bank and those deposited with the Bank.

## Note 8 : Liabilities in gold and foreign currency

This entry mainly comprises currency deposits of Moroccan banks, foreign banks and nonresidents.

## Note 9 : Liabilities in convertible dirhams

This entry 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 relative to SDR.

## Note 10 : Deposits and liabilities in dirhams

This entry includes:

- The current account of the public Treasury, where all transactions are recorded. The credit balance of this account is remunerated according to the requirements below in accordance with the convention signed between the Ministry of Economy and Finance and Bank Al-Maghrib in 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 minus one-hundred basis points;
  - The tranche higher than 2 billion dirhams up to 3 billion dirhams is remunerated at the rate of 7-day advances;
  - 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, whose rate at the end of 2012, is 4 percent, remunerated by 0.75 percent per year;
- Accounts of liquidity withdrawals and deposit facilities;
- Accounts of other residents, including the account of Hassan II Fund for Economic and Social Development, remunerated at the rate of 7-day advances, minus 50 basis points.

## Note 11 : Other liabilities

This entry includes:

- Miscellaneous creditors, primarily consisting of tax and fiscal withholdings, other sums payable to the State, 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, making it possible to attach to each fiscal year the revenues and expenses relevant thereto as well as 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 will most likely be realized. The provisions set in 2012 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 conformity with the provisions of the agreement signed between Bank Al-Maghrib and the State to regulate this account. In case of a deficit compared 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.

## Note 12 : Special Drawing Rights allocations

This entry corresponds to the value in dirhams of the amounts for SDR allocations granted by the IMF to Morocco as a member country.

Commissions on these allocations are paid by the Bank on a quarterly basis.

## Note 13 : Equity capital and the like

This item includes:

- The capital of Bank Al-Maghrib, totaling 500,000 KDH;
- Reserves totaling 5,001,340 dirhams at the end of December 2012, and
- Retained earnings, totaling 21,014 KDH.

# 3.5 Information on off-balance sheet items

The Bank keeps record of off-balance sheet liabilities, describing 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 liability includes liabilities in foreign currency, liabilities on securities and other liabilities.

## Note 14 : Foreign exchange transactions

| In KDH | 2012 | 2011 |
|---|---|---|
| **Currency exchange-deposit transactions** | **2 045 124** | **-** |
| **Foreign exchange transaction-arbitrage operations** | | |
| Foreign currencies receivable | 306 496 | 720 073 |
| Foreign currencies payable | 305 632 | 718 247 |

## Note 15 : 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, credit claims, etc.).

| In KDH | 2012 | 2011 |
|---|---|---|
| Securities received on advances granted | 73 336 198 | 41 069 179 |
| Securities received on advances to be granted | 2 968 300 | 2 144 600 |
| Foreign securities receivable | - | 832 950 |
| Securities deliverable | | |

## Note 16 : Other liabilities

| In KDH | 2012 | 2011 |
|---|---|---|
| Received market guarantees | 100 586 | 40 171 |
| Liabilities of guarantees received for staff loans | 787 544 | 731 954 |
| Financing liabilities granted to the staff | 41 431 | 43 019 |
| Other granted liabilities | 1 000 | 1 000 |

# 3.6 Notes on profit and loss statement items

## Note 17 : Interest earned on holdings and investments in gold and foreign currency

This item is the most important revenue in the profit and loss statement and 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.

## Note 18 : 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.
In 2012, the bank refinancing was provided by the use of:

- Main transactions: 7-day advances at auction granted at the key rate, the main instrument for implementing the monetary policy;
- Long-term operations in the form of:
  - 3-month repurchase agreements at the key rate;
  - and secured loans, conducted on a quarterly basis, with a rate calculated based on the average key rate during the period under review.
- Standing facilities through 24-hour advances at the policy rate plus one hundred basis points.

## Note 19 : Other interest earned

This item covers interests due to the Bank under loans granted to its staff for real-estate purchase and construction.

## Note 20 : Commissions earned

Commissions are deducted by the bank in payment of banking transactions for customers, which cover, mainly, manual foreign exchange, transfer foreign exchange and management of Moroccan Treasury bills including, mainly, the auction centralization commission.

## Note 21 : Other financial revenues

Other financial revenues are formed mainly of gains generated from foreign currency transactions, namely:

- Gains from investment securities sales and those recognized on the basis of the month-end net asset values of management authorizations (87,342 KDH), gains from foreign exchange trading operations and derivative revenues, including futures, initiated in 2012 as part of a more dynamic management of bond portfolios.
- Deferral of discounts on Treasury bills and similar securities over their residual life (30,843 KDH). These discounts are recognized when the securities purchase price is less than the redemption price.

## Note 22 : Sales of produced goods and services

This item includes revenues of the sales of various produced goods and services provided by the Bank with the exception of banking services. Sales cover mainly secured documents produced by Dar As-Sikkah, including the biometric passport.

The selling price of these documents (about fifty) is fixed on the basis of data from ABC-type analytical system established in the Bank and covers all expenses incurred in this regard.

This item also consists of sales of damaged parts, which totaled 10,437 KDH in 2012.

In addition, this item includes changes in inventories of finished products, in-process production and commemorative coins (-27,856 KDH).

## Note 23 : Miscellaneous revenues

Miscellaneous revenues include, inter alia, the recovery of costs paid by the Bank and the contribution of banks to the Gross Settlement Systems of Morocco.

## Note 24 : Reversals of provisions

Reversals refer to different constituted provisions (depreciation of securities and stocks, risks and charges) (see Note 33 in Profit and loss statement).

## Note 25 : Noncurrent revenues

This item includes exceptional noncurrent revenues, with a significant character both in absolute and relative figures. It covers, particularly, in 2012 the proceeds from the sale of a Bank's property.

## Note 26 : Interest paid on liabilities in gold and foreign currency

This item shows in 2012 a balance of 7,883 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 12 of the balance sheet).

## Note 27 : 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).

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.

## Note 28 : Commissions paid

These are commissions paid in exchange for financial services provided to the Bank such as the custody of Moroccan (4,867 KDH) and foreign (5,915 KDH) securities and gold assets (303 KDH).

## Note 29 : 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.

## Note 30 : 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.

## Note 31 : Purchases of materials and supplies

These are purchases of raw materials (paper, ink, coin blanks, etc.), which are used in the manufacture of coins and banknotes, secured documents, collector coins and commemorative coins. This item also includes changes in inventories of raw materials and supplies as well as rebates, discounts and payment deductions not included in invoices and obtained on purchases, granted to the Bank by its suppliers.

## Note 32 : Other external expenses

They include all Bank overheads and current expenditure covering, inter alia, building maintenance and upkeep, rental, consumption of water, electricity, fuel, donations and grants, missions and travel, entertainment and receptions as well as various taxes.

## Note 33 : Amortization and provisions expenses

**Table 3.6.1 : Statements of provisions**

| In KDH | Outstanding amount 31/12/2011 | Allocations | Reversals | Other changes | Outstanding amount 31/12/2012 |
|---|---|---|---|---|---|
| **Provisions for depreciation** | | | | | |
| Foreign Treasury bills and similar securities | 158 220 | 306 026 | 54 125 | 154 | 410 276 |
| Miscellaneous stocks and values | 21 044 | 3 655 | 21 044 | | 3 655 |
| Moroccan equity securities | 1 650 | 3 000 | 1 650 | | 3 000 |
| Foreign equity securities | 59 000 | - | 59 000 | | - |
| **Provisions posted under liabilities** | | | | | **-** |
| Paid leaves | 8 396 | 8 000 | 8 396 | | 8 000 |
| Risks (litigations) | 28 920 | 2 994 | 297 | | 31 617 |
| Other provisions | 40 168 | 43 930 | | 42 057 | 42 042 |

## Note 34 : Noncurrent expenses

This post reflects the exceptional non-recurrent expenses, with a significant character both in absolute and relative figures. It includes, in 2012, the amount of the Bank's contribution to the Social Cohesion Fund calculated on the basis of 2.5 percent of its net income for fiscal 2011.

## Note 35 : Corporate tax

The tax rate is fixed at 37 percent under Article 19 of the General Tax Code, which is the level of taxation of common law applied to credit institutions.

# 3.7 Statutory audit report

Deloitte.

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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**
**PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2012**

In accordance with our assignment 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, 2012, which show a net equity of 5 533 954 thousands of Moroccan Dirhams and a net profit of 1 527 091 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 these financial statements 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 basis for our audit opinion.

Deloitte.

**Opinion on the financial statements**

We certify that the financial statements mentioned in the first paragraph above give, in all their material aspects, a fair view of the results of the operations for the year ended as well as of the financial position and the assets of BANK AL MAGHRIB as of December 31st, 2012, in accordance with generally accepted accounting principles in Morocco.

Without qualifying the above opinion, we would note that assets and liabilities in gold and foreign 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, 2013

Deloitte Audit

Fawzi BRITEL
Partner

# 3.8 Approval by the Bank Board

In compliance with article 55 of Law N° 76-03 on the Statutes of Bank Al-Maghrib, the financial statements are submitted by the Governor to the Board for approval.

At its meeting on March 26, 2013, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information provided in the Bank's management report, the Board approved the financial statements of the fiscal year 2012 and the distribution of the net income.

# STATISTICAL APPENDICES

## TABLE A.1 MAIN INDICATORS OF THE ECONOMY

(Amounts in billions of dirhams)

| | 2010 | 2011* | 2012** | Percentage changes | |
|---|---|---|---|---|---|
| | | | | 2011/2010 | 2012/2011 |
| **National accounts** | | | | | |
| - Gross domestic product at constant prices (growth in%) | 3.6 | 5.0 | 2.7 | | |
| . Agricultural Added value | -1.9 | 5.6 | -8.9 | | |
| . Non-agricultural Added value | 4.2 | 5.2 | 4.4 | | |
| - Gross domestic product at current prices | 764.0 | 802.6 | 828.2 | 5.0 | 3.2 |
| . Agricultural Added value | 99.0 | 106.3 | 102.6 | 7.4 | -3.5 |
| . Non-agricultural Added value | 588.7 | 636.1 | 665.8 | 8.0 | 4.7 |
| - Gross national disposable income | 804.8 | 843.2 | 863.5 | 4.8 | 2.4 |
| - Final national consumption | 571.5 | 619.3 | 653.6 | 8.4 | 5.5 |
| - Gross fixed capital formation | 234.4 | 246.4 | 259.7 | 5.1 | 5.4 |
| - National gross saving | 233.3 | 224.0 | 209.9 | -4.0 | -6.3 |
| - Investment ratio (GFCF/GDP) in % | 30.7 | 30.7 | 31.4 | | |
| - Saving ratio (as % of GNDI) | 29.0 | 26.6 | 24.3 | | |
| **Unemployment rate in %** | **9.1** | **8.9** | **9.0** | | |
| **Prices** | | | | | |
| - Consumer price index | 108.4 | 109.4 | 110.8 | 0.9 | 1.3 |
| Including : Foodstuffs | 114.4 | 115.9 | 118.5 | 1.3 | 2.2 |
| - Core inflation | 107.0 | 108.9 | 109.8 | 1.8 | 0.8 |
| **External accounts** | | | | | |
| - Total exports FOB | 149.6 | 175.0 | 184.7 | 17.0 | 5.5 |
| - Total imports CAF | 298.0 | 357.8 | 386.1 | 20.1 | 7.9 |
| - Total trade deficit | -148.4 | -182.8 | -201.5 | 23.2 | 10.2 |
| - Balance of Travel | 46.2 | 48.1 | 47.0 | 4.1 | -2.3 |
| - Balance of current transfers | 61.4 | 65.6 | 66.6 | 6.8 | 1.5 |
| - Current account balancet | -34.3 | -64.6 | -82.4 | 88.4 | 27.6 |
| - Current account balance as % of GDP | -4.5 | -8.0 | -10.0 | | |
| - Oustanding foreign public debt | 173.8 | 189.1 | 212.7 | 8.8 | 12.5 |
| - Foreign public debt as % of GDP | 22.7 | 23.6 | 25.7 | | |
| **Exchange rate(1)** | | | | | |
| - Dirhams per 1 Euro | 11.171 | 11.106 | 11.111 | -0.6 | 0.0 |
| - Dirhams per 1 US dollar | 8.3569 | 8.5772 | 8.5594 | 2.6 | -0.2 |
| **Public finance(2)** | | | | | |
| - Ordinary balance | 12.1 | -7.5 | -20.0 | -162.7 | 163.2 |
| - Investment expenditure | 47.0 | 50.0 | 48.5 | 6.4 | -3.0 |
| - Budget balance | -35.8 | -53.9 | -63.3 | | |
| - Budget balance as % of GDP | -4.7 | -6.7 | -7.6 | | |
| - Outstanding amount of the domestic debt | 305.9 | 346.8 | 394.9 | 13.4 | 13.9 |
| - Outstanding amount of the domestic debt as % of GDP | 40.0 | 43.2 | 47.7 | | |
| **Money** | | | | | |
| - Aggregate M1 | 549.5 | 586.8 | 612.2 | 6.8 | 4.3 |
| - Money supply (M3) | 891.9 | 949.3 | 992.2 | 6.4 | 4.5 |
| - Net foreign assets | 194.6 | 173.8 | 144.7 | -10.7 | -16.7 |
| - Claims on Government | 81.2 | 102.1 | 125.4 | 25.8 | 22.8 |
| - Claims on the private sector | 715.2 | 789.8 | 830.0 | 10.4 | 5.1 |

(1) End of year.
(2) Excluding privatization receipts.
(*) Revised
(**) Preliminary

## TABLE A2.1 GROSS DOMESTIC PRODUCT CHANGES (BASE 1998)

(End-year prices) (In percentage)

| Branches of activity | 2008 | 2009 | 2010 | 2011* | 2012** |
|---|---|---|---|---|---|
| **Gross domestic product** | **5.6** | **4.8** | **3.6** | **5.0** | **2.7** |
| **Primary sector** | **16.5** | **28.9** | **-2.3** | **5.1** | **-7.2** |
| Agriculture | 16.3 | 30.4 | -1.9 | 5.6 | -8.9 |
| Fishing | 19.0 | 12.2 | -9.5 | -1.5 | 13.7 |
| **Secondary sector** | **3.6** | **-4.7** | **6.4** | **4.0** | **1.4** |
| Mining | -5.9 | -23.8 | 38.6 | 5.9 | -2.4 |
| Industry (excluding oil refining) | 2.1 | 0.9 | 3.1 | 2.3 | 1.5 |
| Oil refining and energy products | -5.9 | -70.7 | -21.5 | 28.5 | -1.8 |
| Elecrticity and water | 5.9 | 3.5 | 7.1 | 6.0 | 6.9 |
| Building and public works | 9.4 | 3.4 | 2.6 | 4.2 | 2.1 |
| **Tertiary sector** | **4.1** | **3.6** | **3.3** | **6.0** | **5.9** |
| Commerce | 4.5 | 3.5 | -0.4 | 4.7 | 2.3 |
| Hotels and restaurants | 0.8 | -1.2 | 8.0 | -2.0 | 2.5 |
| Transports | 2.6 | 2.9 | 7.2 | 5.9 | 3.7 |
| Postal and telecommunications services | 8.7 | 2.8 | 4.4 | 19.0 | 25.6 |
| Other services (1) | 3.9 | 2.3 | 3.8 | 5.7 | 5.4 |
| General government and social security(2) | 3.9 | 9.3 | 2.9 | 5.8 | 6.7 |
| **Added value to the base prices** | **5.7** | **4.8** | **3.3** | **5.2** | **2.5** |
| Tax on products net of subsidies | 5.0 | 4.6 | 6.7 | 2.7 | 5.2 |

(1) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(2) Including non-market services provided by the General government.
(*) 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)

| | 2008 | 2009 | 2010* | 2011* | 2012** |
|---|---|---|---|---|---|
| **Gross domestic product** | **688 843** | **732 449** | **764 031** | **802 607** | **828 169** |
| **Primary sector** | **90 690** | **107 050** | **105 534** | **114 866** | **110 575** |
| Agriculture | 82 969 | 100 757 | 98 991 | 106 342 | 102 572 |
| Fishing | 7 721 | 6 293 | 6 543 | 8 524 | 8 003 |
| **Secondary sector** | **187 866** | **186 742** | **204 075** | **224 556** | **232 872** |
| Mining | 45 121 | 16 925 | 29 579 | 41 355 | 40 343 |
| Industry (excluding oil refining) | 86 996 | 104 004 | 105 250 | 114 338 | 120 694 |
| Oil refining and energy products | 963 | 1 084 | 2 799 | 1 960 | 1 692 |
| Electricity and water | 16 123 | 18 953 | 19 362 | 18 962 | 20 044 |
| Building and public works | 38 663 | 45 776 | 47 085 | 47 941 | 50 099 |
| **Tertiary sector** | **341 076** | **359 365** | **378 113** | **402 997** | **424 955** |
| Commerce | 70 597 | 72 054 | 72 815 | 76 977 | 79 824 |
| Hotels and restaurants | 16 278 | 16 775 | 19 446 | 18 852 | 19 745 |
| Transports | 23 897 | 25 795 | 27 480 | 28 424 | 30 030 |
| Postal and telecommunications services | 21 365 | 22 097 | 23 065 | 22 473 | 21 329 |
| Other services (1) | 154 939 | 162 769 | 172 707 | 186 660 | 199 197 |
| General government and social security(2) | 54 000 | 59 875 | 62 600 | 69 611 | 74 830 |
| **Added value to the base prices** | **619 632** | **653 157** | **687 722** | **742 419** | **768 402** |
| Tax on products net of subsidies | 69 211 | 79 292 | 76 309 | 60 188 | 59 767 |

(1) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(2) Including non-market services provided by the General government.
(*) Revised
(**) Preliminary
Source : High Commission for Planning

## TABLE A2.3 GROSS DOMESTIC PRODUCT CHANGES (BASE 1998 )

(At current prices) (In percentage)

| Branches of activity | 2008 | 2009 | 2010* | 2011* | 2012** |
|---|---|---|---|---|---|
| **Gross domestic product** | **11.8** | **6.3** | **4.3** | **5.0** | **3.2** |
| **Primary sector** | **21.0** | **18.0** | **-1.4** | **8.8** | **-3.7** |
| Agriculture | 20.7 | 21.4 | -1.8 | 7.4 | -3.5 |
| Fishing | 24.3 | -18.5 | 4.0 | 30.3 | -6.1 |
| **Secondary sector** | **26.0** | **-0.6** | **9.3** | **10.0** | **3.7** |
| Mining | 243.0 | -62.5 | 74.8 | 39.8 | -2.4 |
| Industry (excluding oil refining) | 6.0 | 19.6 | 1.2 | 8.6 | 5.6 |
| Oil refining and energy products | 14.5 | 12.6 | 158.2 | -30.0 | -13.7 |
| Electricity and water | 2.4 | 17.6 | 2.2 | -2.1 | 5.7 |
| Building and public works | 3.8 | 18.4 | 2.9 | 1.8 | 4.5 |
| **Tertiary sector** (1) | **6.0** | **5.4** | **5.2** | **6.6** | **5.4** |
| Commerce | 8.5 | 2.1 | 1.1 | 5.7 | 3.7 |
| Hotels and restaurants | -0.1 | 3.1 | 15.9 | -3.1 | 4.7 |
| Transport | 2.7 | 7.9 | 6.5 | 3.4 | 5.7 |
| Postal and telecommunications services | 7.4 | 3.4 | 4.4 | -2.6 | -5.1 |
| Other services (1) | 6.6 | 5.1 | 6.1 | 8.1 | 6.7 |
| General government and social security (2) | 4.0 | 10.9 | 4.6 | 11.2 | 7.5 |
| **Added value to the base prices** | **13.5** | **5.4** | **5.3** | **8.0** | **3.5** |
| Tax on products net of subsidies | -1.9 | 14.6 | -3.8 | -21.1 | -0.7 |

(1) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(2) Including non-market services provided by the General government.
(*) Revised
(**) Preliminary
Source : High Commission for Planning

**TABLE A2.4 GOODS AND SERVICES ACCOUNT (BASE 1998)**

(At current prices)

(In millions of dirhams)

| | 2008 | 2009 | 2010 | 2011* | 2012** | Percentage changes 2011/2010 | Percentage changes 2012/2011 |
|---|---|---|---|---|---|---|---|
| **RESOURCES** | **781 087** | **812 933** | **839 143** | **907 832** | **945 994** | **8.2** | **4.2** |
| **Gross domestic product** | **688 843** | **732 449** | **764 031** | **802 607** | **828 169** | **5.0** | **3.2** |
| **Resources deficit** | **92 244** | **80 484** | **75 112** | **105 225** | **117 825** | **40.1** | **12.0** |
| Imports of goods and services | 350 409 | 290 725 | 329 053 | 390 755 | 417 471 | 18.8 | 6.8 |
| Exports of goods and services | 258 165 | 210 241 | 253 941 | 285 530 | 299 646 | 12.4 | 4.9 |
| **Expenditure** | **781 087** | **812 933** | **839 143** | **907 832** | **945 994** | **8.2** | **4.2** |
| **Final national consumption** | **518 527** | **551 858** | **571 485** | **619 270** | **653 617** | **8.4** | **5.5** |
| Households | 400 395 | 418 461 | 437 547 | 472 938 | 494 499 | 8.1 | 4.6 |
| General government | 118 132 | 133 397 | 133 938 | 146 332 | 159 118 | 9.3 | 8.7 |
| **Investment** | **262 560** | **261 075** | **267 658** | **288 562** | **292 377** | **7.8** | **1.3** |
| Gross fixed capital formation | 227 465 | 226 177 | 234 407 | 246 394 | 259 680 | 5.1 | 5.4 |
| Changes in stocks | +35 095 | +34 898 | +33 251 | +42 168 | +32 697 | - | - |

(*) Revised
(**) Preliminary
Source : High Commission for Planning

**TABLE A2.5 GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION (BASE 1998)**

(At current prices)

(In millions of dirhams)

| | 2008* | 2009* | 2010* | 2011* | 2012** | Percentage changes 2011/2010 | Percentage changes 2012/2011 |
|---|---|---|---|---|---|---|---|
| Gross domestic product | 688 843 | 732 449 | 764 031 | 802 607 | 828 169 | 5.0 | 3.2 |
| Net foreign income | 56 307 | 40 610 | 40 790 | 40 617 | 35 379 | -0.4 | -12.9 |
| **Gross national disposable income** | **745 150** | **773 059** | **804 821** | **843 224** | **863 548** | **4.8** | **2.4** |
| Final national consumption | 518 527 | 551 858 | 571 485 | 619 270 | 653 617 | 8.4 | 5.5 |
| Gross national savings | 226 623 | 221 201 | 233 336 | 223 954 | 209 931 | -4.0 | -6.3 |

(*) Revised
(**) Preliminary
Source : High Commission for Planning

**TABLE A2.6 INVESTMENT AND SAVINGS (BASE 1998)**

(At current prices) (In millions of dirhams)

| | 2008* | 2009* | 2010* | 2011* | 2012** | Percentage changes | |
|---|---|---|---|---|---|---|---|
| | | | | | | 2011/2010 | 2012/2011 |
| **RESOURCES** | **262 560** | **261 075** | **267 658** | **288 562** | **292 377** | **7.8** | **1.3** |
| Gross national savings | 226 623 | 221 201 | 233 336 | 223 954 | 209 931 | -4.0 | -6.3 |
| Net capital transfers received | -15 | -4 | -1 | -2 | -1 | 100.0 | -50.0 |
| Financing requirement | 35 952 | 39 878 | 34 323 | 64 610 | 82 447 | 88.2 | 27.6 |
| **EXPENDITURE** | **262 560** | **261 075** | **267 658** | **288 562** | **292 377** | **7.8** | **1.3** |
| Gross fixed capital formation | 227 465 | 226 177 | 234 407 | 246 394 | 259 680 | 5.1 | 5.4 |
| Changes in stocks | 35 095 | 34 898 | 33 251 | 42 168 | 32 697 | - | - |

(*) Revised
(**) Preliminary
Source : High Commission for Planning

## TABLE A2.7 AGRICULTURE

| | Crop year 2010-2011 | | | Crop year 2011-2012 | | |
|---|---|---|---|---|---|---|
| | **Area** (1000 hectars) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) | **Area** (1000 hectars) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) |
| **Principal cereals** | **5 306** | **85 466** | **16.1** | **5 154** | **51 695** | **10.0** |
| Soft wheat | 2 131 | 41 699 | 19.6 | 2 179 | 27 431 | 12.6 |
| Hard wheat | 957 | 18 480 | 19.3 | 963 | 11 349 | 11.8 |
| Barley | 2 026 | 23 176 | 11.4 | 1 893 | 12 014 | 6.3 |
| Corn | 192 | 2 111 | 11.0 | 118 | 901 | 7.6 |
| **Pulse crops** | **525** | **3 231** | **6.2** | **398** | **2 819** | **7.1** |
| **Market garden crops** | **246** | **67 339** | **274** | **251** | **75 392** | **300** |
| **Sugar beet** | **45** | **27 088** | **602** | **29** | **16 267** | **563** |
| **Cane crops** | **12** | **7 563** | **646** | **10** | **5 410** | **541** |

Source : Ministy of Agriculture and Sea Fisheries.

## TABLE A2.8 STOCK FARMING (1)

(In thousand of head)

| | 2010 | 2011* | 2012** |
|---|---|---|---|
| **TOTAL** | **25 163** | **26 883** | **27 637** |
| Cattle | 2 788 | 2 949 | 3 029 |
| Sheep | 17 082 | 18 429 | 19 006 |
| Goats | 5 293 | 5 505 | 5 602 |

(1) Chiffres de l'enquête du cheptel.
(*) Revised
(**) Preliminary
Source : Ministy of Agriculture and Sea Fisheries.

## TABLE A2.9 SEA FISHERIES

(In thousands of tonnes)

| | 2011* | 2012** |
|---|---|---|
| **Production** | **1 119.4** | **1 353.2** |
| Deep-Sea fishing | 204.5 | 236.6 |
| Coastal fishing | 914.9 | 1 116.6 |
| **Consumpting of fresh products** | **340.2** | **433.2** |
| **Processing** | **569.0** | **466.5** |
| Canned fish | 116.9 | 148.2 |
| Fish meal and fish oil | 190.1 | 206.6 |
| Frozen | 262.0 | 318.3 |
| **Exports** | **359.0** | **456.6** |
| Fresh and freezed fish | 101.3 | 137.2 |
| Crustaceans and molluxs | 79.5 | 89.7 |
| Canned fish | 113.0 | 140.8 |
| Fish meal and oil | 65.1 | 88.9 |

(*) Revised.
(**) Preliminary
Sources : - Production : Ministy of Agriculture and Sea Fisheries..
- Exports : Foreign Exchange Office.

**TABLE A2.10 INDEX OF MINING PRODUCTION**

(Base 100 in 1998)

| | 2010 | 2011* | 2012** | Percentage changes% 2012/2011 |
|---|---|---|---|---|
| **Overall** | **138.4** | **144.1** | **141.4** | **-1.9** |
| Metal ores | 53.5 | 53.1 | 52.7 | -0.8 |
| Non metallic minerals | 148.0 | 154.3 | 151.4 | -1.9 |

(*) Revised
(**) Preliminary
Sources :High commission for planing

**TABLE A2.11 ENERGY PRODUCTION**

| | 2010 | 2011* | 2012** | Percentage changes% 2012/2011 |
|---|---|---|---|---|
| **Processing activity** | | | | |
| Refineries production (1 000 t) (1) | 5 767.9 | 6 412.4 | 6 940.9 | 8.2 |
| Net electricity production (in millions kWh) | 22 591.1 | 24 145.0 | 26 214.3 | 8.6 |
| Concession electricity thermic and wind power (in millions kWh) | 12 207.6 | 12 657.9 | 13 200.7 | 4.3 |

(1) Excluding non energy oil products (bitumen and lubricants)
(*) Revised
(**) Preliminary
Sources : Ministry of Energy and Mining Water and Environment and National Electricity Office

**TABLE A2.12 ENERGY PRODUCTION IN TONNES OIL EQUIVALENT (TOE)**

| | 2011* | | | 2012** | | |
|---|---|---|---|---|---|---|
| | Quantities | Percentage changes% | Structure | Quantities | Percentage changes% | Structure |
| **Total production (1)** | **12 690** | **9.0** | **100.0** | **13 757** | **8.4** | **100.0** |
| Oil products (2) | 6 412 | 11.2 | 50.5 | 6 941 | 8.2 | 50.5 |
| Electricity | 6 278 | 6.9 | 49.5 | 6 816 | 8.6 | 49.5 |

(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 Water and Environment and National Electricity Office

## TABLE A2.13 TOTAL ENERGY CONSUMPTION

| | 2010 | 2011 | 2012** | Percentage change% 2012 / 2011 |
|---|---|---|---|---|
| **Oil products (1 000 t)** | **9 911** | **10 676** | **10 818** | **1.3** |
| **White petroleum products** | **5 652** | **5 959** | **6 012** | **0.9** |
| Super petrol | 549 | 565 | 578 | 2.4 |
| Kerosene | 560 | 564 | 531 | -5.8 |
| Gas-oil | 4 543 | 4 830 | 4 903 | 1.5 |
| **Liquefied gas** | **1 959** | **2 032** | **2 157** | **6.2** |
| Butane | 1 790 | 1 885 | 2 019 | 7.1 |
| Propane | 169 | 147 | 138 | -6.0 |
| **Fuel-oil** | **2 300** | **2 685** | **2 649** | **-1.4** |
| Quantities used for electricity production | 1 279 | 1 605 | 1 613 | 0.5 |
| Quantities used for other productions | 1 021 | 1 081 | 1 036 | -4.1 |
| **Coal (1 000 t)** | **5 290** | **5 760** | **5 800** | **0.7** |
| Quantities used for electricity production | 4 197 | 4 480 | 4 455 | -0.6 |
| Quantities used for other productions | 1 093 | 1 280 | 1 345 | 5.1 |
| **Natural gas ( millions m$^3$)** | **633** | **804** | **1 174** | **46.0** |
| Tahaddart's consumption | 583 | 748 | 1 099 | 46.9 |
| **Electricity O.N.E. (millions kWh)** | **23 749** | **25 670** | **27 561** | **7.4** |
| External contribution | 3 940 | 4 607 | 4 841 | 5.1 |

(*) Revised
(**) Preliminary
Sources : Ministry of Energy and Mining Water and Environment and National Electricity Office

## TABLE A2.14 FINAL ENERGY CONSUMPTION (1)

(In thousands of Tonnes Oil Equivalent TOE)

| | 2011* | | | 2012** | | |
|---|---|---|---|---|---|---|
| | Quantities | Percentage changes% | Structure | Quantities | Percentage changes% | Structure |
| **Final energy consumption (2)** | **16 552** | **6.8** | **100** | **17 246** | **4.2** | **100** |
| Petroleum products | 9 033 | 5.1 | 54.6 | 9 192 | 1.8 | 53.3 |
| Gas oil | 4 793 | 6.3 | 29.0 | 4 890 | 2.0 | 28.4 |
| Electricity | 6 674 | 8.1 | 40.3 | 7 166 | 7.4 | 41.6 |
| Coal | 845 | 17.2 | 5.1 | 888 | 5.1 | 5.1 |

(1) Final energy consumption is equal to primary consumption less energy products consumed by the National Electricity Office
(2) 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 Water and Environment and National Electricity Office

**TABLE A2.15 INDICES MANUFACTURING PRODUCTION**

(Base 100 in 1998)

| | Weighting | 2010 | 2011 | 2012 | Percentage changes% | |
|---|---|---|---|---|---|---|
| | | | | | 2011 / 2010 | 2012 / 2011 |
| **Agri-food industries** | **230** | **146.4** | **152.9** | **158.1** | **4.5** | **3.4** |
| Agri-food products | 205 | 143.8 | 149.5 | 154.7 | 4.0 | 3.5 |
| Manufactured tobacco | 25 | 167.8 | 180.7 | 185.6 | 7.7 | 2.8 |
| **Textiles and leather industries** | **209** | **133.7** | **134.6** | **137.6** | **0.7** | **2.3** |
| Textile industry products | 65 | 115.5 | 117.6 | 114.4 | 1.8 | -2.7 |
| Clothing goods and furs | 126 | 148.4 | 149.0 | 156.2 | 0.4 | 4.8 |
| Leather, travel goods and footwear | 17 | 94.7 | 93.0 | 89.4 | -1.9 | -3.8 |
| **Chemical and parachemical industries** | **363** | **161.8** | **167.1** | **167.2** | **3.3** | **0.1** |
| woodwork products | 9 | 115.0 | 116.9 | 116.5 | 1.7 | -0.3 |
| Paper and cardboard | 31 | 230.7 | 229.4 | 232.1 | -0.6 | 1.2 |
| Editing products, printed or reproduced products | 18 | 161.0 | 162.8 | 158.8 | 1.1 | -2.5 |
| Coking, refining, and nuclear industries products | 41 | 112.5 | 122.3 | 125.8 | 8.7 | 2.9 |
| Chemical products | 155 | 149.4 | 151.2 | 150.5 | 1.2 | -0.5 |
| Rubber or plastic products | 19 | 236.6 | 240.2 | 240.4 | 1.5 | 0.1 |
| Other mineral non-metal products | 90 | 171.6 | 184.3 | 184.2 | 7.4 | -0.1 |
| **Mechanical and metallurgical industries** | **160** | **197.6** | **199.9** | **204.2** | **1.2** | **2.1** |
| Metal products | 53 | 188.7 | 188.8 | 185.0 | 0.1 | -2.0 |
| Metal works products | 49 | 202.4 | 205.7 | 215.0 | 1.6 | 4.5 |
| Machinery and equipement | 15 | 165.7 | 159.9 | 166.2 | -3.5 | 4.0 |
| Car industry products | 27 | 239.2 | 248.0 | 260.5 | 3.7 | 5.1 |
| Other transport equipement | 6 | 144.6 | 146.9 | 143.9 | 1.6 | -2.0 |
| Furniture, miscellaneous industries | 11 | 188.5 | 192.1 | 193.1 | 1.9 | 0.5 |
| **Electrical and electronic industries** | **38** | **186.3** | **184.0** | **200.5** | **-1.2** | **0.8** |
| Electrical machines and appliances | 27 | 172.6 | 170.8 | 170.4 | -1.0 | -0.2 |
| Radio, Television and communication equipement | 10 | 220.6 | 218.2 | 216.1 | -1.1 | -1.0 |
| Medical, precision, optics and clock making material | 1 | 200.5 | 188.8 | 194.4 | -5.8 | 3.0 |
| **Total manufacturing industries** | **1 000** | **159.1** | **162.9** | **165.5** | **2.4** | **1.6** |

Source : High Commission for Planning

**TABLE A2.16 TOURIST ARRIVALS**

| | 2010 | 2011 | 2012 | Percentage changes% 2012/2011 |
|---|---|---|---|---|
| **Total of tourist in flows** | **9 288 338** | **9 342 133** | **9 375 156** | **0.4** |
| **Foreign tourists** | **4 910 435** | **4 933 883** | **5 011 729** | **1.6** |
| **European Union countries** | **3 889 344** | **3 882 250** | **3 855 875** | **-0.7** |
| France | 1 827 453 | 1 775 961 | 1 769 710 | -0.4 |
| Spain | 726 540 | 693 255 | 730 882 | 5.4 |
| Germany | 205 417 | 219 576 | 199 349 | -9.2 |
| United Kingdom | 338 060 | 352 141 | 357 347 | 1.5 |
| Italy | 233 224 | 211 405 | 196 186 | -7.2 |
| **Other non-EU countries** | **255 076** | **255 627** | **250 455** | **-2.0** |
| **America** | **251 012** | **239 591** | **257 908** | **7.6** |
| United States | 135 376 | 130 427 | 140 045 | 7.4 |
| Canada | 67 925 | 63 237 | 69 206 | 9.4 |
| Argentina | 9 615 | 8 447 | 10 062 | 19.1 |
| **Middle East (1)** | **121 635** | **134 289** | **152 987** | **13.9** |
| **Maghreb** | **155 550** | **174 417** | **219 280** | **25.7** |
| **Other African countries** | **121 503** | **134 452** | **142 953** | **6.3** |
| **Asia** | **82 173** | **81 291** | **100 411** | **23.5** |
| **Other countries** | **52 279** | **51 693** | **53 145** | **2.8** |
| **Moroccans living abroad** | **4 377 903** | **4 408 250** | **4 363 427** | **-1.0** |

(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 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | Changes in absolute value (2) 2012/2011 | 2011 | 2012 | Changes in absolute value(2) 2012/2011 | 2011 | 2012 | Changes in absolute value (2) 2012/2011 |
| **Total population** | **18 802** | **19 158** | **356.0** | **13 443** | **13 439** | **- 4.0** | **32 245** | **32 597** | **352.0** |
| **Population aged 15 years and over** | **14 209** | **14 541** | **332.0** | **9 332** | **9 387** | **55.0** | **23 541** | **23 928** | **387.0** |
| **Labor force aged 15 years and over** | **6 090** | **6 145** | **55.0** | **5 448** | **5 404** | **- 44.0** | **11 538** | **11 549** | **11.0** |
| Employed | 5 273 | 5 321 | 48.0 | 5 237 | 5 190 | - 47.0 | 10 510 | 10 511 | 1.0 |
| Unemployed | 817 | 824 | 7.0 | 211 | 214 | 3.0 | 1 028 | 1 038 | 10.0 |
| **Activity rate (1)** | **43.3** | **42.8** | **-0.5** | **58.0** | **57.0** | **-1.0** | **49.2** | **48.4** | **-0.8** |
| **Unemployment rate** | **13.4** | **13.4** | **0.0** | **3.9** | **4.0** | **0.1** | **8.9** | **9.0** | **0.1** |
| **By gender** | | | | | | | | | |
| Men | 11.3 | 11.5 | 0.2 | 4.7 | 4.9 | 0.2 | 8.4 | 8.7 | 0.3 |
| Women | 21.2 | 20.6 | -0.6 | 2.1 | 1.9 | -0.2 | 10.2 | 9.9 | -0.3 |
| **By age** | | | | | | | | | |
| 15 to 24 years | 32.2 | 33.5 | 1.3 | 8.7 | 8.9 | 0.2 | 17.9 | 18.6 | 0.7 |
| 25 to 34 years | 19.1 | 19.6 | 0.5 | 4.4 | 4.3 | -0.1 | 12.9 | 13.2 | 0.3 |
| 35 to 44 years | 7.4 | 7.0 | -0.4 | 1.8 | 2.1 | 0.3 | 5.2 | 5.0 | -0.2 |
| 45 years and over | 2.7 | 2.7 | 0.0 | 0.8 | 1.0 | 0.2 | 1.8 | 1.9 | 0.1 |
| **By diploma** | | | | | | | | | |
| Without any diploma | 7.0 | 6.9 | -0.1 | 2.3 | 2.4 | 0.1 | 4.0 | 4.0 | 0.0 |
| With diploma | 18.3 | 18.2 | -0.1 | 11.2 | 10.6 | -0.6 | 16.7 | 16.4 | -0.3 |

(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

(thousands of persons)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2011 | 2012 | in absolute value | In percentage |
| **Total** | **10 510.0** | **10 511.0** | **+1** | **0.0** |
| Agriculture. forestry and fishing | 4 179.0 | 4 120.0 | -59 | -1.4 |
| Industry (including handicraft) | 1 236.0 | 1 208.0 | -28 | -2.3 |
| Construction and public works | 1 059.0 | 1 038.0 | -21 | -2.0 |
| Commerce | 1 376.8 | 1 387.9 | +11 | 0.8 |
| Transports, warehouse and ommunication | 493.5 | 473.1 | -20 | -4.1 |
| General administation and social | | | | |
| services to the community | 1 020.6 | 1 072.5 | +52 | 5.1 |
| Other services(1) | 1 130.2 | 1 198.6 | +68 | 6.1 |
| Other activities | 15.0 | 13.0 | -2 | -13.4 |

(1) Financial and insurance activities. Services to businesses and personal services, education, health and social action. Fictitious branch.
Source : High Commission for Planning

**TABLE A4.1 CONSUMER PRICE INDEX**

(Base 100 = 2006)

| Category | 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 |
| weighting | 100 | 41.5 | 39.3 | 2.2 | 58.5 | 3.9 | 14.8 | 4.9 | 5.5 | 11.4 | 3.5 | 2.2 | 3.9 | 2.9 | 5.5 |
| 2007 | 102.5 | 104.5 | 104.6 | 102.1 | 101.1 | 101.0 | 102.1 | 101.9 | 100.7 | 101.2 | 97.2 | 99.0 | 101.5 | 101.8 | 100.9 |
| 2008 | 106.3 | 111.9 | 112.3 | 104.6 | 102.4 | 102.8 | 103.0 | 103.4 | 101.0 | 103.0 | 95.7 | 98.4 | 104.8 | 104.7 | 103.1 |
| 2009 | 107.4 | 113.0 | 113.3 | 108.2 | 103.4 | 103.8 | 103.8 | 105.4 | 101.9 | 103.2 | 91.4 | 97.8 | 110.5 | 106.6 | 105.2 |
| 2010 | 108.4 | 114.4 | 114.7 | 108.3 | 104.2 | 104.3 | 104.3 | 106.2 | 102.8 | 103.2 | 90.4 | 97.1 | 115.0 | 109.2 | 107.0 |
| 2011 | 109.4 | 115.9 | 116.3 | 108.3 | 104.8 | 106.0 | 104.8 | 107.1 | 103.1 | 103.1 | 85.5 | 96.4 | 119.7 | 111.1 | 109.2 |
| 2012 | 110.8 | 118.5 | 119.1 | 108.5 | 105.4 | 108.2 | 105.3 | 107.2 | 103.8 | 106.4 | 68.7 | 96.9 | 124.3 | 113.3 | 110.7 |
| **2012** January | 109.8 | 116.5 | 116.9 | 108.4 | 105.1 | 108.2 | 105.1 | 107.4 | 103.5 | 103.7 | 78.0 | 96.5 | 122.1 | 112.4 | 110.3 |
| February | 110.1 | 117.2 | 117.7 | 108.4 | 105.1 | 108.0 | 105.1 | 107.4 | 103.5 | 103.7 | 78.0 | 96.3 | 122.1 | 112.5 | 110.4 |
| March | 109.9 | 117.3 | 117.8 | 108.4 | 104.7 | 107.9 | 105.2 | 107.4 | 103.6 | 103.5 | 71.6 | 96.4 | 122.1 | 112.5 | 110.5 |
| April | 109.7 | 116.6 | 117.1 | 108.4 | 104.8 | 107.9 | 105.2 | 107.3 | 103.7 | 103.6 | 71.7 | 96.3 | 122.1 | 112.9 | 110.5 |
| May | 109.8 | 117.3 | 117.8 | 108.4 | 104.4 | 107.6 | 105.3 | 107.3 | 103.8 | 103.7 | 65.6 | 96.4 | 122.1 | 112.9 | 110.6 |
| June | 110.4 | 117.5 | 118.0 | 108.5 | 105.3 | 107.8 | 105.3 | 107.3 | 103.9 | 107.8 | 65.6 | 97.1 | 122.1 | 113.2 | 110.6 |
| July | 110.7 | 118.3 | 118.8 | 108.5 | 105.4 | 107.8 | 105.3 | 107.2 | 103.9 | 108.3 | 65.6 | 97.0 | 122.1 | 113.1 | 110.7 |
| August | 111.5 | 120.0 | 120.6 | 108.5 | 105.5 | 108.3 | 105.3 | 107.2 | 103.9 | 108.5 | 65.6 | 97.1 | 122.1 | 113.1 | 110.7 |
| September | 111.7 | 120.1 | 120.7 | 108.5 | 105.7 | 108.3 | 105.3 | 107.1 | 103.9 | 108.5 | 65.6 | 97.1 | 126.1 | 113.3 | 110.7 |
| October | 112.0 | 120.4 | 121.1 | 108.5 | 106.0 | 108.4 | 105.4 | 107.0 | 103.9 | 108.3 | 65.6 | 97.3 | 129.6 | 113.6 | 110.9 |
| November | 111.9 | 120.1 | 120.7 | 108.5 | 106.2 | 108.9 | 105.5 | 107.0 | 103.9 | 108.5 | 65.6 | 97.4 | 129.6 | 114.9 | 111.0 |
| December | 112.4 | 121.2 | 121.9 | 108.5 | 106.2 | 109.2 | 105.6 | 106.9 | 103.9 | 108.7 | 65.6 | 97.4 | 129.6 | 114.9 | 111.1 |

Source : High Commission for Planning

**TABLE A4.2 INFLATION**

(Base 100 = 2006)

| Category | 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 |
| 2008 | 3.7 | 7.1 | 7.4 | 2.4 | 1.3 | 1.8 | 0.9 | 1.5 | 0.3 | 1.8 | - 1.5 | - 0.6 | 3.3 | 2.8 | 2.2 |
| 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 |
| **2012** January | 0.9 | 1.7 | 1.7 | 0.1 | 0.4 | 2.6 | 0.5 | 0.8 | 0.5 | 0.7 | - 12.6 | 0.0 | 3.0 | 2.4 | 1.8 |
| February | 0.4 | 0.5 | 0.5 | 0.1 | 0.4 | 2.5 | 0.5 | 0.7 | 0.5 | 0.7 | - 12.6 | - 0.2 | 3.0 | 2.2 | 1.7 |
| March | 0.3 | 0.8 | 0.9 | 0.1 | 0.0 | 2.5 | 0.6 | 0.6 | 0.6 | 0.4 | - 19.7 | 0.0 | 3.0 | 2.0 | 1.7 |
| April | 1.2 | 2.6 | 2.7 | 0.1 | 0.1 | 2.5 | 0.5 | 0.4 | 0.7 | 0.7 | - 19.6 | - 0.1 | 3.0 | 2.4 | 1.7 |
| May | 1.0 | 2.6 | 2.8 | 0.1 | - 0.4 | 2.2 | 0.6 | 0.2 | 0.8 | 0.7 | - 26.5 | 0.0 | 3.0 | 2.3 | 1.7 |
| June | 1.9 | 3.8 | 4.0 | 0.2 | 0.5 | 2.4 | 0.6 | 0.2 | 0.9 | 4.8 | - 26.5 | 0.8 | 3.0 | 1.8 | 1.7 |
| July | 1.7 | 3.1 | 3.2 | 0.2 | 0.5 | 2.3 | 0.5 | 0.0 | 0.9 | 5.2 | - 26.5 | 0.7 | 3.0 | 1.5 | 1.7 |
| August | 1.0 | 1.5 | 1.6 | 0.2 | 0.5 | 2.0 | 0.5 | - 0.1 | 0.9 | 5.2 | - 26.5 | 0.9 | 3.0 | 1.4 | 1.6 |
| September | 1.2 | 1.5 | 1.5 | 0.2 | 1.0 | 1.6 | 0.5 | - 0.3 | 0.9 | 5.1 | - 16.0 | 0.9 | 3.6 | 1.3 | 0.5 |
| October | 1.8 | 2.6 | 2.8 | 0.2 | 1.1 | 1.2 | 0.5 | - 0.3 | 0.8 | 4.8 | - 16.0 | 0.7 | 6.1 | 1.4 | 0.6 |
| November | 1.6 | 2.3 | 2.4 | 0.2 | 1.2 | 1.5 | 0.5 | - 0.4 | 0.7 | 4.9 | - 16.0 | 0.8 | 6.1 | 2.6 | 0.6 |
| December | 2.6 | 4.5 | 4.7 | 0.1 | 1.1 | 1.4 | 0.6 | - 0.5 | 0.4 | 5.0 | - 16.0 | 0.9 | 6.1 | 2.4 | 0.7 |

Source : High Commission for Planning

**TABLE A4.3 CORE INFLATION**

(Base 100 = 2006)

| | Core Inflation | Food products inclued 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 hôtels | Various goods and services |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2008 | 4.4 | 9.0 | 1.8 | 1.9 | 1.5 | 1.1 | 1.3 | -1.5 | -0.6 | 3.3 | 2.8 | 2.2 |
| 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 |
| **2012** January | 1.6 | 3.2 | 2.6 | 0.9 | 0.8 | 2.4 | 0.9 | -12.6 | 0.0 | 3.0 | 2.4 | 1.8 |
| February | 1.4 | 2.7 | 2.5 | 1.0 | 0.7 | 2.1 | 0.9 | -12.6 | -0.2 | 3.0 | 2.2 | 1.7 |
| March | 0.8 | 2.2 | 2.5 | 0.9 | 0.6 | 2.1 | 0.5 | -19.7 | 0.0 | 3.0 | 2.0 | 1.7 |
| April | 0.8 | 2.1 | 2.5 | 1.1 | 0.4 | 2.3 | 0.8 | -19.6 | -0.1 | 3.0 | 2.4 | 1.7 |
| May | 0.6 | 2.5 | 2.2 | 1.0 | 0.2 | 2.4 | 0.9 | -26.5 | 0.0 | 3.0 | 2.3 | 1.7 |
| June | 0.6 | 2.3 | 2.4 | 1.1 | 0.2 | 2.5 | 1.2 | -26.5 | 0.8 | 3.0 | 1.8 | 1.7 |
| July | 0.5 | 2.2 | 2.3 | 1.0 | 0.0 | 2.3 | 1.4 | -26.5 | 0.7 | 3.0 | 1.5 | 1.7 |
| August | 0.4 | 1.8 | 2.0 | 1.0 | -0.1 | 2.3 | 1.3 | -26.5 | 0.9 | 3.0 | 1.4 | 1.6 |
| September | 0.6 | 1.6 | 1.6 | 0.9 | -0.3 | 2.3 | 1.0 | -16.0 | 0.9 | 3.6 | 1.3 | 0.5 |
| October | 0.8 | 1.6 | 1.2 | 1.0 | -0.3 | 2.3 | 0.4 | -16.0 | 0.7 | 6.1 | 1.4 | 0.6 |
| November | 1.0 | 1.8 | 1.5 | 1.0 | -0.4 | 0.7 | 0.4 | -16.0 | 0.8 | 6.1 | 2.6 | 0.6 |
| December | 0.8 | 1.6 | 1.4 | 1.0 | -0.5 | 0.7 | 0.3 | -16.0 | 0.9 | 6.1 | 2.4 | 0.7 |

(1) Not regulated products and services regulated
Source : Calculated on the basis of data from High Commission for Planning products and sevices.

**TABLE A4.4 PRICE INDEX OF TRADABLES AND NON TRADABLE**

| Section | Price of tradable goods (PCIXT) | Price of non tradable goods (CPIXNT) |
|---|---|---|
| 2007 | 102.5 | 100.2 |
| 2008 | 109.2 | 102.3 |
| 2009 | 108.6 | 104.4 |
| 2010 | 107.7 | 106.2 |
| 2011 | 110.4 | 107.3 |
| 2012 | 112.6 | 106.8 |
| **2012** January | 112.1 | 107.4 |
| February | 112.2 | 107.4 |
| March | 112.2 | 106.4 |
| Avril | 112.3 | 106.3 |
| May | 112.3 | 105.8 |
| June | 112.4 | 105.9 |
| July | 112.6 | 106.1 |
| August | 112.7 | 106.4 |
| September | 112.7 | 106.8 |
| October | 112.8 | 107.5 |
| November | 113.1 | 107.8 |
| December | 113.3 | 107.8 |

Source : Calculated on the basis of data of the High Commission for Planning

**TABLE A4.5 CHANGES IN PRICE INDICES OF TRADABLES AND NON TRADABLES**

| Section | Price of tradable goods (PCIXT) | Price of non tradable goods (CPIXNT) |
|---|---|---|
| 2008 | 6.5 | 2.2 |
| 2009 | - 0.5 | 2.0 |
| 2010 | - 0.8 | 1.7 |
| 2011 | 2.5 | 1.0 |
| 2012 | 2.0 | - 0.5 |
| **2012** January | 2.6 | 0.5 |
| February | 2.4 | 0.3 |
| March | 2.2 | - 0.7 |
| April | 2.3 | - 0.8 |
| May | 2.2 | - 1.1 |
| June | 2.3 | - 1.3 |
| July | 2.2 | - 1.2 |
| August | 1.8 | - 1.3 |
| September | 1.5 | - 0.4 |
| October | 1.3 | 0.3 |
| November | 1.3 | 0.5 |
| December | 1.3 | 0.4 |

### TABLE A4.6 IMPORT PRICE INDEX

| Section | Overall Index | Food Index | Mining Index | Semis-finished |
|---|---|---|---|---|
| 2007 | 136.0 | 119.9 | 144.9 | 125.6 |
| 2008 | 171.1 | 152.8 | 539.4 | 139.0 |
| 2009 | 130.0 | 115.8 | 213.2 | 110.6 |
| 2010 | 141.7 | 121.2 | 133.3 | 121.0 |
| 2011 | 172.2 | 178.8 | 247.2 | 139.1 |
| 2012 | 183.2 | 167.8 | 283.6 | 145.5 |
| **2012** January | 178.3 | 160.2 | 285.7 | 138.2 |
| February | 182.4 | 161.0 | 274.0 | 139.0 |
| March | 183.9 | 162.6 | 263.5 | 138.2 |
| April | 185.3 | 159.4 | 268.6 | 140.6 |
| May | 182.3 | 159.7 | 282.5 | 143.3 |
| June | 183.9 | 160.0 | 300.8 | 144.6 |
| July | 180.5 | 167.9 | 301.1 | 143.5 |
| August | 182.1 | 180.9 | 303.1 | 138.3 |
| September | 183.8 | 183.1 | 291.6 | 151.9 |
| October | 186.9 | 180.1 | 291.9 | 155.2 |
| November | 186.4 | 169.5 | 272.5 | 162.5 |
| December | 182.9 | 169.2 | 268.4 | 150.1 |

Source : Calculated on the basis of data from Foreign Exchange Office.

### TABLE A4.7 CHANGE IN IMPORT PRICE INDICES

| Section | Overall Index | Food Index | Mining Index | Goods Index |
|---|---|---|---|---|
| 2008 | 25.8 | 27.4 | 272.2 | 10.7 |
| 2009 | - 24.0 | - 24.2 | - 60.5 | - 20.4 |
| 2010 | 9.0 | 4.7 | - 37.5 | 9.4 |
| 2011 | 21.5 | 47.5 | 85.4 | 15.0 |
| 2012 | 6.4 | - 6.2 | 14.7 | 4.6 |
| **2012** January | 13.3 | 4.9 | 55.2 | 7.3 |
| February | 8.9 | - 4.1 | 23.9 | 2.6 |
| March | 5.5 | - 4.0 | 8.4 | - 3.6 |
| April | 6.5 | - 7.1 | 10.4 | - 2.1 |
| May | 5.4 | - 6.8 | 19.8 | 0.7 |
| June | 8.6 | - 4.7 | 27.5 | 5.9 |
| July | 6.3 | 5.5 | 24.0 | 4.7 |
| August | 6.0 | - 13.3 | 19.6 | - 1.0 |
| September | 4.9 | - 17.1 | 9.5 | 7.5 |
| October | 4.5 | - 20.0 | 7.2 | 9.4 |
| November | 4.3 | - 1.2 | - 3.7 | 16.6 |
| December | 3.6 | 6.2 | - 6.2 | 7.4 |

## TABLE A4.8 INDEX OF INDUSTRIAL PRODUCER PRICES (1)

(BASE 1997 : 100)

| | Weighting % | Annual average 2011 | 2012 | | | | | Percentage changes | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Annual average | 2011/2010 | 2012/2011 |
| **General index** | **100** | **158.9** | **166.2** | **167.0** | **165.9** | **167.1** | **166.5** | **14.8** | **4.8** |
| Food industries | 28.9 | 121.6 | 124.5 | 125.5 | 126.3 | 128.1 | 126.1 | 3.7 | 3.7 |
| Tobacco industry | 3.1 | 116.1 | 116.1 | 116.1 | 116.1 | 116.1 | 116.1 | 0.0 | 0.0 |
| Textile industry | 6.5 | 97.3 | 97.1 | 96.8 | 98.2 | 99.8 | 98.0 | 0.5 | 0.7 |
| Clothing industry | 6.7 | 94.6 | 94.8 | 94.1 | 94.1 | 94.1 | 94.3 | 0.4 | -0.3 |
| Leather and footwear | 1.6 | 110.7 | 107.4 | 107.4 | 107.4 | 107.4 | 107.4 | 1.2 | -3.0 |
| Wood and wood products | 1.8 | 123.5 | 136.9 | 143.3 | 143.3 | 143.3 | 141.7 | 9.3 | 14.7 |
| Paper and cardboard | 2.6 | 98.8 | 94.2 | 96.7 | 98.0 | 97.5 | 96.6 | 0.9 | -2.2 |
| Printing and publishing | 1.4 | 98.6 | 98.6 | 98.6 | 98.6 | 98.6 | 98.6 | 0.2 | 0.0 |
| Oil refining | 13.3 | 393.9 | 437.4 | 440.0 | 428.9 | 433.2 | 434.9 | 31.1 | 10.4 |
| Chemical industry | 13.1 | 171.9 | 174.8 | 174.7 | 174.7 | 175.0 | 174.8 | 37.4 | 1.7 |
| Rubber and plastic products | 2.0 | 104.2 | 105.6 | 107.4 | 109.6 | 109.3 | 108.0 | 2.3 | 3.6 |
| Other non-metallic mineral products | 5.9 | 123.9 | 124.6 | 124.6 | 124.7 | 125.0 | 124.7 | 1.0 | 0.6 |
| Basic metal industry | 3.2 | 131.6 | 132.0 | 131.8 | 131.6 | 131.1 | 131.6 | 1.5 | 0.0 |
| Metalworking | 3.0 | 115.1 | 118.4 | 118.9 | 118.9 | 118.8 | 118.8 | 3.3 | 3.2 |
| Machinery and equipment | 0.9 | 87.8 | 88.1 | 88.2 | 88.2 | 88.2 | 88.2 | -0.1 | 0.5 |
| Electrical machinery and equipment | 2.0 | 125.2 | 125.3 | 125.3 | 124.2 | 123.6 | 124.6 | 1.5 | -0.5 |
| Radio, television and communication equipment | 0.5 | 92.8 | 92.8 | 92.8 | 92.8 | 92.8 | 92.8 | 0.0 | 0.0 |
| Medical, precision, optical and watch-making instruments | 0.1 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | -0.2 | 0.0 |
| Car industry | 2.5 | 103.4 | 104.1 | 104.1 | 104.1 | 103.6 | 104.0 | 0.3 | 0.6 |
| Other transport equipment | 0.1 | 104.9 | 106.8 | 106.8 | 106.8 | 106.8 | 106.8 | 1.4 | 1.8 |
| Furniture and miscellaneous industries | 0.9 | 126.0 | 126.0 | 126.0 | 126.1 | 126.2 | 126.1 | 3.6 | 0.1 |

(1) Prices excluding taxes and ex works.
Source : High commission for planning`

### TABLE A5.1 TRADE BALANCE

(in millions of dirhams)

| | 2011* | 2012** | Changes in percentage |
|---|---|---|---|
| Imports C.I.F | 357.770 | 386.127 | 7.9 |
| Exports F.O.B | 174.994 | 184.650 | 5.5 |
| Balance | -182.775 | -201.477 | -10.2 |
| Cover rate in % | 48,9 | 47,8 | |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

### TABLE A5.2 STRUCTURE OF TRADE TRANSACTIONS

(in percentage)

| | Imports | | Exports | |
|---|---|---|---|---|
| | 2011* | 2012** | 2011* | 2012** |
| Foodstuffs, beverages and tobacco | 10.8 | 10.8 | 16.4 | 16.5 |
| Semi-finished products | 21.4 | 20.0 | 31.1 | 28.4 |
| Energy and lubricants | 25.3 | 27.6 | 2.6 | 4.0 |
| Raw products | 6.3 | 5.9 | 13.0 | 12.2 |
| Consumer goods | 17.2 | 16.8 | 21.8 | 24.3 |
| Capital goods | 19.0 | 18.9 | 15.2 | 14.6 |
| **Total** | **100** | **100** | **100** | **100** |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

## TABLE A5.3 MAJOR IMPORTS

(Weight in thousands of tonnes. Value in millions of dirhams)

| | 2011* | | 2012** | | Change | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | |
| | Weight | Value | Weight | Value | Thousands of tonnes | % | Millions of dirhams | % |
| **Total** | **43 122** | **357 770** | **45 604** | **386 127** | **2 482** | **5.8** | **28 357** | **7.9** |
| **Foodstuffs, beverages and tobacco** | **9 183** | **38 810** | **9 990** | **41 762** | **807** | **8.8** | **2 952** | **7.6** |
| Wheat | 4 006 | 11 639 | 4 094 | 12 067 | 88 | 2.2 | 429 | 3.7 |
| Corn | 1 781 | 4 780 | 2 026 | 5 484 | 245 | 13.7 | 704 | 14.7 |
| Barley | 266 | 663 | 551 | 1 424 | 286 | 107.7 | 762 | 115.0 |
| Sugar | 884 | 4 820 | 1 003 | 5 101 | 118 | 13.4 | 280 | 5.8 |
| Dairy products | 68 | 2 283 | 84 | 2 294 | 16 | 24.2 | 11 | 0.5 |
| Tea | 66 | 1 408 | 53 | 1 442 | -13 | -19.4 | 34 | 2.4 |
| Coffee | 33 | 770 | 44 | 993 | 10 | 30.5 | 223 | 29.0 |
| Tobacco | 10 | 736 | 12 | 816 | 2 | 26.0 | 80 | 10.9 |
| Other | 2 069 | 11 709 | 2 124 | 12 139 | 54 | 2.6 | 430 | 3.7 |
| **Energy and lubricants** | **17 978** | **90 350** | **19 854** | **106 522** | **1 875** | **10.4** | **16 172** | **17.9** |
| Crude oil | 4 987 | 31 423 | 5 668 | 37 518 | 681 | 13.6 | 6 094 | 19.4 |
| Refined petroleum products | 7 573 | 50 047 | 8 107 | 59 886 | 534 | 7.1 | 9 839 | 19.7 |
| Coal,coke ans similar solid fuels | 5 296 | 5 452 | 5 983 | 5 861 | 687 | 13.0 | 409 | 7.5 |
| other | 122 | 3 429 | 95 | 3 257 | -26 | -21.6 | -171 | -5.0 |
| **Raw products** | **6 937** | **22 542** | **6 772** | **22 967** | **-165** | **-2.4** | **425** | **1.9** |
| Vegetable oils | 474 | 4 970 | 456 | 4 784 | -18 | -3.9 | -186 | -3.7 |
| Oilseeds | 151 | 616 | 120 | 616 | -31 | -20.6 | 1 | 0.1 |
| Timber | 1 030 | 3 290 | 947 | 3 173 | -84 | -8.1 | -117 | -3.5 |
| Textile fibers and cotton | 42 | 1 144 | 38 | 834 | -4 | -9.3 | -310 | -27.1 |
| Sulfur | 4 063 | 6 091 | 4 032 | 6 681 | -30 | -0.8 | 591 | 9.7 |
| Other | 1 177 | 6 432 | 1 179 | 6 878 | 3 | 0.2 | 447 | 6.9 |
| **Semi-finished products including industrial gold** | **7 161** | **76 503** | **7 148** | **77 046** | **-13** | **-0.2** | **539** | **0.7** |
| Chemical products | 1 829 | 7 987 | 2 026 | 8 124 | 197 | 10.8 | 237 | 3.0 |
| Dyes and disinfectants | 54 | 2 197 | 48 | 1 939 | -5 | -10.2 | -258 | -11.8 |
| Natural and chemical fertilizers | 568 | 2 181 | 399 | 1 760 | -168 | -29.7 | -421 | -19.3 |
| Iron and steel | 1 124 | 6 388 | 768 | 4 393 | -356 | -31.7 | -1 995 | -31.2 |
| Plastic materials | 620 | 9 811 | 656 | 10 619 | 36 | 5.8 | 808 | 8.2 |
| Paper and cardboard | 393 | 4 368 | 407 | 4523 | 14 | 3.5 | 155 | 3.5 |
| Fiber and cotton yarns | 62 | 2 209 | 66 | 2 112 | 3 | 5.3 | -97 | -4.4 |
| other | 2 511 | 37 902 | 2 777 | 39 671 | 266 | 10.6 | 1 769 | 4.7 |
| **Agricultural capital goods** | **34** | **1 824** | **31** | **1 752** | **-3** | **-8.5** | **-72** | **-3.9** |
| **Industrial capital goods** | **749** | **66 313** | **738** | **71 117** | **-11** | **-1.5** | **4 804** | **7.2** |
| Machines and miscellaneous equipment | 90 | 11 742 | 81 | 11 895 | -9 | -9.7 | 153 | 1.3 |
| Crushing machines | 61 | 2 585 | 76 | 4 561 | 15 | 25.2 | 1 977 | 76.5 |
| Textile machinery | 4 | 390 | 3 | 276 | -1 | -26.5 | -114 | -29.2 |
| Equipment of extraction | 46 | 1 851 | 37 | 1 758 | -8 | -18.4 | -93 | -5.0 |
| Tools and machine tools | 20 | 1 359 | 17 | 1 129 | -4 | -17.2 | -230 | -17.0 |
| Tanks, bottles and metal drums | 15 | 569 | 14 | 552 | -1 | -6.7 | -17 | -3.0 |
| Electrical switch gear | 12 | 2 961 | 14 | 3 084 | 2 | 16.9 | 123 | 4.2 |
| Power generators | 11 | 860 | 14 | 1 197 | 3 | 31.0 | 338 | 39.3 |
| Electrical appliance of telephony and telecommunications transmitters | 2 | 1 130 | 2 | 776 | 0 | -13.3 | -354 | -31.4 |
| Wires and cables for electricity | 33 | 4 745 | 27 | 4 005 | -6 | -18.9 | -740 | -15.6 |
| Aircraft | 0 | 2 586 | 0 | 1 468 | 0 | -46.0 | -1 118 | -43.2 |
| Industrial vehicles | 68 | 5 515 | 93 | 7 772 | 25 | 35.8 | 2 257 | 40.9 |
| other | 388 | 30 090 | 362 | 32 717 | -26 | -6.6 | 2 627 | 8.7 |
| **Consumer goods** | **1 080** | **61 427** | **1 071** | **64 961** | **-9** | **-0.8** | **3 534** | **5.8** |
| Pharmaceutical products | 7 | 4 907 | 8 | 4 613 | 1 | 8.4 | -294 | -6.0 |
| Textile fibers and cotton | 79 | 7 733 | 68 | 7 839 | -10 | -13.1 | 106 | 1.4 |
| Plastic articles | 69 | 2 912 | 75 | 3 302 | 6 | 9.4 | 390 | 13.4 |
| Telecommunications receivers | 24 | 4 509 | 18 | 3 942 | -7 | -27.4 | -567 | -12.6 |
| Passenger cars | 84 | 9 001 | 96 | 10 567 | 12 | 14.2 | 1 567 | 17.4 |
| Spare parts | 37 | 2 023 | 38 | 2 217 | 1 | 3.2 | 194 | 9.6 |
| Other | 780 | 30 343 | 768 | 32 481 | -12 | -1.5 | 2 139 | 7.0 |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

## TABLE A5.4 MAJOR EXPORTS

(Wheight in thousands of tonnes. Value in millions of dirhams)

| | 2011* | | 201** | | Changes | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | |
| | Weight | Value | Weight | Value | Thou-sands of tonnes | % | Millions of dirhams | % |
| **Total** | **22 549** | **174 994** | **23 330** | **184 650** | **781** | **3.5** | **9 656** | **5.5** |
| **Foodstuffs beverages and tobacco** | **2 338** | **28 644** | **2 268** | **30 428** | **-70** | **-3.0** | **1 784** | **6.2** |
| Citrus fruits | 645 | 3 974 | 500 | 3 093 | -145 | -22.5 | -881 | -22.2 |
| Early vegetables | 487 | 3 559 | 426 | 3 200 | -61 | -12.5 | -359 | -10.1 |
| Fresh fruits | 157 | 1 982 | 163 | 2 046 | 7 | 4.2 | 64 | 3.2 |
| Crustaceans molluscs and shellfish | 80 | 5 486 | 90 | 5 790 | 10 | 12.7 | 304 | 5.5 |
| Fresh fish | 101 | 1 693 | 137 | 1 999 | 36 | 35.4 | 306 | 18.1 |
| Canned fish | 113 | 4 193 | 141 | 5 550 | 28 | 24.6 | 1357 | 32.3 |
| Canned fruits and vegetables | 96 | 1 601 | 91 | 1 558 | -4 | -4.4 | -44 | -2.7 |
| Fish meal | 65 | 612 | 89 | 902 | 24 | 36.5 | 290 | 47.3 |
| Other | 594 | 5 502 | 630 | 6 255 | 36 | 6.0 | 754 | 13.7 |
| **Energy and lubricants** | **564** | **4 558** | **889** | **7 318** | **325** | **57.6** | **2 760** | **60.6** |
| **Raw animal and vegetable products** | **266** | **3 371** | **257** | **3 264** | **-8** | **-3.1** | **-107** | **-3.2** |
| Olive oil | 55 | 1 052 | 27 | 571 | -27 | -50.2 | -482 | -45.8 |
| Paper pulp | 100 | 527 | 101 | 527 | 0 | 0.3 | 0 | 0.0 |
| Plants and flowers | 18 | 343 | 18 | 315 | 1 | 3.7 | -28 | -8.2 |
| Agar-agar | 1 | 171 | 1 | 207 | 0 | 11.2 | 36 | 20.9 |
| Cork | 8 | 45 | 9 | 63 | 1 | 10.5 | 18 | 40.1 |
| Bowels and fish oil | 18 | 247 | 27 | 417 | 8 | 44.6 | 170 | 68.9 |
| Seaweed | 2 | 54 | 4 | 129 | 1 | 58.2 | 75 | 139.2 |
| Other | 63 | 932 | 71 | 1 036 | 8 | 12.1 | 104 | 11.2 |
| **Raw mineral products** | **11 980** | **19 397** | **11 749** | **19 300** | **-231** | **-1.9** | **-97** | **-0.5** |
| Phosphates | 9 357 | 12 610 | 9 197 | 13 308 | -160 | -1.7 | 698 | 5.5 |
| Zinc ore | 74 | 322 | 82 | 345 | 8 | 11.4 | 24 | 7.4 |
| Lead and copper ores | 79 | 1 338 | 104 | 1 446 | 25 | 31.8 | 108 | 8.1 |
| Scrap of cast iron and steel | 40 | 200 | 24 | 123 | -16 | -40.8 | -77 | -38.4 |
| other ores | 2 430 | 4 927 | 2 342 | 4 077 | -88 | -3.6 | -850 | -17.2 |
| **Semi-finished products including industrial gold** | **6 977** | **54 400** | **7 651** | **52 482** | **674** | **9.7** | **-1 918** | **-3.5** |
| Phosphoric acid | 2 172 | 17 115 | 1 860 | 14 224 | -312 | -14.4 | -2 890 | -16.9 |
| Natural and chemical fertilizers | 3 837 | 18 736 | 4 481 | 20 836 | 643 | 16.8 | 2101 | 11.2 |
| Electronic devices (transistors) | 3 | 4 832 | 2 | 4 334 | 0 | -14.4 | -499 | -10.3 |
| Lead and lead articles | 34 | 688 | 17 | 309 | -16 | -48.6 | -378 | -55.0 |
| leather and skins | 2 | 517 | 2 | 472 | 0 | -4.1 | -45 | -8.7 |
| Flat-rolled products of iron or non-alloy steel | 139 | 1 036 | 155 | 1 158 | 16 | 11.9 | 122 | 11.8 |
| Other | 791 | 11 476 | 1 134 | 11 148 | 343 | 43.3 | -328 | -2.9 |
| **Capital goods** | **161** | **26 535** | **171** | **26 960** | **10** | **6.5** | **425** | **1.6** |
| Wires and cables for electricity | 98 | 16 570 | 97 | 14 810 | -1 | -1.2 | -1 760 | -10.6 |
| Industrial vehicles | 24 | 1 787 | 21 | 1 737 | -2 | -8.4 | -50 | -2.8 |
| Electronic under-systems | 7 | 2 680 | 9 | 2 960 | 1 | 17.8 | 281 | 10.5 |
| Automatic data processing machines | 2 | 309 | 2 | 279 | 0 | -1.9 | -29 | -9.5 |
| Other | 30 | 5 193 | 43 | 7 186 | 12 | 40.8 | 1 994 | 38.4 |
| **Consumer goods** | **263** | **38 090** | **344** | **44 898** | **81** | **30.8** | **6 808** | **17.9** |
| Clothing | 57 | 18 430 | 61 | 19 458 | 4 | 6.3 | 1 028 | 5.6 |
| Hosiery | 43 | 7 742 | 44 | 8 039 | 1 | 2.4 | 297 | 3.8 |
| Shoes | 13 | 2 382 | 11 | 2 041 | -2 | -12.0 | -341 | -14.3 |
| Dishes and various ceramic objects | 23 | 345 | 20 | 290 | -3 | -13.7 | -55 | -15.9 |
| Finished papier and paper products | 11 | 177 | 15 | 260 | 3 | 26.5 | 83 | 47.0 |
| passenger cars | 3 | 893 | 10 | 5691 | 7 | 193.7 | 4 798 | 537.3 |
| Other | 112 | 9 049 | 183 | 14 372 | 71 | 63.7 | 5 323 | 58.8 |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

**TABLE A5.5 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE**

(In millions of dirhams)

| | Imports C I F | | Exports F O B | | Balances | |
|---|---|---|---|---|---|---|
| | 2011* | 2012** | 2011* | 2012** | 2011* | 2012** |
| **Total** | **357 770** | **386 127** | **174 994** | **184 650** | **-182 776** | **-201 477** |
| **EUROPE** | **206 970** | **227 727** | **111 197** | **114 093** | **-95 773** | **-113 634** |
| **European Union** | **170 184** | **182 941** | **102 546** | **104 802** | **-67 638** | **-78 139** |
| France | 50 989 | 47 832 | 36 680 | 39 696 | -14 309 | -8 136 |
| spain | 39 267 | 50 876 | 31 958 | 30 528 | -7 309 | -20 347 |
| Germany | 16 013 | 18 443 | 4 999 | 5 559 | -11 014 | -12 885 |
| Italy | 18 568 | 18 934 | 7 340 | 6 745 | -11 227 | -12 189 |
| Great Britain | 7 175 | 8 474 | 4 889 | 5 148 | -2 286 | -3 327 |
| Netherlands | 5 893 | 5 748 | 5 446 | 5 357 | -447 | -391 |
| Belgium-Luxembourg Economic Union | 6 815 | 6 359 | 3 501 | 3 471 | -3 314 | -2 888 |
| Other E U countries | 25 464 | 28 013 | 7 733 | 8 355 | -17 732 | -19 658 |
| **Other European countries** | 36 786 | 46 525 | 8 651 | 9 349 | -28 135 | -37 177 |
| Russia | 16 590 | 20 263 | 1 959 | 2 169 | -14 632 | -18 094 |
| Turkey | 9 445 | 9 797 | 2 791 | 2 914 | -6 654 | -6 883 |
| **ASIA** | **82 564** | **91 945** | **28 304** | **27 699** | **-54 260** | **-64 286** |
| **Middle East countries** | **39 420** | **41 820** | **2 361** | **3 015** | **-37 059** | **-38 806** |
| Saudi Arabia | 24 524 | 24 411 | 319 | 904 | -24 205 | -23 507 |
| Iran | 86 | 10 | 5 | 2 | -81 | -8 |
| United Arab Emirates | 2 460 | 4 493 | 743 | 489 | -1 717 | -4 004 |
| Jordan | 161 | 130 | 374 | 365 | 213 | 235 |
| Other | 12 188 | 12 777 | 920 | 1 255 | -11 269 | -11 522 |
| **Other Asian countries** | **43 144** | **46 646** | **25 943** | **24 640** | **-17 200** | **-23 798** |
| Japan | 3 364 | 5 631 | 1 243 | 1 763 | -2 120 | -3 868 |
| India | 4 760 | 4 377 | 12 164 | 10 006 | 7 404 | 5 629 |
| Pakistan | 288 | 290 | 3 558 | 2 865 | 3 271 | 2 575 |
| China | 23 316 | 25 585 | 1 588 | 2 404 | -21 728 | -23 181 |
| Other | 11 417 | 10 763 | 7 390 | 7 603 | -4 027 | -3 160 |
| **AMERICA** | **48 160** | **46 060** | **19 892** | **22 273** | **-28 268** | **-23 787** |
| United States | 28 984 | 24 598 | 7 950 | 8 015 | -21 034 | -16 582 |
| Canada | 2 941 | 3 887 | 369 | 575 | -2 572 | -3 312 |
| Brazil | 8 412 | 8 735 | 9 038 | 10 918 | 626 | 2 183 |
| Mexico | 489 | 395 | 764 | 970 | 275 | 575 |
| Argentina | 4 470 | 5 434 | 712 | 811 | -3 758 | -4 623 |
| Other | 2 864 | 3 011 | 1 059 | 983 | -1 804 | -2 028 |
| **AFRICA** | **19 110** | **19 656** | **13 890** | **17 660** | **-5 220** | **1 996** |
| Egypt | 3 980 | 4 031 | 625 | 1 198 | -3 355 | -2 833 |
| **Maghreb-Arab Union countries** | **11 085** | **12 006** | **3 868** | **4 870** | **-7 217** | **-7 136** |
| Algeria | 8 687 | 9 720 | 1 899 | 1 971 | -6 788 | -7 749 |
| Tunisia | 2 280 | 2 078 | 903 | 1 049 | -1 377 | -1 029 |
| Libya | 110 | 203 | 240 | 700 | 130 | 498 |
| Mauritania | 8 | 5 | 826 | 1 150 | 819 | 1 145 |
| **Other** | **4 045** | **3 618** | **9 397** | **13 705** | **5 352** | **10 087** |
| **OCEANIA AND OTHER** | **967** | **740** | **1 711** | **852** | **744** | **112** |

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

**TABLE A5.6 BALANCE OF PAYMENTS**

(In millions of dirhams)

| | 2011* | | | 2012** | | |
|---|---|---|---|---|---|---|
| | Credit | Debit | Balance | Credit | Debit | Balance |
| **CURRENT ACCOUNT** | **361 577.3** | **426 180.0** | **-64 602.7** | **372 497.9** | **454 943.8** | **-82 445.9** |
| **Goods** | **174 994.5** | **330 937.0** | **-155 942.5** | **184 650.0** | **357 167.5** | **-172 517.5** |
| General merchandise | 127 182.4 | 301 705.7 | -174 523.3 | 144 435.6 | 335 250.1 | -190 814.5 |
| Goods imported without payment and re-exported after processing | 45 367.4 | 29 210.9 | 16 156.5 | 38 112.5 | 21 877.3 | 16 235.2 |
| Goods procured in ports | 2 444.7 | 20.4 | 2 424.3 | 2 101.9 | 40.1 | 2 061.8 |
| **Services** | **112 428.1** | **69 349.4** | **43 078.7** | **116 281.6** | **70 207.1** | **46 074.5** |
| Transportation | 21 782.8 | 26 970.4 | -5 187.6 | 23 721.0 | 29 091.0 | -5 370.0 |
| Travel | 58 904.2 | 10 729.2 | 48 175.0 | 57 901.7 | 10 820.6 | 47 081.1 |
| Communication services | 6 297.3 | 745.6 | 5 551.7 | 5 869.9 | 801.9 | 5 068.0 |
| Insurance services | 1 001.4 | 1 496.6 | -495.2 | 1 046.9 | 1 788.9 | -742.0 |
| Royalties and license fees | 44.6 | 337.2 | -292.6 | 16.2 | 489.1 | -472.9 |
| Other business services | 21 050.6 | 13 951.6 | 7 099.0 | 24 277.7 | 13 770.7 | 10 507.0 |
| Government services N.I.E | 3 347.2 | 15 118.8 | -11 771.6 | 3 448.2 | 13 444.9 | -9 996.7 |
| **Income** | **6 421.8** | **22 894.3** | **-16 472.5** | **5 302.5** | **25 064.5** | **-19 762.0** |
| Administrations | 0.0 | 3 039.8 | -3 039.8 | 0.0 | 3 307.6 | -3 307.6 |
| Monetary autority | 5 095.9 | 0.0 | 5 095.9 | 3 692.2 | 0.0 | 3 692.2 |
| BanKs | 429.3 | 215.2 | 214.1 | 724.9 | 423.6 | 301.3 |
| Others sectors | 896.6 | 19 639.3 | -18 742.7 | 885.4 | 21 333.3 | -20 447.9 |
| **Unrequited transfers** | **67 732.9** | **2 999.3** | **64 733.6** | **66 263.8** | **2 504.7** | **63 759.1** |
| Public | 3 358.7 | 752.0 | 2 606.7 | 2 741.5 | 727.9 | 2 013.6 |
| Private | 64 374.2 | 2 247.3 | 62 126.9 | 63 522.3 | 1 776.8 | 61 745.5 |
| **CAPITAL AND FINANCIAL ACCOUNT** | **107 020.6** | **39 624.9** | **67 395.7** | **130 989.3** | **46 556.9** | **84 432.4** |
| **Capital account** | - | **2.2** | **-2.2** | **2.9** | **1.8** | **1.1** |
| Migrant transfers | - | 2.2 | -2.2 | 2.9 | 1.8 | 1.1 |
| **Financial account** | **107 020.6** | **39 622.7** | **67 397.9** | **130 986.4** | **46 555.1** | **84 431.3** |
| **Directs investments** | **26 322.2** | **6 991.8** | **19 330.4** | **32 040.7** | **10 693.2** | **21 347.5** |
| Moroccan investments abroad | 262.0 | 1 709.9 | -1 447.9 | 45.1 | 3 164.0 | -3 118.9 |
| Foreign investments in Morocco | 26 060.2 | 5 281.9 | 20 778.3 | 31 995.6 | 7 529.2 | 24 466.4 |
| **Portfolio Investments** | **3 931.3** | **5 816.1** | **-1 884.8** | **4 604.8** | **4 673.9** | **-69.1** |
| Assets | 385.4 | 3 649.7 | -3 264.3 | 3 679.2 | 2 810.9 | 868.3 |
| Liabilities | 3 545.9 | 2 166.4 | 1 379.5 | 925.6 | 1 863.0 | -937.4 |
| **Others investments** | **55 475.8** | **26 814.8** | **28 661.0** | **64 427.9** | **31 188.0** | **33 239.9** |
| Commercial loans | 23 564.4 | 14 324.5 | 9 239.9 | 26 100.4 | 15 374.1 | 10 726.3 |
| loans | 26 581.6 | 12 490.3 | 14 091.3 | 38 327.5 | 14 484.0 | 23 843.5 |
| Currency and deposits | 5 329.8 | 0.0 | 5 329.8 | 0.0 | 1 329.9 | -1 329.9 |
| **Reserve assets** | **21 291.3** | **0.0** | **21 291.3** | **29 913.0** | **0.0** | **29 913.0** |
| **Statistical gap** | **0.0** | **2 793.0** | **-2 793.0** | **0.0** | **1 986.5** | **-1 986.5** |
| **TOTAL** | **468 597.9** | **468 597.9** | **0.0** | **503 487.2** | **503 487.2** | **0.0** |

N I E : not included elsewhere
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**TABLE A5.7 INTERNATIONAL INVESTMENT POSITION**

(in millions of dirhams)

| | 2010 | | | 2011 | | | Net position 2011 / Net position 2010 | |
|---|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net Position | Assets | Liabilities | Net Position | Changes in value | Changes % |
| **Direct Investments** | **15 994.9** | **376 742.3** | **-360 747.4** | **16 334.9** | **381 594.7** | **-365 259.8** | **- 4 512.4** | **1.3** |
| Moroccan investments abroad | 15 994.9 | | +15 994.9 | 16 334.9 | | +16 334.9 | 340.0 | 2.1 |
| Foreign investments in Morocco | | 376 742.3 | -376 742.3 | | 381 594.7 | -381 594.7 | - 4 852.4 | 1.3 |
| Equity capital | 15 489.6 | 362 924.3 | -347 434.7 | 15 480.0 | 364 182.2 | -348 702.2 | - 1 267.5 | 0.4 |
| Other capital | 505.3 | 13 818.0 | -13 312.7 | 854.9 | 17 412.5 | -16 557.6 **-21** | - 3 244.9 | 24.4 |
| **Portfolio Investments** | **8 035.6** | **29 886.7** | **-21 851.1** | **6 451.0** | **27 840.2** | **389.2** | **461.9** | **- 2.1** |
| Foreign securities | 8 035.6 | | +8 035.6 | 6 451.0 | | +6 451.0 | - 1 584.6 | - 19.7 |
| Moroccan securities | | 29 886.7 | -29 886.7 | | 27 840.2 | -27 840.2 | 2 046.5 | - 6.8 |
| Shares and other equity securities | 7 929.1 | 29 886.7 | -21 957.6 | 6 319.1 | 27 840.2 | -21 521.1 | 436.5 | - 2.0 |
| Bonds and other debt securities | 106.5 | | +106.5 | 131.9 | | +131.9 | 25.4 | 23.8 |
| **Other Investments** | **28 014.9** | **231 945.6** | **-203 930.7** | **28 658.0** | **245 981.1** | **-217 323.1** | **- 13 392.4** | **6.6** |
| Commercial loans | 11 540.0 | 13 009.1 | -1 469.1 | 12 936.7 | 15 077.0 | -2 140.3 | - 671.2 | 45.7 |
| Loans | 2 300.0 | 183 268.4 | -180 968.4 | 1 680.9 | 196 238.1 | -194 557.2 | - 13 588.8 | 7.5 |
| General government | | 92 353.0 | -92 353.0 | | 99 581.0 | -99 581.0 | - 7 228.0 | 7.8 |
| Banks | 1 305.9 | 2 749.5 | -1 443.6 | 686.8 | 2 455.7 | -1 768.9 | - 325.3 | 22.5 |
| Other sectors | 994.1 | 88 165.9 | -87 171.8 | 994.1 | 94 201.4 | -93 207.3 | - 6 035.5 | 6.9 |
| Public sector | | 80 043.0 | -80 043.0 | | 88 404.0 | -88 404.0 | - 8 361.0 | 10.4 |
| Private sector | 994.1 | 8 122.9 | -7 128.8 | 994.1 | 5 797.4 | -4 803.3 | 2 325.5 | - 32.6 |
| Notes, coins and deposits | 13 433.3 | 28 443.1 | -15 009.8 | 13 291.5 | 27 273.0 | -13 981.5 | 1 028.3 | - 6.9 |
| Monetary authorities (liabilities) | | 2 770.0 | -2 770.0 | | 3 256.0 | -3 256.0 | - 486.0 | 17.5 |
| Other sectors | 516.1 | | +516.1 | 483.5 | | +483.5 | - 32.6 | - 6.3 |
| Public sector | 466.0 | | +466.0 | 446.9 | | +446.9 | - 19.1 | - 4.1 |
| Private sector (including residents foreign currency accounts) | 50.1 | | +50.1 | 36.6 | | +36.6 | - 13.5 | - 26.9 |
| Banks | 12 917.2 | 25 673.1 | -12 755.9 | 12 808.0 | 24 017.0 | -11 209.0 | 1 546.9 | - 12.1 |
| Non-Residents' accounts in convertible dirhams | | | | | | | | |
| Other liabilities | | | | | | | | |
| Other assets | 741.6 | 7 225.0 | -6 483.4 | 748.9 | 7 393.0 | -6 644.1 | - 160.7 | 2.5 |
| **Reserve assets** | **197 341.0** | **0.0** | **+197 341.0** | **177 051.0** | **0.0** | **+177 051.0** | **- 20 290.0** | **- 10.3** |
| Monetary gold | 8 353.0 | | +8 353.0 | 9 572.0 | | +9 572.0 | 1 219.0 | 14.6 |
| Special drawing rights | 6 206.0 | | +6 206.0 | 5 286.0 | | +5 286.0 | - 920.0 | - 14.8 |
| IMF reserve position | 907.0 | | +907.0 | 928.0 | | +928.0 | 21.0 | 2.3 |
| Foreign currency | 181 875.0 | | +181 875.0 | 161 265.0 | | +161 265.0 | - 20 610.0 | - 11.3 |
| **Net international investment position** | **249 386.4** | **638 574.6** | **-389 188.2** | **228 494.9** | **655 416.0** | **-426 921.1** | **- 37 732.9** | **9.7** |

Source : Foreign Exchange Office.

**TABLE A6.1 TREASURY REVENUE AND EXPENDITURE**

(In millions of dirhams)

| | 2011* | 2012** |
|---|---|---|
| **CURRENT REVENUE(1)** | **208 047** | **218 061** |
| **Tax revenue** | **184 981** | **196 444** |
| Direct taxes | 70 850 | 77 119 |
| Customs duties | 10 286 | 9 003 |
| Indirect taxes(2) | 93 178 | 97 473 |
| Registration fees and stamp duties | 10 667 | 12 850 |
| **Non-tax revenue** | **19 904** | **18 474** |
| State monopolies | 10 505 | 11 493 |
| Miscellaneous revenues | 9 399 | 6 981 |
| **Receipts of certain special Treasury accounts** | **3 161** | **3 143** |
| **EXPENDITURE** | **265 633** | **286 607** |
| **Current expenditure** | **215 610** | **238 092** |
| Administrative expenses | 127 144 | 140 792 |
| Personnel expenses | 88 973 | 96 288 |
| Interest on the public debt | 18 240 | 20 012 |
| Domestic | 15 204 | 16 689 |
| Foreign | 3 036 | 3 323 |
| Subsidization | 48 830 | 54 870 |
| Transfers to local community | 21 396 | 22 419 |
| **CURRENT BALANCE** | **-7 563** | **-20 031** |
| **Capital expenditure** | **50 023** | **48 515** |
| **Special accounts balance** | **3 668** | **5 208** |
| **BUDGET BALANCE** | **-53 918** | **-63 338** |
| As a % of G.D.P | -6.7 | -7.6 |
| **CHANGE IN ARREARS** | **9 851** | **-4 786** |
| **FINANCING REQUIREMENT** | **-44 067** | **-68 124** |
| **NET FINANCING** | **44 067** | **68 124** |
| **Foreign financing** | **7 279** | **15 062** |
| Foreign borrowing | 13 954 | 22 958 |
| Amortization | -6 675 | -7 896 |
| **Domestic financing** | **31 141** | **49 770** |
| **Privatization** | **5 319** | **3 292** |

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local community
(*) Revised
(**) Preliminary
Source : Ministry of Economy and Finance

**TABLE A6.2 TREASURY CURRENT REVENUE**

(In millions of dirhams)

| | 2011* | 2012** | Percentage change |
|---|---|---|---|
| **FISCAL REVENUE** | **184 981** | **196 444** | **6.2** |
| **Direct taxes** | **70 850** | **77 119** | **8.8** |
| Corporation tax | 39 370 | 43 206 | 9.7 |
| Income tax | 29 121 | 31 925 | 9.6 |
| Other direct taxes | 2 359 | 1 988 | -15.7 |
| **Customs duties** | **10 286** | **9 003** | **-12.5** |
| **Indirect taxes** | **93 178** | **97 473** | **4.6** |
| Value added tax (V.A.T) | 71 319 | 74 729 | 4.8 |
| Domestic | 27 190 | 27 906 | 2.6 |
| Imports | 44 129 | 46 823 | 6.1 |
| Domestic taxes on consumption | 21 859 | 22 744 | 4.0 |
| Oil products | 12 943 | 13 127 | 1.4 |
| Tobacco products | 7 494 | 8 153 | 8.8 |
| Other domestic taxes | 1 423 | 1 463 | 2.8 |
| **Registration fees and stamp duties** | **10 667** | **12 850** | **20.5** |
| **NON-FISCAL REVENUE** | **19 904** | **18 474** | **-7.2** |
| Monopolies | 10 505 | 11 493 | 9.4 |
| Miscellaneous revenues | 9 399 | 6 981 | -25.7 |
| **RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS** | **3 161** | **3 143** | **-0.6** |
| **TOTAL CURRENT REVENUE (1)** | **208 047** | **218 061** | **4.8** |

(1) Excluding privatization revenues
(*) Revised
(**) Preliminary
Source : Ministry of Economy and Finance

**TABLE A6.3 ESTIMATED GENERAL BUDGET**

(In millions of dirhams)

| | Finance Act 2010 | Finance Act 2011 | Finance Act 2012 |
|---|---|---|---|
| **CURRENT REVENUE (1)** | **182 716** | **195 616** | **213 172** |
| **Tax revenue** | **166 388** | **178 201** | **193 611** |
| Direct taxes | 66 969 | 68 636 | 73 414 |
| Customs duties | 10 546 | 11 225 | 9 913 |
| Indirect taxes (2) | 78 768 | 87 772 | 98 534 |
| Registration fees and stamp duties | 10 105 | 10 568 | 11 750 |
| **Non-tax revenue** | **13 328** | **14 215** | **16 361** |
| State monopolies | 9 340 | 10 227 | 11 380 |
| Miscellaneous revenues | 3 988 | 3 988 | 4 981 |
| **Receipts of certain special Treasury accounts** | 3 000 | 3 200 | 3 200 |
| **EXPENDITURE** | **220 184** | **233 130** | **262 986** |
| **Current expenditure** | **174 238** | **185 033** | **216 994** |
| Administrative expenses | 123 910 | 128 989 | 141 315 |
| Personnel expenses | 80 533 | 86 036 | 93 508 |
| Interest on the public debt | 18 525 | 18 950 | 20 244 |
| Domestic | 15 604 | 15 496 | 17 356 |
| Foreign | 2 921 | 3 454 | 2 888 |
| Subsidization | 14 000 | 17 000 | 32 525 |
| Transfers to local community | 17 803 | 20 094 | 22 910 |
| **CURRENT ACCOUNT BALANCE** | **8 478** | **10 583** | **-3 822** |
| **Capital expenditure** | **45 946** | **48 097** | **45 992** |
| Special Treasury accounts balance | 2 000 | 4 000 | 3 000 |
| **BUDGET BALANCE** | **-35 468** | **-33 514** | **-46 814** |
| **CHANGE IN ARREARS** | **0** | **-5 640** | **-17 000** |
| **FINANCING REQUIREMENT** | **-35 468** | **-39 154** | **-63 814** |
| **NET FINANCING** | **35 468** | **39 154** | **63 814** |
| **Foreign financing** | **13 265** | **13 594** | **13 348** |
| Foreign borrowing | 18 688 | 20 557 | 21 200 |
| Amortization | -5 423 | -6 963 | -7 852 |
| **Domestic financing** | **18 203** | **21 560** | **47 267** |
| **Privatization** | **4 000** | **4 000** | **3 200** |

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local community
Source : Ministry of Economy and Finance

**TABLE A7.1 Main foreign exchange rates quoted by the Bank Al-Maghrib**

(In dirhams)

| End of period | | 2011 | | 2012 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Annual average | Dec. | Jan. | Feb. | March | April | May | June | July | Au-gust | Sept. | Oct. | Nov. | Dec. | Annual average |
| **1 euro - EUR** | Buying rate | 11.261 | 11.072 | 11.107 | 11.148 | 11.134 | 11.116 | 10.983 | 11.029 | 10.962 | 11.018 | 11.071 | 111.079 | 11.078 | 11.114 | 11.103 |
| | Selling rate | | 11.139 | 11.174 | 11.215 | 11.200 | 11.183 | 11.049 | 11.095 | 11.028 | 11.084 | 11.137 | 11.146 | 11.144 | 11.181 | |
| **1 U.S. dollar - US** | Buying rate | 8.049 | 8.5515 | 8.4325 | 8.2935 | 8.3429 | 8.4038 | 8.8560 | 8.6991 | 8.9271 | 8.7366 | 8.5571 | 8.529 2 | 8.5337 | 8.4082 | 8.586 |
| | Selling rate | | 8.6029 | 8.4832 | 8.3433 | 8.3930 | 8.4543 | 8.9092 | 8.7514 | 8.9807 | 8.7891 | 8.6086 | 8.5804 | 8.5850 | 8.4588 | |
| **1 canadien dollar - CAD** | Buying rate | 8.154 | 8.3764 | 8.4418 | 8.3878 | 8.3634 | 8.5292 | 8.6031 | 8.5529 | 8.9106 | 8.8517 | 8.7304 | 8.5288 | 8.5943 | 8.4441 | 8.604 |
| | Selling rate | | 8.4268 | 8.4925 | 8.4382 | 8.4136 | 8.5804 | 8.6548 | 8.6043 | 8.9641 | 8.9049 | 8.7829 | 8.5800 | 8.646 | 8.4949 | |
| **1 Pound sterling - GB** | Buying rate | 12.930 | 13.266 | 13.300 | 13.221 | 13.335 | 13.654 | 13.721 | 13.645 | 13.986 | 13.874 | 13.866 | 13.742 | 13.657 | 13.617 | 13.676 |
| | Selling rate | | 13.346 | 13.380 | 13.300 | 13.415 | 13.736 | 13.803 | 13.727 | 14.071 | 13.958 | 13.949 | 13.825 | 13.739 | 13.699 | |
| **1 Swiss franc - CHF** | Buying rate | 9.152 | 9.1075 | 9.2214 | 9.2509 | 9.2462 | 9.2543 | 9.1441 | 9.1671 | 9.1218 | 9.1767 | 9.1545 | 9.1791 | 9.1904 | 9.2054 | 9.220 |
| | Selling rate | | 9.1622 | 9.2768 | 9.3065 | 9.3018 | 9.3099 | 9.1990 | 9.2222 | 9.1766 | 9.2318 | 9.2095 | 9.2342 | 9.2456 | 9.2607 | |
| **100 Japanese yens - GPY** | Buying rate | 10.142 | 11.061 | 11.056 | 10.327 | 10.142 | 10.488 | 11.272 | 10.939 | 11.418 | 11.149 | 11.019 | 10.678 | 10.324 | 9.7357 | 10.745 |
| | Selling rate | | 11.127 | 11.123 | 10.389 | 10.203 | 10.551 | 11.34 | 11.005 | 11.486 | 11.216 | 11.086 | 10.742 | 10.386 | 9.7942 | |

**TABLE A7.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY**

(In millions of dirhams)

| Monthly totals | Annual average 2011 | 2012 | | | | | | | | | | | | Annual average 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan | Feb | March | April | May | June | July | August | Sept | Oct | Nov | Dec | |
| **Spot operations** | | | | | | | | | | | | | | |
| Interbank sale/purchase operations against the dirham | 10 257.5 | 8 564.2 | 9 163.2 | 7 552.2 | 8 574.5 | 10 435.1 | 10 388.7 | 9 999.2 | 8 249.5 | 10 026.2 | 12 491.5 | 12 614.9 | 11 522.6 | 9 965.2 |
| Currency-against-currency sale/purchase operations with foreign | 144 967.3 | 50 454.6 | 65 139.3 | 52 678.6 | 65 917.9 | 60 39 8.0 | 68 512.0 | 51 342.2 | 33 851.1 | 72 681.9 | 50 242.7 | 58 154.2 | 70 154.5 | 58 293.9 |
| correspondants | 5 969.9 | 5 555.2 | 8 073.2 | 4 946.3 | 5 612.8 | 5 574.2 | 9 021.3 | 5 472.7 | 6 700.1 | 5 517.1 | 5 481.8 | 3 996.2 | 8 070.4 | 6 168.4 |
| Currency investments abroad | | | | | | | | | | | | | | |
| Currency purchase by BAM from banks | 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 | 0.0 |
| Currency sale by BAM to banks | 4 801.6 | 6 471.2 | 3 926.3 | 6 346.7 | 4 624.9 | 4 564.4 | 6 609.0 | 3 822.7 | 3 824.0 | 9 384.7 | 2 439.6 | 4 523.5 | 7 399.1 | 5 328.0 |
| **Forward operations** | | | | | | | | | | | | | | |
| Forward purchase of currency by banks customers (import coverage) | 9 295.1 | 10 880.9 | 8 411.7 | 8 570.6 | 7 161.7 | 11 248.6 | 7 951.7 | 6 641.8 | 5 608.2 | 8 642.5 | 8 707.7 | 7 316.0 | 7 526.5 | 8 222.3 |
| Forward sale of currency by banks customers (export coverage) | 2 467.6 | 2 986.0 | 3 849.4 | 5 145.8 | 4 478.3 | 6 071.3 | 2 386.5 | 3 110.0 | 2 993.3 | 6 317.2 | 2 892.6 | 3 779.3 | 3 627.2 | 3 969.7 |

**TABLE A7.3 BANK LIQUIDITY DEVELOPMENTS**

(In millions of dirhams)

| | Dec 2011 | Monthly Outstanding amounts 2012 (1) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Change | Jan | Feb | March | April | May | June | July | August | Sept | Oct | Nov | Dec |
| Notes and coins | -501 | -388 | -933 | -152 | 599 | -409 | 1 553 | 2 415 | 3 656 | - 2 318 | 7 030 | - 4 789 | -24 |
| Treasury's net position (2) | 1 114 | 852 | - 1 452 | - 614 | - 675 | 1 326 | 1 699 | - 2 557 | 1 862 | - 3 615 | 3 015 | -619 | -207 |
| Bank Al-Maghrib net foreign exchange holdings | - 4 476 | - 4 594 | - 2 580 | - 4 845 | - 2 930 | - 4 235 | - 8 782 | - 3 234 | 1 397 | - 2 589 | - 1 206 | - 1 279 | 5 871 |
| Other factors | 1 209 | - 2 104 | - 549 | 749 | 135 | 2 541 | 3 571 | - 262 | - 851 | - 3 790 | 1 135 | 196 | 1 573 |
| Bank's structural liquidity position(3) | - 1 652 | - 5 457 | - 3 648 | - 4 557 | - 4 069 | - 42 | - 5 026 | - 8 468 | - 1 248 | - 7 677 | - 4 086 | 3 087 | 7 260 |
| **Reserve requirement** | - 35 | 1 205 | - 158 | - 91 | - 45 | 53 | 64 | 96 | 388 | - 5 986 | - 1 634 | - 141 | 196 |
| **Surplus or liquidity requirement** | - 1 617 | - 6 662 | - 3 490 | - 4 466 | - 4 024 | - 11 | - 5 090 | - 8 564 | - 1 636 | - 1 691 | - 2 452 | 3 228 | 7 064 |
| **Bank Al-Maghrib money market interventions** | **3 000** | **6 007** | **1 092** | **6 902** | **4 000** | **6 000** | **6 000** | **2 500** | **5 498** | **- 4 999** | **4 000** | **- 2 996** | **- 3 819** |
| **Facilities on Bank Al-Maghrib's initiative** | **3 000** | **6 007** | **1 092** | **6 902** | **4 000** | **6 000** | **6 000** | **2 500** | **5 498** | **- 4 999** | **4 000** | **- 2 996** | **- 4 620** |
| 7-days advance on calls for tenders | 3 000 | 6 001 | 1 099 | 6 902 | 4 000 | 5 998 | 6 001 | 2 500 | 5 500 | - 5 000 | 4 000 | - 2 998 | - 7 002 |
| 7-days liquidity-withdrawals on call for tenders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Open market operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign exchange swaps | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repurchase agreement | 1 | 6 | -6 | 0 | 0 | 1 | -1 | 0 | -1 | 0 | 0 | 2 | 2 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 380 |
| **Facilities on bank's initiative** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **801** |
| 24-hour advances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 801 |
| 24-hour deposit facility | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 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 BANK AL-MAGHRIB'S INTERVENTIONS ON THE MONEY MARKET**

(In millions of dirhams)

| | Facility on Bank Al-Maghrib's initiative | | | | | Facility on bank's initiative | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | 7-days advances on calls for tenders | Liquidity with-draws | Open market | Foreign exchange swaps | Repur-chase agreement | 24-hours advances | 24-hours deposit facility | Secured loans | |
| **Average 2012** | **46 538** | - | - | - | **15 000** | **361** | - | **45,8** | **61 954** |
| 29 dec to 04 january 2012 | 24 000 | - | - | - | 15 000 | - | - | - | 39 000 |
| 05 to 11 january | 26 000 | - | - | - | 15 000 | - | - | - | 41 000 |
| 12 to 18 january | 24 000 | - | - | - | 15 000 | - | - | - | 39 000 |
| 19 to 25 january | 27 000 | - | - | - | 15 000 | - | - | - | 42 000 |
| 26 january to 01 february | 30 000 | - | - | - | 15 000 | - | - | - | 45 000 |
| 02 to 08 february | 32 000 | - | - | - | 15 000 | - | - | - | 47 000 |
| 09 to 15 february | 33 000 | - | - | - | 15 000 | - | - | - | 48 000 |
| 16 to 22 february | 31 000 | - | - | - | 15 000 | - | - | - | 46 000 |
| 23 february 29 february | 31 000 | - | - | - | 15 000 | - | - | - | 46 000 |
| 01 to 07 march | 35 000 | - | - | - | 15 000 | - | - | - | 50 000 |
| 08 to 14 march | 34 000 | - | - | - | 15 000 | - | - | - | 49 000 |
| 15 to 21 march | 35 000 | - | - | - | 15 000 | - | - | - | 50 000 |
| 22 to 28 march | 35 000 | - | - | - | 15 000 | - | - | - | 50 000 |
| 29 march to 04 april | 38 000 | - | - | - | 15 000 | - | - | - | 53 000 |
| 05 to 11 april | 38 000 | - | - | - | 15 000 | - | - | - | 53 000 |
| 12 to 18 april | 37 000 | - | - | - | 15 000 | - | - | - | 52 000 |
| 19 to 25 april | 43 000 | - | - | - | 15 000 | - | - | - | 58 000 |
| 26 april to 02 may | 42 000 | - | - | - | 15 000 | - | - | - | 57 000 |
| 03 to 09 may | 45 000 | - | - | - | 15 000 | - | - | - | 60 000 |
| 10 to 16 may | 46 000 | - | - | - | 15 000 | - | - | - | 61 000 |
| 17 to 23 may | 39 000 | - | - | - | 15 000 | - | - | - | 54 000 |
| 24 to 30 may | 44 000 | - | - | - | 15 000 | - | - | - | 59 000 |
| 31 may to 06 june | 48 000 | - | - | - | 15 000 | - | - | - | 63 000 |
| 07 to 13 june | 42 500 | - | - | - | 15 000 | - | - | - | 57 500 |
| 14 to 20 june | 42 500 | - | - | - | 15 000 | - | - | - | 57 500 |
| 21 to 27 june | 45 000 | - | - | - | 15 000 | - | - | - | 60 000 |
| 28 june to 04 july | 54 000 | - | - | - | 15 000 | - | - | - | 69 000 |
| 05 to 11 july | 56 000 | - | - | - | 15 000 | - | - | - | 71 000 |
| 12 to 18 july | 50 000 | - | - | - | 15 000 | 861 | - | - | 65 861 |
| 19 to 25 july | 56 500 | - | - | - | 15 000 | - | - | - | 71 500 |
| 26 to 01 august | 56 500 | - | - | - | 15 000 | 579 | - | - | 72 079 |
| 02 to 08 august | 56 000 | - | - | - | 15 000 | - | - | - | 71 000 |
| 09 to 15 august | 53 000 | - | - | - | 15 000 | 3 271 | - | - | 71 271 |
| 16 to 22 august | 56 000 | - | - | - | 15 000 | 1 286 | - | - | 72 286 |
| 23 to 29 august | 57 500 | - | - | - | 15 000 | 606 | - | - | 73 106 |
| 30 august to 05 september | 62 000 | - | - | - | 15 000 | - | - | - | 77 000 |
| 06 to 12 september | 59 000 | - | - | - | 15 000 | 911 | - | - | 74 911 |
| 13 to 19 september | 58 500 | - | - | - | 15 000 | 670 | - | - | 74 170 |
| 20 to 26 september | 67 000 | - | - | - | 15 000 | - | - | - | 82 000 |
| 27 september to 03 october | 57 000 | - | - | - | 15 000 | - | - | - | 72 000 |
| 04 to 10 october | 57 000 | - | - | - | 15 000 | - | - | - | 72 000 |
| 11 to 17 october | 48 000 | - | - | - | 15 000 | 3 693 | - | - | 66 693 |
| 18 to 24 octobre | 60 000 | - | - | - | 15 000 | - | - | - | 75 000 |
| 25 october to 31 | 61 000 | - | - | - | 15 000 | - | - | - | 76 000 |
| 01 to 07 november | 59 000 | - | - | - | 15 000 | 437 | - | - | 74 437 |
| 08 to 14 november | 56 500 | - | - | - | 15 000 | 3 196 | - | - | 74 696 |
| 15 to 21 november | 61 500 | - | - | - | 15 000 | 1 331 | - | - | 77 831 |
| 21 to 28 november | 59 000 | - | - | - | 15 000 | - | - | - | 74 000 |
| 29 november to 05 december | 58 000 | - | - | - | 15 000 | 1 929 | - | - | 74 929 |
| 06 to 12 december | 58 000 | - | - | - | 15 000 | - | - | - | 73 000 |
| 13 to 19 december | 48 000 | - | - | - | 15 000 | - | - | - | 63 000 |
| 20 to 26 december | 48 000 | - | - | - | 15 000 | - | - | 2 380 | 65 380 |

(-) No operation

**TABLE A7.5 MONEY MARKET RATES IN 2012**

(Annual rates in %)

| | Bank Al-Maghrib's intervention rate | | | | Interbank market rate | |
|---|---|---|---|---|---|---|
| | 7-days advances (on call for tenders) | Liquidity withdrawals (on call for tenders) | 24-hours advances | 24-hours deposit facility | Monthly average | Month end |
| January | 3.25 | 2.75 | 4.25 | 2.25 | 3.30 | 3.30 |
| February | 3.25 | 2.75 | 4.25 | 2.25 | 3.30 | 3.39 |
| March | 3.22 | 2.75 | 4.22 | 2.22 | 3.31 | 3.14 |
| April | 3.00 | 2.50 | 4.00 | 2.00 | 3.18 | 3.20 |
| May | 3.00 | 2.50 | 4.00 | 2.00 | 3.08 | 3.02 |
| June | 3.00 | 2.50 | 4.00 | 2.00 | 3.08 | 3.14 |
| July | 3.00 | 2.50 | 4.00 | 2.00 | 3.13 | 3.15 |
| August | 3.00 | 2.50 | 4.00 | 2.00 | 3.16 | 3.26 |
| September | 3.00 | 2.50 | 4.00 | 2.00 | 3.18 | 3.10 |
| October | 3.00 | 2.50 | 4.00 | 2.00 | 3.21 | 3.15 |
| November | 3.00 | 2.50 | 4.00 | 2.00 | 3.18 | 3.14 |
| December | 3.00 | 2.50 | 4.00 | 2.00 | 3.13 | 3.16 |

**TABLE A7.6 INTEREST RATES ON DEPOSITS WITH BANKS**

(Annual rates in %)

| | 2011 | | 2012 | |
|---|---|---|---|---|
| | January - june | July- December | January - june | July - December |
| **Deposits with banks** | | | | |
| Sight deposits | not remunerated | not remunerated | not remunerated | not remunerated |
| Savings accounts(1) | 2.99 | 2.96 | 2.97 | 3.04 |
| Other accounts | Free rate | Free rate | Free rate | Free rate |
| **National Savings Fund books (2)** | **1.90** | **1.85** | **1.88** | **2.13** |

(1) Since january 2005, the minimum rate on savings books has been equal to the weighted average rate on the 52-week Treasury bills issued by tender during the previous half year minus 50 basis points.

(2) Since July 2006,the remuneration rate of deposits and saving 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 A7.7 WEIGHTED AVERAGE INTEREST RATE OF TIME ACCOUNTS AND FIXED-TERM BILLS IN 2012**

(Annual rates in %)

| | 6-month deposits weighted average interest rates | 12- month deposits weighted average interest rates | 6 and 12-month deposits weighted average interest rates |
|---|---|---|---|
| January | 3.50 | 4.02 | 3.80 |
| February | 3.51 | 3.77 | 3.63 |
| March | 3.47 | 3.72 | 3.60 |
| April | 3.53 | 3.83 | 3.68 |
| May | 3.38 | 3.74 | 3.62 |
| June | 3.38 | 3.92 | 3.76 |
| July | 3.55 | 3.82 | 3.69 |
| August | 3.48 | 3.82 | 3.72 |
| September | 3.45 | 3.84 | 3.72 |
| October | 3.52 | 3.86 | 3.73 |
| November | 3.61 | 3.80 | 3.71 |
| December | 3.51 | 3.87 | 3.75 |

## TABLE A7.8 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(Annual rates in %)

| | | Maturity | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 21 day bils | 13-week bills | 26-week bills | 52-week bills | 2-year bills | 5-year bills | 10-year bills | 15-year bills | 20-year bills | 30-year bills |
| **2011** | January | - | 3.30 | - | 3.47 | 3.63 | 3.86 | 4.13 | 4.33 | - | - |
| | February | - | 3.31 | - | 3.46 | 3.62 | 3.84 | 4.12 | 4.31 | 4.41 | - |
| | March | - | 3.31 | - | 3.46 | 3.63 | 3.85 | - | 4.33 | - | - |
| | April | - | 3.29 | - | - | 3.60 | 3.83 | 4.12 | 4.32 | 4.42 | - |
| | May | - | 3.30 | - | 3.45 | 3.61 | 3.84 | 4.12 | 4.33 | - | - |
| | June | - | - | - | 3.45 | 3.63 | 3.85 | 4.13 | - | - | - |
| | July | - | 3.30 | - | - | 3.61 | 3.85 | - | 4.34 | - | - |
| | August | 3.28 | - | 3.33 | 3.46 | 3.61 | 3.85 | 4.13 | 4.34 | - | - |
| | September | - | 3.30 | 3.33 | 3.46 | 3.62 | 3.86 | 4.13 | - | - | - |
| | October | - | 3.32 | 3.33 | 3.48 | 3.66 | 3.86 | - | - | - | - |
| | November | - | 3.35 | - | 3.50 | 3.71 | 3.91 | 4.18 | - | - | - |
| | December | - | 3.36 | - | 3.49 | 3.75 | 3.97 | 4.22 | 4.45 | - | - |
| **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 | 3.28 | 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 | - | - |
| | December | - | - | 3.59 | 3.88 | 4.38 | - | - | - | - | - |

(-) No issuing

### TABLE A7.9 INTEREST RATES ON NEGOTIABLE DEBT SECURITIES

(Annual rates in %)

| | 2011 | 2012 |
|---|---|---|
| **Certificates of deposit** | | |
| Less than 32 days | - | - |
| 32 days to 92 days | 3.50 to 3.72 | 3.50 to 3.80 |
| 93 days to 182 days | 3.60 to 3.80 | 3.60 to 4.30 |
| 183 days to 365 days | 3.76 to 4.10 | 3.80 to 4.19 |
| 366 days to 2 years | 4.08 to 4.32 | 4.18 to 4.95 |
| More than2 years up to 3 years | 3.75 to 4.25 | 4.25 to 4.80 |
| More than 3 years up to 5 years | 4.30 to 4.60 | 3.98 to 4.60 |
| More than 5 years up to 10 years | 4.14 to 4.90 | 4.31 to 4.90 |
| **Finance companies bonds** | | |
| More than 2 years up to 3 years | 4.15 to 4.92 | 4.28 to 4.48 |
| More than 3 years up to 5 years | 4.10 to 4.92 | 4.00 to 4.90 |
| More than 5 years up to 10 years | 4.30 to 4.75 | 4.66 to 4.72 |
| **Commercial paper** | | |
| Less than 32 days | - | 3.60 to 4.00 |
| 32 days to 92 days | 3.50 to 3.65 | 3.90 to 4.30 |
| 93 days to 182 days | 3.80 to 4.40 | 3.95 to 4.60 |
| 183 days to 365 days | 3.85 to 4.60 | 4.26 to 4.89 |
| 366 days to 2 years | 3.95 to 4.25 | - |
| More than2 years up to 3 years | - | - |
| More than 3 years up to 5 years | - | - |
| More than 5 years up to 10 years | - | - |

(-) No issuing

### TABLE A7.10 INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET(1)

(Annual rates in %)

| Maturity | 2011 | 2012 |
|---|---|---|
| less than 3 years | 5.45 | 4.66 |
| 5 years | 4.72-5.26 | 4.78 - 5.77 |
| 7 years | 4.3 - 5.12 | 4.88 - 5.62 |
| 8 years | - | - |
| 10 years | 4.35 -5.02 | 4.84 - 6.04 |
| 15 years | 5.11 | 4.73 - 4.50 |
| 25 years | 4.55 - 4.79 | 4.69 - 5.38 |
| 30 years | - | - |

(1) Min and Max
(-) No issuing
Source : Maroclear

## TABLE A7.11 LENDING RATES

(Annual rates in %)

| Rates \ Periods | March 11 | June 11 | Sept. 11 | Dec. 11 | March 12 | June 12 | Sept. 12 | Dec. 12 |
|---|---|---|---|---|---|---|---|---|
| **Overall** | **6.29** | **6.15** | **6.31** | **6.65** | **6.52** | **6.13** | **6.35** | **6.20** |
| Cash advances | 6.22 | 6.05 | 6.31 | 6.69 | 6.56 | 6.08 | 6.41 | 6.17 |
| Equipement loans | 6.08 | 6.15 | 6.00 | 6.16 | 6.16 | 5.93 | 5.76 | 6.14 |
| Real-estate loans | 6.35 | 6.34 | 6.17 | 6.22 | 6.19 | 6.13 | 6.03 | 6.10 |
| Consumer loans to individuals | 7.34 | 7.28 | 7.30 | 7.40 | 7.46 | 7.19 | 7.28 | 7.42 |

## TABLE A7.12 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS (1)

(Annual rates in %)

| Rates \ Periods | April 2008 - March 2009 | April 2009 - March 2010 | April 2010 - March 2011 | April 2011- March 2012 | April 2012- March 2013 |
|---|---|---|---|---|---|
| Maximum interest rate agreed | 14.17 | 14.40 | 14.26 | 14.14 | 14.19 |

(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 A8.1 MAIN MONETARY INDICATORS**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| M1 | 586.8 | 578.1 | 575.2 | 582.0 | 573.6 | 573.2 | 589.8 | 596.7 | 593.1 | 596.5 | 588.0 | 594.6 | 612.2 | 4.6 | 6.8 | 4.3 |
| M2 | 689.7 | 681.7 | 679.8 | 687.5 | 679.8 | 679.5 | 696.4 | 704.0 | 701.2 | 705.2 | 697.9 | 705.2 | 723.5 | 5.0 | 7.2 | 4.9 |
| **M3** | **949.3** | **937.9** | **939.7** | **943.3** | **936.0** | **934.5** | **957.9** | **955.0** | **951.5** | **955.2** | **948.4** | **962.5** | **992.2** | **4.2** | **6.4** | **4.5** |
| **LI** | **355.9** | **355.6** | **354.9** | **356.8** | **353.0** | **347.3** | **361.9** | **358.0** | **354.6** | **356.4** | **358.4** | **364.0** | **380.6** | **28.0** | **5.8** | **6.9** |
| Currency in circulation | 158.3 | 157.7 | 156.6 | 157.1 | 157.1 | 156.9 | 158.7 | 160.3 | 163.4 | 162.3 | 168.0 | 164.0 | 163.6 | 5.9 | 9.4 | 3.4 |
| **Banking depositsof monetary nature(1)** | | | | | | | | | | | | | | | | |
| Demand deposits wih banks | 384.4 | 378.4 | 376.2 | 382.1 | 373.6 | 373.0 | 388.9 | 388.9 | 385.8 | 386.8 | 379.1 | 383.4 | 400.6 | 7.3 | 7.7 | 4.2 |
| Time accounts and fixed-term bills | 147.8 | 146.0 | 144.7 | 143.6 | 142.6 | 140.9 | 142.6 | 143.8 | 142.0 | 141.8 | 139.2 | 140.8 | 146.5 | 3.4 | -0.2 | -0.9 |
| Money market UCITS | 59.1 | 58.7 | 64.7 | 61.0 | 60.7 | 61.4 | 61.5 | 52.7 | 54.8 | 57.1 | 56.0 | 59.8 | 58.8 | 8.2 | 7.3 | -0.4 |
| **Net international reserves** | **173.8** | **169.2** | **166.5** | **160.8** | **158.1** | **152.9** | **145.8** | **142.8** | **144.1** | **141.5** | **140.2** | **138.9** | **144.7** | **6.5** | **-10.7** | **-16.7** |
| **Net claims on central government** | **102.1** | **106.2** | **105.8** | **109.3** | **108.3** | **115.8** | **118.6** | **117.3** | **120.4** | **118.6** | **123.9** | **127.5** | **125.4** | **-7.5** | **25.8** | **22.8** |
| **Claims on the economy** | **789.8** | **782.4** | **779.6** | **786.6** | **779.2** | **786.1** | **817.5** | **807.1** | **808.0** | **810.1** | **806.0** | **813.2** | **830.0** | **11.0** | **10.4** | **5.1** |
| **Loans of other depository corporations** | **695.5** | **688.9** | **686.1** | **693.0** | **686.0** | **692.7** | **714.2** | **714.0** | **711.2** | **710.3** | **706.7** | **712.3** | **729.0** | **7.5** | **9.8** | **4.8** |
| **Banks loans** | **687.3** | **680.1** | **674.8** | **685.1** | **678.3** | **684.7** | **709.6** | **709.0** | **705.7** | **704.5** | **701.1** | **705.0** | **719.2** | **7.7** | **10.6** | **4.6** |
| **By economic purpose** | | | | | | | | | | | | | | | | |
| Real-estate loans | 207.3 | 207.4 | 209.1 | 209.5 | 211.1 | 213.4 | 215.1 | 217.0 | 218.2 | 218.6 | 219.3 | 219.9 | 220.0 | 8.7 | 10.2 | 6.1 |
| Overdraft facilities (2) | 172.3 | 167.5 | 164.3 | 170.0 | 164.1 | 163.9 | 180.7 | 187.2 | 180.3 | 181.5 | 176.8 | 177.9 | 185.7 | 5.9 | 20.5 | 7.8 |
| Equipment loans | 140.8 | 139.7 | 135.9 | 136.7 | 137.1 | 138.4 | 138.2 | 133.5 | 134.7 | 135.7 | 135.5 | 135.8 | 138.0 | 16.9 | 4.1 | -2.0 |
| Consumer loans | 36.1 | 36.3 | 36.6 | 37.0 | 37.2 | 37.7 | 38.1 | 39.5 | 39.5 | 39.7 | 39.7 | 39.6 | 39.6 | 8.1 | 11.2 | 9.8 |
| Miscellaneous claims | 98.2 | 96.0 | 95.2 | 97.8 | 94.6 | 97.6 | 102.7 | 96.5 | 97.6 | 93.3 | 93.5 | 95.3 | 100.5 | 0.5 | 5.8 | 2.3 |
| Nonperforming loans | 32.5 | 33.2 | 33.7 | 34.2 | 34.4 | 33.8 | 34.9 | 35.3 | 35.4 | 35.8 | 36.3 | 36.4 | 35.3 | -3.3 | 9.5 | 8.7 |
| **By economic sector** | | | | | | | | | | | | | | | | |
| Other financial corporations | 90.8 | 90.3 | 88.7 | 88.9 | 83.8 | 84.6 | 89.6 | 83.2 | 85.4 | 83.8 | 84.0 | 84.4 | 87.9 | 2.0 | 7.0 | -3.2 |
| Public sector (3) | 33.1 | 37.2 | 36.3 | 41.1 | 40.8 | 40.5 | 43.5 | 39.3 | 40.4 | 40.8 | 42.0 | 41.5 | 41.2 | -26.0 | 31.9 | 24.4 |
| Private sector | 563.4 | 552.6 | 549.8 | 555.1 | 553.8 | 559.6 | 576.6 | 586.6 | 579.9 | 580.0 | 575.1 | 579.1 | 590.1 | 11.2 | 10.1 | 4.7 |

(1) All deposits opened by money-holding sectors with the banking system except regulated deposits and guarantee deposits
(2) Including debtor accounts
(3) Excluding the central government

**TABLE A8.2 MONETARY AGGREGATES**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2009 | 2010 | 2011 |
| **Currency in circulation(1)** | **158.3** | **157.7** | **156.6** | **157.1** | **157.1** | **156.9** | **158.7** | **160.3** | **163.4** | **162.3** | **168.0** | **164.0** | **163.6** | **5.9** | **9.4** | **3.4** |
| Bank notes and coins in circulation | 166.3 | 165.9 | 164.9 | 164.8 | 165.4 | 165.0 | 166.5 | 168.9 | 172.6 | 170.3 | 177.3 | 172.5 | 172.5 | 6.2 | 9.3 | 3.8 |
| Banks' cash holdings | 8.0 | 8.1 | 8.3 | 7.7 | 8.3 | 8.1 | 7.8 | 8.7 | 9.2 | 8.0 | 9.3 | 8.5 | 8.9 | 14.3 | 7.7 | 11.1 |
| **Bank money** | **428.5** | **420.3** | **418.7** | **424.9** | **416.5** | **416.3** | **431.1** | **436.4** | **429.8** | **434.2** | **419.9** | **430.6** | **448.5** | **4.1** | **5.8** | **4.7** |
| Demand deposits with BAM | 2.3 | 2.7 | 2.8 | 3.9 | 4.2 | 3.8 | 3.8 | 3.8 | 3.3 | 3.0 | 2.4 | 2.4 | 1.9 | 30.3 | 14.0 | -17.7 |
| Demand deposits with banks | 384.4 | 378.4 | 376.2 | 382.1 | 373.6 | 373.0 | 388.9 | 388.9 | 385.8 | 386.8 | 379.1 | 383.4 | 400.6 | 7.3 | 7.7 | 4.2 |
| Demand deposits with the Treasury | 41.8 | 39.2 | 39.6 | 39.0 | 38.7 | 39.5 | 38.5 | 43.8 | 40.6 | 44.4 | 38.5 | 44.8 | 46.0 | -5.3 | -9.1 | 10.2 |
| **M1** | **586.8** | **578.1** | **575.2** | **582.0** | **573.6** | **573.2** | **589.8** | **596.7** | **593.1** | **596.5** | **588.0** | **594.6** | **612.2** | **4.6** | **6.8** | **4.3** |
| **Demand deposits(2)** | **102.9** | **103.6** | **104.6** | **105.5** | **106.2** | **106.3** | **106.6** | **107.3** | **108.1** | **108.7** | **109.9** | **110.6** | **111.4** | **7.7** | **9.5** | **8.2** |
| **M2** | **689.7** | **681.7** | **679.8** | **687.5** | **679.8** | **679.5** | **696.4** | **704.0** | **701.2** | **705.2** | **697.9** | **705.2** | **723.5** | **5.0** | **7.2** | **4.9** |
| **Other monetary assets** | **259.6** | **256.2** | **259.9** | **255.8** | **256.3** | **255.0** | **261.5** | **251.0** | **250.3** | **250.0** | **250.5** | **257.2** | **268.7** | **2.1** | **4.5** | **3.5** |
| Time accounts and fixed-term bills with banks | 147.8 | 146.0 | 144.7 | 143.6 | 142.6 | 140.9 | 142.6 | 143.8 | 142.0 | 141.8 | 139.2 | 140.8 | 146.5 | 3.4 | -0.2 | -0.9 |
| Money market UCITS | 59.1 | 58.7 | 64.7 | 61.0 | 60.7 | 61.4 | 61.5 | 52.7 | 54.8 | 57.1 | 56.0 | 59.8 | 58.8 | 8.2 | 7.3 | -0.4 |
| Deposits in foreign currencies | 21.6 | 20.7 | 20.1 | 20.5 | 19.8 | 20.5 | 23.2 | 23.7 | 23.5 | 21.5 | 22.7 | 25.0 | 25.3 | 16.0 | 26.2 | 17.1 |
| Securities sold under repurchase agreements | 4.3 | 2.9 | 3.2 | 2.1 | 2.4 | 0.9 | 3.0 | 1.5 | 1.0 | 1.0 | 3.1 | 2.4 | 3.9 | -48.9 | -42.8 | -9.5 |
| Certificates of deposit of a residual maturity of 2 years or less | 23.1 | 24.0 | 23.2 | 24.8 | 26.9 | 27.1 | 27.1 | 25.1 | 25.1 | 24.7 | 26.1 | 25.8 | 29.6 | 24.5 | 48.5 | 28.5 |
| Time accounts with the treasury | 3.3 | 3.4 | 3.6 | 3.4 | 3.4 | 3.6 | 3.6 | 3.6 | 3.2 | 3.2 | 2.8 | 2.8 | 2.9 | - | 5.3 | -14.2 |
| Other deposits(3) | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 | 0.6 | 0.6 | 0.7 | 0.6 | 1.7 | -74.1 | -77.4 | 289.5 |
| **M3** | **949.3** | **937.9** | **939.7** | **943.3** | **936.0** | **934.5** | **957.9** | **955.0** | **951.5** | **955.2** | **948.4** | **962.5** | **992.2** | **4.2** | **6.4** | **4.5** |

(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 A8.3 LIQUID INVESTMENT AGGREGATES**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **LI 1** | **219.9** | **220.2** | **219.8** | **224.1** | **218.2** | **213.7** | **225.3** | **222.2** | **219.2** | **222.2** | **224.1** | **229.4** | **244.4** | **29.8** | **8.2** | **11.1** |
| **Negotiable Treasury bonds** | **214.4** | **214.1** | **213.7** | **217.8** | **212.2** | **207.3** | **219.3** | **214.7** | **211.5** | **213.9** | **215.6** | **221.1** | **236.1** | **30.0** | **8.1** | **10.1** |
| Other financial corporations | 213.9 | 214.0 | 213.6 | 217.6 | 211.7 | 207.0 | 218.8 | 212.4 | 209.5 | 213.3 | 214.9 | 220.0 | 234.9 | 30.5 | 8.5 | 9.8 |
| Nonfinancial corporations | 0.5 | 0.1 | 0.1 | 0.2 | 0.6 | 0.3 | 0.5 | 2.3 | 2.0 | 0.5 | 0.7 | 1.1 | 1.2 | -19.3 | -59.7 | 161.2 |
| **Bonds of finance companies** | **3.5** | **4.1** | **4.1** | **4.2** | **4.0** | **4.6** | **4.1** | **5.2** | **5.3** | **6.1** | **6.2** | **5.8** | **5.9** | **24.1** | **9.2** | **67.1** |
| Other financial corporations | 3.5 | 4.1 | 4.1 | 4.2 | 4.0 | 4.6 | 4.1 | 5.2 | 5.3 | 6.1 | 6.2 | 5.8 | 5.9 | 25.0 | 9.2 | 67.1 |
| **Commercial paper** | **1.4** | **1.4** | **1.3** | **1.4** | **1.2** | **1.0** | **1.2** | **1.5** | **1.6** | **1.4** | **1.3** | **1.3** | **1.4** | **-5.2** | **54.4** | **0.4** |
| Other financial corporations | 1.4 | 1.4 | 1.3 | 1.4 | 1.2 | 1.0 | 1.2 | 1.5 | 1.6 | 1.4 | 1.3 | 1.3 | 1.4 | -5.2 | 54.4 | -0.3 |
| **Contractual UCITS** | **0.6** | **0.6** | **0.8** | **0.7** | **0.7** | **0.7** | **0.7** | **0.7** | **0.9** | **0.9** | **0.9** | **1.2** | **1.0** | **86.2** | **-22.1** | **72.6** |
| Other financial corporations | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | - | -1.6 | 55.4 |
| Nonfinancial corporations | 0.1 | 0.1 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 | 0.3 | 0.4 | 0.2 | 197.7 | -53.6 | 31.1 |
| Individuals and Moroccans living abroad | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.4 | 0.3 | -66.2 | -6.7 | 200.3 |
| **LI 2** | **106.4** | **105.6** | **104.6** | **103.6** | **107.2** | **106.4** | **108.9** | **108.6** | **107.6** | **106.9** | **107.2** | **108.3** | **110.0** | **24.9** | **6.1** | **3.3** |
| **Bond UCITS** | **106.4** | **105.6** | **104.6** | **103.6** | **107.2** | **106.4** | **108.9** | **108.6** | **107.6** | **106.9** | **107.2** | **108.3** | **110.0** | **24.9** | 6.1 | **3.3** |
| Other financial corporations | 73.5 | 67.0 | 70.5 | 70.5 | 73.3 | 75.3 | 74.2 | 73.8 | 75.3 | 74.7 | 76.3 | 76.9 | 78.2 | 20.9 | 7.4 | 6.4 |
| Nonfinancial corporations | 21.4 | 22.7 | 22.2 | 21.3 | 21.8 | 18.8 | 22.6 | 22.1 | 20.2 | 20.1 | 18.0 | 18.2 | 18.8 | 31.6 | 2.2 | -12.1 |
| Individuals and Moroccans living abroad | 11.5 | 16.0 | 11.9 | 11.7 | 12.2 | 12.3 | 12.1 | 12.7 | 12.2 | 12.1 | 13.0 | 13.1 | 12.9 | 40.0 | 5.5 | 12.1 |
| **LI 3** | **29.6** | **29.8** | **30.5** | **29.1** | **27.6** | **27.3** | **27.6** | **27.3** | **27.7** | **27.2** | **27.1** | **26.4** | **26.2** | **26.7** | **-10.4** | **-11.4** |
| **Equity UCITS and diversified UCITS** | **29.6** | **29.8** | **30.5** | **29.1** | **27.6** | **27.3** | **27.6** | **27.3** | **27.7** | **27.2** | **27.1** | **26.4** | **26.2** | **26.7** | **-10.4** | **-11.4** |
| Other financial corporations | 25.2 | 25.7 | 25.8 | 24.8 | 23.9 | 23.7 | 23.7 | 23.7 | 24.0 | 23.5 | 23.5 | 23.0 | 22.9 | 24.6 | -7.6 | -9.2 |
| Nonfinancial corporations | 1.0 | 0.8 | 1.2 | 1.0 | 0.7 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 35.7 | -43.7 | -33.0 |
| Individuals and Moroccans living abroad | 3.4 | 3.3 | 3.5 | 3.3 | 3.1 | 3.0 | 3.3 | 3.0 | 3.1 | 3.0 | 2.9 | 2.8 | 2.7 | 38.6 | -14.3 | -21.6 |
| **LI** | **355.9** | **355.6** | **354.9** | **356.8** | **353.0** | **347.3** | **361.9** | **358.0** | **354.6** | **356.4** | **358.4** | **364.0** | **380.6** | **28.0** | **5.8** | **6.9** |

**TABLE A8.4 M3 COUNTERPARTS**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **Claims on the economy (A)** | **789.8** | **782.4** | **779.6** | **786.6** | **779.2** | **786.1** | **817.5** | **807.1** | **808.0** | **810.1** | **806.0** | **813.2** | **830.0** | **11.0** | **10.4** | **5.1** |
| Claims of BAM | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | 0.9 | 0.9 | 0.9 | 1.1 | 1.1 | 1.1 | 1.1 | 0.8 | 36.7 | 9.3 | -23.4 |
| Claims of ODC | 788.8 | 781.4 | 778.5 | 785.6 | 778.2 | 785.2 | 816.6 | 806.2 | 806.9 | 809.1 | 804.9 | 812.1 | 829.2 | 11.0 | 10.4 | 5.1 |
| **Net claims on central government (B)** | **102.1** | **106.2** | **105.8** | **109.3** | **108.3** | **115.8** | **118.6** | **117.3** | **120.4** | **118.6** | **123.9** | **127.5** | **125.4** | **-7.5** | **25.8** | **22.8** |
| Net claims of BAM | 2.2 | 1.9 | 1.1 | 0.0 | -0.8 | 0.9 | 3.2 | 0.6 | 2.3 | -1.0 | 1.8 | 1.3 | 0.5 | 5.7 | -37.1 | -79.4 |
| Net claims of ODC | 99.9 | 104.3 | 104.8 | 109.3 | 109.2 | 114.9 | 115.4 | 116.7 | 118.1 | 119.6 | 122.2 | 126.2 | 124.9 | -8.0 | 28.6 | 25.0 |
| **NIR (C)** | **173.8** | **169.2** | **166.5** | **160.8** | **158.1** | **152.9** | **145.8** | **142.8** | **144.1** | **141.5** | **140.2** | **138.9** | **144.7** | **6.5** | **-10.7** | **-16.7** |
| **Non-monetary liabilities (D)** | **144.3** | **145.9** | **146.5** | **146.6** | **144.2** | **149.4** | **148.9** | **147.3** | **149.3** | **145.8** | **150.5** | **151.8** | **154.4** | **5.4** | **10.5** | **7.0** |
| **DC capital and reserves** | **104.2** | **107.5** | **107.4** | **105.5** | **106.7** | **107.4** | **109.1** | **110.9** | **113.4** | **110.9** | **112.4** | **114.8** | **114.4** | **11.3** | **4.9** | **9.8** |
| BAM | 17.7 | 18.9 | 19.5 | 17.5 | 17.7 | 17.4 | 17.8 | 18.1 | 18.9 | 19.9 | 19.8 | 20.0 | 18.4 | 5.5 | 4.1 | 4.5 |
| ODC | 86.5 | 88.6 | 87.9 | 88.0 | 89.1 | 90.0 | 91.3 | 92.8 | 94.5 | 91.1 | 92.6 | 94.8 | 95.9 | 12.5 | 5.0 | 10.9 |
| **DC non-monetary liabilities** | **40.1** | **38.4** | **39.1** | **41.1** | **37.4** | **42.1** | **39.9** | **36.4** | **35.9** | **34.9** | **38.0** | **37.0** | **40.0** | **-9.6** | **28.2** | **-0.4** |
| Deposits excluded from M3 | 6.9 | 6.0 | 5.4 | 6.3 | 5.7 | 8.7 | 5.7 | 5.8 | 6.2 | 6.2 | 7.6 | 5.9 | 7.5 | 2.4 | 18.1 | 8.1 |
| Loans | 7.6 | 7.2 | 7.1 | 8.2 | 6.6 | 6.3 | 7.2 | 6.6 | 6.4 | 6.6 | 6.5 | 7.1 | 7.7 | 49.6 | -24.6 | 2.0 |
| Securities other than equity excluded from from M3 | 25.3 | 24.9 | 26.4 | 26.3 | 24.9 | 26.8 | 26.6 | 23.7 | 23.0 | 21.7 | 23.6 | 23.6 | 24.5 | -31.2 | 67.3 | -3.5 |
| **Others counterparts of M3** | **27.8** | **26.0** | **34.2** | **33.2** | **34.5** | **29.1** | **24.9** | **35.1** | **28.3** | **30.8** | **28.7** | **34.7** | **46.4** | **-28.4** | **-11.6** | **67.1** |
| Counterparts of deposits with the Treasury | 45.1 | 42.7 | 43.2 | 42.4 | 42.1 | 43.1 | 42.1 | 47.3 | 43.8 | 47.6 | 41.2 | 47.6 | 48.9 | 1.2 | -8.2 | 8.4 |
| Others nets items | 11.9 | 11.2 | 3.7 | 6.9 | 5.2 | 9.8 | 11.2 | 8.8 | 11.3 | 9.1 | 5.4 | 6.5 | -1.9 | 6.9 | -23.4 | -115.6 |
| ODC net claims on nonresidents | 1.7 | 1.7 | 1.7 | 4.7 | 4.6 | 3.0 | 1.1 | 3.9 | 2.9 | -0.6 | 0.0 | 0.7 | 2.7 | -70.5 | -64.3 | 56.1 |
| SDR allocations and other liabilities | 7.4 | 7.4 | 7.3 | 7.3 | 7.4 | 7.6 | 7.5 | 7.7 | 7.5 | 7.5 | 7.4 | 7.4 | 7.3 | 4.3 | 2.5 | -1.5 |
| **Total counterparts(A+B+C+D+E)** | **949.3** | **937.9** | **939.7** | **943.3** | **936.0** | **934.5** | **957.9** | **955.0** | **951.5** | **955.2** | **948.4** | **962.5** | **992.2** | **6.8** | **6.4** | **4.5** |

#### TABLEAU A8.5 NET INTERNATIONAL RESERVES

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **Net international reserves (A-B)** | **173.8** | **169.2** | **166.5** | **160.8** | **158.1** | **152.9** | **145.8** | **142.8** | **144.1** | **141.5** | **140.2** | **138.9** | **144.7** | **6.5** | **-10.7** | **-16.7** |
| **Official reserve assets(A)** | **177.1** | **172.4** | **169.7** | **164.0** | **161.2** | **156.0** | **149.3** | **146.6** | **147.6** | **145.0** | **143.5** | **142.2** | **147.9** | **6.5** | **-10.3** | **-16.5** |
| Monetary gold | 9.6 | 10.4 | 10.5 | 9.8 | 9.9 | 9.9 | 9.9 | 10.3 | 10.4 | 10.8 | 10.4 | 10.5 | 9.9 | 35.8 | 14.6 | 3.9 |
| Foreign curencies | 2.1 | 2.3 | 2.2 | 2.6 | 2.1 | 1.8 | 2.6 | 4.0 | 5.7 | 2.8 | 2.7 | 2.8 | 2.5 | 25.9 | -30.9 | 18.1 |
| Deposits and securities included in official | 159.1 | 153.5 | 150.9 | 145.5 | 143.1 | 138.2 | 131.3 | 126.9 | 126.2 | 126.4 | 125.3 | 123.9 | 130.8 | 5.2 | -11.0 | -17.8 |
| Reserve position in the IMF | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 4.4 | 2.3 | -1.6 |
| SDR holdings | 5.3 | 5.3 | 5.2 | 5.1 | 5.1 | 5.3 | 4.6 | 4.5 | 4.4 | 4.2 | 4.1 | 4.1 | 3.7 | 3.4 | -14.8 | -30.6 |
| **Short term foreign liabilities in foreign currencies(B)** | **3.2** | **3.2** | **3.1** | **3.1** | **3.1** | **3.1** | **3.5** | **3.9** | **3.5** | **3.6** | **3.2** | **3.2** | **3.1** | **6.4** | **17.8** | **-1.9** |
| **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** | **-43.9** | **2.5** | **-7.7** |
| **Other external liabilities** | **7.4** | **7.4** | **7.3** | **7.3** | **7.4** | **7.6** | **7.5** | **7.7** | **7.5** | **7.5** | **7.4** | **7.4** | **7.3** | **4.3** | **2.5** | **-1.5** |
| Allocations of SDRs | 7.4 | 7.4 | 7.3 | 7.3 | 7.3 | 7.5 | 7.4 | 7.6 | 7.5 | 7.4 | 7.4 | 7.4 | 7.3 | 4.4 | 2.3 | -1.6 |
| **Net claims of other depositary corporations on non residents** | **1.7** | **1.7** | **1.7** | **4.7** | **4.6** | **3.0** | **1.1** | **3.9** | **2.9** | **-0.6** | **0.0** | **0.7** | **2.7** | **-70.5** | **-64.3** | **56.1** |
| **Claims on nonresidents** | **26.2** | **26.0** | **27.6** | **28.0** | **28.5** | **28.5** | **27.6** | **30.6** | **29.6** | **27.0** | **27.5** | **26.9** | **28.1** | **-24.1** | **20.5** | **7.3** |
| Assets in foreign currencies | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.4 | 0.5 | 0.9 | 0.8 | 0.5 | 0.6 | 0.5 | 0.7 | 19.3 | 0.3 | 74.6 |
| Deposits | 6.8 | 8.0 | 9.0 | 9.3 | 9.4 | 9.3 | 7.5 | 10.5 | 10.9 | 8.1 | 8.2 | 7.3 | 9.6 | -65.0 | 73.6 | 41.2 |
| Loans | 5.5 | 4.4 | 4.9 | 4.9 | 4.9 | 5.2 | 6.3 | 5.7 | 4.5 | 3.7 | 3.8 | 4.0 | 2.8 | -20.3 | -2.5 | -48.7 |
| Securities other than equities | 2.5 | 2.6 | 2.5 | 2.7 | 2.3 | 2.2 | 2.6 | 2.2 | 2.2 | 2.2 | 2.3 | 2.5 | 2.5 | -8.3 | -10.2 | -3.4 |
| Shares and other equity | 10.7 | 10.6 | 10.6 | 10.6 | 11.3 | 11.3 | 10.6 | 11.3 | 11.0 | 12.3 | 12.4 | 12.6 | 12.4 | 28.7 | 19.3 | 16.6 |
| **Liabilities to nonresidents** | **24.5** | **24.4** | **25.9** | **23.4** | **23.9** | **25.4** | **26.5** | **26.7** | **26.8** | **27.5** | **27.5** | **26.2** | **25.4** | **37.6** | **44.7** | **3.9** |
| Deposits | 22.6 | 22.7 | 24.0 | 21.6 | 21.6 | 23.2 | 23.4 | 24.1 | 24.0 | 23.9 | 23.9 | 22.4 | 21.4 | 33.7 | 67.5 | -5.3 |
| Loans | 1.5 | 1.3 | 1.5 | 1.5 | 1.3 | 1.3 | 1.8 | 1.8 | 1.7 | 1.2 | 1.1 | 1.1 | 1.4 | 51.3 | -51.4 | -6.6 |
| Money market UCITS | 0.3 | 0.3 | 0.3 | 0.2 | 1.0 | 0.8 | 1.1 | 0.8 | 1.0 | 1.0 | 1.1 | 1.1 | 1.2 | - | 4.2 | - |
| Other liabilities | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 | 0.1 | 0.1 | 1.4 | 1.4 | 1.6 | 1.4 | -62.7 | 41.7 | - |

**TABLE A8.6 NET CLAIMS ON CENTRAL GOVERNMENT**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **Net claims of BAM** | **2.2** | **1.9** | **1.1** | **0.0** | **-0.8** | **0.9** | **3.2** | **0.6** | **2.3** | **-1.0** | **1.8** | **1.3** | **0.5** | **5.7** | **-37.1** | **-79.4** |
| **Claims** | **5.6** | **5.5** | **5.5** | **5.2** | **5.1** | **5.2** | **5.4** | **5.4** | **5.4** | **5.6** | **5.6** | **5.5** | **4.9** | **-10.7** | **-25.5** | **-12.0** |
| Loans | 5.4 | 5.4 | 5.4 | 5.0 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.8 | 4.8 | 4.9 | -5.6 | -4.4 | -10.1 |
| Other (1) | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.5 | 0.5 | 0.5 | 0.7 | 0.7 | 0.7 | 0.0 | -23.8 | -92.7 | -90.6 |
| **Liabilities** | **3.4** | **3.7** | **4.4** | **5.2** | **6.0** | **4.3** | **2.2** | **4.8** | **3.0** | **6.6** | **3.8** | **4.3** | **4.5** | **-21.5** | **-15.2** | **32.4** |
| Account of Hassan II Fund for Economic and Social Development | 0.6 | 0.7 | 0.5 | 1.4 | 1.6 | 1.1 | 0.9 | 0.8 | 0.8 | 1.4 | 0.3 | 1.3 | 0.6 | 312.5 | -45.0 | 9.2 |
| Treasury current account | 2.0 | 1.0 | 2.7 | 2.4 | 3.2 | 2.3 | 0.4 | 3.0 | 1.2 | 4.3 | 2.3 | 2.0 | 2.9 | -46.5 | -2.9 | 45.0 |
| **Net claims of ODC** | **99.9** | **104.3** | **104.8** | **109.3** | **109.2** | **114.9** | **115.4** | **116.7** | **118.1** | **119.6** | **122.2** | **126.2** | **124.9** | **-8.0** | **28.6** | **25.0** |
| **Claims** | **111.5** | **115.5** | **115.6** | **119.7** | **120.4** | **125.5** | **125.9** | **127.7** | **128.6** | **131.1** | **134.3** | **138.2** | **136.9** | **-3.4** | **21.2** | **22.8** |
| Loans | 22.4 | 23.3 | 22.4 | 21.1 | 21.1 | 20.8 | 22.6 | 24.0 | 25.1 | 22.4 | 22.4 | 24.5 | 24.8 | 35.2 | 2.9 | 10.8 |
| Securities | 85.1 | 88.2 | 90.9 | 96.1 | 96.8 | 101.8 | 99.2 | 99.5 | 99.4 | 103.8 | 106.9 | 108.6 | 106.2 | -12.8 | 31.8 | 24.8 |
| Other (1) | 4.0 | 4.1 | 2.4 | 2.5 | 2.6 | 3.0 | 4.1 | 4.1 | 4.1 | 4.9 | 5.1 | 5.1 | 5.8 | 10.3 | -29.6 | 46.0 |
| **Liabilities (2)** | **11.6** | **11.2** | **10.9** | **10.4** | **11.3** | **10.6** | **10.5** | **11.0** | **10.6** | **11.5** | **12.1** | **12.0** | **11.9** | **32.3** | **-19.0** | **3.0** |
| **DC net claims on central government** | **102.1** | **106.2** | **105.8** | **109.3** | **108.3** | **115.8** | **118.6** | **117.3** | **120.4** | **118.6** | **123.9** | **127.5** | **125.4** | **-7.5** | **25.8** | **22.8** |
| **Counterparts of deposits with Treasury** | **45.1** | **42.7** | **43.2** | **42.4** | **42.1** | **43.1** | **42.1** | **47.3** | **43.8** | **47.6** | **41.2** | **47.6** | **48.9** | **1.2** | **-8.2** | **8.4** |

(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 A8.7 CLAIMS ON THE ECONOMY**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **Claims on the economy** | **789.8** | **782.4** | **779.6** | **786.6** | **779.2** | **786.1** | **817.5** | **807.1** | **808.0** | **810.1** | **806.0** | **813.2** | **830.0** | **11.0** | **10.4** | **5.1** |
| **Claims of ODC** | **788.8** | **781.4** | **778.5** | **785.6** | **778.2** | **785.2** | **816.6** | **806.2** | **806.9** | **809.1** | **804.9** | **812.1** | **829.2** | **11.0** | **10.4** | **5.1** |
| **Loans of ODC** | **695.5** | **688.9** | **686.1** | **693.0** | **686.0** | **692.7** | **714.2** | **714.0** | **711.2** | **710.3** | **706.7** | **712.3** | **729.0** | **7.5** | **9.8** | **4.8** |
| **Bank loans** | **687.3** | **680.1** | **674.8** | **685.1** | **678.3** | **684.7** | **709.6** | **709.0** | **705.7** | **704.5** | **701.1** | **705.0** | **719.2** | **7.7** | **10.6** | **4.6** |
| Cash advances (1) | 172.3 | 167.5 | 164.3 | 170.0 | 164.1 | 163.9 | 180.7 | 187.2 | 180.3 | 181.5 | 176.8 | 177.9 | 185.7 | 5.9 | 20.5 | 7.8 |
| Equipment loans | 140.8 | 139.7 | 135.9 | 136.7 | 137.1 | 138.4 | 138.2 | 133.5 | 134.7 | 135.7 | 135.5 | 135.8 | 138.0 | 16.9 | 4.1 | -2.0 |
| **Real-estate loans** | **207.3** | **207.4** | **209.1** | **209.5** | **211.1** | **213.4** | **215.1** | **217.0** | **218.2** | **218.6** | **219.3** | **219.9** | **220.0** | **8.7** | **10.2** | **6.1** |
| Home loans | 137.2 | 137.4 | 138.6 | 139.8 | 141.1 | 143.0 | 144.4 | 145.3 | 146.5 | 147.5 | 148.7 | 149.9 | 150.6 | 12.9 | 10.7 | 9.8 |
| Loans to real-estate developers | 68.3 | 68.7 | 68.9 | 68.3 | 68.5 | 69.0 | 69.5 | 69.5 | 68.5 | 69.3 | 68.6 | 68.0 | 68.1 | 1.1 | 6.8 | -0.3 |
| Consumer loans | 36.1 | 36.3 | 36.6 | 37.0 | 37.2 | 37.7 | 38.1 | 39.5 | 39.5 | 39.7 | 39.7 | 39.6 | 39.6 | 8.1 | 11.2 | 9.8 |
| Various claims on customers | 106.4 | 104.8 | 106.4 | 105.7 | 102.2 | 105.6 | 107.3 | 101.5 | 103.1 | 99.1 | 99.1 | 102.6 | 110.3 | 0.0 | 1.4 | 3.7 |
| Nonperforming loans | 32.5 | 33.2 | 33.7 | 34.2 | 34.4 | 33.8 | 34.9 | 35.3 | 35.4 | 35.8 | 36.3 | 36.4 | 35.3 | -3.3 | 9.5 | 8.7 |
| **Securities** | **77.7** | **77.2** | **75.6** | **75.3** | **75.1** | **73.9** | **84.1** | **73.5** | **77.4** | **78.6** | **77.7** | **79.0** | **78.5** | **9.9** | **33.8** | **1.1** |
| Securities other than shares | 17.5 | 19.4 | 19.1 | 18.4 | 18.8 | 19.3 | 23.2 | 20.7 | 23.1 | 22.3 | 23.5 | 24.1 | 22.3 | 13.5 | 46.0 | 27.0 |
| Shares and other equity | 60.2 | 57.8 | 56.5 | 57.0 | 56.2 | 54.6 | 60.9 | 52.8 | 54.4 | 56.4 | 54.2 | 54.9 | 56.3 | 9.0 | 30.6 | -6.5 |
| **Other (2)** | **15.6** | **15.2** | **16.9** | **17.3** | **17.2** | **18.5** | **18.3** | **18.8** | **18.3** | **20.1** | **20.5** | **20.7** | **21.7** | **-** | **-31.0** | **38.5** |
| **Claims of BAM** | **1.1** | **1.1** | **1.1** | **1.0** | **1.0** | **0.9** | **0.9** | **0.9** | **1.1** | **1.1** | **1.1** | **1.1** | **0.8** | **36.7** | **9.3** | **-23.4** |
| Loans | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.6 | 8.2 | 10.8 | -12.4 |

(1) Incliding debtor accounts
(2) Composed mainly by the counterparty of deposits with AL Barid-Bank

**TABLE A8.8 CLAIMS ON ECONOMIC SECTORS**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **Total of claims on the economy** | **789.8** | **782.4** | **779.6** | **786.6** | **779.2** | **786.1** | **817.5** | **807.1** | **808.0** | **810.1** | **806.0** | **813.2** | **830.0** | **11.0** | **10.4** | **5.1** |
| **Other financial corporations** | **170.5** | **169.8** | **170.6** | **168.2** | **163.1** | **162.5** | **174.5** | **158.4** | **160.9** | **162.7** | **163.8** | **166.7** | **174.6** | **17.4** | **13.0** | **2.4** |
| Loans (1) | 98.9 | 99.1 | 100.0 | 96.9 | 91.4 | 92.6 | 94.2 | 88.1 | 90.9 | 89.5 | 89.6 | 91.7 | 97.7 | 1.3 | 2.1 | -1.3 |
| Securities | 58.7 | 56.0 | 55.7 | 56.4 | 56.6 | 53.5 | 63.9 | 53.5 | 53.2 | 55.9 | 56.3 | 57.0 | 58.4 | 21.1 | 47.9 | -0.5 |
| **Local governments** | **10.4** | **10.6** | **10.5** | **10.3** | **10.2** | **10.6** | **10.7** | **10.7** | **10.8** | **10.9** | **10.9** | **11.0** | **11.6** | **13.3** | **7.0** | **10.8** |
| **Public nonfinancial corporations** | **31.2** | **34.7** | **32.7** | **37.4** | **37.4** | **37.3** | **40.3** | **36.0** | **38.4** | **39.2** | **39.9** | **39.1** | **36.4** | **-10.0** | **4.0** | **16.8** |
| Loans | 22.6 | 26.6 | 25.7 | 30.7 | 30.6 | 29.9 | 32.7 | 28.6 | 29.6 | 29.9 | 31.1 | 30.5 | 29.6 | -39.3 | 47.8 | 30.7 |
| Securities | 7.3 | 8.0 | 7.0 | 6.6 | 6.8 | 7.3 | 7.5 | 7.4 | 8.7 | 8.0 | 7.4 | 7.2 | 5.5 | -7.3 | -1.0 | -25.3 |
| **Other nonfinancial corporations** | **350.4** | **341.3** | **338.0** | **341.9** | **337.9** | **340.5** | **355.1** | **361.0** | **354.5** | **352.9** | **347.7** | **352.3** | **364.0** | **13.2** | **13.6** | **3.9** |
| **Loans** | **336.9** | **327.3** | **322.8** | **328.3** | **325.0** | **326.2** | **341.5** | **347.4** | **337.9** | **337.7** | **333.0** | **336.9** | **348.8** | **14.0** | **13.8** | **3.5** |
| Cash advances (2) | 148.6 | 142.2 | 142.0 | 147.9 | 142.2 | 143.0 | 155.8 | 165.1 | 156.1 | 157.2 | 149.9 | 152.6 | 159.7 | 18.0 | 15.6 | 7.5 |
| Equipment loans | 107.6 | 105.1 | 102.4 | 99.7 | 99.8 | 101.1 | 101.0 | 96.3 | 97.2 | 97.2 | 97.3 | 97.5 | 99.9 | 18.1 | 0.8 | -7.1 |
| Real-estate loans | 55.4 | 55.5 | 54.9 | 55.7 | 56.1 | 55.8 | 57.0 | 57.3 | 57.6 | 57.4 | 57.7 | 58.0 | 59.4 | 1.5 | 24.2 | 7.3 |
| **Securities** | **11.7** | **13.2** | **13.0** | **12.3** | **11.7** | **13.1** | **12.7** | **12.6** | **15.5** | **14.8** | **14.0** | **14.8** | **14.7** | **-9.0** | **6.0** | **26.0** |
| Securities other than equities | 4.0 | 5.5 | 6.3 | 6.2 | 6.2 | 7.1 | 6.0 | 6.7 | 8.2 | 7.5 | 8.2 | 8.6 | 8.2 | -22.0 | 8.7 | 106.9 |
| Shares and other equity | 7.7 | 7.7 | 6.6 | 6.1 | 5.5 | 6.0 | 6.7 | 5.9 | 7.3 | 7.2 | 5.8 | 6.2 | 6.5 | -0.7 | 4.7 | -15.8 |
| **Autres secteurs résidents** | **227.4** | **226.1** | **227.8** | **228.7** | **230.7** | **235.2** | **236.9** | **241.1** | **243.4** | **244.5** | **243.8** | **244.1** | **243.4** | **7.4** | **5.1** | **7.0** |
| **Individuals and Moroccans living abroad** | **180.3** | **180.3** | **181.3** | **183.5** | **184.8** | **188.1** | **190.2** | **191.8** | **192.7** | **195.5** | **195.4** | **196.5** | **196.3** | **9.1** | **7.8** | **8.9** |
| **Loans** | **180.2** | **180.2** | **181.2** | **182.4** | **183.6** | **187.1** | **189.1** | **190.7** | **192.0** | **194.1** | **194.5** | **195.4** | **195.0** | **9.3** | **7.8** | **8.2** |
| Home loans | 126.6 | 126.4 | 127.3 | 128.1 | 129.0 | 130.4 | 131.4 | 131.9 | 132.8 | 134.1 | 134.3 | 135.2 | 135.5 | 11.1 | 8.7 | 7.0 |
| Consumer loans | 35.3 | 35.6 | 35.9 | 36.3 | 36.4 | 36.9 | 37.4 | 38.7 | 38.7 | 39.0 | 38.9 | 38.8 | 38.8 | 7.8 | 11.5 | 9.8 |
| **Individual entrepreneurs** | **43.9** | **42.7** | **43.6** | **42.6** | **43.4** | **44.7** | **44.2** | **46.7** | **48.1** | **46.4** | **46.1** | **45.6** | **44.8** | **1.0** | **-3.8** | **2.0** |
| **Loans** | **43.9** | **42.7** | **43.6** | **42.6** | **43.4** | **44.7** | **44.2** | **46.7** | **48.1** | **46.4** | **46.1** | **45.6** | **44.8** | **1.0** | **-3.8** | **2.0** |
| Equipment loans | 6.0 | 6.1 | 6.0 | 6.1 | 6.4 | 6.2 | 6.2 | 6.7 | 6.7 | 6.9 | 6.9 | 7.0 | 6.3 | -4.7 | -29.7 | 4.8 |
| Loans to real-estate developers | 23.9 | 24.2 | 25.3 | 24.2 | 24.5 | 25.5 | 25.1 | 26.2 | 26.1 | 25.8 | 25.2 | 24.6 | 23.7 | 14.6 | -9.7 | -0.7 |
| **NPISH(3)** | **3.2** | **3.1** | **2.9** | **2.6** | **2.5** | **2.4** | **2.6** | **2.6** | **2.6** | **2.5** | **2.3** | **2.0** | **2.2** | **18.5** | **-5.3** | **-30.4** |

(1) Reverse repo securities and financial loans given by depositary coporations to other financial companies
(2) Incliding debtor accounts
(3) Non profit institutions serving house holds

**TABLE A8.9 LIABILITIES TO ECONOMIC SECTORS**

(In billions of dirhams)

| Components | 2011 | 2012 | | | | | | | | | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. | Feb. | Mar | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | 2010 | 2011 | 2012 |
| **Liabilities by economic sector** | **786.0** | **775.9** | **779.0** | **785.0** | **774.2** | **776.5** | **797.0** | **783.7** | **780.2** | **780.2** | **777.2** | **787.9** | **819.6** | **6.6** | **7.8** | **4.3** |
| **Other financial corporations** | **97.1** | **93.3** | **93.0** | **99.2** | **94.5** | **94.4** | **99.0** | **94.8** | **91.4** | **89.0** | **94.5** | **97.2** | **108.7** | **-20.9** | **11.5** | **12.0** |
| Monetary assets | 64.3 | 61.4 | 60.3 | 64.7 | 64.2 | 62.5 | 66.2 | 65.6 | 62.9 | 61.7 | 65.5 | 67.6 | 77.8 | -23.2 | 3.4 | 21.1 |
| Non-monetary liabilities(1) | 32.8 | 31.9 | 32.6 | 34.5 | 30.3 | 31.8 | 32.8 | 29.2 | 28.4 | 27.3 | 29.0 | 29.6 | 30.9 | -14.5 | 31.7 | -5.8 |
| **Public sector (2)** | **31.3** | **29.9** | **31.2** | **35.1** | **35.7** | **34.3** | **38.2** | **35.6** | **37.4** | **39.2** | **38.2** | **40.3** | **42.5** | **-4.0** | **-18.5** | **35.8** |
| Monetary assets | 31.3 | 29.9 | 31.2 | 35.1 | 35.7 | 34.3 | 38.2 | 35.6 | 37.4 | 39.1 | 38.2 | 40.3 | 42.5 | -4.0 | -18.6 | 35.9 |
| **Other nonfinancial corporations** | **159.5** | **157.7** | **153.9** | **148.7** | **141.4** | **142.4** | **151.1** | **142.1** | **140.1** | **137.9** | **130.3** | **130.7** | **142.7** | **16.5** | **12.2** | **-10.5** |
| Monetary assets | 153.4 | 152.5 | 148.9 | 143.6 | 136.1 | 134.0 | 145.9 | 137.0 | 134.7 | 132.4 | 123.6 | 125.6 | 136.1 | 16.9 | 11.7 | -11.3 |
| Non-monetary liabilities(1) | 6.1 | 5.2 | 5.0 | 5.0 | 5.3 | 8.3 | 5.2 | 5.2 | 5.4 | 5.5 | 6.7 | 5.1 | 6.6 | 7.4 | 25.9 | 8.1 |
| **Other resident sectors** | **498.2** | **495.1** | **501.0** | **502.0** | **502.6** | **505.5** | **508.7** | **511.2** | **511.2** | **514.2** | **514.2** | **519.7** | **525.7** | **12.1** | **7.9** | **5.5** |
| **Individuals and Moroccans living abroad** | **468.2** | **465.8** | **469.7** | **471.9** | **472.3** | **475.1** | **478.0** | **479.6** | **479.5** | **483.1** | **482.8** | **487.4** | **492.8** | **12.6** | **7.1** | **5.3** |
| Monetary assets | 467.3 | 464.8 | 468.6 | 470.7 | 470.8 | 473.6 | 476.5 | 478.0 | 477.8 | 481.4 | 480.9 | 485.5 | 490.8 | 12.4 | 7.2 | 5.0 |
| Non-monetary liabilities(1) | 0.9 | 1.0 | 1.1 | 1.2 | 1.4 | 1.6 | 1.5 | 1.6 | 1.6 | 1.7 | 1.9 | 1.9 | 2.0 | 71.6 | -29.8 | 128.7 |
| **Individual entrepreneurs** | **23.5** | **23.0** | **25.0** | **23.8** | **24.4** | **24.3** | **24.2** | **25.4** | **25.5** | **24.9** | **25.3** | **26.2** | **26.5** | **15.4** | **16.2** | **12.5** |
| Monetary assets | 23.2 | 22.6 | 24.7 | 23.5 | 24.1 | 23.9 | 23.9 | 25.0 | 25.2 | 24.5 | 24.9 | 25.8 | 26.0 | 15.4 | 16.2 | 12.2 |
| Non-monetary liabilities (1) | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | 0.4 | 0.3 | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 | 17.8 | 19.8 | 35.3 |
| **NPISH(3)** | **6.5** | **6.2** | **6.2** | **6.2** | **6.0** | **6.1** | **6.5** | **6.2** | **6.2** | **6.2** | **6.1** | **6.1** | **6.4** | **-29.5** | **51.5** | **-0.8** |
| Monetary assets | 6.5 | 6.2 | 6.2 | 6.2 | 6.0 | 6.0 | 6.5 | 6.2 | 6.2 | 6.2 | 6.1 | 6.1 | 6.4 | -29.5 | 51.7 | -0.8 |

(1) Regulated deposits and security deposits
(2) Public nonfinancial corporations. social security funds and local governments
(3) (2) Non profit institutions serving house holds

## TABLE A 8.10 QUARTERLY BREAKDOM OF BANK LENDING BY TERM AND SECTOR

(In billions of dirhams)

| Components | 2009 | 2010 | | | | 2011 | | | | 2012 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | 2010 | 2011 | 2012 |
| **Bank lending** | **577.1** | **592.5** | **618.9** | **620.4** | **621.5** | **631.1** | **660.3** | **668.7** | **687.3** | **685.1** | **709.6** | **704.5** | **719.2** | **7.7** | **10.6** | **4.6** |
| **By term** | | | | | | | | | | | | | | | | |
| Short term | 232.7 | 228.0 | 250.3 | 233.5 | 229.5 | 245.5 | 275.9 | 278.9 | 283.9 | 296.1 | 303.2 | 303.2 | 299.8 | -1.4 | 23.7 | 5.6 |
| Medium term | 171.1 | 179.1 | 172.8 | 179.8 | 182.6 | 177.3 | 173.5 | 186.8 | 189.2 | 174.8 | 181.7 | 178.2 | 184.5 | 6.7 | 3.6 | -2.5 |
| Long term | 142.5 | 154.8 | 164.5 | 174.4 | 179.8 | 177.3 | 178.7 | 169.8 | 181.8 | 180.0 | 189.8 | 187.3 | 199.6 | 26.1 | 1.1 | 9.8 |
| **By sector** | | | | | | | | | | | | | | | | |
| **Primary sector (1)** | **19.6** | **18.4** | **17.5** | **16.0** | **25.3** | **23.6** | **23.9** | **25.2** | **28.4** | **27.6** | **28.4** | **28.1** | **28.0** | **29.3** | **12.3** | **-1.4** |
| **Secondary sector** | **185.8** | **189.4** | **199.1** | **199.1** | **196.7** | **201.6** | **219.0** | **225.0** | **222.9** | **224.5** | **232.7** | **228.2** | **226.2** | **5.9** | **13.3** | **1.4** |
| Extractives industries | 14.7 | 16.6 | 12.3 | 13.9 | 12.3 | 12.0 | 12.0 | 13.5 | 11.6 | 11.9 | 12.9 | 11.4 | 10.6 | -16.6 | -5.2 | -8.8 |
| **Industries** | **73.5** | **74.1** | **76.3** | **75.1** | **80.6** | **77.3** | **87.1** | **88.5** | **84.2** | **87.0** | **88.9** | **88.4** | **86.9** | **9.6** | **4.5** | **3.2** |
| Food industry and tobacco | 20.5 | 20.0 | 19.8 | 21.6 | 23.8 | 23.7 | 26.7 | 27.5 | 22.2 | 23.0 | 24.1 | 24.1 | 23.9 | 16.2 | -7.0 | 8.0 |
| Textiles, clothing and leather | 10.6 | 10.2 | 9.8 | 9.2 | 8.9 | 9.2 | 10.0 | 10.1 | 8.6 | 9.0 | 8.9 | 8.9 | 8.5 | -16.2 | -3.0 | -1.4 |
| Chemicals and related industries | 9.9 | 10.0 | 10.5 | 10.3 | 10.7 | 10.9 | 12.3 | 12.1 | 13.4 | 14.9 | 14.1 | 13.6 | 13.5 | 7.9 | 25.0 | 1.0 |
| Metallurgical, mechanical, electrical and electronic industries | 16.2 | 16.9 | 18.2 | 15.5 | 17.4 | 16.3 | 17.6 | 17.6 | 17.7 | 16.9 | 17.3 | 18.3 | 16.9 | 7.8 | 1.6 | -4.2 |
| Miscellaneous manufacturing industries | 16.3 | 16.9 | 17.9 | 18.5 | 19.7 | 17.3 | 20.5 | 21.3 | 22.3 | 23.2 | 24.6 | 23.6 | 24.0 | 21.1 | 13.2 | 7.5 |
| Electricity,gas and water | 16.7 | 19.9 | 23.8 | 25.3 | 24.4 | 27.9 | 29.8 | 30.3 | 31.2 | 33.0 | 34.2 | 36.0 | 35.0 | 46.3 | 28.1 | 11.9 |
| Construction | 80.9 | 78.8 | 86.8 | 84.8 | 79.4 | 84.4 | 90.1 | 92.7 | 95.8 | 92.7 | 96.7 | 92.4 | 93.7 | -1.7 | 20.6 | -2.3 |
| **Tertiary sector** | **371.8** | **384.7** | **402.2** | **405.2** | **399.5** | **405.9** | **417.4** | **418.4** | **436.0** | **433.0** | **448.5** | **448.2** | **465.0** | **7.5** | **9.1** | **6.7** |
| Trade, repair of motor vehicles and household goods | 37.6 | 38.1 | 36.1 | 37.2 | 38.5 | 40.2 | 42.4 | 43.7 | 45.5 | 44.5 | 45.5 | 46.9 | 49.2 | 2.5 | 18.1 | 7.9 |
| Hotels and restaurants | 18.5 | 18.7 | 19.2 | 18.6 | 17.8 | 18.4 | 19.2 | 20.0 | 19.3 | 19.6 | 19.0 | 19.1 | 21.1 | -3.7 | 8.4 | 8.9 |
| Transports and communications | 23.9 | 23.9 | 24.4 | 26.4 | 24.7 | 25.6 | 30.6 | 29.3 | 28.3 | 27.3 | 32.1 | 31.4 | 28.9 | 3.2 | 14.6 | 2.2 |
| Financial activities | 94.0 | 98.0 | 102.9 | 100.5 | 97.8 | 96.8 | 96.3 | 96.3 | 102.5 | 99.9 | 96.3 | 92.8 | 98.2 | 4.1 | 4.8 | -4.2 |
| Local governments | 8.6 | 8.7 | 9.0 | 9.0 | 9.8 | 9.6 | 9.8 | 9.6 | 10.4 | 10.3 | 10.7 | 10.9 | 11.6 | 13.3 | 7.0 | 10.8 |
| Other sections (2) | 36.8 | 41.6 | 50.6 | 50.8 | 44.4 | 45.8 | 45.5 | 40.2 | 50.4 | 49.7 | 56.6 | 53.8 | 61.8 | 20.7 | 13.5 | 22.6 |
| **Private individuals and Morocco expatriates** | **152.3** | **155.7** | **160.0** | **162.6** | **166.5** | **169.4** | **173.5** | **179.3** | **179.5** | **181.7** | **188.4** | **193.3** | **194.3** | **9.3** | **7.8** | **8.3** |

(1) Agriculture and fiching
(2) Excluding personal and household services

**TABLE A8.11 BALANCE SHEET OF MICROCREDIT ASSOCIATIONS**

(In billions of dirhams)

| Components | 2009 | 2010 | | 2011 | | | | 2012 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | June | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | 2010 | 2011 | 2012 |
| **Assets** | **6.3** | **6.2** | **5.9** | **6.2** | **6.2** | **6.0** | **6.1** | **5.9** | **5.9** | **5.9** | **5.6** | **-6.1** | **2.0** | **-7.2** |
| **Cash and deposits with banks** | **1.3** | **0.9** | **1.0** | **1.0** | **1.0** | **1.0** | **1.1** | **1.0** | **0.9** | **0.9** | **0.6** | **-23.5** | **16.5** | **-50.5** |
| **Loans** | **4.8** | **5.0** | **4.8** | **4.8** | **4.8** | **4.7** | **4.6** | **4.6** | **4.6** | **4.6** | **4.6** | **-0.7** | **-3.5** | **0.6** |
| Loans to individual entrepreneurs | 3.8 | 4.0 | 3.9 | 3.9 | 4.0 | 3.9 | 4.0 | 3.9 | 4.0 | 4.0 | 4.0 | 1.5 | 1.3 | 0.8 |
| **Fixed assets** | **0.2** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.2** | **-26.7** | **-1.5** | **31.9** |
| **Other assets** | **0.1** | **0.2** | **0.1** | **0.3** | **0.2** | **0.2** | **0.2** | **0.2** | **0.2** | **0.2** | **0.3** | **-9.8** | **143.4** | **28.8** |
| **Liabilities** | 6.3 | 6.2 | 5.9 | 6.2 | 6.2 | 6.0 | 6.1 | 5.9 | 5.9 | 5.9 | 5.6 | -6.1 | 2.0 | -7.2 |
| **Loans from nonresidents** | **0.7** | **0.7** | **0.6** | **0.6** | **0.7** | **0.7** | **0.6** | **0.5** | **0.6** | **0.6** | **0.5** | **-18.9** | **-2.9** | **-13.6** |
| **Loans from residents** | **3.9** | **3.7** | **3.6** | **3.9** | **3.7** | **3.6** | **3.8** | **3.6** | **3.4** | **3.3** | **2.9** | **-8.6** | **5.8** | **-24.3** |
| **Loans from banks** | **3.6** | **3.5** | **2.8** | **3.1** | **3.0** | **2.9** | **3.2** | **2.9** | **2.6** | **2.6** | **2.3** | **-24.3** | **14.8** | **-29.0** |
| Cash borrowing | 0.4 | 0.4 | 0.3 | 0.2 | 0.2 | 0.3 | 1.0 | 0.4 | 0.4 | 0.4 | 0.1 | -23.5 | 206.6 | -89.5 |
| Financial loans | 3.2 | 3.0 | 2.4 | 2.8 | 2.8 | 2.6 | 2.2 | 2.5 | 2.2 | 2.2 | 2.1 | -24.4 | -10.8 | -1.3 |
| **Shares and other equity** | **1.2** | **1.2** | **1.1** | **1.1** | **1.2** | **1.2** | **1.2** | **1.2** | **1.3** | **1.3** | **1.7** | **-10.6** | **11.1** | **36.3** |
| Contributions from owners | 0.8 | 0.8 | 0.8 | 0.9 | 0.8 | 0.8 | 0.7 | 0.8 | 0.8 | 0.7 | 0.8 | -0.9 | -11.6 | 12.8 |
| **Other liabilities** | **0.5** | **0.6** | **0.7** | **0.6** | **0.6** | **0.6** | **0.5** | **0.6** | **0.6** | **0.6** | **0.6** | **44.7** | **-27.9** | **23.6** |

**TABLE A8.12 BALANCE SHEET OF FINANCE COMPANIES**

(In billions of dirhams)

| Components | 2009 | 2010 | | | | 2011 | | | | 2012 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | 2010 | 2011 | 2012 |
| **Assets** | **88.7** | **89.7** | **93.2** | **93.4** | **92.1** | **92.1** | **93.7** | **91.5** | **97.3** | **99.0** | **102.1** | **103.1** | **102.1** | **3.9** | **5.6** | **4.9** |
| **Claims on DC** | **2.1** | **2.7** | **4.3** | **3.8** | **1.2** | **1.1** | **1.1** | **1.3** | **0.9** | **0.8** | **0.9** | **2.3** | **1.8** | **-44.1** | **-21.6** | **97.6** |
| Déposits with banks | 1.9 | 2.5 | 4.0 | 3.5 | 1.0 | 1.0 | 0.8 | 1.2 | 0.8 | 0.7 | 0.8 | 2.2 | 1.7 | -47.9 | -18.2 | 111.4 |
| **Loans** | **80.8** | **82.1** | **84.0** | **84.3** | **85.9** | **85.9** | **87.4** | **85.9** | **91.3** | **92.3** | **95.6** | **94.7** | **95.0** | **6.3** | **6.2** | **4.0** |
| **Securities** | **0.5** | **0.6** | **0.5** | **0.5** | **0.6** | **0.5** | **0.6** | **0.3** | **0.4** | **0.4** | **0.5** | **0.3** | **0.3** | **12.0** | **-35.1** | **-13.2** |
| **Claims on nonresidents** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.0** | **0.0** | **0.0** | **0.2** | **0.1** | **0.1** | **0.1** | **0.2** | **26.8** | **115.1** | **7.2** |
| **fixed assets** | **1.1** | **1.1** | **1.2** | **1.2** | **1.2** | **1.3** | **1.3** | **1.3** | **1.3** | **1.3** | **1.4** | **1.4** | **1.3** | **11.4** | **7.5** | **-3.8** |
| **Other assets** | **4.1** | **3.2** | **3.1** | **3.5** | **3.1** | **3.3** | **3.3** | **2.7** | **3.2** | **3.9** | **3.7** | **4.2** | **3.6** | **-24.4** | **3.5** | **10.7** |
| **Liabilities** | **88.7** | **89.7** | **93.2** | **93.4** | **92.1** | **92.1** | **93.7** | **91.5** | **97.3** | **99.0** | **102.1** | **103.1** | **102.1** | **3.9** | **5.6** | **4.9** |
| **Loans fom DC** | **54.7** | **54.0** | **56.2** | **52.8** | **49.5** | **49.1** | **49.0** | **48.0** | **52.2** | **51.9** | **50.5** | **49.8** | **51.3** | **-9.5** | **5.5** | **-1.6** |
| Repos | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 | 0.0 | -91.2 | -5.4 | -8.7 |
| Cash and financial loans | 54.5 | 53.8 | 56.2 | 52.8 | 49.5 | 49.0 | 49.0 | 48.0 | 52.2 | 51.9 | 50.3 | 49.6 | 51.3 | -9.3 | 5.5 | -1.6 |
| **Deposits** | **3.1** | **3.2** | **3.4** | **3.5** | **4.7** | **4.2** | **3.7** | **4.2** | **4.2** | **5.0** | **5.4** | **6.0** | **6.3** | **51.0** | **-10.6** | **49.3** |
| Guarantee deposits | 0.4 | 0.3 | 0.4 | 0.5 | 0.8 | 0.9 | 1.6 | 1.6 | 2.4 | 2.9 | 3.9 | 4.2 | 4.6 | 116.0 | 198.6 | 90.0 |
| Factoring deposits | 1.0 | 1.0 | 1.3 | 1.3 | 1.2 | 1.3 | 1.0 | 1.2 | 1.2 | 1.2 | 1.1 | 1.0 | 1.0 | 26.2 | -7.2 | -15.9 |
| **Securities other than equity** | **8.9** | **9.4** | **10.9** | **12.7** | **13.4** | **14.5** | **17.4** | **16.8** | **17.8** | **18.0** | **20.9** | **21.8** | **22.0** | **51.3** | **32.7** | **23.1** |
| Bills of finance companies | 8.7 | 9.1 | 10.7 | 12.5 | 13.1 | 14.2 | 16.6 | 16.5 | 17.1 | 17.7 | 17.6 | 18.7 | 18.7 | 51.5 | 30.5 | 8.9 |
| Bons | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.9 | 0.3 | 0.7 | 0.3 | 3.4 | 3.1 | 3.3 | 45.5 | 129.2 | 370.7 |
| **Liabilities to central government(1)** | **1.4** | **1.5** | **1.5** | **1.7** | **1.3** | **1.5** | **1.5** | **1.5** | **1.6** | **1.6** | **1.6** | **1.8** | **1.7** | **-5.1** | **19.1** | **9.1** |
| **Liabilitiesto nonresidents** | **0.1** | **0.1** | **0.2** | **0.5** | **0.4** | **0.2** | **0.2** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **203.1** | **-60.9** | **-14.2** |
| **Shares and other equity** | **8.6** | **8.9** | **8.6** | **8.8** | **9.0** | **9.1** | **8.7** | **8.5** | **9.3** | **9.7** | **8.8** | **9.2** | **9.4** | **4.6** | **3.4** | **1.0** |
| Contibutions from owners | 3.9 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.7 | 3.4 | 3.7 | 3.8 | 3.9 | 3.9 | 3.5 | -0.8 | -3.0 | -6.3 |
| General and special reserves | 2.6 | 2.6 | 2.9 | 2.9 | 2.9 | 2.9 | 3.0 | 3.0 | 3.0 | 3.0 | 3.1 | 3.1 | 3.1 | 12.0 | 5.4 | 3.1 |
| **Other liabilities** | **11.9** | **12.7** | **12.4** | **13.3** | **13.8** | **13.6** | **13.2** | **12.4** | **12.0** | **12.7** | **14.7** | **14.3** | **11.2** | **15.9** | **-12.8** | **-6.6** |

(1) Comprise pf amounts payable to the State.

**TABLE A8.13 BALANCE SHEET OF OFFSHORE BANKS**

(In billions of dirhams)

| Components | 2009 | 2010 | | | | 2011 | | | | 2012 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | Mar | June | Sept. | Dec. | 2010 | 2011 | 2012 |
| **Assets** | **28.6** | **30.1** | **34.4** | **33.5** | **32.4** | **35.6** | **38.7** | **34.6** | **36.6** | **33.3** | **36.9** | **34.0** | **35.4** | **13.3** | **12.8** | **-3.2** |
| **Claims on nonresidents** | **5.9** | **5.6** | **6.0** | **5.4** | **5.5** | **5.8** | **5.1** | **7.0** | **6.6** | **6.3** | **5.4** | **5.7** | **4.7** | **-7.3** | **19.2** | **-29.1** |
| Foreign currency loans | 4.1 | 3.5 | 3.8 | 3.3 | 3.0 | 3.5 | 4.4 | 4.3 | 5.7 | 5.5 | 4.8 | 3.5 | 3.5 | -25.0 | 88.0 | -39.2 |
| Foreign currency deposits | 0.2 | 0.3 | 0.4 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 1.5 | 0.4 | 56.2 | -3.2 | 32.9 |
| **Claims on depository corporations** | **8.8** | **10.6** | **12.6** | **12.2** | **10.8** | **11.6** | **13.1** | **11.2** | **13.7** | **12.8** | **14.6** | **13.2** | **16.0** | **23.8** | **26.3** | **17.1** |
| Foreign currency loans to banks | 8.7 | 10.6 | 12.5 | 12.1 | 10.8 | 11.6 | 13.1 | 11.1 | 13.7 | 12.8 | 14.6 | 13.1 | 16.0 | 23.8 | 26.6 | 17.2 |
| **Loans** | **13.3** | **13.3** | **14.6** | **14.8** | **14.3** | **17.3** | **16.9** | **15.5** | **15.4** | **13.4** | **15.7** | **14.2** | **13.6** | **7.2** | **8.1** | **-11.6** |
| Foreign currency loans to nonfinancial corporations | 11.3 | 11.6 | 12.9 | 13.4 | 13.1 | 14.9 | 14.4 | 15.2 | 15.4 | 12.8 | 15.5 | 14.2 | 13.6 | 15.5 | 18.1 | -11.6 |
| **Securities** | **0.5** | **0.5** | **1.1** | **1.0** | **1.5** | **0.6** | **3.2** | **0.7** | **0.6** | **0.7** | **0.6** | **0.7** | **0.9** | **209.0** | **-59.5** | **41.8** |
| **Fixed assets** | **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** | **42.2** | **24.0** | **-35.9** |
| **Other assets** | **0.1** | **0.1** | **0.1** | **0.1** | **0.3** | **0.2** | **0.3** | **0.3** | **0.3** | **0.2** | **0.5** | **0.2** | **0.2** | **224.2** | **-10.6** | **-22.3** |
| **Liabilities** | **28.6** | **30.1** | **34.4** | **33.5** | **32.4** | **35.6** | **38.7** | **34.6** | **36.6** | **33.3** | **36.9** | **34.0** | **35.4** | **13.3** | **12.8** | **-3.2** |
| **Liabilities to nonresidents** | **7.7** | **8.5** | **10.9** | **9.7** | **10.9** | **12.9** | **15.3** | **11.8** | **18.6** | **14.6** | **16.6** | **14.1** | **16.8** | **41.2** | **70.2** | **-9.5** |
| Foreign currency loans | 6.7 | 7.6 | 10.0 | 8.9 | 10.1 | 11.8 | 14.2 | 11.1 | 17.2 | 13.7 | 15.8 | 12.2 | 15.6 | 50.3 | 70.6 | -9.3 |
| Foreign currency deposits | 1.0 | 0.9 | 0.9 | 0.7 | 0.8 | 1.0 | 1.0 | 0.7 | 1.3 | 0.9 | 0.8 | 1.8 | 1.2 | -19.5 | 64.5 | -9.2 |
| **Liabilities to depository corporations** | **19.6** | **19.3** | **22.0** | **20.8** | **19.4** | **21.0** | **21.1** | **18.7** | **16.1** | **16.4** | **17.7** | **16.9** | **15.4** | **-0.7** | **-17.1** | **-4.5** |
| Foreign currency loans to banks | 19.6 | 19.3 | 22.0 | 20.8 | 19.4 | 21.0 | 21.1 | 18.7 | 16.1 | 16.4 | 17.7 | 16.9 | 15.4 | -0.7 | -17.1 | -4.5 |
| **Forign currency deposits of residents** | **0.7** | **0.8** | **0.8** | **1.1** | **1.3** | **1.0** | **1.5** | **1.5** | **1.0** | **1.4** | **1.6** | **1.8** | **1.6** | **82.6** | **-19.7** | **49.1** |
| **Shares and equity** | **0.5** | **0.5** | **0.5** | **0.5** | **0.5** | **0.5** | **0.5** | **0.5** | **0.6** | **0.6** | **0.6** | **0.6** | **0.7** | **4.7** | **9.0** | **18.8** |
| Contributions from owners | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 6.6 | 2.2 | -0.2 |
| General and special reserves | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 5.0 | 1.8 | 11.4 |
| **Other liabilities** | **0.1** | **1.0** | **0.2** | **1.4** | **0.3** | **0.1** | **0.1** | **2.1** | **0.3** | **0.2** | **0.3** | **0.7** | **1.0** | **137.0** | **1.8** | **256.0** |

**TABLE A8.14 CLAIMS ON OTHER FINANCIAL CORPORATIONS ON NONFINANCIAL INSTITUTIONAL SECTORS BY ECONOMIC PURPOSE**

(In billions of dirhams)

| Components | 2009 | 2010 | 2011 | 2012 | | | | Annual change (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Mar | June | Sept. | Dec. | 2010 | 2011 | 2012 |
| **Loans by finance companies** | **80.8** | **84.8** | **91.6** | **92.3** | **95.6** | **94.7** | **96.9** | **5.0** | **8.0** | **5.7** |
| Consumer loans | 30.1 | 31.6 | 32.2 | 31.9 | 32.0 | 30.6 | 30.6 | 4.9 | 2.1 | -5.0 |
| Leasing | 38.8 | 41.0 | 45.7 | 45.8 | 47.4 | 48.2 | 49.9 | 5.8 | 11.3 | 9.2 |
| Factoring loans | 2.2 | 2.5 | 2.8 | 3.5 | 4.3 | 4.2 | 4.8 | 15.9 | 10.2 | 70.8 |
| Other receivables | 1.3 | 1.1 | 1.8 | 1.1 | 1.6 | 1.2 | 2.2 | -18.6 | 74.9 | 18.6 |
| Nonperforming loans | 8.4 | 8.6 | 9.1 | 10.0 | 10.3 | 10.5 | 9.4 | 2.6 | 5.2 | 3.9 |
| **Loans by offshore banks** | **11.3** | **13.1** | **15.4** | **12.8** | **15.5** | **14.2** | **13.6** | **15.5** | **18.1** | **-11.6** |
| Cash loans | 8.0 | 9.4 | 12.0 | 9.3 | 9.6 | 8.3 | 7.9 | 17.4 | 27.7 | -34.7 |
| Equipment loans | 3.0 | 2.4 | 2.1 | 2.2 | 4.6 | 4.6 | 4.5 | -17.8 | -12.4 | 108.5 |
| Other receivables | 0.3 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 329.1 | 3.5 | 5.5 |
| Nonperforming loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | - | 67.4 |
| **Loans by MCA** | **4.8** | **4.8** | **4.6** | **4.6** | **4.6** | **4.6** | **4.6** | **-0.7** | **-3.5** | **0.6** |
| Loans to micro-businesses | 3.8 | 3.9 | 4.0 | 3.9 | 4.0 | 4.0 | 4.0 | 1.5 | 1.3 | 0.8 |
| Loans to social housing | 0.6 | 0.5 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | -13.8 | -18.6 | -23.5 |
| Loans for equipment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | - | - |
| Other loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6.0 | -99.1 | 269.4 |
| Nonperforming loans | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.4 | 0.3 | -3.8 | -28.9 | 47.2 |
| **Securities issued by nonfinancial corporations and held by other financial corporations** | **29.7** | **38.7** | **38.7** | **34.6** | **33.6** | **38.2** | **34.5** | **30.4** | **0.1** | **-11.0** |
| Securities issued by nonfinancial corporations and held by mutual funds other than money market ones | 29.4 | 37.2 | 38.0 | 33.8 | 32.9 | 37.6 | 33.5 | 26.5 | 2.2 | -11.9 |
| Securities other than shares | 15.2 | 19.6 | 21.8 | 20.1 | 20.4 | 24.0 | 21.5 | 28.8 | 11.4 | -1.4 |
| Shares | 14.2 | 17.6 | 16.2 | 13.7 | 12.5 | 13.6 | 12.0 | 24.0 | -8.0 | -26.1 |

(1) Fianace companies. offshore banks. micro-credit associations(MCA) and mutual funds other thanmoney market ones.

**TABLE A8.15 CHANGE IN THE INTERBANK MARKET**

(In millions of dirhams)

| | 2011 | 2012 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Average | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | Average |
| Averge outstanding amounts | 6 068 | 10 726 | 9 205 | 8 995 | 9 736 | 7 061 | 7 866 | 7 222 | 8 153 | 8 686 | 8 798 | 8 333 | 7 008 | 8 483 |
| Average exchanged volume | 3 364 | 4 705 | 3 805 | 4 103 | 4 411 | 2 245 | 3 634 | 3 198 | 3 037 | 2 762 | 3 344 | 2 698 | 2 061 | 3 334 |

**TABLE A8.16 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER**

(In millions of dirhams)

| Maturity | Total | 2012 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | Total |
| **Total subscriptions** | **103 542.9** | **11 121.4** | **10 030.0** | **11 570.0** | **7 830.0** | **9 232.0** | **7 567.0** | **4 000.0** | **10 650.0** | **12 979.0** | **1 300.0** | **13 789.0** | **10 210.5** | **120 278.9** |
| **Total short-term** | **25 440.3** | **2 350.0** | **1 300.0** | **1 200.0** | **1 175.0** | **6 080.0** | **2 560.0** | **1 400.0** | **2 170.0** | **3 654.0** | **7 320.0** | **6 120.0** | **6 722.3** | **42 051.3** |
| 24 Days | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4650.0 | 0.0 | 0.0 | 4 650.0 |
| 39 Days | 2 000.0 | 1 400.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4120.0 | 0.0 | 5 520.0 |
| 43 Days | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1 070.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1 070.0 |
| 44 Days | 2 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5 080.0 | 0.0 | 0.0 | 0.0 | 2 700.0 | 0.0 | 0.0 | 0.0 | 7 780.0 |
| 45 Days | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6 022.3 | 6 022.3 |
| 13 Weeks | 8 490.0 | 950.0 | 850.0 | 1 200.0 | 760.0 | 200.0 | 600.0 | 200.0 | 700.0 | 0.0 | 1 070.0 | 1 600.0 | 0.0 | 8 130.0 |
| 26 Weeks | 1 200.0 | 0.0 | 300.0 | 0.0 | 100.0 | 200.0 | 1 300.0 | 200.0 | 0.0 | 0.0 | 0.0 | 300.0 | 200.0 | 2 600.0 |
| 52 Weeks | 11650.3 | 0.0 | 150.0 | 0.0 | 315.0 | 600.0 | 660.0 | 1000.0 | 400.0 | 954.0 | 1 600.0 | 100.0 | 500.0 | 6 279.0 |
| **Total medium term** | **60 257.7** | **8 521.4** | **4 160.0** | **8 370.0** | **5 355.0** | **2 652.0** | **3 507.0** | **600.0** | **5 000.0** | **6 895.0** | **3 980.0** | **4 469.0** | **3 488.2** | **56 997.6** |
| 2 years | 40 400.5 | 5251.4 | 2260.0 | 6720.0 | 2000.0 | 1150.0 | 1807.0 | 600.0 | 1 400.0 | 2 540.0 | 1 660.0 | 2 619.0 | 3 488.2 | 31 495.6 |
| 5 years | 19 857.2 | 3270.0 | 1900.0 | 1650.0 | 3355.0 | 1502.0 | 1700.0 | 0.0 | 3 600.0 | 4 355.0 | 2320.0 | 1 850.0 | 0.0 | 25 502.0 |
| **Total long term** | **17 844.9** | **250.0** | **4 570.0** | **2 000.0** | **1 300.0** | **500.0** | **1 500.0** | **2 000.0** | **3 480.0** | **2 430.0** | **0.0** | **3 200.0** | **0.0** | **21 230.0** |
| 10 years | 9 729.9 | 0.0 | 2 450.0 | 2 000.0 | 1 000.0 | 0.0 | 500.0 | 2 000.0 | 1 680.0 | 2 430.0 | 0.0 | 2 300.0 | 0.0 | 14 360.0 |
| 15 years | 6 215.0 | 50.0 | 2120.0 | 0.0 | 300.0 | 500.0 | 1 000.0 | 0.0 | 1600.0 | 0.0 | 0.0 | 900.0 | 0.0 | 6 470.0 |
| 20 years | 1 900.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 | 200.0 |
| 30 years | 0.0 | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 200.0 |

**TABLE A9.1 OUTSTANDING TO TREASURY BILLS BY TENDER**

(In millions of dirhams)

| Maturity | 2011 | | | | | | 2012 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **72 243** | **24 357** | **98 813** | **75 823** | **42 976** | **314 211** | **97 308** | **24 801** | **93 729** | **96 262** | **44 622** | **356 721** |
| **Total short-term** | **3 998** | **0** | **1 446** | **4 344** | **6 572** | **16 360** | **6 176** | **370** | **245** | **6 910** | **1 970** | **15 671** |
| 45 days | | | | | | | 2 593 | 100 | 90 | 2 826 | 413 | 6 022 |
| 13 Weeks | 1 027 | 0 | 0 | 2 573 | 940 | 4 540 | 550 | 270 | 100 | 1 300 | 450 | 2 670 |
| 26 Weeks | 0 | 0 | 0 | 0 | 1 200 | 1 200 | 300 | 0 | 0 | 400 | 0 | 700 |
| 52 Weeks | 2 971 | 0 | 1 446 | 1 771 | 4 432 | 10 620 | 2 733 | 0 | 55 | 2384 | 1 107 | 6 279 |
| **Total medium term** | **34 053** | **2 114** | **43 136** | **20 400** | **22 660** | **122 363** | **55 530** | **1 500** | **43 134** | **30 719** | **25 893** | **156 776** |
| 2 years | 20 334 | 835 | 17 795 | 10 463 | 13 154 | 62 581 | 31 974 | 220 | 14 172 | 15 030 | 12 500 | 73 896 |
| 5 years | 13 719 | 1 279 | 25 341 | 9 937 | 9 506 | 59 783 | 23 556 | 1 279 | 28 962 | 15 689 | 13 394 | 82 880 |
| **Total long-term** | **34 192** | **22 243** | **54 231** | **51 078** | **13 744** | **175 488** | **35 602** | **22 931** | **50 350** | **58 632** | **16 759** | **184 274** |
| 10 years | 11 661 | 5 921 | 26 461 | 22 762 | 11 807 | 78 610 | 13 082 | 6 182 | 21 842 | 28 577 | 13 891 | 83 574 |
| 15 years | 15 713 | 14 990 | 20 786 | 20 502 | 1 051 | 73 042 | 15 987 | 15 455 | 20 374 | 22 810 | 1 839 | 76 465 |
| 20 years | 6 014 | 1 292 | 6 804 | 6 266 | 884 | 21 261 | 5 850 | 1 255 | 7 646 | 5 682 | 1 027 | 21 461 |
| 30 years | 804 | 40 | 180 | 1 549 | 2 | 2 575 | 682 | 40 | 487 | 1 564 | 2 | 2 775 |

(1) Excluding the outstanding amount of the Treasury bills of the provident institutions administred by the deposit and management fund

**TABLE A9.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES**
(by category of initial subcriptions)

(In millions of dirhams)

| Securities types | 2011 | | | | | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **22 634** | **5 364** | **46 078** | **3 508** | **77 584** | **19 984** | **4 197** | **49 675** | **7 441** | **81 297** |
| Certificates of deposit | 15 189 | 4 658 | 34 443 | 3 508 | 57 798 | 12 577 | 3 564 | 35 496 | 7 431 | 59 068 |
| Bills of finance companies | 6 973 | 406 | 9 510 | - | 16 889 | 6 463 | 433 | 11 867 | - | 18 763 |
| Commercial paper | 472 | 300 | 2 125 | - | 2 897 | 945 | 200 | 2 312 | 10 | 3 467 |

**TABLE A9.3 ISSUANCE OF NEGOTIABLE DEBT SECURITIES**
(by category of initial subcriptions)

(In millions of dirhams)

| Securities types | 2011 | | | | | 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **16 154** | **4 075** | **35 815** | **1 519** | **57 563** | **8 480** | **3 327** | **38 736** | **8 592** | **59 135** |
| Certificates of deposit | 12 896 | 3 480 | 26 067 | 1 519 | 43 963 | 5 525 | 3 010 | 27 408 | 8 582 | 44 524 |
| Bills of finance companies | 2 711 | 294 | 4 643 | 0 | 7 649 | 1 829 | 87 | 3 669 | 0 | 5 585 |
| Commercial paper | 547 | 300 | 5 105 | 0 | 5 952 | 1 127 | 230 | 7 660 | 10 | 9 027 |

**TABLE A9.4 BOND MARKET**

(In millions of dirhams)

| | 2011 | 2012 | | | | 2012 |
|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | |
| **Outstanding** | **74 153** | **74 388** | **81 367** | **84 502** | **87 570** | **87 570** |
| Public sector | 22 739 | 24 102 | 27 577 | 27 532 | 27 974 | 27 974 |
| Private sector | 51 415 | 50 285 | 53.790 | 56 970 | 59 596 | 59 596 |
| Financial corporations | 20 790 | 19 888 | 23 846 | 23 683 | 25 345 | 25 345 |
| Non-financial corporations | 53 364 | 54 499 | 57 520 | 60 818 | 62 226 | 62 226 |
| **Bonds issued** | **12 296** | **3 650** | **7.676** | **4 600** | **3 700** | **19 626** |
| Public sector | 6 000 | 1 000 | 3 700 | 0 | 550 | 5 250 |
| Private sector | 6 296 | 2 650 | 3 976 | 4 600 | 3 150 | 14 376 |
| Financial corporations | 1 446 | 1 000 | 4 226 | 0 | 2 150 | 7 376 |
| Non-financial corporations | 10 850 | 2 650 | 3 450 | 4 600 | 1 550 | 12 250 |

Source :Calculated on the basis of Maroclear data

## TABLE A9.5 STOCK EXCHANGE INDICATORS(1)

| Period | Volume of transactions (In millions of dirhams) | Market capitalization (In millions of dirhams) | 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** January | 37 870.3 | 574 929 | 12 589.31 | 10 292.87 |
| February | 4 365.6 | 585 591 | 12 805.81 | 10 469.89 |
| March | 5 471,5 | 557 132 | 12 173.79 | 9 946.89 |
| April | 3 188.6 | 529 619 | 11 551.5 | 9 431.99 |
| May | 7 227.5 | 555 944 | 12 196.7 | 9 969.93 |
| June | 4 055.9 | 525 573 | 11 510.93 | 9 406.18 |
| July | 1 925.9 | 511.411 | 11 202.95 | 9.158.89 |
| August | 8 019.4 | 528 359 | 11 517.14 | 9 423,46 |
| September | 4 712.2 | 531 367 | 11 467.63 | 9 376.39 |
| October | 3 701.4 | 527 418 | 11 352.19 | 9 277.31 |
| November | 3 943.5 | 510 510 | 10 952.68 | 8 956.42 |
| 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 |

(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 A9.6 INDEX OF REAL ESTATE ASSET PRICES**

| | Index of real estate asset prices | | | Number of transactions | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | Changes in % 2012/2011 | 2011 | 2012 | Changes in % 2012/2011 |
| **Overall** | **106.7** | **107.8** | **1.0** | **102.308** | **110.250** | **7.8** |
| **Residential** | **105.6** | **105.9** | **0.2** | **70.027** | **76.092** | **8.7** |
| Apartments | 103.1 | 103.5 | 0.4 | 62.782 | 68.865 | 9.7 |
| Houses | 103.1 | 103.8 | 0.7 | 5.813 | 5.558 | -4.4 |
| Villas | 109.6 | 109.7 | 0.1 | 1.432 | 1.669 | 16.6 |
| **Urban land** | **108.8** | **111.7** | **2.6** | **25.244** | **26.626** | **5.5** |
| **Commercial property** | **109.6** | **110.8** | **1.0** | **7.037** | **7.532** | **7.0** |
| Offices | 110.6 | 110.8 | 0.2 | 793 | 812 | 2.4 |
| Business premises | 105.4 | 110.9 | 5.2 | 6.244 | 6.720 | 7.6 |

Sources : Land Registry Office and Bank Al-Maghrib

# TABLE OF CONTENTS

# Table of contents

## PART 2. BANK ACTIVITIES

## LIST OF CHARTS

## LIST OF TABLES

## LIST OF BOXES



## LIST OF STATISTICAL APPENDICES



## NATIONAL OUTPUT

## LABOR MARKET



## INFLATION



## BALANCE OF PAIEMENTS

## PUBLIC FINANCE



## MONETARY POLICY



## MONEY AND LOANS

# THE STOCK MARKET

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