بنك المغرب
BANK AL-MAGHRIB

ANNUAL REPORT
PRESENTED TO HIS MAJESTY THE KING

2011

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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 2011

PRESENTED TO HIS MAJESTY THE KING
BY MR ABDELLATIF JOUAHRI
GOVERNOR OF BANK AL-MAGHRIB

Your Majesty,

In application of Article 57 of Law N° 76-03 on the Statutes of Bank Al-Maghrib promulgated by Royal Decree N° 1-05-38 of Shawal 20, 1426 (November 23, 2005), I have the honor to present to Your Majesty the report of the year 2011, the fifty-tree financial year of the bank of issue.

Summary

Your Majesty,

In 2011, the international environment was particularly restrictive, politically, economically and socially. Global growth, which fell from 5.3 percent to 3.9 percent, slowed more markedly in advanced countries, and even further in our main partner countries, hence putting a halt to the fragile recovery that began in 2010 after the 2009 contraction. This trend was more pronounced as of the second quarter, due to higher commodity prices, the effects of Japan earthquake and the consequences of the worsening sovereign debt crisis in the euro area.

Indeed, activity in developed countries, particularly in the euro area, was negatively impacted by the vicious circle resulting from interactions between deterioration in banks' capital adequacy and acceleration of their debt reduction-recapitalization process, degradation of the interbank market functioning and credit contraction. In this context of loss of confidence, fueled by political differences in this area, the growing market pressure on States and banks led to a faster pace of fiscal consolidation. Emerging economies remained at a strong growth rate, which was, however, gradually affected by weaker demand from advanced economies, and by their tightening monetary conditions. In this environment, international trade and capital flows were down, while the current account imbalances of the balance of payments accentuated globally.

Monetary policies remained overall very accommodating throughout the year. Advanced countries' central banks maintained their key rates at historically low rates and implemented numerous quantitative easing measures, to mitigate the major liquidity constraints and restore a normal functioning of interbank and government securities' markets. In the major emerging and developing economies, monetary policy was, however, more restrictive, as the major central banks continued their monetary tightening cycle initiated in 2010, with a view to addressing signs of overheating of economic activity.

Despite these various uncertainties as well as historical, political and social transformations in the entire MENA region, the national economy, whose economic cycle is more linked to that of the euro area, showed specific resilience.

The overall GDP growth at constant prices stood at 5 percent, up from 3.6 percent in 2010, driven partly by the uptrend in the agricultural sector and the nonagricultural activity, which registered a rate of 5.2 percent, although it is more dependent on the external environment. Household final consumption performed well, fostered by stronger purchasing power, higher transfers from abroad and controlled inflation. Investment also played a significant role, with a sharp upturn in the growth rate of gross fixed capital formation, which was 5.1 percent in nominal terms in 2011. Meanwhile, the unemployment rate fell 0.2 percentage point to 8.9 percent.

Regarding the monetary policy, the year was marked by subdued inflationary pressures. In its four meetings of the year, the Bank Board considered that maintaining the key rate at 3.25 percent was appropriate on the basis of its assessment of risks to price stability over the medium term. The Central Bank also conducted an active liquidity management in order to keep an adequate financing for the economy. To ease liquidity constraints on banks, it was decided to exclude passbook accounts with banks from the calculation basis of the required reserves, and launch for the first time two 3-month repos.

M3 money supply in 2011 grew 6.4 percent from 4.9 percent in 2010, reflecting an acceleration of all of its components with the exception of other monetary assets which declined, mainly money market UCITS and certificates of deposit. M3 growth resulted from a 22 percent increase in net claims on central government and 10.5 percent rise in bank lending, a rate faster than that observed in 2010 and broadly compatible with the macroeconomic fundamentals. Against this backdrop, the ratio of the average annual outstanding amount of bank loans to nominal GDP stood at 85.6 percent in 2011, as against 81.3 percent in 2010. In contrast, net foreign assets, after having been virtually unchanged one year earlier, were down 12.5 percent, reflecting further deterioration of external accounts. Non-monetary resources strengthened by 10.2 percent from 6.5 percent at end-2010. Regarding liquid investment aggregates, their annual growth slowed sharply to 6.6 percent in 2011 from 25.1 percent in 2010.

On asset markets, after an increase exceeding 20 percent in 2010, the MASI index showed an underperformance of nearly 13 percent. In negotiable debt securities and private bond-debt markets, issuances were lower than during the previous year, while in the asset management market, the outstanding net amount managed by the UCITS rose by 3 percent, after an expansion of nearly 20.8 percent in 2010. The real estate market, measured by the real estate price index, continued its recovery that started in 2010, registering an increase of 2.7 percent in 2011, as against a decline of 1.6 percent in 2009.

The national banking and financial system remains strong and resilient despite a more challenging economic situation. The average capital adequacy ratio of banks on a consolidated basis was indeed maintained at 12.4 percent at end-December 2011, as against 12.7 percent in 2010. The rate of nonperforming loans stabilized at 4.7 percent, covering, however, deterioration in the quality of credit granted to some sectors, including real-estate development, tourism and maritime transport. Accordingly, Bank Al-Maghrib requested banks to increase provisions for hedging these sector-level risks.

These generally positive results, in an uncertain regional and international environment, are largely explained by the safeguarding of the specific political stability in the region, and by prudent macroeconomic management of the past two decades, which provided margins for fiscal maneuver. However, the more expansionary fiscal stance, which fostered the firm resilience of domestic demand, led to a deterioration of fiscal sustainability and external accounts.

Indeed, public finances displayed in 2011 a break with the trend of recent years, marked by moderate deficits, or even surpluses in 2007 and 2008. These past performances, which were due to exceptionally increased revenues rather than reduced expenses, had resulted in a marked decrease in the public debt ratio as a percentage of GDP. With a 15.9 percent rise in overall expenditures in 2011, mainly impacted by subsidization and personnel costs and current revenues which were up 7 percent, the execution of the Finance Act indeed resulted in a budget deficit, excluding privatization receipts, of 6.9 percent of GDP, from 4.7 percent of GDP in 2010 and beyond the Finance Act projections (4 percent of GDP). Taking into account privatization receipts, the budget deficit stood at 6.2 percent of GDP. The unprecedented rise in subsidization costs to more than 6 percent of GDP and the payroll growth, to 11 percent of GDP, despite the Government's commitment for many years to reduce it to 10 percent, resulted in negative public savings and primary balance, representing 1 percent and 4.7 percent of GDP, respectively. These rates are significantly below those required to ensure medium-term fiscal sustainability, at a time when the public debt ratio rose from 50.3 percent of GDP in 2010 to 53.7 percent in 2011.

In parallel, external viability deteriorated sharply, as evidenced by the widening of the current account deficit to 8 percent of GDP. This is the highest rate since the early 80s, as against 4.5 percent last year and 3.7 percent on average over the last four years. This change is the result of a further increase in the trade imbalance, which reached 23.6 percent of GDP despite resilient exports, which rose by 16.3 percent, primarily due to strong performance of the phosphate and derivatives sector. Imports were up 20.1 percent, reflecting both higher prices and quantities of major energy commodities, food and semi-finished goods. Yet, tourism receipts and remittances from Moroccans living abroad, which registered respective increases of 4.8 percent and 7.8 percent, a considerable performance given the external environment, were insufficient to offset the negative balance of goods. Overall, and despite a surplus of about 5.7 percent of GDP in the capital and financial transactions account, the balance of payments showed a deficit of 21.2 billion, bringing foreign exchange reserves to a level equivalent to about 5 months of imports of goods and services, as opposed to nearly 7 months in 2010.

These fiscal and current account imbalances have resulted from the deteriorating international environment since 2008. They also reveal the more basic limits of an economic policy stance that relies mainly on domestic demand. This route certainly helped achieve a certain performance of overall growth and a relative social peace. However, the changes expected in the international context and the regional environment developments require an adjustment of macroeconomic policies to ensure a healthy and sustainable growth for our country over the long term and enable it to successfully absorb current and future external shocks. Therefore, the rapid restoration of the medium-term sustainable path for our public finance and viability of our external accounts is a pressing necessity.

In terms of medium-term fiscal sustainability, a reduction in current spending as a percentage of GDP is indeed unavoidable, since the revenue-to-GDP ratio can not be significantly increased without damage to economic activity. Category-based wage increases in recent years and the unprecedented rise of subsidization costs are largely the source of deterioration in public savings, which reduces the fiscal margin for State investment. In the longer term, while the civil service reform constitutes the structuring project to improve administrative efficiency and reduce payroll burden, the short-term priority involves control over staff numbers and wage moderation. Subsidy expenditures, which create much uncertainty about the budget, should be capped from 2012, in line with the objective of maintaining medium-term fiscal sustainability. The in-depth and gradual reform of this system, which becomes inevitable, must necessarily aim at improving its impact on reducing poverty and inequality. In addition, major efforts are also needed to rationalize the public sector investment and to improve its efficiency. Indeed, available data, compared to the performances of several emerging and developing countries, show that investment, mainly the public one, which was very dynamic in recent years, is not sufficiently productive.

There is also need to rapidly implement measures likely to help reduce the structural and growing deficit of the trade balance, whose impact on the external viability has been so far largely offset by the performance of remittances from Moroccans living abroad and tourism receipts. As shown particularly by the trend-setting loss in our export market shares as well as the change in unit labor costs, reforms should first focus on all factors of competitiveness, including knowledge, innovation and creativity. Another limitation to the export expansion is the predominance of the European Union as the main market and the high concentration of exportable supply on a limited number of products with low value added. Moreover, the import share in domestic consumption will tend to strengthen further as part of numerous signed trade agreements. Beyond cyclical factors, the benefits our economy can reap from greater integration into its environment should be maximized. This can be done through accelerating the project of Morocco's global jobs and encouraging the emergence of new technology-intensive sectors with high value added, while diversifying export markets, through the implementation of a strategy to facilitate flows to the most dynamic emerging and developing economies, particularly in Africa.

To take greater advantage of this external openness, the move towards a more flexible exchange rate regime seems desirable. This option will require the adaptation of the monetary policy framework that could evolve into an inflation-targeting regime, if the prerequisites are insured, including particularly continued medium-term fiscal sustainability and solvent and resilient financial system. The success of this evolution of the exchange rate regime depends on a good preparation of all concerned stakeholders who must properly assess its challenges and control its operational aspects. In addition, new steps to ease foreign exchange control should be taken, as Morocco lags well behind its main competitors in the opening of the capital account.

To succeed in this globalized context, structural rigidities take on a particular intensity. Progress to overcome them is however not fast enough in several fundamental cross-cutting areas. Examples in this regard include the cost and access to production factors, shortcomings of the judicial system, labor market reforms, administrative procedures, or the still-insufficient degree of internal competition in several sectors. Difficulties are at different levels. They are sometimes linked to modalities of implementation, as in the education system, in some cases to the completion pace, as in the judicial system, or in other cases, to the lack of consensus on the content of the reform, mainly that of administration, labor market and real estate.

At the same time, the momentum of improving the development of the banking sector, which today plays a leading role in our economy, should continue. While the progress achieved made it possible to strengthen the fundamentals of this sector, the internal and external outlook entails that its efficiency and resilience be further reinforced. From a prudential perspective, efforts for convergence of standards will continue. The implementation of Basel II advanced approaches will be monitored and banks will be prepared for the implementation of liquidity and capital requirements under Basel III reform. In the same vein, the role of the banking system in financing the economy should be strengthened, which also requires greater financial inclusion, development and diversification of funding instruments for SME/VSE, and a consolidation of the quality of relationships between banks and their customers. Moreover, innovation and competition in payment systems and means should be reinforced.

To address the challenges of maintaining the financial sector stability, actions of various stakeholders should be quickly inserted into a more strengthened cooperation framework, which is a prerequisite for effective oversight of systemic risks. In this respect, reforms of the regulatory framework of insurance and capital market supervisory authorities must be quickly achieved to empower them to act with full autonomy. By the same token, the review of BAM statute and banking law should lead to the definition of an approach to financial stability, which would draw all lessons from the relevant international experience in recent years.

However, despite the remarkable development of our financial sector during the last decade and its positive outlook, the degree of development of our capital markets is still insufficient. Progress in this area is all the more urgent because it is within reach, given the maturity attained by all stakeholders. The goal is to ensure that the financing of the economy becomes less dependent on bank loans. The deepening of capital markets will also require a new approach to the legislation that promotes greater flexibility in terms of regulation and innovation. In addition, it will entail that reform of the social security regime and diversification of both public and private debt instruments be accelerated.

In social terms, significant efforts have been made to establish a more equitable social and geographic distribution of wealth and services provided to citizens. Thus, in line with the progress made, Morocco would be overall able to achieve the Millennium Development Goals by 2015. Progress achieved in human development, where the National Human Development Initiative is the cornerstone, has definitely helped to lay the foundations for more equitable and sustainable development. However, it has been slow to be reflected significantly on Morocco's ranking internationally. It would be important in this respect to give a decisive impetus to advanced regionalization, with catch-up goals involving institutional reforms as well as human, financial and organizational resources to be implemented.

Such guidelines would be in our view channels that could effectively prepare our country for the profound changes in the international environment and for the current and future economic, social and financial challenges it has to face. The task to accomplish is certainly complex and time-bound, but the gains achieved in the political and institutional spheres make Morocco well positioned today to achieve the performance of the most dynamic emerging countries more rapidly. Completing this transition, however, requires that all stakeholders be involved and held accountable, including the Government, the Parliament, political parties, unions and the private sector who, beyond the category-based logics, should rally around this common goal.

Rabat, June 2012
Abdellatif JOUAHRI

PART 1

ECONOMIC, MONETARY AND FINANCIAL SITUATION

1.1 International environment

Global economic growth sharply slowed during 2011, reaching 3.9 percent as against 5.3 percent a year earlier. It was hampered mainly by the slowdown in most advanced countries, particularly the United States, United Kingdom and Japan. In the euro area, growth remained low, especially in the peripheral countries most affected by the sovereign debt crisis. The economy of emerging countries remained strong, while being gradually affected by weaker demand from advanced economies, and by tight monetary conditions.

The international environment was marked during 2011 by high volatility and sharply increased uncertainties, in particular following the deterioration in public debt sustainability in several countries and heightened tensions in financial markets. Thus, after its continued recovery in the first quarter of 2011, which began in 2009, global growth slowed down as of the second quarter, in conjunction firstly with rising commodity prices and Japan earthquake effects. The decline in activity was more pronounced later, following the resurgence of tensions in financial markets resulting from the deepening of the sovereign debt crisis in the euro area. Against this backdrop, the tightening budget margins and the required effort for fiscal consolidation further weighed on economic activity in advanced countries, and hence on demand for emerging countries.

In terms of world trade, the decline that prevailed as of the second quarter of 2011 resulted in a slowdown of trade and international capital flows. Furthermore, global imbalances in the balance of payments current accounts widened again and contributed to enlarging surpluses in energy-exporting countries.

Rising consumer prices continued in the world during 2011. Indeed, commodity prices remained high, owing particularly to the strong demand from emerging countries. In addition, geopolitical and social tensions in North Africa and the Middle East contributed to a significant increase in energy prices during the first half of the year. Prices declined later as a result of the deterioration of activity in advanced countries, while remaining high throughout the year.

In this context, bond, money, equity and foreign exchange markets were characterized by significant tensions and high volatility, which are mainly attributable to the deepening sovereign debt crisis in the euro area and the declining economic situation and prospects. The effect was enhanced by the loss of effectiveness of the G20 coordination framework, compared to previous years.

Furthermore, monetary policies remained overall very accommodating throughout the year 2011. Similarly, central banks maintained the unconventional measures intended to promote the normalcy of financial conditions and to provide support to economic activity. However, signs of overheating in some emerging economies led their central banks to tighten their monetary policies.

The deepening sovereign debt crisis and heightened tensions in financial markets largely determined the activity of international organizations in 2011, particularly the IMF which reformed its governance structure in order to provide greater support to troubled countries, particularly Greece and Ukraine.

1.1.1 Global economic trends in 2011

After the strong recovery that began in 2010, global growth slowed down in 2011 from 5.3 percent to 3.9 percent. This change is primarily due to the weakness observed in advanced countries, whose growth fell from 3.2 percent to 1.6 percent. Emerging and developing economies, whose growth pace remained fairly steady, experienced also a slowdown in GDP from 7.5 percent to 6.2 percent.

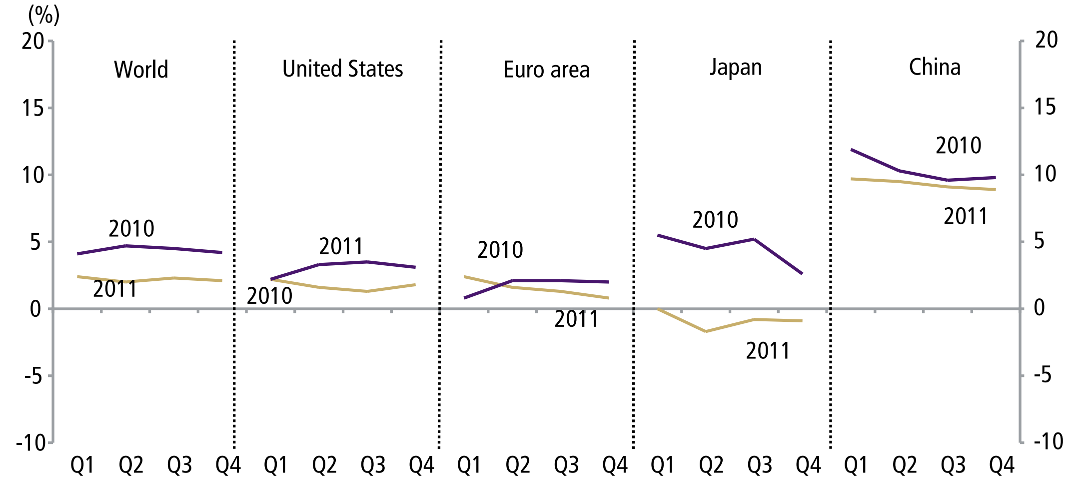
The slowdown in advanced countries particularly concerned the United States, Japan and the United Kingdom. In the euro area, growth which had reached 1.9 percent in 2010, fell to 1.6 percent in 2011. In emerging and developing countries, the decline was more marked in Latin America, especially Brazil.

Table 1.1.1 : Global growth trends (in percent)

	2009	2010	2011
World	**-0.6**	**5.3**	**3.9**
Advanced countries	**-3.6**	**3.2**	**1.6**
United States	-3.5	3.0	1.7
Euro area	-4.3	1.9	1.4
France	-5.1	3.6	3.1
Germany	-2.6	1.4	1.7
Italy	-5.5	1.8	0.4
Spain	-3.7	-0.1	0.7
United Kingdom	-4.4	2.1	0.7
Japan	-5.5	4.4	-0.7
Emerging and developing countries	**2.8**	**7.5**	**6.2**
Russia	-7.8	4.3	4.3
Developing countries of Asia	7.1	9.7	7.8
China	9.2	10.4	9.2
India	6.6	10.6	7.2
Countries of Latin America and the Caribbean	**-1.6**	**6.2**	**4.5**
Brazil	-0.3	7.5	2.7
Mexico	-6.3	5.5	4.0
Middle-East and North Africa	**2.7**	**4.9**	**3.5**

Source: IMF

Chart 1.1.1 : Quarterly profile of growth



Source: IMF, Eurostat

In advanced countries, the U.S. growth slowed down markedly from 3 percent in 2010 to 1.7 percent in 2011, in a context of gradual household debt reduction, difficulties in real-estate market and persistently high unemployment rate. The negative growth performance is fueled by the less vigorous domestic demand, especially its public component, despite the slight improvement in household spending. Investments remained strong with a 3.6 percent increase in gross fixed capital formation. External demand, although on a limited scale, contributed positively to growth, after a negative impact in 2010. While remaining high, the U.S. unemployment rate declined from 9.6 percent in 2010 to 9 percent in 2011. In terms of public finance, the U.S. fiscal deficit lessened to 9.5 percent of GDP as against 10.5 percent a year earlier, while public debt increased from 98.5 percent of GDP in 2010 to 102.2 percent in 2011.

In the **euro area**, growth slowed to 1.4 percent in 2011 from 1.9 percent in 2010, mainly owing to the negative impact of the deterioration of fiscal sustainability and high unemployment rates. Demand was marked mainly by the weakening in government and private consumption. Investment improved significantly, with an increase of 1.4 percent in gross fixed capital formation, after falling 0.5 percent in the previous year, while the rate of stock building remained low at 0.1 percent. In the labor market, the unemployment rate remained unchanged at 10.1 percent. In a context of continued fiscal consolidation in sovereign debt crisis-hit countries, fiscal deficit in the area dropped from 6.2 percent to 4.1 percent of GDP, while the public debt amounted to 88.1 percent of GDP as against 85.7 percent in 2010.

By country, growth returned in **Germany** from 3.6 percent to 3.1 percent in 2011, reflecting a slight deceleration in domestic demand and less dynamic exports. The latter were probably impacted by the global downward demand trend and the euro appreciation. The unemployment rate continued its downward trend from 7.1 percent to 5.8 percent from one year to the next. In terms of public finance, the fiscal deficit fell slightly from 1 percent to 0.8 percent of GDP, while public debt was reduced from 81.5 percent to 78.9 percent of GDP from one year to the other.

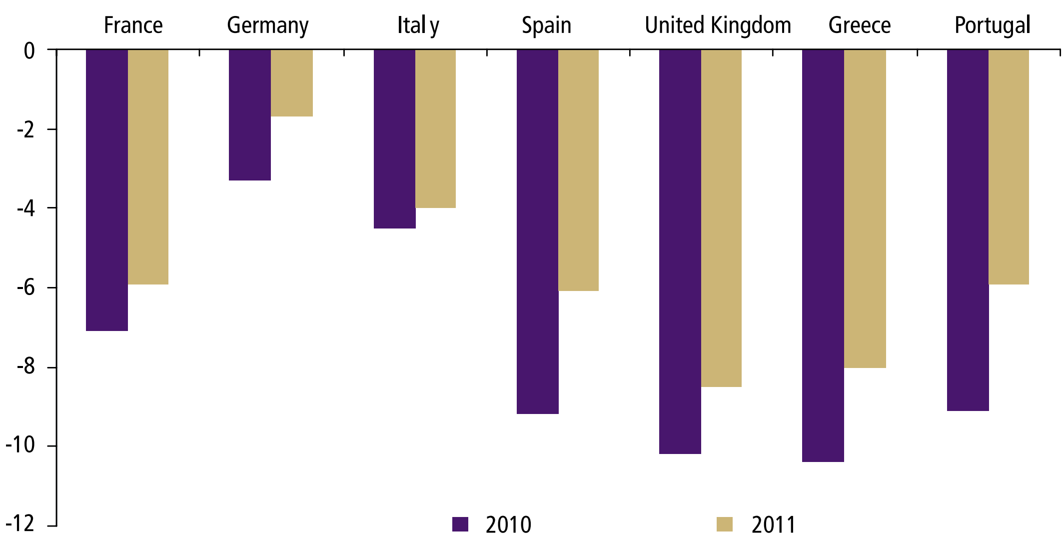
In **Italy**, growth slowed down from 1.8 percent to 0.4 percent, in conjunction with sovereign debt tensions. This trend mainly reflects the decline in household consumption and investment. The unemployment rate remained stable at 8.4 percent. Budgetary consolidation measures undertaken by the authorities contributed to minimizing the fiscal deficit to 3.9 percent of GDP from 4.5 percent a year earlier. Public debt rose to 120.1 percent of GDP from 118.7 percent in 2010.

GDP of **France** increased 1.7 percent from 1.4 percent in 2010, primarily reflecting higher investment. Similarly, the unemployment rate slightly decreased to 9.6 percent from 9.8 percent a year earlier. In terms of public finance, the fiscal deficit lessened to 5.3 percent of GDP as opposed to 7.1 percent in 2010, while public debt rose again to 86.3 percent of GDP as against 82.4 percent in the previous year.

In a situation characterized by tensions in the bond market, growth in Spain registered a slight increase of 0.7 percent, after contracting by 0.1 percent in the previous year, reflecting weaker investment and public consumption. In the labor market, the unemployment rate continues to hit record highs, 21.6 percent as against 20.1 percent in 2010. The efforts of fiscal consolidation contributed to minimizing the fiscal deficit, which fell from 9.2 percent of GDP in 2010 to 6.1 percent of GDP in 2011, while public debt continued to rise to 69.6 percent at the end of 2011 as opposed to 63.4 percent at the end of 2010.

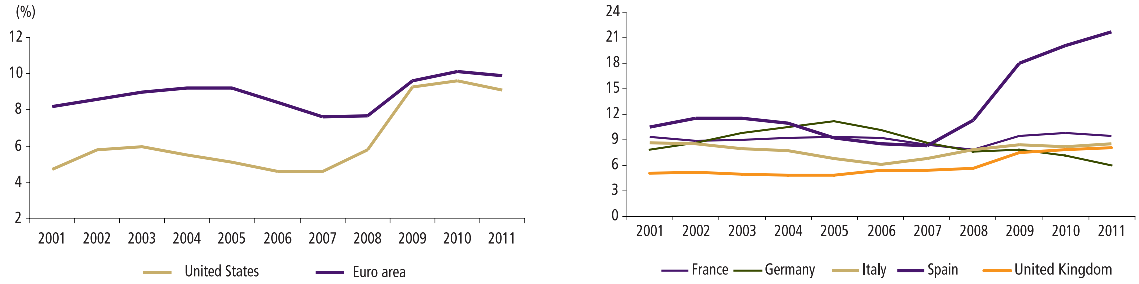
In the **United Kingdom**, growth declined from 2.1 percent in 2010 to 0.7 percent in 2011, due to the weaker domestic demand that resulted largely from tax measures to strengthen fiscal sustainability in the medium term. External demand, however, was fostered by the depreciation of the effective exchange rate of the sterling, estimated at 25 percent since the beginning of the financial crisis in 2007. The unemployment rate slightly increased from 7.9 percent to 8 percent. In terms of public finance, the fiscal deficit decreased to 8.7 percent of GDP as against 9.9 percent in 2010, while public debt rose from 75.1 percent of GDP to 82.5 percent of GDP.

Chart 1.1.2 : Change in the budget balance, in % of GDP



Source: IMF

Chart 1.1.3 : Change in the unemployment rate in the United States, the euro area and in partner countries



Source: IMF

After a rebound of 4.4 percent in 2010, GDP of **Japan** shrank by 0.7 percent, partly due to the strong disruption of production lines, especially in car and electronics industries, caused by the natural disaster that had affected the country on March 11. Meanwhile, global demand dropped despite the net increase in investment, supported by the first reconstruction efforts. In the labor market, the unemployment rate fell from 5.1 percent to 4.5 percent, year on year. In terms of public finance, the fiscal deficit worsened from 9.4 percent to 10.1 percent of GDP, and public debt rose sharply to a new record high at 229.8 percent of GDP as against 215.3 percent one year before.

In **emerging and developing countries**, growth in China slowed down from 10.4 percent to 9.2 percent in 2011, following the decline in exports. Domestic demand decelerated also following the repeated increase in interest rates and tighter lending conditions, despite the increase in employment and real wages. The unemployment rate remained unchanged at 4 percent from one year to the next. Growth in India fell from 10.6 percent to 7.2 percent, in conjunction with the slowdown in household consumption and exports.

In Latin America and the Caribbean, growth stood at 4.5 percent in 2011, down from 6.2 percent a year earlier, in connection with the decline in external demand. This trend reflects the marked slowdown of GDP in Brazil, which grew only 2.7 percent in 2011 as against 7.5 percent in 2010. Finally, growth in Chile slowed down from 6.1 percent to 5.9 percent, and from 9.2 percent to 8.9 percent in Argentina.

Table 1.1.2 : Change in unemployment rate (in %)

	2009	2010	2011
Advanced countries			
United States	9.3	9.6	9.0
Euro area	9.6	10.1	10.1
Germany	7.7	7.1	5.8
France	9.5	9.8	9.6
Italy	7.8	8.4	8.4
Spain	18.0	20.1	21.6
United Kingdom	7.5	7.9	8.0
Japan	5.1	5.1	4.6
Emerging and in developing countries			
Russia	6.5	7.5	6.5
China	4.0	4.0	4.0
Brazil	6.0	6.7	6.0

Source: IMF

In emerging Central and Eastern Europe, GDP grew by 5.3 percent in 2011 as against 4.5 percent in 2010, in connection with higher investment and strong domestic consumption. In Russia, growth remained unchanged at 4.3 percent, and was fostered by dynamic exports due to rising energy commodity prices.

In a context marked by strong political tensions, growth in the Middle East and North Africa fell from 4.9 percent to 3.5 percent, year on year. In Tunisia, GDP contracted by 0.8 percent in 2011, and slowed in Algeria to 2.5 percent from 3.3 percent. Finally, in Morocco, growth increased from 3.6 percent in 2010 to 5 percent in 2011.

1.1.2 International trade and balance of payments

After a strong expansion of 12.9 percent in 2010, the world trade volume grew only 5.8 percent in 2011. This slowdown is due to disruption in international trade and contraction of economic activity in advanced countries.

Box 1.1.1 : The worsening of the sovereign debt crisis in 2011

The euro area entered in 2011 in a new phase of the public debt crisis, with the emergence of new countries at risk, particularly Portugal, Italy, Spain and even France. The bond yields spreads compared to the German Bund[1] widened even further, and the contagion worsened within the euro area. Moreover, the crisis deepened in Greece. Despite an initial aid package for the country in 2010, the budgetary position continued to worsen in 2011 against a backdrop of recessionary environment. The country was forced to adopt a second austerity plan in return for additional financial assistance from the euro area and the IMF. The public debt crisis became most acute given the low pace of growth recorded in the euro area countries, which does not generate sufficient revenue to repay their debts, creating hence a vicious cycle between the three spheres: real, financial and budgetary.

As the sovereign debt crisis intensified in Europe, especially in euro area peripheral countries, the Governing Council of the European System strengthened the mechanisms already established at the height of the crisis in 2008. Thus, the Council reinforced in October 2011 the European Financial Stability Facility (EFSF), already created in June 2010 to provide financial assistance to Member States in financial difficulty. Indeed, the EFSF had a lending capacity of 440 billion euros, with the possibility of repurchases of public debts of States in trouble of funding. The Facility may also grant to states contingent credit lines, just like what the IMF offers, or lend liquidity to countries to recapitalize their banks.

Moreover, it was agreed to increase the flexibility of the European Stability Mechanism (ESM) which will only be effective as of July 2012. This mechanism can thus be implemented to grant loans to countries facing severe financing difficulties, to recapitalize financial institutions and to intervene in the secondary bond markets.

Concerning central banks, and in order to limit the contagion effect to the euro area peripheral countries, the ECB decided to allow national central banks to buy for the first time the debt of the euro area countries, especially Italian and Spanish debts. It extended also some of these measures including those based on unlimited supply of liquidity to banks. During the first half, the ECB ended the provision of liquidity on more than three-month long-term refinancing operations (LTRO), while reviving the unlimited supply on other calls for tenders for long-term financing of banks. Finally, it made again swap transactions with the Federal Reserve to provide liquidity in dollars.

Because of the worsening budget difficulties in many advanced economies, the rating agencies downgraded the ratings of many economies. The crisis contagion spread to the United States, whose sovereign debt rating was downgraded by Standard and Poor's (the United States lost its triple-A ratings). In response to the problem of high debt in the United States, an agreement on increasing the federal debt limit was approved by the Congress on August 2, 2011, by enacting a new law raising the debt ceiling to 14,694 billion dollars, in order to find a balance in the medium term.

1 The Bund is the German government bond and is sometimes used as reference for the calculation of bond spreads in the euro area.

In Europe, throughout the year, the sovereign debt rating of Greece lost between 7 and 9 notches and Portugal experienced a decline between 3 to 7 notches. Similarly, Spain and Italy suffered cuts ranging from 1 notch to 3 notches. In addition to the eurozone peripheral countries, the triple-A of French debt was put, as of the third quarter of 2011, under surveillance by Moody's, considering that a rising rate of French bonds in financial markets and unfavorable economic growth outlook were likely to have negative impact on the debt rating of France.

Table B1.1.1.1 : Main degradations of sovereign ratings in 2011

Country/rating agency		dec.10	dec.11	Lost notches
	SP	AA+	AA(-)	0
Belgium	M	Aa1	Aa3(-)	2
	F	AA+	AA+(-)	0
	SP	AA	AA-(-)	1
Spain	M	Aa1(-)	A1	3
	F	AA+	AA-(-)	2
	SP	BB+(-)	CC	9
Greece	M	Ba1(-)	Ca	9
	F	BBB-	CCC	7
	SP	A	BBB+(-)	2
Irland	M	Baa1	Ba1(-)	3
	F	BBB+	BBB+(-)	0
	SP	A+	A	1
Italy	M	Aa1	Aa3(-)	3
	F	AA-	A+(-)	1
	SP	A-	BBB-	3
Portugal	M	A1	Ba2(-)	7
	F	A+	BB+(-)	6
US	SP	AAA	AA+	1

Sp: Standard and Poor's
M: Moody's
F: Fitch ratings
(-): negative outlook
Source: Standard and Poor's, Moody's and Fitch Ratings

The balance-of-payments current account of most advanced and emerging countries was marked by persistent current account imbalances, reflecting multi-speed growth across regions, as well as continued high commodity prices, particularly oil ones. This trend reflects a stable deficit in developed countries at 0.2 percent, and a decrease of surplus from 3.2 percent to 1.8 percent in emerging Asia, with the exception of the Middle East and North Africa, where the surplus improved significantly from 7.8 percent to 13.2 percent of GDP. In Latin America and Central and Eastern Europe, the current account deficits further widened to 1.3 percent and 6.2 percent of GDP, respectively, as opposed to 1.1 percent and 4.7 percent a year earlier.

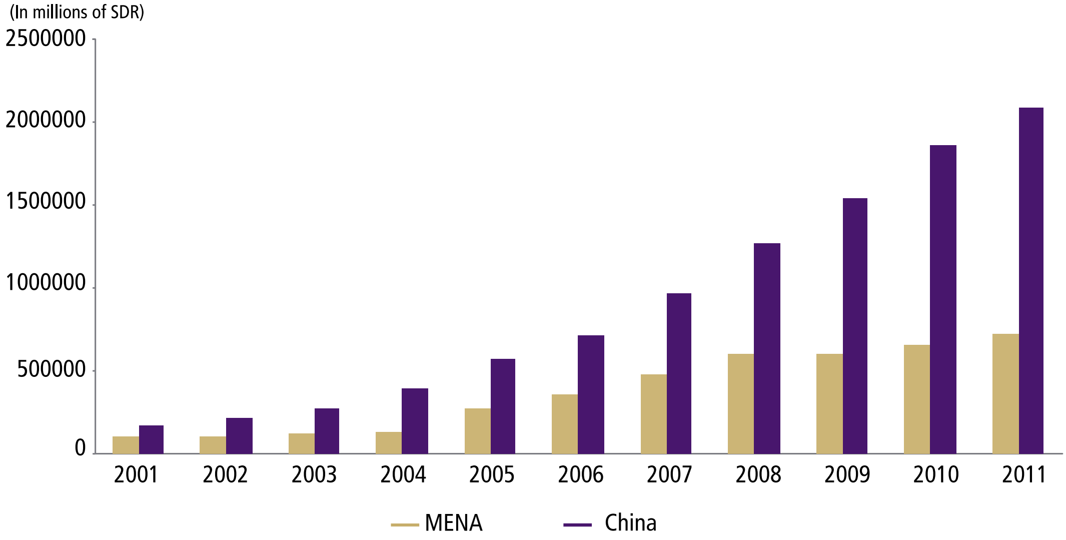
Table 1.1.3 : Balance-of-payments current account per region and country in the world (in % of GDP)

	2009	2010	2011
Advanced countries	**-0.2**	**-0.2**	**-0.2**
United States	-2.7	-3.2	-3.1
Euro area	0.0	0.3	0.3
Japan	2.8	3.6	2.0
United Kingdom	-1.5	-3.3	-1.9
Emerging Asia	**3.7**	**3.2**	**1.8**
China	5.2	5.1	2.8
India	-2.1	-3.3	-2.8
Latin America	**-0.6**	**-1.1**	**-1.2**
Brazil	-1.5	-2.2	-2.1
Mexico	-0.7	-0.3	-0.8
Countries of Central and Eastern Europe	**-3.1**	**-4.7**	**-6.0**
Commonwealth of Independent States	**2.5**	**3.7**	**4.6**
Russia	4.0	4.7	5.5
Middle-East and North Africa	**2.5**	**7.8**	**13.2**

In the United States, the current account deficit remained almost stable at 3.1 percent of GDP from one year to the next. This covers higher foreign direct investment income and a further widening trade deficit. In the euro area, the current account balance remained slightly positive at 0.3 percent of GDP, while in Japan it fell from 3.6 percent to 2.0 percent of GDP, reflecting particularly the combined effect of the yen's appreciation and supply shocks caused by the earthquake of March 11.

In China, the current account surplus fell from 5.1 percent of GDP in 2010 to 2.8 percent in 2011, mainly due to the decline of the trade balance surplus following the slowdown in exports. In India, the current account deficit narrowed to 2.8 percent of GDP from 3.3 percent a year earlier. In Brazil, the current account deficit decreased to 2.1 percent of GDP from 2.2 percent in the previous year. Finally, the current account surplus in Russia rose again 5.5 percent of GDP from 4.7 percent.

Chart 1.1.4 : Change in international reserves of central banks, China and MENA



Source: IMF

Despite the deteriorating global economic conditions and the increased financial tensions, global flows of foreign direct investment recovered again in 2011, recording an increase of 17 percent, to stand according to UNCTAD[1] at 1,509 billion dollars in volume, a level almost similar to the pre-crisis one.

1.1.3 Major economic policy measures

Against a backdrop of economic slowdown, monetary policy in most advanced countries was characterized by the adoption of new non-conventional measures undertaken since 2007-2008 and the unchanged maintenance of historically low key rates. However, in the large emerging and developing countries, monetary policy was generally restrictive and most central banks continued their monetary tightening cycle initiated in 2010, to address the rising inflationary pressures.

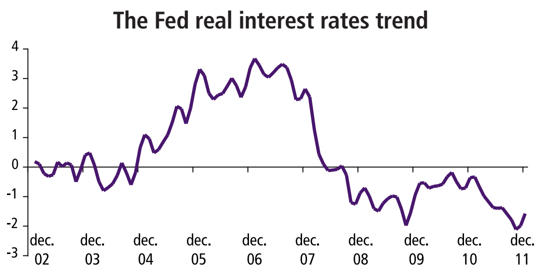
As to the monetary policy in the euro area, the **ECB** raised its rate twice to bring it in July 2011 to 1.5 percent. However, with more marked deceleration in growth as of the third quarter, and the deepening sovereign debt crisis, the ECB lowered its rate to 1 percent, which is the same level registered at the end of the previous year.

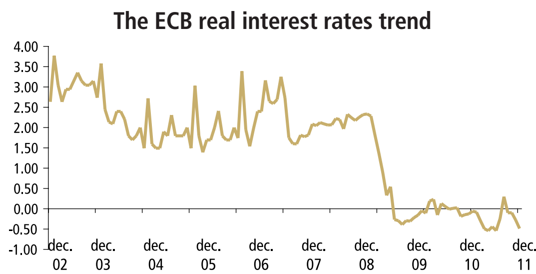
1 United Nations Conference on Trade and Development

Furthermore, the **ECB** renewed the quantitative measures aiming to improve liquidity conditions in money markets, which resulted in unlimited supply of liquidity to banks. To cope with the financing difficulties in the bond market, the ECB revived its government bonds purchase program, which rose from 72 to 187 billion euros, from a year-end to the next. It focused on the Greek, Irish and Portuguese government securities, expanded in August 2011 by buying Italian and Spanish government bonds. Globally, the monetary base[1] decreased to 13.6 billion euros in 2011 from 13.9 billion at end-2010.

In the **United States**, despite rising inflation due to increasing commodity prices, the Federal Reserve kept its key rate unchanged within a range between 0 and 0.25 percent. In addition, in order to support economic activity, the Fed expanded its quantitative easing measures[2], beyond those already planned in November 2010, which consisted of buying Treasury bonds for 600 billion dollars. Thus, the amount of the long-term government bonds held by the Fed reached 2,600 billion dollars at end 2011, up from 2,000 billion dollars in 2010. In addition, it lengthened the structure of its balance sheet by increasing the average maturity of its federal securities portfolio, by 400 billion dollars until June 2012, to maintain low long-term rates and to further support economic activity. Overall, the monetary base reached 2,674.7 billion dollars in 2011, up from 1,970 billion at the end of 2010, and nearly 1,942 billion dollars in 2009.

Chart 1.1.5: Fed and ECB real interest rates trend





* Real interest rate (R) corresponds to nominal interest rate (T) adjusted by core inflation rate (I).
The formula used is that of Fisher and is written as follows: R = [(1+T)/(1+I) - 1].
Source: ECB, FED and BAM calculations

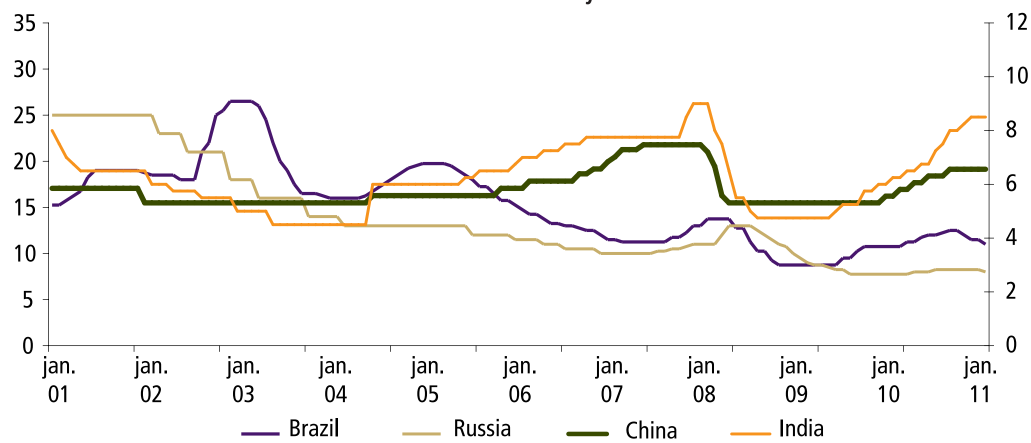
In the **United Kingdom**, the key rate was kept unchanged at 0.5 percent in 2011. Moreover, the quantitative easing policy was pursued and expanded beyond the bond purchase program by 75 billion pounds, bringing the total to 275 billion pounds at end-December 2011. These measures resulted in an increase in the monetary base that reached approximately 222 billion pounds in 2011, up from 193.2 billion in 2010.

1 Monetary base or reserve money, comprises banknotes and coins as well as bank deposits at Central Banks
2 Quantitative easing refers to unconventional measures of monetary policy used by central banks to increase money supply and the liquidity of the banking system

Bank of **Japan** also kept key rate unchanged in 2011, within a range of 0 percent to 0.1 percent, with the stated objective to fight against deflation[1], facilitate financing of the economy and cope with the appreciation of its currency, while supporting economic activity. In terms of the implemented quantitative easing policy measures, the Bank of Japan decided in March, to expand its asset purchase program by 5,000 billion yen, covering Treasury bond purchases, government or corporate bonds and various debt securities, bringing the total to 40,000 billion yen in 2011. In sum, the monetary base grew from a year-end to the next from 21 percent to 25 percent of GDP.

In **emerging markets**, monetary policy was more restrictive, as most central banks increased their key rates, mainly in China, India and Brazil. Thus, the People's Bank of China raised its key rate in January and April by a total of 75 basis points, bringing it to 6.56 percent. It increased also its required reserve ratio by 45 basis points to 21 percent. In India, the Central Bank raised also its key rate by a total of 225 basis points in 2011 to 8.5 percent, up from 6.25 percent at end-December 2010. Finally, in Brazil, the Central Bank raised its key rate by 25 basis points to 11 percent over the whole year.

Chart 1.1.6 : Trend of the key Rates in BRIC



Source: Datastream

1.1.4 International financial markets

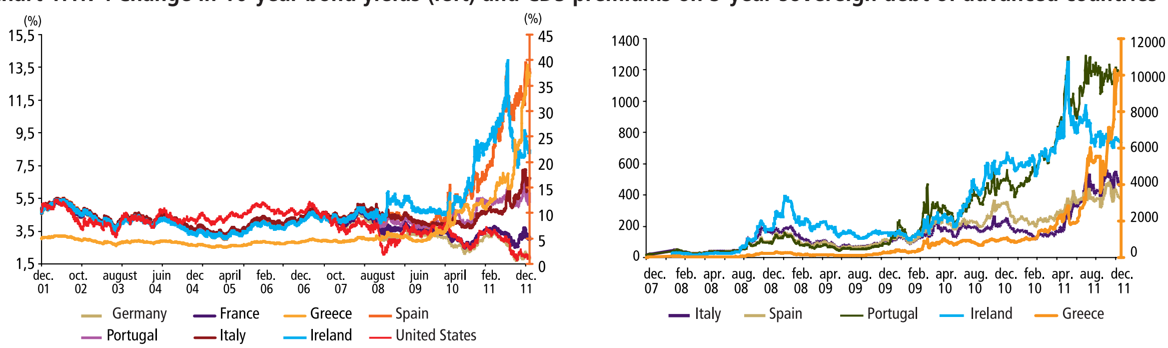
With the exception of Germany, the bond markets of the euro area experienced strong tensions. The majority of government yields increased, unlike those of the United States. In the euro area,

1 Deflation is a phenomenon of widespread declining prices, and usually occurs during periods of high debt and falling demand for goods and services.

difficulties on debt markets spread to Spain, Italy and reached France. This contagion is mainly due to the European governments' delay to implement coordinated programs with a view to strengthening the medium-term fiscal sustainability, mainly for Greece.

Thus, the 10-year bond yields rose in Greece to 19 percent in 2011 as against 9.1 percent one year earlier. For Spain, Ireland and Italy, increases were within a range of 44 basis points to 68 points. The French government bond yields rose also in 2011 to 3.3 percent, up 19 basis points from the previous year. The French debt rating was also supervised, at year end, by two rating agencies, who were concerned about the increased level of public debt and the worsening of the fiscal position. Therefore, sovereign CDS[1] premiums more than tripled for Greece, almost doubled for Portugal and increased 75 percent and 56 percent for Italy and Spain, respectively.

Chart 1.1.7 : Change in 10-year bond yields (left) and CDS premiums on 5-year sovereign debt of advanced countries



Source: Datastream

However, bond yields of other advanced countries trended downward in 2011. Thus, the German Bund yields stood at 2.6 percent, down 14 basis points. Similarly, the yields on 10-year U.S. Treasury bills decreased by 44 basis points compared to the previous year, although the United States was downgraded by Standard and Poor's in August 2011 from "AAA" ratings to "AA+" with negative outlook, following the lack of political consensus in Congress on the strategy to ensure fiscal sustainability.

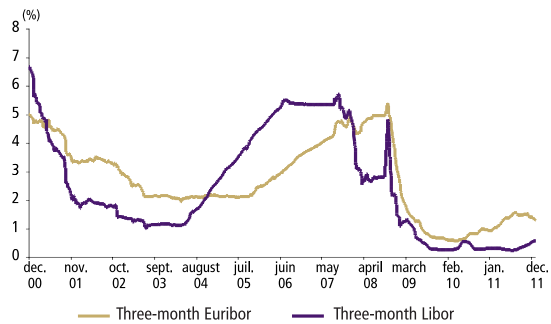
In major interbank markets of advanced countries, the rates and spreads of the euro area in particular were tilted to the upside. To safeguard the functioning of interbank markets that experienced significant difficulties, the ECB took exceptional measures to refinance the banks. Thus, long-term refinancing operations of 489 billion euros were activated: one in October for a period of twelve months, and another one in December 2011 for a period of almost 13 months.

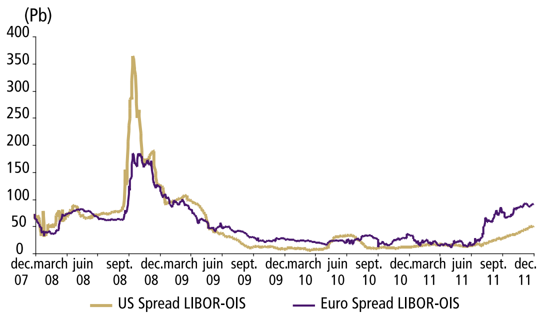
1 Credit Default Swaps (CDS) on the sovereign debt corresponds to insurance premiums against the default risk of a given sovereign debt.

Moreover, in order to meet the refinancing need for commercial banks in dollars, the major central banks- namely the ECB, the US Federal Reserve, the Bank of England, the Swiss National Bank and the Bank of Japan- agreed to decrease swap arrangements by 50 basis points.

In this context, the 3-month Euribor[1] averaged 1.3 percent in 2011, up from 0.7 percent a year earlier, while the 3-month Libor[2] stagnated at 0.3 percent. The Libor-OIS spread[3] increased significantly in both the euro area and the United States, where it reached respectively 43.4 basis points and 23 points in 2011, up from 24.5 and 15, 5 basis points in the previous year. These spreads remain well above their 2007 level, when they stood at 7 basis points in the United States and 3 basis points in the euro area.

Chart 1.1.8 :Change in the OIS-LIBOR spread and 3-month Euribor - LIBOR rates





Source: Datastream

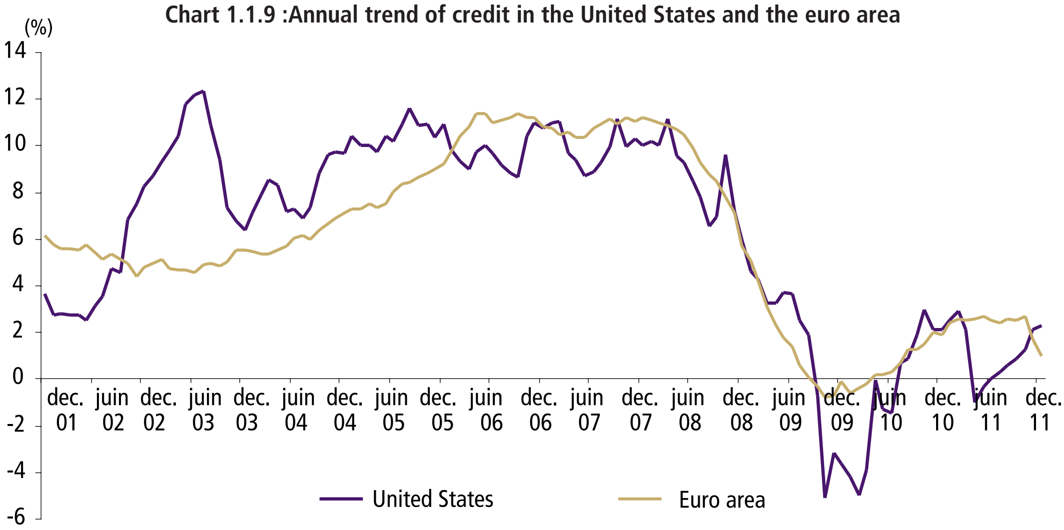
The bank credit in the major advanced economies recorded divergent trends across countries. Thus, in the United States, credit growth weakened in the first four months of 2011, reaching its lowest level this year, -1 percent in April 2011. Thereafter, the trend was reversed during the remainder of the year, standing at 2.3 percent in December, month on month. However, in the euro area, credit continued its gradual recovery that began in October 2009, reaching its highest pace of growth in October 2011, 2.7 percent, while ending the year on changes of 1.7 percent and 1 percent in November and December, respectively. Overall, year on year, the annual average credit growth rate rose from -0.6 percent to 2.4 percent in the United States and from 0.7 percent to 1.1 percent in the euro area.

1 Euribor (Euro Interbank Offered Rate) is the reference price of money borrowed for periods of 1 week and 1 to 12 months on the interbank market of the euro area.

2 Libor (London Interbank Offered Rate) is the interest rate of short-term reference of the English market. It is calculated by taking the rates charged by a sample of some of the most solvent banks in the world.

3 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).

Chart 1.1.9 :Annual trend of credit in the United States and the euro area



Source: Datastream

In stock markets, the year 2011 was marked by differing trends in the United States and the euro area. The U.S. performance is mainly due to the positive trend in a number of economic indicators, the results of most U.S. corporations that were tilted to the upside, and more favorable financial conditions. Thus, the Dow Jones Industrials rose on average by 12.1 percent in 2011. In contrast, European stock markets fell significantly in a difficult environment, with the exception of those of Germany and the United Kingdom. Indeed, except for the FTSE 100[1] and DAX30[2] that recorded respective increases of 3.9 percent and 6.3 percent, other stock exchanges registered declines ranging from 4.3 percent for the CAC40 to 31.9 percent for the Athex (Greece).

Concerning volatility, both American and European stock markets dropped slightly, as evidenced by the VIX and VSTOXX volatility index trends that stood respectively at 17 basis points and 20 points in 2011, down from 22 points and 26 basis points one year earlier. These trends cover, however, two distinct periods, namely the first half of 2011 when the volatility level did not exceed an average of 18 basis points for the VIX[3] and 22.4 points for the VSTOXX[4], while in the second half the same indexes reached 30 and 37.4 basis points, respectively.

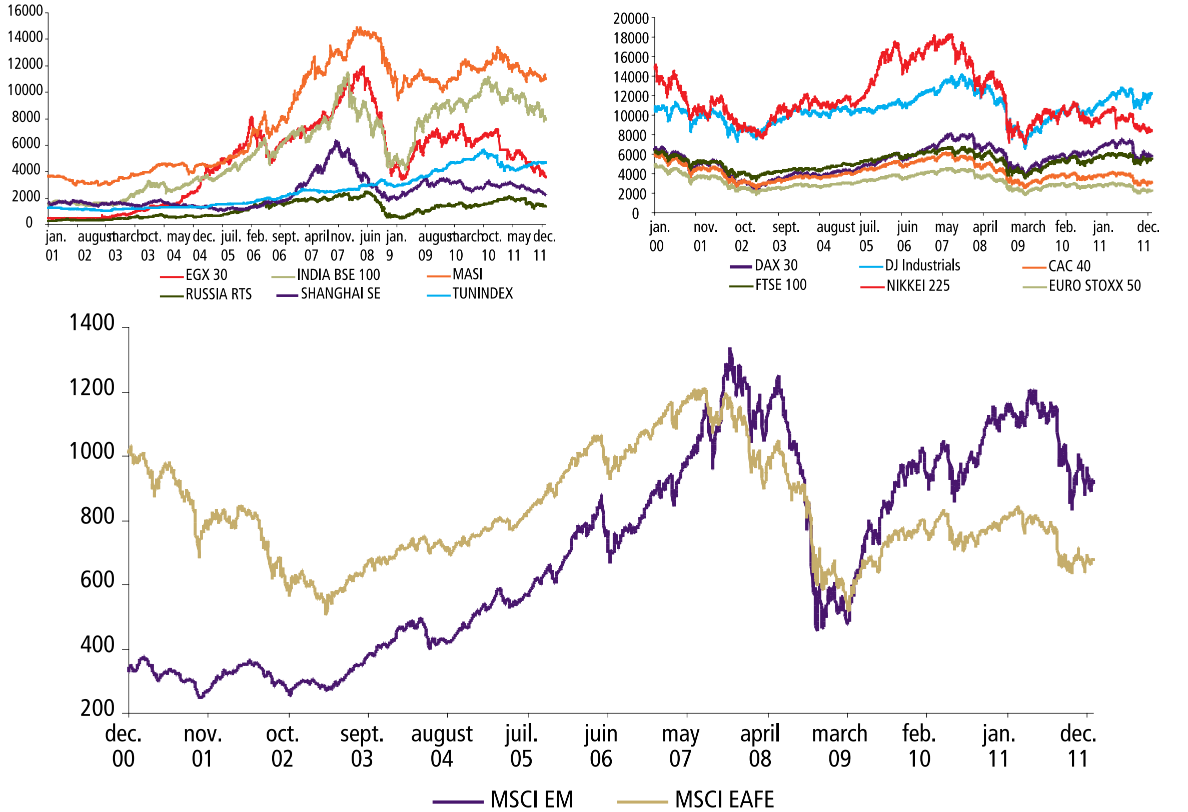
1 Financial Times Stock Exchange is the main index of England's stock market, and is based on a sample of 100 British stocks selected among the highest market capitalizations and the largest volumes of transactions.

2 DAX30 is a benchmark index of the main stock exchange of Germany. It is composed of the first 30 caps in Germany

3 VIX is the indicator measuring the Chicago Board Options Exchange volatility, and allows understanding the future volatility of the S&P 500. It is considered a reference on investor sentiment and market volatility.

4 VSTOXX is the indicator measuring the volatility of the Eurostoxx 50.

Chart 1.1.10 :Change in global market indexes (in basis points)



* MSCI EAFE Index is a market capitalization index designed to measure equity market performance of developed markets outside of the U.S. and Canada. The MSCI EAFE contains indexes of 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.

Source: Datastream

The growth of stock market indexes of emerging economies slowed down sharply. The MSCI EM[1] stood at 5.1 percent as against 32.6 percent in 2010, against a backdrop of slowdown in global economy and its effects transmission to these countries. This brought back the MSCI EM to its 2007 level, reflecting a degree of normalcy in these markets.

In foreign exchange markets, the euro experienced two contrasting trends. It appreciated on average by 3.8 percent against the dollar, by 2 percent vis-à-vis the Japanese yen and 1.3 percent against the pound sterling. Indeed, in the first seven months of 2011, the single currency appreciated by 6.6 percent vis-à-vis the dollar, reaching 1.43 dollar in August. Subsequently, it depreciated by 7.7 percent, thus standing at 1.31 dollar in December. This depreciation is a result of a combination of several factors, including the deterioration in economic conditions and prospects as well as the spread of the debt crisis to other countries, such as Italy and France.

1 The MSCI-EM index measures equity market performance in countries of Central Europe, the Middle East and Africa (Czech Republic, Hungary, Poland, Russia, Tur¬key, Israel, Jordan, Egypt, Morocco and South Africa).

Chart 1.1.11 :Change in exchange rates of the main international currencies (annual average)

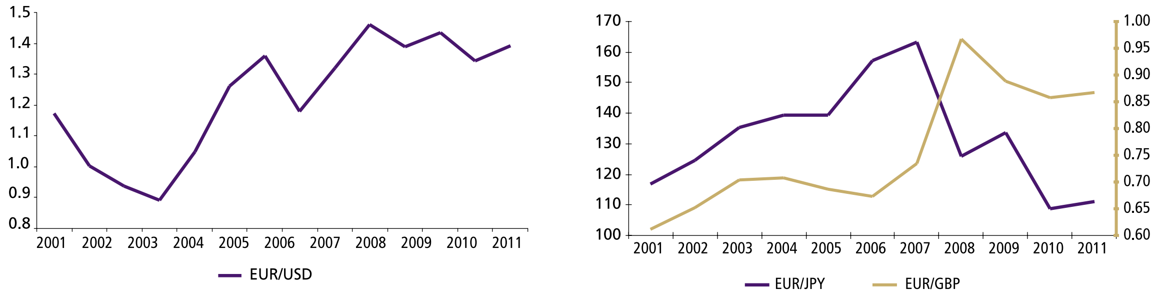
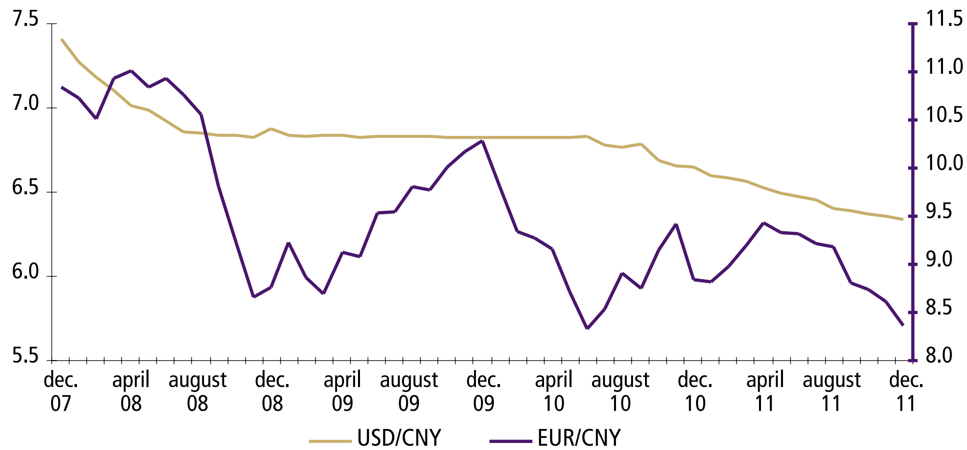


Chart 1.1.12 :Change in the exchange rate of the Chinese yuan vis-à-vis the euro and the dollar (monthly average)



Source: Datastream

With regard to Asian currencies, the yen appreciated by 4.8 percent vis-à-vis the euro and by 10 percent against the dollar, benefiting from its safe haven status, despite the concerted intervention of the G7 central banks and the Central Bank of Japan to limit the yen's appreciation after the natural disaster of March 11. The Chinese Yuan remained almost unchanged against the euro, at 9 Yuan per euro, while it appreciated by 4.7 percent vis-à-vis the dollar.

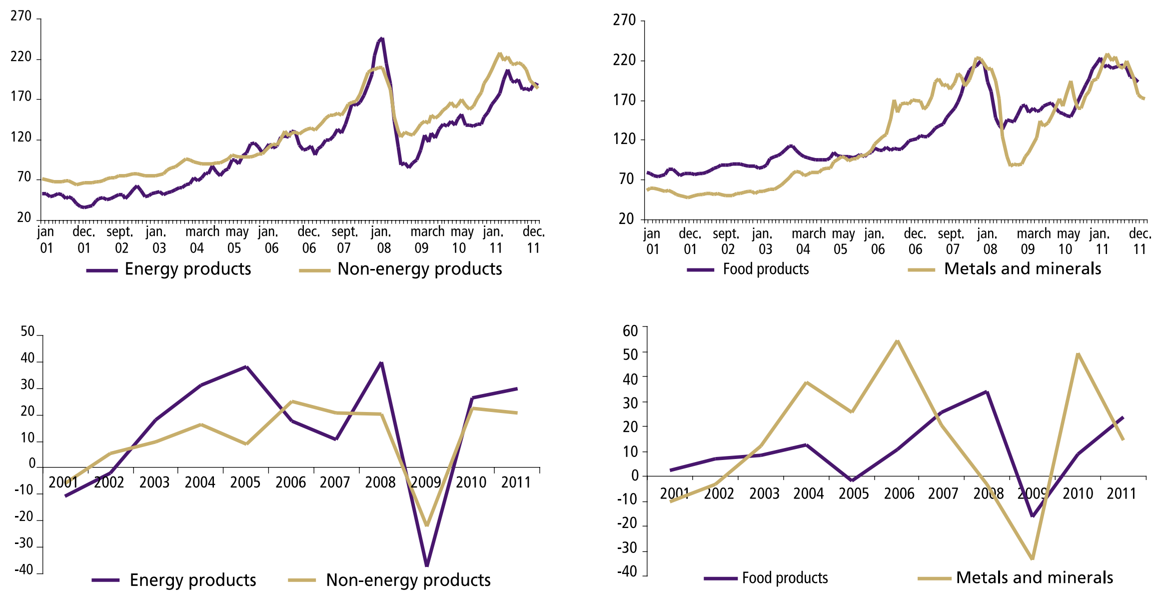
1.1.5 Global commodity markets

In 2011, change in commodity prices was characterized by two distinct periods. The first four months were marked by the continued upward trend that began in 2009. This trend was reversed due to the deteriorating economic outlook, particularly the Chinese one.

Overall, energy prices in 2011 remained high, with an average increase of around 30 percent. In particular, oil prices rose sharply to about 32 percent throughout the year, despite the worsening economic conditions. It reached, at the end of the year, 104 dollars a barrel, after peaking at 116 dollars in April.

Non-energy commodity prices increased 21.7 percent from one year to the next, as against 22.4 percent in 2010. Within this category, agricultural products were up 22.6 percent, despite a slight decline in the fourth quarter in line with improved supply. The rise was greater for wheat and sugar whose prices increased by 33 percent and 22 percent, respectively, as opposed to 12 percent and 17 percent in 2010. The prices of industrial metals rose by approximately 15 percent as against 49 percent in 2010, under the effect of easing demand pressures observed in the second half of the year. Thus, copper, aluminum and nickel prices were up 17 percent, 10.5 percent and 5 percent, respectively, as against 46.3 percent, 30.5 percent and 48.8 percent one year earlier. Concerning precious metals, silver and gold prices were up 74.5 percent and 28 percent, respectively, in a context of considerable uncertainty surrounding the yields of alternative assets, mainly financial ones.

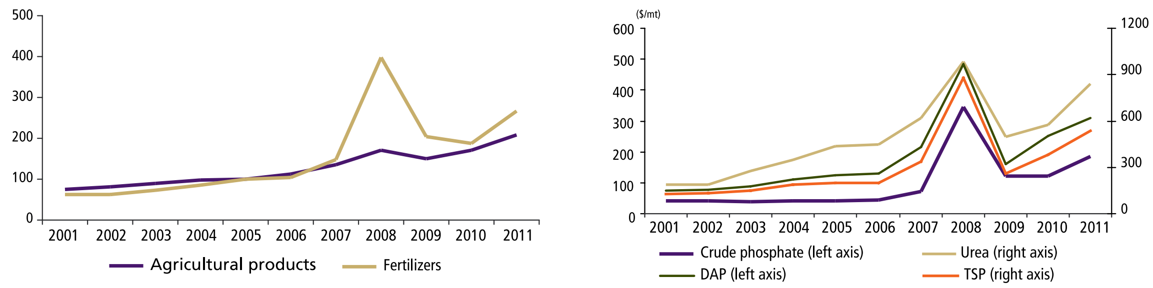
Chart 1.1.13 :Annual changes in energy and non-energy commodity prices



Source: World Bank

In conjunction with the rising food prices, the prices of phosphates and derivatives registered a sharp increase. Indeed, the price of crude phosphate averaged 185 dollars a tonne in 2011, an annual change of 50 percent as against 1.1 percent in 2010. After significant increases in the previous year, mainly for TSP[1], Urea and DAP[2] , prices increased in 2011 by 41 percent, 46 percent and 24 percent, respectively.

Chart 1.1.14 :Change in the prices of phosphate and derivatives (dollar/tonne)



Source: World Bank

1.1.6 International financial architecture

The international financial architecture underwent major changes to meet the challenges of financial stability. Thus, the IMF reform was pursued with the strengthening of its monitoring role, reconfiguration of its financial instruments, consolidation of its financial resources and upgrading of its governance structure.

In 2011, the IMF exerted tremendous efforts to strengthen its monitoring framework. Indeed, while working on better integration of existing instruments[3], the Fund expanded its areas of study, mainly to issues related to oversized banking systems and unemployment reduction. It also strengthened its analysis of the contagion channels through strengthened surveillance of the financial sectors of systemically important economies (United States, Japan, Euro area, United Kingdom and China).

In addition, on the request of the G20 at the Pittsburgh meeting in 2009, the IMF prepared, for the Summit of November 2011, the report on "Mutual Assessment Process (MAP)", which focused mainly on the assessment of pledges made by the G-20 members; assessment of the implementation of monetary, exchange rate, fiscal and structural policies; and G-20 economic outlook and associated risks.

Moreover, the IMF continued reform of its array of financing instruments in order to adapt them to the increased needs of member countries. After refining the flexible credit line (FCL), established in

1 Trisodium phosphate

2 Diammonium phosphate

3 Early Warning Exercise, Vulnerability assessment exercise for Advanced Economies and Fiscal Monitor.

March 2009 to enhance its effectiveness in crisis prevention and creating in 2010 a precautionary credit line (PCL) for a wider range of countries, the Executive Board approved in November 2011 a package of reforms of its non-concessional lending instruments enabling it to provide more effectively liquidity and emergency assistance to all members. Concretely, this reform is about:

- The consolidation of emergency aid (to cope with natural disasters and post-conflict situations), by grouping the instruments available to the IMF to provide support, within a financing instrument that would respond rapidly to urgent needs caused by different conditions such as exogenous shocks (commodity prices or natural disasters), post-conflict situations, disturbing political transitions, etc. ;

- The replacement of the PCL by a precautionary and liquidity line (PLL) adaptable to a wider range of circumstances (potential and real purposes of the balance of payments), including as an insurance against future shocks or short-term liquidity facility to meet the unintended consequences of a crisis and curb the contagion when regional or global tensions increase.

Meanwhile, the IMF undertook significant steps to strengthen the available resources and meet the potential funding needs of its member countries. In addition to the IMF's governance structure approved in December 2010, aiming, among other things, to doubling the total quotas of member countries to 476.8 billion Special Drawing Rights , the 2008 quota reform, which provided for one-off quota increase for 54 member countries, totaling SDR 20.8 billion, took effect in 2011. The resources available to the IMF under the General Arrangements to Borrow and New Arrangements to Borrow have been substantially strengthened from 34 billion SDRs to 367.5 billion SDRs.

For its part, the G-20, chaired by France in 2011, played a particularly active role in strengthening the international financial architecture. During this year, the G-20 member countries agreed on a plan for growth and jobs set to address certain weaknesses in the short term and strengthen the foundations of the medium-term growth. Countries whose fiscal position is strong, especially China and Germany, have thus pledged to take further measures to support their domestic demand with a view to sustain the global growth, but did not specify their nature. On the other hand, and to avoid the risk of contagion associated with the Greek crisis, it was agreed that the IMF monitors the implementation of economic policies of Italy on a frequent basis. Regarding the problem of unemployment, the G-20 has established a «Task Force» primarily devoted to youth employment.

The authorities of the G-20 member countries stressed the importance of further reform of the international monetary system (IMS) to make it more representative, stable and resilient. The authorities of the G-20 have also emphasized the importance of further reform the international monetary system (IMS) to make it more representative, more stable and resilient. As such, they are committed to strengthening the IMF's resources to enable the institution to fulfill its role as a bulwark against systemic risks. Regarding the volatility of international capital flows, the use of a control was recognized as a measure of stabilization. The G-20 also agreed to revise the composition of the SDR at the latest by 2015, to better reflect the weight of currencies in the international trading and financial system.

Regarding the financial sector reform and market integrity, the G-20authorities agreed on a set of measures to avoid any institution from being considered too important to fail. Thus, an initial list of 29 financial institutions of systemic importance was published by the Financial Stability Board (FSB) at the end of the Cannes Summit in November. These institutions will be subject to enhanced supervision and, from 2016, to higher capital ratios. Finally, it was noted that a tax on financial transactions will be implemented by certain G-20 member countries.

1.2 National output

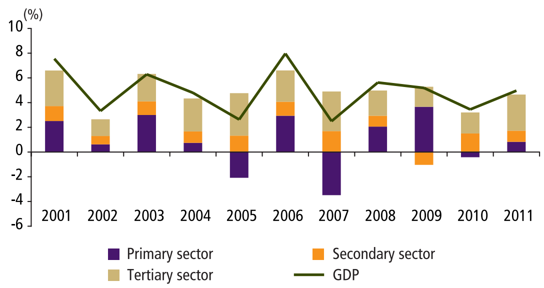
The national GDP growth rose from 3.6 percent in 2010 to 5 percent in 2011, despite the gradual deterioration of the international economic situation over the year.

This trend is attributable to the recovery of the agricultural sector, whose value added increased by 5.6 percent after falling 1.9 percent in 2010, contributing 0.9 percentage points to growth after a negative impact of 0.3 point in 2010. Nonagricultural activities increased by 5.2 percent from 4.2 percent a year earlier, bringing their contribution to growth, in one year, from 3 percentage points to 3.7 points.

The tertiary sector, whose value added increased 6 percent from 3.3 percent in 2010, contributed 2.9 points to overall performance as against 1.6 point in 2010. However, this contribution dropped, within a year, from 1.4 percentage point to 0.9 point for the secondary sector, reflecting the decline of its growth rate from 6.5 to 4 percent.

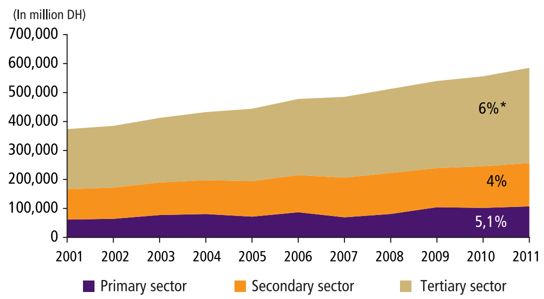
GDP at current prices stood at 802.6 billion dirhams, up 5 percent from 4.3 percent a year earlier. Agricultural value added, estimated at 106.3 billion dirhams, rose 7.4 percent, while nonagricultural one increased 12.5 percent to nearly 662.4 billion dirhams. Consequently, the growth rate of the GDP implicit price1 decelerated, as it dropped from 0.7 percent in 2010 to 0 percent in 2011.

Chart 1.2.1: Absolute contribution of economic sectors to GDP growth, in percentage points



Source: HCP and BAM calculations

Chart 1.2.2: Change in sectors at constant prices



*Growth rate

1 The implicit price of GDP is the ratio of nominal GDP to real GDP. It measures changes in the average price of all goods and services produced in the economy.

1.2.1 Primary sector

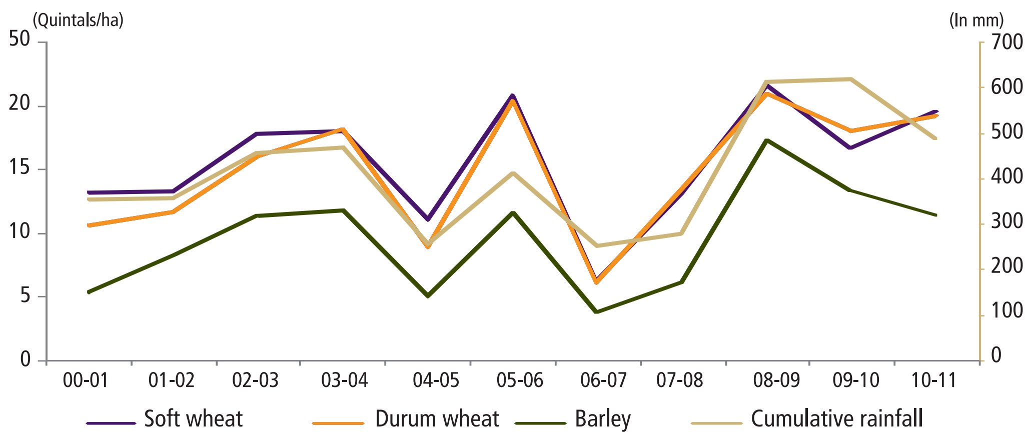
The value added of the primary sector, which accounts for 18 percent of national value added, grew by 5.1 percent after a decline of 2.3 percent in 2010. This trend reflects mainly the strong performance of vegetable crops and, to a lesser extent, livestock, while fishery output almost stagnated.

Agriculture

The output of the crop year 2010-2011 constitutes, for the third consecutive year, a performance that goes beyond the average of the past decade. This result is mainly due to favorable rainfalls both in terms of volume and in terms of spatial and temporal distribution. The national average cumulative rainfall increased to 493 mm, 10 percent higher than the five-year average. As for the filling rate of farm dams, it reached 80 percent.

Against this backdrop, vegetable crops trended upward overall, except for market gardening. Thus, cereal production amounted to 85.5 million quintals, up 10.7 percent from the previous year and 22.3 percent compared to the average of previous five years. In addition to the 6.1 percent expansion of sown areas to 5.3 million hectares, this trend was enhanced by the 4.1 percent improvement in yields. By product, crops of soft wheat and durum wheat, valued respectively at 41.7 million and 18.5 million quintals, increased by 28.6 percent and 13.2 percent, while those of barley and corn, estimated at 23.2 million and 2.1million quintals, recorded respective decreases of 9.7 percent and 24.4 percent.

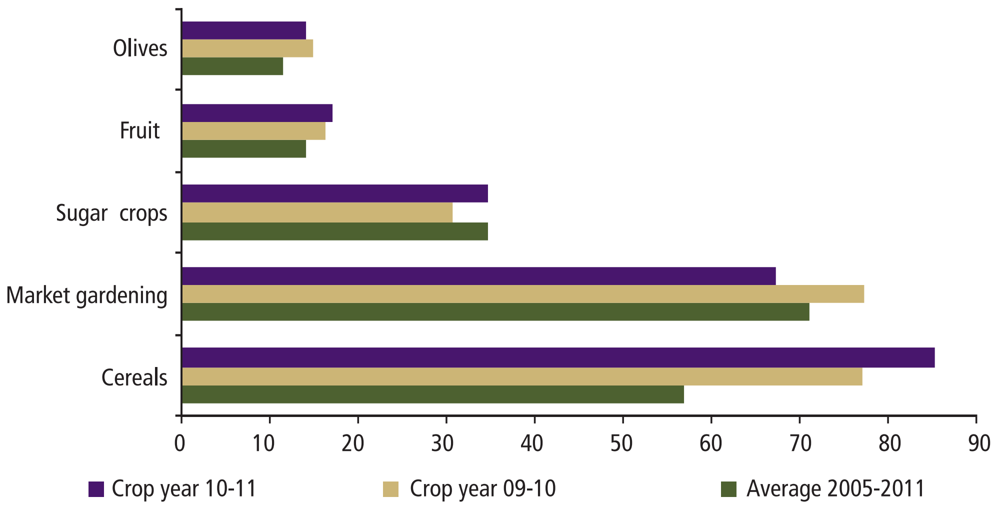
Chart 1.2.3: Yields of cereal crops and cumulative rainfall



Sources: Ministry of Agriculture and Fisheries and National Meteorological Department

The production of leguminous plants increased by 16.9 percent to 3.2 million quintals, while that of citrus and sugar crops rose by 5.4 percent and 15 percent, respectively. In contrast, the production of market gardening and olives shrank by 13.1 percent and 5.7 percent, respectively.

Chart 1.2.4: Main vegetable crops (in millions of quintals)



Source: Ministry of Agriculture and Fisheries

In 2011, livestock farming recorded a positive trend, owing to improved vegetation cover and livestock health. Indeed, livestock numbers increased 6.8 percent to 26.9 million heads, consisting of 69 percent of sheep, 20 percent of goats and 11 percent of cattle.

Box 1.2.1: Measures to support the 2010-2011 crop year

With a view to starting the 2010-2011 crop year in good conditions, the subsidy on certified seeds of cereals was upgraded from 150 to 160 dirhams per quintal for soft wheat, from 135 to 170 dirhams per quintal for durum wheat and from 135 to 150 dirhams per quintal for barley.

To support the marketing of domestic production, two types of measures were adopted. Firstly, the referential purchase price for soft wheat was raised to 290 dirhams per quintal and the maximum customs duty was reintroduced in early May on soft wheat and in June and July on durum wheat. Secondly, once the bulk of domestic production disposed of, tariffs were suspended as of early October for durum wheat and as of November 15 for soft wheat in order to expand the available supply. Under these conditions, the amount of cereals collected by licensed operators, from June to December, increased from 17.1 to 21.4 million quintals, resulting in a 5 percent decline in imports to 26 million quintals.

Box 1.2.2: Frequency of drought in Morocco over the 1991-2011 period

National climatic conditions are marked by significant volatility, with a rainfall variability coefficient of 30 percent over the 1991-2011 period, as well as by the lack of a significant trend.

By analyzing the variability of annual precipitation compared to normal, it is possible to distinguish eleven years of rainfall deficit of the 21 cases considered. Concerning the persistence of this water shortage, the longest period lasts four years (1999-2002).

Chart B1.2.2.1: Annual rainfall during the crop year (mm)

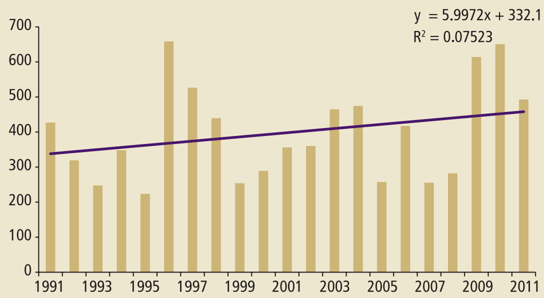
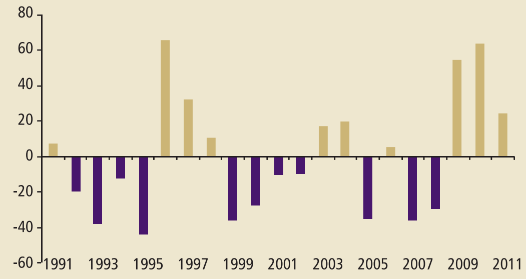


Chart B1.2.2.2: Index of deviation from normal



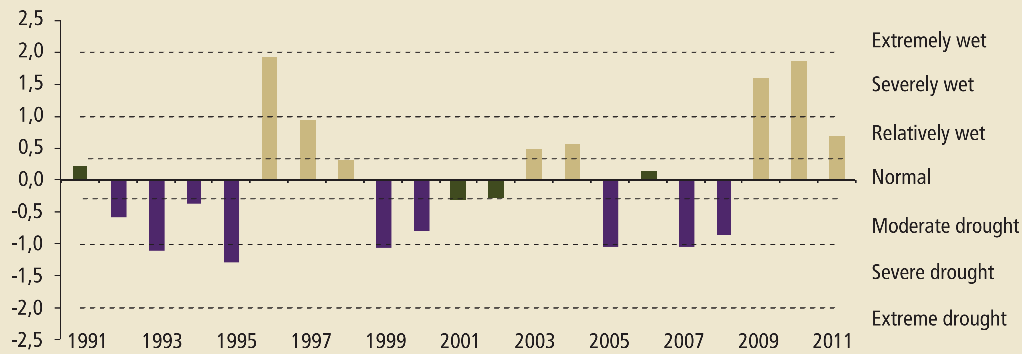
Sources: National Meteorological Department and BAM calculations

In order to define the types of droughts over the period under study, the standardized precipitation index[1] (SPI) was used. It is defined as follows:

SPI	=	**(pi – ap)/σ**
Pi	:	Precipitation of the year i
Ap	:	Average precipitation
σ	:	**Standard deviation**

The results of the 21 years show that 9 years are dry, of which 5 are considered severe and 4 as moderate. Normal climatic years are 4 in total, while the number of those wet is 8, of which 5 years are considered as relatively wet and 3 years as severely wet.

Chart B1.2.2.3: Classification of drought severity according to SPI



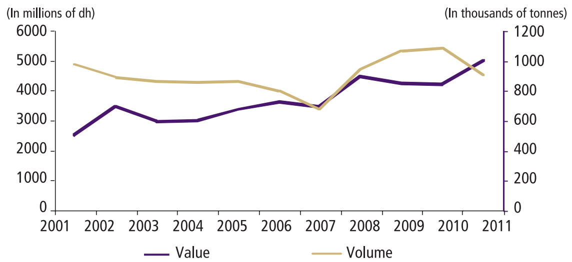
1 This index was developed to identify the precipitation deficits for a given period.

Fisheries

In 2011, fishery output fell by 15.8 percent as against 5.2 percent in 2010, reflecting a decline in both inshore and offshore catches.

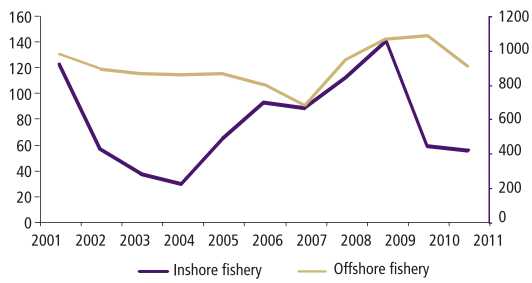
Inshore fishery output recorded the strongest contraction of around 16 percent to 0.9 million tonnes, after a rise of 13.1 percent in 2009 and a virtual stagnation in 2010. However, it reached, in value, 5 billion dirhams, up 18.6 percent due to rising prices, which more than offset lower volumes. This output was intended, at a rate of 36.7 percent, for fresh consumption, while 20.9 percent were meant for the production of "fish meal and oil" by manufacturing plants, whereas 28.8 percent was intended for freezing plants, as against 37.4 percent, 25.6 percent and 19.2 percent respectively, a year earlier. The share of canning industrial facilities stood at 12.9 percent of the total, as opposed to 16.8 percent in 2010. Meanwhile, offshore fishery output, which represents 6 percent of the sector's total, fell by 6 percent, mainly following the 11 percent decline in white fish catches.

Chart 1.2.5: Change in landings of inshore and small-scale fisheries



Sources: Ministry of Agriculture and Fisheries and National Fisheries Office

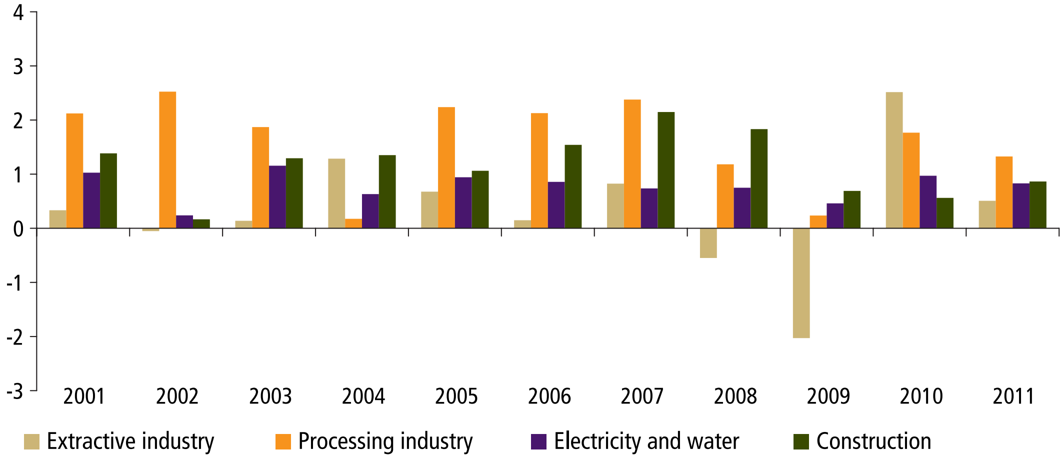
Chart 1.2.6: Change in landings of the fisheries sector (in thousands of tonnes)



1.2.2 Secondary sector

The value added of the secondary sector, whose share in national activity amounted to 26 percent, grew by 4 percent as against 6.5 percent in 2010. This deceleration is mainly due to the slowdown in industrial, extractive and energy activities, while the construction sector accelerated.

Chart 1.2.7: Absolute contribution of branches to the growth of secondary sector value added, in percentage points

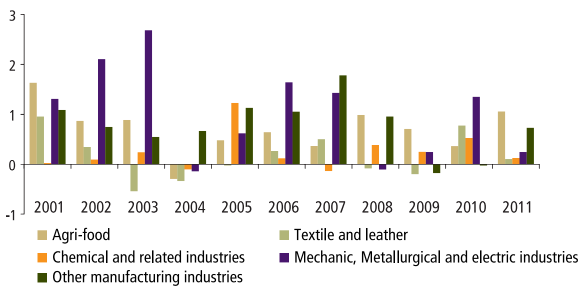


Source: HCP and BAM calculations

Processing industries

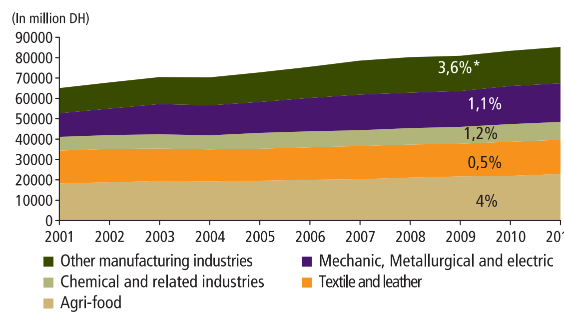
The value added of the processing industry increased 2.3 percent in 2011 as against 3 percent a year earlier, a pace below its average observed in the past decade. This trend reflects a slowdown of chemical and related industries, textile and leather industries, as well as mechanic, metallurgical and electrical branches. In contrast, the value added of agri-food industry and that of other manufacturing industries strengthened.

Chart 1.2.8: Contribution of branches to the growth of the processing industry value added, in percentage points



Source: HCP and BAM calculations

Chart 1.2.9: Change in industrial sectors



*Growth rate

Source: HCP

Activity in chemical and related industries, whose share in the processing industry value added stood at 10 percent, increased 1.2 percent in 2011 as against 5.2 percent a year earlier. Its contribution to the processing industry performance dropped from 0.5 to 0.1 percentage points. Similarly, the value added of textile, clothing and leather activities was limited to 0.5 percent as against 3.9 percent in 2010, bringing its contribution to the sector from 0.8 to 0.1 percentage point in one year. This contribution was only 0.2 point for mechanical, metallurgical and electrical branches, which represent 22 percent of the sector's value added, reflecting the decrease in their growth rate from 6.3 percent in 2010 to 1.1 percent in 2011.

However, agri-food industries, which contribute at a rate of 27 percent of the value added of the processing industry, grew by 4 percent as against 1.4 percent in 2010, bringing their contribution from 0.4 to 1.1 percentage point. Finally, after the 0.1 percent drop in 2010, the value added of other manufacturing industries grew 3.6 percent in 2011 with a contribution of 0.7 percentage point, a level similar to that registered on average during the last decade.

Construction

The construction activity rose 4.2 percent in 2011 from 2.6 percent a year earlier. This trend is attributed to the recovery of housing projects and the continuation of major infrastructure projects. This renewed momentum of demand was reflected in cement sales and real-estate loans, which increased respectively by 10.7 percent and 10.1 percent.

Chart 1.2.10: Change in the value added of the construction sector, cement sales and real-estate loans

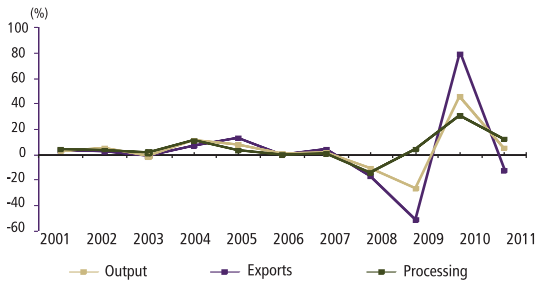
Source: HCP, APC (Cement manufacturers' professional association) and BAM

Mining

Mining, whose performance is closely linked to external markets, grew by only 5.9 percent in 2011 as opposed to 38.6 percent a year earlier, mainly due to the net decrease in phosphate output.

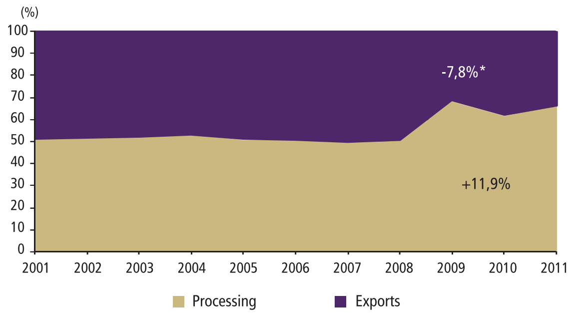
Indeed, phosphate output, which constitutes about 95 percent of the national mining activity, totaled 28 million tonnes, up 5.3 percent, after the strong growth of 45.5 percent a year earlier. This significant deceleration results from the 7.8 percent decline in exports of crude phosphate as against an increase of nearly 80 percent in 2010. In addition, the component of output used by local processing plants rose by only about 12 percent as against 31 percent a year earlier, which brought the local processing rate of this ore to 66 percent as opposed to 62 percent in 2010 and 51 percent on average over the 2000-2008 period. The value of crude phosphate exports amounted to 12.6 billion dirhams, up 40 percent, following essentially the rising prices in international markets.

Chart 1.2.11: Changes in output and exportation of crude phosphate in volume



Source: OCP

Chart 1.2.12: Structure of crude phosphate use



*Growth rate

Energy

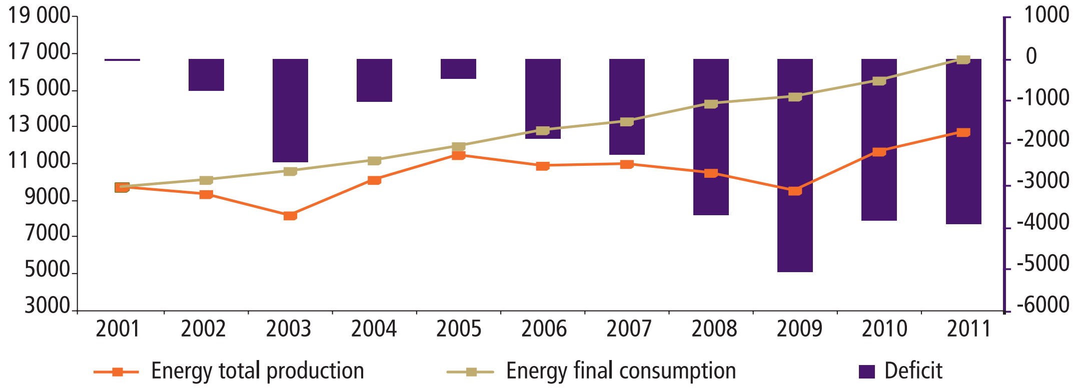
The energy sector growth was sustained by the dynamic activity of "electricity and water" branch and the recovery of refining activity, which increased respectively by 6 percent and 28.9 percent as opposed to 7.1 percent and a decrease of 21.5 percent in 2010.

Energy production, estimated at 12.7 million tonnes oil equivalent (TOE)1, rose 9 percent as against 21.6 percent a year earlier, reflecting a deceleration in both refining activity and electricity production. Meanwhile, the final energy consumption grew by 4.3 percent to16.3 million TOE.

1 This unit is the energy produced by burning one tonne of average-quality oil and is used to make a comparison among various energies (oil, coal, natural gas, electricity, etc.).

Given the declined hydropower production and slower wind energy production, the energy dependence rate1 in the country increased from 93 percent to 95.5 percent.

Chart 1.2.13: Energy production and consumption (in TOE)



Source: Ministry of Energy, Mining, Water and Environment

Refining industry output, estimated at 6.4 million tonnes, grew by 11 percent as against 35 percent a year earlier. This deceleration is due to a base effect, linked to the entry into production of the Mohammedia refinery's production capacity in 2010. Meanwhile, the overall consumption of oil products rose 8 percent to 10.7 million tonnes, reflecting an increase in those of diesel, butane and fuel by 6.1 percent, 4.5 percent and 19.5 percent, respectively. The shares of these products in total consumption remained stable at 45 percent, 17 percent and 26 percent.

Chart 1.2.14: Electricity production and consumption (in GWH)

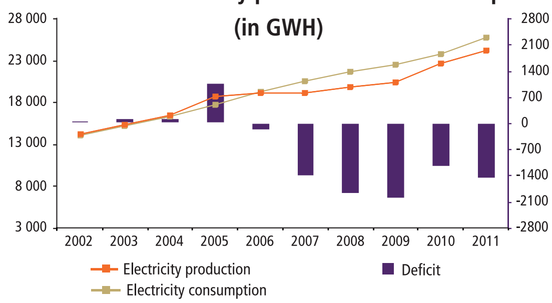
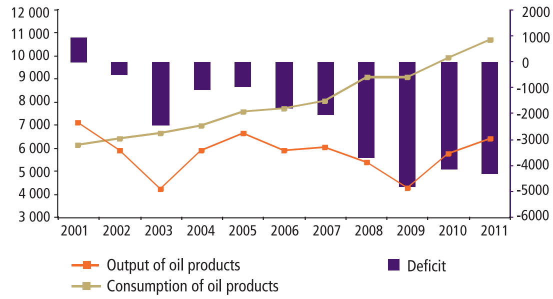


Chart 1.2.15: Output and consumption of oil products (in thousands of tonnes)



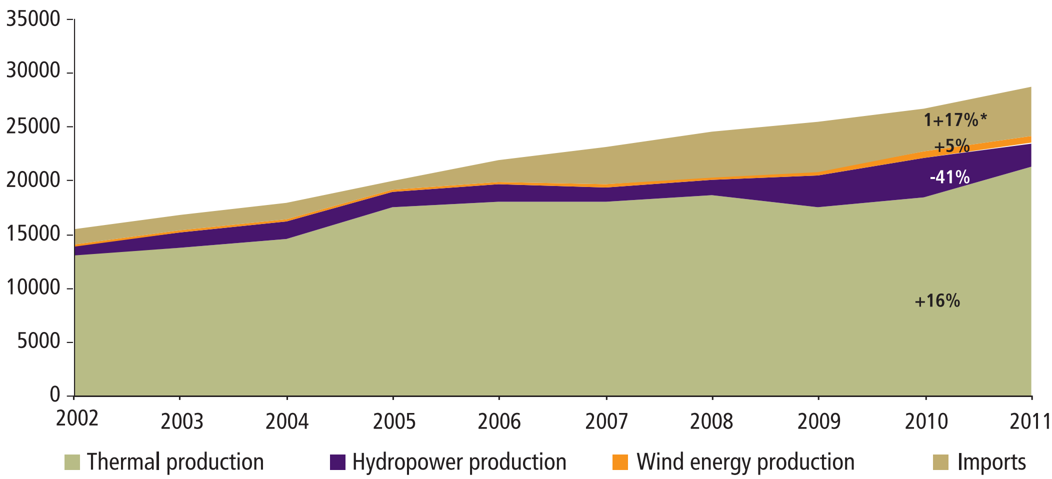
Source: Ministry of Energy, Mining, Water and Environment

The net domestic production of electricity stood at 24.1 billion kilowatt hours (KWH), up 6.9 percent as against 11 percent in 2010 and an average of 2 percent over the 2005-2009 period. This trend covers a rise in thermal and wind energy output by 15.8 percent and 5.1 percent,

1 The energy dependence rate is the ratio of primary energy consumption to domestic output of primary energy (coal, oil, natural gas, nuclear, hydro, renewable energies) for a given year.

respectively, and a decrease of water energy production by 41.1 percent. Electricity consumption amounted to 25.6 billion KWH, a higher performance of more than 7.9 percent as against 6.1 percent in 2010. Sales of high and medium voltage electricity, directed at productive sectors and grids, increased by 7.7 percent from 5.3 percent in 2010, while those of low voltage electricity, oriented mainly to domestic use, increased by 8.8 percent as against 8.1 percent a year earlier. Consequently, electricity imports strengthened by approximately 17 percent, bringing their share in the available supply from 14.8 percent to 16 percent in one year.

Change 1.2.16: Change in available electricity sources (in GWH)



*Growth rate

Source: National Electricity Office

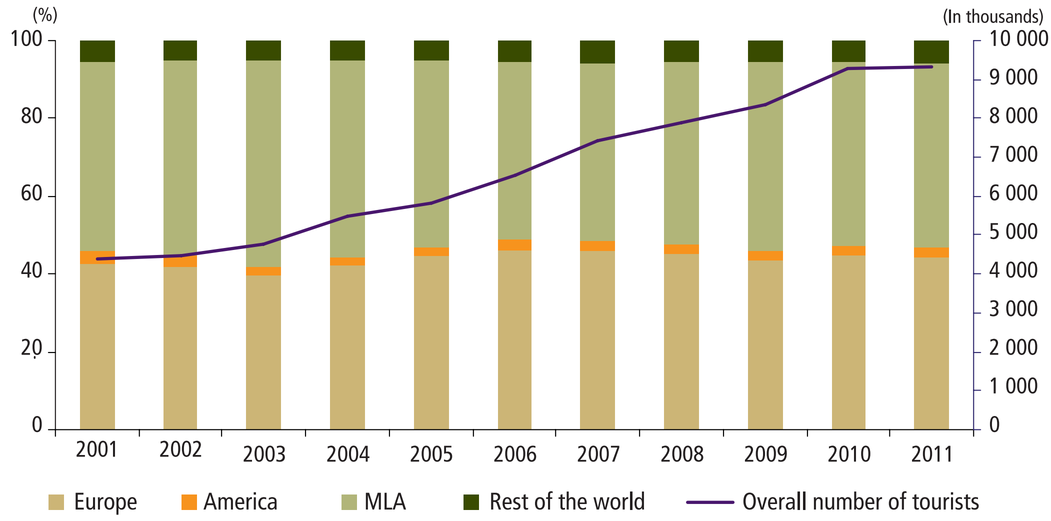
1.2.3 Tertiary sector

Tertiary activities, whose share in overall value added amounted to 56 percent, increased 6 percent in 2011 as against 3.3 percent a year earlier. This trend is mainly due to dynamic trade and telecommunications activities, which more than offset the decline in the value added of the tourism industry.

Tourism

In an international environment marked by the economic deterioration in our major partner countries and a regional context that has undergone significant social unrest, the value added of the tourism sector registered a decline limited to 2 percent in 2011 after a 8.1 percent increase in 2010. Tourist arrivals reached 9.3 million, up 0.6 percent as against 11.4 percent a year earlier. However, overnight stays in classified hotels declined by 6.4 percent as against an 11 percent increase in 2010, bringing the average occupancy rate from 43 percent to 40 percent.

Chart 1.2.17: Tourist number, overall and per nationality



Source: Ministry of Tourism

The analysis of the structure of arrivals shows that the number of foreign tourists increased by only 0.5 percent in 2011 as against 14.4 percent in 2010. By nationality, French and Spanish tourists, who respectively account for 36 percent and 14 percent of the total, fell by 2.8 percent and 4.6 percent. However, the number of Belgian, German and English tourists rose by 16.8 percent, 6.9 percent and 4.2 percent, respectively. Similarly, the number of nationals from other European countries increased by 1.5 percent and those from Arab countries by 11.4 percent, while the number of visitors from America registered a decrease of 4.5 percent. Arrivals of Moroccans living abroad (MLA), amounting to over 4.4 million, increased by 1 percent as against 8.1 percent in the previous year.

Similarly, data on overnight stays in classified hotels show that their decrease covers an 11 percent decline for non-residents and a 9 percent increase for residents. The downturn, which affected almost all destinations, was more marked in the main destinations, such as Marrakesh and Agadir[1], with respective decreases of 9 percent and 7 percent. Hotel capacity was reinforced by around 11,000 beds to 184,125 beds in 2011. Accordingly, occupancy rate moved from 43 percent to 40 percent in 2011, reflecting a decrease of 4 percentage points in Marrakesh and 3 points in Agadir where rates stood at 38 percent and 39 percent, respectively.

1 These two destinations alone represent 61 percent of total overnight stays in classified hotels.

Transport

The value added of transport services grew by 5.9 percent compared to 7.2 percent a year earlier, mainly in connection with the sharp slowdown in air traffic and merchandise maritime and rail traffic.

Indeed, air transportation, with 15.7 million passengers, registered a sharp decline from 14.9 percent to 2 percent in one year. Maritime transport of passengers, with 3.6 million passengers, declined 5.4 percent after it almost stagnated in 2010. However, rail traffic, which concerned 34 million passengers, rose 9.7 percent as against 4.7 percent a year earlier.

Regarding freight, domestic shipping, including transhipment at Tanger Med Port, representing 23 percent of the total, amounted to 96 million tonnes, up 4.1 percent as against 30 percent a year earlier. This trend covers a 0.4 percent decline in export volumes, after rising more than 30 percent, and a marked slowdown in import volumes from 11 percent in 2010 to 4.1 percent in 2011. Meanwhile, rail freight increased from 36 to 37 million tonnes, up 3 percent as against to 44 percent in 2010.

Communication

The value added of communication services grew by 19 percent in 2011 as against 4.4 percent in 2010. This acceleration is due to supply growth, strong demand and lower tariffs. At the end of 2011, the number of phone subscribers reached 36.5 million, up 14.3 percent compared to 26.4 percent in 2010, bringing the penetration rate from 101.5 percent to 113.6 percent. Similarly, the number of Internet subscribers reached 3.2 million, which is an improvement of 70 percent as against 57 percent in 2010, mainly owing to the 3G market growth. The penetration rate for this service thus amounted to 10 percent, up 4 percentage points in one year. However, the number of fixed telephony subscribers declined by nearly 5 percent, bringing its penetration rate from 11.9 percent in 2010 to 11.1 percent in 2011.

Chart 1.2.18: Change in the number of cell phone subscribers and value added of the post and telecommunication sector (in %)

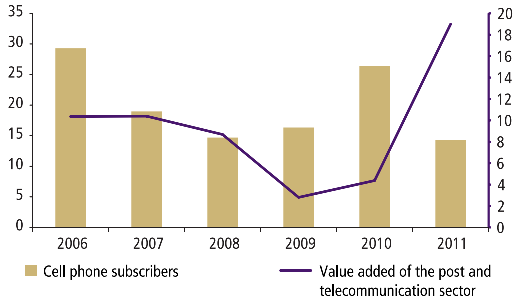
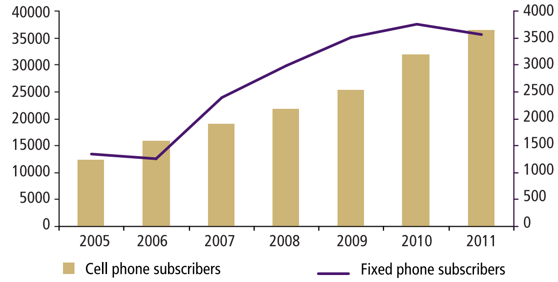


Chart 1.2.19: Change in the number of fixed and cell phone subscribers, in thousands



Source: ANRT

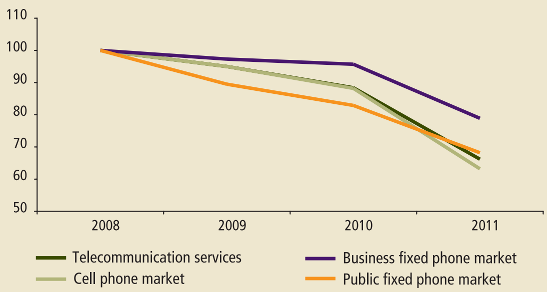
Box 3: Change in prices of telecommunication services

The price index of telecommunication services, established by the National Agency for Telecommunications Regulation (ANRT), help trace the change in telecommunication prices nationally. It shows that telecommunication prices fell overall by 34 percent between 2008 and 2011, an average annual change of -12.3 percent.

Between 2008 and 2010, this decline of prices was slow, not exceeding 6 percent on an annual average, while in 2011 it reached 25 percent. This significant contraction in prices was primarily due to the 28 percent decrease of the price index of cell phone market, while that of fixed telephony and business fixed phone market were limited to about 17.7 percent each.

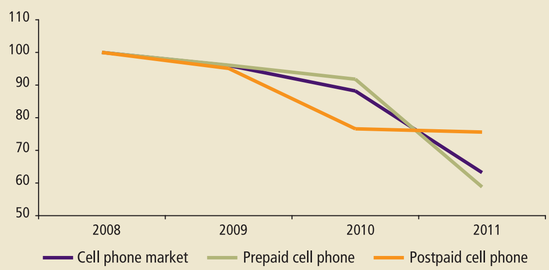
In addition to the reduction of per-minute tariffs and the alignment of the off-net tariff with on-net tariff, this trend reflects the reduction of international tariffs and the implementation of per second billing by some cell phone operators. It also reflects the increase in bonus in blocked packages recharges concerning the fixed telephony service.

Chart B1.2.3.1: Price index of telecommunication services



Source: ANRT

Chart B1.2.3.2: Cell phone market index



1.3 Labor market

In 2011, the labor market was characterized by a 0.8 percent increase in the labor force aged 15 and over and a 1 percent drop in the unemployed labor force, owing to the creation of 105,000 new jobs. Thus, the unemployment rate fell 0.2 percentage point to 8.9 percent in 2011, reflecting the almost uninterrupted downward trend since 1999, albeit with a slightly slowing rate as of 2007. This trend affected only urban areas where unemployment rate fell from 13.7 percent to 13.4 percent, while rural unemployment stood at 3.9 percent. Concurrently, as part of social dialogue, public service wages were revised upward and the guaranteed minimum wage and the minimum agricultural wage were raised by 10 percent in July 2011. Similarly, data from the National Social Security Fund (CNSS) show an increase in private sector wages in real terms against a backdrop of moderating inflationary pressures. Despite this change in wages, the unit labor cost in the manufacturing sector fell for the second consecutive year, while the growth of apparent labor productivity[1] improved slightly.

1.3.1 Activity and employment indicators

The labor force aged 15 and over[2], estimated at 11.5 million persons, increased by 0.8 percent as against an annual average of 1.1 percent over the last five years. This trend concerned only the urban labor force, which grew 1.6 percent. The rural one, which averages 48 percent out of the total over the last five years, did not change from last year. The participation rate[3] continued its downward trend to stand at 49.2 percent as opposed to 49.6 percent a year earlier, reflecting a decline of 0.4 percentage point in the participation rate to 58 percent in rural areas, and 0.3 points to 43.3 percent in urban areas. By gender, the participation rate fell 0.4 percentage points for both males and females, standing successively at 74.3 percent and 25.5 percent.

The employed labor force[4] grew by 1 percent, with 2 percent in urban areas and stabilization in rural ones, averaging 53 percent of the total over the past five years. 74,000 new gainful jobs and 31,000 unpaid jobs were created in the labor market, totaling 105,000 jobs as against 118,700 jobs created on average between 2007 and 2009, with a breakdown that continues to be advantageous for urban areas, with 103,000 jobs as against 69,000 jobs in 2010. Self-employment[5] grew by 1.1 percentage points to 43.4 percent, after a rise of 0.5 percentage points to 42.3 percent in 2010.

1 The apparent labor productivity is measured by the ratio between production and employed labor force. This indicator must be interpreted cautiously, as it does not take into account the efficiency with which labor force is used in production.

2 The labor force is defined as all the persons aged 15 and over having a job or are unemployed.

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

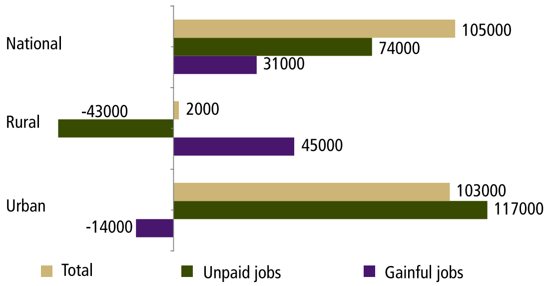
4 The employed labor force is defined as all the persons aged 15 and over having a job

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

Chart 1.3.1: Annual change in unemployment rate and the labor force

Source: High Commission for Planning

Chart 1.3.2 : Creation of gainful and unpaid jobs in 2010 and 2011



Source: High Commission for Planning

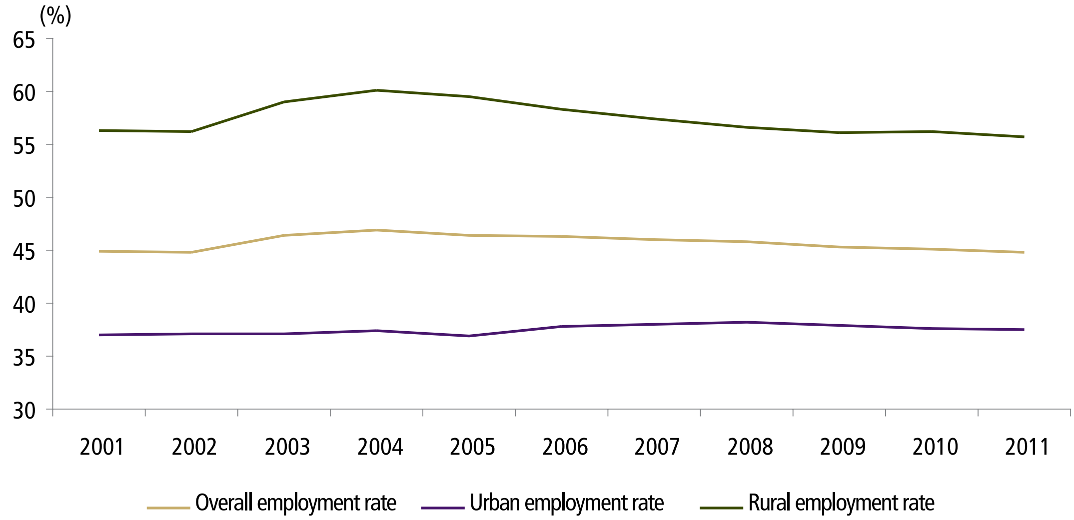
Chart 1.3.3 : Contribution of sectors to overall job creation

Source: High Commission for Planning and BAM calculations

The largest job-providing sectors in 2011 were the tertiary branches, with a contribution of 1.1 percent as against an annual average of 0.7 percent over 2007-2010, followed by the construction sector, whose contribution was limited to 0.3 percent as against an average of 0.6 percent between 2007 and 2010. With the exception of these two sectors, other branches suffered losses totaling 40,000 jobs, including 22.5 percent in agriculture, forestry and fishing, and 77.5 percent in industry, including handicrafts that recorded alone a loss of 31,000 jobs, which is a negative contribution of 0.3 percent to the overall performance.

Employment rate continued its downward trend that began in 2004 to stand at 44.8 percent in 2011, down from 45.1 percent in 2010. This decline affected mainly rural areas, bringing the employment rate there to 55.7 percent as against 56.2 percent in 2010. Urban employment almost stagnated at 37.5 percent.

Chart 1.3.4: Change in employment rate



Source: High Commission for Planning

The unemployed labor force, estimated at more than one million individuals, dropped by nearly 1 percent, affecting both urban and rural areas, which represent respectively 817,000 and 211,000 unemployed. Thus, the national unemployment rate fell 0.2 percentage points to 8.9 percent, in one year, continuing hence its almost uninterrupted downward trend since 1999, albeit with a slightly slowing rate as of 2007. This trend is due exclusively to the decline in the urban unemployment rate from 13.7 percent to 13.4 percent. However, the decline of unemployment rate covers an increase in that of youth aged 15 to 24 years from 17.6 percent to 17.9 percent, which has not dropped since 2004, a stability in the 25-34 year age group at 12.9 percent and a decline in other age groups. By gender, unemployment rate among males fell by 0.5 percentage points to 8.4 percent, while it increased among females by 0.6 percentage points to 10.2 percent.

Table 1.3.1: Annual activity and unemployment indicators by place of residence

	Urban areas			Rural areas			Total		
	Year 2010	Year 2011	Changes in absolute value 2011/2010[1]	Year 2010	Year 2011	Changes in absolute value 2011/2010	Year 2010	Year 2011	Changes in absolute value 2011/2010
Total population	18,446	18,802	356	13,448	13,443	-5	31,894	32,245	351
Population aged 15 years and over	13,745	14,065	319.3	9,330	9,393	62.6	23,076	23,458	381.9
Labor force aged 15 years and over	5,993	6,090	97	5.,449	5,448	-1	11,442	11,538	96
Employed	5,170	5,273	103	5,235	5,237	2	10,405	10,510	105
Unemployed	823	817	-6	214	211	-3	1,037	1,028	-9
Participation rate	43.6	43.3	-0.3	58.4	58	-0.4	49.6	49.2	-0.4
Unemployment rate	13.7	13.4	-0.3	3.9	3.9	0	9.1	8.9	-0.2
By gender									
Males	12.1	11.3	-0.8	4.8	4.7	-0.1	8.9	8.4	-0.5
Females	19.8	21.2	1.4	2	2.1	0.1	9.6	10.2	0.6
By age									
15-24 years	31.3	32.2	0.9	8.4	8.7	0.3	17.6	17.9	0.3
25-34 years	19.1	19.1	0	4.4	4.4	0	12.8	12.9	0.1
35-44 years	7.9	7.4	-0.5	2	1.8	-0.2	5.5	5.2	-0.3
45 years and over	3.2	2.7	-0.5	1	0.8	-0.2	2.1	1.8	-0.3
By diploma									
Without any diploma	8.1	7	-1.1	2.4	2.3	-0.1	4.5	4	-0.5
With diploma	18.1	18.3	0.2	11.4	11.2	-0.2	16.7	16.7	0

Source : HCP

(1) For rates, it refers to a change in percentage point

Box 1.3.1: Outcome of the Second Plan on "Employment Initiative 2009-2012"

MOUKAWALATI program aims to support self-employment through encouraging young people with projects to start very small businesses with a view to supporting and sustaining them. In 2011, this program led to the creation of 878 businesses generating 1,582 jobs. In terms of funding, 166 of these corporations were financed by banks, 619 through self-financing and 93 through the National Initiative for Human Development.

IDMAJ program seeks to improve business competitiveness and develop skills of young graduates through a first professional experience within a company. It made it possible to integrate 58,740 young people in 2011, including 49 percent of women, as against 55,881 young people in 2010. In total, the program led to the integration of 254,074 young jobseekers over the 2007-2011 period, which is an employment volume exceeding the related target of 230,000.

Programs	2007	2008	2009	2010	2011	Total	Goal
MOUKAWALATI	586	688	1.012	1.029	878	4.193	10.000
IDMAJ	40.160	47.036	52.257	55.881	58.740	254.074	230.000
TAEHIL	9.502	11.601	14.033	15.199	18.136	68.471	100.000

Source: National Agency for Promotion of Employment and Skills, and Ministry of Employment and Vocational Training

TAEHIL program seeks to improve the employability of unemployed youth by providing them with advanced training tailored to the needs of the labor market. It benefited 18,136 youth in 2011, which is only 68.5 percent of the target announced for 2012.

Meanwhile, the government set up in October 2011 two new arrangements to boost employment, particularly among young higher education graduates who find it hard to access the labor market. The aim is to create 275,000 new permanent jobs over the 2012-2016 period, with financial support to corporations engaged in such an arrangement amounting to 2 billion dirhams.

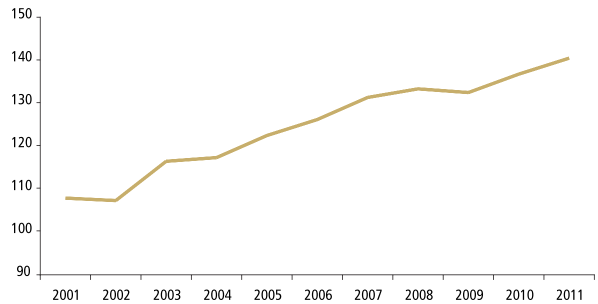
The first arrangement, called "enhanced training-integration", aims at developing professional skills of higher education graduates unemployed for more than six months, through a twenty-four month training-integration session. It seeks to create 250,000 jobs between 2012 and 2016 with a projected budget of 1.4 billion dirhams.

The second arrangement, called "professional integration contract", is a six- to nine-month upgrade training as part of an integration training contract with the appointment of a tutor as support in the company. This program aims to professionally integrate 25,000 higher education graduates by the end of the period and requires a projected budget of 625 million dirhams.

1.3.2 Labor cost and productivity

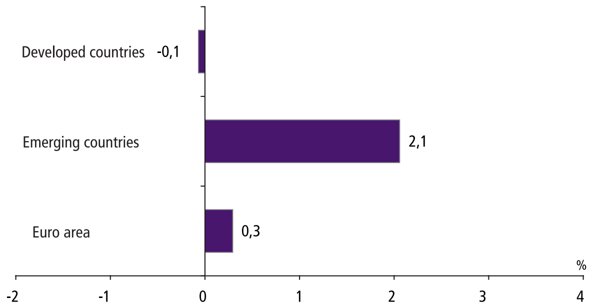
Apparent labor productivity index continued its upward trend observed in recent years, increasing by 2.3 percent as against 3.1 percent in 2010 and a virtual stagnation in 2009. This trend is due to the increase in the urban employed labor force to a rate lower than that of nonagricultural GDP.

Chart 1.3.5 : Change in apparent labor productivity index



Source: HCP and BAM estimates

Chart 1.3.6 : Change in unit labor cost of Moroccan manufacturing sector compared to country grouping, 2010-2011



Source: Datastream and BAM calculations

As part of social dialogue between the government and trade unions, public service wages, the guaranteed minimum wage and the minimum agricultural wage were raised in July 2011. Thus, the minimum hourly wage of workers and employees of industry, trade and liberal professions went up by 10 percent to 11.7 dirhams and the daily wage of agricultural workers to 60.63 dirhams. Similarly, the private sector's average wage index, calculated on the basis of data from CNSS, increased by 2.7 percent in nominal terms and 1.7 percent in real terms in 2011, as against 3.4 percent and 2.5 percent, respectively, in 2010. The unit labor cost (ULC), which was on a virtually continuous upward trend between 2001 and 2009, fell again by 0.3 percent in 2011 after 1.6 percent in 2010, but remained 5.6 percent higher than its average of the last decade. When compared internationally, the increase in national ULC exceeded that of emerging countries and the euro area, with respective gaps of 2.1 percent and 0.3 percent. However, it trended slightly slower than that of developed countries.

Box 1.3.2: Change in the Guaranteed Minimum Wage in Morocco

The national minimum wage has followed an uneven trend since 1981. Revisions have been decided on an ad hoc manner or following social dialogue. Thus, during the 1981-2011 period, the minimum wage went through 18 revisions and grew 7 percent a year on average in nominal terms and 6.1 percent in real terms. Its growth in real terms accelerated from 7.4 percent on a yearly average between 1981 and 1990 to 9.7 percent between 2001 and 2011. The average time between two increases grew from 15 to 24 months and then to 26 months respectively over the periods 1981-1990, 1991-2000 and 2001-2011. Concurrently, average inflation during the first period considered was higher and more volatile compared to the recent period, which would have resulted in a decreased magnitude and frequency of trade unions demands.

Table B 1.3.1.1: Magnitude and frequency of increases in Morocco's minimum wage

	Nominal hourly minimum wage (%)	Real hourly minimum wage (%)	Frequency of increases of minimum wage	Monthly average time between two increases (in months)	Inflation (%)
1981-1990	3.7	7.4	8	15	7.3
1991-2000	7.3	9.0	5	24	4.0
2001-2011	9.7	9.6	5	26	1.7
1981-2011	7.0	6.1	18	22	4.3

Sources: Ministry of Employment, HCP and BAM calculations

1. Impact of higher minimum wage on average wages in the private sector

The minimum wage plays an important role in the trend of the private sector's average wage, as measured by the ratio of the wage bill to the number of employees declared by the CNSS (National Social Security Fund).

Estimates made by BAM to quantify the diffusion effects of a 5 percent increase in the minimum wage on average wage[1] show that the cumulative impact varies between 0.48 and 1.88 percentage points over one quarter, between 2.32 percentage points and 5.98 points after four quarters, and between 3.04 and 8.32 points after eight quarters. The impact on wages dissipates after a period of eight to thirteen quarters.

Table B 1.3.1.2: Cumulative impact of a 5 percent increase in the minimum wage on average wages

Models	Impact after 1 quarter (in percentage points)	Cumulative impact after 4 quarters (in percentage points)	Cumulative impact after 8 quarters (in percentage points)	Time of shock dissipation in quarters (in quarters)
Simultaneous Equations	1.88	5.46	8.32	13
Error corrections	1.28	5.98	6.51	8
VAR-X	0.48	2.32	3.04	9
Average	**1.21**	**4.59**	**5.96**	**10**

1 The approches used are : a simultaneous equations model, a wage-price loop based on an enor corrections model and a VAR-X model

Sources: Ministry of Employment, HCP and BAM calculations

This diffusion of the minimum wage increase to average wage is expected to generate a cumulative effect on inflation ranging from 0.5 points to 1.23 points after four quarters and 0.8 to 1.33 point after eight quarters. This impact should dissipate gradually after an average period of eight quarters. It will also contribute to increasing the ULC, thus affecting the cost competitiveness of the national economy.

2. International comparison

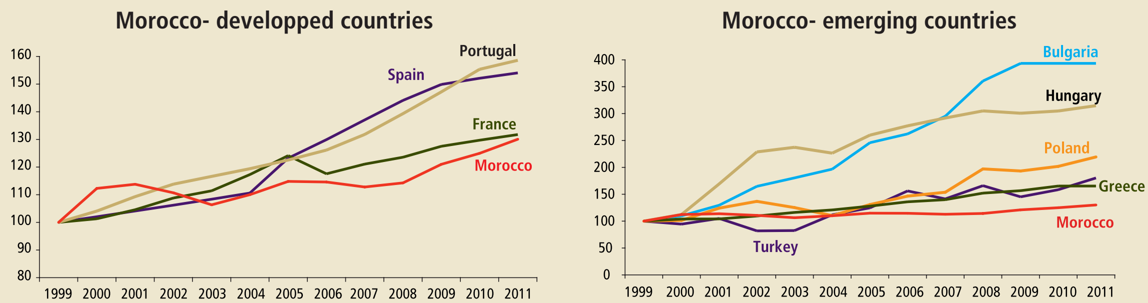
Internationally, the monthly minimum wage features wide gaps by country. The highest one in the sample considered was recorded in Luxembourg with 2444 dollars in 2011 and the lowest one in Bulgaria[2] with 170 dollars. Morocco, with 300 dollars, comes just behind Lithuania and ahead of Jordan, Tunisia and Algeria.

In Africa, according to the International Labor Organization report on wages in 2010-2011, Morocco has the highest hourly minimum wage, followed by South Africa.

Chart B 1.3.1.1 : Change in minimum wage in dollars/month

Source: IMF

Chart B 1.3.1.2 : Change in the real minimum wage, 1999-2011 (Index 100=2001)



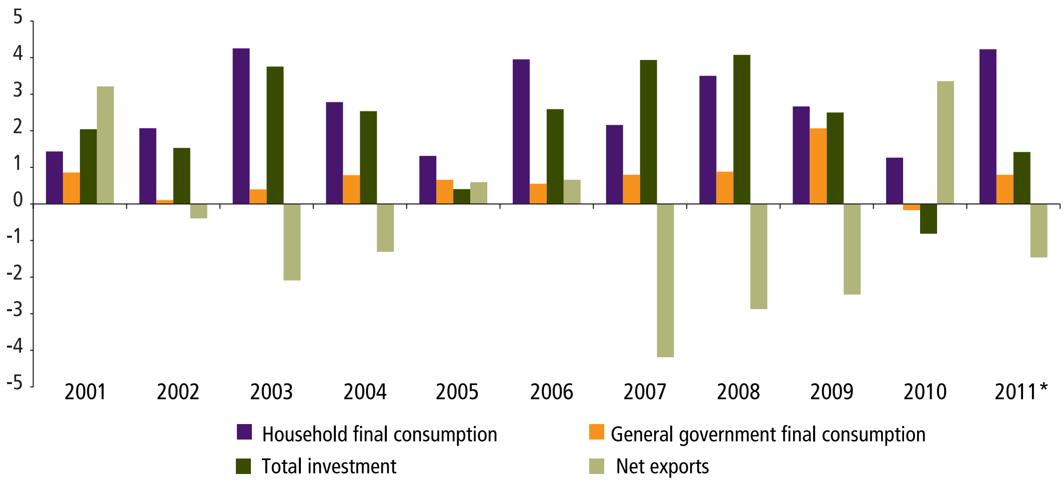
Source : IMF

2 The sample is composed of twenty seven countries : Luxembourg, Ireland, Spain, Slovenia, Malte, Portugal, Croatia, Turkey, Poland, Czech Republic, Slovakia, Latvia,Hungary, Estonia, Lituania, Morocco, Jordon, Romania, Tunisia, Bulgaria

1.4 Demand

In 2011, aggregate demand growth[1] saw a rebound, standing in real terms at 5 percent from 3.6 percent a year earlier, and in nominal terms at 5 percent as against 4.3 percent. The analysis of its components shows a steady growth of domestic demand at 8.2 percent in nominal terms and 5.7 percent in real terms, on the back of dynamic consumption and investment, whose contributions to GDP growth are estimated at 5 percentage points and 1.4 points, respectively. On the other hand, the contribution of external demand turned negative again at 1.5 percentage points, after a one-off positive contribution of 3.4 points in 2010. Indeed, in real terms, the increase in imports of goods and services[2] accelerated, year on year, from 3.6 percent to 5 percent, while exports of goods and services[3] grew by 2.1 percent, as opposed to 16.6 percent in 2010.

Chart 1.4.1: Contribution of demand aggregates to GDP growth, in percentage points



Source: High Commission for Planning
(*) Provisional data

1.4.1 Consumption

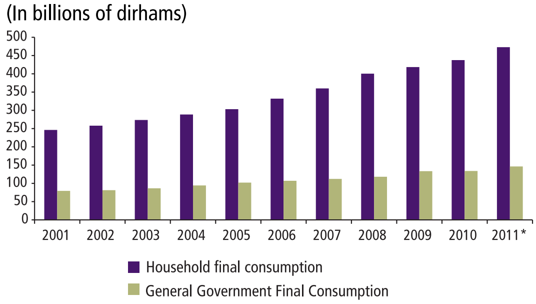
National final consumption was 619.3 billion dirhams in nominal terms, up 8.4 percent as against 3.6 percent in the previous year, and 6.8 percent as opposed to 1.5 percent in real terms. Its contribution to the change in GDP amounted to 5 percentage points, up 3.9 percentage points in one year.

1 Corresponding to GDP
2 According to national accounts data, which differ slightly from the balance-of-payments data
3 Idem

This momentum is mainly due to the stronger household final consumption, which accelerated compared to 2010, from 4.6 percent to 8.1 percent at current prices and from 2.2 percent to 7.4 percent at constant prices. Its contribution to growth was 4.2 percentage points as against 1.3 points a year earlier. This change reflects the maintenance of households' purchasing power, in conjunction with improved national activity, higher remittances from abroad and low inflation rate. It was also fostered by the strong wage income and slightly low unemployment rate. Meanwhile, general government final consumption increased 9.3 percent in nominal terms and 4.6 percent at constant prices. Its contribution to growth amounted to 0.8 percentage points, while it was negative at 0.2 point a year earlier.

Chart 1.4.2 : Change in final consumption, in nominal terms

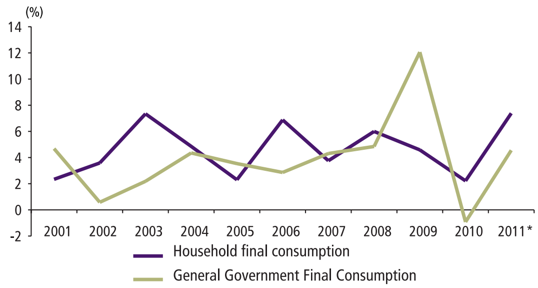
(In billions of dirhams)



Source: High Commission for Planning

(*) Provisional data

Chart 1.4.3 : Change in final consumption, in real terms



1.4.2 Investment

The gross fixed capital formation[1] (GFCF), which totaled 246.4 billion dirhams in nominal terms, grew by 5.1 percent in 2011 as against 3.6 percent a year earlier. Given a change in inventories[2], estimated at 42.2 billion dirhams, investment rose 7.8 percent in 2011, after an increase limited to 2.5 percent in 2010 and a drop by 0.6 percent in 2009. Thus, the investment rate, which corresponds to the ratio between investment and GDP, rose to 36 percent, which is the highest rate since 1980 after the exceptional level of 2008 (see Box 1.4.1).

1 Gross fixed capital formation corresponds to investment, minus the change in inventories.

2 Change in inventories stood for the fourth consecutive year at a level well above its historical average, reaching 4.3 percent of GDP.

Box 1.4.1: Investment rate: historical retrospective and international comparison

Measured by the ratio between investment and GDP, the investment rate in Morocco stood at 27.8 percent on average over the period 1980-2011, a level higher than the world's average rate of 22.9 percent. Compared with advanced countries, the gap is more significant, while its magnitude decreases compared with emerging and developing economies, particularly in conjunction with the high rate of 48.4 percent observed in China over the period 2009-2011.

Table B 1.4.1.1 : investment rate, in % of GDP

	Average				2009	2010	2011
	1980-1989	1990-1999	2000-2009	1980-2011			
World	**23.4**	**22.8**	**22.4**	**22.9**	**21.7**	**22.9**	**23.6**
Advanced economies	**23.1**	**22.1**	**20.7**	**21.8**	**17.8**	**18.6**	**19.1**
Germany	24.5	22.6	18.7	21.7	16.5	17.3	19.1
England	18.5	17.4	16.9	17.4	13.5	15.0	14.1
Belgium	19.6	20.6	21.4	20.5	20.1	20.0	19.8
Canada	21.8	19.3	21.2	20.9	20.9	22.2	23.3
Spain	22.1	22.9	28.0	24.2	24.4	23.0	21.8
United States	20.5	18.7	19.1	19.2	14.7	15.8	15.8
France	20.9	18.9	19.9	20.0	19.0	19.2	21.2
Italy	23.2	20.1	20.8	21.3	18.9	20.2	19.9
Japan	29.7	29.0	23.4	27.0	20.2	20.2	21.4
Czech Republic	ND	30.4	26.9	27.4	21.7	22.6	23.1
Emerging and developing economies	**24.7**	**25.7**	**27.0**	**26.2**	**30.4**	**31.1**	**31.7**
South Africa	21.2	15.0	18.2	18.2	19.6	19.3	19.4
Algeria	28.5	27.0	33.0	30.2	50.0	44.3	36.3
Saudi Arabia	20.9	20.1	20.2	20.5	25.2	22.9	20.3
Chile	18.2	25.4	22.3	22.4	23.6	26.7	27.9
China	39.9	39.0	41.3	40.6	48.2	48.2	48.7
Egypt	30.8	20.8	18.9	23.1	19.2	18.9	16.3
India	22.6	24.9	30.7	26.8	37.1	36.8	37.6
Jordan	29.5	29.1	25.7	27.9	24.4	23.1	25.5
Malaysia	31.2	36.4	21.8	29.3	14.4	21.4	21.8
Morocco (1)	**27.0**	**25.0**	**29.9**	**27.8**	**35.6**	**35.0**	**36.0**
Tunisia	27.5	26.2	24.2	26.0	24.8	26.4	25.3
Turkey	22.7	22.4	19.0	21.4	14.9	20.1	23.2

Source : IMF. HCP and BAM calculations

(1) HCP data

The trend analysis over time indicates that the investment rate in the world appears stable overall, covering some slowdown in advanced economies and acceleration in emerging and developing countries. By country*, the trends remain marked by the specific nature of each economy. However, similar movements can be observed. The investment rate trended downward during the 1980s and 1990s in most countries of the sample. During the 2000s, this rate fell again in some countries such as Japan, England, Germany and Belgium, while it rose in other countries, such as the United States, France, Spain, Canada, China, South Africa, India, Algeria and Morocco.

Chart B 1.4.1.1: Investment rate

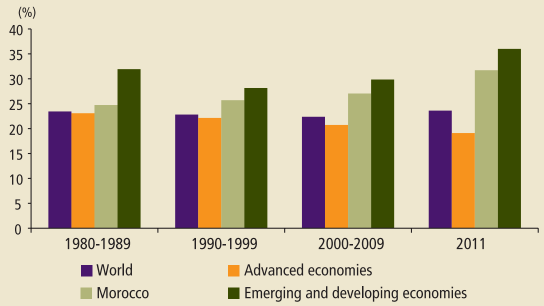
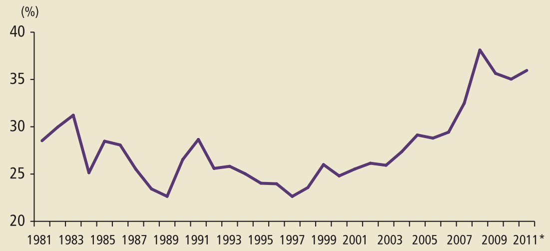


Chart B1.4.1.2: Investment rate in Morocco



Sources: IMF, HCP and BAM calculations

(*) provisional data

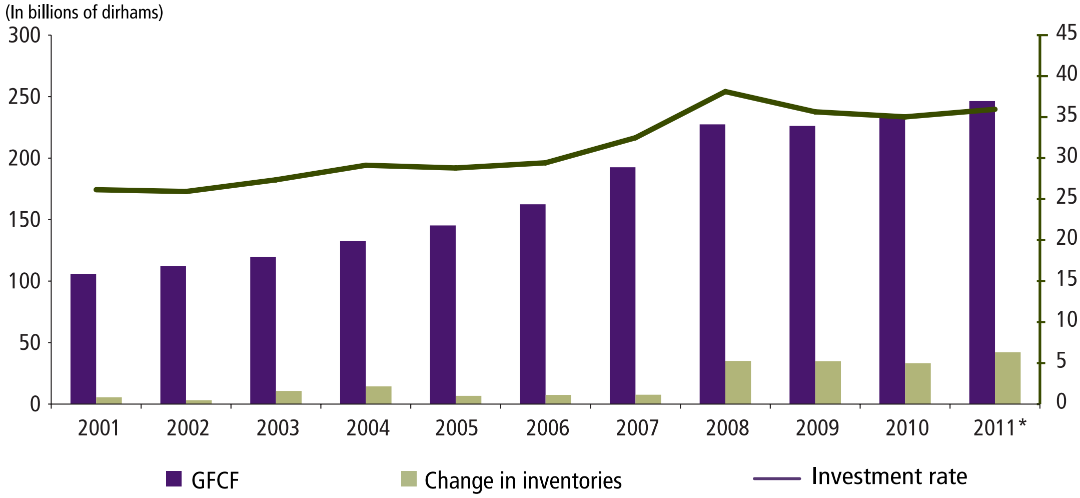
In Morocco, the investment rate fluctuated significantly, with a volatility of 4.0 as against 2.3 in emerging and developing economies, 1.5 in advanced economies and 0.9 globally. In addition to year-on-year changes in investment, this trend is also due to the volatility of GDP, which was characterized in the 1980s and 1990s by major fluctuations, before posting a relative stability over the last decade.

(2) The countries sampled were chosen based on the criterion of representativeness and importance to the national economy.

Strong investment was more marked in the construction sector thanks to the continued large infrastructure projects and rebound in low-income housing projects. Investment in the industrial sector recorded some decline, in conjunction with the unfavorable international economic situation, which weighed on export-oriented branches.

In real terms, the increase in investment reached 3.3 percent, after contracting by 1.6 percent a year earlier. Its contribution to growth was 1.4 percentage point, after being negative by 0.8 point in 2010.

Chart 1.4.4: Change in GFCF, inventories and investment rate

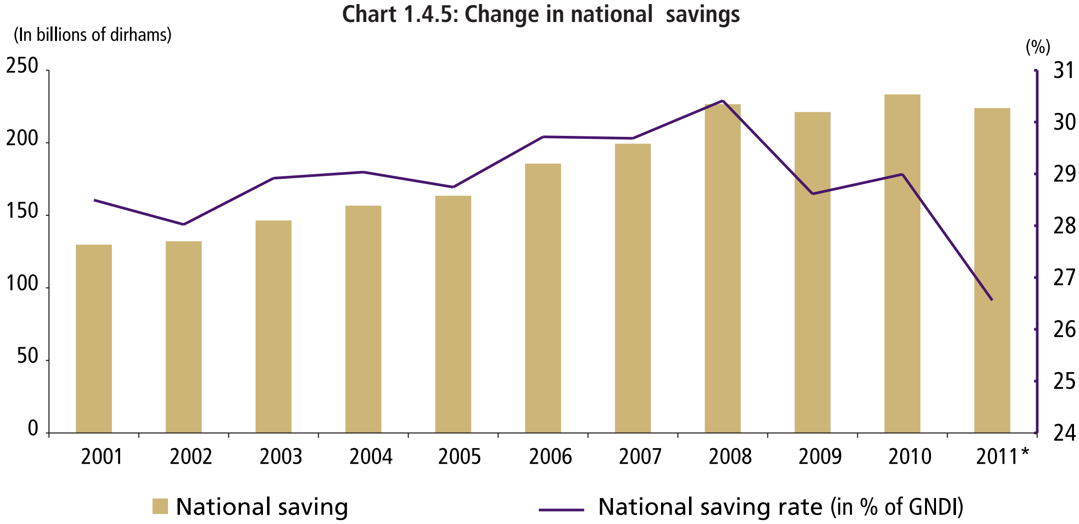


Sources: High Commission for Planning
(*) Provisional data

1.4.3 National saving

Gross national disposable income[1] (GNDI), estimated at nearly 843.2 billion dirhams, grew 4.8 percent from 4.1 percent in 2010, reflecting mainly increases of 5 percent in nominal GDP and 6.6 percent in current transfers from abroad. The negative flow of net property income from abroad recorded a year-on-year increase from 20.8 billion dirhams to 25 billion.

Chart 1.4.5: Change in national savings



Sources: High Commission for Planning
(*) Provisional data

1 The gross national disposable income is the sum of nominal GDP, net property income from abroad and current transfers from abroad.

Box 1.4.2: Savings rate: historical retrospective and international comparison

The savings rate, measured by the ratio of saving to GDP, is, like the investment rate, also high in Morocco, reaching 25.9 percent on average between 1980 and 2011 as against 22.3 percent, 21 percent and 25, 8 percent, respectively, in the world, in advanced economies and in emerging and developing economies.

For advanced economies considered here, Japan registered on average over the period (1980-2011) the highest savings rate (29.5 percent) but with a marked deceleration, while the highest rate in emerging and developing economies was recorded in China (42.8 percent), followed respectively by Algeria (35.2 percent), Malaysia (32.9 percent) and Morocco (25.9 percent).

Table B 1.4.1.2: Savings rate, in % of GDP

	Average				2009	2010	2011
	1980-1989	1990-1999	2000-2009	1980-2011			
World	**22,2**	**22,1**	**22,4**	**22,3**	**21,8**	**23,3**	**24,2**
Advanced economies	**22,0**	**21,8**	**19,9**	**21,0**	**17,2**	**18,2**	**18,6**
Germany	23,0	21,7	22,4	22,5	22,2	23,0	24,1
England	17,6	15,9	14,7	15,8	11,8	11,8	11,3
Belgium	18,6	24,9	23,6	22,3	20,1	21,1	20,4
Canada	20,4	17,1	22,5	20,0	17,9	19,1	19,9
Spain	21,2	21,2	21,9	21,2	19,3	18,4	18,1
United States	18,0	16,5	14,9	16,2	11,5	12,5	12,8
France	21,4	20,1	20,0	20,4	17,5	18,6	18,6
Italy	21,2	20,7	19,3	20,2	16,8	16,9	16,5
Japan	31,8	31,4	26,7	29,5	22,9	23,8	23,9
Czech Republic	ND	26,4	23,1	23,6	18,5	18,8	19,8
Emerging and developing economies	**22,7**	**23,6**	**29,6**	**25,8**	**31,9**	**33,0**	**34,0**
South Africa	24,1	16,5	15,2	18,5	15,6	16,5	16,6
Algeria	26,4	27,9	48,2	35,2	50,3	52,3	50,0
Saudi Arabia	16,7	13,1	36,8	23,2	30,7	37,8	40,9
Chile	12,0	22,6	23,1	19,8	25,1	28,5	27,9
China	39,1	40,7	46,4	42,8	53,5	53,4	53,8
Egypt	14,7	22,4	20,1	18,8	16,8	16,9	14,4
India	20,8	23,7	30,2	25,5	34,3	34,2	35,4
Jordan	19,3	22,7	21,6	21,0	21,2	18,2	18,8
Malaysia	29,6	34,3	34,8	32,9	30,9	32,9	33,1
Morocco (1)	**22,4**	**24,0**	**30,5**	**25,9**	**30,2**	**30,5**	**27,9**
Tunisia	20,7	22,0	21,4	21,3	21,9	21,6	19,6
Turkey	21,5	21,6	15,7	19,2	12,6	13,6	12,9

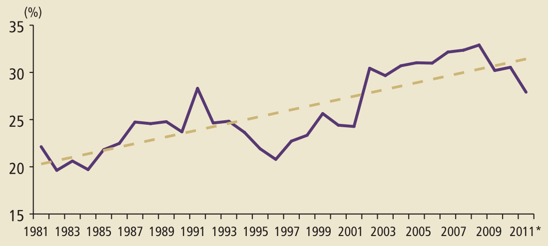
Source : IMF, HCP and BAM calculations

(1) HCP data

Overall, during the last three years, the savings trend fluctuated markedly. The recessionary effects of the global crisis led to a decline in the savings rate in most countries in 2009, with the exception of China, India, Jordan and South Africa, whose rates increased to 53.5 percent, 34.3 percent, 21.2 percent and 15.6 percent, respectively. This rate recovered again as of 2010, despite slight declines in 2011 in some countries, especially Morocco, Egypt, Algeria, Turkey, Chile, Italy and Belgium.

Chart B 1.4.2.1: Investment rate

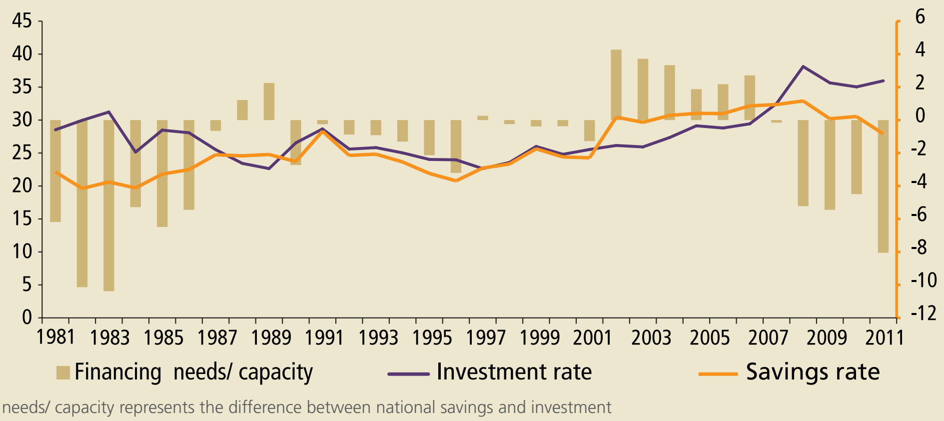
Chart B 1.4.2.2: Investment rate in Morocco



Source: IMF, HCP and BAM calculations

Concerning the case of Morocco in particular, the savings and investment rates stood at high levels over the last three decades compared to the world average, with the exception of some countries such as China, Algeria and Malaysia. However, a low savings rate of approximately 21.1 percent of GDP was recorded between 1980 and 1985 as against 28.6 percent of GDP for the investment rate. This resulted in an increase in the borrowing requirements which reached 7.3 percent of GDP over this period and over 10 percent of GDP between 1981 and 1982. A similar situation is observed over the last four years. The savings rate was 30.7 percent of GDP and the investment rate 36.2 percent of GDP, which brought the borrowing requirements to 5.8 percent of GDP. In 2011, this rate widened further to 8 percent of GDP.

Chart B1.4.2.3: Savings rate, Investment rate and financing needs/ capacity



(2) the financing needs/ capacity represents the difference between national savings and investment

The faster growth of domestic final consumption compared to GNDI resulted in a drop of 4 percent of national savings, after a 5.5 percent increase in 2010. As a percentage of GNDI, the latter stood at 26.6 percent, down from the average of 29.4 percent observed between 2007 and 2010. Under these conditions, national savings did not allow to finance all investment expenditure. Borrowing requirements reached 8 percent of GDP, which is the highest level since 1982 (see Box 1.4.2). Domestic savings, which excludes transfers and net property income from abroad, declined by 4.8 percent to 183.3 billion dirhams after rising 6.6 percent in 2010.

1.5 Economic and financial flows[1]

This chapter provides a summary of interrelationships, in terms of economic and financial flows, among the various economic sectors and relies, for its elaboration, on different statistical sources2.

Analysis of available data shows that the borrowing requirement of the economy amounted in 2011 to 64.6 billion dirhams, as against 34.3 billion in 2010, reflecting mainly the worsening of the central government deficit. The positive balance of capital account and financial transactions was limited to 45.4 billion, as net foreign assets shrank by 24 billion after the virtual stability in 2010.

1.5.1 Nonfinancial transactions

With net foreign income and transfers maintained at around 40.6 billion dirhams, the gross national disposable income was 843.2 billion, up 4.8 percent from 4.1 percent in 2010. However, in light of rapidly increasing consumption, national saving was down 4 percent after rising 5.5 percent in 2010. In total, investment grew by 7.8 percent, as the borrowing requirement expanded by 30 billion compared to 2010, to reach 64.6 billion.

1.5.2 Financial transactions

Central government

Central government deficit amounted to 59.8 billion dirhams, as against 34.1 billion in 2010, owing to the rapid growth of current expenditure. The analysis of the financing structure indicates a slowdown in foreign borrowings, whose net flow fell, in one year, from 18.6 to 9.6 billion. Meanwhile, domestic resources strengthened, with particularly a 36.4 billion net flow of Treasury bill issues and 5.6 billion privatization proceeds3. Financing the requirements of central government was also ensured by an accumulation of payment arrears, amounting to 9.9 billion dirhams.

1 The preparation of the table is based, in terms of financial flows, on the monetary statistics methodology. (See note "Monetary statistics development methodology" published on the internet portal of Bank Al-Maghrib. See also Box 1.5.1 of The 2010 Annual Report for other methodological aspects).

2 Bank Al-Maghrib, High Commission for Planning, Ministry of Economy and Finance, Foreign Exchange Office, Moroccan Pension Fund, Moroccan Inter-professional Pension Fund, National Social Security Fund and Deposit and Management Fund.

3 The 2011 privatization operations concerned mainly the sale of 20 percent of the capital of *Banque Centrale Populaire* to regional *Banques Populaires*.

Private sector

While capital and consumption expenditure of the private sector grew at a steady pace, and despite the positive trend in its disposable income, the financial situation of the sector was running a deficit of 4.8 billion dirhams. External financing rose 35.8 billion, reflecting a 17.5 billion increase in net borrowings as well as 18.4 billion net flow of direct investment. Domestically, in addition to the 13 billion increase in bond issues, the private sector was again financed primarily by depository corporations, to the tune of 54 billion. Investments were allocated to monetary assets, with a net flow of 54.4 billion, as well as to investments in the institutional saving1, up 28.7 billion.

Financial sector

Net claims of depositary corporations on resident sectors rose by 24 billion dirhams, resulting partly from an increase of 20.7 billion of Treasury bill investments. Meanwhile, the net flow of other finance companies rose to 2.8 billion, in conjunction with a 3.8 billion increase in their investments held in depository corporations, as against a decline of 13.4 billion a year earlier. External financing registered a 24 billion contraction of net foreign assets, including 20.9 billion of those of Bank Al-Maghrib and 3 billion of other depository corporations.

Depository corporations

Domestically, deposits collected by these corporations increased by 62.2 billion dirhams, an amount greater than that of loans granted to other sectors, which stood at 53.4 billion. Meanwhile, their securities holding increased by 16.3 billion, covering an expansion of 20.7 billion of subscriptions to Treasury bills to 89.8 billion, and a reduction of 5.1 billion of their bond portfolio. After rising 5.4 billion in 2010, deposits excluded from broad money, consisting mainly of special guarantee funds, dropped by 3.9 billion, particularly resulting from a decline of 2.6 billion of loans made by depository corporations and 1.8 billion of their liabilities to the central government.

Other financial corporations

After a contraction of 13.4 billion dirhams in 2010, investments of other finance companies with depository corporations recorded an increase of 3.8 billion in 2011, while loans granted to them rose by 3.6 billion.

1 Estimated by the sum of technical provisions and welfare reserves of insurances and pension funds.

Table 1.5.1 : Economic and financial flows in 2011
(Current prices in billion dirhams)

Transactions / Sectors	National economy			Financial sector		The Rest of the world
	Economy	Central government	Private sector	Depository corporations	Other financial companies	
Income	-806.9	193.9	613.0			
Consumption	571.7	-182.6	-389.1			
Investment	268.4	-46.4	-222.0			
Net exports	252.2					-252.2
Net income and remittances received from abroad	-328.0					328.0
Balance of nonfinancial transactions	42.6					-42.6
Domestic financing	**0.0**	**-35.2**	**2.0**			**33.2**
- Loans to resident sectors		**24.5**	**-29.1**	**0.0**	**4.6**	
Including credits by depository corporations		5.3	43.1	-49.6	1.2	
- Broad money		0.6	-50.7	39.0	11.0	
- Securities other than shares		19.9	12.0	-4.6	-27.3	
. Treasury bills		19.9	1.3	0.9	-22.1	
. Miscellaneous			10.7	-5.5	-5.2	
- Negotiable loan securities			1.5	0.1	-1.6	
. Certificates of deposit (4)			-0.5	0.1	0.4	
. Bonds issued by finance companies			0.0	0.0	0.0	
. Commercial papers			2.0	0.0	-2.0	
- Bonds			9.2	-5.7	-3.6	
- Shares and other equity securities			-7.3	5.5	1.7	
. UCITS other than money market ones			-7.2	-4.4	11.6	
. Shares			-0.1	9.9	-9.9	
- Institutionnal saving		0.0	-26.0		26.0	
- Change in arrears		0.0	0.0			
- Privatization		-1.3	-0.4	4.8	-3.2	
- Deposits excluded from M3				4.9	-4.9	
- Other net items						
External financing		13.6	20.9	0.0		-34.5
- Monetary				0.0		0.0
.Change in NFA of Bank Al-Maghrib				-11.3		11.3
.Change in of the NFA of ADC				11.2		-11.2
- Non-monetary		13.6	20.9	0.0		-34.5
. Direct investment			6.1			-6.1
. Net external borrowings		13.6	14.8			-28.4
Balance of financial transactions		**38.1**	**-8.2**	**0.0**	**4.6**	**-34.5**
Statistical discrepancy		**2,9**	**-6,2**	**0,0**	**4,6**	**-1,3**

(1) Gross national disposable income

(2) Income, consumption and investment of central government are respectively measured by current receipts excluding privatization, the sum of current expenditure and special Treasury accounts balance, and capital expenditures

(3) Nonfinancial transactions of the private sector are measured by the balance between the operations of the economy and those of central government

(4) Certificates of deposit excluding broad money

Sources: Bank Al-Maghrib, High Commission for Planning, Ministry of Economy and Finance, Foreign Exchange Office, Moroccan Pension Fund, Moroccan Inter-professional Pension Fund, National Social Security Fund and Deposit and Management Fund. BAM calculations and estimates

Their assets were also allocated to Treasury bills, for a net flow of 17.3 billion, as well as to private securities, whose outstanding amount was up 17.4 billion. This trend reflects the divergent effect of an 18.1 billion increase in bonds and a decline of less than one billion of negotiable debt securities.

Rest of the world

The deficit vis-à-vis the rest of the world amounted to 64.6 billion dirhams, down nearly 30 billion from the previous year. The review of the financing structure shows that, for central government, net loans decelerated, in one year, from 18.6 to 9.6 billion, while external financing of the private sector amounted to 35.8 billion, up 7.1 billion from 2010, including 18.4 billion under direct foreign investment. Altogether, these trends resulted in a reflux of 24 billion of net foreign assets.

1.6 Inflation

Amid moderate demand pressures, both external and internal, inflation in 2011 continued to grow at a rate consistent with Bank Al-Maghrib's price stability objective. Indeed, headline inflation as measured by the annual increase in the consumer price index (CPI) remains at historically low levels, reaching 0.9 percent in 2011, unchanged from the pace observed in 2010. Core inflation (CPIX), which excludes volatile food and regulated products, gradually converged to its long-term average[1] during the year, standing at 1.8 percent in 2011 from 0.4 percent in 2010.

The change in the CPIX reflects the divergent effects of a rise in the inflation of tradable goods[2] (PCIXT) included therein and a sharp slowdown in the inflation of nontradable goods[3] (CPIXNT), itself largely due to the one-off decline in the prices for "telephone and fax services" in September 2011. The absolute difference between headline inflation and core inflation mostly reflects the decline in volatile food prices.

At the same time, the prices of regulated products again contributed to containing inflationary pressures, particularly those from fluctuations in world commodity prices, as they grew by a mere 0.1 percent from 0.4 percent a year earlier, excluding fuels and lubricants. Prices of fuels and lubricants remained unchanged due to the continued freezing of the indexation mechanism that isolates the domestic market from fluctuations in world prices.

Transmission of higher energy and non-energy commodity prices was more noticeable in producer prices. In fact, the overall index rose from 6.4 percent to 14.8 percent in one year, reflecting an 8.2 percent increase in producer prices excluding coking and refining, after a decrease of 1.7 percent in 2010. Prices in the coking and refining industry contributed significantly to this development, marking a new surge of 33.8 percent after 31.1 percent in 2010.

1.6.1 Consumer price index

In 2011, the CPI grew by 0.9 percent, a rate unchanged from 2010 and 2009, though with a distinctly contrasting contribution of its components. The trend observed in 2011 includes an increase in core inflation accompanied by a decrease in volatile food prices, the first in four years,

1 Between 1997 and 2010, core inflation averaged 1.8 percent.

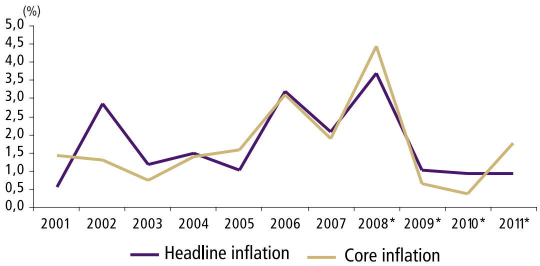
2 Tradable goods are those traded internationally in generally competitive markets. Nontradable goods, consisting mainly of services, cannot be traded with the rest of the world.

3 Idem.

while the stagnation in inflation in 2010 had reflected slowdown in core inflation and accelerated rise in volatile food prices. The prices of regulated products did not change significantly (Table 1.6.1).

After growing at relatively high rates in the last three years, averaging 4.2 percent, volatile food prices fell 2 percent in 2011, contributing 0.3 percentage point to the decline in inflation (Charts 1.6.3 and 1.6.4 and Table 1.6.1). By category, the drop in volatile product prices is caused by the 12.5 percent and 12.1 percent fall in the prices for fresh vegetables and citrus, respectively, which had risen 14.4 percent and 10.6 percent a year before. These trends offset the increases in the prices of other volatile products, particularly fish and poultry and rabbits by 10.2 percent and 5 percent, respectively.

Chart 1.6.1: Annual change in headline inflation and core inflation



* Figures based on the CPI

Source: HCP, and BAM calculations

Chart 1.6.2: Annual change in core inflation and output gap

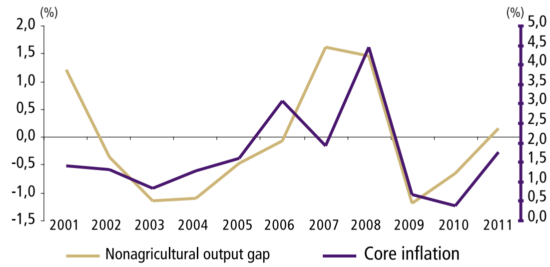
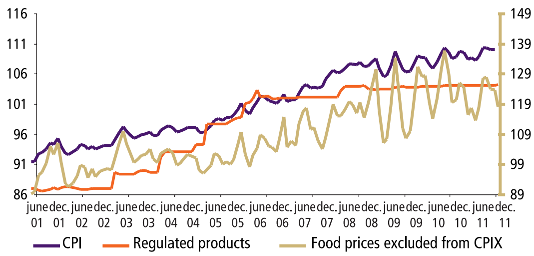
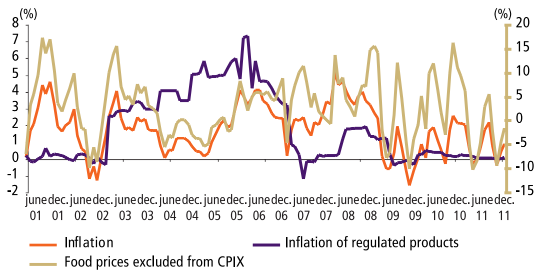


Chart 1.6.3: Change in CPI, regulated products prices and food prices excluded from CPIX (2006=100)



Source: HCP, and BAM calculations

Chart 1.6.4: YoY change in inflation and food prices excluded from CPIX



The trend in the prices of regulated products continues to exert a dampening effect on headline inflation. Indeed, they edged up 0.1 percent from 0.3 percent in 2010 and 0.6 percent in 2009, reflecting higher prices of outpatient services by 0.5 percent and sugar prices by 0.6 percent

(Charts1.6.3 and 1.6.4 and Table 1.6.1). The virtual stagnation in prices of regulated products mostly reflects stagnation in the prices of fuels and lubricants from the year before and gas prices, unchanged from 1996[1].

Table 1.6.1: Major CPI items

(2006=100)

Groups of products	Weights	Annual change in %		
	in %	2009	2010	2011
Consumer price index, including:	**100**	**1.0**	**0.9**	**0.9**
Items excluded from core inflation	**32.9**	**1.7**	**2.1**	**-0.7**
- Volatile food products	12.1	3.1	5.1	-2.0
- Fuels and lubricants	2.4	-1.7	-0.7	0.0
- Regulated goods excluding fuels and lubricants	18.4	1.0	0.4	0.1
Core inflation	**67.1**	**0.7**	**0.4**	**1.8**
- Food products included in core inflation	26.1	-0.1	-0.6	3.3
- Clothing items and footwear	3.9	1.0	0.5	1.6
- Housing, water, gas, electricity and other fuels (1)	7.0	1.6	0.8	1.0
- Furniture, household appliances and routine household maintenance	4.9	1.9	0.8	0.8
- Health(1)	0.1	0.8	0.0	0.3
- Transportation(1)	7.0	0.3	0.3	-0.3
- Communication	3.5	-4.5	-1.1	-5.4
- Entertainment and culture	2.2	-0.6	-0.7	-0.7
- Education	3.9	5.4	4.1	4.1
- Restaurants and hotels	2.9	1.8	2.4	1.7
- Miscellaneous goods and services	5.5	2.0	1.7	2.1

(1) Excluding regulated goods

Source: HCP, and BAM calculations

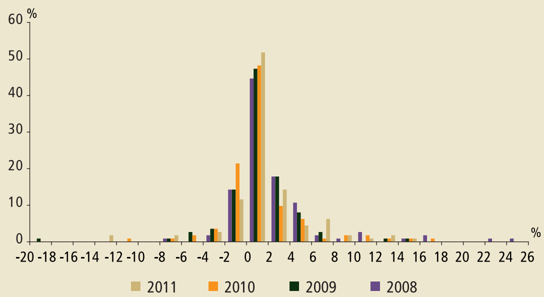
1 The last significant revision of gas price dates back to 1995, where it was raised by 10 percent.

Box 1.6.1: Descriptive analysis of CPI items

This box presents some mean and dispersion indicators to analyze the cross-sectional annual change in the 112 sections of the consumer price index (CPI) basket over the last four years. This consists, on the one hand, in providing measurement statistics of the central tendency of observations, like the arithmetic mean and the median, and on the other hand supplementing these indicators with ones that provide information on data dispersion or variability, especially standard deviation, skewness and kurtosis. The importance of such an analysis is to summarize effectively the information contained in the CPI components, while making some conclusions that are difficult to observe based on the change in the overall index alone.

Calculation results confirm the moderate annual change in the CPI components and their dispersion. Indeed, after standing at 2.4 percent in 2008 and 1.2 percent in 2009 and 2010, the arithmetic mean of the annual price changes in the 112 CPI components reached 1.5 percent in 2011. Similarly, statistics of the median, which is another measure of central tendency, remained relatively low at 0.7 percent in 2011, from 0.5 percent in 2010 and 1.1 percent in 2009 (Table B1.6.1.1).

Chart B1.6.1.1: Trend in the distribution of price changes in the 112 CPI sections between 2008 and 2011



Source: HCP, Eurostat, and BAM calculations

Table B1.6.1.1: Descriptive statistics of price changes in CPI components: Morocco and main partner countries

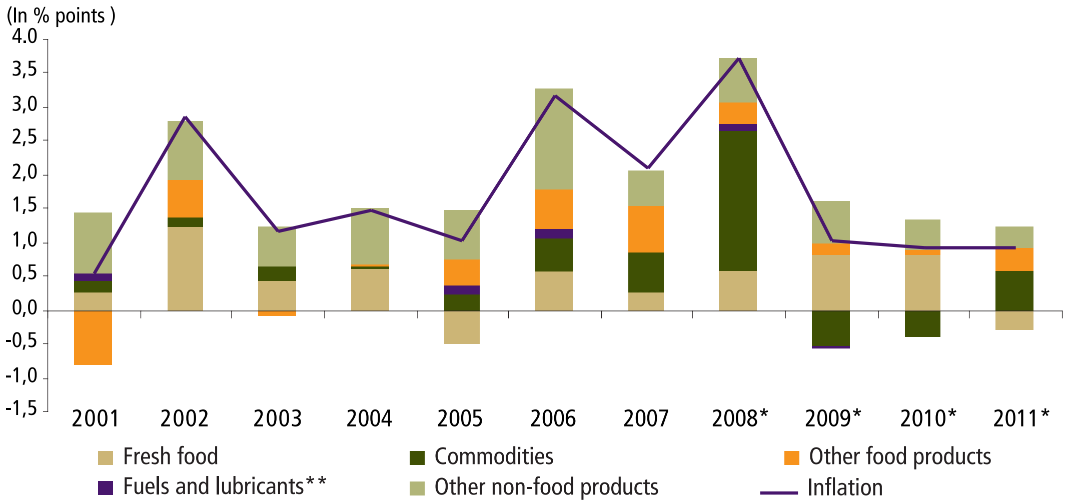
	2008	2009	2010	2011	France 2011	Spain 2011
Mean (%)	2.4	1.2	1.2	1.5	1.9	2.2
Median (%)	1.1	1.1	0.5	0.7	1.7	1.8
Maximum (%)	24.8	15.0	16.3	15.6	23.1	27.3
Minimum (%)	-6.7	-18.5	-10.1	-12.5	-16.0	-14.5
Standard deviation (%)	4.5	3.5	3.7	3.9	3.8	5.1
Skewness	2.6	-0.8	1.4	0.2	0.6	1.0
Kurtosis	11.7	13.9	7.8	7.0	14.6	9.2

Analysis of the degree of dispersion, gauged primarily by the standard deviation, reveals that dispersion is slightly higher in 2011 than in 2010 and 2009, but moderate from 2008. It should be noted that in 2008 consumer prices were exceptionally affected by episodes of rising food staples. This price increase was accompanied by high volatility and strong asymmetry and thickness. Therefore, the distribution asymmetry and kurtosis fell to 0.2 and 7.0 in 2011, respectively, from 2.6 and 11.7 in 2008, reflecting an increasingly marked decline in the extreme changes in prices of CPI components. Compared to a sample of partner countries, the annual fluctuations in the prices of basket components are less extreme in the case of Morocco than in Spain and France for example (Table B1.6.1.1). However, this low dispersion is not synonymous with low inflation volatility in Morocco, as the weights of components are not taken into consideration and the subsidization instruments exert a dampening effect that limits extreme variations in prices of certain products, particularly energy and food.

Core inflation, which excludes volatile food and regulated products, increased from 0.4 percent to 1.8 percent, amid moderate demand pressures, as evidenced by the trend of nonagricultural output gap[1] (Chart 1.6.2). The latter, which was negative in 2009 and 2010, showed a positive value in 2011 but not significantly different from zero.

Moreover, the absolute difference between headline inflation and core inflation stood at 0.9 from 0.6 point, mainly in connection with lower volatile food prices. The per-component analysis indicates that the rise in core inflation was mostly caused by the 3.2 percent increase of food prices which are included therein, particularly commodities (Chart 1.6.5), after falling 0.6 percent the previous year, thereby contributing 1.3 percentage point to the CPIX. To a lesser extent, the increase in core inflation is attributed to the increase in the prices for the items of "clothing and footwear", "education" and "housing, water and gas[2]" by 1.7 percent, 4.1 percent and 0.9 percent, respectively.

Chart 1.6.5: Contribution of major items to inflation (in percentage points)



* Figures based on the CPI

** This item corresponds to "private transportation" before 2008

Source: HCP, and BAM calculations

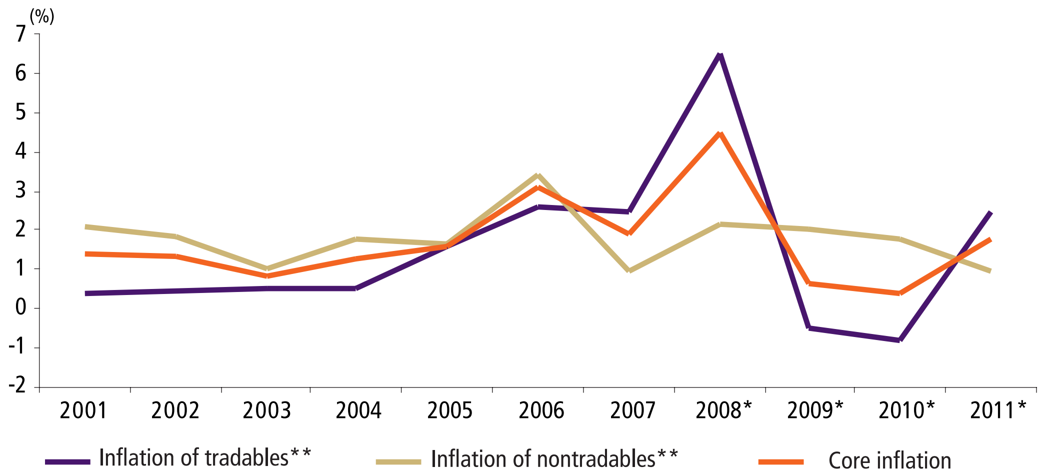
1 The output gap is the difference between the actual output and potential output of an economy. It is often used as an indicator for measuring pressure on prices.

2 Excluding regulated products.

Prices of tradables and nontradables

Inflation is also analyzed by decomposing in the CPIX into an indicator of prices for tradables (CPIXT) and another for nontradables (CPIXNT) whose weights are 35 percent and 32 percent, respectively. The advantage of such decomposition is to analyze the determinants of inflation according to their internal or external origin. After slowing down in 2010, the growth rate of prices for tradables and nontradables showed divergent trends, in a context characterized, externally, by relatively higher inflationary pressures in key partner countries (Box B1.6.2) and, internally, by broadly moderate demand pressures (Chart 1.6.6). In fact, prices of tradable goods rose 2.5 percent after falling by 0.8 percent a year earlier, a rate similar to that observed in the trading partners which averaged 2.8 percent[1]. However, inflation of nontradables fell from 1.7 percent to 1 percent, contributing significantly to mitigating the rise in core inflation (Charts 1.6.6 and 1.6.8).

Chart 1.6.6: Annual change in the prices of tradables and nontradables****



* Figures based on the CPI

** Excluding volatile food and regulated products

Source: HCP, and BAM calculations

1 This is the average weighted by the share in Morocco's total imports of the price indexes of key partners, particularly France, Spain, Germany, Italy, the United States and the United Kingdom.

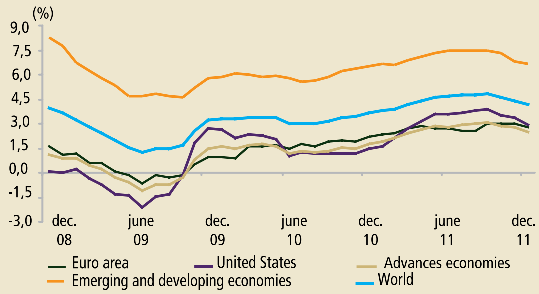
Box 1.6.2: Inflation in the world in 2011

Despite the deteriorating economic conditions and increasing tensions in financial markets, particularly at year-end, global inflation reached 4.4 percent in 2011, significantly higher than the 3.4 percent and 2.3 percent observed in 2010 and 2009, respectively. Mainly related to elevated world commodity prices (Chart B1.6.2.2), this acceleration did not drive up inflation to the exceptional rates seen in 2008. The rise in consumer prices, both in industrialized countries and emerging and developing economies, mainly concerned "energy" and "food" items.

Overall, because of structural factors related to the composition of consumer baskets, inflationary pressures were more pronounced in emerging economies than in developed ones. The consumer price index in emerging markets rose 7.1 percent, up from 6.2 percent in 2010, while that of advanced countries increased 2.6 percent from 1.5 percent the previous year. Thus, inflation rose from 1.6 percent to 2.6 percent in the euro area and from 1.6 percent to 3.2 percent in the United States, on average between 2010 and 2011 (Chart B1.6.2.1).

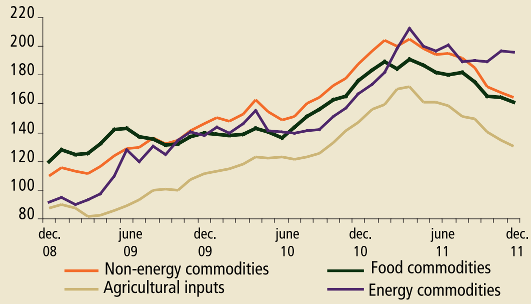
The increase in inflation in the euro area, especially in key partner countries, partially spread to domestic prices in Morocco through food import prices and inflation of tradable goods excluding volatile food and regulated products (CPIXT), which increased gradually throughout the year 2011.

Chart B1.6.2.1: YoY change in inflation by group of countries



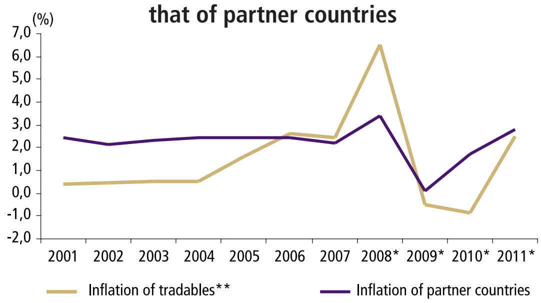
Source: IMF, IFS, and BAM calculations

Chart B1.6.2.2: Price index of energy and non-energy commodities (2005=100)



The deceleration of nontradables inflation was more pronounced at the end of the year, averaging 0.1 percent over the last four months from 1.4 percent between January and August, because of the one-off decline in September in the prices of the item "telephone and fax services".

Chart 1.6.7: YoY change in inflation of tradables and that of partner countries**

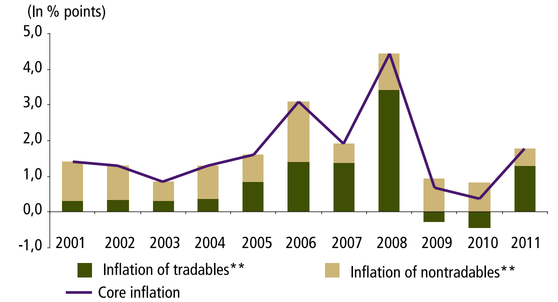


* Figures based on the CPI

** Excluding volatile food and regulated products

Source: HCP, IFS, and BAM calculations

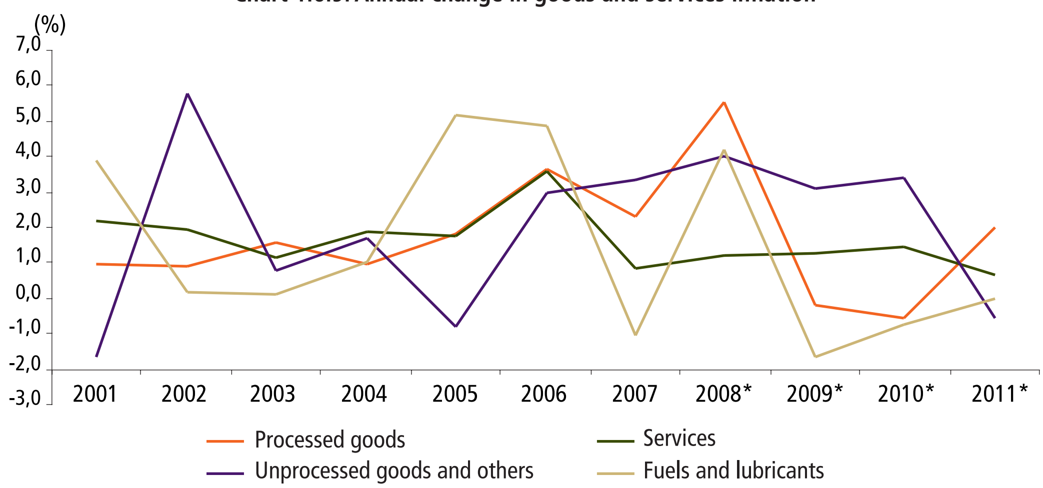
Chart 1.6.8: Contribution of tradables and nontradables** to core inflation (in percentage points)**



Prices of goods and services

The breakdown of the CPI basket into goods and services indicates that the stagnation of inflation conceals higher prices of processed goods, lower prices of unprocessed goods and a slowdown in services tariffs. Prices of fuels and lubricants remained unchanged from one year to the next due to the continued freezing of the indexation mechanism (Chart 1.6.9).

Chart 1.6.9: Annual change in goods and services inflation



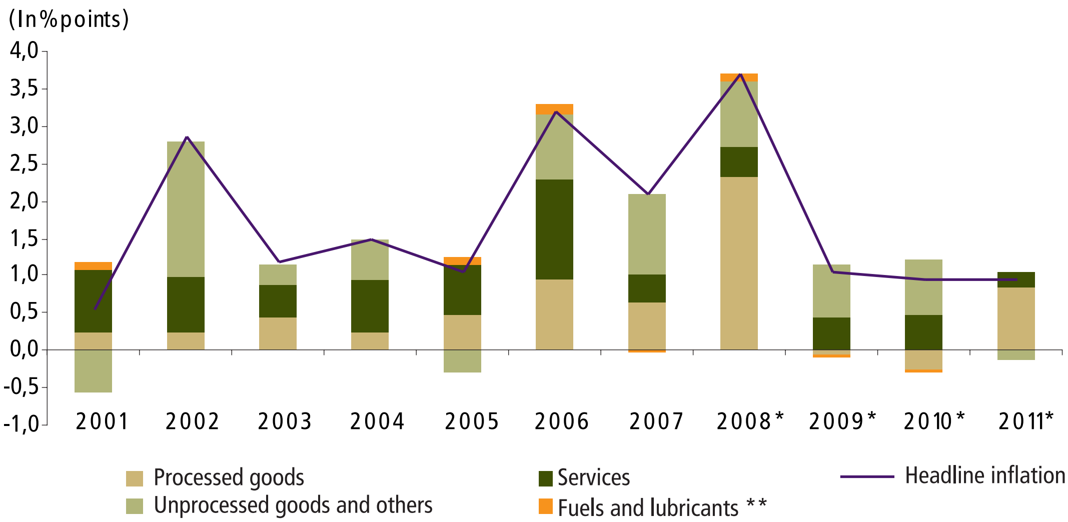
* Figures based on the CPI

Source: HCP, and BAM calculations

After two successive declines in the last two years, prices of processed goods excluding fuels and lubricants rose by 2 percent, contributing 0.8 percentage point to inflation in 2011. In contrast, the prices of unprocessed goods, mainly impacted by those of fresh food, showed a decline of 0.6

percent after rising 3.4 percent a year earlier, contributing a mere -0.1 point to inflation. Services prices were up 0.7 percent, below the 1.5 percent seen in the previous year, contributing 0.2 point to the increase in the general index (Charts 1.6.9 and 1.6.10).

Chart 1.6.10: Contribution of goods and services prices to headline inflation (in percentage points)



* Figures based on the CPI

** This item corresponds to "private transportation" before 2008

Source: HCP, and BAM calculations

1.6.2 Manufacturing producer prices

In 2011, producer prices increased by 14.8 percent, driven primarily by the momentum in world commodity prices whose strong fluctuations over the last four years were the main determinant of domestic production costs (Chart 1.6.11). This fact is evidenced by the results of Bank Al-Maghrib's business survey, as corporate managers indicated the preponderance of "commodity prices" effect in the rising producer prices in 2010 and 2011.

Like 2010, international commodity prices showed an increase of 24.3 percent, which conceals divergent trends during the year. In the first four months, these prices continued the upward trend that began late 2010, before trending downward until the end of the year.

Chart 1.6.11: Change in the overall DJ-UBSCI* and the industrial producer price index (by level, 1997 = 100)

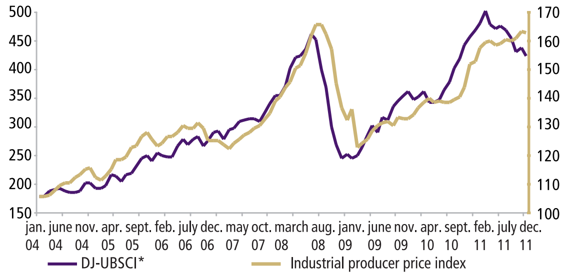
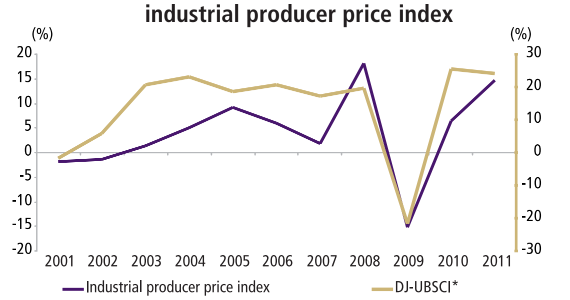


Chart 1.6.12: Change in the overall DJ-UBSCI* and the industrial producer price index



* In the absence of an overall commodity price index published by the World Bank, we use the DJ-UBSCI that includes 19 commodities from the following sectors: energy, precious metals, base metals, agriculture and livestock.

Source: HCP, DataStream, and BAM calculations

These trends were reflected, albeit with a lag, in the producer prices, which increased rapidly during the first five months of the year, before stabilizing from June (Chart 1.6.11). Over the full year, producer prices were up at the same rate of 2008, reflecting in part the rise in the coking and refining industry prices by 31.1 percent, which contributed 9 percentage points to the rise in the overall index (Table 1.6.2).

Chart 1.6.13: Change in the global energy commodity price index (2005 = 100) and the producer price index for coking and refining (1997 = 100)

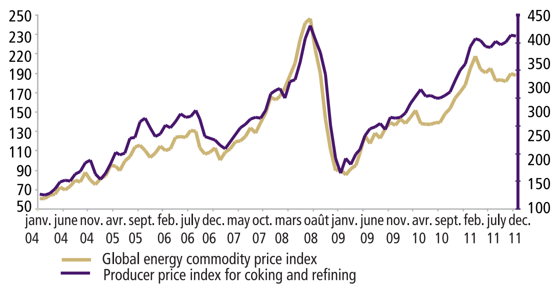
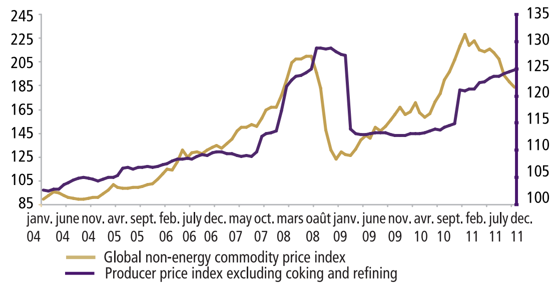


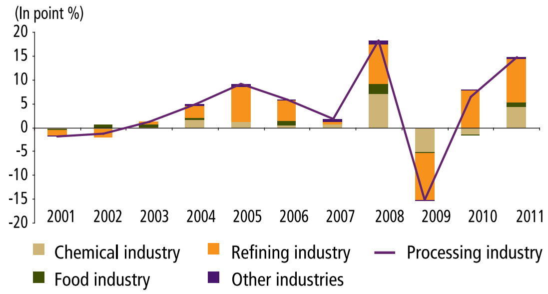
Chart 1.6.14: Change in the global non-energy commodity price index (2005 = 100) and the producer price index excluding coking and refining (1997 = 100)



Source: HCP, World Bank, and BAM calculations

Producer prices excluding coking and refining reversed the downward trend that began in 2009. They rose 8.2 percent, after falling 7.6 percent and 1.7 percent in 2009 and 2010, respectively, contributing 5.8 percentage points to the increase in the overall index. By industry, the increase primarily reflects the accelerating rise in producer prices in the "chemical industry" from -10.6 percent to 37.4 percent, contributing 6.2 percentage points to the increase in the price index excluding coking and refining. "Food industry" prices grew from -0.6 percent to 3.7 percent, contributing 1.3 percentage point (Table 1.6.2). Prices in the sectors of "manufacture of other nonmetallic mineral products", "metallurgy" and "metal work" rose from 0.6 percent, -2 percent and -0.7 percent to 1 percent, 1.5 percent and 3.3 percent, respectively, while their total contribution reached 0.2 percentage point.

Chart 1.6.15: Annual contribution of prices in major sectors to the manufacturing producer price index (in percentage points)



Source: HCP, and BAM calculations

Chart 1.6.16: YoY change in the major manufacturing producer price indexes (in%)

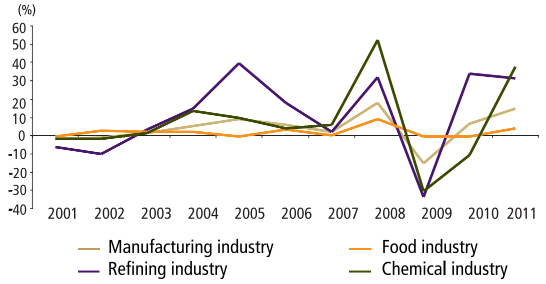


Table 1.6.2: Manufacturing producer price index (1997=100)

Change in %	Weigths in %	2009	2010	2011
Manufacturing industries excluding oil refining	**86.7**	**-7.7**	**-1.7**	**8.2**
Including: Food industries	28.9	-0.4	-0.6	3.7
Chemical industries	13.1	-30.2	-10.6	37.4
Textile industry	6.5	0.0	2.0	0.5
Clothing industry	6.7	0.7	-0.4	0.3
Oil refining	**13.3**	**-33.6**	**33.8**	**31.1**
General index	**100**	**-15.3**	**6.4**	**14.8**

Source: HCP

1.7 Balance of payments

Amid slowing global growth, particularly from the second quarter, and continued high oil prices, the trade deficit[1] again worsened in 2011. It widened from 19.4 percent to nearly 23 percent of GDP, as imports increased by 20.1 percent and exports by 16.3 percent. Receipts from travel and current transfers were up 4.1 percent and 6.8 percent, respectively, from 5 percent and 3.1 percent in 2010. Overall, the current account deficit[2] widened to 8 percent of GDP, the highest level since the early 1980s, compared with 4.5 percent last year and an average of 3.7 percent over the last four years.

Despite a surplus in capital and financial transactions account of 5.7 percent of GDP, the balance of payments showed a deficit of 21.2 billion, causing a further decline in exchange reserves in months of imports, which fell from almost seven months in 2010 to five months in 2011.

Table 1.7.1: Change in the major balance of payments components in % of GDP

Section	2010	2011
Current account balance	**-4.5**	**-8.0**
Including: Goods balance	16.5	19.6
Travel receipts	7.4	7.4
Expatriate remittances	7.1	7.3
Direct investments	1.7	2.3
Portfolio investments	0.1	-0.2
Commercial credits	0.6	1.2
Loans	3.1	1.7
Foreign reserve assets	1.3	-2.6

Source: Foreign Exchange Office

Goods and services

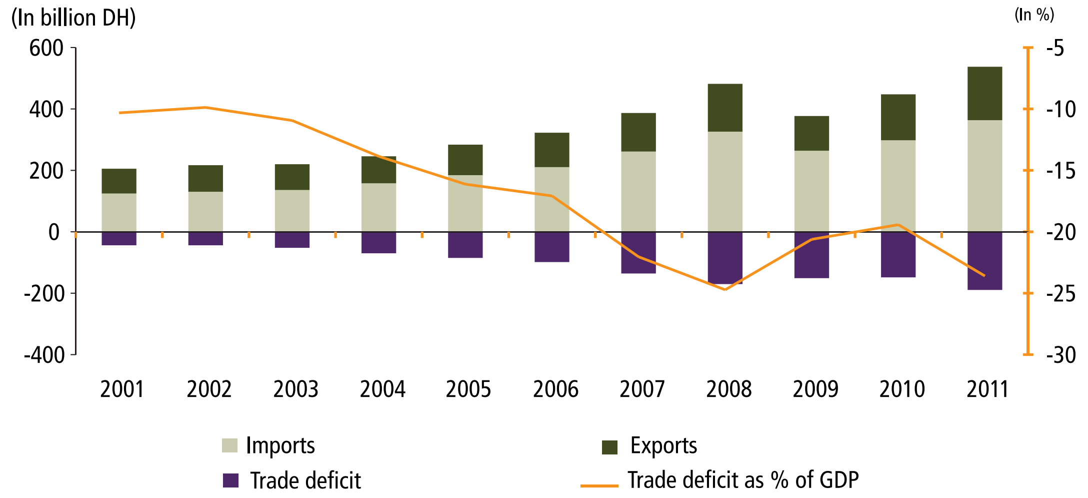
The trade deficit increased 24 percent from 2010 to 184 billion dirhams, in conjunction with an increase of 20.1 percent in imports, higher than 16.3 percent in exports. The export-import ratio fell from 50.2 percent in 2010 to 48.6 percent in 2011. At the same time, the rate of economic openness[3] stood at 66.3 percent, after 58.6 percent in 2010.

1 See statistical appendixes A6.1 to 5

2 See the Statistical Appendix A6.6

3 This rate is the sum of imports and exports to nominal GDP.

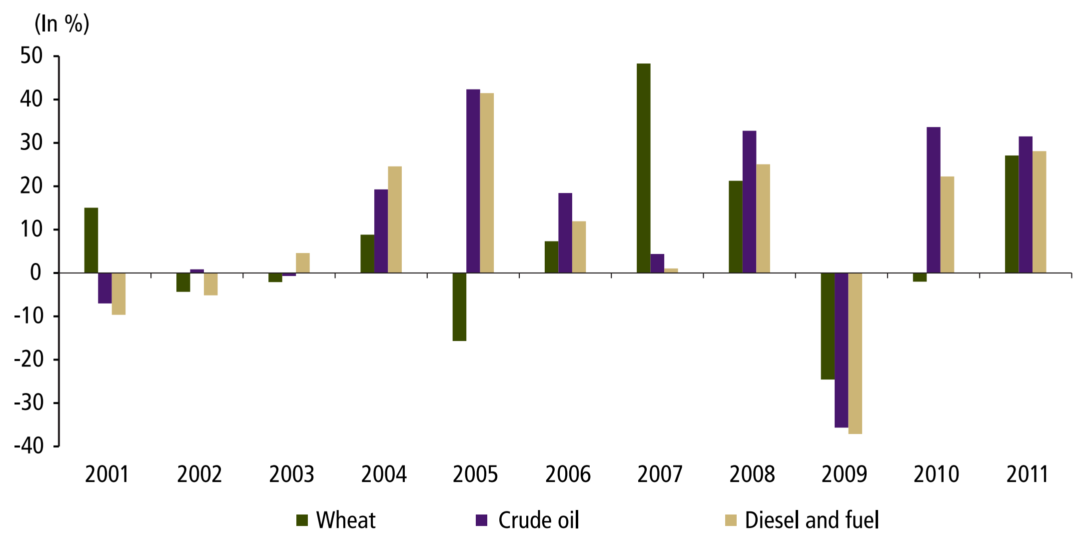
Chart 1.7.1: Trade balance development



Source: Foreign Exchange Office

Imports, amounting to nearly 358 billion dirhams in CIF[1] value, rose 20.1 percent, reflecting higher prices and quantities of major energy commodities, food products and semi-finished goods.

Chart 1.7.2: Annual change in average prices for major import commodities



Sources: Foreign Exchange Office

1 CIF: cost, insurance and freight.

Box 1.7.1: Development of Morocco's openness and coverage ratio compared to a sample of countries

The development of the import-export ratio in Morocco compared to countries in MENA and Latin America and the Caribbean since 2001 highlights a continued deterioration of this indicator relative to the two regions. Indeed, it decreased from 64.7 percent in 2001 to 48.6 percent in 2011, as against 97.3 percent and 100.9 percent on average for the sample.

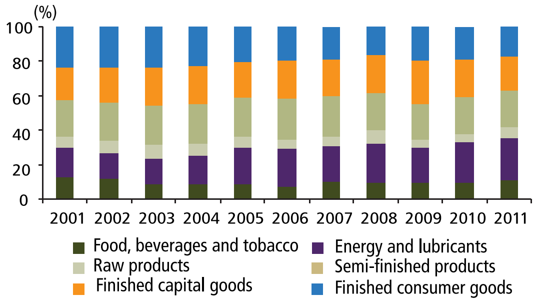
Reflecting the volume of trade, Morocco's rate of economic openness remained almost close to that of the aggregate sample, averaging 50.1 percent over the period 2001 to 2006, as against 46.4 percent. However, the period 2007-2011 was marked by accelerated growth in Morocco's degree of openness, amounting to 61.5 percent on average, compared with 44.5 percent for the other two regions.

Chart B1.7.1.1: Change in openness and coverage ratio

Source: International Financial Statistics (IMF)

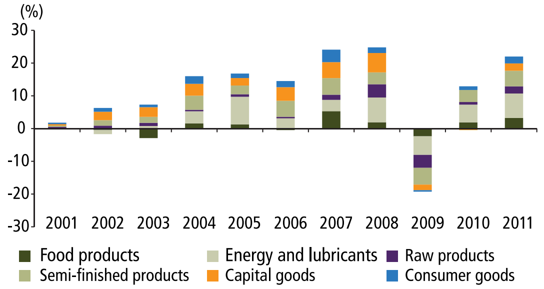
The energy bill, of around 90.7 billion dirhams, grew 32.4 percent, contributing about 7.5 percent to growth in imports. In particular, purchases of diesel and fuel rose 64.1 percent, reflecting an increase of 28.8 percent in the average price per tonne and 27.3 percent in the quantities imported. Crude oil imports rose 25.2 percent to 31.4 billion, due to a 31 percent increase in the average price per tonne, while the volume decreased by 4.8 percent.

Chart 1.7.3: Breakdown of imports by use



Source: Foreign Exchange Office

Chart 1.7.4: Contribution of groups of use to imports growth



Totaling 38.8 billion dirhams, imports of food products rose by 33.2 percent, contributing 3.2 percent to the change in imports. This trend is in part caused by a 55.8 percent increase in wheat purchases that resulted from a rise of 22.5 percent in quantity and 27.1 percent in the average price. It is also due to the increase by 46 percent in sugar imports.

Purchases of semi-finished products were up 21.8 percent to 76.4 billion dirhams, contributing 4.8 percent to the growth in imports. This trend reflects the expansion of 26.7 percent in plastics, 13.6 percent in iron and steel and 13.4 percent in chemicals.

Imports of consumer goods grew by 10.2 percent to 61.5 billion dirhams, notably owing to the 7.8 percent increase in purchases of medicines. In contrast, purchases of passenger cars registered a decline of 5.3 percent.

Purchases of capital goods, amounting to 68.2 billion dirhams, rose 3.4 percent, mainly in connection with the increase by 47.8 percent in imports of wires, cables and other insulated electric conductors, and 28.7 percent in purchases of apparatus for switching or connecting electrical circuits and resistance.

Finally, imports of raw materials surged by 40.9 percent to 22.4 billion dirhams, mainly as the bill for crude sulfur doubled primarily because of the rise in the average price from 710.2 dirhams to nearly 1500 dirhams per tonne.

Box 1.7.2: Development of Morocco's trade under the free trade agreements (EU, USA, Turkey and the Agadir Agreement)

Commercial transactions conducted as part of the free trade agreements (FTA) concluded respectively with the European Union, the United States, Turkey and the countries party to the Agadir Agreement continued to see a rapid increase in imports, generally leading to large trade deficits.

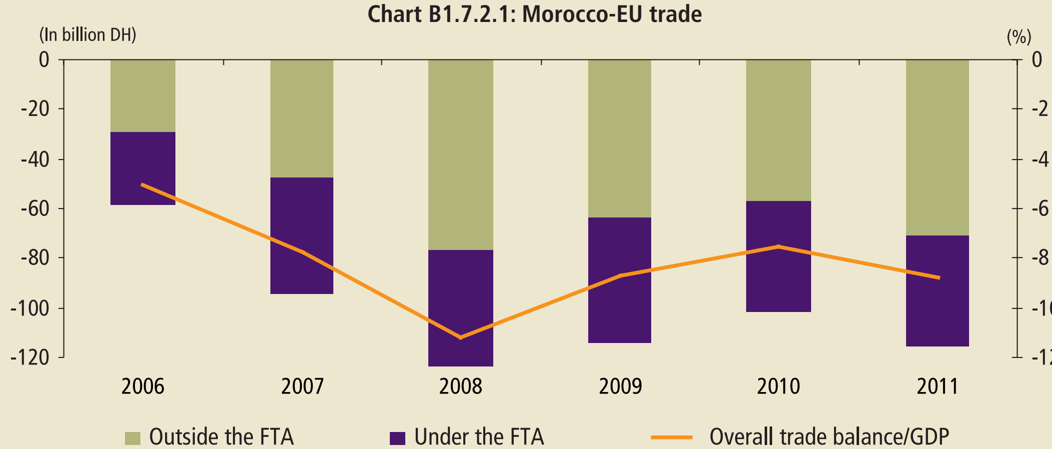
I. Morocco-EU trade

Overall, Morocco's trade deficit vis-à-vis the European Union (EU) totaled 8.8 percent of GDP in 2011, up from 7.5 percent a year earlier, as imports increased 14.6 percent to 168 billion dirhams or 21 percent of GDP instead of 19.2 percent in 2010. Major purchases, particularly diesel, passenger cars and wheat, rose by 37.9 percent, 20.1 percent and 34.5 percent, respectively.

Moroccan exports to the EU were up 8.8 percent to 97.2 billion dirhams or 12.1 percent of GDP instead of 11.7 percent in 2010. They concerned mainly phosphates and derivatives as well as wires and cables, with respective increases of 33 percent and 10.7 percent. At the same time, shipments of hosiery items and ready-made garments grew by 5.7 percent and 1.2 percent, respectively.

Under the agreement with the EU, Morocco's trade showed a growth of 19 percent or nearly 17 billion dirhams compared to 2010, amounting to 105.8 billion dirhams. This development resulted in a trade deficit of about 45 billion or 5.6 percent of GDP.

Chart B1.7.2.1: Morocco-EU trade



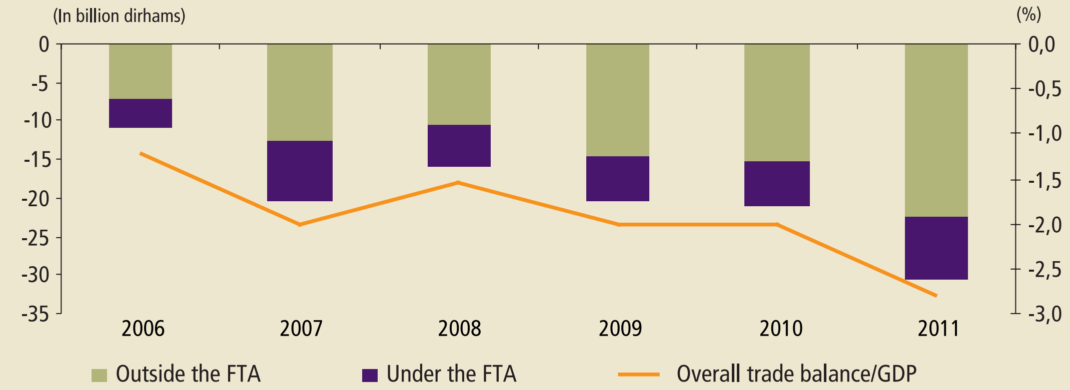
Source: Foreign Exchange Office

II. Morocco-U.S. trade

Morocco's commercial transactions with the United States totaled 38.1 billion dirhams in 2011, representing 4.7 percent of GDP instead of 3.5 percent in 2010. This was due to an increase of 44.2 percent in imports from the United States amounting to 30.2 billion, and a growth of 39.1 percent in Moroccan exports at 7.8 billion dirhams. As a result, the trade deficit widened 46 percent to 22.4 billion dirhams, or 2.8 percent of GDP, up from 2 percent a year earlier.

Under the FTA with the United States, Morocco's trade in 2011 reached 18.6 billion dirhams, up 43.5 percent or 5.6 billion dirhams, causing a trade deficit of 8.2 billion dirhams, or 1 percent of GDP.

Chart B1.7.2.2: Morocco-U.S. trade

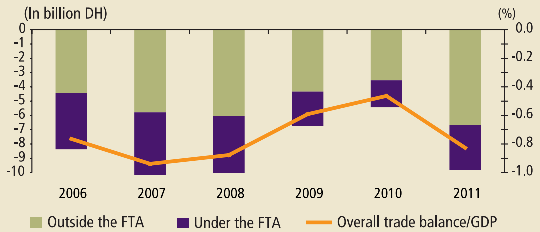


Source: Foreign Exchange Office

III. Trade with Turkey and the countries party to the Agadir Agreement

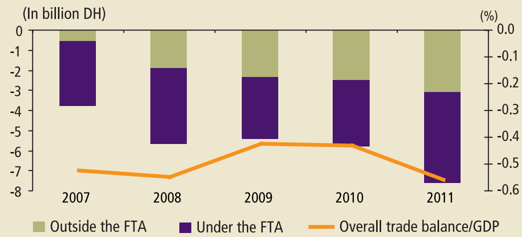
Under the FTA with Turkey, trade shows a deficit of 3.2 billion dirhams, or 0.4 percent of GDP. The trade deficit with the countries party to the Agadir Agreement (Egypt, Tunisia and Jordan) stands at 3.1 billion dirhams, or 0.4 percent of GDP.

Chart B1.7.2.3: Morocco-Turkey trade



Source: Foreign Exchange Office

Chart B1.7.2.4: Morocco-Agadir Agreement

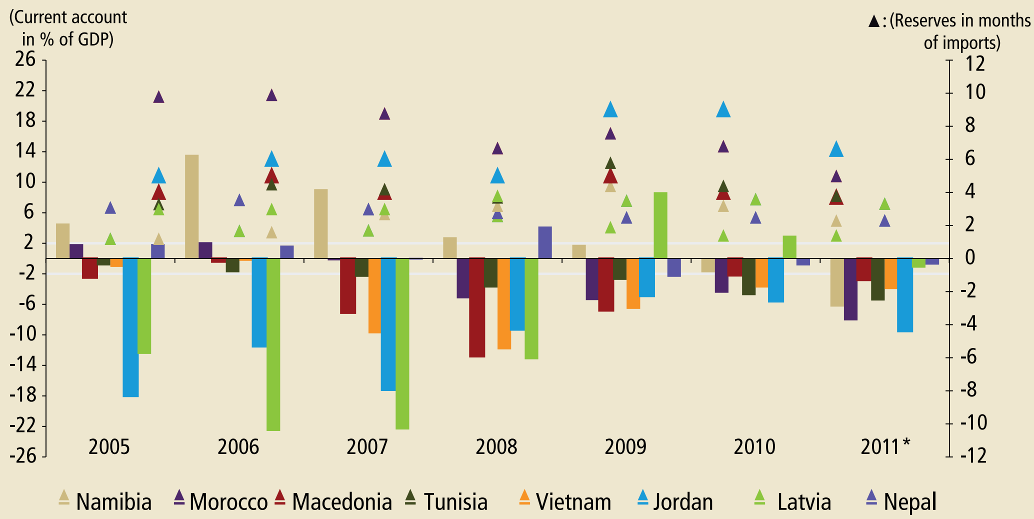


Source: Foreign Exchange Office

Box 1.7.3: Morocco's current account balance and reserves in months of imports: comparison with a sample of countries

The deterioration of Morocco's external account since 2008 worsened in 2011. It is therefore interesting to analyze the situation of the current account deficit and reserves in months of goods and services' imports in Morocco compared to a sample of emerging countries. The sample consists of countries that adopt fixed exchange rate regimes based on the IMF classification.

Chart B1.7.3.1: Change in the current account as % of GDP and reserves in months of goods and services' imports compared with a sample of countries adopting fixed exchange rate regime



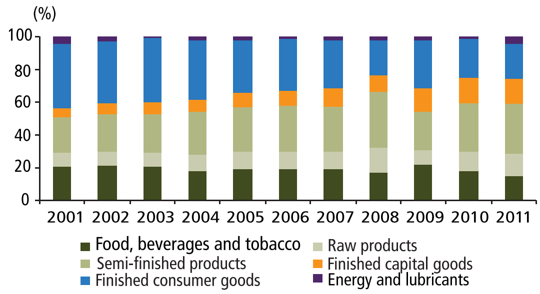
* Provisional data

Source: Datastream, World Bank and IMF International Financial Statistics

Over 2005-2007, Morocco's current account surplus averaged 1.3 percent of GDP, a level above the sample mean (-4.7 percent), while its foreign exchange reserves evaluated in months of imports of goods and services were 9.5 months on average, as against 4.2 for the sample. However, over the period 2008-2011, the current account deficit averaged approximately 5.8 percent of GDP, compared with 3.7 percent on average in the sample countries, while foreign exchange reserves represented 6.5 months of imports on average, compared with 4.8 for the sample. On this basis, Morocco has been converging since 2007 to the average seen in these countries.

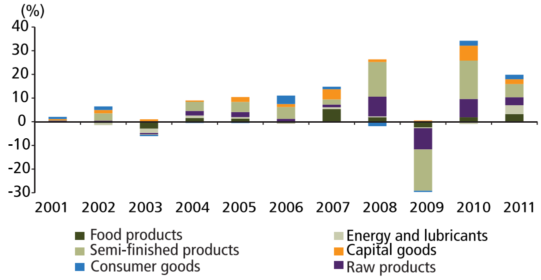
On the exports side, 26 percent of which concerned goods imported without payment and re-exported after processing, shipments totaled 174 billion dirhams, up 16.3 percent. This was mainly due to the expansion of nearly 34 percent in sales of phosphates and derivatives that amounted to 48.1 billion dirhams, subsequent to the rise in the average prices for export, by 58 percent and 26.4 percent respectively. Consequently, their share in total exports increased from 24 percent to 27.6 percent from one year to another.

Chart 1.7.5: Breakdown of exports by use



Source: Foreign Exchange Office

Chart 1.7.6: Contribution of groups of use to exports growth



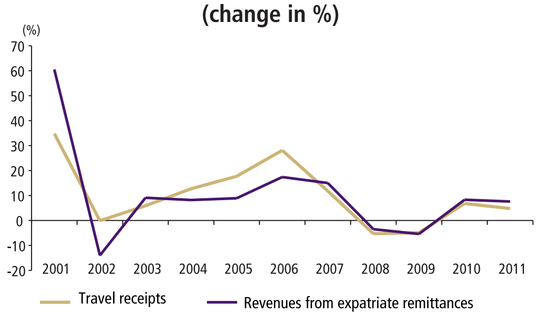
Excluding phosphates and derivatives, exports grew only by 10.7 percent, from 19.8 percent in 2010, to 125.9 billion dirhams. Deliveries of consumer goods, which represented 21.8 percent of total exports, increased 7.9 percent to 37.9 billion dirhams. Those of hosiery items and ready-made garments were up 10.8 percent and 1.2 percent, respectively.

Sales of capital goods, at 26.2 billion dirhams, grew by 13.5 percent, mainly due to the increase of 13.5 percent in exports of wires and cables for electricity and nearly 59 percent in shipments of industrial vehicles.

Food exports fell 1.7 percent to 26.3 billion dirhams, in conjunction with a drop of 2.3 percent in citrus exports and 17.1 percent in shipments of prepared and preserved fish and crustaceans. In contrast, sales of crustaceans, mollusks and shellfish rose 11.3 percent.

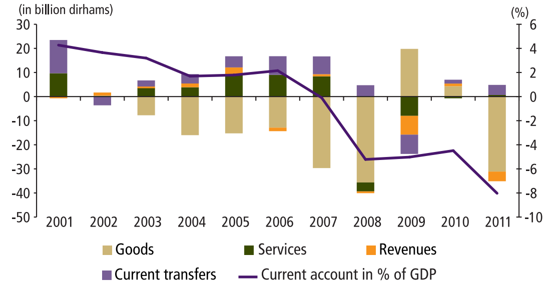
In services, tourism receipts recorded an increase of 4.8 percent, after 6.8 percent in 2010, amounting to 59.1 billion dirhams or 7.4 percent of GDP, from an average 8.2 percent over the last five years. Expenses moved up 8 percent in 2011 to around 11 billion. Rising steadily in recent years, tourism spending showed an expansion of 35 percent in 2011 from the average of 2006-2010. The travel deficit was 48.1 billion, up 4.1 percent or 6 percent of GDP. Meanwhile, the transportation deficit was about 4.8 billion dirhams, up 14.3 percent, while the surplus of communications remained almost stable at 5.5 billion dirhams.

Chart 1.7.7: Travel receipts and expatriate remittances (change in %)



Source: Foreign Exchange Office

Chart 1.7.8: Contribution of main sections to the current account



Source: Foreign Exchange Office

Income and current transfers

Net outflows of investment income reached 16.6 billion dirhams, up nearly 32 percent from the previous year. The negative balance of private income rose 10.7 percent to 18.6 billion dirhams in 2011. Income from public investment abroad decreased by nearly 22 percent to 5.1 billion dirhams, while public debt interest payment rose 32.6 percent to about 3 billion dirhams, primarily because of the €1 billion loan contracted in October 2010.

At 64.6 billion dirhams, receipts of private current transfers increased by 6.5 percent, following a 7.8 percent increase in remittances from Moroccans living abroad to 58.6 billion dirhams or 7.3 percent of GDP. These transfers continue to be dominated by France, Spain and Italy by 40.4 percent, 10.7 percent and 10.7 percent, respectively. Within this section the share of public transfers, mainly made up of donations, remains marginal, moving up from 2.8 to 3.3 billion dirhams.

Overall, the current account deficit stood at 64.6 billion dirhams, or 8 percent of GDP from 4.5 percent in 2010.

Box 1.7.4: Measures to ease various current account operations for residents

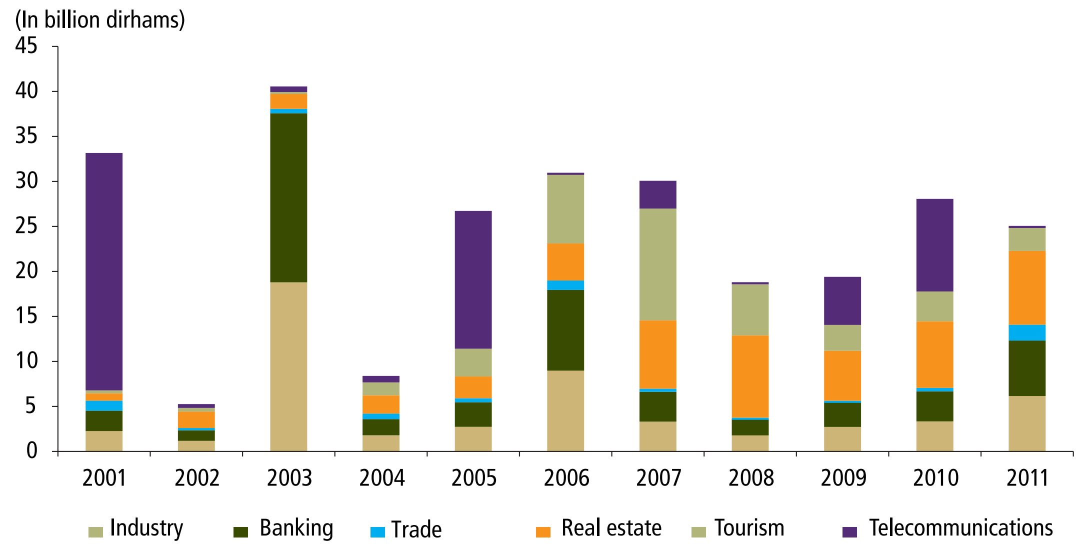
The easing measures taken by the Foreign Exchange Office in 2011 for residents consist in:

- granting an allocation of 30,000 dirhams for medical care;
- extending savings income transfers to Moroccans living abroad hired in Morocco by a foreign entity;
- opening dirham accounts for foreign employees newly recruited in Morocco;
- expanding retirement pensions to the pensioner's beneficiaries;
- buying back contributions for Moroccan residents who have worked abroad or served as soldiers in foreign armies;
- transferring rental income without limitation in amount or time, provided taxes are paid in Morocco;
- repaying consumer loans or «student» loans granted to Moroccans who lived abroad and returned permanently to Morocco;
- liberalized transfers for natural and legal persons resident in Morocco under the visa fees payable to embassies and consulates with no diplomatic representation in Morocco, fines owed to foreign public entities as a result of violations abroad and costs of translation of documents;
- free transfer of fees for language-learning visits abroad;
- transfer of family emergency aids in favor of resident Moroccan and foreign natural persons in difficulty abroad, caped at 10,000 dirhams per calendar year;
- granting loans in dirhams for the foreign staff of diplomatic missions or international organizations;
- transferring remunerations net taxes owed in Morocco, in favor of artists invited by event management companies;
- paying in dirham by legal persons of travel and subsistence expenses for nonresidents whom they engage for their business needs;
- reimbursing travel and subsistence expenses of foreign persons whom they engage for an operation of foreign technical assistance;
- ability to open bank accounts in foreign currency or convertible dirhams by online exporters of goods and services;
- transferring donations as humanitarian aid and grants to foreign entities by banks, approved intermediaries, for the Moroccan administration and / or public bodies.

Capital and financial transactions account

Capital and financial transactions account, excluding changes in foreign exchange reserves, recorded a surplus of 45.4 billion or 5.7 percent of GDP, up from 4.9 percent in 2010, mainly due to the behavior of direct investments. Their positive net flow, at 18.4 billion dirhams, more than doubled from last year, exclusively in conjunction with the decline of almost 76 percent in divestments. However, similar inflows were down nearly 27 percent to 25.6 billion dirhams. By country, they were mainly made by France (33.3 percent) and the United Arab Emirates (17.4 percent). Like the last few years, they mainly focused on the real estate sectors, industry and tourism, with respective shares of 32 percent, 24 percent and 10.2 percent, with the exception of one-off operations notably in telecommunications. Net outflows of direct investment abroad declined from almost 5 billion in 2010 to 2 billion dirhams in 2011.

Chart 1.7.9: FDI distribution by sector



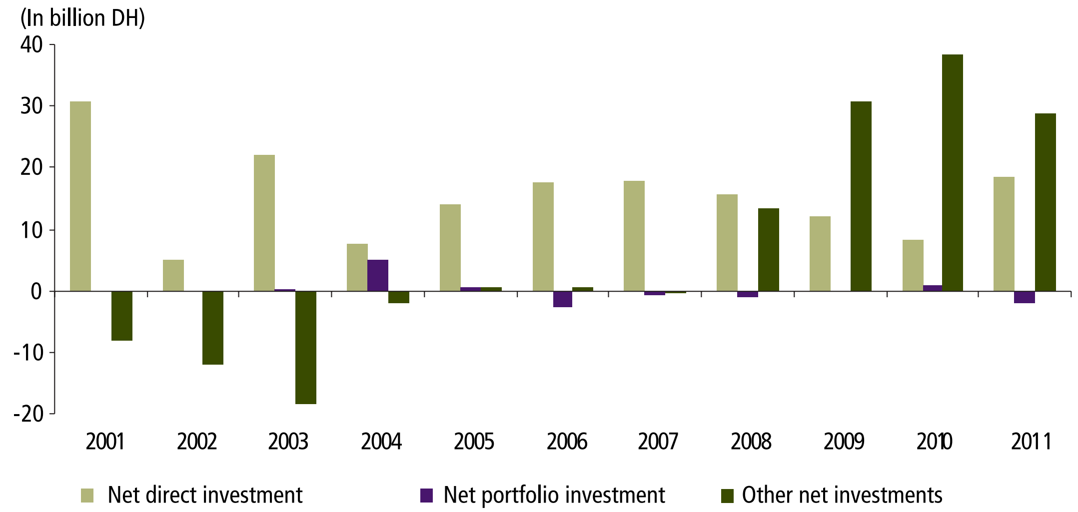
Source: Foreign Exchange Office

From a surplus of 930.3 million dirhams in 2010, portfolio investments showed a deficit of 1.9 billion dirhams.

The surplus of other investment[1] fell by 24.5 percent to 28.9 billion dirhams, as the Treasury had issued in 2010 a bond loan of 11 billion dirhams in the international financial market.

1 It includes commercial credits, loans as well as currency in circulation and deposits.

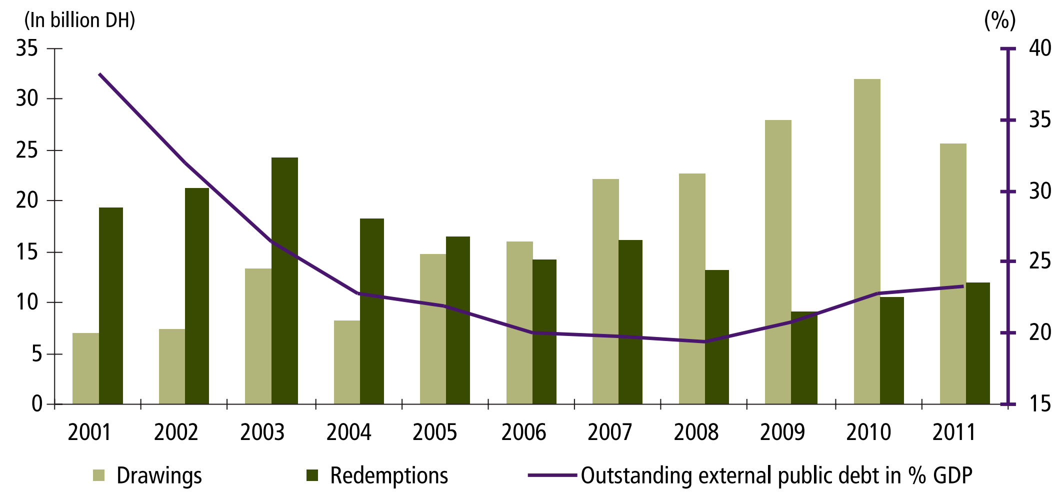
Chart 1.7.10: Change in the balance of financial transactions account sections



Source: Foreign Exchange Office

The overall debt burden increased by 15.8 percent to 17.6 billion dirhams, representing 4.9 percent of current revenues.

Chart 1.7.11: Change in drawings, redemptions and outstanding public external debt in % of GDP



Source: Foreign Exchange Office

Ultimately, the balance of payments outcome, equivalent to the change in reserve assets, decreased by 21.2 billion, after rising 10.1 billion in 2010, as the stock of foreign exchange assets stood at 168.7 billion dirhams, or five months of imports of goods and services, down from nearly seven months in 2010.

Box 1.7.5: Change in the international investment position[1]

Changes in the stock of external financial assets and liabilities, as recounted in the international investment position (IIP), resulted in 2010[2] in a net liability position of 389.2 billion dirhams, or about 51 percent of GDP, up from nearly 44 percent in 2009. This trend is mainly due to the increase of 17.3 percent in the net liability position of other investments and 12.7 percent in that of direct investment.

I. Assets

The stock of residents' financial assets grew 3.2 percent to 249.4 billion, including a 6.5 percent increase in reserve assets and a 38.4 percent decrease in bank deposits abroad.

Direct investment abroad by residents was up 9.3 percent to 16 billion dirhams, primarily in connection with the 9.5 percent growth in direct shareholdings. The latter, which are concentrated mainly in France and certain African countries, focus notably on the banking and financial sector as well as holding companies and telecommunications, with nearly three quarters of the total outstanding.

At the same time, the stock of portfolio investment grew by 41.2 percent to about 8 billion dirhams, in conjunction with the increase of 42.6 percent in outstanding equity holdings abroad.

The stock of other investments, at 28 billion dirhams, shrank by 22.3 percent, reflecting mainly respective declines of 48.6 percent and 38.3 percent in bank loans and deposits abroad, which fell to 1.3 and 13.4 billion dirhams.

II. Liabilities

Morocco's external liabilities rose 13.5 percent to 638.6 billion dirhams, following the increase of 14.5 percent in the stock of external debt and 12.6 percent in that of direct investment.

Foreign direct investment, amounting to 376.7 billion dirhams, showed an expansion of 12.6 percent, due in particular to the 11.7 percent increase in outstanding unlisted securities, whose share in total liabilities stood at almost 59 percent. These investments mainly concerned the telecommunications sector, industry and real estate, while France remained the largest investor with a share of almost 60 percent.

The increase of 16.6 percent in other investments that amounted to 231.9 billion dirhams mainly reflects the 14.5 percent growth in outstanding external debt to 183.3 billion dirhams or about 24 percent of GDP. Similarly, the outstanding liabilities of the banking sector grew by 38.6 percent to 25.7 billion dirhams.

Meanwhile, outstanding commitments under portfolio investment increased by 3.8 percent to 30 billion dirhams.

Chart B1.7.5.1: Aggregates of the international investment position

Source: Foreign Exchange Office

1 Established by the Foreign Exchange Office since 2002, 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 stocks existing, not only of financial flows registered by the balance of payments, but other factors such as changes in prices and exchange rates. Data of the IIP prepared by the Foreign Exchange Office are released six months after the closing date of the financial year.

2 See Statistical Annex A6.7

1.8 Public finance

After several years of moderate deficit and a downward trend in the debt ratio, public finance in 2011 showed a less positive trend for the third year in a row since 2009. Budget execution under the year 2011 has indeed resulted in a fiscal deficit of 55.7 billion or 6.9 percent of GDP, from 35.8 billion or 4.7 percent of GDP in 2010. Under these conditions, public debt-to-GDP ratio rose from 50.3 percent in 2010 to 53.7 percent.

In a context marked by the adverse effects of the international situation, particularly the rise in commodity prices and weaker growth in partner countries, the year 2011 was characterized by an increase in expenses at a faster rate than that of revenues. This trend is mostly attributable to the unprecedented rise in subsidization spending from 27.2 to 48.8 billion, thus pushing up the growth rate of current expenditure from 7 percent to 18.5 percent. Capital expenditure stabilized at 6.2 percent of GDP between 2010 and 2011, up from an average of 4.7 percent of GDP between 2001 and 2009 and 4.7 percent of GDP during the 1990s. Despite the improvement in current revenues, excluding privatization receipts, at a rate of 7 percent, after 2.5 percent in 2010, ordinary balance posted a deficit of 1 percent of GDP, for the first time since 2005.

Box 1.8.1: The Finance Act 2011

The main assumptions for developing the Finance Act for 2011 were based on a growth rate of 5 percent, an inflation rate of 2 percent, a crude oil price of $75 per barrel and an exchange rate of one dollar to 8.5 dirhams. The budget deficit, excluding privatization receipts, was expected at 4 percent of GDP, down half a point from the previous budget law. Current revenues, excluding privatization, and overall expenditures were projected to increase by 7.1 percent and 5.9 percent, respectively.

The growth in current revenues would result from the increase in tax revenues by 7.1 percent and in nontax receipts by 6.7 percent. Meanwhile, overall expenditures were planned to move up by 12.9 billion, mainly in connection with the expected reduction in costs of other goods and services and the virtual stagnation of domestic debt interests, while the rise in subsidization costs would not exceed 3 billion. Capital expenditures, up 19.8 percent to 48.1 billion, would mainly benefit education, infrastructure, transportation and agriculture, as well as the sectors of security, water and health. The wage bill was forecast to rise by 6.8 percent, given the mechanical growth in civil service salaries and the creation of 18,802 new jobs.

In addition to changes in rates of customs taxation, the Finance Act 2011 included measures relating primarily to the corporate tax, the income tax and some modifications of the value added tax.

Major tax provisions of the Finance Act 2011

Concerning the corporate tax, a reduced rate of 15 percent was granted to small businesses subject to this tax, whose annual turnover is less than 3 million dirhams. The beneficiaries of this special rate must commit to creating at least one job position each year over three years, starting from the year of liability to corporate tax.

It was also decided to extend for two years, in 2011 and 2012, tax relief for SMEs with a turnover below 50 million dirhams excluding VAT and conducting an increase in their capital. These advantages consist in reducing corporate tax up to 20 percent of the capital increase and setting registration fees at a fixed amount of 1,000 dirhams instead of a prorated fee of 1 percent.

It was also decided to grant the companies operating in Casa Finance City a total exemption from corporate tax during the first five years and apply a reduced rate of 8.75 percent beyond this period. Moreover, a 20 percent discharge rate of the income tax will be applied to gross salaries, wages and emoluments paid by those companies.

To encourage savings mobilization, the Finance Act 2011 established full exemption, under certain conditions, from the income tax of investment revenue and income from a share savings scheme capped at 600,000 dirhams, a home savings scheme capped at 400,000 dirhams and an education savings scheme capped at 300,000 dirhams. It also reduced the discharge rate of the income tax applicable to foreign investment income from 30 percent to 15 percent.

The Finance Act laid down various provisions for the period 2011-2012 to fight against the informal sector. It provided for the non-taxation of income earned and transactions made before the identification of taxpayers, the exemption from the income tax on zoning and export-related income, inventory assessment to generate gross margins greater than or equal to 20 percent, and finally the simplification of VAT payment which will be made on the basis of the gross margin realized on the inventory sale.

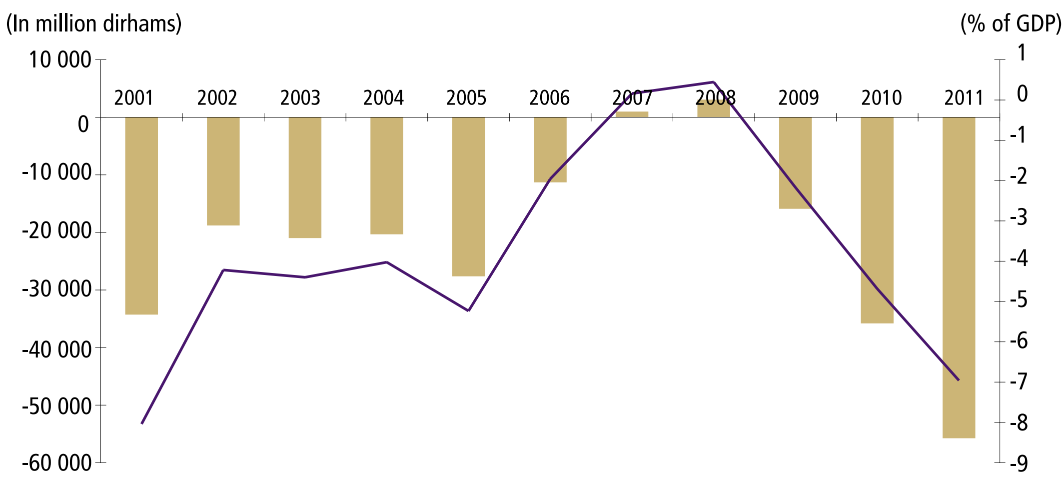
With regard to the VAT, it was decided to extend to the end of 2011 the exemption from VAT of transactions carried out by microcredit associations, to charge a reduced rate of 10 percent on the importation of calves for fattening in 2011, and to increase specific VAT rates on gold and silver from 4 to 5 dirhams per gram for gold and from 0.10 to 0.5 dirham per gram for silver.

In terms of customs duties, as part of the continued implementation of customs reform initiated under the Morocco-European Union Association Agreement, the maximum tariff was reduced to 30 percent in 2011, with the aim to reach a maximum tax rate of 25 percent in 2012 and a 10 percent differential between the preferential rate and the ordinary one.

1.8.1 Execution of Finance Act 2011

The fiscal year 2011 resulted in a deficit of 55.7 billion dirhams, up from 35.8 billion in 2010, representing 6.9 percent and 4.7 percent of GDP, respectively, worsening nearly 20 billion dirhams. Overall spending rose by 15.9 percent, mainly impacted by subsidization and personnel costs. Meanwhile, the Treasury's current revenues were up 7 percent, following the growth of 6.2 percent in tax revenues and 23.1 percent in nontax revenues, while receipts from some Treasury special accounts declined 1 billion dirhams. Ordinary balance therefore posted a deficit of 7.9 billion or 1 percent of GDP, as against a surplus of 12.1 billion or 1.6 percent of GDP in 2010.

Chart 1.8.1: Fiscal deficit

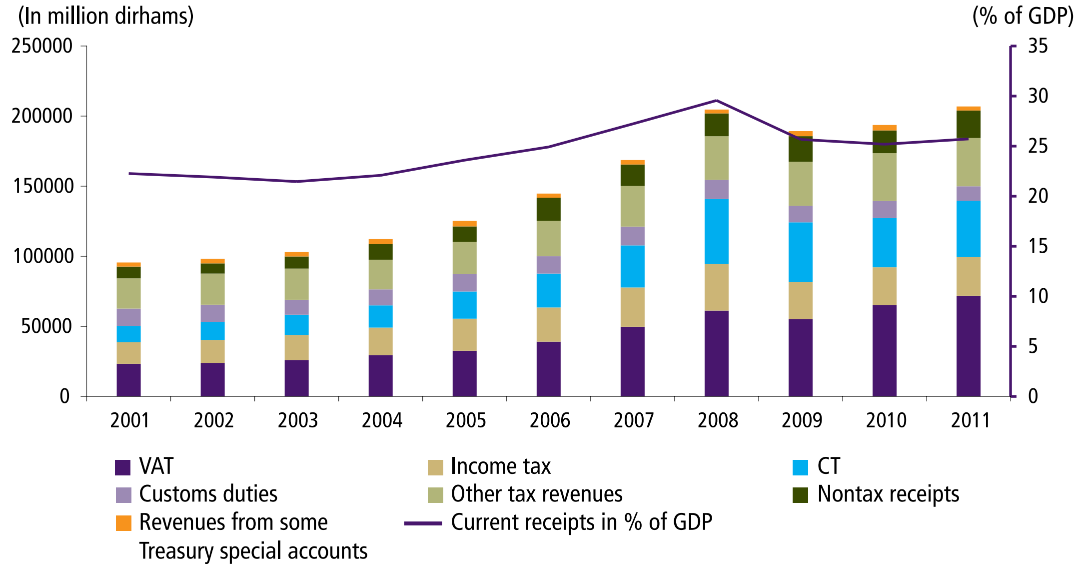


Source: Ministry of Economy and Finance

Treasury current receipts

Current revenues rose 7 percent, faster than the nominal GDP growth, after increasing by a mere 2.4 percent in 2010 and shrinking 7.6 percent in 2009. They reached 207.2 billion or 25.8 percent of GDP, mainly reflecting the 6.2 percent increase in tax revenues, except customs duties which were down.

Chart 1.8.2: Treasury current receipts



Source: Ministry of Economy and Finance

Revenues from direct taxes were up 7.4 percent to 69.8 billion, as receipts from income tax rose 2.2 percent and from corporate tax 14.6 percent, compared with a decline of 9.4 percent in 2010 and 12.3 percent in 2009.

The increase in income tax revenue in part reflects the waning effects of the downward revision of brackets and rates adopted in the Finance Acts of 2009 and 2010. The rise in corporate tax receipts is mainly due to the acceleration of nonagricultural growth from 1.2 percent in 2009 to 4.5 percent in 2010 and the resulting improvement in corporate earnings.

Table 1.8.1: Treasury expenses and revenues

In million dirhams	FY 2010*	in % of GDP	FY 2011	in % of GDP
Current receipts	**193 668**	**25.3**	**207 207**	**25.8**
Tax receipts	**173 562**	**22.7**	**184 356**	**23.0**
Including: - Direct taxes	65 004	8.5	69 782	8.7
Including: Corporate tax	35 114	4.6	40 250	5.0
Income tax	26 928	3.5	27 525	3.4
- Indirect taxes	86 324	11.3	93 717	11.7
Value added tax**	65 193	8.5	71 857	9.0
Domestic consumer taxes	21 132	2.8	21 860	2.7
- Customs duties	12 242	1.6	10 286	1.3
Nontax receipts	**16 215**	**2.1**	**19 635**	**2.4**
Receipts of some Treasury special accounts	**3 890**	**0.5**	**2 888**	**0.4**
Price Support Fund	907	0.1	420	0.1
Roads Special Fund	2 983	0.4	2 468	0.3
Overall expenditure	**228 609**	**29.9**	**265 004**	**33.0**
Current expenditure	**181 578**	**23.8**	**215 086**	**26.8**
Current expenditure excluding subsidization	**154 383**	**20.2**	**166 256**	**20.7**
Goods and services	117 251	15.3	126 465	15.8
Including: Personnel	78 768	10.3	88 562	11.0
Debt service	**17 574**	**2.3**	**18 234**	**2.3**
Domestic	15 245	2.0	15 198	1.9
External	2 329	0.3	3 036	0.4
Subsidization	**27 195**	**3.6**	**48 830**	**6.1**
Including Price Support Fund	880	0.1	479	0.1
Transfers to local governments	**19 558**	**2.6**	**21 557**	**2.7**
Current balance	12 090	1.6	-7 879	-1.0
Primary balance* **	**-18 225**	**-2.4**	**-37 516**	**-4.7**
Investment spending	47 031	6.2	49 918	6.2
Including Roads Special Fund	2 762	0.4	2 841	0.4
Balance of other Treasury special accounts	**-858**	**-0.1**	**2 048**	**0.3**
Overall fiscal balance	**-35 799**	**-4.7**	**-55 750**	**-6.9**
Change in arrears	6 886	0.9	9 851	1.2
Financing requirements or surplus	**-28 913**	**-3.8**	**-45 899**	**-5.7**
Domestic financing	13 041	1.7	33 189	4.1
External financing	15 837	2.1	7 063	0.9
Drawings	21 533	2.8	13 738	1.7
Depreciation	-5 696	-0.7	-6 675	-0.8
Privatization	35	0.0	5 647	0.7

*Revised figures
** Given the share of VAT transferred to local governments
*** Corresponds to the fiscal balance excluding interest on debt

Source: Ministry of Economy and Finance

Revenues from indirect taxes increased 8.6 percent to 93.7 billion dirhams, mainly in conjunction with the volume of imports. VAT revenues rose 10.2 percent to 71.9 billion, reflecting an increase of 14.8 percent in VAT on imports and 3.6 percent in domestic VAT. Similarly, revenues from the domestic consumption tax that mostly involve energy imports, amounted to 21.9 billion, up 3.4 percent after 7.6 percent in 2010. In contrast, receipts from customs duties, totaling 10.3 billion, were down 16 percent because of the continued effect of tariff dismantling and despite the accelerated growth in imports. Finally, registration and stamp fees generated 10.6 billion dirhams, up from 9.9 billion a year earlier.

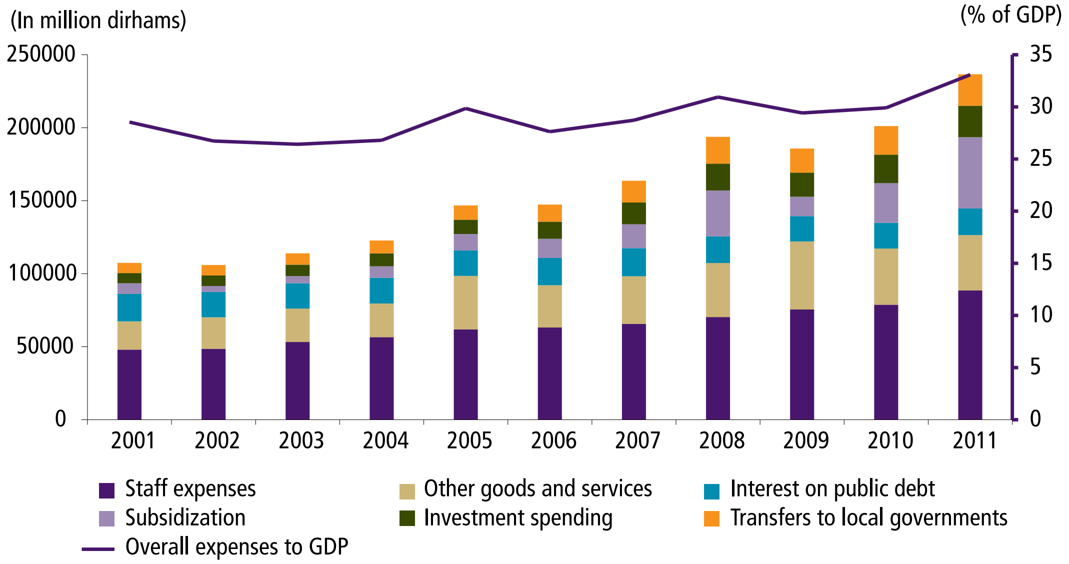
Nontax revenues expanded 21.1 percent to 19.6 billion dirhams, reflecting an 18 percent rise in State monopoly receipts to 10.5 billion, including 3 billion from the Moroccan Phosphates Office (OCP), 2.6 billion from Maroc Telecom and 1.2 billion from Bank Al-Maghrib, while other receipts[1] rose 29.3 percent to 9.5 billion.

Treasury expenditure

Mainly in connection with the very sharp increase in subsidy costs, impacted by the growth in international energy and commodity prices, Treasury overall expenditure increased by nearly 16 percent to 265 billion dirhams. In fact, subsidy expenses moved up from 27.2 billion or 3.6 percent of GDP in 2010 to 48.8 billion or 6.1 percent of GDP in 2011. At the same time, capital expenditure rose by 6.1 percent to nearly 50 billion, or 6.2 percent of GDP, including 2 billion dirhams paid in 2011 to the Hassan II Fund for Economic and Social Development. Current expenses as a whole, taking into account transfers to local governments, increased 18.5 percent to 215.1 billion or 26.8 percent of GDP, up from 23.8 percent of GDP a year earlier.

1 This section includes various receipts, particularly those from public estate, the support fund, cost-mitigation revenues, gas pipeline fee, and interest on investments and advances.

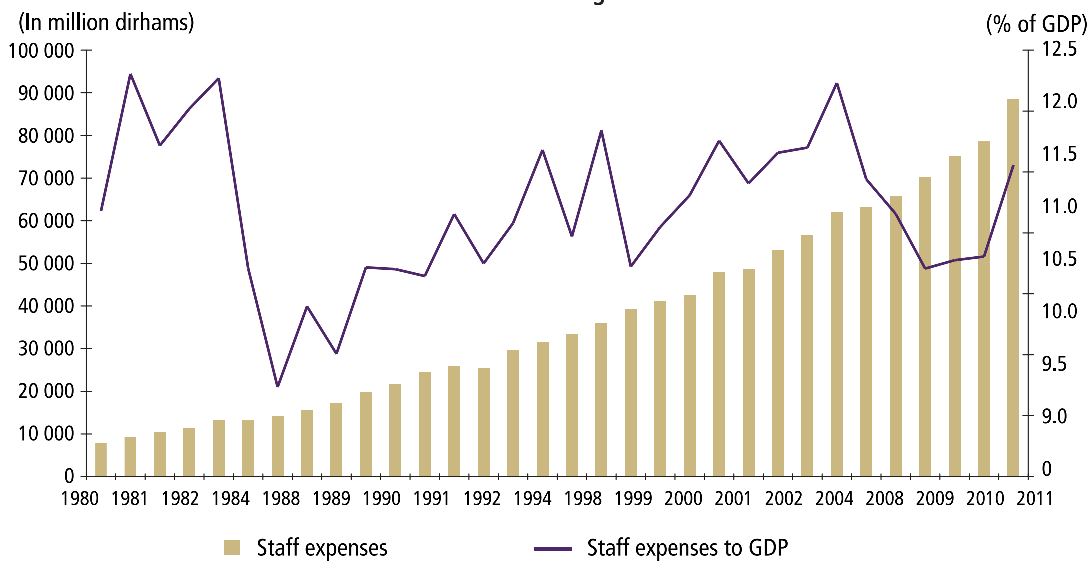
Chart 1.8.3: Treasury overall expenses



Source: Ministry of Economy and Finance

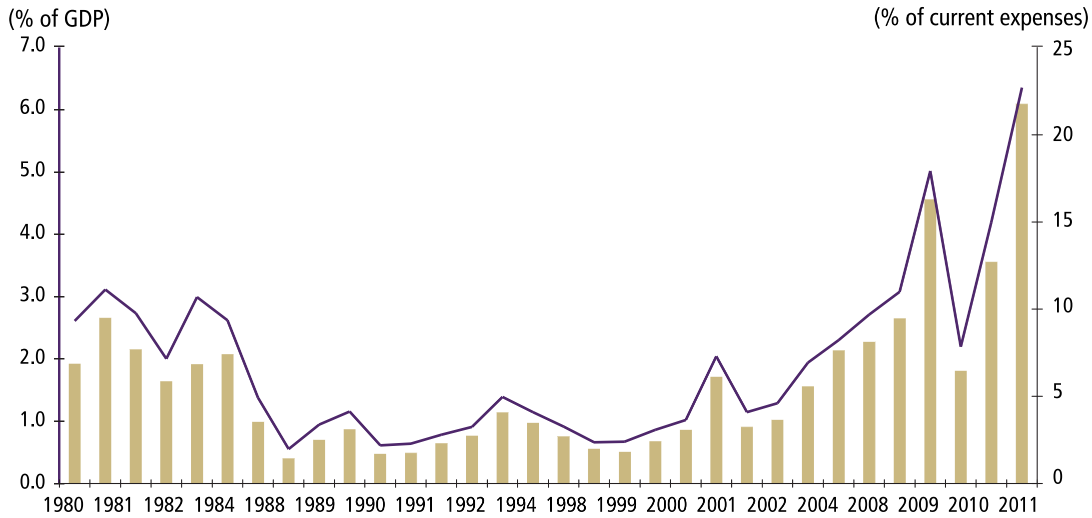
Despite the reduction of 1.5 percent to 37.9 billion in the costs of other goods and services, operating expenses were up 7.9 percent to 126.5 billion, reflecting the 12.4 percent increase in payroll expenses, which totaled 88.6 billion or 11 percent of GDP. This growth in staff costs, higher than the long-term trend, is particularly due to the upward revision of civil service salaries by net 600 dirhams as from May 2011.

Chart 1.8.4: Wage bill



Source: Ministry of Economy and Finance

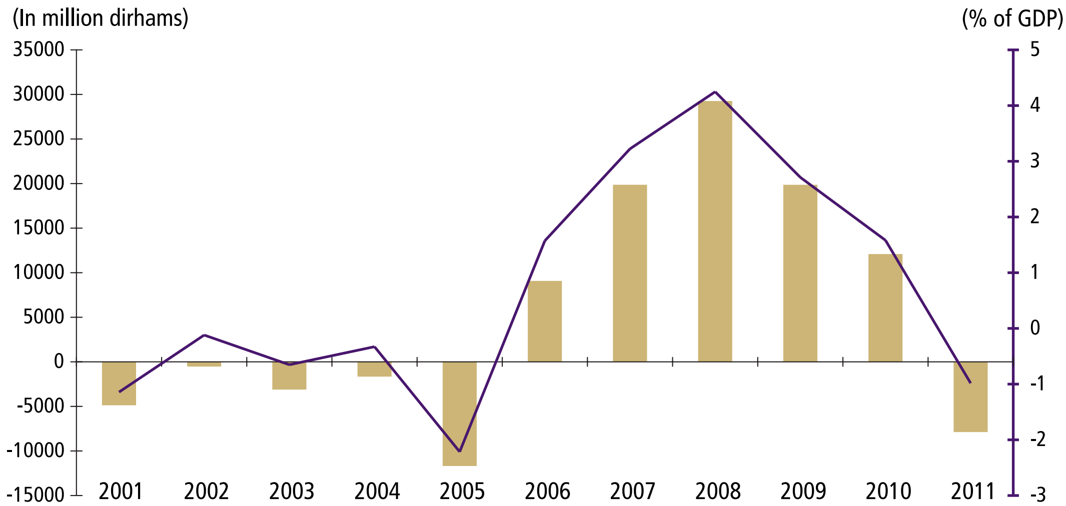
Chart 1.8.5: Subsidy costs



Source: Ministry of Economy and Finance

Under these conditions, primary expenditure[1], at 246.8 billion or 30.7 percent of GDP, grew by 16.9 percent from 6.5 percent in 2010. Debt interest charges rose 3.8 percent in parallel with the virtual stability in interest on domestic debt and the 30.4 percent increase in interest on foreign debt, resulting from a volume effect following the payment of 504 million under the first interest payment on the Eurobond issued in 2010.

Chart 1.8.6: Current balance



Source: Ministry of Economy and Finance

1 Corresponds to overall expenditure excluding interest on debt.

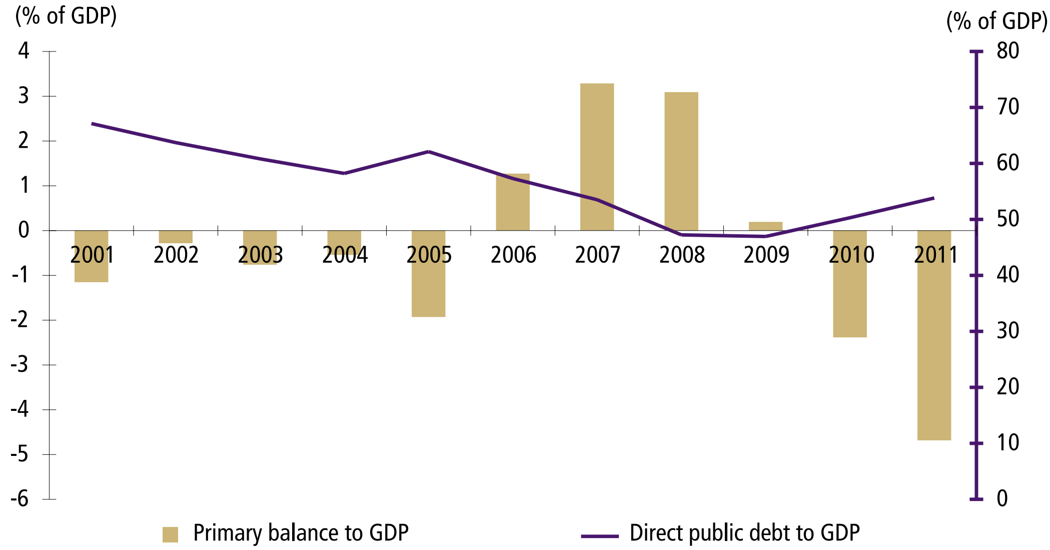
Given these developments, the current balance showed a deficit of 7.9 billion dirhams, or 1 percent of GDP, as against a surplus of 1.6 percent in 2010 and 2.7 percent in 2009. Indeed, after slowing down for several years (Chart 1.8.6), the credit current balance gave way to a deficit, the first since 2005 when it reached 2.2 percent of GDP following the implementation of the voluntary early retirement scheme. Given the positive balance of Treasury special accounts[1] of nearly 2 billion, the position of Treasury expenses and revenues showed a deficit, excluding privatization receipts, of 55.7 billion or 6.9 percent of GDP, up from 35.8 billion or 4.7 percent of GDP a year earlier. The primary balance deficit reached 37.5 billion or 4.7 percent of GDP compared with 18.2 billion or 2.4 percent of GDP in 2010 and a surplus of 1.4 billion or 0.2 percent of GDP in 2009. Following the establishment of arrears amounting to 9.9 billion, the cash deficit thus stood at 45.9 billion dirhams, or 5.7 percent of GDP, down nearly 17 billion from 2010.

Chart 1.8.7: Stock of payment arrears

Source: Ministry of Economy and Finance

1 This balance represents the difference between revenues and expenditures of Treasury special accounts (TSA). These TSA, totaling 77 to the end of 2011, include several categories, mainly special-purpose accounts, loans and advances accounts, accounts for membership in international organizations, and accounts of expenses financed through budget allocations.

Chart 1.8.8: Primary balance and direct public debt



Source: Ministry of Economy and Finance

1.8.2 Treasury financing

The Treasury borrowing requirement was covered to nearly three quarters by domestic resources, while the level of external funding decreased from last year in which one billion euro was borrowed from the international market.

External financing

Foreign borrowings totaled 13.7 billion dirhams, down 36.6 percent from the year 2010. Loans from the International Bank for Reconstruction and Development amounted to 5.1 billion, and those from the African Development Bank and the Arab Monetary Fund reached 2.6 billion and 2.2 billion, respectively. Repayments grew at a faster rate of 17.2 percent to 6.7 billion, after rising 15 percent a year earlier, as net inflows stood at 7.1 billion, half lower than in 2010.

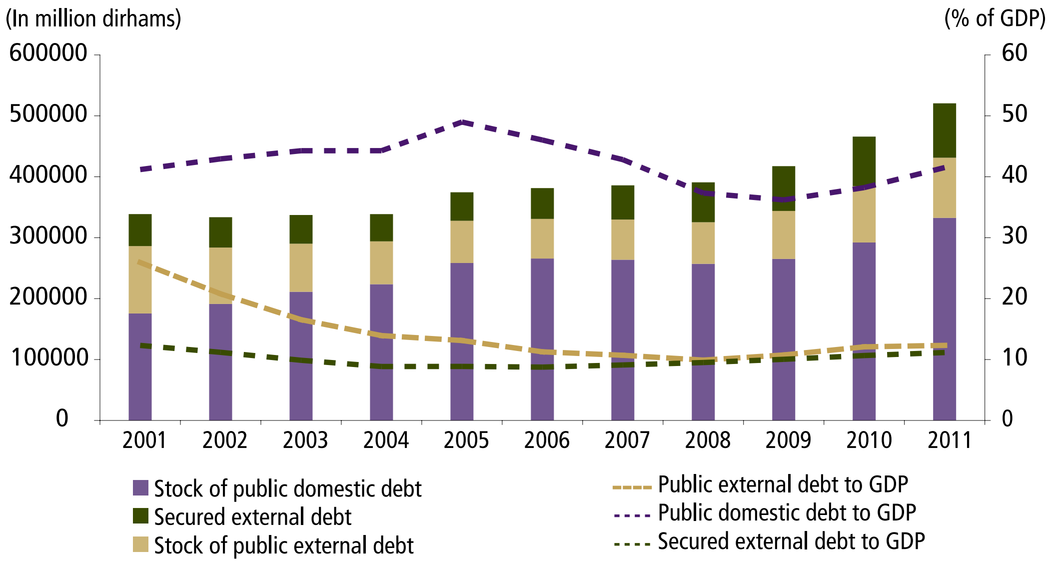
Domestic financing

The funds raised in the domestic market reached a historically high level, with a net inflow of 33.2 billion from 13 billion in 2010, exceeding the average of the last ten years. Net issues of Treasury bonds, about 80 percent of which involved two-year bonds, amounted to 36.4 billion dirhams. By type of investors, net purchases by UCITS, banks and other financial institutions totaled 20.5, 18.2 and 17 billion, respectively, while the Treasury made net repayments of 18.5 and 1.6 billion in favor of insurance and social welfare organizations and nonfinancial corporations, respectively.

1.8.3 Public debt

The stock of public debt reached 520.5 billion dirhams at the end of 2011, up 11.7 percent over the previous year, a rate almost similar to that observed a year earlier. This increase reflects a strong recourse to domestic financing, with total outstanding amount of 332.5 billion, up 40.4 billion. The stock of auctioned Treasury bonds reached 314.2 billion, representing 94.5 percent of domestic debt. Given the 5 percent growth in nominal GDP, the ratio of public debt rose from 61 percent to 64.9 percent in one year.

Chart 1.8.9: Public debt



Source: Ministry of Economy and Finance

Box 1.8.2: Medium-term fiscal sustainability

After the margins for fiscal maneuver expanded on the back of the surpluses achieved in 2007 and 2008, the Treasury position in 2009, 2010 and 2011 posted large deficits, representing 2.2 percent, 4.7 percent and 6.9 percent of GDP, respectively. Against this background, public debt rose from 50.3 percent of GDP in 2010 to 53.7 percent of GDP in 2011.

The scenario developed as part of assessing public debt sustainability presents the conditions to maintain the level of debt at nearly 53 percent of GDP by 2020, through a hypothetical progressive adjustment that should reduce the deficit to 3 percent of GDP by 2020. Therefore, given an average ratio of revenues at 27 percent of GDP, the ratio of primary expenditures (overall expenditures excluding interest payments) should not exceed 26.9 percent of GDP, corresponding to the average of the period 2005 to 2010. The growth rate should average 4.5 percent over the forecast period.

Chart B 1.8.2.1: Public debt forecasts

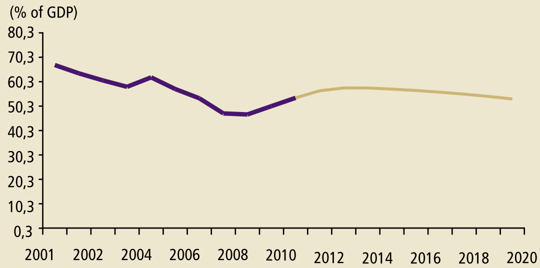
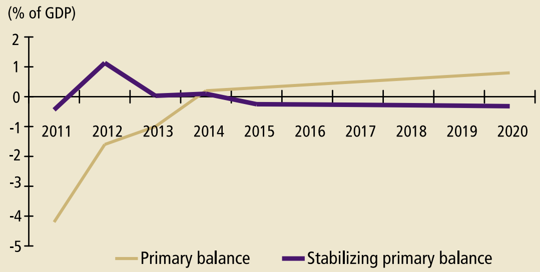


Chart B 1.8.2.2: Primary and stabilizing balances



Under these conditions, the debt-to-GDP ratio is expected to grow, before experiencing a downward adjustment from 2015, reaching around 53 percent in 2020. The primary balance from these developments is estimated at 0.10 percent of GDP, an average difference of 0.15 percent from the stabilizing balance.

Table B1.8.2.1: Public debt forecasts

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total public debt to GDP	**53.7**	**56.6**	**57.7**	**57.7**	**57.3**	**56.7**	**56.0**	**55.2**	**54.3**	**53.2**
External debt to GDP	12.3	13.0	13.4	13.5	13.4	13.3	13.2	13.1	12.9	12.7
Domestic debt to GDP	41.4	43.5	44.3	44.3	43.9	43.4	42.8	42.1	41.4	40.6
Fiscal deficit to GDP	**6.9**	**5.5**	**5.0**	**3.8**	**3.7**	**3.5**	**3.4**	**3.2**	**3.0**	**2.8**
Primary balance to GDP	-4.2	-1.6	-1.0	0.2	0.3	0.4	0.5	0.6	0.7	0.8
Stabilizing primary balance to GDP	**-0.4**	**1.1**	**0.0**	**0.1**	**-0.3**	**-0.3**	**-0.3**	**-0.3**	**-0.3**	**-0.3**
Real GDP growth (in %)	**5.0**	**2.3**	**4.4**	**4.3**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**
Main assumptions										
Inflation rate	0.9	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Primary expenditure to GDP	30.2	28.6	28.0	26.8	26.7	26.6	26.5	26.4	26.3	26.2
Receipts to GDP	26.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Real interest rate on public debt	4.2	4.4	4.5	4.5	4.4	4.4	4.4	4.4	4.3	4.3

Despite the 13.8 percent increase in the stock of public domestic debt, the apparent average cost of this debt fell from 5.75 percent to 5.20 percent.

Public external debt, at 188 billion dirhams or 23.4 percent of GDP, expanded 8.2 percent from 14.1 percent a year earlier. The structure of public external debt was characterized by an increase in the proportion of secured debt, from 46.9 percent in 2010 to 47.5 percent in 2011. Public external debt to the end of 2011 stood for 22.9 percent of public debt, down from 24 percent in 2010. It increased 6.9 percent to 98.7 billion dirhams, or 12.3 percent of GDP, after rising 17.3 percent to 92.4 billion or 12.1 percent of GDP a year earlier.

Overall, the average residual maturity of public debt declined from 5 years and 2 months in 2010 to 4 years and 11 months in 2011.

1.9 Monetary policy

At its four meetings of 2011, the Board of Bank Al-Maghrib decided to maintain the key rate unchanged at 3.25 percent, amid the absence of inflationary pressures on prices in the medium term. International cyclical conditions indeed showed worsening economic activity as from the second quarter of the year and continued uncertainty in the major financial markets, particularly in the euro area, in connection with the growing sovereign debt problems in some countries. Internally, the assessments of the trend in domestic demand highlighted easing inflationary pressures, including a moderate nonagricultural output gap, a still negative money gap and a credit growth consistent with its medium-term trend.

At the operational level, the Bank's interventions in the money market kept the interbank rate at a level close to the key rate. They continued to be carried out mainly through the 7-day advances at auction, and to a lesser extent through the fine-tuning instruments and longer-term repurchase agreements.

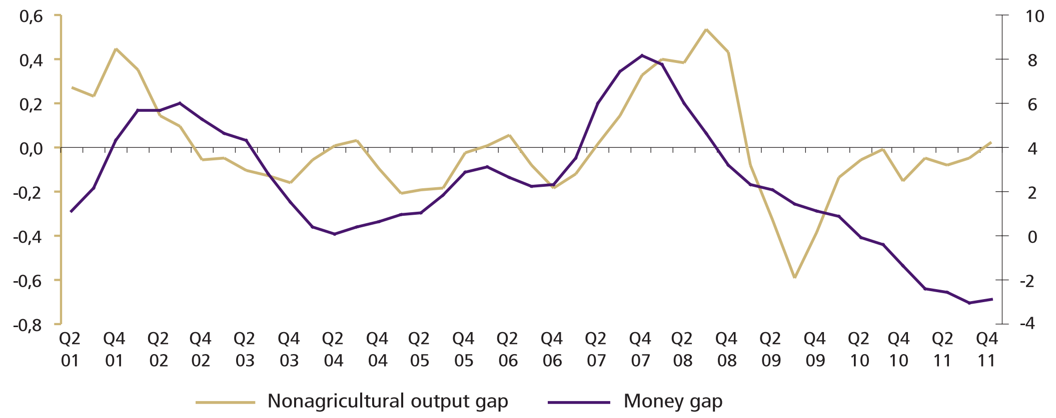
1.9.1 Monetary policy decisions

The Bank Board's assessments of the economic, monetary and financial situation in 2011 revealed the absence of inflationary risks in the medium term, thereby causing it to keep the rate unchanged at 3.25 percent throughout of the year.

During its first two meetings, the Board noted that growth in the euro area remained subdued, despite the gradual improvement in international economic conditions. Internally, the expected trend in the nonagricultural output gap did not suggest inflationary risks. The growth rate in money supply and the outlook for bank lending were in line with their medium-term trend. Therefore, the money gap remained negative but close to zero. In this context, the inflation forecast remained consistent with price stability, while the balance of risks was slightly tilted to the upside, mainly reflecting the uncertainty surrounding commodity prices in international markets.

At its third meeting, the Board again noted the absence of inflationary pressures both from internal and external sources, including in particular a nonagricultural output gap that was almost nil and a credit and money growth virtually similar to the pace seen in the first two quarters. Meanwhile, the external environment was characterized by a negative growth outlook in key partner countries and thus foreign demand for Morocco, which played down the balance of risks to the inflation forecasts.

Chart 1.9.1: Change in money gap and nonagricultural output gap (in %)



Source: BAM and HCP

During its last meeting, the Bank Board noticed signs of spread of the slowdown in our major partners to the national economy, particularly at the main headings of the balance of payments. On this basis, the inflation forecast was lowered and the balance of risks remained tilted to the downside.

Operationally, given the sustainable shortage in banks' liquidity and considering the forecasts of liquidity factors, the Bank Board decided at its September meeting to introduce longer-term repo operations.

Table 1.9.1: Monetary policy decisions since 2008

Entrée en vigueur	Other Key	Key rate (7-day advances rate)	Required reserve ratio
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%
20/09/2011	Decision to introduce longer-term repo operations		

1.9.2 Monetary policy operations

Like the last four years, the year 2011 was marked by persistent deficit in bank liquidity, because of the restrictive impact of autonomous factors. These reflect, in turn, the effects of the macroeconomic situation, particularly the contraction in foreign exchange reserves due to the deterioration of external accounts, and the behavior of nonfinancial economic units, in terms of paper money withdrawal.

In this context, banks' structural liquidity position[1], measured through end-of-week averages, fell from a positive balance of 9.5 billion dirhams in 2010 to a deficit of 1.1 billion in 2011. This is the result of the restrictive effect of autonomous liquidity factors, particularly Bank Al-Maghrib net foreign assets and currency in circulation. Meanwhile, the amount of required reserves stood, on end-of-week average, at 22.6 billion, down 3.8 billion from the level recorded in 2010. This decline is due primarily to the decision to exclude passbook accounts with banks from the calculation basis of required reserves, whose ratio was maintained at 6 percent. Under these conditions, banks' liquidity needs[2] amounted to 23.7 billion dirhams on end-of-week average, from 16.9 billion a year earlier.

In accordance with its operational framework, the interventions of the Bank continued to be mainly carried out through the 7-day advances at auction and, occasionally, through fine-tuning operations. Following the decision taken by the Bank Board in September, the Bank launched three-month repo transactions, amounting to 5 and 10 billion dirhams respectively, on September 27 and November 22, 2011. On average, the total volume of interventions reached 23.6 billion, up from 16.8 billion in 2010.

1 The structural liquidity position of banks (SLPB) allows assessing the situation of bank liquidity based on explanatory factors of an economic nature, particularly the external accounts' performance, the withdrawal of currency in circulation and changes in Treasury income and expenditure. The 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.

2 Banks' liquidity needs correspond to a negative difference between the SLPB and the required reserve amount. When the difference is positive, there is excess liquidity.

Box 1.9.1: Assessment of inflation forecasts in 2011

The ex-post assessment of inflation forecasts, as assumed in the monetary policy reports, is made on the basis of gross and absolute deviation[1] from the real inflation rate measured by the change in the consumer price index. The results of 2011 show that the mean absolute deviation from the forecast was 0.5 percentage point. Quarterly forecast deviations ranged from a peak of 1.6 percentage point in the second quarter, due to supply shocks in volatile food products, to a low of 0.5 percentage point in the third quarter of 2011.

Chart B 1.9.1: Deviation between consensual inflation forecast and real inflation (in percentage points)

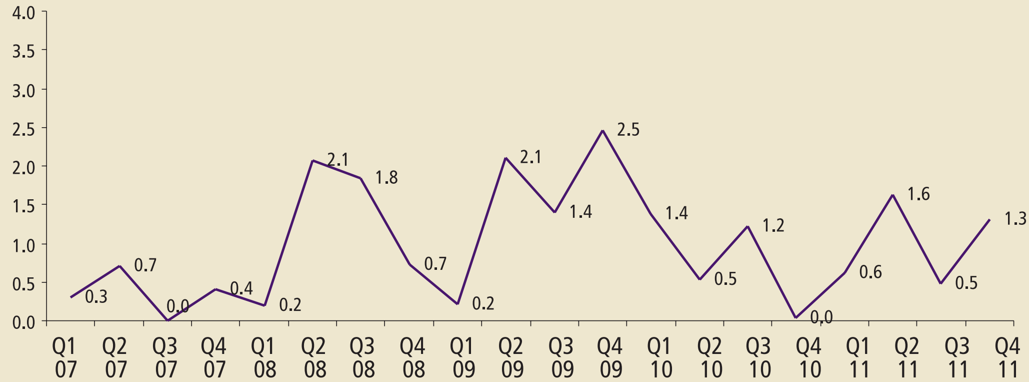


Chart B1.9.1.2: Fan chart of March 2011

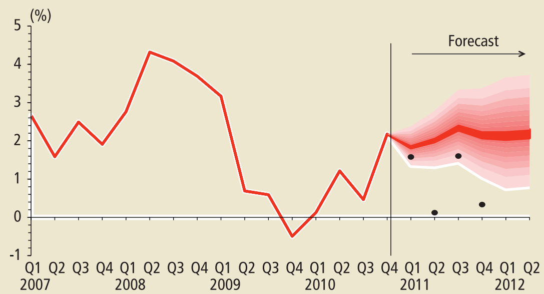


Chart B1.9.1.3: Fan chart of June 2011

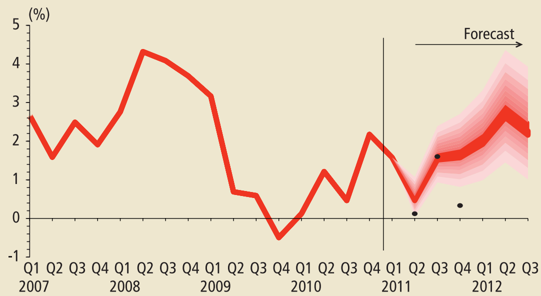


Chart B1.9.1.4: Fan chart of September 2011

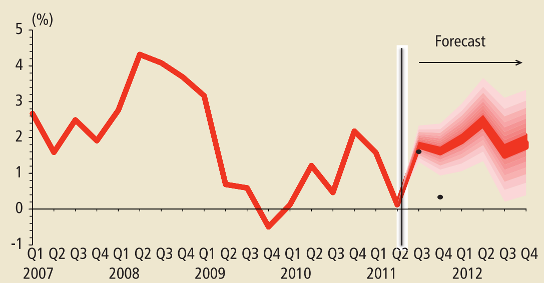
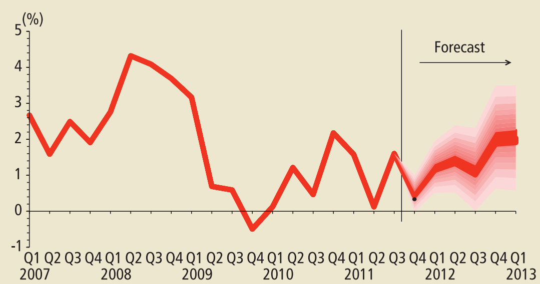


Chart B1.9.1.5: Fan chart of December 2011



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.

NB The points on the fan charts provide information on the actual inflation rate during each quarter of 2011, year on year.

Chart 1.9.2: Structural liquidity position and required reserve amount (end-of-week average, in billion dirhams)

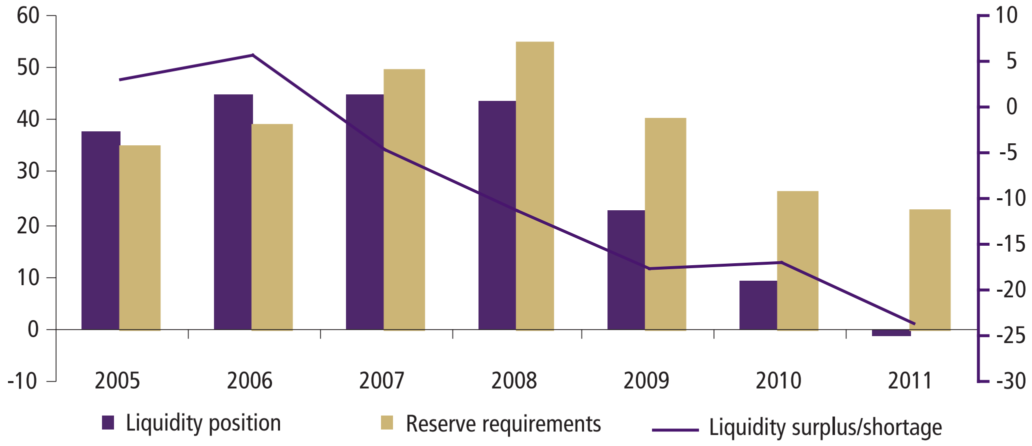
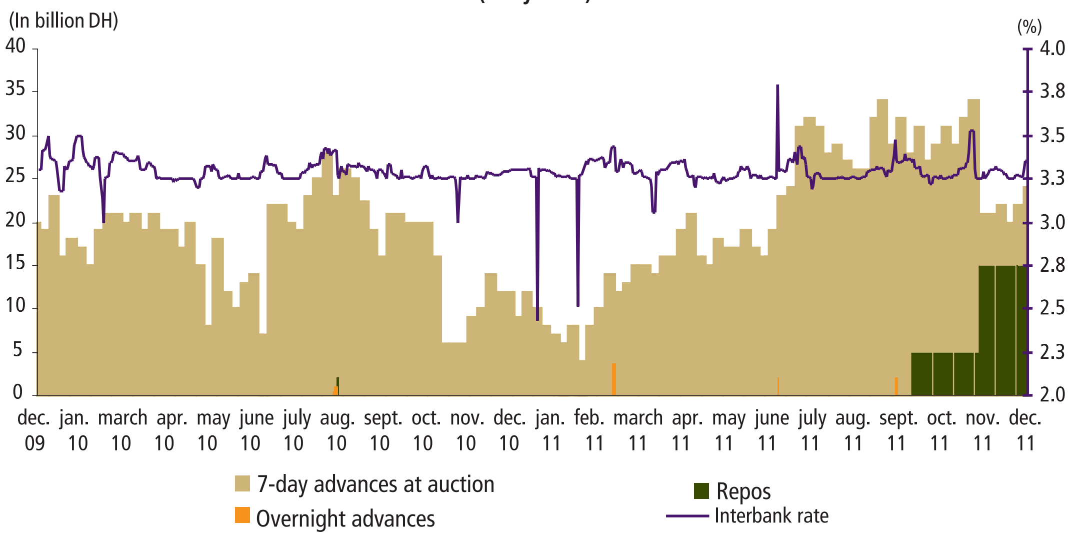


Chart 1.9.3: BAM interventions and the interbank weighted average rate (daily data)



Box 1.9.2 : Operational framework of Bank Al-Maghrib monetary policy

To accomplish the priority mission of ensuring price stability, as laid down in its Statute, the Bank has adjusted the operational framework of monetary policy as of April 21, 2011 by introducing a set of measures aiming to:

- distinguish between the operational framework subject of the regulatory decision of April 13, 2011 and its implementation methods governed by a circular letter issued on the same date;
- include certificates of deposit in the eligible collateral;
- remove passbook accounts from the calculation basis of reserve requirements;
- change the reserve requirements' observation periods to limit the substantial changes in the weighted average interbank rate observed at the end of the periods, by corresponding the end of observation periods and the auction day;
- change the method of apportioning the amount to be injected in order to better meet the needs of small banks;
- introduce longer-term repo operations (greater than 7 days).

Thus, the instruments of Bank Al-Maghrib intervention can be classified into operations at its own initiative and operations at the initiative of banks. The effectiveness of the monetary policy operational framework is strengthened by the obligation for banks to keep cash in their account with the central bank under the reserve requirement.

Operations at Bank Al-Maghrib initiative:

- **The main refinancing operations** (MROs) are designed to inject or absorb liquidity on a regular basis, with a weekly frequency on a one-week maturity **(7-day advances or withdrawals)**. They are the main instrument for implementing monetary policy.
- **The fine-tuning operations** aim to mitigate the impact of unexpected liquidity fluctuations. They are carried out occasionally for a period of less than 7 days via repos or secured loans.
- **The long-term operations** are intended to inject or withdraw additional liquidity in a period longer than 7 days via **foreign exchange swaps**, **repos** or **secured loans**.
- **Structural operations** aim at managing a sustainable surplus or shortage in liquidity either through the issuance or buyback of debt securities, or the **purchase or sale of securities in the secondary market** (open market operations).

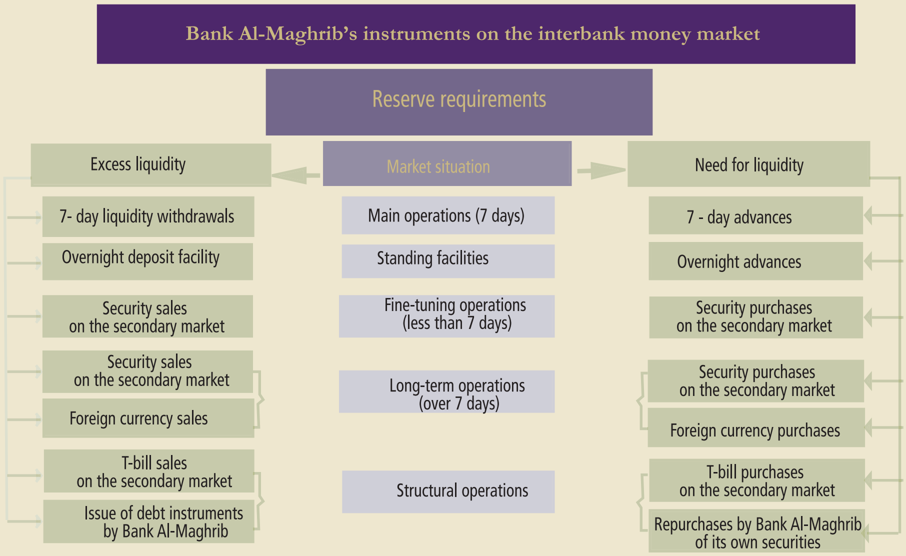
Operations at the initiative of banks (standing facilities):

Standing facilities are made available to banks to meet an occasional liquidity need or to place a cash surplus. They consist in the **overnight advance and the overnight deposit facility**, respectively.

Interest rates on the standing facilities (rate of MROs plus 100 basis points for advances and minus 100 basis points for the deposit facility) are set in such a way that banks use them only as a last resort, to meet temporary liquidity needs or to have a minimum return on their end-of-day surplus.

Reserve requirements:

Reserve requirements enable Bank Al-Maghrib to increase the needs of banks for central bank money. Bank Al-Maghrib indeed requires banks to retain in their current accounts with it cash corresponding to a proportion of their liabilities.



The monthly analysis of banks' liquidity needs points to an increase from 7.5 billion dirhams in January to 20.1 billion in June, averaging nearly 15.4 billion in the first half. This trend reflects lower net foreign assets of the Bank, and to a lesser extent higher currency in circulation as from February. Thus, during the first six months of 2011, liquidity injected by Bank Al-Maghrib averaged approximately 15 billion dirhams.

Chart 1.9.4: Liquidity position and reserve requirements amount (end-of-week average, in billion dirhams)

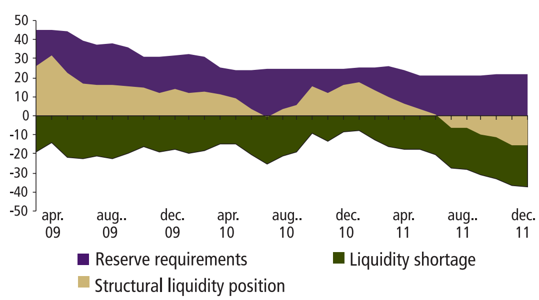
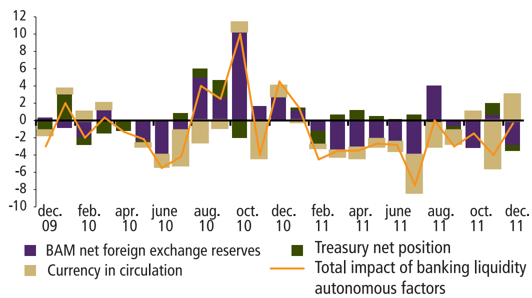


Chart 1.9.5: Impact of autonomous factors (end-of-week average, in billion dirhams)

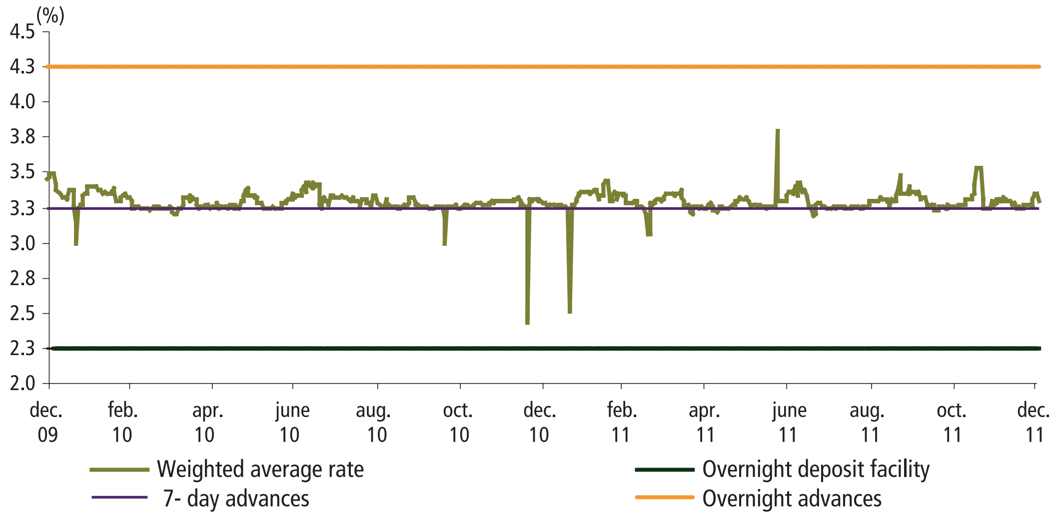


During the second half, banks' needs more than doubled, averaging 32.3 billion dirhams, despite the impact of the 4.7 billion reduction in the required reserves amount, following the exclusion of passbook accounts from their calculation basis. The need for liquidity significantly increased in July and August, reaching 28.3 billion, impacted as usual by the combined effects of the summer holidays, Eid Al-Adha and Ramadan celebration as well as the beginning of the school year. Then, the upward trend continued for the rest of the year, as banks' needs rose to about 37 billion dirhams in December.

1.9.3 Interest rates

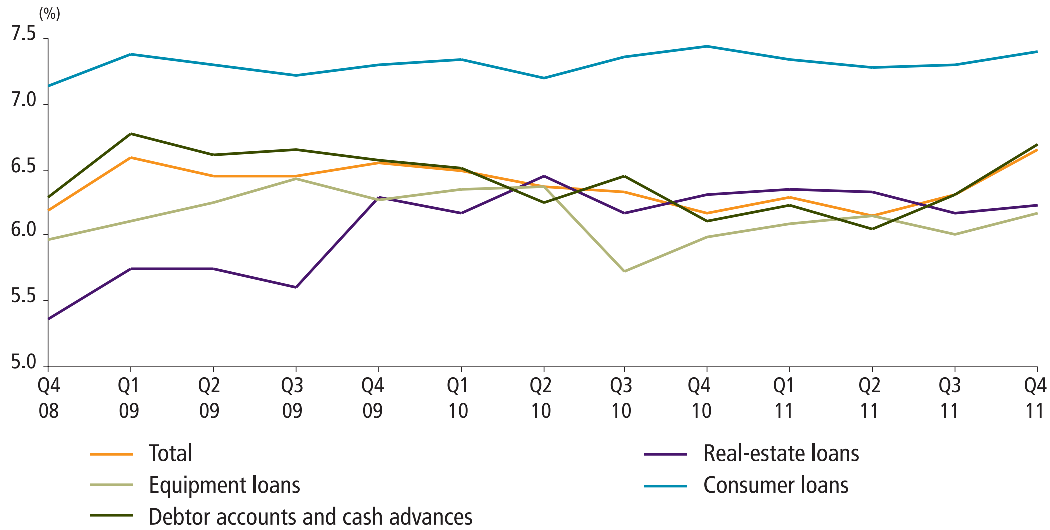
The Bank's injections in the money market in 2011 kept the interbank weighted average rate, calculated on a daily average, at a level close to the key rate, at 3.29 percent. At the same time, its volatility, measured by its standard deviation, remained unchanged from the previous year, at around 7 basis points.

Chart 1.9.6: Change in the interbank weighted average rate (daily data)



Regarding lending rates, Bank Al-Maghrib quarterly survey among banks shows that the weighted average rate virtually stabilized at around 6.35 percent in 2011.

Chart 1.9.7: Change in lending rates



However, from one year-end to the next, lending rates posted varying trends according to the loan category. Indeed, after decreasing from 6.22 percent to 6.05 percent between the first and second quarters, rates on cash advances increased over the last two quarters, reaching 6.69 percent at year end. The average interest rate for equipment loans rose from nearly 6 percent in the fourth quarter of 2010 to 6.16 percent at end 2011. Rates on consumer and real estate loans slightly fell by 3 and 9 basis points, respectively, between 2010 and 2011.

Table 1.9.2: Change in lending rates

	2010					2011				
	Q1	Q2	Q3	Q4	Average 10	Q1	Q2	Q3	Q4	Average 11
Debtor accounts and cash advances	6.52	6.26	6.46	6.11	6.34	6.22	6.05	6.31	6.69	6.32
Equipment loans	6.35	6.38	5.73	5.99	6.11	6.08	6.15	6.00	6.16	6.10
Real estate loans	6.16	6.45	6.17	6.31	6.27	6.35	6.34	6.17	6.22	6.27
Consumer loans	7.33	7.19	7.35	7.43	7.32	7.34	7.28	7.30	7.40	7.33
Overall rate	**6.49**	**6.36**	**6.34**	**6.17**	**6.34**	**6.29**	**6.15**	**6.31**	**6.65**	**6.35**

Source: BAM quarterly survey among banks

Analysis of available data on deposit rates shows that the weighted average rate of six and twelve-month deposits rose by 5 basis points to 3.59 percent on average in 2011. This reflects the increase from 3.69 percent to 3.76 percent in rates on twelve-month deposits, whereas those paid on 6-month deposits remained almost unchanged at an average of about 3.32 percent. The minimum interest rate paid on passbook accounts with banks, pegged[1] to the weighted average rate of 52-week Treasury bonds, remained unchanged from 2010, at 2.99 percent.

Table 1.9.3: Interest rates on time deposits and passbook accounts with banks

	Average 08	Average 09	Average 10	11:Q1	11:Q2	11:Q3	11:Q4	Average 11
6-month deposits	3.58	3.42	3.31	3.28	3.34	3.33	3.35	3.32
12-month deposits	3.91	3.81	3.69	3.79	3.72	3.78	3.74	3.76
6-month and 12-month deposits	**3.80**	**3.66**	**3.54**	**3.60**	**3.55**	**3.63**	**3.59**	**3.59**
Rate on passbook accounts with banks	**3.11**	**3.20**	**2.99**	**2.99**	**2.99**	**2.99**	**2.99**	**2.99**

In the primary Treasury bond market, rates were broadly down. All maturities from 21 days to 20 years showed slight decreases ranging between 3 and 9 basis points, with the exception of 15-year bond yields which increased somewhat compared with 2010.

Table 1.9.4: Treasury bond yields in the primary market*

	Average 08	Average 09	Average 10	11:Q1	11:Q2	11:Q3	11:Q4	Average 11
Short-term rates								
21 days	-	3.48	3.37	-	-	3.28	-	3.28
13 weeks	3.52	3.33	3.36	3.31	3.30	3.30	3.34	3.31
26 weeks	3.68	3.38	3.42	-	-	3.33	3.33	3.33
52 weeks	3.63	3.45	3.54	3.46	3.45	3.46	3.49	3.47
Medium and long-term rates								
2 years	3.68	3.60	3.68	3.63	3.61	3.61	3.71	3.64
5 years	3.86	3.79	3.90	3.85	3.84	3.85	3.91	3.86
10 years	-	-	4.17	4.13	4.12	4.13	4.20	4.14
15 years	-	-	4.34	4.32	4.33	4.34	4.45	4.36
20 years	-	-	4.45	4.41	4.42	-	-	4.42
30 years	-	-	-	-	-	-	-	-

(*) Arithmetic averages

In the secondary market, yields of all maturities were down from last year, like the trend observed in the primary market. However, analysis of quarterly developments points to a slight uptrend in Treasury bond yields in the secondary market in the fourth quarter, after a slight downward trend over the first three quarters.

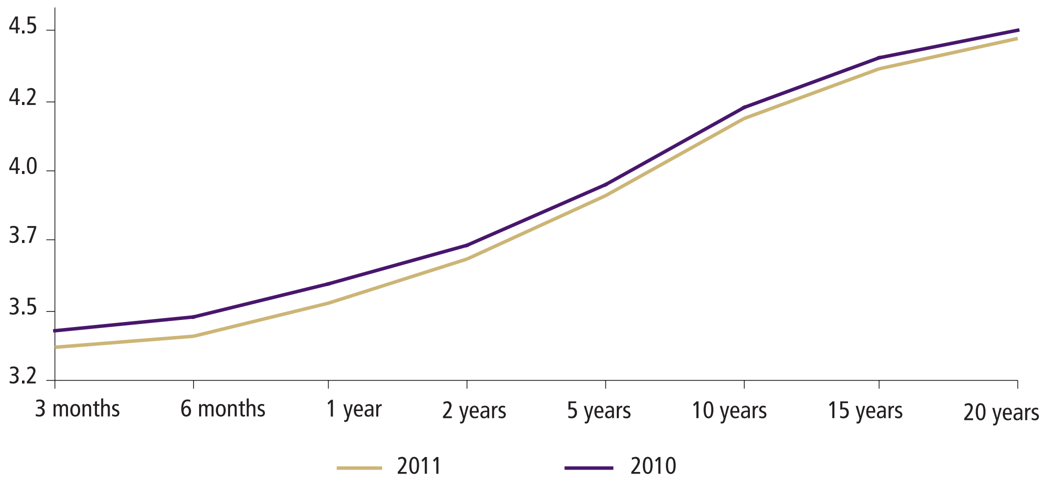
1 According to Article 6 of the Circular on deposit interests, the minimum interest rate for deposits in passbook accounts equals the weighted average rate of 52-week Treasury bonds auctioned in the previous semester, minus 50 basis points.

Table 1.9.5: Treasury bond yields in the secondary market *

	Average 08	Average 09	Average 10	11:Q1	11:Q2	11:Q3	11:Q4	Average 11
Short-term rates								
13 weeks	3.51	3.36	3.38	3.32	3.30	3.29	3.35	3.31
26 weeks	3.57	3.39	3.43	3.36	3.35	3.34	3.40	3.36
52 weeks	3.68	3.48	3.55	3.47	3.46	3.45	3.51	3.47
Medium and long-term rates								
2 years	3.79	3.60	3.69	3.62	3.61	3.62	3.70	3.64
5 years	4.03	3.81	3.90	3.85	3.84	3.85	3.91	3.86
10 years	4.33	4.11	4.17	4.12	4.13	4.13	4.18	4.14
15 years	4.59	4.48	4.35	4.31	4.31	4.30	4.34	4.31
20 years	4.64	4.50	4.45	4.42	4.41	4.41	4.44	4.42

(*) Arithmetic averages

Chart 1.9.8: Yield curve of the secondary Treasury bond market



1.9.4 Exchange rates

In 2011, the euro appreciated on average by 4.9 percent against the U.S. dollar. Given these developments and the dirham's quotation system[1], the latter depreciated 0.85 percent against the euro and 5.4 percent against the Japanese yen, while it appreciated 4.05 percent and 0.25 percent against the U.S. dollar and the pound sterling.

1 See Box 7, page 57, Annual Report 2006.

Chart 1.9.9: Transfer exchange rate (monthly average)

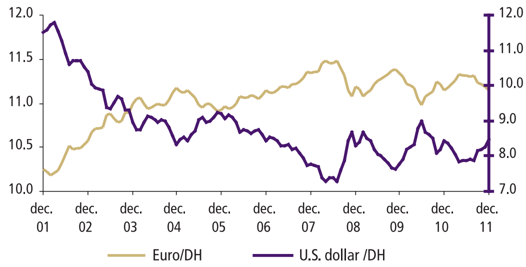
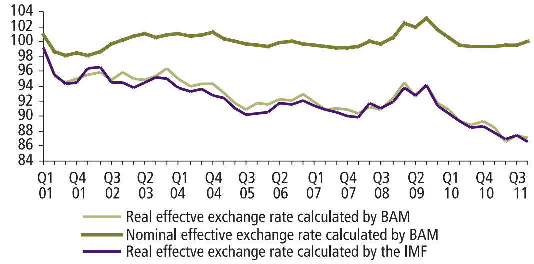


Chart 1.9.10: Dirham's nominal and real effective exchange rate (2000=100)*



Sources: BAM and the IMF

Vis-à-vis the currencies of major emerging economies, the dirham was up 15.9 percent and 6.1 percent against the Turkish lira and the Indian rupee, respectively, but fell 1.1 percent and 0.72 percent against the Brazilian real and Chinese yuan.

The dirham's nominal effective exchange rate, whose calculation takes into account the main partners and competitors of Morocco, depreciated 0.31 percent from the previous year. In real terms, it depreciated 0.7 percent, reflecting the inflation differential in favor of Morocco.

Box 1.9.3: Methodology for the development of the effective exchange rate by the Bank

In 2009, Bank Al-Maghrib refined the calculation of the indicators for the nominal effective exchange rate (NEER) and the real effective exchange rate (REER), based on the double-weighting method. This new approach takes into account both the weight of Morocco's main trading partners and the effect of foreign competition in its major markets, as the latter was not considered in the simple weighting method adopted by the Bank in 2007. Consequently, the change in the REER, calculated by the double-weighting method, is more appropriate to measure the external competitiveness of Moroccan exports.

The double-weighting approach is implemented in four stages:

1 - First, the main partners of Morocco are identified so that their importance in Morocco's trade of manufactured goods, on a given reference period, is at least equal to 1 percent. The countries selected as key partners represent nearly 89 percent of Morocco's total foreign trade (exports + imports) of manufactured goods.

2 - The second step is to determine the list of countries competing Morocco in its major market, the euro area, for the manufacturing segment, based on a per-product structure analysis of Moroccan exports to the countries of this region. The results show that the composition of Moroccan exports is dominated by products classified under the item "miscellaneous manufactured articles", with an average share of 52.3 percent, followed by the "machinery and transport equipment" item, which represents 30 percent of the total. 86 percent of "miscellaneous manufactured articles" consist of "clothing and clothing accessories". This exercise allowed setting the list of some competing countries with an export structure almost similar to that of our country (see table).

3 - The third calculation stage is to determine the weight to assign to each country, as an import-weighted average " ω_i^m " and export-weighted average " ω_i^x ".

4 - The final step is to calculate the NEER and the REER using the following formulas:

$$NEER = \prod_{i=1}^{n} (E_i)^{\omega_i} \quad \text{and} \quad REER = \prod_{i=1}^{n} \left(E_i \cdot \frac{P_d}{P*}\right)^{\omega_i}$$

where "Pd / P*" represents the ratio between the domestic consumer price index (CPI) and the weighted CPI of trading partners and competitors, and Ei represents the bilateral nominal exchange rate between the dirham and the currency of country i.

Table B1.9.3.1: Composition of the NEER and REER basket based on the single and double-weighting methods

Single weighting:				Double weighting:			
Euro area	Saudi Arabia	Russia	Canada	Euro area	Saudi Arabia	Romania	Malaysia
Great Britain	Japan	China	Sweden	Great Britain	Japan	Turkey	South Korea
Unites States	India	Brazil		Unites States	India	Tunisia	Philippines
				Switzerland	Russia	Czech Republic	Bulgaria
				China	Brazil	Hungary	Poland
						Hong Kong	

Based on this work, it appears that the REER based on the double-weighting scheme adopted by the Bank is almost similar to that built in 2007 on the basis of a simple weighting and regularly published in the Monetary Policy Report. Similarly, this indicator seems to be correlated with that developed by the IMF, since both reflect a broadly similar pattern of change in terms of variations and turning points. This correlation is mainly due to the preponderance of the euro area in the different approaches used, making the patterns of change in the NEER and the REER less sensitive to changes in methodology.

1.10 Money, loans and liquid investments[1]

In 2011, the increase in M3 money supply2 stood at 6.4 percent, as against 4.9 percent in 2010 and 11.2 percent on average over the past five years. This trend reflects mainly the continued positive contribution of bank loans and net claims on the central government, while net foreign assets had a negative impact.

Meanwhile, the growth of liquid investment aggregates slowed from 25.1 percent in 2010 to 6.6 percent in 2011, mainly due to the change in equity and diversified UCITS securities.

1.10.1 M3 aggregate

The increase in M3 money supply stood at 6.4 percent in 2011, as against 4.9 percent a year earlier. This trend reflects a 22 percent acceleration in the growth of net claims on the central government and a 10.5 percent increase in bank loans, as against 7.7 percent in 2010. In contrast, net foreign assets dropped by 12.5 percent, after a virtual stability in 2010. Non-monetary resources3 increased by 10.2 percent as opposed to 6.5 percent at the end of 2010, mainly reflecting the use of market financing sources by the banking sector.

Chart 1.10.1: Annual growth of M3 and its trend

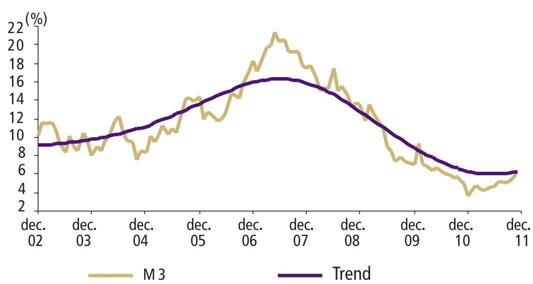
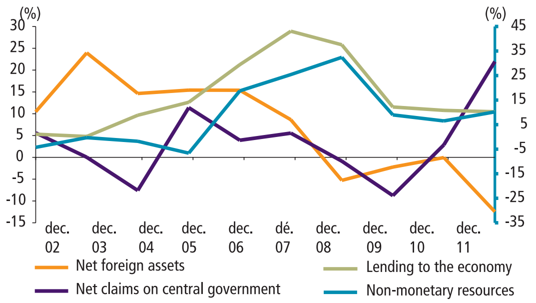


Chart 1.10.2: Annual growth of M3 main counterparts



The analysis of infra-annual change of money supply revealed two distinct phases. In the first half, the year-on-year increase in M3 aggregate was limited on average to 4.3 percent, mainly reflecting slower growth of net foreign assets and, to a lesser extent, that of bank loans. In the second half,

1 See statistical appendices: Tables A 9.1 to A 9.11

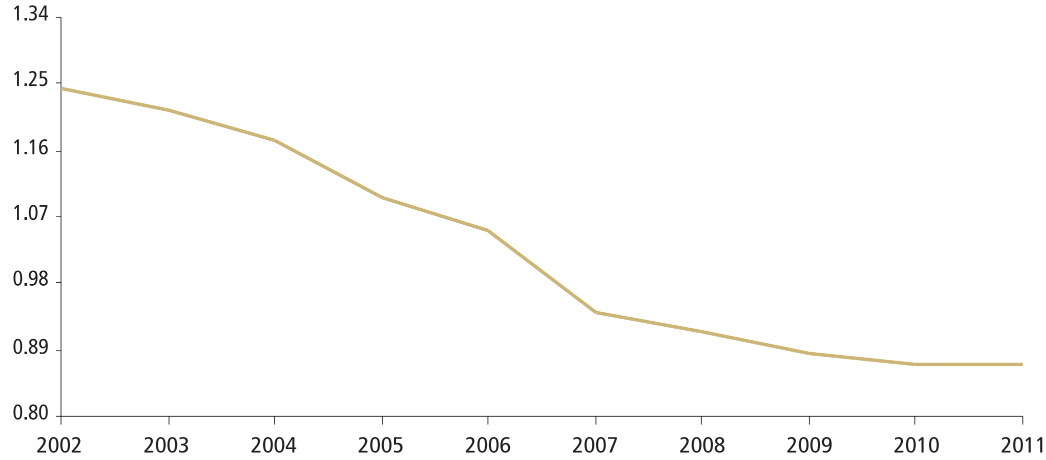
2 M3 aggregate refers to the money supply in the broad sense and includes currency in circulation, bank money, demand deposits and other monetary assets, including time deposits, money market UCITS and foreign currency deposits.

3 The non-monetary resources include capital and reserves of depository institutions and non-monetary liabilities of other depository corporations, including regulated and guarantee deposits, subordinated loans, certificates of deposits issued with a residual maturity of more than 2 years, and bonds.

the contribution of foreign exchange reserves turned negative, while that of bank loans and net claims on the central government gradually increased, bringing the average growth rate of money supply during this period to 5.4 percent.

Over the full year 2011, M3 aggregate, measured by average end-of-month outstanding amounts, showed a trend of 4.8 percent as against 6.4 percent and 9.6 percent in 2010 and 2009, respectively. Given a 5 percent performance of nominal GDP, currency circulation velocity[1] stood at 0.9, the same level as the previous year.

Chart 1.10.3: Currency circulation velocit



1.10.2 M3 components

The contribution of currency in circulation and bank money to the increase in money supply expanded significantly compared to the previous year, from 0.9 to 1.5 percentage point and from 1.8 to 2.6 points, respectively. The contribution of demand deposits stood at 1 percentage point, as against 0.8 point, while that of other components remained broadly unchanged at around 1.3 percentage point.

1 The currency circulation velocity is the number of times a single monetary unit is used in transactions made during a given period. It is measured by the ratio of nominal GDP to M3 aggregate.

Table 1.10.1: Change in M3 components

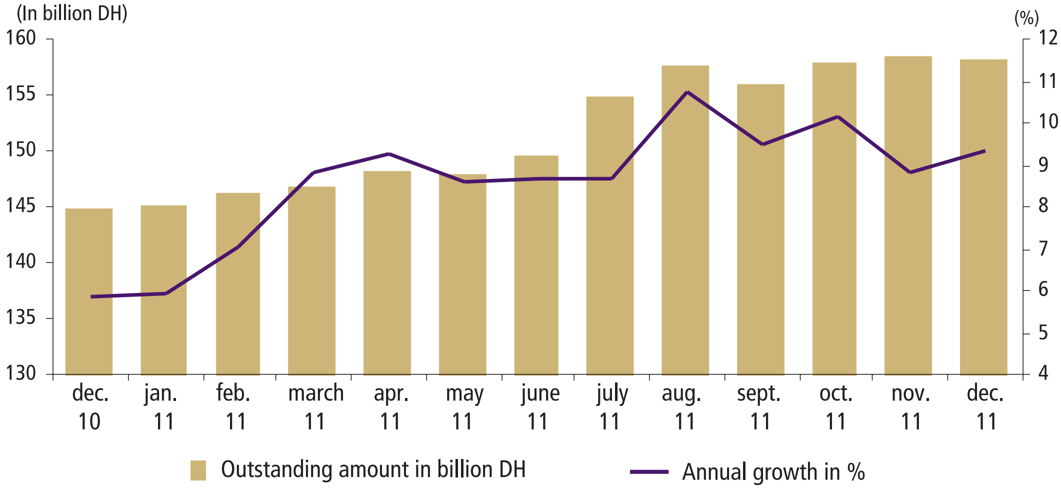
	Currency in circulation	Bank money	Demand deposits	Other monetary assets *	M3
Outstanding amount as at the end of December (in billion dirhams)					
2006	109.2	278.4	65.4	151.5	604.6
2007	120.0	339.7	72.4	177.9	710.0
2008	128.1	363.8	79.9	234.3	806.0
2009	136.7	391.8	87.3	246.8	862.7
2010	144.7	407.7	94.0	258.1	904.5
2011	158.3	431.6	102.9	269.9	962.8
Shares in M3 in %					
2006	18.1	46.1	10.8	25.1	100
2007	16.9	47.8	10.2	25.0	100
2008	15.9	45.1	9.9	29.1	100
2009	15.8	45.4	10.1	28.6	100
2010	16.0	45.1	10.4	28.5	100
2011	16.4	44.8	10.7	28.0	100
Change in %					
2006	21.4	15.4	10.1	25.2	18.2
2007	10.0	22.0	10.7	17.4	17.4
2008	6.7	7.1	10.3	31.7	13.5
2009	6.7	7.7	9.3	5.4	7.0
2010	5.9	4.1	7.7	4.6	4.9
2011	9.4	5.9	9.5	4.6	6.4
Contribution to M3 annual growth as at the end of December					
2006	3.8	7.3	1.2	6.0	18.2
2007	1.8	10.1	1.2	4.4	17.4
2008	1.1	3.4	1.0	7.9	13.5
2009	1.1	3.5	0.9	1.6	7.0
2010	0.9	1.8	0.8	1.3	4.9
2011	1.5	2.6	1.0	1.3	6.4

* Other monetary assets consist of assets with lower liquidity characteristics and/or 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, money market UCITS securities and time deposits with the Treasury.

Currency in circulation

The growth rate of currency in circulation stood at 9.4 percent in 2011, from 5.9 percent in 2010 and 6.7 percent in 2009, hence contributing to the money supply progression by 1.5 percentage point. The analysis of infra-annual trend indicates a rapid increase in its rate of change between February and April and its stabilization at 8.6 percent on average, between May and July. During the remainder of the year, it reached 9.7 percent, mainly reflecting the effect of summer time, the month of Ramadan and the celebration of Eid Al Adha.

Chart 1.10.4: Change in the currency in circulation in 2011



Bank money

Bank money increased 5.9 percent in 2011, at a higher pace compared to the 4.1 percent recorded in the previous year, bringing its contribution to M3 growth to 2.6 percentage points, from 1.8 in 2010. This result is mainly due to strengthened demand deposits of private nonfinancial corporations and households with banks.

Chart 1.10.5: Change in bank money in 2011

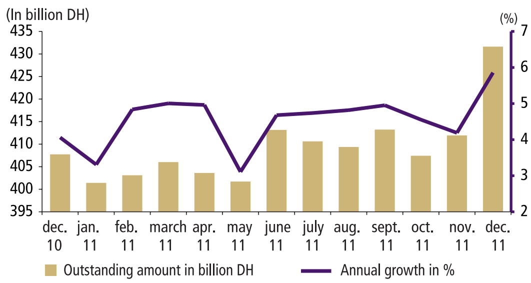
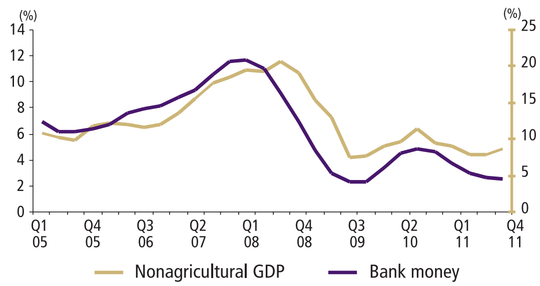


Chart 1.10.6: Annual growth of bank money and nonagricultural GDP in % (mobile average over four quarters)



Monthly, bank money changed depending on its seasonal pattern. Thus, the down-payments made by businesses for corporate tax payment and the usual determinants affecting the movement of currency in circulation were the main factors which impacted changes in bank money.

Demand deposits

Demand deposits rose by 9.5 percent in 2011 from 7.7 percent in 2010, a rate similar to the average of 10 percent recorded during the last five years. They contributed to M3 performance by 1 percentage point, up from 0.8 a year earlier.

The year 2011 continued to be marked by a predominance of households in the growth of demand deposits, thus reflecting the shares of individual residents, Moroccans living abroad and individual entrepreneurs, which stood at 8.2, 1.2 and 0.02 percentage points, respectively.

Chart 1.10.7 : Change in demand deposits in 2011

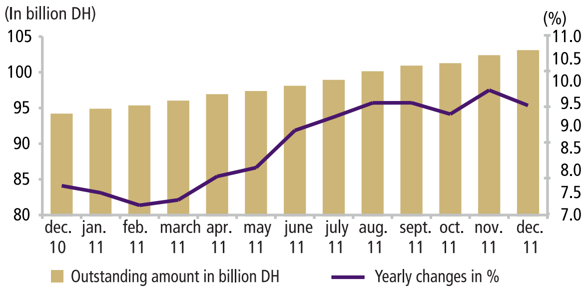
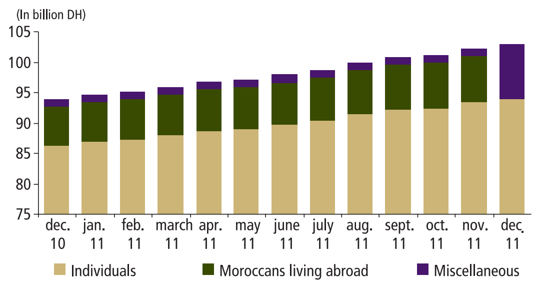


Chart 1.10.8 : Structure of demand deposits in 2011



Other monetary assets

Other monetary assets included in M3 money supply grew by 4.6 percent overall in 2011, the same rate as in 2010. This trend reflects mainly an accelerated growth of foreign currency deposits, a slower growth of the certificates of deposits and money market UCITS, and a decrease in time deposits.

The outstanding amount of time deposits dropped slightly by 0.5 percent compared to the previous year, due to lower public sector deposits, which largely offset the rise of deposits by private nonfinancial companies. The infra-annual analysis showed that recovery of time deposits, which began in the fourth quarter of 2010, continued during the first two months. Subsequently, their growth slowed from 5.9 percent in February to 3.4 percent in May, before standing at 6 percent at end-September 2011. During the remainder of the year, time deposits registered a gradual deceleration, reflecting the impact of alternative investments arbitrations, particularly money market UCITS securities whose progress was, nevertheless, dropped to 7.2 percent at the end of the year, as opposed to 8.2 percent in 2010. Concurrently, as in 2010, certificates of deposits with a residual maturity of 2 years or less weighed the most on the annual change in time deposits, despite their significant deceleration at the end of the year.

Chart 1.10.9: Change in time deposits

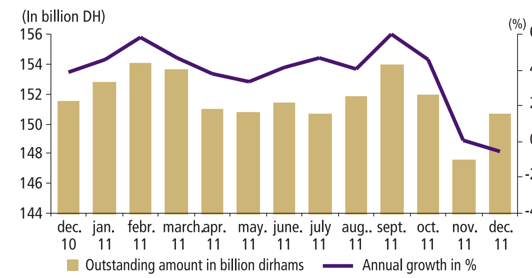
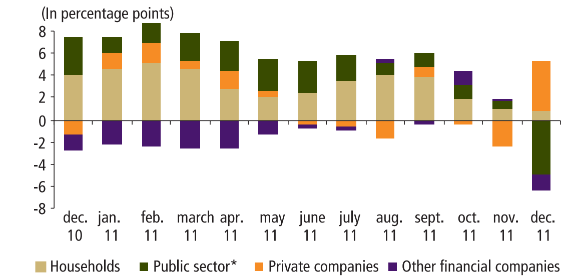


Chart 1.10.10: Contributions of institutional sectors to annual growth of time deposits



*Excluding central government

Chart 1.10.11 : Change in money market UCITS securities

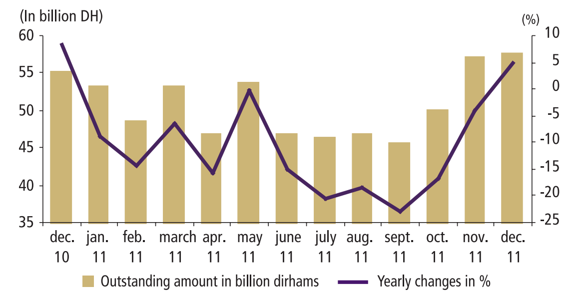
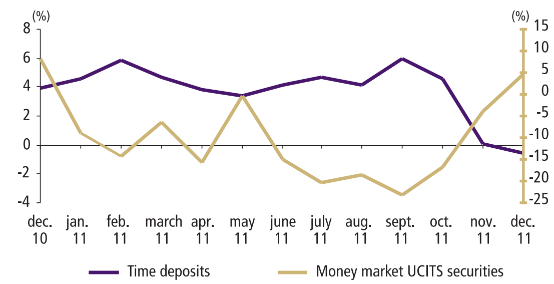


Chart 1.10.12 : Growth of money market UCITS securities and time deposits



1.10.3 Credit and other sources of money creation

In 2011, claims on the economy rose by 10.5 percent, as against 10.8 percent in 2010, giving 8.3 percentage points to M3 money supply growth. On the other hand, net claims on the central government expanded by 22 percent, thus contributing to M3 growth by up to 2.2 percentage points, as against 0.3 point at the end of 2010. In contrast, net foreign assets decreased by 12.5 percent, negatively impacting the change in money supply in 2011, by 2.7 percentage points.

Chart 1.10.13 : Contribution of the main counterparts to M3 annual growth

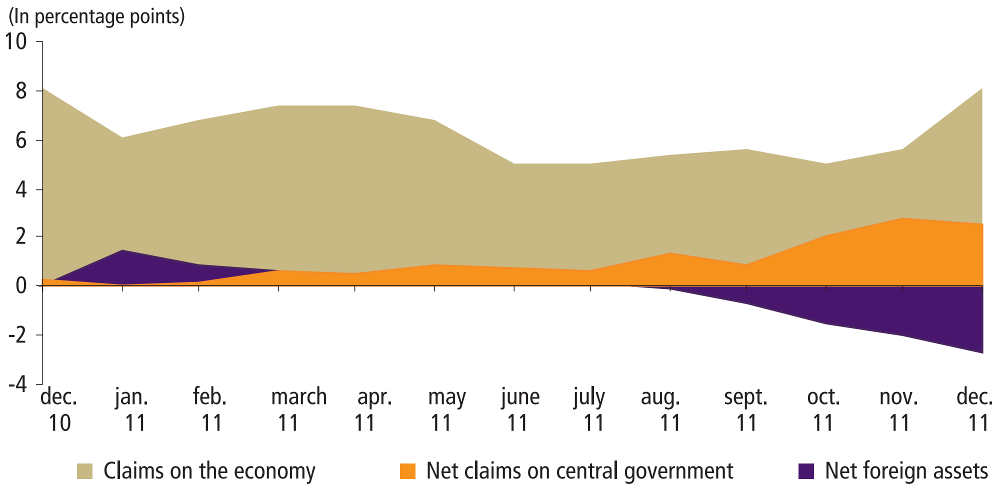


Table 1.10.2 : Change in money supply counterparts

In billion DH	End 2009	End 2010		End 2011	
	Outstanding amount	Outstanding amount	Change in %	Outstanding amount	Change in %
A. Net Foreign Assets	**192.7**	**192.6**	**0.0**	**168.6**	**-12.5**
B. Net claims on central government	**89.4**	**92.0**	**2.9**	**112.2**	**22.0**
C. Claims on the economy	**648.4**	**718.2**	**10.8**	**793.3**	**10.5**
Including: Bank loans	577.1	621.4	7.7	686.8	10.5
D. Non monetary resources	**124.4**	**132.5**	**6.5**	**146.0**	**10.2**
E. Other net items	**13.2**	**14.8**	**12.3**	**10.4**	**-30.2**
Total of counterparts (A+B+C-D-E)	**792.9**	**855.4**	**7.9**	**917.7**	**7.3**
M3 aggregate	**862.7**	**904.5**	**4.9**	**962.8**	**6.4**

Bank loans

During the first eleven months of the year, while remaining broadly in line with the change in nonagricultural GDP, bank loans increased year on year at a rate lower than that recorded in 2010. At the end of the year, its growth reached 10.5 percent from 7.7 percent in December 2010, impacted mainly by large cash advances. In total, the ratio of the average annual outstanding amount of bank loans to nominal GDP rose from 79.6 percent in 2010 to 81.2 percent in 2011.

Box 1.10.1: Impact of the integration of Al-Barid Bank in monetary statistics

In 2011, Al Barid Bank (ABB) was integrated in monetary statistics, as a depository institution. This reorganization comes after the Post's financial services were transformed in June 2010 into a commercial bank.

This expanded coverage of monetary statistics resulted, with reference to the month of December[1] 2011, in the following:

- The 1.9 percent increase in the outstanding amount of claims on the economy. By institutional sector, the impact was mainly reflected in other finance corporations and public nonfinancial corporations;
- The increase in the outstanding amount of demand deposits with banks, from 379.8 billion to 388.7 billion dirhams, following the integration of postal cheque accounts;
- The increase in the outstanding amount of savings accounts with banks from 85.1 billion to 102.8 billion dirhams, as a result of the integration of passbook accounts with the National Savings Fund.

Indeed, the gap between M3 and its counterparts, amounting at end-May 2010 to 74.3 billion dirhams, was reduced to 44,8 billion at end-December 2011 (corresponding to deposits held with the Treasury), following the identification of counterparts of deposits held with postal cheque accounts and the National Savings Fund and their coverage by the monetary statistics. This gap is going to disappear, with the ongoing determination, in collaboration with the Ministry of Finance, of the disposition of deposits held with the Treasury, which will ensure equality between M3 and its counterparts.

1 The percentage gaps refer to the difference between, firstly, the outstanding amount at end-December 2011, taking into account Al Barid Bank and, secondly, those corresponding to the same month but without taking account of Al Barid Bank.

Chart 1.10.14: Annual growth of credit and its trend

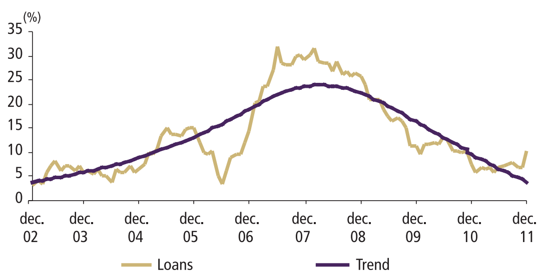
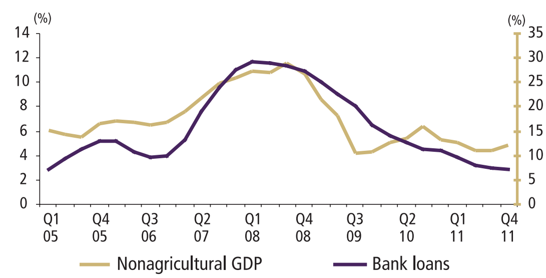


Chart 1.10.15: Annual change in bank loans and nonagricultural GDP (Mobile average over 4 quarters)



Breakdown of bank loans by purpose

In 2011, the growth rate of most loan categories increased. Cash advances and consumer loans rose by 20.5 percent and 11.2 percent, respectively, as against 5.9 percent and 8.1 percent a year earlier. Similarly, real-estate loans grew by 10.2 percent from 8.7 percent in 2010, covering an acceleration from 1.1 percent to 6.8 percent in the trend of loans to developers and a slowdown from 12.9 percent to 10.7 percent of that of housing loans. Finally, change in equipment loans slowed down significantly from 16.9 percent to 4.1 percent.

Alongside these developments, the ratio of nonperforming loans[1] to total outstanding credit in the banking system remained unchanged at 4.7 percent. Nonperforming loans trended, nevertheless, upward during 2011 to 9.4 percent from one year-end to the next, as opposed to a drop of 3.8 percent at the end of 2010.

Chart 1.10.16: Annual growth of the main categories of bank loans (%)

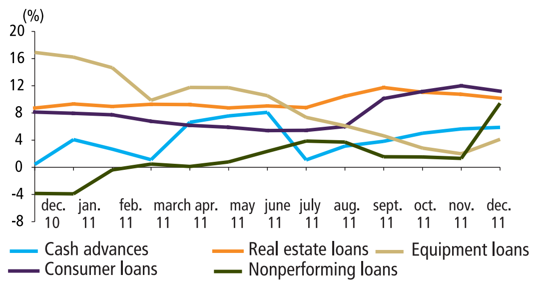


Chart 1.10.17: Contribution of the main categories to the growth of bank loans (% points)

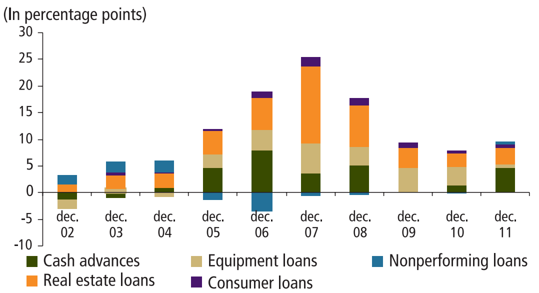
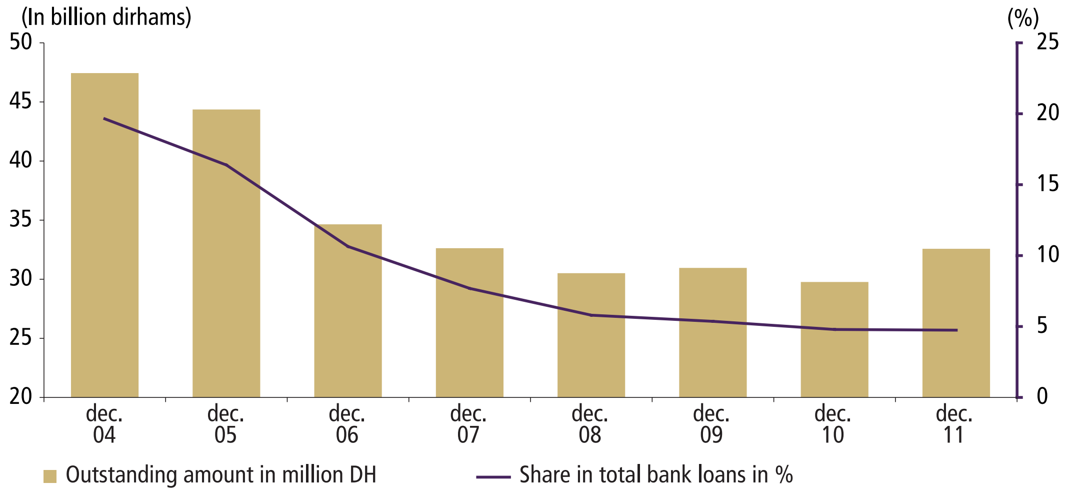


Chart 1.10.18: Change in NPL and their share in total bank loans



1 Nonperforming loans are loans with a risk of total or partial non-repayment, given the deterioration of the immediate repayment capacity and/or future counterpart. Given their degree of risk of loss, they are divided into three categories: pre-nonperforming loans, bad loans and impaired loans.

Breakdown of bank loans by term

Loans analysis by term[1] reveals an increase of 23.5 percent in short-term loans, which stood at 283.4 billion dirhams, bringing its share to 41.3 percent in overall bank loans. The medium-term loans, with a share of 27.5 percent at end-2011, increased by 3.6 percent to 189.1 billion, after rising 6.7 percent a year earlier. In contrast, long-term loans, which account for 26.5 percent of the total outstanding amount, contracted from 26.1 percent in 2010 to 1.1 percent in 2011.

Chart 1.10.19: Breakdown of loans by term

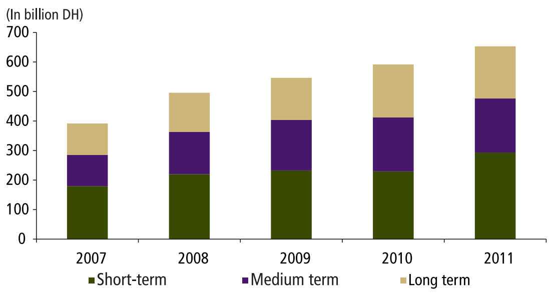
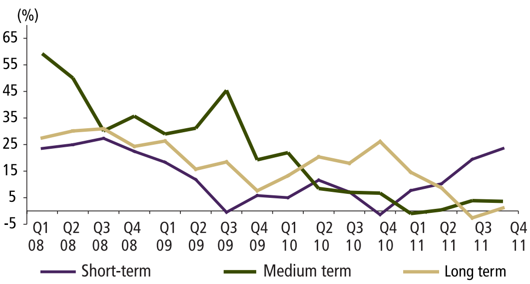


Chart 1.10.20: Annual growth of loans by term



Breakdown of bank loans by sector

The growth rate of loans to the primary sector decelerated markedly from 29.2 percent in 2010 to 12.3 percent in 2011, reaching an outstanding amount of 28.4 billion dirhams at the end of the year, or 3.5 percent of GDP at current prices.

Chart 1.10.21: Breakdown of loans by sector

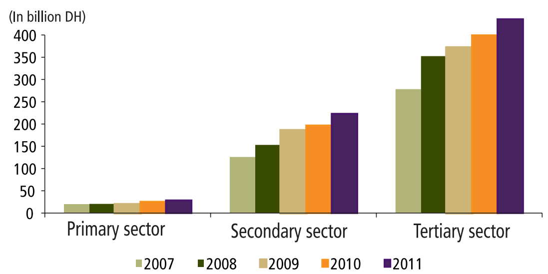
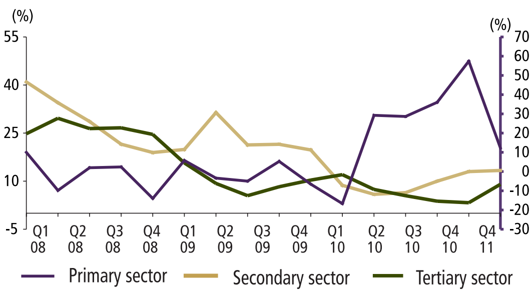


Chart 1.10.22: Annual growth of loans by sector



However, the growth of loans to the secondary sector rose from 5.9 percent to 13.3 percent, bringing the outstanding amount of this category to nearly 222.9 billion dirhams, with a ratio of 27.8 percent in GDP. This trend is mainly due to the accelerating trend of loans to chemical

1 Data on credits by term are only available in quarterly frequency.

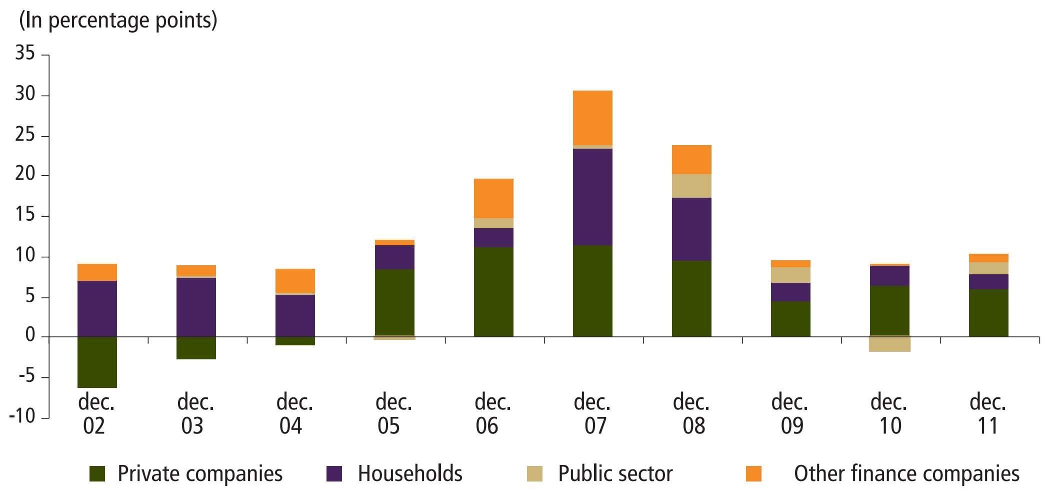
and related industries, from 8 percent in 2010 to 25 percent in 2011, as well as those granted to the construction branch, by 20.7 percent. It also results from the easing contraction of loans to extractive industries, and textiles and clothing industries from -16.6 percent to -5.1 percent and from -16.2 percent to -3 percent, respectively.

Loans to the tertiary sector, whose outstanding amount at end-2011 reached 435.4 billion dirhams, with a ratio of 54.2 percent to GDP, increased by 9 percent from 7.4 percent in 2010. They were mainly driven by the branches of trade, transport and communication, financial activities1, and hotel business whose paces stood respectively at 18.1 percent, 14.6 percent, 4.6 percent and 8.5 percent in 2011. Moreover, loans granted to individuals, Moroccans living abroad and local governments slowed down from one year to the next.

Breakdown of loans by institutional sector

Despite the slight slowdown of their growth from 11.2 percent in 2010 to 10 percent in 2011, loans to private companies continued to contribute by more than half to the annual change in bank loans. The rate of change in loans to households fell from 7.2 percent to 5.6 percent. Meanwhile, credit to public sector recorded a significant increase of nearly 32.5 percent and those granted to other finance companies2 rose 7 percent. The respective shares of these last three components in the bank loans trend totaled 1.9, 1.3 and 1 percentage point.

Chart 1.10.23: Contribution of institutional sectors to the growth of bank loans



1 Loans to financial activities are credits to financial intermediation, insurance and financial auxiliaries.

2 Other financial companies usually mobilize money, but not in the form of deposits. They use it to provide loans and / or acquire other types of financial assets. They include all institutional units of financial companies other than the central bank, commercial banks or monetary UCITS.

Box 1.10.2: Activity of finance companies and microcredit associations in 2011 *

After a slowdown during the previous year, the growth of loans granted by finance companies[1] reached 7.3 percent in 2011 as against 6.7 percent in 2010. The outstanding amount of this category stood at 91.5 billion dirhams and remains dominated by credits distributed by consumer credit companies and leasing companies, with respective shares of 49.5 percent and 45.9 percent.

Chart B1.10.2.1: Growth of loans granted by consumer credit companies and leasing companies

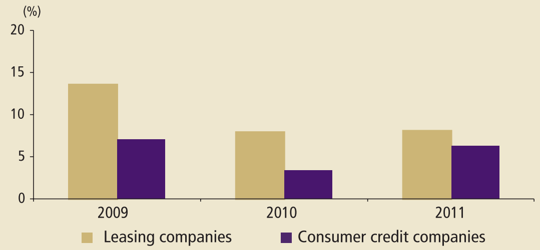
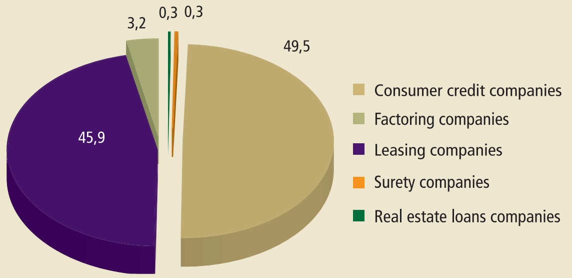


Chart B1.10.2.2: Outstanding amount of loans granted by other finance companies



Loans distributed by consumer credit companies rose 6.4 percent in 2011 and those granted by leasing companies 7.8 percent. The growth rate of loans by factoring companies reached 13.8 percent from 18.3 percent in 2010, with a share limited to 3.2 percent of total loans distributed by finance companies. With respect to real-estate loan companies, whose share remains very low at 0.3 percent, their outstanding amount recorded a significant increase of 48.7 percent. Finally, the funding provided by surety companies did not change compared to the past year.

Microcredit activity in 2011 was marked by a slight decrease in the outstanding amount distributed, as the total outstanding amount declined to 4.6 billion dirhams at the end of the year, from 4.7 billion at end-2010.

* The scope of coverage of monetary statistics does not include currently data on finance companies and micro-credit associations, listed in the box.
1 Finance companies include consumer credit companies, leasing companies, real-estate loan companies, factoring companies, surety companies, payment means management companies, as well as other finance companies.

Other sources of money creation

Net foreign assets

Net foreign assets declined 12.5 percent at the end of 2011, after a virtual stability in 2010. This decline, which reflects further deterioration of external accounts, affected both foreign exchange reserves of Bank Al-Maghrib, which represent 99 percent of the total outstanding amount, and those of other depository corporations. At the end of 2011, foreign exchange reserves accounted for 5 months and 2 days of imports of goods and services after 6 months and 24 days at the end of 2010.

After the January rise, particularly following the increase in net flows of foreign direct investments and travel receipts, net foreign assets decelerated between February and June, before recovering in July. During the remainder of the year, they resumed their monthly contraction trend, which was more pronounced in December, largely as a result of widening trade deficit and, to a lesser extent, decreased revenues from foreign investments and private loans.

Chart 1.10.24: Changes in net foreign assets

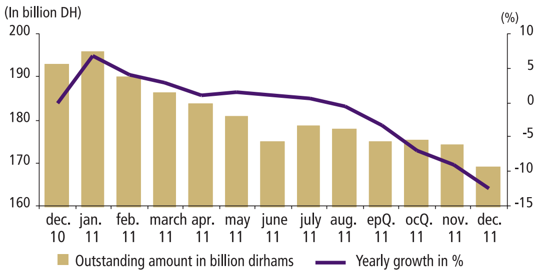
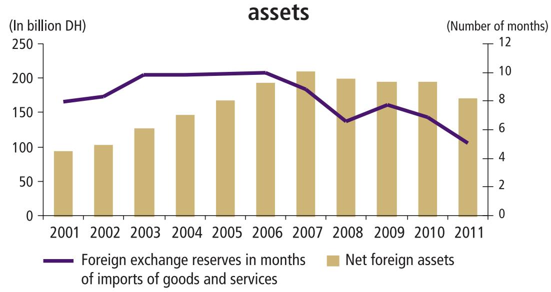


Chart 1.10.25: Change in the structure of net foreign assets



Net claims on central government

Net claims on the central government increased by 22 percent in 2011, from 2.9 percent a year earlier, contributing to M3 money supply growth by 2.2 percentage points. This trend reflects mainly more significant purchases of Treasury bills by banks.

Table 1.10.3 : Net claims on central government

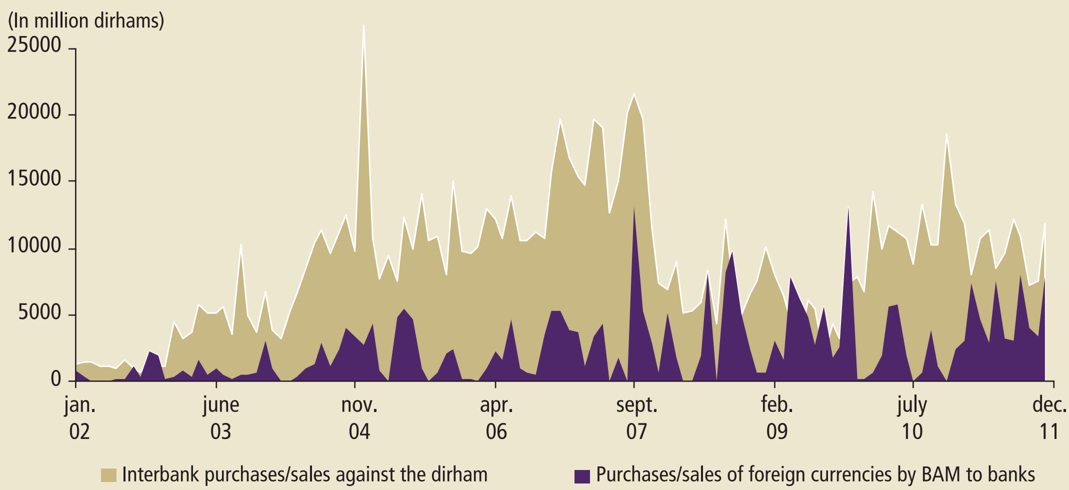
Outstanding amount in million dirhams	End of 2009	End of 2010		End of 2011	
	Outstanding amount	Outstanding amount	Change in %	Outstanding amount	Change in %
Net claims on central government	**89.4**	**92.0**	**2.9**	**112.2**	**22.0**
Net claims of Bank Al-Maghrib	3.3	3.5	5.7	2.2	-37.1
Net claims of other depository corporations	86.1	88.4	2.7	109.9	24.3

The analysis of infra-annual change indicates that the net subscriptions of banks on the auction market were more significant during the second half of the year, in conjunction with the increased requirements of the Treasury. In fact, the purchases of treasury bills by the latter increased from 42.1 billion dirhams in the first half, to 61.5 billion in the second half.

Box 1.10.3: Transactions on the foreign exchange market in 2011

At the end of 2011, the interbank spot currency exchange transactions against the dirham reached a monthly average of 10.3 billion dirhams, down nearly 7.8 percent from the previous year. Concurrently, the interbank lending and borrowing transactions in foreign currencies remained stable at an average of 33 billion dirhams. Currency sales by the central bank to other banks rose from 1.8 billion to 4.8 billion in 2011.

Chart B 1.10.3.1: Change in spot transactions on the foreign exchange market



Forward purchases of foreign currencies by bank customers to hedge imports rose 14.2 percent in 2011, thus standing at 9.3 billion dirhams, after having averaged 8.1 billion dirhams a year earlier. Forward sales to hedge exports rose 37.1 percent to an average of 2.5 billion.

Finally, the average volume of currency-against-currency transactions made by banks with their foreign correspondents continued its upward trend, increasing hence by 26.4 percent to 145 billion dirhams. Moreover, after a drop of 14.8 percent in 2010, foreign currency deposits and investments abroad increased by 11.8 percent to nearly 6 billion dirhams in 2011.

Chart B1.10.3.2: Forward sales of foreign currencies

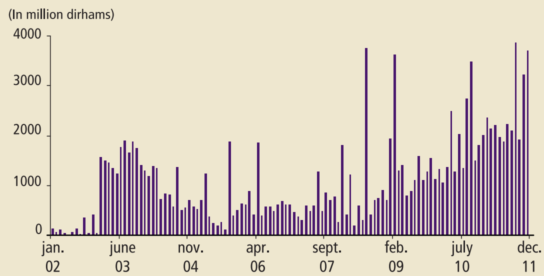


Chart B1.10.3.3: Forward purchases of foreign currencies

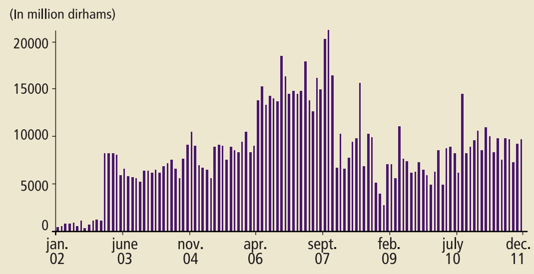
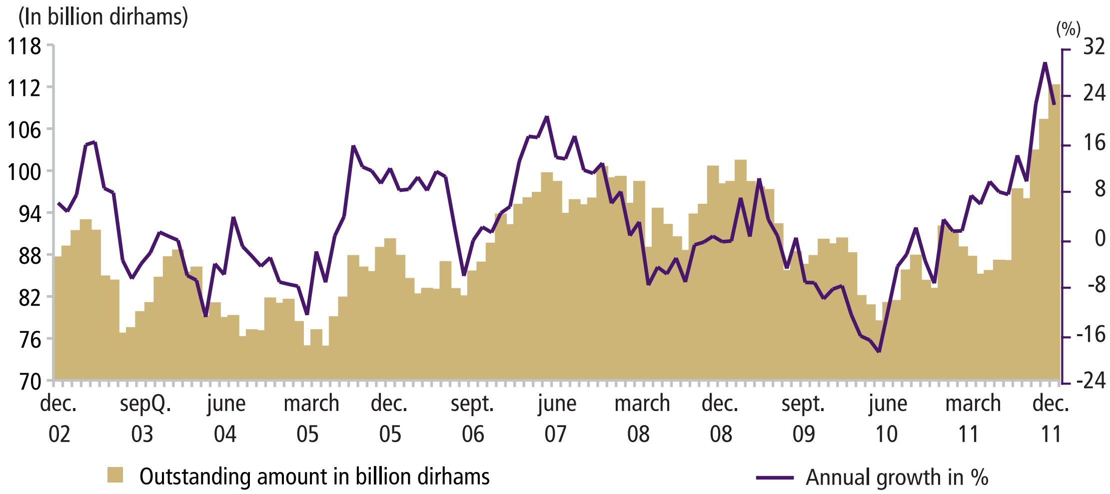


Chart 1.10.26: Change in net claims on central government



1.10.4 Liquid investment aggregates[1]

The growth pace of liquid investment aggregates fell to 6.6 percent at end-2011, from 25.1 percent at end-2010. This trend reflects both the slowdown in the growth rate of securities of bond UCITS and those included in LI1 aggregate and a contraction of equity and diversified UCITS assets.

Table 1.10.4: liquid investment aggregates

Outstanding amount in million dirhams	End of 2009	End of 2010		End of 2011	
	Outstanding amount	Outstanding amount	Change in %	Outstanding amount	Change in %
LI1 Aggregate	**160.9**	**201.1**	**25.0**	**220.5**	**9.6**
Negotiable Treasury bonds	156.5	193.7	23.8	209.7	8.2
Bonds issued by finance companies	2.9	5.2	77.2	8.2	57.8
Commercial papers	1.0	1.5	38.6	2.0	40.4
Securities issued by contractual UCITS	0.4	0.7	86.2	0.6	-22.1
LI2 Aggregate	**80.3**	**100.3**	**24.9**	**106.5**	**6.2**
Securities issued by bond UCITS	80.3	100.3	24.9	106.5	6.2
LI3 Aggregate	**26.1**	**33.1**	**26.7**	**29.6**	**-10.4**
Securities issued by equity and diversified UCITS	26.1	33.1	26.7	29.6	-10.4
Total LI	**267.3**	**334.5**	**25.1**	**356.6**	**6.6**

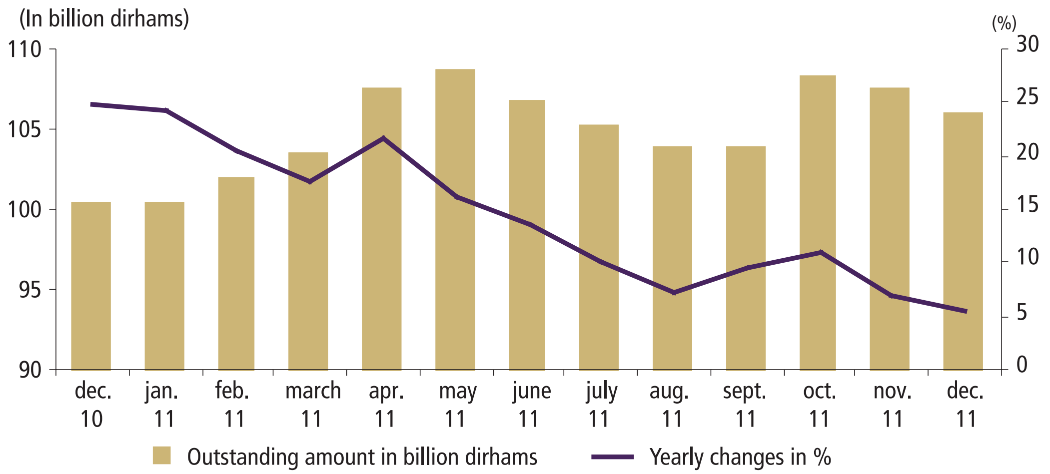
After a 25 percent expansion in 2010, LI1 aggregate rose 9.6 percent at the end of 2011, to an outstanding amount of 220.5 billion dirhams. This slowdown is mainly due to slow growth of outstanding amount of negotiable Treasury bills held by other finance companies. The other LI1

1 The liquid investment aggregates include the financial assets that can be easily transformed into direct payment means, representing a reserve of purchasing power. They contain liabilities considered not liquid enough to be included in the national definition of money in the broad sense.

aggregate components, especially bonds issued by finance companies and commercial papers, were again on the upside, albeit with a slowdown in the growth rate of bonds issued by finance companies and an acceleration of that of commercial papers.

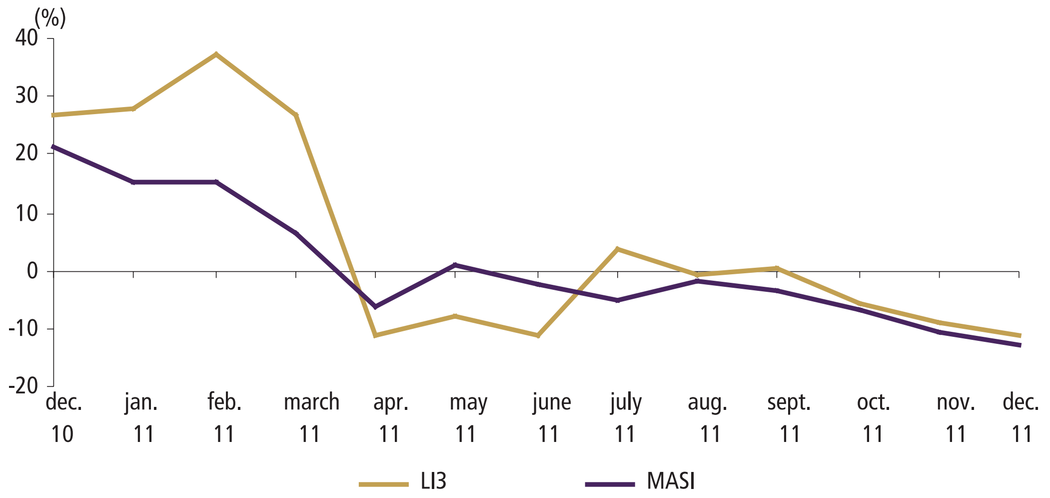
Moreover, despite the increase in their net asset value, bond UCITS securities, identified in LI2 aggregate, rose 6.2 percent in 2011, as against 24.9 percent in the previous year.

Chart 10.1.27: Annual growth of bond UCITS securities



Finally, parallel to a softening price performance at the Casablanca Stock Exchange, LI3 aggregate, which includes equity and diversified UCITS securities, shrank by 10.4 percent, after an expansion of 26.7 percent at end-December 2010.

Chart 1.10.28: LI3 and MASI index



Liquidity of the economy

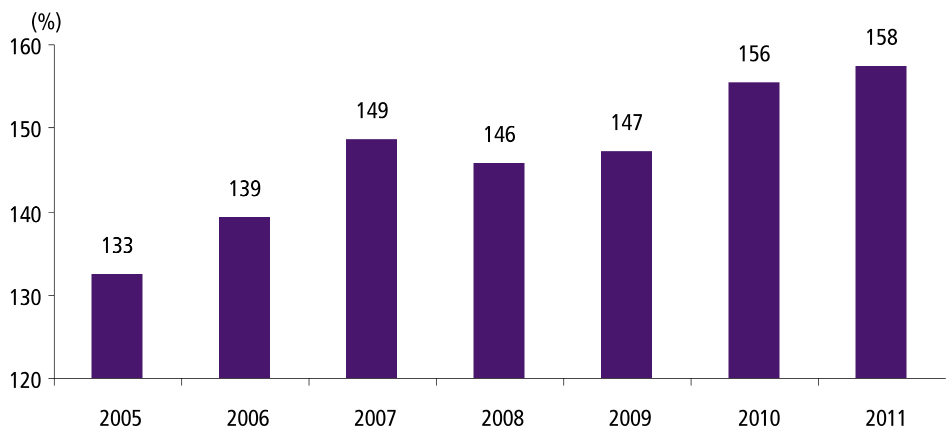
The liquidity of the economy, composed of M3 aggregate and total liquid investment aggregates, grew by 6.5 percent on monthly average in 2011, as against 9.7 percent a year earlier. Given a 5 percent growth of GDP at current prices, the liquidity ratio of the economy stood at 158 percent, as opposed to 155.6 percent in 2010.

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

	2007	2008	2009	2010	2011*
M3/GDP	106.3	109.5	112.8	115.0	114.8
M3/GNDI	97.5	101.3	106.9	109.2	109.3
Total liquidity /GDP	148.5	145.9	147.9	155.6	158.0
Total liquidity/GNDI	136.3	134.9	140.1	147.7	150.4

*Real-time data

Chart 1.10.29: Liquidity of the economy



1.11 Asset markets and private debt

In 2011, asset market indicators experienced differing trends. After an unprecedented expansion in 2010, stock activity trended downward again, as evidenced by the decline in share prices and trade volumes. The appreciation of the Casablanca Stock Exchange, measured by capitalization, Price Earnings Ratio and Price to Book Ratio, decreased from one year to the next, but remains at a level relatively higher than that of comparable emerging markets.

Concerning other items of the capital market, the issuances of negotiable debt securities and private bonds were lower than last year, while UCITS net assets increased slightly.

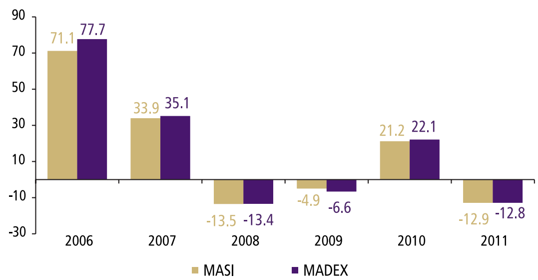
The real estate market, measured by the real estate price index[1] and the number of transactions, continued the recovery that began in 2010, after the decline in 2009.

1.11.1 Stock market, debt securities and asset management

Stock market

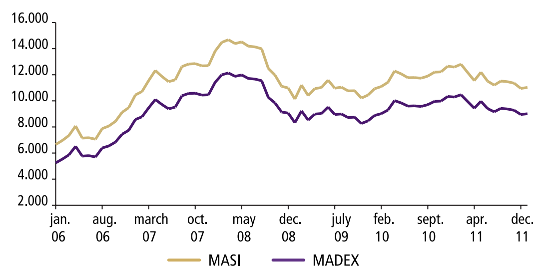
After an increase exceeding 20 percent in 2010, MASI and MADEX indexes were broadly tilted to the downside, recording an annual underperformance of nearly 13 percent[2].

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



Source: Casablanca stock exchange

Chart 1.11.2: Change in stock indexes



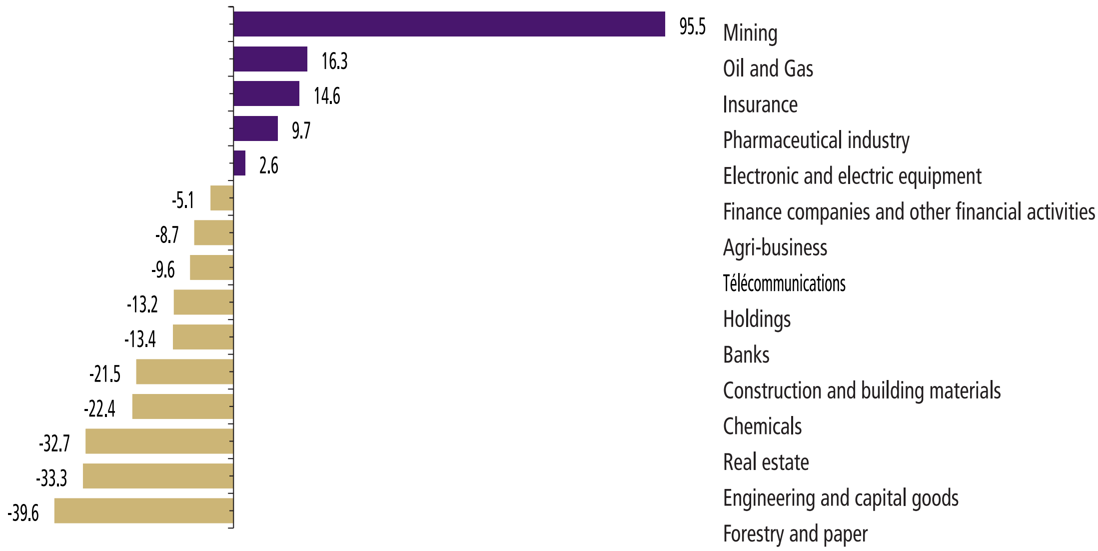
Most indexes were down, especially those of large capitalization sectors, mainly telecommunications, banks, real estate as well as construction and building materials, which declined 9.6 percent, 13.4

1 See Box1.11.5

2 See annex A10.2

percent, 32.7 percent and 21.5 percent, respectively. However, increases were registered at rates ranging from 2.6 percent for the sector of electronic and electrical equipment to 16.3 percent for the sector of oil and gas. Meanwhile, the mining sector recorded an exceptional growth of 95.5 percent for the second consecutive year, as against 128.2 percent in the previous year.

Chart 1.11.3 : Annual performance of sector indexes in 2011 (in %)



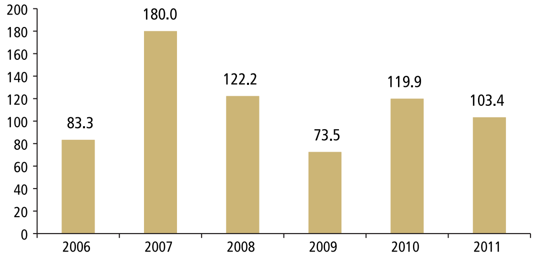
Source: Casablanca Stock Exchange

The overall volume of transactions[1] stood at 103.3 billion dirhams, as against 120 billion a year earlier, reducing hence the liquidity ratio from 14.4 percent to 9.6 percent. This decline affected both the central market and the block one, where trading, amounting respectively to 40.1 and 19.8 billion dirhams, went down 31 percent and 40 percent. However, the volume of securities contributions[2] increased significantly this year to 33.8 billion dirhams as against 8.6 billion in 2010, bringing their share in total volume to 32.7 percent as opposed to 7.2 percent in 2010.

1 As of January 3, 2011, and to comply with the interna¬tional standards, the Casablanca Stock Exchange has mo¬dified the transaction volumes disclosure. The latter are communicated based on only one side of the transaction (buying) instead of two-way (buying and selling).

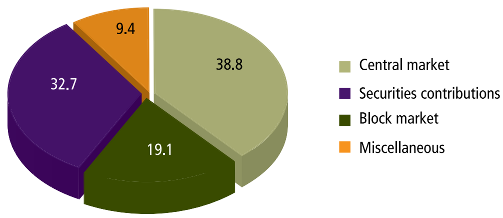
2 "They are operations that allow a shareholder to transfer listed securities to another person or entity in return for agreed benefits between the two. The contribution takes place outside of the sheet market, but, being regarded as a transaction, it is subject to compulsory registration at the Casablanca Stock Exchange» (Source: CDVM).

Chart 1.11.4 : Volume of transactions (in billion of dirhams)



Source: Casablanca stock exchange

Chart 1.11.5 : Breakdown of transaction volumes per market in 2011 (in %)



Moreover, the number of companies listed on the stock exchange increased from 74 to 76 year on year, following the initial public offerings of three new companies and the write-off of one security, a number that remains lower than that registered in some emerging stock exchanges.

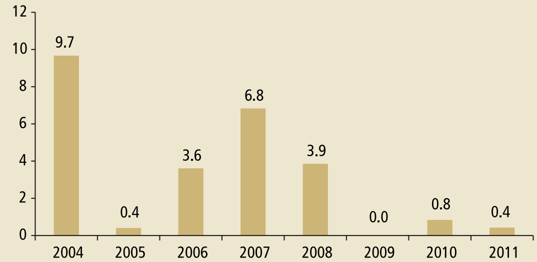
Box 1.11.1: Initial Public Offerings (IPO) in 2011

In 2011, three new companies were listed on the Casablanca Stock Exchange, as against two in 2010. They operate in the sectors of engineering and industrial capital goods, software and computer services, and construction and building materials. The relevant amounts, subscribed largely by resident individuals, remain low, limited to 416 million dirhams, down from 837 million a year earlier.

Chart B1.11.1.1: Change in IPO

Source: Casablanca stock exchange

Chart B1.11.1.2: IPO securities (in billions of dirhams)

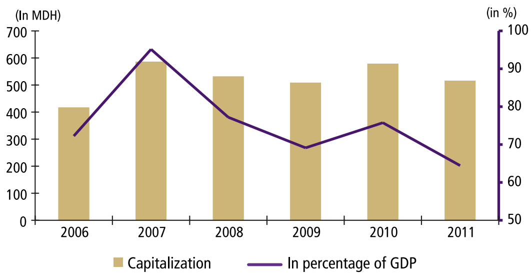


The overall decrease of performance contributed to a decline of the Price to Book Ratio[1] (PB) from 3.8 to 3.1, while the Price Earnings Ratio (PER)[2] stood at 16.3 as against 19.1. It resulted also in a 10.8 percent decrease of market capitalization, which reached 516.2 billion dirhams, or 64.4 percent of GDP as against 75.8 percent in 2010 and nearly 80 percent on average over the past five years.

1 Price to Book Ratio is the ratio of equity market value (market capitalization) to their book value.

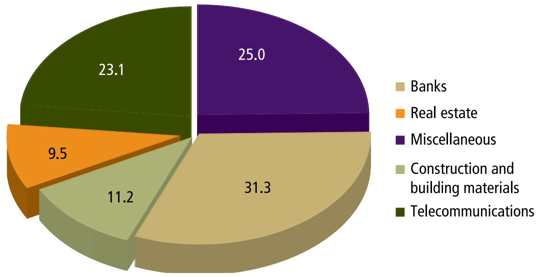
2 Price Earnings Ratio is the ratio of a company's share price to the per-share ear¬nings.

Chart 1.11.6 : Annual change in market capitalization



Source: Casablanca stock exchange

Chart 1.11.7 : Structure of the market capitalization per sector in 2011 (in %)



By activity, the market capitalization continues to show a high concentration, as evidenced by the preponderance of the sectors of banks, telecommunications, and construction and building materials, with respective shares of 31.3 percent, 23.1 percent and 11.2 percent. The share of the real estate sector fell from 13 percent to 9.5 percent, year on year.

Dividends distributed by listed companies amounted to 20.4 billion dirhams, a level similar to that of 2010, hence increasing the overall average yield from 3.6 percent to 4 percent.

Negotiable debt securities

Gross issuance of negotiable debt securities[1] reached 57.6 billion dirhams, as against 52.2 billion in 2010. The issuance of certificates of deposit and finance companies' bonds, amounting respectively to 44 and 7.6 billion dirhams, recorded slight increases of 1.3 and 1.6 billion dirhams, year on year. The volume of issued commercial paper increased by 2.5 billion to approximately 6 billion dirhams. Taking into account settlements, totaling 40.5 billion, the outstanding amount of negotiable debt securities rose from 60.6 to 77.8 billion dirhams, including 96.3 percent for certificates of deposit and finance companies' bonds.

1 See annex A10.4 and annex A10.5.

Box 1.11.2 : Comparison of activity indicators of the Casablanca Stock Exchange in 2011with those of some emerging stock markets

In a less favorable international environment, the key indicators of some emerging stock markets trended overall downward in 2011. Thus, the MSCI EM index*, which measures the performance of equity markets in 21emerging countries of Europe, Asia, South America Middle East and Africa, shrank by nearly 20 percent at the end of 2011, as against 13 percent for the MASI.

Chart B.1.11.2.1: Performance of MASI and emerging markets index (YoY in %)

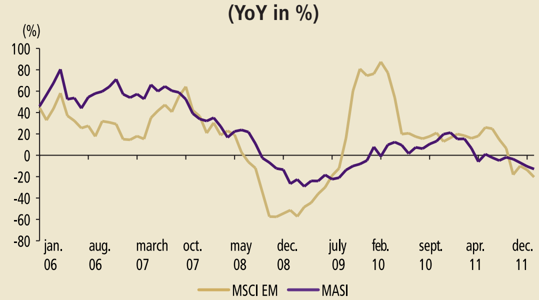
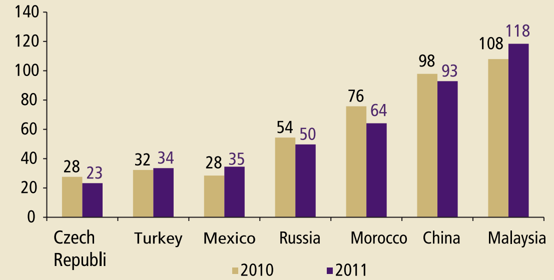


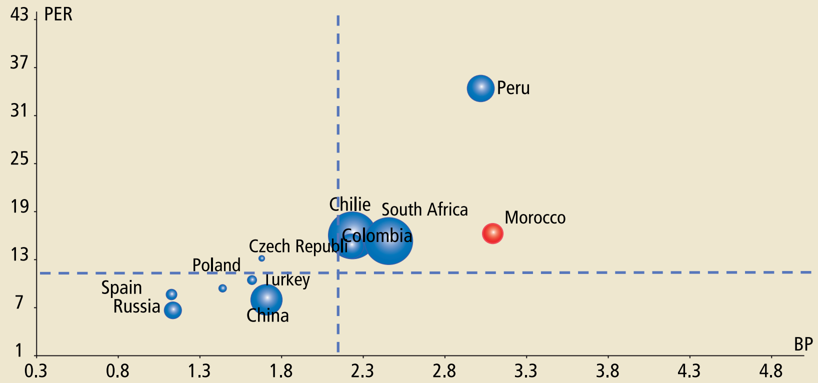
Chart B.1.11.2.2: Market capitalization compared to GDP (in %)



Source : Datastream and Casablanca stock exchange

Despite declines recorded in 2008 and 2009, after the 2007 peak, market capitalization as a percentage of GDP remains higher than those of stock exchanges of Turkey, Mexico and Russia, but less than that of China and Malaysia.

Chart B.1.11.2.3: Stock market appreciation in Morocco and in some emerging countries at the end of 2011

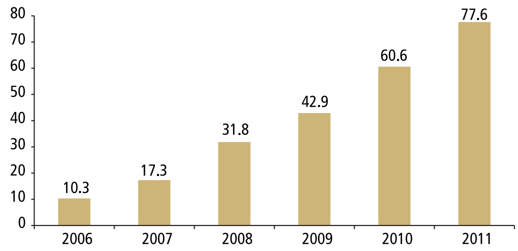


Source : Datastream, Casablanca stock exchange and CFG

Similarly, the stock market appreciation, measured by the Price Earnings Ratio and Price to Book Ratio, remains relatively high at the Casablanca Stock Exchange compared to other emerging countries.

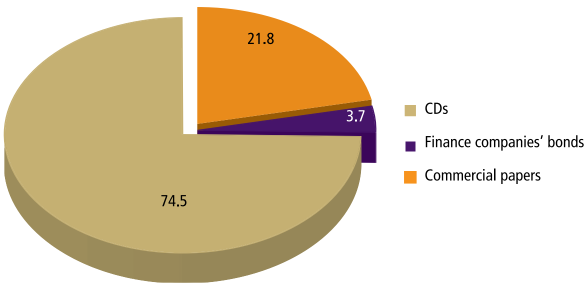
* The latest data as at end of December 2011 indicate that the MSCI EM includes the following countries: China, South Africa, Brazil, Chile, Colombia, Egypt, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Czech Republic, Russia, Taiwan,Thailand and Turkey (Source: MSCI).

Chart 1.11.8: Outstanding amount of negotiable debt securities (in billions of dirhams)



Source: Maroclear

Chart 1.11.9: Structure of the outstanding amount of negotiable debt securities in 2011 (in %)



Interest rates of negotiable debt securities trended to levels broadly close to those applied in the previous year. The certificates of deposit rates ranged from 3.50 percent to 4.90 percent, while the rates of finance companies' bonds stood between 4.10 percent and 4.92 percent. The rates of commercial paper issuances were between 3.55 percent and 4.60 percent.

Private bond market

Bond issues[1] fell significantly in 2011 from 25.6 to 12.5 billion dirhams, particularly in conjunction with the low volume raised by nonfinancial companies. In fact, private corporations resorted to the market for a total of 4.9 billion dirhams, as against nearly 17 billion in 2010, while issues of public companies fell from 7.5 billion to 6 billion dirhams. The interest rates applied to the most frequent 7- and 20-year maturities ranged respectively from 4.46 percent to 5.12 percent, and from 4.30 percent to 5.12 percent. Finance companies' bonds were made by banks for a total volume of 1.6 billion dirhams, up from 1.2 billion a year earlier. These bonds were issued with 7- and 10-year maturities, at rates varying from 4.35 percent to 5.02 percent.

Table 1.11.1 : Change in private debt per issuer

	Outstanding amount (in MDH)		Changes	
	dec-10	dec-11	In dirhams	In %
Global	63 941	74 153	10 212	16.0
Finance companies	19 821	20 790	969	4.9
Nonfinancial companies	44 120	53 364	9 244	21.0

Source : Maroclear

Taking into account repayments totaling 2.2 billion dirhams, the outstanding amount of private bond debt reached 74.1 billion dirhams, approximately up 16 percent from one year to the next. Its structure is still dominated by nonfinancial companies' bonds, whose share stood at 72 percent.

1 See annex A10.6.

Box 1.11.3: Private bond market in Morocco and in some emerging countries

Like some emerging countries, the outstanding amount of private bond debt[1] in Morocco remains dominated by that of finance companies, whose share stood at 63 percent in 2011. This structure is primarily due to the magnitude of certificates of deposit issuances in recent years.

Chart B.1.11.3.1: Private bond debt in % of GDP*

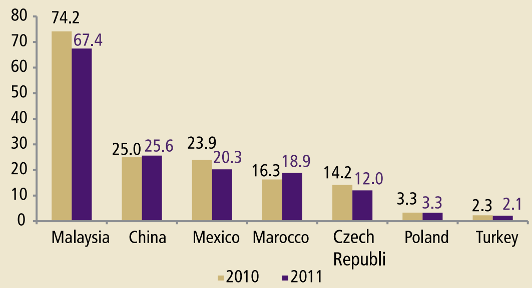
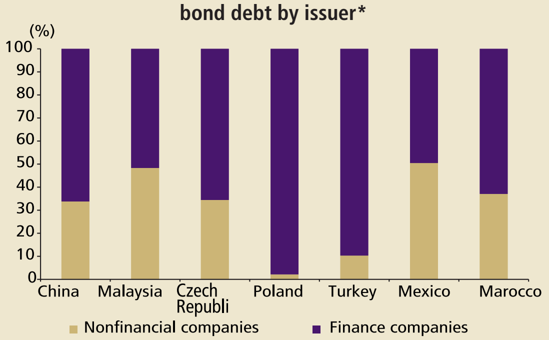


Chart B.1.11.3.2: Structure of the outstanding amount of private bond debt by issuer*



* The data on GDP at the end of 2011 are provisional. The outstanding amount of private bond debt at the end of 2011 in the sampled countries refers to the month of September 2011

Source: World Bank, BIS and IFS. BAM calculations

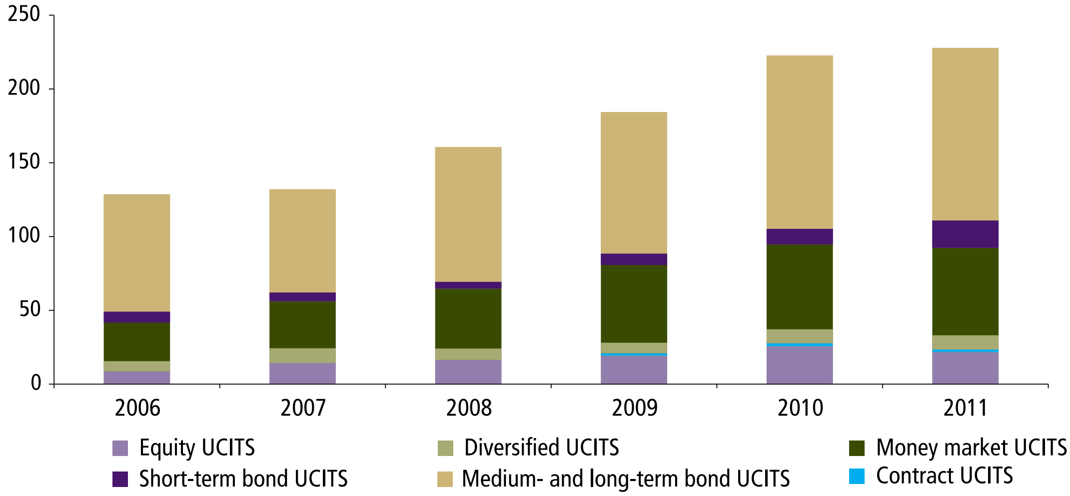
In terms of size, this market represents nearly 19 percent of GDP, a level close to the average recorded in some emerging countries, amounting to 21.4 percent at the end of 2011. This ratio is below that of Malaysia (67.4 percent), China (25.6 percent) and Mexico (20.3 percent), but more important than that of the Czech Republic (12 percent), Poland (3.3 percent) and Turkey (2.1 percent).

1 In order to have consistent data allowing comparisons with other countries, the outstanding amount of negotiable debt securities (NDS), other than negotiable Treasury bills, was added to that of the private bond debt. The analyzed data of the private bond debt in the text do not contain NDS.

Asset Management

Net asset managed by the Undertakings for Collective Investment in Transferable Securities (UCITS) grew only 6.7 billion or 3 percent, after expanding by 20.8 percent last year. This slowdown is primarily due to the decline of 4.3 billion of the outstanding amount of medium- and long-term bond funds and of 3.5 billion of that of equity funds, which partially offset the increase of 12.1 billion in short-term net assets of bond UCITS and 3 billion in those of money market funds.

Chart 1.11.10: Change in the outstanding amount of UCITS net assets (in billions of dirhams)



Source: UCITS

In terms of composition, the share of medium and long-term funds fell year-on-year from 53 percent to 49 percent, while the share of money market funds remained unchanged at 26 percent. The share of short term bond funds almost doubled, standing at 10 percent. By holder, net assets are still dominated by finance corporations, whose share stood at nearly 65 percent, while those of nonfinancial corporations and resident individuals stood at 26 percent and 8 percent, respectively.

The number of UCITS totaled 333, up 13, which is below the average of 30 registered over the past five years. This rise is exclusively attributed to the increase in the number of mutual funds to 288, while that of open-end mutual funds remained stable at 45. Medium- and long-term UCITS remained predominant, representing 38.4 percent.

1.11.2 Real estate assets

After a 1.6 percent decline in 2009, the real estate price index[1] continued its recovery that began in 2010, registering an increase of 2.7 percent in 2011. This trend reflects the accelerated growth of prices for residential and commercial property, from 1.3 percent to 3.4 percent and 0.5 percent to 3.3 percent, respectively. However, the price of land slowed down compared to the previous year, from 2.1 percent to 1 percent.

1 See annex A10.3

Box 1.11.4 : Regulatory measures adopted by the Transferable Securities Board (CDVM) in 2011

The Transferable Securities Board (CDVM) adopted a circular addressing how limited companies can implement stock exchange transactions to repurchase their own shares, with a view to stabilizing the market. The purpose of this circular is to clarify the concept of market stabilization, its purposes and its circumstances.

Thus, these operations were limited to reducing volatility and excessive variations in the share price. They should also be initiated only in cases where the liquidity of the share deviates significantly from normal levels, preventing the normal formation of the market price. Concerning the implementation modalities, the circular provides for the limitation of intervention volumes, price controls, the introduction of abstention periods, as well as exclusive passage through the central market.

Chart 1.11.11: Annual change in the real estate price index (Base 100 in 2006)

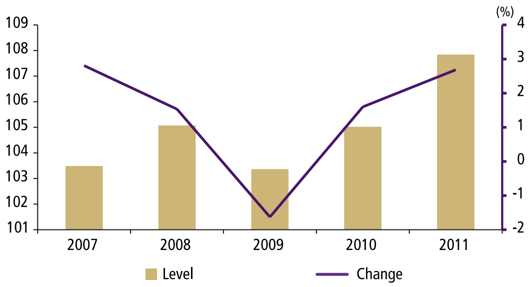
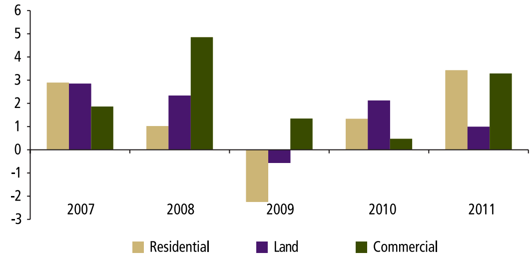


Chart 1.11.12: Growth of property prices by major category



Source: ANCFCC and BAM

At the regional level, increases ranged from 1 percent for the region of Marrakech-Tensift-El Haouz to 8.3 percent for the region of Gharb- Chrarda-Beni Hssen, while decreases were recorded in the regions of Tangier-Tetouan, Taza-Al Hoceima-Taounate and Chaouia-Ourdigha. In other regions, prices did not change significantly.

Registered real estate sales totaled 95,963 units, up 15.4 percent from 11.4 percent in 2010. Transactions are still dominated mainly by residential and land property, whose numbers increased respectively by 13.6 percent and 21.8 percent, to a total of 67 percent and 27 percent. Commercial property transactions, totaling 6,496 units, rose by 9.5 percent from one year to the next.

Box 1.11.5 : Box 1.11.5: Methodology for developing the real estate price index[1]

The real estate price index (REPI) was jointly developed by Bank Al-Maghrib and the Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie (National Land Registry and Cartography Agency), based on data from this Agency. On a quarterly basis, these indexes (base 100 in 2006) are calculated using the repeat sales method, which helps address the problem of real estate heterogeneity. This method takes into account only property involved at least in two transactions during the period in question.

This system can trace, nationally, by region and major city, the change in real estate prices of the three major categories, namely residential, land and commercial. It can also trace the change in prices of six categories: apartment (dwelling located in a collective building and having one or more rooms), house (individual dwelling, without a garden, consisting of one or more levels), villa (single dwelling with a garden), urban land (plot of land located in the urban area), business premises (business-specific space) and office (work premises).

It should be noted that these indexes are calculated based on data adopted 35 days after the quarter in question. This implies an updating of historical data, which can be significant, due to the time-lag between transactions and their registration, and/or the integration of property that was subject to at least second transaction during the quarter in question. However, this methodologically rigorous approach requires a minimum threshold of transactions for its calculation, which does not allow for developing indexes for some cities, regions and/or certain quarters.

1 The detailed methodology for the elaboration of the real-assets prices is available at the internet website of the Bank, under the heading "Reference documents".

Chart 1.11.13: Annual change in real estate transactions

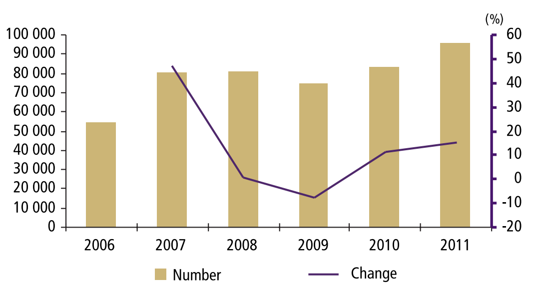
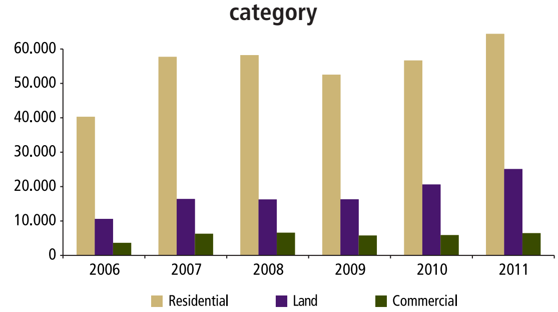


Chart 1.11.14 : Number of real estate sales by major category



Source: ANCFCC and BAM

PART 2

BANK ACTIVITIES

This section describes the 2011 activities of the Bank, as an entreprise. These activities were part of the priorities of the 2010-2012 Strategic Plan.

Governance received special attention, with particularly the establishment of an audit committee under the Bank Board. This committee is mainly tasked with giving an opinion on the Bank accounts, internal and external audit as well as internal control, risk management, areas where the Bank exerted significant efforts in 2011. Similarly, strengthening the efficiency of the national anti-money laundering and counterterrorist financing system, in interaction with various stakeholders, and accelerating the compliance of its own system in this area, were key concerns of the Bank. Finally, appropriate measures were taken to comply with legal requirements under Law No. 09-08 of February 18, 2009 on the protection of individuals with regard to the processing of personal data.

In line with its strategic guideline aiming to adjust monetary policy to external environment challenges, the Bank continued the process of constant strengthening of its analytical capacities. In this sense, an extensive work was done to improve the macroeconomic diagnosis and the impact of international trends on the national economy as well as to enhance activity and inflation forecast arrangements. At the same time, analytical work and research continued with a view to analyzing the monetary policy effects and further understanding its transmission mechanisms. Similarly, the informational base of the monetary policy was considerably strengthened and compliance of monetary and financial statistics progressed well. In addition, modern, user-friendly and efficient decision support tools, such as the securities information registry, forecast evaluation framework or survey management system, were developed. They are used either to meet the requirements of the Bank's core missions or for internal reporting.

In the banking sector, the Bank continued its action to further strengthen the credit institutions' soundness and capacity to ensure a sound financing of the economy. From a prudential perspective, efforts focused on the convergence with the standards of the Basel II advanced approaches, and the preparation for the adoption of liquidity and capital requirements under Basel III.

Meanwhile, progress was made in financial stability. Acting in interaction with other national financial regulators and supervisors, the Bank was involved in the development of a national systemic crisis management framework. In 2011, there was a thorough exercise of collective reflection, to design and organize within the Bank the financial stability function, and to establish a macro-prudential framework of systemic risk prevention and management.

In terms of payment systems, the Bank continued its efforts to ensure that their infrastructure is strengthened. The deployment of reporting on check and card fraud among credit institutions continued. The Bank also conducted the first mission of onsite assessment of the Moroccan Interbank Remote Clearing System, with a view to ensuring that various risks inherent in the system are under control, and that it is in compliance with the requirements of the multilateral convention on the payment system oversight.

Regarding banknotes and coins, in 2011, a new series of coins were issued and the modernization and automation of the manufacturing and control tool continued, allowing productivity gains and better cost and risk control.

Regarding its organizational and logistical operating rules, the Bank focused on optimizing its processes. Significant progress was made to modernize and secure its information systems, in order to further develop its businesses. In addition, Bank Al-Maghrib was increasingly involved in an integrated approach to protect environment, health and safety at work.

The Bank continued to develop its human capital. Its efforts focused on building the capacities of its human resources, ensuring that they are professionally developed, in line with the requirements of its businesses, and improving their managerial skills. It also established a mechanism to anticipate the need for narrowly-specialized skills to better manage succession.

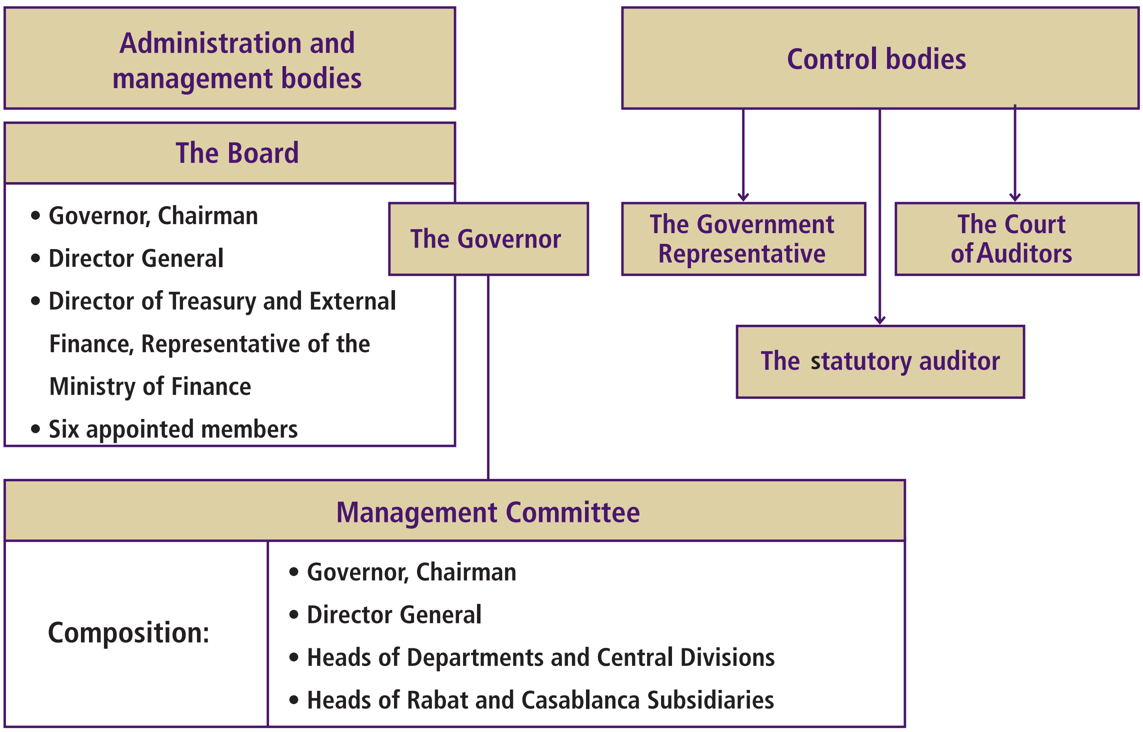
Finally, the Bank continued to strengthen its international relations and its role as a regional reference actor. It organized regional seminars and participated in several regional or international meetings and events. Similarly, its activity of cooperation intensified significantly in 2011. It concluded new cooperation agreements and received a large number of delegations from other central banks.

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.

Governance structure



2.1.1.1 Governing and management bodies

The Bank Board is composed of the Governor, the Director General and six members appointed for their monetary, financial or economic expertise, for a six-year renewable term. The Treasury and External Finance Director sits in the Board as an ex-officio member, who 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 and 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.

The Governor runs and manages the Bank. He ensures particularly the 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.

As part of strengthening its governance system, the Bank established in 2011 an Audit Committee under the supervision of its Board. Its functions and operating rules are specified in a charter adopted by the Board at its September meeting and published on the Bank portal. This Committee is vested with:

- Analyzing the accounting principles adopted by the Bank and their compliance with the standards in force. It reviews the annual accounts before submission to the Bank Board;
- Reviewing the statutory auditor selection process and ensuring that he is independent. It shall review the statutory auditor's annual management plan and its good linkage with internal auditing activities, and shall take cognizance of the statutory auditor's conclusions;
- Reviewing the internal audit charter and its amendments, prior to the Bank Board's approval. It shall give an opinion on the annual audit plan prior to the Board's approval and shall take cognizance of the major internal audit findings;
- Monitoring the change in the organization of the Bank's internal control system and reviewing the annual report on that system before submission to the Board. It shall also review the operational and financial risk control mechanisms and take knowledge of their main findings.

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, and ensures compliance with the legal measures governing such activities, particularly statutory provisions.

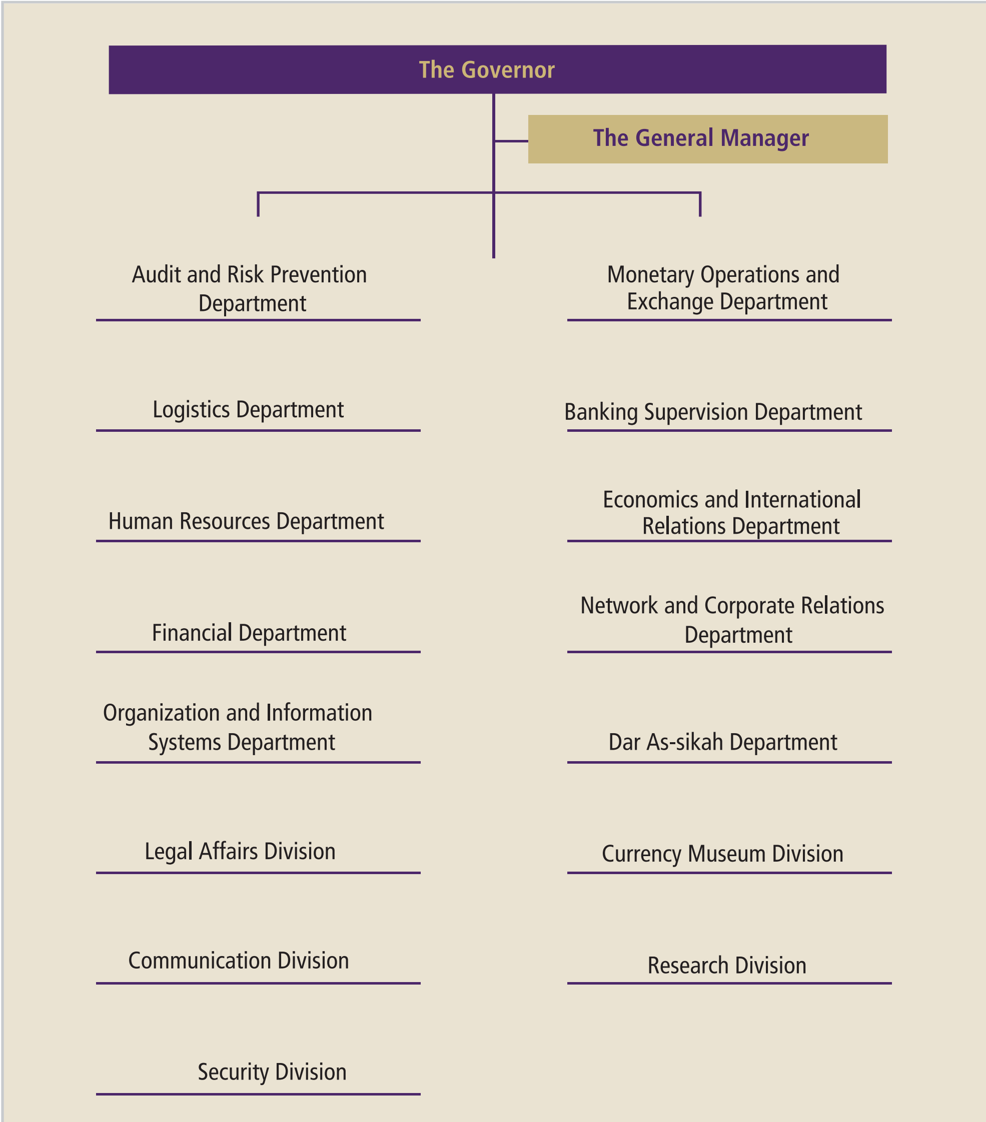
The Bank accounts are audited annually by the Statutory Auditor, who certifies the Bank's financial statements, assesses its internal control system and submits his report to the Board.

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 Organizational structure and activity steering

The Bank's organizational structure consists of fifteen entities, broken down into seven core business entities and eight supports entities.

The Bank's organizational chart



The activities are steered by three 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 banking supervision officer. MFC meets on a monthly basis and provides an accurate diagnosis of the monetary, financial and 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.

MFC also monitors the implementation of the Board's decisions. Moreover, it is in charge of analyzing and monitoring all aspects relating to money market, reserves management, foreign exchange market trends, banking supervision and payment systems.

- **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 amount of the Bank's intervention at the weekly auctions.
- **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 as to the legal, regulatory and technical measures aiming at improving the efficiency, transparency and safety of the payment systems and means.

Steering committees are established to monitor projects on governance, support areas and corporate social responsibility. These are the Training Advisory Board, Information Strategy Committee, Computing Technical Committee, Investment Committee, Advisory Communication Board, Operational Risk Committee, Ethics Committee, Physical Security Committee, Private Sorting Committee, Corporate Committee, Safety and Health Committee, and steering committees ensuring the control and monitoring of strategic planning.

2.1.2 Strategic guidelines

So that it can best fulfill its responsibilities in a changing environment, the Bank has since 2004 adopted a three-year planning approach that makes it possible to set medium-term priorities, and devise strategies to achieve them.

At end-2011, the 2010-2012 Strategic Plan entered its second year of implementation. The goal set is to move from "consolidation to performance". Substantial progress was made vis-à-vis the guidelines adopted initially.

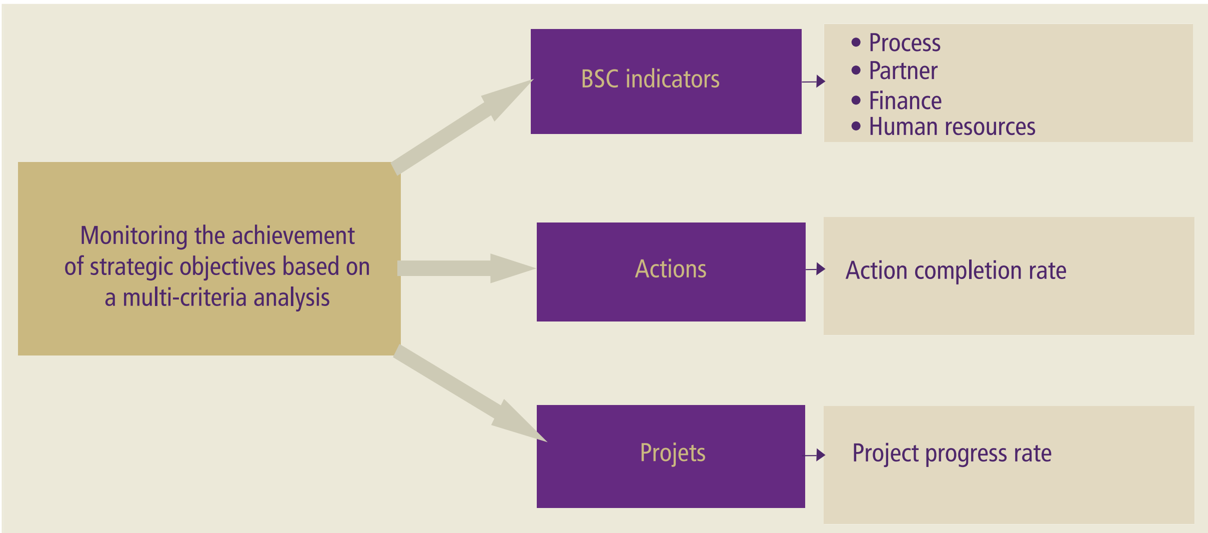
Table 2.1.1: Key outcomes of the Strategic Plan in 2011

Strategic Plan 2010-2012	
Strategic guidelines (SG)	**Key outcomes at end-2011**
SG1: Develop monetary policy so that it contributes to a successful integration of Morocco into the global economy	- Other Bank missions in relation to monetary policy clarified in the project of upgrading Bank Al-Maghrib Statute - Monetary policy analytical instruments strengthened through the implementation of new tools - The operational framework for monetary policy reformed (New Circular on the Bank's intervention instruments) - Improved understanding of the foundations of the monetary policy decision and its transparency strengthened
SG2: Strengthen banking supervision and develop financial stability function	- The projects to reform the Banking Act and upgrade the Bank Statute finalized - Basel II standards adapted and the circular on adopting the so-called advanced approaches published - The rate of compliance of the banking supervision framework adjusted to the 25 Basel principles - The onsite and offsite inspection system reinforced - The financial stability mission integrated in the draft Bank Statute and the Banking Law - The systemic crises prevention and management system implemented
SG3: Work toward the development of financial services	- Actions promoting increased banking penetration rates pursued and a financial education strategy developed by the Bank - The regulatory framework upgraded and a banking service price index developed to establish a more balanced relationship between banks and their customers - Catalytic role of the Bank in advancing the project of launching Casablanca Finance City (CFC)
SG4: Continue developing payment systems and means taking into account changes in technology and risks	- The payment system monitoring mission and the payment provider status integrated in the projects of Bank Statute and Banking Law - The payment system monitoring activity deployed in two systemically important systems: Moroccan Interbank Remote Clearing System and the Gross Settlement Systems of Morocco - The payment means credibility reinforced and a strategy for the promotion of electronic payment means defined - The tool used to produce banknotes and coins modernized and the first coins of the new series issued
SG5: Adapt the work of the Network to the Bank's changing missions	- The project of Book Keeping Centralized Base "BACETE" whose purpose is to establish a single registry for managing cash and securities accounts of customers - The Network's contribution to the Bank's regional missions reinforced, (control of Private Sorting Centers, monthly business survey and participation in missions to control conditions applied by banks on customers)
SG6: Strengthen governance framework and improve the Bank's profile based on transparency, compliance and integrity, within a sustainable development policy	- Efforts to anchor ethics and risk culture intensified - The Bank Board's Audit Committee established - The accounting information control system deployed - The relationship with the media and press reinforced and transparent communication attentive to its customers both internally and externally developed - Quality, Health, Safety at work and Environment: An action plan developed to ensure compliance with legal and regulatory requirements and significant OHS and environmental risk control
SG7: Encourage a professional development and rewarding work environment, and target efficiency in the management of resources and the quality of services delivered	- Ownership of the human resource management principles reinforced - Working conditions improved: New spaces "les Patios" arranged and Laayoune agency built - Customers/Suppliers Contract developed between Bank entities, mainly for the Organization and Information Systems Department and the Logistics Department - The Bank security reinforced - Services improved, particularly through Logidesk, a service available to users for logistic activities - The management control process fully deployed to control expenses and optimize the use of revenues

A new analytical methodological and operational approach was adopted in 2011 to achieve the plan's strategic objectives.

Methodologically, this BSC tool[1]-based approach, rested upon on multi-criteria analysis of achievements, which takes into account measurement indicators associated with each objective, action completion rate and project progress rate. The combination of these elements made it possible to better measure the achievement of objectives.

Methodological approach for monitoring the plan's strategic objectives



Operationally, the implemented management tool is based on analyzing and monitoring the achievement of the plan's strategic objectives in six areas: Monetary policy, Banking supervision, Payment systems and means, Governance, Legal support and Communication. This area-focused approach helped to better manage the strategic planning process, by creating a framework for consultation and dialogue on the progress report.

1 Balanced Scorecard (BSC) is a management tool that helps develop the strategy at the operational level and monitor its implementation in four areas: Partners, Processes, Human Resources and Finances.

Operational approach for monitoring the plan's strategic objectives

On this basis, the progress made in 2011, regarding the Strategic Plan's objectives, helped increase the completion rate from 40 percent to 62 percent, year on year.

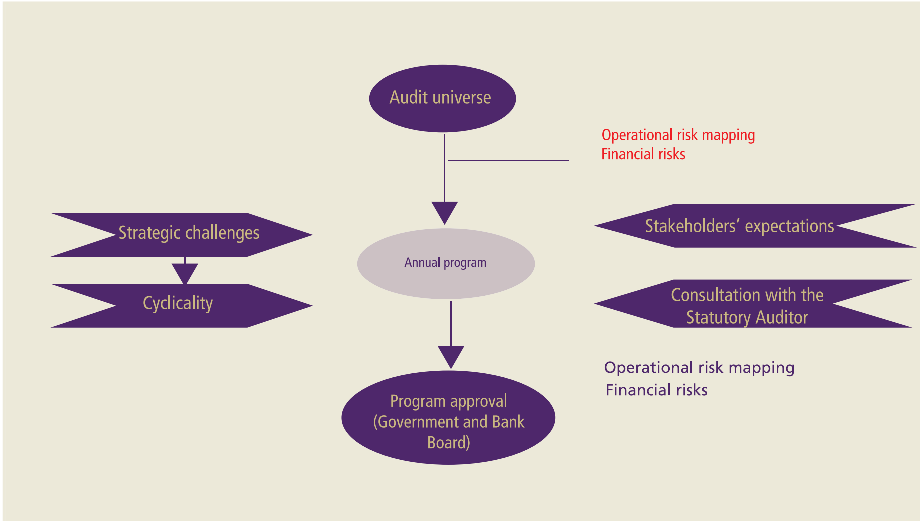
2.1.3 Audit, internal control and risk management

2.1.3.1 Internal audit

In accordance with its internal audit charter, the internal audit program was developed in 2011 according to an approach based on the analysis of operational and financial risks, assessment of strategic challenges, consideration of the expectations of key stakeholders, cyclicality criterion of audit missions[1], and complementarity of these activities with those carried out by the Statutory Auditor.

1 Cyclicality is three years for the "Core Business" processes and five years for "Support" and "Management" processes.

Approach for planning audit missions



With a view to supporting the development of Bank's processes, audit missions can be performed before or after major changes brought about, mainly, by the implementation of a structuring project.

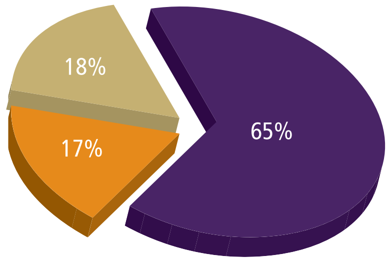
Diligent missions in 2011 were about "core", "support" and "management" processes.

Table 2.1.2: Audited processes in 2011

Core « processes »	«Support» processes	«Management» process
Banking supervision's control activities of the credit institutions' anti-money laundering system	Purchasing / Budget / Accounting	Ethics
Management of chemicals used in the production of banknotes and coins	Pension Fund management	Operational risk management
Manufacturing of secured documents	Conduct of IT projects	Governance of headquarters
Control of assets and management of cash differences	Management of procurement contracts	
Research work		

In terms of content, these missions focused on compliance with regulations and on the effectiveness and efficiency of Bank processes.

Chart 2.1.1: Breakdown of the missions conducted in 2011 by type of objective



In preparation for its second external evaluation expected in 2012[1], the internal audit process was audited by two partner central banks (Bank of France and Bank of Canada.) At the same time, the Bank conducted an external mission to assess the Inspections and Audits Department of the Central Bank of West African States.

2.1.3.2 Internal control

COSO[2] is the international reference for the organization and functioning of the Bank's internal control system, established in 2004. This reference was gradually built upon five components: control environment, risk assessment, control activities, information and communication systems and steering framework. An internal control system report, which is submitted to the Bank Board, assesses annually the main achievements, based on the results of a self-assessment conducted by all entities, global mapping of operational risks as well as findings of internal and external audit missions.

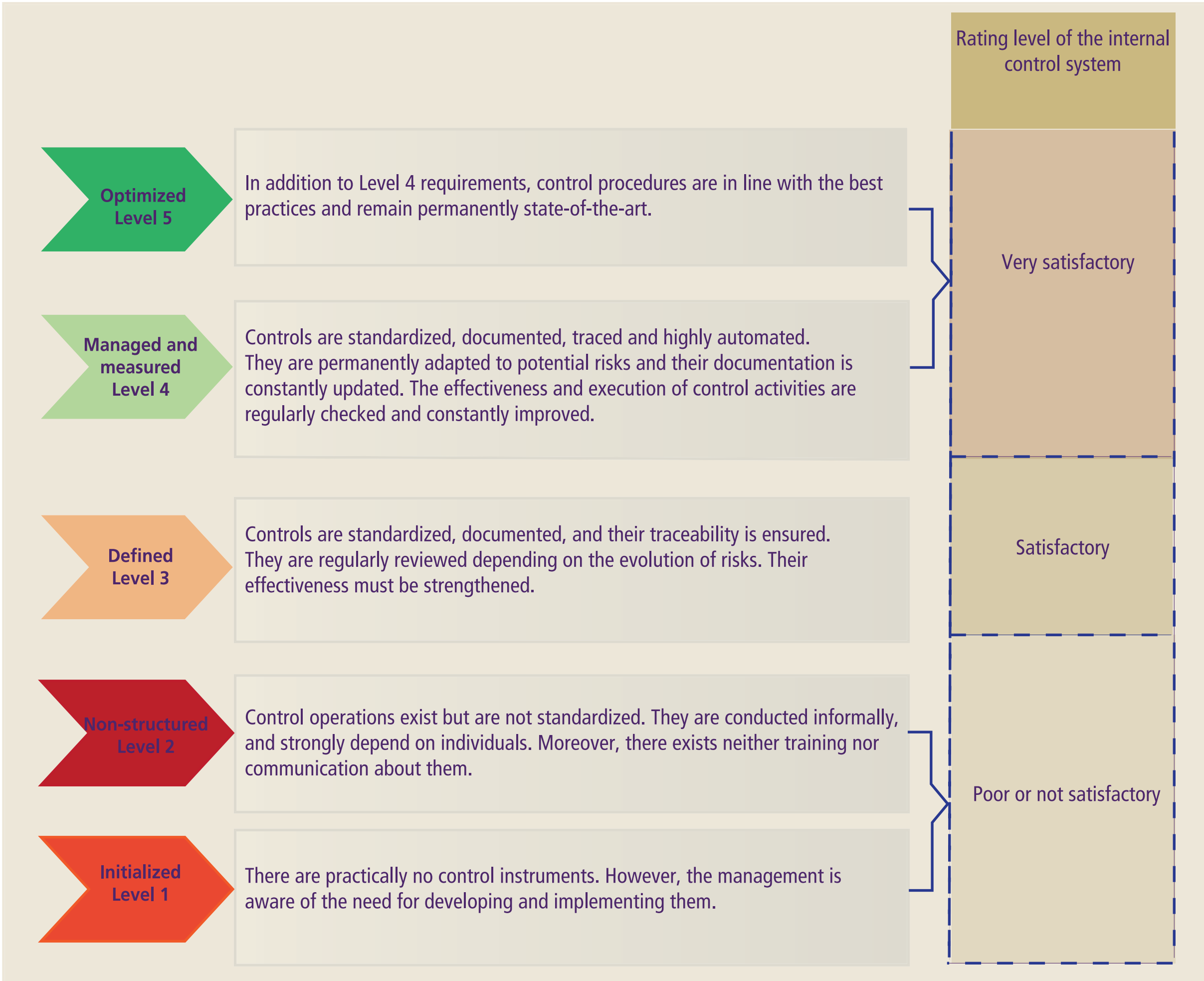
The internal control report of 2011 focused on the assessment of the Bank's activity optimization. It also highlighted the positioning of the maturity standard of such a system on a five-level scale based on COBIT[3]. Taking into account the achievements made, the maturity level recorded in 2010, overall satisfactory (Level 3), was maintained in 2011, while registering a positive change, and could reach Level 4 in the short term.

1 The first external evaluation of internal audit was carried out in 2009 by the French Institute of Internal Audit and Control (IFACI), following an international tender. It showed that the internal audit process at the Bank is broadly consistent with international standards, issued by the Institute of Internal Auditors (IIA).

2 Committee of Sponsoring Organization of the Treadway Commission.

3 Control Objectives for Information and related Technology.

Rating scale of the internal control system



2.1.3.3 Risk management

In 2011, the annual operational risk mapping, developed using a structured approach called the Operational Risk Control and Analysis (MARIO)[1], was updated. Particular attention was paid to high risks, which totaled about forty as against almost fifty in 2010. Detailed action plans were devised to control these risks.

In this context, the use of the global incident database set up in 2010 and the detailed analysis of common risks relating to "information systems", "human resources" and "legal area" helped

1 Common to all processes of the Bank since 2005, the "MARIO" approach is based on the self-assessment principle and on a decentralized organization: a team of risk managers by function is responsible for developing the risk mapping for each entity in coordination with the central structure, which ensures the overall mission of expertise, consolidated reporting and support.

strengthen consistency and reliability of information on risks. This information was reinforced by the recommendations of various internal and external assessments.

In order to ensure compliance with international standards, the risk management process was assessed in 2011 internally by the internal audit department and externally by a multilateral financial body, member of the International Operational Risk Work Group (IORWG), through a "peer review."

2.1.4. Ethics

Awareness-raising among the bank staff about the Code of Ethics, adopted in 2005, was reinforced in 2011. Training activities were organized to meet staff needs, coupled with the publication of a training courseware and an internal self-assessment questionnaire.

Compliance control focusing on the reporting requirements related to portfolios and securities accounts, conflict of interests and gifts received was extended in 2011 to staff involved in public procurement management, onsite inspection over credit institutions and recruitment panels. Reporting requirements were also extended to interns and external service providers.

Finally, as part of sharing experiences, a panel discussion on ethics in the banking sector was organized and attended by 17 credit institutions. This meeting highlighted the key role played by the Bank in this regard in the national financial marketplace. A sharing of experiences on ethics was also organized with the ethics manager of the Bank for International Settlements, on the margins of this study visit to the Bank.

2.1.5 Information security

Since the implementation of the information security policy in 2005, the Bank has taken action to develop its management framework by incorporating the best practices in the areas of its activities and operations.

The actions undertaken in this context focused on the implementation, on a pilot perimeter, of secured electronic exchange system, based on PKI[1], and the support for its various users through training.

1 The Public Key Infrastructure (PKI) aims to secure information and electronic exchanges via the so-called trust services, namely document coding, electronic signatures of these documents and messages, as well as strong user authentication on the Bank's critical applications.

2.1.6 Business Continuity Plan

The Bank adopted in 2010 a Business Continuity Plan (BCP) in order to cope with the operational disruptions likely to cause any interruption to its core business following a major disaster.

The Crisis Management Plan, which aims to coordinate efforts made by all Bank entities to better face emergencies, was tested in real time following the bad weather of the winter 2011. The formalization of business continuity plans was extended to all Bank processes, after having covered the activities deemed critical in the previous year. Finally, the focus was put on continuity arrangement practice tests related to critical processes.

2.1.7 Compliance

2.1.7.1 The Bank's implementation of Law No. 09-08 on the protection of individuals with regard to personal data processing

Following the entry into force of Law No. 09-08 on the protection of individuals with regard to the processing of personal data, the Bank took the measures necessary to comply with new legal requirements. They can be summarized as follows:

- Assessing the current situation by identifying and analyzing the processing of personal data implemented by the various entities of the Bank, on the basis of legal requirements (legality of processing, respect for purpose, proportionality, retention period and rights of concerned individuals);
- Regularizing the current situation and compliance of data collection tools;
- Developing an internal framework for protecting concerned individuals with regard to the processing of personal data, which is structured around regulatory, technical and organizational pillars.

Meanwhile, the Bank established a true partnership with the National Commission for Personal Data Protection Control (CNDP) both in its capacity as a subjected person and a banking supervision authority. In this context, a mixed commission composed of the Bank, Moroccan Bankers Association (GPBM) and CNDP was formed and holds regular workshops, in order to consult together on practical arrangements for implementing the said law.

2.1.7.2 Completion of the internal AML-CFT system

Bank's contribution to the efficiency of the national AML system

As part of strengthening consultation and coordination between the Financial Data Processing Unit (UTRF) and the Bank, a memorandum of understanding for cooperation was signed between the two parties. It aims to organize, in multiple forms, relations between these parties regarding:

- Transmission of information and documents necessary for carrying out the tasks assigned to them;
- Coordination to ensure that those subject to the Bank control comply with the legal provisions in force to fight against money laundering;
- Prior consultation on ways and measures to implement in this area, particularly through the development and dissemination of guidelines or guidance notes for those subject to the Bank control;
- Exchange of experiences regarding the fight against money laundering and terrorist financing;
- Organization of awareness campaigns and training;
- Coordination of their activities in national and international events.

Concerning the strengthening of the normative system, the Bank took part in all UTRF working groups in charge of applying the provisions of the new Law No. 13-10 of January 20, 2011 amending and supplementing the Criminal Code, Criminal Procedure Code and Law No. 43-05 on the fight against money laundering.As such, UTRF drew up two decisions, meant for persons subject to the AML law:

- Decision No. 3 of April 27, 2011 on the procedure of freezing property for terrorism offense, whose provisions lay down how to implement measures to freeze property belonging to persons listed in the Resolutions of the United Nations Security Council concerning the fight against terrorism.
- Decision No. 4 of November 24, 2011 concerning the declaration of suspicion and disclosure of information to UTRF, which established an e-reporting system via the new information system of this body.

AML-CFT system

In 2011, the actions planned to consolidate the internal anti-money laundering and counterterrorist financing system were completed, mainly at the institutional and organizational levels.

The Bank also established an internal committee on money laundering prevention. It consists of all its internal entities. This internal body of consultation and coordination of Bank actions is entrusted mainly with the following missions:

- To give its opinion on the Bank's draft strategic guidelines against money laundering and terrorist financing as well as on plans of actions adopted to implement these guidelines;
- To propose the adoption of any measure likely to improve the functioning of the internal anti-money laundering and counterterrorist financing system;
- To review the draft internal regulations relating to the AML-CFT system and assess relevant internal control and information security rules;
- To review and approve the draft annual report on the fight against money laundering;
- To assess the draft plans of action on the definition and implementation of training and awareness-raising actions in this area.

This year also saw the launch of the first reform of the regulatory pillar and processing methods. UTRF new technical requirements were taken into account, and its mandate regarding information request was broadened. A preliminary diagnosis of the existing situation and analysis of the overall coherence of internal regulations were conducted by the Bank based on the following elements:

- UTRF new decisions adopted in 2011 involving the development of suspicion e-reporting system;
- Establishing a new book keeping system and interfacing it with IT monitoring tools regarding the fight against money laundering;
- Implementing new versions of IT filtering and profiling tools to allow the optimization and efficiency of the internal anti-money laundering system.

As part of deploying an information security policy to fight against money laundering and terrorist financing, the Bank provided the Central Service against Money Laundering with secured premises and strengthened measures of access to information.

Technical assistance

Regarding bilateral cooperation to fight against money laundering and terrorist financing, a technical assistance program was initiated by the U.S. Treasury Department for national specialized bodies and relevant professionals. It is expected to last two renewable years.

This program of cooperation, based on terms of reference provided by the Moroccan authorities, is co-led by a resident advisor from the U.S. Treasury Department and the UTRF.

The objectives of this cooperative action revolved around the following four areas, involving several steps:

- Create a legislative, regulatory and procedural framework;
- Reinforce the expertise and operational capacity of the UTRF and investigation and crackdown entities;
- Strengthen analytical capacity in order to collect quality financial information;
- Develop intra-national regional and international agreements.

As part of implementing this technical assistance program, a formal meeting to launch and frame the project's first action on the development of a handbook for banking and financial supervisors, was held in September at the Bank. It was attended by representatives of all banking and financial supervisory authorities.

2.2 Bank missions

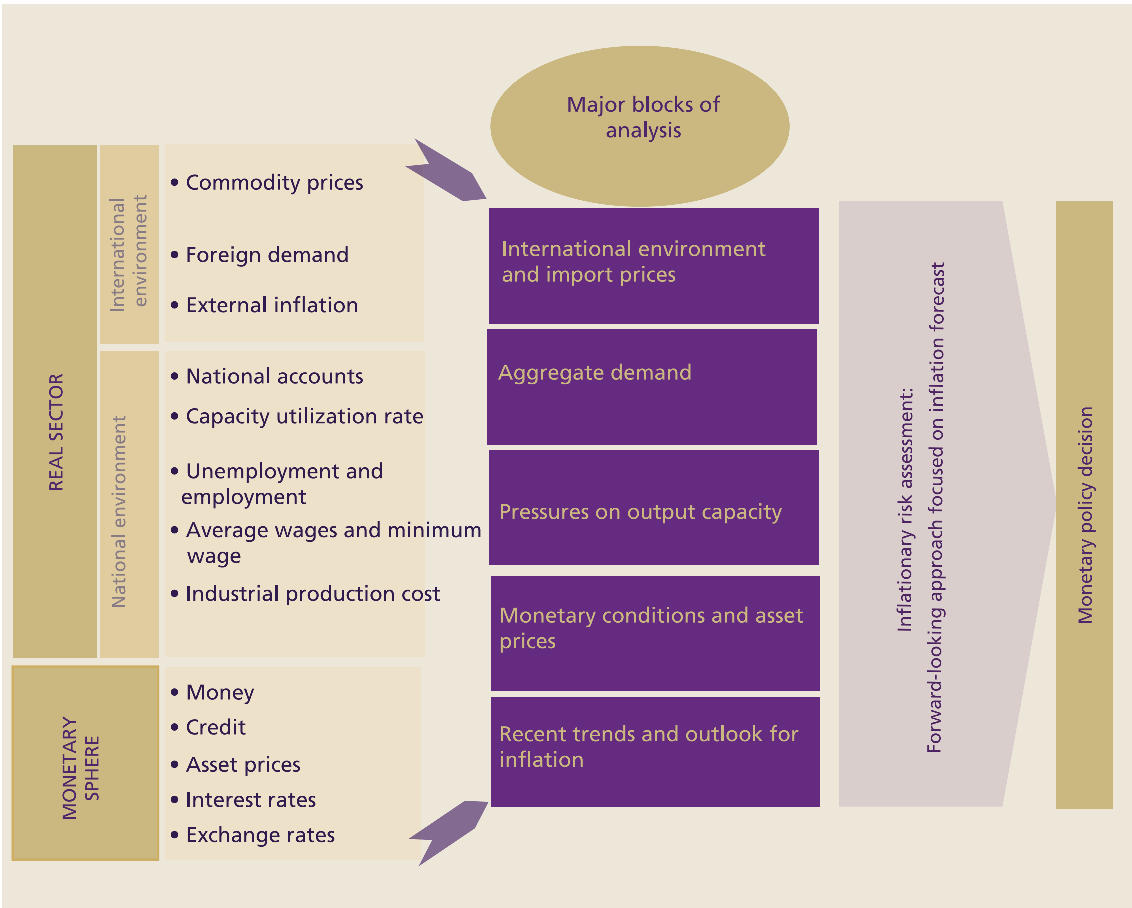
2.2.1 Monetary policy

In line with the Bank's strategic guidelines aiming to adjust monetary policy to a context of greater openness of the national economy, the ongoing process of strengthening the Bank's analytical capacities continued in 2011. New tools were developed to enhance the Bank's predictive capabilities and to strengthen its capacities to make macroeconomic and price forecasts. At the same time, analytical and research works were developed to better understand the transmission mechanisms of monetary policy.

2.2.1.1 Analytical framework

The analytical framework for monetary policy, which is based on a forward-looking and multi-criteria approach, through a set of indicators pertaining to both monetary and real spheres, was enriched by several forecast, modeling and research works on major blocks of analysis. In general, the results obtained are validated by the Bank's governance bodies and then tested for a certain period of time before they become fully operational.

Monetary policy analytical framework



Monetary sphere

Regarding the monetary pillar, the work undertaken during 2011 aimed at strengthening the monetary forecast system, further understanding the transmission mechanisms of monetary policy and developing monitoring and analysis of financial and real estate asset prices.

Given the importance of monetary conditions in the assessment of medium-term inflationary risks, an empirical study in 2011 was devoted to the M3 forecast via its main counterparts, mainly claims on the economy and net foreign assets, through the vector error correction model (VECM). When combined with the outputs of the macroeconomic framework projections, forecasts of this tool would make it possible to obtain a prediction interval for money supply.

At the same time, against a backdrop of tight liquidity, and in addition to operational works, liquidity autonomous factors were modeled, based on their main macroeconomic determinants and using error correction models. The goal of this work is to make forecasts of banks' liquidity requirements on a quarterly basis within one year.

To better identify the direction of monetary and financial conditions, a broader index of monetary and financial conditions was developed. This indicator aims to assess the monetary policy stance in light of change in monetary and financial variables, which include the four monetary policy transmission channels (interest rate channel, exchange rate channel, credit channel and real estate and stock market prices channel). To do so, a VAR approach was adopted to assess the impact of changes in each variable of the model on the nonagricultural output gap, based on the generalized impulse functions.

With further strengthening of the analytical bases aiming at monitoring and analyzing real estate prices for monetary policy purposes, the real estate price index (REPI), limited when designed in 2010 to residential property, was extended in 2011 to cover land and commercial properties.

Real sphere

With regard to the real sphere, several studies were conducted to strengthen the price forecast and analysis framework and enrich the analytical tools of national and international economic situation.

To better understand the impact of inflation internationally on domestic prices, the Bank is equipped with the import price index, a tool for measuring the transmission of price trends internationally into inflation, while assessing Morocco's price competitiveness vis-à-vis its main competitors. With a view to enhancing the analytical framework, this index was complemented by the development of a commodity price index based on international prices. The objective of this work is to analyze in more detail the differences between import prices and international ones. The inflation differential between Morocco and its main competitors was also assessed, and factors explaining this differential were identified using a VECM[1].

1 Vector Error Correct Model

Concerning sectoral monitoring of the national economy, several improvement actions were implemented in order to have more accuracy about the short and medium-term sectoral outlook. In addition to strengthened monitoring activity which helps observe very closely various sectoral activity aspects, several studies and simulations were conducted to understand sectoral developments and their interaction with foreign markets in a context of Morocco's economic interconnection with international environment.

Emphasis was placed on the phosphate and derivatives sector, due to its international positioning and its contribution to the national economy.

The monitoring of the industrial sector was also reinforced. The components of foreign demand for this sector, affected by the tariff dismantling under the free trade zone with the European Union, were analyzed. Meanwhile, the monitoring of the agri-food sector continued by analyzing the effects of price fluctuations in the main export markets of national production on domestic prices of certain food products.

The agricultural forecast framework established by the Bank since 2009[1], based on three prediction methods, was refined. New indicators with significant information content were taken into account in predicting the crop year, for both the econometric model and similar crop year.

The subsidization cost simulation tool, designed in 2010 to quantify the impact that the subsidy bill may receive from international oil price trends, foreign exchange rate and modification measures of price structures, was strengthened. The relationship between international prices of petroleum products and those used by the subsidy system was improved, which helped increase the accuracy of simulations.

The macroeconomic monitoring and analysis mechanism was improved by the design of a small-scale macroeconomic model. This tool was developed in order to achieve macroeconomic projections and aims in particular to simulate the direct and some indirect effects of fiscal policies and exogenous shocks on foreign demand for Morocco.

The medium-term macroeconomic outlook, based on financial programming and supplemented by several statistical models, is still used by the Bank as part of its works to prepare monetary policy.

1 For more details on this agricultural forecasting tool, see the box on the Bank's cereal production forecast based on three methods, in the Monetary Policy Report of March 2009.

Also, the new actions to strengthen the Bank's inflation forecast framework in 2011 are:

- Deeper understanding of the link between imported inflation and inflation in Morocco, by the construction of a predictive model, ECM[1], to model the long-run equilibrium between these two variables;
- Enriching core inflation measuring and forecasting indicators with a new measurement based on neutrality of money effect on activity in the long term;
- Deeper understanding of the determinants of industrial producer prices and import prices, and shock transmission to consumer prices, based on S-VAR[2] modeling;
- Analyzing the causal links between the results of BAM monthly business survey in the industry regarding producer prices, by using the statistical approach of principal component analysis;
- Developing two new models based on the decomposition of the current price monitoring system through the breakdown of goods and services in the consumer price index (CPI) and tradable and nontradable goods included in the core inflation index.

2.2.1.2 Monetary policy transmission mechanisms

Understanding the transmission mechanisms of monetary policy has been a central priority for the Bank for several years, in order to keep up with the developments in its strategic, operational and institutional frameworks. Indeed, after setting price stability as ultimate objective of monetary policy, the Bank sought through a variety of technical works to further understand channels and time of diffusion of key rate changes to real economy, especially inflation.

Studies in this respect focused on topics concerning interest and exchange rate channels, such as exchange rate pass-through and its misalignment from the equilibrium level, as well as the magnitude and time of transmission between the key rate, the interbank rate and other market rates. Other analyzes were devoted to asset and credit channels through modeling the main determinants of supply and demand of the latter, as well as to aspects of demand for money and its main components, such as bank deposits. Finally, the Bank's overall analytical framework was enhanced by modeling and forecasting systems involving transmission channels deemed most relevant to the case of Morocco. All these research areas helped strengthen the Bank's knowledge base, with a view to enriching its future research in this area.

1 Error Correction Model

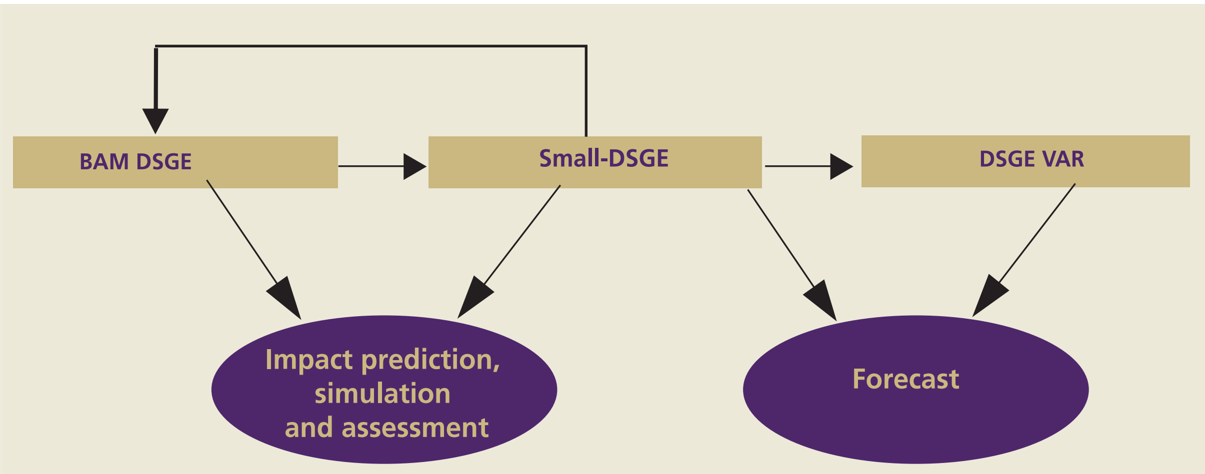
2 Structural Vector Autoregression

As an extension of this work, the Bank, in 2011, addressed again the asset price channel. A statistical model with economic restrictions (SVAR) was developed. It allows an empirical analysis of the impact of monetary shocks.

The Bank also furthered its research, based on the experience of a number of central banks, on the place of exchange rate in strategic and analytical frameworks for monetary policy and the manner in which inflation forecast arrangements reflect pressures from exchange rate fluctuations. This experience was considered particularly in terms of methods for assessing the impact of monetary policy decisions on the exchange rate.

Finally, a dynamic stochastic general-equilibrium model (DSGE) was built. It aims to provide the Bank with an enriched framework of monetary policy analysis and evaluation, to make inflation and activity forecasts and to simulate the monetary policy effects on the economy.

The Bank's dynamic stochastic general-equilibrium model (BAM DSGE)



In line with the DSGE project works, an estimated version of the model was developed through a linear version and supplementary econometric equations characterizing the rest of the world, particularly through behavioral functions of real effective exchange rate of imports and exports. The estimated version helps, among others, to understand the stylized facts of monetary policy in Morocco, conduct analyzes of the impact of shocks affecting the economy, and develop linkages with various existing models.

In addition, a small-scale macroeconomic model was derived from this model and estimated by using the Bayesian approach, a method based on a priori knowledge of the distributions of parameters to be estimated. This version helps perform simulations of impact of economic policies and make forecasts of the main macroeconomic conditions. As usual in such exercises, the performance of this model was compared to that of DSGE-VAR (which is a VAR model estimated under constraints emanating from the DSGE model whose performance is sought to be established).

2.2.1.3 Monetary policy transparency

As part of enhancing transparency and credibility of monetary policy, the Bank renewed the press briefings organized following each Board meeting, in order to share and explain the monetary policy decisions it takes.

Quarterly information meetings following the Bank Board's meeting are also held between Bank staff and officials from banks' treasury departments.

In the same spirit of transparency, the Bank continued its efforts to publish methodological materials, so that the general public can better understand the foundations of the monetary policy decision. Thus, after the previous publication of methodological materials on the core inflation indicator, the real estate price index, monetary statistics according to the IMF's MFSM and the business survey in the industry, the Bank published in 2011 the methodology for developing the quarterly survey on lending rates.

2.2.2 Reserves management

In a global financial environment marked by worsening sovereign debt crisis in Europe, downgraded sovereign ratings for several countries and continued very low bond yields, the Bank pursued in 2011 a very cautious investment strategy on the management of foreign reserves.

Indeed, amid growing risks in the euro area, the Bank continued to give priority to the security and liquidity of its investments by strengthening assets credit sas well as risk management and internal control systems.
Moreover, the strategic allocation was adapted to the downward trend of foreign exchange reserves combined with historically low interest rates in international markets.

2.2.3 Systems and means of payment

As part of its statutory mission to ensure the smooth functioning of payment systems, the Bank continued the process of strengthening market infrastructure in terms of security and reliability of data and transactions, order execution speed and compliance with international standards. This strategy aims to improve risk control and hence contribute to financial stability.

In terms of non-cash payment means supervision, and in accordance with the strategic guideline to strengthen the credibility of electronic payment instruments, the Bank established the minimum provisions to be observed by banks as part of the harmonization of the holder agreement[1]. They aim to rebalance rights and obligations of holders and issuers of credit cards.

To strengthen arrangements against the counterfeiting and forgery of checkbooks, the Bank undertook measures to enhance the security features, by deciding on the minimum requirements to be observed by banks in designing and establishing these checkbooks.

Regarding electronic banking, the Bank conducted in 2011 a detailed review of the mapping of bankcards operating on the domestic market. This review will help implement consistently the monitoring standards applicable to payment cards.

2.2.4 Banknotes and coins, and private sorting centers

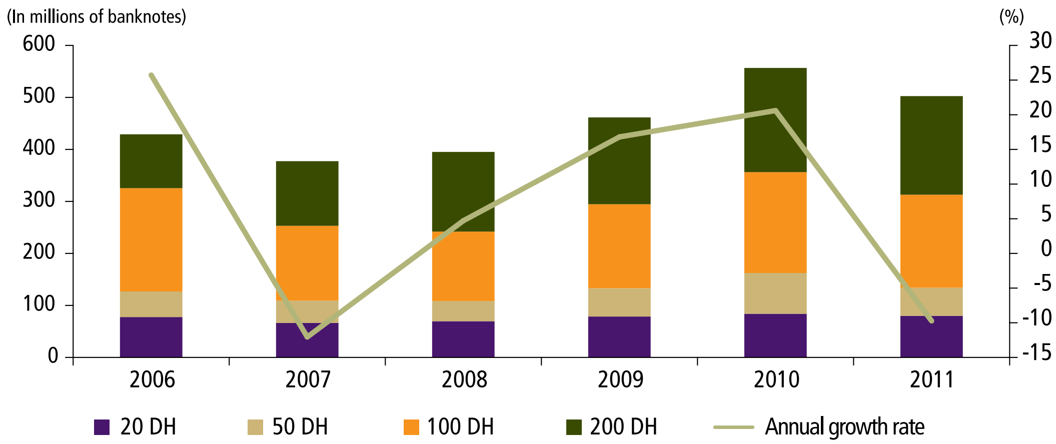
2.2.4.1 Banknotes and coins

Concerning the production activity, the manufacturing of new notes and coins declined in 2011.

Production stood at 503.6 million new banknotes in 2011 as against 557 million in 2010.

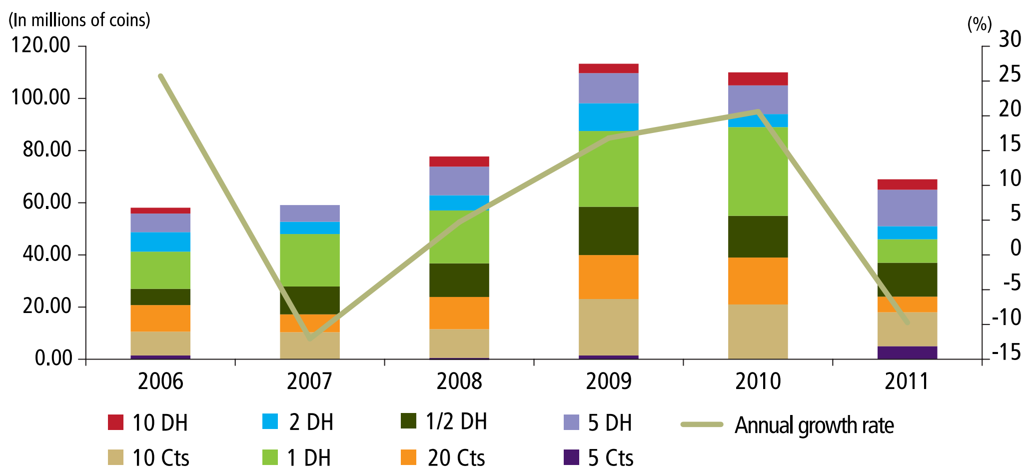
1 A contract specifying the credit card functioning conditions.

Chart 2.2.5.1: Change in the production of new banknotes



Production of new coins amounted to 86.9 million units, down 21 percent, while it remained stable in 2010. This trend reflects the will to delay production at the maximum in such a way as to use the new alloys of the new series, which are less expensive.

Chart 2.2.5.2: Change in the production of new coins



Currency in circulation amounted to 166.2 billion dirhams, reflecting respective increases of 9.4 percent and 5.4 percent in banknotes and coins in circulation.

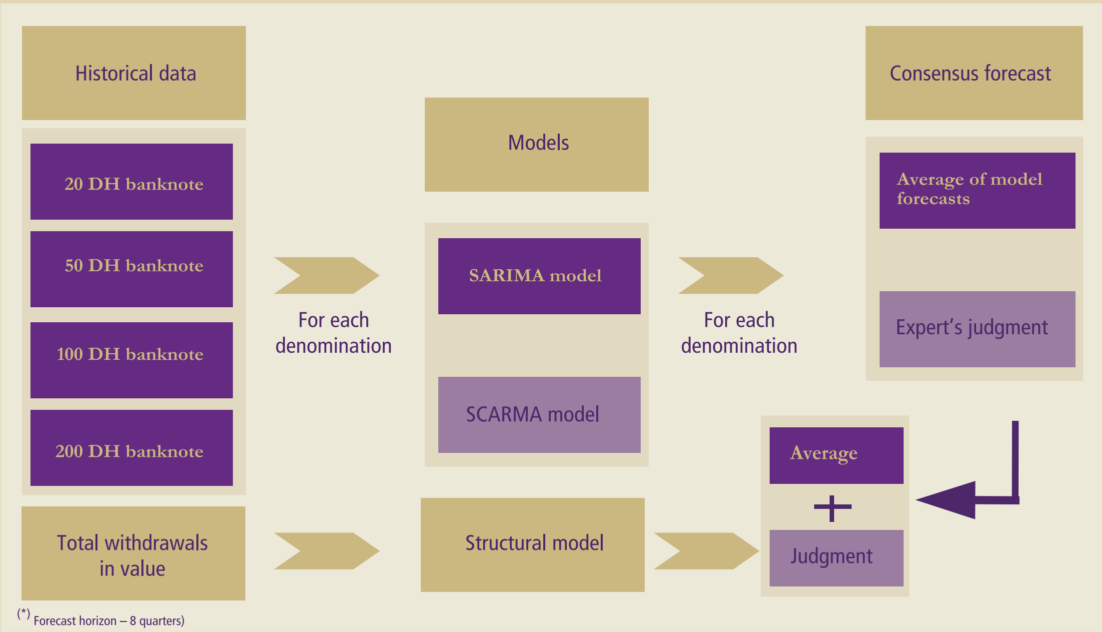
Banknote withdrawals from the Bank's counters, amounting to 1.04 billion units, slowed down from 7.2 percent in 2010 to 3.4 percent.

Box 2.1.1: Forecast system of banknote withdrawal

The forecast system of banknote withdrawal from the Bank's counters greatly improved in 2011. This system is currently composed of about fifteen monthly and quarterly forecast models, belonging to three different families:

- The first one is proposed by Box-Jenkins, widely used for prediction (SARIMA models);
- The second one is called SCARMA and based on the assumption that the series examined have deterministic trends;
- The third one assumes that the trend in banknote withdrawals depends on several macroeconomic variables.

Forecast system of banknote withdrawal (*)



(*) Forecast horizon – 8 quarters)

By using the first two approaches, the new system helps calculate the projections of banknote withdrawal in number of denominations (20, 50, 100 and 200 dirhams). The third approach is used to predict the total value of withdrawals for various economic scenarios. The projections adopted, as part of each forecast exercise, are calculated based on weighted averages of those of models used and adjusted by an expert's judgment.

In a forecast mode, the models developed give satisfactory performances. Indeed, the forecast errors (RMSE*) of withdrawals by banknote denomination are on average equal to 11 percent and 7 percent for monthly and quarterly models, respectively. Regarding the total banknote withdrawals in value, the forecast errors calculated by the three approaches, are lower, on average, and equal to 6 percent.

The implementation of the new system will further reduce, by at least 10 percent, margins of error for the restocking of banknotes at the Bank headquarters.

(*):Root mean square forecast error

Meanwhile, the number of notes deposited in the Bank's counters stabilized at 955 million notes.

Metallic money, issued at the Bank's counters, declined in volume by 4.7 percent compared to 2010, standing at 115 million denominations. This result is due to respective declines of 34 percent, 25 percent and 26 percent in 20-centime, 10-centime and 5-centime denominations. Conversely, the amount deposited in the Bank's counters was up 29.5 percent to 43 million denominations.

The net withdrawals of coins stood at 17 million for 1 dirham, 14 million for 10 centimes, 12 million for ½ dirham, 10 million for 20 centimes, 8 million for 5 dirhams and 4 million for 10 and 2-dirham denominations.

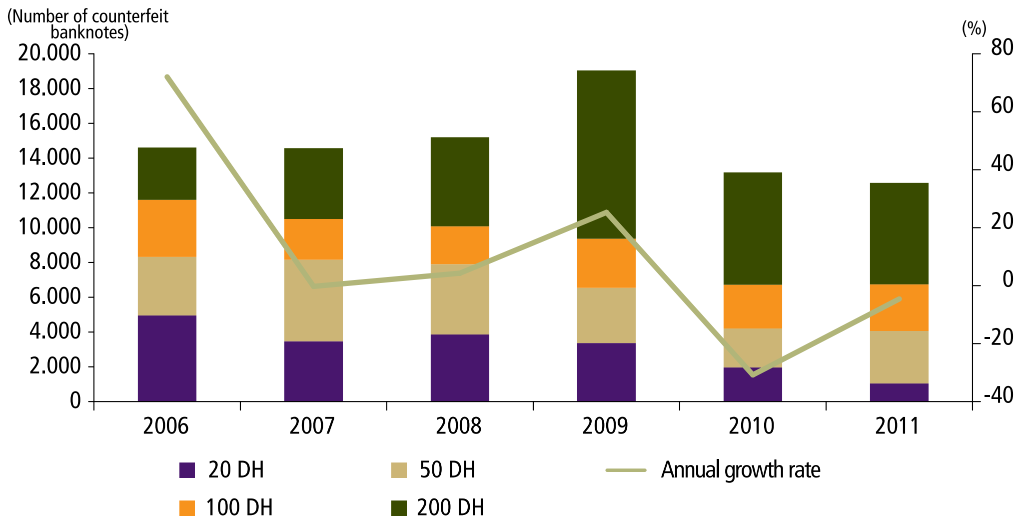
The deposits of banknotes at the Bank's counters resulted in sorting operations concerning 943 million units, all denominations taken together. Consequently, 412 million denominations were definitely withdrawn, as their condition no longer met quality standards required for recirculation.

The internal sorting activity related to 100 and 200 dirham-denominations maintained its momentum, as evidenced by the 11 percent increase in the notes subjected to sorting, covering a volume of 773 million denominations, compared to 700 million denominations a year earlier. The valid produced banknotes trended similarly, registering a rise of 13 percent over the previous year to 526 million banknotes. The activity growth reflects the increase in productivity, particularly due to the adoption of a new organization of work focused on continued fund processing. This new process improved the sorting productivity by about 29 percent compared to the annual average registered in 2010.

Recovery rates, by type, stood at 42 percent, 21 percent, 79 percent and 71 percent for 200 dirham/87, 100 dirham/87, 200 dirham/02 and 100 dirham/02-denominations, respectively. These results led to a significant reduction of the time required to process these denominations, from 6.22 months in 2010 to 3.4 months in 2011.

Regarding the fight against counterfeiting, the downward trend continued in accordance with the firm policy adopted by the Bank. Indeed, the number of counterfeit banknotes detected by the Bank fell from 13,181 banknotes with a value of nearly 1.7 million dirhams, to 12,577 banknotes with a value of 1.61 million dirhams, recording a respective decrease of 4.6 percent and 5.2 percent compared to the previous year. By denomination, the 200-dirham counterfeit banknotes remained dominant with nearly 47 percent, while 100-dirham, 50-dirham and 20-dirham notes stood at 21 percent, 24 percent and 8 percent, respectively.

Chart 2.2.5.3: Number of counterfeit banknotes detected by the Bank



The overall number of foreign banknotes suspected to be counterfeits and detected by the Bank in 2011, reached 2,195 banknotes, including 1,795 counterfeit bills, as against 2,669 bills suspected to be counterfeits during the previous year, including 2,334 counterfeit bills, showing respective decreases of 18 percent and 23 percent. The euro and U.S. dollar account respectively for 75 percent and 15 percent of counterfeit foreign banknotes.

Box 2.1.2: Optimizing currency activity

In line with the Bank's objective, which is part of its Strategic Plan, aimed at optimizing the currency activity in light of the development in technology and risks, four major projects were achieved in 2011:

1. **Issuing a new series of coins:** The Bank issued in 2011 a new series of coins, with a view to optimizing the range, reducing confusion between denominations and controlling the purchasing cost of metals. This series, which consists of six coins (10 centimes, 20 centimes, ½ dirham, 1 dirham, 5 dirhams and 10 dirhams), replaces the previous series, which consists of nine coins (1 centime, 5 centimes, 10 centimes, 20 centimes, ½ dirham, 1 dirham, 5 dirhams and 10 dirhams).

Denomination	Image		Artistic theme	Metal composition	Visual rendering	Diameter (mm)	Weight (gm)
10 cts			Biodiversity (The bee and the saffron flower)	Brass-plated steel	Yellow	20	3
20 cts			Environment protection (Lily and water protection)	Brass-plated steel	Yellow	23	4
½ DH			Environment protection (Fish, coral and protection of seabed)	Nickel-plated steel	White	21	4
1 DH			National sovereignty	Nickel-plated steel	White	24	6
5 DH			National sovereignty	Core : Nordic Gold Crown : Co75Ni25	Core : yellow Crown : white	25	7.5
10 DH			Cultural and architectural heritage (Kalaât M'gouna)	Core : Co75Ni25 Crown : Nordic Gold	Core : white Crown : yellow	27	9

2. Automating the control of new banknotes' quality: The Bank has three machines to automatically control the quality of new banknotes, with a view to improving quality and productivity, controlling costs, optimizing resources and reducing the production cycle.

3. Establishing a traceability system for banknote printing: Regarding printing machines, an automatic traceability system was implemented. It helps print from the outset a bar code on sheets, before taking each sheet individually and ensuring liaison with the numbers of printed banknotes.

4. Automating the packaging of valid notes: Banknote sorting machines were equipped with an automatic packaging system, helping to improve working conditions and packaging quality, and ensuring a better risk control.

2.2.4.2 Private sorting centers

Since 2003, the Bank has delegated the sorting activity to approved private sorting centers (PSC) management companies.

In 2011, there was an accelerated implementation of the Bank's strategy to improve the quality of banknotes in circulation. The volume of notes in circulation was processed three times a year, mainly through three new private sorting centers established on the national territory. Banknotes sorted by PSC management companies reached 1.26 billion notes, all denominations taken together, showing an increase of 45 percent as against 14 percent in 2010.

Deposits of valid banknotes by PSC stood at 170 million denominations during 2011, as against 90 million notes in 2010, up 89 percent from one year to the next.

Overall, PSC contributed 55 percent to supplying the national economy with 100 and 200-dirham denominations, as opposed to 40 percent in 2010.

At the same time, in order to strengthen the application of rules and procedures on fund processing, supervisory actions following the delegation of sorting activity to PSC management companies intensified in 2011. Indeed, monitoring missions increased from 50 to 80 during the year under review.

2.2.4.3 Secured documents

Parallel to the banknotes and coins activity and regarding the production of secured documents, the Bank had a turnover of 165.9 million dirhams, up 37 percent over the previous year. This activity resulted in the delivery of 1,351,956 personalized biometric passports, up 50 percent from one year to another, with an average personalization time of 1.6 days.

2.2.5 Banking supervision

In a post-crisis context marked by reinforced financial regulation internationally, the Bank in 2011 continued to strengthen its prudential control and to consolidate the legal and regulatory framework applicable to credit institutions, while paying special attention to preparations for the implementation of capital requirements under Basel III.

2.2.5.1 Legal and prudential framework

In 2011, the amendments to the legislative framework governing the Banking Act were prepared and the regulatory and prudential framework was strengthened.

The banking bill comes up with several changes, including:

- Extending the application of law to new categories of bodies similar to credit institutions, with a view to better supervising some activities and strengthening customer protection;
- Strengthening credit institutions' governance and customer protection;
- Aligning the corpus of rules relating to activity with regard to the fight against money laundering and the law on personal data protection;
- Establishing an institutional framework for the management of systemic risk and strengthening the crisis resolution arrangements;
- Laying down new provisions on the regulation of Islamic finance, while learning from foreign experiences and taking account of Moroccan experience and context in the matter.

These amendments also deal with new provisions addressing banking crisis resolution.

In order to strengthen the regulatory and prudential framework governing the activities of credit institutions, the Bank offered to the profession specification sheets laying down practical rules of the Basel II advanced approaches. Regarding the reinforcement of equity capital and in order to properly prepare banks to apply the Basel III framework, the Bank raised the capital adequacy ratio to 12 percent and the tier 1 ratio to 9 percent. Following the reforms undertaken internationally to control major risks, it also revamped the circular governing the maximum risk division ratio following consultation with the profession.

In terms of risk management, in order to improve banks' stress tests, the Bank prepared and submitted for discussion to banks a technical note defining minimum scenarios for conducting stress tests on major risks as well as rules for their implementation.

For consumer credit companies and given the weaknesses identified in this sector, the Bank raised their minimum capital from 20 to 50 million dirhams. Similarly, it prepared texts aiming to strengthen the prudential requirements of intermediation companies regarding fund transfer, in order to better regulate their activity.

Finally, to facilitate access to banking regulations, the Bank made available to the public all laws and regulations governing the activity of credit institutions and similar bodies in a structured and educational collection, available on its Internet portal in Arabic, French and English.

2.2.5.2 Control activities

In 2011, the Bank conducted off or onsite inspection of 85 institutions, including 19 banks, 35 finance companies, six offshore banks, 13 micro-credit associations, 10 money transfer companies, Caisse Centrale de Garantie (Central Guarantee Fund), and Caisse de Dépôt et de Gestion (Deposit and Management Fund).

Offsite inspection, based on statement analysis provided by credit institutions, reports developed by onsite auditors, statutory auditors as well as internal control reports, highlights signs of difficulties, pinpoints areas of risk and direct onsite inspection for better target-focused investigations.

Control of liquidity risk to which banks are exposed continued in 2011 to be among the priorities of offsite inspection. This inspection followed closely the steps taken by banks, to strengthen their asset-liability management and to raise the level of their available liquid assets in a context of tight liquidity, and so that their assets and liabilities match better.

Following the publication of the new international capital adequacy regulations, the offsite inspection conducted simulations to assess the impact of these measures on the Moroccan banking sector. This shows that while some banks seem to have a comfortable capital level, enabling them to ensure a transition in the best conditions to these new standards, others are required to make a recapitalization effort.

Based mainly on the offsite inspection findings, the 2011 planning of the onsite inspection, approved by the Bank's Governor, focused investigation missions on the most important risk areas. Thus, ten thematic and cross-cutting missions, and two general missions were carried out. During these missions, which covered a wide range of institutions engaged in various activities, the focus was on the review of the quality of assets, management and monitoring of sensitive claims as well as on the control of the reporting and data consulting system of the Credit Bureau.

Attention also focused on the quality of risk management systems related to the asset-liabilities management, assessment of the process of account harmonization with new IAS/IFRS[1] of major banking groups. Attention was also paid to monitoring the implementation of Basel II advanced approaches and the new provisions relating to pricing and display of banking conditions.

Concerning money transfer companies and micro-credit associations, auditors focused their investigations on evaluating governance and risk management system.

At the same time, onsite inspection continued its surveys in major banks and finance companies on credit-activity development, associated sectoral risks and assessment of the situation of the main debtors of the banking system.

As fraud cases grow, missions were also conducted in banks to assess operational risk management arrangements.

Following these various checks, injunction letters were sent to certain institutions and financial penalties were imposed on others for non-compliance with the regulations in force.

2.2.6 Financial stability

The Bank in 2011 continued to play a leading role in efforts to ensure financial stability nationally, notably through its participation in the Coordinating Committee for Financial Sector Supervisors[2].

1 International Accounting Standards / International Financial Reporting Standards

2 Established by virtue of the Banking Act of 2006, the Coordinating Committee for Financial Sector Supervisors is composed of Bank Al-Maghrib, the administration in charge of controlling insurance and reinsurance companies and the Transferable Securities Board. The Committee is mainly tasked with coordinating actions of supervising institutions under their respective control

The Committee approved the protocol defining the mechanisms of coordination between the three regulators and information-sharing and decision-making methods to support the financial crisis management system, which is being implemented. It also addressed conflicts of interest that may exist between UCITS and credit institutions as well as the interconnections between various components of the financial sector.

Internally, the Bank undertook to develop the financial stability function, a priority under its Strategic Plan 2010-2012. Indeed, based on a collective reflection within the framework of a steering committee composed of the heads of core business entities and cross-cutting thematic groups, the work done in 2011 focused on the following:

- Designing the macro-prudential strategic framework that defines its scope of intervention;
- Developing the information framework, based on internal and external databases;
- Developing the analytical framework for financial stability, based on a comprehensive risk mapping and stress testing system.
    - Mapping is a tool to identify and detect risks to financial stability system. It is based on indicators and scores assessing the degree of risk to financial stability. Eight risk categories were selected: credit risk, liquidity risk, financial institutions' soundness risk, contagion risk, market risk, risks from monetary and financial conditions, real estate risk and macroeconomic risks.
    - The stress testing system aims to quantify these risks, if they were to materialize. The Bank develops, within this framework, a set of tools broken down into three broad categories: stress tests of bank balance sheets, interbank contagion stress tests and macro-stress tests.

In this project, the Bank sought the IMF technical assistance. This assistance focused in 2011 on the analytical framework and will address in 2012 cooperation with other financial regulators, instruments of macroprudential policy and its interactions with other macroeconomic policies.

2.2.7 Credit institution-customer relation and information registries

2.2.7.1 Credit institution-customer relations

As part of the process of constant interaction with professional associations of credit institutions, the Bank continued to develop financial inclusion and promote financial education. In this latter respect, the Bank presented the strategy and approach to adopt to disseminate the financial literacy, especially among the young public. It also evaluated the bank mediation framework, established in 2009 in order to provide greater accessibility, efficiency and transparency.

2.2.7.2 Information registries

For the checks default registry (DR), the Bank continued in 2011 to ensure the centralization and dissemination, among credit institutions, of default payment notifications, settlements and cancellations received from drawee-institutions and judicial bans on check issuance, rendered by courts.

DR activity in this regard registered important positive developments, marked in particular by the following:

- The growth of default payment notifications continued to slow down in 2011 to 5.6 percent from nearly 9 percent in 2010. Having reached 386,950 cases, up to 80 percent of these notifications concerned individuals;
- After respective contractions of nearly 5 percent and 1.48 percent in 2009 and in 2010, default settlements increased by almost 2 percent to 106,690 in 2011;
- Judicial bans continued to decline. They stood in 2011 at 56, down from 91 in 2010.
- Information requests were down by 1.84 percent in 2011, as against 6.03 percent in 2010.

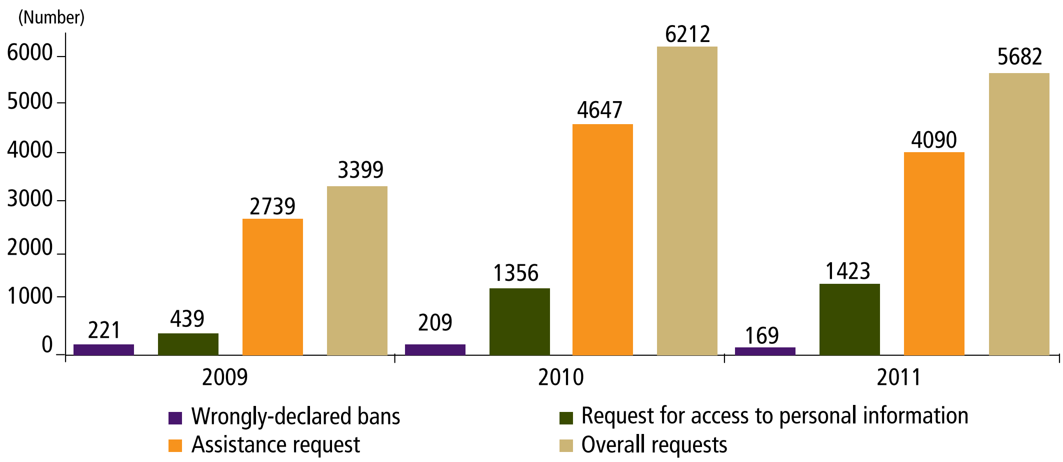
However, overdue defaults reversed their upward trend, falling 6.14 percent, while default cancellations showed a decline of nearly 10 percent, as against 2.51 percent a year earlier.

Table 2.1.3: Assessment of data flows processed by the Payment Default Registry

Number / Year	2009	2010	2011	Change 2010/2009	Change 2011/2010 (%)
Default notification	336.489	336.596	386.950	8.95	5.55
Default settlement	106.270	104.695	106.690	-1.48	1.9
Overdue defaults	202.646	209.587	196.715	3.42	-6.14
Judicial bans on check issuance	111	91	56	-18.01	-38.46
Default cancellation	5.524	5.385	4.849	-2.51	-9.95
Default cancellation	1351 653	1.270.159	1.246.842	-6.03	-1.84

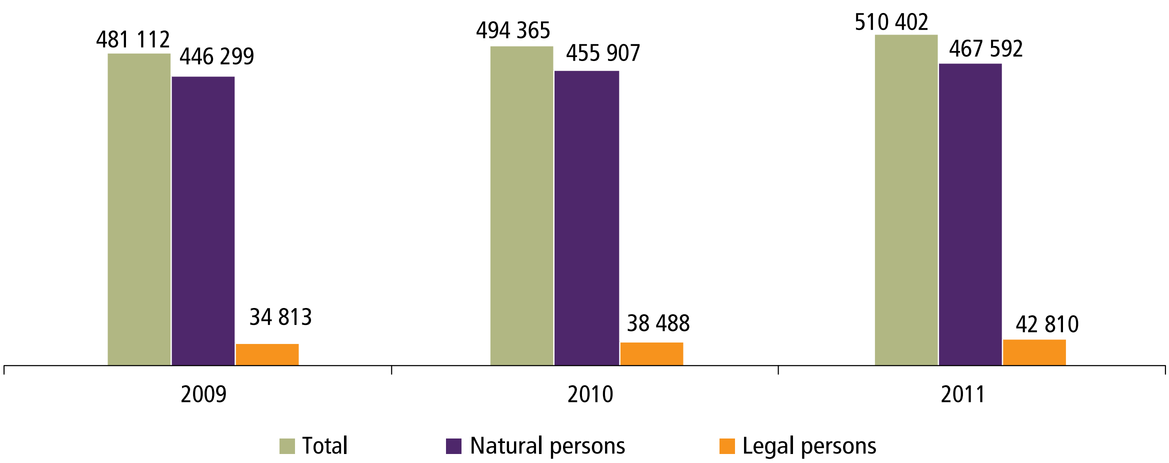
The analyzed results following the processing of the help and referral framework established by the Bank show that the number of requests collected, which stood at 5,682, is down 8.53 percent, compared to 2010. Their review resulted in lifting 169 wrongly-declared bans, satisfying 1,423 requests for access to personal information, and responding to 4,090 assistance requests in relation with the DR activity.

Chart 2.2.8.1: Change in the number of client requests



In 2011, the number of payment defaults, which have not yet been regularized, totaled 2,228,365 cases, up 3.69 percent, for an outstanding amount of 49,766 dirhams, up 10.35 percent. The total number of persons banned from issuing checks increased by 3.24 percent to 510,402, including 92 percent as individuals.

Chart 2.2.8.2: Breakdown of the number of persons banned from issuing checks

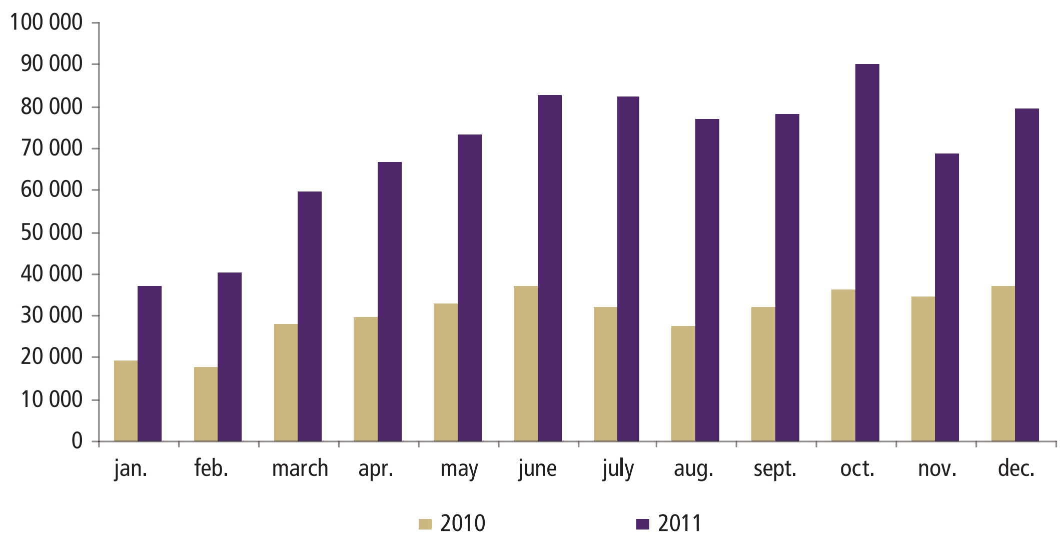


In terms of risk registries and since the Credit Bureau's functioning in 2009, the activity of this Bureau grew significantly. The biggest changes in 2011 covered a higher number of loadings made by banks, an extension of the perimeter to microcredit associations, limited initially to banks, a higher volume of consultations and a strengthening of its governance.

In terms of loadings, the Credit Bureau's activity was marked by increased reporting of customer and credit data. Thus, the Credit Bureau database identified nearly 6.47 million loaded contracts, up 34 percent compared to 2010, for an outstanding amount of 578.74 billion dirhams, also up 15 percent.

Regarding the number of consultations, the monthly volume gradually strengthened in an almost continuous manner, raising the average monthly volume from 30,342.83 in 2010 to 69,591.42 in 2011.

Chart 2.2.8.3 : Monthly volume of Credit Bureau consultations



Regarding the strengthening of governance, as stipulated by the delegated management convention, the Bank conducted in 2011, in its capacity as an authority delegating the risk centralization service, an initial audit of the Credit Bureau, which resulted in a mission report containing recommendations and a relevant action plan.

In line with the 2010-2012 Strategic Plan, the Bank initiated discussion to open the market to competition, with a view to diversifying the services provided by activity delegatees.

2.2.8 Statistical and informational arrangements

2.2.8.1 Revision of monetary statistics

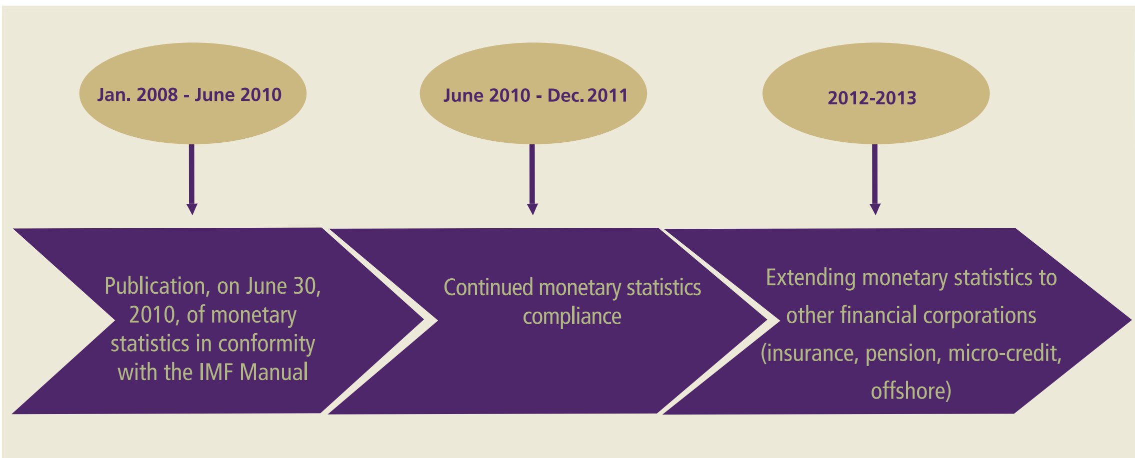
With the publication, in June 2010, of monetary statistics in accordance with the regulations of IMF's Monetary and Financial Statistics Manual (MSMF) of 2000, Morocco is among the 126 countries that have adopted this methodology.

The objective of this reform is twofold: to ensure a high-level comparability of the data produced internationally and to increase their consistency with other major categories of national macroeconomic statistics.

It also helps reinforce the quality and transparency of data and provide users with more detailed information on claims and liabilities of depository institutions on all institutional sectors.

Finally, it enriches the analytical framework for monetary policy and contributes to better assessing risk from monetary origins for financial stability purposes. In this reform, the Bank sought the IMF technical assistance.

Timetable for the reform of monetary statistics compliance with the IMF Manual 2000

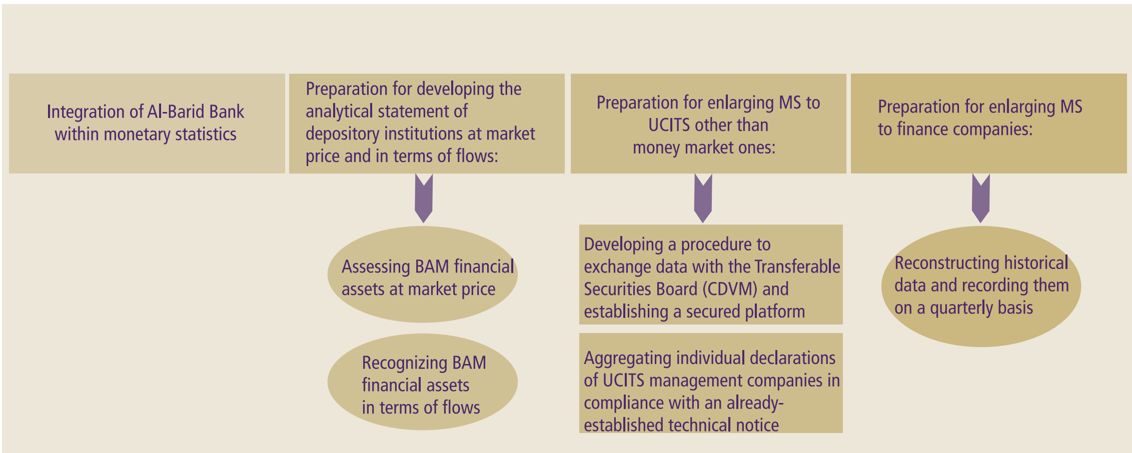


In 2011, the Bank began the second reform phase of the monetary statistics compliance with the IMF methodology.

The works done in this regard were as follows:

- Al-Barid Bank was integrated within the scope of monetary statistics, following the transformation of the Post's financial services into banking ones[1];
- Preparations for enlarging in 2012 the institutional coverage of monetary statistics to finance companies and other than money market UCITS;
- Starting the work to assess the central bank's financial assets at price market and to count them in terms of flows, with timely publication of this work as part of the overall reform.

Continued monetary statistics compliance: 2011 outcomes



At the same time, the Bank initiated the project of modernizing the monetary statistics development process, using the decision-making information system platform. Four areas were organized into the action plan of this project:

- The functional specification that covers essentially that of the source data, and the definition of reportings on the various stages of monetary statistics development;
- Designing data storage model and defining various intermediate steps necessary for the production of monetary statistics;
- Conducting tests to implement methodological and control tables and references;
- Business revenues with the testing of the whole process from primary data to final indicators.

1 Following this achievement, a review of the monetary statistics series was conducted and the methodology was updated on the Bank's internet portal.

2.2.8.2 Expanding the scope of decision-making system

The implementation of the decision-making platform, which began operating in 2010, is part of the modernization of the Bank's informational system and its alignment with international standards.

The objectives were to focus on centralizing cross-cutting data in the Bank's structured warehouses, achieving the users' autonomy through the possibility of query works and development of appropriate statements on production databases, as well as providing users with a secured platform that meets the confidentiality requirements, containing a set of statistical features to facilitate data analysis and review.

The 2011 works were organized around five main areas:

1. Developing the financial information registry on nonfinancial companies. In order to strengthen analytical frameworks for the Bank's monetary and macro prudential policy and following the introduction in 2010 of this registry on the basis of data acquired from OMPIC[1], several works of data aggregation and reliability were undertaken in 2011.

Regarding the aggregation of results, the approach, which is based on a sample of selected companies helped calculate economic, financial and structure ratios. In terms of reliability, several actions were carried out, including establishing a sample of companies making it possible to aggregate indicators by sector of activity and size, collecting missing statements from other sources, and expanding the repository of financial ratios for better coverage of requirements in terms of analysis.

This system also allowed the use of pre-formatted reports available on the portal of decision-making information system for the Bank's business and supports purposes.

2. Developing the securities information registry: To ensure close monitoring of the bond market and asset management one, two information registries were set up in 2011 to meet internal requirements. The bond market information registry helps monitor outstanding amounts and new issues of bonds issued by public and private sectors, while the UCITS information registry helps manage the data of these bodies, mainly for monetary statistics purposes.

1 Moroccan Industrial and Commercial Property Office

3. Implementing the forecast assessment framework: To ensure the monitoring and evaluation of forecasting models developed by the Bank to prepare monetary policy, a management platform available through the decision-making information system was established to centralize all data on projections for purposes of comparison with trends of inflation, growth, and credit and monetary aggregates. At the same time, this tool allows the "versioning" of all updated data and the assessment of their impact on the forecasts made.

4. Enhancing the efficiency of the survey management system: Given the importance of the informational component emanating from surveys, the relevant management system, established in 2010, contributed to conducting several internal listening surveys, such as the survey on the Bank's annual report, the survey of trainees on the quality of supervision and the survey on the services performed by the translation function.

This system also helped store in the database the annual survey among banks on bank lending conditions, annual survey among banks on real estate loans, annual survey among consumer credit companies on this credit category.

The preparatory work to launch the first survey on inflation expectations in Morocco was also carried out in 2011. This work focused on establishing the survey organizational infrastructure and organizing a seminar for respondents, including financial experts.

5. Supporting users of decision-making information: In order to support the Bank's entities to make use of the tools and features provided by the decision-making information system, a functional expertise center was set up to assist users in deploying the system, promote its use and expand its coverage to include all Bank businesses.

2.3 Resources and work environment

2.3.1 Human resources

2.3.1.1 Staff

The Bank relies on the quality of its human resources, their commitment and contribution to supporting its strategic objectives. At end-2011, the Bank's working staff stood at 2,506 employees, including 62 percent of men and 38 percent of women. They 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 15.3 years.

Chart 2.3.1 : Staff by field of activity

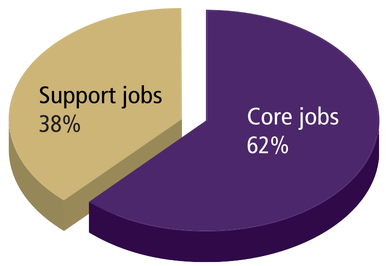
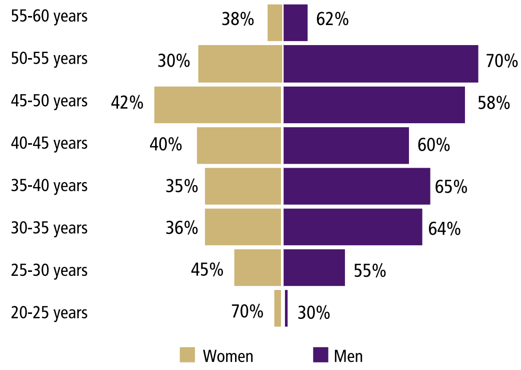


Chart 2.3.2 : Age pyramid by gender



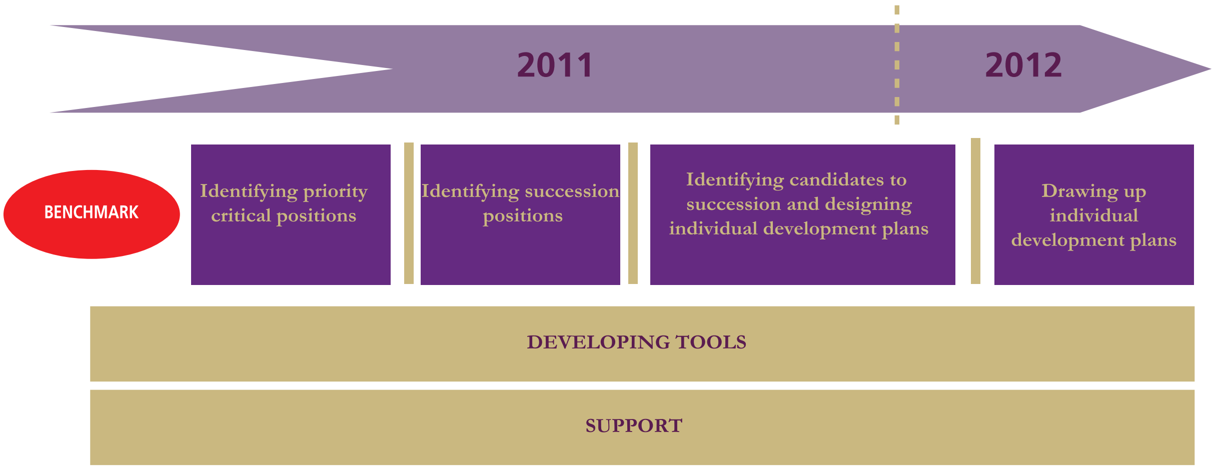
2.3.1.2 Management system

In 2011, there was a strengthened ownership of the principles and rules of human resources management, adopted as part of the implementation of the Human Resources Master Plan. Thus, a recurring approach to the management practice assessment was developed with a view to deploying, among outreach managers, coherent and consistent management practices, and to ensuring continuous development of managerial skills.

As part of the 2010-2012 Strategic Plan and following the successive and integrated implementation of new HR management processes (job management, professional evaluation, recruitment, mobility, training, etc.), the Bank established a succession management process to anticipate skill needs and to conceptualize tailored individual development plans.

This management system will particularly help ensure succession for critical functions, promote professional development of the Bank's staff, anticipate key skill needs by creating a pool of qualified candidates for sensitive positions, and ensure the smooth systematic and effective transfer of knowledge.

Succession management process



As part of strengthening its recruitment process, the Bank also developed and implemented a new approach to facilitate the on-boarding of new recruits. This approach rests in 2011 upon an individualized welcome, provision of a welcome kit containing a set of documents and guides allowing, mainly, a better understanding of the Institution's organization and operating rules. In order to ensure an easy professional start, the integration process also includes support for new employees with regular situation updates as well as specific training courses. The Bank completed these arrangements by organizing an event dedicated to new recruits. The objective was to foster their commitment and loyalty, contribute to make them quickly productive and operational, and encourage them to quickly mobilize the gains necessary for the conduct of their duties.

2.3.1.3 Training

In 2011, the Bank continued training actions, which started several years ago. They helped support the implementation of the Strategic Plan and the Bank projects, and develop the skills enabling employees to discharge their duties. 192 training topics were organized, covering mostly the "Realization" processes, followed by "Support" and "Management" processes. They were conducted as 316 sessions at Al-Irfane Training Centre of the Bank, on an intercompany level and abroad. The employees, who benefited from these trainings, represent 60 percent of the Bank's total staff with an average of five-day training per employee. Finally, a proportion of 30 percent of the 2011 training plan actions were devoted to support for projects.

2.3.2 Information systems

In 2011, the Bank continued to implement actions falling under the organizational and information system projects, and helping to achieve the Strategic Plan technical objectives.

As part of modernizing the tools to promote collaborative work, the REFDOC solution (Documentary Reference) was provided in 2011 to several Bank's entities. This arrangement is intended to provide a collaborative workspace and a quick and personal access to the entity's document database, while ensuring the integrity and confidentiality of information submitted therein.

The Bank also continued to work on the "MENHAGE IS[1] " process, which involves the establishment of a methodology for managing IT projects based on PMBOK[2] concepts and standards. Improvements in 2011 involved the methodology review, mainly the updating and addition of new actors and deliverables of the project, as well as the alignment with the new information system urbanization charter.

In 2011, the second phase of the information system urbanization project was finalized. Launched in 2010 as part of implementing the 2010-2012 Strategic Plan, this project aims to improve the information system quality and performance, while ensuring alignment with the Bank's strategy and rationalization of resources. The achievements included the implementation of the urbanization approach in two pilot processes (information registries, banking supervision), and the launch of its third phase aiming to generalize the study on the information system urbanization to all realization processes.

The year 2011 also saw the launch or effective implementation of several structuring projects aiming to modernize and optimize the operational framework for conducting Bank activities, particularly through:

- Supporting the main information registries by finalizing the development of IT solution for the revamp of checks default registry, developing the solution aiming to optimize data loading for the Credit Bureau, and putting into production of the second module of monetary transactions that was open to banks within the framework of Monetary and Exchange Operations Information Registry;
- Introducing new batches of control scenarios in the profiling tool as part of the internal anti-money laundering and counterterrorist financing system;

1 Habit Standardization Methodology/ Information System Projects Management Practices.

2 Projet Management Body of Knowledge

- Launching the project to implement the solution of Computer-Aided Production Management (called INTAJ), aiming at meeting the requirements of optimization and automation of coin, note and secured document production management, as well as sorting activity management;
- Establishing a system allowing for the management of Basel II and IFRS reporting, based on Extensible Business Reporting Language (XBRL), a protocol for exchange among central banks;
- Putting into production accounting translation modules, as well as designing and testing accounting schemes of banking transactions;
- Improving the intranet by implementing a new version, aiming to improve its ergonomics.

Regarding information system infrastructures, several technical projects were initiated or completed. They were about establishing a backup Wide Area Network (WAN), deploying a mobile telephony fleet, setting up video conferencing, reshaping the trading room's telephony, providing a backup platform dedicated to "Finance Kit" system, setting up the scheduler[1], deploying a base of multifunction printers (MFPs) for a long-term lease, developing advanced services to facilitate remote working, and continuing to deploy IMTIASE project (IT Service Management) in "Problem Management", "Release Management" and "Service Level Management" processes.

2.3.3 Accounting information control system

In order to align accounting principles and controls with the international best practices, the Bank set up in 2010 an accounting information control system which helped define the general principles of this control and clarify the roles and responsibilities of entities involved in the processes that have an impact on the Bank's financial statements. This system, deployed during fiscal 2011, covered all entities involved in the accounting information system. Its implementation helped improve in a significant manner the quality of the Bank's account justification and analysis process, involve more Bank's entities in the accounting information production process and contribute to shortening the time spent in closing accounts.

2.3.4 Approach to management control

In line with the strategic guideline of promoting professional development, work in a motivating environment, efficiency in resource utilization and quality of services, the Bank embarked on a rigorous policy to optimize its resource management and control its expenses. As such, it adopted an approach aimed at mobilizing all its entities around this commitment.

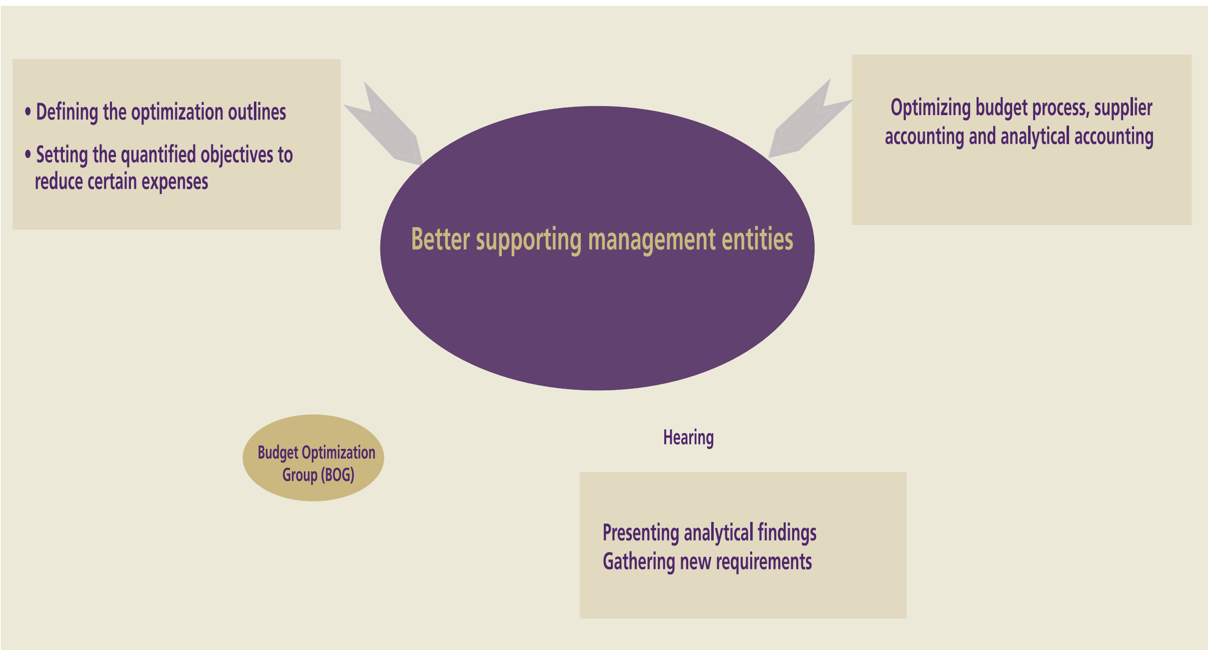
1 The scheduler is an operating tool that makes it possible to manage automatically computer batch processing planning.

During fiscal 2011, the approach adopted by the Bank focused on two main areas: strengthening the organizational framework and setting objectives of cost reduction on the one hand, and arranging the analytical framework, with emphasis on improving reportings and restructuring the budgetary nomenclature, on the other.

In terms of organizational framework, in order to ensure a better anchoring of the management control culture within the Bank's various entities and to achieve the objectives of cost control, a common framework for reflection and consultation was put in place earlier this year.

The implementation of this approach relied on a network of management controllers designated in entities, who are the relays for implementing the objectives of the Budget Optimization Group (BOG). In this context, management meetings were held monthly with different correspondents. They aimed mainly at translating and monitoring defined optimizations. Within the framework of the Quality Management System (QMS), hearings were also scheduled annually with all Bank's entities to present their analytical costs and define the themes to be addressed during the following fiscal year.

The Bank's organizational framework for management control



At the analytical level, the operating budget was reorganized into twelve groups of means, allowing the transition from the budget chapter notion that remains static responding to normative rules, to a pyramid-based analysis allowing a better visibility on the use of resources. This new tree structure encourages the multivariate analysis by cross-checking data based on several areas: account, group of means, entity manager, receiving entity, project, product, etc.

Regarding the investment budget, the Bank adopted new management rules to align this process with the best standards in this area, both in terms of budget development and execution.

2.3.5 Work environment

Reflecting the continued strategic direction aiming at supporting the development of a motivating work environment, and ensuring the efficiency of resource management and service quality, several projects initiated by the Bank in 2011 saw the light of the day:

2.3.5.1 "Quality, Health, Safety at Work and Environment" approach (QSE)

The QSE project works continued in 2011. They are intended to ensure control of significant risks and remove the identified regulatory non-compliances. The defined action plans revolved around a dozen of QSE themes, such as chemicals, machinery hazards, work environment and postures, energy and water, circulation and handling, waste treatment, electricity, fire and natural hazards, construction and intervention, medical benefits, the green key and the integrated management system.

Moreover, the "Quality Guidelines" document was reviewed to reflect the Bank's policies on health-safety at work and environment, which were separated into measurable objectives.

This QSE approach was accompanied by holding awareness sessions for staff of Dar As-Sikah and providing them with educational tools on the risks involved while carrying out their activities and ways to prevent them.

It was also generalized to all Bank's compartments. The measures taken in this regard were about regulatory inspections of equipment and technical facilities, selective sorting for waste treatment, safety and environment protection on working sites, and the protection of individuals at work by adapted equipment.

2.3.5.2 High Environmental Quality approach (HEQ)

The HEQ approach was adopted by the Bank as part of the project of renewing the Central Administration building, whose design phase started in 2011.

This increasingly universal approach helps design, achieve and use a building in such a way as to control environmental impact, conserve natural resources by optimizing their use, preserve a healthy and comfortable indoor environment for the building occupants, and reduce operating expenses. It will enable the Bank, through the realization of this project, to reduce consumption of energy and drinking water, and improve the comfort of its employees (acoustic and visual).

2.3.5.3 Energy audit

Carried out in 2010, the energy audit was conducted in 2011 at all buildings, and resulted in individualized action plans by site taking into account the geographical specificities and patterns of resource consumption.

Areas to be improved established on the basis of this audit, which aim at instituting a more efficient management, inspired by international best practices and incorporating advances in technology, will allow the Bank to make an energy savings of between 10 percent and 20 percent of current volume and will, therefore, have a positive ecological impact.

In 2011, the main achievements in this area concerned the adequacy of the Bank's current facilities with the new ecological prerequisites, replacement of certain equipment in order to comply with new technological standards, as well as establishment of consumption monitoring tools and setting of performance indicators as a reference.

2.3.5.4 Archive management

Launched in 2009, the project of modernizing archive management allows the Bank to have a modern and efficient archiving system, in line with the standards and regulations in force.

In 2011, improvements focused in particular on:

- Establishing a new archive organization composed of an archive committee, a committee for conservation schedule, a central service for archives and "Archive Correspondents" at the Bank's various entities;
- Upgrading archive conservation premises and rearranging them in accordance with humidity standards;
- Consolidating existing archives and formalizing dedicated management tools (archives charter, conservation schedule, procedures manual and classification scheme);
- Training and raising awareness of various stakeholders involved in the archive management process;
- Purchasing an IT solution as a physical archive management module integrated in the software package of Electronic Management of Documents, currently being deployed.

2.4 Communication and cooperation

2.4.1 Communication and proximity

The 2011 communication strategy aimed at consolidating the Bank's profile externally, while promoting the sharing internally.

Regarding **relations with the press,** dialogue continued with four press briefings organized following the Bank Board's quarterly meetings. They aimed to communicate around the foundations of the monetary policy decision and to highlight recent macroeconomic developments and prospects.

The Bank also held occasional meetings with representatives of the press, mainly regarding banks/customers relations, new series of coins, curve of rates on repurchase agreements, extension of REPI coverage to land and commercial property.

The Internet portal continued to receive special attention to better meet the needs of visitors. Indeed, a major effort has been undertaken in recent years to multiply the mediums that enable the Bank to disseminate the actions it implements while carrying out its missions. The Bank also provides the public with statistics downloadable at its website, including statistics on monetary and exchange aspects, banking system, foreign assets and payment means.

Box 2.1.3: The Bank regular publications

In The Bank publications are:

- **The Annual Report** is submitted to His Majesty the King. In addition to economic, monetary and financial developments, it presents the Bank's financial statements and has covered since 2006 the activities of the Bank as a company. This report is available in three languages: Arabic, French and English.
- **The Annual Report on the Control**, **Activities and Results of Credit Institutions**, published since 2004 and available in three languages, addresses the legal and regulatory environment, the banking supervision activities and the development of the banking system structure, activities, results and risks.
- **The Annual Report on Payment Systems and Means**, available in three languages, addresses the activities of payment systems and means, and their monitoring.
- **The Monetary Policy Report**, in its 19th edition in December 2011 and available in three languages, is developed each quarter based on analyzes and forecasts prepared following the Bank Board's meetings.
- **The Monthly Bulletin of Economic, Monetary and Financial Situation**, published eight times a year, provides an analysis of the economic and financial conditions, nationally and internationally.
- **The Quarterly Bulletin** contains national economic, monetary and financial statistics, and a legislative and regulatory repertoire of the main texts published in the Official Gazette during the quarter.
- **The Monetary Statistics** trace the change in money and liquid investment aggregates, as well as an informational flash showing the highlights of the month, available in three languages.
- **The Quarterly Note on the Results of the Real Estate Price Index (REPI)**, developed in collaboration with National Land Registry Office (ANCFCC), describes the trend of prices and number of transactions in the real estate market nationally, available in three languages.
- **The Note on the Monthly Business Survey in Industry** provides a rapid overview of the main qualitative indicators by branch of industry and for the entire manufacturing industry. It is supplemented by a quarterly note that provides insight into determinants of industrial activity.
- **The Weekly Indicators** show changes in key economic, monetary and financial indicators, in three languages.

Finally, the communication framework was enhanced in 2011 by a new information note on banking supervision.

Internally, a project of outreach communication was launched in 2011 through a new interactive and personalized concept of display by entity, focusing on performance and teamwork.

Moreover, the intranet portal was revamped to better meet the expectations of the Bank's various entities.

Two editions of "Tawassol" magazine, which aims to provide updates on the Bank's major projects and highlight collective endeavors, were also published in Arabic and French.

In 2011, listening groups were also formed. They meet before the start of each major communication action to encourage target populations to make use of the tools.

In addition, as part of the in-house opening strategy, guided tours to Dar As-Sikkah and the Bank's new Museum were organized for the staff throughout 2011.

The Staff Day closed the year and was an opportunity to exchange with all the managerial staff in terms of the results of the second year of the strategic plan and the new challenges facing the institution.

2.4.2 Museum

The Bank Museum, inaugurated in 2010 in its new configuration, attracted an increased number of visitors, totaling 5,500 as against nearly 2,600 in 2010. This performance is attributable to a rich annual program, including the organization of temporary thematic exhibitions, conferences, and educational workshops for schools.

The Bank's numismatic heritage was enriched by 2,091 coins and 80 banknotes, dating from the protectorate and the post-independence period under the reign of late Mohammed V.

The Bank continued the process of reconstructing its historical memory. It completed the processing of archives coming from France and archives held by Spain were repatriated, allowing the identification of nearly 8,647 documents on the Bank's history, especially in the Spanish zone and international zone of Tangier.

2.4.3 International cooperation

The Bank participates regularly in the works of international and regional bodies where it is represented. Continuing to be an active player in these bodies and strengthening cooperation with central banks were the major strategic priorities for the Bank in 2011.

2.4.3.1 Cooperation with central banks

In terms of cooperation with central banks, three agreements were signed in 2011:

- The Memorandum of Understanding with the Central Bank of Qatar, signed in February, aims to boost bilateral relations especially in terms of information exchange and sharing of expertise.
- The framework agreement of cooperation with the Bank of Central African States, signed in September, aims to promote information and expertise exchange around priorities areas of monetary policy, human resources, audit and risk management, and payment systems and means.
- The agreement with the Banking Commission of Central Africa, signed in September, organizes and implements procedures for information exchange and consultation on control of relevant institutions and banking regulation.

In addition, about fifteen cooperative actions were conducted with other central banks in Europe and North America. Taking the form of study visits and bilateral consultations, they aimed to strengthen the capacity of the Bank in the areas of manufacturing of banknotes, archive management, "internal audit" assessment, legal aspects, budgetary management and forecast, reliability of accounting information and information systems.

In the same context, the Bank hosted, as part of study visits, delegations from the Central Bank of the States of West African States, the Bank of Central African States, the National Bank of Ethiopia, the Central Bank of the Republic of Burundi and the Central Bank of Madagascar. These actions concerned monetary policy, the fight against money laundering and terrorist financing, audit and external assessment, the Risk Information Registry "Credit Bureau".

2.4.3.2 Cooperation and international relations

The Bank participated in 2011 in many international events, including:

- The Spring and Fall Meetings of the International Monetary and Financial Committee, held in April and October in Washington, as well as the IMF-World Bank Annual Meetings;
- The eighteenth annual meeting of central bank governors of French-speaking countries, held in May in Siem Reap, Cambodia, on the role of lender of last resort challenged by crisis situations;
- The thirty-fifth meeting of Arab central bank Governors and monetary institutions, held in September in Doha, Qatar;
- The meeting of the African Governors of the IMF and World Bank, held in Kinshasa;
- The G-24 Technical Group Meeting on the global context for growth and key issues on the international development agenda, held in March, in Pretoria, South Africa;
- The seminar organized by the Bank of Brazil as part of G-20 proceedings on "Monetary and Macro-Prudential Policies in a Context of High Level of Liquidity", in June in Rio de Janeiro;
- The ninth session of the economic dialogue between Morocco and the EU, held in Brussels, in July;
- MENA Economic Forum, organized by the Institute of International Finance (IIF) in Abu Dhabi in November and hosted by the National Bank of Abu Dhabi to discuss the post-revolution and economic challenges;
- The thirteenth and fourteenth plenary meetings of the Middle East and North Africa Financial Action Task Force, held in Kuwait and Algeria.

In the same context, the Bank contributed actively to the IMF mission of consultation under Article IV in July. The objective of this consultation, which consists in ensuring continuous monitoring of the economy of member countries through an exchange of views with the government and the central bank, aims to identify possible risks to the internal or external stability and to recommend possible adjustments in economic or financial policies. After this mission, a report summarizing the findings of the IMF mission is released to the public.

Box 2.1.4: Key conclusions of the IMF mission in July 2011 under Article IV on monetary policy (*)

The main conclusions of the IMF mission on monetary policy are as follows:

- "Monetary policy has kept inflation in line with the objectives set by Bank Al-Maghrib (BAM)";
- "BAM's efficient liquidity management helped to keep the overnight interest rate close to its benchmark interest rate. IMF staff considers that BAM has the necessary independence, expertise, technical resources, range of instruments, and level of foreign reserves to introduce an inflation-targeting framework and a flexible exchange rate";
- Bank supervision for risk management is effective and foreign currency exposure is at a low level;
- IMF staff is of the view that a more flexible exchange rate regime would reduce the need for frequent changes in the reserve requirement and would remove the constraint of offsetting capital flows which may occur subsequent to changes in the interest rate policy in a fixed exchange rate arrangement;
- However, the authorities emphasized, and staff concurs, that the timing should be carefully considered, since the transition to a flexible exchange rate requires measures to ensure fiscal sustainability, particularly reforming the universal subsidy scheme, and to prevent an adverse impact on financial stability.

(*) Excerpts from the IMF Country Report No. 11/341 of November 2011 entitled "Morocco: Article IV Consultations"

The Bank, in parallel, continued dialogue with international financial institutions, including the World Bank, the African Development Bank and Islamic Development Bank. The goal was to assess the national macroeconomic situation and its prospects, the partnership strategy planning or negotiation of loan terms.

The Bank also held talks with rating agencies. It played an active role in discussions with Standard & Poor's as part of the evaluation of the sovereign rating and for BICRA[1] ranking of the Moroccan banking system.

The Bank took part in the annual conference of the International Operational Risk Working Group of Central Banks, IORWG[2], a group in which BAM has been an active member since 2007.

1 Banking Industry Country Risk Assessment

2 IORWG: International Operational Risk Working Group. Established in 2005, this forum brings together 43 central banks from five continents, in addition to multilateral financial institutions. It is a center of competence in managing operational risks in the service of member central banks.

The Bank, which also ensures the permanent secretariat of the conference of auditors of central banks in French-speaking countries, participated in the fourth edition of this conference, organized in Dakar in October by the Central Bank of West African States (BCEAO), after those held in Lebanon in 2010, Morocco in 2009 and France in 2008.

To promote regional cooperation, it organized a seminar in November in Marrakech on "human resources management in a central bank". It was attended by more than ten partners, including the Bank of France, the Central Bank of Turkey, the Bank of Spain, the Bank of Portugal, BCEAO, the Bank of Central African States (BEAC), and the Central Bank of the Republic of Guinea (BCRG).

Finally, as part of its contribution to stimulating national debate on fundamental macroeconomic issues internally and with its partners, the Bank was visited in April by Mr. Olivier Blanchard, Chief Economist, Economic Counselor and Director of the Research Department of the International Monetary Fund. He animated a national conference on recent developments in the global economy and challenges ahead.

PART 3

FINANCIAL STATEMENTS OF BANK AL-MAGHRIB

Balance sheet

1. Balance sheet as at the end of December 2011

(After allocation of profits)

ASSETS (In thousands of dirhams)	Notes	31/12/11	31/12/10
Holdings and investments in gold	**1**	**9 571 626**	**8 353 023**
Holdings and investments in foreign currency	**2**	**161 265 474**	**181 863 016**
- Holdings and investments held in foreign banks		19 472 831	41 131 883
- Foreign Treasury bills and similar securities		137 307 963	136 623 826
- Other holdings in foreign currency		4 484 680	4 107 307
Holding in international financial institutions	**3**	**6 668 110**	**7 564 186**
- I.M.F. subscription-Reserve tranche		1 110 328	1 093 137
- Special Drawing Rights holdings		5 286 188	6 205 608
- Subscription to the Arab Monetary Fund		271 593	265 441
Lending to the Government		-	-
- Conventional advances		-	-
- Overdraft facilities advances		-	-
- Other facilities		-	-
Claims on Moroccan credit institutions and similar bodies	**4**	**39 330 041**	**7 097 325**
- Securities received under repurchase agreements		15 001 597	-
- Advances to the banks		24 001 223	7 000 102
- Other claims		327 221	97 223
Treasury bills - Open market operations		**-**	**-**
Other assets	**5**	**6 658 502**	**8 681 377**
- Sundry debtors		5 229 441	7 272 044
- Other miscellaneous assets		1 429 061	1 409 333
Fixed assets	**6**	**3 182 867**	**2 920 533**
- Fixed assets		3 182 867	2 920 533
Total assets		**226 676 620**	**216 479 460**

Liabilities (In thousands of dirhams)	**Notes**	**31/12/2011**	**31/12/2010**
Banknotes and coins in circulation	**7**	**166 252 990**	**152 059 445**
- Banknotes		163 807 102	149 738 509
- Coins		2 445 888	2 320 936
Liabilities in gold and in foreign currency	**8**	**3 451 385**	**3 099 165**
- Liabilities in gold		-	
- Liabilities in foreign currency		3 451 385	3 099 165
Liabilities in convertible dirhams	**9**	**211 949**	**201 850**
- Liabilities to international financial institutions		202 136	190 706
- Other liabilities		9 813	11 144
Deposits and liabilities in dirham	**10**	**29 566 029**	**33 877 149**
Current account of the Treasury		1 979 729	2 039 635
Deposits and liabilities to Moroccan banks		23 787 663	27 742 197
. Current accounts		23 787 663	27 742 197
. Liquidity-withdrawal accounts		-	-
. Deposit facility accounts		-	-
Deposits of general government and public institutions		1 309 496	1 858 799
Other accounts		2 489 141	2 236 518
Other liabilities	**11**	**14 267 415**	**14 482 607**
Allocations of Special Drawing Rights	**12**	**7 392 898**	**7 225 435**
Equity capital and the like	**13**	**5 533 954**	**5 533 809**
- Equity capital		500 000	500 000
- Reserves		5 001 340	5 001 340
- Other equity capital and similar ones		32 614	32 469
Total liabilities		**226 676 620**	**216 479 460**

2. Profit and loss statement

Revenues (in,thousands,of,dirhams),	**31/12/2011**	**31/12/2010**
Interests earned on holdings and investments on gold and foreign currency	3 983 664	4 127 267
Interests earned on lending to the Government	-	-
Interests earned on claims on Moroccan credit institutions and similar ones	778 872	549 510
Other interests earned	-56 923	6 995
Commissions earned	371 070	353 019
Other financial revenues	137 159	294 367
Sales of produced goods and services	207 373	154 826
Miscellaneous revenues	27 726	25 009
Reversal of amortization	4 528	271
Reversal of provisions	3 744 373	1 567 780
Noncurrent revenues	894	397 261
Total revenues	**9 198 736**	**7 476 304**

Expenses (in thousands of dirhams)	**31/12/2011**	**31/12/2010**
Interests paid on liabilities in gold and foreign currency	28 698	21 114
Interests paid on liabilities in convertible dirham	-	-
Interests paid on deposits and liabilities in dirham	368 814	403 311
Commissions paid	15 009	16 785
Other financial expenses	941 514	410 150
Staff expenses	955 483	928 501
Purchase of materials and supplies	268 827	291 598
Other external expenses	242 838	223 939
Amortization and provisions expenses	3 905 157	2 008 888
Noncurrent expenses	5 498	267 478
Corporate taxes	954 753	1 078 050
Total expenses	**7 686 592**	**5 649 815**
Income	**1 512 144**	**1 826 486**

3. Off-balance sheet

(in thousands of dirhams)	Note	31/12/2011	31/12/2010
	14		
Spot foreign exchange transactions			
- Spot delivery of currencies		-	-
- Spot purchase of dirhams		-	-
Forward foreign exchange transactions			
- Currencies receivable		-	-
- Currencies payable		-	-
Currency exchange-deposit transactions		-	**9 844 465**
Foreign exchange transaction-arbitrage operations			
- Foreign currencies receivable		720 073	3 772
- Foreign currencies payable		718 247	3 776
Off-balance currency adjustment		-	-
Liabilities on derivatives		-	-
Liabilities on securities			
- Securities received on advances granted		41 069 179	6 872 900
- Securities received on advances to be granted		2 144 600	2 120 020
- Foreign securities receivable		832 950	-
- Securities deliverable		-	-
Other liabilities			
- Received market guarantees		40 171	33 275
- Liabilities of guarantees received for staff loans		731 954	664 040
- Financing liabilities granted to the staff		43 019	48 992
- Other granted liabilities		1 000	1 000

3.1 Bank Al-Maghrib balance sheet

At the end of the fiscal year 2011, the balance sheet totaled 226,677 million dirhams, up 10,197 million dirhams or 5 percent compared to the previous year.

This change results mainly from the following:

- Regarding assets, the combined effect of the contraction of holdings and investments in foreign currency and the increase in claims on Moroccan credit institutions and similar bodies;
- Regarding liabilities, progress in banknotes and coins in circulation, mitigated by lower deposits and liabilities in dirhams.

3.1.1 ASSETS

Assets and investments in gold

The value of these assets and investments has increased significantly in recent years, due to the soaring gold prices internationally, reaching 1,574.5 dollars per ounce at end-December 2011, while gold stock remained almost stable at 708,765.536 ounces (equivalent to 22 tonnes). Hence, the value of gold reserves rose from 4.6 billion dirhams at the end of 2007 to 9.6 billion at end-December 2011, up 109 percent. In 2011, it increased by 15 percent compared to the past year.

Assets and investments in foreign currencies

After the 6 percent increase recorded at end-December 2010, mainly due to the Treasury issuance of one billion euros on the international market, assets and investments in foreign currency trended downward during fiscal 2011, except for their one-off increase during summer time. Thus, their amount shrank by 11 percent from one year to the next to 161,265 million dirhams, in conjunction with the decline in foreign reserves.

These assets and investments in foreign currencies, which represent 71 percent of the Bank's assets, are invested, up to 85 percent, in bond securities and 7 percent in monetary investments.

Assets with international financial institutions

The balance of these assets amounted to 6,668 million dirhams, down 12 percent compared to the previous year. This drop is mainly due to lower SDR holdings following the start of repayment of loans principals, for the Treasury, contracted in 2009 with the Arab Monetary Fund.

Claims on Moroccan credit institutions and similar bodies

During fiscal 2011, the bank liquidity deficit increased compared to 2010 due to the continued restrictive trend of bank's liquidity autonomous factors, particularly that of assets in foreign currency.

Accordingly, Bank Al-Maghrib increased the volume of its liquidity injections, which continued to be carried out, mainly through 7-days advances, and as of the last quarter through three-month repurchase agreements, pursuant to the Board's decision at its meeting of September 20, 2011.

On December 31, 2011, banks refinancing reached 39 billion dirhams (7 billion in 2010), of which 24 billion carried out through 7-days advances and 15 billion under repurchase agreements.

Fixed assets

Fixed assets of the Bank rose at end-December 2011 to 3,183 million dirhams, up 262 million dirhams compared to 2010, including 191 million dirhams for increased tangible and intangible assets that rose, from one year to the next, to 2,368 million dirhams. This trend is mainly due to the implementation of Dar As-Sikkah infrastructure modernization program, which aims in particular to expand the technical and currency production capacity.

In million DH	2011	2010	Change	(in %)
Fixed assets	**3 183**	**2 921**	**262**	**9**
Fixed loans	729	658	71	11
Equity securities and the like	86	86	0	0
Tangible and intangible fixed assets	2 368	2 177	191	9

3.1.2 LIABILITIES

Banknotes and coins in circulation

Banknotes and coins in circulation,which represent the largest share of liabilities (73 percent), continued to increase and rose by 9 percent this year as against 6 percent in 2010, reaching 166,253 million dirhams. Month on month, currency in circulation registered peaks, mainly during the third quarter of 2011 accompanying the summer time, the month of Ramadan and religious holidays.

Chart 3.1.1: Trend of banknotes and coins in circulation

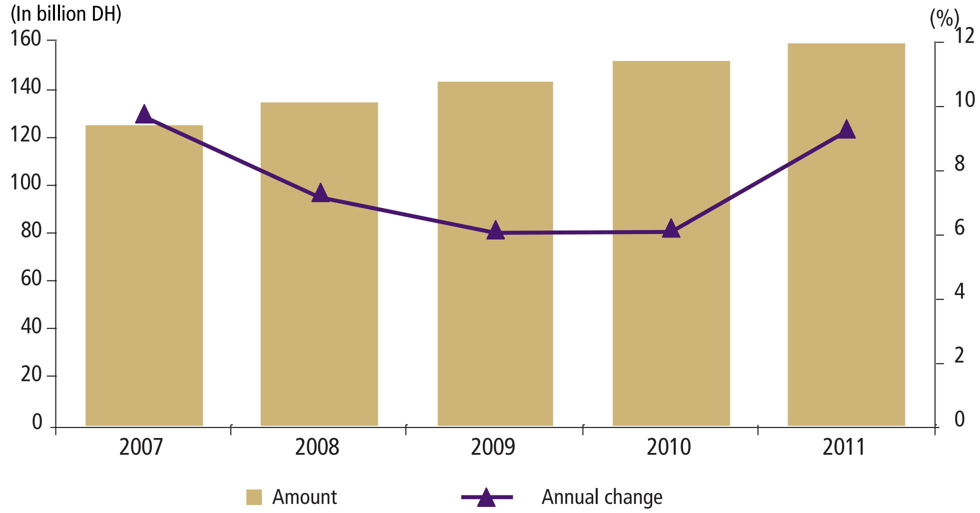
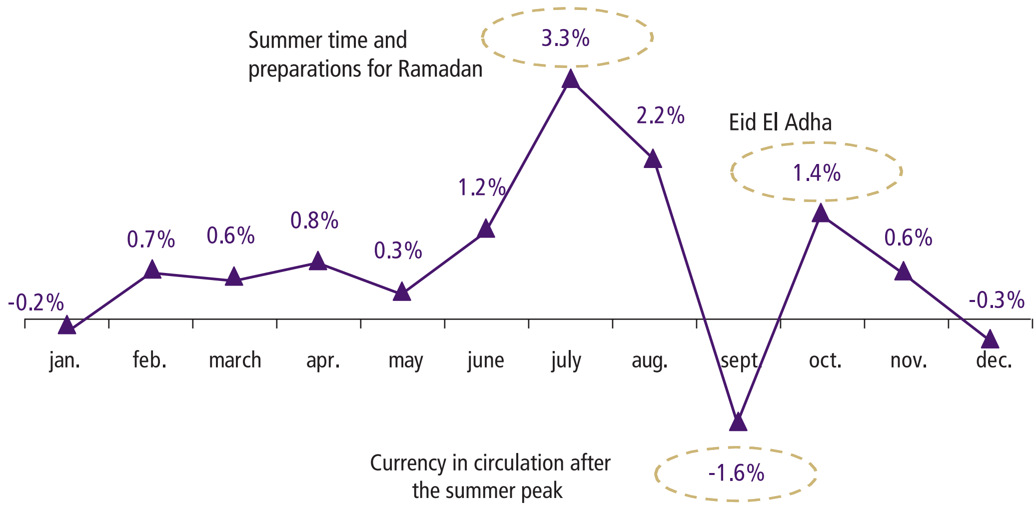


Chart 3.1.2: Monthly trend of banknotes and coins in circulation during 2011



Deposits and liabilities in dirhams

They fell from 33,877 million to 29,566 million dirhams, down 4,311 million dirhams (-13 percent) compared to end-December 2010. Thus is due, up to 3,955 million dirhams, to the decrease in assets of banks' current accounts, reflecting in particular the exclusion, as of April 2011, of passbook accounts of the base used for calculating the required reserve.

Special drawing rights allocations

Owing to the rise of SDR prices at end-December 2011, the value of Special drawing rights allocations rose by 167 million dirhams to 7,393 million.

3.2. Profit and loss account

The net income of the Bank for fiscal 2011 stood at 1,512 million dirhams, down 17 percent compared to 2010. This result is mainly due to the decline in both foreign assets and their investment rate.

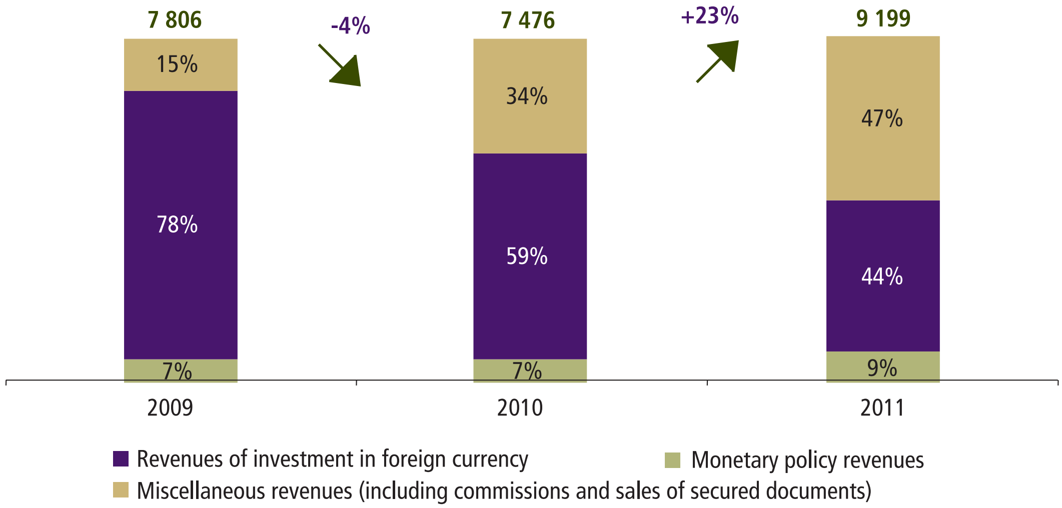
Chart 3.2.1: Change in revenues, expenses and net income (in MDH)

3.2.1 Revenues

In 2011, the Bank revenues increased by 1,722 million dirhams, i.e. 23 percent, to 9,199 million, after respective declines of 21 percent and 4 percent in 2009 and 2010. This increase is primarily due to reversals of provisions for depreciation of foreign securities, amounting to 3,644 million dirhams in 2011 as against 1,470 million last year. However, their net impact on income is +135 million dirhams, given the endowments which reached this year 3,509 million dirhams.

Excluding reversals, revenues were down 8 percent to 5,554 million dirhams.

Chart 3.2.2: Change in revenues (MDH)



Interests of investments in gold and foreign currency

The investment interests, totaling 3,984 million dirhams this year, continued their downward trend since 2009, recording a moderate drop of 3 percent as against 18 percent in 2010, despite the decline in both foreign assets and yields on bond markets.

Concerning bond activity, the interests received returned to 3,799 million dirhams, or -172 million (-4 percent) compared to the previous year, due mainly to the maturity of the securities offering higher yields and their reinvestment at lower rates.

Regarding the monetary item, despite lower investment volumes, investment interests increased by 16 million dirhams (15 percent) to 125 million dirhams at the end of December 2011, owing to the 25 basis points hike of the ECB key rate twice in 2011 (from 1 percent to 1.25 percent in April and then to 1.50 percent in July).

Interests received on claims on Moroccan credit institutions and similar bodies

During fiscal 2011, and in order to address the widening bank liquidity deficit, Bank Al-Maghrib increased the volume of its liquidity injections that were mainly carried out through the 7-day advances on call for tenders whose average outstanding amount reached about 21.6 billion dirhams as against 16.9 billion in 2010. The Bank also conducted, during the last quarter, two 3-month repurchase agreements, totaling 5 and 10 billion dirhams, respectively.

Interests received under this item totaled 779 million dirhams as against 549 million in 2010, up 42 percent.

Other financial revenues

Other financial revenues, which essentially consist of gains generated from foreign currency transactions, stood at 137 million dirhams, down 157 million dirhams (-53 percent) compared to 2010. This is mainly due to:

- The 65 percent drop in gains in management authorizations following the settlement of certain portfolios in July 2010. At the end of 2011, the Bank has a single portfolio whose management is delegated to an external manager.
- The 51 percent drop in gains from foreign investment securities sales due to rising rates during the first half of 2011.

Sales of produced goods and services

Sales revenues increased by 53 million dirhams to 207 million dirhams at the end of December 2011, up 34 percent, particularly due to the production of biometric passports (145 million dirhams).

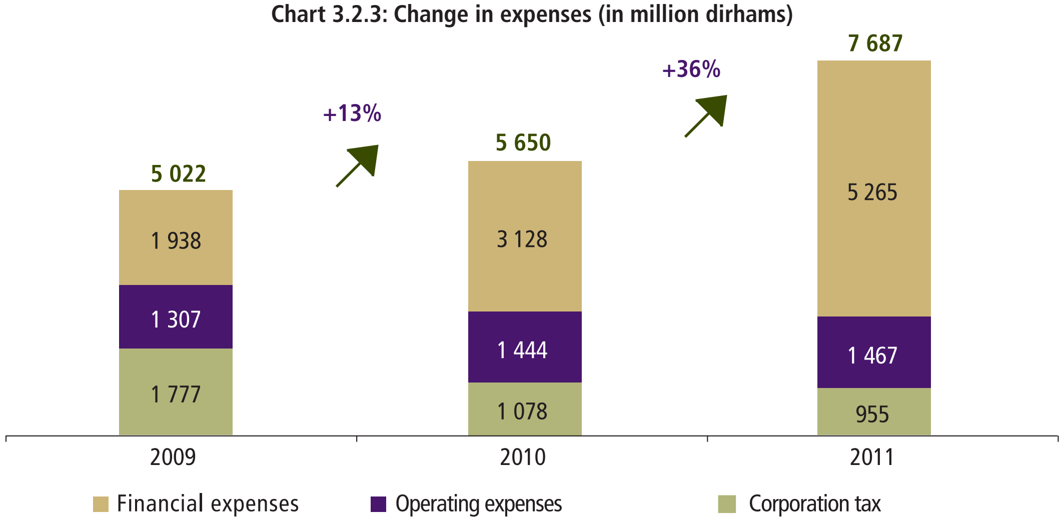
Noncurrent revenues

These revenues stood at 1 million dirhams in 2011 as against 397 million in 2010. This amount included the proceeds from the sale of certain foreign holdings of the Bank, conducted in March 2010.

3.2.2 Expenses

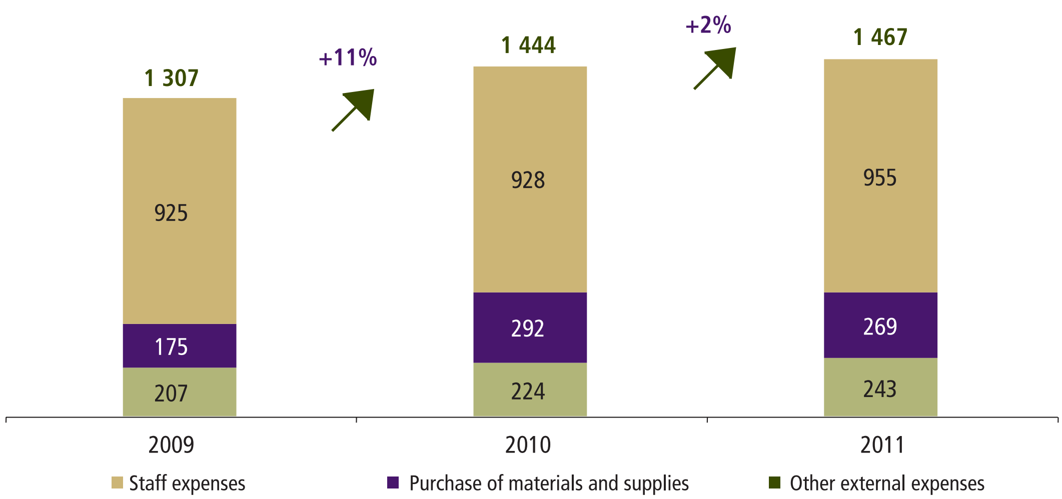
The overall expenses of the Bank reached 7,687 million dirhams at the end of fiscal 2011, up 36 percent compared to 2010. This trend is due, in its major part, to the 68 percent increase in financial expenses. Operating expenses recorded an increase limited to 2 percent.

Chart 3.2.3: Change in expenses (in million dirhams)



Operating expenses

Chart 3.2.4: Breakdown of operating expenses (in MDH)



Operating expenses increased by 2 percent compared to 2010 to reach 1,467 million dirhams. They are composed of:

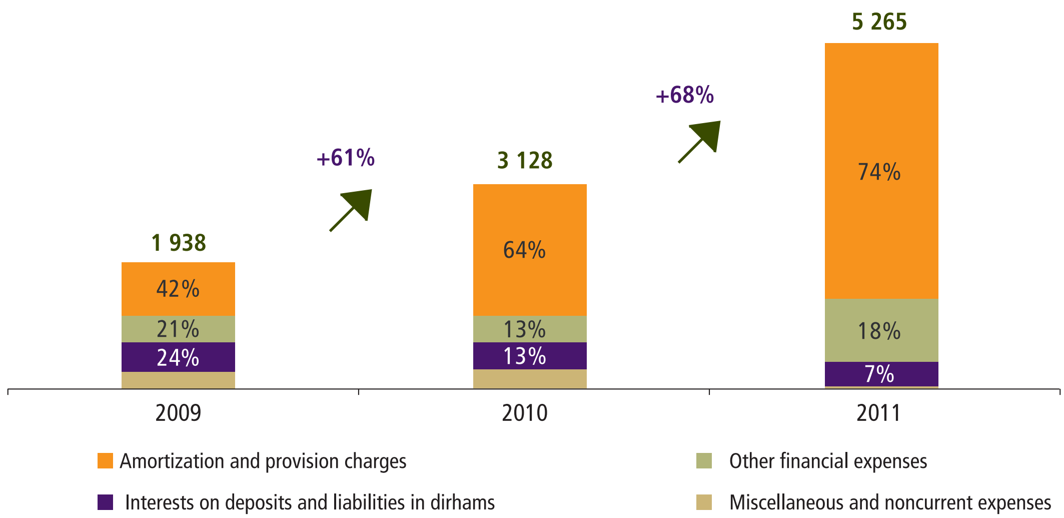
- 65 percent of staff expenses, which increased by 3 percent;
- 18 percent of purchases of materials and supplies which dropped 8 percent, due to two major factors:
  - The issuance of the new series of coins produced with new alloys, allowing for a budget optimization in terms of coin blanks, compared to 2010;

- The production of biometric passports with a new type of computer chips, leading also to a budgetary gain between the two fiscal years.

- 17 percent of external costs, of which the 8 percent rise is mainly due to increased costs for maintaining computer systems and software, secured documents-producing machines and currency equipment as well as increased rental charges.

Financial expenses

Chart 3.2.5: Breakdown of financial expenses



In 2011, financial expenses constitute 68 percent of the Bank's overall expenses. They rose from 3,128 million dirhams to 5,265 million between 2010 and 2011, up 2,137 million dirhams (68 percent), due, up to 1,868 million dirhams, to an increase in allocations to provisions for depreciation of foreign investment securities. These provisions, which relate to unrealized losses resulting from the difference between book value and market value of investment securities, totaled 3,509 million dirhams at the end of 2011, as against 1,641 million in the previous year, in conjunction with increasing rates during the first half of the year. However, they were mitigated by slow rates as of the second half.

Excluding these provisions, the financial expenses would reach 1,747 million dirhams, limiting the increase to 6 percent only.

The increase in this item also results from that in other financial expenses (+531 million dirhams), including:

- 333 million dirhams for losses in foreign investment securities sales in connection with the rising trend of rates;
- and 216 million dirhams of deferral of premiums on foreign investment securities available at nominal yields higher than market ones.

As for interests paid on deposits and liabilities in dirhams, they declined by 34 million dirhams (-9 percent) to 369 million. This change covers particularly a decrease of 28 million dirhams (-14 percent) of interests paid by the Bank on the required reserve, following the reduction of the minimum required in this regard and the decline of 20 million dirhams (-34 percent) of deposit rates of the Hassan II Fund for Economic and Social Development following the decrease in its deposits at the Bank.

The decrease of 262 million dirhams of noncurrent expenses compared to 2010 is mainly due to the net book value of foreign holdings divested in March 2010.

3.2.3 Balance sheet by main transactions

Transactions in gold and foreign currencies

In MDH	2011	2010	Variation (%)
Assets	**177 505**	**197 780**	**-10**
Holdings and investments in gold	9 572	8 353	15
Holdings and investments in foreign currency	161 265	181 863	-11
Assets of international financial institutions	6 668	7 564	-12
Liabilities	**21 664**	**20 120**	**8**
Liabilities in gold, foreign currency and convertible dirhams	3 663	3 301	11
Allocations of Special Drawing Rights	7 393	7 225	2
Account of revaluation of foreign exchange reserve	10 608	9 593	11
TRANSACTIONS IN GOLD AND FOREIGN CURRENCY	**-155 841**	**-177 660**	**-12**

Resources – assets

Transactions with the State

In MDH	2011	2010	Variation (%)
Assets	**0**	**0**	**-**
Moroccan Treasury bills	0	0	-
Liabilities	**2 636**	**3 211**	**-18**
Treasury account	1 980	2 040	-3
Interest to be paid on Treasury current account (1)	74	111	-33
Hassan II Fund	583	1 060	-45
TRANSACTIONS WITH THE STATE	**2 636**	**3 211**	**-18**

Resources - assets

(1) In accordance with the Convention on the Treasury transaction on the money market

Net position of credit institutions

In MDH	2011	2010	Variation (%)
Assets	**39 330**	**7 097**	**454**
Claims on Moroccan credit institutions and similar ones	39 330	7 097	454
Liabilities	**23 788**	**27 765**	**-14**
Deposits and liabilities to Moroccan banks	23 788	27 765	-14
NET POSITION TO CREDIT INSTITUTIONS	**-15 542**	**20 667**	**-175**

Resources - assets

3.2.4 Statement of management balances

In MDH	2011	2010	Variation (%)
INCOME OF BANK AL-MAGHRIB ACTIVITIES	**4 288**	**4 477**	**-4**
Income of reserves management transactions	3 274	3 804	-14
Income of monetary policy transactions	606	348	74
Income of other banking transactions	408	325	25
GENERAL OPERATING EXPENSES	**1 744**	**1 705**	**2**
Staff expenses	652	625	4
Expenses of materials and supplies	269	291	-8
External expenses	239	221	8
Social security costs	303	303	0
Net provisions and depreciation charges	282	265	6
GROSS OPERATING INCOME	**2 543**	**2 773**	**-8**
Noncurrent income (*)	**-76**	**132**	**158**
Noncurrent revenues	-55	406	-114
Noncurrent expenses	21	274	-92
Income taxes	**955**	**1 078**	**-11**
NET INCOME	**1 512**	**1 826**	**-17**

(*) Also includes income and expenses on previous years.

3.2.5 Bank activity income

Income from reserves management transactions

In MDH	2011	2010	Variation (%)
Revenues from foreign exchange reserves management transactions	**7 762**	**5 888**	**32**
Of which:			
Interests on foreign Treasury bills	3 799	3 971	-4
Interests on investments from foreign banks	125	109	15
Gains on management mandates	37	106	-65
Gains on foreign treasury bills sales	36	73	-51
Transfer of provisions for foreign securities impairment	3 644	1 470	148
Expenses on foreign exchange reserves management	**4 487**	**2 084**	**115**
Of which:			
Deferral of premiums on foreign Treasury bills	502	286	76
Losses on management mandates	6	21	-74
Provisions for foreign securities depreciation	3 509	1 641	114
RESERVES MANAGEMENT TRANSACTIONS INCOME	**3 274**	**3 804**	**-14**

Monetary policy transactions income

In MDH	2011	2010	Variation (%)
Revenues of monetary policy transactions	**779**	**549**	**42**
Of which:			
Interests earned on 7- day advances	702	549	28
Interests on Moroccan treasury bills	75	0	NS
Expenses on monetary policy transactions	**173**	**202**	**-14**
Of which:			
Interests paid on monetary reserve account	173	202	-14
MONETARY POLICY TRANSACTIONS INCOME	**606**	**348**	**74**

NS : Not significant

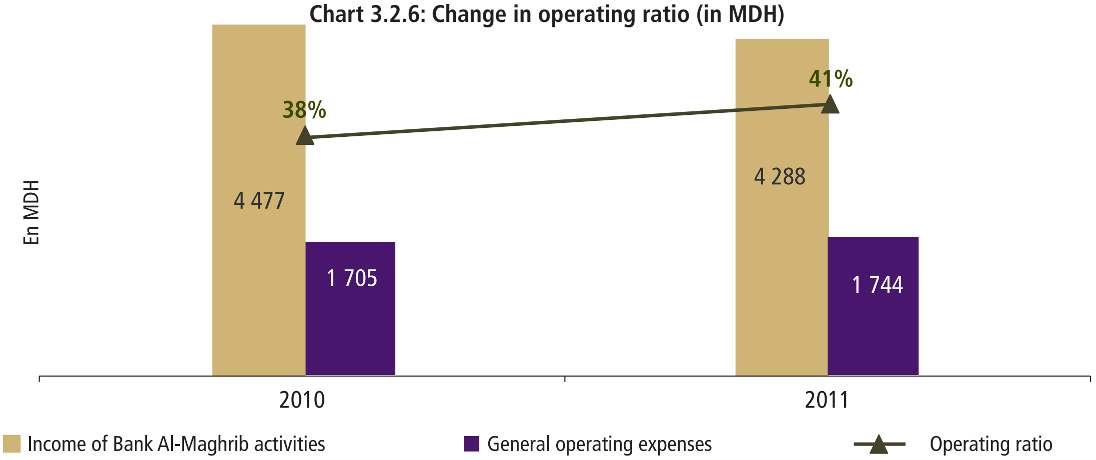
Other bank transactions income

In million dirhams	2011	2010	Variation (%)
Other banking revenues	**670**	**593**	**13**
Of which:			
Commissions earned on foreign exchange operations	240	233	3
Sales of produced goods and services	207	155	34
Other banking expenses	**263**	**268**	**-2**
Of which:			
Interests paid on deposits for Hassan II Funds	40	60	-34
Interests paid on the Treasury current account	74	77	-3
OTHER BANK TRANSACTIONS INCOME	**408**	**325**	**25**

3.2.6 Gross operating income

Gross operating income was down 8 percent, owing particularly to the contraction of the income of foreign exchange reserves management transactions. Accordingly, the operating ratio increased from 38.1 percent at end-December 2010 to 40.7 percent in 2011.

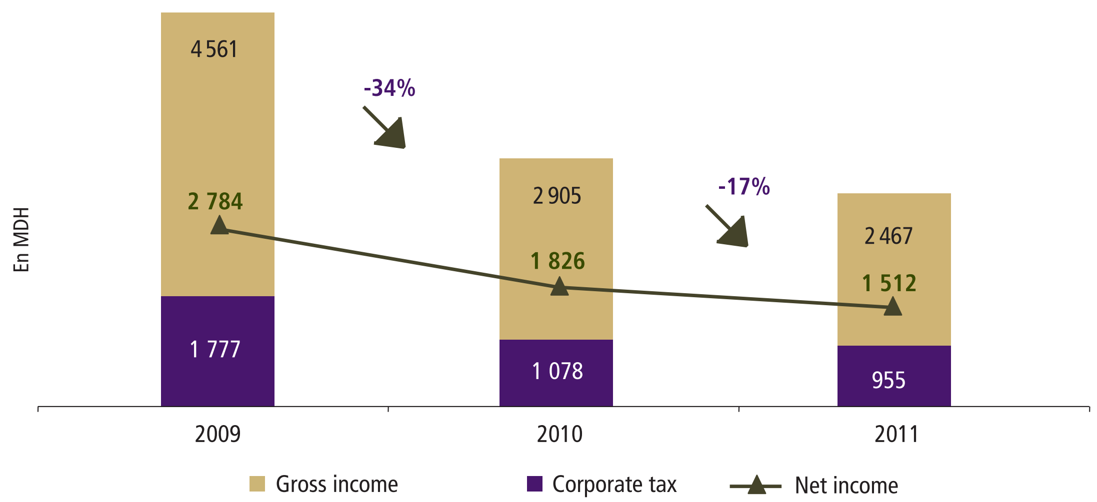
Chart 3.2.6: Change in operating ratio (in MDH)



Net income

At the end of 2011, gross income amounted to 2,467 million dirhams, down 15 percent compared to 2010. After deduction of tax expenses, net income was 1,512 million dirhams.

Chart 3.2.7: Change in gross income, Corporate tax and net income (in MDH)



3.3 Legal framework and accounting principles

3.3.1 Legal framework

The financial statements of Bank Al-Maghrib are developed and presented in conformity with the Bank's Chart of Accounts, approved by the National Accounting Board in May 2007.

Bank Al-Maghrib 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 specific assessments for all operations specific to Bank Al-Maghrib.

The financial statements, as cited under Article 55 of Law No. 76-03 bearing 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 currency, 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 this 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 29 December, 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 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.

1. 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 2011, Bank Al-Maghrib holds no transaction security in its portfolio.

2. Portfolio of securities held for sale: It 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.

3. 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:

- 20 years for real properties;
- 5 years for fixtures, fittings and facilities;
- 10 years for office furniture and materials of Dar As-Sikkah;
- 5 years for office equipment, computing materials and software, vehicles and other materials.

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.

It should be noted that as of fiscal 2011, commemorative coins are evaluated at their cost price.

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 price. 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.

Note 3: Assets with international financial institutions

This item includes:

- The subscription to the IMF- 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 (927.6 million dirhams) paid by Bank Al-Maghrib in foreign currency. This tranche, which could be used by our country when needed, is included in foreign exchange reserves of our Institute;
- **The mobilized tranche:** 14.71 million SDR (182.7 million dirhams) 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 the full contribution of Morocco to the capital of the IMF amounts to SDR 588.20 million, 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 (5.8 million dirhams);
- 14.8 million Arab dinars subscribed in foreign currency, of which 6.87 million Arab dinars subscribed by the Central Bank (271.6 million dirhams);
- 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.

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 fluctuation 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;
  - The tranche higher than 2 billion dirhams up to 3 billion dirhams is remunerated at the rate of 7-day advances minus a hundred basis points and;
  - The tranche higher than 3 billion dirhams is not remunerated.
- Current accounts of banks, held mainly to honor their commitments as regards required reserves, whose rate at the end of 2011, is 6 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 rates 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 2011 concern tax risk, litigations and provisions for paid leaves;
- Foreign exchange evaluation 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.

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 million dirhams;
- Reserves totaling 5 billion dirhams at the end of December 2011, and
- The other equity capitals and the like, totaling 32.6 million dirhams.

Note 14: Off-balance sheet

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.

3.5 Statutory audit report

FISCAL YEAR ENDED: DECEMBER 31, 2011

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 31, 2011, which show a net equity of 5 533 810 thousands of Moroccan Dirhams and a net profit of 1512 144 thousands of Moroccan Dirhams.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financials statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph show, in al1 material aspects, a fair view of the results of the operations for the year ended as well as of the financial situation and the assets of BANK AL-MAGHRIB on December 31, 2011, in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we would note that assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A I 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.

3.6 Approval by the Bank Board

In compliance with article 55 of Law No 76-03 bearing Statutes of Bank Al-Maghrib, the financial statements are hereby submitted by the Governor for approval by the Board.

At its meeting on March 27, 2012, 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 2011 and the distribution of the net income.

APPENDICES

TABLE A1 MAIN INDICATORS OF THE ECONOMY(1)

Amounts in billions of dirhams	2009	2010*	2011**	Percentage changes 2010/2009	Percentage changes 2011/2010
National accounts					
- Gross domestic product at constant prices (growth in%)	4.8	3.6	5.0		
. Agricultural Added value	30.4	-1.9	5.6		
. Non-agricultural Added value	0.8	4.2	5.2		
- Gross domestic product at current prices	732.4	764.0	802.6	4.3	5.0
. Agricultural Added value	100.8	99.0	106.3	-1.8	7.4
. Non-agricultural Added value	552.4	588.7	636.1	6.6	8.0
- Gross national disposable income	773.1	804.8	843.2	4.1	4.8
- Final national consumption	551.9	571.5	619.3	3.6	8.4
- Gross fixed capital formation	226.2	234.4	246.4	3.6	5.1
- National gross saving	221.2	233.3	224.0	5.5	-4.0
- Investment ratio (GFCF/GDP) in %	30.9	30.7	30.7		
- Saving ratio (as % of GNDI)	28.6	29.0	26.6		
Unemployment rate in %	**9.1**	**9.1**	**8.9**		
Prices					
- Consumer price index	107.4	108.4	109.4	0.9	0.9
Including : Foodstuffs	113.0	114.4	115.9	1.2	1.3
- Underlying inflation	106.6	107.0	108.9	0.4	1.8
External accounts					
- Total exports FOB	113.0	149.6	174.0	32.4	16.3
- Total imports CAF	264.0	298.0	358.0	12.9	20.1
- Total trade deficit	-151.0	-148.4	-184.0	-3.2	24.0
- Balance of Travel	44.0	46.2	48.1	5.0	4.1
- Balance of current transfers	59.6	61.4	65.6	3.0	6.8
- Current account balancet	-39.9	-34.3	-64.6	-14.0	88.4
- Current account balance as % of GDP	-5.4	-4.5	-8.0		
- Oustanding foreign public debt	152.7	173.8	188.0	13.8	8.2
- Foreign public debt as % of GDP	20.7	22.7	23.4		
Exchange rate(2)					
- Dirhams per 1 Euro	11.316	11.171	11.106	-1.3	-0.6
- Dirhams per 1 US dollar	7.8602	8.3569	8.5772	6.3	2.6
Public finance(3)					
- Ordinary balance	19.9	12.1	-7.9	-39.1	-118.4
- Investment expenditure	46.2	47.0	49.9	1.8	6.1
- Budget balance	-15.9	-35.8	-55.8		
- Budget balance as % of GDP	-2.2	-4.7	-6.9		
- Outstanding amount of the domestic debt	265.2	292.1	332.5	10.1	13.8
- Outstanding amount of the domestic debt as % of GDP	36.2	38.2	41.4		
Money					
- Aggregate M1	528.5	552.4	589.9	4.5	6.8
- Money supply (M3)	862.7	904.5	962.8	4.9	6.4
- Net foreign assets	192.7	192.6	168.6	0.0	-12.5
- Claims on Government	89.4	92.0	112.2	2.9	22.0
- Claims on the private sector	648.4	718.2	793.3	10.8	10.5

(1) The changes and ratios were calculated on the basis of the amounts in millions.
(2) The end of year.
(3) Excluding privatization receipts.
(*) Revised
(**) Preliminary

TABLE A2.1 GROSS DOMESTIC PRODUCT CHANGES (1998 : 100)

(At last year prices) (In percentage)

Branches of activity	2007	2008	2009	2010*	2011**
Gross domestic product	**2.7**	**5.6**	**4.8**	**3.6**	**5.0**
Primary sector	**-20.0**	**16.5**	**28.9**	**-2.3**	**5.1**
Agriculture	-20.8	16.3	30.4	-1.9	5.6
Fishing	-10.1	19.0	12.2	-9.5	-1.5
Secondary sector	**6.6**	**3.6**	**-4.7**	**6.5**	**4.0**
Mining	9.1	-5.9	-23.8	38.6	5.9
Industry (excluding oil refining)	3.8	2.1	0.9	3.1	2.3
Oil refining and energy products	41.9	-5.8	-70.7	-21.5	28.9
Elecricity and water	5.8	5.9	3.5	7.1	6.0
Building and public works	11.7	9.4	3.4	2.6	4.2
Tertiary sector (1)	**6.1**	**4.1**	**3.6**	**3.3**	**6.0**
Commerce	2.5	4.5	3.5	-0.4	4.7
Hotels and restaurants	4.1	0.8	-1.2	8.1	-2.0
Transports	8.4	2.6	2.8	7.2	5.9
Postal and telecommunications services	10.4	8.7	2.8	4.4	19.0
Other services (2)	8.5	3.9	2.3	3.8	5.7
General government and social security	2.4	3.9	9.3	2.9	5.8
Added value to the base prices	**1.8**	**5.7**	**4.8**	**3.3**	**5.2**
Tax on products net of subsidies	10.6	5.0	4.6	6.7	2.7

(1) Including non-market services provided by the general government.
(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A2.2 GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (1998 : 100)

(At current prices) (In millions of dirhams)

	2007	2008	2009	2010*	2011**
Gross domestic product	**616 254**	**688 843**	**732 449**	**764 031**	**802 607**
Primary sector	**74 928**	**90 690**	**107 050**	**105 534**	**114 866**
Agriculture	68 716	82 969	100 757	98 991	106 342
Fishing	6 212	7 721	6 293	6 543	8 524
Secondary sector	**149 052**	**187 866**	**186 742**	**204 075**	**224 556**
Mining	13 155	45 121	16 925	29 579	41 355
Industry (excluding oil refining)	82 074	86 996	104 004	105 250	114 338
Oil refining and energy products	841	963	1 084	2 799	1 960
Elecricity and water	15 749	16 123	18 953	19 362	18 962
Building and public works	37 233	38 663	45 776	47 085	47 941
Tertiary sector (1)	**321 713**	**341 076**	**359 365**	**378 113**	**402 997**
Commerce	65 058	70 597	72 054	72 815	76 977
Hotels and restaurants	16 294	16 278	16 775	19 446	18 852
Transports	23 264	23 897	25 795	27 480	28 424
Postal and telecommunications services	19 887	21 365	22 097	23 065	22 473
Other services (2)	145 300	154 939	162 769	172 707	186 660
General government and social security	51 910	54 000	59 875	62 600	69 611
Added value to the base prices	**545 693**	**619 632**	**653 157**	**687 722**	**742 419**
Tax on products net of subsidies	70 561	69 211	79 292	76 309	60 188

(1) Including non-market services provided by the general government.
(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(*) Revised
(**) Preliminary
Source : High Commission for Planning (National accounting department)

TABLE A2.3 CEREALS

	Crop year 2009-2010			Crop year 2010-2011		
	Area (1000 hectares)	**Production** (1000 tonnes)	**Yield** (quintals per hectare)	**Area** (1000 hectares)	**Production** (1000 tonnes)	**Yield** (quintals per hectare)
Principal cereals	**5 002**	**77 218**	**15.4**	**5 306**	**85 466**	**16.1**
Soft wheat	1 951	32 433	16.6	2 131	41 699	19.6
Hard wheat	901	16 328	18.1	957	18 480	19.3
Barley	1 920	25 665	13.4	2 026	23 176	11.4
Maïs	230	2 792	12.1	192	2 111	11.0

Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.4 PULSE CROPS

	Crop year 2009-2010			Crop year 2010-2011		
	Area (1000 hectares)	**Production** (1000 tonnes)	**Yield** (quintals per hectare)	**Area** (1000 hectares)	**Production** (1000 tonnes)	**Yield** (quintals per hectare)
Pulse crops	**388**	**2 764**	**7.1**	**525**	**3 231**	**6.2**
Broad beans	197	1 494	7.6	201	1 721	8.6
Chick peas	78	566	7.3	89	457	5.1
Green peas	43	258	6.0	50	398	7.9
Lentils	41	284	6.9	58	456	7.8
Other leguminous vegetables	29	162	5.6	127	199	1.6

Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.5 MARKET GARDEN CROPS

	Crop year 2009-2010			Crop year 2010-2011		
	Area (1000 hectares)	**Production** (1000 tonnes)	**Yield** (quintals per hectare)	**Area** (1000 hectares)	**Production** (1000 tonnes)	**Yield** (quintals per hectare)
Vegetable crops	**256.4**	**7 745.3**	**30.2**	**245.8**	**6 733.9**	**27.4**
of season	**225.3**	**5 771.4**	**25.6**	**213.0**	**4 916.9**	**23.1**
Primeurs	**31.1**	**1 973.9**	**63.5**	**32.8**	**1 817.0**	**55.4**
Tomatoes	6.8	872.0	128.2	5.4	753.5	140.6
Potatoes	6.2	163.0	26.3	7.8	252.5	32.4
Other fruits vegetables	18.1	938.9	51.9	19.7	811.1	41.3

Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.6 CITRUS FRUITS

(In thousands of tonnes)

	Oct. 2008 to Sept. 2009		Oct. 2009 to Sept. 2010		Oct. 2010 to Sept. 2011	
	Production	Exportation	Production	Exportation	Production	Exportation
Citrus fruits	**1 279**	**483**	**1 624**	**489**	**1 711**	**529**
Oranges	715	182	856	162	860	175
Clementines	353	294	466	322	751	349
Miscellaneous	211	7	302	5	100	5

Source : Ministry of Agriculture and Sea Fisherie

TABLE A2.7 BEET CROPS

	Harvested areas (hectares)	Crops (tonnes)	Yield (tonnes per hectare)
Crop year 2009-2010	**42 400**	**2 377 750**	**56.1**
Gharb	4 300	156 500	36.4
Loukkos	2 200	71 830	32.7
Tadla	10 700	629 840	58.9
Doukkala	20 200	1 230 000	60.9
Moulouya	5 000	289 580	57.9
Crop year 2010-2011	**45 000**	**2 708 800**	**60.2**
Gharb	5 800	183 300	31.6
Loukkos	2 500	105 320	42.1
Tadla	12 500	829 940	66.4
Doukkala	18 100	1 254 340	69.3
Moulouya	6 100	335 900	55.1

Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.8 CANE CROPS

	Harvested areas (hectares)	Crops (tonnes)	Yield (tonnes per hectare)
Crop year 2009-2010	**10 300**	**632 280**	**61.4**
Gharb	8 000	468 980	58.6
Loukkos	2 300	163 300	71.0
Crop year 2010-2011	**11 700**	**756 270**	**64.6**
Gharb	9 700	614 610	63.4
Loukkos	2 000	141 660	70.8

Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.9 OLIVE-GROWING

(In thousands of tonnes)

	Crops End 2009 - Beginning 2010	Crops End 2010 - Beginning 2011*	Crops End 2011 - Beginning 2012**
Olives production	1 500	1 484	1 400
Oil production	90	95	NA

(*) Revised
(**) Preliminary
NA: Not available
Source : Ministry of Agriculture and sea Fisheries

TABLE A2.10 OLEAGINOUS PLANTS

	Crop year 2009-2010			Crop year 2010-2011		
	Harvested area (1000 ha)	Production (1000 quintals)	Yield (Quintals per hectare)	Harvested area (1000 ha)	Production (1000 quintals)	Yield (Quintals per hectare)
Sunflower	62.0	593.4	9.6	36.6	494.2	13.5
Groundnut	22.9	495.6	21.6	17.2	389.9	22.7

Source : Ministry of Agriculture and sea Fisheries

TABLE A2.11 VINE GROWING

	2009		2010		2011	
	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)
Total	**45 300**	**369 500**	**49 600**	**303 300**	**48 200**	**832 000**
Dessert grapes	35 900	234 500	36 000	210 000	37 000	349 000
Wine-producing grapes	9 400	135 000	13 600	93 300	11 200	483 000

Source : Ministry of Agriculture and sea Fisheries

TABLE A2.12 STOCK FARMING (1)

(In thousand of head)

	2009	2010*	2011**
Total	**25 489**	**25 163**	**26 883**
Cattle	2 861	2 788	2 949
Sheep	17 476	17 082	18 429
Goats	5 152	5 293	5 505

(1) Census carried out in March-April 2010
(*) Revised
(**) Preliminary
Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.13 MEAT SUPPLIED FOR CONSUMPTION

(In thousands of tonnes)

	2009	2010*	2011**
Red meat	**427.4**	**436.4**	**439.7**
Cattle	189.0	194.3	190.0
Sheep	135.0	139.0	134.0
Goats	23.0	22.6	23.0
Other et offal	80.4	80.4	92.7
White meat	**490.0**	**560.0**	**580.0**

(*) Revised
(**) Preliminary
Source : Ministry of Agriculture and Sea Fisheries
(Cattle breeding Department)

TABLE A2.14 SEA FISHERIES

(In thousands of tonnes)

	2010*	2011**
Production	**1 144.7**	**963.7**
Deep-sea fishing	59.0	55.5
Coastal fishing	1 086.2	908.3
Consumption of fresh products	**406.0**	**333.5**
Processing	**669.0**	**569.0**
Canned fish	183.0	116.9
Fish meal and fish oil	278.0	190.1
Freezing	208.0	262.0
Exportation	**513.1**	**365.3**
Fresh and freezed fish	135.7	97.7
Crustaceans and molluscs	86.6	70.6
Canned fish	152.3	114.4
Fish meal and fish oil	138.5	82.7

(*) Revised
(**) Preliminary
Sources : - Production : Ministry of Agriculture and Sea Fisherie and National office of Fisheries
- Exports : Foreign Exchange Control Office

TABLE A2.15 INDEX OF MINERAL PRODUCTION

(1998 : 100)

	2009*	2010*	2011**	Percentage changes 2011/2010
Overall index	**119.4**	**138.4**	**144.1**	**15.8**
Metallic ores	**57.1**	**53.5**	**53.1**	**-0.8**
Mineraie iron	57.7	61.3	NA	-
Mineraie non-ferrous	57.1	53.5	NA	-
Other non-metallic ores	**126.5**	**148.0**	**154.3**	**4.3**
Phosphates	79.7	116.1	NA	-

(*) Revised
(**) Preliminary
NA : Not available
Source : High Commission for Planning

TABLE A2 16 ENERGY BALANCE

(In thousands of tonnes oil equivalent T O E)

	2009		2010*		2011**	
	Total	%	Total	%	Total	%
Consumption	**15 018.5**	**100**	**16 022.8**	**100**	**17 085.0**	**100**
Coal	3 405.6	22.7	3 491.4	21.8	3 834.6	22.4
Petroleum products	9 096.3	60.6	9 910.7	61.9	10 705.5	62.7
Gaz naturel	445.4	3.0	481.1	3.0	611.0	3.6
Hydro-electricity wind power electricity and imported electricity	2 071.2	13.8	2 139.6	13.4	1 933.9	11.3
Domestic products	**820.1**	**100.0**	**1 133.2**	**100.0**	**763.6**	**67.4**
Oil and natural gas	50.5	6.2	60.3	5.3	62.2	5.5
Hydro-electricity and wind power electricity	769.6	93.8	1 072.9	94.7	701.4	61.9
Deficit	**14 198.4**		**14 889.6**		**16 321.4**	
As a percentage of overall - consumption		94.5		92.9		95.5

(*) Revised
(**) Preliminary
Source : Ministry of Energy and Mining and High Commission for Planning

TABLE A2.17 ENERGY PRODUCTION

	2009	2010*	2011**	Percentage changes 2011 / 2010
Extraction activity				
Crude oil production (1 000 t)	9.3	10.4	9.6	-7.1
Natural gas production (millions m^3)	41.2	49.9	52.6	5.4
Processing activity				
Refineries production (1 000 t) (1)	4 271.2	5 767.9	6 412.4	11.2
Net electricity production (millions kWh)	20 393.7	22 591.1	24 145.0	6.9
Concession electricity (thermic and wind power)	12 809.9	12 207.6	12 657.9	3.7

(1) Excluding non energy oil products (bitumen and lubricants)
(*) Revised
(**) Preliminary
Sources : Ministry of Energy and Mining and National Electricity Office

TABLE A2.18 ENERGY PRODUCTION EXPRESSED IN TONNES OIL EQUIVALENT (TOE)

In thousands of Tonnes Oil Equivalent (TOE)	2010*			2011**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Total production (1)	**11 642**	**21.6**	**100.0**	**12 690**	**9.0**	**100.0**
Refined petroleum (2)	5 768	35.0	49.5	6 412	11.2	50.5
Electricity	5 874	10.8	50.5	6 278	6.9	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 and National Electricity Office

TABLE A2 19 TOTAL ENERGY CONSUMPTION

	2009	2010*	2011**	Percentage change 2011/2010
Petroleum products (1 000 t)	**9 096**	**9 911**	**10 705**	**8.0**
Light distillate	**5 333**	**5 652**	**5 941**	**5.1**
Super petrol	506	549	558	1.6
Planes kerosene	488	560	563	0.6
Gas-oil	4 339	4 543	4 820	6.1
Liquefied gas	**1 895**	**1 959**	**2 016**	**2.9**
Butane	1 729	1 790	1 871	4.5
Propane	165	169	145	-14.4
Fuel-oil	**1 869**	**2 300**	**2 749**	**19.5**
Quantities used for electricity production	970	1 279	1 602	25.2
Quantities used for other electricity production	899	1 021	1 147	12.4
Coal (1 000 t)	**5 160**	**5 290**	**5 810**	**9.8**
Quantities used for electricity production	4 120	4 197	4 480	6.7
Quantities used for other electricity production	1 040	1 093	1 330	21.7
Natural gas (millions m^3)	**586**	**633**	**804**	**27.0**
Tahaddart's consumption	545	583	748	28.3
Electricity O.N.E. (millions kWh)	**22 392**	**23 749**	**25 634**	**7.9**
External contribution	4 623	3 940	4 607	16.9

(*) Revised
(**) Preliminary
Sources : Ministry of Energy and Mining and National Electricity Office

TABLE A2 20 FINAL ENERGY CONSUMPTION (1)

In thousands of Tonnes Oil Equivalent (TOE)	2010*			2011**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Final energy consumption (2)	**15 495**	**6.0**	**100**	**16 618**	**7.2**	**100**
Petroleum products	8 599	6.0	55.5	9 075	5.5	54.6
Gas oil	4 510	4.3	29.1	4 791	6.2	28.8
Electricity	6 175	6.1	39.9	6 665	7.9	40.1
Coal	721	5.0	4.7	878	21.7	5.3

(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 and National Electricity Office

TABLE A2.21 INDICES OF MANUFACTURING PRODUCTION

(1998 : 100)

	Weighting	2009	2010	2011	Percentage changes	
					2010/2009	2011/2010
Food industries	**230**	**144.0**	**146.4**	**152.9**	**1.6**	**4.5**
Staple foods	205	141.8	143.8	149.5	1.4	4.0
Manufactured tobacco	25	162.3	167.8	180.7	3.4	7.7
Textiles and leather industries	**209**	**129.0**	**133.7**	**134.6**	**3.6**	**0.7**
Textile industry products	65	115.5	115.5	117.6	0.0	1.8
Clothing goods and furs	126	141.0	148.4	149.0	5.2	0.4
Leather, travel goods and footwear	17	91.9	94.7	93.0	3.1	-1.9
Chemical and parachemical industries	**363**	**157.9**	**161.8**	**167.1**	**2.5**	**3.3**
woodwork products	9	111.8	115.0	116.9	2.8	1.7
Paper and cardboard	31	228.8	230.7	229.4	0.8	-0.6
Editing products, printed or reproduced products	18	161.6	161.0	162.8	-0.4	1.1
Coking, refining, and nuclear industries products	41	103.8	112.5	122.3	8.4	8.7
Chemical products	155	142.3	149.4	151.2	5.0	1.2
Rubber or plastic products	19	236.4	236.6	240.2	0.1	1.5
Other mineral non-metal products	90	172.9	171.6	184.3	-0.8	7.4
Mechanical and metallurgical industries	**160**	**196.3**	**197.6**	**199.9**	**0.7**	**1.2**
Met al products	53	201.4	188.7	188.8	-6.3	0.1
Metal works products	49	197.2	202.4	205.7	2.6	1.6
Machinery and equipement	15	160.3	165.7	159.9	3.4	-3.5
Car industry products	27	219.0	239.2	248.0	9.2	3.7
Other transport equipement	6	147.0	144.6	146.9	-1.6	1.6
Furniture, miscellaneous industries	11	187.2	188.5	192.1	0.7	1.9
Electrical and electronic industries	**38**	**188.1**	**186.3**	**184.0**	**-0.8**	**-1.2**
Electrical machines	27	173.6	172.6	170.8	-0.6	-1.0
Radio, Television and communication equipement	10	224.2	220.6	218.2	-1.6	-1.1
Mediacl, precision, optics and clock making material	1	204.8	200.5	188.8	-2.1	-5.8
Total manufacturing industries	**1 000**	**156.0**	**159.1**	**162.9**	**2.0**	**2.4**

Source : High Commission for Planning

TABLE A2.22 TOURIST ARRIVALS

	2009	2010	2011	Percentage changes 2011/2010
Total	**8 660 590**	**9 764 253**	**9 783 931**	**0.2**
Foreign tourists	**4 612 311**	**5 386 350**	**5 375 681**	**-0.2**
On-shore	**4 292 958**	**4 910 435**	**4 934 052**	**0.5**
European Union countries	**3 414 920**	**3 889 344**	**3 882 385**	**-0.2**
France	1 699 201	1 827 453	1 775 983	-0.5
Spain	642 817	726 540	693 255	-4.6
Germany	174 384	205 417	219 667	6.9
United Kingdom	252 945	338 060	352 143	4.2
Italy	177 915	233 224	211 408	-9.4
Other European countries	**209 153**	**255 076**	**255 661**	**0.2**
America	**214 692**	**251 012**	**239 591**	**-4.5**
United States	121 144	135 376	130 427	-3.7
Canada	54 789	67 925	63 237	-6.9
Argentina	8 077	9 615	8 447	-12.1
Middle East (1)	**117 489**	**121 635**	**134 289**	**10.4**
Maghreb	**135 766**	**155 550**	**174 417**	**12.1**
Other African countries	**104 884**	**121 503**	**134 452**	**10.7**
Asia	**64 650**	**82 173**	**81 291**	**-1.1**
Other countries	**31 404**	**34 142**	**31 966**	**-6.4**
Off-shore (cruising)	**319 353**	**475 915**	**441 629**	**-7.2**
Moroccans resident abroad	**4 048 279**	**4 377 903**	**4 408 250**	**0.7**

(1) Including Egypte
Source : Ministry of Tourism

TABLE A2.23 INDEX OF INDUSTRIAL PRODUCER PRICES (1)

(1997 : 100)

	Weighting %	Annual average 2010	2011					Percentage changes	
			1st quarter	2nd quarter	3rd quarter	4th quarter	Annual average	2010/2009	2011/2010
General index	**100**	**138.4**	**154.0**	**159.3**	**159.9**	**162.4**	**158.9**	**6.4**	**14.8**
Food industries	28.9	117.3	119.7	119.7	122.5	124.5	121.6	-0.6	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	96.8	97.1	97.2	97.4	97.6	97.3	2.0	0.5
Clothing industry	6.7	94.3	94.1	94.6	94.8	94.8	94.6	-0.4	0.3
Leather and footwear	1.6	109.4	111.8	111.9	111.9	107.4	110.7	2.2	1.3
Wood and wood products	1.8	113.0	121.7	121.7	122.1	128.5	123.5	3.2	9.3
Paper and cardboard	2.6	97.9	99.9	99.5	98.9	97.0	98.8	9.9	1.0
Printing and publishing	1.4	98.4	98.6	98.6	98.6	98.6	98.6	0.9	0.2
Oil refining	13.3	300.4	368.4	401.2	396.6	409.3	393.9	33.8	31.1
Chemical industry	13.1	125.1	165.8	172.0	174.9	174.9	171.9	-10.6	37.4
Rubber and plastic products	2.0	101.8	104.2	104.0	103.6	105.0	104.2	-1.0	2.3
Other non-metallic mineral products	5.9	122.7	123.3	123.0	123.3	125.8	123.9	0.6	1.0
Basic metal industry	3.2	129.7	131.4	131.6	131.7	131.6	131.6	-0.7	1.5
Metalworking	3.0	111.4	114.1	115.3	115.5	115.3	115.1	-2.0	3.3
Machinery and equipment	0.9	87.9	87.4	87.6	88.0	88.1	87.8	-0.6	-0.1
Electrical machinery and equipment	2.0	123.4	124.8	125.3	125.3	125.3	125.2	1.3	1.5
Radio, television and communication equipment	0.5	92.8	92.8	92.8	92.8	92.8	92.8	0.0	0.0
Medial, precision, optical and watch-making instruments	0.1	103.4	103.2	103.2	103.2	103.2	103.2	-0.1	-0.2
Car industry	2.5	103.1	103.2	103.3	103.5	103.5	103.5	0.4	0.2
Other transport equipment	0.1	103.5	104.0	104.0	104.9	106.8	104.9	-0.3	1.4
Furniture and miscellaneous manufactures	0.9	121.6	124.8	125.8	126.6	126.7	126.0	1.1	3.6

(1) Prices excluding taxes and ex works.
Source : High commission for planning`

TABLE A3.1 INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

	Urban areas			Rural areas			National		
	2010	2011	Changes in absolute value (2) 2011/2010	2010	2011	Changes in absolute value(2) 2011/2010	2010	2011	Changes in absolute value (2) 2011/2010
Total population	**18 446**	**18 802**	**356.0**	**13 448**	**13 443**	**- 5.0**	**31 894**	**32 245**	**351.0**
Population aged 15 years and over	**13 745**	**14 065**	**319.3**	**9 330**	**9 393**	**62.6**	**23 076**	**23 458**	**381.9**
Population aged 15 years and over	**5 993**	**6 090**	**97.0**	**5 449**	**5 448**	**- 1.0**	**11 442**	**11 538**	**96.0**
Employed	5 170	5 273	103.0	5 235	5 237	2.0	10 405	10 510	105.0
Unemployed	823	817	- 6.0	214	211	- 3.0	1 037	1 028	- 9.0
Activity rate (1)	**43.6**	**43.3**	**-0.3**	**58.4**	**58.0**	**-0.4**	**49.6**	**49.2**	**-0.4**
Unemployment rate	**13.7**	**13.4**	**-0.3**	**3.9**	**3.9**	**0.0**	**9.1**	**8.9**	**-0.2**
By gender									
Men	12.1	11.3	-0.8	4.8	4.7	-0.1	8.9	8.4	-0.5
Women	19.8	21.2	1.4	2.0	2.1	0.1	9.6	10.2	0.6
By age									
15 to 24 years	31.3	32.2	0.9	8.4	8.7	0.3	17.6	17.9	0.3
25 to 34 years	19.1	19.1	0.0	4.4	4.4	0.0	12.8	12.9	0.1
35 to 44 years	7.9	7.4	-0.5	2.0	1.8	-0.2	5.5	5.2	-0.3
45 years and over	3.2	2.7	-0.5	1.0	0.8	-0.2	2.1	1.8	-0.3
By diploma									
Without any diploma	8.1	7.0	-1.1	2.4	2.3	-0.1	4.5	4.0	-0.5
With diploma	18.1	18.3	0.2	11.4	11.2	-0.2	16.7	16.7	0.0

(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	
	2010	2011	in absolute value	In percentage
Total	**10 405.0**	**10 510.0**	**+105.0**	**+1.0**
Agriculture, forestry and fishing	4 182.8	4 183.0	+0.2	+0.0
Industry (including handicraft)	1 269.4	1 240.2	-29.2	-2.3
Construction and public works	1 030.1	1 061.5	+31.4	+3.0
Commerce	1 331.8	1 376.8	+45.0	+3.4
Transports, warehouse and ommunication	468.2	494.0	+25.8	+5.5
General administation and services				
Social services to the community	1 009.3	1 019.5	+10.2	+1.0
Other services(1)	1 102.9	1 124.6	+21.6	+2.0
Other activities	10.4	10.5	+0.1	+1.0

(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 GROSS DOMESTIC PRODUCT CHANGES (1998 : 100)

(At current prices) (In percentage)

Branches of activity	2007	2008	2009	2010*	2011**
Gross domestic product	**6.7**	**11.8**	**6.3**	**4.3**	**5.0**
Primary sector	**-14.4**	**21.0**	**18.0**	**-1.4**	**8.8**
Agriculture	-15.3	20.7	21.4	-1.8	7.4
Fishing	-1.9	24.3	-18.5	4.0	30.3
Secondary sector	**6.0**	**26.0**	**-0.6**	**9.3**	**10.0**
Mining	24.9	243.0	-62.5	74.8	39.8
Industry (excluding oil refining)	1.1	6.0	19.6	1.2	8.6
Oil refining and energy products	-35.1	14.5	12.6	158.2	-30.0
Elecricity and water	7.2	2.4	17.6	2.2	-2.1
Building and public works	13.1	3.8	18.4	2.9	1.8
Tertiary sector (1)	**11.5**	**6.0**	**5.4**	**5.2**	**6.6**
Commerce	6.7	8.5	2.1	1.1	5.7
Hotels and restaurants	22.8	-0.1	3.1	15.9	-3.1
Transport	26.7	2.7	7.9	6.5	3.4
Postal and telecommunications services	9.7	7.4	3.4	4.4	-2.6
Other services (2)	13.1	6.6	5.1	6.1	8.1
General government and social security	2.5	4.0	10.9	4.6	11.2
Added value to the base prices	**5.4**	**13.5**	**5.4**	**5.3**	**8.0**
Tax on products net of subsidies	18.8	-1.9	14.6	-3.8	-21.1

(1) Including non-market services provided by the general government.
(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A4 2 GOODS AND SERVICES ACCOUNT (1998:100)

(At current prices)

(In millions of dirhams)

	2007	2008	2009	2010*	2011**	Percentage changes 2010/2009	Percentage changes 2011/2010
RESOURCES	**672 429**	**781 087**	**812 933**	**839 143**	**907 832**	**3.2**	**8.2**
Gross domestic product	**616 254**	**688 843**	**732 449**	**764 031**	**802 607**	**4.3**	**5.0**
Resources deficit	**56 175**	**92 244**	**80 484**	**75 112**	**105 225**	**-6.7**	**40.1**
Imports of goods and services	276 477	350 409	290 725	329 053	390 755	13.2	18.8
Exports of goods and services	220 302	258 165	210 241	253 941	285 530	20.8	12.4
Expenditure	**672 429**	**781 087**	**812 933**	**839 143**	**907 832**	**3.2**	**8.2**
Final national consumption	**472 242**	**518 527**	**551 858**	**571 485**	**619 270**	**3.6**	**8.4**
households	360 008	400 395	418 461	437 547	472 938	4.6	8.1
General government	112 234	118 132	133 397	133 938	146 332	0.4	9.3
Investment	**200 187**	**262 560**	**261 075**	**267 658**	**288 562**	**2.5**	**7.8**
Gross fixed capital formation	192 573	227 465	226 177	234 407	246 394	3.6	5.1
Changes in stocks	+7 614	+35 095	+34 898	+33 251	+42 168	-	-

(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A4 3 GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION (1998:100)

(At current prices)

(In millions of dirhams)

	2007	2008	2009	2010*	2011**	Percentage changes 2010/2009	Percentage changes 2011/2010
Gross domestic product	616 254	688 843	732 449	764 031	802 607	4.3	5.0
Net foreign income	55 367	56 307	40 610	40 790	40 617	0.4	-0.4
Gross national disposable income	**671 621**	**745 150**	**773 059**	**804 821**	**843 224**	**4.1**	**4.8**
Final national consumption	472 242	518 527	551 858	571 485	619 270	3.6	8.4
Gross national savings	199 379	226 623	221 201	233 336	223 954	5.5	-4.0

(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A4.4 INVESTMENT AND SAVINGS (1998 :100)

(At current prices) (In millions of dirhams)

	2007	2008	2009	2010*	2011**	Percentage changes	
						2010/2009	2011/2010
RESOURCES	**200 187**	**262 560**	**261 075**	**267 658**	**288 562**	**2.5**	**7.8**
Gross national savings	199 379	226 623	221 201	233 336	223 954	5.5	-4.0
Net capital transfers received	-26	-15	-4	-1	-2	-75.0	100.0
Financing requirement	834	35 952	39 878	34 323	64 610	-13.9	88.2
EXPENDITURE	**200 187**	**262 560**	**261 075**	**267 658**	**288 562**	**2.5**	**7.8**
Gross fixed capital formation	192 573	227 465	226 177	234 407	246 394	3.6	5.1
Changes in stocks	+7 614	+35 095	+34 898	+33 251	+42 168	-4.7	26.8

(*) Revised
(**) Preliminary
Source : High Commission for Planning

TABLE A5 CONSUMER PRICE INDEX (1)

(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 mainte-nance	Health	Transport	Communications	Leisure and culture	Education	Restaurants and hotels	Various goods and services
Weight	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
2010 January	106.5	110.1	110.2	108.2	103.9	104.5	104.2	106.0	102.4	103.2	90.9	97.7	113.3	108.0	106.2
February	107.5	112.3	112.5	108.3	104.0	104.5	104.2	106.0	102.5	103.5	90.9	97.8	113.3	108.2	106.4
March	109.0	116.1	116.5	108.3	104.0	104.3	104.2	106.1	102.6	103.3	90.9	97.6	113.3	108.4	106.4
April	108.7	115.2	115.6	108.3	104.0	104.2	104.2	106.0	102.9	103.3	90.6	97.4	113.3	109.1	106.5
May	108.7	115.2	115.6	108.3	104.1	104.0	104.3	106.1	103.0	103.2	90.5	97.2	113.3	109.2	106.6
June	107.6	112.6	112.8	108.3	104.0	103.7	104.3	106.2	102.9	103.2	90.5	96.9	113.3	109.4	106.7
July	107.0	111.2	111.4	108.3	104.1	103.5	104.3	106.1	102.9	103.3	90.5	96.8	113.3	109.7	107.0
August	108.0	113.6	113.9	108.3	104.1	103.7	104.4	106.2	102.9	103.2	90.5	96.8	113.3	109.7	107.1
September	109.5	116.5	117.0	108.3	104.5	104.1	104.3	106.3	102.9	103.3	90.5	96.7	118.0	109.7	107.2
October	110.4	118.6	119.2	108.3	104.6	104.6	104.4	106.3	103.0	103.3	90.5	96.7	118.5	109.8	107.9
November	109.6	116.6	117.1	108.3	104.6	104.9	104.6	106.3	103.0	103.2	89.2	96.7	118.5	109.8	108.0
December	108.6	114.2	114.5	108.3	104.7	105.1	104.6	106.3	103.0	102.9	89.2	96.6	118.5	109.8	108.3
2011 January	108.8	114.6	115.0	108.3	104.7	105.5	104.6	106.6	103.0	103.0	89.2	96.5	118.5	109.8	108.4
February	109.7	116.6	117.1	108.3	104.7	105.4	104.6	106.7	103.0	103.0	89.2	96.5	118.5	110.1	108.6
March	109.6	116.4	116.8	108.3	104.7	105.3	104.6	106.8	103.0	103.1	89.2	96.4	118.5	110.3	108.6
April	108.4	113.7	114.0	108.3	104.7	105.3	104.7	106.9	103.0	102.9	89.2	96.4	118.5	110.3	108.7
May	108.7	114.3	114.6	108.3	104.8	105.3	104.7	107.1	103.0	103.0	89.2	96.4	118.5	110.4	108.7
June	108.3	113.2	113.5	108.3	104.8	105.3	104.7	107.1	103.0	102.9	89.2	96.3	118.5	111.2	108.8
July	108.9	114.7	115.1	108.3	104.9	105.4	104.8	107.2	103.0	102.9	89.2	96.3	118.5	111.4	108.9
August	110.4	118.2	118.7	108.3	105.0	106.2	104.8	107.3	103.0	103.1	89.2	96.2	118.5	111.5	109.0
September	110.4	118.3	118.9	108.3	104.7	106.6	104.8	107.4	103.0	103.2	78.1	96.2	121.7	111.8	110.1
October	110.0	117.3	117.8	108.3	104.8	107.1	104.9	107.3	103.1	103.3	78.1	96.6	122.1	112.0	110.2
November	110.1	117.4	117.9	108.3	104.9	107.3	105.0	107.4	103.2	103.4	78.1	96.6	122.1	112.0	110.3
December	109.6	116.0	116.4	108.4	105.0	107.7	105.0	107.4	103.5	103.5	78.1	96.5	122.1	112.2	110.3

(1) The consumer price index has replaced the cost of living index as from November 2009.
Source : High Commission for Plannong

TABLE A6.1 TRADE BALANCE

In millions of dirhams	2010*	2011**	Changes in percentage
Imports C.I.F	297 963	357 987	20.1
Exports F.O.B	149 583	173 977	16.3
Balance	-148 380	-184 010	-24.0
Exports as % of imports	50.2	48.6	

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A6.2 STRUCTURE OF TRADE TRANSACTIONS

Percentage share of the different categories	Imports		Exports	
	2010*	2011**	2010*	2011**
Foodstuffs, beverages and tobacco	9.8	10.8	17.9	15.1
Energy and lubricants	23.0	25.3	1.1	4.1
Raw products	5.3	6.3	12.1	13.3
Semi-finished products (1)	21.1	21.4	30.0	30.6
Finished products	40.8	36.2	38.9	36.8
Capital goods	22.1	19.1	15.4	15.1
Consumer goods	18.7	17.2	23.5	21.8
Total	**100**	**100**	**100**	**100**

(1) Including industrial gold.
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A6 3 MAJOR IMPORTS

(Weight in thousands of tonnes, Value in millions of dirhams)

	2010*		2011**		Variations			
					Weight		Value	
	Weight	Value	Weight	Value	Thousands of tonnes	%	Millions of dirhams	%
Total	**40 850**	**297 963**	**43 178**	**357 987**	**2 327**	**5.7**	**60 024**	**20.1**
Foodstuffs, beverages and tobacco	**8 354**	**29 100**	**9 152**	**38 755**	**786**	**9.4**	**9 654**	**33.2**
Wheat	3 243	7 397	3 974	11 524	731	22.5	4 127	55.8
Maize	1 897	3 746	1 781	4 780	-116	-6.1	1 036	27.6
Barley	213	345	266	663	53	24.9	318	92.3
Sugar	798	3 301	884	4 820	86	10.8	1 520	46.0
Dairy products	70	2 022	68	2 283	-2	-2.9	260	12.9
Tea	54	938	66	1 408	11	20.9	470	50.1
Coffee	34	572	33	770	-1	-2.9	199	34.8
Tobacco	11	741	10	794	-1	-11.8	53	7.1
Other	2 032	10 038	2 057	11 710	25	1.2	1 672	16.7
Energy and lubricants	**17 442**	**68 479**	**18 075**	**90 686**	**633**	**3.6**	**22 207**	**32.4**
Crude oil	5 237	25 090	4 987	31 423	-250	-4.8	6 333	25.2
Refined petroleum products	6 527	36 245	7 539	49 616	1 012	15.5	13 371	36.9
Coal	5 520	4 530	5 326	5 514	-193	-3.5	984	21.7
other	159	2 614	223	4 133	64	40.1	1 519	58.1
Raw products	**6 519**	**15 915**	**6 925**	**22 425**	**405**	**6.2**	**6 510**	**40.9**
Vegetable oils	429	3 449	462	4 845	34	7.8	1 396	40.5
Oilseeds	279	1 007	151	616	-128	-45.9	-391	-38.8
Timber	1 059	3 197	1 187	3 430	128	12.1	233	7.3
Textile fibers and cotton	82	1 393	81	1 905	-1	-1.2	512	36.8
Sulfur	3 934	2 794	4 063	6 091	128	3.3	3 296	118.0
Other	737	4 074	981	5 538	244	33.2	1 464	35.9
Semi-finished products including industrial gold	**6 827**	**62 777**	**7 162**	**76 448**	**336**	**4.9**	**13 672**	**21.8**
Chemical products	1 027	7 049	1 080	7 992	53	5.2	942	13.4
Dyes and disinfectants	58	2 059	58	2 254	0	-0.7	195	9.5
Natural and chemical fertilizers	545	1 682	578	2 218	33	6.1	536	31.9
ron and steel	1 240	6 001	1 357	7 864	117	9.4	1 863	31.0
Plastic materials	541	7 755	604	9 823	63	11.6	2 068	26.7
Paper and cardboard	384	3 644	413	4 369	29	7.6	725	19.9
Fiber and cotton yarns	62	1 834	66	2 335	4	7.0	501	27.3
other	2 970	32 753	3 006	39 595	37	1.2	6 842	20.9
Agricultural capital goods	**44**	**2 024**	**34**	**1 826**	**-10**	**-23.0**	**-198**	**-9.8**
Industrial capital goods	**676**	**63 915**	**749**	**66 388**	**73**	**10.8**	**2 473**	**3.9**
Machines and miscellaneous equipment	84	10 857	90	11 606	6	7.0	749	6.9
Crushing machines	64	3 996	61	2 580	-3	-4.2	-1 416	-35.4
Textile machinery	3	292	4	390	1	27.7	98	33.6
Equipment of extraction	50	1 784	46	1 851	-4	-8.3	67	3.8
Tools and machine tools	24	1 886	20	1 353	-4	-15.0	-534	-28.3
Tanks, bottles and metal drums	22	917	16	645	-6	-28.0	-272	-29.7
Electrical switch gear	12	2 944	15	3 788	3	24.5	844	28.7
Power generators	6	419	7	549	1	8.7	130	30.9
Electrical appliance of telephony and telecommunications transmitters	2	1 157	2	1 167	0	2.5	10	0.9
Wires and cables for electricity	26	3 287	33	4 858	7	26.7	1 571	47.8
Aircraf	0	1 652	0	2 565	0	73.4	913	55.3
Industrial vehicles	94	8 460	70	5 496	-24	-25.6	-2 964	-35.0
other	290	26 263	386	29 539	96	33.1	3 276	12.5
Consumer goods	**988**	**55 753**	**1 081**	**61 459**	**92**	**9.4**	**5 705**	**10.2**
Pharmaceutical products	7	4 553	7	4 906	0	3.4	353	7.8
Textile fibers and cotton	74	6 745	82	7 893	8	10.4	1 149	17.0
Plastic articles	61	2 440	67	2 817	6	10.0	377	15.4
Telecommunications receivers	28	5 415	24	4 806	-4	-15.1	-610	-11.3
Passenger cars	78	9 501	84	9 002	6	8.2	-499	-5.3
Spare parts	68	3 422	91	5 080	23	34.0	1 658	48.5
Other	673	23 677	726	26 955	53	7.9	3 278	13.8

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A6 4 MAJOR EXPORTS

(Wheight in thousands of tonnes, Value in millions of dirhams)

	2010*		2011**		Changes			
					Weight		Value	
	Weight	Value	Weight	Value	Thousands of tonnes	%	Millions of dirhams	%
Total	**22 783**	**149 583**	**22 624**	**173 977**	**-159**	**-0.7**	**24 394**	**16.3**
Foodstuffs beverages and tobacco	**2 203**	**26 796**	**2 252**	**26 335**	**49**	**2.2**	**-462**	**-1.7**
Citrus fruits	560	3 212	593	3 137	33	6.0	-75	-2.3
Early vegetables	652	4 809	762	5 056	110	16.9	247	5.1
Fresh fruits	137	1 492	155	2 020	17	12.6	528	35.4
Crustaceans molluscs and shellfish	87	4 564	75	5 080	-11	-12.9	516	11.3
Fresh fish	135	1 862	99	1 618	-37	-27.1	-244	-13.1
Canned fish	155	5 154	115	4 271	-40	-25.6	-883	-17.1
Canned fruits and vegetables	99	1 655	96	1 598	-3	-3.3	-57	-3.4
Fish meal	97	1 027	63	594	-34	-35.1	-433	-42.2
Other	252	2 886	585	5 198	333	132.3	2 312	80.1
Energy and lubricants	**247**	**1 589**	**886**	**7 166**	**520**	**210.2**	**5 577**	**351.1**
Raw animal and vegetable products	**317**	**3 768**	**261**	**3 298**	**-50**	**-15.8**	**-469**	**-12.5**
Olive oil	26	509	35	665	9	34.4	155	30.5
Paper pulp	143	969	98	514	-45	-31.7	-455	-46.9
Plants and flowers	27	426	30	535	3	10.9	109	25.6
Agar-agar	1	193	1	171	0	-16.2	-22	-11.6
Cork	6	32	8	45	2	38.7	12	38.5
Bowels	42	342	19	251	-23	-55.4	-91	-26.6
Seaweed	5	81	2	54	-2	-51.1	-27	-33.4
Other	68	1 214	69	1 064	1	1.3	-150	-12.4
Raw mineral products	**12 828**	**14 322**	**10 847**	**19 830**	**-1 980**	**-15.4**	**5 507**	**38.5**
Phosphates	10 254	8 984	9 357	12 950	-897	-8.7	3 966	44.1
Zinc ore	93	368	74	322	-19	-20.5	-47	-12.6
Lead and copper ores	91	1 230	79	1 338	-12	-13.2	109	8.8
Scrap of cast iron and steel	160	2 637	107	3 983	-54	-33.5	1 346	51.1
other ores	2 230	1 103	2 231	1 236	1	0.1	133	12.0
Semi-finished products including industrial gold	**6 789**	**44 874**	**6 960**	**53 239**	**171**	**2.5**	**8 366**	**18.6**
Phosphoric acid	2 347	13 753	2 203	16 392	-143	-6.1	2 639	19.2
Natural and chemical fertilizers	3 500	13 151	3 839	18 743	339	9.7	5 591	42.5
Electronic devices (transistors)	3	4 885	3	4 831	0	-3.0	-53	-1.1
Lead and articles thereof	40	337	30	601	-10	-25.5	-136	-18.4
Hides and skins	1	273	2	520	1	61.8	247	90.5
Flat-rolled products of iron or non-alloy steel	114	830	140	1 048	26	22.7	217	26.2
Other	785	11 244	744	11 105	-41	-5.2	-139	-1.2
Capital goods	**165**	**23 089**	**154**	**26 204**	**-11**	**-6.6**	**3 114**	**13.5**
Wires and cables for electricity	83	13 693	91	15 547	8	9.5	1 854	13.5
Industrial vehicles	14	1 124	24	1 787	9	66.3	663	59.0
Electronic under-systems	7	2 309	8	2 766	0	0.4	458	19.8
Automatic data processing machines to the computer	2	272	2	310	0	6.6	38	14.1
Other	59	5 692	30	5 793	-28	-48.2	101	1.8
Consumer goods	**234**	**35 145**	**264**	**37 905**	**30**	**12.8**	**2 759**	**7.9**
Clothing	60	18 041	57	18 259	-2	-3.8	218	1.2
Hosiery	43	6 973	44	7 727	1	2.4	753	10.8
Shoes	13	2 385	13	2 411	0	-2.4	26	1.1
Dishes and various ceramic objects	15	292	23	346	9	60.0	54	18.4
Finished papier and paper products	8	105	12	178	3	40.4	73	69.5
passenger cars	6	449	10	883	4	63.2	434	96.5
Other	90	6 899	105	8 101	16	17.2	1 202	17.4

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A6.5 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE

(In millions of dirhams)

	Imports C I F		Exports F O B		Soldes	
	2010*	2011**	2010*	2011**	2010*	2011**
Total	**297 963**	**357 987**	**149 583**	**173 977**	**-148 380**	**-184 010**
EUROPE	**170 052**	**207 379**	**97 190**	**108 552**	**-72 862**	**-98 827**
European Union	**142 352**	**163 707**	**85 325**	**96 632**	**-57 027**	**-67 075**
France	46 379	51 097	33 558	35 743	-12 821	-15 354
spain	31 603	39 174	25 297	31 618	-6 306	-7 556
Germany	13 707	16 008	4 685	4 823	-9 021	-11 185
Italy	17 729	18 614	6 725	7 249	-11 005	-11 365
Great Britain	6 322	7 175	4 341	4 413	-1 981	-2 762
Netherlands	5 195	6 141	4 219	5 001	-976	-1 139
Belgium-Luxembourg Economic Union	4 385	7 029	3 990	3 460	-394	-3 569
Other E U countries	17 032	18 470	2 510	4 325	-14 522	-14 145
Other European countries	**27 701**	**43 672**	**11 865**	**11 920**	**-15 836**	**-31 752**
Russia	11 270	16 591	1 730	1 981	-9 541	-14 610
Turkey	6 425	9 445	2 882	2 791	-3 543	-6 654
ASIE	**73 855**	**82 479**	**24 301**	**27 977**	**-54 502**	**-61 851**
Middle East countries	**35 804**	**49 843**	**8 958**	**8 781**	**-26 846**	**-41 062**
Saudi Arabia	17 750	24 524	373	320	-17 377	-24 204
Iran	1 344	86	693	5	-650	-81
United Arab Emirate	1 644	2 461	1 259	744	-385	-1 717
Jordan	114	161	395	374	282	213
Other	14 953	22 610	6 237	7 337	-8 716	-15 273
Other Asian countries	**38 050**	**32 637**	**15 343**	**19 196**	**-22 707**	**-13 441**
Japan	3 766	3 379	1 115	1 185	-2 651	-2 193
India	4 876	4 761	9 056	11 786	4 180	7 026
Pakistan	167	288	2 212	3 558	2 044	3 271
China	24 993	23 331	2 059	1 590	-22 934	-21 741
Other	4 248	879	901	1 076	-3 347	198
AMERICA	**35 559**	**48 117**	**14 457**	**19 495**	**-21 103**	**-28 622**
United States	20 981	28 925	5 640	7 558	-15 340	-21 367
Canada	1 867	2 942	460	358	-1 406	-2 583
Brasil	6 443	8 423	5 645	9 016	-798	593
Mexico	265	489	943	773	678	284
Argentina	2 902	4 471	787	712	-2 115	-3 759
Other	3 102	2 868	981	1 078	-2 121	-1 790
AFRICA	**17 587**	**19 044**	**10 784**	**11 425**	**-6 804**	**-7 619**
Egypt	3 513	3 971	872	610	-2 641	-3 361
Maghreb-Arab Union countries	**9 579**	**11 086**	**3 322**	**3 816**	**-6 258**	**-7 271**
Algeria	7 055	8 687	1 163	1 821	-5 892	-6 867
Tunisia	2 142	2 282	1 208	928	-933	-1 353
Libya	372	110	319	243	-53	133
Mauritania	11	8	631	824	620	816
Other	**4 495**	**3 987**	**6 590**	**6 999**	**2 095**	**3 012**
OCEANIA AND OTHER	**910**	**967**	**2 852**	**6 527**	**1 942**	**5 560**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A6.6 BALANCE OF PAYMENTS

(In millions of dirhams)

	2010*			2011**		
	Credit	Debit	Net	Credit	Debit	Net
CURRENT ACCOUNT	**325 887.0**	**360 208.9**	**-34 321.9**	**361 366.2**	**425 974.3**	**-64 608.1**
Goods	**149 583.4**	**275 616.1**	**-126 032.7**	**173 977.2**	**331 138.0**	**-157 160.8**
General merchandise	103 896.2	250 124.9	-146 228.7	126 798.3	301 771.2	-174 972.9
Goods for processing	44 091.6	25 446.8	18 644.8	45 077.9	29 346.4	15 731.5
Goods procured in ports by carriers	1 595.6	44.4	1 551.2	2 101.0	20.4	2 080.6
Services	**105 522.0**	**62 684.6**	**42 837.4**	**112 859.3**	**69 361.2**	**43 498.1**
Transportation	18 198.3	22 420.7	-4 222.4	22 030.0	26 816.9	-4 786.9
Travel	56 421.5	10 193.0	46 228.5	59 114.6	11 011.9	48 102.7
Communication services	5 981.7	633.8	5 347.9	6 251.8	745.6	5 506.2
Insurance services	1 290.4	1 570.0	-279.6	1 067.7	1 527.4	-459.7
Royalties and license fees	32.4	255.9	-223.5	44.7	333.6	-288.9
Other business services	20 223.4	13 111.4	7 112.0	21 001.8	13 852.6	7 149.2
Government services N.I.E	3 374.3	14 499.8	-11 125.5	3 348.7	15 073.2	-11 724.5
Income	**7 253.6**	**19 808.8**	**-12 555.2**	**6 539.4**	**23 099.9**	**-16 560.5**
Administrations	-	2 292.8	-2 292.8	-	3 039.9	-3 039.9
Monetary autority	6 518.1	-	6 518.1	5 095.9	-	5 095.9
BanKs	93.5	203.8	-110.3	796.7	214.3	582.4
Others sectors	642.0	17 312.2	-16 670.2	646.8	19 845.7	-19 198.9
Unrequited transfers	**63 528.0**	**2 099.4**	**61 428.6**	**67 990.3**	**2 375.2**	**65 615.1**
Public	2 814.3	719.2	2 095.1	3 345.2	752.1	2 593.1
Private	60 713.7	1 380.2	59 333.5	64 645.1	1 623.1	63 022.0
CAPITAL AND FINANCIAL ACCOUNT	**101 709.9**	**64 516.2**	**37 193.0**	**106 390.4**	**39 756.7**	**66 633.7**
Capital account	**-**	**0.7**	**-0.7**	**-**	**2.2**	**-2.2**
Transfert of capital	-	0.7	-0.7	-	2.2	-2.2
Financial account	**101 709.9**	**64 516.2**	**37 193.7**	**106 390.4**	**39 754.5**	**66 635.9**
Directs investments	**35 128.1**	**26 836.5**	**8 291.6**	**25 706.2**	**7 328.9**	**18 377.3**
Moroccan loans and investments abroad	59.8	5 015.6	-4 955.8	78.4	2 080.4	-2 002.0
Foreign loans and investments in Morocco	35 068.3	21 820.9	13 247.4	25 627.8	5 248.5	20 379.3
Portfolio Investments	**4 576.6**	**3 827.8**	**748.8**	**3 930.8**	**5 816.0**	**-1 885.2**
Assets	1 571.9	1 610.9	-39.0	384.8	3 649.4	-3 264.6
Liabilities	3 004.7	2 216.9	787.8	3 546.0	2 166.6	1 379.4
Others investissements	**62 005.2**	**23 704.2**	**38 301.0**	**55 527.0**	**26 609.6**	**28 917.4**
Commercial credits	16 937.6	12 586.8	4 350.8	23 168.1	13 631.7	9 536.4
loans	34 666.0	11 117.4	23 548.6	26 933.9	12 977.9	13 956.0
Currency and deposits	10 401.6	-	10 401.6	5 425.0	-	5 425.0
Reserve assets	**-**	**10 147.7**	**-10 147.7**	**21 226.4**	**-**	**21 226.4**
TOTAL	**427 596.9**	**427 596.9**	**0.0**	**467 756.6**	**467 756.6**	**0.0**

N.I.E : not included elsewhere
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A6.7 INTERNATIONAL INVESTMENT POSITION

(in millions of dirhams)

	2009			2010			Net position 2010 / Net position 2009	
	Assets	Liabilities	Net Position	Assets	Liabilities	Net Position	Changes in value	Changes %
Direct Investments	**14 630.6**	**334 691.7**	**-320 061.1**	**15 994.9**	**376 742.3**	**-360 747.4**	**- 40 686.3**	**12.7**
Moroccan investments abroad	14 630.6		+14 630.6	15 994.9		+15 994.9	1 364.3	9.3
Foreign investments in Morocco		334 691.7	-334 691.7		376 742.3	-376 742.3	- 42 050.6	12.6
Equity capital	14 142.9	320 296.2	-306 153.3	15 489.6	362 924.3	-347 434.7	- 41 281.4	13.5
Other capital	487.7	14 395.5	-13 907.8	505.3	13 818.0	-13 312.7	595.1	- 4.3
Portfolio Investments	**5 691.8**	**28 798.6**	**-23 106.8**	**8 035.6**	**29 886.7**	**-21 851.1**	**1 255.7**	**- 5.4**
Foreign securities	5 691.8		+5 691.8	8 035.6		+8 035.6	2 343.8	41.2
Moroccan securitie		28 798.6	-28 798.6		29 886.7	-29 886.7	- 1 088.1	3.8
Shares and other equity securities	5 559.5	28 798.6	-23 239.1	7 929.1	29 886.7	-21 957.6	1 281.5	- 5.5
Bonds and other debt securities	132.3		+132.3	106.5		+106.5	- 25.8	- 19.5
Other Investments	**36 040.3**	**198 958.4**	**-162 918.1**	**28 014.9**	**231 945.6**	**-203 930.7**	**- 41 012.6**	**25.2**
Commercial credits	9 991.3	10 886.1	-894.8	11 540.0	13 009.1	-1 469.1	- 574.3	64.2
Loans	3 535.8	160 033.2	-156 497.4	2 300.0	183 268.4	-180 968.4	- 24 471.0	15.6
General government		78 738.0	-78 738.0		92 353.0	-92 353.0	- 13 615.0	17.3
Banks	2 541.7	3 042.9	-501.2	1 305.9	2 749.5	-1 443.6	- 942.4	188.0
Other sectors	994.1	78 252.3	-77 258.2	994.1	88 165.9	-87 171.8	- 9 913.6	12.8
Public sector		71 844.0	-71 844.0		80 043.0	-80 043.0	- 8 199.0	11.4
Private sector	994.1	6 408.3	-5 414.2	994.1	8 122.9	-7 128.8	- 1 714.6	31.7
Notes, coins and deposits	21 788.7	21 121.1	+667.6	13 433.3	28 443.1	-15 009.8	- 15 677.4	- 2 348.3
Monetary authorities (liabilities)		2 602.0	-2 602.0		2 770.0	-2 770.0	- 168.0	6.5
Other sectors	805.6		+805.6	516.1		+516.1	- 289.5	- 35.9
Public sector	501.3		+501.3	466.0		+466.0	- 35.3	- 7.0
Private sector (including residents foreign currency accounts)	304.3		+304.3	50.1		+50.1	- 254.2	- 83.5
Banks	20 983.1	18 519.1	+2 464.0	12 917.2	25 673.1	-12 755.9	- 15 219.9	- 617.7
Non-Residents' accounts in convertible dirhams							-	-
Other liabilities							-	-
Other assets	724.5	6 918.0	-6 193.5	741.6	7 225.0	-6 483.4	- 289.9	4.7
Reserve assets	**185 337.0**	**0.0**	**+185 337.0**	**197 341.0**	**0.0**	**+197 341.0**	**12 004.0**	**6.5**
Monetary gold	6 153.0		+6 153.0	8 353.0		+8 353.0	2 200.0	35.8
Special drawing rights	6 000.0		+6 000.0	6 206.0		+6 206.0	206.0	3.4
IMF reserve position	868.0		+868.0	907.0		+907.0	39.0	4.5
Foreign currency	172 316.0		+172 316.0	181 875.0		+181 875.0	9 559.0	5.5
Net international investment position	**241 699.7**	**562 448.7**	**-320 749.0**	**249 386.4**	**638 574.6**	**-389 188.2**	**- 68 439.2**	**21.3**

Source : Foreign Exchange Office.

TABLE A7.1 TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	January - December 2010*	January - December 2011**
CURRENT REVENUE(1)	**193 668**	**207 207**
Fiscal revenue	**173 562**	**184 356**
Direct taxes	65 004	69 782
Customs duties	12 242	10 286
Indirect taxes(2)	86 324	93 717
Registration fees and stamp duties	9 992	10 571
Non-fiscal revenue	**16 215**	**19 963**
State monopolies	8 883	10 483
Miscellaneous revenues	7 332	9 480
Receipts of certain special Treasury accounts	**3 890**	**2 888**
EXPENDITURE	**228 609**	**265 004**
Current expenditure	**181 578**	**215 086**
Administrative expenses	117 251	126 465
Personnel expenses	78 768	88 562
Interest on the public debt	17 574	18 234
Domestic	15 245	15 198
Foreign	2 329	3 036
Subsidization	27 195	48 830
Transfers to local community	19 558	21 557
CURRENT BALANCE	**+ 12 090**	**- 7 879**
Capital expenditure	**47 031**	**49 918**
Special accounts balance	**- 858**	**2 048**
BUDGET BALANCE	**- 35 799**	**- 55 750**
As a % of G.D.P	-4.7	-6.9
CHANGE IN ARREARS	**6 886**	**9 851**
FINANCING REQUIREMENT	**- 28 913**	**- 45 899**
NET FINANCING	**28 913**	**45 899**
Foreign financing	**15 837**	**7 063**
Foreign borrowing	21 533	13 738
Amortization	- 5 696	- 6 675
Domestic financing	**13 041**	**33 189**
Privatization	**35**	**5 647**

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
(*) Revised
(**) Preliminary
Source : Ministry of Economy and Finance

TABLE A7.2 TREASURY CURRENT REVENUE

(In millions of dirhams)

	January - December 2010*	January - December 2011**	Percentage change
FISCAL REVENUE	**173 562**	**184 356**	**6.2**
Direct taxes	**65 004**	**69 782**	**7.4**
Corporation tax	35 114	40 250	14.6
Income tax	26 928	27 525	2.2
Other direct taxes	2 962	2 007	-32.2
Customs duties	**12 242**	**10 286**	**-16.0**
Indirect taxes	**86 324**	**93 717**	**8.6**
Value added tax (V.A.T)	65 193	71 857	10.2
Domestic	26 759	27 727	3.6
Imports	38 434	44 130	14.8
Domestic taxes on consumption	21 132	21 860	3.4
Petroleum products	12 307	12 943	5.2
Tobacco products	7 502	7 494	-0.1
Other domestic taxes	1 323	1 423	7.6
Registration fees and stamp duties	**9 992**	**10 571**	**5.8**
NON-FISCAL REVENUE	**16 215**	**19 963**	**23.1**
Monopolies	8 883	10 483	18.0
Miscellaneous revenues	7 332	9 480	29.3
RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS	**3 890**	**2 888**	**-25.8**
TOTAL CURRENT REVENUE (1)	**193 668**	**207 207**	**7.0**

(1) Excluding privatization revenues
(*) Revised
(**) Preliminary
Source : Ministry of Economy and Finance

TABLE A7 3 ESTIMATED GENERAL BUDGET

(In millions of dirhams)

	Finance Act 2009	Finance Act 2010	Finance Act 2011
CURRENT REVENUE (1)	**196 726**	**182 716**	**195 616**
Tax revenue	**178 747**	**166 388**	**178 201**
Direct taxes	73 992	66 969	68 636
Customs duties	11 830	10 546	11 225
Indirect taxes (2)	81 650	78 768	87 772
Registration fees and stamp duties	11 275	10 105	10 568
Non-tax revenue	**14 829**	**13 328**	**14 215**
State monopolies	10 015	9 340	10 227
Miscellaneous revenues	4 814	3 988	3 988
Receipts of certain special Treasury accounts	3 150	3 000	3 200
EXPENDITURE	**223 141**	**220 184**	**233 130**
Current expenditure	**184 774**	**174 238**	**185 033**
Administrative expenses	117 973	123 910	128 989
Personnel expenses	75 570	80 533	86 036
Interest on the public debt	18 913	18 525	18 950
Domestic	15 450	15 604	15 496
Foreign	3 463	2 921	3 454
Subsidization	28 900	14 000	17 000
Transfers to local community	18 988	17 803	20 094
CURRENT ACCOUNT BALANCE	**11 952**	**8 478**	**10 583**
Capital expenditure	**38 367**	**45 946**	**48 097**
Special Treasury accounts balance	2 000	2 000	4 000
BUDGET BALANCE	**-24 415**	**-35 468**	**-33 514**
CHANGE IN ARREARS	**-5 000**	**0**	**-5 640**
FINANCING REQUIREMENT	**-29 415**	**-35 468**	**-39 154**
NET FINANCING	**29 416**	**35 468**	**39 154**
Foreign financing	**9 980**	**13 265**	**13 594**
Foreign borrowing	14 839	18 688	20 557
Amortization	-4 859	-5 423	-6 963
Domestic financing	**16 436**	**18 203**	**21 560**
Privatization	**3 000**	**4 000**	**4 000**

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

TABLE A8.1 Main foreign exchange rates quoted by the Bank Al-Maghrib

(In dirhams)

End of period		2010		2011												
		Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	Au-gust	Sept.	Oct.	Nov.	Dec.	Annual average
1 euro - EUR	Buying rate	11.145	11.137	11.187	11.206	11.253	11.341	11.280	11.293	11.275	11.284	11.146	11.227	11.158	11.072	11.261
	Selling rate		11.204	11.254	11.273	11.321	11.409	11.348	11.360	11.342	11.352	11.213	11.294	11.225	11.139	
1 E.S. dollar - USD	Buying rate	8.445	8.3319	8.1616	8.0974	7.9343	7.6350	7.8425	7.8003	7.8615	7.8298	8.3003	8.0251	8.2589	8.5515	8.049
	Selling rate		8.3819	8.2106	8.1460	7.9820	7.6809	7.8896	7.8472	7.9088	7.8768	8.3502	8.0733	8.3085	8.6029	
1 canadien dollar - CAD	Buying rate	8.163	8.3448	8.1804	8.3156	8.1701	8.0199	8.0754	8.0711	8.2036	8.0096	7.9474	8.0379	8.1497	8.3764	8.154
	Selling rate		8.3950	8.2296	8.3656	8.2191	8.0681	8.1240	8.1196	8.2529	8.0577	7.9952	8.0862	8.1987	8.4268	
1 Pound sterling - GB	Buying rate	13.007	12.933	12.992	13.139	12.733	12.716	12.917	12.498	12.870	12.769	12.914	12.876	13.004	13.266	12.930
	Selling rate		13.010	13.070	13.218	12.809	12.792	12.994	12.573	12.947	12.846	12.991	12.953	13.082	13.346	
1 Swiss franc - CHF	Buying rate	8.152	8.9202	8.6729	8.7265	8.6823	8.8098	9.1918	9.3456	9.9350	9.5404	9.1762	9.2121	9.0937	9.1075	9.152
	Selling rate		8.9738	8.7250	8.7790	8.7345	8.8627	9.2471	9.4018	9.9947	9.5977	9.2313	9.2674	9.1483	9.1622	
100 Japanese yens - GPY	Buying rate	9.695	10.245	9.9514	9.8935	9.5837	9.3882	9.6126	9.7146	10.187	10.194	10.803	10.287	10.669	11.061	10.142
	Selling rate		10.306	10.011	9.9530	9.6413	9.4446	9.6704	9.7730	10.248	10.256	10.868	10.348	10.733	11.127	

Source : Bank Al-Maghrib.

TABLE A8.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(In millions of dirhams

Monthly totals	Annual average 2010	2011												Annual average 2011
		Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	
Spot operations														
Interbank sale/purchase operations against the dirham	11 122.5	13 348.5	11 931.8	8 010.8	10 702.9	11 341.5	8 543.0	9 620.2	12 105.3	10 832.6	7241.1	7 540.6	11 871.5	10 257.5
Currency-against-currency sale/ purchase operations with foreign correspondants	114 685.4	162 168.5	146 002.3	210 693.5	162 344.8	203 614.8	163 904.1	153 043.4	187 808.0	137 717.3	111765.1	68 369.4	32 176.4	144 967.3
Currency investments abroad	5 339.0	5 203.2	4 193.9	6 234.2	5 082.2	4 159.3	9 343.3	5 001.2	6 924.4	6 691.5	4235.5	3 939.9	10 630.0	5 969.9
Currency purchase by BAM from the 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 the banks	1 823.8	2 364.6	3 086.5	7 385.0	4 650.5	2 940.5	7 592.9	3 255.8	3 023.7	7 993.9	4084.1	3 347.6	7 893.9	4 801.6
Forward operations														
Forward purchase of currency by banks customers (import coverage)	8 140.8	10 656.6	8 498.1	10 921.6	10 045.0	8 328.3	9 758.9	7 579.4	9 778.2	9 738.1	7256.9	9 266.5	9 713.3	9 295.1
Forward sale of currency by banks customers (export cover)	1 800.5	2 002.9	2 358.4	2 137.7	2 202.0	1 969.6	1 878.0	2 235.6	2 101.3	3 869.3	1921.0	3 221.9	3 713.0	2 467.6

Source : Bank Al-Maghrib.

TABLE A8.3 BANK LIQUIDITY DEVELOPMENTS

(In millions of dirhams)

	Dec. 2010	Monthly Outstanding amounts 2011 [1]											
	Change	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
Notes and coin	1 100	-209	-303	-638	-1 133	-811	-1 034	-4 310	-2 571	-1 425	821	-5 537	2 925
Treasury's net position [2]	265	406	-1 708	655	1 172	482	211	653	-398	-606	140	1 304	-766
Bank Al-Maghrib net foreign exchange holdings	2 641	1 155	-1 205	-3 525	-3 237	-2 175	-2 483	-3 946	3 996	-583	-3 206	666	-2 816
Other factors	475	194	-1 215	-50	-225	-215	494	147	-980	-451	700	-427	399
Bank's structural liquidity position[3]	4 481	1 546	-4 430	-3 557	-3 422	-2 720	-2 813	-7 456	48	-3 065	-1 544	-3 994	-258
Reserve requirement	-123	-285	-407	-175	2 149	2 808	-30	-186	-240	-49	-164	-121	183
Surplus or liquidity requirement	4 357	1 262	-4 838	-3 732	-1 274	88	-2 843	-7 642	-192	-3 114	-1 708	-4 116	-76
Bank Al-Maghrib money market interventions	**-3 484**	**-2 700**	**5 977**	**2 653**	**2 270**	**350**	**1 016**	**10 433**	**-2 199**	**4 009**	**3 491**	**2 000**	**300**
Facilities on Bank Al-Maghrib's initiative	**-3 484**	**-2 700**	**5 977**	**2 653**	**2 270**	**350**	**1 016**	**10 433**	**-2 199**	**4 009**	**3 491**	**2 000**	**300**
7-days advance on call for tenders	-3 484	-2 700	5 977	2 653	2 270	350	1 016	10 433	-2 199	4 009	-1 509	-500	-7200
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	0	0	0	0	0	0	0	0	0	0	5 000	2 500	7 500
Facilities on bank's initiative	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
24-hour advances	0	0	0	0	0	0	0	0	0	0	0	0	0
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

Source : Bank Al-Maghrib

TABLE A8 4 BANK AL-MAGHRIB'S INTERVENTIONS ON THE MONEY MARKET

(In millions of dirhams)

2011 (Daily average of the week)	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	
Average 2011	**21 212**	-	-	-	**2 157**	**43**	-	**23 433**
30 dec to 05 january	7 000	-	-	-	-	-	-	7 000
06 to 12 january	6 000	-	-	-	-	-	-	6 000
13 to 19 january	8 000	-	-	-	-	-	-	8 000
20 to 26 january	4 000	-	-	-	-	-	-	4 000
27 january to 02 february	8 000	-	-	-	-	-	-	8 000
03 to 09 february	10 000	-	-	-	-	-	-	10 000
10 to 16 february	14 000	-	-	-	-	1 346	-	15 346
17 to 23 february	12 000	-	-	-	-	-	-	12 000
24 february to 02 march	13 000	-	-	-	-	-	-	13 000
03 to 09 march	15 000	-	-	-	-	-	-	13 000
10 to 16 march	15 000	-	-	-	-	-	-	15 000
17 to 23 march	14 000	-	-	-	-	-	-	14 000
24 to 30 march	16 000	-	-	-	-	-	-	16 000
31 march au 06 april	16 000	-	-	-	-	-	-	16 000
07 to 13 april	19 000	-	-	-	-	-	-	19 000
14 to 20 april	21 000	-	-	-	-	-	-	21 000
21 to 27 april	16 000	-	-	-	-	-	-	16 000
28 april to 04 may	15 000	-	-	-	-	-	-	15 000
05 to 11 may	18 000	-	-	-	-	-	-	18 000
12 to 18 may	17 000	-	-	-	-	-	-	17 000
19 to 25 may	17 000	-	-	-	-	-	-	17 000
26 may to 01 june	19 000	-	-	-	-	-	-	19 000
02 to 08 june	17 000	-	-	-	-	-	-	17 000
09 to 15 june	16 000	-	-	-	-	-	-	16 000
16 to 22 june	19 000	-	-	-	-	286	-	19 286
23 to 29 june	23 000	-	-	-	-	-	-	23 000
30 june au 06 july	24 000	-	-	-	-	-	-	24 000
07 to 13 july	31 000	-	-	-	-	-	-	31 000
14 to 20 july	32 000	-	-	-	-	-	-	32 000
21 to 27 july	31 000	-	-	-	-	-	-	31 000
28 to 03 august	28 000	-	-	-	-	-	-	32 000
04 to 10 august	29 000	-	-	-	-	-	-	29 000
11 to 17 august	27 000	-	-	-	-	-	-	27 000
18 to 24 august	26 000	-	-	-	-	-	-	26 000
25 to 31 august	26 000	-	-	-	-	-	-	26 000
01 to 07 september	32 000	-	-	-	-	-	-	31 143
08 to 14 september	34 000	-	-	-	-	-	-	34 000
15 to 21 september	29 000	-	-	-	-	590	-	29 590
22 to 28 september	32 000	-	-	-	-	-	-	32 000
29 september to 05 october	28 000	-	-	-	2 143	-	-	30 143
06 to 12 october	31 000	-	-	-	5 000	-	-	36 000
13 to 19 october	27 000	-	-	-	5 000	-	-	32 000
20 to 26 octobre	29 000	-	-	-	5 000	-	-	34 000
27 october to 02 november	31 000	-	-	-	5 000	-	-	36 000
03 to 09 november	29 000	-	-	-	5 000	-	-	34 000
10 to 16 november	32 000	-	-	-	5 000	-	-	37 000
17 to 23 november	34 000	-	-	-	5 000	-	-	39 000
24 to 30 november	21 000	-	-	-	15 000	-	-	36 000
01 december to 07 december	21 000	-	-	-	15 000	-	-	36 000
08 to 14 december	22 000	-	-	-	15 000	-	-	37 000
15 to 21 december	20 000	-	-	-	15 000	-	-	35 000
22 to 28 december	22 000	-	-	-	15 000	-	-	37 000

(-) No operation

Source : Bank Al-Maghrib

TABLE A8.5 MONEY MARKET RATES

(Percent per annum)

		Bank Al-Maghrib's intervention rate				Interbank market rate	
		7-days adva nces (on call for tenders)	Liquidity withdrawals (on call for tenders)	24-hours advances	24-hours deposit facility	Monthly average	Month end
2011	January	3.25	2.75	4.25	2.25	3.26	3.36
	February	3.25	2.75	4.25	2.25	3.35	3.34
	March	3.25	2.75	4.25	2.25	3.26	3.33
	April	3.25	2.75	4.25	2.25	3.30	3.25
	May	3.25	2.75	4.25	2.25	3.26	3.31
	June	3.25	2.75	4.25	2.25	3.29	3.33
	July	3.25	2.75	4.25	2.25	3.31	3.25
	August	3.25	2.75	4.25	2.25	3.26	3.29
	September	3.25	2.75	4.25	2.25	3.33	3.36
	October	3.25	2.75	4.25	2.25	3.28	3.26
	November	3.25	2.75	4.25	2.25	3.32	3.27
	December	3.25	2.75	4.25	2.25	3.28	3.35

Source : Bank Al-Maghrib

TABLE A8.6 INTEREST RATES OF DEPOSITS WITH BANKS

(Percent per annum)

	2010		2011	
	January - june	July- December	January - june	July - December
Deposits with banks				
Sight deposits	not remunerated	not remunerated	not remunerated	not remunerated
Savings accounts(1)	2.87	3.11	2.99	2.96
Other accounts	Free rate	Free rate	Free rate	Free rate

(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.
Source : Bank Al-Maghrib

TABLE A8.7 INTEREST RATES OF DEPOSITS WITH THE NATIONAL SAVINGS FUND

(Percent per annum)

Period	Jan. - june 2010	July - Dec. 2010	Jan. - june 2011	July - Dec. 2011
National Savings Fund books (1)	1.80	1.80	1.90	1.85

(1) Since July 2006, the remuneration rate of deposits and savings accounts with the National Savings Fund is equal to the average rate of 5-year treasury bills issued by tender during the previous half year minus 200 basis points instead of 250 before.

Source : Bank Al-Maghrib

TABLE A8.8 WEIGHTED AVERAGE INTEREST RATE OF TIME ACCOUNTS AND FIXED-TERM BILLS

(Percent per annum)

		6-month deposits weighted average interest rate	12- month deposits weighted average interest rates	6 and 12-month deposits weighted average interest rate
2011	January	3.32	4.01	3.79
	February	3.22	3.67	3.49
	March	3.29	3.69	3.52
	April	3.29	3.64	3.47
	May	3.32	3.64	3.49
	June	3.40	3.87	3.68
	July	3.38	3.77	3.60
	August	3.27	3.82	3.69
	September	3.33	3.75	3.61
	October	3.35	3.67	3.53
	November	3.33	3.66	3.52
	December	3.36	3.89	3.73

Source : Bank Al-Maghrib

TABLE A8.9 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(Percent per annum)

Years		Bons à 21 Jours	13-weeks bills	26-weeks bills	52-weeks bills	2-years bills	5-years bills	10-years bills	15-years bills	20-years bills	30-years bills
2010	January	3.38	3.43	-	3.51	3.67	3.88	-	-	-	-
	February	-	3.45	3.56	3.66	-	3.95	4.15	-	-	-
	March	-	-	-	3.68	3.78	4.02	4.24	4.32	-	-
	April	-	3.41	3.48	3.60	-	3.94	4.20	-	-	-
	May	-	-	-	3.54	3.70	3.89	4.17	4.35	4.45	-
	June	-	3.36	3.41	3.51	3.68	3.88	-	4.35	-	-
	July	-	-	-	3.48	3.67	3.88	4.16	-	-	-
	August	-	-	-	3.5	3.68	3.9	4.18	-	-	-
	September	-	-	3.41	3.5	3.69	3.91	-	-	-	-
	October	-	3.32	-	-	-	-	4.17	4.34	-	-
	November	-	3.27	3.33	3.46	3.61	3.84	4.14	4.33	-	-
	December	-	3.28	3.33	3.49	3.63	3.85	4.14	4.34	-	-
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	-	-

(-) No emission

Source : Bank Al-Maghrib

TABLE A8.10 INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS

(Per cent per annum)

	2010	2011
Certificates of deposit		
Month of 32 days	-	-
32 days to 92 days	3.50 to 3.80	3.50 to 3.72
93 days to 182 days	3.55 to 3.80	3.60 to 3.80
183 days to 365 days	3.75 to 4.15	3.76 to 4.10
366 days to 2 years	3.55 to 4.35	4.08 to 4.32
More than2 years up to 3 years	4.03 to 4.59	3.75 to 4.25
More than 3 years up to 5 years	3.70 to 4.56	4.30 to 4.60
More than 5 years up to 10 years	4.28 to 4.81	4.14 to 4.90
Financing companies bonds		
More than 2 years up to 3 years	4.23 to 4.45	4.15 to 4.92
More than 3 years up to 5 years	4.37 to 4.79	4.10 to 4.92
More than 5 years up to 10 years	-	4.30 to 4.75
Commercial paper		
Month of 32 days	-	-
32 days to 92 days	3.84 to 4.00	30.50 to 3.65
93 days to 182 days	3.97 to 4.20	3.80 to 4.40
183 days to 365 days	4.05 to 4.36	3.85 to 4.60
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 emission
Source : Bank Al-Maghrib

TABLE A8.11 INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET(1)

(Per cent per annum)

Maturity	2010	2011
less than 3 years	-	4.00
5 years	4.8 -5.5	4.72-5.26
7 years	4.78	4.3 - 5.12
8 years	-	-
10 years	5.30 - 5.65	4.35 -5.02
15 years	5.62	5.11
25 years	4.65 - 4.97	4.55 - 4.79
30 years	-	-

(1) Rates of past emissions
(-) No emission
Source : Maroclear

TABLE A8.12 LENDING RATES

(in percentage)

Periods / AGREED	March 10	June 10	Sept. 10	Dec. 10	March 11	June 11	Sept. 11	Dec. 11
Overall	**6.49**	**6.36**	**6.34**	**6.17**	**6.29**	**6.15**	**6.31**	**6.65**
Cash advances	6.52	6.26	6.46	6.11	6.22	6.05	6.31	6.69
Equipement loans	6.35	6.38	5.73	5.99	6.08	6.15	6.00	6.16
Real-estate loans	6.16	6.45	6.17	6.31	6.35	6.34	6.17	6.22
Consume loans	7.33	7.19	7.35	7.43	7.34	7.28	7.30	7.40

Source : Bank Al-Maghrib.

TABLE A8.13 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS

(in percentage)

Periods / AGREED	Oct. 2007 - March 2008	April 2008 - March 2009	April 2009 - March 2010	April 2010- March 2011	April 2011- March 2012
Maximum interest rate agreed	14.17	14.17	14.40	14.26	14.14

(1) Since October 2006, the maximum interest rate agreed corresponds to consumer credits rates during the previous year plus 200 basis points instead of the weighted average rate applied to all credits plus 60%. It is expected that the maximum interest rate agreed will be revised on April 1st of each year, based on the change of the rates of 6-month and one-year deposits observed in the preceding year.
Source : Bank Al-Maghrib.

TABLE A9.1 MAIN INDICATORS OF THE MONETARY

(In milliards of dirhams)

Composantes	2010	2011												Annual change (%)		
		Janv.	Fév.	Mars	Avril	Mai	Juin	Juillet	Août	Sept.	Oct.	Nov.	Déc.	2009	2010	2011
M1	552.4	546.4	549.2	552.6	551.6	549.5	562.6	565.5	567.0	569.0	565.3	570.4	589.9	7.5	4.5	6.8
M2	646.4	641.1	644.4	648.5	648.3	646.7	660.6	664.2	666.9	669.8	666.4	672.6	692.8	7.7	5.0	7.2
M3	**904.5**	**900.1**	**902.1**	**908.8**	**902.4**	**910.6**	**920.7**	**922.4**	**927.6**	**927.8**	**928.7**	**941.3**	**962.8**	**7.0**	**4.9**	**6.4**
Liquidiel investiment aggregate	**334.5**	**339.1**	**350.7**	**347.9**	**346.3**	**345.2**	**349.8**	**340.4**	**343.3**	**341.9**	**346.8**	**354.4**	**356.6**	**3.4**	**25.1**	**6.6**
Currency in circulation	144.7	145.0	146.1	146.6	147.9	147.8	149.5	154.9	157.6	155.8	157.9	158.4	158.3	6.7	5.9	9.4
Banking deposits induded from board money (1)																
Demand deposits wih banks	359.8	353.8	353.8	359.3	355.5	355.2	367.9	366.0	365.8	370.8	364.7	370.6	387.6	4.9	7.2	7.7
Time accounts and fixed-term bills	151.4	152.7	154.0	153.6	150.9	150.7	151.3	150.6	151.8	153.9	151.9	147.5	150.7	-3.0	3.9	-0.5
Securities of money market UCITS	55.0	53.0	48.6	53.0	46.7	53.6	46.7	46.2	46.7	45.5	49.9	57.1	59.0	29.8	8.2	7.2
Net foreign assets	**192.6**	**195.4**	**189.9**	**186.1**	**183.3**	**180.6**	**174.6**	**178.3**	**177.8**	**174.7**	**175.0**	**173.9**	**168.6**	**-2.2**	**0.0**	**-12.5**
Bank Al-Maghrib	187.7	187.8	186.5	180.4	178.3	176.5	172.1	173.3	176.8	171.2	170.5	171.2	166.7	-2.9	6.4	-11.2
Other depository corporations	4.9	7.6	3.4	5.7	5.1	4.1	2.5	5.0	1.0	3.5	4.5	2.7	1.9	6.1	-69.7	-62.2
Net claims on central government	**92.0**	**91.0**	**89.0**	**87.6**	**85.1**	**85.6**	**87.1**	**87.0**	**97.3**	**95.9**	**102.8**	**107.2**	**112.2**	**-8.8**	**2.9**	**22.0**
Claims on the economy	**718.2**	**712.6**	**724.2**	**735.5**	**733.7**	**740.6**	**762.8**	**757.0**	**759.7**	**766.1**	**764.6**	**775.0**	**793.3**	**11.5**	**10.8**	**10.5**
Loans of other depository corporations	**633.4**	**627.0**	**637.6**	**642.5**	**644.1**	**650.2**	**668.8**	**667.7**	**670.8**	**675.8**	**673.6**	**677.1**	**696.7**	**10.4**	**7.4**	**10.0**
Banks loans	**621.4**	**615.4**	**625.4**	**630.9**	**634.9**	**640.2**	**660.2**	**659.1**	**663.2**	**668.6**	**664.5**	**666.8**	**686.8**	**9.7**	**7.7**	**10.5**
By economic purpose																
Real-estate loans	188.1	190.0	192.0	193.8	196.0	198.4	199.5	201.0	203.0	206.2	207.1	208.2	207.2	13.0	8.7	10.2
Debtor accounts and overdraft facilities	143.0	139.3	144.5	146.5	150.0	150.2	165.0	163.5	164.1	165.7	160.1	161.0	172.3	0.4	5.9	20.5
Equipment loans	135.2	134.5	133.7	133.6	133.8	136.3	136.5	137.5	137.4	136.8	136.8	136.9	140.8	26.2	16.9	4.1
Consumer loans	32.4	32.6	32.7	32.8	32.9	33.1	33.4	33.6	33.9	35.4	35.7	36.0	36.1	19.1	8.1	11.2
Miscellaneous claims	92.8	89.7	92.1	93.2	90.7	90.4	93.5	90.4	91.8	91.1	91.2	90.7	97.8	1.3	0.5	5.4
Nonperforming loans	29.8	29.4	30.3	31.0	31.5	31.8	32.4	33.1	33.0	33.3	33.6	34.0	32.6	1.5	-3.8	9.4
By economic sector																
Other financial corporations	96.8	92.8	95.7	95.0	91.2	91.8	93.2	90.0	90.3	90.4	92.2	93.5	100.6	10.5	1.2	3.9
Public sector (2)	25.1	24.2	26.6	25.1	26.3	29.0	33.7	34.3	35.0	34.9	31.9	33.9	33.2	36.1	-26.0	32.5
Private sector	511.6	509.9	515.4	522.4	526.5	529.4	541.9	543.4	545.5	550.5	549.5	549.7	562.9	8.9	11.2	10.0

(1) All deposits opened by money-holding sectors with the banking system except regulated deposits and guarantee deposits
(2) Without central government
Source : Bank Al-Maghrib

TABLE A9.2 MONETARY AGGREGATES

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
Currency in circulation(1)	**144.7**	**145.0**	**146.1**	**146.6**	**147.9**	**147.8**	**149.5**	**154.9**	**157.6**	**155.8**	**157.9**	**158.4**	**158.3**	**6.7**	**5.9**	**9.4**
Bank notes and coins in circulation	152.1	151.8	152.8	153.7	154.8	155.4	157.3	162.5	166.0	163.4	165.7	166.8	166.3	6.2	6.2	9.3
Banks' cash holdings	7.4	6.9	6.7	7.1	6.9	7.6	7.8	7.6	8.4	7.6	7.9	8.3	8.0	-3.1	14.3	7.7
Demand deposits(2)	**407.7**	**401.4**	**403.1**	**406.0**	**403.6**	**401.7**	**413.2**	**410.6**	**409.4**	**413.2**	**407.4**	**411.9**	**431.6**	**7.7**	**4.1**	**5.9**
Demand deposits with BAM	2.0	2.9	3.6	3.8	4.1	3.8	3.3	3.3	3.3	2.8	2.8	2.8	2.3	26.9	30.3	14.0
Demand deposits with banks	359.8	353.8	353.8	359.3	355.5	355.2	367.9	366.0	365.8	370.8	364.7	370.6	387.6	4.9	7.2	7.7
Demand deposits with the Treasury	46.0	44.8	45.8	43.0	44.0	42.7	42.0	41.3	40.3	39.6	39.9	38.5	41.8	29.8	-5.3	-9.1
M1	**552.4**	**546.4**	**549.2**	**552.6**	**551.6**	**549.5**	**562.6**	**565.5**	**567.0**	**569.0**	**565.3**	**570.4**	**589.9**	**7.5**	**4.5**	**6.8**
Demand savings deposits(2)	**94.0**	**94.7**	**95.2**	**95.8**	**96.7**	**97.2**	**97.9**	**98.8**	**100.0**	**100.7**	**101.1**	**102.2**	**102.9**	**9.3**	**7.7**	**9.5**
Passbooks account with banks	94.0	94.7	95.2	95.8	96.7	97.2	97.9	98.8	100.0	100.7	101.1	102.2	102.9	9.9	30.1	9.5
M2	**646.4**	**641.1**	**644.4**	**648.5**	**648.3**	**646.7**	**660.6**	**664.2**	**666.9**	**669.8**	**666.4**	**672.6**	**692.8**	**7.7**	**5.0**	**7.2**
Other monetary assets	**258.1**	**259.0**	**257.7**	**260.3**	**254.1**	**264.0**	**260.2**	**258.1**	**260.7**	**258.1**	**262.3**	**268.7**	**269.9**	**5.4**	**4.6**	**4.6**
Time accounts and fixed-term bills	151.4	152.7	154.0	153.6	150.9	150.7	151.3	150.6	151.8	153.9	151.9	147.5	150.7	-3.0	3.9	-0.5
Securities of money market UCITS	55.0	53.0	48.6	53.0	46.7	53.6	46.7	46.2	46.7	45.5	49.9	57.1	59.0	29.8	8.2	7.2
Deposits in foreign currencies(3)	17.1	18.5	19.6	19.4	18.6	19.1	20.1	19.3	19.5	17.9	18.4	21.3	21.6	31.7	15.9	26.0
Securities sold under repurchase agreements	7.5	6.6	4.9	4.7	6.9	7.1	7.9	6.2	6.2	5.8	6.7	4.4	4.4	-23.1	-48.9	-40.4
Certificates of deposit of a residual maturity of 2 years or less	22.0	23.1	25.6	24.2	25.3	28.0	28.5	28.9	29.2	29.2	29.6	32.5	30.5	107.7	62.6	38.6
Time accounts with the treasury(4)	3.2	3.4	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.5	3.5	3.6	3.3	-	-	5.3
Other deposits(5)	1.9	1.7	1.7	1.8	2.1	1.9	2.2	3.5	3.9	2.3	2.3	2.3	0.4	-10.6	-74.1	-77.4
M3	**904.5**	**900.1**	**902.1**	**908.8**	**902.4**	**910.6**	**920.7**	**922.4**	**927.6**	**927.8**	**928.7**	**941.3**	**962.8**	**7.0**	**4.9**	**6.4**

(1) Currency in circulation = banknotes and coins in circulation - banks' cash holdings
(2) The series relating to accounts open with the Postal Checks Services and the National Savings Accounts were suspended in June 2010, following the transformation of the financial services of the Post into a Postal Bank (Depository Corporation). They were gradually reintegrated in demand deposits and savings accounts held with banks.
(3) Demand and time deposits in foreign currencies with banks
(4) Series available from March 2010
(5) Loans made by banks from financial corporations
Source : Bank Al-Maghrib

TABLE A9.3 LIQUID INVESTMENT AGGREGATES

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
LI 1	**201.1**	**203.9**	**210.9**	**208.4**	**207.7**	**204.1**	**211.5**	**204.0**	**208.2**	**206.7**	**207.5**	**216.9**	**220.5**	**0.7**	**25.0**	**9.6**
Negotiable Treasury bonds	**193.7**	**195.6**	**202.4**	**199.3**	**199.4**	**194.6**	**202.1**	**195.2**	**198.3**	**196.5**	**196.4**	**204.9**	**209.7**	**-0.7**	**23.8**	**8.2**
Other financial corporations	192.6	194.8	201.5	197.9	198.0	193.3	200.8	194.5	197.4	197.3	195.9	204.6	209.2	-1.3	24.2	8.6
Nonfinancial corporations	1.2	0.8	0.9	1.4	1.4	1.3	1.4	0.7	1.0	-0.8	0.5	0.3	0.5	290.7	-19.3	-59.7
Bonds of finance companies	**5.2**	**5.5**	**5.7**	**6.1**	**6.4**	**6.7**	**7.2**	**6.8**	**7.4**	**7.5**	**7.9**	**8.4**	**8.2**	**355.2**	**77.2**	**57.8**
Other financial corporations	5.2	5.5	5.7	6.1	6.4	6.7	7.2	6.8	7.4	7.5	7.9	8.4	8.2	374.2	78.4	57.8
Commercial paper	**1.5**	**2.0**	**2.0**	**2.2**	**1.2**	**2.0**	**1.4**	**1.3**	**1.7**	**2.0**	**2.5**	**2.9**	**2.0**	**-17.3**	**38.6**	**40.4**
Other financial corporations	1.5	2.0	2.0	2.2	1.2	2.0	1.4	1.3	1.7	2.0	2.5	2.9	2.0	21.5	38.6	40.4
Contractual UCITS	**0.7**	**0.8**	**0.8**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.6**	**73.9**	**86.2**	**-22.1**
Other financial corporations	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.3	-	-	-1.6
Nonfinancial corporations	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.1	477.1	197.7	-53.6
Individuals and Moroccans living abroad	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	35.5	-66.2	-6.7
LI 2	**100.3**	**100.5**	**102.0**	**103.5**	**107.4**	**108.6**	**106.7**	**105.2**	**103.8**	**103.9**	**108.3**	**107.4**	**106.5**	**4.5**	**24.9**	**6.2**
Bond UCITS	**100.3**	**100.5**	**102.0**	**103.5**	**107.4**	**108.6**	**106.7**	**105.2**	**103.8**	**103.9**	**108.3**	**107.4**	**106.5**	**4.5**	**24.9**	**6.2**
Other financial corporations	68.4	68.4	69.5	70.8	73.6	74.0	72.8	71.6	73.4	71.2	75.4	73.3	73.6	-6.2	20.9	7.5
Nonfinancial corporations	21.0	21.1	21.3	21.5	22.3	22.7	22.3	22.1	18.9	18.5	21.3	22.4	21.4	92.8	31.6	2.2
Individuals and Moroccans living abroad	10.9	11.0	11.1	11.2	11.6	11.8	11.6	11.5	11.5	14.2	11.7	11.7	11.5	-5.7	40.0	5.5
LI 3	**33.1**	**34.7**	**37.8**	**36.0**	**31.2**	**32.5**	**31.6**	**31.2**	**31.3**	**31.4**	**31.0**	**30.1**	**29.6**	**18.7**	**26.7**	**-10.4**
Equity UCITS and diversified UCITS	**33.1**	**34.7**	**37.8**	**36.0**	**31.2**	**32.5**	**31.6**	**31.2**	**31.3**	**31.4**	**31.0**	**30.1**	**29.6**	**18.7**	**26.7**	**-10.4**
Other financial corporations	27.2	28.6	30.9	29.6	25.6	26.7	26.0	25.6	25.7	26.3	26.1	25.4	25.2	27.2	24.6	-7.6
Nonfinancial corporations	1.8	1.9	2.2	2.0	1.7	1.8	1.8	1.7	1.8	1.3	1.2	1.2	1.0	-24.5	35.7	-43.7
Individuals and Moroccans living abroad	4.0	4.2	4.7	4.4	3.8	4.0	3.9	3.8	3.8	3.8	3.7	3.5	3.4	-4.3	38.6	-14.3
LI	**334.5**	**339.1**	**350.7**	**347.9**	**346.3**	**345.2**	**349.8**	**340.4**	**343.3**	**341.9**	**346.8**	**354.4**	**356.6**	**3.4**	**25.1**	**6.6**

(1) It refers to securities issud by the different UCITS categories
Source : Bank Al-Maghrib

TABLE A9.4 M3 COUNTERPARTS

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
Net foreign assets	**192.6**	**195.4**	**189.9**	**186.1**	**183.3**	**180.6**	**174.6**	**178.3**	**177.8**	**174.7**	**175.0**	**173.9**	**168.6**	**-2.2**	**0.0**	**-12.5**
NFA of BAM	187.7	187.8	186.5	180.4	178.3	176.5	172.1	173.3	176.8	171.2	170.5	171.2	166.7	-2.9	6.4	-11.2
NFA of ODC	4.9	7.6	3.4	5.7	5.1	4.1	2.5	5.0	1.0	3.5	4.5	2.7	1.9	6.1	-69.7	-62.2
Net claims on central government	**92.0**	**91.0**	**89.0**	**87.6**	**85.1**	**85.6**	**87.1**	**87.0**	**97.3**	**95.9**	**102.8**	**107.2**	**112.2**	**-8.8**	**2.9**	**22.0**
Net claims of BAM	3.5	2.8	1.2	0.3	0.9	-1.4	1.9	2.2	1.9	2.9	1.3	1.6	2.2	-48.2	5.7	-37.1
Net claims of ODC	88.4	88.3	87.8	87.3	84.1	87.0	85.2	84.9	95.3	92.9	101.6	105.6	109.9	-6.0	2.7	24.3
Claims on the economy	**718.2**	**712.6**	**724.2**	**735.5**	**733.7**	**740.6**	**762.8**	**757.0**	**759.7**	**766.1**	**764.6**	**775.0**	**793.3**	**11.5**	**10.8**	**10.5**
Claims of BAM	1.0	0.9	0.9	1.1	1.1	1.1	1.1	1.3	1.1	1.1	1.1	1.0	1.1	8.4	36.7	9.3
Claims of ODC	717.2	711.7	723.2	734.3	732.5	739.6	761.8	755.7	758.6	765.1	763.5	774.0	792.2	11.5	10.7	10.5
Non-monetary liabilities	**132.5**	**133.9**	**137.0**	**138.0**	**139.9**	**138.7**	**134.1**	**137.6**	**143.9**	**142.9**	**145.4**	**148.3**	**146.0**	**9.0**	**6.5**	**10.2**
DC capital and reserves	**99.3**	**100.0**	**99.2**	**98.9**	**99.3**	**93.9**	**92.0**	**95.3**	**98.8**	**103.6**	**105.9**	**106.9**	**104.2**	**8.9**	**11.3**	**4.9**
BAM	17.0	17.6	17.2	17.5	16.6	16.9	17.0	18.0	19.3	18.5	19.4	19.6	17.7	2.4	5.5	4.1
ODC	82.4	82.4	82.0	81.4	82.7	77.0	75.1	77.3	79.5	85.1	86.6	87.3	86.5	10.5	12.5	5.0
DC non-monetary liabilities	**33.2**	**33.9**	**37.8**	**39.1**	**40.6**	**44.7**	**42.1**	**42.2**	**45.1**	**39.3**	**39.5**	**41.4**	**41.8**	**9.1**	**-5.6**	**26.1**
Deposits excluded from M3	5.9	6.3	7.0	6.0	6.2	6.0	6.0	6.8	9.5	6.2	6.1	5.9	6.9	8.7	2.3	18.4
Loans	10.1	6.8	7.6	8.0	7.5	7.5	8.9	7.7	7.8	7.6	7.3	7.4	7.5	64.1	49.6	-25.7
Securities other than equity excluded from M3	17.0	20.6	23.0	24.7	26.6	30.9	26.9	27.5	27.5	25.2	25.8	27.7	27.1	-0.9	-24.4	59.6
Other liabilities	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	28.5	35.6	21.4
Other net items	**14.8**	**13.3**	**13.1**	**9.0**	**7.4**	**3.8**	**15.1**	**7.0**	**7.0**	**9.2**	**11.7**	**8.7**	**10.4**	**1.1**	**12.3**	**-30.2**
Total counterparts (1)	**855.4**	**851.8**	**852.9**	**862.3**	**854.8**	**864.4**	**875.3**	**877.6**	**883.8**	**884.7**	**885.2**	**899.2**	**917.7**	**5.8**	**7.9**	**7.3**

(1) Total counterparts = Net foreign assets + Net claims on central government + Claims on the economy -Non-monetary liabilities - Other net items
Source : Bank Al-Maghrib

TABLE A9.5 NET FOREIGN ASSETS

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
BAM net foreign assets	**187.7**	**187.8**	**186.5**	**180.4**	**178.3**	**176.5**	**172.1**	**173.3**	**176.8**	**171.2**	**170.5**	**171.2**	**166.7**	**-2.9**	**6.4**	**-11.2**
Claims on nonresidents	**197.7**	**197.7**	**196.4**	**190.1**	**187.9**	**186.3**	**181.8**	**183.1**	**186.6**	**181.2**	**180.4**	**181.2**	**177.4**	**0.5**	**6.3**	**-10.3**
Official reserve assets (1)	**197.3**	**197.4**	**196.1**	**189.8**	**187.6**	**185.9**	**181.5**	**182.7**	**186.2**	**180.9**	**180.1**	**180.8**	**177.1**	**0.5**	**6.5**	**-10.3**
Monetary gold	8.4	7.7	8.1	8.1	8.3	8.6	8.4	9.0	10.0	9.6	9.8	10.0	9.6	24.0	35.8	14.6
Foreign cuurencies	3.1	2.4	2.1	2.4	2.5	1.8	2.5	4.7	3.2	3.0	2.0	2.9	2.1	-39.3	25.9	-30.9
Deposits and securities included in official reserves	178.8	180.2	178.8	172.4	170.0	168.6	164.2	162.6	166.6	161.6	161.6	161.4	159.1	-2.5	5.2	-11.0
Reserve position in the IMF	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-1.2	4.4	2.3
SDR holdings	6.2	6.2	6.1	6.1	6.0	6.1	5.6	5.6	5.6	5.8	5.7	5.7	5.3	-	3.4	-14.8
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**	**0.6**	**-43.9**	**2.5**
Shares and other equity	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	0.6	-43.9	2.5
Liabilities to nonresidents	**10.0**	**9.9**	**9.9**	**9.7**	**9.6**	**9.8**	**9.7**	**9.8**	**9.8**	**10.0**	**9.9**	**10.0**	**10.6**	**196.5**	**4.9**	**6.7**
Short-term external liabilities in foreign currency	2.7	2.7	2.7	2.6	2.6	2.7	2.6	2.6	2.7	2.7	2.7	2.7	3.2	22.4	6.4	17.8
Other external liabilities	**7.3**	**7.2**	**7.2**	**7.1**	**7.0**	**7.1**	**7.1**	**7.1**	**7.1**	**7.3**	**7.2**	**7.3**	**7.4**	**521.9**	**4.3**	**2.5**
Allocation of SDRs	7.2	7.2	7.2	7.1	7.0	7.1	7.0	7.1	7.1	7.3	7.2	7.2	7.4	547.3	4.4	2.3
Net international reserves (2)	**194.6**	**194.7**	**193.4**	**187.2**	**185.0**	**183.3**	**178.9**	**180.1**	**183.6**	**178.2**	**177.3**	**178.2**	**173.8**	**0.3**	**6.5**	**-10.7**
Net foreign assets of ODC	**4.9**	**7.6**	**3.4**	**5.7**	**5.1**	**4.1**	**2.5**	**5.0**	**1.0**	**3.5**	**4.5**	**2.7**	**1.9**	**6.1**	**-69.7**	**-62.2**
Claims on nonresidents	**21.8**	**25.5**	**23.1**	**22.3**	**24.7**	**24.5**	**25.0**	**27.0**	**25.3**	**26.9**	**25.2**	**25.8**	**26.3**	**-0.9**	**-23.6**	**20.5**
Assets in foreign currencies	0.4	0.4	0.4	0.3	0.4	0.4	0.5	0.7	0.6	0.4	0.7	0.4	0.4	-27.5	19.3	0.3
Deposits	3.9	6.3	5.4	3.9	4.4	3.8	5.0	6.8	5.3	6.5	5.9	6.5	6.8	31.5	-65.0	73.6
Loans	5.7	6.9	4.9	5.7	5.9	6.1	6.1	6.3	5.2	6.6	5.7	5.7	5.6	-45.5	-18.5	-1.7
Securities other than equities	2.8	2.9	3.3	3.1	3.1	3.1	3.2	3.0	3.2	2.5	1.8	2.2	2.5	43.0	-8.3	-11.0
Shares and other equity	8.9	9.1	9.0	9.2	9.7	9.7	9.7	9.7	10.5	10.6	10.7	10.7	10.7	44.6	28.7	19.3
Other claims	0.1	0.1	0.1	0.1	1.2	1.3	0.6	0.5	0.4	0.3	0.4	0.3	0.3	-10.7	1.8	519.5
Liabilities to nonresidents	**16.9**	**17.9**	**19.7**	**16.6**	**19.6**	**20.4**	**22.5**	**22.0**	**24.3**	**23.4**	**20.7**	**23.1**	**24.5**	**-8.8**	**37.6**	**44.7**
Deposits	13.5	15.2	16.5	14.1	17.3	18.1	20.1	19.7	22.5	21.6	19.4	21.4	22.6	3.5	33.7	67.5
Loans (3)	3.1	2.4	2.7	2.1	1.9	1.8	2.0	1.9	1.3	1.4	0.7	1.3	1.5	-32.5	51.3	-51.4
Securities of money market UCITS	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.3	0.5	0.3	0.3	-66.4	830.8	4.2
Other liabilities	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.1	-82.4	-62.7	41.7
Net foreign assets of DC (4)	**192.6**	**195.4**	**189.9**	**186.1**	**183.3**	**180.6**	**174.6**	**178.3**	**177.8**	**174.7**	**175.0**	**173.9**	**168.6**	**-2.2**	**0.0**	**-12.5**

(1) Foreign assets readily available to, and under the effective control of, the central bank
(2) Official reserve assets net of short-term liabilities of the central bank to nonresidents
(3) Financial loans and subordinated loans
(4) Net foreign assets of DC = net foreign assets of BAM + net foreign assets of ODC
Source : Bank Al-Maghrib.

TABLE A9.6 NET CLAIMS ON CENTRAL GOVERNMENT

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
Net claims of BAM	**3.5**	**2.8**	**1.2**	**0.3**	**0.9**	**-1.4**	**1.9**	**2.2**	**1.9**	**2.9**	**1.3**	**1.6**	**2.2**	**-48.2**	**5.7**	**-37.1**
Claims	**7.5**	**7.4**	**7.4**	**6.4**	**6.0**	**6.0**	**6.0**	**6.0**	**6.0**	**6.1**	**6.2**	**6.2**	**5.6**	**-27.3**	**-10.7**	**-25.5**
Loans	5.7	5.6	5.6	5.7	5.3	5.3	5.3	5.3	5.2	5.3	5.3	5.4	5.4	-5.8	-5.6	-4.4
Other (1)	1.8	1.8	1.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.1	14.6	-23.8	-92.7
Liabilities	**4.0**	**4.7**	**6.2**	**6.1**	**5.0**	**7.4**	**4.1**	**3.8**	**4.0**	**3.1**	**4.9**	**4.5**	**3.4**	**-0.7**	**-21.5**	**-15.2**
Account of Hassan II Fund for Economic and Social Development	1.1	2.7	2.4	1.4	1.3	0.9	1.3	1.1	1.4	1.6	0.7	0.7	0.6	-90.3	312.5	-45.0
Treasury current account	2.0	0.4	2.4	3.3	2.4	5.2	1.7	1.6	1.7	0.6	3.4	3.0	2.0	161.3	-46.5	-2.9
Net claims of ODC	**88.4**	**88.3**	**87.8**	**87.3**	**84.1**	**87.0**	**85.2**	**84.9**	**95.3**	**92.9**	**101.6**	**105.6**	**109.9**	**-6.0**	**2.7**	**24.3**
Claims	**96.5**	**95.4**	**94.0**	**93.6**	**90.3**	**93.0**	**91.7**	**91.3**	**101.6**	**99.9**	**107.5**	**111.1**	**116.2**	**-4.8**	**5.8**	**20.4**
Loans	21.8	21.2	21.3	21.0	20.9	21.3	19.4	19.5	19.5	21.5	23.6	21.5	22.4	31.5	35.2	2.9
Titres	69.1	70.0	70.7	69.8	66.8	69.1	68.7	68.1	78.5	73.7	79.1	84.8	89.8	-11.3	-1.3	30.0
Other (1)	5.7	4.3	2.0	2.8	2.5	2.7	3.7	3.7	3.7	4.7	4.8	4.9	4.0	9.0	10.3	-29.6
Engagements(2)	**8.1**	**7.2**	**6.2**	**6.2**	**6.2**	**6.0**	**6.5**	**6.4**	**6.3**	**7.0**	**6.0**	**5.6**	**6.3**	**20.6**	**56.7**	**-22.3**
ODC net claims on central government	**92.0**	**91.0**	**89.0**	**87.6**	**85.1**	**85.6**	**87.1**	**87.0**	**97.3**	**95.9**	**102.8**	**107.2**	**112.2**	**-8.8**	**2.9**	**22.0**

(1) Amounts owed to the State, including down payments on income taxes and VAT recoverable
(2) Composed mainly of special guarantee funds for guaranteeing loans granted, the balance of which is refundable at the termination of credits covered
Source : Bank Al-Maghrib.

TABLE A9.7 CLAIMS ON THE ECONOMY

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
Claims of DC	**718.2**	**712.6**	**724.2**	**735.5**	**733.7**	**740.6**	**762.8**	**757.0**	**759.7**	**766.1**	**764.6**	**775.0**	**793.3**	**11.5**	**10.8**	**10.5**
Claims of ODC	**717.2**	**711.7**	**723.2**	**734.3**	**732.5**	**739.6**	**761.8**	**755.7**	**758.6**	**765.1**	**763.5**	**773.9**	**792.2**	**11.5**	**10.7**	**10.5**
Loans of ODC	**633.4**	**627.0**	**637.6**	**642.5**	**644.1**	**650.2**	**668.8**	**667.7**	**670.8**	**675.8**	**673.6**	**677.1**	**696.7**	**10.4**	**7.4**	**10.0**
Bank loans	**621.4**	**615.4**	**625.4**	**630.9**	**634.9**	**640.2**	**660.2**	**659.1**	**663.2**	**668.6**	**664.5**	**666.8**	**686.8**	**9.7**	**7.7**	**10.5**
Debtor accounts and cash advances	143.0	139.3	144.5	146.5	150.0	150.2	165.0	163.5	164.1	165.7	160.1	161.0	172.3	0.4	5.9	20.5
Equipment loans	135.2	134.5	133.7	133.6	133.8	136.3	136.5	137.5	137.4	136.8	136.8	136.9	140.8	26.2	16.9	4.1
Real-estate loans	**188.1**	**190.0**	**192.0**	**193.8**	**196.0**	**198.4**	**199.5**	**201.0**	**203.0**	**206.2**	**207.1**	**208.2**	**207.2**	**13.0**	**8.7**	**10.2**
Home loans	123.9	123.8	125.8	127.1	128.1	129.4	130.3	131.4	133.0	134.1	135.2	136.2	137.1	12.3	12.9	10.7
Loans to real-estate developers	63.9	65.5	65.3	65.8	66.8	67.7	68.1	67.9	68.2	70.2	70.1	69.9	68.2	13.9	1.1	6.8
Consumer loans	32.4	32.6	32.7	32.8	32.9	33.1	33.4	33.6	33.9	35.4	35.7	36.0	36.1	19.1	8.1	11.2
Various claims on customers	92.8	89.7	92.1	93.2	90.7	90.4	93.5	90.4	91.8	91.1	91.2	90.7	97.8	1.3	0.5	5.4
Nonperforming loans	29.8	29.4	30.3	31.0	31.5	31.8	32.4	33.1	33.0	33.3	33.6	34.0	32.6	1.5	-3.8	9.4
Securities	**61.1**	**62.0**	**63.7**	**69.1**	**68.2**	**69.1**	**72.1**	**67.6**	**67.3**	**68.7**	**69.5**	**75.8**	**79.9**	**29.0**	**7.1**	**30.7**
Securities other than equities	15.1	14.5	16.1	18.4	15.5	16.8	17.8	15.0	16.6	16.8	17.7	20.4	20.8	16.3	1.9	37.9
Shares and other equity	46.1	47.5	47.6	50.7	52.7	52.2	54.3	52.6	50.7	51.8	51.8	55.3	59.1	34.1	9.0	28.4
Other (1)	**22.7**	**22.6**	**21.9**	**22.8**	**20.3**	**20.3**	**20.9**	**20.5**	**20.5**	**20.5**	**20.5**	**21.0**	**15.6**	**-54.5**	**2049(2)**	**-31.0**
Claims of BAM	**1.0**	**0.9**	**0.9**	**1.1**	**1.1**	**1.1**	**1.1**	**1.3**	**1.1**	**1.1**	**1.1**	**1.0**	**1.1**	**8.4**	**36.7**	**9.3**
Loans	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	6.8	8.2	10.8

(1) Trade credit & advances and settlement accounts
(2) This significant change is attributed to the introduction as of june 2010 of the counterparties of deposits with Al Barid Bank
Source : Bank Al-Maghrib.

TABLE A9.8 CLAIMS ON ECONOMIC SECTORS

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
Claims by economic sector	**718.2**	**712.6**	**724.2**	**735.5**	**733.7**	**740.6**	**762.8**	**757.0**	**759.7**	**766.1**	**764.6**	**775.0**	**793.3**	**11.5**	**10.8**	**10.5**
Other financial corporations	**147.6**	**144.9**	**148.9**	**151.2**	**148.1**	**148.4**	**152.8**	**147.5**	**146.0**	**147.0**	**148.8**	**153.6**	**165.2**	**12.8**	**15.7**	**11.9**
Loans (1)	96.8	92.8	95.7	95.0	91.2	91.8	93.2	90.0	90.3	90.4	92.2	93.5	100.6	10.5	1.2	3.9
Securities	36.5	37.8	38.9	41.8	44.4	44.0	46.9	44.6	42.7	43.6	43.8	47.2	51.8	20.8	14.6	42.0
Local governments	**9.8**	**9.8**	**9.7**	**9.6**	**9.6**	**9.6**	**9.8**	**9.6**	**9.7**	**9.6**	**9.5**	**9.7**	**10.4**	**19.1**	**13.3**	**7.0**
Public nonfinancial corporations	**36.2**	**34.9**	**38.7**	**38.4**	**37.2**	**41.0**	**46.4**	**44.6**	**46.6**	**46.6**	**45.3**	**49.7**	**40.8**	**50.5**	**-4.9**	**12.8**
Loans	15.3	14.5	16.9	15.4	16.7	19.4	23.9	24.7	25.3	25.3	22.3	24.2	22.8	43.0	-39.3	48.7
Securities	13.6	13.2	14.6	15.7	13.3	14.4	15.3	12.7	14.1	14.1	15.7	17.8	16.9	67.9	6.8	23.6
Other nonfinancial corporations	**306.5**	**300.4**	**304.7**	**320.0**	**322.0**	**323.8**	**329.8**	**329.5**	**332.0**	**332.0**	**331.7**	**332.9**	**346.8**	**10.2**	**13.2**	**13.1**
Loans	**294.2**	**288.1**	**294.0**	**307.7**	**310.5**	**312.4**	**318.7**	**318.7**	**321.0**	**320.6**	**321.1**	**321.5**	**333.6**	**10.0**	**14.2**	**13.4**
Debtor accounts and cash advances	128.5	124.3	129.3	131.2	135.6	136.2	145.4	143.2	143.6	143.1	140.0	140.7	148.5	-2.4	18.0	15.6
Equipment loans	106.7	105.1	103.3	109.3	106.5	107.2	105.3	107.0	107.9	105.8	105.4	105.0	107.6	26.0	18.1	0.8
Real-estate loans	44.6	45.6	44.8	49.5	50.0	50.9	50.7	51.0	52.2	53.5	55.9	56.3	55.4	57.9	1.5	24.2
Securities	**11.0**	**11.1**	**10.2**	**11.5**	**10.6**	**10.6**	**10.0**	**10.2**	**10.5**	**10.9**	**10.0**	**10.8**	**11.3**	**21.2**	**-11.4**	**2.3**
Securities other than equities	3.7	4.0	4.0	4.6	4.3	4.2	4.3	3.9	4.1	4.1	3.9	4.3	4.6	27.9	-27.0	23.6
Shares and other equity	7.3	7.1	6.3	6.9	6.3	6.4	5.6	6.3	6.4	6.8	6.1	6.4	6.7	16.9	-0.7	-8.4
Individuals and Moroccans living abroad	**170.5**	**170.9**	**170.8**	**172.8**	**171.7**	**174.2**	**176.8**	**177.4**	**179.5**	**182.3**	**181.4**	**181.6**	**181.5**	**15.4**	**8.3**	**6.4**
Loans	**170.4**	**170.7**	**170.6**	**171.8**	**171.6**	**174.1**	**176.5**	**176.9**	**179.3**	**182.0**	**181.2**	**181.5**	**181.4**	**15.9**	**8.5**	**6.5**
Home loans	116.4	116.2	117.9	118.9	119.6	120.9	121.4	122.3	123.4	124.4	125.1	125.9	126.6	10.5	11.1	8.7
Consumer loans	31.7	31.8	32.0	32.1	32.1	32.4	32.7	32.9	33.2	34.7	35.0	35.3	35.3	19.3	7.8	11.5
Individual entrepreneurs	**44.3**	**48.2**	**48.0**	**40.2**	**41.7**	**40.3**	**44.0**	**45.1**	**42.6**	**45.2**	**44.7**	**44.2**	**45.4**	**-16.3**	**2.5**	**2.4**
Loans	**44.3**	**48.2**	**48.0**	**40.2**	**41.7**	**40.3**	**44.0**	**45.1**	**42.6**	**45.2**	**44.7**	**44.2**	**45.4**	**-16.3**	**2.5**	**2.4**
Equipment loans	8.5	9.7	9.6	6.1	6.5	5.5	6.7	6.7	5.9	6.2	6.5	6.4	6.0	30.3	-4.7	-29.8
Loans to real-estate developers	26.4	27.3	28.4	24.2	24.9	25.0	25.9	25.9	25.7	26.7	24.6	24.3	23.9	-23.2	14.7	-9.8
NPISH	**3.3**	**3.5**	**3.4**	**3.3**	**3.4**	**3.3**	**3.4**	**3.3**	**3.4**	**3.5**	**3.2**	**3.2**	**3.2**	**54.0**	**18.5**	**-2.6**

(1) Repurchase agreements and financial loans
Source : Bank Al-Maghrib.

TABLE A9.9 LIABILITIES TO ECONOMIC SECTORS

(In milliards of dirhams)

Components	2010	2011												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2009	2010	2011
Liabilities by economic sector	**743.9**	**740.8**	**744.6**	**754.7**	**747.5**	**761.3**	**767.9**	**765.0**	**771.4**	**768.1**	**766.9**	**782.1**	**801.2**	**5.8**	**7.6**	**7.7**
Other financial corporations	**95.4**	**93.0**	**95.8**	**95.8**	**100.3**	**108.8**	**110.4**	**106.8**	**110.5**	**103.6**	**104.4**	**111.3**	**107.0**	**12.4**	**-14.5**	**12.1**
Monetary assets	68.6	65.9	65.4	63.3	66.4	70.7	74.9	71.9	72.4	71.3	71.8	76.6	72.5	13.7	-16.3	5.6
Non-monetary liabilities(1)	26.8	27.2	30.4	32.5	33.9	38.1	35.5	34.9	38.1	32.3	32.6	34.7	34.5	8.9	-9.6	28.8
Public sector (2)	**47.5**	**44.5**	**44.7**	**47.4**	**43.7**	**45.0**	**42.5**	**41.6**	**40.2**	**41.5**	**38.0**	**40.8**	**39.5**	**30.5**	**-2.1**	**-16.9**
Monetary assets	47.5	44.5	44.6	47.4	43.7	44.9	42.5	41.6	40.2	41.5	38.0	40.8	39.5	30.6	-2.1	-17.0
Other nonfinancial corporations	**139.2**	**138.2**	**137.4**	**141.4**	**134.4**	**137.1**	**135.8**	**135.4**	**135.4**	**136.6**	**139.3**	**142.6**	**156.6**	**2.5**	**16.9**	**12.5**
Monetary assets	134.4	133.0	131.6	135.9	129.4	132.3	130.9	129.9	130.1	131.5	134.0	137.1	150.5	2.1	17.3	12.0
Non-monetary liabilities(1)	4.8	5.2	5.8	5.5	5.0	4.8	4.9	5.5	5.2	5.1	5.2	5.5	6.1	13.7	7.4	25.9
Other resident sectors	**461.8**	**465.0**	**466.7**	**470.1**	**469.1**	**470.5**	**479.2**	**481.2**	**485.3**	**486.4**	**485.2**	**487.4**	**498.2**	**2.9**	**12.1**	**7.9**
Individuals and Moroccans living abroad	**437.3**	**438.3**	**441.3**	**443.6**	**443.4**	**444.9**	**449.2**	**451.1**	**455.1**	**456.1**	**455.3**	**458.6**	**468.2**	**3.7**	**12.6**	**7.1**
Monetary assets	436.0	437.0	440.0	442.8	442.0	443.4	447.8	449.7	453.7	454.6	453.9	457.7	467.3	3.7	12.4	7.2
Non-monetary liabilities(1)	1.2	1.2	1.3	0.7	1.4	1.4	1.4	1.4	1.4	1.5	1.3	0.9	0.9	-0.3	71.6	-29.8
Individual entrepreneurs	**20.3**	**22.2**	**21.0**	**21.9**	**21.1**	**21.5**	**24.4**	**24.7**	**24.8**	**24.9**	**24.4**	**23.1**	**23.5**	**-17.8**	**15.4**	**16.2**
Monetary assets	19.9	21.9	20.7	21.6	20.8	21.2	24.1	24.3	24.4	24.5	24.1	22.7	23.2	-17.9	15.4	16.2
Non-monetary liabilities (1)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.4	-7.8	17.8	19.8
NPISH	**4.3**	**4.5**	**4.5**	**4.6**	**4.5**	**4.1**	**5.5**	**5.4**	**5.4**	**5.5**	**5.5**	**5.8**	**6.5**	**35.2**	**-29.5**	**51.5**
Monetary assets	4.3	4.5	4.5	4.6	4.5	4.1	5.5	5.4	5.4	5.5	5.5	5.7	6.5	35.3	-29.5	51.7

(1) Regulated deposits and security deposits
(2) Public nonfinancial corporations, social security funds and local governments
Source : Bank Al-Maghrib.

TABLE A9.10 DISTRIBUTION OF BANK LOANS BY TERM AND BY SECTOR

(In millions of dirhams)

Components	2009	2010			2011		
	Amounts	Amounts	Changes in %	In Percentage in total	Amounts	Changes in %	In Percentage in total
By term							
Short-term loans	232 631	229 385	-1.4	36.9	283 354	23.5	41.3
Deadlines unpaid	5 175	6 432	24.3	1.0	7 395	15.0	1.1
Medium-term loans	171 062	182 540	6.7	29.4	189 129	3.6	27.6
Long-term loans	142 432	179 664	26.1	28.9	181 698	1.1	26.5
Non-performing loans	30 958	29 768	-3.8	4.8	32 574	9.4	4.7
By sector							
Agriculture and Fisheries	19 587	25 316	29.2	4.1	28 424	12.3	4.1
Extractive Industries	14 707	12 268	-16.6	2.0	11 636	-5.1	1.7
Industries	73 546	80 612	9.6	13.0	84 230	4.5	12.3
Energy and water	16 659	24 380	46.4	3.9	31 236	28.1	4.6
Building and public works	80 814	79 426	-1.7	12.8	95 832	20.7	14.0
Commerce	37 614	38 561	2.5	6.2	45 536	18.1	6.6
Hôtels	18 531	17 837	-3.7	2.9	19 346	8.5	2.8
Transport and communications	23 927	24 684	3.2	4.0	28 289	14.6	4.1
Fnancial Activities	94 020	97 704	3.9	15.7	101 936	4.3	14.9
Individuals and Moroccans living abroad	156 371	169 698	8.5	27.3	180 676	6.5	26.3
Other services	41 309	50 871	23.1	8.2	59 614	17.2	8.7

(1) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.
Source : Bank Al-Maghrib.

TABLE A9.11 DISTRIBUTION OF CREDIT INSTITUTIONS LENDING

(In millions of dirhams)

Components	2009	2010			2011		
	Amounts	Amounts	Changes in %	In Percentage in total	Amounts	Changes in %	In Percentage in total
Totallending by finance companies	**79 906**	**85 256**	**6.7**	**100.0**	**91 468**	**7.3**	**100.0**
Consumer loan companies	41 131	42 530	3.4	49.9	45 254	6.4	49.5
Leasing companies	36 111	38 939	7.8	45.7	41 994	7.8	45.9
Real estate loan companies	205	191	-6.9	0.2	284	48.7	0.3
Factoring companies	2 198	2 600	18.3	3.0	2 958	13.8	3.2
Surety companies(1)	235	244	3.8	0.3	244	0.0	0.3
Payement means managements companies	26	21	-18.4	0.0	11	-47.6	0.0
Others loan companies	0	731	-	0.9	723	-1.1	0.8

(1) Surety companies have granted loans by signature for a total amount of 1.3 billion dirhams in 2008. of 2 billion in 2009 and of 3.6 billion dirhams in 2010 and 2011
Source : Bank Al-Maghrib

TABLE A9.12 CHANGE IN THE INTERBANK MARKET

(In millions of dirhams)

	2010	2011												
	Average	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Average
Averge outstanding amounts	4 122.6	5 333.4	6 042.6	4 325.2	5 533.5	5 136.7	6 452.5	6 158.2	5 753.6	7 314.6	7 241.9	6 432.7	7 090.4	6 067.9
Average exchanged volume	2 598.5	3 388.2	2 380.3	2 714.6	3 411.0	3 049.5	4 101.6	3 811.3	3 830.1	4 838.6	3 145.5	2 421.7	3 276.0	3 364.0

Source : Bank Al-Maghrib.

TABLE A9.13 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturity	Total	2011												
	2010	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Total
Total subscriptions	**90 835.8**	**8 100.3**	**13 234.0**	**5 040.0**	**2 709.9**	**7 937.0**	**5 061.2**	**3 716.0**	**12 449.5**	**8 823.0**	**9 916.0**	**13 600.0**	**12 956.0**	**103 542.9**
Total short-term	**42 281.3**	**1 330.3**	**2 700.0**	**1 500.0**	**100.0**	**1 551.0**	**450.0**	**1 150.0**	**3 800.0**	**3 783.0**	**5 306.0**	**3 050.0**	**720.0**	**25 440.3**
21 Days	3 000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2 000.0	0.0	0.0	0.0	0.0	2 000.0
33 Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2 100	0.0	2 100.0
13 Weeks	4 187.0	300.0	500.0	1 100.0	100.0	400.0	0.0	1 150.0	0.0	400.0	3 370.0	550.0	620.0	8 490.0
26 Weeks	7 132.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	300.0	600.0	300.0	0.0	0.0	1 200.0
52 Weeks	27 962.3	1 030.3	2 200.0	400.0	0.0	1 151.0	450.0	0.0	1 500.0	2 783.0	1 636.0	400.0	100.0	11 650.3
Total moyen terme	**47 162.5**	**5 520.0**	**5 289.0**	**2 950.0**	**1 100.0**	**4 866.0**	**3 611.2**	**2 466.0**	**7 839.5**	**4 120.0**	**4 610.0**	**9 800.0**	**8 086.0**	**60 257.7**
2 years	21 680.0	3 200.0	4 289.0	1 750.0	100.0	4 266.0	2 800.0	400.0	5 984.5	3 545.0	2 860.0	7 050.0	4 156.0	40 400.5
5 years	25 482.5	2 320.0	1 000.0	1 200.0	1 000.0	600.0	811.2	2 066.0	1 855.0	575.0	1 750.0	2 750.0	3 930.0	19 857.2
Total long term	**1 392.0**	**1 250.0**	**5 245.0**	**590.0**	**1 509.9**	**1 520.0**	**1 000.0**	**100.0**	**810.0**	**920.0**	**0.0**	**750.0**	**4 150.0**	**17 844.9**
10 years	610.0	600.0	1 935.0	0.0	1 009.9	655.0	1 000.0	0.0	660.0	920.0	0.0	750.0	2 200.0	9 729.9
15 years	725.0	650.0	1 810.0	590.0	100.0	865.0	0.0	100.0	150.0	0.0	0.0	0.0	1 950.0	6 215.0
20 years	57.0	0.0	1 500.0	0.0	400.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1 900.0
30 years	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

Source : Bank Al-Maghrib

TABLE A10.1 OUTSTANDING TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturity	2010						2011					
	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	**42 848**	**22 655**	**114 287**	**69 427**	**28 598**	**277 815**	**72 243**	**24 357**	**98 813**	**75 823**	**42 976**	**314 211**
Total short-term	**8 407**	**794**	**11 266**	**8 301**	**5 444**	**34 212**	**3 998**	**0**	**1 446**	**4 344**	**6 572**	**16 360**
13 Weeks	450	0	56	1 444	0	1 950	1 027	0	0	2 573	940	4 540
26 Weeks	650	69	750	1 831	0	3 300	0	0	0	0	1 200	1 200
52 WEEKS	7 307	725	10 460	5 026	5 444	28 962	2 971	0	1 446	1 771	4 432	10 620
Total moyen term	**8 755**	**1 928**	**39 912**	**20 643**	**10 721**	**81 959**	**34 053**	**2 114**	**43 136**	**20 400**	**22 660**	**122 363**
2 years	4 754	482	19 152	6 639	2 647	33 673	20 334	835	17 795	10 463	13 154	62 581
5 years	4 001	1 446	20 759	14 005	8 075	48 286	13 719	1 279	25 341	9 937	9 506	59 783
Total long-term	**25 686**	**19 933**	**63 109**	**40 483**	**12 433**	**161 644**	**34 192**	**22 243**	**54 231**	**51 078**	**13 744**	**175 488**
10 years	11 085	5 163	25 144	17 748	10 910	70 050	11 661	5 921	26 461	22 762	11 807	78 610
15 years	10 608	13 852	29 115	15 003	1 079	69 658	15 713	14 990	20 786	20 502	1 051	73 042
20 years	3 499	917	8 679	5 824	441	19 361	6 014	1 292	6 804	6 266	884	21 261
30 years	494	0	171	1 908	2	2 575	804	40	180	1 549	2	2 575

(1) Excluding the outstanding amount of the treasury bills of the provident institutions administred by the deposit and management fund.
Source : Bank Al-Maghrib.

TABLE A10.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(by category of initial subcriptions)

(In millions of dirhams)

Securities types	2010					2011				
	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	**17 698**	**4 478**	**33 713**	**2 865**	**58 754**	**22 634**	**5 364**	**46 078**	**3 508**	**77 584**
Certificates of deposit	11 594	4 247	25 794	2 865	44 500	15 189	4 658	34 443	3 508	57 798
Bills of financing companies	6 104	231	6124	0	12 459	6 973	406	9 510	0	16 889
Commercial paper	0	0	1 795	0	1 795	472	300	2 125	0	2 897

Source : Bank Al-Maghrib.

TABLE A10.3 ISSUANCE OF NEGOTIABLE INSTRUMENT OF INDEBTEDNESS

(by category of initial subcriptions)

(In millions of dirhams)

Securities types	2010					2011				
	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	**15 514**	**1 869**	**32 734**	**2 084**	**52 202**	**16 154**	**4 075**	**35 815**	**1 519**	**57 563**
Certificates of deposit	13 231	1 839	25 555	2084	42 709	12 896	3 480	26 067	1 519	43 963
Bills of financing companies	2 044	31	3 975	-	6 050	2 711	294	4 643	-	7 649
Commercial paper	239	-	3 204	-	3 443	547	300	5 105	-	5 952

(-) No emission
Source : Bank Al-Maghrib

TABLE A10.4 BOND MARKET

(In millions of dirhams)

	2010	2011				2011
		T1	T2	T3	T4	
Outstanding	**63 941**	**66 290**	**67 390**	**66 981**	**74 153**	**74 153**
Public sector	16 954	16 913	17 913	17 841	22 739	22 739
Private sector	46 986	49 377	49 477	49 141	51 415	51 415
Financial corporations	19 821	19 780	19 780	20 790	20 790	20 790
Non-financial corporations	44 120	46 511	47 611	46 192	53 364	53 364
Bonds issued	25 636	2 900	2 600	0	7 350	12 410
Public sector	6 000	0	1 000	0	5 000	6 000
Private sector	19 636	2 900	1 160	0	2 350	6 410
Financial corporations	1 840	500	1 060	0	0	1 560
Non-financial corporations	23 796	2 400	1 100	0	7 350	10 850

Sources : Maroclear and calculations Bank Al-Maghrib

TABLE A10.5 STOCK EXCHANGES INDICATORS

Period	Volume of transactions (In millions of dirhams)	Market capitalisation (In millions of dirhams)	MASI (1)	MADEX (2)
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 January	6 113.9	532 350	10 928.44	8 881.46
February	9 280.4	540 895	11 096.8	9 017.72
March	26 549.8	560 534	11 418.77	9 294.04
April	13 253.5	600 699	12 286.99	10 018.
May	14 817.9	586 377	12 068.53	9 839.46
June	30 561.4	569 458	11 773.87	9 600.18
July	45 767.7	572 518	11 782.52	9 616.5
August	13 628.	529 272	11 736.15	9 570.92
September	6 178.3	538 157	11 896.36	9 706.37
October	18 122.8	552 850	12 196.7	9 957.74
November	24 818.7	558 226	12 224.2	9 984.59
December	29 615.7	579 020	12 655.2	10 335.25
2011 January (3)	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

(1) With effect from January 1st, 2002, the general stock exchange index (IGB) was replaced by the Moroccan All Shares Index (MASI), which covers all quoted shares and takes as its base December 31st, 1991 = 1000.
(2) MADEX, created in 2002, is composed of the most liquid securities and has as basis 1000 on December 31st, 1991.
(3) As of January 3, 2011, and to comply with the interna¬tional standards, the Casablanca Stock Exchange has mo¬dified 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 A10 6 INDEX OF REAL ESTATE ASSETS PRICES

	Index of real estate assets prices			Number of transactions		
	2010	2011	Percentage changes 2011/2010	2010	2011	Percentage changes 2011/2010
Overall	**105 0**	**107 8**	**2 7**	**83 157**	**95 963**	**15.4**
Residential	**103.5**	**107.1**	**3.4**	**56 687**	**64 396**	**13.6**
Apartments	100.3	104.2	4.3	50 070	57 981	15.8
Houses	114.1	117.8	1.5	5 499	5 136	-6.6
Villas	108.3	117.8	6.6	1 084	1 279	18.0
Urban Land	**108.1**	**109.0**	**1.0**	**20 606**	**25 098**	**21.8**
Commercial property	**107.8**	**112.0**	**3.3**	**5 908**	**6 469**	**9.5**
Business premises	108.4	113.0	3.7	5 307	5 721	7.8
Offices	105.3	107.2	1.1	648	748	15 4

Sources : Land registry office and Bank Al-Maghrib

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