بنك المغرب
BANK AL-MAGHRIB

# ANNUAL REPORT
# PRESENTED TO HIS MAJESTY THE KING

2009

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## GOVERNOR

Mr Abdellatif JOUAHRI

## DIRECTOR GENERAL

Mr Abdellatif FAOUZI

## GOVERNMENT REPRESENTATIVE

Mr Abdeltif LOUDYI

## BANK BOARD

The Governor

The Director General

Mr Abdellatif BELMADANI

Mr Mohammed BENAMOUR

Mrs Meriem BENSALEH CHAQROUN

Mr Zouhair CHORFI

Mr Bassim JAI-HOKIMI

Mr Abdelaziz MEZIANE BELFKIH

Mr Mustapha MOUSSAOUI

# REPORT
## ON THE FINANCIAL YEAR 2009

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 2009, the fifty-first financial year of the bank of issue.

# SUMMARY

# Your Majesty,

The year 2009 was marked by the most severe global recession since the Second World War (WWII) with the fall in economic activity, started in late 2008, continuing during the first half of 2009. Given the scale of the downturn and the enduring risk of the collapse of the financial system, national authorities, particularly in the developed countries, stepped up recovery measures and diversified crisis management tools. In addition to reducing rates or keeping them at very low levels, central banks heavily used unconventional measures of quantitative easing, while governments put in place large-scale plans to support the economy, financial institutions and markets. G-20 leaders, in turn, launched a series of actions primarily aimed to stabilize the financial system, stimulate domestic demand, help emerging and developing countries affected by the crisis and -in the longer term- strengthen the international financial architecture. Also, the International Monetary Fund (IMF) was provided with sufficient resources and with a larger mandate to prevent and handle financial crises. As a result of the economic policy measures, conditions in financial markets started to gradually improve as from the second quarter. However, credit conditions in the developed countries remained very tight, especially for investment and consumption.

Against this background, unemployment increased from one year to another in the major advanced economies, while the significant spare capacity and the declining commodity prices caused inflation to fall markedly. Moreover, the massive amounts of money that governments pumped into the economy, bringing fiscal deficits and sovereign-debt ratios to unprecedented levels, led to higher risk premiums, fueled tensions on financial markets and increased uncertainties about the sustainability of economic recovery in many advanced countries, particularly in Europe.

The global economy started to recover gradually in the second half of the year, mostly driven by the momentum in the emerging countries. For the full year, global gross domestic product (GDP) fell by 0.6 percent, with a contraction of 3.2 percent in advanced economies and a slowdown from 6.1 percent to 2.4 percent in emerging countries.

In Morocco, nonagricultural GDP growth went down from 1.4 percent in the fourth quarter of 2008 to a low of 0.6 percent in the first quarter of 2009, and gradually increased to 2.6 percent in the third quarter 2009. For the whole year 2009, it grew by a mere 1.4 percent, down from 4.2 percent in 2008, therefore reflecting the increased alignment of the national economy with the business cycle in the main partner countries. This trend is attributable to the sharp contraction in external demand for certain industries, particularly from the euro area, and the slowdown in tourism and transport sector. Also, the decline in current transfers and foreign investment flows affected the dynamics of private consumption and investment.

These effects were, however, mitigated by the resilience of domestic demand and the normal functioning of credit markets, together with the prevailing climate of confidence and the measures taken by public authorities, particularly under the Strategic Vigilance Committee. At the same time, the increase by almost 30.6 percent in the agricultural value added kept overall growth at 4.9 percent. On the labor market, unemployment rate again declined to 9.1 percent, from 9.6 percent in 2008, covering a fall in urban areas and stability in rural areas despite the rebound in agricultural activity.

Concerning the balance of payments, the moderating effect of tourism receipts and remittances from Moroccans living abroad did not significantly reduce the current account deficit, notwithstanding the marked reduction in trade deficit. The negative balance of trade represented 20.8 percent of GDP instead of 24.7 percent in 2008, while the surpluses generated by travel receipts and current transfers fell 11.7 percent and 13.6 percent, respectively. Given these developments, the current account deficit shrank to 5 percent of GDP, from 5.2 percent in 2008 and six years of surplus. Mostly because of declining foreign direct investment, the financing of current account transactions resulted in an increase of nearly 18 billion dirhams in commercial loans and a further decline in foreign exchange reserves that only cover about seven months of imports of goods and services.

Although the current account position over the last two years does not impact external sustainability, it highlights the persistence of certain structural weaknesses. Without fundamental changes, the significant demand for imports, coupled with limited exports, would exacerbate tensions on the foreign exchange reserves or increase dependence of the national economy on current transfers and external financing, subject to changing international economic and financial conditions.

Fiscal policy in 2009 was characterized by measures to support growth that were focused on boosting investment and furthering tax reforms. Combined with the impact of the slowdown in nonagricultural activity on tax revenues, these measures resulted in a budget deficit of 2.2 percent of GDP and sizable deceleration in the downward movement of the debt-to-GDP ratio that stabilized around 47 percent. The slight widening of the deficit, however, did not undermine fiscal sustainability over the medium term, despite an unfavorable economic situation and the limited effects of efforts to broaden the tax base and improve tax collection.

The evolution of inflation, measured by the new consumer price index, was marked by the considerable easing in external pressures due to the decline of commodity prices and consumer prices, as well as by the appreciable decline in demand pressures. Headline inflation indeed fell to 1 percent, from 3.7 percent a year earlier. Meanwhile, core inflation decreased from 4.5 percent to 0.7 percent, hitting a record low in the last twenty years.

In terms of monetary policy decisions, the Bank Board, at its first meeting in 2009, cut the key rate by 25 basis points to 3.25 percent, amid diminishing risks to price stability over the medium term. In its analysis, the Board took into consideration the need to support a soft landing for the economy in 2009, mainly following the sharp increases in some segments of the asset and credit markets which were out of line with the fundamentals.

As for liquidity management, the Board reduced the required reserve ratio three times, eventually bringing it down to 8 percent, which helped banks to continue providing sufficient financing to the economy. Bank Al-Maghrib also supplied banks, on the money market, with the required liquidity and mobilized all monetary policy instruments available to ensure proper refinancing.

In a context of normal functioning of the various markets, monetary and financial developments were characterized by less rapid growth in money and credit, and downward adjustment in asset prices which fell back to levels consistent with the fundamentals of the economy. Growth in money supply (M3) again slowed in 2009, falling to 4.6 percent from 10.8 percent in 2008 and an average of 13.1 percent over the last five years, thereby reducing the monetary surplus to almost nil at year end. The deceleration in the rate of money creation in 2009 is more attributable to the decline in the growth rate of bank credit, down from 22.9 percent to 9.4 percent, than to the contraction of foreign assets. Prices for major assets trended downward, as stock market indexes continued to decline and residential property prices went down after stagnating in 2008.

Bank Al-Maghrib in 2009 continued deepening the analytical framework of monetary policy. The actions it carried out in this direction particularly focused on the forecasting and modeling mechanisms, the range of indicators relating to real and financial sectors, and on tools for assessing external shocks to which the national economy is vulnerable. They also involved the analysis of transmission channels and the enhancement of transparency through the deepening of the information made available to the public.

Indicators of the banking sector -which has shown great resilience- continued their upward trend in 2009. Banks' profitability was not impacted by the fact that credit gradually regained a pace of increase in harmony with economic growth. Moreover, the effect of slowing deposits on banks' lending capacity was largely offset by the rise in Central Bank's liquidity injections and banks' increasing bond issuance. In this context, nonperforming loans fell again and represented a mere 5.5 percent of total loans disbursed, and 1.5 percent net of provisions. This trend is attributable not only to balance sheet consolidation but also to the lower cost of risk which recorded its lowest levels during the past three years. Similarly, the solvency of banks strengthened after the Central Bank raised the minimum capital adequacy ratio from 8 percent to 10 percent at end 2007. The average capital adequacy ratio (according to the Basel II standardized approach) and core capital thus increased to 11.7 percent and to 8.8 percent, respectively, at end 2009.

The major banks, supported by sound fundamentals, strengthened their position in the Maghreb and Africa, areas with high growth potential. Bank Al-Maghrib has closely monitored this policy which increasingly contributes to the performance of these banks.

Meanwhile, the Central Bank continued the actions designed to harmonize the national banking legislation with the best international standards, through the transposition of Basel II advanced approaches and the implementation of minimum requirements for stress testing. The regulatory framework governing microcredit associations was enhanced by enacting rules relating to governance and nonperforming loans' classification and provisioning.

The progress made in financial reporting materialized in the coming into operation of the credit bureau, enabling banks and finance companies to improve credit risk assessment by incorporating more data on the creditworthiness of their customers.

Concerning the financial inclusion strategy, the process of extending banking services significantly improved in 2009, and the 50 percent target by end 2010 -including Barid Al-Maghrib network- now seems achievable. Alongside this development, a range of measures were implemented, mainly aiming at building sound and balanced relationships between banks and their customers. Indeed, in 2009 the banking mediation system was put in place for the amicable resolution of disputes. Also, banks were asked to ensure the transparency of contractual conditions. In 2010 a new directive defining free basic banking services will be issued, an index of banking service prices will be constructed, and an annual statement of all commissions charged will be sent to customers. These measures will be accompanied by financial education programs and the creation of conditions favorable for the development of innovative products based on new information and communication technologies.

In the area of payment systems, the process of dematerializing securities exchange was completed with the rollout of the paperless exchange of debit advices. Also, an agreement was signed governing the oversight of payment systems.

The year 2009 was marked by the celebration of the fiftieth anniversary of Bank Al-Maghrib. Since its inception, the Bank has implemented policies geared toward sustaining the economic development of our country by ensuring price stability and adequate financing of the economy, while maintaining macroeconomic equilibrium and contributing to the development of markets and the strengthening of banking system fundamentals. In the first decades of its history, the dirham was established as the national currency, Moroccan bank staff was hired, and the legal framework governing the banking activity and strengthening the supervisory powers of the central bank was adopted. Subsequently, the Bank played a key role in restoring economic balances in the eighties, and in their consolidation on a sustainable basis in the nineties. This dynamic has gained new momentum as from 2006, with the major overhaul of the Bank's statutes that defined its mission, made price stability the primary objective and gave the Bank considerable independence in monetary policy. Moreover, the new statutes have strengthened the Bank's supervisory powers and given it clear mandate to oversee the systems and means of payment and ensure their safety. Building on strategic planning, which covered until the end of 2009 two three-year plans, significant progress was made toward modernizing the Bank's organization and management methods. Thanks to these reforms that helped bring the operational and management processes in line with the best international practices, the Bank achieved ISO 9001 certification for all its activities.

Bank Al-Maghrib is determined to continue contributing to the creation and preservation of conditions conducive to greater integration of the Moroccan economy in the global environment, and to respond to the post-crisis challenges. To this end, the Bank has adopted a medium and long-term vision that takes into account the lessons learned from the international crisis. It will indeed continue adjusting the strategic, analytical and operational frameworks of monetary policy and strengthening the macro-prudential approach to banking supervision, while developing mechanisms of coordination among regulators. Bank Al-Maghrib will pursue efforts to improve the attractiveness of the Casablanca financial center in order to develop it into a regional financial hub, thereby enhancing the prospects of transforming our country into a magnet for capital flows at the regional level.

Considering the scale and scope of the global crisis and uncertainty about its outcome, there is a need to strengthen the resilience of the national economy to external shocks and adapt to the changing international environment in order to seize opportunities. It is important in this regard to speed up measures to continuously improve the education system and the overall competitiveness of productive sectors. It is also necessary to strengthen the governance of public policies and business climate, while maintaining macroeconomic stability and enhancing the mechanisms put in place to overcome social shortages.

Moreover, it is essential to quickly address, as part of a comprehensive framework, the structural weaknesses exacerbated by the crisis. In particular, it is imperative to redress the current account imbalance by reducing the concentration of exports on low-technology products and on markets with limited growth potential.

In terms of public finance, it is important to continue enhancing fiscal sustainability over the medium term. There is a need to accelerate the reform of the subsidization system and implement measures to rationalize operating expenditures in order to generate surpluses that would contribute to reducing deficiencies in the social area. It is also important to strengthen the dynamics of resources on a sustainable basis through the inclusion of the informal sector. At the same time, the process of financial deepening should be enhanced by developing long-term saving and extending access to financial services to the low-income population.

The accelerated implementation of sectoral roadmaps and the launch of new programs, particularly in energy and mining, pose some challenges relating to the governance and efficiency of economic policies. In this regard, particular attention should be paid to the overall coherence of these approaches, while ensuring their synergy and optimizing the allocation of financial resources which should be consistent with the overall macroeconomic constraints, including those of the balance of payments.

Significant progress has been achieved in human development during the last ten years. Access to basic social services has improved markedly, as evidenced by the electrification of rural areas that reached nearly 84 percent in 2009, after having covered all urban areas. During the same period, access to drinking water rose from 14 percent to 90 percent. In the education sector, the net enrollment rate of children aged 6 to 11 years reached 96 percent in 2009. In order to place Morocco in a strong position to meet the challenge of accelerating growth in a context of greater external openness, while ensuring the inclusion of all, it is important to capitalize on the progress made and step up efforts in the field of education. The success of the government's Education Emergency Program should indeed reduce educational wastage, improve access to preschool and contribute to increasing literacy rates, particularly in rural areas.

The granting of the advanced status to Morocco by the European Union is a major achievement for a better integration of Morocco in the regional environment. In this connection, the roadmap put in place to harmonize Moroccan legislation and standards with those of the European Union will stimulate the integration of our economy in the European market. Meanwhile, the overall performance of the national economy will certainly be enhanced by the regionalization project, which is a major breakthrough in territorial governance. This project will bring a new dynamic to institutional reform, therefore allowing our country to optimize the contribution of all regions within a balanced growth model that takes into account the imperatives of sustainable development and territorial solidarity. Greater participation of the population in the development process will maximize synergies between the different actions of government departments across the territorial units, the aim being to achieve faster and more balanced economic and social progress.

**Rabat, June 2010**

**Abdellatif JOUAHRI**

# PART 1

## ECONOMIC, MONETARY AND FINANCIAL SITUATION

# 1.1 International environment

The economic crisis, which emerged in 2008, induced the sharpest recession ever recorded since WWII, with a 0.6 percent contraction of GDP in 2009. In fact, economic activity slowed down significantly in advanced countries, as GDP globally fell by 3.2 percent, while it dropped, in emerging economies, from 6.1 percent in 2008 to 2.4 percent. The year 2009 also witnessed an important contraction in capital flows and in world trade. As for unemployment rate, it generally soared in advanced economies, while inflation slowed down markedly to the extent that it recorded negative values in most industrialized countries, due to the weak demand and to commodity prices' decline.

To address the scale of the crisis, public authorities enhanced their economic policy measures with the aim of standardizing financial conditions and boosting the economic activity. Central banks reduced their key rates to historically low levels, while intensifying the use of unconventional measures, which vary from quantitative easing, to massive liquidity injections, to giving guarantees or to resorting to the outright purchase of long-term financial assets. Regarding fiscal policy, governments of advanced countries, and to a lesser extent, of emerging ones, have multiplied their measures of supporting the financial system and the economic activity.

Nevertheless, the measures taken had a limited effect on the economic activity in 2009. In fact, the recovery recorded in the second half of the year concerned particularly emerging and developing countries. As for advanced economies, their GDP trend varied from a contraction slowdown to slight increases, mainly due to the one-time impact of the end of massive destocking phase, as well as to the direct effect of some demand-boosting measures. Regarding the financial system, the support measures proved more effective, as they contributed to the improvement of money market functioning, the reduction of risk aversion, and to the progressive recovery of stock markets. However, credit loans remained sluggish in main advanced economies, and new sources of weakness emerged in the financial system at the end of the year due to the increase in sovereign debts and therefore to the rising risk premiums for some industrialized countries.

In order to mitigate the effects of the crisis, international organizations, namely the IMF and the G-20, made sustained efforts towards coordinating their support policies. Their goal was to prepare synchronized responses to the present crisis and to set up fundamental reforms that would minimize the odds as to the emergence of such a crisis in the future.

Overall, except for the net decrease of imported inflation, which resulted from the drop of commodity prices and consumer prices all over the world, the international environment in 2009 has definitely had a negative impact on the national economy. This was particularly due to the increase of unemployment rate, the decrease of revenues, and to the decline of the output capacity utilization rates in Morocco's main partner countries.

## 1.1.1 Global economic trends in 2009

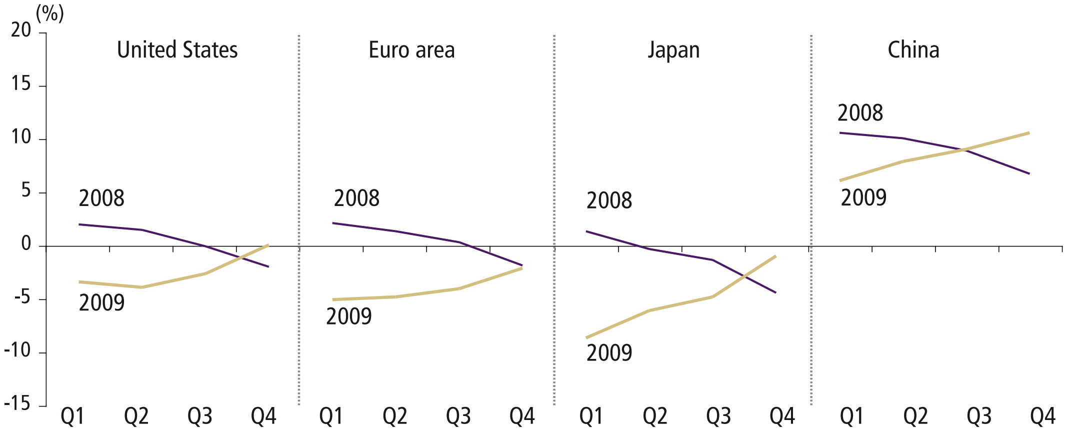
Further to the distinct slowdown observed in 2008, world GDP contracted by 0.6 percent, due to the substantial slack of the economic conditions in advanced countries. In emerging countries, growth remained positive, at 2.4 percent, though declining.

**Table 1.1.1: World GDP growth trend, in %**

| | 2007 | 2008 | 2009 |
|---|---|---|---|
| **World** | **5.2** | **3.0** | **-0.6** |
| **Advanced economies** | **2.8** | **0.5** | **-3.2** |
| United States | 2.1 | 0.4 | -2.4 |
| Euro area | 2.8 | 0.6 | -4.1 |
| France | 2.3 | 0.3 | -2.2 |
| Germany | 2.5 | 1.2 | -5.0 |
| Japan | 2.4 | -1.2 | -5.2 |
| **Emerging economies** | **8.3** | **6.1** | **2.4** |
| China | 13.0 | 9.6 | 8.7 |
| India | 9.4 | 7.3 | 5.7 |
| Russia | 8.1 | 5.6 | -7.9 |
| Brazil | 6.1 | 5.1 | -0.2 |

Source : IMF

**Chart 1.1.1 : Quarterly profile of growth**




Source : IMF and Eurostsat

In the United States, GDP dropped by 2.4 percent in 2009, after having increased by merely 0.4 percent the previous year. At the same time, unemployment rate rose from 5.8 percent to 9.3 percent. Against this background, the drop of commodity prices rapidly affected headline inflation, which fell from 3.8 percent in 2008 to -0.3 percent in 2009.

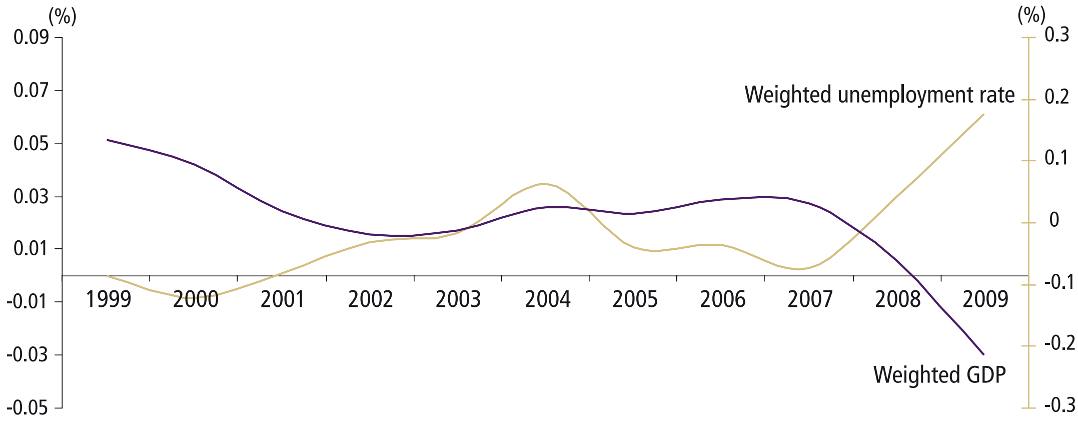
Economic activity continued edging down until the second quarter, due to the decrease in enterprises investment and the slowdown of the production pace in many sectors, attributable to the considerable level of stocks. This decline has also resulted from the consumption drop, caused by the rising unemployment rate, the persistence of the negative wealth effect linked to assets prices' decrease and to the tightening of loans' granting conditions. The return to growth, observed since the third quarter, has resulted from the end of the massive de-stocking phase, on the one hand, and from the increase in private consumption, on the other.

At 4.1 percent, GDP contraction was more important in the euro area, mainly due to the slump of foreign demand and investments. On the contrary, consumption fell in a less significant way, benefiting from the moderating effect of inflation decrease and of the economic policy measures. In such conditions, unemployment rate increased considerably in the euro area, moving from 7.6 percent the year before to 9.4 percent, while headline inflation went down from 3.3 percent to 0.3 percent. Amongst the major economies of this area, Germany witnessed the highest degree of activity slowdown, as the GDP shrank by 5 percent in 2009, mainly as a result of exports' decrease. In France, the weak foreign demand also affected the economic activity, which dropped by 2.2 percent. As for Spain, GDP recorded a 3.6 percent setback in conjunction with the continuing degradation of real estate and tourism sectors. Economic activity decline in the euro area, year-on-year, mainly reflects the trends observed in the first half of the year. However, many signs of recovery were observed during the rest of the year, owing to the increase in foreign demand, and to a lesser extent, in domestic demand, boosted by timely support measures.

In the United Kingdom, growth decreased by 4.9 percent, compared to the 0.5 percent rise recorded one year before. In fact, household consumption continued to be affected by unemployment rate increase, by the restricted access to bank loans, and by a negative wealth effect. Furthermore, the tightened credit conditions, and the low output capacity utilization rate, have induced a crunch in enterprises' investments.

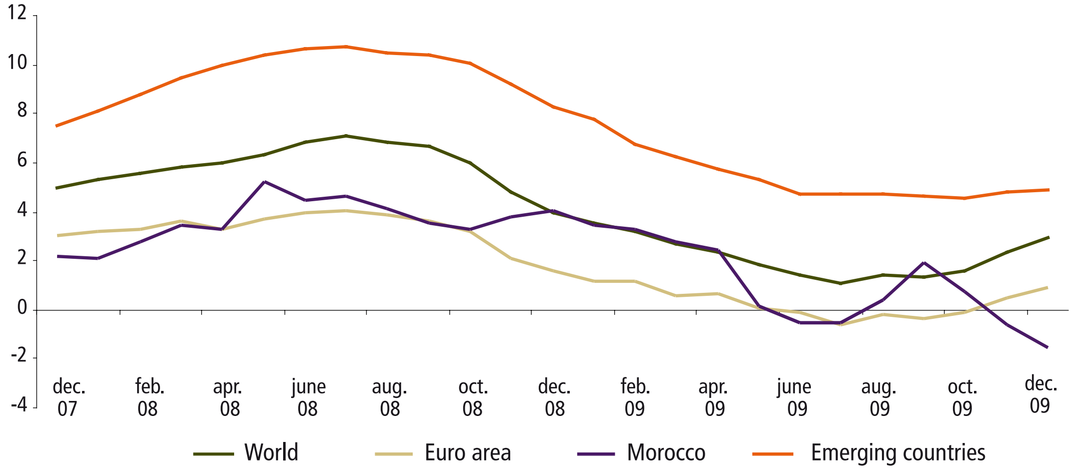
Overall, in Morocco's main partner countries (France, Germany, Italy, Spain, and the United Kingdom), GDP shrank by 3 percent, after it rose at a limited rate of 0.6 percent in 2008. This evolution reflects the degree of the shock faced by the national economy in 2009. Moreover, weighted unemployment rate of the main partner countries reached, in 2009, its highest level ever recorded in the decade, thus contributing to breaking the upward trend of Moroccan expatriates' transfers.

**Chart 1.1.2: Evolution of weighted GDP and weighted unemployment rate in main partner countries**




Sources: Datastream, OECD, and BAM calculations

**Chart 1.1.3 : Inflation trend in the world**




Source: IMF

On the other hand, Japan recorded the most significant GDP decrease among main industrialized countries, as it reached -5.2 percent compared to -1.2 percent in 2008. This decrease has mainly resulted from exports collapse as well as from the slack in investment expenditures. The recession observed since the second quarter of 2008 continued until the third quarter of the year 2009. Subsequently, activity started recovering in the fourth quarter, due to the improvement of foreign demand, mainly from the emerging countries of Asia.

In these countries, growth remained relatively rapid, despite its slowdown from 7.9 percent to 6.6 percent from one year to the next, following the decrease in international trade flow. In China, growth stood at 8.7 percent compared to 9.6 percent one year before, thus reflecting exports' decrease as well as residential investments' slowdown. In fact, consumer prices in China dropped by 0.7 percent after their 5.9 percent increase in 2008. Similarly, growth in India fell from 7.3 percent to 5.7 percent in 2009, mainly due to exports' decline.

As concerns emerging and developing countries, Latin America GDP decreased by 1.8 percent, compared to its 4.3 percent rise one year before, with a 0.2 drop in Brazil. In Russia, economic growth shrank by 7.9 percent, after it rose by 5.6 percent in 2008, essentially due to the oil price decline. Likewise, in the emerging economies of Europe, GDP fell by 3.7 percent, after it rose by 3 percent. As for Africa, growth slowed down considerably, from 5.2 percent to 1.9 percent. In the Maghreb region, the pace of economic activity in Morocco decelerated from 5.6 percent to 5.2 percent, while Tunisia and Algeria grew at 3 percent and 2 percent respectively, compared to 4.6 percent and 2.4 percent one year before.

## 1.1.2 International trade and balance of payments

After its slight increase in 2008, fixed at 2.8 percent, the volume of world trade of goods and services shrank by 10.7 percent, for the first time since 1982. This change has mainly resulted from the developed countries' diminishing demand for imports, especially during the first half of the year, as well as from credit crunch, and from the financing conditions of exports in most of these countries.

This decline in exchanges concurred with the narrowing of current accounts imbalances. In 2009, United States' deficit reached 2.9 GDP points compared to 4.9 GDP points the year before, due to imports' contraction. In the euro area, the deficit reached 0.4 percent of GDP, while it stood at 0.8 percent last year. As for Japan, the surplus fell from 3.2 percent of GDP in 2008 to 2.8 percent, affected by a more substantial decrease of exports. Similarly, some countries of Asia witnessed a decline in their surplus, as a result of the dwindling performance of exports, especially in China where the surplus stood at 5.8 percent of GDP compared to 9.4 percent in 2008. As for the countries of the Middle East and North Africa, their surpluses shrank at a more rapid pace, and reached 1.8 percent of GDP compared to 15.5 percent in 2008, due to the downward adjustment of oil prices and to the significant downturn of world demand.

**Table 1.1.2 : Current account of the balance of payment per regions and countries of the world (in % of GDP )**

| | 2007 | 2008 | 2009 |
|---|---|---|---|
| **Advanced countries** | **-0.9** | **-1.3** | **-0.4** |
| United States | -5.2 | -4.9 | -2.9 |
| Euro area | 0.3 | -0.8 | -0.4 |
| Japan | 4.8 | 3.2 | 2.8 |
| United Kingdom | -2.7 | -1.5 | -1.3 |
| **Emerging countries of Asia** | **7.0** | **5.7** | **4.1** |
| China | 11.0 | 9.4 | 5.8 |
| India | -1.0 | -2.2 | -2.2 |
| **Latin America** | **0.4** | **-0.6** | **-0.8** |
| Brazil | 0.1 | -1.7 | -1.3 |
| Mexico | -0.8 | -1.5 | -1.2 |
| **Countries of Central and Eastern Europe** | **-7.9** | **-7.8** | **-3.1** |
| **Commonwealth of Independent States** | **4.2** | **4.9** | **2.9** |
| Russia | 5.9 | 6.2 | 3.6 |
| **Middle East and North Africa** | **15.7** | **15.5** | **1.8** |

Source : IMF

The flow of foreign direct investments was also impacted by the continuing pressures on world financial markets and by the decline of the economic activity. According to the UNCTAD data, these flows stood at 1,040.3 billion dollars in 2009 at the international level, down by 39 percent, compared to the 21 percent drop of 2008. On the other hand, flows addressed to developed countries continued their slowdown, as flows bound for the United States decreased by 57 percent, while those received by the European Union fell by 27.9 percent. Likewise, flows destined to developing countries dropped by 34.7 percent.

## 1.1.3 Major economic policy measures

The joint measures taken by governments and central banks, particularly in advanced countries, have largely contributed to the slight recovery of the international economic activity during the second half of the year 2009, and to the improvement of many segments of the financial markets.

## Euro area

During the year, the European Central Bank (ECB) cut its basic key rate from 2.5 percent to 1 percent, and reduced the deposit facility and marginal facility rates respectively from 3 percent and 2 percent to 0.25 percent and 1.75 percent. With a view of easing the pressures weighing on the functioning of the money and loans markets, the ECB resorted to massive capital injections in the interbank market. Also, in order to reduce the systemic risk, it recapitalized the defaulting financial institutions, through purchasing or guaranteeing the toxic assets in their portfolios, and covering the commitments of the financial sector.

Regarding fiscal policy, the measures taken within the framework of the European Economic Recovery Plan, and which involved 1.5 percent of the EU GDP, were chiefly endeavored to strengthen households' purchasing power; namely through taxes reductions. In addition, the Plan aimed too at promoting investments and supporting private enterprises, especially in the construction and automobile sectors. Some fiscal resources have also been mobilized to support the labor market.

Public deficit rose to 4.4 percent of GDP in the whole euro area, and public debt increased by 8.9 percentage points to reach 78.2 percent of GDP. As a result, the Economic and Financial Affairs Council (ECOFIN) decided to review the recommendations as to the efforts to be made to consolidate public finances. It also extended the deadline for bringing the budget deficit to less than 3 percent of GDP, and set the date at 2013 for France and Spain and 2014 for Ireland.

## United States

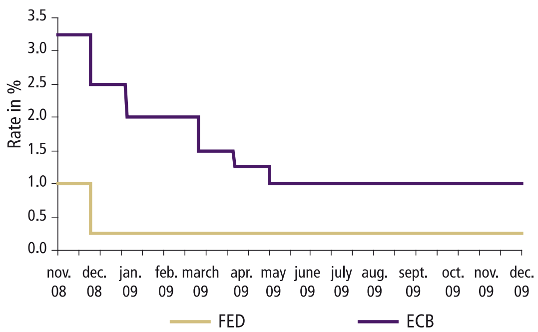
The Federal Reserve (FED) kept its key rate unchanged, between 0 and 0.25 percent, since the end of 2008. It also adopted a policy whereby monetary conditions are to be eased through injecting liquidity at favorable conditions, extending facilities to nonbanking institutions, and through acquiring long-term assets. These actions led to widening the monetary base, which reached around 2,000 billion dollars, instead of 1,700 billion dollars at the end of 2008 and 800 billion dollars, on average, in 2007.

In parallel, the American Government established a series of measures aiming at enhancing domestic demand and the financial system. Amongst these measures are:

- The Multi-year Rehabilitation and Reinvestment Plan, which includes tax adjustments, financial aids to local governments, and expansion of federal expenses for equipment as well as for teaching and social assistance. 5.4 percent of the GDP was devoted to this mechanism;
- The Financial Stability Plan, which targets the financial and real estate markets. This Plan includes a public/ private investment program for the purchase of toxic assets from financial institutions and another program for the capitalization of these institutions;
- The Car Allowance Rebate System, which aims at boosting sales in the cars sector by offering "cash for clunkers" to consumers buying a new vehicle.

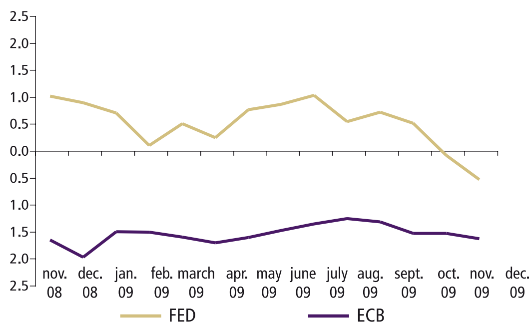
Consequently, budget deficit rose anew to reach 11.2 percent of GDP and indebtedness rate increased from 70 percent to 83.9 percent, year-end to year-end.

**Chart 1.1.4: ECB and FED key rates trend**




Sources: ECB, FED, and BAM calculations

**Chart 1.1.5: ECB and FED real interest rates trend**




## United Kingdom

The Bank of England (BoE) cut its key rate three times in 2009, reducing it from 2 percent to 0.5 percent. Besides, as part of its quantitative easing policy, the BoE resorted to direct injection of liquidity by purchasing private assets and government bonds. As a result, the outstanding amount of the Central bank money reached about 220 billion dollars, compared to 90 billion dollars at the end of 2008.

On the other hand, the Government adopted measures with the aim of restoring financial stability and rebuilding financial institutions' lending capacity. The actions were set up around three axes:

- Preserving banks' solvency, by devising a plan against toxic assets deterioration;
- Stimulating the securitization market and improving financial institutions' access to wholesale market via an asset-backed securities warranty plan;
- Boosting the granting of facilities to households and enterprises, by setting up an assets' purchase program, which authorizes the BoE to buy quality assets from the private sector, especially corporate bonds and commercial papers.

### Japan

The Bank of Japan decided to keep its key rate unchanged at 0.1 percent in 2009. It also carried out different quantitative easing operations, namely the unlimited granting of short-term loans to financial institutions as well as the purchase of commercial papers and of long-term assets, both private and public.

In addition to the three fiscal expansion plans launched in 2008, whose envelope represents 4.8 percent of GDP, a fourth plan was adopted in may 2009, aiming particularly at boosting household consumption of durable goods. The State also engaged in capitalizing banks and granting them direct bailout loans. Added to the Plan approved at the end of December, these measures led to raising the fiscal deficit from 3.5 percent of GDP in 2008 to 7.4 percent of GDP in 2009.

## 1.1.4 Financial and commodity markets

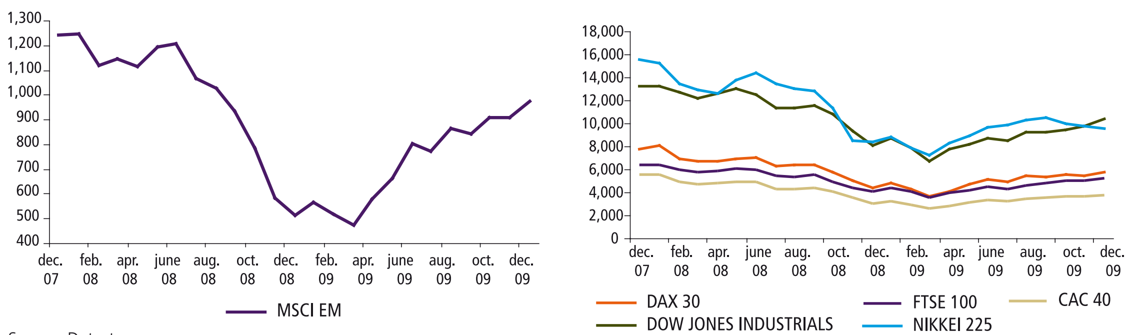
As a result of the significant deterioration of economic indicators during the fourth quarter of 2008, financial markets' conditions underwent intense pressures at the beginning of the year 2009. Later, a gradual recovery was noted, as some countries maintained, and even strengthened, their support measures, and as the economic outlook started improving. This recovery was particularly felt in the risk aversion decrease, the rebound in the stock markets, and the improvement of short-term debt markets. Nonetheless, bank loans continued declining in many economies all through the year. In addition, new pressures weighed on the financial stability, in conjunction with the risks surrounding the solvency of some euro area countries.

Regarding commodity markets, the downward tendency of prices, which started at the fourth quarter of 2008, continued during the first half of the year 2009, after which a general uptrend was observed. This trend was driven by the improved economic outlook and the higher demand from emerging countries, as well as the dollar depreciation and the recovery of hedge funds' purchase. Yet, commodity prices remained, for the whole year, largely below the record levels observed in 2008.

## 1.1.5 International financial markets

After having observed a period of decline at the beginning of the year, stock market prices started rising in March, in conjunction with the improving indicators and economic outlook, as well as with public authorities' decision to maintain the support measures. Hence, the FTSE rose, year-end to year-end, by 30.7 percent on average, while the Dow Jones and Nikkei increased respectively by 28.5 percent and 14 percent. Based on the evolution of the MSCI EM[1] index that went up by 71.3 percent, stock markets in emerging economies rose in a more significant way. On the opposite, stock market indexes in advanced and emerging economies remained below by about 46 percent compared to their levels recorded in 2008.

**Chart 1.1.6: Change in the world's stock market indexes (in basis points)**




Source: Datastream

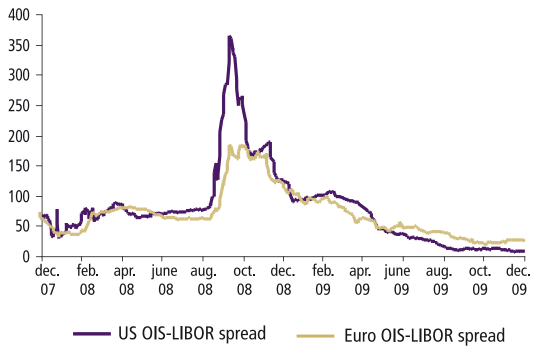
Concerning interbank markets, the central banks' decision to keep rates at low levels, added to the maintaining of the quantitative measures, as well as the progressive improvement of the economic conditions, have all

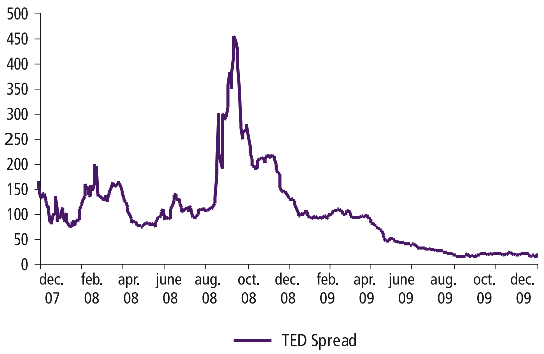
1 The MSCI EM index is a stock market composite index that measures the performance of share markets in Central Europe, Middle East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Israel, Jordan, Egypt, Morocco, and South Africa).

contributed to easing the pressures on loans' granting conditions and reducing the OIS LIBOR[1] spreads. Consequently, this spread reached 9 basis points in the United States and 27 points in the euro area in December, after it had reached 125 and 114 basis points respectively at the end of 2008. However, this spread remains considerably above the level recorded before the emergence of the crisis in 2006, which equaled 7 basis points in the United States and 3 basis points in the euro area.

Debt markets witnessed the same trend, as financing spreads diminished markedly, mainly as a result of short-term government bond yields' decrease, caused, in turn, by central banks' decision to cut their key rates.

**Chart 1.1.7: Change of the OIS-Libor and TED[2] spreads (in basis points)**




**Source: Datastream**

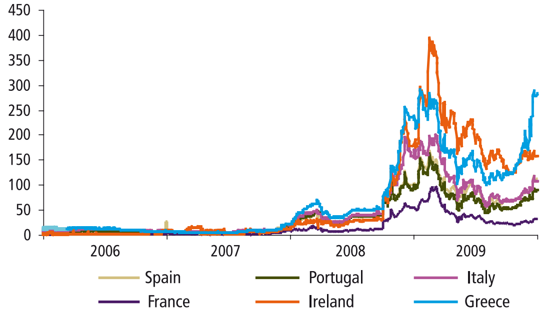
However, fears as to the deterioration of the fiscal balances in some advanced countries have emphasized the pressures on the long-term financing conditions during the second half of the year. Public finance imbalances were more perceptible in some countries of the euro area, as deficits rose up to 10 percent of GDP.

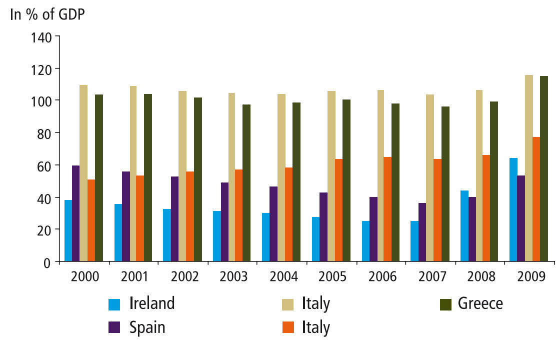
In such conditions, CDS premiums on sovereign debts recorded a sustainable increase as they reached, on average, 157 basis points for Ireland and 116 points for Greece. The growing risks as to the states' solvency have also affected the evolution of long-term government bond yields, which rose considerably, therefore contributing to pushing-up the costs necessary to finance public deficits.

1 The OIS-LIBOR spread reflects the interest rate risk. It corresponds to the difference between the three-month interbank rate (LIBOR Eurodollar) and three-month overnight indexed swaps rate (OIS).

2 The TED spread is an indicator of credit risk and corresponds to the difference between interest rates of short-term assets issued by the US Treasury (Three months) and of interbank loans at 90 days in US dollars.

**Chart 1.1.8: Change of CDS premiums for 5-year sovereign debts (in basis points) and of public debt in some countries of the euro area**

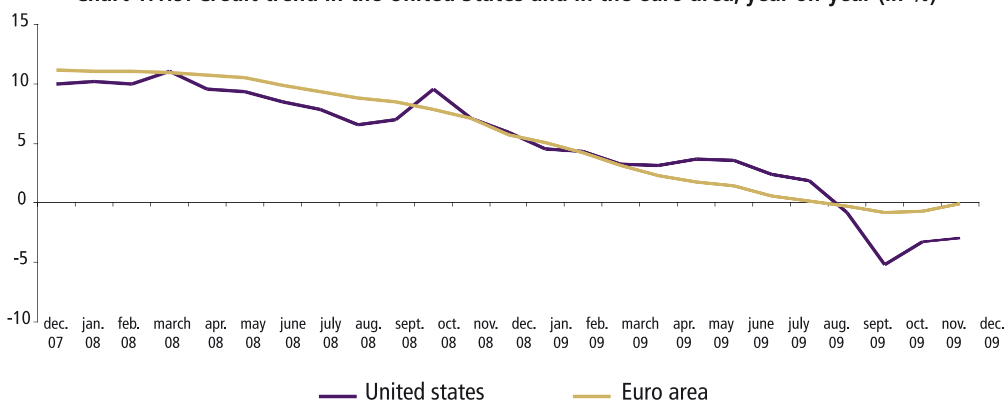



Source: Datastream

In the lending market, loans to the private sector observed a low increase despite the net easing of monetary conditions. In fact, it is only in October that a slight recovery was recorded in the lending pace, which continued decreasing since 2008, due to the tightening of lending conditions as well as to the weak demand. In the United States, loans' growth rate stood at no more than 1.2 percent, on average, compared to 8.5 percent in the preceding year, while it stood at 1.4 percent in the euro area, compared to 9.3 percent. In addition, year-end to year-end loans declined by 0.1 percent in the euro area and by 3 percent in the United States.

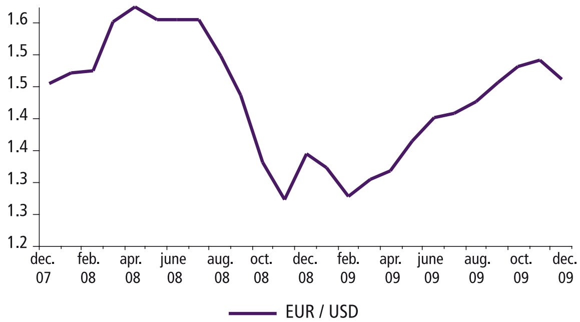
**Chart 1.1.9: Credit trend in the United States and in the euro area, year-on-year (in %)**

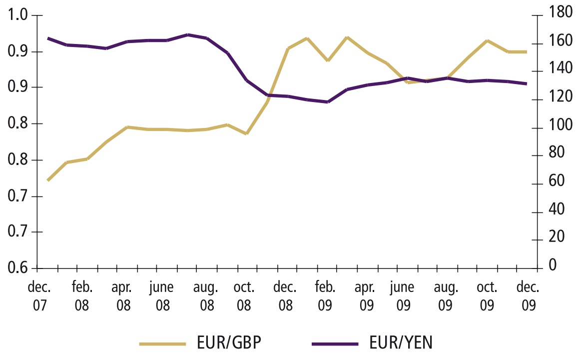



Source: Datastream

In the exchange market, the euro rose by 12.7 percent against the US dollar, from March to November 2009, following its period of decrease at the beginning of the year. This recovery has resulted from the accommodating monetary policy of the FED, the declining risk aversion, and the financial markets stabilization. However, this trend soon reversed in December, especially as the euro dropped because of public finances' deteriorating conditions in some euro area countries, on the one hand, and the proportion of their sovereign debts, on the other.

**Chart 1.1.10: Trend of the main international currencies' exchange rates**




Source: Datastream

Furthermore, the pound sterling was impaired against the other currencies, as a result of the increasing pressures on the financial markets and the deteriorating fiscal position. The pound hence dropped by 12.9 percent compared to the dollar and by 5.8 percent compared to the euro.

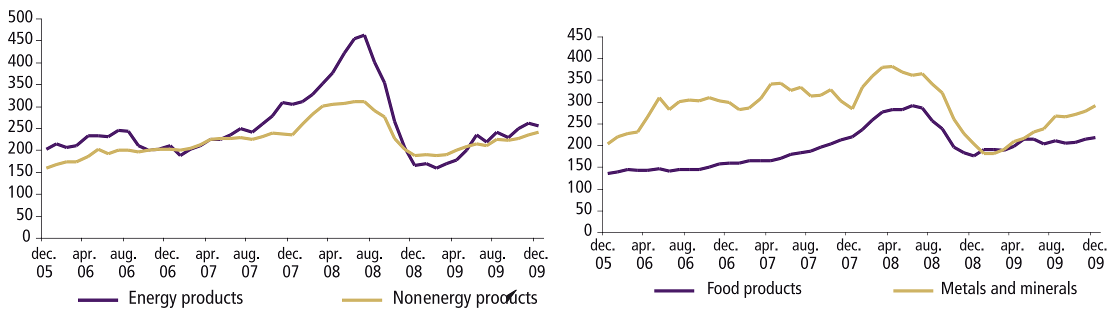
Regarding Asian currencies, the yen recorded an average fall of 10.3 percent against the euro and 15.1 percent compared to the dollar. This evolution has resulted from the decline of the economic perspectives and the beginning of a recovery in the United States and in the euro area. The Chinese yuan, on the contrary, stabilized at 6.8 yuan against the dollar, owing to the de-facto dollar peg.

## 1.1.6 International commodity markets

Following their sharp drop in the second quarter of 2008, commodity prices recovered in 2009, as a result of the dollar's depreciation and of the demand dynamism in emerging economies. This rise was also favored by the upturn of purchases by hedge funds. Therefore, year-end to year-end average oil prices reached 75 dollars per barrel, up by 81.1 percent. In addition, food products' prices rose by 23.8 percent, mainly due to the 87 percent surge of sugar prices, as a result of two successive bad harvests in India and Brazil, the main world producers. Similarly, base metals prices grew by 42.8 percent, owing to China's massive purchase operations - with the aim of replenishing stocks- and to the decrease of production by the world's main suppliers.

However, commodity prices remained, on average, below those observed in 2008. Energy and nonenergy products' prices fell by 37.3 percent and 21.6 percent respectively, compared to 2008, while agricultural products' prices declined, in one year, by 17.1 percent, mainly because of the drop in cereals' prices. At the same time, base metals' prices dropped by 27.7 percent, because of the zinc, steel, copper and iron prices' drop, which varies between 11.7 percent and 28.2 percent.

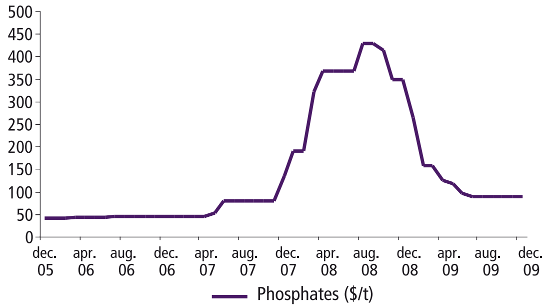
**Chart 1.1.11: Change of energy and nonenergy commodity price indexes**

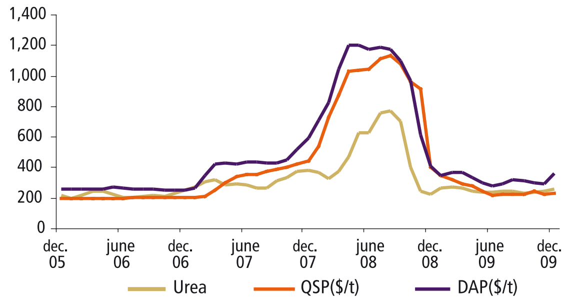



Source: World Bank

Regarding phosphates and derivatives, their prices decelerated substantially in 2009, after their strong rise in 2008. Therefore, the average price of phosphates stood at 121.6 dollars per ton, down by 64.8 percent compared to the previous year. Similarly, fertilizers, including DAP, TSP, and urea, declined in a more marked way, by 71.6 percent, 66.6 percent and 49.4 percent respectively, year-on-year.

**Chart 1.1.12: Trend of the prices of phosphates and their derivatives (dollar/ton)**




Source: World Bank

## 1.1.7 International Financial Architecture

In addition to the economic policy measures aiming at overcoming the impacts of the crisis, governments and international organizations' actions focused on reform axes, which may reduce the risk of crises' occurrence in the future.

Hence, the G-20 engaged in following-up the efforts deployed by its members to secure the process of stabilizing the world's financial situation in application of the preliminary Agreement of November 2008.

At its first summit held in April 2, 2009 in London, the G-20 agreed to create a Financial Stability Council as a replacement of the Financial Stability Forum (FSF). This body, whose membership expanded to include all G-20 countries, is endowed with larger powers, its supervision role now covering hedge funds, offshore areas, and tax havens. Besides, it has collaborated with the IMF to set up a system of warning and early reaction to the financial and macro economic risks. The G-20 also decided to provide international financial institutions with over 850 billion dollars of resources to sustain the emerging and developing markets' growth. Moreover, the group pointed out the importance of consolidating international financial institutions' governance in order to grant more voice and representation to emerging and developing countries. In this context, the IMF will undertake its next quota revision before January 2011 while World Bank reforms are expected to be complete at the spring 2010 meetings, at the utmost.

In addition to their sustained commitment to maintaining expansionary policies necessary for restoring a durable and balanced economic growth, the G-20 countries projected, during the Pittsburgh-USA summit held on September 24-25, 2009, a series of reforms aiming particularly at raising capital requirements for risky activities and implementing strong international standards regarding compensation within the financial sector. Also, among the issues raised in this summit was improving over-the-counter derivatives market, converging the accounting standards, and continuing the fight against tax havens and money laundering. As regards the IMF reform, the G-20 agreed to shift 5 percent of the quota share of over-represented countries to under-represented ones, based on the IMF quota formula.

In its meeting held on November 6-7, 2009 in Saint Andrews, UK, the G-20 restated its commitment to maintain the expansionary measures, as long as the recovery is not guaranteed, and to continue the implementation of the reforms necessary for a higher relevance, reactivity, and legitimacy of financial institutions, given the important role of the latter in restoring stable and durable growth. In addition, and in order to continue strengthening the global financial system, the G-20 agreed to work hand in hand with the Financial Stability Council, with a view to preserving the momentum of the reform programs and ensuring their integral and coherent implementation while meeting scheduled commitments.

Furthermore, the IMF made economic policy recommendations to its member states and granted them financial support particularly via a timely financing mechanism. Hence, the IMF lending commitments reached record levels in 2009, as the Fund granted nonconcessional facilities up to 65.8 billion SDR to 15 member countries, and concessional loans up to 1.1 billion SDR to 26 countries.

Considering the magnitude of the IMF interventions, the member states committed to treble the institution’s lending capacity to 750 billion dollars and to double its capacity to grant concessional loans to low-income countries. Within this framework, the IMF board approved, on the one hand, the bilateral borrowing agreements whose aim is to strengthen its special crisis-facing mechanism, and on the other hand, resorting to its first bond issues ever. Besides, the IMF yielded part of its gold reserves as a way of raising additional revenue and increasing its capacity for granting concessional loans to low-income countries. It also engaged in reforming the means of action towards these countries by setting up new lending instruments.

**Box 1.1.1 : Proposals of the Basel Committee on Banking Supervision to strengthen the global banking sector**

On December 17, 2009, the Basel Committee on Banking Supervision released a set of proposals regarding the regulation and management of banking risks. These proposals concerned the following areas:

- Raising the quality and transparency of the “tier-one” capital base, that should be mainly confined to common shares and retained earnings. This capital is used as a basis for deductions and prudential filters.
- Strengthening capital requirements for the coverage of counterparty risks arising from derivatives, repurchase agreements and financing activities. Also, banks should manage their counterparty risks by resorting to stress scenarios and take into account the market value losses of their position in case the quality of their counterparties’ credit declines.
- Introducing a new additional solvency requirement, in the form of a base capital to bank-owned assets ratio. This coefficient will help contain the build-up of excessive leverage and ensure additional safeguard against possible arbitrations between financial assets, motivated by differences in risk-weighting coefficients.
- Setting up an international framework to assess, follow-up and apply the regulatory requirements relative to the liquidity risk.

The impact of these measures on the banking sector will be analyzed during the first half of the year 2010, before their expected implementation in 2012.

# 1.2 National output

Despite an unfavorable international environment, national economic growth remained strong owing to an exceptional crop year. Though limited, the recessionary effects of the economic situation in our main partner countries impacted considerably the sectors depending most on foreign markets. The performance of theses sectors, which showed a strong synchronization with the growth cycle in our main partners, improved gradually as from the second half of the year. Against this background, overall growth reached 4.9 percent in 2009 compared to 5.6 percent in 2008.

Concerning the primary sector, agricultural activity grew by 30.6 percent in 2009 compared to 16.3 percent in 2008, in connection with the expansion of cereal output which almost doubled to reach an exceptional level of 102 million quintals. At the same time, fishing activities rose by 12.2 percent compared to 19 percent a year earlier. Overall, the share of the primary sector in the overall value added rose from 15.9 percent to 19.3 percent. Conversely, after five years of continued growth, the secondary sector dropped 4.7 percent under the combined effect of the decline in mining output and the slowdown in industrial activity and building and public works. Tertiary activities, including nonmarketable services provided by public administration, grew 3.9 percent compared to 4.1 percent in 2008, in spite of the fall recorded in tourism-related services.

Overall, GDP -estimated at current prices at 736.2 billion dirhams- increased by 6.9 percent instead of 11.8 percent in 2008. On the other hand, agricultural value added grew 21.6 percent to around 100.9 billion dirhams, while the value added of nonagricultural activities rose 3.2 percent to stand at 553.6 billion dirhams.

**Chart 1.2.1: Absolute contribution of economic sectors to GDP growth (in percentage points)**


## 1.2.1 Primary sector

The crop year 2008/2009 was marked by exceptional results, particularly in cereal culture, owing to the favorable weather conditions. Indeed, the national average cumulated rainfall and the filling rate of farm dams attained the record levels of 542 mm and 84 percent instead of 261 mm and 47 percent respectively. Except for sugar crops and leguminous plants harvest, other vegetable productions stood at satisfactory levels. In parallel, the improvement of vegetational cover, particularly in the nonirrigated zones, was favorable to livestock farming. Moreover, fishery output increased 14.5 percent compared to 16 percent in the previous year.

At constant prices, the value added of the primary sector grew by 29 percent instead of 16.6 percent in 2008, and its contribution to growth rose from 2.1 to 3.7 percentage points.

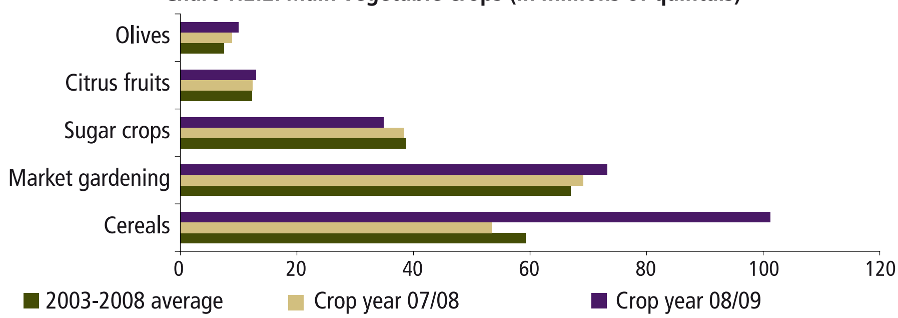
### Agriculture

In order to create the favorable conditions for the start of crop year 2008-2009, public authorities scaled up the subsidy on local certified seeds of soft wheat from 115 to 130 dirhams per quintal and rose to 350,000 quintals the volume of this intrant benefiting from storage bonus to insure a security stock. Furthermore, import duties for soft wheat acquisitions were restored at 135 percent from June 1, 2009. Besides, in February 2009, public authorities allocated a financial package amounting to 465 million dirhams within the context of a program dedicated to the mitigation of flood effects.

Owing to the favorable weather conditions that marked the crop year 2008/2009, sown areas were extended and cereal yields improved. Production of the main autumn cereals rose therefore to 102 million quintals, up 98.3 percent compared to the previous crop year and by 86.6 percent compared to the average of the last five crop years. This expansion covers a substantial increase in harvests of soft wheat, barley and hard wheat by 71.5 percent, 179.8 percent and 64 percent respectively. Accordingly, the volume of cereals marketed from June 2008 to June 2009 grew by 168 percent compared to the same period of the last crop year, which led to a reduction of imports by 11 percent. Conversely, the production of leguminous plants dropped 1.4 percent and 8.7 percent compared to the preceding year and to the average of the last five crop years.

Regarding other vegetable productions, early vegetables harvest grew 12 percent, due to the increase in tomatoes harvest. In parallel, production of oilseed recorded a rise of 21.3 percent, covering an increase by more than half of groundnut harvest and a decline by nearly the quarter of sunflower harvest. As for citrus fruits and olives, their output grew respectively by 10 percent and 12 percent. Conversely, sugar crops output dropped by 8 percent, due to the decrease in sugar beet and sugar cane production following the floods that occurred in February in the Gharb region.

**Chart 1.2.2: Main vegetable crops (In millions of quintals)**




Source: Ministry of Agriculture and Marine Fisheries

**Box 1.2.1 : Green Morocco Plan**

The regional implementation of the new agricultural development strategy called "Green Morocco Plan" led to the signature, at the end of 2009, of 9 agreements between the Government and the actors of the main compartments of agricultural output, namely cereals, seeds, sugar crops and market gardening, citrus fruits, olive-growing, red and white meat and milk. The required budget for upgrading theses branches is estimated at nearly 119 billion dirhams, of which approximately half is distributed equally between cereal crop and olive-growing.

Likewise, in order to encourage small farmers, particularly those living in the poor regions, to switch to profitable activities, a subsidy of 10 percent of the overall investment amount will be granted.

Besides, in order to enhance the financial means allocated to this sector, public authorities signed, in December 2008, with Crédit Agricole du Maroc (CAM), an agreement for the mobilization by this institution of a 20-billion-dirham budget for the period 2009-2013. Finally, the Agency for Agricultural Development, in charge of implementing the Green Morocco plan, was created.

## Livestock farming

Livestock farming saw a slight increase thanks to the availability of fodder crop and livestock feed. Based on the census conducted in March and April 2009, the number of livestock, estimated at 25,489 thousand heads, increased by 2 percent due to the comparable rise in the number of sheep and cattle.

Likewise, the quantities available for consumption of red and white meat rose respectively by 0.5 percent and 2 percent as well as the output of milk and eggs which increased each by 5 percent.

## Marine fisheries

Fishery output grew by 14.5 percent compared to the previous year to reach 1.2 million tons, in connection with the increase in inshore and off-shore fishery catches.

Indeed, inshore fishery output improved by 13.1 percent reaching more than 1 million tons, in connection particularly with the rise by 14 percent of pelagic fish catches. Against this background, the volume of fresh fish intended for consumption, which constitutes 34 percent of inshore fishery catches, rose 12 percent, while quantities processed by manufacturing plants of fish-meal and oil grew 32 percent. On the other hand, those oriented to canned fish units have dropped 11 percent.

In parallel, off-shore fishery catches grew 25.8 percent owing to the increase of cephalopod and pelagic fish catches by 30.5 percent and 23.8 percent respectively.

## 1.2.2 Secondary sector

Secondary activities, whose share in the national value added represents 25 percent, recorded a drop of 4.7 percent instead of a rise by 3.6 percent in 2008. This decline is attributable to the strong contraction of mining activities and to the slowdown in the manufacturing industries and in building and public works.

### Processing industries

In a context marked by the contraction of activity in our partner countries, the industrial production index almost stagnated in 2009 after rising by 1.9 percent. This development covers a fall in textile, clothing and leather industries, as well as in chemical and parachemical industries and electrical and electronic industries and a rise in the other branches.

In order to circumscribe the repercussions of the international economic situation on the Moroccan economy, stimulus measures of social, financial and commercial nature were decided by the Oversight Committee in favor of the hit sectors. These measures were aimed at preserving jobs, improving access conditions to loans and enhancing the diversification of foreign markets. They were materialized in the Government taking in charge employer's contributions, in strengthening government guaranties in order to improve businesses cash holding, in supporting promotional activities and in readjusting premium rates and insurance guaranteed quotas to export. Concurrently, public authorities launched a long term strategy called "National Pact for Industrial Emergence" aiming particularly to develop the exportable offer (Box 1.2.2).

### Box 1.2.2 : National Pact for Industrial Emergence: Agreement 2009-2015

In the continuity of the Emergence Plan, this pact is based on the following axes:
- Boosting the branches in which Morocco has a competitive advantage.
- Strengthening SMEs competitiveness, matching education to economic growth needs and developing integrated industrial platforms.
- Improving plans implementation effectiveness.

With a capital of 12.4 billion dirhams, this plan aims to create 220,000 jobs, generate an additional volume of exports of 95 billion dirhams and drain 50 billion dirhams of private investments, leading thereby to a rise in the sector's value added by 50 billion dirhams.

**Table 1.2.1: Changes in average yearly indexes of industrial production, in %**

| Industrial sectors | Weighting | Changes in average yearly indexes of industrial production, in % | | |
|---|---|---|---|---|
| | | 2007 | 2008 | 2009 |
| Food industries | 23 | 2.4 | 4.2 | 2.6 |
| Textile and leather industries | 21 | 2.2 | -0.7 | -0.5 |
| Chemical and parachemical industries | 36 | 4.5 | 3.5 | -1.4 |
| Mechanical and metallurgical industries | 16 | 9.6 | 0.1 | 1.4 |
| Electrical and electronic industries | 4 | 3.9 | 1.4 | -0.8 |
| Total industries | 100 | 4.6 | 2.1 | 0.2 |

As a result of the decline in our main partners' demand, textile, clothing and leather industries' output fell 0.5 percent. Thus, textile and leather output dropped 0.9 percent and 4.3 percent respectively while the clothing producer index remained stable compared to 2008.

Chemical and parachemical industries output dropped 1.4 percent after increasing 3.5 percent in 2008. This change is chiefly attributable to the decline in the refining activity by 19.8 percent caused by the delayed start of the new refinery of Mohammedia and to the drop by 0.5 percent of other mineral nonmetal products output and also to the slowdown in chemical products activity from 3.5 percent to 2.5 percent. Conversely, the output of phosphoric acid and phosphate fertilizers increased 19.7 percent and 15.9 percent respectively, in connection with the pick-up in foreign demand during the second half of 2009.

Concerning the output of electrical and electronic industries, its growth rate decreased from 1.4 percent to -0.8 percent, owing mainly to the drop by 1.3 percent of the activity of machines and electrical devices industries, in connection with the fall in wires and cables and electronic components exports. The output of radio, television and communication equipment remained stable from one year to the next.

In spite of the availability of basic products owing to a good crop year, the output of agri-food industries decelerated substantially because of the decline of foreign demand. Indeed, after an increase of 4.2 percent in 2008, the growth of the sector was limited to 2.6 percent, which covers diverging changes according to the branches. The output of canned fruits and vegetables dropped by 15.4 percent, while that of canned fish branch and dairy products grew 8.5 percent and 5 percent respectively. Likewise, the output of meat and milling industries increased 4.8 percent and 3.9 percent respectively.

In parallel, after a marked slowdown in 2008, the output index of mechanical and metallurgical industries grew by 1.4 percent due to the rise of metallic products branch and of metalworking by 3.3 percent and 4.2 percent respectively. Conversely, the output index of the automotive industry dropped slightly by 0.7 percent in connection with the deterioration of the economic situation in the automotive sector worldwide.

## Building and public works

After five years of sustained growth, the expansion of building and public works dropped from 9.4 percent to 3.4 percent in 2009. This development is due, on the one hand, to the decline in the private offer in the housing sector, especially the segment of social housing upon the abolition of tax advantages previously granted to property developers. It is also attributed, on the other hand, to the drop in nonresident demand and foreign direct investments in the segment of tourist and luxury real estate, which was affected by the international economic recession. The contraction of activity in the sector led to a deceleration of cement consumption and of loans' outstanding amount. Its growth pace dropped respectively from 9.9 percent to 3.4 percent and from 45.6 percent to 12.8 percent, in one year.

## Mining

Mining activity fell 13 percent compared to 1.9 percent in the previous year, as a result of the drop of phosphate activity caused by the contraction of demand from Morocco's main clients. Thus, the output of phosphate, which constitutes 95 percent of mining output, decreased 26.4 percent to reach 18.3 million tons due to the 51 percent fall in foreign demand. This drop would have been more significant without the increase by 4.4 percent of local processing plants demand which absorbed more than two-thirds of national phosphate output. Coupled with prices drop, the reduction in exports volumes rolled back phosphate exports value to 5.2 billion dirhams, down by 71 percent.

Inversely, metallic ore mining activity grew by 3.2 percent after dropping 2 percent in 2008, in connection with the rise of the output of iron ores and non iron ores by 1.9 percent and 3.3 percent respectively.

**Chart 1.2.3: Changes in crude phosphate production and exports, in volume**


Source: Office Chérifien des Phosphates (OCP)

## Energy

Energy final consumption grew by 3.4 percent to reach 14.6 million tons oil equivalent (TOE) while the output dropped by 8.9 percent to stand at 9.6 million TOE, covering a fall in refining activity and an increase in electricity production. Taking into account that imported quantities stood at 14.2 million TOE, the country's energy dependency rate fell from 97.4 percent to 94.5 percent.

Concerning refining activity, its output declined by 20.6 percent after the 10.9 percent drop a year earlier, to stand at 4.3 million tons. Conversely, overall consumption of oil products rose 1.4 percent to reach 9 million tons, driven mainly by the increase in diesel and butane consumption by 7.2 percent and 3 percent respectively. Meanwhile, fuel consumption declined by 11.4 percent.

Regarding national demand for electricity, it reached 22.4 billion kWh, up 3.4 percent against 5.5 percent in 2008. The sales of high and medium voltage electricity, oriented to productive sectors and grids, and the sales of low voltage electricity, oriented mainly to domestic use, grew respectively by 2.8 percent and 5.9 percent. On the other hand, net domestic production of electricity stood at 20.4 billion kWh, up 3.3 percent due to the rise of hydraulic electricity output, which benefited from the important rainfall recorded this year and more than doubled, raising its share in the overall output to 14.5 percent instead of 7 percent in 2008. Thanks to this development, recourse to thermal output fell 6.4 percent and the growth of electricity imports was capped at 8.5 percent compared to 21.5 percent a year earlier.

**Chart 1.2.4: Evolution of national output of electricity and refined oil products**

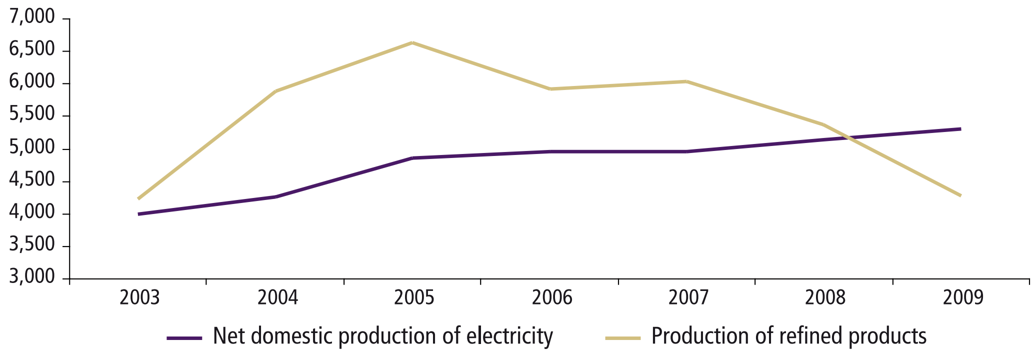
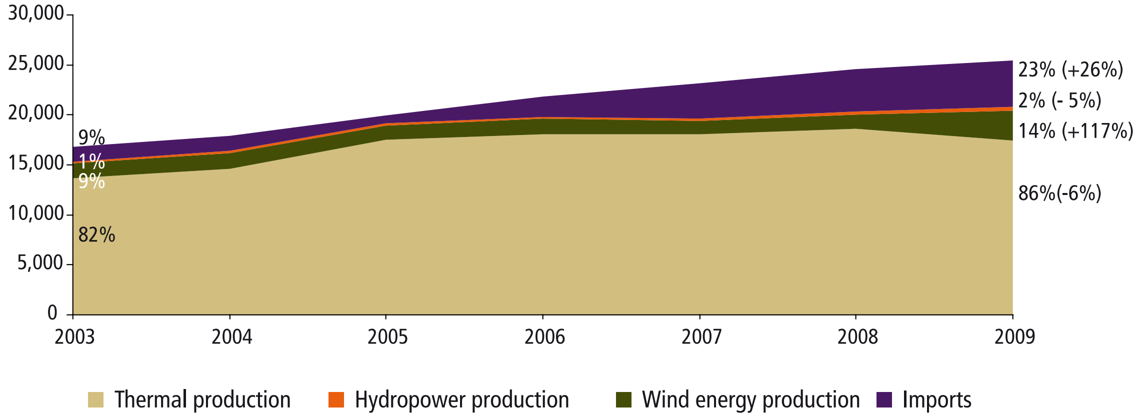


**Chart 1.2.5: Evolution of available sources of electricity (in kWh)**




Sources: Office National de l'Electricité (National Electricity Office) and SAMIR

## Box 1.2.3 : Solar Power Plan

As part of the implementation of the national energy strategy, aiming to bring up to 18 percent the share of renewable energies in electricity output, public authorities announced a national plan for solar power development (Solar Power Plan). This plan seeks to generate an additional capacity of 2,000MW, which corresponds to 38 percent of the current overall output capacity.

Once completed, this project should raise, up to 42 percent, the renewable energy share in the national energy sources, with identical shares for solar, hydraulic and wind-generated power and would allow 1 million TOE saving, which is approximately equivalent to 500 million dollars a year.

The implementation of this project will require an estimated investment of 70 billion dirhams and will be carried out by the Agence Marocaine de l'Energie Solaire (Moroccan Agency for Solar Energy) created for that purpose. Initial shareholders are the Office National de l'Electricité, the Fonds Hassan II pour le développement économique (Hassan II Fund for Economic and Social Development) and the Société d'investissements énergétiques (Energy Investment Company).

## 1.2.3 Tertiary sector

Tertiary activities, which represent 56 percent of the overall value added, recorded a rise by 3.9 percent, a pace similar to that of 2008. This expansion is due chiefly to the vigor of marketable services other than tourism.

### Tourism

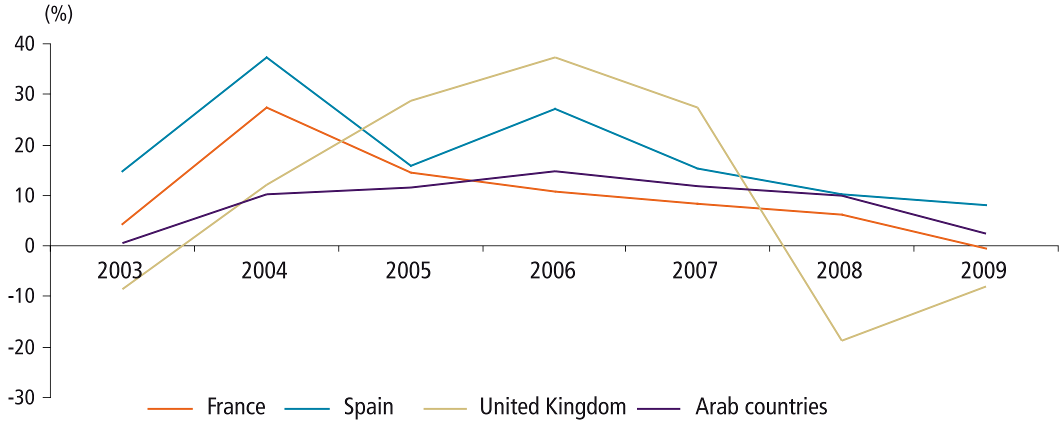
In a context marked by the degradation of the international economic situation, the main tourism indicators recorded during 2009 diverging changes. Tourist flows grew 5.5 percent after 6.6 percent a year earlier, while overnight stays in classified hotels dropped 1.4 percent, and occupancy rate fell from 45 percent to 41 percent. Likewise, travel receipts amounting to 52.8 billion dirhams, fell 5 percent, after a drop by 5.3 percent in 2008.

In order to mitigate the cyclical international economic recession effects on tourism, public authorities pursued their action through the action plan "CAP 2009" that aims to boost the main destinations of Morocco and consolidate market shares. This plan aims particularly at diversifying foreign markets, developing domestic tourism and preserving tourism investments' vigor.

At the end of 2009, the number of foreign visitors -93 percent of whom are staying tourists- reached 4.6 million, up 1.6 percent.

Arrivals from France, the main tourism-generating market with 73 percent of the overall foreigners' flows, were in quasi-stagnation, while Spanish and Italian tourists' flows grew respectively by 8 percent and 8.9 percent. Conversely, the number of German and English visitors dropped 2.6 percent and 7.9 percent respectively. Concerning Arab and American visitors, their number grew respectively by 2.4 percent and 6.3 percent. In parallel, arrivals of Moroccans residing abroad, which amounted to 4 million, rose 10.4 percent instead of 8.6 percent a year earlier.

**Chart 1.2.6: Changes in the number of European and Arab tourists**




Source: Ministry of Tourism and Handicrafts

At 16.2 million, the number of overnight stays in classified hotels declined by 1 percent on the back of the 4.2 percent decrease in foreign tourists' overnights, amounting to approximately 12.5 million. Accommodation capacity was enhanced by nearly 12,000 new beds to reach 164,612 beds, due to the opening of two new beach resorts. In this context, the occupancy rate fell again from 45 percent to 41 percent.

## Transport and communication

The value added of transportation services grew 2.9 percent compared to 2.6 percent in 2008, owing to the expansion of air travel, rail traffic and maritime traffic, while freight suffered from the weakness of foreign exchanges.

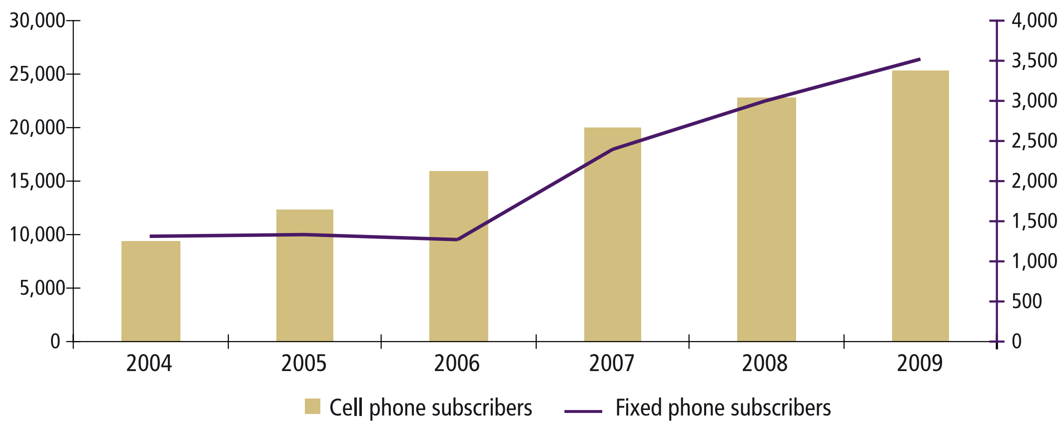
Air traffic grew by 3.8 percent in 2009 to reach 13.5 million travelers, in spite of an unfavorable international context. Similarly, rail traffic and maritime traffic rose by 7.5 percent and 5.5 percent with respectively 29.6 million and 4.2 million travelers.

Conversely, goods transportation activity pursued its decline in both maritime and rail transportations. Indeed, national maritime traffic stood at 59.8 million tons, down 11.5 percent while goods rail transportation, at 4.1

million tons, decreased by 18 percent due in particular to the drop in the activity of mining and phosphate exportation.

Concerning the value added of communication services, its growth pace slowed down substantially, from 8.7 percent to 2.8 percent, reflecting the impact of prices drop, especially at the international level. By the end of 2009, the number of cell phone subscribers reached 25.3 million, up 10.9 percent, raising penetration rate to approximately 81.2 percent, up by 7 percentage points. Fixed telephony market grew 17.6 percent with an overall number of subscribers at 3.5 million. In parallel, the overall number of internet subscribers attained 1.2 million, up 56.8 percent compared to 43.9 percent in 2008.

**Chart 1.2.7: Change in the number of fixed phone and cell phone subscribers (In thousands)**




Source: ANRT (National Agency of Telecommunications Regulation).

## Commerce and other services

Commercial activities, which represent 12.4 percent of the overall value added, increased by 3.5 percent compared to 4.5 percent in 2008. Conversely, the value added of financial activities dropped in one year from 3.9 percent to 1.1 percent.

# 1.3 Labor market

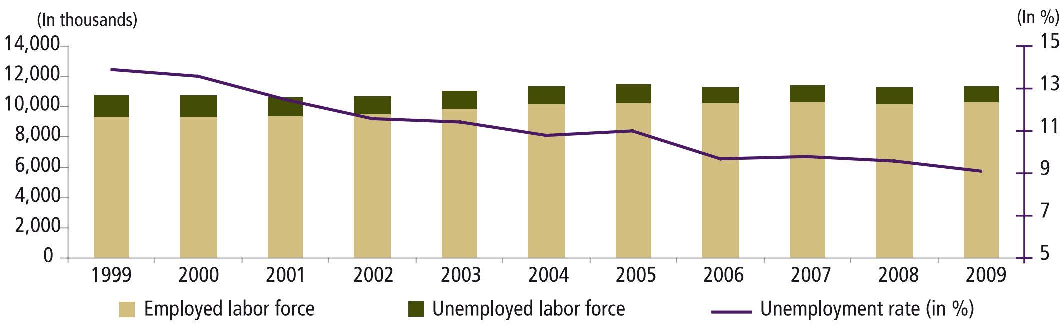
The labor market again improved in 2009, as national unemployment rate fell from 9.6 percent in 2008 to 9.1 percent, despite the marked deceleration observed in various sectors. At the same time, wage costs increased, notably following the second readjustment of the minimum wage whereas the pace of growth of apparent labor productivity declined significantly.

## 1.3.1 Activity and employment indicators

The labor force aged 15 years and above, at 11.31 million persons, increased 0.4 percent compared to 1.1 percent in 2008, reflecting a 0.7 percent increase in urban labor force and near stagnation in rural areas. Labor force participation rate slightly dropped from 50.6 percent in 2008 to 49.9 percent.

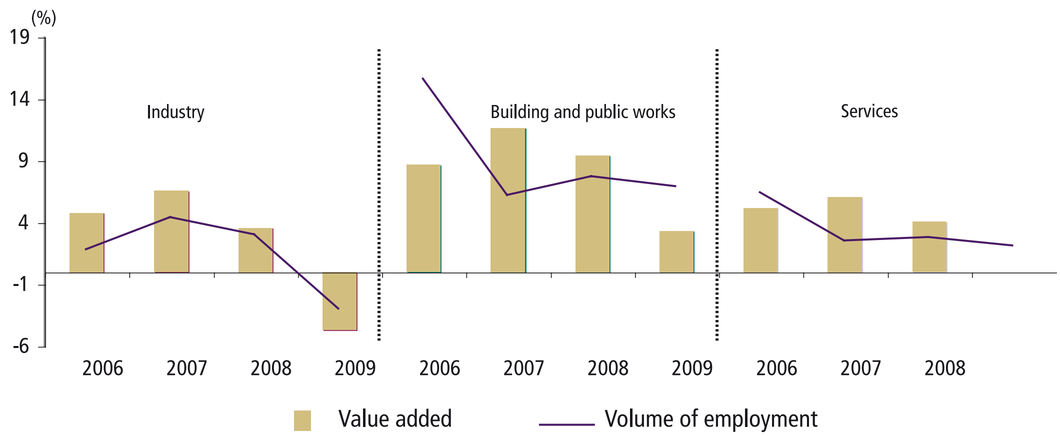
Employed labor force rose around 1 percent with an increase of 1.7 percent in urban areas and 0.1 percent in rural areas. Net job creation reached 95,100 employments of which 92 percent in urban areas. This trend covers the creation of 113,900 gainful jobs of which 91 percent in urban areas and a loss of 18,800 unpaid jobs.

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



The sectors of building and public works as well as those of services were the only job providers in 2009, with respective shares of 44 percent and 56 percent of the overall new jobs. In spite of the recessionary effects of the slump in demand, particularly from abroad, the creation of jobs in both sectors saw only a slight slowdown, as its growth rate decreased from 7.7 percent to 6.9 percent in the sector of building and public works and from 2.8 percent to 2.1 percent in services between 2008 and 2009. However, the other sectors registered a loss of 45,700 jobs, of which 87 percent in the industrial sector. The value added of the latter dropped for the first time since 1996, recording a loss of 39,700 jobs, i.e. a decrease of 3 percent in the employed workforce compared to a 3 percent increase in 2008.

**Chart 1.3.2: Change in value added and volume of employment**



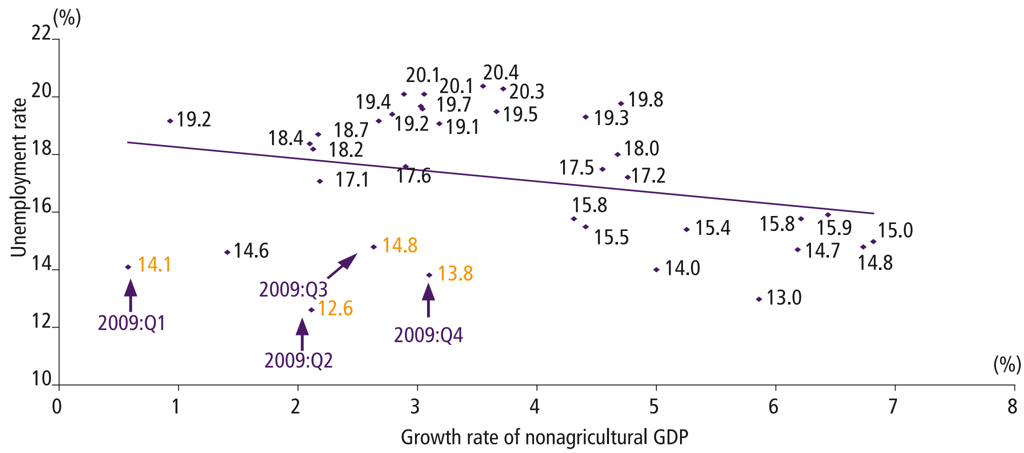

Source: High Commission for Planning

Overall, the employment rate fell to 45.3 percent from 45.8 percent in 2008 and 46 percent in 2007, due to the higher increase of total population aged 15 years and above compared to the employed labor force. By place of residence, the urban and rural employment rates decreased 0.3 percentage point and 0.5 percentage point, respectively, to 37.9 percent and 56.1 percent. The share of self-employment reached 41.8 percent, slightly lower than that of 2008.

The unemployed labor force, at 1.03 million persons, decreased 4.5 percent mostly because of the creation of 46,000 jobs in urban areas, whereas rural areas registered a near stagnation. Therefore, the national unemployment rate dropped around 0.5 percentage point to 9.1 percent. Although nonagricultural growth receded, the rate of urban unemployment decreased by 0.9 percent to settle at 13.8 percent.

Despite the downturn in nonagricultural activity, urban unemployment rate fell a mere 0.9 percentage point to 13.8 percent. At the same time, the rebound in the agricultural sector did not bring down the rural unemployment rate which remained unchanged at 4 percent. The fall in unemployment rate mainly affected the 25-34 year group and graduates, the rate of which fell by 1 percentage point and 1.4 percentage point, respectively. However, unemployment among these categories remains relatively elevated at around 20 percent.

**Chart 1.3.3 : Nonagricultural growth and urban unemployment from Q1: 2001 to Q4: 2009**




Source: High Commission for Planning

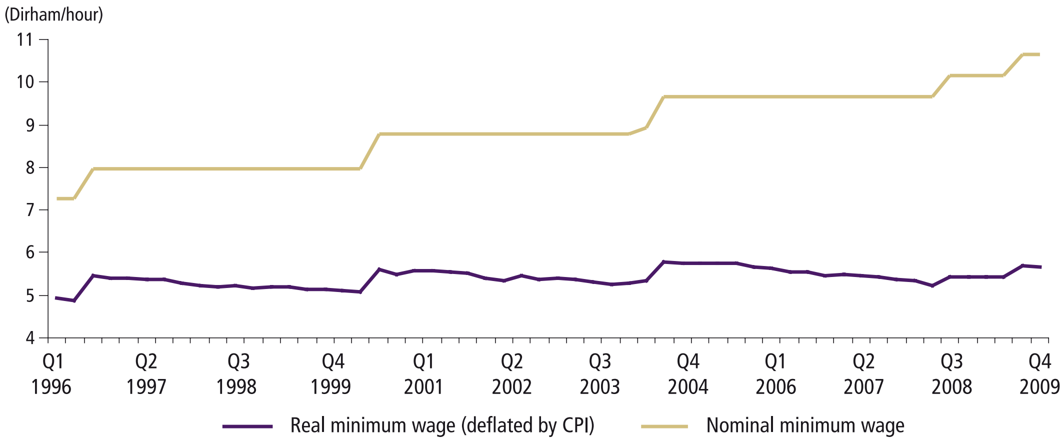
In order to promote wage-earning jobs and stimulate the creation of enterprises, public authorities put in place a second plan named "Employment Initiatives 2009-2012" after that of 2006-2008. This new plan seeks to particularly support the national initiative for human development as well as sectoral and regional strategies (Box 1.3.1).

## 1.3.2 Costs and labor productivity

The index of apparent labor productivity in nonagricultural activities, measured through the nonagricultural GDP/ urban employed labor force ratio, grew by 0.4 percent from 1.3 percent in 2008 and 2.6 percent on average over the last five years. This deceleration is mainly attributable to divergent trends of nonagricultural added value and urban employment. Whereas secondary and tertiary sectors grew by -0.7 percent and 3 percent, respectively, job market indicators showed an increase of around 1.7 percent in urban employment.

In the meantime, following the second minimum wage adjustment on July 1, 2009, the minimum hourly wage in industry, trade and liberal professions increased 5 percent in nominal terms to 10.64 dirhams, from 10.14 dirhams.

**Chart 1.3.4: Quarterly minimum wage in nominal and real terms**




Source: Ministry of Labor, and BAM calculations

Against this backdrop, the relative unit labor cost (RULC) continued the upward trend that began in 2008 with an average quarterly growth of 3.1 percent in 2009 (Box 1.3.2). Accordingly, RULC in Morocco was 2.4 percent, 2.2 percent and 0.6 percent higher than in Poland, South Korea and France, respectively. However, it was slightly lower than in Italy, Hungary and Czech Republic.

**Chart 1.3.5 : Change in unit labor cost and apparent labor productivity (Base 2000)**

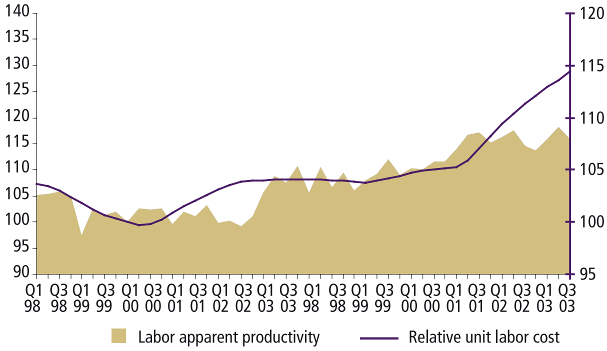
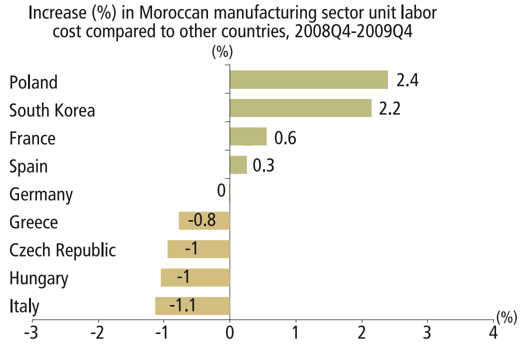



**Chart 1.3.6 : Morocco's competitiveness cost**




Source: DataStream, and BAM calculations

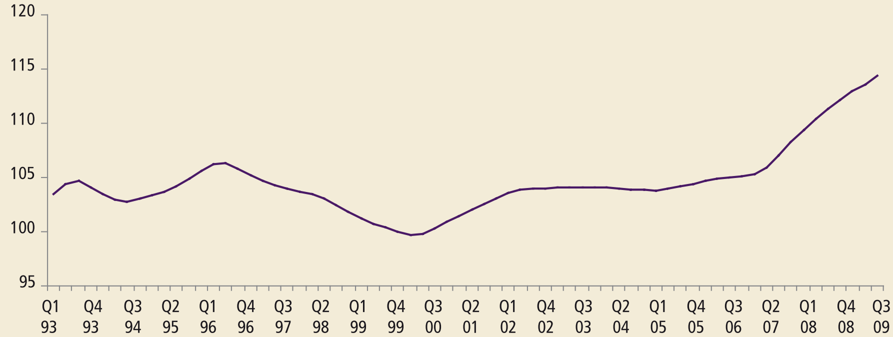
**Box 1.3.1 : Outcome of the second plan «Employment Initiative 2009-2012»**

- The MOUKAWALATI program is geared to support self-employment by encouraging young people to create their own businesses. It enabled the creation of 1,012 enterprises in 2009, i.e. 44 percent of enterprises created since 2007, generating 8,000 new jobs.
- The IDMAJ program aims to increase enterprise competitiveness and to hone the competence of degree holders. It managed to integrate 172,000 job seekers over the 2006-2009 period, 30 percent of whom in 2009.
- The TAEHIL program aims to adapt training to job market needs. It benefited 14,033 young people, namely 78 percent of the 2012 target.

## Box 1.3.2 : Assessment of the manufacturing sector's unit labor cost

As part of the work led by Bank Al-Maghrib to examine and monitor Morocco's external competitiveness, the Central Bank estimated the relative unit labor cost in manufacturing which reflects the country's relative position compared to that of its partners and competitors. The RULC was assessed on the basis of the unit labor cost of partners and competitors weighted by their shares in Moroccan exports. The results show that after an annual average drop of 6 percent in 1996-2000, Morocco's RULC has registered an increase starting from 2001 which has speeded up as of late 2007.

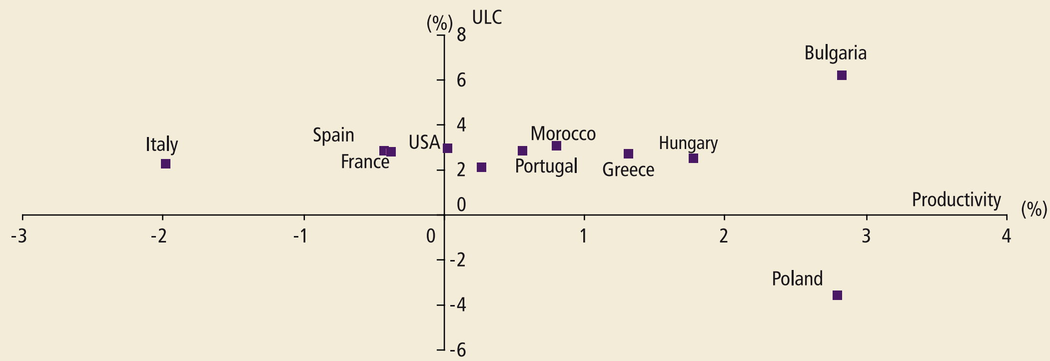
**Chart B1.3.2.1 : Manufacturing sector relative unit labor cost in Morocco, in US dollars (1993:Q1 – 2009:Q4)**




Source: Datastream, and BAM calculations

The rise in the Moroccan manufacturing RULC was marked by lower productivity than many emerging countries. Indeed, productivity in Morocco is far below the level recorded in Greece, Hungary, Poland and Bulgaria.

**Chart B1.3.2.2 : Average growth rate of relative unit labor cost and productivity (1999-2008)**

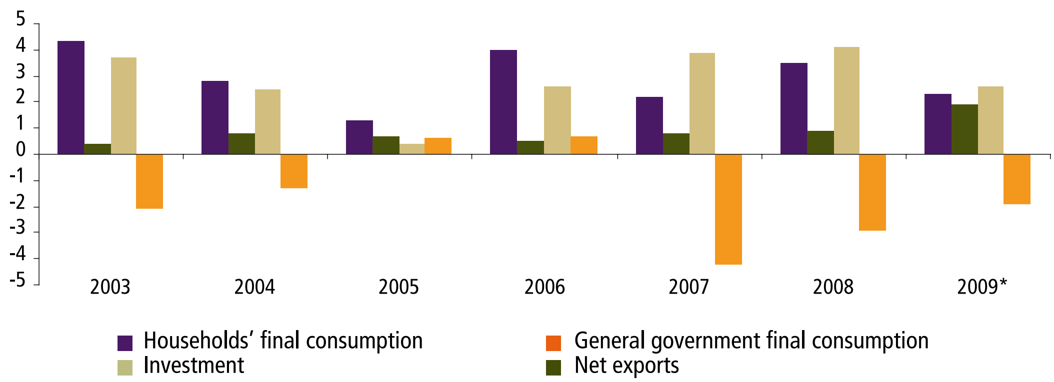



Source: Datastream, and BAM calculations

# 1.4 Demand

The exceptional contraction of economic activity worldwide, particularly in Morocco's main European partners, led to the decline of foreign demand. It also contributed to the slowdown of domestic demand, through the drop in current transfers flows and foreign direct investments. Although exports of goods and services decreased by 13.1 percent, the negative contribution of the net foreign demand to GDP growth came down to 1.9 percentage points compared with 2.9 points in 2008, due to a substantial decline in imports. Concerning the components of domestic demand, household consumption increased by 4.0 percent instead of 6.0 percent, while private investment recorded a marked slowdown. However, the growth of public consumption and investment accelerated from one year to the next. All things considered, domestic demand rose by 4.5 percent at current prices and by 5.2 percent in real terms, contributing 6.8 percentage points to the overall growth, which was at 4.9 percent.

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



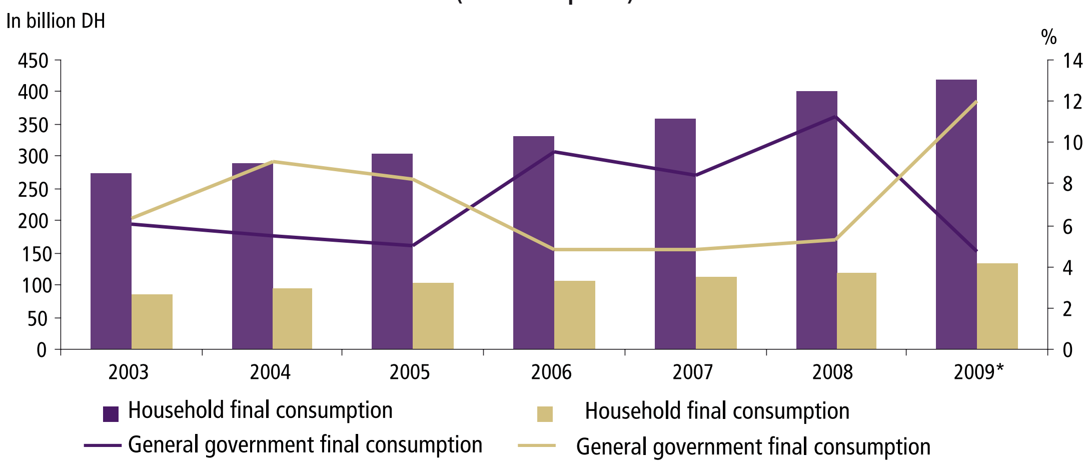

Sources: High Commission for Planning
(*) provisional data

## 1.4.1 Consumption

Domestic final consumption reached 552 billion dirhams in nominal terms, up 6.4 percent, contributing 4.2 percentage points to the overall growth, compared to 4.4 points in 2008. Its share in the gross national disposable income rose to 70.8 percent compared to 69.6 percent a year earlier, while marginal propensity to consume, as a ratio to the GDP, remained at 0.7, which is the average level observed during the last five years.

Concerning households' consumption, which represents 76 percent of domestic consumption, it grew in nominal terms by 4.7 percent compared to 11.2 percent in 2008 and its contribution to growth stood at 2.3 percentage points in 2009. Despite the drop in income from nonagricultural activities and in net revenues and transfers from abroad, consumption remained robust thanks to better agricultural revenues, higher wages and a bigger share of paid jobs. Besides, low inflation contributed to preserve household's purchasing power. Final consumption of public administration grew by 12 percent compared to 5.3 percent a year earlier, in connection with the rise in workforce charges and expenditure for goods and services.

**Chart 1.4.2: Change of final consumption of households and general government (at current prices)**



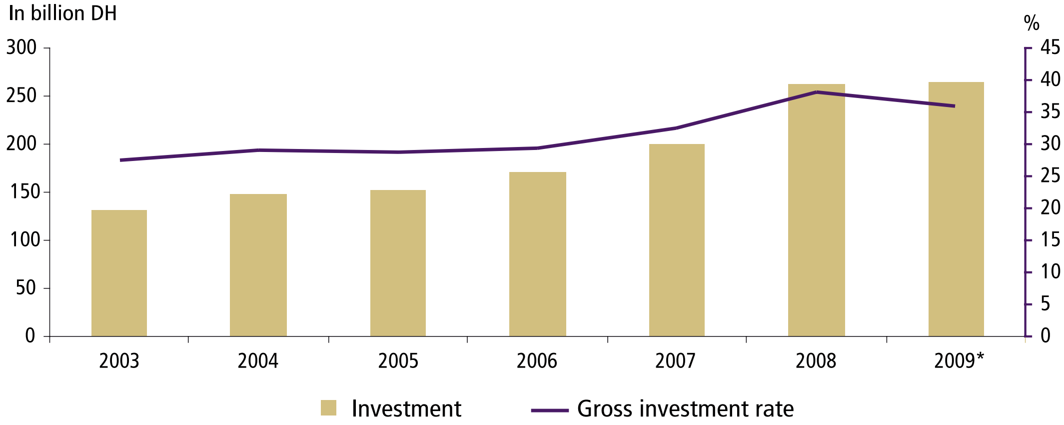

Sources: High Commission for Planning
(*) provisional data

## 1.4.2 Investment

At 226 billion dirhams in nominal terms, the gross fixed capital formation remained at the same level registered the previous year. In real terms, it grew by 2.5 percent compared to 11.5 percent in 2008, contributing 0.8 percentage points to overall growth. This development covers a dynamic trend in public investment and a slowdown in private investment which was substantially impacted by the knock-on effects of the international crisis, particularly the decline of the output capacity utilization, and a drop of foreign direct investments.

Given the positive change in inventories estimated at 38.8 billion dirhams, overall investment reached 264.8 billion dirhams, which means a quasi-stagnation in nominal terms, after it rose by 31.2 percent the previous year. Its contribution to growth fell from 4.1 percentage points in 2008 to 2.6 in 2009 and gross investment ratio attained 30.7 percent.

**Chart 1.4.3: Change of investment and gross investment rate**



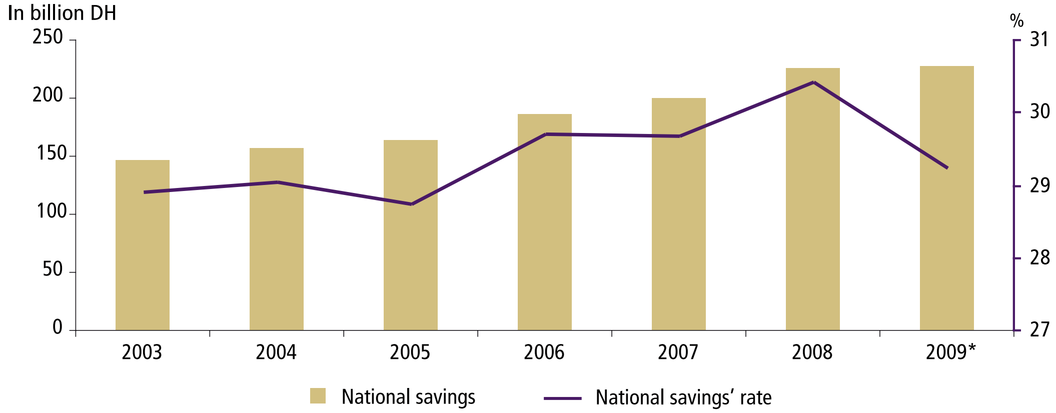

Sources: High Commission for Planning
(*) provisional data

## 1.4.3 National saving

The gross national disposable income grew to 780 billion dirhams, up 4.6 percent, compared to 10.9 percent in 2008, due notably to the drop of net revenues and transfers from abroad. National saving rose by only 0.6

percent to approximately 228 billion dirhams. Savings ratio to the gross national disposable income was limited at 29.2 percent instead of 30.4 percent the previous year. Given the slowdown of investment, the overall borrowing requirement neared 37 billion dirhams, i.e. 5 percent of GDP compared to 5.2 percent in 2008.

**Chart 1.4.4: Change in national savings and national savings' rate**




Sources: High Commission for Planning
(*) provisional data

# 1.5 Economic and financial flows

In 2009, the borrowing requirement of the economy reached almost 37 billion dirhams because of general government deficit and the gap between the private sector's investment expenditure and its savings. As foreign investments and loans failed to fully meet this requirement, the net foreign assets were marked down for the second consecutive year.

## 1.5.1 Nonfinancial transactions

Gross national disposable income (GNDI) grew by nearly 5 percent to 780 billion dirhams. Consumption totaled 552 billion dirhams, whereas the national saving increased by a mere 0.6 percent to 228 billion dirhams. The ratio of savings to the GNDI therefore fell from 30.4 percent to 29.2 percent. However, given the sharp slowdown in total investment, up only 0.9 percent from 31.2 percent in 2008, the overall borrowing requirement of the economy did not decline markedly, reaching nearly 37 billion dirhams, down from 37.4 billion in 2008.

## 1.5.2 Financial transactions

Overall, the monetary financing of the economy slowed in 2009, compared to rates seen during the last three years. On other channels of financing, the financial sector and general government again registered a positive net flow, while net private investment fell from one year to the other.

### General government

General government deficit reached 15.9 billion dirhams in 2009, compared with a 3.1 billion surplus in 2008, mostly because of the decline in tax revenues and the rise in investment expenditures. 69 percent of this deficit was financed by external loans and 31 percent by the domestic market, mainly through Treasury bills.

# Private sector

Given the slowdown in consumption and investment expenditure, the private sector's borrowing requirement fell from 40 billion dirhams to 21 billion. Net investments of private individuals and businesses on the domestic market declined 8 billion dirhams.

Net flows of bank credit to the private sector fell sharply compared to last year, from 104.6 to 54.9 billion dirhams, while the change in deposits with banks totaled 20.7 billion. As a consequence, the monetary financing of the private sector stood at 34.2 billion. Regarding nonmonetary investments, institutional savings were at 23.8 billion dirhams and net subscriptions to UCITS amounted to 10.9 billion, compared with 7.9 billion of net repurchases in 2008. In contrast, net investments in Treasury bills fell from 5.3 billion in 2008 to nearly 800 million in 2009.

The external financing of the private sector totaled 18.4 billion, including 11.1 billion of net direct investment and 7.3 billion of commercial loans.

# Financial sector

**Banking sector**

In 2009, credit institutions registered a net flow of 4.7 billion dirhams vis-à-vis other resident sectors. They distributed 56 billion of loans to the private sector and financial institutions, and increased their portfolio of Treasury bills by 4.4 billion. Given the 38.1 billion of monetary balances held by other sectors, the monetary financing of the economy by credit institutions stood at 18.3 billion. On the capital markets, credit institutions collected 13.6 billion, mainly in the form of certificates of deposit. Net foreign assets fell 7 billion, after declining 11 billion in 2008.

**Nonbanking financial sector**

Comprising mainly insurance companies, pension funds, provident companies and mutual funds, the sector collected 23.8 billion dirhams as institutional savings and 14.8 billion dirhams in mutual fund shares. It financed the private sector through the purchase of stocks and bonds, the Government through the purchase of Treasury bills and the banking sector through increased deposits. In total, the financial sector, excluding credit institutions, mobilized a net 8.8 billion dirhams in 2009.

**Rest of the world**

Nonfinancial transactions resulted in a deficit vis-à-vis the rest of the world of about 37 billion dirhams. External financial flows were up, from 15.9 to 31.1 billion dirhams, covering a 4.6 billion drop in direct investment and a 19.8 billion increase in external borrowing. Despite the growth in capital flows, financing the deficit vis-à-vis the rest of the world again led to a decline in foreign reserves.

# 1.6 Inflation

After reaching 3.7 percent in 2008, headline inflation measured by the change in the consumer price index (CPI) fell significantly to 1.0 percent in 2009, below the average of 1.9 percent observed during the 1997-2008 period. Core inflation, which excludes volatile food and regulated goods, was down from 4.5 percent to 0.7 percent, the lowest level ever recorded in the last twenty years.

The decrease in inflation is mainly related to the decline in international commodity prices and the ease in demand pressures from partner countries. The change in the prices for tradables and nontradables reflects the significant drop in world prices of energy commodities and staple food as a factor in the downward adjustment of inflation in 2009. Therefore, inflation of tradable goods stood at 0.3 percent, from 5.6 percent in 2008. The decline in inflation affected, to a lesser extent, nontradable goods whose prices fell from 1.9 percent in 2008 to 1.7 percent in 2009.

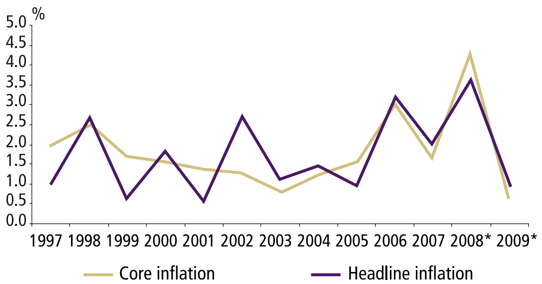
The transmission of lower commodity prices was more reflected in production costs. The producer price index for the manufacturing industry indeed lost 15.3 percent, compared with a rise of 18.2 percent a year earlier. The downturn affected both the refining and coking industry and the nonrefining manufacturing industries.

## 1.6.1 Consumer price index

The consumer price index increased 1 percent, down from 3.7 percent a year earlier. The slowdown in inflation is attributable to the decline in international commodity prices, particularly staple food prices whose transmission to consumer prices was largely driven by the moderation of demand pressure. Under these conditions, the easing of inflationary pressures was more reflected in the change in core inflation that fell from 4.5 percent to 0.7 percent.

The decline was particularly marked in the prices of staple food which, after contributing 2.1 percentage points to inflation in 2008, contributed a negative 0.5 point in 2009. The largest decreases were observed in the prices for cereal-based products, which fell 5.2 percent, compared to an increase of 15.2 percent in 2008, and oils that were down 3.3 percent compared to an increase of 24.8 percent.

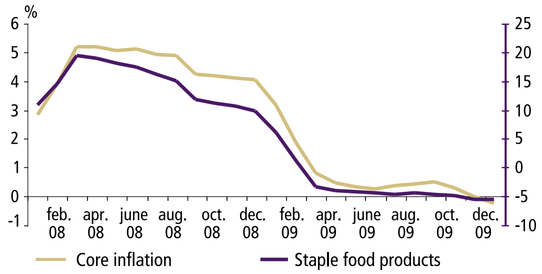
**Chart 1.6.1: Annual change in headline inflation and core inflation**




* Figures are based on the consumer price index (CPI)

Sources: HCP. and BAM calculations

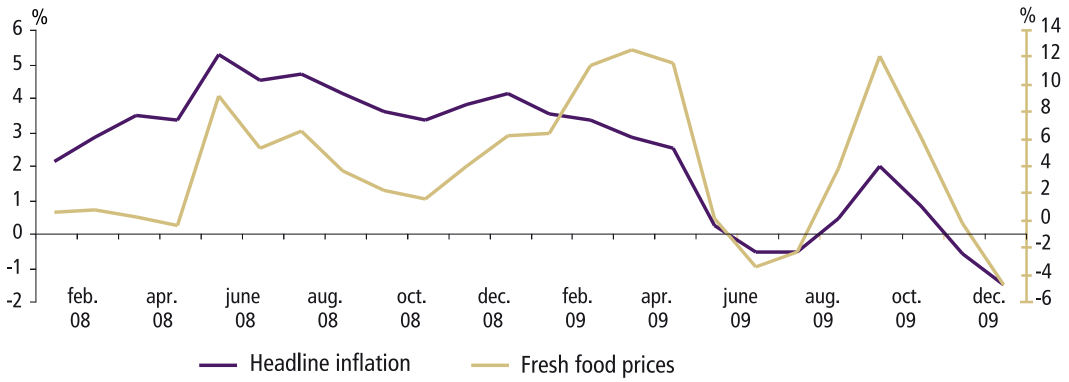
**Chart 1.6.2: Year-on-year change in core inflation and staple food products**




Sources: HCP. and BAM calculations

The slowdown in inflation is also due, to a lesser extent, to the prices of fuels and lubricants. They reported their first monthly decrease in February 2009, down 5 percent, because of the downward adjustment of prices of certain fuels. The second fall, of 1.4 percent, was recorded in April when the price of 50 ppm diesel was brought in line with that of the regular diesel it substituted. Coupled with a base effect related to the increase registered in July 2008, this trend resulted in an annual decline in prices for fuels and lubricants by 1.6 percent, after rising 4.2 percent a year earlier. Besides the direct impact of these prices on inflation, their dampening effect was transmitted through transport prices, excluding fuels and lubricants, which rose 0.3 percent, down from 1.2 percent last year.

**Chart 1.6.3: Year-on-year change of headline inflation and fresh food prices**




Source: HCP and BAM calculations

The magnitude of the decline in inflation in 2009 was offset by higher prices for fresh produce. Indeed, the increasing number and importance of adverse supply shocks resulted in a significant increase in the prices of these products that positively contributed 0.8 percentage point to inflation. During the year, they experienced a sustained month-to-month rise between February and April, because of the impact of weather conditions on the supply of vegetables. As a result of the seasonal increase observed during the month of Ramadan -this year worsened by the supply problems of certain products-, the rise in fresh produce prices again accelerated in August and September, before a downward adjustment took place in the fourth quarter.

**Table 1.6.1: Major items of the consumer price index**

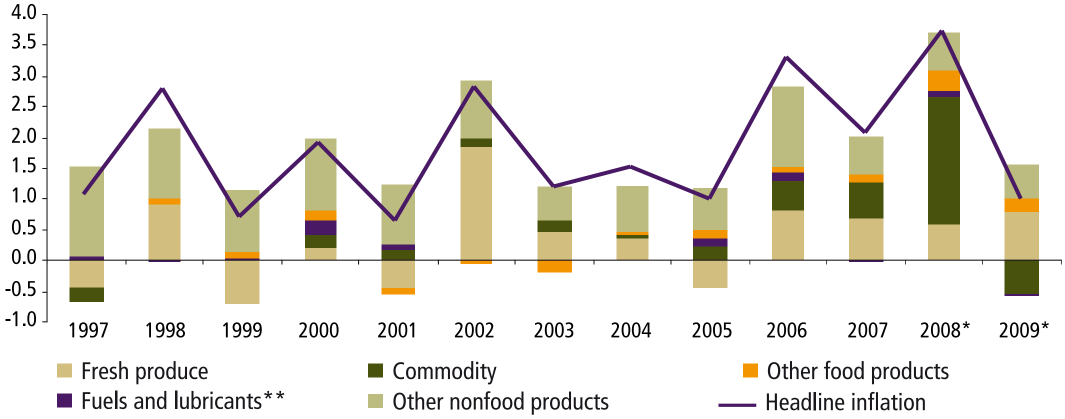
**(Base 100 in 2006)**

| Groups of products | Weights | year-on-year variation % | |
|---|---|---|---|
| | in % | 2008 | 2009 |
| **Consumer price index, including:** | **100** | **3.7** | **1.0** |
| **Items not included in core inflation** | **32.9** | **2.3** | **1.6** |
| - Food products | 12.1 | 4.4 | 3.1 |
| - Fuels and lubricants | 2.4 | 4.2 | -1.6 |
| - Administered prices, except fuels and lubricants | 18.4 | 0.6 | 0.9 |
| **Core inflation** | **67.1** | **4.5** | **0.7** |
| - Food products included in core inflation | 26.1 | 9.0 | -0.1 |
| - Clothing items and shoes | 3.9 | 1.8 | 0.9 |
| - Housing, water, gas, electricity and other fuels(1) | 7.0 | 1.8 | 1.6 |
| - Furniture, housewares and routine household maintenance | 4.9 | 1.5 | 1.9 |
| - Health(1) | 0.1 | 1.2 | 0.8 |
| - Transportation (1) | 7.0 | 1.2 | 0.3 |
| - Communications | 3.5 | -1.6 | -4.5 |
| - Leusure and culture | 2.2 | -0.7 | -0.5 |
| - Education | 3.9 | 3.2 | 5.4 |
| - Restaurants and hotels | 2.9 | 2.9 | 1.8 |
| - Miscellaneous goods and services | 5.5 | 2.1 | 2.1 |

(1) Excluding administered goods

Sources: HCP, and BAM calculations

**Chart 1.6.4: Contribution of major headings to headline inflation (in percentage points)**




* Figures are based on the CPI

** This heading corresponded to "private transportation" before 2008

Sources: HCP, and BAM calculations

**Box 1.6.1: The new consumer price index (CPI)**

The High Commission for Planning (HCP) released in December 2009 the new Consumer Price Index (CPI), which replaced the Cost of Living Index (CLI). The main differences between the CPI (base 100 in 2006) and the CLI (base 100 in 1989) relate to the target population, geographical coverage, the weighting pattern, the method of calculation and the basket of products.

Target population: The new index covers all the urban population, contrary to the CLI which was limited to an urban population with «medium living conditions». The widening of the target population will extend the CPI coverage to all socio-economic classes.

Geographic coverage: The CPI covers a wider geographical area, comprising 17 cities instead of 11, namely Agadir, Casablanca, Fez, Kenitra, Marrakech, Oujda, Rabat, Tetuan, Meknes, Tangier, Laayoune, Al-Hoceima, Settat, Beni Mellal, Safi, Guelmim, and Dakhla.

Weights: CPI weights are based on data from the national household consumption and spending survey of 2001, and the household income and standard of living survey of 2007.

Method of calculation: The HCP uses the chain Laspeyres which calculates the price indexes in each of the 17 cities at the different levels of the nomenclature, before aggregating them into a single national price index. Unlike the CLI where all cities had the same weighting pattern, the CPI has a weighting pattern specific to each city.

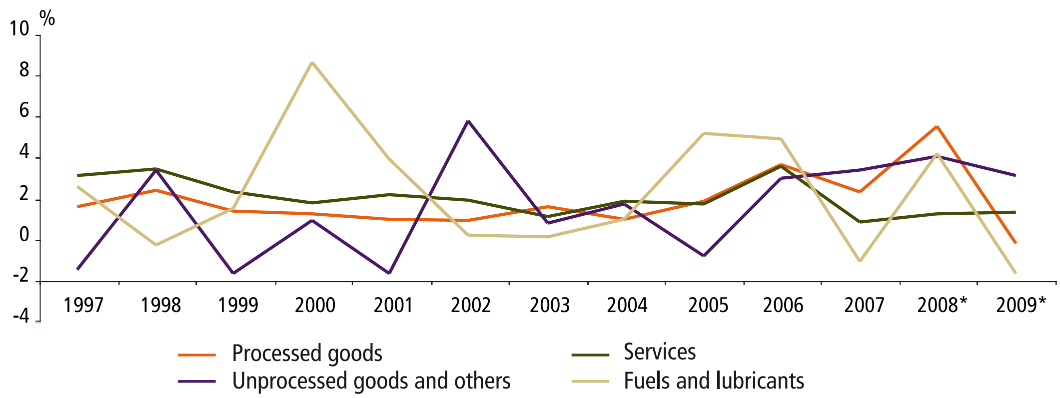
New products: In order to better reflect the change in the consumption habits of the target population, about a hundred of new goods and services, accounting for 6.5 percent of the overall index, have been included in the new basket (e.g. cell phone, higher education tuition fees, etc.)

Under the new system for the classification of goods and services which is modeled after that of the United Nations Statistical Commission, the adopted nomenclature divides household expenditure into 12 divisions, 41 groups, 88 classes, 112 sections, 478 products and 1,067 varieties.

## Prices of goods and services[1]

The breakdown of the CPI basket into goods and services shows that the deceleration in inflation mainly affected goods, as the prices of services grew at a rate similar to last year.

**Chart 1.6.5: Annual change in the prices of goods and services**



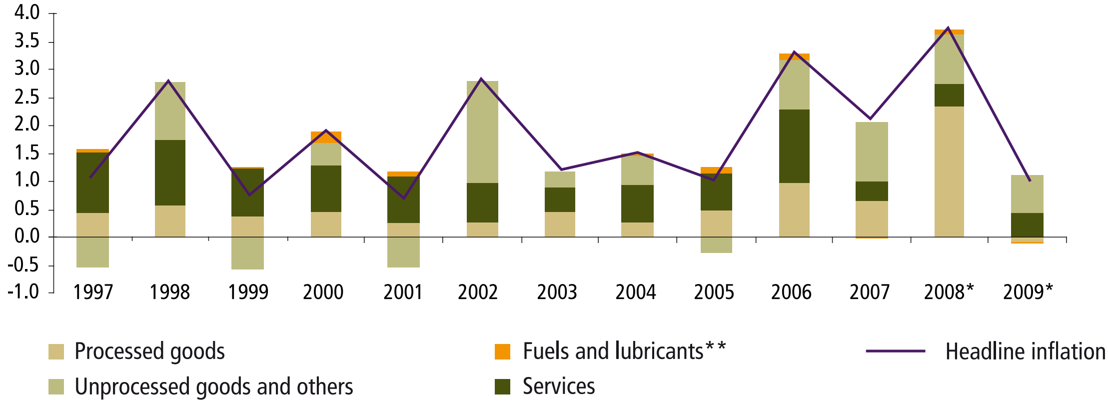

* Figures are based on the CPI

Sources: HCP, and BAM calculations

Prices of processed goods, excluding fuels and lubricants, were down 0.2 percent, compared to a 5.5 percent increase in the previous year. This was due to the transmission of declining international food prices to domestic prices for oil and cereal-based products. In contrast, prices for unprocessed goods, consisting mostly of fresh food, rose 4.2 percent in 2009 instead of 3.1 percent in 2008. Prices of services increased 1.3 percent, almost similar to the 1.2 percent recorded in the previous year. Overall, prices of goods contributed 0.6 percentage point to inflation, from 3.2 percentage points in 2008, while services' contribution was limited to 0.4 percentage point.

1 The breakdown of goods and services was revised based on the structure of the new consumer price index, while maintaining the same breakdown principle applied before.

**Chart 1.6.6: Contribution of goods and services prices to headline inflation (in percentage points)**

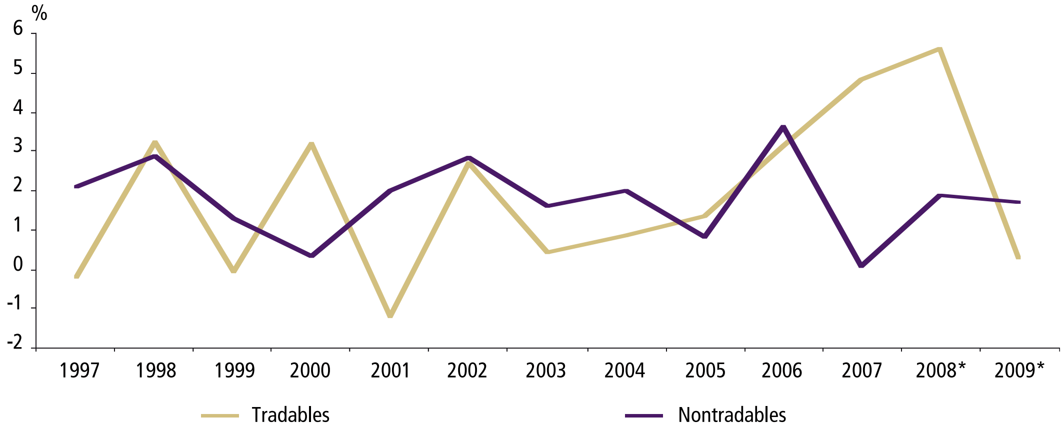



* Figures are based on the CPI
** This heading corresponded to "private transportation" before 2008
Sources: HCP, and BAM calculations

## Prices of tradables and nontradables[1]

The breakdown of the CPI into prices of tradables and nontradables highlights the importance of external factors in determining inflation dynamics over the past two years. Falling commodity prices internationally and the easing of inflationary pressure in the main partner countries resulted in a slower annual growth in prices for tradables from 5.6 percent in 2008 to 0.3 percent in 2009. Their contribution to inflation was limited to 0.2 percentage point from 2.8 points a year earlier.

**Chart 1.6.7: Annual change in prices of tradables and nontradables**

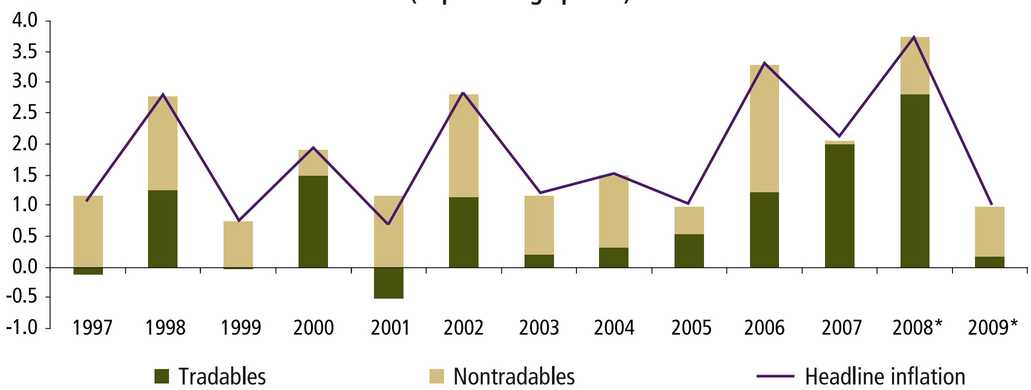



* Figures are based on the CPI
Sources: HCP, and BAM calculations

1 Given the differences in composition and disintegration between the new CPI and the CLI, the classification of products in the CPI basket into tradables and nontradables was reviewed, while maintaining the same breakdown principle.

Nontradables inflation was 1.7 percent in 2009 against 1.9 percent in 2008, and contributed 0.8 percentage point to inflation. This is largely attributable to the second-round effects of falling prices of tradable goods, and the continued easing of pressure from domestic demand that began at the end of the previous year. This slight decline mainly reflects the less rapid growth in prices of transportation and catering services, as well as the significant decrease in communication costs. Detailed analysis also indicates that the decrease of nontradables inflation would have been more pronounced in the absence of the price rise in meat, up 3.9 percent from 3.5 percent in 2008, and education services, up 5.4 percent from 3.2 percent a year earlier.

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




* Figures are based on the CPI

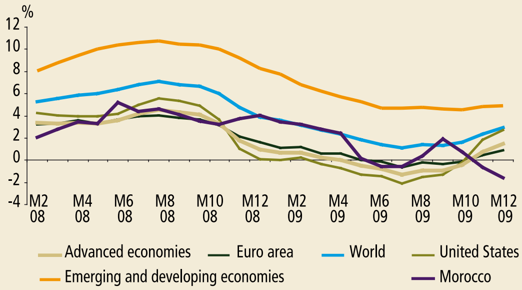
Sources: HCP, and BAM calculations

**Box 1.6.2: World inflation in 2009**

Global inflation decreased in 2009, after the record highs of 2008. This decline in inflation is attributable to the sharp fall in the prices of energy and agricultural commodities which, in turn, significantly impacted the "energy" and "food" components of the CPI basket. These two categories had pushed inflation up in 2008, subsequent to the strong rise in the first half of the year.

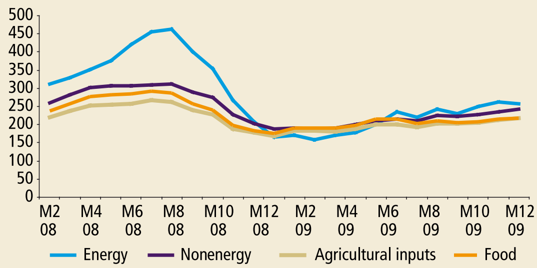
Moreover, downward pressure on prices reflected, on the one hand, the increase in spare capacity due to the contraction of economic activity, and on the other, significant base effects related to commodity prices. These played a key role in maintaining global inflation at low levels and even negative in some countries in 2009, given the high commodity prices in 2008.

**Chart B 1.6.2.1: Change in inflation by group of countries (Year-on-year)**




Sources: IMF and HCP

**Chart B 1.6.2.2: Price index of energy and nonenergy commodity (in level. base 100=2000)**




Source: World Bank

Indeed, many advanced countries experienced negative inflation, in particular the United States and some euro area countries. Consumer prices grew at an annual rate of minus 0.3 percent in the U.S. and 0.3 percent in the euro area. In contrast, inflation averaged 5.2 percent in all emerging countries. The drop in inflation mainly in the major partner countries passed through to domestic prices in Morocco via the prices of tradables.

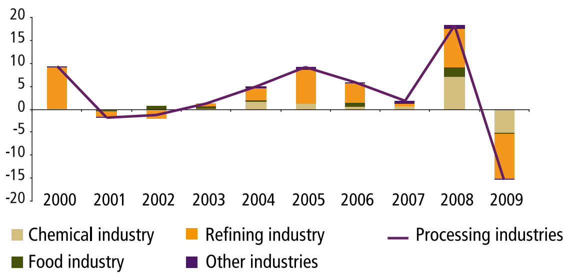
The trend in global inflation also reflected the trend of economic activity. Following the contraction observed in the first quarter 2009, global growth turned positive in the second, third and fourth quarters of the year. The slight recovery in economic activity was accompanied by a rebound in global inflation starting from August 2009.

## 1.6.2 Manufacturing producer prices

The producer price index for the manufacturing industry declined 15.3 percent in 2009 after an 18.2 percent increase in 2008. This is due to falling international commodity prices and the weakening U.S. dollar. This trend mainly reflects the change in the producer prices for "coking and refining" and "chemical" industries which fell 33.6 percent and 30.2 percent in 2009, respectively, after increasing by 32.2 percent and 52.5 percent in 2008. The contribution of price changes in these two industries to the fall in the general index is estimated at 15 percentage points, while they accounted for 85 percent of its rise in 2008.

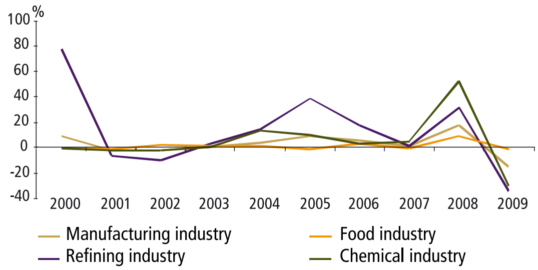
Similarly, the prices in the "food industry" and "metal industry" trended down in 2009, but at less rapid rates of 0.4 percent and 9.3 percent, respectively, compared to an increase in 2008 by 8.8 percent and 5.3 percent. Overall, prices in these two sectors contributed 0.4 percentage point to the decline in the producer price index for manufacturing.

**Chart 1.6.9: Annual change in the contribution of prices of major headings to the producer price index for the manufacturing industries(In percentage points)**




Source: HCP. and BAM calculations

**Chart 1.6.10: Annual change in the main producer price indexes for the manufacturing industries**




Source: HCP

The change in international commodity prices did not affect production costs in the "textile" and the "clothing and fur" industries, which are more impacted by changes in wages. The latter are a dominant cost factor for these labor intensive industries. In 2009, producer prices in the «textile industry» remained unchanged, while they had edged down 0.3 percent in 2008. Meanwhile, prices in the clothing and fur industry increased 0.7 percent from 0.1 percent in 2008.

**Table 1.6.2: Producer price index for the manufacturing industries (Base 100 in 1997)**

| Change in % | Weigthts in % | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Manufacturing industries excluding oil refining** | **86.7** | **+1.8** | **+13.2** | **-7.7** |
| Including: Food industries | 28.9 | -0.1 | +8.8 | -0.4 |
| Chemical industries | 13.1 | +5.7 | +52.5 | -30.2 |
| Textile industry | 6.5 | -1.0 | -0.3 | 0.0 |
| Clothing industry | 6.7 | -0.6 | +0.1 | +0.7 |
| **Oil refining** | **13.3** | **+1.8** | **+32.2** | **-33.6** |
| **General index** | **100** | **+1.8** | **+18.2** | **-15.3** |

Source: HCP

# 1.7 External commercial and financial relations

The repercussions of the global economic crisis, which appeared starting from the second half of 2008, significantly intensified during the first six months of 2009. They were passed on to the national economy through exporting activities, tourism and remittances by Moroccans residing abroad, as well as investment flows. Against this background, the negative balance of current transactions[1] with abroad reached 5 percent of GDP in 2009, compared to 5.2 percent one year earlier and an average surplus of 2.4 percent from 2001 through 2007.

Despite the large current account deficit and considering the capital and financial transactions account surplus, net foreign assets decreased by 7 billion dirhams against 11 billion in 2008. Foreign exchange reserves made up nearly 7.6 months of goods and services' imports, instead of 7 months in 2008 and an annual average of 9.4 months from 2001 through 2007.

The data available for 2008 indicate a negative net external financial position totaling 265 billion dirhams or 38.5 percent of GDP, instead of 222.5 billion in 2007 or 36.1 percent of GDP. This deterioration is due to the continued increase of liabilities for foreign direct investments and public debt, as well as to the decline in foreign exchange reserves.

## 1.7.1 Balance of payments

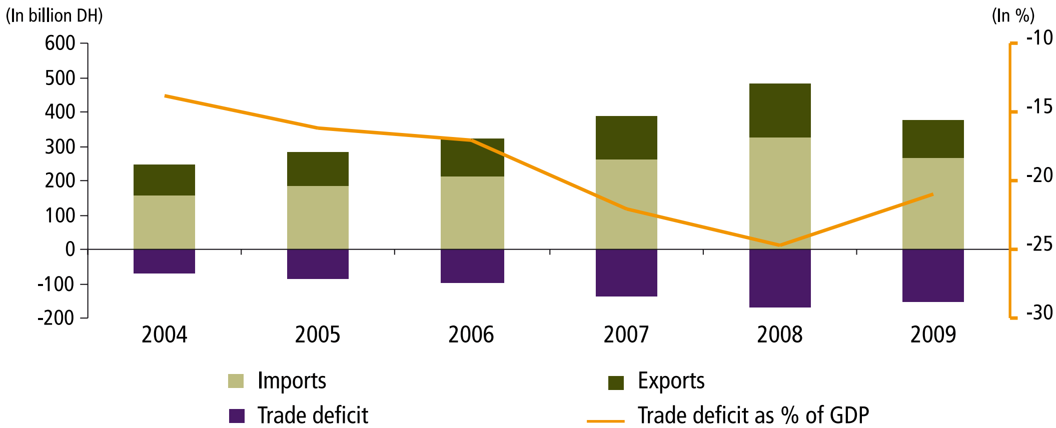
### Goods and services

The structurally negative commercial balance[2] decreased by 10 percent  in 2009, to 153.2 billion dirhams or 20.8 percent  of GDP, compared to 24.7 percent  in 2008 and an annual average close to 14 percent  between 2001 and 2007. Exports having registered a stronger decrease than imports, the import-export coverage declined significantly, from 47.8 percent to 42.2 percent within one year. As to the economy's openness rate, it was 51.7 percent compared to 70 percent in 2008.

1 See table A 7.6

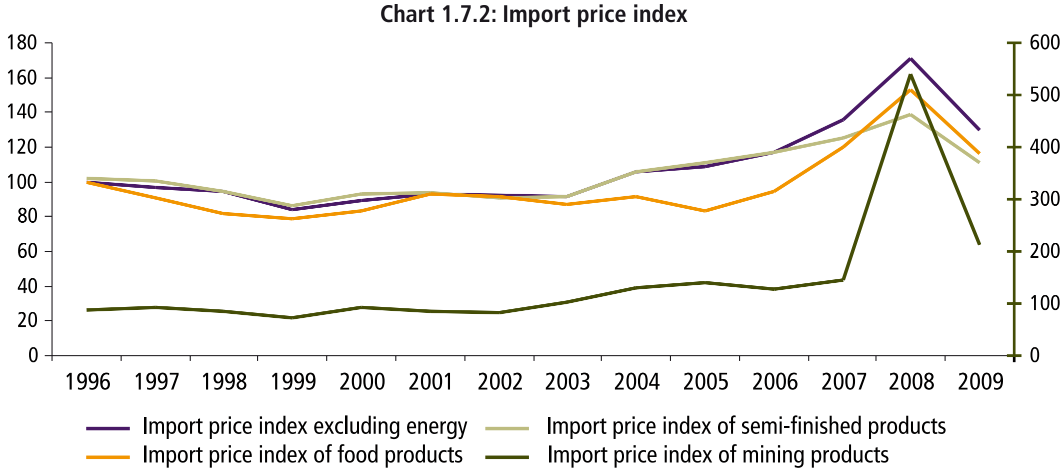
2 See tables A 7.1 to 5

**Chart 1.7.1: Development of trade balance**




At 265.2 billion dirhams (CIF), imports decreased by 18.7 percent, a fall accounted for by all groups of products against a backdrop of declining prices at world level, which pushed import prices down.

**Chart 1.7.2: Import price index**




At 54.2 billion dirhams, the energy bill decreased by 25.5 percent, with its share in total exports down from 22.3 percent to 20.4 percent. The decline was particularly perceptible for crude oil purchases, down 44.1 percent to 17.2 billion, dragged by a 35.7 percent drop in the average price of the ton and a 13 percent fall in imported

quantities. Similarly, gas oil and fuel oil imports, which were estimated at 15.7 billion, dipped 11.1 percent, in connection with a 35.2 percent decrease in prices, while quantities increased by 37.2 percent.

**Chart 1.7.3: Breakdown of imports per usage group**

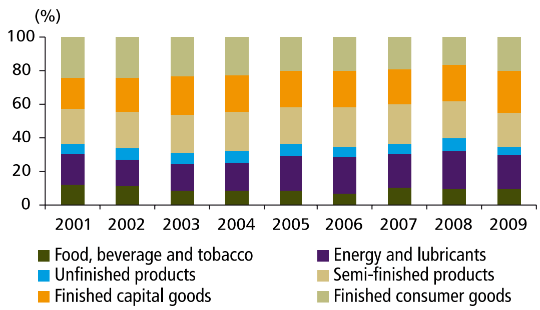
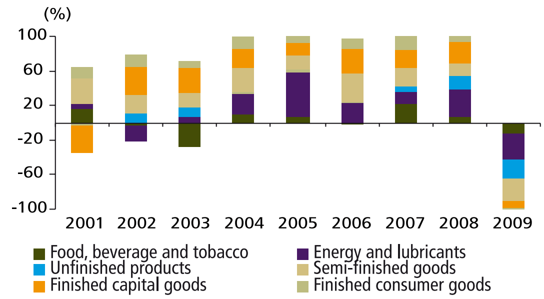



**Chart 1.7.4: Contribution of usage groups to imports development**




Meanwhile, imports of food products, which stood at 24.3 billion dirhams, were down 23.9 percent. At 5.5 billion dirhams, wheat imports registered a fall of 55.9 percent, which covers a decrease in quantities and prices alike, by 41.5 percent and 24.6 percent respectively.

Purchases of raw products, totaling 13.6 billion dirhams, dipped by half approximately, mainly as a result of the strong decrease in the price of unprocessed sulfur, the import value of which went down from 11.3 billion to 1.2 billion dirhams.

At 53.6 billion dirhams, imports of semi-finished products decreased by 22.8 percent, in connection with a 48.3 percent fall in the purchases of iron and steel, the prices of which were down 46.4 percent, and with the decline in the imports of chemical products and plastic materials, by 33.6 percent and 21.7 percent, respectively.

Similarly, at 66.8 billion dirhams, imports of capital goods fell 6.8 percent, mainly as a result of the decrease in imports of electrical wires and cables as well as industrial vehicles, by 47 percent and 20.2 percent, respectively. As to consumer goods imports, which came to 52.7 billion dirhams, they declined by 1.6 percent, following the decrease of private car imports by 15.8 percent and purchases of cotton fabrics by 22 percent. On the opposite, purchases of coachwork parts and drugs posted increases of 75.7 percent and 24 percent respectively, from one year to the other.

On the other hand, exports, which totaled 112 billion dirhams, were down 28.1 percent, following a decrease by 63.4 percent in the sales of phosphates and derivatives, in connection with the fall of their prices on the international markets. In particular, phosphates exports quantities decreased by 50.7 percent, while natural fertilizers and phosphoric acid exports increased by 51.8 percent and 17 percent, respectively, in terms of quantity. Hence, the share of phosphate and derivative exports shifted from 33 percent to 16.8 percent from one year to the other.

Without taking into consideration phosphates and derivatives, exports, at only 93.1 billion dirhams, fell 10.7 percent due to the contraction of all headings.

**Chart 1.7.5: Breakdown of exports per usage group**

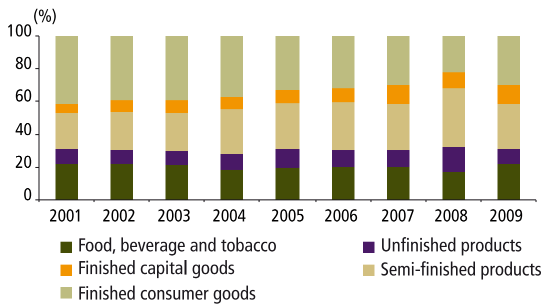
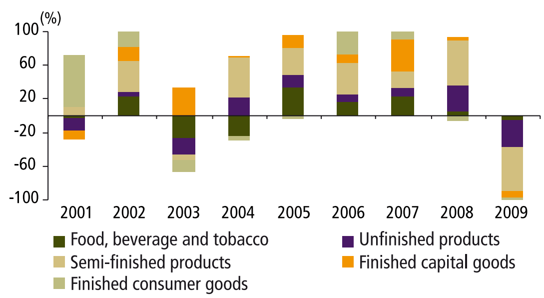



**Chart 1.7.6: Contribution of usage groups to export development**




In fact, sales of food products, totaling 23.9 billion dirhams, were down 8.6 percent due mainly to a fall by 30.1 percent in the exports of citrus fruits, which reached 2.3 billion dirhams.

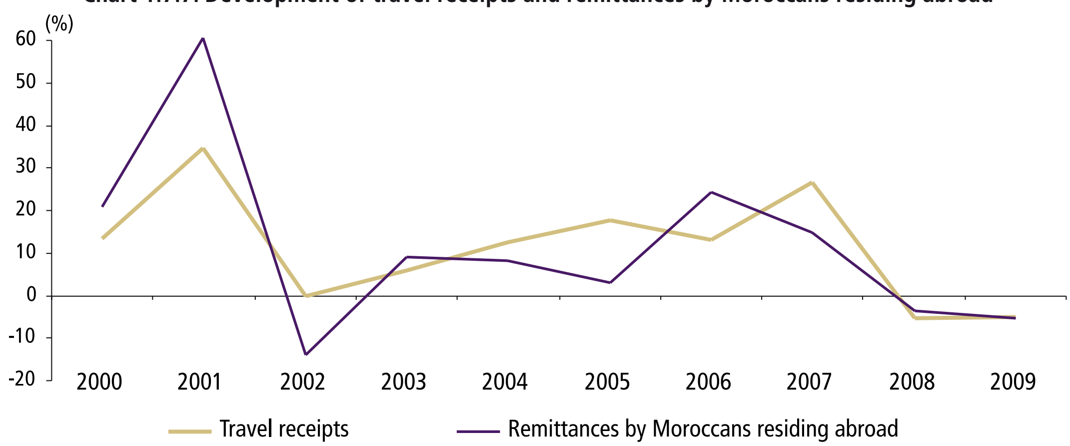
Similarly, sales of consumer goods, which make up 29.2 percent of all exports, dropped by 2.7 percent to

32.7 billion dirhams. This trend mainly translates the decline in textile products sales, in connection with the downswing in foreign demand, the sales of ready-made clothes and hosiery items having decreased by 6.2 percent and 3 percent, respectively. On the opposite, shoes exports gained 8.1 percent while exports of private cars posted a high increase.

In turn, the exports of capital goods, which reached 12.2 billion dirhams, decreased by 21.2 percent, mainly following the contraction of the exports of electrical wires and cables.

On the services side, tourism revenues, totaling 52.8 billion dirhams, fell 4.9 percent compared to 5.3 percent in 2008, dragged by the slowing economic activity in the main source countries. Expenditure having reached 8.8 billion, the travel balance amounted to 44 billion dirhams, compared to 47.1 billion dirhams a year ago. Concerning transports' negative balance, at 1.8 billion dirhams, it worsened by 42.2 percent, whereas the surplus of communications was 12.5 percent up.

**Chart 1.7.7: Development of travel receipts and remittances by Moroccans residing abroad**



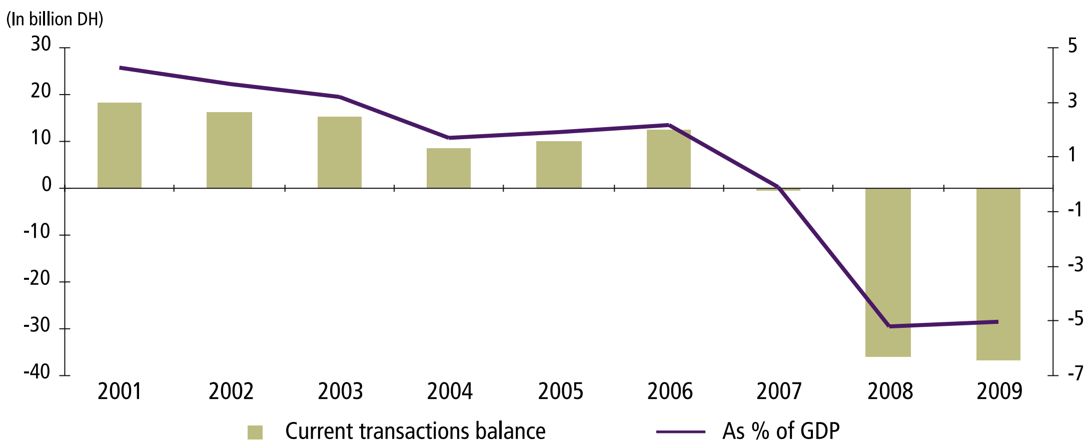
## Income and current transfers

The net outflows of capital income amounted to 7.4 billion dirhams, compared to 4.1 billion dirhams in 2008. The negative balance of private income, up from 6.7 billion dirhams to 9.4 billion, increased by 40.6 percent, due to a 33.4 percent rise in outflows relating to the returns of foreign investments in Morocco.

The yield of public investments abroad decreased by 7.7 percent, to only 6.9 billion dirhams, following the drop of foreign exchange reserves and international interest rates. Public debt interest payments remained almost stable at 4.8 billion dirhams.

In parallel, revenues from private current transfers, totaling 56.6 billion dirham, were down 5.1 percent, due to the decline of remittances by Moroccans residing abroad, from 53.1 billion dirhams to 50.2 billion. These transfers came from the euro area (79 percent), Gulf countries (8.7 percent) and the United States (4.7 percent). Revenues from public transfers dropped from 9.6 billion dirhams to 3.6 billion, down 62.4 percent from one year to the next.

**Chart 1.7.8: Development of current account balance**




Overall, the current account deficit reached 36.8 billion dirhams, or 5 percent of GDP, at almost the same level as in 2008.

## Capital and financial transactions account

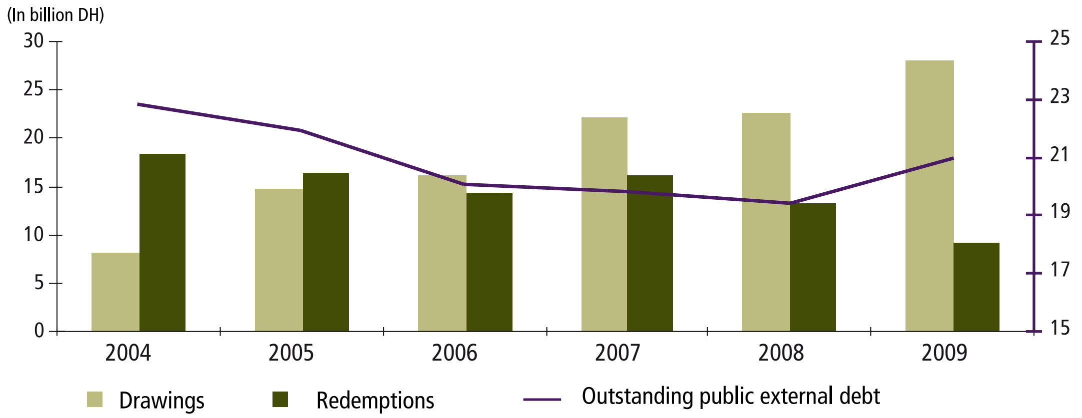
The capital and financial transactions account showed a surplus balance of 38.2 billion, instead of 27.6 billion in 2008, mainly in response to a higher surplus in transactions made by the public sector.

**Box 1.7.1: New classification of foreign liabilities**

In line with the sixth edition of the Balance of Payments Manual, the IMF requested that all allocations of SDR be reclassified within foreign liabilities, including a 5.8 billion-dirham allocation of SDR for Morocco in 2009. Besides, at the methodological level, foreign liabilities, for the year 2009, were reclassified within the heading "Other investments".

Transactions by the public sector in fact posted a surplus of 18.9 billion dirhams, instead of 9.3 billion dirhams a year before, in connection with a 24 percent rise in mobilized loans, worth 28 billion dirhams, and a 31 percent decline in debt redemption expenses, down to 9.1 billion. Borrowings, mainly from multilateral donors and lenders and the Paris Club, were allocated to the financing of investment projects and structural reforms. Against this background, the outstanding public external debt amounted to 152.2 billion dirhams, or 20.7 percent of GDP instead of 19.5 percent the year before. The overall debt burden dropped 22.8 percent to 14 billion dirhams, or 5 percent of current revenues, compared with 5.4 percent a year earlier.

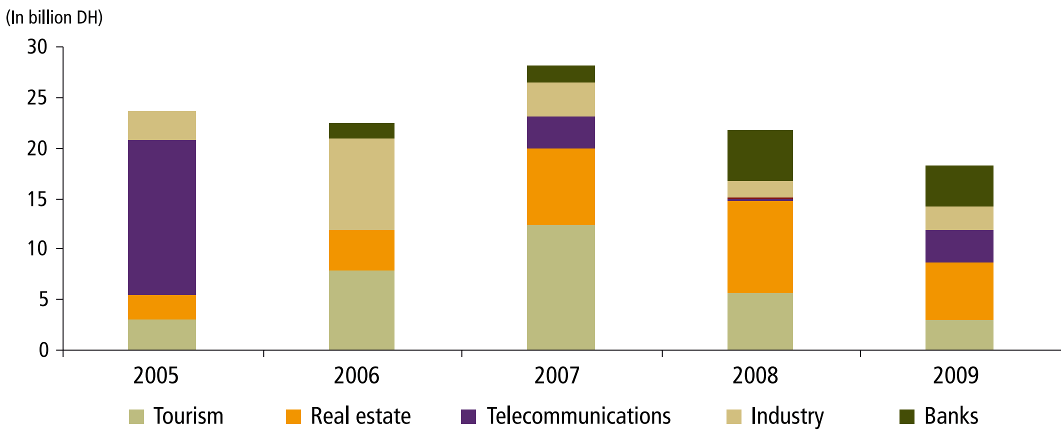
**Chart 1.7.9: Development of drawings, redemptions and outstanding external public debt as % of GDP**



As to foreign loans and investments, they posted a surplus of 13.5 billion dirhams, compared with 20.8 billion a year before. Revenues dropped by 24.5 percent, mainly as a result of a 27.4 percent fall in direct investments, down to 20.3 billion. These investments were executed by France (37 percent), Kuwait (14.9 percent) and Spain (8.3 percent), and concerned the sectors of real-estate, banks and tourism, with respective shares of 28.9 percent, 19.5 percent and 15.2 percent. By the same token, portfolio investments, at 3.2 billion dirhams, decreased by 32.4 percent from one year to the next. On the other hand, expenditure, which amounted to 13.1 billion, decreased by 9.4 percent, in connection with a 72.5 percent drop in private debt redemption.

The negative balance of Moroccan loans and investments abroad decreased significantly, from 4.6 billion dirhams to 2.4 billion, in response to a 23.4 percent fall in expenses and a 38 percent rise in receipts. Portfolio investments by residents abroad declined by 50.2 percent while sales markedly increased, from 25.5 million dirhams to 971.4 million.

**Chart 1.7.10: Breakdown of foreign direct investments per sector**




In turn, the surplus balance of commercial loans substantially improved, from 764 million dirhams to 2.2 billion, particularly due to the decline of expenses by 11.5 percent, while receipts almost stabilized.

## 1.7.2 International investment position

In 2008[1], the stock of financial assets and liabilities with the rest of the world, as represented in the international investment position, showed a net debtor position of 265 billion dirhams, or 38.5 percent of GDP, as compared with 36.1 percent in 2007. This deterioration was mainly attributable to the increased net debtor position of direct investments and other investments[2], as well as to a decline in the stock of reserve assets.

**Box 1.7.2: The international investment position**

A main part of external accounts, the international investment position has been elaborated by the Foreign Exchange Office since 2002. It depicts, at a given date, the stock of an economy's financial assets and liabilities vis-à-vis the rest of the world, taking into account the impact, on the existing stocks, of the financial flows registered by the balance of payments as well as of other factors such as changes in prices and exchange rates. It is composed of four headings: direct investments, portfolio investments, other investments and reserve assets.

**Table 1.7.1: Development of the international investment position (In billions of dirhams)**

| Headings | 2006 | | | 2007 | | | 2008 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Balance | Assets | Liabilities | Balance | Assets | Liabilities | Balance |
| Direct investments | 8.9 | 253.2 | -244.3 | 10.3 | 297.8 | -287.5 | 13.8 | 319.0 | -305.2 |
| Portfolio investments | 1.5 | 17.8 | -16.3 | 7.1 | 25.3 | -18.2 | 8.3 | 26.0 | -17.7 |
| Other investments | 13.2 | 140.7 | -127.5 | 14.7 | 149.9 | -135.2 | 14.5 | 165.5 | -151.0 |
| Reserve assets | 199.9 | - | 199.9 | 218.4 | - | 218.4 | 208.9 | - | 208.9 |
| Net position | 223.5 | 411.7 | -188.2 | 250.5 | 473.0 | -222.5 | 245.5 | 510.5 | -265.0 |

Source: Foreign Exchange Office

### Assets

Standing at 245.5 billion, the outstanding financial assets held by residents dropped 2 percent, mainly in connection with a decline in reserve assets which account for 85.1 percent of them. The latter fell 4.4 percent under the effect of a 4.6 percent decrease in currency holdings, down to 202.7 billion dirhams.

1 The data relating to the international investment position, which are prepared by the Foreign Exchange Office, are published six months after the closing date of the financial year.

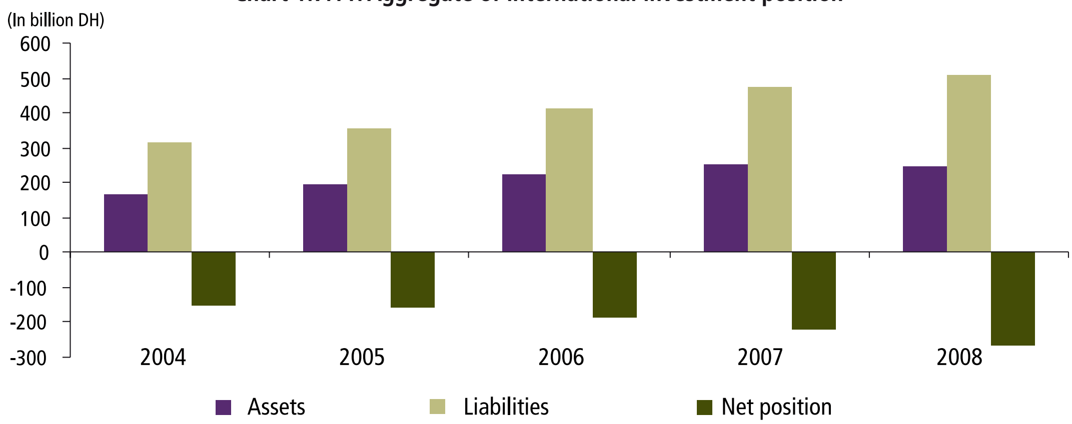
2 See table A 7.7

As to direct investments by residents abroad, which stood at 13.8 billion dirhams, they increased with more than a third, essentially in response to a 30.8 percent rise in direct holdings. The latter, covering the banking and financial sector as well as telecommunications essentially, were concentrated in the African continent and France mainly.

In turn, the stock of portfolio investments, which reached 8.3 billion dirhams, increased by 17.2 percent, pushed up by new investments made by banks and financial corporations.

In parallel, at 14.5 billion, the outstanding amount of "other investments" decreased by 1.4 percent particularly under the effect of a 20.7 percent fall in loans granted by the banking sector to nonresidents.

**Chart 1.7.11: Aggregate of international investment position**




## Liabilities

Morocco's liabilities vis-à-vis the rest of the world, which amounted to 510.5 billion dirhams, recorded a rise of 7.9 percent, mainly following the increase of foreign direct investments. The rise of the latter, which represent 62.5 percent of all liabilities, essentially reflects the increase of holdings in nonlisted shares, from 220 billion to 249.5 billion and concerns the sectors of telecommunications and industry in particular. France and Spain remain the main investors, with shares of 50.9 percent and 16 percent, respectively.

The increase of "other investments", the stock of which is estimated at 165.5 billion dirhams, is largely attributable to a 9.8 percent surge in the outstanding public external debt which amounted to 134 billion dirhams, or 19.5 percent of GDP. The outstanding private external debt[1] moved from 7 billion dirhams down to 6.5 billion.

In parallel, the stock of liabilities for portfolio investments, which stood at 26 billion dirhams, increased by 2.8 percent, in connection with the rise in both listed and non-listed securities.

**Box 1.7.3: Main measures adopted in 2009 in connection with the settlement of commercial and financial transactions with abroad**

The year 2009 was marked by the introduction of new liberalization measures aiming at simplifying and relaxing the commercial transactions regulations, as well as travel allowances:

-Business trip allowances are now granted in a single or several installments, not exceeding 60,000 dirhams for companies coming under the Moroccan law and micro-credit associations or state-approved associations. For natural persons practicing professions, this allowance is capped at 30,000 dirhams.

-The new provisions of the regime governing settlements between Morocco and abroad have extended the possibility to hold accounts in dirhams or "special accounts" to other nonresident foreign entities. They also provide for the introduction of new methods for the payment of foreign banknotes in foreign currency accounts and foreign accounts in convertible dirhams and draw a distinction between accounts in convertible dirhams held by the foreign correspondents of Moroccan banks and those open in the name of customers.

-The redefinition, for the sea transport regime, of the regulatory framework relative to the consignment of containers by shipping agents and the regulation of passengers sea transport. As to the goods and services import regime, sums collected from sales within the frame of shows are now freely transferable.

-The upper limit for noncommercial exports has been increased from 3,000 to 10,000 while the ceiling for samples intended for exporters' foreign customers has been raised from 10,000 to 20,000.

-Companies holding contracts abroad have been permitted to transfer up to 20 percent of the contract's value in order to cover preliminary expenses. They are also allowed to open accounts with banks for the execution of these contracts, pending the approval of the Foreign Exchange Office.

1 Excluding loans between affiliated parties, advances in current accounts and commercial loans

# 1.8 Public finance

The execution of the 2009 Finance Act took place in a context of slowing growth in many nonagricultural activities. Impacted also by the new tax adjustments, particularly with regard to corporate tax and income tax, revenues fell to 23 percent of GDP, following the record expansion registered over the last two years[1]. Conversely, despite the strong decline in subsidization costs, overall expenditure increased owing to the economy stimulus efforts through the fostering of investment spending.

These developments led to a fiscal deficit of 15.9 billion or 2.2 percent of GDP, compared to a surplus of 0.4 percent in 2008 and 0.1 percent of GDP in 2007. Nonetheless, the process of reducing the Treasury's indebtedness rate compared to GDP continued in 2009 as this rate stood at 46.9 percent compared to 47.2 percent in 2008.

## 1.8.1 2009 Finance Act

The 2009 Finance Act was based on a real growth rate at 5.8 percent, an inflation rate at 2.9 percent, an oil price of 100 dollars a barrel and a euro-dollar exchange rate at 1.4. Fiscal deficit, excluding privatization receipts, was expected to stand at 3.3 percent of GDP instead of 3.5 percent in the 2008 Finance Act, as current receipts and overall expenditures are expected to increase by respectively 22.1 percent and 20.2 percent.

The growth in overall expenditures was projected to result from higher subsidization costs and equipment expenses. Indeed, oil and cereal prices forecasts on the international markets suggested a rise by 87.8 percent in subsidization costs, while equipment spending was expected to grow by 19.3 percent, in line with the continuation of big road and railway infrastructure projects, as well as in the water sector. In turn, personnel expenses were expected to rise by 12.9 percent.

Conversely, the improvement in current receipts was expected to be driven by a 22.3 percent growth in tax revenues, while nontax revenues, excluding privatization, were likely to increase by 24.7 percent owing to the 45.1 percent growth in monopoly receipts.

1 See statistical appendices A8.1 to 3

In addition, the 2009 Finance Act included a number of tax adjustments that, as a continuation of the ongoing process for many years now, concerned corporate tax, income tax, value added tax as well as customs duties tax.

**Box 1.8.1: Main tax measures adopted in the 2009 Finance Act**

The main measures adopted in terms of income tax concern adjusting the tax scale by raising the tax exemption level from 24,000 to 28,000 dirhams, modifying all intermediate brackets and corresponding rates and reducing the marginal rate from 42 percent to 40 percent for all incomes above 150,000 dirhams instead of 120,000 dirhams previously. In addition, it was decided to raise, on the one hand, the amount of the discount for family costs from 180 dirhams to 360 dirhams per dependent, while not exceeding a maximum of 6 persons, and on the other hand, to raise the discount rate for professional expenses for employees from 17 percent to 20 percent while not exceeding 28,000 dirhams.

With regard to corporate tax, for SMEs which during the year 2009 increase their capital through contribution in cash or the partner's current accounts, the Finance Act enacted a 20 percent decrease in the tax rate applied to the amount of the capital increase.

The Finance Act also comprises measures common to both income tax and corporate tax. Indeed, the tax exemption of agricultural incomes from these two taxes was renewed until December 31, 2013. The 50 percent tax deduction for real-estate developers that build 1,500 apartments in the framework of agreements signed with the State was extended as well.

In line with the VAT reform, the main measures adopted concerned exempting anti-cancer and antiviral drugs of this tax, as well as raising the tax rate from 7 percent to 10 percent for turnpike highway. In addition, in order to harmonize the liability thresholds in terms of VAT and income tax, the VAT liability threshold was raised from 180,000 to 500,000 dirhams of turnover.

Concerning customs duties tax, tariffs reduction continued standing at 35 percent in 2009, before they reach, in 2012, the maximum rate of 25 percent.

## 1.8.2 Execution of 2009 Finance Act

The 2009 fiscal year recorded a deficit of 15.9 billion dirhams or 2.2 percent of GDP, compared to a surplus at 0.4 percent of GDP in 2008. This is due to a 7 percent drop in current receipts as a result of falling tax revenues, while overall expenditures grew 2.4 percent, driven by the 22.8 percent rise in equipment spending. The latter was covered up to 80 percent by a public saving amounting to more than 38 billion or 5.2 percent of GDP.

**Table 1.8.1 :Treasury expenditure and receipts**

| | 2008* | in % of GDP | 2009 | in % of GDP |
|---|---|---|---|---|
| **Current receipts** | **204,675** | **29.7** | **190,525** | **25.9** |
| **Tax receipts** | **185,651** | **27.0** | **169,008** | **23.0** |
| Of which: - Direct taxes | 81,827 | 11.9 | 71,580 | 9.7 |
| of which: Corporate tax | 46,290 | 6.7 | 43,532 | 5.9 |
| Indirect taxes | 33,312 | 4.8 | 25,803 | 3.5 |
| - Indirect taxes | 79,943 | 11.6 | 76,146 | 10.3 |
| Value added tax | 61,250 | 8.9 | 56,516 | 7.7 |
| Domestic consumer taxes | 18,693 | 2.7 | 19,630 | 2.7 |
| - Customs duties | 13,706 | 2.0 | 11,830 | 1.6 |
| **Nontax receipts** | **16,269** | **2.4** | **18,302** | **2.5** |
| **Receipts of some Treasury special accounts** | **2,755** | **0.4** | **3,216** | **0.4** |
| Price support Fund | 521 | 0.1 | 560 | 0.1 |
| Roads special Fund | 2,234 | 0.3 | 2,656 | 0.4 |
| **Overall expenditure** | **201,605** | **29.3** | **206,459** | **28.0** |
| **Current expenditure** | **157,036** | **22.8** | **152,090** | **20.7** |
| **Current expenditure excluding subsidization** | **125,586** | **18.2** | **139,302** | **18.9** |
| Goods and services | 107,355 | 15.6 | 121,828 | 16.5 |
| of which: employees | 70,315 | 10.2 | 75,264 | 10.2 |

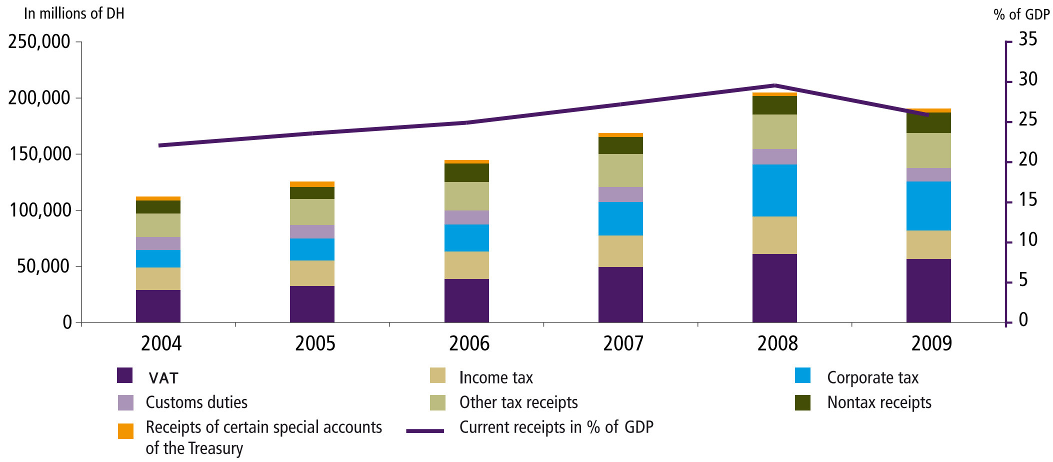
| | 2008* | in % of GDP | 2009 | in % of GDP |
|---|---|---|---|---|
| **Debt service** | **18,231** | **2.6** | **17,474** | **2.4** |
| Domestic | 15,389 | 2.2 | 14,613 | 2.0 |
| External | 2,842 | 0.4 | 2,861 | 0.4 |
| **Subsidization** | **31,450** | **4.6** | **12,788** | **1.7** |
| Including Price Support Fund | 544 | 0.1 | 594 | 0.1 |
| **Transfers to local governments** | **18,375** | **2.7** | **16,955** | **2.3** |
| **Current balance** | 47,639 | 6.9 | 38,435 | 5.2 |
| **Investment spending** | **37,740** | **5.5** | **46,361** | **6.3** |
| Of which Roads Special Fund | 2,195 | 0.3 | 2,567 | 0.4 |
| Balance of other Treasury special accounts | -6,829 | -1.0 | -8,008 | -1.1 |
| **Overall surplus or deficit** | **3,070** | **0.4** | **-15,934** | **-2.2** |
| **Primary balance** | **21,301** | **3.1** | **1,541** | **0.2** |
| Change in arrears | -1,992 | -0.3 | -4,063 | -0.6 |
| **Financing requirements or surplus** | **1,078** | **0.2** | **-19,997** | **-2.7** |
| Domestic financing | -12,160 | -1.8 | 7,289 | 1.0 |
| External financing | 11,082 | 1.6 | 12,708 | 1.7 |
| Drawings | 20,551 | 3.0 | 17,663 | 2.4 |
| Amortization | -9,469 | -1.4 | -4,955 | -0.7 |
| Privatization | 0 | | 0 | |

*Revised figures

## Treasury current receipts

Following a period of ongoing growth since 2003, culminating in a record rise in 2008, current receipts dropped 7 percent in 2009 to stand at 190.5 billion. This drop is mainly the result of a 9 percent decrease in tax receipts which, including the VAT transferred to local governments, stood at 169 billion, that is a tax burden at 23 percent compared to 27 percent in the preceding year.

**Chart 1.8.1 : Treasury current receipts**




Direct taxes which fell by 12.5 percent generated 71.6 billion, representing nearly 42 percent of total tax receipts compared to 44 percent a year earlier. This drop reflects the adjustment of rates and brackets on income tax, the base effect related to two consecutive years of strong growth and slowing nonagricultural activities. Indeed, income tax revenues shrank by 22.5 percent to 25.8 billon, while corporate tax receipts, at 43.5 billion, dropped 6 percent.

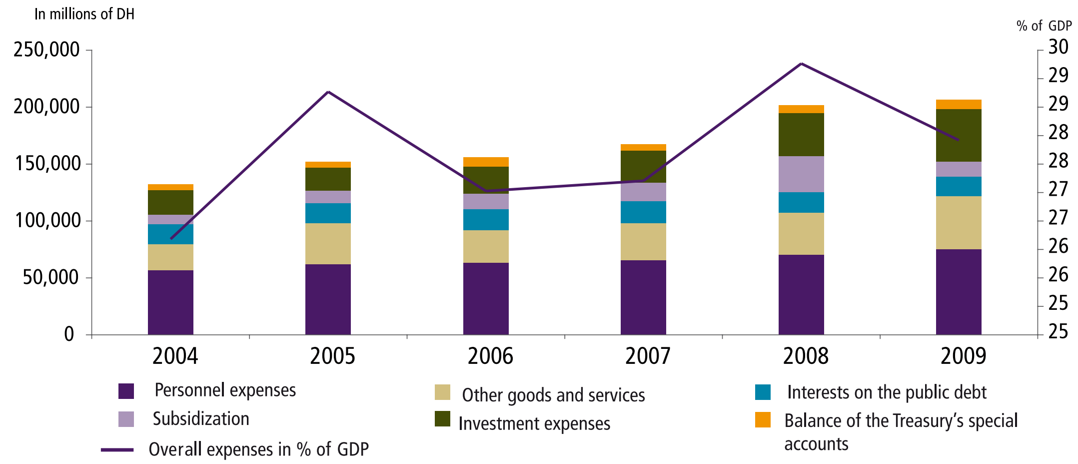
Indirect tax revenues fell at a less significant pace, 4.8 percent, to stand at 76.1 billion.  VAT revenues, which represent 75 percent of these indirect taxes, dropped 7.7 percent to stand at 56.6 billion. Reflecting mainly the impact of slowing domestic demand, this development covers a drop by 8 percent in import VAT and 7.3 percent in domestic VAT. Conversely, revenues from consumer domestic tax, amounting to 19.6 billion, grew by 5 percent, in line with the increase in levies on energy products.

As a result of the joint effect of slowing imports and the on-going dismantling of tariffs, customs duties receipts  -amounting to 11.8 billion- fell by 13.7 percent. Likewise, registration and stamp fees, that generated 9.5 billion in revenues, dropped 7.1 percent as a result of falling real-estate transactions. As to nontax revenues, at 18.3 billion, they grew by 12.5 percent due to the 35 percent growth in State monopoly and exploitations receipts.

# Treasury expenditure

Despite the strong decline in subsidization costs, Treasury overall expenditures, standing at 206.5 billion, saw a limited increase by 2.4 percent, owing to the rise both in equipment and operating expenses. In a context of falling prices of international oil and basic products, subsidization costs registered a marked slowdown this year, after reaching a peak in 2008. Accordingly, they dropped from 31.5 billion to 12.8 billion, 7.9 percent of which are accounted for by oil products and 4.9 billion by basic products.

**Chart 1.8.2 : Treasury overall expenditure**




Conversely, operating expenditures, at 121.8 billion, grew by 13.5 percent due to a 7 percent rise in the wage bill, reaching nearly 75.3 billion or 10.2 percent of GDP, as a result of the wage adjustments adopted in the framework of the social dialogue and the net creation of 10,000 jobs. Similarly, other services and goods expenditures rose by 25.7 percent to 46.6 billion dirhams.

**Chart 1.8.3 : Wage bill**

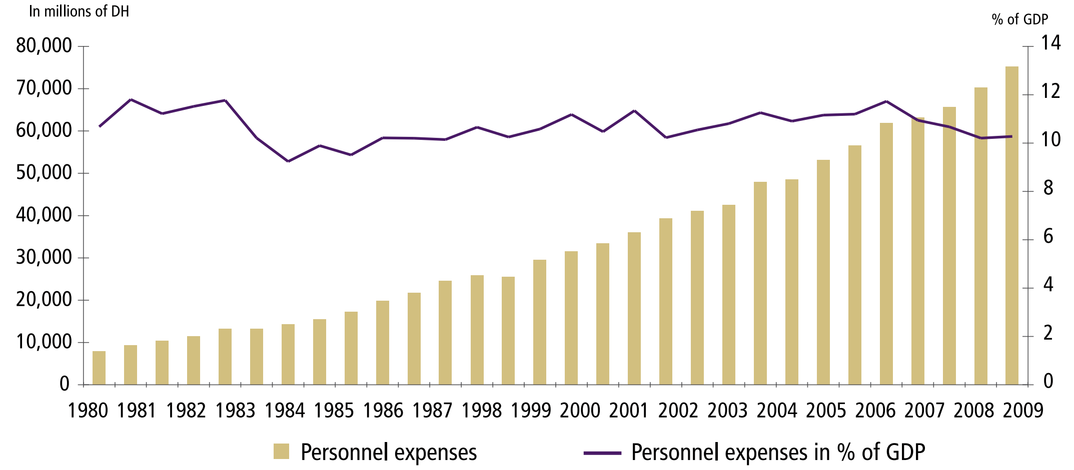
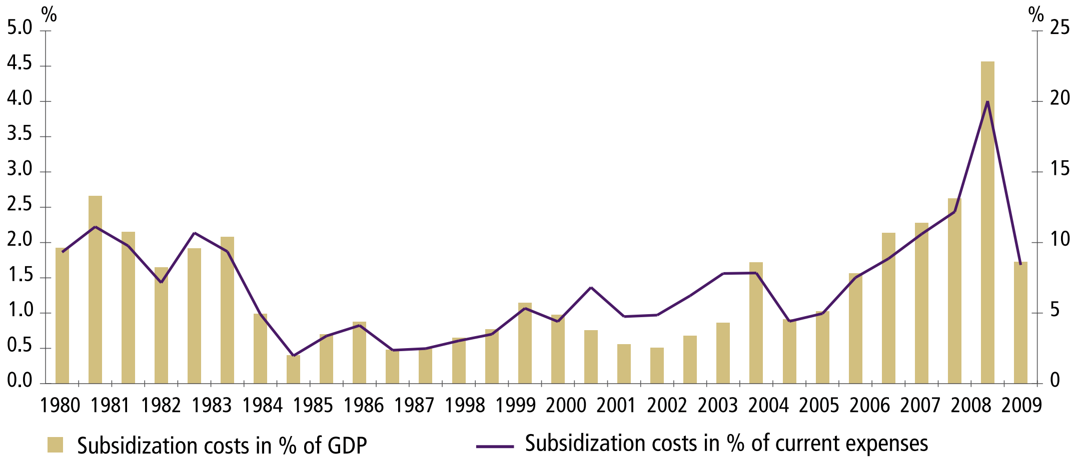
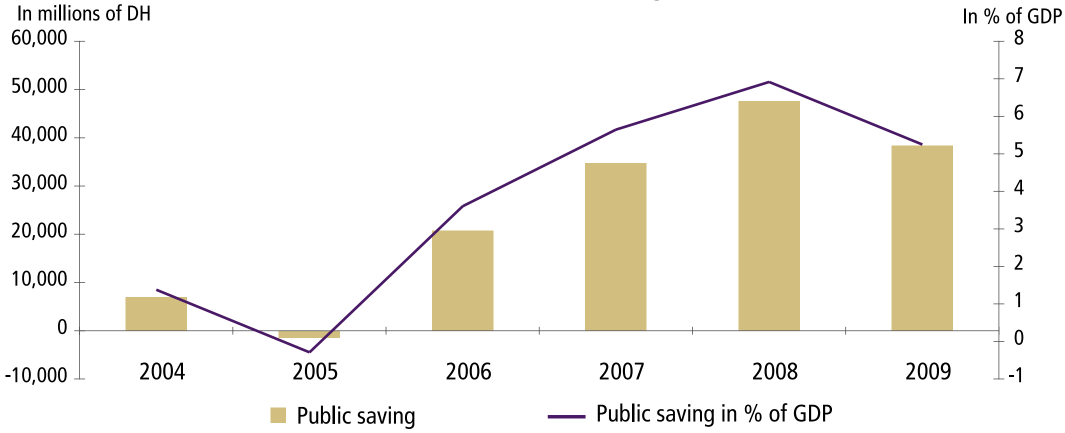



**Chart 1.8.4 : Subsidization costs**



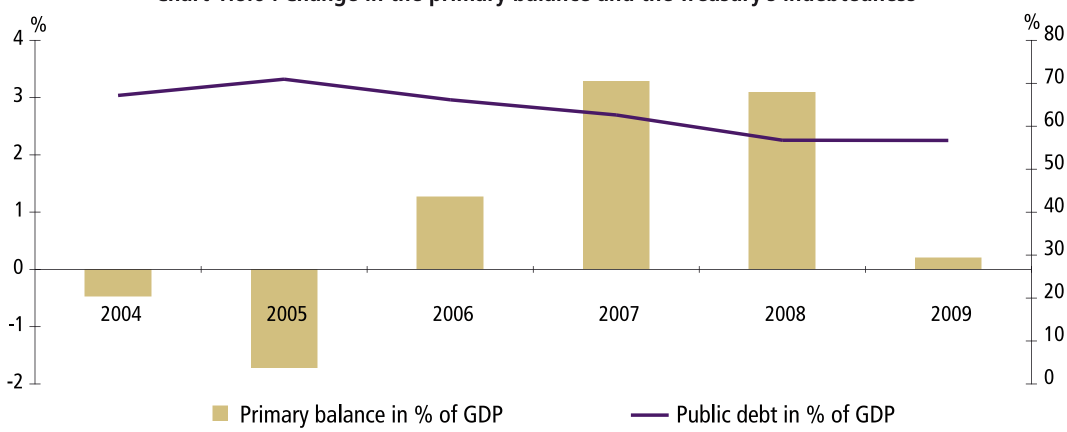

As to debt interest burden, it stood at 17.5 billion, down 4.2 percent, which covers a 5 percent drop in domestic debt interests, linked to a decline in the Treasury's financing average cost, and an almost stable reimbursement of external debt interests.

Chart 1.8.5 : Public saving




In this context, public saving stood at 38.4 billion dirhams or 5.2 percent of GDP compared to 47.6 billion or 6.9 percent of GDP in 2008. Taking into account equipment spending at 46.4 billion, up 22.8 percent and the negative balance of the Treasury's special accounts at 8 billion, the Treasury's expenditure and receipts showed a deficit at 15.9 billion, or 2.2 percent of GDP, compared to a surplus of 0.4 percent of GDP a year earlier. As to the primary surplus, it dropped significantly, barely representing more than 0.2 percent of GDP. Following the payment of arrears amounting to 4.1 billion, the cash deficit stood at 20 billion dirhams, or 2.7 percent of GDP, compared to a 1.1 billion surplus a year earlier.

Chart 1.8.6 : Change in the primary balance and the Treasury's indebtedness



## 1.8.3 Treasury financing

Unlike the preceding year marked by a significant Treasury debt reduction on the domestic market, the financing needs were covered in 2009 through both external and domestic resources.

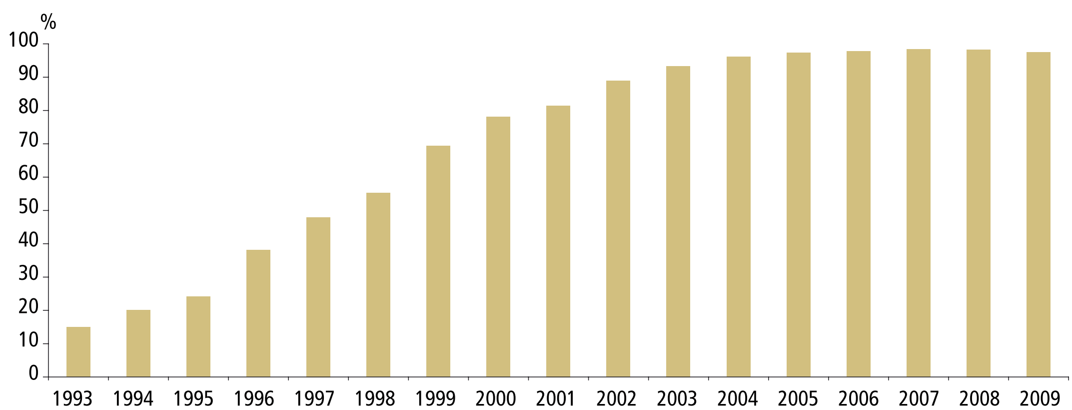
### External financing

In addition to the 2.8 billion grants -mainly originating from the European Union- the Treasury raised financial resources totalling 14.9 billion, up 29.4 percent, 6.1 billion of which were allocated to financing reforms and 2.2 billion to sectoral projects laid down in the budget. The most important drawings were mobilized with the Arab Monetary Fund, France and the African Development Bank. Conversely, capital reimbursements, amounting to 5 billion, dropped 47.7 percent. External capital inflows resulted therefore in net inflows of 12.7 billion, compared to 11.1 billion in 2008.

### Domestic financing

In a context of falling interest rates, the Treasury stepped up its borrowings from the domestic market in 2009 with net amounts totaling 7.3 billion compared to a net reduction of the Treasury debt at 12.2 billion a year earlier.

**Chart 1.8.7 : Change in the share of auctions out of total domestic debt**

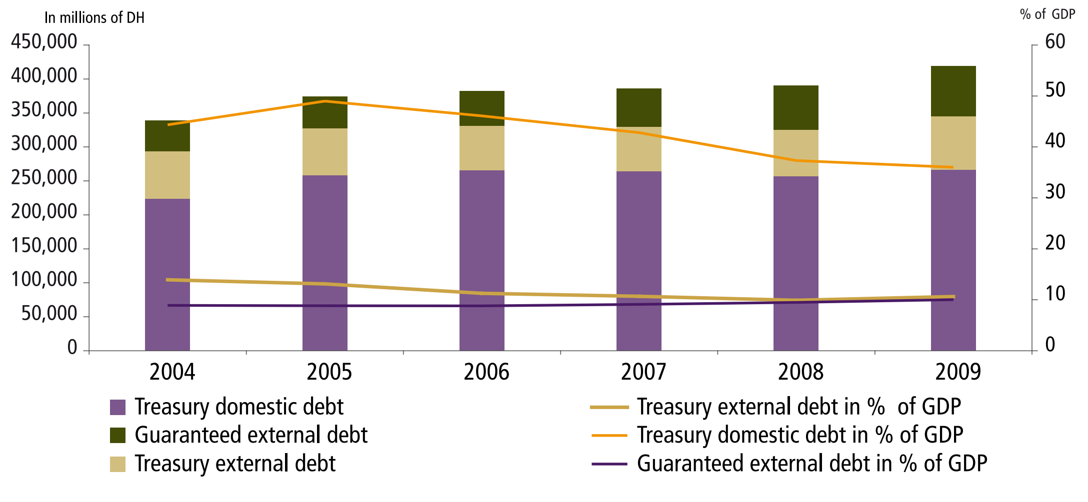


Focusing mainly on short and medium-term maturities, Treasury bills on the auctions' market stood at 72.9 billion, while net borrowings[1] reached 5.3 billion, compared to net reimbursements of 6.9 billion in 2008. The volume of net purchases by insurance and provident companies stood at 12.9 billion while banks' purchases came to 7.1 billion. In contrast, mutual funds and the Caisse de Dépôt et de Gestion (CDG) (Deposit and Management Fund) reduced their Treasury bills portfolio by 9.3 billion and 7 billion, respectively. The remainder in the Treasury's financing needs was covered through its financial channels.

## 1.8.4 Public debt

Meeting the financing needs of the Treasury as well as the increase in foreign borrowings of some state companies led to a rise by 7.3 percent in the outstanding public debt[2] which reached 419.3 billion dirhams, or 57 percent of GDP. The direct debt of the Treasury, up 6.1 percent in 2009 following a 1.3 percent drop in the preceding year, stood at 345.1 billion dirhams and represented 46.9 percent of GDP, compared to 47.2 percent of GDP a year earlier (Box 1.8.2).

**Chart 1.8.8 : Public debt**




1 Net borrowings refer to the positive difference between the new bills issued by the Treasury and the reimbursements made during the year. When this difference is negative, the term used is net reimbursements.

2 Refers to the total amount of the Treasury's domestic and external debt and the guaranteed external debt.

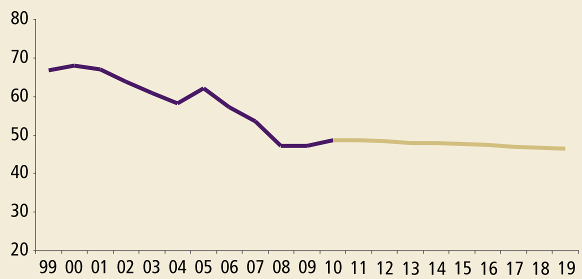
The outstanding Treasury domestic debt increased year-on-year by 9.3 billion to stand at 266.4 billion, representing 77.2 percent of the overall direct debt and 36.2 percent of GDP, compared to 79 percent and 37.3 percent respectively in 2008. The outstanding amount of Treasury bills issued by auction, up 2.1 percent, stood at nearly 258 billion. 32 percent of this amount is held by insurance and provident companies, 27 percent by banks and 18 percent by mutual funds.

### Box 1.8.2: Medium-term sustainability of the Treasury's indebtedness

Bank Al-Maghrib has put in place analyses models of fiscal sustainability in order to assess the impact of the various options and decisions in terms of fiscal policy on the debt and the overall and primary balances.

Simulations were carried out for the period 2010-2019, taking into account data in the 2010 Finance Act and the recent trends both nationally and internationally. Sustainability assessment is conducted on the basis of fiscal adjustment, estimated by the difference between the effective primary balance and the debt primary balance stabilizer, as well as by the trend in the debt ratio.

**Chart B1.8.2.1 : Direct public debt in % of GDP**




The simulation rests on the principle of keeping the implicit fiscal discipline, corresponding to a 3 percent GDP deficit, and assumes a GDP growth close to 5 percent for the analysis period and the absence of privatization receipts as of 2014. The spending trend is expected to stay lower than the long-term trend, while revenues level, in terms of GDP, is expected to be higher compared to its long-term trend (the last 10 years) by 0.6 point of GDP.

Results show a slight increase in the debt ratio compared to GDP, followed by a slight correction as of 2012. The Treasury's debt ratio in percentage of GDP would then drop from 46.9 percent in 2009 to 46.5 percent in 2019. The primary average balance necessary for the stabilization of debt compared to GDP at its 2009 level is -0.44 percent. The gap between this debt stabilizer balance and the primary balance resulting from the projections indicates an average value of 0.54 percent, suggesting that the Treasury debt remains sustainable over the forecast period, taken into account the assumptions adopted.

As to the average cost of the Treasury domestic debt, it dropped year-on-year from 5.35 percent to 5.10 percent on the back of lower interest rates on the auctions' market. As to the structure change by residual maturity, long term bills recorded a drop from 49 percent to 43 percent out of the overall outstanding amount while short term bills grew from 24 percent to 29 percent. In turn, medium-term maturities grew from 27 percent to 28 percent[1].

As to the public external debt stock, up 14.3 percent, it reached 152.9 billion or 20.8 percent of GDP, half of which is accounted for by the guaranteed foreign debt. The Treasury's direct external indebtedness stood at 78.7 billion dirhams, or 10 billion dollars, representing 22.8 percent of the Treasury's indebtedness and 10.7 percent of GDP, compared to 21 percent and 9.9 percent respectively in 2008.

1 Since March 2007, the Treasury has not issued any bills with maturities exceeding five years.

# 1.9 Monetary policy

In 2009, monetary policy was run amid stronger effects of world crisis on the national economy, especially during the first semester. The fall of international commodity prices and inflation in partner countries, combined with sluggish global demand, heavily impacted on inflation development in Morocco, pushing it down to 1 percent this year compared to 3.7 percent in 2008. Core inflation moved from 4.5 percent in 2008 to 0.7 percent, its 20-year low.

This sharp decline in inflation and the moderating medium-run inflationary risks were the main determinants of monetary policy decisions in 2009. Against this backdrop, the Bank Board cut its key rate by 25 basis points during its meeting of March and kept it unchanged for the remainder of the year.

The gradual reduction of the required reserve ratio, started in December 2007, went on in 2009. The Board, noting the scale and persistence of the liquidity squeeze on the money market and viewing the projected development of liquidity autonomous factors, reduced the required reserve ratio twice, from 12 percent to 10 percent, and then to 8 percent starting from October 1, 2009.

At the operational level, Bank Al-Maghrib carried on with its policy aiming to regulate the money market, mainly through liquidity injection by means of 7-day advances at auctions, the purpose being to maintain the interbank rate close to the key rate.

## 1.9.1 Monetary policy decisions

On the whole, the year 2009 was marked by a notable decline in headline inflation and core inflation compared to a year before. They even dipped below their 1.9 percent average observed from 1997 to 2008. This is mainly due to a downturn in international demand for Moroccan products, the continued transmission of the fall in world commodity prices to domestic ones, especially for tradables, as well as to the reduction of pressures exerted by domestic demand and monetary conditions.

Besides, as a result of the moderating medium-term inflationary risks, inflation's consensual forecast was marked down during the first three meetings of the Bank Board. The inflation rate projected for the end of the six-quarter horizon moved from 2.6 percent in the Monetary Policy Report (MPR) of March to 2 percent in the edition of September. Considering the uplift in international economic activity, starting from the third quarter of 2009, as well as the expected transmission of the hike in international prices to domestic ones, the inflation rate foreseen in the MPR of December was revised up to 2.5 percent, a level still in line with medium-term price stability.

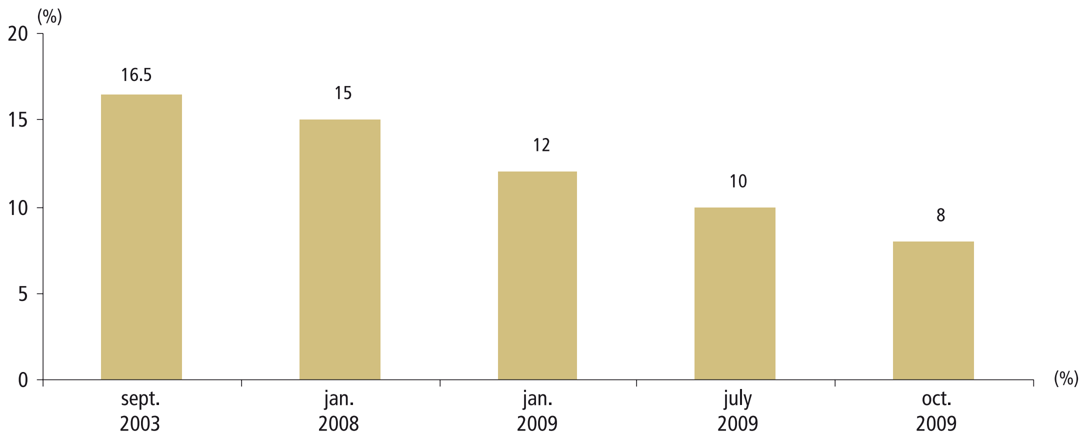
Against this background and while staying extremely vigilant about the development of inflationary risk factors, the Bank Board cut 25 basis points off its key rate in its meeting of March 24, 2009, bringing it down to 3.25 percent, a level kept unchanged during the rest of the year.

**Table 1.9.1 : Monetary policy decisions since 2006**

| | | Liquidity-withdrawal rate | Key rate | Monetary reserve rate |
|---|---|---|---|---|
| 2006 | Q1 | | | |
| | Q2 | | | |
| | Q3 | | | |
| | Q4 | Increase from 2.5% to 2.75% | | |
| 2007 | Q1 | | | |
| | Q2 | | | |
| | Q3 | | | |
| | Q4 | | | Decrease from 16.5% to 15% |
| 2008 | Q1 | | | |
| | Q2 | | | |
| | Q3 | | Increase from 3.25% to 3.50% | |
| | Q4 | | | Decrease from 15% to 12% |
| 2009 | Q1 | | Decrease from 3.50% to 3.25% | |
| | Q2 | | | Decrease from 12% to 10% |
| | Q3 | | | Decrease from 10% to 8% |
| | Q4 | | | |

In parallel, and considering the durability of banks liquidity crunch, Bank Al-Maghrib carried on the lowering of the monetary reserve rate, started in December 2007. A total liquidity of about 17.9 billion dirhams was thus injected as a result of this ratio's decrease to 12 percent in the meeting of December 23, 2008 and to 10 percent on June 16, 2009 and then to 8 percent on October 1, 2009.

**Chart 1.9.1: BAM monetary reserve rate**

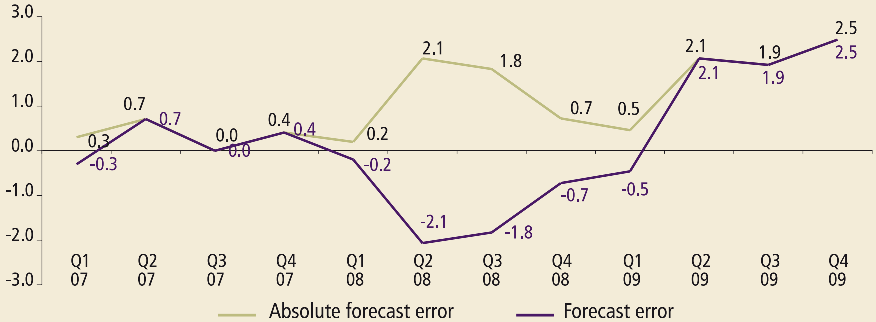


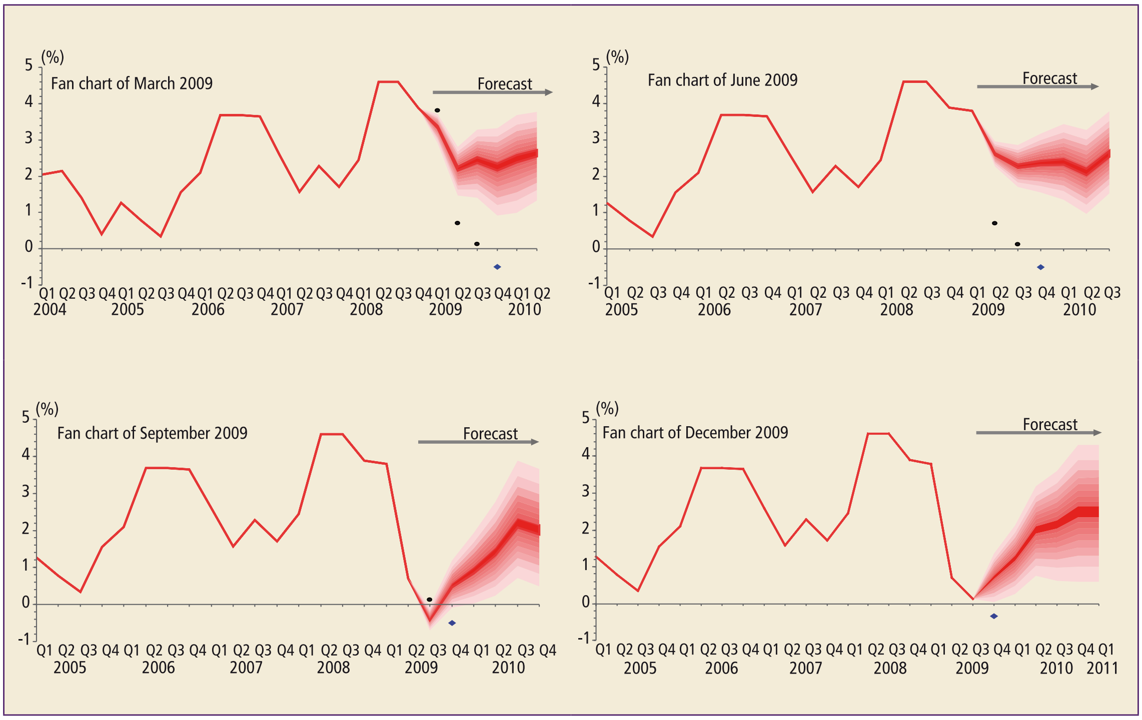
**Box 1.9.1: Evaluation of the inflation forecast in 2009**

The collapse of food and energy commodity prices worldwide as well as the extent to which it passed on to domestic consumer prices were the main reasons for the decline of inflation in 2009. Thus, viewing the projected easing of inflationary pressures and the downtrend in internal and external risks surrounding the central forecast amid a deteriorating international environment and a slower domestic demand, the Bank Board decided, in its meeting of March 24, to decrease the key rate by 25 basis points to 3.25 percent. The registered figures confirmed the consensual forecasts of Bank Al-Maghrib for the year 2009, about a slowdown in inflation.

The mean absolute deviation was 0.7 percentage point in 2009, taking into account a foreseen rate of 1.7 percent against a realized one of 1 percent. This difference is due to the higher-than-expected decrease in staple food and oil prices as well as to the stronger-than-projected fall in both foreign demand and the resulting output capacity utilization rate. As to quarterly forecasts, their evaluation indicates wider gaps, of up to 2.5 percentage points for the fourth quarter. Most of these differences stem from the strong volatility of fresh produce in 2009, following the multiplication of offer shocks, especially climate-related ones.

**Chart B 1.9.1: Gap between the consensual forecast and the realized rate of inflation (In percentage points)**



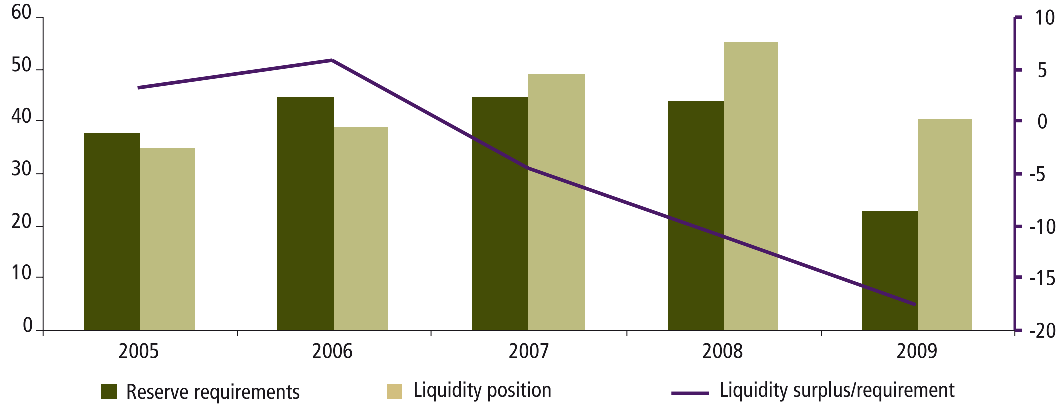



## 1.9.2 Operational aspects of monetary policy

In 2009, the monetary policy was carried out against a background of a 6.7 billion-dirham increase in banks liquidity crunch compared to the year before, which brought the shortage up to 17.7 billion dirhams. This reflects the contraction of the structural liquidity position[1] of banks which was down -from one year to the next and according to end-of-week averages- from 43.7 billion dirhams to 22.8 billion in 2009. However, this deficit would have been larger had the monetary reserve ratio not been lowered twice, bringing the monetary reserve down by 14.6 billion to only 40.5 billion dirhams.

1 The structural liquidity position of banks (SLPB) corresponds to the net effect of liquidity's autonomous factors on banks treasuries. It is calculated as follows: SLPB = Bank Al-Maghrib's net foreign assets + Treasury's net position + other net factors – notes and coins in circulation

**Chart 1.9.2: Liquidity position and the reserve requirements amount (In billions of dirhams)**




In order to keep the interbank rate close to the key rate, liquidity was mainly managed on the money market through 7-day advances at auction.

As to developments during the year, banks cash holdings showed an average deficit of 13.9 billion dirhams during the first five months of the year. This situation essentially resulted from the Treasury's improved net position, as well as from the fall of Bank Al-Maghrib's net foreign assets, itself due to the contraction of travel receipts, remittances by Moroccans residing abroad and direct foreign investment flows. During this period, Bank Al-Maghrib principally intervened through 7-day advances at auction and injected an average 13 billion dirhams, at 3.50 percent between January and March, and at 3.25 percent subsequently. Thus, the interbank overnight rate was 3.31 percent on average.

**Chart 1.9.3: Liquidity position and the monetary reserve amount (end-of-week averages, in billions of dirhams)**

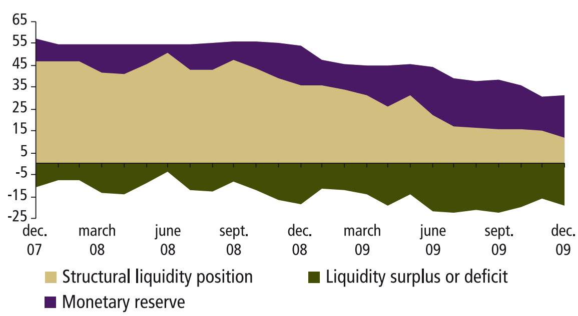
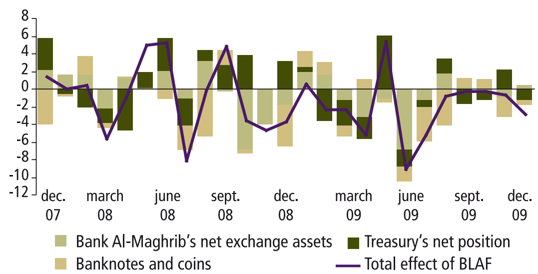


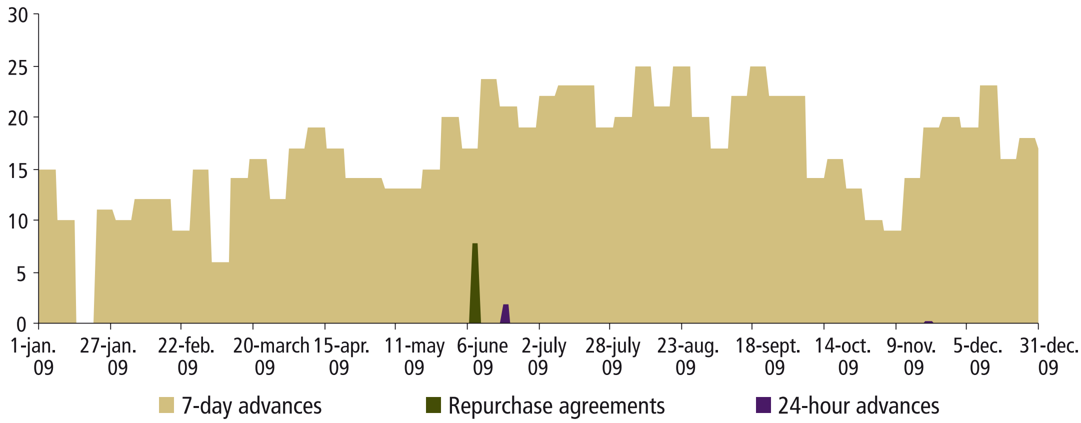

**Chart 1.9.4: Impact of autonomous factors (end-of-week averages, in billions of dirhams)**



Between June and September, banks refinancing requirements further intensified, to an average 21.9 billion dirhams, pushed up by the contracting exchange reserves of the Bank and increasing currency in circulation. To ease pressures on the interbank rate in this period, Bank Al-Maghrib raised the volume of its interventions mainly through 7-day advances at auction at 3.25 percent, to 21.3 billion dirhams. Consequently, the interbank rate averaged 3.18 percent.

As a result of the decreased monetary reserve ratio, in force starting from October, banks' liquidity requirement dropped to 18.3 billion dirhams during the last quarter of the year. In parallel, the Bank adjusted the volume of its interventions, to 17.1 billion dirhams on average during this period, thus maintaining the market balanced at a level close to the key rate.

**Chart 1.9.5: Bank Al-Maghrib interventions**
**(end-of-week data, in billions of dirhams)**




## 1.9.3 Interest rates

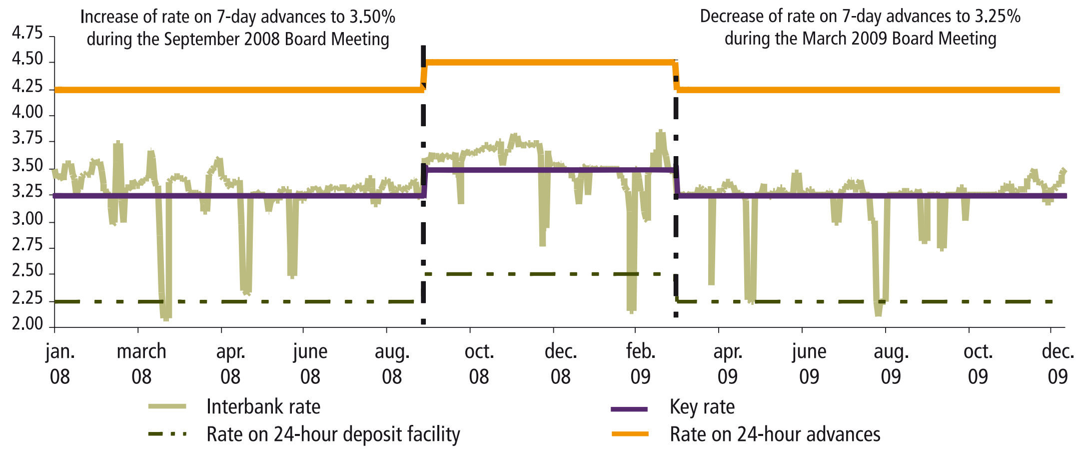
The lowering of the key rate to 3.25 percent, as decided by the Bank Board in March 2009, influenced the development of short-term interest rates which trended downwards overall compared to the year before.

During the first quarter of the year, the interbank overnight rate evolved around an average 3.40 percent, a level close to the key rate of 3.50 percent. From April through November, it trended downwards overall, declining to

3.18 percent on average. This fall translates the effects of the decision, taken by the Board at the end of the first quarter, to cut the key rate by 25 basis points. In December, the interbank rate rose slightly higher than the key rate, to a daily average of 3.35 percent.

Over the year 2009, the interbank overnight rate averaged 3.26 percent, down 11 basis points compared to 2008. Its volatility remained almost stable compared to a year before, while the standard deviation was 0.27.

**Chart 1.9.6: Trend of average weighted rate on the interbank market (daily data)**




In line with variations in the interbank rate, interest rates on short-term Treasury bills trended downwards on the whole in 2009. The latter's yields on the primary market dropped significantly in the second quarter before stabilizing during the rest of the year. Rates on medium-term Treasury bills showed the same trend, except in the last quarter when they posted a relatively significant upturn. As to the secondary market, short-term rates remained almost stable during the last half of 2009 after falling significantly in the second quarter, whereas medium-term rates rose at year-end.

**Table 1.9.2: Rates on Treasury bills on the primary market***

| | Average 06 | Average 07 | Average 08 | 09:Q1 | 09:Q2 | 09:Q3 | 09:Q4 | Average 09 |
|---|---|---|---|---|---|---|---|---|
| **Short-term rates** | | | | | | | | |
| 21 days | - | - | - | 3.48 | - | - | - | 3.48 |
| 13 weeks | 2.60 | 3.24 | 3.52 | 3.58 | 3.26 | 3.25 | 3.25 | 3.33 |
| 26 weeks | 2.70 | 3.27 | 3.68 | 3.65 | 3.31 | 3.27 | 3.28 | 3.38 |
| 52 weeks | 3.03 | 3.20 | 3.63 | 3.75 | 3.35 | 3.33 | 3.37 | 3.45 |
| **Medium and long-term rates** | | | | | | | | |
| 2 years | 3.17 | 3.38 | 3.68 | 3.90 | 3.44 | 3.48 | 3.57 | 3.60 |
| 5 years | 3.61 | 3.57 | 3.86 | 4.05 | 3.69 | 3.68 | 3.74 | 3.79 |
| 10 years | 4.10 | 3.40 | - | - | - | - | - | - |
| 15 years | 4.54 | 3.65 | - | - | - | - | - | - |
| 20 years | 4.87 | 3.81 | - | - | - | - | - | - |
| 30 years | 3.98 | 3.98 | - | - | - | - | - | - |

(*) Arithmetic means

Like 2008, the year 2009 was marked by the absence of long-term Treasury issues. On the secondary market, rates decreased in the second quarter, then posted a slight increase, particularly in the last quarter of the year mainly on the back of higher demand, transactors having sought to increase their portfolio's maturity by acquiring long-term securities.

**Table 1.9.3: Rates on Treasury bills on the secondary market***

| | Average 06 | Average 07 | Average 08 | 09:Q1 | 09:Q2 | 09:Q3 | 09:Q4 | Average 09 |
|---|---|---|---|---|---|---|---|---|
| **Short-term rates** | | | | | | | | |
| 13 weeks | 2.67 | 3.21 | 3.51 | 3.62 | 3.30 | 3.26 | 3.26 | 3.36 |
| 26 weeks | 2.76 | 3.24 | 3.57 | 3.65 | 3.34 | 3.28 | 3.29 | 3.39 |
| 52 weeks | 2.94 | 3.27 | 3.68 | 3.76 | 3.41 | 3.35 | 3.38 | 3.48 |
| **Medium and long-term rates** | | | | | | | | |
| 2 years | 3.15 | 3.34 | 3.79 | 3.87 | 3.52 | 3.48 | 3.54 | 3.60 |
| 5 years | 3.59 | 3.54 | 4.03 | 4.06 | 3.69 | 3.71 | 3.77 | 3.81 |
| 10 years | 4.09 | 3.79 | 4.33 | 4.33 | 4.00 | 4.03 | 4.08 | 4.11 |
| 15 years | 4.55 | 3.97 | 4.59 | 4.66 | 4.57 | 4.34 | 4.37 | 4.48 |
| 20 years | 4.87 | 4.04 | 4.64 | 4.65 | 4.43 | 4.45 | 4.46 | 4.50 |
| 30 years | 4.90 | 4.09 | 4.45 | 4.48 | 4.51 | 4.50 | 4.52 | 4.50 |

(*) Arithmetic means

**Chart 1.9.7: Rates on short-term Treasury bills on the secondary market**

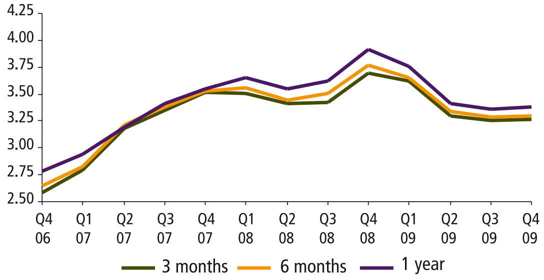
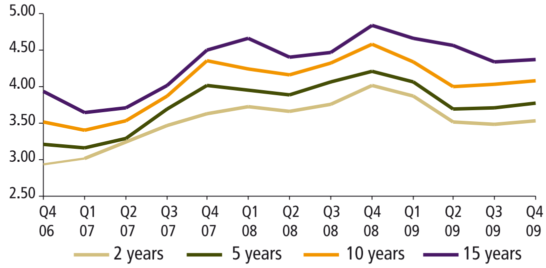



**Chart 1.9.8: Rates on medium and long-term Treasury bills on the secondary market**




The lowering of rates on Treasury bills in 2009 did not impact the yield of savings accounts, due to the six-month timelag stipulated by the indexation mechanism. The minimum rate on passbook accounts with banks[1] rose to 3.20 percent, up 9 basis points compared to a year before, while the minimum rate on passbook accounts with the Caisse d'épargne nationale[2] (National Savings Fund) stabilized at 1.95 percent .

**Table 1.9.4: Minimum rates on passbook accounts**

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Rate on passbook accounts with banks | 2.53 | 2.45 | 3.11 | 3.20 |
| Rate on passbook accounts with the Caisse d'épargne nationale | 1.68 | 1.23 | 1.95 | 1.95 |

As to the borrowing rates applied by banks, their development overall reflected the lagged effect of the key rate's decrease decided at the beginning of the year. After the exceptional surge registered in 2008, the return on time deposits adjusted downwards in 2009, the weighted average rate on 6-month and 12-month deposits having fallen back to 3.66 percent on average, compared to 3.80 percent a year before. The development during the year shows a sharper decline in rates on 6-month deposits. The latter went on falling as of the second quarter of 2009, while rates on 12-month deposits went down in the third quarter before stabilizing in the rest of the year.

1 The minimum rate on passbook accounts with banks is index-linked to the weighted average rate of the 52-week Treasury bills, issued at auction in the preceding semester, reduced by 50 basis points.

2 The minimum rate on passbook accounts with the Caisse d'épargne nationale is index-linked to the weighted average rate of the 5-year Treasury bills, issued at auction in the preceding semester, reduced by 200 basis points.

**Table 1.9.5: Rates on time deposits with banks**

| | Average 06 | Average 07 | Average 08 | 09:Q1 | 09:Q2 | 09:Q3 | 09:Q4 | Average 09 |
|---|---|---|---|---|---|---|---|---|
| 6-month deposits | 3.43 | 3.42 | 3.58 | 3.61 | 3.52 | 3.31 | 3.24 | 3.42 |
| 12-month deposits | 3.67 | 3.67 | 3.91 | 3.91 | 3.96 | 3.68 | 3.69 | 3.81 |
| **6-month and 12-month deposits** | **3.57** | **3.57** | **3.80** | **3.78** | **3.78** | **3.55** | **3.54** | **3.66** |

**Chart 1.9.9: Change in borrowing rates**

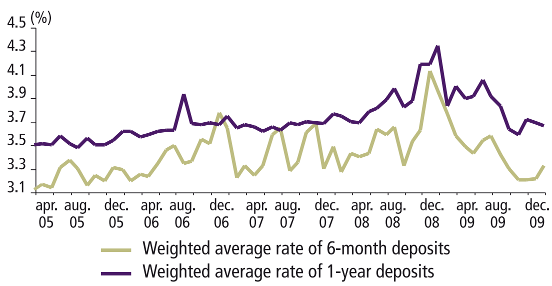
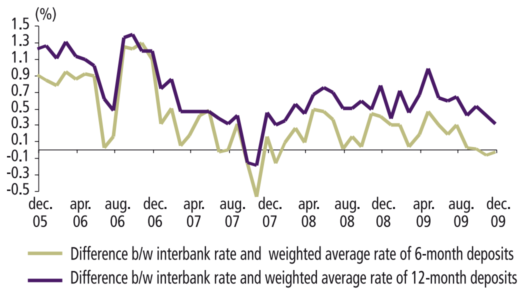
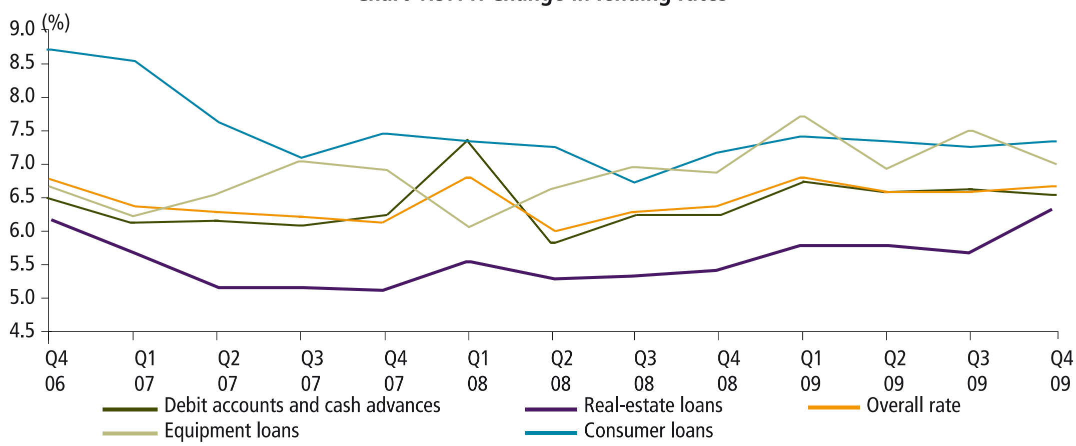



**Chart 1.9.10: Difference between interbank rate and deposits weighted average rate**




As to lending rates, and based on the results of Bank Al-Maghrib's quarterly survey with banks, the average weighted lending rate showed a slight increase, from 6.3 percent to 6.6 percent from one year to the next.

**Chart 1.9.11: Change in lending rates**



The development of the weighted average rate for loans covers varying paces of growth depending on loan types. Rates on cash loans and consumer loans did not change significantly during the last nine months of the year, after increasing in the first quarter to levels higher than in 2008. With regard to rates on equipment loans, more influenced by the borrower's size and the loan's maturity date, their variations were relatively more marked during the year. Finally, rates on real-estate loans increased considerably in the fourth quarter, which contributed to bringing them close to other rates.

**Table 1.9.6: Change in lending rates**

| | 2008 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Debit accounts and cash advances | 7.43 | 5.89 | 6.30 | 6.29 | 6.78 | 6.61 | 6.65 | 6.58 |
| Equipment loans | 6.01 | 6.59 | 6.93 | 6.83 | 7.67 | 6.88 | 7.46 | 6.97 |
| Real-estate loans | 5.50 | 5.24 | 5.31 | 5.36 | 5.75 | 5.75 | 5.61 | 6.29 |
| Consumer loans | 7.27 | 7.22 | 6.66 | 7.14 | 7.38 | 7.29 | 7.22 | 7.30 |
| **Overall rate** | **6.76** | **5.96** | **6.25** | **6.33** | **6.73** | **6.52** | **6.53** | **6.63** |

Source: BAM quarterly survey with banks

## 1.9.4 Exchange rate [1]

Against a backdrop of unstable international financial markets, the American dollar in 2009 rose on average against the pound sterling and the euro and depreciated against the Japanese yen. In these conditions, the dirham posted an average annual increase of 11.6 percent against the pound sterling and 0.9 percent against the euro. On the other hand, it fell 4.4 percent and 14.7 percent against the dollar and the yen, respectively.

1 See statistical appendix A.9.1

**Chart 1.9.12: Transfer exchange rate (monthly average)**

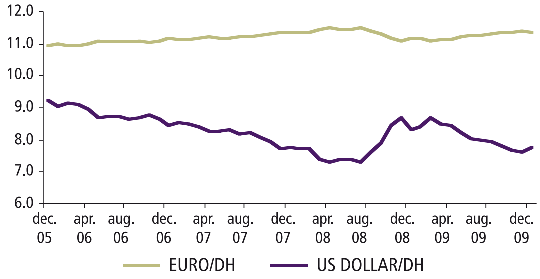
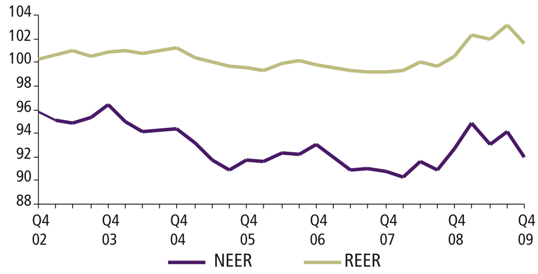



**Chart 1.9.13: Dirham nominal and real effective exchange rates (Base 100 in 2000*)**




Despite the scope of changes in the dirham's bilateral exchange rates against some currencies, the nominal effective exchange rate appreciated only slightly in 2009. Based on Bank Al-Maghrib calculations, the dirham's effective exchange rate gained 2.4 percent on average over the year, in real and in nominal terms alike. The similarity of trends in the national currency's real and nominal values mainly reflects the absence of significant changes in the price differential between Morocco and its main partner countries.

# 1.10 Money, loans and liquid investments[1]

At the end of 2009, the annual growth of M3 again slowed down to 4.6 percent compared to an increase of 10.8 percent in 2008 and a 13.1 percent rise on average over the last five years.

The moderate pace of money creation in 2009 is mainly attributable to the impact of the slowdown in credit growth and the decrease in net foreign assets which declined for the second year in a row, down 3.6 percent compared to 5.3 percent a year earlier. At the same time, the annual growth of loans fell from 22.9 percent to 9.4 percent, a pace which is however comparable to the average observed before the 2007-2008 period of exceptional increases. Net claims on the Government increased 6 percent during the year under review.

After two years of decline, liquid investment aggregates improved in 2009 owing to the appreciation of liquidation values of money market and bond UCITS securities.

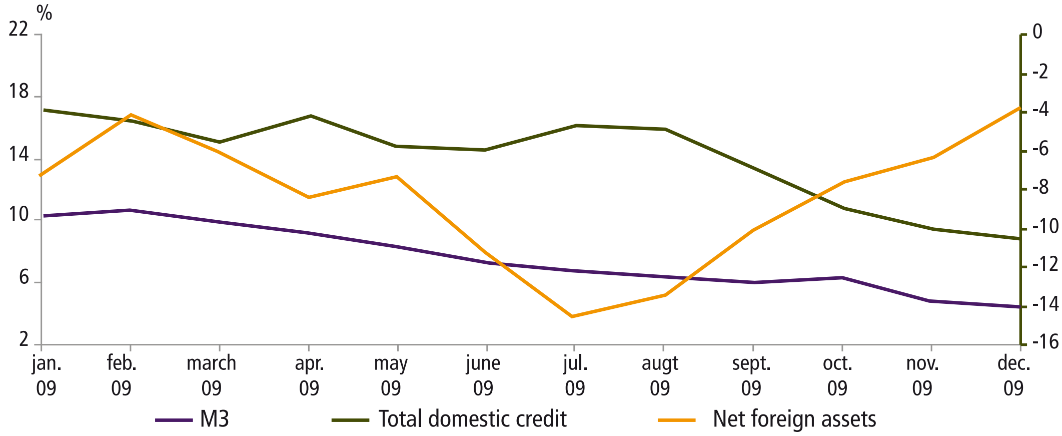
## 1.10.1 M3 aggregate

The growth of money supply in 2009 primarily reflected slowing bank loans' growth coupled with the decreasing nonagricultural growth, as well as the effect of negative shocks on net foreign assets. After nearly stagnating in 2008, net claims on the Government, which were volatile, posted an increase.

After a 10.4 percent increase year-on-year during the first quarter, M3 growth gradually decreased until the end of the year, falling to 6.7 percent on average during the last nine months due to the net foreign assets' contraction and the moderate growth of loans. In December, money supply grew by a mere 4.6 percent, in part reflecting a base effect connected to the considerable expansion of M3 during the same month of the previous year.

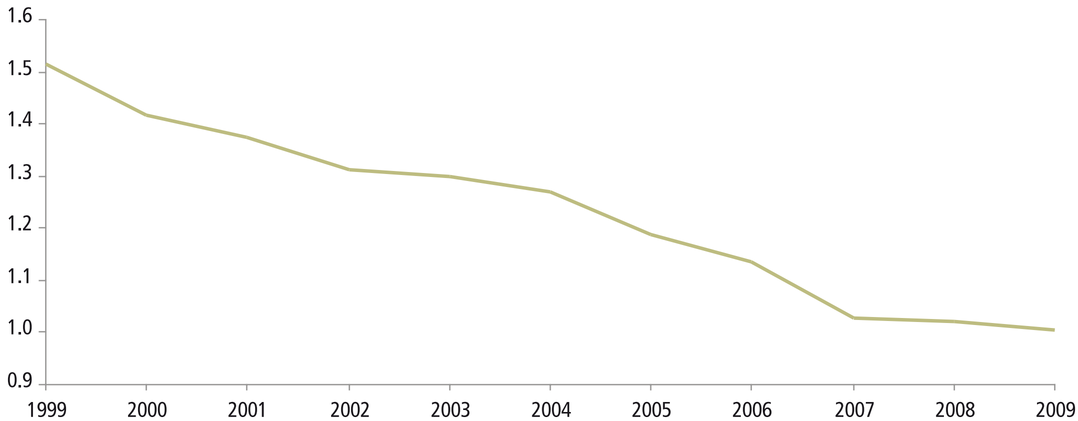
1 See statistical appendices: Tables A10.1 to A10.20

Chart 1.10.1: Annual growth of M3 and its main counterparts




All through the year, the M3 aggregate, measured by average end-of-month outstanding amounts, grew by 7.6 percent, a marked deceleration in comparison with the 12.5 percent and 18.1 percent observed in 2008 and 2007, respectively. As the nominal growth of gross domestic product stood at 6.9 percent, the velocity of circulation settled at 1.01, remaining nearly unchanged compared to 2008.

Chart 1.10.2: Velocity of money circulation



## 1.10.2 M3 components

The annual growth of bank money continued the slowdown trend that began in 2008, whereas time deposits decreased somewhat in 2009 after the significant portfolio reallocation transactions observed the year before. However, demand deposits registered a limited decline while banknotes and coins grew at the same pace of 2008.

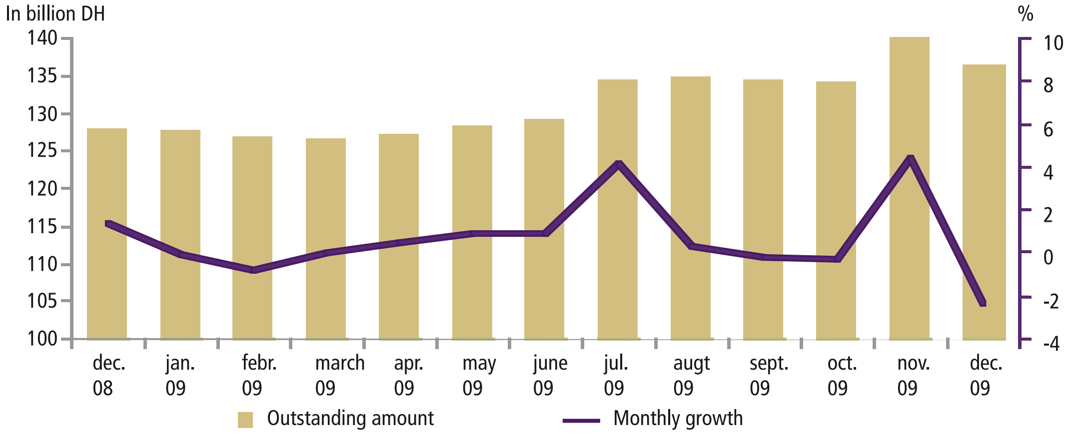
**Table 1.10.1: Change in M3 components**

| | Currency in circulation | Bank money | Demand deposits | Time deposits | M3 |
|---|---|---|---|---|---|
| **Outstanding amount as at the end of December (in million dirhams)** | | | | | |
| 2005 | 89,364 | 227,213 | 59,147 | 99,094 | 474,818 |
| 2006 | 108,601 | 262,686 | 65,077 | 119,161 | 555,525 |
| 2007 | 119,844 | 327,743 | 72,048 | 125,130 | 644,765 |
| 2008 | 127,877 | 353,649 | 79,368 | 153,774 | 714,668 |
| 2009 | 136,434 | 370,851 | 86,670 | 153,371 | 747,326 |
| **Shares in M3 in %** | | | | | |
| 2005 | 18.8 | 47.9 | 12.5 | 20.9 | 100 |
| 2006 | 19.5 | 47.3 | 11.7 | 21.5 | 100 |
| 2007 | 18.6 | 50.8 | 11.2 | 19.4 | 100 |
| 2008 | 17.9 | 49.5 | 11.1 | 21.5 | 100 |
| 2009 | 18.3 | 49.6 | 11.6 | 20.5 | 100 |
| **Change in %** | | | | | |
| 2005 | 12.1 | 15.9 | 11.8 | 12.9 | 14.0 |
| 2006 | 21.5 | 15.6 | 10.0 | 20.3 | 17.0 |
| 2007 | 10.4 | 24.8 | 10.7 | 5.0 | 16.1 |
| 2008 | 6.7 | 7.9 | 10.2 | 22.9 | 10.8 |
| 2009 | 6.7 | 4.9 | 9.2 | -0.3 | 4.6 |
| **Contribution to M3 annual growth as at the end of December** | | | | | |
| 2005 | 16.5 | 53.4 | 10.7 | 19.4 | 100 |
| 2006 | 23.8 | 44.0 | 7.3 | 24.9 | 100 |
| 2007 | 12.6 | 72.9 | 7.8 | 6.7 | 100 |
| 2008 | 11.5 | 37.1 | 10.5 | 41.0 | 100 |
| 2009 | 26.2 | 52.6 | 22.4 | -1.2 | 100 |

## Currency in circulation

Currency in circulation increased at an annual rate of 6.7 percent, a pace similar to that observed at the end of the previous year. Overall, its intra-annual trend remained in line with its seasonal profile. After a decline in the first quarter, banknotes and coins gradually expanded in the second quarter and then rose substantially in July in connection with the summer period. During the rest of the year, currency in circulation did not change markedly, except in November during which it registered the most important increase, in conjunction with the celebration of the Eid Al Adha (Feast of the Sacrifice).

**Chart 1.10.3: Change in the currency in circulation in 2009**




## Bank money

Bank money continued to decelerate for the second year in a row as its annual growth was limited to 4.9 percent from 7.9 percent in 2008. The weak constitution of demand deposits by nonfinancial agents would be mainly attributable to the slowdown in the nonagricultural sector as well as to the decline of transactions on the stock market.

**Chart 1.10.4: Annual growth of bank money and nonagricultural GDP in % (mobile average over four quarters)**

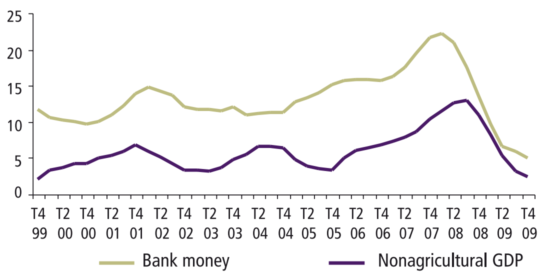
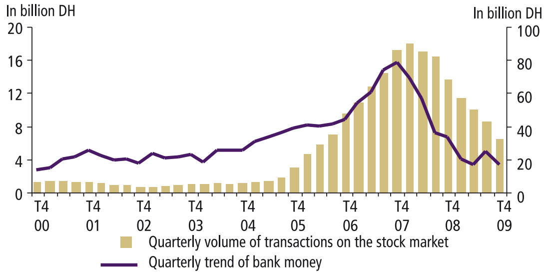
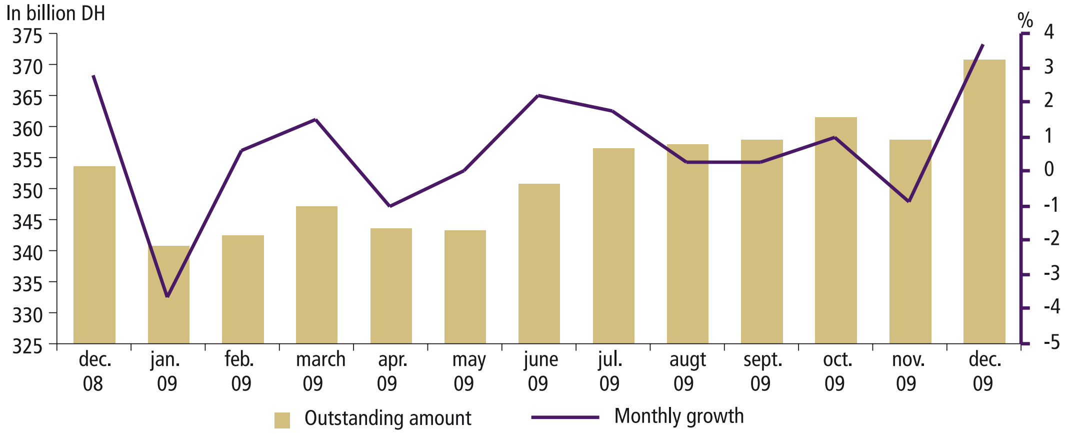



**Chart 1.10.5: Bank money and volume of transactions on the stock market (mobile average over four quarters)**




Like the previous year, seasonal factors largely determined the intra-annual evolution of bank money. Following a downward adjustment in January, the monthly growth of bank money accelerated in March, June and December owing to the constitution of downpayments by businesses for corporate tax payments. There were also increases in June and July, especially under the effect of household demand deposits' increase during this period.

**Chart 1.10.6: Change in bank money**



## Demand deposits

Demand deposits grew 9.2 percent compared with 10.2 percent in 2008 and 10.5 percent on average over the last five years. Their structure is still dominated by passbook accounts representing 82.7 percent while the share of passbook accounts with the Caisse d'épargne nationale (National Savings Fund) stood at 17.3 percent.

**Table 1.10.2: Change in demand deposits**

| Outstanding amounts in million dirhams | End 2007 | End 2008 | | End 2009 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| **Total demand deposits** | **72,048** | **79,368** | **10.2** | **86,669** | **9.2** |
| Passbook accounts with banks | 58,967 | 65,251 | 10.7 | 71,590 | 9.7 |
| Passbook accounts with the Caisse d'épargne nationale | 13,081 | 14,117 | 7.9 | 15,079 | 6.8 |
| **Structure of demand deposits in %** | | | | | |
| Passbook accounts with banks | 81.8 | | 82.2 | | 82.6 |
| Passbook accounts with the Caisse d'épargne nationale | 18.2 | | 17.8 | | 17.4 |

## Time deposits

Consecutively to a 22.9 percent increase in 2008, time deposits remained unchanged in 2009, even falling 0.3 percent at the end of the year, the first decline since 2002. Their intra-annual evolution covers two different periods, characterized by divergent behaviors of nonfinancial agents. Despite the decrease in their interest rates, time deposits during the first nine months of the year remained slightly higher than the level observed at the end of 2008, mainly through the increase of private individuals' deposits. These deposits registered a slight contraction in the fourth quarter, notably due to the decrease in public sector's time deposits, as well as the arbitrage of other nonfinancial agents to the benefit of UCITS securities.

**Chart 1.10.7: Annual change in nonfinancial agents' time deposits and UCITS securities**

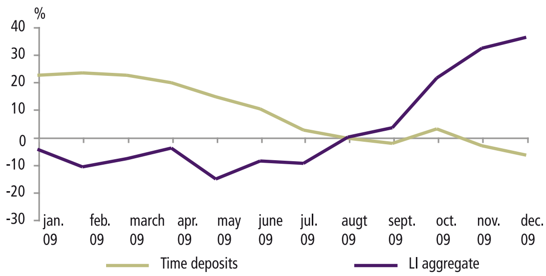
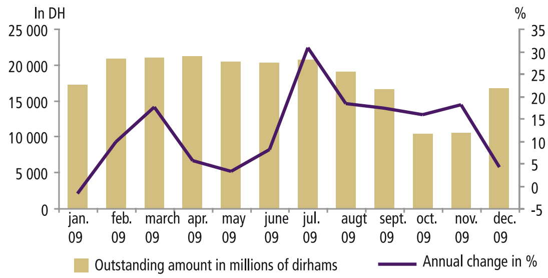



**Chart 1.10.8: Change in public sector time deposits in 2009**




## 1.10.3 Credit and other sources of money creation

The contribution of loans to money creation remains significant, despite the moderate growth from one year to the next. The contribution of net claims on the Government increased from one year-end to the other, while net foreign assets negatively impacted M3 growth.

**Chart 1.10.9: Main counterparts' contribution to M3 annual growth**

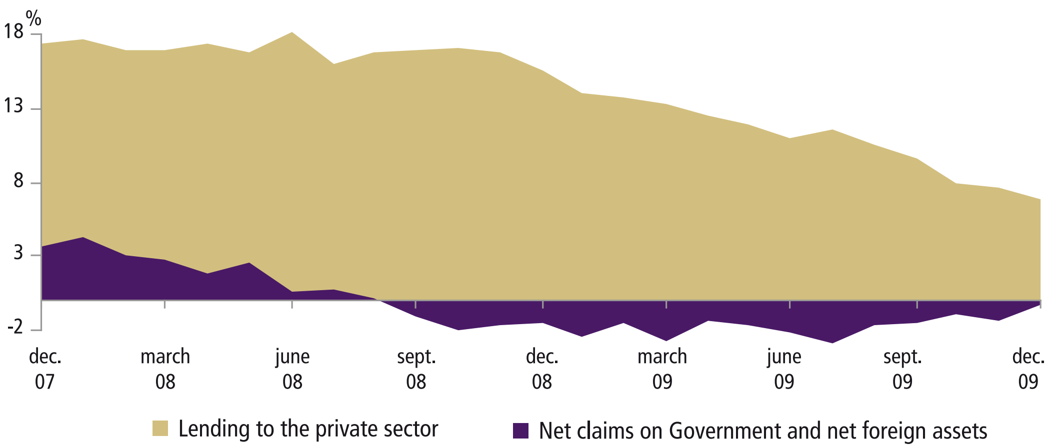


**Table 1.10.3: Change in money supply counterparts**

| | End 2007 | End 2008 | | End 2009 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| **Net foreign assets (I)** | **207,476** | **196,453** | **-5.3** | **189,387** | **-3.6** |
| **Overall domestic credit** | | | | | |
| A. Claims on Government | 79,771 | 80,621 | 1.1 | 85,569 | 6.1 |
| B. Lending to the private sector | 436,285 | 536,200 | 22.9 | 585,317 | 9.2 |
| C. Counterparts of assets with the Caisse d'épargne nationale | 13,081 | 14,117 | 7.9 | 15,079 | 6.8 |
| **Total (A+B+C)** | 529,137 | 630,938 | 19.2 | 685,901 | 8.7 |
| **To be deducted: Nonmonetary resources** | 64,303 | 83,606 | 30.0 | 85,495 | 2.3 |
| **Domestic lending of a monetary nature (II)** | 464,834 | 547,332 | 17.7 | 600,470 | 9.7 |
| **Total of counterparts (I+II)** | **672,310** | **743,785** | **10.6** | **789,857** | **6.2** |
| **Balance of various items** | -27,545 | -29,117 | 5.7 | -42,531 | 46.1 |
| **M3 aggregate** | **644,765** | **714,668** | **10.8** | **747,326** | **4.6** |

## Credit[1]

Credit activity remained strong in 2009 despite the marked slowdown in its growth rate from 22.9 percent to 9.2 percent. The downward trend affected both bank loans as well as those distributed by finance companies. Bank loans indeed increased 9.4 percent, down from 22.9 percent in 2008, while loans granted by finance companies rose only 7.7 percent instead of 17.1 percent a year ago. The slowdown in bank lending in 2009 largely reflects a downward adjustment toward its average trend before the period of exceptional growth. Nonperforming loans shrank somewhat from a year-end to the other, standing at 5.5 percent of total outstanding amount of loans, from 6 percent in 2008.

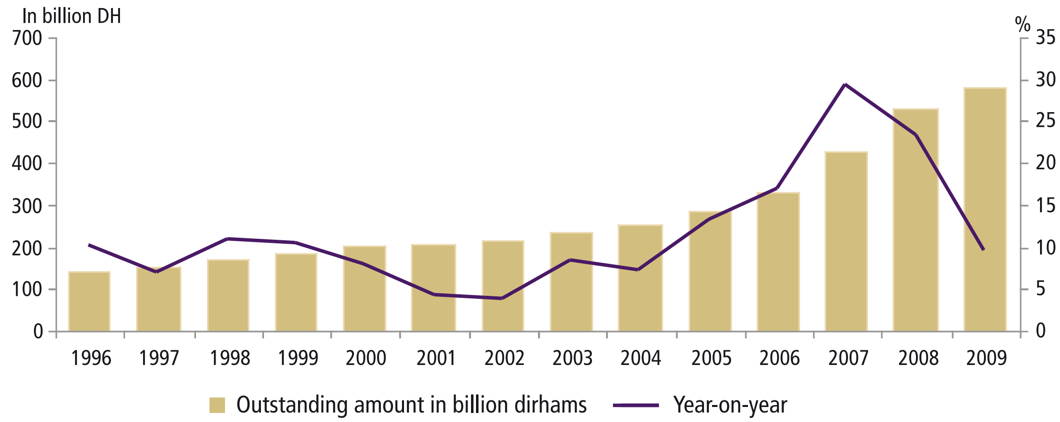
## Bank lending

The overall outstanding amount of loans distributed by banks increased 9.4 percent to 568 billion dirhams, up

1 Restated figures, different from those of monetary statistics.

from 519.3 billion in 2008. Excluding nonperforming loans, bank loans moved up by about 10 percent.

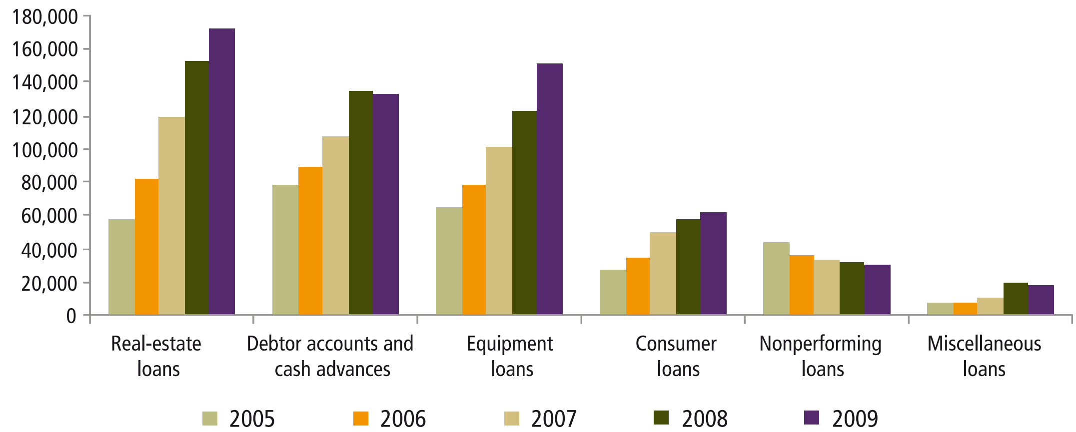
**Chart 1.10.10: Bank loans**




## Breakdown of bank loans by purpose

The slower growth of bank lending in 2009 affected all categories, except for equipment loans whose rate of increase accelerated compared with the previous year.

**Chart 1.10.11: Breakdown of loans by purpose (in million dirhams)**



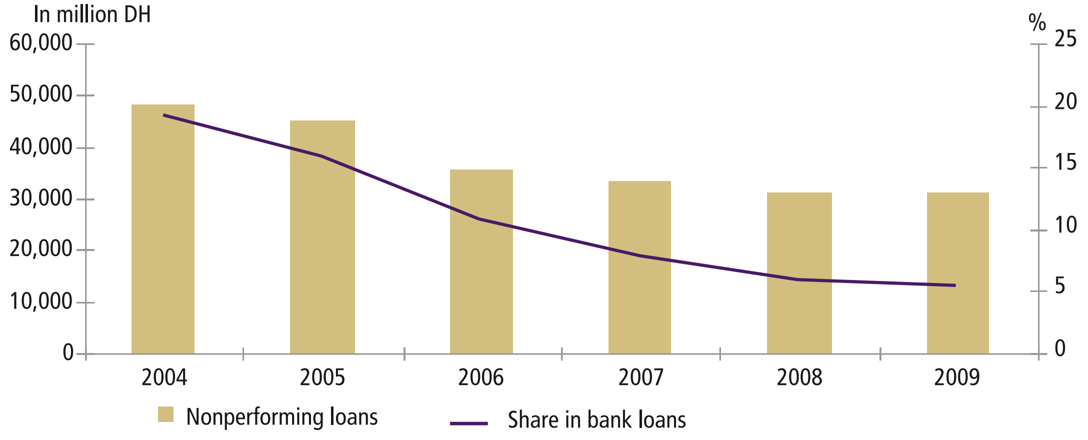
The slowdown was most noticeable in real-estate loans, whose growth rate fell from 27.6 percent in 2008 to 13.2 percent, particularly in relation to the decline in real estate transactions in 2009. At 173 billion dirhams at the end of December, real-estate loans accounted for nearly 30.5 percent of total bank loans.

Moreover, cash advances registered a decline of 2.8 percent to 130 billion dirhams, compared to an increase of 24.6 percent in 2008. Consumer loans, which have experienced strong rises in recent years, slowed down to 7.2 percent, as growth in household consumption slackened.

Equipment loans, despite the slowdown in economic activity, were up 25.1 percent in 2009 to 153.5 billion, reflecting the momentum in investment.

Nonperforming loans continued the downward trend observed since 2005, albeit at a less rapid rate than in 2008, down 0.6 percent instead of 6.4 percent to 31 billion dirhams in 2009. The coverage ratio of nonperforming loans in the entire banking system went down from 75.3 percent to 74.1 percent from one year to another. Except for state banks, that rate declined more sharply from 82 percent in 2008 to 77.1 percent in 2009.

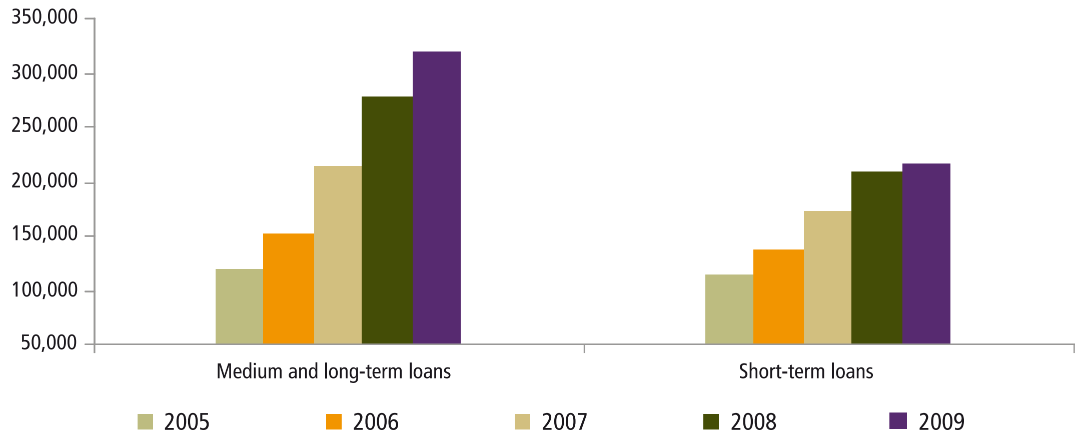
**Chart 1.10.12: Change in NPL and their share in bank loans**



## Breakdown of bank loans by term

At nearly 320 billion dirhams or 56.3 percent of total bank loans, medium and long-term loans increased by 14.9 percent, in connection with the development of equipment and real-estate loans. This rate confirms the continued process of lengthening maturities that began in 2005. Short-term loans amounted to 217 billion dirhams, up only 3.5 percent from 20.4 percent a year earlier.

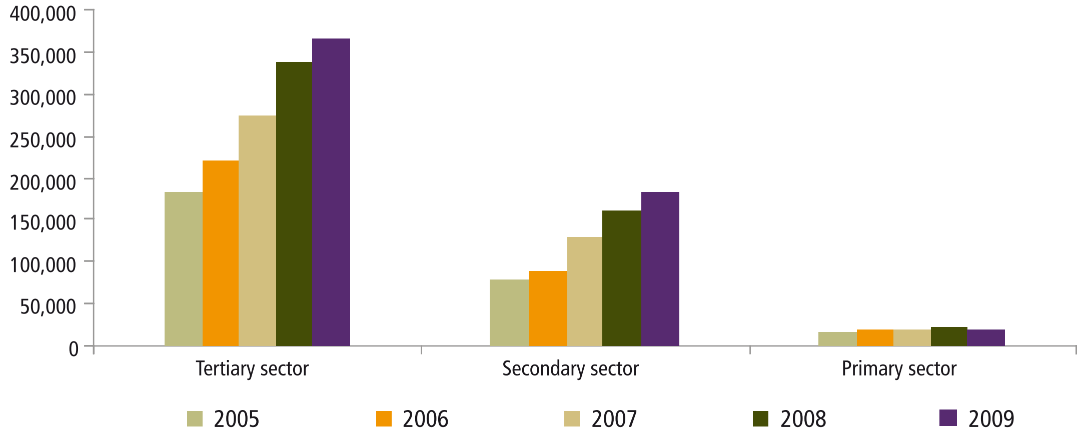
**Chart 1.10.13: Breakdown of bank loans by term (in million dirhams)**




## Breakdown of bank loans by sector

Annual growth of loans to secondary and tertiary sectors fell from 23.4 percent to 10 percent, mostly because of the slowdown in nonagricultural growth, while loans to the primary sector declined 7.8 percent, reflecting the continued reduction of their share in total bank loans since 2004.

**Chart 1.10.14: Sectoral breakdown of bank loans (in million dirhams)**




Loans to the services sector in 2009 amounted to 364.5 billion dirhams, up only 8.4 percent after 23 percent in 2008. These loans were primarily intended for households and financial activities, with respective shares of 43 percent and 19.4 percent of all credits granted to the sector. Loans to the trade industry rose 8.7 percent to 36.8 billion, while those granted to hotels grew 36.7 percent. Lending to the activities of transportation and communication increased a mere 2.5 percent from 7.1 percent a year earlier.

Credit to the secondary sector reached 184 billion dirhams, up 13.6 percent, lower than the 24.1 percent increase achieved in 2008. This development mainly reflects the slowdown in loans to the manufacturing sector, up 11.7 percent from 15.8 percent last December, and the 3.3 percent drop in loans to the energy and water sector. Meanwhile, loans to the extractive industry, which had increased sharply in 2008 following the granting of a 6.9 billion dirhams loan to the Office Chérifien des Phosphates (OCP) (Phosphates Office), grew this year by only 0.2 percent. However, credit to the construction industry and the public works sector rose by 23 percent in 2009, comparable to the rate recorded one year earlier.

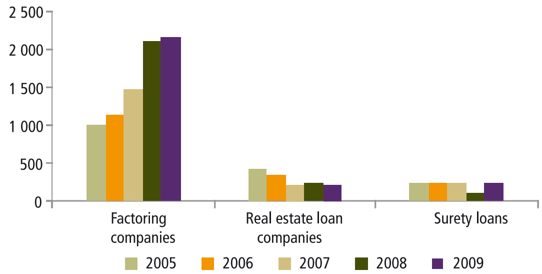
Loans to the primary sector posted a decline of 7.8 percent compared to 2008, to 19.4 billion dirhams. This contraction primarily reflects the 32.6 percent decline in loans to the fisheries sector and to a lesser extent the 3 percent fall in those to agriculture.

## Loans distributed by finance companies

After rising 17.1 percent in 2008, the total outstanding amount of loans granted by finance companies grew by only 9.9 percent to nearly 80 billion dirhams. These loans continue to be provided mainly by consumer loan companies and leasing companies which accounted for 51.5 percent and 45.2 percent, respectively.

**Chart 1.10.15: Growth of loans distributed by consumer loan companies and leasing companies**


**Chart 1.10.16: Loans distributed by finance companies (in million dirhams)**



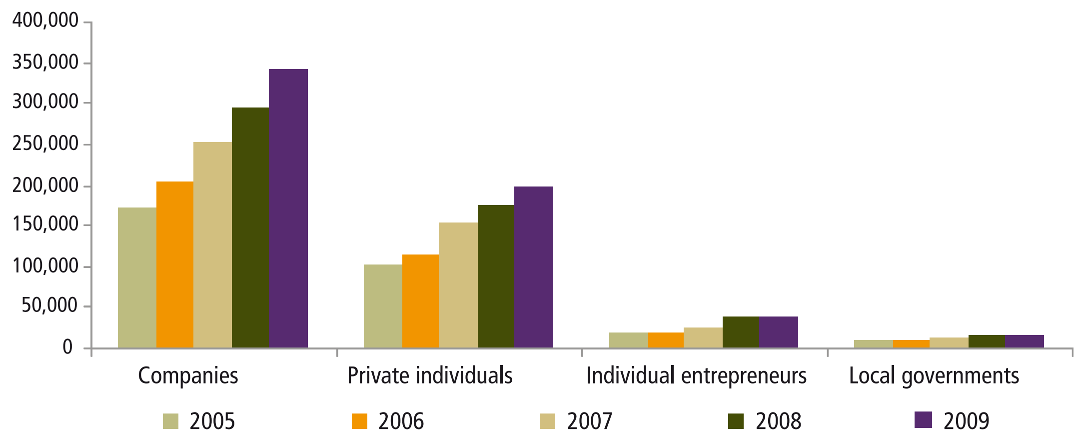

Lending by consumer loan companies, which reached 41 billion dirhams in 2009, rose 7.1 percent down from 14.8 percent one year ago, because of the deceleration in the growth rate of household consumption. Meanwhile, loans granted by leasing companies totaled 36 billion dirhams, up 13.5 percent from 19.3 percent in 2008.

Loans granted by factoring companies registered a slight increase from last year, amounting to 2.2 billion dirhams at the end of 2009. Lastly, lending by surety companies increased markedly to 2.3 billion dirhams, in which commitments by signature represented more than 2 billion.

## Breakdown of loans by economic agents

Corporations and private individuals still represent the main beneficiaries of loans from credit institutions, with respective shares of 57.7 percent and 33.1 percent. Loans to corporations grew by 11.3 percent instead of 23.3 percent in 2008. The increase in loans to individuals fell from 14.6 percent to 12.4 percent, mainly in connection with the slowdown in housing and consumer loans. Lending to individual entrepreneurs remained almost stable compared to the previous year, at 38.6 billion dirhams. Loans to local governments and the general government increased 3.7 percent to 16.2 billion dirhams.

**Chart 1.10.17: Breakdown of bank loans by economic agent**




## Microcredit

Microcredit activity in 2009 reversed the upward trend observed in recent years. Indeed, outstanding loans from the 13 microcredit associations totaled 4.8 billion dirhams, down 16 percent from the previous year. Nonperforming loans rose 2 percent to nearly 307 million in 2009, and their provisioning stood at 59 percent from 68 percent in 2008.

At the same time, the number of microcredit borrowers shrank from 1,247,359 to 916,861 customers in 2009, with 49 percent of women from 54 percent in 2008.

The process of strengthening the regulatory framework governing microcredit activity continued in 2009 with the adoption of the Directive on Governance in Microfinance Institutions. This text specifies, in particular, rules relating to the role of board and management, and provides for a system of internal control to monitor and control risks.

## Box 1.10.1: Survey on loan conditions in 2009

The annual survey of Bank Al-Maghrib on loan conditions in 2009 was conducted among eight banks with a market share of 90 percent in loan distribution. Results of this survey indicate that banks this year tightened conditions of credit for businesses because of a risk perception affected by the deteriorating economic outlook and the rising costs of resources. Large corporations were most affected by the crunch, followed by SMEs and very small firms. The survey also showed that banks intend to continue this tightening in 2010, but in a less pronounced manner than in 2009.

**Chart B1.10.1: Change in interest rates on loans for businesses in 2009**

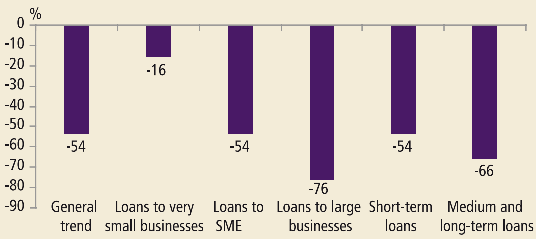
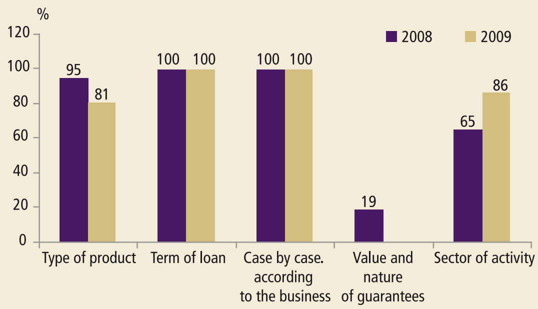



**Chart B1.10.2: Factors determining interest rates applied to loans**




Despite the tightening of financing conditions, the demand for credit from SMEs, very small firms and large corporations continued to grow. In addition, the survey suggests that nearly 13 percent of loan applications from very small firms and 8 percent from SMEs were rejected in 2009. Interest rates applied to loans to enterprises were mainly influenced by loan maturity, the sector of activity and product type.

**Chart B1.10.3: Factors influencing demand for loans by businesses**

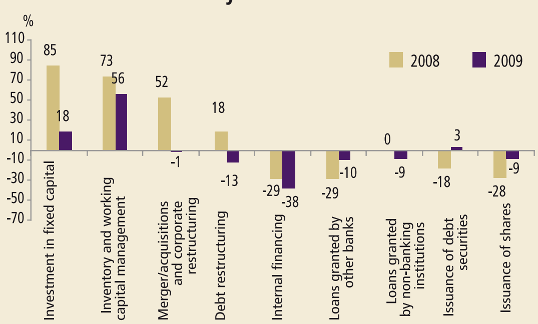
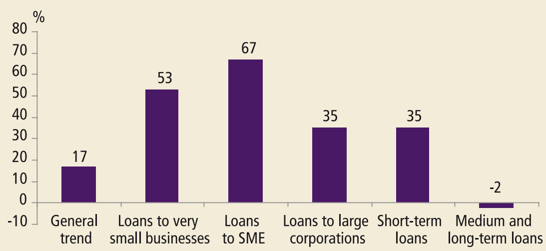



**Chart B1.10.4: Change in corporate demand for loans**




Households' demand for loans declined, both for property loans and consumer loans. Banks attributed the fall in property loans mainly to the gradual deterioration of the housing market outlook, whereas they considered that consumer loans were dragged down by competition among banks and other financial institutions. For the full year 2010, the demand for property loans is expected to improve somewhat, while the decline in consumer loans would continue. Concerning the policy of loan granting to households, the conditions of property loans did not change, while those relating to consumer loans tightened considerably.

## 1.10.4 Other sources of money creation

### Net foreign assets

Against the backdrop of unfavorable international conditions, the net foreign assets shrank by 3.6 percent this year, particularly in connection with the contraction in remittances of Moroccans living abroad, travel receipts and foreign direct investment. However, the annual decline in net foreign assets was less pronounced than the 5.3 percent recorded last year, mainly due to a slight reduction in the trade deficit and a slowdown in the pace of decline in travel receipts.

The structure of foreign exchange reserves was characterized, as in 2008, by a slight decline in the share of banks that fell from 8 percent to 7.3 percent.

**Chart 1.10.18: Annual growth of net foreign assets**

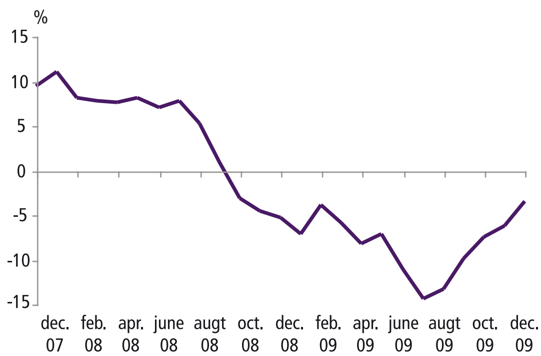
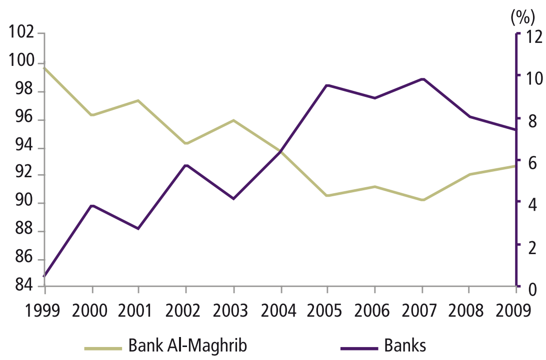


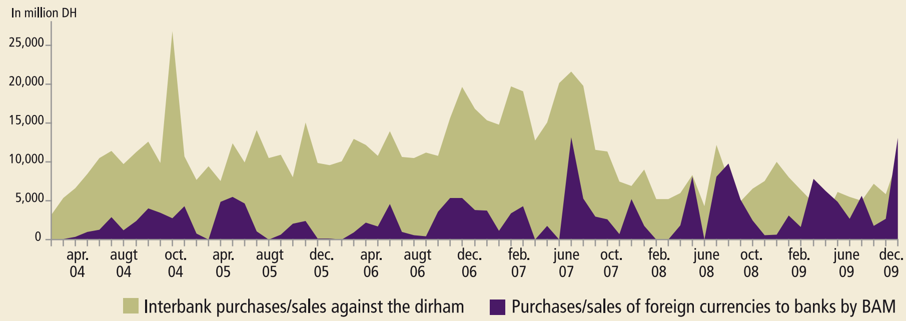

**Chart 1.10.19: Change in the structure of net foreign assets**



**Box 1.10.2 : Transactions on the foreign exchange market in 2009**

During the year 2009, the interbank spot foreign exchange transactions against the dirham registered a monthly average of 7.3 billion dirhams, up 5 percent from the previous year. Purchases of foreign currencies by banks from Bank Al-Maghrib increased at an annual rate of 17 percent to 4.2 billion dirhams.

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




After a decline of 48 percent in 2008, forward purchases of foreign currencies to hedge imports decreased 21 percent to an average of 6.7 billion dirhams. In contrast, forward sales to cover exports moved up from 949 million to 1.4 billion dirhams.

Arbitrage operations conducted by banks with their foreign correspondents fell by almost 10 billion dirhams to 46 billion. Foreign currency deposits and investments abroad declined, for the second consecutive year, by approximately 30 percent to 6.3 billion dirhams.

Against this backdrop, long and short foreign exchange positions of banks stood at 7 percent and 0.4 percent, respectively, compared with 4 percent and 1.8 percent.

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

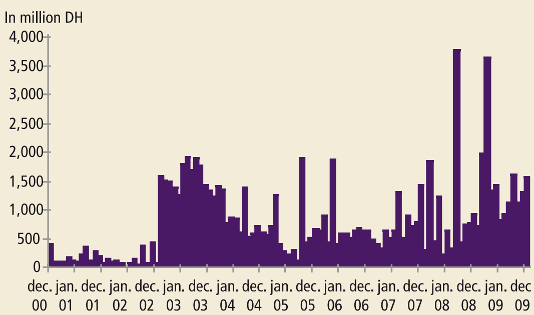
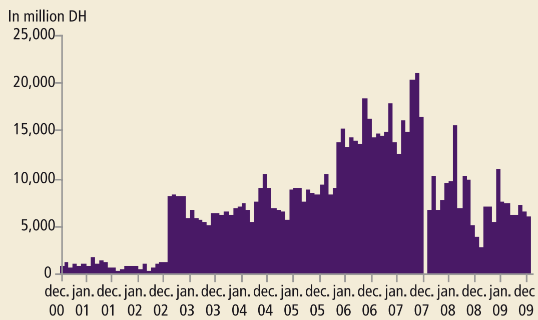



**Chart B1.10.2.3: Forward purchases of foreign currencies**



# Net claims on the Government

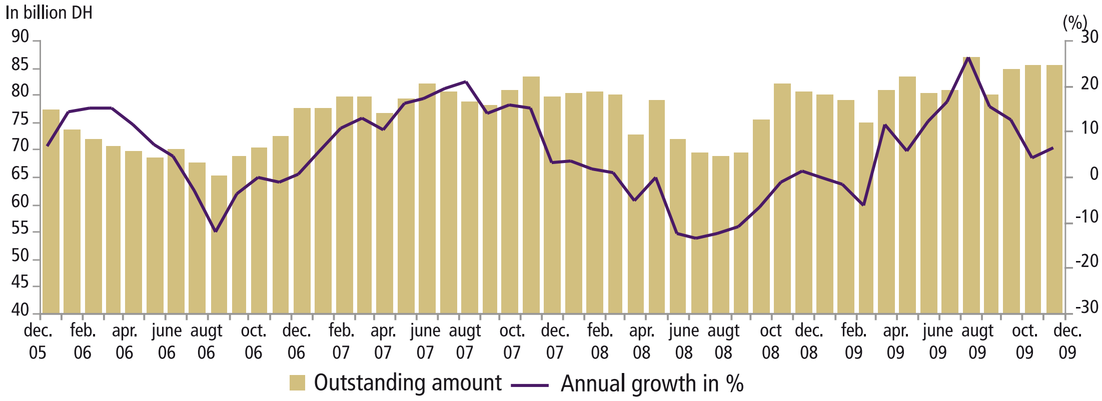
After remaining almost stationary last year, net claims on the Government went up 6 percent, following increased purchases of Treasury bills by banks.

Regarding the intra-annual changes, net claims on the Government registered a decrease during the first quarter before scoring increases during the rest of the year, primarily reflecting higher purchases of Treasury bills by banks.

**Table 1.10.4: Net claims on Government**

| Outstanding amount in millions of dirhams | End 2007 | End 2008 | | End 2009 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| Net claims on Government | 79,771 | 80,621 | 1.1 | 85,569 | 6.1 |
| Net claims of Bank Al-Maghrib | -3,421 | -1,260 | -63.2 | -4,297 | 241.0 |
| Banks' claims | 73,490 | 70,829 | -3.6 | 78,008 | 10.1 |
| Claims of nonfinancial corporations and private individuals | 9,702 | 11,052 | 13.9 | 11,858 | 7.3 |

**Chart 1.10.20: Change in net claims on Government**



## 1.10.5 Liquid investment aggregates

The outstanding amount of liquid investment aggregates, which primarily includes UCITS securities held by nonfinancial agents, improved markedly in 2009 after two years of decline, increasing at annual rate of 27 percent to 54.4 billion dirhams. This growth is in large part related to the upturn in demand from nonfinancial corporations, supported by rising yields on bond and money market UCITS.

**Table 1.10.5: Liquid investment aggregates**

| Outstanding amount in millions of dirhams | End 2007 | End 2008 | | End 2009 | |
|---|---|---|---|---|---|
| | Outstanding amount | Outstanding amount | Change in % | Outstanding amount | Change in % |
| LI 1 aggregate | 717 | 1,025 | 43.0 | 1,823 | 77.9 |
| LI 2 aggregate | 19,412 | 20,512 | 5.7 | 24,669 | 20.3 |
| LI 3 aggregate | 22,642 | 16,526 | - 27.0 | 23,719 | 43.5 |
| LI 4 aggregate | 7,966 | 4,804 | - 39.7 | 4,238 | -11.8 |
| **Total LI** | **50,737** | **42,867** | **- 15.5** | **54,449** | **27.0** |

## LI1 aggregate

Made up of Treasury bonds and other negotiable debt securities, the outstanding amount LI1 aggregate rose to 1.8 billion dirhams, due to increased purchases of Treasury bonds by private individuals and nonfinancial corporations.

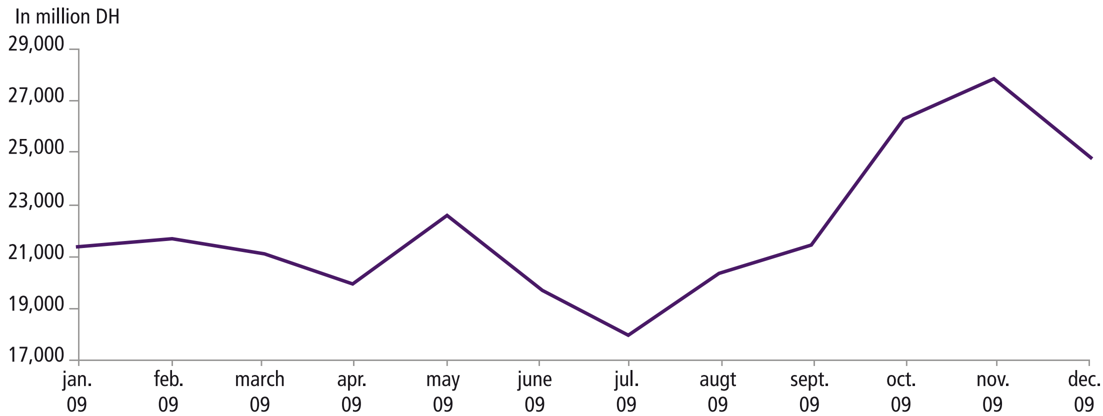
**Table 1.10.6: Change in LI aggregate**

| Outstanding amount in dirhams | End 2006 | End 2007 | End 2008 | End 2009 |
|---|---|---|---|---|
| Treasury bills | 3,855 | 620 | 365 | 1,427 |
| Commercial papers | 0 | 0 | 405 | 0 |
| Bonds issued by finance companies | 492 | 97 | 30 | 20 |
| Securities of contractual UCITS | - | - | 225 | 376 |
| **Total LI 1** | **4,347** | **717** | **1,025** | **1,823** |

## Securities of money market UCITS: LI2 aggregate

The growth rate of money market UCITS securities -included under the LI2 aggregate- accelerated to 20.3 percent from 5.7 percent, bringing the outstanding amount to 24.7 billion dirhams. During the first seven months of the year, the latter has hovered around the level reached in December 2008, before trending upward until November, in conjunction with the fall in time deposits during the same period. In December, the LI2 aggregate registered a sharp decline, mostly because of the one-time adjustments of nonfinancial agents' portfolios.

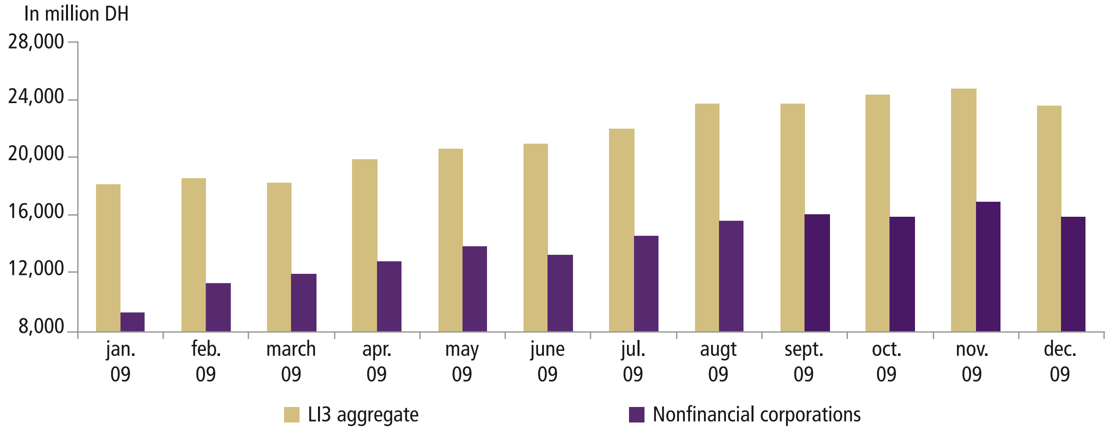
**Chart 1.10.21: Annual change in nonfinancial agents' securities in money market UCITS**




## Securities of bond UCITS: LI3 aggregate

At the end of fiscal 2009, the outstanding amount of LI3 aggregate, which consists of securities issued by bond UCITS, totaled 23.7 billion dirhams, up 43.5 percent, reflecting increasing demand from nonfinancial corporations and the impact of reduced rates on medium and long-term Treasury bonds compared to 2008. LI3 aggregate grew almost steadily in 2009, with the exception of December which registered a rise in redemptions.

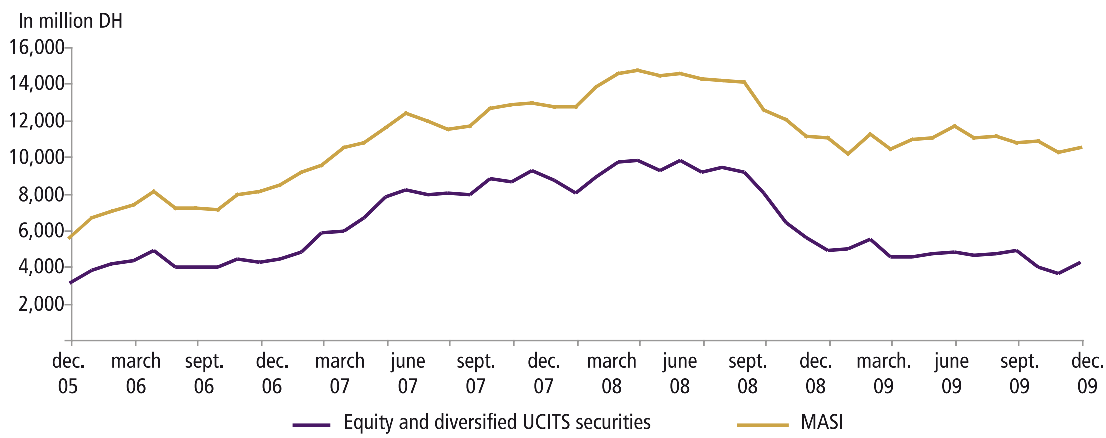
Chart 1.10.22: Nonfinancial corporations' investments in bond UCITS securities




# Securities of equity and diversified UCITS: LI4 aggregate

Reflecting the change in prices on the Casablanca Stock Exchange, the LI4 aggregate which includes securities of equity and diversified UCITS held by nonfinancial agents, decreased 11.8 percent, far below the 40 percent recorded the previous year.

Chart 1.10.23: LI 4 and MASI index



# Liquidity of the economy

The growth in the economy's liquidity -composed of M3 and the total liquid investment aggregates captured through the average monthly outstanding amounts- slowed for the second consecutive year, from 11.2 percent in 2008 to 7.1 percent. Given a 6.9 percent growth in the GDP at current prices, the liquidity ratio of the economy remained almost unchanged at 105.4 percent.

Chart 1.10.24: Change in the liquidity of the economy

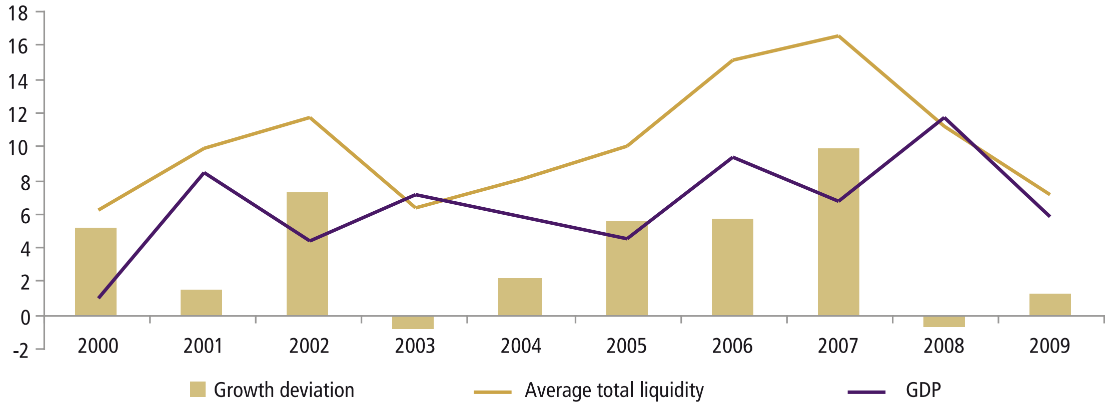



Table 1.10.7: Liquidity ratio of the economy (in %)

| | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| M3/GDP | 84.1 | 87.9 | 97.3 | 97.9 | 98.6 |
| M3/GNDI | 78.0 | 81.3 | 89.3 | 90.5 | 93.1 |
| Total liquidity/GDP | 92.0 | 96.8 | 105.7 | 105.1 | 105.4 |
| Total liquidity/GNDI | 85.3 | 89.4 | 97.0 | 97.2 | 99.5 |

*Provisional data

# 1.11 The Stock market, Private dept and Asset management

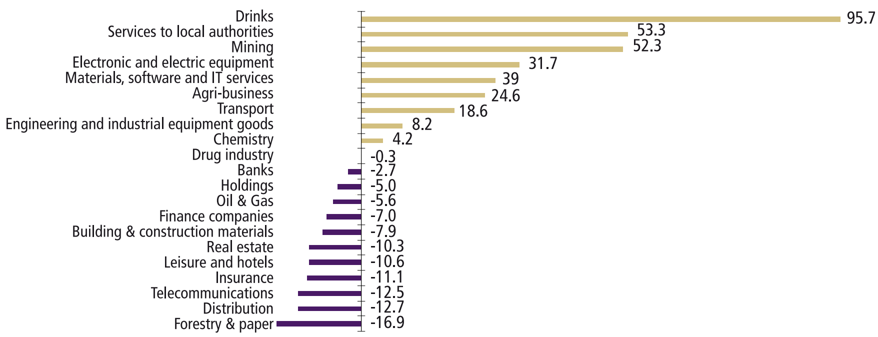
In 2009, capital markets activity recorded a decrease -although at a lower pace- of stock indexes as well as a reduction in the issuance of negotiable debt securities, especially certificates of deposits. As to bond loans, they remained buoyant while net assets under management by UCITS increased.

## 1.11.1 The stock market

The downward trend of share prices continued for the second year in a row. Indeed, following the 13 percent drop in 2008, MASI and MADEX indexes fell 4.9 percent and 6.6 percent respectively in 2009[1] (See Box 1.11.1).

Analysis of sectoral indexes shows diverging trends in 2009. Distribution and telecommunications sectors registered a drop by more than 12 percent, while real-estate, building and construction materials sectors fell respectively 10.3 percent and nearly 8 percent. The banking and finance companies sectors also reported a disappointing performance at respectively 2.7 percent and 7 percent. Conversely, the drinks index almost doubled year-on-year, while the mining sector index rose 52.3 percent. The agri-business and chemicals indexes also reported rises at respectively 24.6 percent and 4.2 percent.

**Chart 1.11.1: Sectoral indexes (in %)**




Source: Casablanca stock exchange

1 See Table A11.4

**Box 1.11.1 : Change in MASI index over the period 2003-2009**

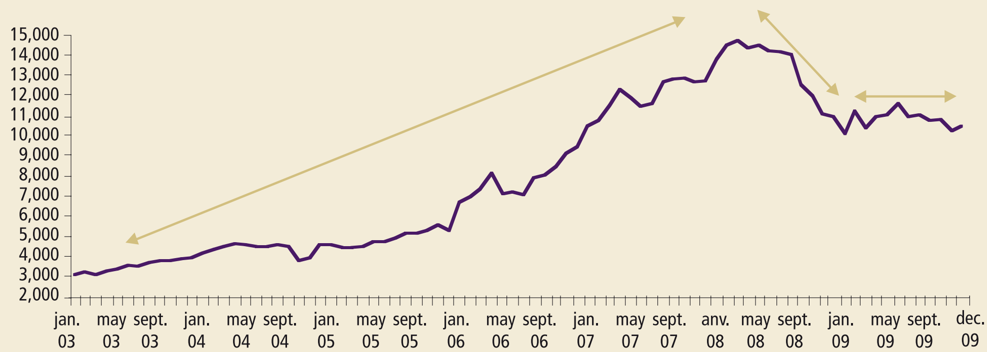
Overall, three major phases can be singled out:

• A phase of sustained growth from 2003 to 2007: Over this period, the Casablanca stock exchange market registered a strong growth underpinned by a growing interest on the part of both institutional and individual investors. The average annual performance of the MASI index stood at 34.9 percent, even exceeding 71 percent in 2006. The number of listed companies rose from 52 to 73 during this period (20 new listed companies in 2006 and 2007). Shares had overall registered a marked rise.

• A correction phase in 2008: As of August, the MASI began a downward trend before closing the year on a 13 percent drop. The number of initial public offerings (IPO) was limited to 5 while share prices substantially slumped, in a context of uncertainties related to the international financial environment, despite the limited interconnection between the Moroccan market and foreign financial centers.

• A phase marked by a slowdown in the decline: In 2009, the annual drop stood at 4.9 percent and no IPO operation was introduced on the market.

**Chart B 1.11.1 : the MASI index change**




Source: Casablanca stock exchange

Following the dip in share prices, the value of the Casablanca stock exchange, measured by the Price Earning Ratio (PER), stood at 16 compared to 17.4 a year earlier (See Box 1.11.2).

### Box 1.11.2 : Change in stock market indicators: International comparison

Compared to the trend in other emerging markets, the MASI index saw a contraction, unlike the other markets, which generally bounced back. In addition, the Casablanca stock exchange PER, despite its drop, remained quite high compared to other markets of similar size.

**Chart B1.11.2.1: Stock market index change in 2009**

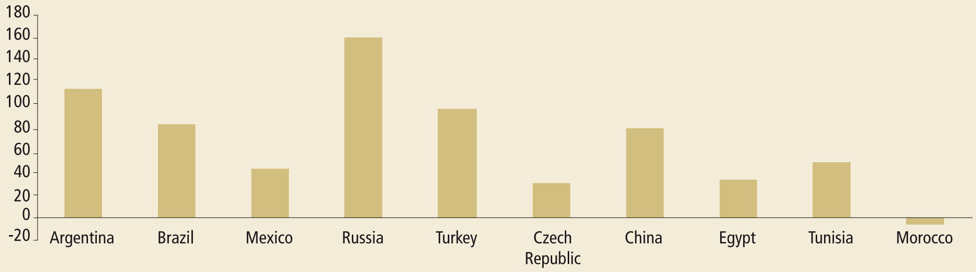
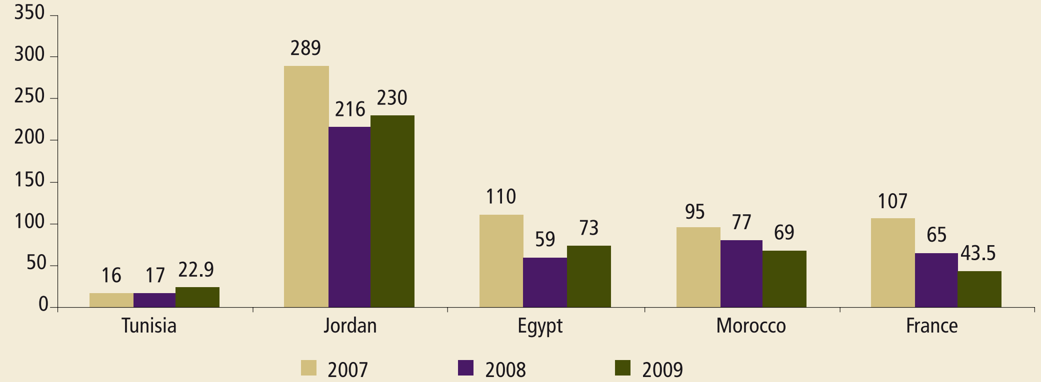



**Table B1.11.2.2 : Price Earning Ratio (PER)**

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Latin America** | | | | |
| Brazil | 11.8 | 14.0 | 17.5 | 9.9 |
| Chile | 17.8 | 20.0 | 17.0 | 13.8 |
| Mexico | 13.4 | 13.8 | 14.1 | 16.8 |
| **Europe** | | | | |
| Czech republic | 20.6 | 25.4 | 18.6 | 11.1 |
| Hungary | 18.8 | 16.7 | 12.8 | 10.1 |
| Turkey | 14.7 | 12.9 | 10 | 8.4 |
| Russia | 14.3 | 12.7 | 12.3 | 7.2 |
| **Asia** | | | | |
| China | 13.5 | 21.1 | 18.4 | 14.1 |
| **Africa** | | | | |
| South Africa | 14.5 | 17.0 | 15.5 | 10.1 |
| **Morocco** | **22.8** | **22.2** | **17.4** | **16.0** |

Sources: Casablanca Stock exchange and Datastream

**Chart B1.11.2.2 : Market capitalization ratio/ GDP (in %)**




Sources: Casablanca Stock exchange and Datastream

At 508.9 billion, market capitalization dropped for the second year in a row, albeit at a less pronounced pace, by 4.3 percent compared to 9.3 percent in 2008. This decrease is attributed solely to the dip in share prices, while the number of listed companies remained unchanged. As to capital increase operations, they grew from 5.8 billion to 6.4 billion from one year to the next. The absence of IPO's and the weak volume of capital increase operations reflect the limited contribution of the stock exchange in the financing of the economy.

The volume of transactions, amounting to 144.4 billion dirhams, fell 40.8 percent after the 32.1 percent decrease in 2008. This trend led to a drop in the liquidity ratio which edged down from 16.6 percent to 10.7 percent. In addition, scalping operations carried out by investors as part of their portfolio readjustments were lower in 2009, being limited to 36.8 billion dirhams compared to 59.1 billion in 2008. By segment, the central market which drained more than 60 percent of the overall volume in 2009 continued to attract the majority of operations amounting to 71.9 billion dirhams.

Concerning the profitability of stock market investments, the dividends distributed by listed companies continued their upward trend to reach 21.2 billion, compared to 19.5 billion in 2008, raising therefore the overall average return rate to 4.2 percent instead of 3.7 percent in 2008.

Foreign investments in listed shares dropped in turn 6.45 percent to stand at 145 billion dirhams. This decrease is due to the depreciation of securities composing foreign investors' portfolios. As to the share of foreign investments in market capitalization, it slightly decreased from 26.8 percent in 2008 to 26 percent on the back of the poor performance of the shares' portfolios held by foreigners which was more important compared to the stock market index in 2009. Excluding strategic stakes, the share of foreign capital in listed securities, while increasing slightly, remained low as it represented only 2.5 percent of market capitalization compared to 2.3 percent in 2008.

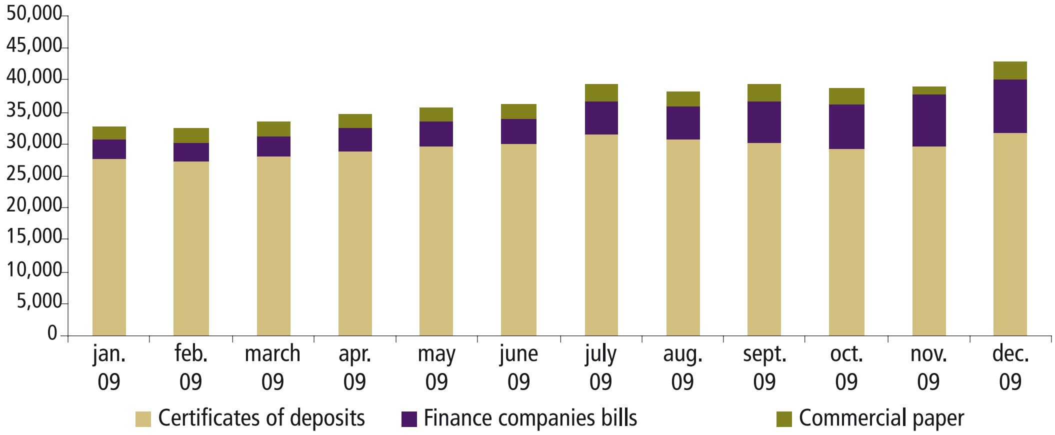
## 1.11.2 Negotiable debt securities

After reaching nearly 39 billion dirhams in 2008, gross issuance of negotiable debt securities dropped 22.5 percent in 2009 to stand at 30.1 billion dirham. This decrease is mainly attributable to the decline in new issues of certificates of deposits which fell from 30 billion in 2008 to 20.6 billion dirhams in 2009. Similarly, the issuance of commercial paper fell to 3.5 billion compared to 7.7 billion. As to the issuance of finance company bonds, it registered a marked increase to stand at 6 billion dirhams in 2009 against 1.1 billion in 2008. Since repayments stood at 21.5 billion dirhams, the outstanding amount of negotiable debt securities rose from 31.8 billion in 2008 to 42.7 billion dirhams in 2009[1].

Interest rates applied to these securities changed differently according to each instrument. For certificates of deposits, rates on the most frequent maturity, that is the 2-year certificates, varied between 3.60 percent and 4.55 percent compared to 4.15 percent and 4.70 percent. Concerning finance company bonds, rates on 3-year maturity securities ranged between 4.20 percent and 4.75 percent against 4.15 percent and 4.61 percent. As to commercial paper, rates on 3-month maturities ranged between 3.64 percent and 4.60 percent compared to 3.90 percent and 4.40 percent.

1 See Table A11.5

**Chart 1.11.2: Change in the outstanding amount of negotiable debt securities (In millions of dirhams)**




Source: Casablanca stock exchange

## 1.11.3 Bond issuance

Bond issuance of financial and nonfinancial companies stood at 13.1 billion dirhams[1] in 2009, an amount almost similar to the one registered in 2008.

Banks issued borrowings amounting to 6.4 billion to meet the need to strengthen their capital in line with the recommendations of Bank Al-Maghrib. Interest rates applied to the most frequent maturity (10-year) fluctuated between 4.42 percent and 5.60 percent instead of 4.65 percent and 5.60 percent.

For their part, nonfinancial companies' bonds reached 6.7 billion with maturities ranging between one year and 20 years. Rates on 10-year maturities varied between 4.27 percent and 5.10 percent compared to 4.91 percent.

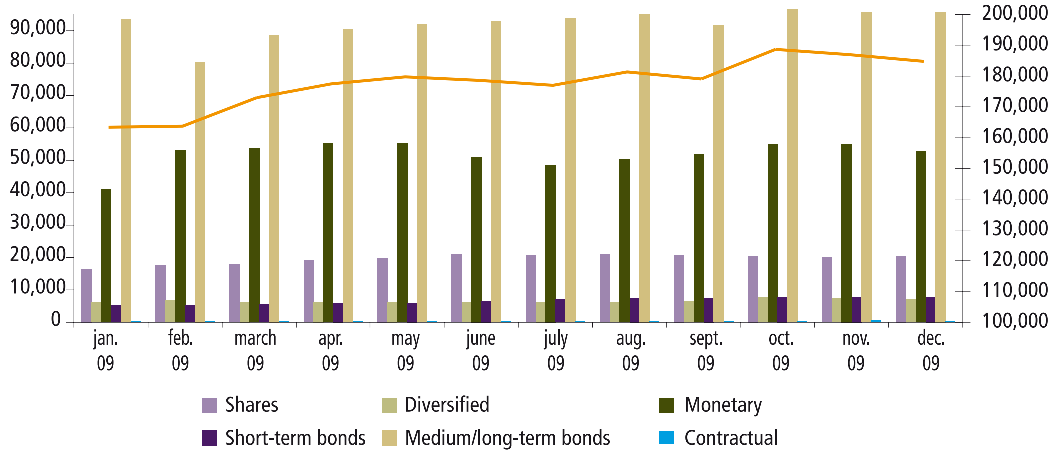
## 1.11.4 Asset management

Up 14.6 percent, net assets managed by UCITS rose from 161 billion dirhams to 184.4 billion in 2009. The increase concerned all UCITS categories, except from the diversified funds whose assets fell 7.8 percent to 7.1 billion. Indeed, medium and long-term bond UCITS assets rose 5.1 percent to stand at 95.9 billion dirhams on

1 See Table A11.6

the back of the drop in interest rates on the Treasury's medium and long-term issues compared to 2008, while short-term bond funds assets rose nearly 65 percent to stand at 7.8 billion. In turn, contractual UCITS and money market UCITS respectively grew 73.8 percent and 29.8 percent. As to equity UCITS, their assets reached 20.6 billion, growing by around 25 percent; thus highlighting a diversification of their investments.

**Chart 1.11.3 : UCITS net assets**




Source: Transferable Securities Ethics Board

The number of UCITS rose from 260 in 2008 to 294 in 2009 following the creation of 34 new funds, a third of which are bond UCITS. As per legal structure, these UCITS are divided into 249 mutual funds and 45 investment companies with variable capital. Medium and long-term bond UCITS, totaling 117, are still dominant and represent nearly 40 percent of the total.

The breakdown of net assets by UCITS category shows that medium and long-term bond UCITS still hold a dominant share, even though it fell from 56.7 percent to 52 percent. The net assets of equity funds and diversified funds also decreased to 11.2 percent and 3.8 percent respectively compared to 15 percent and 4.7 percent, whereas money market UCITS rose year-on-year from 25.2 percent to 28.6 percent.

The amount of UCITS securities held by financial companies increased from 118.7 billion to 131.2 billion dirhams, representing 71.2 percent of the total. Such growth results from the marked increase in assets held by pension and provident institutions and, to a lesser degree, assets held by banks. Similarly, the share of assets held by nonfinancial businesses increased to represent 20 percent instead of 15.6 percent in the preceding year. Conversely, resident natural persons held only 8.3 percent from 10.1 percent the year before while the share of nonresident natural and legal persons remained almost stable at 0.5 percent.

The share of UCITS net assets in national saving rose to more than 80 percent, up from 75.6 percent in 2008, while its ratio to GDP increased from 23.4 percent to 25 percent.

**Box 1.11.3 : Major regulatory measures introduced in 2009**

The Casablanca stock market initiated an overhaul of its Statutes in order to introduce as of April 2009 a governance model based on a Board of Directors and executive management, in replacement of the Supervisory Board and the management board model adopted since 2000.

In addition, the Securities Board approved seven circulars related to the:
- Publication and dissemination of financial information by legal persons going public: These procedures were modified in line with the recent change in the regulatory environment and with international practices.
- Prudential rules governing UCITS activity: The new provisions aim at harmonizing the calculation methods of the prudential ratios applicable to UCITS as well as controlling the risk related to the composition of UCITS assets.
- Classification of UCITS: The new provisions define and specify the determination mode of investment strategies of UCITS and also identify the special treatment of repurchase operations in light of the classification rules in force.
- Disclosure obligation by UCITS management companies: This circular aims in particular at incorporating the new disclosure obligations concerning the investment operations abroad as well as some specific provisions in terms of advertising communication.
- Documents and information to be addressed by the Stock exchange management company to the Securities Board.
- The management charges of UCITS.
- The fee UCITS has to pay to the Securities Board.

# PART 2

## BANK ACTIVITIES

# Highlights of 2009

Following is the fourth edition of the activity report of the Bank as a corporation. It goes back over the Bank's annual activity, in the context of the independence it enjoys by virtue of the law and considering its fundamental missions, namely: preserving price stability, seeing to the soundness and solidity of the banking system and ensuring the secure operation of payment systems and means. The report also presents the Bank's medium-term priorities, in light of the internal and external economic and financial changes calling for reactivity and adaptability.

First, 2009 coincided with the celebration of the 50th anniversary of the Bank. This event was commemorated internally as well as with external partners, with openness and sharing as key-words. It was also the occasion to take stock of the bank's main achievements.

• The major accomplishments of the first decades were the setting-up of the basic structures of the Bank, the launching of the dirham as the national currency, the establishment of Dar As-Sikkah and the adoption of a banking act which defined a unified legal framework for all credit institutions and reinforced the bank's regulatory powers. This law was completed by the overhaul of the Bank's statutes, aimed at better clarifying its missions.

• In 2005, the modernization and reform dynamics accelerated with the amendment of the Bank's statutes and the banking act. The new statutes vested the Bank with a clear mandate for the formulation and implementation of monetary policy, and larger prerogatives in banking regulation and supervision. In conformity with the amended statutes, the Bank has become responsible for the supervision of payment systems and means and the improvement of their security.

• In parallel, the Bank introduced fundamental internal organizational and functional reforms and reinforced its resources and competences. New operational and management processes were set up, following international standards, which permitted the Bank to become ISO-9001 certified for all its activities and processes.

• The Bank also completed several far-reaching projects aiming at bringing out the history of Money as well as the numismatic and artistic heritage of Morocco. These efforts were crowned with the edification of a new museum.

The year 2009 was also marked by the completion of the second strategic plan (2007-2009), at the end of which considerable advances were achieved. In terms of functioning and management modes, the Bank adopted good governance practices, improved the quality and efficiency of its processes, upgraded its internal control systems, and modernized and optimized its human resources management. Thanks to these wide-ranging reforms, the Bank developed its monetary policy and banking supervision frameworks, in line with the international standards and practices, and set up a framework for the monitoring of payment systems and means.

In accordance with the priorities defined in the three-year plan, progress achieved in 2009 in terms of the Bank's fundamental missions allowed both consolidating the achievements of the two preceding years and giving special attention to the domestic knock-effects of the international economic and financial crisis. The response and vigilance measures adopted by the Bank in this regard include:

• The Bank carried on its strategy aiming at gradually improving the analytical framework of monetary policy and the information mechanisms underlying its decisions, mainly through a better understanding of monetary policy transmission mechanisms and a refined range of real and financial indicators. The Bank also endeavored to enhance the transparency and communication around its monetary policy decisions, in order to improve their credibility and make them more understandable for the public.

• Concerning banking supervision, the Bank largely focused on measures aiming at ensuring the sound functioning of the banking system, to allow it to develop and effectively play its role in financing the economy. Hence, as part of the actions conducted in 2008, the Bank carried on the reinforcement of the regulatory framework of credit institutions and the preventive mechanism for risk detection. It also intensified coordination with the other regulatory authorities in order to coherently ensure the stability of the national financial system.

• As regards payment systems, the year under study was particularly marked by the setting-up, by the Bank, of the contractual framework for payment systems and the completion of the paperless exchange of securities.

•The setting-up of the Credit Bureau, which was operational as of October, was one of the major achievements of the year as far as financial information is concerned. By centralizing information regarding granted loans, this entity will allow credit institutions to better manage risks and will also help improve the access of small and medium-sized enterprises to credit.

Finally, in 2009 the Bank started the examination of the priorities of the 2010-2012 strategic plan. Based on a long-term vision, the Bank made a diagnosis of the threats posed and opportunities offered by its external environment, taking into account its internal strengths and weaknesses alike. This analysis brought out key factors likely to allow the Bank to consolidate its image as a center of rigor, transparency and modernity, and also to contribute, in the most efficient way, to the economic and social development of the country. The orientations set, taking into consideration the Bank's fundamental missions, reflect the effort needed in order to adapt and take up the challenges of the future. The latter ensue from the acceleration of regionalization and the formulation of sector-based policies, the commercial and financial integration of Morocco into the international economy in a post-crisis context, the regional positioning of the Moroccan financial system and from financial inclusion. The Bank therefore has to shore up its governance system, make its resource management more efficient while improving the working environment in order to further professional development.

**Box 2.1 : From 1959 through 2009: highlights**

Several dates have marked the history and development process of the Bank from 1959 through 2009:

1959: Creation, on July 1st, of the "Banque du Maroc" which replaced the «Banque d'Etat du Maroc». By so doing, Morocco recovered its monetary sovereignty.
On October 17, the Moroccan dirham was established.

1967: Adoption, in April, of the Banking Act and the parallel consolidation of the role devolved upon the Bank, by virtue of its statutes, in terms of banking supervision.

1987: Creation in March of Dar As-Sikkah, the industrial unit in charge of banknotes manufacturing and coins minting.
Adoption, as of April, of the denomination "Bank Al-Maghrib" in all languages.

1993: Adoption in July of a new Banking Act, which set up a unified legal framework for all credit institutions. It also enlarged the scope of consultation, adopted measures aiming at better protecting customers' interests, and reinforced the Bank's powers in regulating and supervising the activities of credit institutions.
Amendment in October of the Bank's statutes, in order to better define its missions, especially with regard to monetary policy, and endow its administration and management bodies with more autonomy.

2002: Creation, in June, of the Currency Museum. Thanks to the large collection it houses, the Museum goes back over the history of the monetary art, thus enriching the museum scene.

2006: Amendment of the Bank's statutes, with a clear mission as to the formulation and implementation of monetary policy and larger powers in banking regulation and supervision. By virtue of the statutes, the Bank has also become legally in charge of supervising and securing payment systems and means and has been endowed the form of a public legal entity.

# 2.1 Governance

## 2.1.1 Governance structure

### 2.1.1.1 Administration, management and control bodies

The Bank has several administration and management bodies: the Bank Board, the Governor and the Management Committee.

The Bank Board is made up of the Governor, the vice-Governor or Director General and six members appointed by the Prime Minister, three of whom are proposed by the Governor from among people renown for their monetary, financial and economic expertise. These members, who are appointed for a six-year renewable mandate, are subject to the incompatibility rule that guarantees their independence and impartiality. To this end, they are not allowed to have any position of responsibility in credit or financial institutions or in the general government. The Ministry of Finance is represented by the Treasury and External Finance Director who does not take part in voting on monetary policy decisions.

The Bank Board sets the objectives of monetary policy, defines the characteristics of banknotes and coins issued by the Bank, and takes decisions about circulating them and drawing them from circulation.

In addition, the Board is in charge of the Bank's administration. In this regard, it defines the general investment rules for foreign exchange reserves, decides on the investment of the Bank's equity capital, approves its budget and accounts, and takes decisions on the distribution of the net income.

The Governor runs and manages the Bank. He chairs the Board and keeps it informed about the implementation of monetary policy and the management of foreign exchange reserves, and sees to the enforcement of its decisions.

The Management Committee, chaired by the Governor, meets monthly to examine issues relating to the Bank's internal management and the progress report of the ongoing projects scheduled in the strategic plan mainly.

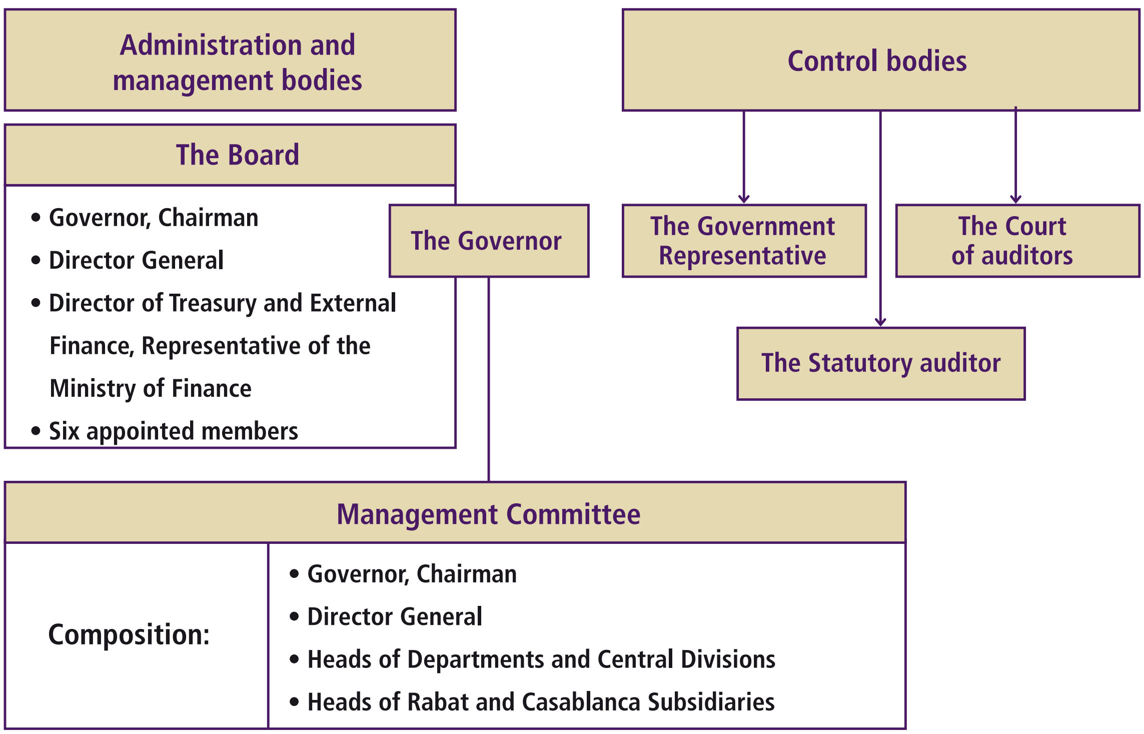
Three entities are in charge of the Bank's control: the Government Representative, the statutory auditor and the Court of Auditors.

The Government Representative is appointed by virtue of a royal decree from among the top-ranking civil servants of the Ministry of Finance and is responsible for controlling the Bank's activities, on behalf of the Government and in the name of the Finance Minister. He attends the Board's meetings in an advisory capacity.

Appointed by the Board, the statutory auditor examines the Bank's accounts annually, certifies that they give a fair view of its assets, financial situation and results, and evaluates its internal control mechanism.

Being subject to the control of the Court of Auditors, the Bank is required to provide it, each year, with its accounts and those of the social welfare body of its staff as well as with extracts from the Board minutes relating to its budget and assets, along with the auditors' reports.

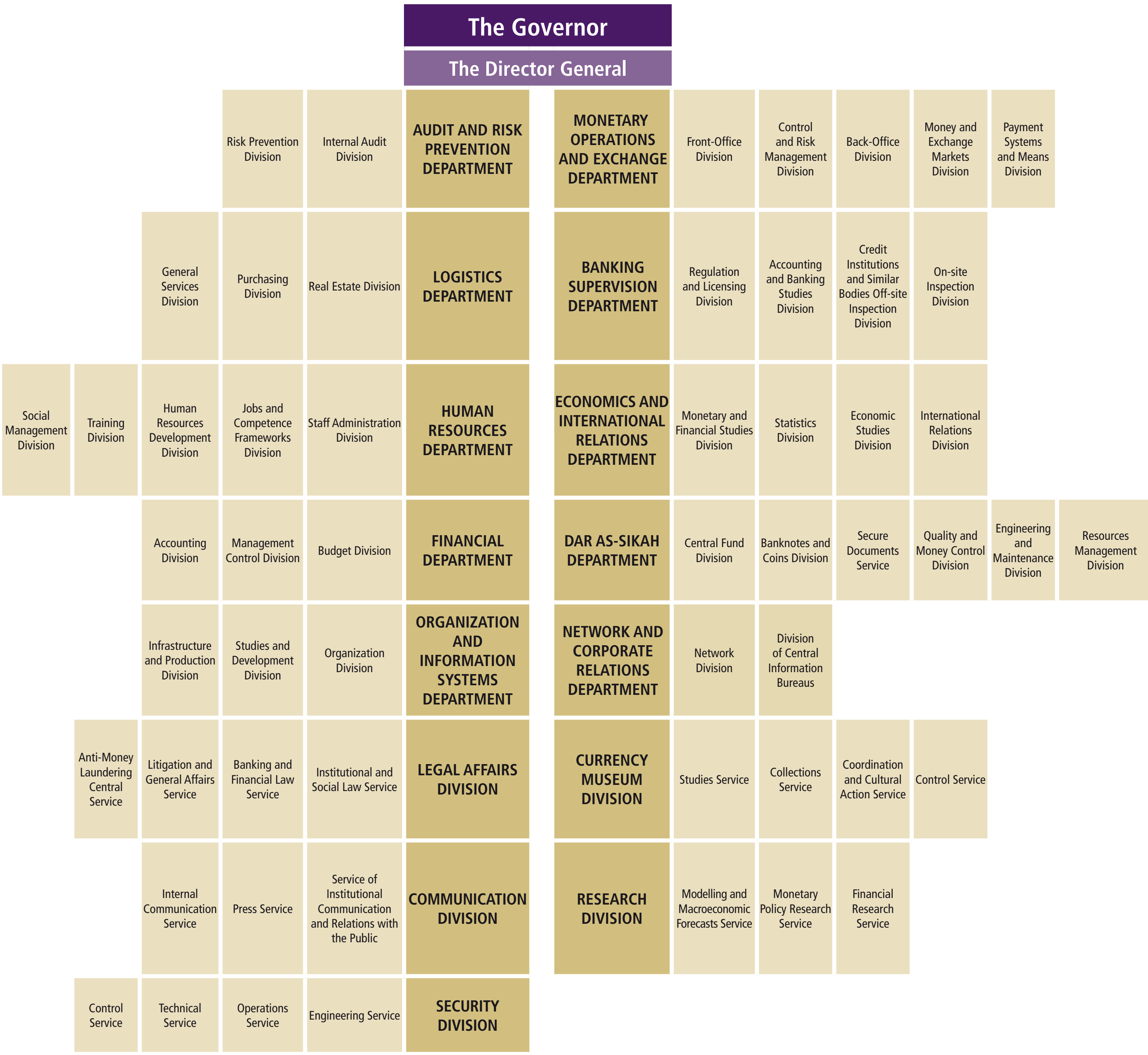
## Governance Structure



## 2.1.1.2 Organization and activity steering

As at end-December 2009, the Bank was made of fifteen units, including seven core business units and eight support units, following the reorganization that took place in June, in order to better adapt this structure to the institution's missions.

The activities of the Bank are steered by standing committees set up by a directive of the Governor and cross-sectoral committees responsible for managing and monitoring projects.


The Governor
The Director General
Risk Prevention Division
Internal Audit Division
AUDIT AND RISK PREVENTION DEPARTMENT
MONETARY OPERATIONS AND EXCHANGE DEPARTMENT
Front-Office Division
Control and Risk Management Division
Back-Office Division
Money and Exchange Markets Division
Payment Systems and Means Division
General Services Division
Purchasing Division
Real Estate Division
LOGISTICS DEPARTMENT
BANKING SUPERVISION DEPARTMENT
Regulation and Licensing Division
Accounting and Banking Studies Division
Credit Institutions and Similar Bodies Off-site Inspection Division
On-site Inspection Division
Social Management Division
Training Division
Human Resources Development Division
Jobs and Competence Frameworks Division
Staff Administration Division
HUMAN RESOURCES DEPARTMENT
ECONOMICS AND INTERNATIONAL RELATIONS DEPARTMENT
Monetary and Financial Studies Division
Statistics Division
Economic Studies Division
International Relations Division
Accounting Division
Management Control Division
Budget Division
FINANCIAL DEPARTMENT
DAR AS-SIKAH DEPARTMENT
Central Fund Division
Banknotes and Coins Division
Secure Documents Service
Quality and Money Control Division
Engineering and Maintenance Division
Resources Management Division
Infrastructure and Production Division
Studies and Development Division
Organization Division
ORGANIZATION AND INFORMATION SYSTEMS DEPARTMENT
NETWORK AND CORPORATE RELATIONS DEPARTMENT
Network Division
Division of Central Information Bureaus
Anti-Money Laundering Central Service
Litigation and General Affairs Service
Banking and Financial Law Service
Institutional and Social Law Service
LEGAL AFFAIRS DIVISION
CURRENCY MUSEUM DIVISION
Studies Service
Collections Service
Coordination and Cultural Action Service
Control Service
Internal Communication Service
Press Service
Service of Institutional Communication and Relations with the Public
COMMUNICATION DIVISION
RESEARCH DIVISION
Modelling and Macroeconomic Forecasts Service
Monetary Policy Research Service
Financial Research Service
Control Service
Technical Service
Operations Service
Engineering Service
SECURITY DIVISION

## 2.1.2 Strategic planning

In 2004, the Bank adopted the strategic planning approach, which has since then set continued improvement as an objective.

The second strategic plan 2007-2009 was elaborated following the amendment of the statutes and the banking act which endow the Bank with a larger autonomy in the formulation and implementation of monetary policy and give it wider powers in banking supervision and the oversight of payment systems.

Based on the achievements of the 2004-2006 strategic plan, the priority of which was to provide the Bank with all the means necessary to successfully accomplish its missions and ensure its transition to a modern central bank, the 2007-2009 strategic plan defined three major strategic orientations:

- Consolidating the process of formulating, implementing and evaluating monetary policy;
- Reinforcing the national financial system's stability, mainly with the setting-up of institutional consultation mechanisms in order to ensure a general monitoring of the financial system, the development of a prudential mechanism for the early detection of risks and vulnerability sources in the banking system, and the secured functioning of payment systems;
- Upgrading the currency-in-circulation section and modernizing the Bank's subsidiaries and branches.

At the end of 2009, the objectives defined in the plan's orientations were met overall.

The Bank thus aligned its monetary policy and banking supervision frameworks with the international standards and practices. Important progress was achieved in the oversight and security of payment systems and means.

As part of the forward-looking approach adopted with regard to financial stability-related challenges, the Bank took many initiatives, mainly within the Coordinating Committee for the Financial Sector Supervisory Bodies, in order to ensure the adoption of the best practices aiming at countering the development of systemic risks. The Bank also launched actions for the setting-up of a macro-prudential surveillance framework and led a stress test.

These modernization efforts come within the framework of total quality management, which was crowned with an ISO-9001 certification for all of the Bank's processes in March 2009.

As part of the ongoing reforms and to meet the major challenges of the coming years, the 2010-2012 strategic plan has been defined as marking transition from the consolidation of the Bank's position to enhancing its performance.

The Bank, in conformity with the new approach adopted for the preparation of this plan and within a long-term vision, made a strategic diagnosis based on the analysis of the threats posed and opportunities offered by its external environment and comparing them with its external strengths and weaknesses. This analysis turned out very rewarding and shed light on the key success factors likely to allow the Bank to consolidate its image as a center of rigor, transparency and modernity in order to better fulfill its mission.

**Box 2.1.1: 2010-2012 strategic orientations**

1-Developing monetary policy so that it contributes to a successful integration of Morocco into the world economy;

2-Reinforcing banking supervision and developing the financial stability-related function;

3-Working for the development of financial services;

4-Carrying on the development of payment systems and means taking into account technology and risk evolution;

5-Adapting the work of the Bank's network to the development of its missions;

6-Consolidating governance in view of the best standards and consolidating the Bank's image based on transparency, conformity and integrity, within a sustainable development approach;

7-Encouraging professional development and a rewarding working environment, and targeting the efficiency in the management of resources and the quality of services offered.

### Box 2.1.2: Main 2007-2009 strategic projects

**ERP information system**

The ERP information system, named "Indimaj", allows the firm to coordinate all the activities of its support functions around a unique and common database. The system became operational in January 2010 and covers many functional aspects, including the budget, accounting, procurement, fixed assets and stocks.

**Budget**: Budgetary control is now automated and managing entities have become accountable, as to the follow-up of their budget's execution. This provides real-time, rapid, coherent and reliable information.

**Accounting**: the system's innovations in terms of accounting management are:

-The adoption of a flexible accounting key which allows segment-based management of accounting, analytical and budget information;

-Distinction between individual accounting and general accounting, thus re-centering accounting on its core business;

-Implementing a multi-diverse "supplier" and "client" accounting;

-Shifting from a cash-basis accounting to an accrual-basis accounting.

Fixed assets: fixed asset management under the ERP provides users with an exhaustive and centralized statement of the Bank's assets. This statement is updated in real time, according to sale and purchase transactions. The ERP does also away with the manual adjustments between the results of accounting and those of fixed asset management.

**Procurement:** Under the ERP, procurement is realized and managed automatically and in real time through:

-Traceability and reliability, with the integration of all the procurement process from the expression of needs to accounting and the supplier's settlement;

-Rapid and reactive processing of the whole cycle of the order, from reception to invoicing,

-A better command of restocking management;

-The setting-up of a reference system for suppliers and integrated and shared items.

**Inventory**: The ERP guarantees real-time cohesion between procurement and values, through the central basis and the integration of the whole processes "Budget, accounting, procurement, sale, inventories and fixed assets". Inventory and value management therefore becomes simplified, secure and more efficient.

**Reform of the Pension Fund**

The reform of the Pension Fund included the setting-up of an appropriate governance framework, the elaboration of an actuarial balance sheet and the outsourcing of the financial management of a big part of the fund's assets as of October 2009.

**Finalization of the setting-up of a management control system**

The key business indicators were gradually generalized to all activities. In addition to budget optimization through the decentralization and accountability of resource management, management control through an ABC (activity-based costing) analytical accounting system- provides all entities with cost indicators allowing them to optimize the use of resources and to identify means to reduce expenses and increase productivity.

## 2.1.3 Ethics

As far as ethics are concerned, 2009 was marked by the organization of several awareness actions about the code of ethics, which was adopted in 2005 and has been enriched since then by a series of sub-principles. Awareness actions mainly targeted newly hired staff and the Bank's branches personnel. To allow the ethics culture to take root and become fully adopted by the staff, two innovations were introduced this year, namely the adoption of a new pedagogical approach, based on the illustrated presentation of the code of ethics, and the presentation of the code's provisions and clauses in dialectal Arabic.

Furthermore, a new communication strategy was adopted concerning ethics. It aims to preserve the main asset of the Bank, namely credibility, by encouraging the entire staff to implement the most rigorous ethics' standards in their relations with colleagues, suppliers and partners.

In parallel, compliance to the code was monitored to make sure the staff is correctly implementing some of its provisions, notably with regard to reporting requirements (conflicts of interest, gifts and stock holdings for employees having sensitive functions).

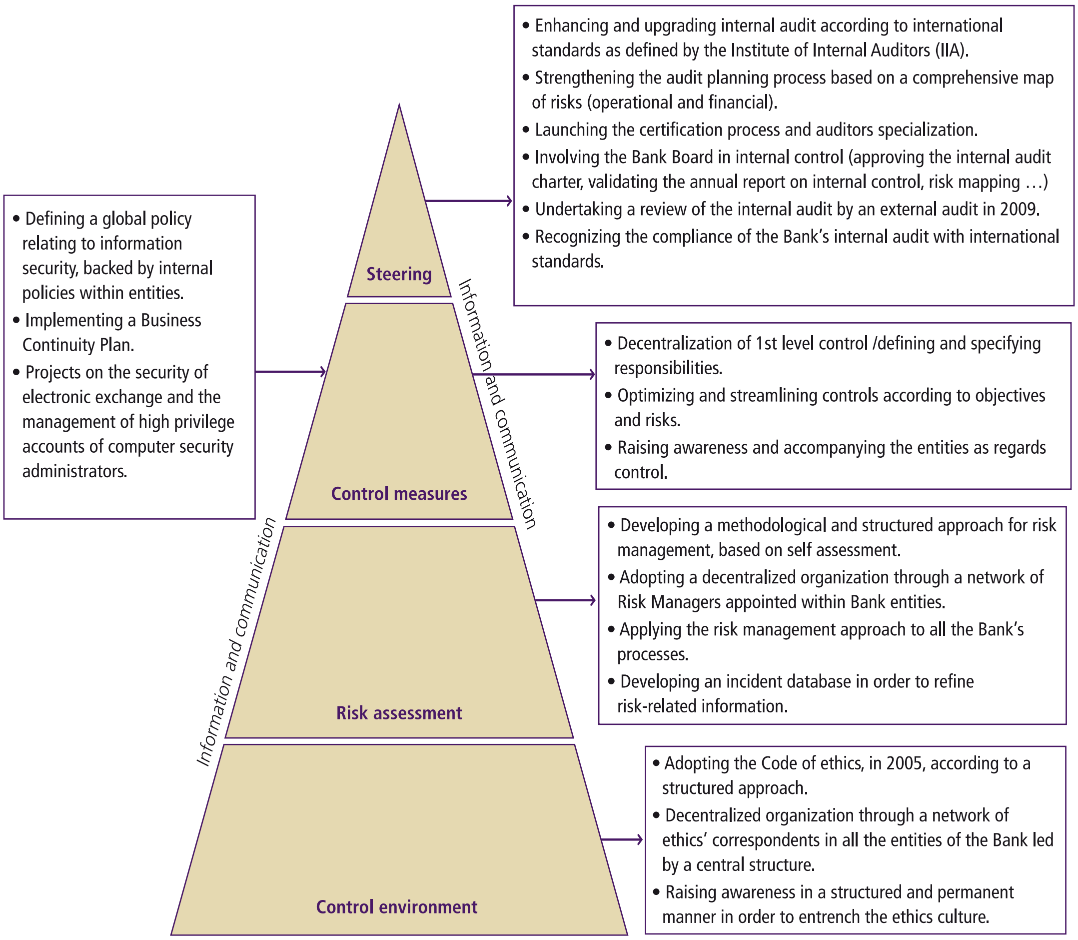
## 2.1.4 Internal control system

The Bank's internal control system, which is inspired from the COSO[1] reference system, is centered on the principle of decentralisation and the accountability of operational entities in the setting-up and follow-up of risk control and monitoring systems inherent to their activities. Like the aforesaid reference system, the Bank's internal control system is based on five components: the control environment, risk assessment, control activities, information and communication system and steering system.

The 2009 report on the internal control system, which was submitted to the Bank Board, underlined the positive evolution of all its components. These improvements mainly have to do with the Bank Board's increasing involvement in steering the said system; the positive impact of the major projects initiated by the Bank in 2004; a generally appropriate separation between the functions of operation launching, implementation and control; and the consolidation of ethics and the development of practices promoting upward and downward

1 Committee of Sponsoring Organizations of the Treadway Commission

communication. These developments were also underlined by the auditors in their report on internal control. With the view of optimizing control mechanisms, an approach aiming at supporting entities in internal control was defined in 2009 and the list of the Bank's functions was enriched, by the creation of a function especially dedicated to this support.



## 2.1.4.1 Risk management

With regard to risk prevention, 2009 was marked by the implementation of the operational risk control and analysis (MARIO) to the new process map issued from the quality management system, thus enhancing synergy between the two systems. Based on the experience acquired since 2005, MARIO was implemented in all processes and covered both central entities and the Bank's network. Furthermore, in order to better refine risk-related information, a new "top-down" approach, based on the identification of the most critical risks, was adopted.

Founded on an organization that involves both risk managers and process leaders, a comprehensive map of operational risks was developed and put at the disposal of the Governor and the Bank's management, as a support tool for strategic decision-making. The main risks mentioned therein were identified, assessed and covered by action plans designed to control them. As a result, 51 specific risks were identified at the Bank's network level, for which action plans were elaborated in consultation with the concerned central entities.

Moreover, the Bank reinforced its presence at the international level through its active participation in the International Operational Risk Working Group, to which it adhered in 2007. At the same time, it provided assistance to some African central banks in the management of operational risks.

## 2.1.4.2 Internal audit

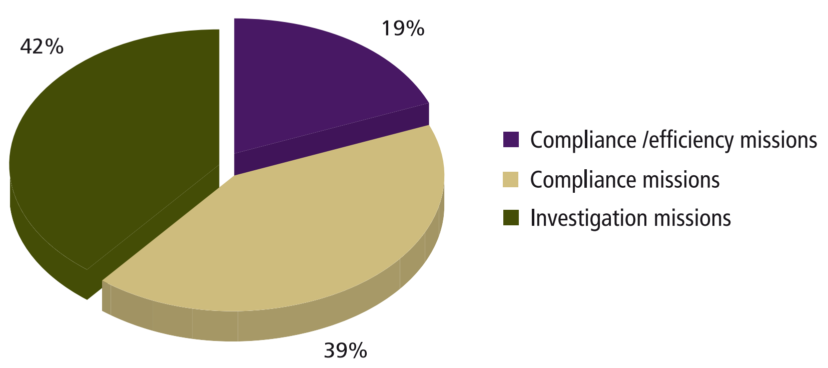
The year 2009 was marked by the end of the first 2005-2009 audit cycle which virtually covered all of the Bank's core business and support activities. Overall, nearly 80 missions were conducted during this cycle.

**Table 2.1.1: Main processes audited between 2005 and 2009**

| Process | Macro-activity |
|---|---|
| "Core Business" process | Management of foreign exchange reserves |
| | Manufacturing and circulation of notes and coins (including fund transportation) |
| | Banking operations |
| | Payment systems |
| | Banking supervision |
| « support » Process | Accounting, budgetary and financial activities |
| | Information system |
| | Physical security |
| | Communication (institutional and intra entities) |
| | Procurement contracts management |
| | Holiday centers management |
| | Management of medical coverage and mutual funds |
| | Ethics |

The main target of these missions was to assess the compliance of the Bank's operations and activities with laws, regulations and procedures in force as well as their efficiency taking into account their objectives.

**Chart 2.1.1: Breakdown of the missions conducted by type (2005-2009)**



In 2009, the Bank completed the upgrading process of internal audit. Launched in 2004 as part of the Bank's first strategic plan, this alignment with the international standards for the professional internal audit as defined by the Institute of Internal Auditors (IIA), allowed in particular the repositioning of internal audit at the structural and functional levels, the reinforcement of its means and skills and the adoption of a rigorous methodology and a risk-based approach both for audit missions' planning and implementation.

The upgrading of the internal audit was crowned with an external assessment carried out in 2009 by an independent office that was selected following an international open tender. As part of the continuous improvement of the auditing process, this assessment covered the compliance of the Bank's internal audit activity with the international standards as enacted by the IIA. At the end of the assessment, the Bank's internal audit was recognized conform to said standards.

Moreover, on the occasion of the celebration of its 50th anniversary, the Bank organized the second annual conference of Internal audit directors French-speaking countries' central banks, the first edition of which was held in Paris in 2008. 24 delegations of central banks from Africa, North America, Asia and Europe participated in this conference. Themes discussed included the evolution of internal audit's role in central banks in the context of rapid changes and increasingly demanding requirements, namely the financial crisis and its impact on internal audit, the concept of continued audit and its implementation in central banks, and the impact of quality certification on the internal audit process.

## 2.1.4.3 Information security

In 2009, the project for the Information Security Management System, inspired by ISO 27001 standard, was launched. In the continuity of the constant improvement, the Bank aims, through this project, to acquire the organization, procedures and means necessary for a full control of information security-related risks.

In addition to valuing and improving the measures taken to protect the Bank's assets (information, software, hardware, staff, services, etc.) and third party assets (clients, partners, etc), this project provides an organizing framework for all security-related actions or projects launched in the Bank since 2005, particularly internal policy applications of the Overall Information Security Policy, the Business Continuity Plan, the securing of information and electronic exchanges (PKI) and the follow-up of actions regarding highly privileged accounts.

## 2.1.4.4. Business Continuity Plan

The Business Continuity Plan was set up in the Bank to cope with operational disruptions which could interrupt activity as a result of a major disaster like fire, floods or pandemic. It aims at preventing any interruption of the Bank's statutory missions, by planning the continuity of operation in the most critical services in terms of emergency procedures and solutions.

The Business Continuity Plan includes a plan for crisis management, plans for the continuity of entities' operations, a plan for IT continuity and a plan for maintaining an operational condition. After defining the business continuity strategy in 2008, the implementation of the continuity measures and solutions that match most to the Bank's specificities was carried out in 2009, particularly for the processes deemed critical (management of foreign exchange reserves, payment systems, notes and coins, and secured documents).

**Box 2.1.3: Main instruments in the information security system implemented in 2009**

**PKI system for securing information and electronic exchanges**

The PKI system aims at putting in place at the Bank the organization and the infrastructure for issuing electronic certificates in order particularly to ensure information confidentiality and integrity, control risks related to access and exchange of information (authentication, electronic signature ,etc.). and help comply with legal obligations and the best practices in terms of data protection. The infrastructure was implemented in 2009 and its deployment to the different Bank applications will spread over the period 2010-2012.

**Monitoring the High Privilege Accounts Actions (MHPAA)**

High privilege accounts are accounts which manage information systems and have elevated rights in terms of access and processing of information stored in these systems. MHPAA would contribute to the security of Bank's information systems through a monitoring solution of the High Privilege Account Actions in order, notably, to minimize the risk of improper handling or unauthorized change in the systems or authorizations. In 2009, the project was deployed on the Windows operating system of the Bank.

## 2.1.5 Quality management and compliance

### 2.1.5.1 Quality management system

The quality management system (QMS) initiated at the Bank in 2006 was awarded ISO 9001 certification for all activities and processes in March 2009.

The year 2009 was characterized by maintaining the QMS, mainly through internal quality auditing of fourteen out of twenty-six processes, operational steering meetings and process reviews, implementing actions related to the sensitive issues highlighted during the certification audit, adopting measures related to potential improvements ensuing from the QMS review, and conducting an overall review of the QMS in October.

The follow-up audit was carried out in November according to ISO 9001: 2008, following which the certification of the Bank was renewed.

### 2.1.5.2 Integrated management system

As Bank Al-Maghrib has already undertaken several actions for environmental protection, safety and occupational health, mainly with regard to its activities in Dar As-Sikkah, the Bank, in the context of developing its quality approach, started in 2009 the building-up of an integrated management system: Quality, occupational health and safety, and the environment.

The Bank looks forward to developing its system in line with other referential standards like environmental management (ISO 14001) and occupational health and safety management system (OHSAS 18001). Such an endeavor would allow the Bank to boost the progress made in terms of environment, occupational health and safety, upgrade its activities in keeping with international standards, and embark on a sustainable development path.

## 2.1.5.3 Internal anti-money laundering system

Over the year 2009, the Bank continued to strengthen its internal anti-money laundering system so as to cover the whole of its intervention scope and to better protect its network from any unlawful usage.

On the regulatory front, the Bank elaborated and published the procedures related in particular to handling watch-lists of persons involved in the financing of terrorism and alerts issued upon screening customers' identification information.

Likewise, an ex-ante monitoring procedure laying out the identification rules of the Bank's occasional customers and the control of their identity in relation to the watch lists was prepared.

Procedures governing the collection and centralization process of Bank customers' data and providing them to operating units were also generalized to the entire Bank's network.

Prior to the implementation of the IT tool aimed at providing assistance in customers' behavioral analysis as well as accounts and operations control, ex-post monitoring and operational rules of this tool were elaborated.

On the technical side, the Bank deployed the IT tool related to filtering the identification elements of customers across its network. The same mechanism was extended to the SWIFT platform so as to cover the entire operational perimeter.

Accordingly, since April 2009, the Bank's network carries out automatic identity checks of all its occasional customers in relation to the watch lists. These controls are also applicable to its usual customers, on the basis of a regular scanning of the databases containing information on this category of customers.

Concerning the implementation project of an IT tool which assists in customers' behavioral analysis, all the prerequisites were met and its deployment is scheduled for the second quarter of 2010.

As to training, which is an important pillar in the fight against money laundering and terrorism financing, the Bank organized over the year 2009 nine training programs which benefited 113 employees. These trainings, which focused on aspects related to ex-ante and ex-post control procedures and IT assistance tools, are expected to continue for a three-year period in line with a strategy that identifies the target population and the adequate training kits.

As part of the implementation of the technical assistance program laid out in the twinning agreement between Morocco and the European Union on the fight against money laundering and terrorism financing, the Bank staff participated in 13 training sessions, provided by international experts to the benefit of compliance officers working in banking and financial sectors.

On top of the so-called "on-site" trainings and those given by relays at the Bank's network, an "e-learning" training program was developed. Its deployment in the near future will allow a better coverage of the involved target population.

In addition, awareness and business intelligence efforts were exerted through the preparation and publication of an annual report which outlines the recent national and international developments related to the fight against money laundering and the financing of terrorism.

As to regional cooperation, the Bank participated in the Ninth and Tenth Plenary Meetings of the Middle East and North Africa Financial Action Task Force (MENA FATF), held in Bahrain and Lebanon, respectively, as well as in the workgroups ensuing from these meetings.

**Box 2.1.4 Decisions taken by the Financial Intelligence Processing Unit (FIPU) in 2009**

By virtue of the Law No 43-05 on the fight against money laundering and Decree No 2-08-572 of December 24, 2008 promulgating the creation of the Unit, the FIPU adopted on September 24, 2009, two decisions concerning some categories of persons subject to this law, in completion of the national relevant legal texts.

Decision No. 1/109 of September 24, 2009 on the minimum amounts for due diligence. This Decision sets 50,000 dirhams as the minimum amount for operations concerning which financial institutions should trigger the identification process of occasional customers, and completes the legal definition of the complex operations by setting the third criteria related to the amount, which is 50,000 dirhams.

Decision No. 2/09 of September 24, 2009 on declarations for suspicion. This Decision sets the declaration for suspicion model and the terms for its transmission to the FIPU, as well as the accreditation process of FIPU correspondents with the parties subject to this law.

In order to ensure the compliance and adequacy of its internal mechanism with its own specificities, the Bank commissioned an internal audit which would highlight the potential deficiencies of this mechanism and set up appropriate action plans.

Finally, at the institutional level, the Bank put in place an internal committee for the fight against money laundering and terrorism financing, entrusted with defining the Bank's strategy, setting its risk prevention and control policies, and monitoring their implementation.

## 2.1.6 Resources

### 2.1.6.1 Human resources

#### 2.1.6.1.1 The Bank's staff

By the end of 2009, the Bank's working staff totaled 2,633 employees, composed up to 63 percent of males and 37 percent of females. 66 percent of them work at the Central Administration -29 percent in the manufacturing of notes and coins-and 34 percent in the Bank's network. The average age is 41 years and the average seniority is 14 years. The breakdown of the Bank's staff by business fields shows that 63 percent are assigned to the core business fields while 37 percent work in the support areas.

**Chart 2.1.2: Staff by field of activity**

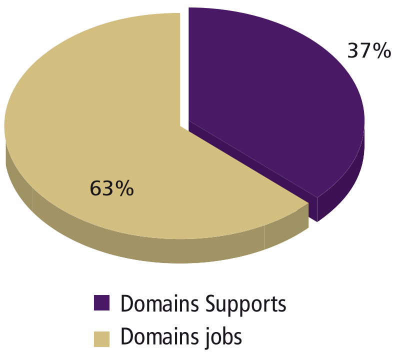



**Chart 2.1.3: Staff by gender**

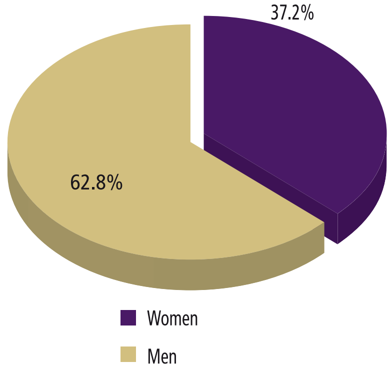
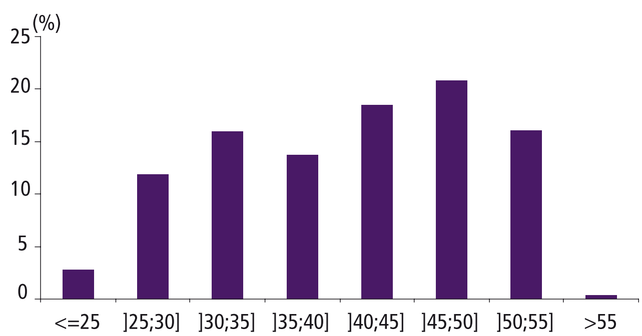



**Chart 2.1.4: Staff by age bracket**




### 2.1.6.1.2 Implementation of the new human resources management mechanisms

In continuation of the projects initiated last year, the implementation process of the new human resources management systems was still ongoing.

The identification of skills profile was generalized to all functions occupied at the Bank. Individual skills profiles allowed defining clear development axes so as to bridge the potential gap between the skill required and those acquired by staff. A consolidation of skills' development objectives was carried out and included in the identification process of training needs.

As to the new professional assessment system launched in 2008, the Bank introduced for the first time, during the 2009 professional assessment campaign, the fixing of skills' development objectives.

The mobility management process was boosted with a view to enriching professional trajectories by diversifying experiences, offering everybody opportunities for professional and personal progress and constantly improving the position/skills matching. A job database was thus prepared and disseminated to all the staff, covering 131 published positions (corresponding to 70 functions). Over the year 2009, 25 mobility committees were held, 128 employees benefited from functional mobility and 27 from geographic mobility.

In addition, training sessions were organized to the benefit of all Bank managers so as to strengthen their managerial skills and accompany them in their new HR outreach role. These actions follow the training sessions related to professional assessment organized last year and focussed on themes related to the every-day concerns of managers and the Bank's working environment (team building, managerial communication, conducting meetings, time management and project- mode management, etc.).

The new salary-increase system and attribution of individual variable bonus and collective variable bonus system was implemented for the first time this year. The system highlights the contribution of the employee and his performance, based on the annual assessment results.

In addition, the human resource information system was enriched by the incorporation of seven new modules. They concern the management of the collective variable bonus, promotions and career management, the ex post evaluation of training sessions, recruitment and mobility management, the decentralized entry of the variable salary elements, skills management and self-service. Besides simplifying administrative management, this last module offers to managers and staff alike the opportunity to have access to wide-varied information on human resources.

#### 2.1.6.1.3 Training

Individual training needs, as formulated by the Bank staff during the annual assessment interviews, together with the annual consultations with the Bank's departments, were both taken into account in drafting the training program of 2009. The analysis and aggregation efforts of all training needs have also taken into consideration the strategic objectives and the different projects carried out by the departments.

In 2009, the Bank organized 224 training courses, broken down into 268 sessions, taking place in the Madinat Al Irfane Training Center, intercompany or abroad.

The 2009 training program included new themes covering core and support business areas, with 123 and 101 themes respectively, as well as training sessions to accompany the different on-going projects at the Bank. 2248 employees benefited from these trainings, a third of them from the Bank's network.

### 2.1.6.2 Information systems

The year 2009 saw the completion of several projects related to information systems, notably:

- The gradual deployment since July of the tele-auction;
- The implementation since April of the filtering solution for operations related to the internal system on the fight against money laundering and the financing of terrorism.;
- The strengthening of the underlying information system related to Basel II and IFRS reporting;
- The deployment, in line with the human resources information system, of modules for the management of individual skills, assessment of skill levels, management of promotions and social management related to the payroll.

As to infrastructure projects, the main achievements of 2009 included in particular:

- The on-going activation of the IP telephony solution in line with the implementation of the WISSAL project;
- The deployment of the extended network project (WAN);
- The ongoing implementation of the IMTIAZE project with the provision and tooling of IT service management processes based on the ITIL model, and the installation of a centralized solution for platforms supervision;
- The reinforcement of the Internet/Extranet platform by designing a new target architecture;

•Making progress in the completion of the infrastructure project related to the management of PKI certificates, so as to deploy it in 2010 and integrate the first services;

•Finalizing the first stage in the Monitoring of the High Privilege Account Actions project (MHPAA), through the implementation of the segment related to monitoring administration actions under the Windows operational systems.

# 2.2 Bank missions

## 2.2.1 Monetary policy

The Bank pursued in 2009 its strategy of strengthening the monetary policy analytical framework. The latter is based on an in-depth assessment of the economic condition, inflation and economic growth forecasts and medium-term inflationary risks. Concurrently, the Bank continued to enhance the transparency of its monetary policy decisions and facilitate its understanding by the public.

### 2.2.1.1 Analytical framework

The deepening of the assessment framework of risks on price stability continued in 2009 both on the analytical and forecasting levels. The Bank gave special importance to strengthening monitoring and analysis indicators related to the real and financial spheres.

Concerning the real sphere indicators, the progress made focused on deepening the understanding of inflation dynamics, strengthening the forward-looking analysis of the national economy and analyzing the impact of the international economic situation on Moroccan economy, in view notably of its synchronization with the economic cycle in the main partner countries. The actions carried out focused on:

•Enhancing the forecasting mechanism of headline inflation and core inflation. The operating mechanism, composed of quarterly SARIMA, P-Star and VARX models' was enriched by introducing five new models, two of them statistical (Markov regime model and SCARMA model) and three models inspired by the economic theory (VAR, Bayesian VAR and the hybrid-expectations Philips curve based-model);

•Refining the tools of macroeconomic analysis by adjusting the framework of financial programming, which allows to trace the interrelationships between the four sectors of the Moroccan economy and make medium-term forecasts, while ensuring accounting and behavior coherence between the different variables;

•Enriching the forecasting framework of crop production[1] implemented by the Bank in 2008, with, on the one hand, the introduction of 10-day agro climatic data and extending the used variables, and on the other the development of a new forecasting model of the agricultural value added, which is currently on a testing stage.

•Reinforcing the very short-term sectoral forecasting framework by developing synthetic, coincident and advanced indicators of the economic situation. These indicators synthesize the information contained in a number of economic variables and contribute thereby to the analysis and forecasting of sectoral activity fluctuations. These indicators highlight nonagricultural activities as well as the industry, building and public works, and energy and mining sectors;

•Ensuring a close monitoring of the national sectors mostly exposed to the contraction in foreign demand especially in the phosphate and tourism sectors, in relation with the particularly deteriorated international economic situation since 2008;

•Reinforcing the monitoring mechanism of national demand aggregates, through the elaboration of quarterly indicators which synthesize information contained in a mix of economic variables, considered relevant for following-up and analyzing the trends in household final consumption and gross fixed capital formation;

•Improving the monitoring of public finance by developing a fiscal sustainability model on the medium-term, which takes into account the various determining factors of the Treasury indebtedness on the medium-term;

•Developing a mock-up aimed at producing infra-annual estimations and multi annual forecasts of the balance of payments accounts;

•Deepening the analytical framework of the labor market through the elaboration of an urban employment forecasting model on the short term and the estimation of the relative labor unit cost indicator[2] , which highlights Morocco's cost competitiveness compared to the main partner countries and competitors;

•Deepening the monitoring of the international economic situation through the elaboration of a weighted advanced composite index of partner countries[3], developed on the basis of the cyclical component of the advanced composite indicators of partner countries [4], weighted by the share of these countries in Morocco's total exports. In addition, a weighted unemployment indicator of Morocco's partner countries was developed, based on the unemployment rate in the main partner countries, weighted by the share of these countries in the remittances of Moroccans living abroad.

1 The forecasting of cereal production implemented in 2008 comprises three models: an econometric spatial model, a model based on the detection of similar crop years and a model based on the computation of a rainfall indicator (See Box No 1.1 in the Monetary Policy Report of March 2009, available at the Bank website : www.bkam.ma).

2 The methodology related to this indicator is explained in Box No. 2.1 of the Monetary Policy Report of December 2009.

3 The methodology related to this indicator is presented in Box No 3.1 of the Monetary Policy Report of December 2009.

4 The methodology related to this indicator is presented in a box in the Monthly Business Survey of October 2009.

As to monetary and financial conditions, the studies conducted in 2009 aimed at strengthening the analytical framework of inflationary pressures of monetary origin and better understanding the impact of assets prices' fluctuation on inflation, especially real estate assets. The completed studies focused on:

•Implementing a monitoring framework of real-estate asset prices, based at first on the quarterly real-estate price index (REPI)[1] , which represents an important tool for the assessment of inflationary risks of monetary origin;

•Designing and testing a monetary conditions index, so as to measure the trend of the three key variables: credit, exchange rate and interest rate;

•Developing and producing a new effective exchange rate indicator according to the double-weighting method and elaborating a new estimation of the equilibrium real exchange rate.

Concurrently, the efforts concerning the reform of monetary statistics, launched in 2008, continued in 2009 and its deployment by the Bank is expected to take place in June 2010. The objective of the new methodology is to ensure the coherence of monetary statistics with data related to other macro statistic categories, so as to facilitate their comparability on the international scene.

As part of a medium-term vision, the decisions taken by the Bank in its strategic plan 2010-2012 in order to upgrade its monetary policy framework, introduce the necessary changes likely to secure the successful integration of Morocco into the global economy.

1 The first edition of the REPI was published for the first time simultaneously on the website of the Bank and the Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie – ANCFCC (National Land Registry and Cartography Agency) on March 15, 2010 as well as the reference document describing its methodology and uses.

**Box 2.2.1 Monetary policy in the strategic plan 2010-2012**

The strategic aim set for monetary policy, under the 2010-2012 Plan, is to upgrade it with a view to contributing to a successful integration of Morocco into the global economy. Six objectives were identified to this purpose, namely:

**Objective 1** Strengthening monetary policy transparency and credibility.
**Objective 2** Adjusting the institutional, analytic and operational framework.
Objective 3 Boosting the process of consultation between the Central Bank and state authorities on flow liberalization.
**Objective 4** Working toward the deepening of markets.
**Objective 5** Strengthening regional cooperation and playing a more active role in international institutions.
**Objective 6** Adapting foreign exchange reserves management to the challenges induced by opening up to the outside world.

### 2.2.1.2 Transparency

Concerning transparency, which is tantamount to independence in terms of monetary policy, the Bank continued to improve its outreach to the public, increase the content and frequency of its communication, and facilitate a greater opening up to its environment.

The Bank reinforced the quality of dialogue with the different economic policy players, economic operators and the media. The press conference held at the end of the Bank Board quarterly meetings still represents the main communication tool in term of monetary policy.

Concurrently, the Bank reduced the publishing time of monetary policy reports on the Bank's website, bringing it in 2009 to at most three hours following the Board meeting from 2 days in 2008 and 10 days in 2007. In addition, it kept holding quarterly meetings with banking professionals in order to better explain and justify the monetary policy decisions taken and also listen to bankers' proposals.

The Bank also began in 2009 to publish the methodologies underlying the preparation of its new analysis and forecasting tools.

#### 2.2.1.3 Information system

The information system underlying the analytical framework of monetary policy was reinforced in 2009, by enlarging the scope of the Monetary, Economic and Financial Series Database (BSMEF). To meet the new requirements, more than 2900 series were added to the BSMEF.

In 2009, data collection and processing was fully integrated in the quality management system of the Bank and became subject to a regular monitoring mechanism in order to detect non-conformities and prepare corrective and/or preventive action plans. Accordingly, a "listening" system was put in place in order to measure users' satisfaction.

In order to respond to external requests for information, the Bank launched a publishing process of the statistical series on its website.

Strengthening the information mechanism of the Bank led to the conclusion of two agreements with external partners in 2009:

- A partnership agreement with the Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie – ANCFCC (National Land Registry and Cartography Agency) for the elaboration of the REPI;
- An agreement with the Direction de la Métérologie Nationale (National Meteorological Department) so as to provide the Bank with 10-day weather data, allowing it to improve its forecasting tools of the crop output.

Finally, in order to maximize the internal use of data and information prepared for monetary policy purposes, the Bank continued its efforts intended to formalize and automatize information processing.

## 2.2.2 Supervision and financial stability

### 2.2.2.1 Accounting and prudential regulation

In 2009, the Bank's efforts focused on consolidating the regulatory framework governing credit institutions and similar bodies. New rules were fixed for credit institutions in order to classify defaulting counterparties with the prospect of applying the advanced approaches of Basel II. The Bank submitted the draft text relative to the implementation of these approaches for review by the banking industry. It also issued a directive on the minimal rules governing the stress tests conducted by credit institutions, in order to assess their resilience to financial shocks.

With a view to reinforcing governance within micro-credit associations, the Bank issued a directive defining rules to be observed in this regard. They mainly identify the mission and operation methods of the administration and management bodies of these institutions, while putting emphasis on their role in communication and transparency.

The Bank also examined, in consultation with the banking industry, the impact of changes in IFRS[1] and IASB [2], in the light of the lessons drawn from the international financial crisis. In this regard, the Bank is working to establish a harmonized framework for a new prudential and accounting reporting, called "Common Reporting" and "FINREP" (Financial Reporting), in order to disseminate among banks the best practices relating to regulatory information disclosure.

## 2.2.2.2 Control activities

The Bank's mission relative to the supervision of credit institutions and similar bodies is carried out through offsite and onsite inspections.

At end-December 2009, the Bank's supervision activity was covering 85 credit institutions, including 18 banks, 36 finance companies, 6 offshore banks, 13 micro-credit associations, 9 funds transfer companies, the Caisse Centrale de Garantie (Central Guarantee Fund), the Caisse de Dépôt et de Gestion (Deposit and Management Fund) and the financial services of Barid Al-Maghrib (Moroccan Post Office).

Within the framework of offsite supervision, the credit institutions' rating aid system (Système d'aide à la notation des établissements de crédit – SANEC), created earlier, constituted a central tool as it helped conduct deep and structured analyses of the individual situation of credit institutions and banking groups. These quantitative

1 International Financial Reporting Standards

2 International Accounting Standards Board

and qualitative analyses covered credit, market, operational, concentration, liquidity and interest rate risks. The quantitative assessment is completed by a qualitative evaluation of internal control and risk management mechanisms as well as by a balance between banks' equity and the strategies set up by the concerned institutions. Designed both for risk management and prevention, this system has structured the relation with credit institutions and paved the way for fruitful exchanges with their managers and audit committees about areas requiring corrective actions.

Onsite supervision consists in inspections conducted at credit institutions according to a prior timetable which depends on risk areas. In 2009, 16 inspections were carried out at credit institutions and similar bodies, including 10 general missions and 6 cross-sectoral and specific missions.

Cross-sectoral missions mainly covered the study of mechanisms set up by credit institutions in order to manage liquidity, interest rate and operational risks, the surveillance of banks' branches abroad and anti-money laundering.

Specific inspections focused on the evaluation of credit institutions' exposures to the sectors mostly affected by the international financial crisis.

### 2.2.2.3 Financial stability

Drawing on the teachings of the international financial crisis, the Bank reinforced the macro-prudential surveillance framework. The December meeting of the Coordinating Committee was marked by the first-ever participation of the Finance Ministry's Department of Treasury and External Finance. The stress test conducted during this meeting showed the effectiveness of the coordination mechanisms used by regulatory authorities. It led to an action plan aiming at further formalizing this coordination and introducing reforms to consolidate the systemic risk management tool. On the other hand, the Bank continued to improve its macro-prudential surveillance tools, especially financial soundness indicators and sensitivity stress tests, and made an in-depth analysis of the risks considered to be systemic.

### 2.2.2.4 Credit institutions/customer relation

The Bank carried on with its actions aiming at developing financial services. In this regard, it accompanied banks that implemented bancarization policies targeting low-income categories, while using innovative solutions based on new technologies. The year 2009 was particularly marked by the effective start of the banking mediation tool which works toward the amicable settlement of conflicts[1] arising between credit institutions and their customers.

On the other hand, the Bank- in consultation with the banking industry- launched a new action program aiming at accelerating the development of financial services. This program aspires to improve the legibility of bank statements and to set up a series of instruments, including a free basic service, an index of financial service prices and a financial education program for the public.

## 2.2.3 Research

In 2009, research activity at the Bank was marked by the adoption of a program aiming at deepening the scientific foundation underlying the conduct of the Banks' fundamental missions. Actions conducted in this regard were aiming at accompanying the realization of the strategic orientations relative mainly to monetary policy and financial stability.

In the field of monetary policy, the Dynamic Stochastic General Equilibrium model was developed in order to analyze the monetary policy transmission channels. A calibrated version of this model was achieved and other extensions and improvements are planned to allow the model to better meet the Bank's needs in terms of analysis and simulation.

Research in the field of financial stability centered on increasing the analytical capacities in terms of risk modeling and measuring, mainly through the development of quantitative models. Work accomplished with regard to the modeling of systemic banking risks were crowned in 2009 with the elaboration of a model for systemic credit risk.

1 The mediator intervenes to resolve conflicts relative to the management of demand, time and passbook accounts as well as to payment means, provided that these disputes are not brought before courts. The decisions of the mediator are binding for the credit institution when the amount in question is less or equal to 100,000 dirhams. However, the customer is free to accept or refuse the decision.

In parallel, efforts were extended with the aim of creating and consolidating partnerships with the academic circles in order to help develop a real culture of research in Morocco in areas linked to the Bank's fundamental missions.

## 2.2.4 Systems and means of payment

### 2.2.4.1 Systems of payment

In 2009, the systems of payment witnessed two major events: the setting-up of the contractual framework for payment systems' monitoring and the completion of the paperless exchange of securities.

The contractual framework set up by the Bank, in collaboration with all participants in the payment systems, defines the rules of good governance, transparency, security, prevention, and risk control as well as the business continuity that managers are bound to respect. Modalities of the payment systems' monitoring mission, as defined in this agreement, include three aspects:

- Classifying the payment systems according to their systemic importance and defining the requirements that the payment systems manager should abide by;
- Assessing the payment systems with the aim of verifying their compliance to the legislative and regulatory texts in force and ensuring that managers respect their commitments defined in the above-mentioned agreement;
- Drafting recommendations, if necessary, and following up their effective and timely implementation.

In parallel, the generalization of the remote clearing system to all exchanged means of payment continued in 2009, through the deployment of the paperless exchange of debit advices via the Moroccan Interbank Remote Clearing System (SIMT).

Regarding the payment means oversight, the Bank pursued its efforts to ensure that banks' electronic money system complies with the international standards, and to supervise the new generation of payment means.

### 2.2.4.2 Notes and coins

The Bank produces, issues and recycles banknotes and coins. It supplies the national economy with banknotes and coins, and ensures the quality of their circulation.

In 2009, the Bank produced 490 million new banknotes, compared to 402 million in 2008, up 22 percent. In parallel, coins production stood at 113 million units in 2009, compared to 77.8 million coins in 2008, a 45 percent increase from one year to the next.

**Chart 2.2.1: Production of new banknotes**

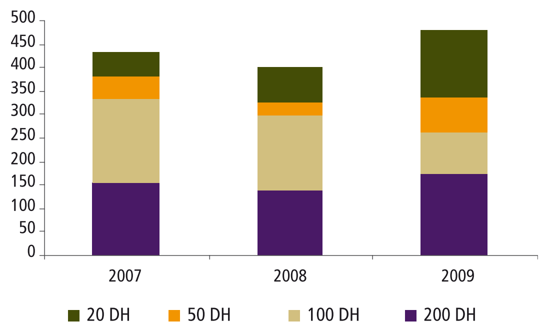
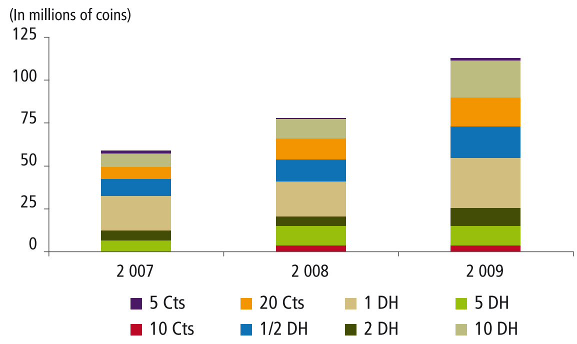
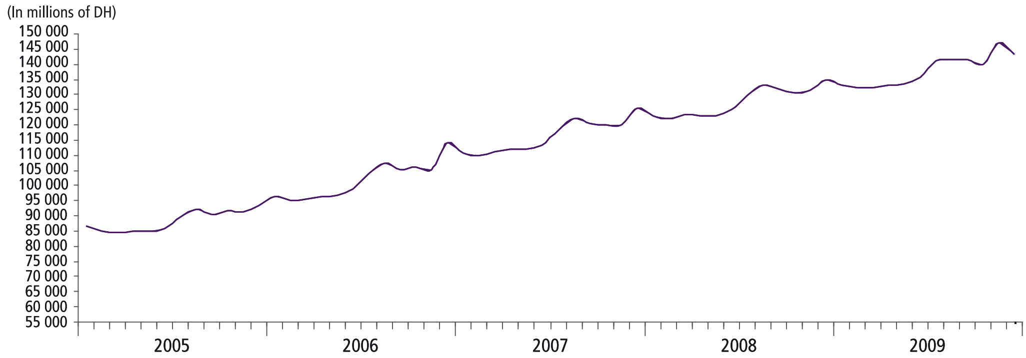



**Chart 2.2.2: Production of new coins (In millions of coins)**




At the end of December 2009, currency in circulation attained 143.1 billion dirhams, up by 6.2 percent compared to 2008. In fact, the number of banknotes in circulation increased by 4.9 percent, while the quantity of coins rose by 4.6 percent.

**Chart 2.2.3: Monthly change of currency circulation**



Concerning the structure of banknotes in circulation, the share of 200-dirham and 20-dirham denominations rose from 41 percent to 43 percent and from 7 percent to 8 percent, respectively, year-on-year. Conversely, 100-dirham and 50-dirham denominations dropped from 46 percent to 44 percent and from 5 percent to 4 percent, respectively. As for the 10-dirham denomination, it stood at 1 percent. In terms of volume, coins' circulation is mostly dominated by 1-dirham, ½-dirham, 20-cent and 5-cent denominations with respective shares of 25 percent, 15 percent, 15 percent, 19 percent, and 12 percent, thus constituting around 86 percent of the coins in circulation. Compared to the previous year, shares in volume of all types of coins remained unchanged.

**Chart 2.2.4 Breakdown of banknotes in circulation per denomination**

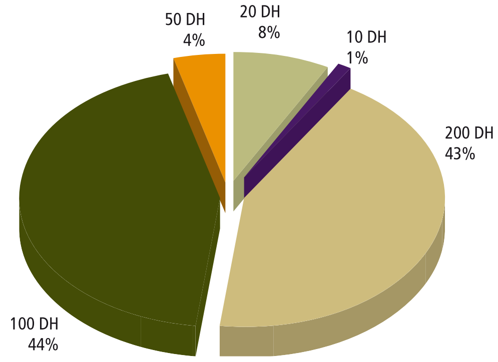
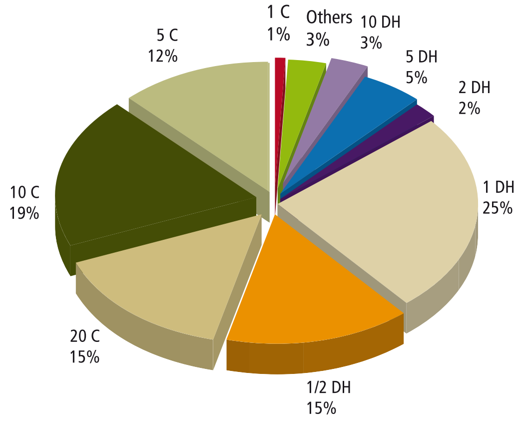



**Chart 2.2.5 Breakdown of coins in circulation per denomination**




During 2009, banknotes' withdrawals from the Bank's branches rose by 6.2 percent, compared to 2008, to stand at 941 million units. On the other hand, coins' withdrawals, at 124 million units, increased by 17 percent compared to 2008. In terms of banknotes withdrawals from the Bank's network, all the denominations recorded an upward trend, rising by 3.4 percent for the 200-dirham denomination, 10 percent for the 100-dirham denomination, 2.8 percent for the 50-dirham denomination and 3.3 percent for the 20-dirham denomination.

The number of banknotes deposited at the Bank's branches increased by 14.8 percent to reach 817 million banknotes. Deposits of valid banknotes by the private sorting centers reached 75 million denominations during 2009 compared to 118 million in 2008. This decrease is due to the rise in recycled banknotes, owing to the important increase of bank branches and ATMs in 2009.

Analysis of coins' movements at the Bank's network confirms the presence of a continuing pressure on the 1-dirham and ½-dirham denominations. Indeed, their withdrawals increased, respectively, to 28.5 million and 19.5 million units while deposits stood at 2.5 million and 3.7 million denominations.

The overall volume of coins deposits at the Bank's branches rose by 40.5 percent in 2009 and recorded positive variations of 42 percent, 32 percent, 122 percent, 59.8 percent, and 12.5 percent, respectively, in the denominations of 10 dirhams, 5 dirhams, 2 dirhams, 1 dirham and ½ dirham. Conversely, 20-cent, 10-cent, 5-cent and 1-cent denominations recorded downward variations of 90 percent, 56 percent, 3 percent, and 33 percent, respectively.

In the Bank's branches, cash outflows in 2009 concerned 123.7 billion dirhams of banknotes, while cash inflows reached 115.3 billion dirhams, thus recording a surplus of outflows over inflows by around 8.4 billion dirhams compared to 9.2 billion dirhams in the previous year. Such a surplus was recorded in the branches of Agadir, Al-Hoceima, Beni-Mellal, Laâyoune, Meknes, Ouarzazate, Rabat, Safi, Tangiers, and Taza.

**Table 2.2.1: Cash flows in the Bank's branches**

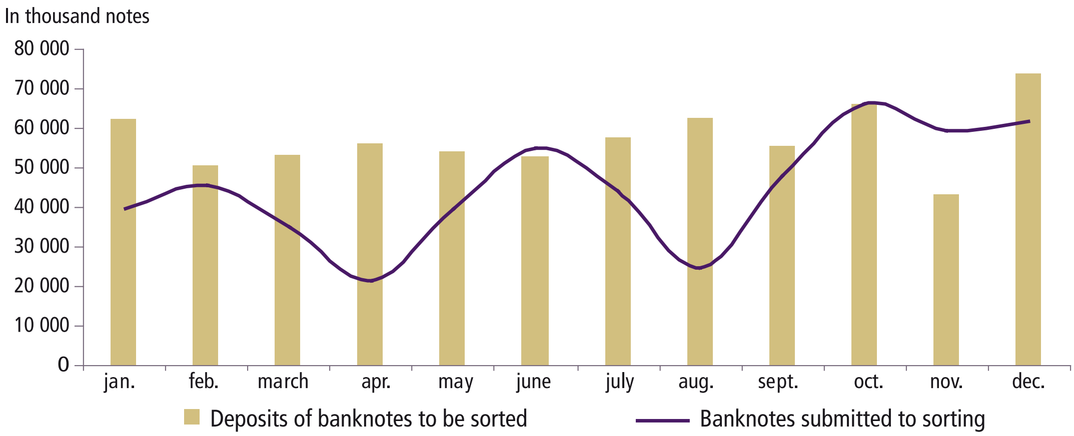
(In thousand dirhams)

| Branches | Inflows | Outflows | Surplus |
|---|---|---|---|
| Agadir | 11,147,504 | 12,539,506 | 1,392,002 |
| Al-Hoceima | 1,440,401 | 2,087,682 | 647,281 |
| Beni mellal | 1,784,327 | 3,717,400 | 1,933,073 |
| Casablanca | 24,372,623 | 22,958,433 | -1,414,190 |
| Laâyoune | 995,082 | 2,164,280 | 1,169,198 |
| El jadida | 2,205,859 | 1,432,060 | -773,799 |
| Fez | 13,067,843 | 8,091,999 | -4,975,844 |
| Kenitra | 4,049,490 | 2,922,969 | -1,126,521 |
| Larache | 920,090 | 845,912 | -74,178 |
| Marrakech | 15,195,205 | 13,811,445 | -1,383,760 |
| Meknes | 6,871,447 | 7,878,568 | 1,007,121 |
| Nador | 5,067,305 | 4,215,239 | -852,066 |
| Ouarzazate | 408,695 | 1,840,555 | 1,431,860 |
| Oujda | 4,306,851 | 5,470,288 | 1,163,437 |
| Rabat | 8,671,069 | 18,275,193 | 9,604,124 |
| Safi | 2,026,591 | 2,555,647 | 529,056 |
| Settat | 1,073,301 | 886,499 | -186,802 |
| Tangiers | 7,798,026 | 9,051,947 | 1,253,921 |
| Taza | 935,731 | 1,740,973 | 805,242 |
| Tetouan | 3,018,708 | 1,242,653 | -1,776,055 |
| Surplus (outflows-inflows) | 115,356,148 | 123,729,248 | 8,373,100 |

In 2009, deposits of banknotes at the Bank's branches, which amounted to 817 million notes, induced sorting operations of 628 million units, all denominations combined. As a consequence, 282 million denominations were definitely withdrawn, as their condition no longer complied with the required quality standards.

The sorting of 100-dirham and 200-dirham banknotes decreased by 7 percent in 2009 to 540 million from 581 million processed banknotes. This decrease is mainly attributed to the difficulties faced in processing damaged banknotes received from the private sorting centers, accounting for 27 percent of all processed banknotes. As regards the branches, the volume of processed banknotes reached 88 million units, composed mainly of 50 and 20-dirham denominations.

**Chart 2.2.6: Change in deposits and banknotes to be sorted**




Banknotes sorted by the private sorting centers stood at 759 million banknotes in 2009, all denominations combined. These banknotes were divided as follows: 374 million recycled banknotes, 75 million valid banknotes deposited at the Bank's branches, and 310 million banknotes removed from circulation.

Regarding foreign banknotes, their purchase decreased by 4.8 percent compared to 2008, while their sales saw no considerable change. Consequently, net purchases stood at 44.2 billion dirhams, down by 5 percent compared to their level in 2008.

As part of its fight against counterfeiting, the Bank detected 19,044 counterfeit banknotes totaling 2.4 million dirhams, representing a 25.3 percent increase in volume compared to 2008. Counterfeit banknotes of 200-dirham and 100-dirham denominations increased by 89 percent and 30 percent respectively compared to the previous year, while 50-dirham denominations fell by 21 percent, and 20-dirham were down 13 percent.
On the other hand, the total volume of suspect foreign banknotes detected by the Bank reached 4,043 banknotes, of which 3,163 were confirmed false, hence rising by 65 percent. The euro, dollar, and pound sterling constitute 59 percent, 28 percent, and 9 percent, respectively, of foreign banknotes which were confirmed to be false during the year 2009.

**Chart 2.2.7: Number and percentage of false banknotes per denomination detected by the Bank**

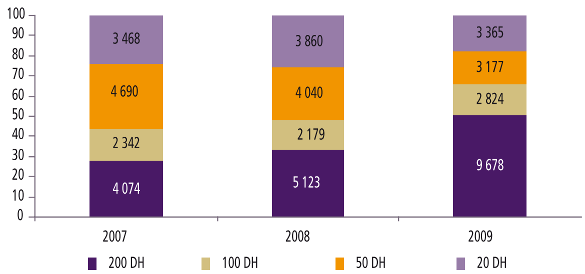



**Table 2.2.2: Number of false banknotes detected by the Bank**

| Year | Number of suspect foreign banknotes | Number of confirmed false banknotes |
|---|---|---|
| **2007** | 2.244 | 1.981 |
| **2008** | 2.444 | 1.982 |
| **2009** | 4.043 | 3.163 |

## 2.2.5 Reserves Management

In the field of reserves management, the Bank elaborated an investment strategy to maintain a high level of liquidity, preserve the value of the capital, and optimize the yield. Approval of this strategy and assessment of its results is entrusted to the Bank Board, while the Monetary and Financial Committee ensures the regular follow-up of its implementation.

Due to the persistent financial crisis and the continuing decrease of bond yields, the Bank adopted, in 2009, a cautious and reactive investment strategy, which takes into consideration the changes both in foreign assets and financial markets.

However, owing to the normalization of the financial conditions at the end of the year, the Bank removed some restrictions to allow the reintegration of certain banks as eligible counterparties for deposit operations, namely unsecure ones. In parallel, new indicators for the measurement of the yields' efficiency have been introduced to ensure a better monitoring of the overall risk.

In continuation of the strategy adopted in 2008, the pace of investments was accelerated at the start of the year 2009, in anticipation of the low rates expected in the second half of the year. The Bank also gave preference to acquiring AAA quasi-sovereign assets and reducing its exposure to monetary investments.

Eventually, this strategy allowed the overall yield of the foreign exchange reserves to be greater than expected.

## 2.2.6 Financial information

In 2009, the Bank achieved considerable progress in terms of financial information, with the set up of the Credit Bureau, and the deployment of its decision-support information system.

### 2.2.6.1 Central information registries

The central information registries' project consists of a revamp of all the information registers managed by the Bank through a single database which allows harmonizing the data. The project is centered on two axes:

•Setting up the Credit Bureau
•Revamping the Default Registry.

#### 2.2.6.1.1 Credit Bureau

In order to provide credit institutions with centralized information on the loans granted to their customers, the Bank engaged in a process of delegating its central risk registry.

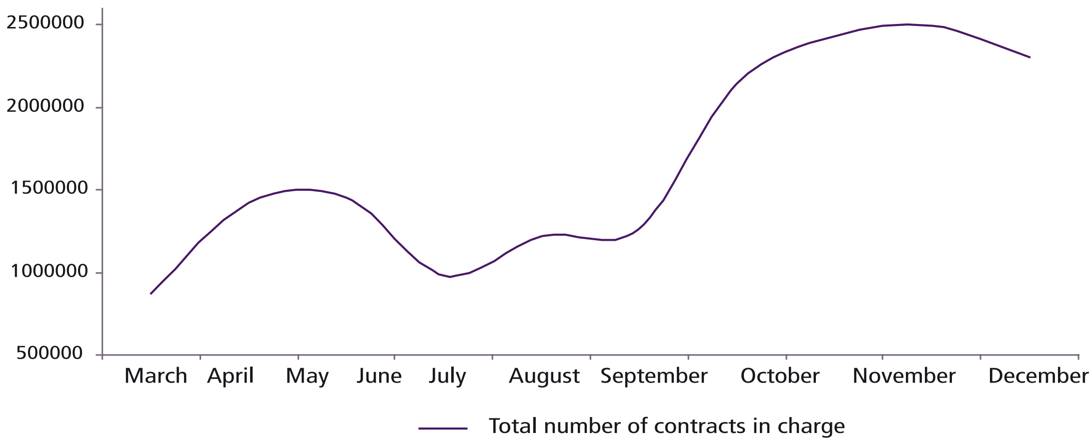
To this end, the Bank set down the regulatory framework governing the implementation of this mandate and launched an international call for tenders, following which Experian International, renowned for its expertise in the field, was selected. Thanks to its know-how, Experian International created a limited company under the Moroccan law named Experian Services Maroc, whose shareholding includes other Moroccan financial players. The credit bureau centralizes loan contracts declared by credit institutions, processes the information contained in these declarations, and in turn, issues creditworthiness reports to these institutions allowing them to make a better assessment of loan requests made by their customers.

To ensure the appropriate conditions for the functioning of the credit bureau, the Bank made it mandatory for credit institutions to feed its database and consult it. Similarly, the Bank saw to the security of exchanges through meeting all the prerequisites and engagements, notably those relating to the platform's technical architecture, data security and confidentiality, the specifications relating to the supply and trustworthiness of data, consultation and restitution of credit worthiness reports as well as the aspects linked to corporate governance.

The completion of this project allowed the Bank to organize, in cooperation with the International Finance Corporation and the Arab Monetary Fund, study visits in Rabat to the benefit of delegations from the central banks of Lebanon, Algeria and the Central Bank of West African States, interested in the Moroccan experience of delegating its central risk registry.

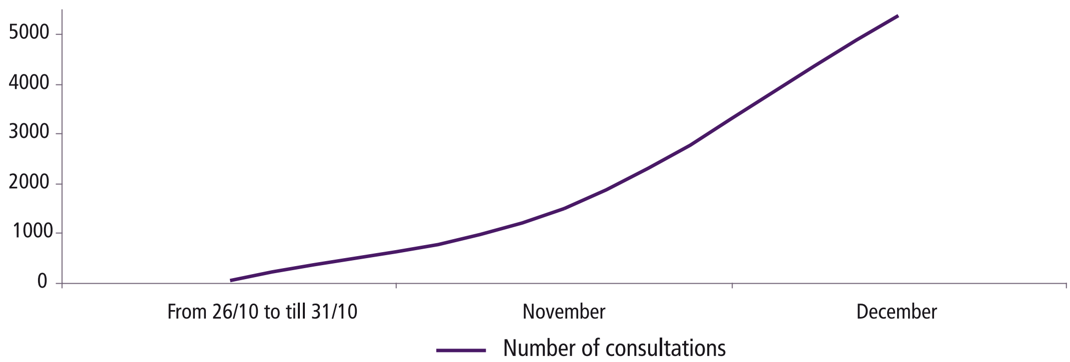
On the back of the close monitoring by the Bank of the feeding process of the central risk registry and the adherence of lending institutions to the system, the credit bureau set up a database comprising, at the end of 2009, 2.3 million loan contracts, up 166 percent compared to March of the same year. The chart below retraces the development of the contracts sent to the credit bureau since its inception in March 2009.

**Chart 2.2.8: Development of the number of contracts sent to the credit bureau between March and December 2009**




Following the stabilization of the feeding mechanism, the consultation service began in October so as to provide lending institutions with creditworthiness reports necessary for the assessment of credit risk.

**Chart 2.2.9: Development of the consultations between October and December 2009**



### 2.2.6.1.2 Activity of the Default Registry

The year 2009 was marked by the adherence of Caixa, Banco Sabadell and CDG Capital to the Default Registry.

In comparison to the preceding year, data flows processed by the default registry illustrate the following changes:

•Default declarations saw a marked increase, from 2 percent to 11 percent;
•The share of natural persons and corporate bodies out of the total declarations stood at 83 percent and 17 percent, respectively;
•Default settlements declined by nearly 5 percent;
•Overdue defaults rose by only 18 percent from 363 percent in 2008;
•Information requests increased by roughly 12 percent from 23 percent a year earlier;
•The cases of declared legal bans on the issuing of checks dropped by 13 percent, after growing by nearly a half.

**Table 2.2.3: Change in data flows processed by the Default Registry**

| Year/number (in thousands) | 2007 | 2008 | 2009 | Variation(%) 2008/2007 | Variation (%) 2009/2008 |
|---|---|---|---|---|---|
| Default declarations | 296.7 | 302.7 | 336.5 | 2 | 11 |
| Default cancellations | 8.2 | 5.0 | 5.5 | -39 | 11 |
| Default settlements | 115.5 | 111.9 | 106.3 | -3 | -5 |
| Overdue defaults | 37.2 | 172.1 | 202.6 | 363 | 18 |
| Information requests | 981.2 | 1,208.2 | 1,351.7 | 23 | 12 |
| Legal bans on the issuing of checks | 86.0 | 128.0 | 111.0 | 49 | -13 |

In addition, outreach efforts aimed at the public enabled to collect 3,399 requests, whose processing resulted in:
•Lifting 221 wrongly-declared bans;
•Settling 9 default cases;
•Satisfying 439 individual information requests; and
•Responding to 2730 assistance requests in relation with the registry activity.

In order to continue the development of central information registries, four steps were adopted in the strategic plan 2010-2012:

•Completing the overhaul project of central information registries through the creation of the Check Default Central Information Registry;
•Integrating bill and debit advice defaults in the Default Registry;
•Generating an irregular checks register open to consultations by traders;
•Establishing a banking accounts registry.

## 2.2.6.2 Decision-support system

Launched by the Bank in 2009, the project aims at making significant productivity gains in connection with reducing the search time for information, ensuring a greater autonomy to users, building on the efforts exerted in terms of data processing and reliability and finally unifying the practices of Bank departments as concerns restitution. This project was divided into two segments: The deployment of the decision-support system tools and the creation of the centralized Bank data warehouse.

### 2.2.6.2.1 The deployment of the decision-support system tools

The Bank opted for the SAS platform which has the advantage of being an integrated solution. The decision-support platform of the Bank is composed of the decision–support engine of SAS, around which tools shall be installed with the goal of implementing activities such as reporting, statements preparation, design and development of the main leading indicators, surveys management, statistical analyses a well as data processing and the questioning of operational databases. In addition, a data extraction, transformation and supplying tool will be implemented in order to industrialize the feed process of the monetary, economic and financial series database and the central data warehouse, based on several data sources.

### 2.2.6.2.2 The creation of the centralized Bank data warehouse

The second phase of the project aims at developing the centralized Bank data warehouse on a pilot perimeter composed of business indicators.

In parallel, a platform will be put in place in order to guarantee an integrated management of all the survey phases conducted by the Bank. A database rich with the appropriate indicators relating to all the surveys will be made available to Bank departments.

The pilot perimeter of the restitution project also includes the development of a module for the management of data flows, notably the traceability of indicators, reports and data disseminated to outside partners or published at the Bank's website.

The implementation of the project started in September 2009 and will be completed in 2010.

# 2.3 Openness and outreach

## 2.3.1 Relationship with the Treasury

In line with the modernization of its activities, the Bank started the dematerialization of bids submitted by banks during Treasury-bill auctions and refinancing operations with Bank Al-Maghrib, by equipping itself with a reliable and secure IT system for the management and processing of such operations.

This system is composed of three modules: the first one concerns monetary policy operations, the second bears on instruments relating to issuing operations as well as repurchase and swap operations of T-bill while a third module consists of enabling the management of Treasury loans and borrowings on the interbank market. To optimize management, several training and awareness programs to the benefit of market players were carried out by the Bank so as to enable them further their knowledge of the system and introduce the organizational and technical developments relating to access requirements.

The deployment of the "Teletransmission" system started effectively in July for monetary policy operations bids and T-bill auctions. The implementation of the modules relating to loans and borrowings by the Treasury on the market is scheduled for early 2010.

## 2.3.2 National network of the Bank

The Bank's network, composed of two subsidiaries and eighteen branches, saw no changes as to its location in 2009. The development of its activities, however, continued through several modernization actions. The progress made concerned in particular the mechanization of currency, the anchoring of the quality approach, the control of operational risks and the strengthening of security measures.

### 2.3.2.1 Strengthening the currency system

The improved quantity and quality of currency processing and packaging machines allowed a greater speed in the processing of operations, while improving staff working conditions. The number of machines, all categories included, grew progressively to 814 units in 2009 from 415 units in 2004.

### 2.3.2.2 Strengthening security measures in branches

The effectiveness of the security system was further reinforced with the generalization and the equipment of the entire network, in 2009, with digital video surveillance and recording systems, in addition to the metal detector tools installed previously.

### 2.3.2.3 Quality and customer satisfaction

In line with the outreach strategy toward customers and the large public, the Banks' network which is considered to be the main contact point was equipped with reception units to guide customers and provide them with information relating to the Bank's missions. A modern system for the management of waiting queues was previously installed in the Rabat and Casablanca subsidiaries.
In addition, the appropriation of the quality approach allowed sustaining the improvement dynamism through the reporting of information issued from the meetings held with institutional customers and other partners, the processing of customer complaints and the closer monitoring and progress of activities.

### 2.3.2.4 Supervising private sorting centers' activity

In the context of its supervision system ensuing from delegating the sorting activity to the managing companies of private sorting centers, the Bank mobilized its resources from the Casablanca and Tangiers subsidiaries which carried out 21 investigations with private sorting centers.

The Bank also inquired about the current status of the machines used by these centers, the efficiency of their security apparatus and the respect of the rules and regulations in place for the processing of funds.

## 2.3.3 Communication

As part of an overall internal and external communication strategy, the Bank reinforced and diversified its information channels in 2009, with the aim of consolidating its outreach and communication strategy. At the center of its preoccupations was also the development of partnerships and sharing.

The Bank stepped up efforts to improve public understanding of its decisions. Press conferences are thus held within the same day as the Board meeting, in order to explain monetary policy decisions. The Monetary Policy Report, which is drawn up in preparation for the Board meetings, has since 2009 been handed forthwith to journalists attending the press conference.

As regards its internet website, which is the main communication medium, the Bank is continuously working to improve it in order to provide the public with updated, diversified and increasingly structured information.

The editing and publication process, which targets the large public, was completed in 2009 with new information notes, two of which cover the means and systems of payment and anti-money laundering respectively. It also includes and with many information tools which are distributed through the Bank's subsidiaries and branches.
On the other hand and in order to make the staff more involved and better informed, the Bank continued in 2009 to develop internal communication tools. Three issues of the internal newsletter "Infobam" were published, underlying the major projects carried out by the Bank. Several manuals and projects were also realized to this end. A meeting was held at the end of the year to take stock of the past year's achievements and discuss the new orientations and challenges.

In line with the openness it adopts, transparency is defined as the prior objective of the Bank's communication policy. The 2010-2012 strategic plan still includes among its major orientations the consolidation and improvement of the information and communication processes relating to its missions and decisions. To this end, the Bank set among its main objectives supporting the development of relations with institutional partners, encouraging financial education and supporting the reinforcement of the governance framework and sustainable development policy. Another major axis of the communication strategy is to shed light on and share the Bank's heritage.

The fiftieth anniversary of the Bank in 2009 was celebrated with a rich and diversified program. Openness and sharing were the keywords of all the celebrations and events held in-house or outside the Bank in commemoration of this great occasion.

**Box 2.3.1: Major events organized in commemoration of the Bank's fiftieth anniversary**

The commemoration of the fiftieth anniversary of the Bank was marked by the organization of many events:
**March 17:** A ceremony was held in which the Bank was given ISO 9001 certification for all its activities.
April through December: Guided tours in Dar As-Sikkah for the staff children.
**May 4-6:** Organization of an international seminar on banking supervision in collaboration with the Toronto Centre and the Autorité des Marchés Financiers of Quebec.
**May 26:** Edition of a book on the architectural heritage of the Bank.
**May 29:** Organization in Marrakech of an international symposium on "The role of central banks and the IMF in financial crisis detection and management: lessons from the recent experience", with the participation-among others- of the International Monetary Fund, the European Central Bank, the Arab Monetary Fund, the Central Bank of Central African States as well as the governors of many central banks.
**July 3:** Organization of a reception in honor of the Bank's staff in all of its sites.
**October 1:** Issue of a commemorative banknote with a face value of 50 dirhams. An international competition was organized for the conception of this banknote, as well as of a postage stamp and a commemorative coin issued on this occasion.
**October 28-30:** Organization of the Second Edition of the Annual Conference of the Heads of Internal Audit in the Central Banks of French-speaking Countries, with the participation of 25 delegations from the central banks of Africa, North America, Asia and Europe.
**November:** Organization of a painting competition for the staff children on the theme of the Bank's fiftieth anniversary.
**December 11:** Organization of a Staff Day at the Bank's Professional Training Center.

## 2.3.4 Currency Museum

Many cultural events were organized on the occasion of the fiftieth anniversary.

A museum was built on a 2,000 m² area that hosts:

•An exhibition on the history of currency in Morocco, from antiquity to date. It features about 1,000 pieces including pre-monetary instruments, ancient currencies and Moroccan banknotes;
•a gallery presenting the Bank's missions and functions. It consists of a glass wall made of screens and interactive applications aiming at providing visitors with a clear and didactic overview of the central bank's business,
•an art gallery featuring works of Moroccan and orientalist painters.

The staging-design and museum configuration of the site is modern, based mainly on images and interactive, pedagogical elements. The museum addresses the large public and offers several levels of information-processing. It hosts permanent and temporary exhibition areas, pedagogical workshops, a shop and an auditorium. The shop offers the visitors about forty different items linked to Museum-related areas (publications, commemorative currencies and banknotes withdrawn from circulation, numismatic and publicity items). The Museum will be open to the public as of May 18, 2010 which coincides with the International Museum Day.

The collection and processing of the Bank's historical archives went on, through classification works that covered 378,000 archive documents from the Banque de France, BNP Paribas, the Moroccan National Library and the Nantes Diplomatic Archives Center.

The Bank also carried on with its policy aiming at enriching and enlarging its numismatic and artistic heritage namely with the acquisition of the works of famous Moroccan and orientalist painters and of extremely rare specimen and proofs of Moroccan banknotes.

## 2.3.5 International cooperation

In 2009, the Bank participated in several international events, namely:

•The 2009 Spring and Autumn Meetings of the International Monetary Fund and the World Bank, organized in April in Washington and in October in Istanbul;
•the 30th Session of the Board of Governors of Arab Central Banks and Monetary Authorities, held in Abu-Dhabi in September;
•the 16th Meeting of the Governors of Central Banks in French-speaking Countries, held in May in Nice on "The financial crisis and its impact on economies".

International cooperation was further reinforced in 2009, with the traditional partners of Morocco as well as with other institutions having expressed their desire to benefit from its expertise. As part of the annual cooperation programs, three actions were carried out with the Banque de France, five with the Financial Services Volunteer Corps and four with the Central Bank of Central African States.

In parallel, the Bank organized many activities, consisting of study tours and assistance visits for the benefit of the Central Bank of Mauritania, the Central Bank of Libya, the Central Bank of Guinea, the Central Bank of West African States, the Central Bank of Lebanon, the National Bank of Albania and the National Bank of Poland.

In 2009, the Bank signed a cooperation agreement in the field of bank control, information exchange and general cooperation with the Central Bank of West African States.

# PART 3

## FINANCIAL STATEMENTS OF BANK AL-MAGHRIB

# Balance sheet

**1. Balance sheet as at the end of December 2009**

(After allocation of profits)

| **ASSETS**<br>(In thousands of dirhams) | **Notes** | **Dec 31, 2008** | **Dec 31, 2009** |
|---|---|---|---|
| **Holdings and investments in gold** | **1** | **4,962,457** | **6,152,625** |
| **Holdings and investments in foreign currency** | **2** | **178,350,705** | **172,317,841** |
| - Holdings and investments held in foreign banks | | 26,469,032 | 37,461,701 |
| - Foreign Treasury bills and similar securities | | 136,700,006 | 128,081,155 |
| - Other holdings in foreign currency | | 15,181,667 | 6,774,985 |
| **Holding in international financial institutions** | **3** | **1,468,018** | **7,307,701** |
| - I.M.F. subscription-Reserve tranche | | 1,054,717 | 1,053,778 |
| - Special Drawing Rights holdings | | 156,037 | 5,999,775 |
| - Subscription to the Arab Monetary Fund | | 257,264 | 254,149 |
| **Lending to the Government** | | - | - |
| - Conventional advances | | - | - |
| - Overdraft facilities advances | | - | - |
| - Other facilities | | - | - |
| **Claims on Moroccan credit institutions and similar ones** | **4** | **15,014,783** | **17,034,139** |
| - Securities received under repurchase agreements | | - | - |
| - Advances to the banks | | 15,000,000 | 17,000,631 |
| - Other claims on Moroccan credit institutions and similar ones | | 14,783 | 33,508 |
| **Treasury bills - Open market operations** | | **3,068,950** | **-** |
| **Other assets** | **5** | **11,748,462** | **12,822,901** |
| - Sundry debtors | | 7,070,561 | 7,979,124 |
| - Other miscellaneous assets | | 4,677,901 | 4,843,777 |
| **Fixed assets** | **6** | **2,530,705** | **2,796,030** |
| - Fixed assets | | 2,530,705 | 2,796,030 |
| **Total assets** | | **217,144,080** | **218,431,238** |

| **Liabilities** (In thousands of dirhams) | Notes | Dec 31, 2008 | Dec 31, 2009 |
|---|---|---|---|
| **Banknotes and coins in circulation** | **7** | **134,771,581** | **143,139,225** |
| - Banknotes | | 132,691,292 | 140,937,548 |
| - Coins | | 2,080,289 | 2,201,677 |
| **Liabilities in gold and in foreign currency** | **8** | **2,432,466** | **2,895,116** |
| - Liabilities in gold | | | |
| - Liabilities in foreign currency | | 2,432,466 | 2,895,116 |
| **Liabilities in convertible dirhams** | **9** | **196,176** | **210,403** |
| - Liabilities to international financial institutions | | 184,390 | 197,112 |
| - Other liabilities | | 11,786 | 13,291 |
| **Deposits and liabilities in dirham** | **10** | **59,630,039** | **44,261,285** |
| Current account of the Treasury | | 1,458,154 | 3,809,646 |
| Deposits and liabilities to Moroccan banks | | 52,946,150 | 37,294,962 |
| . Current accounts | | 52,946,150 | 37,294,962 |
| . Liquidity-withdrawal accounts | | | |
| . Deposit facility accounts | | | |
| Deposits of general government and public institutions | | 3,583,063 | 1,194,821 |
| Other accounts | | 1,642,672 | 1,961,856 |
| **Other liabilities** | **11** | **13,524,121** | **15,473,844** |
| **Allocations of Special Drawing Rights** | **12** | **1,068,834** | **6,918,045** |
| **Equity capital and the like** | **13** | **5,520,863** | **5,533,320** |
| - Equity capital | | 500,000 | 500,000 |
| - Reserves | | 5,001,340 | 5,001,340 |
| - Other equity capital and similar ones | | 19,523 | 31,980 |
| **Total liabilities** | | **217,144,080** | **218,431,238** |

## 2. Profit and loss statement

| **Revenues** (in thousands of dirhams) | **Dec 31, 2008** | **Dec 31, 2009** |
|---|---|---|
| Interests earned on holdings and investments in gold and foreign currency | 6,582,353 | 5,048,010 |
| Interests earned on lending to the Government | - | - |
| Interests earned on claims on Moroccan credit institutions and similar ones | 506,974 | 587,428 |
| Other interests earned | 9,568 | 8,017 |
| Commissions earned | 303,112 | 307,324 |
| Other financial revenues | 1,401,478 | 1,065,648 |
| Sales of produced goods and services | 62,287 | 65,453 |
| Miscellaneous revenues | 15,592 | 18,225 |
| Reversal of amortization | 2,374 | - |
| Reversal of provisions | 1,023,040 | 471,291 |
| Noncurrent revenues | 1,014 | 234,342 |
| **Total revenues** | **9,907,792** | **7,805,738** |

| **Expenses** (in thousands of dirhams) | **Dec 31, 2008** | **Dec 31, 2009** |
|---|---|---|
| Interests paid on liabilities in gold and foreign currency | 34,987 | 9,355 |
| Interests paid on liabilities in convertible dirham | - | - |
| Interests paid on deposits and liabilities in dirham | 721,757 | 459,828 |
| Commissions paid | 25,323 | 24,678 |
| Other financial expenses | 429,925 | 414,982 |
| Staff expenses | 912,688 | 924,697 |
| Purchase of materials and supplies | 160,677 | 175,353 |
| Other external expenses | 126,885 | 206,752 |
| Amortization and provisions expenses | 1,092,849 | 811,108 |
| Noncurrent expenses | 153,439 | 218,132 |
| Corporate taxes | 2,343,980 | 1,776,996 |
| **Total expenses** | **6,002,510** | **5,021,881** |
| **Income** | **3,905,282** | **2,783,857** |

## 3. Off-balance sheet

| (in thousands of dirhams) | Note | Dec 31, 2008 | Dec 31, 2009 |
|---|---|---|---|
| | **14** | | |
| **Spot foreign exchange transactions** | | | |
| - Spot delivery of currencies | | | |
| - Spot purchase of dirhams | | | |
| **Forward foreign exchange transactions** | | | |
| - Currencies receivable | | 84,270 | 81,794 |
| - Currencies payable | | 80,245 | 77,738 |
| **Currency exchange-deposit transactions** | | **11,594,626** | **14,015,,132** |
| **Foreign exchange transaction-arbitrage operations** | | | |
| - Foreign currencies receivable | | 463,757 | 8,403,145 |
| - Foreign currencies payable | | 926,032 | 8,382,360 |
| **Off-balance currency adjustment** | | | |
| **Liabilities on derivatives** | | | |
| **Liabilities on securities** | | | |
| - Securities received on advances granted | | 15,000,000 | |
| - Securities received on advances to be granted | | 1,273,400 | 17,819,500 |
| - Securities deliverable | | | |
| **Other liabilities** | | | |
| - Received market guarantees | | 25,809 | 28,619 |
| - Liabilities of guarantees received for staff loans | | 592,880 | 612,373 |
| - Financing liabilities granted to the staff | | 28,974 | 35,259 |
| - Other granted liabilities | | 1,000 | 1,000 |

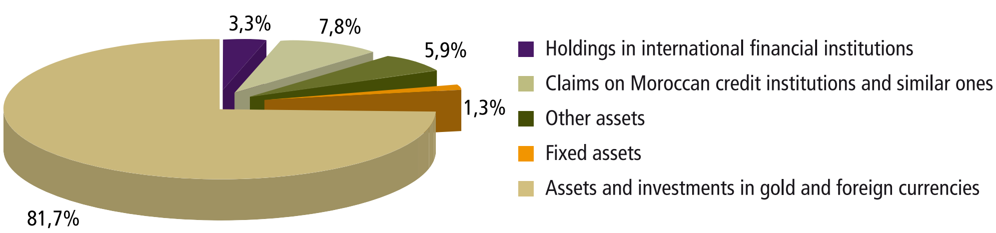
# 3.1 Bank Al-Maghrib balance sheet

Analysis of the Bank's balance sheet changes reveals, year-on-year, the combined effect of foreign assets' continuing decrease, the IMF's Special Drawing Rights allocation, and the repeated monetary reserve rate reduction.

Overall, the diverging differences in the main sections of the balance sheet were generally offset. Consequently, the balance sheet total increased by 0.6 percent, and reached 218,431 million dirhams at the end of 2009.

## 3.1.1 ASSETS

**Chart 3.1.1: Breakdown of assets items**




### Assets and investments in gold

Assets and investments in gold reached 6,153 million dirhams, up by 1,190 million or 24 percent. This increase has exclusively resulted from the rise of the gold ounce price from 882.05 dollars to 1,096.97 dollars. As for the gold stock, it almost stabilized at 708,662,438 gold ounces.

### Assets and investments in foreign currency

At 172,318 million dirhams, i.e. almost 79 percent of the Bank's assets, holdings and investments in foreign currency shrank by 6,033 million dirhams, equal to 3.4 percent, compared to 3.6 percent in 2008. This change is essentially due to the decline of travel receipts and of transfers of Moroccans residing abroad. The Bank's foreign currency assets are mainly invested in debentures.

**Assets with international financial institutions**

These assets grew by 5,840 million to attain 7,308 million dirhams, owing to the IMF general and special allocations, whose global amount equaled 475.7 million SDR.

SDR allocations lead to increasing gross foreign reserves. However, on a net basis, the latter were not affected as these allocations induced the rise of the Bank's assets and liabilities, by the same proportions.

**Claims on Moroccan credit institutions and similar ones**

Reflecting the importance of liquidity injection operations carried out via 7-day advances, year-end to year-end claims rose from 15,015 to 17,034 million dirhams.

**Treasury bills - open market operations**

At the end of December 2009, Treasury bills portfolio shows a zero balance, as a result of the maturity of all its assets.

It is worth mentioning that further to the payment of conventional advances by the Treasury, Bank Al-Maghrib subscribed, in 2006 and 2007, Treasury bills of a total value of 5,500 million dirhams.

**Other assets**

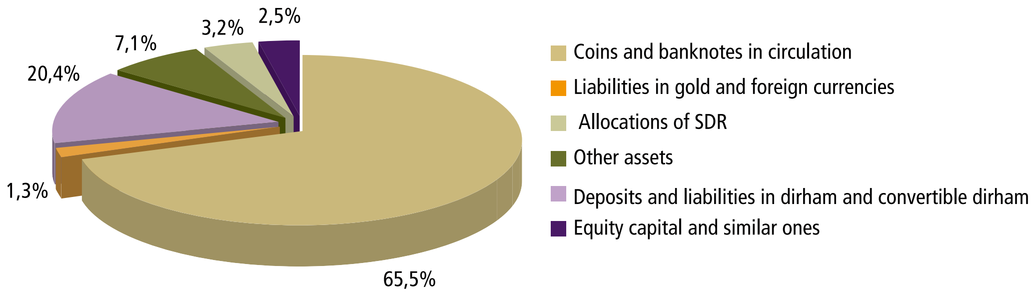
At the end of 2009, the other assets, composed mainly of sundry debtor accounts and equalization and cash accounts, rose to 12,823 million, compared to 11,748 million dirhams the year before.

**Fixed assets**

Fixed assets, which include tangible and intangible fixed assets, fixed loans, equity securities and similar ones, grew by 265 million dirhams at the end of 2009, equal to 10.5 percent, particularly due to the increase of investments in operating tangible assets.

## 3.1.2 LIABILITIES

**Chart 3.1.2: Breakdown of liabilities items**




### Banknotes and coins in circulation

At the end of December 2009, banknotes and coins in circulation rose by 8,368 million dirhams, or 6.2 percent, to reach 143,139 million dirhams, thus at a lower pace compared to the last three years. On the contrary, the share of banknotes and coins in the Bank's total liabilities is continuously increasing, as it reached almost two thirds in 2009.

### Liabilities in gold and foreign currency

These liabilities rose by 463 million, equal to 19 percent, to attain 2,895 million dirhams, owing to the increase of the Bank's commitments to nonresidents.

### Liabilities in convertible dirhams

The total of this item reached 210 million dirhams, up by 7.3 percent, mainly due to the increase of the Bank's commitments towards international financial institutions, further to the SDR appreciation.

### Deposits and liabilities in dirhams

In 2009, deposits and liabilities in dirhams fell by 25.8 percent, and therefore stood at 44,261 million dirhams. This fall mainly translated the decrease of the banks' current account deposits, by around 30 percent, as a result of the monetary reserve rate cut to 10 percent in June and 8 percent in September.

### Other liabilities

The «other liabilities» item, which reached 15,474 million dirhams, rose by 1,950 million, or 14.4 percent, mainly as a result of the growth of the foreign exchange reserves' revaluation account.

### Special Drawing Rights allocations

SDR allocations went up from 1,069 million to 6,918 million dirhams. This rise has exclusively resulted from the general and special allocations granted by the IMF to Morocco on August 28 and September 9, 2009, respectively.

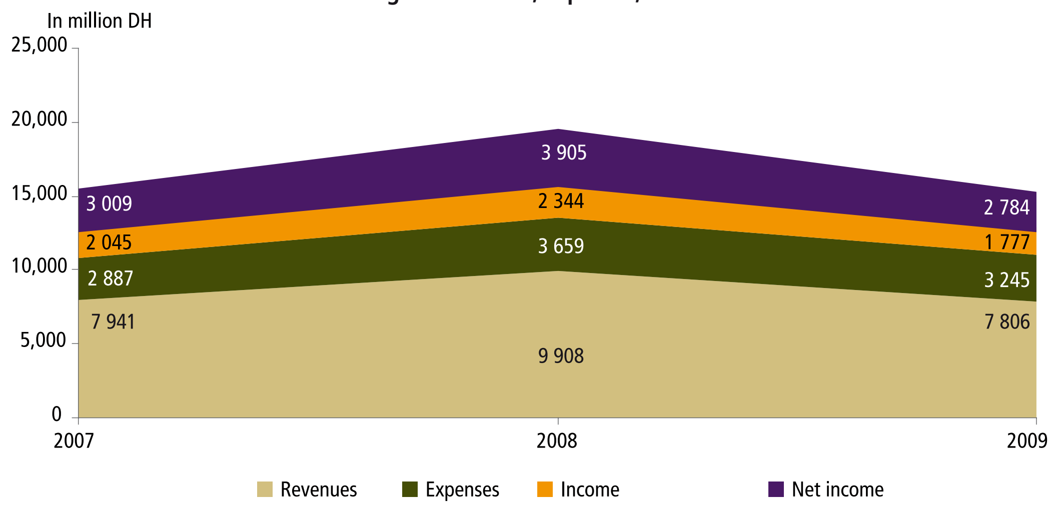
### Equity capital and the like

At the end of the year 2009, equity capital and the like reached 5,533 million dirhams, as the Bank's capital remained unchanged at 500 million dirhams.

## 3.2 Profit and loss account

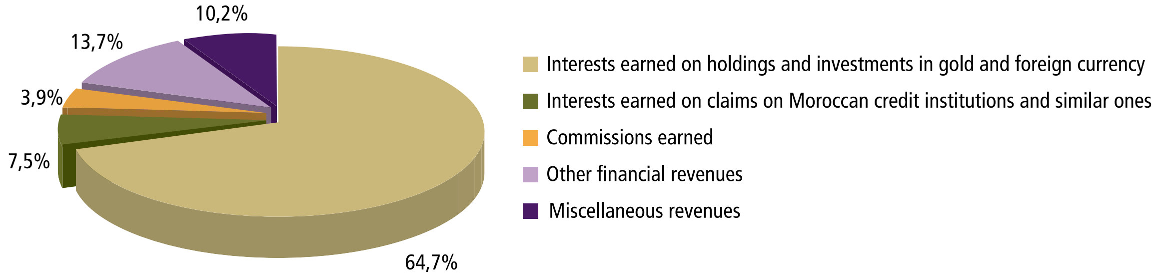
At 2,784 million dirhams, the net income of the Bank decreased by 28,7 percent after having recorded major increases during the last three years. However, this decrease, which resulted from the 21.2 percent fall in revenues, was offset by the 16.3 percent decrease in expenses.

**Chart 3.2.1: Change in revenues, expenses, and in the net result**

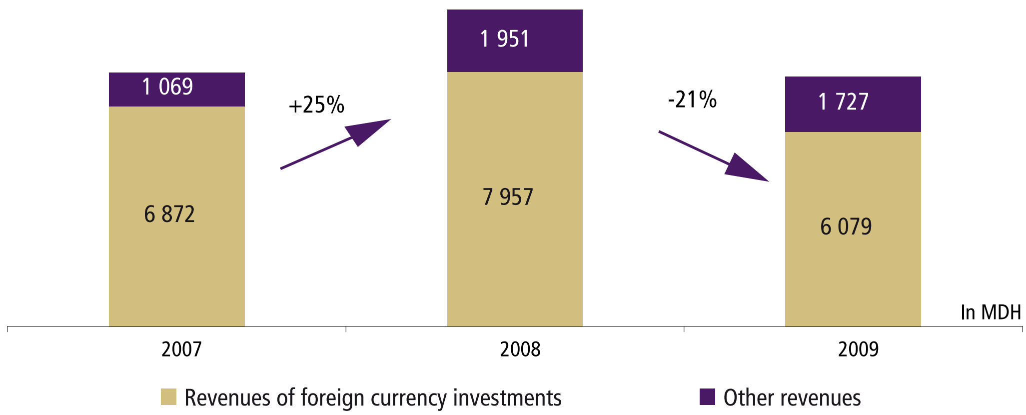


## 3.2.1 Revenues

**Chart 3.2.2: Breakdown of profit items**




The Bank's revenues, which reached 7,806 million dirhams, dropped by 2,102 million, equal to 21.2 percent compared to their level recorded in 2008. This drop has mainly resulted from the decrease of revenues from investments in foreign currency, which constitute around four fifths of the Bank's revenues.



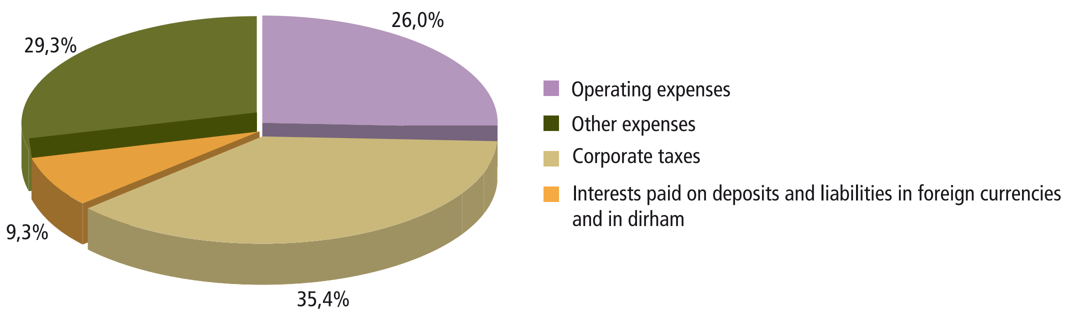

Hence, interests received on holdings and investments in gold and foreign currency dropped by 23.3 percent to reach 5,048 million dirhams. This change has resulted from the contraction of the exchange reserves volume and from the fall of interest rates.

On the other hand, and further to the increasing recourse of banks to the Central Bank financing, interests received on claims to credit institutions and the like increased by about 16 percent to reach 587 million dirhams, of which 7-day advances constitute 551 million.

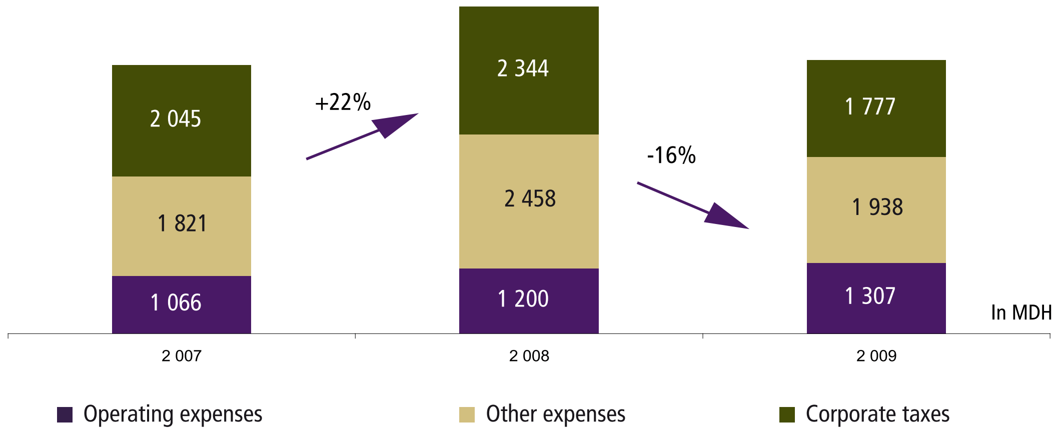
Other financial revenues, which primarily consisted of gains generated by foreign currency transactions, fell by 336 million -i.e. 24 percent- to attain 1,066 million dirhams, year-end to year-end. This evolution involves a decrease of unrealized gains in management authorizations and an increase in the gains realized in foreign investment securities disposal.

Furthermore, the transfer of provisions settled at 471 million dirhams, down by around 54 percent, mainly due to the appreciation of the values of foreign securities held by the Bank.

**Chart 3.2.3: Breakdown of loss items**




At the end of the year 2009, overall expenses of the Bank broke with the upward trends registered since 2003 and dropped from 6,002 million to 5,022 million dirhams. Excluding corporate taxes, these expenses settled at 3,245 millions, down by 413.6 million (or 11.3 percent), mainly as a result of the decrease observed both in interests paid for deposits and commitments in dirhams and in the depreciation and provisions allowances.




Regarding the interests paid on deposits and commitments in dirhams, they totaled 460 million dirhams, down by 262 million, or 36.3 percent. This fall has resulted from the drop in interests paid for holdings of the Hassan II Fund for Economic and Social Development account (-71.6 percent) and also paid for monetary reserves (-26.7 percent).

Moreover, in application of the agreement signed in July 2009 between the Ministry of Economy and Finances and Bank Al-Maghrib, a 35-million dirhams expense was recorded in the Treasury's current account remuneration. This agreement, which regulates the Treasury's transaction in the money market, aims at ensuring a better management of the public Treasury's surpluses or needs, while respecting the monetary policy conduct.

Influenced by the weak provisioning of foreign investment securities, whose value in the market amplified, allowances for depreciation and provisions reached 811 million dirhams, down by 282 million, or 25.8 percent, compared to 2008.

As for the operating expenses, their growth pace slowed down, year-end to year-end, from 12.6 percent to 8.9 percent to reach 1,307 million dirhams. The main reason behind this deceleration is the rise of the staff expenses and purchases of products and supplies by 1.3 percent and 9.1 percent compared to 14.1 percent and 31.6 percent, respectively.

## 3.2.3 Bank activity income

**Income from foreign exchange reserves management transactions:** A 26 percent drop in foreign currency investments' income.

| In million DH | 2009 | 2008 | (%) |
|---|---|---|---|
| Income from foreign exchange reserves management transactions | 6,471 | 8,735 | -26 |
| Expenses of foreign exchange reserves management transactions | 928 | 1,211 | -23 |
| **Result of reserves management transactions** | **5,543** | **7,524** | **-26** |

**Monetary policy transactions income:** Income of the monetary policy operations has recorded a substantial increase.

| In million DH | 2009 | 2008 | (%) |
|---|---|---|---|
| **Income from monetary policy operations** | **605** | **566** | **7** |
| Of which: | | | |
| - Interests earned on 7-day advances | 551 | 377 | 46 |
| - Interests on Treasury bills | 31 | 120 | -74 |
| **Expenses on monetary policy operations** | **308** | **457** | **-33** |
| Of which: | | | |
| - Interests paid on monetary reserve accounts | 308 | 420 | -27 |
| **Results of monetary policy operations** | **297** | **109** | **172** |

**Income of other banking operations:** This income grew considerably, due to the significant decrease of interests paid on the holdings of the Hassan II Fund for Economic and Social Development.

| In million DH | 2009 | 2008 | (%) |
|---|---|---|---|
| **Other Bank revenues** | **475** | **476** | **-** |
| Of which: | | | |
| - Commissions earned on foreign exchange operations | 231 | 227 | 2 |
| **Other Bank expenses** | **213** | **375** | **-43** |
| Of which: | | | |
| - Interests paid on deposits of Hassan II fund | 58 | 203 | -72 |
| - Interests paid on the Treasury's current account | 35 | 0 | - |
| **Results of other bank operations** | **262** | **101** | **159** |

## 3.3 Legal framework and accounting principles

**Legal framework**

The financial statements of Bank Al-Maghrib are prepared and presented in conformity with the Bank's Chart of Accounts, approved by the Accounting National Council in May 2007.

The Bank applies the accounting requirements specified under the General Accounting Standard, and draws upon international accounting standards.

The financial statements, as cited under article 55 of the Law No 76-03 bearing Statutes of Bank Al-Maghrib, include the balance sheet, the profit and loss account and the additional information statement.

**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 in 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, and which was concluded between Bank Al-Maghrib and the Government on December 29, 2006. This convention sets the minimum threshold of 2.5 percent of BAM's net foreign assets, at which the balance of this account shall be maintained, and provides for a mechanism for allocation of provision to, or withdrawal from, this account in cases of deficit or surplus compared to the required minimum. 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 treated according to the purpose for which they are held: portfolio of transaction, portfolio of securities held-for-sale, or investment portfolio.

**- Transaction portfolio:** It consists of securities purchased with the intention to re-sell them within a short deadline not exceeding six months. They are recorded, right from the start, at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the monthly evaluation of these securities at the market price are entered in the corresponding profit and loss accounts.

At the end of 2009, Bank Al-Maghrib holds no transaction security in its portfolio.

**- Portfolio of held-for-sale securities:** It consists of securities purchased with the intention of being held for more than six months. Their recording comes as follows:

• Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, accrued coupons.

• The differences (discounts or premiums) between securities' purchase price and redemption price are not amortized over the duration for 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 in 2008, the Bank came up with a sub-category in its investment securities to include short-term securities with pre-computed interests. These securities are recorded at their purchase price including interests. Pre-computed interests are spread over the life of securities and are entered in the revenue accounts at the end of each month.

**- Investment portfolio:** It consists of securities acquired with the intention of being held until maturity.
• They are recorded at their purchase price, excluding costs and, if need be, accrued coupons;
• Gains or losses on these securities are not recorded.
• The differences (discounts or premiums) between securities' purchase price and redemption price are amortized on a straight-line basis over the remaining life of the securities.

## Other assets in foreign currencies

The Bank holds a portfolio of securities denominated in euro and in US dollar. The management of that portfolio, of which an important part has been closed in 2009, is delegated to foreign authorized agents.

These securities are recorded at their market value. In fact, 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.

## 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 depreciations accumulated.

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 vigor.

The depreciation life retained 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. These shareholdings are evaluated at the end of the fiscal year according to the method of the net asset value, based on the financial statements of the preceding year.

## Inventories

Inventories are composed of:

- Consumable materials and supplies;
- Raw material for the manufacturing of coins and banknotes (paper, ink, and blanks);
- In-process inventory and finished goods (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.

In-process inventory and finished goods are recorded in the balance sheet at their production cost, minus the provisions for their depreciation.

Commemorative coins are evaluated at their sale price.

# 3.4 Information on the balance sheet items

## Note 1: Assets and investments in gold

Gold assets include those deposited in Morocco and abroad. Since the end of 2006, gold assets are evaluated

## Note 2: Assets and investments in foreign currency

This item presents the equivalent in dirhams of assets in convertible foreign currencies. The latter are held in the form of sight 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 of Morocco's quota in the capital of the IMF, paid by Bank Al-Maghrib.

The amount of Morocco's subscription to the IMF is of 588.20 million SDR, of which:

• 517.76 million SDR paid up in national currency, with the share of Bank Al-Maghrib corresponding to 14.71 million SDR (equal to 186 million dirhams). This amount, corresponding to the mobilized reserve tranche, is registered in account No. 1, opened in the name of the IMF on the Bank's books.

• 70.45 million SDR (868 million dirhams) paid by Bank Al-Maghrib in foreign currency representing the available portion of the aforementioned quota.

The subscription to the IMF Reserve Tranche can be mobilized in case of need. It is included in Bank Al-Maghrib's foreign exchange reserves.

**- 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 remuneration paid by IMF, and in the credit side, 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 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 in the AMF account open in Bank Al-Maghrib books. The share paid by the latter amounts to 150 thousand Arab dinars (5.6 million dirhams)

• 14.8 million Arab dinars subscribed in currency, of which 6.87 million Arab dinars subscribed by the Central Bank (254.15 million dirhams);

• 12.55 million Arab dinars, of which 5.88 million by Bank Al-Maghrib for the capital increase of the AMF by incorporation of reserves, which took place in 2005.

## Note 4: Claims on Moroccan credit institutions and similar ones

This item comprises refi-nancing operations of 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 financial years, expenses recognized in advance, and revenues due, making it possible to attach to each financial 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:

• Operating and nonoperating tangible and intangible fixed assets;

• Stakes in Moroccan and foreign financial institutions;

• Loans granted by the Bank to its staff members.

## 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. Account No.1 of the IMF represents 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 account 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 the transactions are recorded;

• Current accounts of banks, held mainly to respect their commitments as regards mandatory reserves, which rate at the end of 2009, is 8 percent, remunerated at 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 expenses recognized in advance, making it possible to attach to each financial 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 the recognition of the existence of losses and expenses in connection with operations executed during the financial year and that will most likely be realized. The provisions set in 2009 concern the tax risk, litigations and 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. The credit balance of this account can neither be posted in the revenues of the financial 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 are paid by the Bank, on a quarterly basis, on these allocations.

## Note 13: Equity capital and the like

This item includes:

• The capital of Bank Al-Maghrib, of 500 million dirhams;

• Reserves totaling 5 billion dirhams at the end of December 2009, and

• Other equity capitals and similar ones, of 32 million dirhams;

## Note 14: Off-balance sheet

The Bank keeps record of off-balance sheet liabilities. The accounts on the off-balance sheet 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, 2009

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, 2009, which show a net equity of 5,532,463 thousands of Moroccan dirhams included a net profit of 2,783,857 thousands of Moroccan dirhams.

## Management's Responsability

Management is responsible for the preparation and fair presentation of these financials statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

## Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph show, in all material aspects, a fair view of the results of the operations for the year ended as well as of the financial situation and the assets of BANK AL MAGHRIB on December 31, 2009, in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we would note that assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A1 of the attached disclosures.

## Specific Procedures and Disclosures

We have notably ensured the correspondence of the information provided in the management report with the Bank's financial statements.

## 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 30th, 2010, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information given in the Bank's management report, the Board approved the financial statements of the fiscal year 2009 and the distribution of the net income.

# APPENDICES

**TABLE A1 MAIN INDICATORS OF THE ECONOMY(1)**

| Amounts in billions of dirhams | 2007 | 2008 | 2009 | Percentage changes 2008/2007 | Percentage changes 2009/2008 |
|---|---|---|---|---|---|
| **National accounts** | | | | | |
| - Gross domestic product at constant prices (growth in%) | 2.7 | 5.6 | 4.9 | | |
| . Agricultural Added value | -20.8 | 16.3 | 30.6 | | |
| . Non-agricultural Added value | 6.0 | 4.1 | 1.0 | | |
| - Gross domestic product at current prices | 616.3 | 688.8 | 736.2 | 11.8 | 6.9 |
| . Agricultural Added value | 68.7 | 83.0 | 100.9 | 20.7 | 21.6 |
| . Non-agricultural Added value | 477.0 | 536.7 | 553.6 | 12.5 | 3.2 |
| - Gross national disposable income | 671.6 | 745.2 | 779.7 | 10.9 | 4.6 |
| - Final national consumption | 472.2 | 518.5 | 551.7 | 9.8 | 6.4 |
| - Gross fixed capital formation | 192.6 | 227.5 | 226.1 | 18.1 | -0.6 |
| - National gross saving | 199.4 | 226.6 | 228.0 | 13.7 | 0.6 |
| - Investment ratio (GFCF/GDP) in % | 31.2 | 33.0 | 30.7 | | |
| - Saving ratio (as % of GNDI) | 29.7 | 30.4 | 29.2 | | |
| **Unemployment rate in %** | **9.8** | **9.6** | **9.1** | | |
| **Prices** | | | | | |
| - Consumer price index | 102.5 | 106.3 | 107.4 | 3.7 | 1.0 |
| Including : Foodstuffs | 104.5 | 111.9 | 113.0 | 7.1 | 1.0 |
| - Underlying inflation | 101.4 | 105.9 | 106.6 | 4.5 | 0.7 |
| **External accounts** | | | | | |
| - Total exports | 123.7 | 155.7 | 112.0 | 25.9 | -28.1 |
| - Total imports | 259.7 | 326.0 | 265.2 | 25.5 | -18.7 |
| - Total trade deficit | -136.0 | -170.3 | -153.2 | 25.2 | -10.0 |
| - Balance of Travel | 51.5 | 47.1 | 44.0 | -8.5 | -6.6 |
| - Balance of current transfers | 62.9 | 67.6 | 58.4 | 7.5 | -13.6 |
| - Current account balancet | 4.1 | -35.9 | -36.8 | - | 2.5 |
| - Current account balance as % of GDP | -0.1 | -5.2 | -5.0 | - | - |
| - Oustanding foreign public debt | 122.0 | 133.6 | 152.2 | 9.6 | 13.9 |
| - Foreign public debt as % of GDP | 19.8 | 19.5 | 20.7 | - | - |
| **Exchange rate(2)** | | | | | |
| - Dirhams per 1 Euro | 11.359 | 11.246 | 11.316 | 1.0 | -0.6 |
| - Dirhams per 1 US dollar | 7.7132 | 8.0983 | 7.8602 | -4.8 | 3.0 |
| **Public finance(3)** | | | | | |
| - Ordinary balance | 34.8 | 47.6 | 38.4 | 36.8 | -19.3 |
| - Investment expenditure | 28.2 | 38.2 | 46.4 | 35.5 | 21.5 |
| - Budget balance | 1.0 | 3.1 | -15.9 | | |
| - Budget balance as % of GDP | 0.2 | 0.4 | -2.2 | | |
| - Outstanding amount of the domestic debt | 263.8 | 257.1 | 266.4 | -2.5 | 3.6 |
| - Outstanding amount of the domestic debt as % of GDP | 42.8 | 37.3 | 36.2 | | |
| **Money** | | | | | |
| - Aggregate M1 | 447.6 | 481.5 | 507.3 | 7.6 | 5.3 |
| - Money supply (M3) | 644.8 | 714.7 | 747.3 | 10.8 | 4.6 |
| - Net foreign assets | 207.5 | 196.5 | 189.4 | -5.3 | -3.6 |
| - Claims on Government | 79.8 | 80.6 | 85.6 | 1.1 | 6.1 |
| - Claims on the private sector | 436.3 | 536.2 | 585.3 | 22.9 | 9.1 |

(1) The changes and ratios were calculated on the basis of the amounts in millions.

(2) The end of year.

(3) Excluding privatization receipts.

**TABLE A2.1 GROSS DOMESTIC PRODUCT CHANGES (1998 : 100)**

(At last year prices) (In percentage)

| Branches of activity | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| **Primary sector** | **-11.1** | **21.1** | **-20.0** | **16.6** | **29.0** |
| Agriculture | -13.5 | 25.3 | -20.8 | 16.3 | 30.6 |
| Fishing | 21.2 | -19.3 | -10.1 | 19.0 | 12.2 |
| **Secondary sector** | **4.9** | **4.8** | **6.6** | **3.6** | **-4.7** |
| Mining | 7.4 | 1.6 | 9.1 | -5.9 | -23.8 |
| Industry (excluding oil refining) | 4.5 | 3.8 | 3.8 | 2.1 | 0.9 |
| Oil refining and energy products | 19.0 | -32.7 | 41.9 | -5.8 | -70.7 |
| Elecricity and water | 7.7 | 6.9 | 5.8 | 5.9 | 3.5 |
| Building and public works | 6.1 | 8.7 | 11.7 | 9.4 | 3.4 |
| **Tertiary sector (1)** | **6.3** | **5.2** | **6.1** | **4.1** | **3.9** |
| Commerce | 4.0 | 4.6 | 2.5 | 4.5 | 3.5 |
| Hotels and restaurants | 7.8 | 8.7 | 4.1 | 0.8 | -1.2 |
| Transports | 9.5 | 5.2 | 8.4 | 2.6 | 2.8 |
| Postal and telecommunications services | 5.4 | 10.4 | 10.4 | 8.7 | 2.8 |
| Other services (2) | 7.4 | 5.3 | 8.5 | 3.9 | 3.7 |
| General government and social security | 4.8 | 3.2 | 2.4 | 3.9 | 7.6 |
| **Added value to the base prices** | **3.0** | **7.4** | **1.8** | **5.7** | **5.0** |
| Tax on products net of subsidies | 2.4 | 10.8 | 10.6 | 5.0 | 4.6 |
| **Gross domestic product** | **3.0** | **7.8** | **2.7** | **5.6** | **4.9** |

(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, Fictitions branch.
(*) Preliminary
Source : High Commission for Planning (National accounting department)

**TABLE A2.2 GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (1998 : 100)**

(At current prices) (In millions of dirhams)

| Branches of activity | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| **Primary sector** | **69 565** | **87 482** | **74 928** | **90 690** | **107 183** |
| Agriculture | 62 932 | 81 147 | 68 716 | 82 969 | 100 890 |
| Fishing | 6 633 | 6 335 | 6 212 | 7 721 | 6 293 |
| **Secondary sector** | **133 749** | **141 927** | **149 052** | **187 866** | **186 742** |
| Mining | 8 994 | 10 534 | 13 155 | 45 121 | 16 925 |
| Industry (excluding oil refining) | 77 166 | 82 498 | 82 074 | 86 996 | 104 004 |
| Oil refining and energy products | 1 484 | 1 296 | 841 | 963 | 1 084 |
| Elecricity and water | 14 583 | 14 687 | 15 749 | 16 123 | 18 953 |
| Building and public works | 31 522 | 32 912 | 37 233 | 38 663 | 45 776 |
| **Tertiary sector (1)** | **270 642** | **288 539** | **321 713** | **341 076** | **360 540** |
| Commerce | 56 454 | 60 956 | 65 058 | 70 597 | 72 054 |
| Hotels and restaurants | 12 963 | 13 265 | 16 294 | 16 278 | 16 775 |
| Transports | 17 961 | 18 357 | 23 264 | 23 897 | 25 795 |
| Postal and telecommunications services | 16 561 | 18 134 | 19 887 | 21 365 | 22 097 |
| Other services (2) | 118 786 | 127 163 | 145 300 | 154 939 | 164 959 |
| General government and social security | 47 917 | 50 664 | 51 910 | 54 000 | 58 860 |
| **Added value to the base prices** | **473 956** | **517 948** | **545 693** | **619 632** | **654 465** |
| Tax on products net of subsidies | 53 723 | 59 396 | 70 561 | 69 211 | 81 741 |
| **Gross domestic product** | **527 679** | **577 344** | **616 254** | **688 843** | **736 206** |

(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, Fictitions branch.
(*) Preliminary
Source : High Commission for Planning (National accounting department)

### TABLE A2.3 CEREALS

| | Crop year 2007-2008 | | | Crop year 2008-2009 | | |
|---|---|---|---|---|---|---|
| | **Area** (1000 hectares) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) | **Area** (1000 hectares) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) |
| **Principal cereals** | | | | | | |
| Soft wheat | 1 930 | 25 295 | 13.1 | 2 009 | 43 384 | 21.6 |
| Hard wheat | 928 | 12 400 | 13.4 | 969 | 20 330 | 21.0 |
| Barley | 2 181 | 13 532 | 6.2 | 2 183 | 37 860 | 17.3 |
| Maïs | 219 | 1 200 | 5.5 | | | |
| **Total** | **5 258** | **52 427** | **10.0** | | | |

Source : Ministry of Agriculture and Sea Fisheries
(Programming and Economic Affairs Department)

### TABLE A2.4 PULSE CROPS

| | Crop year 2007-2008 | | | Crop year 2008-2009 | | |
|---|---|---|---|---|---|---|
| | **Area** (1000 hectares) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) | **Area** (1000 hectares) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) |
| Broad beans | 182 | 1 090 | 6.0 | 180 | 1 530 | 8.5 |
| Chick peas | 69 | 381 | 5.5 | 81 | 521 | 6.4 |
| Green peas | 38 | 156 | 4.1 | 39 | 276 | 7.1 |
| Lentils | 35 | 94 | 2.7 | 35 | 232 | 6.6 |
| Other leguminous vegetables | 49 | 239 | 4.9 | 42 | 193 | 4.6 |
| **Total** | **373** | **1 960** | **5.3** | **377** | **2 752** | **7.3** |

Source : Ministry of Agriculture and Sea Fisheries
(Programming and Economic Affairs Department)

### TABLE A2 5 MARKET GARDEN CROPS

| | Oct 2007 to Sept 2008 | | | Oct 2008 to Sept 2009 | | |
|---|---|---|---|---|---|---|
| | **Area** (1000 hectares) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) | **Area** (1000 hectares) | **Production** (1000 tonnes) | **Yield** (quintals per hectare) |
| **Vegetable crops of season** | **222.0** | **5 203.0** | **23.4** | **234.7** | **5 581.4** | **23.8** |
| **Primeurs** | **32.0** | **1 710.0** | **53.4** | **31.6** | **1 749.2** | **55.4** |
| Tomatoes | 6.2 | 810.0 | 130.6 | 6.2 | 838.0 | 135.2 |
| Potatoes | 7.5 | 165.0 | 22.0 | 7.5 | 159.5 | 21.3 |
| Other fruits vegetables | 18.3 | 735.0 | 40.2 | 17.9 | 751.8 | 42.0 |
| **Total** | **254.0** | **6 913.0** | **27.2** | **266.3** | **7 330.6** | **27.5** |

Source : Ministry of Agriculture and Sea Fisheries
(Strategy and statistics Department)

**TABLE A2.6 CITRUS FRUITS**

(thousands of tonnes)

| | Oct. 2006 à Sept. 2007 | | Oct. 2007 à Sept. 2008 | | Oct. 2008 à Sept. 2009 | |
|---|---|---|---|---|---|---|
| | Production | Exportation | Production | Exportation | Production | Exportation |
| Oranges | 660 | 265 | 732 | 296 | 715 | 163 |
| Clementines | 336 | 201 | 337 | 184 | 353 | 181 |
| Miscellaneous | 289 | 117 | 169 | 102 | 211 | 139 |
| **Total** | **1 285** | **583** | **1 238** | **582** | **1 279** | **482** |

Source : Ministry of Agriculture and Sea Fisheries.
(Strategy and statistics Department)

**TABLE A2.7 BEET CROPS**

| | Harvested areas (hectares) | Crops (tonnes) | Yield (tonnes per hectare) |
|---|---|---|---|
| **Crop year 2007-2008** | | | |
| Gharb | 11 578 | 582 966 | 50.4 |
| Loukkos | 7 460 | 402 000 | 53.9 |
| Tadla | 11 651 | 618 849 | 53.1 |
| Doukkala | 20 576 | 1 011 597 | 49.2 |
| Moulouya | 5 815 | 310 406 | 53.4 |
| **Total** | **57 080** | **2 925 818** | **51.3** |
| **Crop year 2008-2009** | | | |
| Gharb | 11 250 | 332 000 | 29.5 |
| Loukkos | 6 500 | 163 000 | 25.1 |
| Tadla | 13 500 | 672 000 | 49.8 |
| Doukkala | 18 900 | 1 264 000 | 66.9 |
| Moulouya | 5 140 | 268 000 | 52.1 |
| **Total** | **55 290** | **2 699 000** | **48.8** |

(*) Data provided by the Ministry of Industry Trade and new Technologies
Source : Ministry of Agriculture and Sea Fisheries
(Strategy and statistics Department)

**TABLE A2.8 CANE CROPS**

| | Harvested areas (hectares) | Crops (tonnes) | Yield (tonnes per hectare) |
|---|---|---|---|
| **2007-2008** | | | |
| Gharb | 9 159 | 610 653 | 66.7 |
| Loukkos | 4 189 | 301 952 | 72.1 |
| **Total** | **13 348** | **912 605** | **68.4** |
| **2008-2009** | | | |
| Gharb | 11 100 | 543 000 | 48.9 |
| Loukkos | 4 660 | 247 000 | 53.0 |
| **Total** | **15 760** | **790 000** | **50.1** |

(*) Data provided by the Ministry of Industry Trade and new Technologies
Source : Ministry of Agriculture and Sea Fisheries
(Strategy and statistics Department)

**TABLE A2.9 OLIVE-GROWING**

(In thousand of tonnes)

| | Crops End 2007 - Beginning 2008 | Crops End 2008 - Beginning 2009* | Crops End 2009 - Beginning 2010** |
|---|---|---|---|
| Olives production | 850 | 850 | 1 500 |
| Oil production | 85 | 85 | 90 |

(*) Revised
(**) Preliminary
Source : Ministry of Agriculture and sea Fisheries.
(Strategy and statistics Department)

**TABLE A2.10  OLEAGINOUS PLANTS**

| | 2007-2008 | | | 2008-2009 | | |
|---|---|---|---|---|---|---|
| | Harvested area (1000 ha) | Production (1000 quintals) | Yield (Quintals per hectare) | Harvested area (1000 ha) | Production (1000 quintals) | Yield (Quintals per hectare) |
| Sunflower | 25.2 | 315.4 | 12.5 | 63.8 | 604.0 | 9.5 |
| Groundnut | 21.0 | 445.4 | 21.2 | 23.3 | 680.0 | 29.2 |

Source : Ministry of Agriculture and Sea Fisheries.
(Strategy and statistics Department)

**TABLE A2.11 VINE GROWING**

| | 2007 | | 2008 | | 2009 | |
|---|---|---|---|---|---|---|
| | Area (hectares) | Production (tonnes) | Area (hectares) | Area (hectares) | Production (tonnes) | Area (hectares) |
| Dessert grapes | 38 300 | 218 000 | 37 700 | 240 000 | 35 900 | 234 500 |
| Wine-producing grapes | 10 000 | 63 000 | 9 600 | 51 000 | 9 400 | 135 000 |
| **Total** | **48 300** | **281 000** | **47 300** | **291 000** | **45 300** | **369 500** |

Source : Ministry of Agriculture and Sea Fisheries
(Strategy and statistics Department)

**TABLE A2.12  STOCK FARMING (1)**

(In thousand of head)

| | 2007 | 2008* | 2009** |
|---|---|---|---|
| Cattle | 2 781 | 2 814 | 2 861 |
| Sheep | 16 984 | 17 078 | 17 476 |
| Goats | 5 284 | 5 118 | 5 152 |
| **Total** | **25 049** | **25 010** | **25 489** |

(1) Census carried out in March-April 2008
(*) Revised
(**) Preliminary
Source : Ministry of Agriculture and Sea Fisheries
(Strategy and statistics Department)

## TABLE A2.13 MEAT SUPPLIED FOR CONSUMPTION

(In thousands of tonnes)

| | 2007 | 2008* | 2009** |
|---|---|---|---|
| **Red meat** | **388. 0** | **400. 0** | **425. 0** |
| Cattle | 170. 0 | 180. 0 | - |
| Sheep | 120. 0 | 121. 0 | - |
| Goats | 22. 0 | 22. 0 | - |
| Other et offal | 76. 0 | 77. 0 | - |
| **White meat** | **420. 0** | **490. 0** | **490. 0** |

(*) Revised
(**) Preliminary
(-) Non disponible
Source : Ministry of Agriculture and Sea Fisheries
(Cattle breeding Department)

## TABLE A2.14 SEA FISHERIES

(In thousands of tonnes)

| | 2008* | 2009** |
|---|---|---|
| **Production** | **1 055.1** | **1 208.0** |
| Deep-sea fishing | 112.1 | 141.0 |
| Coastal fishing | 943.0 | 1 067.0 |
| **Consumption of fresh products** | **323.1** | **362.0** |
| **Processing** | **607.0** | **690.0** |
| Canned fish | 123.0 | 109.0 |
| Fish meal and fish oil | 260.0 | 344.0 |
| Freezing | 224.0 | 237.0 |
| **Exportation** | **485.3** | **524.2** |
| Fresh and freezed fish | 141.0 | 145.6 |
| Crustaceans and molluscs | 97.0 | 104.3 |
| Canned fish | 145.9 | 143.4 |
| Fish meal and fish oil | 101.4 | 130.9 |

(*) Revised
(**) Preliminary
Sources : - Production : Ministry of Agriculture and Sea Fisherie et National office of Fisheries
- Exports : Foreign Exchange Control Office

**TABLE A2.15 INDEX OF MINERAL PRODUCTION**

(100: 1998)

| | 2007 | 2008* | 2009** | Percentage changes 2009/2008 |
|---|---|---|---|---|
| **Overall index** | **134.6** | **140.0** | **137.4** | **-1.9** |
| **Metallic ores** | **56.4** | **55.3** | **57.1** | **3.2** |
| of which : | | | | |
| Minerais de fer | 59.7 | 56.6 | 57.7 | 1.9 |
| Minerais de métaux non ferreux | 56.5 | 55.3 | 57.1 | 3.3 |
| **Other non-metallic ores** | **149.3** | **147.2** | **126.5** | **-14.1** |
| of which : | | | | |
| Phosphates | 122.0 | 112.5 | 79.7 | -29.1 |

(*) Revised
(**) Preliminary
Source : High Commission for Planning (Department of Statistics)

**TABLE A2.16 ENERGY BALANCE**

(In thousands of tonnes oil equivalent T.O.E)

| | 2007 | | 2008* | | 2009** | |
|---|---|---|---|---|---|---|
| | Total | % | Total | % | Total | % |
| **Consumption** | **13 634.3** | **100** | **14 583.1** | **100** | **14 974.8** | **100** |
| - Coal | 3 836.6 | 28.1 | 3 676.2 | 25.2 | 3 405.6 | 22.7 |
| - Petroleum products | 8 059.2 | 59.1 | 8 962.0 | 61.5 | 9 085.0 | 60.7 |
| - Gaz naturel | 411.2 | 3.0 | 405.8 | 2.8 | 414.2 | 2.8 |
| - Hydro-electricity wind powerpower electricity and imported electricity | 1 327.4 | 9.7 | 1 539.0 | 10.6 | 2 070.0 | 13.8 |
| Of which : | | | | | | |
| **Domestic products** | **379.6** | **100** | **374.7** | **100** | **819.0** | **100** |
| - Oil and natural gas | 72.1 | 19.0 | 59.0 | 15.7 | 50.5 | 6.2 |
| - Hydro-electricity and wind power electricity | 307.5 | 81.0 | 315.7 | 84.3 | 768.5 | 93.8 |
| **Deficit** | **13 254.8** | | **14 208.4** | | **14 155.8** | |
| As a percentage of overall - consumption | | 97.2 | | 97.4 | | 94.5 |

(*) Revised
(**) Preliminary
Source : Ministry of Energy and Mining and High Commission for Planning (Department of Statistics)

**TABLE A2.17 ENERGY PRODUCTION**

| | 2007 | 2008* | 2009** | Percentage changes 2009/2008 |
|---|---|---|---|---|
| **Extraction activity** | | | | |
| Crude oil production (1 000 t) | 11.1 | 9.0 | 9.3 | 3.6 |
| Natural gas production ( millions $m^3$) | 61.0 | 50.0 | 41.2 | -17.6 |
| **Processing activity** | | | | |
| Refineries production (1 000 t) (1) | 6 038.9 | 5 378.8 | 4 271.2 | -20.6 |
| Net electricity production (millions kWh) | 19 101.6 | 19 742.5 | 20 387.1 | 3.3 |
| Of which : Concession electricity (thermic and wind power) | (13 062.0) | (13 072.6) | (12 806.1) | (-2.0) |

(*) Revised
(**) Preliminary
(1) Excluding non energy oil products (bitumen and lubricants)
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) | 2008* | | | 2009** | | |
|---|---|---|---|---|---|---|
| | Quantities | Percentage changes | Structure | Quantities | Percentage changes | Structure |
| **Total production (1)** | **10 512** | **-4.5** | **100.0** | **9 572** | **-8.9** | **100.0** |
| Of which : | | | | | | |
| Refined petroleum (2) | 5 379 | -10.9 | 51.2 | 4 271 | -20.6 | 44.6 |
| Electricity | 5 133 | 3.4 | 48.8 | 5 301 | 3.3 | 55.4 |

(*) Revised
(**) Preliminary
(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)

## TABLE A2.19 TOTAL ENERGY CONSUMPTION

| | 2007 | 2008* | 2009** | Percentage changes 2009/2008 |
|---|---|---|---|---|
| **Petroleum products (1 000 t)** | **8 059** | **8 962** | **9 085** | **1.4** |
| **- Light distillate** | **4 664** | **5 008** | **5 330** | **6.4** |
| . Super petrol | 417 | 470 | 500 | 6.4 |
| . Planes kerosene | 484 | 488 | 490 | 0.4 |
| .Gas-oil | 3 763 | 4 050 | 4 340 | 7.2 |
| **- Liquefied gas** | **1 766** | **1 854** | **1 895** | **2.2** |
| . Butane | 1 596 | 1 680 | 1 730 | 3.0 |
| . Propane | 171 | 174 | 165 | -5.2 |
| **- Fuel-oil** | **1 628** | **2 100** | **1 860** | **-11.4** |
| . Quantities used for electricity production | 735 | 1 102 | 969 | -12.1 |
| . Other | 893 | 998 | 891 | -10.7 |
| **Coal (1 000 t)** | **5 813** | **5 570** | **5 160** | **-7.4** |
| . Quantities used for electricity producetion | 4 813 | 4 490 | 4 120 | -8.2 |
| · Other | 1 000 | 1 080 | 1 040 | -3.7 |
| **Natural gas ( millions m$^3$)** | **541** | **534** | **545** | **2.1** |
| of which : Tahaddart's consumption | 480 | 484 | 482 | -0.4 |
| **Electricity O.N.E. (millions kWh)** | **20 502** | **21 638** | **22 384** | **3.4** |
| of which : external contribution | 3 507 | 4 261 | 4 622 | 8.5 |

(*) 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) | 2008* | | | 2009** | | |
|---|---|---|---|---|---|---|
| | Quantities | Percentage changes | Structure | Quantities | Percentage changes | Structure |
| **Final energy consumption (2)** | **14 124** | **6.4** | **100** | **14 608** | **3.4** | **100** |
| Petroleum products | 7 785 | 6.8 | 55.1 | 8 102 | 4.1 | 55.0 |
| of which : | | | | | | |
| (Gas oil) | (3 975) | (6.7) | (28.1) | (4 326) | (8.8) | (29.6) |
| Electricity | 5 626 | 5.5 | 39.8 | 5 820 | 3.4 | 39.8 |
| Coal | 713 | 8.0 | 5.0 | 686 | -3.7 | 4.7 |

(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

**TABLE A2.21 INDICES OF MANUFACTURING PRODUCTION**

(1998 : 100)

| | Weighting | 2007 | 2008 | 2009 | Percentage changes 2008/2007 | Percentage changes 2009/2008 |
|---|---|---|---|---|---|---|
| **Food industries** | **230** | **134.7** | **140.4** | **144.0** | **4.2** | **2.6** |
| . Staple foods | 205 | 133.6 | 139.0 | 141.8 | 4.0 | 2.0 |
| . Manufactured tobacco | 25 | 143.7 | 151.8 | 162.3 | 5.6 | 6.9 |
| **Textiles and leather industries** | **209** | **130.5** | **129.7** | **129.0** | **-0.7** | **-0.5** |
| · Textile industry products | 65 | 119.7 | 116.6 | 115.5 | -2.6 | -0.9 |
| . Clothing goods and furs | 126 | 139.6 | 141.0 | 141.0 | 1.0 | 0.0 |
| . Leather, travel goods and footwear | 17 | 104.8 | 96.0 | 91.9 | -8.4 | -4.3 |
| **Chemical and parachemical industries** | **363** | **154.7** | **160.0** | **157.9** | **3.5** | **-1.4** |
| · woodwork products | 9 | 114.3 | 121.1 | 111.8 | 5.9 | -7.7 |
| · Paper and cardboard | 31 | 236.5 | 229.7 | 228.8 | -2.9 | -0.4 |
| · Editing products, printed or reproduced products | 18 | 163.5 | 162.6 | 161.6 | -0.6 | -0.6 |
| · Coking, refining, and nuclear industries products | 41 | 127.7 | 129.4 | 103.8 | 1.3 | -19.8 |
| · Chemical products | 155 | 134.1 | 138.8 | 142.3 | 3.5 | 2.5 |
| · Rubber or plastic products | 19 | 211.5 | 240.1 | 236.4 | 13.5 | -1.5 |
| · Other mineral non-metal products | 90 | 165.1 | 173.7 | 172.9 | 5.2 | -0.5 |
| **Mechanical and metallurgical industries** | **160** | **193.3** | **193.5** | **196.3** | **0.1** | **1.4** |
| · Met al products | 53 | 210.0 | 195.0 | 201.4 | -7.1 | 3.3 |
| · Metal works products | 49 | 184.3 | 189.2 | 197.2 | 2.7 | 4.2 |
| · Machinery and equipement | 15 | 157.5 | 175.9 | 160.3 | 11.7 | -8.9 |
| · Car industry products | 27 | 216.5 | 220.5 | 219.0 | 1.8 | -0.7 |
| · Other transport equipement | 6 | 149.0 | 155.5 | 147.0 | 4.4 | -5.5 |
| · Furniture, miscellaneous industries | 11 | 170.1 | 183.9 | 187.2 | 8.1 | 1.8 |
| **Electrical and electronic industries** | **38** | **187.1** | **189.7** | **188.1** | **1.4** | **-0.8** |
| · Electrical machines | 27 | 173.1 | 175.9 | 173.6 | 1.6 | -1.3 |
| · Radio, Television and communication equipement | 10 | 222.7 | 223.7 | 224.2 | 0.4 | 0.2 |
| · Mediacl, precision, optics and clock making material | 1 | 197.9 | 208.2 | 204.8 | 5.2 | -1.6 |
| **Total manufacturing industries** | **1 000** | **152.5** | **155.7** | **156.0** | **2.1** | **0.2** |

Source : High Commission for Planning

**TABLE A2.22 TOURIST ARRIVALS**

| | 2007 | 2008 | 2009 | Percentage changes 2009/2008 |
|---|---|---|---|---|
| **I - Foreign tourists** | **4 324 231** | **4 541 775** | **4 612 311** | **+1.6** |
| **A. On-shore** | **4 030 898** | **4 211 855** | **4 292 958** | **+1.9** |
| **European Union countries** | **3 218 188** | **3 359 117** | **3 414 920** | **+1.7** |
| Of which : | | | | |
| . France | 1 605 503 | 1 707 055 | 1 699 201 | -0.5 |
| . Spain | 540 186 | 595 279 | 642 817 | +8.0 |
| . Germany | 159 844 | 179 037 | 174 384 | -2.6 |
| . United Kingdom | 338 304 | 274 762 | 252 945 | -7.9 |
| . Italy | 160 047 | 163 315 | 177 915 | +8.9 |
| **Other European countries** | **188 727** | **205 746** | **209 153** | **+1.7** |
| **America** | **196 154** | **201 915** | **214 692** | **+6.3** |
| Of which : | | | | |
| . United States | 109 079 | 110 778 | 121 144 | +9.4 |
| . Canada | 50 802 | 56 231 | 54 789 | -2.6 |
| . Argentina | 8 189 | 7 219 | 8 077 | +11.9 |
| **Middle East (*)** | **101 875** | **111 463** | **117 489** | **+5.4** |
| **Maghreb** | **122 750** | **135 820** | **135 766** | **+0.0** |
| **Other African countries** | **84 169** | **94 086** | **104 884** | **+11.5** |
| **Asia** | **60 760** | **63 418** | **64 650** | **+1.9** |
| **Other countries** | **58 275** | **40 290** | **31 404** | **-22.1** |
| **B. Off-shore (cruising)** | **293 333** | **329 920** | **319 353** | **-3.2** |
| **II -Moroccans resident abroad** | **3 376 719** | **3 666 784** | **4 048 279** | **+10.4** |
| **Total** | **7 700 950** | **8 208 559** | **8 660 590** | **+5.5** |

(*) Including Egypt.
Source : Ministry of Tourism and of Handicraft

**TABLE A2.23 INDEX OF INDUSTRIAL PRODUCER PRICES (*)**

(1997 : 100)

| | Weighting % | Annual average 2008 | 2009 | | | | | Percentage changes | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Annual average | 2008/2007 | 2009/2008 |
| Food industries | 28.9 | 118.4 | 118.0 | 117.7 | 118.3 | 117.7 | 117.9 | 8.8 | -0.4 |
| Tobacco industry | 3.1 | 116.1 | 116.1 | 116.1 | 116.1 | 116.1 | 116.1 | 0.0 | 0.0 |
| Textile industry | 6.5 | 94.9 | 94.6 | 94.0 | 95.1 | 95.8 | 94.9 | -0.3 | 0.0 |
| Clothing industry | 6.7 | 94.0 | 94.7 | 94.7 | 94.6 | 94.4 | 94.6 | 0.1 | 0.7 |
| Leather and footwear | 1.6 | 103.0 | 107.0 | 107.0 | 107.0 | 107.0 | 107.0 | 4.0 | 3.9 |
| Wood and wood products | 1.8 | 108.5 | 109.2 | 109.2 | 109.2 | 110.1 | 109.4 | 1.5 | 0.9 |
| Paper and cardboard | 2.6 | 91.1 | 94.1 | 89.5 | 86.4 | 86.1 | 89.0 | 3.1 | -2.2 |
| Printing and publishing | 1.4 | 96.4 | 96.7 | 97.5 | 97.5 | 98.3 | 97.5 | 0.3 | 1.2 |
| Oil refining | 13.3 | 338.3 | 179.2 | 212.8 | 249.0 | 257.5 | 224.6 | 32.2 | -33.6 |
| Chemical industry | 13.1 | 200.4 | 185.5 | 124.4 | 125.0 | 124.9 | 139.9 | 52.5 | -30.2 |
| Rubber and plastic products | 2.0 | 105.0 | 104.6 | 103.4 | 102.2 | 101.3 | 102.9 | 2.5 | -2.0 |
| Other non-metallic mineral products | 5.9 | 117.5 | 119.4 | 122.7 | 122.7 | 122.7 | 121.9 | 1.2 | 3.8 |
| Basic metal industry | 3.2 | 144.0 | 143.2 | 126.6 | 125.8 | 126.6 | 130.6 | 5.3 | -9.3 |
| Metalworking | 3.0 | 120.0 | 116.2 | 114.1 | 113.4 | 111.1 | 113.7 | 8.1 | -5.2 |
| Machinery and equipment | 0.9 | 89.6 | 89.0 | 88.6 | 88.0 | 88.0 | 88.4 | -1.3 | -1.3 |
| Electrical machinery and equipment | 2.0 | 120.3 | 121.2 | 121.3 | 122.4 | 122.4 | 121.8 | 1.3 | 1.3 |
| 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 | 103.2 | 103.5 | 103.6 | 103.6 | 103.6 | 103.6 | 0.4 | 0.4 |
| Car industry | 2.5 | 101.8 | 101.8 | 102.5 | 103.1 | 103.2 | 102.7 | 0.6 | 0.8 |
| Other transport equipment | 0.1 | 105.3 | 107.6 | 102.5 | 102.5 | 102.5 | 103.8 | 1.2 | -1.5 |
| Furniture and miscellaneous manufactures | 0.9 | 118.5 | 120.2 | 120.3 | 120.4 | 120.5 | 120.3 | 1.7 | 1.5 |
| **General index** | **100** | **153.5** | **130.5** | **126.3** | **131.3** | **132.2** | **130.1** | **18.2** | **-15.3** |

(*) Prices excluding taxes and ex works.
Source : High commission for planning ( Department of statisticts)

## TABLE A3.1 INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

| | Urban areas | | | Rural areas | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | Changes in absolute value 2009/2008 (2) | 2008 | 2009 | Changes in absolute value 2009/2008 (2) | 2008 | 2009 | Changes in absolute value 2009/2008 (2) |
| **Total population** | **17 729** | **18 059** | **330.0** | **13 448** | **13 455** | **7.0** | **31 177** | **31 514** | **337.0** |
| **Population aged 15 years and over** | **13 126** | **13 369** | **243.3** | **9 143** | **9 312** | **169.5** | **22 270** | **22 683** | **412.8** |
| **Labour force aged 15 years and over** | **5 874** | **5 916** | **42.0** | **5 393** | **5 398** | **5.0** | **11 267** | **11 314** | **47.0** |
| Of which : - Employed | 5 013 | 5 101 | 88.0 | 5 176 | 5 184 | 8.0 | 10 189 | 10 285 | 96.0 |
| - Unemployed | 861 | 815 | - 46.0 | 217 | 214 | -3.0 | 1 078 | 1 029 | -49.0 |
| **Activity rate** (1) | **44.7** | **44.0** | **- 0.7** | **59.0** | **58.4** | **- 0.6** | **50.6** | **49.9** | **- 0.7** |
| **Unemployment rate** | **14.7** | **13.8** | **- 0.9** | **4.0** | **4.0** | **-0.1** | **9.6** | **9.1** | **- 0.5** |
| • By gender | | | | | | | | | |
| Men | 13.0 | 12.1 | - 0.9 | 5.1 | 5.0 | -0.1 | 9.5 | 9.0 | -0.5 |
| Women | 20.3 | 19.8 | - 0.5 | 1.8 | 1.7 | -0.1 | 9.8 | 9.5 | -0.3 |
| • By age | | | | | | | | | |
| 15 to 24 years | 31.8 | 31.8 | 0.0 | 8.7 | 8.7 | 0.0 | 18.3 | 18.0 | -0.3 |
| 25 to 34 years | 20.2 | 19.2 | - 1.0 | 4.3 | 3.9 | - 0.4 | 13.5 | 12.7 | - 0.8 |
| 35 to 44 years | 7.7 | 7.4 | - 0.3 | 1.7 | 2.4 | 0.7 | 5.2 | 5.4 | 0.2 |
| 45 years and over | 3.1 | 2.9 | - 0.2 | 0.9 | 0.9 | 0.0 | 2.0 | 1.9 | -0.1 |
| • By diploma | | | | | | | | | |
| Without any diploma | 8.3 | 7.7 | - 0.6 | 2.6 | 2.5 | 0.0 | 4.7 | 4.4 | -0.3 |
| With diploma | 20.0 | 18.6 | - 1.4 | 12.2 | 11.8 | 0.8 | 18.5 | 17.2 | -1.3 |

(1) Labour force aged 15 and over as a percentage of the total population aged 15 and over
(2) For rates this is a change in percentage points
Source : High Commission for Planning (Department of Statistics)

**TABLE A3.2 EMPLOYMENT BY BRANCH OF ECONOMIC ACTIVITY (1)**

(thousands of persons)

| Branches of activity | Year | | Changes | |
|---|---|---|---|---|
| | 2008 | 2009 | in absolute value | In percentage |
| Agriculture, forestry and fishing | 4 157.1 | 4 167.1 | 10 | +0.2 |
| Industry (including handicraft) | 1 304.2 | 1 267.6 | -37 | -2.8 |
| Construction and public works | 906.8 | 965.7 | + 59 | + 6.5 |
| Commerce | 1 273.6 | 1 307.4 | + 34 | + 2.7 |
| Transports, warehouse and ommunication | 448.3 | 442.2 | -6.1 | -1.4 |
| General administation and services | | | | |
| Social services to the community | 1 018.9 | 1 042.4 | + 23 | + 2.3 |
| Other services | 1 049.5 | 1 078.6 | + 29 | + 2.8 |
| Other activities | 20.4 | 13.4 | -7 | -34.3 |
| **Total** | **10 179** | **10 284** | **+106** | **+1.0** |

(1) Employment of persons aged 15 and over
Source : High Commission for Planning (Department of Statistics)

**TABLE A4.1 GROSS DOMESTIC PRODUCT CHANGES (1998 : 100)**

(At current prices) (In percentage)

| Primary sector | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|---|---|---|---|---|
| **Primary sector** | **-6.2** | **25.8** | **-14.4** | **21.0** | **18.2** |
| Agriculture | -8.8 | 28.9 | -15.3 | 20.7 | 21.6 |
| Fishing | 30.1 | -4.5 | -1.9 | 24.3 | -18.5 |
| **Secondary sector** | **3.2** | **6.1** | **5.0** | **26.0** | **-0.6** |
| Mining | 10.8 | 17.1 | 24.9 | 243.0 | -62.5 |
| Industry (excluding oil refining) | -1.8 | 6.9 | -0.5 | 6.0 | 19.6 |
| Oil refining and energy products | 53.1 | -12.7 | -35.1 | 14.5 | 12.6 |
| Elecricity and water | 11.8 | 0.7 | 7.2 | 2.4 | 17.6 |
| Building and public works | 9.4 | 4.4 | 13.1 | 3.8 | 18.4 |
| **Tertiary sector (1)** | **8.0** | **6.6** | **11.5** | **6.0** | **5.7** |
| Commerce | 4.1 | 8.0 | 6.7 | 8.5 | 2.1 |
| Hotels and restaurants | 17.5 | 2.3 | 22.8 | -0.1 | 3.1 |
| Transport | -3.5 | 2.2 | 26.7 | 2.7 | 7.9 |
| Postal and telecommunications services | 7.6 | 9.5 | 9.7 | 7.4 | 3.4 |
| Other services (2) | 10.9 | 7.1 | 14.3 | 6.6 | 6.5 |
| General government and social security | 8.4 | 5.7 | 2.5 | 4.0 | 9.0 |
| **Added value to the base prices** | **4.3** | **9.3** | **5.4** | **13.5** | **5.6** |
| Tax on products net of subsidies | 5.9 | 10.6 | 18.8 | -1.9 | 18.1 |
| **Gross domestic product** | **4.5** | **9.4** | **6.7** | **11.8** | **6.9** |

(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, Fictitions branch.

(*) Preliminary

Source : High Commission for Planning (National accounting department)

**TABLE A4.2 GOODS AND SERVICES ACCOUNT (1998:100)**

(At current prices)

(In millions of dirhams)

| | 2005 | 2006 | 2007 | 2008 | 2009* | Percentage changes 2008/2007 | Percentage changes 2009/2008 |
|---|---|---|---|---|---|---|---|
| **RESOURCES** | | | | | | | |
| **Gross domestic product** | **527 679** | **577 344** | **616 254** | **688 843** | **736 206** | **11.8** | **6.9** |
| **Resources deficit** | **29 558** | **31 625** | **56 175** | **92 244** | **80 300** | **64.2** | **-12.9** |
| Imports of goods and services | 200 071 | 229 084 | 276 477 | 350 409 | 290 759 | 26.7 | -17.0 |
| Exports of goods and services | 170 513 | 197 459 | 220 302 | 258 165 | 210 459 | 17.2 | -18.5 |
| **Total available resources** | **557 237** | **608 969** | **672 429** | **781 087** | **816 506** | **16.2** | **4.5** |
| **Expenditure** | | | | | | | |
| **Final national consumption** | **405 282** | **439 067** | **472 242** | **518 527** | **551 669** | **9.8** | **6.4** |
| - households | 303 172 | 331 996 | 360 008 | 400 395 | 419 392 | 11.2 | 4.7 |
| - General government | 102 110 | 107 071 | 112 234 | 118 132 | 132 277 | 5.3 | 12.0 |
| **Investment** | **151 955** | **169 902** | **200 184** | **262 560** | **264 837** | **31.2** | **0.9** |
| Gross fixed capital formation | 145 256 | 162 456 | 192 573 | 227 465 | 226 054 | 18.1 | -0.6 |
| Changes in stocks | +6 699 | +7 446 | +7 614 | +35 095 | +38 783 | - | - |
| **Total expenditure** | **557 237** | **608 969** | **672 429** | **781 087** | **816 506** | **16.2** | **4.5** |

(*) Preliminary

Source : High Commission for Planning (National accounting department)

**TABLE A4.3 GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION (1998:100)**

(At current prices)

(In millions of dirhams)

| | 2005 | 2006 | 2007 | 2008 | 2009* | Percentage changes 2008/2007 | Percentage changes 2009/2008 |
|---|---|---|---|---|---|---|---|
| Gross domestic product | 527 679 | 577 344 | 616 254 | 688 843 | 736 206 | 11.8 | 6.9 |
| Net foreign income | 41 073 | 47 351 | 55 367 | 56 307 | 43 492 | 1.7 | -22.8 |
| **Gross national disposable income** | **568 752** | **624 695** | **671 621** | **745 150** | **779 698** | **10.9** | **4.6** |
| **Final national consumption** | **405 282** | **439 067** | **472 242** | **518 527** | **551 669** | **9.8** | **6.4** |
| **Gross national savings** | **163 470** | **185 628** | **199 379** | **226 623** | **228 029** | **13.7** | **0.6** |

(*) Preliminary

Source : High Commission for Planning (National accounting department)

**TABLE A4.4 INVESTMENT AND SAVINGS (1998:100)**

(At current prices) (In millions of dirhams)

| | 2005 | 2006 | 2007 | 2008 | 2009* | Variations en % 2008/2007 | Variations en % 2009/2008 |
|---|---|---|---|---|---|---|---|
| Gross national savings | 163 470 | 185 628 | 199 379 | 226 623 | 228 029 | 13.7 | 0.6 |
| Net capital transfers received | -50 | -81 | -26 | -15 | -4 | -42.3 | -73.3 |
| Financing requirement | - | - | 834 | 35 952 | 36 812 | - | - |
| **Total resources** | **163 420** | **185 547** | **200 187** | **262 560** | **264 837** | **31.2** | **0.9** |
| Gross fixed capital formation | 145 256 | 162 456 | 192 573 | 227 465 | 226 054 | 18.1 | -0.6 |
| Changes in stocks | +6 699 | +7 446 | +7 614 | +35 095 | +38 783 | - | - |
| Financing capacity | 11 465 | 15 645 | - | - | - | - | - |
| **Total expenditure** | **163 420** | **185 547** | **200 187** | **262 560** | **264 837** | **31.2** | **0.9** |

(*) Preliminary
Source : High Commission for Planning (National accounting department)

**TABLE A5 ECONOMIC AND FINANCIAL FLOWS IN 2009**
(At current prices in billions of dirhams)

| Transactions / Sector | national economy | | | | | Rest of the world |
|---|---|---|---|---|---|---|
| | Economy | Public sector | Private sector | financial sector | | |
| | | | | Banking sector | Non banking sector | |
| Gross national disposable income | -779.70 | 190.53 | 589.17 | | | |
| Consumption | 551.67 | -160.10 | -391.57 | | | |
| Gross fixed capital formation | 226.05 | -46.36 | -179.69 | | | |
| Changes in inventories | 38.78 | | -38.78 | | | |
| Goods and services exports | 210.46 | | | | | -210.46 |
| Goods and services imports | -290.76 | | | | | 290.76 |
| Net income and transfers from abroad | 43.49 | | | | | -43.49 |
| **Banlance of non financial operations** | | **-15.93** | **-20.87** | | | **36.81** |
| **Domestic financing** | | **5.75** | **7.77** | **-4.70** | **-8.82** | |
| **- Monetary** | | **0.49** | **34.18** | **-18.32** | **-16.35** | |
| . Domestic lending | | -0.31 | 54.88 | -56.44 | **1.87** | |
| . Money supply | | 0.81 | -20.71 | 38.12 | **-18.22** | |
| **- Non monetary: collection and investments** | | **5.26** | **-26.41** | **13.62** | **7.53** | |
| . Institutional saving | | | -23.80 | | 23.80 | |
| . Treasury bills | | 5.26 | -0.79 | -4.43 | -0.04 | |
| . Privatization | | 0.00 | | | | |
| . Private investments | | | -1.82 | 18.05 | -16.23 | |
| - UCITS | | | -10.87 | -3.90 | 14.77 | |
| - Negotiable debt securities | | | 0.87 | 16.29 | -17.16 | |
| . Certificats of deposits | | | -0.31 | 13.04 | -12.70 | |
| . Bonds of finance companies | | | 0.06 | 2.62 | -2.68 | |
| . Treasury bills | | | 1.12 | 0.63 | -1.75 | |
| - Private bonds | | | 1.82 | 5.66 | -7.48 | |
| - Shares | | | 6.36 | | -6.36 | |
| **Foreign financing** | | **12.71** | **18.43** | **7.06** | | **-38.20** |
| **- Monetary** | | | | **7.06** | | **-7.06** |
| . Changes in net foreign assets of commercial banks | | | | 1.75 | | -1.75 |
| . Changes in net foreign assets of Bank Al-Maghrib | | | | 5.31 | | -5.31 |
| **- Non monetary** | | **12.71** | **18.43** | | | **-31.14** |
| . Direct investments | | 0.00 | 11.09 | | | -11.09 |
| . Net foreign borrowing | | 12.71 | 7.34 | | | -20.05 |
| **Balance of financial operations** | | 18.46 | 26.20 | 2.36 | -8.82 | -38.20 |
| **Statistic differences** | | 2.53 | 5.33 | 2.36 | -8.82 | -1.39 |

Source : Bank Al-Maghrib.

## TABLE A6 CONSUMER PRICE INDEX (1)

(100 : 2006)

| Category | General index | Food products: Overall | Food and soft drinks | Alcoholic beverages, tobacco and narcotics | Non-food products: Overall | Clothes and shoes | Housing, water, gas, electricity and other fuels | Furniture, household items and routine household maintenance | Health | Transport | Communications | Leisure and culture | Education | Restaurants and hotels | Various goods and services |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 2008 January | 103.6 | 106.5 | 106.7 | 102.1 | 101.6 | 102.2 | 102.3 | 102.7 | 100.8 | 101.9 | 96.6 | 99.2 | 102.7 | 102.5 | 101.7 |
| February | 104 | 107.0 | 107.3 | 102.1 | 101.8 | 102.6 | 102.4 | 102.5 | 100.8 | 102.1 | 96.6 | 98.8 | 102.7 | 104.1 | 102.2 |
| March | 105.1 | 109.7 | 110.1 | 102.1 | 101.9 | 102.8 | 102.6 | 102.5 | 100.9 | 102.3 | 95.8 | 98.6 | 102.7 | 104.2 | 102.4 |
| April | 106 | 111.8 | 112.3 | 102.1 | 102.0 | 102.8 | 102.7 | 102.8 | 100.9 | 102.3 | 95.8 | 98.4 | 102.7 | 104.7 | 102.8 |
| May | 106.7 | 113.2 | 113.8 | 102.1 | 102.1 | 102.8 | 102.9 | 103.0 | 100.9 | 102.3 | 95.8 | 98.2 | 102.7 | 104.6 | 102.8 |
| June | 106.2 | 112.0 | 112.5 | 102.1 | 102.2 | 102.8 | 103.1 | 103.2 | 100.9 | 102.4 | 95.8 | 98.1 | 102.7 | 104.9 | 102.9 |
| July | 106.4 | 112.1 | 112.6 | 102.1 | 102.5 | 102.6 | 103.1 | 103.4 | 100.9 | 103.9 | 95.8 | 98.0 | 102.7 | 105.2 | 102.9 |
| August | 107 | 113.3 | 113.6 | 107.8 | 102.6 | 102.6 | 103.2 | 103.6 | 101.2 | 104.0 | 95.8 | 98.0 | 102.7 | 105.2 | 103.6 |
| September | 107.7 | 114.5 | 114.8 | 108.3 | 103.0 | 102.9 | 103.3 | 103.6 | 101.2 | 103.7 | 95.0 | 98.2 | 108.6 | 105.2 | 103.7 |
| October | 107.7 | 114.4 | 114.7 | 108.3 | 103.0 | 103.0 | 103.3 | 103.9 | 101.2 | 103.7 | 94.9 | 98.3 | 109.1 | 105.1 | 103.8 |
| November | 107.5 | 113.5 | 113.8 | 108.3 | 103.1 | 103.3 | 103.3 | 104.6 | 101.2 | 103.7 | 95.1 | 98.1 | 109.1 | 105.1 | 103.8 |
| Décember | 108 | 114.7 | 115.1 | 108.3 | 103.2 | 103.5 | 103.4 | 104.9 | 101.2 | 103.7 | 94.8 | 98.3 | 109.1 | 105.3 | 104.0 |
| 2009 January | 107.2 | 112.8 | 113.0 | 108.3 | 103.3 | 103.8 | 103.5 | 105.1 | 101.3 | 104.1 | 92.6 | 98.3 | 109.1 | 105.6 | 104.4 |
| February | 107.4 | 113.7 | 114.0 | 108.3 | 103.0 | 103.8 | 103.5 | 105.2 | 101.5 | 102.8 | 92.6 | 98.2 | 109.1 | 105.4 | 104.5 |
| March | 108 | 115.0 | 115.4 | 108.3 | 103.1 | 103.6 | 103.6 | 105.2 | 101.6 | 102.7 | 92.6 | 98.3 | 109.1 | 105.5 | 104.6 |
| April | 108.6 | 116.4 | 116.9 | 108.1 | 103.0 | 103.7 | 103.7 | 105.3 | 101.6 | 102.8 | 90.9 | 97.9 | 109.1 | 105.6 | 104.9 |
| May | 106.9 | 112.2 | 112.4 | 108.2 | 103.1 | 103.7 | 103.8 | 105.3 | 101.6 | 102.8 | 90.9 | 97.8 | 109.1 | 106.0 | 105.2 |
| June | 105.6 | 109.1 | 109.1 | 108.2 | 103.2 | 103.5 | 103.8 | 105.3 | 101.6 | 103.0 | 91.0 | 97.8 | 109.1 | 106.3 | 105.2 |
| July | 105.8 | 109.5 | 109.6 | 108.2 | 103.2 | 103.6 | 103.9 | 105.4 | 101.6 | 103.1 | 91.0 | 97.7 | 109.1 | 106.9 | 105.2 |
| August | 107.4 | 113.4 | 113.7 | 108.2 | 103.2 | 103.3 | 103.9 | 105.4 | 101.6 | 103.1 | 91.0 | 97.3 | 109.1 | 106.9 | 105.2 |
| September | 109.8 | 118.3 | 118.9 | 108.2 | 103.7 | 104.0 | 104.0 | 105.4 | 102.4 | 103.3 | 90.9 | 97.3 | 113.1 | 107.5 | 105.5 |
| October | 108.5 | 115.2 | 115.6 | 108.2 | 103.8 | 104.1 | 104.0 | 105.5 | 102.5 | 103.4 | 90.9 | 97.5 | 113.3 | 107.8 | 105.6 |
| November | 106.8 | 110.9 | 111.1 | 108.2 | 103.9 | 104.2 | 104.1 | 105.6 | 102.6 | 103.4 | 90.9 | 98.0 | 113.3 | 107.8 | 105.8 |
| December | 106.3 | 109.8 | 109.9 | 108.2 | 103.9 | 104.3 | 104.2 | 105.5 | 102.6 | 103.3 | 90.9 | 97.7 | 113.3 | 107.9 | 106.0 |

(1) The consumer price index has replaced the cost of living index as from November 2009.
Source : High Commission for Plannong (Statistics Department)

TABLE A7.1 TRADE BALANCE

| In millions of dirhams | 2008 | 2009 | Changes in percentage |
|---|---|---|---|
| Imports C.I.F | 326 042 | 265 188 | -18.7 |
| Exports F.O.B | 155 740 | 111 967 | -28.1 |
| Balance | -170 302 | -153 221 | 10.0 |
| Exports as % of imports | 47.8 | 42.2 | |

TABLE A7.2 STRUCTURE OF TRADE TRANSACTIONS

| Percentage share of the different categories | Imports | | Exports | |
|---|---|---|---|---|
| | 2008 | 2009 | 2008 | 2009 |
| Foodstuffs, beverages and tobacco | 9.8 | 9.1 | 16.8 | 21.4 |
| Energy and lubricants | 22.3 | 20.4 | 2.2 | 2.0 |
| Raw products | 8.2 | 5.1 | 15.3 | 9.3 |
| Semi-finished products (1) | 21.3 | 20.2 | 34.2 | 27.3 |
| Finished products | 38.4 | 45.0 | 31.5 | 40.1 |
| - Capital goods | 22.0 | 25.2 | 10.0 | 10.9 |
| - Consumer goods | 16.4 | 19.9 | 21.6 | 29.2 |
| **Total** | **100** | **100** | **100** | **100** |

(1) Including industrial gold.

### TABLE A7.3 MAJOR IMPORTS

| Weight in thousands of tonnes<br>Value in millions of dirhams | 2008* | | 2009** | | Changes | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | |
| | Weight | Value | Weight | Value | Thousands of tonnes | % | Millions of dirhams | % |
| **Foodstuffs, beverages and tobacco** | **8 478** | **31 864** | **7 148** | **24 253** | **-1 330** | **-15.7** | **-7 610** | **-23.9** |
| Wheat | 4 084 | 12 428 | 2 390 | 5 483 | -1 693 | -41.5 | -6 946 | -55.9 |
| Maize | 1 696 | 4 084 | 1 704 | 2 874 | 8 | 0.5 | -1 211 | -29.6 |
| Barley | 325 | 805 | 273 | 395 | -53 | -16.1 | -410 | -50.9 |
| Sugar | 751 | 2 226 | 976 | 3 409 | 225 | 29.9 | 1 183 | 53.2 |
| Dairy products | 74 | 2 196 | 72 | 1 541 | -2 | -3.0 | -655 | -29.8 |
| Tea | 52 | 781 | 55 | 882 | 3 | 6.7 | 101 | 13.0 |
| Coffee | 32 | 599 | 39 | 615 | 7 | 22.3 | 16 | 2.6 |
| Tobacco | 13 | 876 | 12 | 959 | -2 | -11.4 | 82 | 9.4 |
| Other | 1 451 | 7 868 | 1 628 | 8 096 | 176 | 12.1 | 228 | 2.9 |
| **Energy and lubricants** | **16 075** | **72 715** | **16 313** | **54 172** | **239** | **1.5** | **-18 543** | **-25.5** |
| Crude oil | 5 506 | 30 683 | 4 788 | 17 166 | -718 | -13.0 | -13 517 | -44.1 |
| Refined petroleum products | 4 945 | 31 902 | 6 170 | 28 085 | 1 225 | 24.8 | -3 817 | -12.0 |
| Coal | 5 569 | 6 598 | 5 235 | 4 732 | -333 | -6.0 | -1 866 | -28.3 |
| other | 54 | 3 532 | 119 | 4 189 | 65 | 119.4 | 657 | 18.6 |
| **Raw products** | **5 812** | **26 685** | **4 759** | **13 623** | **-1 053** | **-18.1** | **-13 062** | **-48.9** |
| Vegetable oils | 425 | 4 483 | 469 | 3 469 | 44 | 10.4 | -1 014 | -22.6 |
| Oilseeds | 376 | 1 606 | 401 | 1 420 | 25 | 6.6 | -186 | -11.6 |
| Timber | 1 088 | 3 384 | 844 | 2 712 | -244 | -22.4 | -671 | -19.8 |
| Textile fibers and cotton | 49 | 732 | 37 | 494 | -12 | -24.3 | -238 | -32.6 |
| Sulfur | 2 917 | 11 260 | 2 083 | 1 230 | -834 | -28.6 | -10 031 | -89.1 |
| Other | 963 | 5 313 | 930 | 4 370 | -33 | -3.4 | -943 | -17.7 |
| **Semi-finished products (1)** | **6 567** | **69 597** | **6 534** | **53 689** | **-32** | **-0.5** | **-15 909** | **-22.9** |
| Chemical products | 954 | 8 269 | 1 155 | 6 645 | 201 | 21.0 | -1 624 | -19.6 |
| Dyes and disinfectants | 50 | 1 616 | 49 | 1 787 | -1 | -1.1 | 170 | 10.5 |
| Natural and chemical fertilizers | 608 | 2 336 | 475 | 1 393 | -133 | -21.9 | -942 | -40.3 |
| ron and steel | 1 507 | 10 362 | 1 450 | 5 353 | -57 | -3.8 | -5 010 | -48.3 |
| Other metal working products | 751 | 12 340 | 769 | 9 004 | 17 | 2.3 | -3 336 | -27.0 |
| Plastic materials | 528 | 8 121 | 585 | 7 034 | 56 | 10.7 | -1 087 | -13.4 |
| Paper and cardboard | 355 | 3 446 | 377 | 3 371 | 22 | 6.2 | -75 | -2.2 |
| Fiber and cotton yarns | 56 | 1 557 | 70 | 1 680 | 14 | 24.4 | 123 | 7.9 |
| other | 1 757 | 21 550 | 2 374 | 26 426 | 616 | 35.1 | 4 876 | 22.6 |
| **Agricultural capital goods** | **64** | **3 670** | **69** | **3 260** | **5** | **8.4** | **-410** | **-11.2** |
| **Industrial capital goods** | **800** | **67 987** | **772** | **63 510** | **-28** | **-3.5** | **-4 477** | **-6.6** |
| Machines and miscellaneous equipment | 91 | 11 087 | 99 | 10 235 | 8 | 8.9 | -852 | -7.7 |
| Crushing machines | 55 | 3 391 | 60 | 3 895 | 5 | 9.1 | 504 | 14.9 |
| Textile machinery | 9 | 718 | 5 | 391 | -4 | -42.6 | -327 | -45.5 |
| Equipment of extraction | 67 | 2 449 | 64 | 2 092 | -3 | -4.8 | -357 | -14.6 |
| Tools and machine tools | 19 | 1 174 | 24 | 1 223 | 4 | 22.6 | 49 | 4.2 |
| Tanks, bottles and metal drums | 22 | 1 052 | 20 | 921 | -1 | -6.5 | -131 | -12.5 |
| Electrical switch gear | 10 | 2 622 | 10 | 2 100 | 0 | -0.2 | -522 | -19.9 |
| Power generators | 18 | 1 711 | 13 | 1 146 | -5 | -26.7 | -565 | -33.0 |
| Electrical appliance of telephony and telecommunications transmitters | 3 | 1 647 | 3 | 1 314 | 0 | 10.8 | -334 | -20.3 |
| Wires and cables for electricity | 39 | 4 087 | 24 | 2 168 | -15 | -38.9 | -1 918 | -46.9 |
| Aircraf | 0 | 1 619 | 0 | 3 221 | 0 | 163.4 | 1 602 | 99.0 |
| Industrial vehicles | 118 | 7 156 | 98 | 5 710 | -20 | -17.2 | -1 446 | -20.2 |
| other | 348 | 29 272 | 351 | 29 093 | 3 | 0.8 | -180 | -0.6 |
| **Consumer goods** | **953** | **53 525** | **1 069** | **52 681** | **115** | **12.1** | **-843** | **-1.6** |
| Pharmaceutical products | 6 | 3 283 | 7 | 4 069 | 1 | 21.1 | 786 | 23.9 |
| Textile fibers and cotton | 88 | 7 191 | 94 | 6 237 | 6 | 6.3 | -954 | -13.3 |
| Plastic articles | 58 | 2 420 | 61 | 2 244 | 3 | 5.4 | -176 | -7.3 |
| Telecommunications receivers | 31 | 4 586 | 32 | 4 642 | 0 | 0.3 | 56 | 1.2 |
| Passenger cars | 103 | 9 873 | 79 | 8 314 | -23 | -22.5 | -1 559 | -15.8 |
| Spare parts | 35 | 1 612 | 31 | 1 310 | -4 | -11.9 | -302 | -18.7 |
| Other | 633 | 24 559 | 766 | 25 865 | 133 | 21.0 | 1 306 | 5.3 |
| **Total** | **38 748** | **326 042** | **36 664** | **265 188** | **-2 084** | **-5.4** | **-60 854** | **-18.7** |

(1) including industrial gold.
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**TABLE A7.4 MAJOR EXPORTS**

| Wheight in thousands of tonnes<br>Value in millions of dirhams | 2008** | | 2009** | | Changes | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Weight | | Value | |
| | Weight | Value | Weight | Value | Thousands of tonnes | % | Millions of dirhams | % |
| **Foodstuffs beverages and tobacco** | **2 175** | **26 198** | **1 841** | **23 940** | **-334** | **-15.4** | **-2 257** | **-8.6** |
| Citrus fruits | 608 | 3 227 | 402 | 2 257 | -206 | -33.8 | -970 | -30.1 |
| Early vegetables | 403 | 2 219 | 333 | 2 091 | -70 | -17.3 | -127 | -5.7 |
| Fresh fruits | 178 | 1 718 | 134 | 1 302 | -44 | -24.7 | -416 | -24.2 |
| Crustaceans molluscs and shellfish | 97 | 5 537 | 104 | 4 340 | 7 | 7.5 | -1 197 | -21.6 |
| Fresh fish | 141 | 2 109 | 146 | 2 029 | 5 | 3.2 | -80 | -3.8 |
| Canned fish | 146 | 4 524 | 143 | 4 842 | -2 | -1.7 | 317 | 7.0 |
| Canned fruits and vegetables | 92 | 1 661 | 88 | 1 543 | -4 | -4.2 | -118 | -7.1 |
| Fish meal | 76 | 526 | 91 | 728 | 15 | 19.3 | 201 | 38.2 |
| Other | 434 | 4 677 | 399 | 4 809 | -35 | -8.0 | 133 | 2.8 |
| **Energy and lubricants** | **489** | **3 351** | **608** | **2 268** | **120** | **24.4** | **-1 084** | **-32.3** |
| **Raw animal and vegetable products** | **194** | **2 384** | **226** | **2 365** | **32** | **16.8** | **-19** | **-0.8** |
| Olive oil | 4 | 103 | 4 | 96 | - | 7.5 | -7 | -7.0 |
| Paper pulp | 87 | 423 | 108 | 415 | 21 | 24.5 | -8 | -2.0 |
| Plants and flowers | 16 | 322 | 15 | 281 | -1 | -7.5 | -41 | -12.6 |
| Agar-agar | 1 | 174 | 1 | 162 | - | -5.3 | -12 | -6.7 |
| Cork | 7 | 48 | 4 | 26 | -3 | -37.6 | -22 | -45.8 |
| Bowels | 6 | 202 | 8 | 443 | 2 | 33.8 | 241 | 119.8 |
| Seaweed | 4 | 68 | 5 | 68 | - | 9.3 | - | 0.1 |
| Other | 69 | 1 044 | 81 | 874 | 12 | 17.9 | -170 | -16.3 |
| **Raw mineral products** | **14 403** | **21 387** | **7 698** | **7 992** | **-6 705** | **-46.6** | **-13 396** | **-62.6** |
| Phosphates | 11 644 | 17 684 | 5 744 | 5 163 | -5 900 | -50.7 | -12 520 | -70.8 |
| Zinc ore | 110 | 317 | 91 | 199 | -19 | -17.2 | -118 | -37.1 |
| Lead and copper ores | 66 | 683 | 90 | 788 | 24 | 35.8 | 105 | 15.3 |
| Scrap of cast iron and steel | 206 | 691 | 48 | 124 | -158 | -76.7 | -567 | -82.0 |
| other ores | 2 378 | 2 013 | 1 726 | 1 717 | -652 | -27.4 | -296 | -14.7 |
| **Semi-finished products (1)** | **4 018** | **53 319** | **4 864** | **30 512** | **846** | **21.0** | **-22 806** | **-42.8** |
| Phosphoric acid | 1 629 | 22 831 | 1 907 | 8 042 | 278 | 17.0 | -14 788 | -64.8 |
| Natural and chemical fertilizers | 1 505 | 10 946 | 2 285 | 5 632 | 780 | 51.8 | -5 313 | -48.5 |
| Electronic devices (transistors) | 6 | 4 486 | 3 | 3 873 | -3 | -51.6 | -613 | -13.7 |
| Unwrought lead and silver | 37 | 1 515 | 22 | 1 197 | -16 | -41.9 | -318 | -21.0 |
| Hides and skins | 1 | 202 | 1 | 187 | - | 6.2 | -15 | -7.6 |
| iron sheets | 125 | 1 142 | 88 | 602 | -36 | -29.0 | -540 | -47.3 |
| Other | 715 | 12 198 | 558 | 10 979 | -157 | -21.9 | -1 218 | -10.0 |
| **Capital goods** | **105** | **15 508** | **93** | **12 219** | **-12** | **-11.1** | **-3 289** | **-21.2** |
| Rubber products | - | 5 | - | 23 | - | 98.5 | 18 | 349.7 |
| Electronic under-systems | 1 | 161 | - | 105 | - | -57.6 | -56 | -34.6 |
| Wires and cables for electricity | 54 | 8 886 | 42 | 5 175 | -12 | -22.4 | -3 711 | -41.8 |
| industrial vehicles | 9 | 664 | 14 | 969 | 4 | 46.2 | 305 | 46.0 |
| other | 40 | 5 792 | 37 | 5 947 | -3 | -8.4 | 156 | 2.7 |
| **Consumer goods** | **236** | **33 593** | **217** | **32 670** | **-19** | **-8.1** | **-923** | **-2.7** |
| Clothing | 65 | 18 924 | 55 | 17 752 | -9 | -14.3 | -1 171 | -6.2 |
| Hosiery | 39 | 6 659 | 47 | 6 460 | 8 | 21.3 | -199 | -3.0 |
| Shoes | 12 | 2 142 | 11 | 2 316 | 0 | -2.5 | 174 | 8.1 |
| Carpets | 1 | 77 | 1 | 67 | 0 | -14.2 | -10 | -12.8 |
| Fiber and cotton fabrics | 7 | 470 | 4 | 324 | -3 | -43.1 | -146 | -31.2 |
| Spare parts | 4 | 682 | 4 | 355 | 0 | -6.0 | -327 | -47.9 |
| other | 108 | 4 639 | 94 | 5 395 | -14 | -13.2 | 756 | 16.3 |
| **Total** | **21 620** | **155 740** | **15 548** | **111 967** | **-6 072** | **-28.1** | **-43 773** | **-28.1** |

(1) including industrial gold
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**TABLE A7.5 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE**

(In millions of dirhams)

| | Imports C I F | | Exports F O B | | Balances | |
|---|---|---|---|---|---|---|
| | 2008* | 2009** | 2008* | 2009** | 2008* | 2009** |
| **EUROPE** | **199 718** | **159 397** | **100 141** | **78 846** | **-99 577** | **-80 551** |
| **European Union** | **159 812** | **133 921** | **86 250** | **69 678** | **-73 562** | **-64 242** |
| France | 48 950 | 41 584 | 31 384 | 27 464 | -17 566 | -14 120 |
| spain | 36 447 | 31 968 | 27 862 | 23 710 | -8 585 | -8 257 |
| Germany | 15 201 | 14 409 | 4 036 | 3 469 | -11 165 | -10 940 |
| Italy | 21 742 | 17 298 | 7 261 | 5 190 | -14 482 | -12 108 |
| Great Britain | 9 035 | 5 123 | 5 350 | 3 672 | -3 685 | -1 451 |
| Netherlands | 6 860 | 6 343 | 3 659 | 3 011 | -3 202 | -3 332 |
| Belgium- Luxembourg Economic Union | 5 137 | 4 183 | 5 184 | 2 010 | 47 | -2 174 |
| Other E U countries | 16 440 | 13 013 | 1 516 | 1 153 | -14 925 | -11 860 |
| **Other European countries** | **39 906** | **25 477** | **13 891** | **9 167** | **-26 015** | **-16 309** |
| Russia | 16 302 | 7 445 | 2 290 | 1 384 | -14 011 | -6 061 |
| Turkey | 8 311 | 5 757 | 2 268 | 1 422 | -6 044 | -4 334 |
| **ASIA** | **74 274** | **57 515** | **25 393** | **15 548** | **-48 881** | **-41 967** |
| **Middle East countries** | **37 368** | **20 144** | **3 467** | **2 210** | **-33 901** | **-17 935** |
| Saudi Arabia | 21 820 | 11 505 | 1 347 | 234 | -20 472 | -11 272 |
| Iran | 8 050 | 538 | 726 | 119 | -7 325 | -419 |
| United Arab Emirate | 1 877 | 1 457 | 294 | 282 | -1 583 | -1 175 |
| Jordan | 113 | 123 | 293 | 317 | 181 | 194 |
| Other | 5 508 | 6 521 | 807 | 1 258 | -4 702 | -5 263 |
| **Other Asian countries** | **36 907** | **37 371** | **21 926** | **13 339** | **-14 981** | **-24 032** |
| Japan | 5 726 | 4 042 | 1 781 | 1 303 | -3 945 | -2 740 |
| India | 2 722 | 3 211 | 10 520 | 5 950 | 7 798 | 2 739 |
| Pakistan | 135 | 134 | 3 642 | 1 548 | 3 507 | 1 414 |
| China | 18 538 | 20 712 | 1 249 | 1 209 | -17 290 | -19 503 |
| Other | 9 785 | 9 271 | 4 735 | 3 329 | -5 051 | -5 942 |
| **AMERICA** | **33 800** | **33 883** | **16 392** | **7 650** | **-17 407** | **-26 233** |
| United States | 16 624 | 18 850 | 6 085 | 3 673 | -10 539 | -15 177 |
| Canada | 2 720 | 3 191 | 373 | 401 | -2 347 | -2 790 |
| Brasil | 5 511 | 6 048 | 7 538 | 2 395 | 2 028 | -3 652 |
| Mexico | 248 | 809 | 972 | 167 | 724 | -642 |
| Argentina | 5 924 | 1 528 | 410 | 446 | -5 514 | -1 083 |
| Other | 2 773 | 3 457 | 1 014 | 568 | -1 759 | -2 889 |
| **AFRICA** | **17 389** | **13 524** | **10 120** | **8 721** | **-7 270** | **-4 803** |
| **Egypt** | **3 150** | **3 005** | **372** | **862** | **-2 778** | **-2 143** |
| **Maghreb-Arab Union countries** | **10 169** | **7 848** | **2 455** | **2 420** | **-7 714** | **-5 428** |
| Algeria | 7 559 | 5 636 | 874 | 1 046 | -6 685 | -4 590 |
| Tunisia | 1 876 | 1 826 | 695 | 666 | -1 181 | -1 160 |
| Libya | 688 | 380 | 494 | 342 | -194 | -37 |
| Mauritania | 47 | 7 | 393 | 365 | 346 | 359 |
| **Other** | **4 070** | **2 671** | **7 292** | **5 439** | **3 222** | **2 768** |
| **OCEANIA AND OTHER** | **862** | **869** | **3 694** | **1 202** | **2 832** | **333** |
| **Total** | **326 042** | **265 188** | **155 740** | **111 967** | **-170 302** | **-153 221** |

(1) including the 10 new members
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**TABLE A7.6 BALANCE OF PAYMENTS**

(In millions of dirhams)

| | 2008* | | | 2009** | | |
|---|---|---|---|---|---|---|
| | Credit | Debit | Net | Credit | Debit | Net |
| **A.CURRENT ACCOUNT** | **336 569.7** | **372 506.4** | **-35 936.7** | **279 635.5** | **316 443.5** | **-36 808.0** |
| **Goods** | 155 739.9 | 306 703.2 | -150 963.3 | 111 966.9 | 245 299.1 | -133 332.2 |
| - General merchandise | 114 433.1 | 282 121.1 | -167 688.0 | 72 039.2 | 225 623.0 | -153 583.8 |
| - Goods for processing | 39 088.3 | 24 463.7 | 14 624.6 | 39 349.4 | 19 569.4 | 19 780.0 |
| - Goods procured in ports by carriers | 2 218.5 | 118.4 | 2 100.1 | 578.3 | 106.7 | 471.6 |
| **Services** | 103 353.3 | 51 878.5 | 51 474.8 | 100 032.4 | 54 605.6 | 45 426.8 |
| - Transportation | 19 272.6 | 20 542.0 | -1 269.4 | 16 912.7 | 18 717.2 | -1 804.5 |
| - Travel | 55 550.8 | 8 462.9 | 47 087.9 | 52 824.1 | 8 822.7 | 44 001.4 |
| - Communication services | 4 941.9 | 713.0 | 4 228.9 | 5 442.1 | 684.5 | 4 757.6 |
| - Insurance services | 881.6 | 1 035.3 | -153.7 | 1 453.5 | 1 475.1 | -21.6 |
| - Royalties and license fees | 22.2 | 330.2 | -308.0 | 23.5 | 574.7 | -551.2 |
| - Other business services | 18 260.6 | 12 519.6 | 5 741.0 | 19 792.7 | 12 356.2 | 7 436.5 |
| - Government services N.I.E | 4 423.6 | 8 275.5 | -3 851.9 | 3 583.8 | 11 975.2 | -8 391.4 |
| **Income** | 8 221.3 | 12 291.1 | -4 069.8 | 7 424.4 | 14 775.9 | -7 351.5 |
| - Private investment income | 771.7 | 7 460.8 | -6 689.1 | 548.2 | 9 951.2 | -9 403.0 |
| - Income on public investment and debt | 7 449.6 | 4 830.3 | 2 619.3 | 6 876.2 | 4 824.7 | 2 051.5 |
| **Unrequited transfers** | 69 255.2 | 1 633.6 | 67 621.6 | 60 211.8 | 1762.9 | 58 448.9 |
| - Public | 9 611. 3 | 599.8 | 9 011.5 | 3 617.6 | 614.6 | 3 003.0 |
| - Private | 59 643.9 | 1 033.8 | 58 610.1 | 56 594.2 | 1148.3 | 55 445.9 |
| **B. CAPITAL AND FINANCIAL ACCOUNT** | **74 412.2** | **46 791.3** | **27 620.9** | **76 560.0** | **38 354.1** | **38 205.9** |
| **1. Capital account** | 8.7 | 24.1 | -15.4 | 3.3 | 6.9 | -3.6 |
| - Transfert of capital | 8.7 | 24.1 | -15.4 | 3.3 | 6.9 | -3.6 |
| **2. Financial account** | 74 403.5 | 46 767.2 | 27 636.3 | 76 556.7 | 38 347.2 | 38 209.5 |
| **Private sector** | 51 797.1 | 33 510.0 | 18 287.1 | 48 521.6 | 29 203.5 | 19 318.1 |
| - Commercial credits | 13 375.2 | 12 611.3 | 763.9 | 13 412.6 | 11 163.1 | 2 249.5 |
| - Foreign loans and investments in Morocco | 35 290.6 | 14 465.7 | 20 824.9 | 26 627.8 | 13 111.1 | 13 516.7 |
| - Moroccan loans and investments abroad | 1 814.4 | 6 433.0 | -4 618.6 | 2 504.0 | 4 929.3 | -2 425.3 |
| - Currency and deposits | 1 316.9 | - | 1 316.9 | 5 977.2 | - | 5 977.2 |
| **Public sector** | 22 606.4 | 13 257.2 | 9 349.2 | 28 035.1 | 9 143.7 | 18 891.4 |
| - loans | 22 606.4 | 13 257.2 | 9 349.2 | 28 035.1 | 9 143.7 | 18 891.4 |
| **C. STATISTICAL DISCREPANCY** | **-** | **3 162.6** | **-3 162.6** | **-** | **2 981.5** | **-2 981.5** |
| **TOTAL** | **410 981.9** | **422 460.3** | **-11 478.4** | **356 195.5** | **357 779.1** | **-1 583.6** |

N.I.E : not included elsewhere
(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

**TABLE A7.7 INTERNATIONAL INVESTMENT POSITION**

| (in millions of dirhams) | 2007 Assets | 2007 Liabilities | 2007 Net Position | 2008 Assets | 2008 Liabilities | 2008 Net Position | Net position 2008 / Net position 2007 Changes in value | Net position 2008 / Net position 2007 Changes % |
|---|---|---|---|---|---|---|---|---|
| **Direct Investments** | **10 313.6** | **297 831.8** | **-287 518.2** | **13 759.6** | **318 974.7** | **-305 215.1** | **-17 696.9** | **6.2** |
| Moroccan investments abroad | 10 313.6 | | 10 313.6 | 13 759.6 | | 13 759.6 | 3 446.0 | 33.4 |
| Foreign investments in Morocco | | 297 831.8 | -297 831.8 | | 318 974.7 | -318 974.7 | -21 142.9 | 7.1 |
| Equity capital | 9 607.7 | 281 769.9 | -272 162.2 | 12 566.9 | 302 450.2 | -289 883.3 | -17 721.1 | 6.5 |
| Other capital | 705.9 | 16 061.9 | -15 356.0 | 1 192.7 | 16 524.5 | -15 331.8 | 24.2 | - 0.2 |
| **Portfolio Investments** | **7 063.9** | **25 276.7** | **-18 212.8** | **8 277.9** | **25 995.0** | **-17 717.1** | **495.7** | **- 2.7** |
| Foreign securities | 7 063.9 | | 7 063.9 | 8 277.9 | | 8 277.9 | 1 214.0 | 17.2 |
| Moroccan securitie | | 25 276.7 | -25 276.7 | | 25 995.0 | -25 995.0 | - 718.3 | 2.8 |
| Shares and other equity securities | 6 995.7 | 25 229.1 | -18 233.4 | 7 662.3 | 25 995.0 | -18 332.7 | - 99.3 | 0.5 |
| Bonds and other debt securities | 68.2 | 47.6 | 20.6 | 615.6 | | 615.6 | 595.0 | 2 888.3 |
| **Other Investments** | **14 704.0** | **149 946.4** | **-135 242.4** | **14 498.1** | **165 482.8** | **-150 984.7** | **-15 742.3** | **11.6** |
| Commercial credits | 6 516.0 | 8 712.6 | -2 196.6 | 8 406.0 | 10 654.8 | -2 248.8 | -52.2 | 2.4 |
| Loans | 6 035.8 | 129 044.7 | -123 008.9 | 4 785.8 | 140 468.4 | -135 682.6 | -12 673.7 | 10.3 |
| General government | | 65 946.0 | -65 946.0 | | 68 670.0 | -68 670.0 | -2 724.0 | 4.1 |
| Banks | 5 041.7 | 2 455.0 | 2 586.7 | 3 791.7 | 3 494.5 | 297.2 | -2 289.5 | - 88.5 |
| Other sectors | 994.1 | 60 643.7 | -59 649.6 | 994.1 | 68 303.9 | -67 309.8 | -7 660.2 | 12.8 |
| - Public sector | | 53 642.0 | -53 642.0 | | 63 141.0 | -63 141.0 | -9 499.0 | 17.7 |
| - Private sector | 994.1 | 7 001.7 | -6 007.6 | 994.1 | 5 162.9 | -4 168.8 | 1 838.8 | - 30.6 |
| Notes, coins and deposits | 1 465.3 | 12 189.1 | -10 723.8 | 590.7 | 14 359.6 | -13 768.9 | -3 045.1 | 28.4 |
| Monetary authorities (liabilities) | | 3 536.0 | -3 536.0 | | 3 727.0 | -3 727.0 | - 191.0 | 5.4 |
| Other sectors | 1 465.3 | | 1 465.3 | 590.7 | | 590.7 | - 874.6 | - 59.7 |
| - Public sector | 691.2 | | 691.2 | 357.7 | | 357.7 | - 333.5 | - 48.2 |
| - Private sector (including residents foreign currency accounts) | 774.1 | | 774.1 | 233.0 | | 233.0 | -541.1 | - 69.9 |
| Banks | | 8 653.1 | -8 653.1 | | 10 632.6 | -10 632.6 | -1 979.5 | 22.9 |
| - Non-Residents' accounts in convertible dirhams | | 5 287.0 | -5 287.0 | | 5 500.0 | -5 500.0 | -213.0 | 4.0 |
| - Other liabilities | | 3 366.1 | -3 366.1 | | 5 132.6 | -5 132.6 | -1 766.5 | 52.5 |
| Other assets | 686.9 | | 686.9 | 715.6 | | 715.6 | 28.7 | 4.2 |
| **Reserve assets** | **218 432.2** | | **218 432.2** | **208 908.6** | | **208 908.6** | **-9 523.6** | **- 4.4** |
| Monetary gold | 4 571.0 | | 4 571.0 | 4 962.0 | | 4 962.0 | 391.0 | 8.6 |
| Special drawing rights | 246.0 | | 246.0 | 156.0 | | 156.0 | -90.0 | - 36.6 |
| IMF reserve position | 1 042.0 | | 1 042.0 | 1 055.0 | | 1 055.0 | 13.0 | 1.2 |
| Foreign currency | 212 573.2 | | 212 573.2 | 202 735.6 | | 202 735.6 | -9 837.6 | - 4.6 |
| **Net international investment position** | **250 513.7** | **473 054.9** | **-222 541.2** | **245 444.2** | **510 452.5** | **-265 008.3** | **-42 467.1** | **19.1** |

Source : Foreign Exchange Office

**TABLE A8.1 TREASURY REVENUE AND EXPENDITURE**

(In millions of dirhams)

| | January - December* 2008 | January - December 2009 |
|---|---|---|
| **I. CURRENT REVENUE(1)** | **204 675** | **190 526** |
| **Fiscal revenue** | **185 651** | **169 008** |
| Direct taxes | 81 827 | 71 580 |
| Customs duties | 13 706 | 11 830 |
| Indirect taxes (2) | 79 943 | 76 146 |
| Registration fees and stamp duties | 10 175 | 9 452 |
| **Non-fiscal revenue** | **16 269** | **18 302** |
| State monopolies | 7 782 | 10 489 |
| Miscellaneous revenues | 8 487 | 7 813 |
| **Receipts of certain special Treasury accounts** | **2 755** | **3 216** |
| **II. EXPENDITURE** | **201 605** | **206 459** |
| **Current expenditure** | **157 036** | **152 090** |
| Administrative expenses | 107 355 | 121 828 |
| Of which : Personnel expenses | (70 315) | (75 264) |
| Interest on the public debt | 18 231 | 17 474 |
| . Domestic | (15 389) | (14 613) |
| . Foreign | (2 842) | (2 861) |
| Subsidization | 31 450 | 12 788 |
| **CURRENT BALANCE** | **+ 47 639** | **+ 38 436** |
| **Capital expenditure** | **37 740** | **46 361** |
| **Special accounts balance** | -6 829 | -8 008 |
| **BUDGET BALANCE** | **+3 070** | **-15 933** |
| As a % of G.D.P | (+0.4) | (-2.2) |
| **III. CHANGE IN ARREARS** | **- 1 992** | **- 4 063** |
| **FINANCING REQUIREMENT (I-II+III)** | **1 078** | **- 19 997** |
| **NET FINANCING** | **- 1 078** | **19 997** |
| **Foreign financing** | **11 082** | **12 708** |
| Foreign borrowing | 20 551 | 17 663 |
| Amortization | - 9 469 | - 4 955 |
| **Domestic financing** | **-12 160** | **7 289** |
| **Privatization** | **0** | **0** |

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
(*) Revised
Source : Ministry of Economy and Finance

**TABLE A8.2 TREASURY CURRENT REVENUE**

(In millions of dirhams)

| | January - December* 2008 | January - December 2009 | Percentage change |
|---|---|---|---|
| **FISCAL REVENUE** | **185 651** | **169 008** | **-9.0** |
| **Direct taxes** | **81 827** | **71 580** | **-12.5** |
| Corporation tax | 46 290 | 43 532 | -6.0 |
| Income tax | 33 312 | 25 803 | -22.5 |
| Other direct taxes | 2 225 | 2 245 | 0.9 |
| **Customs duties** | **13 706** | **11 830** | **-13.7** |
| **Indirect taxes** | **79 943** | **76 146** | **-4.7** |
| Value added tax (V.A.T) | 61 250 | 56 515 | -7.7 |
| - Domestic | (25 817) | (23 921) | (-7.3) |
| - Imports | (35 433) | (32 594) | (-8.0) |
| Domestic taxes on consumption | 18 693 | 19 630 | 5.0 |
| - Petroleum products | 10 639 | 11 708 | 10.0 |
| - Tobacco products | 6 983 | 6 865 | -1.7 |
| - Other domestic taxes | 1 071 | 1 057 | -1.3 |
| **Registration fees and stamp duties** | **10 175** | **9 452** | **-7.1** |
| **NON-FISCAL REVENUE** | **16 269** | **18 302** | **12.5** |
| Monopolies | 7 782 | 10 489 | 34.8 |
| Miscellaneous revenues | 8 487 | 7 813 | -7.9 |
| **RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS** | **2 755** | **3 216** | **16.7** |
| **TOTAL CURRENT REVENUE (1)** | **204 675** | **190 526** | **-6.9** |

(1) Excluding privatization revenues
(*) Revised
Source : Ministry of Economy and Finance

**TABLE A8.3 ESTIMATED GENERAL BUDGETL**

(In millions of dirhams)

| | Finance Act 2007 | Finance Act 2008 | Finance Act 2009 |
|---|---|---|---|
| **I. CURRENT REVENUE (1)** | **138 947** | **161 106** | **196 726** |
| **Tax revenue** | **123 287** | **146 213** | **178 747** |
| Direct taxes | 48 827 | 59 002 | 73 992 |
| Customs duties | 10 981 | 11 215 | 11 830 |
| Indirect taxes (2) | 56 201 | 67 066 | 81 650 |
| Registration fees and stamp duties | 7 278 | 8 930 | 11 275 |
| **Non-tax revenue** | **12 160** | **11 893** | **14 829** |
| State monopolies | 7 993 | 6 901 | 10 015 |
| Miscellaneous revenues | 4 167 | 4 992 | 4 814 |
| **Receipts of certain special Treasury accounts** | **3 500** | **3 000** | **3 150** |
| **II. EXPENDITURE** | **159 544** | **184 040** | **221 141** |
| **Current expenditure** | **125 460** | **138 898** | **165 786** |
| Administrative expenses | 96 134 | 104 294 | 117 973 |
| Of which : Personnel expenses | (62 781) | (66 960) | (75 570) |
| Interest on the public debt | 19 536 | 19 214 | 18 913 |
| . Domestic | (16 783) | (16 300) | (15 450) |
| . Foreign | (2 753) | (2 914) | (3 463) |
| Subsidization | 9 790 | 15 390 | 28 900 |
| **CURRENT ACCOUNT BALANCE** | **- 13 487** | **+ 22 208** | **+ 30 940** |
| **Capital expenditure** | **24 073** | **32 161** | **38 367** |
| Special Treasury accounts balance | -10 011 | -12 981 | -16 988 |
| **BUDGET BALANCE** | **-20 597** | **-22 934** | **-24 415** |
| **III. CHANGE IN ARREARS** | **-4 796** | **-5 610** | **-5 000** |
| **FINANCING REQUIREMENT (I-II+III)** | **-25 393** | **-28 544** | **-29 415** |
| **NET FINANCING** | **25 393** | **28 544** | **29 416** |
| **Foreign financing** | **1 741** | **3 146** | **9 980** |
| Foreign borrowing | 10 743 | 12 528 | 14 839 |
| Amortization | -9 002 | -9 382 | -4 859 |
| **Domestic financing** | **19 152** | **22 398** | **16 436** |
| **Privatization** | **4 500** | **3 000** | **3 000** |

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

**TABLE A9.1 Main foreign exchange rates quoted by the Bank Al-Maghrib**

- Rates of the tranfer payments -

| End of period | | 2008 | | 2009 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Annual average | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. | Annual average |
| 1 euro - EUR | Achat | 11.348 | 11.212 | 11.057 | 11.018 | 11.127 | 11.117 | 11.241 | 11.242 | 11.244 | 11.266 | 11.308 | 11.334 | 11.361 | 11.282 | 11.250 |
| | Vente | | 11.280 | 11.123 | 11.084 | 11.194 | 11.184 | 11.309 | 11.309 | 11.312 | 11.333 | 11.376 | 11.402 | 11.430 | 11.350 | |
| 1 U.S. dollar - USD | Achat | 7.7503 | 8.0740 | 8.6054 | 8.7375 | 8.3660 | 8.3999 | 7.9756 | 7.9737 | 7.9653 | 7.8919 | 7.7485 | 7.6595 | 7.5652 | 7.8366 | 8.0846 |
| | Vente | | 8.1225 | 8.6571 | 8.7900 | 8.4163 | 8.4504 | 8.0235 | 8.0216 | 8.0132 | 7.9393 | 7.7950 | 7.7056 | 7.6107 | 7.8837 | |
| 1 Canadian dollar - CAD | Achat | 7.2810 | 6.6153 | 6.9620 | 6.8910 | 6.6484 | 7.0372 | 7.2611 | 6.9060 | 7.3464 | 7.1430 | 7.1842 | 7.0899 | 7.1549 | 7.4652 | 7.1121 |
| | Vente | | 6.6551 | 7.0039 | 6.9324 | 6.6884 | 7.0795 | 7.3047 | 6.9475 | 7.3905 | 7.1859 | 7.2273 | 7.1325 | 7.1979 | 7.5100 | |
| 1 Pound sterling - GB | Achat | 14.286 | 11.779 | 12.277 | 12.345 | 11.961 | 12.374 | 12.843 | 13.193 | 13.138 | 12.793 | 12.385 | 12.652 | 12.462 | 12.703 | 12.632 |
| | Vente | | 11.850 | 12.351 | 12.419 | 12.033 | 12.448 | 12.920 | 13.273 | 13.217 | 12.870 | 12.460 | 12.728 | 12.537 | 12.780 | |
| 1 Swiss franc - CHF | Achat | 7.1554 | 7.5338 | 7.4226 | 7.4476 | 7.3534 | 7.3693 | 7.4361 | 7.3681 | 7.3460 | 7.4305 | 7.4451 | 7.4917 | 7.5381 | 7.6043 | 7.4601 |
| | Vente | | 7.5791 | 7.4672 | 7.4923 | 7.3976 | 7.4136 | 7.4808 | 7.4123 | 7.3902 | 7.4751 | 7.4898 | 7.5367 | 7.5834 | 7.6500 | |
| 100. Japanese yens - PY | Achat | 7.5399 | 8.8945 | 9.5994 | 8.9827 | 8.5129 | 8.5408 | 8.3318 | 8.2921 | 8.3551 | 8.4632 | 8.6426 | 8.4111 | 8.7424 | 8.4560 | 8.6367 |
| | Vente | | 8.9480 | 9.6571 | 9.0367 | 8.5640 | 8.5922 | 8.3818 | 8.3420 | 8.4053 | 8.5140 | 8.6945 | 8.4616 | 8.7949 | 8.5068 | |

Source : Bank Al-Maghrib.

**TABLE A9.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY**

(In millions of dirhams)

| Totaux mensuels | Annual average 2008 | 2009 Janv. | Fev. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. | Annual average 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Spot operations** | | | | | | | | | | | | | | |
| Interbank sale/purchase operations against the dirham | 6 916.5 | 7 542.0 | 10 025.0 | 8 025.0 | 6 367.0 | 4 717.0 | 2 888.0 | 6 153.0 | 5 517.3 | 1 987.0 | 4 290.0 | 3 188.0 | 7 366.0 | 5 672.1 |
| Currency-against-currency sale/ | 55 857.5 | 60 662.0 | 45 501.0 | 40 844.0 | 53 559.0 | 57 796.0 | 41 760.0 | 51 594.0 | 35 715.9 | 45 090.0 | 41 586.0 | 29 170.0 | 45 375.0 | 45 721.1 |
| purchase operations with foreign correspondants | 8 941.5 | 2 895.0 | 3 506.2 | 4 147.1 | 8 480.1 | 5 778.0 | 6 454.2 | 7 620.5 | 7 556.1 | 3 791.0 | 7 945.6 | 7 575.1 | 9 485.9 | 6 269.6 |
| Currency investments abroad | | | | | | | | | | | | | | |
| Currency purchase by BAM from the banks | 0.0 | 0.0 | 33.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 |
| Currency sale by BAM to the banks | 3 639.4 | 563.0 | 582.0 | 3 082.0 | 1 599.0 | 7 787.0 | 6 262.0 | 4 820.0 | 2 674.0 | 5 596.0 | 1 773.0 | 2 643.0 | 13 117.0 | 4 208.2 |
| **Forward operations** | | | | | | | | | | | | | | |
| Forward purchase of currency by banks customers (import coverage) | 8 546.0 | 2 786.8 | 7 100.6 | 7 052.8 | 5 537.0 | 11 033.2 | 7 669.3 | 7 457.5 | 6 161.3 | 6 255.7 | 7 244.9 | 6 541.2 | 5 977.5 | 6 734.8 |
| Forward sale of currency by banks customers (export cover) | 948.9 | 696.3 | 1 940.2 | 3 628.2 | 1 295.7 | 1 409.8 | 784.8 | 893.7 | 1 103.1 | 1 599.4 | 1 114.3 | 1 279.9 | 1 540.9 | 1 440.5 |

Source : Bank Al-Maghrib.

**TABLE A9.3 BANK LIQUIDITY DEVELOPMENTS**

| (In millions of dirhams) | Dec. 2008 | Monthly Outstanding amounts 2009 (1) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Outstanding amounts | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| Notes and coin | 135 766 | 134 025 | 132 642 | 133 903 | 132 789 | 133 152 | 134 733 | 138 664 | 142 770 | 141 865 | 140 738 | 143 023 | 143 568 |
| Treasury's net position (2) | -1 486 | -873 | -4 433 | -7 262 | -9 688 | -3 670 | -5 590 | -6 355 | -4 768 | -6 491 | -7 483 | -5 216 | -6 401 |
| Bank Al-Maghrib net foreign exchange holdings | 180 216 | 182 122 | 183 721 | 182 427 | 179 193 | 178 071 | 171 120 | 169 839 | 171 688 | 171 978 | 171 709 | 170 773 | 171 118 |
| Other factors | -7 418 | -11 109 | -12 874 | -9 891 | -10 588 | -9 750 | -8 410 | -7 702 | -7 839 | -7 631 | -7 794 | -7 526 | -9 086 |
| **Bank's structural liquidity position(3)** | **35 546** | **36 115** | **33 771** | **31 372** | **26 128** | **31 499** | **22 387** | **17 119** | **16 311** | **15 991** | **15 693** | **15 008** | **12 064** |
| **Reserve requirement** | **53 882** | **47 252** | **45 605** | **45 098** | **45 064** | **45 392** | **44 169** | **39 388** | **37 608** | **38 196** | **35 639** | **30 953** | **31 066** |
| **Surplus or liquidity requirement** | **-18 336** | **-11 136** | **-11 834** | **-13 726** | **-18 935** | **-13 893** | **-21 781** | **-22 270** | **-21 296** | **-22 205** | **-19 946** | **-15 945** | **-19 002** |
| **Bank Al-Maghrib money market interventions** | **20 808** | **9 200** | **12 000** | **12 000** | **16 750** | **15 000** | **20 625** | **21 401** | **21 750** | **21 501** | **16 600** | **15 563** | **19 000** |
| **Facilities on Bank Al-Maghrib's initiative** | **20 333** | **9 200** | **12 000** | **12 000** | **16 750** | **15 000** | **20 150** | **21 401** | **21 750** | **21 501** | **16 600** | **15 563** | **19 000** |
| - 7-days advance on call for tenders (4) | 20 333 | 9 200 | 12 000 | 12 000 | 16 750 | 15 000 | 20 150 | 21 401 | 21 750 | 21 501 | 16 600 | 15 563 | 19 000 |
| - 7-days liquidity-withdrawals on call for tenders (4) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Open market operations (5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Foreign exchange swaps (5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Repurchase agreement (5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Facilities on bank's initiative** | **475** | **0** | **0** | **0** | **0** | **0** | **475** | **0** | **0** | **0** | **0** | **0** | **0** |
| - 24-hour advances (6) | 475 | 0 | 0 | 0 | 0 | 0 | 475 | 0 | 0 | 0 | 0 | 0 | 0 |
| - 24-hour deposit facility (6) | 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

(4) 7-day advances and withdrawals on calls for tenders are the main intervention instruments of Bank Al-Maghrib in the interbank market

(5) It concerns fine-turning instruments

(6) The rates of 24-hour advances and deposit facilities, on bank's initiative, represent respectively the higher and lower limits of the interbank fluctuation rates

Source : Bank Al-Maghrib

TABLE A9 4 BANK AL-MAGHRIB'S INTERVENTIONS ON THE MONEY MARKET

(In millions of dirhams)

| 2009 (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 withdraws | Open market | Foreign exchange swaps | Repurchase agreement | 24-hours advances | 24-hours deposit facility | |
| 1st to 7 january | 15 000 | - | - | - | - | - | - | 15 000 |
| 08 to 14 january | 10 000 | - | - | - | - | - | - | 10 000 |
| 15 to 21 january | - | - | - | - | - | - | - | - |
| 22 to 28 january | 11 000 | - | - | - | - | - | - | 11 000 |
| 29 january to 04 february | 10 000 | - | - | - | - | - | - | 10 000 |
| 05 to 11 february | 12 000 | - | - | - | - | - | - | 12 000 |
| 12 to 18 february | 12 000 | - | - | - | - | - | - | 12 000 |
| 19 to 25 february | 9 000 | - | - | - | - | - | - | 9 000 |
| 26 february to 04 march | 15 000 | - | - | - | - | - | - | 15 000 |
| 05 to 11 march | 6 000 | - | - | - | - | - | - | 6 000 |
| 12 to 18 march | 14 000 | - | - | - | 4 457 | - | - | 18 457 |
| 19 to 25 march | 16 000 | - | - | - | - | - | - | 16 000 |
| 26 march au 1st april | 12 000 | - | - | - | - | - | - | 12 000 |
| 02 to 08 april | 17 000 | - | - | - | - | - | - | 17 000 |
| 09 to 15 april | 19 000 | - | - | - | - | - | - | 19 000 |
| 16 to 22 april | 17 000 | - | - | - | - | - | - | 17 000 |
| 23 to 29 april | 14 000 | - | - | - | - | - | - | 14 000 |
| 30 april to 06 may | 14 000 | - | - | - | - | - | - | 14 000 |
| 07 to 13 may | 13 000 | - | - | - | - | - | - | 13 000 |
| 14 to 20 may | 13 000 | - | - | - | - | - | - | 13 000 |
| 21 to 27 may | 15 000 | - | - | - | - | - | - | 15 000 |
| 28 may to 03 june | 20 000 | - | - | - | - | - | - | 20 000 |
| 04 to 10 june | 17 000 | - | - | - | 3 291.4 | - | - | 20 291 |
| 11 to 17 june | 23 600 | - | - | - | - | - | - | 23 600 |
| 18 to 24 june | 21 000 | - | - | - | - | 814.3 | - | 21 814 |
| 25 june to 1er july | 19 000 | - | - | - | - | - | - | 19 000 |
| 02 to 8 july | 22 000 | - | - | - | - | - | - | 22 000 |
| 09 to 15 july | 23 000 | - | - | - | - | - | - | 23 000 |
| 16 to 22 july | 23 000 | - | - | - | - | - | - | 23 000 |
| 23 to 29 july | 19 000 | - | - | - | - | - | - | 19 000 |
| 30 july to 5 august | 20 000 | - | - | - | - | - | - | 20 000 |
| 06 to 12 august | 25 000 | - | - | - | - | - | - | 25 000 |
| 13 to 19 august | 21 000 | - | - | - | - | - | - | 21 000 |
| 20 to 26 august | 25 000 | - | - | - | - | - | - | 25 000 |
| 27 august to 2 september | 20 000 | - | - | - | - | - | - | 20 000 |
| 03 to 9 september | 17 000 | - | - | - | - | - | - | 17 000 |
| 10 to 16 september | 22 000 | - | - | - | - | - | - | 22 000 |
| 17 to 23 september | 25 000 | - | - | - | - | - | - | 25 000 |
| 24 to 30 september | 22 000 | - | - | - | - | - | - | 22 000 |
| 1er to 07 october | 22 000 | - | - | - | - | - | - | 22 000 |
| 08 to 14 october | 14 000 | - | - | - | - | - | - | 14 000 |
| 15 to 21 october | 16 000 | - | - | - | - | - | - | 16 000 |
| 22 au 28 october | 13 000 | - | - | - | - | - | - | 13 000 |
| 29 october to 04 november | 10 000 | - | - | - | - | - | - | 10 000 |
| 05 to 11 november | 9 000 | - | - | - | - | - | - | 9 000 |
| 12 to 18 november | 14 000 | - | - | - | - | - | - | 14 000 |
| 19 to 25 november | 19 000 | - | 107.1 | - | - | - | - | 19 107 |
| 26 november to 02 december | 20 000 | - | - | - | - | - | - | 20 000 |
| 03 to 09 december | 19 000 | - | - | - | - | - | - | 19 000 |
| 10 to 16 december | 23 000 | - | - | - | - | - | - | 23 000 |
| 17 to 23 december | 16 000 | - | - | - | - | - | - | 16 000 |
| 24 to 30 december | 18 000 | - | - | - | - | - | - | 18 000 |
| **Moyenne** | **16 569** | **-** | **2.1** | **-** | **149.0** | **15.7** | **-** | **16 736** |

Source : Bank Al-Maghrib

**TABLE A9.5 MONEY MARKET RATES**
(Percent per annum)

| 2009 | Bank Al-Maghrib's intervention rate: 7-days adva nces (on call for tenders) | Liquidity withdrawals (on call for tenders) | 24-hours advances | 24-hours deposit facility | Interbank market rate: Monthly average | Month end |
|---|---|---|---|---|---|---|
| January | 3.50 | 2.75 | 4.25 | 2.25 | 3.46 | 3.50 |
| February | 3.50 | 2.75 | 4.25 | 2.25 | 3.29 | 3.28 |
| March (*) | 3.44 | 2.75 | 4.44 | 2.44 | 3.45 | 3.26 |
| April | 3.25 | 2.75 | 4.25 | 2.25 | 3.25 | 3.37 |
| May | 3.25 | 2.75 | 4.25 | 2.25 | 3.08 | 3.25 |
| June | 3.25 | 2.75 | 4.25 | 2.25 | 3.29 | 3.31 |
| July | 3.25 | 2.75 | 4.25 | 2.25 | 3.25 | 3.31 |
| August | 3.25 | 2.75 | 4.25 | 2.25 | 3.00 | 3.25 |
| September | 3.25 | 2.75 | 4.25 | 2.25 | 3.19 | 3.26 |
| October | 3.25 | 2.75 | 4.25 | 2.25 | 3.20 | 3.25 |
| November | 3.25 | 2.75 | 4.25 | 2.25 | 3.28 | 3.30 |
| December | 3.25 | 2.75 | 4.25 | 2.25 | 3.35 | 3.50 |

(*) Bank AL-Maghrib board decided to cut the key rate to 3.25 percent on march 24th 2009 .
Source : Bank Al-Maghrib

**TABLE A9.6 INTEREST RATES OF DEPOSITS WITH BANKS**
(Per cent per annum)

| | 2008 | | 2009 | |
|---|---|---|---|---|
| | January - june | July- December | January - june | July - December |
| **Deposits with banks** | | | | |
| Sight deposits | not remunerated | not remunerated | not remunerated | not remunerated |
| Savings accounts | 3.11 (minimum) | 3.10 (minimum) | 3.29 (minimum) | 3.11 (minimum) |
| 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 A9.7 INTEREST RATES OF DEPOSITS WITH THE NATIONAL SAVINGS FUND**
(Per cent per annum)

| Période | Jan. - june 2008 | July - Dec. 2008 | Jan. - june 2009 | July - Dec. 2009 |
|---|---|---|---|---|
| National Savings Fund books (1) | 2.00 | 1.90 | 2.00 | 1.90 |

(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 A9.8 WEIGHTED AVERAGE INTEREST RATE OF TIME ACCOUNTS AND FIXED-TERM BILLS**
(Percent per annum)

| 2009 | 6-month deposits weighted average interest rate | 12- month deposits weighted average interest rates | 6 and 12-month deposits weighted average interest rate |
|---|---|---|---|
| January | 3.76 | 3.83 | 3.79 |
| February | 3.58 | 4.00 | 3.85 |
| March | 3.48 | 3.89 | 3.71 |
| April | 3.43 | 3.91 | 3.72 |
| May | 3.54 | 4.05 | 3.87 |
| June | 3.58 | 3.91 | 3.74 |
| July | 3.42 | 3.83 | 3.68 |
| August | 3.30 | 3.63 | 3.53 |
| September | 3.20 | 3.59 | 3.45 |
| October | 3.20 | 3.72 | 3.55 |
| November | 3.21 | 3.69 | 3.51 |
| December | 3.32 | 3.66 | 3.56 |

(*) Weighted interest rate
Source : Bank Al-Maghrib

**TABLE A9.9 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER**
(Percent per annum)

| Années | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2008** | | | | | | | | | |
| January | 3.69 | 3.76 | 3.68 | - | - | - | - | - | - |
| February | 3.47 | 3.55 | 3.63 | - | 3.86 | - | - | - | - |
| March | - | 3.45 | 3.57 | 3.68 | 3.82 | - | - | - | - |
| April | 3.43 | - | 3.53 | - | - | - | - | - | - |
| May | 3.40 | - | - | - | - | - | - | - | - |
| June | 3.40 | 3.43 | - | - | - | - | - | - | - |
| July | 3.40 | - | - | - | - | - | - | - | - |
| August | 3.40 | - | - | - | - | - | - | - | - |
| September | 3.45 | - | 3.51 | - | 3.75 | - | - | - | - |
| October | 3.70 | 3.84 | 3.86 | - | - | - | - | - | - |
| November | - | - | 3.85 | - | - | - | - | - | - |
| December | 3.68 | 3.74 | 3.82 | - | 3.99 | - | - | - | - |
| **2009** | | | | | | | | | |
| January | 3.65 | 3.71 | 3.79 | 3.95 | 4.07 | - | - | - | - |
| February | - | 3.66 | 3.74 | 3.92 | 4.07 | - | - | - | - |
| March | 3.50 | 3.58 | 3.72 | 3.84 | 4.01 | - | - | - | - |
| April | 3.29 | 3.34 | - | - | 3.76 | - | - | - | - |
| May | 3.26 | - | 3.35 | 3.38 | 3.66 | - | - | - | - |
| June | - | 3.34 | 3.36 | - | 3.66 | - | - | - | - |
| July | 3.25 | 3.28 | 3.35 | - | - | - | - | - | - |
| August | 3.24 | 3.26 | 3.35 | 3.49 | 3.68 | - | - | - | - |
| September | - | - | 3.29 | 3.47 | - | - | - | - | - |
| October | 3.24 | 3.28 | 3.31 | 3.53 | 3.69 | - | - | - | - |
| November | 3.25 | 3.28 | 3.40 | 3.58 | 3.78 | - | - | - | - |
| December | - | - | 3.41 | 3.60 | - | - | - | - | - |

**TABLE A9.10 INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS**
(Per cent per annum)

| | 2008 | 2009 |
|---|---|---|
| **Certificats de dépôt** | | |
| Month of 32 days | 2.50 | 3.45 |
| 32 days to 92 days | 3.80 à 4.25 | 3.40 à 3.75 |
| 93 days to 182 days | 3.50 à 4.52 | 3.55 à 3.75 |
| 183 days to 365 days | 3.95 à 4.65 | 3.77 à 4.35 |
| 366 days to 2 years | 3.80 à 4.70 | 3.95 à 4.55 |
| More than2 years up to 3 years | 4.20 à 4.60 | 4.10 à 4.50 |
| More than 3 years up to 5 years | 4.50 à 4.70 | 3.65 à 4.85 |
| More than 5 years up to 10 years | 4.70 | - |
| **Financing companies bonds** | | |
| More than 2 years up to 3 years | 4.36 à 4.47 | 4.15 à 4.75 |
| More than 3 years up to 5 years | 4.50 à 4.61 | 4.16 à 5.27 |
| More than 5 years up to 10 years | - | 4.55 à 5.58 |
| **Commercial paper** | | |
| Month of 32 days | 3.85 | 3.79 |
| 32 days to 92 days | 3.85 à 4.40 | 3.79 à 4.25 |
| 93 days to 182 days | 3.83 à 5.00 | 3.89 à 4.31 |
| 183 days to 365 days | 4.10 à 4.55 | 3.95 à 4.40 |
| 366 days to 2 years | - | - |
| More than2 years up to 3 years | - | - |
| More than 3 years up to 5 years | - | - |
| More than 5 years up to 10 years | - | - |

Source : Bank Al-Maghrib

**TABLE A9.11 INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET(1)**
(Per cent per annum)

| Maturity | 2008 | 2009 |
|---|---|---|
| - less than 3 years | 4.15(*) | 4.55(*)-6(**) |
| - 5 years | 4.60-5.20 | 4.40-5.00 |
| - 7 years | 5.49-5.90 | - |
| - 8 years | - | 4.27-5.60 |
| - 10 years | 4.65-5.60 | - |
| - 15 years | - | 4.86-4.92 |
| - 25 years | 4.96-5.95 | - |

(*) 1 year
(**) 2 years
(1) Taux des dernières émissions
Source : Maroclear

**TABLE A9.12 LENDING RATES**

(in pourcentage)

| AGREED / Periods | March 08 | June 08 | Sept. 08 | Dec. 08 | March 09 | June 09 | Sept. 09 | Dec. 09 |
|---|---|---|---|---|---|---|---|---|
| Cash advances | 7.43 | 5.89 | 6.31 | 6.29 | 6.78 | 6.61 | 6.65 | 6.58 |
| Equipement loans | 6.01 | 6.59 | 6.94 | 6.83 | 7.67 | 6.88 | 7.46 | 6.97 |
| Real-estate loans | 5.50 | 5.24 | 5.31 | 5.36 | 5.75 | 5.75 | 5.61 | 6.29 |
| Consume loans | 7.27 | 7.22 | 6.66 | 7.14 | 7.38 | 7.29 | 7.22 | 7.30 |
| **Overall** | **6.76** | **5.96** | **6.26** | **6.33** | **6.73** | **6.52** | **6.53** | **6.63** |

Source : Bank Al-Maghrib.

**TABLE A9.13 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS**

(Per cent per annum)

| | Oct. 2005 - March 2006 | April - Sept. 2006 | Oct. 2006 - March 2007 | April 2007- March 2008 | April 2008- March 2009 | April 2009- March 2010 |
|---|---|---|---|---|---|---|
| Maximum interest rate agreed | 13.04 | 12.90 | 14.00 (1) | 14.17 | 14.17 | 14.40 |

(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 A10.1 MONEY AGGREGATE**

(In millions of dirhams)

| Components | End of December 2008 | | | End of December 2009 | | |
|---|---|---|---|---|---|---|
| | Amounts | Annual Changes | | Amounts | Annual Changes | |
| | | Amounts | % | | Amounts | % |
| Notes and coins | 127 877 | 8 033 | 6.7 | 136 434 | 8 557 | 6.7 |
| Bank money | 353 649 | 25 906 | 7.9 | 370 851 | 17 202 | 4.9 |
| **Total M1** | **481 526** | **33 939** | **7.6** | **507 285** | **25 759** | **5.3** |
| Sight deposits (M2 - M1) | 79 368 | 7 320 | 10.2 | 86 669 | 7 301 | 9.2 |
| **Total Total** | **560 894** | **41 259** | **7.9** | **593 954** | **33 060** | **5.9** |
| Time deposits (M3 - M2) | 153 774 | 28 644 | 22.9 | 153 371 | -403 | -0.3 |
| **Total M3** | **714 668** | **69 903** | **10.8** | **747 325** | **32 657** | **4.6** |

Source : Bank Al-Maghrib

**TABLE A10.2 LIQUID INVESTMENT AGGREGATES (1)**

(In millions of dirhams)

| Components | End of December 2008 | | | End of December 2009 | | |
|---|---|---|---|---|---|---|
| | Amounts | Annual Changes | | Amounts | Annual Changes | |
| | | Amounts | % | | Amounts | % |
| Aggregate LI 1 | 1 025 | 308 | 43.0 | 1 823 | 798 | 77.9 |
| Aggregate LI 2 | 20 512 | 1 100 | 5.7 | 24 669 | 4 157 | 20.3 |
| Aggregate LI 3 | 16 526 | -6 116 | -27.0 | 23 719 | 7 193 | 43.5 |
| Aggregate LI 4 | 4 804 | -3 162 | -39.7 | 4 238 | -566 | -11.8 |
| **Total PL** | **42 867** | **-7 870** | **-15.5** | **54 449** | **11 582** | **27.0** |

(1) Subscriptions of individuals and non-financial enterprises
Source : Bank Al-Maghrib

**TABLE A10.3 M1 AGGREGATE MONTHLY CHANGE**

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| Currency outside banks | 127 877 | 127 638 | 126 621 | 126 510 | 127 038 | 128 060 | 129 132 | 134 453 | 134 754 | 134 454 | 134 037 | 139 863 | 136 434 |
| Sight deposits | 353 649 | 340 610 | 342 495 | 347 295 | 343 441 | 343 273 | 350 619 | 356 530 | 357 311 | 358 012 | 361 345 | 357 968 | 370 851 |
| **Total M1** | **481 526** | **468 248** | **469 116** | **473 805** | **470 479** | **471 333** | **479 751** | **490 983** | **492 065** | **492 466** | **495 382** | **497 831** | **507 285** |

Source : Bank Al-Maghrib

**TABLE A10.4 NOTES AND COINS MONTHLY CHANGE**

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| Notes in circulation | 132 692 | 130 913 | 130 050 | 130 309 | 130 990 | 131 325 | 133 365 | 139 095 | 139 466 | 139 291 | 137 751 | 144 746 | 140 937 |
| Coins | 2 080 | 2 086 | 2 088 | 2 089 | 2 088 | 2 092 | 2 098 | 2 122 | 2 154 | 2 179 | 2 193 | 2 198 | 2 202 |
| **Sub-total** | 134 772 | 132 999 | 132 138 | 132 398 | 133 078 | 133 417 | 135 463 | 141 217 | 141 620 | 141 470 | 139 944 | 146 944 | 143 139 |
| Less : | | | | | | | | | | | | | |
| Cash in hand of banks and public accountants | 6 895 | 5 361 | 5 517 | 5 888 | 6 040 | 5 357 | 6 331 | 6 764 | 6 866 | 7 016 | 5 907 | 7 081 | 6 705 |
| **Total of notes and coins** | **127 877** | **127 638** | **126 621** | **126 510** | **127 038** | **128 060** | **129 132** | **134 453** | **134 754** | **134 454** | **134 037** | **139 863** | **136 434** |

Source : Bank Al-Maghrib

**TABLE A10.5 BANK MONEY MONTHLY CHANGE**

(In millions of dirhams)

| Composantes | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| **Bank money** | | | | | | | | | | | | | |
| Demand creditor account with Bank Al-Magrib | 2 403 | 3 411 | 3 198 | 4 647 | 4 741 | 4 608 | 4 365 | 3 983 | 3 958 | 3 364 | 3 145 | 2 746 | 2 686 |
| Demand creditor account with banks | 340 194 | 326 094 | 328 068 | 331 425 | 327 244 | 327 193 | 334 827 | 341 029 | 341 859 | 343 021 | 346 453 | 343 519 | 356 307 |
| **Demand deposits with the banking system** | **342 597** | **329 505** | **331 266** | **336 072** | **331 985** | **331 801** | **339 192** | **345 012** | **345 817** | **346 385** | **349 598** | **346 265** | **358 993** |
| Demand creditor account with postal cheque service | 5 366 | 5 419 | 5 543 | 5 537 | 5 770 | 5 786 | 5 741 | 5 832 | 5 808 | 5 941 | 6 061 | 6 017 | 6 172 |
| Demand creditor account with the Treasury | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* | 5 686* |
| **Total of deposits Treasury and Postal cheque service** | **11 052** | **11 105** | **11 229** | **11 223** | **11 456** | **11 472** | **11 427** | **11 518** | **11 494** | **11 627** | **11 747** | **11 703** | **11 858** |
| **Total Bank money** | **353 649** | **340 610** | **342 495** | **347 295** | **343 441** | **343 273** | **350 619** | **356 530** | **357 311** | **358 012** | **361 345** | **357 968** | **370 851** |

(*) Preliminary
Source : Bank Al-Maghrib

**TABLE A10.6 SIGHT DEPOSITS WITH BANKS**

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| Cheque accounts | 218 583 | 216 578 | 217 167 | 216 191 | 216 622 | 217 408 | 222 732 | 224 180 | 224 677 | 225 233 | 225 443 | 224 796 | 229 026 |
| of which: Moroccans living abroad | 73 522 | 73 373 | 73 971 | 74 251 | 74 511 | 74 636 | 76 908 | 78 467 | 78 941 | 78 367 | 78 484 | 79 010 | 78 462 |
| Current accounts | 90 561 | 82 700 | 83 877 | 83 131 | 79 078 | 81 133 | 82 242 | 86 183 | 87 413 | 84 938 | 89 145 | 88 593 | 97 888 |
| Other deposits | 31 050 | 26 816 | 27 024 | 32 103 | 31 544 | 28 652 | 29 853 | 30 666 | 29 769 | 32 850 | 31 865 | 30 130 | 29 393 |
| **Total** | **340 194** | **326 094** | **328 068** | **331 425** | **327 244** | **327 193** | **334 827** | **341 029** | **341 859** | **343 021** | **346 453** | **343 519** | **356 307** |

Source : Bank Al-Maghrib

### TABLE A10.7 AGGREGATE M2 AND AGGREGATE M3 MONTHLY CHANGE

(In millions of dirhams)

| Components | 2008 Dec. | 2009 Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Aggregate M1** | **481 526** | **468 248** | **469 116** | **473 805** | **470 479** | **471 333** | **479 751** | **490 983** | **492 065** | **492 466** | **495 382** | **497 831** | **507 285** |
| Sight deposits (M2-M1) | 79 368 | 80 268 | 80 816 | 81 666 | 82 299 | 82 411 | 82 619 | 83 424 | 84 211 | 84 951 | 85 604 | 85 746 | 86 669 |
| . Passbooks account with banks | 65 251 | 66 056 | 66 546 | 67 125 | 67 719 | 67 833 | 68 038 | 68 747 | 69 424 | 70 086 | 70 654 | 70 833 | 71 590 |
| . Saving books with the National Savings Fund | 14 117 | 14 212 | 14 270 | 14 541 | 14 580 | 14 578 | 14 581 | 14 677 | 14 787 | 14 865 | 14 950 | 14 913 | 15 079 |
| **Aggregate M2** | **560 894** | **548 516** | **549 932** | **555 471** | **552 778** | **553 744** | **562 370** | **574 407** | **576 276** | **577 417** | **580 986** | **583 577** | **593 954** |
| Time deposits (M3-M2) | 153 774 | 158 856 | 161 045 | 159 628 | 160 130 | 160 913 | 163 051 | 160 598 | 158 492 | 159 327 | 151 389 | 150 205 | 153 371 |
| . Certificates of deposit [1] | 501 | 538 | 538 | 435 | 484 | 484 | 484 | 484 | 484 | 484 | 481 | 396 | 396 |
| . Time accounts and fixed-term bills | 153 273 | 158 318 | 160 507 | 159 193 | 159 646 | 160 429 | 162 567 | 160 114 | 158 008 | 158 843 | 150 908 | 149 809 | 152 975 |
| Of which : Moroccans living abroad | (41 299) | (41 893) | (41 792) | (41 913) | (41 276) | (42 540) | (41 058) | (40 454) | (40 946) | (41 820) | (42 385) | 42 888) | 43 741) |
| **Aggregate M3** | **714 668** | **707 372** | **710 977** | **715 099** | **712 908** | **714 657** | **725 421** | **735 005** | **734 768** | **736 744** | **732 375** | **733 782** | **747 325** |

(1) Subscriptions of individuals and non-financial enterprises

Source : Bank Al-Maghrib

### TABLE A10.8 LIQUID INVESTMENT AGGREGATES[1]

(In millions of dirhams)

| Components | 2008 Dec. | 2009 Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Aggregate LI 1** | | | | | | | | | | | | | |
| . Negociable Treasury bills | 365 | 892 | 865 | 765 | 2 000 | 1 266 | 1 234 | 254 | 2 208 | 1 868 | 1 438 | 1 820 | 1 427 |
| Commercial papers | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 | 405 | - | - |
| .Bills issued by the financing companies | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 20 | 20 | 20 | 20 |
| . Securities issued by Contractual (UCITS) [2] | 225 | 238 | 229 | 230 | 232 | 232 | 233 | 234 | 234 | 235 | 316 | 336 | 376 |
| **Total Aggregate LI 1** | 1 025 | 1 565 | 1 529 | 1 430 | 2 667 | 1 933 | 1 902 | 923 | 2 877 | 2 528 | 2 179 | 2 176 | 1 823 |
| **Aggregate LI 2** | | | | | | | | | | | | | |
| . Securities issued by | 20 512 | 21 306 | 21 607 | 21 025 | 19 813 | 22 495 | 19 619 | 17 854 | 20 266 | 21 359 | 26 218 | 27 783 | 24 669 |
| monetary (UCITS) [3] | 20 512 | 21 306 | 21 607 | 21 025 | 19 813 | 22 495 | 19 619 | 17 854 | 20 266 | 21 359 | 26 218 | 27 783 | 24 669 |
| **Total Aggregate LI 2** | | | | | | | | | | | | | |
| **Aggregate LI 3** | | | | | | | | | | | | | |
| . Securities issued by bond (short,medium and long term) UCITS | 16 526 | 18 263 | 18 609 | 18 355 | 20 070 | 20 700 | 21 074 | 22 132 | 23 883 | 23 855 | 24 384 | 24 877 | 23 719 |
| **Total Aggregate LI 3** | 16 526 | 18 263 | 18 609 | 18 355 | 20 070 | 20 700 | 21 074 | 22 132 | 23 883 | 23 855 | 24 384 | 24 877 | 23 719 |
| **Aggregate LI 4** | | | | | | | | | | | | | |
| . Securities issued by share UCITS and diversified UCITS | 4 804 | 4 957 | 5 417 | 4 513 | 4 438 | 4 620 | 4 714 | 4 551 | 4 673 | 4 784 | 3 926 | 3 591 | 4 238 |
| **Total Aggregate LI 4** | 4 804 | 4 957 | 5 417 | 4 513 | 4 438 | 4 620 | 4 714 | 4 551 | 4 673 | 4 784 | 3 926 | 3 591 | 4 238 |
| **Total Aggregate LI** | **42 867** | **46 091** | **47 162** | **45 323** | **46 988** | **49 748** | **47 309** | **45 460** | **51 699** | **52 526** | **56 707** | **58 427** | **54 449** |

(1) Subscriptions of individuals and non-financial enterprises

(2) According to article 5 of the decision issued by the Minister of Finance and privatisation under n° 167-07 on August 24, 2007, « Contractual UCITS » are UCITS where the institution in charge of managing the common investment funds or the variable capital investment companies, are committed, by virtue of a contract, to achieve a concrete result in terms of performance and /or guarantee of the invested amount. In return of this guarantee, the institution in charge of management of the common investment fund, or the variable capital investment company, may require the subscriber to provide a commitment on the invested amount and/or the period of UCITS securities' holding by the latter

(3) According to article 4 of the Minister of Finance and Privatisation decision number 2062-04 of Decembre 6, 2004, the Monetary UCITS are those of which global assets, at the exception of "Monetary UCITS" and liquidity, are permanently invested in debt securities.Moreover, at least 50 percent of the said are permanently placed in debt securities of an initial or residual maturity less than one year

Source : Bank Al-Maghrib

**TABLE A10.9 COUNTERPARTS OF M3 AGGREGATE**

(In millions of dirhams)

| Components | End of december 2008 | | | End of december 2009 | | |
|---|---|---|---|---|---|---|
| | Amounts | annuels changes | | Amounts | annuels changes | |
| | | Amounts | % | | Amounts | % |
| **Net foreign assets** (1) | | | | | | |
| . Bank Al-Maghrib | 180 797 | -6 487 | -3.5 | 175 483 | -5 314 | -2.9 |
| . banks | 15 656 | -4 536 | -22.5 | 13 904 | -1 752 | -11.2 |
| **Total (I)** | **196 453** | **-11 023** | **-5.3** | **189 387** | **-7 066** | **-3.6** |
| **Total domestic lending** | | | | | | |
| **A. Claims on government**(1) | | | | | | |
| . Claims on Bank Al-Maghrib | -1 260 | 2 161 | -63.2 | -4 297 | -3 037 | 241.0 |
| . Claims on banks. | 70 829 | -2 661 | -3.6 | 78 008 | 7 179 | 10.1 |
| . Claims of individuals and nonfinancial corporations(2) | 11 052 | 1 350 | 13.9 | 11 858 | 806 | 7.3 |
| **Sub-total** | **80 621** | **850** | **1.1** | **85 569** | **4 948** | **6.1** |
| **B. Lending to the economy** (1) | | | | | | |
| . Loans of Bank Al-Maghrib | 6 404 | -416 | -6.1 | 6 032 | -372 | -5.8 |
| . Loans of banks(3) | 529 796 | 100 331 | 23.4 | 579 285 | 49 489 | 9.3 |
| **Sub-total** | **536 200** | **99 915** | **22.9** | **585 317** | **49 117** | 9.2 |
| **C. Counterpart of savings books with the National Savings Fund** (4) | 14 117 | 1 036 | 7.9 | 15 079 | 962 | 6.8 |
| **Total (A+B+C)** | **630 938** | **101 801** | **19.2** | **685 965** | **55 027** | **8.7** |
| **Less : Banking system's non monetary resources** (5) (6) | **83 606** | **19 303** | **30.0** | **85 495** | **1 889** | **2.3** |
| **Domestic credit of a monetary nature (II)** | **547 332** | **82 498** | **17.7** | **600 470** | **53 138** | **9.7** |
| **Total counterparts (I+II)** | **743 785** | **71 475** | **10.6** | **789 857** | **46 072** | **6.2** |
| **Other items Balances** (7) | **-29 117** | **-1 572** | | **-42 532** | **-13 415** | |
| **Total Aggregate M 3** | **714 668** | **69 903** | **10.8** | **747 325** | **32 657** | **4.6** |

(1) See details on the components of net foreign assets. claims on government and claims on the private sector. in Appendices XII-11. XII-12 and XII-13 respectively

(2) Counterpart of deposits with the Treasury and the Postal cheque Service. recorded as sight deposits

(3) Including lending to public institutions

(4) The resources collected by the National Savings Fund are deposited with the Deposit and Management Fund They cannot be broken down according to claims on government and claims on the private sector

(5) Domestic and external loans contracted by the banks (see bank'liabilities in Appendix XIV-1)

(6) Amount by which the equity base (capital and reserves) exceeds the total of fixed assets and the portfolio of shareholding

(7) Amount by wich the other liability item of the banking system exceed the other items of its assets

Source : Bank Al-Maghrib

TABLE A10.10 MONTHLY DEVELOPMENT OF M3 COUNTERPARTS

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| **Net foreign assets** | | | | | | | | | | | | | |
| . Bank Al-Maghrib | 180 797 | 183 132 | 183 695 | 183 253 | 180 934 | 175 916 | 171 539 | 173 288 | 175 658 | 173 574 | 173 980 | 174 094 | 175 483 |
| . Banks | 15 656 | 12 854 | 14 989 | 13 964 | 11 886 | 17 099 | 15 630 | 15 562 | 15 689 | 16 876 | 15 566 | 12 465 | 13 904 |
| **Total (I)** | **196 453** | **195 986** | **198 684** | **197 217** | **192 820** | **193 015** | **187 169** | **188 850** | **191 347** | **190 450** | **189 546** | **186 559** | **189 387** |
| **Total domestic lending** | | | | | | | | | | | | | |
| **A. Claims on government** | | | | | | | | | | | | | |
| . Net claims of the bank Al-Maghrib | -1 260 | -838 | - 4 073 | - 10 603 | - 4 795 | -4 476 | - 5 422 | - 4 288 | -4 517 | -6 778 | - 1 731 | -6 097 | -4 297 |
| . Claims of banks | 70 829 | 69 915 | 72 148 | 74 321 | 74 451 | 76 326 | 74 287 | 73 628 | 80 103 | 75 346 | 74 873 | 79 790 | 78 008 |
| . Claims of individuals and nonfinancial corporations | 11 052 | 11 105 | 11 229 | 11 223 | 11 456 | 11 472 | 11 427 | 11 518 | 11 494 | 11 627 | 11 747 | 11 703 | 11 858 |
| **Sub-total** | **80 621** | **80 182** | **79 304** | **74 941** | **81 112** | **83 322** | **80 292** | **80 858** | **87 080** | **80 195** | **84 889** | **85 396** | **85 569** |
| **B. Claims on the private sector** | | | | | | | | | | | | | |
| . Bank Al-Maghrib | 6 404 | 6 414 | 6 413 | 5 013 | 6 013 | 6 052 | 6 052 | 6 048 | 6 043 | 6 042 | 6 047 | 6 032 | 6 032 |
| . Banks | 529 796 | 522 180 | 525 064 | 532 650 | 536 779 | 540 050 | 554 142 | 562 258 | 559 272 | 566 895 | 568 637 | 571 631 | 579 285 |
| **Sub-total** | **536 200** | **528 594** | **531 477** | **537 663** | **542 792** | **546 102** | **560 194** | **568 306** | **565 315** | **572 937** | **574 684** | **577 663** | **585 317** |
| **C. Counterpart of savings books with the National Saving Fund** | **14 117** | **14 212** | **14 270** | **14 541** | **14 580** | **14 578** | **14 581** | **14 677** | **14 787** | **14 865** | **14 950** | **14 913** | **15 079** |
| **Total (A+B+C)** | **630 938** | **622 988** | **625 051** | **627 145** | **638 484** | **644 002** | **655 067** | **663 841** | **667 182** | **667 997** | **674 523** | **677 972** | **685 965** |
| **Less : Banking system's non monetary resources** | **83 606** | **78 823** | **78 719** | **78 529** | **80 918** | **83 418** | **87 160** | **82 745** | **86 902** | **87 722** | **88 697** | **86 521** | **85 495** |
| . Bank's borrowing Bank's borrowing | 17 012 | 19 726 | 17 776 | 16 162 | 17 078 | 19 886 | 17 876 | 14 116 | 18 116 | 18 290 | 19 498 | 17 779 | 17 430 |
| . Provisions constitued by the banks | 29 841 | 27 319 | 27 551 | 27 972 | 28 307 | 28 186 | 28 700 | 27 908 | 28 053 | 28 497 | 28 514 | 28 706 | 28 136 |
| . Bank Al-Maghrib and banks net capital and reserves | 36 753 | 31 778 | 33 392 | 34 395 | 35 533 | 35 346 | 40 584 | 40 721 | 40 733 | 40 935 | 40 685 | 40 036 | 39 929 |
| **DOMESTIC CREDIT OF A MONETARY NATURE (II)** | **547 332** | **544 165** | **546 332** | **548 616** | **557 566** | **560 584** | **567 907** | **581 096** | **580 280** | **580 275** | **585 826** | **591 451** | **600 470** |
| **TOTAL COUNTERPARTS (I+II)** | **743 785** | **740 151** | **745 016** | **745 833** | **750 386** | **753 599** | **755 076** | **769 946** | **771 627** | **770 725** | **775 372** | **778 010** | **789 857** |
| **Miscellaneous items balance** | **-29 117** | **-32 779** | **-34 039** | **-30 734** | **-37 478** | **-38 942** | **-29 655** | **-34 941** | **36 859** | **-33 981** | **-42 997** | **-44 228** | **-42 532** |
| **Aggregate M 3** | **714 668** | **707 372** | **710 977** | **715 099** | **712 908** | **714 657** | **725 421** | **735 005** | **734 768** | **736 744** | **732 375** | **733 782** | **747 325** |

Source : Bank Al-Maghrib

## TABLE A10.11 NET FOREIGN ASSETS MONTHLY CHANGE

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| **A. Gross foreign assets of the Bank Al-Maghrib** | | | | | | | | | | | | | |
| . Asset in gold | 4 962 | 5 616 | 5 859 | 5 461 | 5 307 | 5 509 | 5 332 | 5 302 | 5 360 | 5 514 | 5 687 | 6 302 | 6 153 |
| . Assets in convertible currencies | 178 351 | 180 083 | 180 390 | 180 312 | 178 131 | 172 998 | 168 868 | 170 756 | 173 098 | 170 793 | 171 002 | 170 527 | 172 318 |
| . Special drawing rights holdings | 156 | 161 | 160 | 156 | 157 | 153 | 154 | 154 | 5 559 | 6 010 | 5 962 | 5 963 | 6 000 |
| . IMF subscription-reserve tranche | 1 055 | 1 085 | 1 082 | 1 060 | 1 065 | 1 058 | 1 060 | 1 060 | 1 059 | 1 053 | 1 046 | 1 046 | 1 054 |
| **Sub-total** | **184 524** | **186 945** | **187 491** | **186 989** | **184 660** | **179 718** | **175 414** | **177 272** | **185 076** | **183 370** | **183 697** | **183 838** | **185 525** |
| **B. Foreign liabilities of the Bank Al-Maghrib** | | | | | | | | | | | | | |
| . Credit from international organizations | 184 | 178 | 178 | 177 | 177 | 195 | 195 | 192 | 189 | 189 | 189 | 188 | 197 |
| . Special drawing rights allocations (1) | 1 069 | 1 106 | 1 102 | 1 075 | 1 081 | 1 061 | 1 064 | 1 063 | 6 467 | 6 913 | 6 857 | 6 859 | 6 918 |
| . Other liabilities | 2 474 | 2 529 | 2 516 | 2 484 | 2 468 | 2 546 | 2 616 | 2 729 | 2 762 | 2 694 | 2 671 | 2 697 | 2 927 |
| **Sub-total** | **3 727** | **3 813** | **3 796** | **3 736** | **3 726** | **3 802** | **3 875** | **3 984** | **9 418** | **9 796** | **9 717** | **9 744** | **10 042** |
| **I. Total net foreign assets of the Bank Al-Maghrib (A-B)** | **180 797** | **183 132** | **183 695** | **183 253** | **180 934** | **175 916** | **171 539** | **173 288** | **175 658** | **173 574** | **173 980** | **174 094** | **175 483** |
| **C. Gross foreign assets of banks (2)** | **21 156** | **19 272** | **20 044** | **19 131** | **17 993** | **21 952** | **21 066** | **22 059** | **21 193** | **22 611** | **23 864** | **21 971** | **20 090** |
| **D. External liabilities of banks (3)** | **5 500** | **6 418** | **5 055** | **5 167** | **6 107** | **4 853** | **5 436** | **6 497** | **5 504** | **5 735** | **8 298** | **9 506** | **6 186** |
| **II. Total net foreign assets of banks (C-D)** | **15 656** | **12 854** | **14 989** | **13 964** | **11 886** | **17 099** | **15 630** | **15 562** | **15 689** | **16 876** | **15 566** | **12 465** | **13 904** |
| **Total net foreign assets (I+II)** | **196 453** | **195 986** | **198 684** | **197 217** | **192 820** | **193 015** | **187 169** | **188 850** | **191 347** | **190 450** | **189 546** | **186 559** | **189 387** |

(1) SDR allocations were reclassified under external liabilities. This change in accounting seeks to harmonize monetary statistics with the methodology recommended by the sixth edition of the Balance of Payments Manual.

(2) These are foreign currency assets of banks and their foreign currency deposits with their foreign correspondents.Bank's foreign currency deposits with Bank Al-Maghrib, which are claims on a resident institution, are excluded from their foreign assets.

(3) There are mainly foreign correspondent's credit accounts with banks and non-resident's demand and time credit accounts .

Source : Bank Al-Maghrib.

**TABLE A10.12 MONTHLY CHANGES CLAIMS ON GOVERNMENT**

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| **I. Claims of Bank Al-Maghrib** | | | | | | | | | | | | | |
| **A. Claims due to Bank Al-Maghrib** | | | | | | | | | | | | | |
| . Cash facilities (1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Gross total** | **-** | - | - | - | - | - | - | - | - | - | - | - | - |
| . Less : | | | | | | | | | | | | | |
| Notes and coins with public accountants | 214 | 292 | 235 | 224 | 223 | 245 | 265 | 262 | 228 | 244 | 281 | 217 | 230 |
| Current account of the treasury and the FHADES | 4 115 | 3 623 | 5 356 | 11 387 | 5 583 | 5 244 | 6 173 | 5 045 | 5 310 | 6 534 | 1 450 | 5 880 | 4 067 |
| **Net total** | **-4 329** | **-3 915** | **-5 591** | **-11 611** | **-5 806** | **-5 489** | **-6 438** | **-5 307** | **-5 538** | **-6 778** | **-1 731** | **-6 097** | **-4 297** |
| **B. Treasury bills purchased on the secondary market** | 3 069 | 3 077 | 1 518 | 1 008 | 1 011 | 1 013 | 1 016 | 1 019 | 1 021 | - | - | - | - |
| **Sub-total (I)** | **-1 260** | **-838** | **-4 073** | **-10 603** | **-4 795** | **-4 476** | **-5 422** | **-4 288** | **-4 517** | **-6 778** | **-1 731** | **-6 097** | **-4 297** |
| **II. Claims of banks** | | | | | | | | | | | | | |
| . Portfolio of public securities | 70 663 | 69 598 | 71 880 | 74 047 | 74 072 | 75 952 | 74 043 | 73 121 | 79 808 | 75 050 | 74 594 | 79 538 | 77 707 |
| . Banks'deposits with Treasury and Postal cheque service | 166 | 317 | 268 | 274 | 379 | 374 | 244 | 507 | 295 | 296 | 279 | 252 | 301 |
| **Sub-total (II)** | **70 829** | **69 915** | **72 148** | **74 321** | **74 451** | **76 326** | **74 287** | **73 628** | **80 103** | **75 346** | **74 873** | **79 790** | **78 008** |
| **III. Claims of individuals and non-financial enterprises** | | | | | | | | | | | | | |
| . Counterpart of deposits with Postal cheque service and Treasury | 11 052 | 11 105 | 11 229 | 11 223 | 11 456 | 11 472 | 11 427 | 11 518 | 11 494 | 11 627 | 11 747 | 11 703 | 11 858 |
| **Sub-total (III)** | **11 052** | **11 105** | **11 229** | **11 223** | **11 456** | **11 472** | **11 427** | **11 518** | **11 494** | **11 627** | **11 747** | **11 703** | **11 858** |
| **Total claims on government (I+II+III)** | **80 621** | **80 182** | **79 304** | **74 941** | **81 112** | **83 322** | **80 292** | **80 858** | **87 080** | **80 195** | **84 889** | **85 396** | **85 569** |

(1) Article 27 of the statuts of Bank-AL-Maghrib, taking effect as from February 2006, stipulates that the central bank can offer financial loans to the state only as a cash facility limited to 5 percent of tax revenues for the precedent year, remunerated at the prime rate for refinancing banks, and who usage may not exceed 120 days, continued or not during one financial year

Source : Bank Al-Maghrib

**TABLE A10.13 CLAIMS ON THE PRIVATE SECTOR**

(In millions of dirhams)

| Components | 2008 | 2009 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Jan. | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
| **A. Lending to enterprises** | | | | | | | | | | | | | |
| **and individuals (1)** | **467 736** | **460 255** | **465 649** | **472 939** | **476 863** | **479 759** | **492 772** | **500 979** | **499 416** | **506 051** | **505 935** | **508 817** | **516 061** |
| . Debtor accounts and | 141 451 | 136 112 | 139 071 | 140 010 | 135 657 | 135 550 | 142 575 | 147 728 | 144 270 | 144 912 | 142 769 | 141 633 | 140 056 |
| cash advance | 96 888 | 98 100 | 101 293 | 104 735 | 109 781 | 109 906 | 110 880 | 111 971 | 113 375 | 116 415 | 118 273 | 119 631 | 125 077 |
| . Equipment loans | 152 811 | 153 857 | 155 105 | 158 097 | 158 910 | 161 251 | 164 249 | 166 755 | 167 231 | 168 103 | 169 224 | 170 769 | 172 296 |
| . Real estate loans | 25 086 | 25 431 | 25 828 | 26 360 | 27 087 | 27 504 | 28 124 | 28 727 | 28 996 | 29 167 | 29 414 | 29 680 | 29 810 |
| . Consumer loans | | | | | | | | | | | | | |
| . Miscellaneous claims on | | | | | | | | | | | | | |
| costumers | 20 324 | 17 433 | 14 899 | 15 052 | 15 972 | 16 431 | 17 127 | 15 914 | 15 381 | 16 863 | 15 614 | 15 922 | 17 833 |
| . Non performing loans (2) | 31 176 | 29 322 | 29 453 | 28 685 | 29 456 | 29 117 | 29 817 | 29 884 | 30 163 | 30 591 | 30 641 | 31 182 | 30 989 |
| **B. Lending to financing** | | | | | | | | | | | | | |
| **companies** | **52 232** | **52 892** | **52 525** | **52 991** | **52 951** | **53 166** | **54 108** | **52 466** | **52 753** | **52 512** | **51 500** | **51 470** | **52 723** |
| . Credit | 51 580 | 52 359 | 52 192 | 52 675 | 52 635 | 52 850 | 53 638 | 51 986 | 52 273 | 51 822 | 50 706 | 50 556 | 51 834 |
| . Financing companies securities | | | | | | | | | | | | | |
| held by banks | 652 | 533 | 333 | 316 | 316 | 316 | 470 | 480 | 480 | 690 | 794 | 914 | 889 |
| **C. Banks' portfolio of** | | | | | | | | | | | | | |
| **investment securities (3)** | **9 828** | **9 033** | **6 890** | **6 720** | **6 965** | **7 125** | **7 262** | **8 813** | **7 103** | **8 332** | **11 202** | **11 344** | **10 501** |
| **I. Total bank's claims on** | | | | | | | | | | | | | |
| **the private sector (A+B+C)** | **529 796** | **522 180** | **525 064** | **532 650** | **536 779** | **540 050** | **554 142** | **562 258** | **559 272** | **566 895** | **568 637** | **571 631** | **579 285** |
| **II. Bank Al-Maghrib's loans** | **6 404** | **6 414** | **6 413** | **5 013** | **6 013** | **6 052** | **6 052** | **6 048** | **6 043** | **6 042** | **6 047** | **6 032** | **6 032** |
| **Total (I+II)** | **536 200** | **528 594** | **531 477** | **537 663** | **542 792** | **546 102** | **560 194** | **568 306** | **565 315** | **572 937** | **574 684** | **577 663** | **585 317** |

(1) Including lending to the public institutions
(2) Pre-doubtful claims, doubtful claims and compromised claims
(3) Non-banking enterprises securities subscribed for by banks
Source : Bank Al-Maghrib

## TABLE A10.14 MONETARY AND LIQUID INVESTMENT AGGREGATES 1984-2009

(In millions de dirhams)

| Outstanding amounts at end December | Aggregate M3 | | | | | | | Liquid investment aggregate | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Aggregate M2 | | | | | | | | | | | |
| | Aggregate M1 | | | | | | | | | | | |
| | Notes and coins | Ban money | Total | Sight deposits (1) | M2 = M1 + Sight deposits | Time Sight (2) | M3 = M2 + Time Sight | LI 1(3) | LI 2(4) | LI 3(5) | IL 4(6) | Total |
| 1984 | 14 770 | 22 305 | 37 075 | 2 744 | 39 819 | 11 373 | 51 192 | 359 | - | - | - | 359 |
| 1985 | 16 194 | 26 570 | 42 764 | 3 136 | 45 900 | 14 416 | 60 316 | 2 641 | - | - | - | 2 641 |
| 1986 | 18 694 | 31 361 | 50 055 | 4 160 | 54 215 | 15 851 | 70 066 | 6 229 | - | - | - | 6 229 |
| 1987 | 20 003 | 34 718 | 54 721 | 5 891 | 60 612 | 16 485 | 77 097 | 9 612 | - | - | - | 9 612 |
| 1988 | 21 913 | 40 335 | 62 248 | 7 573 | 69 821 | 18 867 | 88 688 | 10 308 | - | - | - | 10 308 |
| 1989 | 24 814 | 44 460 | 69 274 | 9 317 | 78 591 | 21 441 | 100 032 | 13 485 | - | - | - | 13 485 |
| 1990 | 29 543 | 53 115 | 82 658 | 11 491 | 94 149 | 24 883 | 119 032 | 15 739 | - | - | - | 15 739 |
| 1991 | 34 269 | 60 352 | 94 621 | 14 051 | 108 672 | 31 190 | 139 862 | 14 504 | - | - | - | 14 504 |
| 1992 | 35 744 | 64 939 | 100 683 | 14 913 | 115 596 | 37 467 | 153 063 | 15 564 | - | - | - | 15 564 |
| 1993 | 37 202 | 68 576 | 105 778 | 15 959 | 121 737 | 43 986 | 165 723 | 16 837 | - | - | - | 16 837 |
| 1994 | 41 021 | 76 163 | 117 184 | 18 685 | 135 869 | 47 464 | 183 333 | 21 849 | - | - | - | 21 849 |
| 1995 | 43 154 | 81 329 | 124 483 | 21 279 | 145 762 | 52 494 | 198 256 | 22 910 | - | - | 8 | 22 918 |
| 1996 | 46 447 | 84 346 | 130 793 | 23 466 | 154 259 | 57 283 | 211 542 | 23 158 | - | 220 | 1 696 | 25 074 |
| 1997 | 48 662 | 92 198 | 140 860 | 25 983 | 166 843 | 64 121 | 230 964 | 19 821 | - | 2 708 | 3 057 | 25 586 |
| 1998 | 50 644 | 99 628 | 150 272 | 29 523 | 179 795 | 65 114 | 244 909 | 18 488 | - | 9 154 | 6 590 | 34 232 |
| 1999 | 56 713 | 110 815 | 167 528 | 33 069 | 200 597 | 69 389 | 269 986 | 15 298 | - | 18 630 | 5 423 | 39 351 |
| 2000 | 58 510 | 123 094 | 181 604 | 35 240 | 216 844 | 76 281 | 293 125 | 11 420 | - | 12 722 | 3 214 | 27 356 |
| 2001 | 66 430 | 144 087 | 210 517 | 39 581 | 250 098 | 84 294 | 334 392 | 13 906 | - | 17 111 | 1 936 | 32 953 |
| 2002 | 69 928 | 159 522 | 229 450 | 43 097 | 272 547 | 83 337 | 355 884 | 8 839 | - | 29 696 | 1 247 | 39 782 |
| 2003 | 75 247 | 176 247 | 251 494 | 47 843 | 299 337 | 87 360 | 386 697 | 8 093 | - | 26 423 | 1 752 | 36 268 |
| 2004 | 79 715 | 196 056 | 275 771 | 52 918 | 328 689 | 87 741 | 416 430 | 5 000 | 11 478 | 22 110 | 2 408 | 40 996 |
| 2005 | 89 364 | 227 213 | 316 577 | 59 147 | 375 724 | 99 094 | 474 818 | 5 539 | 9 369 | 23 065 | 3 069 | 41 042 |
| 2006 | 108 601 | 262 686 | 371 287 | 65 077 | 436 364 | 119 161 | 555 525 | 4 347 | 11 686 | 35 942 | 5 854 | 57 829 |
| 2007 | 119 844 | 327 743 | 447 587 | 72 048 | 519 635 | 125 130 | 644 765 | 717 | 19 412 | 22 642 | 7 966 | 50 737 |
| 2008 | 127 877 | 353 649 | 481 526 | 79 368 | 560 894 | 153 774 | 714 668 | 1 025 | 20 512 | 16 526 | 4 804 | 42 867 |
| 2009 | 136 434 | 370 851 | 507 285 | 86 669 | 593 954 | 153 371 | 747 325 | 1 823 | 24 669 | 23 719 | 4 238 | 54 449 |

(1) Deposit books with banks and savings books with the National Savings Fund.
(2) Time accounts and fixed-term bills with banks and certificates of deposit subscribed by individuels and non financialentreprises
(3) Six-month over-the-counter Treasury bills and negotiable debt securities (Treasury bills, bills of the financing companies and commercial papers) subscribed for by individuals and non-financial enterprises
(4) Securities issued by monetary UCITS and subscribed for by individuals and non-financial enterprises.
(5) Securities issued by bond UCITS and subscribed for by individuals and non-financial enterprises.
(6) Securities issued by diversified and share UCITS and subscribed for by individuals and non-financial enterprises
**Source** : Bank Al-Maghrib.

## TABLE A10.15 COUNTERPARTS OF M3 1984-2009

(In millions of dirhams)

| Outstanding amounts at december | Net foreign assets | | | Domestic credit of a monetary natur | | | | | | | | | | | | Total Counterpar of M 3 (I+II) | Balancing items others (3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Total domestic lending | | | | | | | | | | | | | |
| | | | | Claims on government | | | | Claims on the private sector | | | Counterpar of assets with National Savings Fund (C)(2) | Total (A+B+C) | Less Banking system's non monetary resources | Total (II) | | | |
| | Bank Al-Maghrib | banks | Total (I) | Bank Al-Maghrib | banks | Individuals and non finanial enterprises(1) | Total (A) | Bank Al-Maghrib | banks | Total (B) | | | | | | | |
| 1984 | 300 | 70 | 370 | 10 857 | 13 107 | 1 926 | 25 890 | 1 675 | 34 557 | 36 232 | 719 | 62 841 | 10 523 | 52 318 | | 52 688 | -1 496 |
| 1985 | 972 | 137 | 1 109 | 10 048 | 17 888 | 2 028 | 29 964 | 3 079 | 39 311 | 42 390 | 780 | 73 134 | 12 219 | 60 915 | | 62 024 | -1 708 |
| 1986 | 1 705 | -18 | 1 687 | 9 558 | 25 138 | 2 301 | 36 997 | 5 184 | 43 184 | 48 368 | 897 | 86 262 | 15 285 | 70 977 | | 72 664 | -2 598 |
| 1987 | 2 985 | 228 | 3 213 | 8 799 | 28 277 | 2 925 | 40 001 | 5 835 | 46 588 | 52 423 | 1 053 | 93 477 | 17 750 | 75 727 | | 78 940 | -1 843 |
| 1988 | 4 292 | 254 | 4 546 | 10 078 | 32 690 | 4 347 | 47 115 | 6 033 | 52 411 | 58 444 | 1 236 | 106 795 | 21 011 | 85 784 | | 90 330 | -1 642 |
| 1989 | 3 951 | 137 | 4 088 | 10 614 | 37 701 | 4 988 | 53 303 | 6 699 | 59 418 | 66 117 | 1 428 | 120 848 | 22 703 | 98 145 | | 102 233 | -2 201 |
| 1990 | 16 600 | 612 | 17 212 | 11 517 | 34 575 | 5 208 | 51 300 | 6 814 | 71 000 | 77 814 | 1 663 | 130 777 | 27 483 | 103 294 | | 120 506 | -1 474 |
| 1991 | 24 435 | 637 | 25 072 | 12 116 | 35 346 | 6 274 | 53 736 | 6 845 | 87 850 | 94 695 | 1 917 | 150 348 | 32 144 | 118 204 | | 143 276 | -3 414 |
| 1992 | 31 504 | 590 | 32 094 | 9 924 | 41 427 | 6 151 | 57 502 | 7 001 | 99 079 | 106 080 | 2 150 | 165 732 | 40 301 | 125 431 | | 157 525 | -4 462 |
| 1993 | 36 900 | 735 | 37 635 | 9 936 | 46 295 | 6 532 | 62 763 | 7 045 | 104 747 | 111 792 | 2 342 | 176 897 | 45 480 | 131 417 | | 169 052 | -3 329 |
| 1994 | 40 753 | 299 | 41 052 | 8 185 | 54 747 | 6 783 | 69 715 | 7 307 | 114 796 | 122 103 | 2 754 | 194 572 | 48 072 | 146 500 | | 187 552 | -4 219 |
| 1995 | 32 348 | 426 | 32 774 | 18 490 | 52 908 | 6 789 | 78 187 | 7 619 | 128 982 | 136 601 | 3 292 | 218 080 | 49 854 | 168 226 | | 201 000 | -2 744 |
| 1996 | 35 214 | 166 | 35 380 | 18 758 | 54 847 | 8 032 | 81 637 | 7 386 | 142 056 | 149 442 | 3 866 | 234 945 | 54 172 | 180 773 | | 216 153 | -4 611 |
| 1997 | 40 355 | 294 | 40 649 | 19 680 | 58 616 | 8 073 | 86 369 | 7 395 | 152 029 | 159 424 | 4 553 | 250 346 | 53 144 | 197 202 | | 237 851 | -6 887 |
| 1998 | 42 710 | 316 | 43 026 | 19 244 | 58 614 | 6 652 | 84 510 | 7 390 | 168 495 | 175 885 | 5 330 | 265 725 | 54 721 | 211 004 | | 254 030 | -9 121 |
| 1999 | 58 884 | 207 | 59 091 | 13 405 | 54 917 | 7 711 | 76 033 | 7 192 | 185 905 | 193 097 | 5 721 | 274 851 | 58 611 | 216 240 | | 275 331 | -5 345 |
| 2000 | 52 217 | 2 034 | 54 251 | 16 374 | 61 729 | 8 172 | 86 275 | 7 471 | 200 553 | 208 024 | 6 208 | 300 507 | 58 534 | 241 973 | | 296 224 | -3 099 |
| 2001 | 98 830 | 2 685 | 101 515 | -2 711 | 73 161 | 8 285 | 78 735 | 8 304 | 208 647 | 216 951 | 6 576 | 302 262 | 60 875 | 241 387 | | 342 902 | -8 510 |
| 2002 | 104 056 | 6 290 | 110 346 | -4 212 | 76 923 | 8 358 | 81 069 | 9 747 | 216 474 | 226 221 | 7 312 | 314 602 | 60 011 | 254 591 | | 364 937 | -9 053 |
| 2003 | 121 649 | 5 110 | 126 759 | -6 827 | 77 123 | 8 599 | 78 895 | 11 477 | 234 531 | 246 008 | 8 196 | 333 099 | 58 506 | 274 593 | | 401 352 | -14 655 |
| 2004 | 134 967 | 9 040 | 144 007 | -7 977 | 72 033 | 8 609 | 72 665 | 11 302 | 251 441 | 262 743 | 9 349 | 344 757 | 57 114 | 287 643 | | 431 650 | -15 220 |
| 2005 | 149 094 | 15 672 | 164 766 | -7 228 | 75 391 | 9 312 | 77 475 | 7 696 | 284 333 | 292 029 | 10 572 | 380 076 | 57 801 | 322 275 | | 487 041 | -12 223 |
| 2006 | 172 890 | 16 788 | 189 678 | -8 791 | 77 259 | 9 188 | 77 656 | 7 516 | 332 082 | 339 598 | 11 702 | 428 956 | 50 007 | 378 949 | | 568 627 | -13 102 |
| 2007 | 187 284 | 20 192 | 207 476 | -3 421 | 73 490 | 9 702 | 79 771 | 6 820 | 429 465 | 436 285 | 13 081 | 529 137 | 64 303 | 464 834 | | 672 310 | -27 545 |
| 2008 | 180 797 | 15 656 | 196 453 | -1 260 | 70 829 | 11 052 | 80 621 | 6 404 | 529 796 | 536 200 | 14 117 | 630 938 | 83 606 | 547 332 | | 743 785 | -29 117 |
| 2009 | 175 483 | 13 904 | 189 387 | -4 297 | 78 008 | 11 858 | 85 569 | 6 032 | 579 285 | 585 317 | 15 079 | 685 965 | 85 495 | 600 470 | | 789 857 | -42 532 |

(1) Counterpart of deposits with the Treasury and the Postal cheque service, recorded as notes and coins
(2) The resources collected by the National Savings Fund are deposited with the Deposit and Management Fund (CDG). These resources can't be split up into claims on government and claims on the private sector.
(3) Amount by which the other liabilities of the banking system exceed the other items of its assets.
Source : Bank Al-Maghrib.

**TABLE A10.16 DISTRIBUTION OF BANK LOANS BY PURPOSE(*)**

| In millions of dirhams | 2007 | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | amounts | amounts | Changes in % | In Percentage in total | amounts | Changes in % | In Percentage in total |
| . Debtor accounts and overdraft facilities | 107 664 | 134 158 | 24.6 | 25.8 | 130 425 | -2.8 | 23.0 |
| . Equipment loans | 102 044 | 122 755 | 20.3 | 23.6 | 153 519 | 25.1 | 27.0 |
| . Real estate loans | 119 863 | 152 912 | 27.6 | 29.4 | 173 047 | 13.2 | 30.5 |
| . Consumer loans | 49 265 | 57 991 | 17.7 | 11.2 | 62 139 | 7.2 | 10.9 |
| . Miscellaneous claims | 10 425 | 20 325 | 95.0 | 3.9 | 17 833 | -12.3 | 3.1 |
| . Non-performing loans | 33 311 | 31 176 | -6.4 | 6.0 | 30 991 | -0.6 | 5.5 |
| **Total lending by banks** | **422 572** | **519 317** | **22.9** | **100.0** | **567 954** | **9.4** | **100.0** |

(*) Chiffres retraités. différents de ceux des statistiques monétaires.

**TABLE A10.17 DISTRIBUTION OF BANK LOANS BY TERM**

| In millions of dirhams | 2007 | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | amounts | amounts | Changes in % | In Percentage in total | amounts | Changes in % | In Percentage in total |
| Short-term loans | 174 205 | 209 730 | 20.4 | 40.4 | 217 015 | 3.5 | 38.2 |
| Medium and long term loans | 215 056 | 278 411 | 29.5 | 53.6 | 319 948 | 14.9 | 56.3 |
| Medium-term loans | 108 618 | 146 281 | 34.7 | 28.2 | 177 274 | 21.2 | 31.2 |
| long-term loans | 106 438 | 132 130 | 24.1 | 25.4 | 142 674 | 8.0 | 25.1 |
| **Non-performing loans** | 33 311 | 31 176 | -6.4 | 6.0 | 30 991 | -0.6 | 5.5 |
| **Total lending by banks** | **422 572** | **519 317** | **22.9** | **100.0** | **567 954** | **9.4** | **100.0** |

Source : Bank Al-Maghrib

**TABLE A10.18 DISTRIBUTION OF BANK LOANS BY SECTOR**

| In millions of dirhams | 2007 | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | amounts | amounts | Changes in % | In Percentage in total | amounts | Changes in % | In Percentage in total |
| **primary sector** | 18 705 | 21 059 | 12.6 | 4.1 | 19 418 | -7.8 | 3.4 |
| Agriculture | 15 536 | 17 674 | 13.8 | 3.4 | 17 136 | -3.0 | 3.0 |
| Fisheries | 3 169 | 3 385 | 6.8 | 0.7 | 2 282 | -32.6 | 0.4 |
| **Secondary Sector** | 130 558 | 161 989 | 24.1 | 31.2 | 184 063 | 13.6 | 32.4 |
| extractive Industries | 4 131 | 14 530 | 251.7 | 2.8 | 14 564 | 0.2 | 2.6 |
| Energy and water | 16 765 | 17 009 | 1.5 | 3.3 | 16 453 | -3.3 | 2.9 |
| Manufacturing Industries | 56 453 | 65 369 | 15.8 | 12.6 | 72 987 | 11.7 | 12.9 |
| Building and public works | 53 209 | 65 081 | 22.3 | 12.5 | 80 059 | 23.0 | 14.1 |
| **Tertiary sector** | 273 310 | 336 269 | 23.0 | 64.8 | 364 473 | 8.4 | 64.2 |
| Hotel industry | 9 753 | 13 618 | 39.6 | 2.6 | 18 616 | 36.7 | 3.3 |
| Transport and communications | 21 987 | 23 557 | 7.1 | 4.5 | 24 155 | 2.5 | 4.3 |
| Trade | 27 364 | 33 823 | 23.6 | 6.5 | 36 760 | 8.7 | 6.5 |
| financial Activities | 60 308 | 68 273 | 13.2 | 13.1 | 70 784 | 3.7 | 12.5 |
| Households | 120 050 | 137 594 | 14.6 | 26.5 | 156 714 | 13.9 | 27.6 |
| Other services | 33 848 | 59 404 | 75.5 | 11.4 | 57 444 | -3.3 | 10.1 |
| **Total lending by banks** | **422 572** | **519 317** | **22.9** | **100.0** | **567 954** | **9.4** | **100.0** |

## TABLE A10.19 CREDIT DISTRIBUES PAR LES SOCIETES DE FINANCEMENT

| In millions of dirhams | 2007 | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | amounts | amounts | Changes in % | In Percentage in total | amounts | Changes in % | In Percentage in total |
| Consumer loan companies | 33 435 | 38 387 | 14.8 | 52.8 | 41 131 | 7.1 | 51.5 |
| Leasing companies | 26 668 | 31 819 | 19.3 | 43.8 | 36 111 | 13.5 | 45.2 |
| Real estate loan companies | 199 | 230 | 15.6 | 0.3 | 205 | -10.9 | 0.3 |
| Factoring companies | 1 477 | 2 106 | 42.6 | 2.9 | 2 198 | 4.4 | 2.8 |
| Surety companies(*) | 242 | 117 | -51.7 | 0.2 | 235 | 100.9 | 0.3 |
| Payement means managements companies | 46 | 19 | -58.7 | 0.0 | 26 | 36.8 | 0.0 |
| **Totallending by finance companies** | **62 067** | **72 678** | **17.1** | **100.0** | **79 906** | **9.9** | **100.0** |

(*) Surety companies have granted loans by signature for a total amount of 1.1 billion dirhams in 2007 and of 1.3 billion in 2008
Source : Bank Al-Maghrib

## TABLE A10.20 DISTRIBUTION OF CREDIT INSTITUTIONS LENDING BY ECONOMIC AGENT

| In millions of dirhams | 2007 | 2008* | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | amounts | amounts | Changes in % | In Percentage in total | amounts | Changes in % | In Percentage in total |
| Companies | 251 464 | 310 157 | 23.3 | 57.4 | 345 307 | 11.3 | 57.7 |
| individual entrepreneurs | 25 083 | 38 544 | 53.7 | 7.1 | 38 618 | 0.2 | 6.5 |
| Private individuals | 153 496 | 175 981 | 14.6 | 32.6 | 197 845 | 12.4 | 33.1 |
| Local governements and administrations publics | 12 529 | 15 617 | 24.6 | 2.9 | 16 197 | 3.7 | 2.7 |
| **Total lending by banks** | **442 572** | **540 299** | **22.1** | **100.0** | **597 967** | **10.7** | **100.0** |

(*) Revised

## TABLE A10.21 CHANGE IN THE INTERBANK MARKET

(In millions of dirhams)

| | 2008 | 2009 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Average | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | Average |
| **averge outstanding amounts** | **3 777.3** | **6 272.0** | **4 782.1** | **2 760.8** | **3 525.4** | **4 488.0** | **6 760.1** | **5 052.6** | **4 791.2** | **4 569.1** | **3 606.3** | **3 429.0** | **3 358.4** | **4 449.6** |
| **Average exchanged volume** | **2 964.3** | **3 736.8** | **2 658.8** | **2 050.9** | **2 227.6** | **2 609.5** | **3 016.4** | **3 515.6** | **3 751.7** | **2 700.1** | **2 574.8** | **1 625.7** | **2 411.4** | **2 739.9** |

Source : Bank Al-Maghrib.

## TABLE A10.22 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

| Maturity | Total | 2009 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. | Total |
| 21 Days | | | | 3 500.0 | | | | | | | | | | 3 500.00 |
| 13 Weeks | 9 537.7 | 100.0 | | 150.0 | 200.0 | 600.0 | | 300.0 | 500.0 | | 300.0 | 500.0 | | 2 650.00 |
| 26 Weeks | 4 538.9 | 2 600.0 | 1 600.0 | 450.0 | 100.0 | | 176.9 | 1 000.0 | 1 300.0 | | 550.0 | 1 050.0 | | 8 826.90 |
| 52 Weeks | 29 842.4 | 5 599.9 | 2 246.0 | 1 000.0 | | 2 391.0 | 3 351.3 | 4 710.0 | 1 365.0 | 1 300.0 | 2 290.0 | 7 250.0 | 3 400.0 | 34 903.20 |
| **Total short-term (I)** | **43 919.0** | **8 299.9** | **3 846.0** | **5 100.0** | **300.0** | **2 991.0** | **3 528.2** | **6 010.0** | **3 165.0** | **1 300.0** | **3 140.0** | **8 800.0** | **3 400.0** | **49 880.10** |
| 2 years | 100.0 | 800.0 | 2 350.0 | 600.0 | | 1 900.0 | | | 100.0 | 780.0 | 636.0 | 4 327.0 | 500.0 | 11 993.00 |
| 5 years | 2 450.0 | 500.0 | 1 200.0 | 2 000.0 | 100.0 | 3 000.0 | 100.0 | | 200.0 | | 1 451.0 | 2 487.0 | | 11 038.00 |
| **Total moyen terme (II)** | **2 550.0** | **1 300.0** | **3 550.0** | **2 600.0** | **100.0** | **4 900.0** | **100.0** | **0.0** | **300.0** | **780.0** | **2 087.0** | **6 814.0** | **500.0** | **23 031.00** |
| 10 years | | | | | | | | | | | | | | |
| 15 years | | | | | | | | | | | | | | |
| 20 years | | | | | | | | | | | | | | |
| 30 years | | | | | | | | | | | | | | |
| **Total long term (III)** | **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** |
| **Total (I+II+III)** | **46 469.0** | **9 599.9** | **7 396.0** | **7 700.0** | **400.0** | **7 891.0** | **3 628.2** | **6 010.0** | **3 465.0** | **2 080.0** | **5 227.0** | **15 614.0** | **3 900.0** | **72 911.1** |

Source : Bank Al-Maghrib

## TABLE A11.1 OUTSTANDING TO TREASURY BILLS BY TENDER

(In millions of dirhams)

| Maturités | 2008 | | | | | | 2009 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| 13 Weeks | 2 | 0 | 0 | 1 149 | 0 | 1 151 | 97 | 0 | 13 | 690 | 0 | 800 |
| 26 Weeks | 258 | 0 | 31 | 1 457 | 180 | 1 926 | 792 | 0 | 159 | 2 919 | 30 | 3 900 |
| 52 WEEKS | 8 884 | 789 | 5 179 | 3 726 | 13 276 | 31 854 | 13 626 | 200 | 20 403 | 8 333 | 11 684 | 54 246 |
| **Total short-term (I)** | **9 144** | **789** | **5 210** | **6 332** | **13 456** | **34 931** | **14 515** | **200** | **20 575** | **11 941** | **11 714** | **58 946** |
| 2 years | 1 069 | 579 | 1 238 | 2 069 | 1 744 | 6 699 | 3 991 | 0 | 5 613 | 2 040 | 349 | 11 993 |
| 5 years | 5 133 | 1 326 | 16 794 | 8 684 | 9 564 | 41 501 | 5 744 | 144 | 8 658 | 5 111 | 9 779 | 29 436 |
| **Total moyen terme (II)** | **6 202** | **1 905** | **18 032** | **10 753** | **11 308** | **48 200** | **9 735** | **144** | **14 271** | **7 151** | **10 128** | **41 429** |
| 10 years | 13 119 | 5 205 | 21 169 | 22 903 | 8 994 | 71 390 | 9 678 | 3 429 | 23 072 | 17 569 | 10 842 | 64 589 |
| 15 years | 12 903 | 15 886 | 24 766 | 14 945 | 8 291 | 76 791 | 9 233 | 12 695 | 23 429 | 16 352 | 9 899 | 71 608 |
| 20 years | 1 858 | 150 | 7 442 | 8 851 | 490 | 18 791 | 4 491 | 290 | 8 156 | 5 493 | 360 | 18 791 |
| 30 years | 110 | 0 | 387 | 1 998 | 79 | 2 574 | 818 | 196 | 109 | 1 453 | 0 | 2 575 |
| **Total long-term (III)** | **27 990** | **21 241** | **53 764** | **48 697** | **17 854** | **169 546** | **24 220** | **16 609** | **54 765** | **40 867** | **21 101** | **157 563** |
| **Total (I+II+III)** | **43 336** | **23 935** | **77 006** | **65 782** | **42 618** | **252 677** | **48 469** | **16 953** | **89 611** | **59 960** | **42 943** | **257 937** |

(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 A11.2 STOCK EXCHANGES INDICATORS**

| Period | | Volume of transactions (In millions of dirhams) | Market capitalisation (In millions of dirhams) | MASI (*) | MADEX (**) |
|---|---|---|---|---|---|
| 2000 | December | 6 832.5 | 114 881 | 3 995.27 | 3 693.02 |
| 2001 | December | 5 009.7 | 104 740 | 3 568.68 | 3 323.08 |
| 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 | January | 23 770.5 | 640 602 | 13 809.79 | 11 423.82 |
| | February | 22 885.1 | 671 527 | 14 481.54 | 11 995.56 |
| | March | 21 017.6 | 679 339 | 14 684.13 | 12 138.11 |
| | April | 15 062.5 | 668 411 | 14 387.79 | 11 878.71 |
| | May | 13 526.1 | 677 860 | 14 516.97 | 11 984.74 |
| | June | 12 614.9 | 660 756 | 14 191.07 | 11 715.07 |
| | July | 22 086.7 | 670 033 | 14 134.69 | 11 667.82 |
| | August | 6 938.5 | 662 496 | 13 990.62 | 11 543.21 |
| | September | 14 735.9 | 598 601 | 12 487.70 | 10 261.81 |
| | October | 18 943.1 | 579 964 | 11 977.53 | 9 841.27 |
| | November | 13 493.9 | 543 578 | 11 119.28 | 9 147.28 |
| | December | 59 089.8 | 531 750 | 10 984.29 | 9 061.02 |
| 2009 | January | 16 798.1 | 496 883 | 10 133.32 | 8 325.69 |
| | February | 16 826.6 | 544 634 | 11 209.37 | 9 228.96 |
| | March | 12 507.9 | 508 460 | 10 402.09 | 8 525.92 |
| | April | 8 594.1 | 530 503 | 10 937.91 | 8 986.12 |
| | May | 6 242.2 | 526 446 | 11 024.37 | 9 030.12 |
| | June | 10 833.2 | 553 908 | 11 588.55 | 9 527.45 |
| | July | 10 469.6 | 528 877 | 10 971.66 | 8 954.28 |
| | August | 4 984.1 | 532 431 | 11 048.73 | 8 996.45 |
| | September | 6 612.8 | 521 737 | 10 765.39 | 8 718.83 |
| | October | 6 013.2 | 524 911 | 10 775.76 | 8 751.26 |
| | November | 7 747.7 | 498 944 | 10 208.45 | 8 265.20 |
| | December | 36 791.2 | 508 893 | 10 443.81 | 8 464.47 |

(*) 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.
(**) MADEX, created in 2002, is composed of the most liquid securities and has as basis 1000 on December 31st, 1991.
Source : Casablanca stock exchange.

**TABLE A11 3 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES**
(by category of initial subcriptions)

(In millions of dirhams)

| Securities types | 2008 | | | | | 2009 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Credit institutions and CDG | Insurance companies and pension institutions | UCITS | Other | Total | Credit institutions and CDG | Insurance companies and pension institutions | UCITS | Other | Total |
| Certificates of deposit | 16 578 | 2 052 | 7 344 | 497 | 26 471 | 6 591 | 6 170 | 17 951 | 816 | 31 528 |
| Bills of financing companies | 2 691 | 70 | 737 | 30 | 3 528 | 4 910 | 205 | 3 315 | 20 | 8 450 |
| Commercial paper | 250 | 0 | 1 170 | 405 | 1 825 | 20 | 0 | 2 664 | 0 | 2 684 |
| **Total (I+II+III)** | **19 519** | **2 122** | **9 251** | **932** | **31 824** | **11 521** | **6 375** | **23 930** | **836** | **42 662** |

Source : Bank Al-Maghrib

TABLE A11.4 BOND ISSUANCES

| | Issuer | Date | Maturity | Rate (in %) | Volume issued (In millions of DH) |
|---|---|---|---|---|---|
| **Financial corporations** | SGMB | March | 10 years | 5.60 | 377.3 |
| | SGMB | March | 10 years | 4.84 | 680.7 |
| | SGMB | March | 10 years | 5.60 | 842 |
| | BCP | April | 7 years | 5.00 | 1 500 |
| | BMCE | June | Perpetinty | 5.30 | 50 |
| | BMCE | June | Perpetinty | 4.51 | 950 |
| | Attijariwafa Bank | June | 10 years | 5.00 | 710 |
| | Attijariwafa Bank | June | 10 years | 4.42 | 290 |
| | Attijariwafa Bank | December | 7 years | 4.76 | 1 000 |
| **Non Financial corporations** | Autoroutes du Maroc | February | 10 years | 4.70 | 400 |
| | Autoroutes du Maroc | july | 10 years | 4.27 | 640 |
| | Autoroutes du Maroc | july | 20 years | 4.86 | 860 |
| | Autoroutes du Maroc | November | 10 years | 4.38 | 1 180 |
| | Autoroutes du Maroc | November | 20 years | 4.92 | 320 |
| | SNI | August | 10 years | 5.10 | 1 500 |
| | Addoha | August | 1 year | 4.55 | 1 500 |
| | CMT | September | 5 years | 4.40 | 250 |
| | Distra | October | 2 years | 6.00 | 50 |

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## ECONOMIC AND FINANCIAL FLOWS



## INFLATION



## EXTERNAL COMMERCIAL AND FINANCIAL RELATIONS



## PUBLIC FINANCE

## MONETARY POLICY



## MONEY, LOANS AND LIQUID INVESTMENTS



## THE STOCK MARKET, PRIVATE DEPT AND ASSET MANAGEMENT

**Legal deposit : 2010 MO 1755**
**I S B N : 9981 - 873 - 57 - 5**
**I S S N : 1114 - 4114**