



1959 - 2009

◆ ANNUAL REPORT ◆
PRESENTED TO HIS MAJESTY THE KING

2008





1959 - 2009

◆ ANNUAL REPORT ◆

PRESENTED TO HIS MAJESTY THE KING

2008



◆ **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 BENSALAH CHAQROUN

Mr Zouhair CHORFI

Mr Bassim JAI-HOKIMI

Mr Abdelaziz MEZIANE BELFKIH

Mr Mustapha MOUSSAOUI

June 2009

REPORT ON THE FINANCIAL YEAR 2008

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 Dahir 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 2008, the fiftieth year of the central bank.

Your Majesty,

The international environment in 2008 was exceptional in more ways than one. The first half of the year was marked by a surge in commodity prices, the highest in decades, causing the rate of inflation to go up. In the second half, however, the financial crisis intensified and its effects spread over the real economy at unprecedented speed and magnitude, leading global growth to slow down from 5.1 percent to 3.2 percent in one year. Initially confined to the U.S. mortgage market, the financial crisis spilled over to other financial markets, through a complex system of financial products conception, distribution and valuation. The crisis impact had been largely felt in advanced economies, before it became so in emerging economies, though at varying strength depending on each economy's specificities. This development broke the upward trend in commodity prices and caused inflation to ebb significantly over the second half of the year. In the Euro area, inflation rate reached 3.3 percent for the year, but decreased to 1.6 percent in December 2008 on a year-to-year basis. Global monetary and financial markets suffered a massive loss of trust, coupled with a significant slowdown in all segments of activity, a flight to high-quality assets, and an increase in risk premiums inducing a severe contraction in bank loans.

Against this worsening backdrop, the Moroccan economy proved to be resilient as demonstrated by the significant progress achieved over the last years. The strength of our economy is the product of a sustained process of reforms, which has accelerated since early this decade.

Thanks to the macroeconomic policy, both internal and external fundamentals have been consolidated, as reflected in long-term data at the level of budget, inflation and external accounts. On average, over the 2000-2008 period, budget deficit excluding privatization revenues reached 3.7 percent of GDP; headline inflation and core inflation stood respectively at 2 percent and 1.9 percent; current account balance run up a surplus of 1.1 percent of GDP; and treasury debt settled at nearly 60 percent of GDP. Furthermore, the accelerated pace of structural reforms, including in sectors where Morocco has a comparative advantage, as part of medium-and-long term strategic visions, along with the substantial increase in infrastructure investment, all contributed to consolidating macroeconomic stability and sustaining growth.

Our country has thus recorded a higher growth rate and substantial reduction in macroeconomic volatility, as the economy diversified further with the emergence of new activities, particularly in the services sector. Indeed, the tertiary sector has now grown in importance, representing nearly 60 percent of the overall added value in 2008, compared with slightly over 50 percent early this decade. Available indicators and Bank Al-Maghrib evaluation also show that nonagricultural GDP growth gained nearly one percentage point, compared with the past decade. As a consequence, per capita GDP grew annually from 1 percent on average over the decade of 1990-1999, to 3.5 percent annually over the period of 2000-2008.

These trends, together with the ongoing social policies, have led to a marked reduction in monetary poverty, which receded significantly since 2001. The percentage of the poor decreased from 15.5 percent of population in 2000/2001 to 8.9 percent in 2006/2007. Over the same period, poverty rate went down from 25.1 percent to 14.5 percent in rural areas, and from 7.6 percent to 4.8 percent in urban areas. As a result, 2.8 million persons lived below the poverty line in 2007, which means that the number of the poor declined by 1.7 million persons since 2001. Similarly, vulnerability rate decreased from 38.1 percent in 2000/2001 to 17.5 percent in 2006/2007, which points to a decline by 1.2 million persons in vulnerable population since 2001.

At the same time, efforts to deepen the financial sector have accelerated over recent years, on the back of reforms and supportive policies implemented amid intensifying competition. On average, the ratio of deposits to GDP increased from less than 60 percent in 2000 to almost 83 percent over the last three years. Also observed was a sharp increase in the number of bank agencies, automated teller machines and bank cards. Likewise, the contribution of credit to economy financing grew significantly, bringing its ratio to GDP from 62.4 percent in 2000 to more than 80 percent in 2008. This growth was accompanied by a diversification of the available financial instruments and lengthening maturities, along with a relatively faster expansion of medium and long-term claims. For its part, market capitalization rose considerably, from 29 percent of GDP in 2000 to 77.2 percent in 2008. Bond market, though relatively limited, has seen a rapid expansion of issues, particularly during the last two years. Finally, liquid savings instruments have notably diversified with the portfolio of agents' investment in UCITS accounting for 23.4 percent of GDP in 2008, compared with less than 10 percent in 2000.

The consolidation of financial stability has continued with the alignment of the banking sector's norms with international standards. Indicators of the banking system's soundness and activity have constantly improved over recent years, especially non-performing loans which maintained their downward trend, representing only 6 percent of the overall outstanding amount of loans at end-2008. In 2008, Bank Al-Maghrib enacted additional provisions on country risk management, and lifted the minimum solvency rate to 10 percent. The Bank introduced a framework for macro-prudential surveillance, based on stress testing of the banking system's resilience to a variety of shocks. It also conducted simulations of systemic crises, jointly with the financial sector's regulatory and supervisory authorities.

Overall, Morocco in 2008 managed to overcome the effects of the crisis on the financial level and cushion its impact on domestic and external balances. In 2008, GDP grew by 5.6 percent, compared with 2.7 percent in 2007. On the back of favorable weather conditions, agricultural activities increased by 10.3 percent, compared with a 20.8 percent fall a year earlier. However, as the effects of the crisis spilled over to the national economy and became palpable as of the fourth quarter, nonagricultural GDP decelerated rapidly to 1.9 percent year-on-year,

compared with 4.5 percent in the third quarter. The deteriorating economic situation, particularly in the Euro area, our key trade partner, has affected nonagricultural activities, especially some industrial branches, as well as tourism. As a result, the pace of nonagricultural activities' growth fell from 6.5 percent in 2007 to 4.2 percent. Notwithstanding the rebound of growth, employment did not improve markedly. National unemployment rate fell from 9.8 percent to 9.6 percent. In urban areas, it went down from 15.4 percent to 14.7 percent while, at 4 percent, it has slightly increased in rural areas, despite a good crop year.

Concerning the budget policy, control of public finance has been consolidated, thus making it possible to carry on a substantial reduction of the treasury debt, which stood at 47.3 percent of GDP by the end of 2008. This ratio declined by almost 14.8 percentage points between 2005 and 2008. Treasury current revenues increased by 20.5 percent, propelled by a rise in receipts of major tax categories. In spite of the sharp hike in subsidization expenses, the fiscal year run up a budget surplus of 0.4 percent of GDP, compared to 0.2 percent a year earlier, with a deficit forecast at 3.5 percent of GDP according to the Finance Act.

With regard to prices, the year 2008 was marked by heightened external inflation pressures, albeit at levels below the average 9.3 percent observed in emerging and developing economies. Both headline and core inflation increased by 3.9 percent, moving substantially away from the trend observed in recent years. The accelerating inflation is mainly attributed to rising staple food prices and private transportation fares. Besides, the surge in the prices of imports spilled over to nontradables, particularly services, as well as industrial producer prices.

On monetary policy, the Bank Board, during its first two meetings, decided to keep the key rate unchanged, and to exercise heightened vigilance against the development of both external and domestic risk factors. During its September meeting, the Board decided to raise the key rate by 25 basis points to 3.50 percent, taking the view that it was essential to prevent second-round effects linked to surging prices of commodity imports, in order to maintain price stability in the medium term and preserve the necessary conditions for a viable growth. At the operational level, and in a context of a persisting deficit in banking treasuries, the Board decided in its December meeting to reduce the required reserve ratio from 15 percent to 12 percent as of January 2009.

Because of its weak exposure to foreign markets and the limited risks on foreign counterparts, the banking sector did not suffer from the effects of the global financial crisis in 2008, as reflected by the sustained growth of loans, depositors' confidence, the normal functioning of the interbank market and the evolution of paper money. Money evolution has been marked by a vigorous expansion of 23 percent in all bank loans, compared with 29 percent in 2007. Yet as foreign exchange reserves contracted by 5.3 percent and net claims on government rose only moderately, the pace of money supply growth slowed from 16.1 percent to 10.8 percent from one year to

the other. Against this background, money surplus was virtually nil at the end of the year, which points to an easing in money-driven inflationary risks.

While Morocco managed by its own to maintain its domestic and external balances, the global economic crisis has again revealed that further needs to be done more rapidly and profoundly to redress certain structural fragilities. To begin with, despite the enormous efforts that have been deployed, agriculture continues to show weak productivity and still depends on weather constraints as reflected in the, yet significantly declining, volatility of its added value growth.

The weakness of exports, which is chiefly linked with the inadequate productivity of industrial firms and the predominance of low added-value goods, lies behind the structural deficit in trade balance, which was probably offset in recent years by tourism receipts and remittances by Moroccans residing abroad. In 2008, exports excluding phosphate and derivatives grew by only 0.5 percent approximately. The overall growth of 23 percent can be traced back to the hike in the prices of phosphate and derivatives, the highest in decades. For their part, imports increased by 23 percent, mainly due to the heavy bill of energy and purchases of food and semi-finished products following the surge of their prices. As a result, trade deficit widened to 25.1 percent of GDP. As tourism receipts and remittances by Moroccans residing abroad fell respectively by 5.6 percent and 3.4 percent and could not hence offset that deficit, current transactions run up a deficit of 5.2 percent of GDP, which constitutes a breakup with the results of last years. Despite the net capital inflows, which have been affected this year by the decline of foreign direct investments, the balance of payments posted an overall deficit of 11.5 billion dirhams, thereby bringing the exchange reserves to an equivalent to 7 months of goods and services imports, compared to nearly 9 months a year earlier.

Besides, the good budget results reflect the unusual increase in revenues rather than the reduction of expenses. In fact, tax revenues grew by more than 7 points of GDP between 2000 and 2008, whereas current expenditure over the same period stood at an annual average of nearly 24 percent of GDP, pointing to a slight upward trend. The rigidity of the wage bill expenses and the subsidization system, more marked in 2008, did not decrease. The proportions of the wage bill in GDP and in overall expenditure, which stood at 10.2 percent and 34.9 percent respectively in 2008, remain higher than the respective averages of 8.1 percent and 25.2 percent recorded in the MENA countries.

Concerning education and training, despite the progress made over recent years (general access to schooling, the diversification of university education programs, etc), many challenges still hinder the development of the national human capital and erode Morocco's competitiveness. Most salient of the system's underperformances

are the high dropout rates, which maintain illiteracy at high levels, the low quality of education, as well as the poor command of languages. Based on a clear and hard-hitting diagnosis of the education system, the emergency plan "Najah" (2009-2010) was launched early in 2008, with the aim of speeding up the ongoing reforms and making up for delays.

On the financial sector, access to financial services remains below potential, in spite of the ongoing efforts aiming to grant access to larger segments of the population and raise access to banking services to 40 percent in the short term. Microcredit, a key vector in this domain, has started to show some distress as indicated by the diagnosis conducted by the Bank.

Finally, the current situation points to the need to consolidate achievements in the governance of economic policies. The crisis has clearly demonstrated the importance of developing mechanisms for economic policies coordination as well as for evaluation and follow-up. This is all the more important as the uncertainty surrounding the duration of the current recession calls for the highest vigilance.

Against this backdrop, preserving macroeconomic stability is therefore essential. To that end, an appropriate balance should be maintained at the level of economic policies, based on an efficient response to the current challenge, while taking into account medium term prospects, particularly for budget sustainability.

Given this requirement, the Government's strategy to face up the crisis has sought to provide support to enterprises vulnerable to the collapse of foreign demand in the exporting industrial sector and tourism in addition to remittances by Moroccans living abroad. Furthermore, the reduction of income tax, together with the maintaining of the subsidization system and the increase of investment in the general budget by more than 10 percent, all seek to support demand within limits consistent with the objective of medium-term budget sustainability. Moreover, the second increase by 5 percent in the minimum wage, which was decided in 2008, will come into force on July the 1st, 2009.

In the short term, this mechanism needs to be supported by measures aimed at reinforcing the balance of payments and limiting the social impact of slowing economic activity. New measures to boost tourism and exports should also be considered, though their results will take long to materialize. Their timely and efficient implementation would, however, require a strong mobilization of the Government, the administration and banks, along with the setting up of a mechanism that permits their adjustment if necessary. As regards expenditure, the new round of social dialogue should not take on new commitments that would impact budget balances and firms' competitiveness. In parallel, the overall number of civil servants should be maintained at its current level. In

this respect, mobility represents an enormous potential for the management of the civil service human resources. Under the current circumstances, it is advisable to temporarily defer any measures that can significantly affect the Government's revenues.

The developments of 2008 entail further refining of Morocco's medium-and long term strategy at the economic and social levels. In this respect, there is need to provide the appropriate conditions to improve the efficiency of macro-economic management instruments and achieve overall coherence between the various sector-based road maps. In an open environment, economic development will be marked by more unpredictable cycles and exogenous shocks of momentous scope. As the challenges to macro-economic policy are likely to intensify, the quality of macro-economic management is therefore of capital importance. Sector-based strategies, which will contribute to the improvement of our economy's performance, should be further coordinated. For instance, the issues of water and sustainable development are not approached in the same manner by the various sectors.

More generally, the governance and efficiency of public policies, as well as the assessment of all entities in charge of their implementation should be enhanced. To that end, and in common with other countries, it is worth considering the establishment of an independent body with the appropriate powers, and human and financial resources.

Consolidating budget sustainability is a major asset that needs to be maintained in the medium term, particularly to provide a ground for strengthened actions aimed at absorbing social deficits. In this respect, the momentum of receipts should be sustained through the ongoing reforms to integrate the absorption of the informal sector and the economic and social dimension of the tax system. By the same token, it is important to buttress actions aimed at checking the wage bill and reforming the Subsidization Fund. This reform which, aims to target the most vulnerable, is expected to channel a proportion of subsidization expenses towards the establishment of a genuine social welfare system consistent with budget constraints.

In addition, keeping national economy on a sustainable growth path still depends on the measures aimed to raise the competitiveness of the productive fabric. Only then can exports dynamism be guaranteed and external sustainability enhanced. The road maps established to that end require not only a mechanism for evaluation and follow-up, but also the improvement of the business climate, by consolidating justice and the public administration, stepping up the fight against corruption, and ensuring efficient investment by providing the financial and human resources necessary to develop education, training and research, as well as flexibility in labor market.

With the increasingly fierce international competition to attract capitals, it is important to capitalize on the advances made so far to reinforce the attractiveness of our economy and turn it into an international hub for investment, particularly in financial services. All the progress made by the financial actors as well as at the institutional and regulatory levels tends to suggest that the ambition to make our economy an international financial hub is by no means unrealistic. This requires us however to seize this opportunity with a sense of urgency, viewing the fierce competition in this field. Bank Al-Maghrib will continue to labor towards aligning the monetary policy and banking system with the best international practices, in order to enhance its solidity and competitiveness, so as to contribute to growth and a successful integration of our economy into the international environment.

With regard to monetary and exchange policy, the gradual and continuous strengthening of the prerequisites for a successful shift towards an inflation-targeting regime and a more flexible exchange rate regime should be sustained: preservation of macro-economic stability, sustaining progress in monetary policy transparency, solidity of the financial system and developing of financial markets, as well as aligning Morocco with the best relevant international standards and reinforcing the analytical, technical and operational capacities of the Central Bank. In this respect, although the exchange liberalization measures initiated in August 2007 have sent a clear signal to economic agents, there is need now to move ahead and brace ourselves for future developments, to ensure a successful shift to an exchange rate regime that is more flexible and more geared to our economy's openness.

Finally, it is known from global experience that regional groupings have large room for maneuver and can perform more efficiently. In this respect, the Maghreb integration could have played an important role in stimulating growth in the whole region. In the short term, a more rapid and multi-circle financial integration with countries which may wish so would be a good path to tread. At the same time, the pursuit of a more dynamic strategy with sub-Saharan Africa, building on our presence in this region in banking, telecommunication, transportation and engineering, will be of service to the two regional groupings.

Rabat, June 2009
Abdellatif JOUAHRI

PART 1

ECONOMIC, MONETARY AND FINANCIAL SITUATION



◆ International environment

The year 2008 was marked by the intensification of the financial crisis and the spread of its effects to the real economy worldwide, leading to a crisis unmatched since the Great Depression of 1929. Global economic growth slowed down sizably to 3.2 percent, from 5.1 percent the year before. This decline was more noticeable in the advanced countries, most of which entered recession. The Eurozone and Japan registered a negative growth starting the second quarter and were followed by the United States in the third quarter. In the emerging countries, economic activity decelerated substantially after long years of continued expansion.

This situation was accompanied by a break in the upward trend in commodity prices which prevailed until the end of the first half of 2008. After reaching elevated levels in the first six months, in connection with the leap in oil and food prices, inflation fell appreciably as from the third quarter. Similarly, the crisis impacted the growth rate of world trade and investment.

Following the collapse of some systemic financial institutions, international financial markets suffered, starting September, from a widespread loss of confidence and a stronger risk aversion. The consequences were considerable, particularly with the paralysis of interbank and credit markets, the increase of risk premiums and the drop in stock market prices. The freeze of the credit market notably led to a sharp slump in the resources that can be mobilized by businesses and households, thereby deepening the downturn of economic activity. In response to this situation, governments first acted unilaterally by raising the amount of guaranteed deposits and strengthening the capital of troubled financial institutions, the aim being to reduce fears about their solvency. The United States and Germany even decided to allocate government funds to purchase depreciated bank assets. In turn, the major central banks supplied abundant liquidity to stabilize money markets, and acted in concert to slash their policy rates in October. They then reinforced this trend, reducing key rates to levels close to zero in some countries, which posed new challenges to the monetary policy, forced to make use of unconventional tools. Given the scope and global dimension of the crisis, an international coordination was initiated to restore and preserve financial stability and prompt economic recovery. This coordinated action resulted in the commitments taken during the G20 Summit of November 2008, especially as regards the regulation of financial markets, the promotion of their integrity, and the overall reform of the international financial system.

◆ Global economic trends in 2008

Global economic activity slowed down substantially, after long years of expansion.

World growth evolution

	GDP growth (in percentage)		
	2006	2007	2008
World	5.1	5.1	3.2
Advanced economies	3.0	2.7	0.9
United States	2.8	2.0	1.1
Euro area	2.9	2.7	0.9
France	2.4	2.1	0.7
Germany	3.0	2.5	1.3
Japan	2.0	2.4	-0.7
Emerging economies	7.9	8.3	6.1
China	11.6	13.0	9.0
India	9.8	9.3	7.3
Russia	7.4	8.1	5.6
Brazil	4.0	5.7	5.1

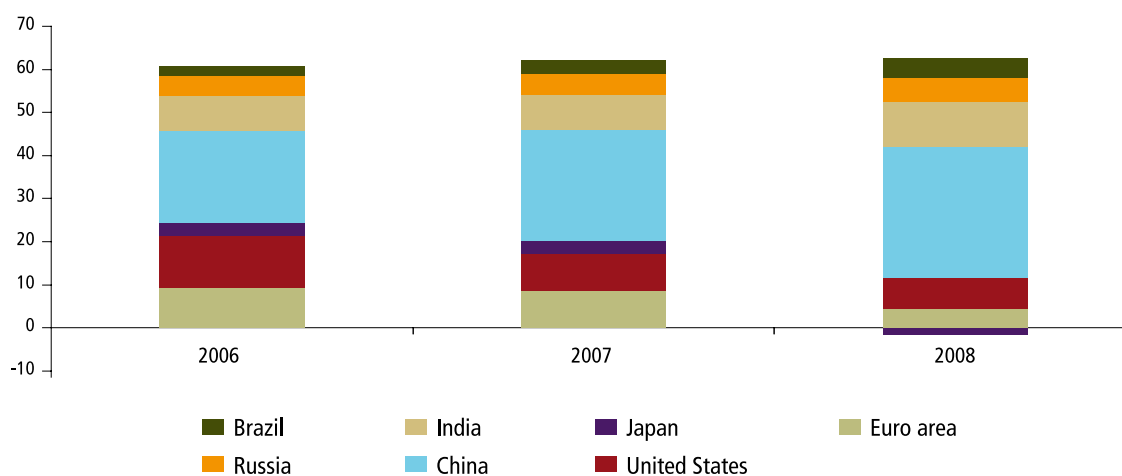
Sourc: IMF

Growth quarterly profile

	2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States	0.1	4.8	4.8	-0.2	0.9	2.8	-0.5	-6.3
Euro area	3.2	2.6	2.6	2.2	2.2	1.5	0.6	-1.4
France	2.5	1.8	2.5	2.2	1.9	1.0	0.1	-1.7
Germany	3.7	2.5	2.4	1.7	2.8	2.0	0.8	-1.8
Japan	3.2	2.2	2.0	1.9	1.3	0.6	-0.2	-4.5
China	13.0	14.0	13.0	12.0	10.6	10.1	9.0	6.8
India	9.2	9.3	8.8	8.8	7.9	7.6	5.3	ND
Russia	7.5	8.0	7.7	9.0	8.7	7.5	6.0	1.2
Brazil	3.9	4.8	5.3	5.7	5.9	6.0	6.3	5.1

Source: DataStream

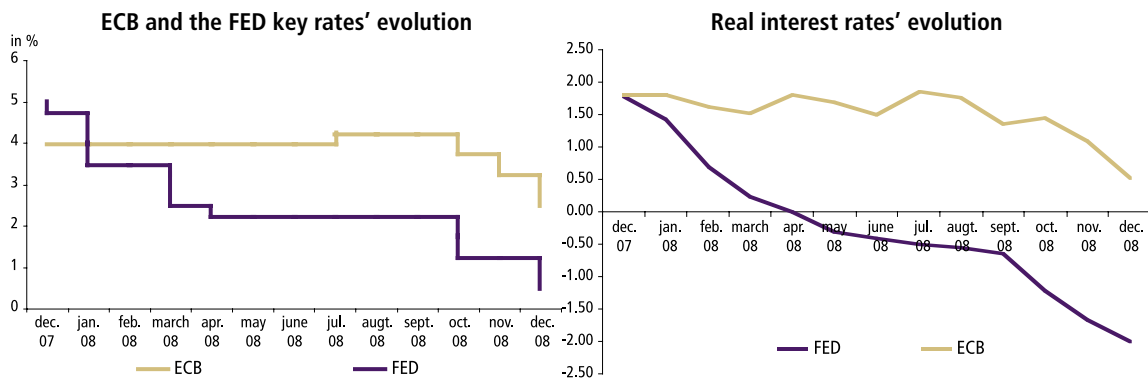
Contribution to global growth*



Source: IMF

* BAM's calculations based on the ratio between the country's annual growth rate multiplied by the share of its GDP in global GDP and the global growth rate, expressed in the purchasing power parity.

In the United States, growth fell from 2 percent to 1.1 percent in one year, due to the drop in housing investment and household consumption which, in normal circumstances, contributes three quarters to the American growth. Employment edged down and unemployment rate increased to 5.8 percent, from 4.6 percent. Reflecting the rise in commodity prices in the first half-year, inflation moved up from 2.9 percent to 3.8 percent. It even reached 5.6 in July, and then decreased rapidly, standing at 0.1 percent in December. With the worsening of the housing market crisis and the increasing pressures on financial markets, the Federal Government took a number of measures to support the stricken sectors- particularly housing and the car industry- and limit the repercussions of the financial crisis on real economy. To this end, the Government launched a 700-billion Troubled Asset Relief Program intended to recapitalize several troubled financial institutions and provide liquidity to revitalize financial markets. The Federal Reserve intervened on several occasions to reduce rates on Fed funds, bringing them down from 4.25 percent to a range of 0 to 0.25 percent from one year-end to the next. In response to the erosion of confidence in the financial system, the Fed granted significant funds to troubled institutions, at more flexible conditions regarding the collateral.



Source: ECB, FED

BAM's calculations relating to the real interest rates: core-inflation deflated nominal interest rates and calculated with Fisher index.

In the Eurozone, growth deceleration was more marked, as GDP grew by just 0.9 percent, down from 2.7 percent in 2007. This trend, which reflects the downshift in activity in all member states, is attributable to the slowdown in business investment, the main driving force of growth in the previous couple of years. It is also the result of slackening demand from households, the purchasing power of which was eroded by inflation and

the deterioration of the labor market, as the unemployment rate increased to 7.6 percent. As a result, growth reached 1.3 percent in Germany, whereas it did not exceed 0.7 percent in France. Given its specific vulnerability to the real estate market, Spain registered a fall in its GDP from 3.7 percent to 1.2 percent. Concerning inflation in the euro area, it stood at 3.3 percent compared with 2.1 percent previously. The increasing inflationary pressures in the first half-year compelled the European Central Bank to raise its key rate by 25 basis points, to 4.25 percent. Later, in response to the rapid degradation of economic and financial conditions, it carried out a large-scale monetary easing in the fourth quarter, bringing down its key rate to 2.50 percent at the end of the year. The ECB also conducted massive capital injections in a bid to restore the smooth running of the interbank market. The governments of the major euro area countries adopted pump-priming measures involving amounts representing 1.3 percent to 5.2 percent of GDP to bolster the real economy.

Growth in the United Kingdom fell in one year from 3 percent to 0.7 percent, because of the deteriorating condition of financial institutions, the downturn in real estate investment and the strong deceleration in consumption growth. The Government had to intervene to bail out troubled financial institutions. Consequently, three banks were nationalized, measures were taken to recapitalize banks, and a government guarantee for short and medium-term debts was implemented. In parallel, the Bank of England followed the monetary easing process started in December 2007, by cutting its key rate five times, reducing it from 5.50 percent to 2 percent.

In Japan, real GDP fell 0.7 percent, after a 2.4 percent growth in 2007, mostly because of the downshift in investment and in foreign demand. The consumer price index increased 1.4 percent after having hovered around zero percent in recent years. The strong degradation of the economic situation led the Bank of Japan to lower its key rate by 20 basis points in October and December from 0.50 percent to 0.10 percent.

In the emerging Asian countries, real GDP expanded by 6.8 percent, compared with 9.8 percent in 2007. Growth in China decreased from 13 percent to 9 percent, following the decline in exports. However, economic activity in this country remained sustained by the buoyancy of investment and consumption, although inflation reached 5.9 percent, up from 4.8 percent in the previous year. In response to the tightening of credit conditions, the People's Bank of China eased its monetary policy on several occasions mainly through rate reductions, following the concerted action of the major central banks. In India, GDP grew by 7.3 percent, compared with 9.3 percent a year earlier, because of the contraction in exports.

Concerning Latin America, its growth rate reached 4.2 percent, down from 5.7 percent in the previous year. In Brazil, activity expanded by a mere 5.1 percent, down from 5.7 percent, owing to the decline in foreign demand and the drop in commodity prices.

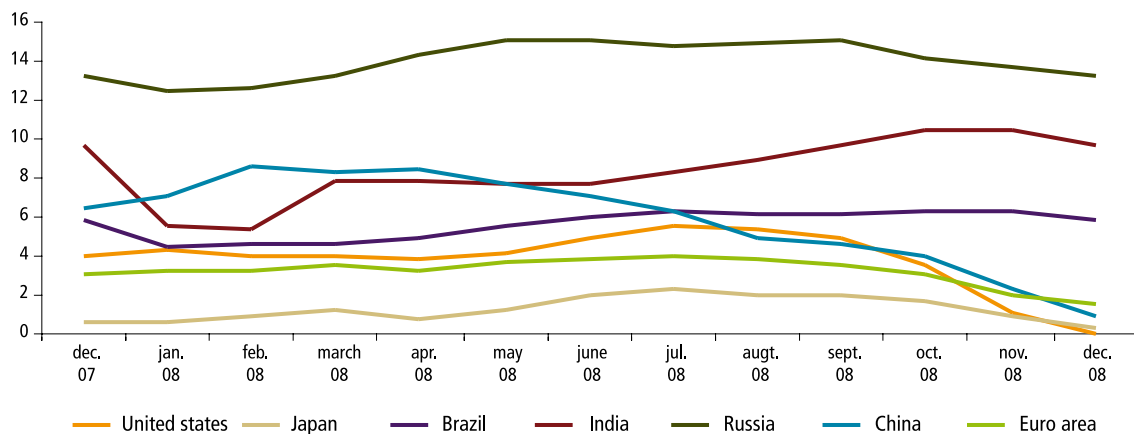
In Russia, growth went down from 8.1 percent to 5.6 percent, due to the fall in oil prices in the second half-year and the strained conditions in the country's banking system.

Regarding the emerging countries of Europe, their growth rate declined from 5.4 percent to 2.9 percent. They were strongly impacted by the slump in foreign demand and the tightened financing conditions on the international markets which weighed on investment.

Growth in Africa was 5.1 percent, from 6.2 percent, because of the contraction in foreign demand and financial flows. In the Maghreb region, activity rebounded appreciably in Morocco, after the weak crop year of 2007, while growth remained almost stable in Tunisia and Algeria.

World inflation trend in 2008 was marked by two distinct periods. During the first six months, pressures on prices intensified and inflation hit a record high since the end of the 1990s due to the surge in oil and food prices. Despite easing inflationary pressures in the second half-year, consumer price index in the advanced economies went up 3.4 percent, compared with 2.2 percent a year earlier. The acceleration in inflation was more noticeable in the emerging and developing countries, where the average rate reached 9.3 percent, up from 6.4 percent in 2007.

Inflation evolution in the world



Source: IMF

Quarterly profile of inflation

	2007	2008			
	Q4	Q1	Q2	Q3	Q4
United States	4.0	4.1	4.4	5.3	1.6
Euro area	2.9	3.4	3.6	3.8	2.3
France	2.3	2.9	3.3	3.2	1.8
Germany	3.0	2.9	2.9	3.1	1.6
Japan	0.5	1.0	1.4	2.2	1.0
China	6.6	8.0	7.8	5.3	2.5
India	5.5	6.3	7.7	9.0	10.2
Russia	11.4	12.9	14.9	14.9	13.7
Brazil	4.2	4.6	5.5	6.3	6.2

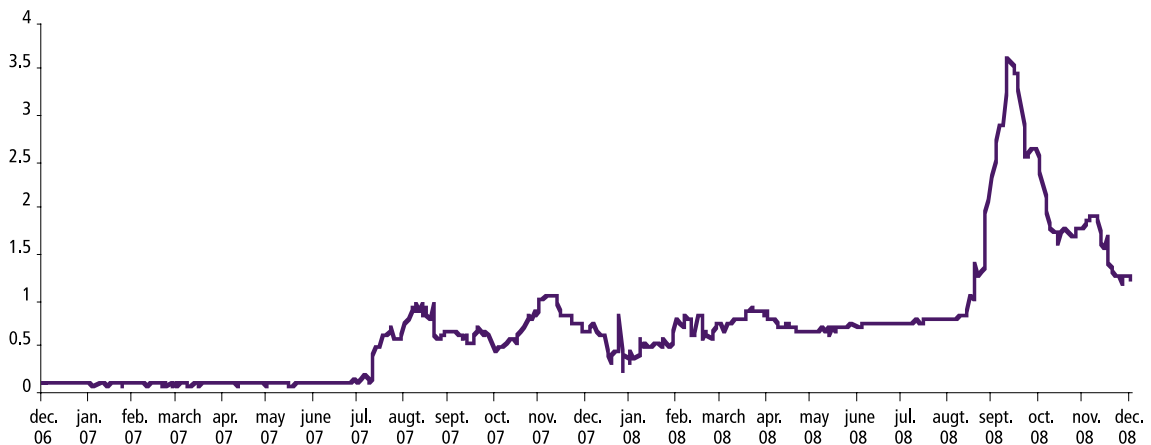
Source: DataStream and OECD

◆ Financial and commodity markets

International financial markets

The difficulties of the financial institutions, resulting from the collapse of the U.S. subprime market, worsened in 2008 and led to an unprecedented international crisis, jeopardizing the fundamentals of the international financial system. The crisis spread to all segments in both advanced and emerging economies, which reflects the great interconnection between the international financial markets. After the bankruptcy of Lehman Brothers in mid September, the crisis deepened considerably. An atmosphere of lack of confidence prevailed on all financial markets, resulting in strong market volatility, a rise in risk aversion and malfunctioning interbank and credit markets. As a result, risk premiums and credit spreads reached exceptional levels, causing financing conditions to worsen and financial assets to depreciate.

Change in the LIBOR-OIS spread*

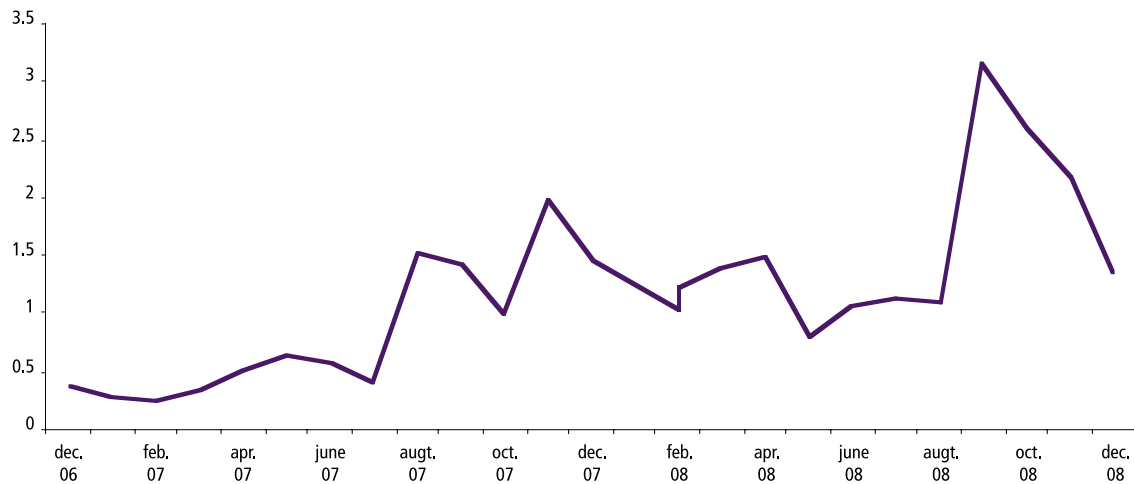


* Difference between the three-month interbank rate (Libor Eurodollar) and the three-month overnight index-swap (OIS) rate.
Source: Bloomberg

The Dow Jones and the NASDAQ fell by 33.8 percent and 40.5 percent, respectively, from one year to the next. Similarly, the CAC 40, the DAX, the FTSE and the Nikkei lost 42.7 percent, 40.4 percent, 31.3 percent and 42 percent, respectively. Stock exchange indexes in the emerging economies depreciated substantially due to growing risk aversion among foreign investors, which led them to repatriate capital.

International bond issues, at \$4,780 billion, declined 17 percent. Financial institutions raised 82.5 percent of these funds, thanks to the bank-bond guarantee programs set up by the governments in Europe and the U.S.A. Issues made on the euro segment totaled 41 percent, followed by the sterling segment the share of which moved up from 15.4 percent to 26.8 percent owing to the increasing issues carried out by the British financial institutions, whereas the share of dollar-denominated bonds declined from 31.1 percent to 25.9 percent.

Change in the TED spread*



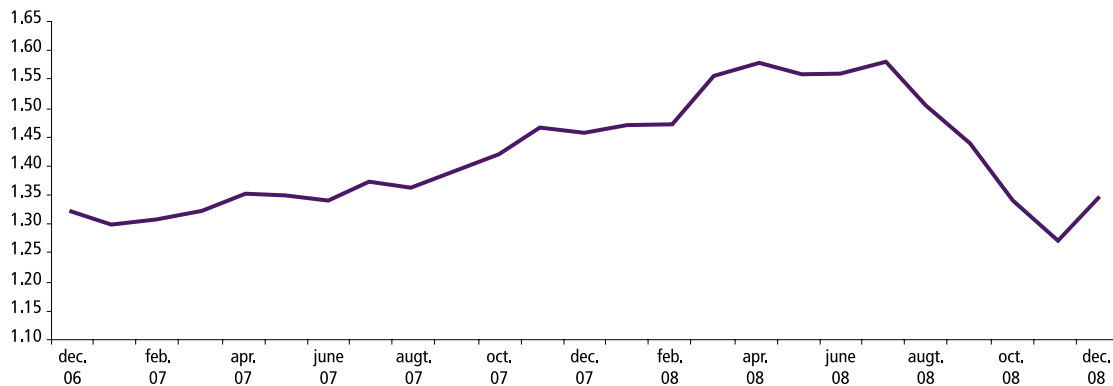
* Difference between the actuarial rate on three-month US Treasury bills and the three-month LIBOR rate.
Source: Bloomberg

In response to the collapse of markets, measures were taken by the major governments and central banks, which mainly consisted in massive capital injections to strengthen the balance sheets of big financial institutions and in concerted policy rate cuts. By the same token, programs to repurchase troubled financial assets were set up and deposit guarantees were reinforced to put credit markets back on the rails. Finally, to reduce pressures

on dollar liquidity internationally, the Federal Reserve and other central banks conducted reciprocal currency arrangements (swap lines). The massive intervention by Central banks resulted in a notable expansion of their balance sheets.

In 2008, international foreign exchange markets were marked by significant volatility in the main currencies. In the first half-year, the euro appreciated 7 percent against the dollar due to the widening yield spread between the United States and the Eurozone. It then depreciated 14 percent between July and December because of the flight to top-quality assets which resulted in a strong demand for dollar-denominated ones.

Change in the average euro-dollar exchange rate



Source: ECB

The sharp economic deterioration in the United Kingdom and the successive cuts in Britain's interest rates marked the end of a long period of rising pound. As a result, the British currency lost 13.9 percent and 7.4 percent against the euro and the dollar, respectively.

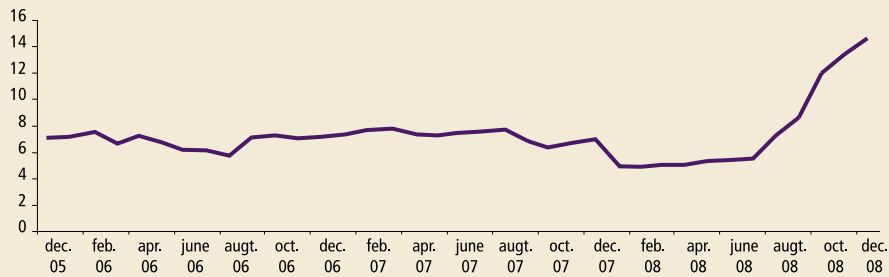
The yen trended upward, as investors unwound their positions on international markets. On average, it appreciated 14.2 percent against the dollar and 7.2 percent against the euro. Concerning the Yuan, it rose over the first seven months of the year. Subsequently, the monetary authorities decided to maintain a fixed exchange rate at 6.84 Yuan per dollar.

Box 1: Commodity prices volatility in 2008

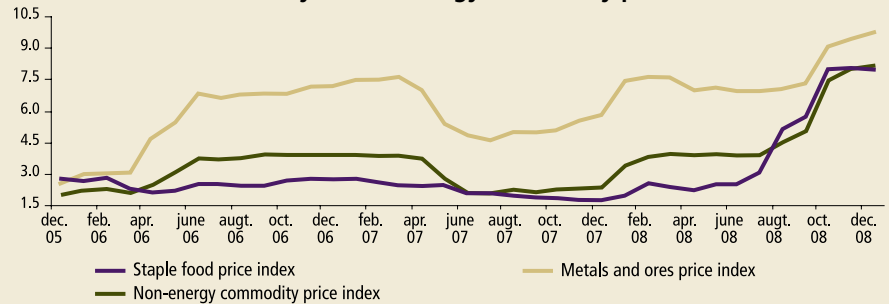
In 2008, the prices of oil and other commodities were highly volatile*, with a particular surge in volatility during the first half-year and a drop starting from the third quarter (see box in chapter on inflation).

Oil prices volatility reached 29.8 percent, compared with only 16.9 percent in 2007. This strong volatility mainly resulted from the erratic variation in the dollar exchange rate and the uncertain growth outlook. Similarly, the volatility of non-energy commodity prices increased substantially to 15.9 percent, up from 5.4 percent in 2007. Volatility in metals price index rose to 18.8 percent, from 6.8 percent a year earlier. Food prices volatility reached 16.8 percent, compared to 11.1 percent in 2007, because of the sizable fluctuations in cereal prices. In fact, the price of wheat declined 50 percent in December after a peak at \$440 a ton in March, whereas corn price fell 45 percent from the \$287/ton registered in June 2008.

Change in oil prices volatility



Volatility of non-energy commodity prices



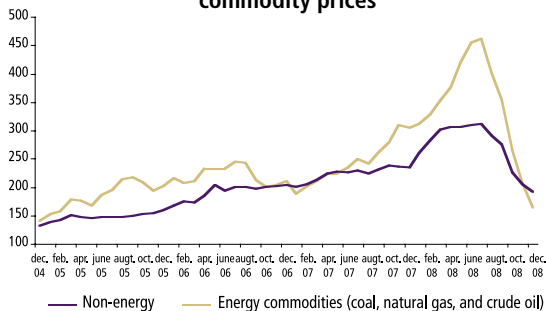
Source: World Bank

* BAM calculations based on the coefficient of variation which is measured through the ratio of the standard deviation to the arithmetic mean over a 12-month period (year-on-year)

International commodity market

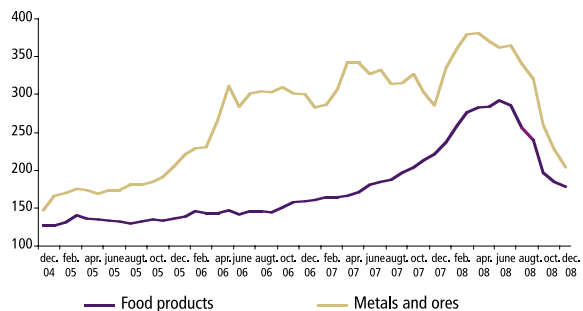
The uptrend observed during recent years in commodity prices, particularly in energy and food products, reversed starting from July 2008. The rise in commodity prices, which grew stronger following purchases by hedge funds and the development of biofuels in the first half of 2008, gave way to a downward trend as the crisis worsened. As a consequence, oil price first increased 50 percent to peak at \$147 a barrel in July. Then, it dropped by more than 70 percent from this peak to \$40 a barrel at year end. Food prices also rose by 34 percent on average compared with 2007, despite their fall in the second half-year.

Change in the indexes of global energy and non-energy commodity prices



Source: World Bank and IMF

Change in the indexes of global food and metals prices



◆ International trade and the balance of payments

The rise in world trade slowed down, from 7.2 percent to 3.5 percent in volume. This change, which is mostly attributable to the drastic fall in global demand following the deceleration of economic activity, was intensified by the downshift in trade finance flows.

Against this background, current account imbalances lessened slightly. The U.S. deficit contracted as imports declined and income balance improved to 4.7 percent of GDP compared with 5.3 percent a year earlier. In the Eurozone, current account recorded a deficit of 0.7 percent of GDP, following a slight surplus, mainly because of the declining surplus in the goods and services balance.

In contrast, Japan's current account surplus decreased under the impact of rising commodity imports despite the substantial surge in investment income. Similarly, the surpluses of some Asian countries contracted due to the slower evolution of exports. However, the surplus of Middle East oil-exporting countries increased slightly, owing to the rise in oil prices.

**Current account of the balance of payments per regions and countries
(In percentage of GDP)**

	2006	2007	2008
Advanced economies	-1.3	-1	-1.1
United States	-6	-5.3	-4.7
Euro area	0.3	0.1	-0.7
Japan	3.9	4.8	3.2
United Kingdom	-3.4	-2.8	-2.1
Emerging economies of Asia	5.8	6.7	5.5
China	9.4	11	10
India	-1.1	-1	-2.8
Latin America	1.5	0.4	-0.7
Brazil	1.3	0.1	-1.8
Emerging economies of Europe	-6	-7.6	-7.6
Russia	9.5	5.9	5.8
Middle-East	21.1	18.3	18.6
Middle-East oil-exporting countries	24.2	21.9	22.2

Source: IMF

The economic crisis put an end to a growth cycle in foreign direct investments (FDI) that began in 2004. Investment flows, at \$1,449 billion in 2008, declined 21 percent from the previous year. This contraction mostly reflects a 32.7 percent decrease of investments in the advanced economies, which totaled \$840 billion. Flows to the European Union and the United States, which grew considerably last year, fell by 30.7 percent and 5.5 percent, respectively. In contrast, flows to developing and transition economies continued to expand, though at 4 percent instead of 20 percent the year before. Countries of South, East and South-East Asia received net investments of \$256 billion, representing an increase of just 3.3 percent instead of 12 percent the previous year. On the other hand, net flows to Latin American countries totaled \$142.3 billion, up 13 percent compared with 50 percent in 2007. FDI inflows in Africa reached \$62 billion, up 16.8 percent. This trend largely reflects a twofold increase in net inflows to South Africa, whereas those to Egypt and Morocco decreased markedly. Finally, inflows to transition economies of South-East Europe and Russia continued to trend upward despite the banking crisis in these countries.

◆ International financial architecture

Crisis-related developments highlighted the weaknesses of financial institutions' regulation and control in the world, of risk management, and market mechanisms. As measures taken unilaterally proved to be insufficient, the implementation of international initiatives for a global response to the crisis became necessary. In this connection, the G20 member states met in Washington in November 2008 to define the guiding principles for reform of the international financial system and consolidation of the financial systems regulatory framework. At this meeting, they agreed on common principles for the reform of the international financial system as well as on market supervision.

By the same token, the European authorities worked to bolster the regulatory framework governing the financial system. In October, the European Commission put forward several amendments to the directive on capital requirements, which particularly include the restriction of interbank financing by credit institutions, the exercise of tighter oversight, the improvement of liquidity risk management for banks operating in multiple countries, and the compulsory inclusion in balance sheets of mortgage-backed securities.

In response to the crisis, the International Monetary Fund refined its analyses of the contagion effects and relations between financial markets and the real economy. It also activated the Emergency Financing Mechanism, a procedure for speeding up lending in times of crisis, which has been used on six occasions since it was set up in 1995.

Moreover, as part of the international financial system's reform, the IMF Board of Governors approved, during the spring meetings of April 2008, a resolution relating to the second round of the quota and voice reform process. The resolution stipulates quota increases for 54 emerging and developing countries and the tripling of basic votes in such a way as to improve the representation of low-income countries.

Box 2: Common principles adopted by the G20 countries at the Washington Summit

The Group of Twenty (G20), which convened in November 2008 in Washington, agreed on the following five common principles for reform:

- Strengthening financial market transparency and accountability;
- Enhancing sound financial regulation;
- Promoting integrity in financial markets;
- Reinforcing international cooperation;
- Reforming international financial institutions.

Concerning the first common principle for reform, the G20 committed to strengthen financial market transparency and accountability, particularly by enhancing required disclosure on complex financial products and ensuring complete and accurate disclosure by firms of their financial conditions.

The G20 also pledged to strengthen the financial sector's regulatory regimes as well as prudential and risk management oversight, and to exercise strong oversight over credit rating agencies.

In order to promote the integrity of financial markets, the G20 members committed to bolster investor and depositor protection, prevent illegal market manipulation, fraudulent activities and abuse, and protect against finance risks arising from non-cooperative jurisdictions. They also called upon the national and regional regulators to enhance their coordination and cooperation across all segments of financial markets, notably with respect to cross-border capital flows.

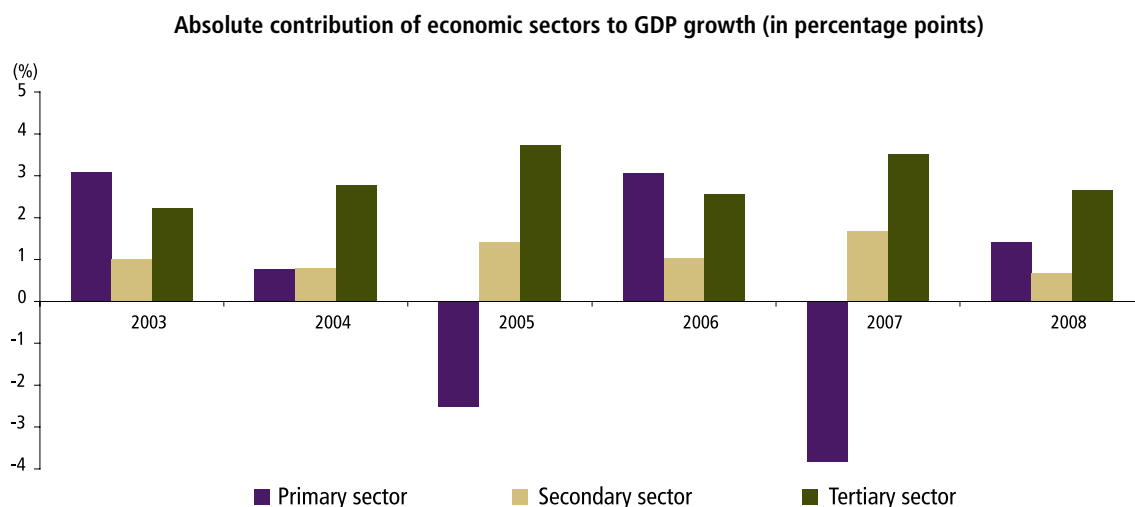
Finally, the G20 countries expressed their intention to speed up the reform process of the IMF and the World Bank to raise their efficiency.

◆ National output

Economic growth reached 5.6 percent in 2008, as opposed to 2.7 percent the year before. This rise is attributed to the 16.6 percent increase, of the primary sector added value, and, to a lesser degree, to the increase of non-agricultural activities, despite the decrease of its pace from 6 percent to 4.1 percent. In fact, the deteriorating economic situation in our key trade partner, the Euro area, impacted some industrial branches whose output is primarily oriented to the European market, as well as tourism and transportation, particularly as of the fourth quarter.

In the primary sector, agricultural activities grew by 16.3 percent, after they receded by 20.8 percent in the previous year. Cereal output more than doubled from one year to another, reaching 51 million quintals, whereas fisheries activities increased by 19 percent, after their 10.1 percent drop a year earlier. On the other hand, the growth pace of the secondary sector receded from 6.6 percent to 3.6 percent, mainly due to the contraction of mining industries by 5.9 percent and the deceleration of manufacturing industries in response to the fall in foreign demand. Tertiary activities, including non-market services provided by the general government, grew by 4.1 percent compared with 6.1 percent in 2007, despite the quasi stagnation of tourism-related activities. As for trade and telecommunications activities, they significantly improved from one year to another.

Overall, the GDP, estimated in current prices at 688 billion dirhams, increased by 11.8 percent, instead of 6.7 percent in 2007. On the other hand, agricultural added value grew by 20.7 percent to reach over 82 billion dirhams, whereas that of non-agricultural activities rose by 12.4 percent to attain 528 billion dirhams.



Sources: High Commission for Planning, BAM calculations

◆ Primary sector

Owing to the relatively favorable weather conditions, agricultural activities rebounded in 2008, after last year's poor results. The good rainfall distribution in time and space improved both the national average cumulated rainfall and the filling rate of farm dams, which nonetheless remained well below the average of the last five crop years. In addition, livestock farming benefited from the improved state of ranges, which secured sufficient feed for the livestock whose number stood at around 25 million heads. On the other hand, fishery output increased by 16 percent, as inshore and offshore fishery catches improved. In view of these circumstances, the added value of the primary sector, at constant prices, grew by 16.6 percent, after a contraction by one fifth in 2007, and its share in the GDP rose from 12.8 percent to 14.1 percent.

Box 3 : Measures in favor of the primary sector (2007-2008)

In order to cushion the effects of drought, which engulfed last year's crop yields, the public authorities stepped up their actions, particularly through:

- Scaling up the subsidy on local certified seeds from 100 to 115 dirhams per quintal, for the three major autumn cereals; granting a premium of 300, 400, and 500 dirhams per quintal respectively for imports of certified seeds, basic seeds and pre-basic seeds; and suspension of import duties until the end of 2007;
- Sustaining support for agricultural mechanization, promotion of exports, irrigation and fruit arboriculture.
- Granting a refund at the import of soft wheat, representing the differential between the cost at importation and the target price, raised from 250 to 260dh per quintal.

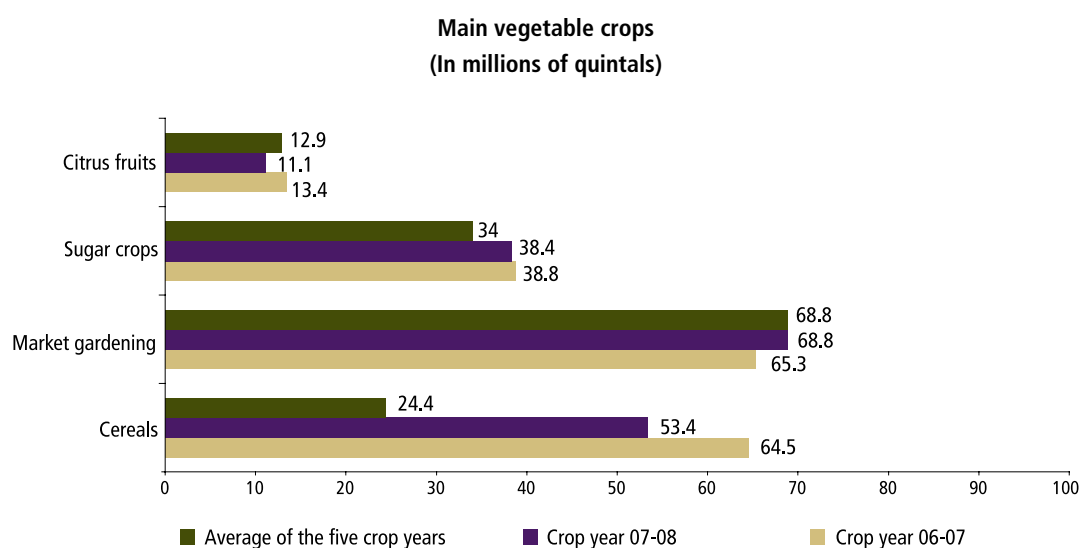
As for the livestock farming sector, and in order to ensure available and diversified cattle feed, public authorities took the following measures:

- Suspension, from January to May 2008, of the import duty and the import VAT applicable to the purchase of corn, barley and other inputs of formulated foods;
- Upward revision of the State financial aid to promote and encourage animal production;
- Raising to 60 percent the subsidy rate for the purchase of cattle feed and covering their transportation costs.

Agriculture

The rainfall deficit, recorded during the start of the crop year 2007-2008 was mitigated by the good rainfall distribution during the growth phases of the major autumn cereals, whose yields have more than doubled, reversing the extremely low level of the previous crop year. These yields, which amount to 51.2 million quintals, remain however well below the average 18.5 percent of the last five crop years. In parallel, marketing of cereals, from June to December 2008, increased from 4.6 million to 11.5 million quintals. As such, the volume of cereal imports dropped by 16 percent, amid an international context marked by soaring prices of these commodities.

The production of leguminous plants increased by 40 percent to reach nearly 2 million quintals, i.e. 10 percent less than the average of the last five crop years. As for sugar beet and market gardening, their output grew respectively by 12.8 percent and 7.1 percent. In addition, the abundant rainfall observed as of January 2008, contributed to a 28 percent growth of oilseed harvest, whereas citrus fruits harvest fell by 13.6 percent. Olive output stabilized at the same level of the previous crop year.



Source: Ministry of Agriculture and Marine Fisheries

Livestock farming

Livestock farming strengthened lightly over the last years, supported by the ongoing program of livestock safeguard and protection, put in place in 2007, mainly through improved supply of farmers with livestock feed .

According to the survey conducted in March and April 2008 by the Ministry of Agriculture and Marine Fisheries, the number of livestock slightly decreased to nearly 25 million heads, of which 68.3 percent is made up of sheep, 20.5 percent of goats and 11.3 percent of cattle.

Marine fisheries

In 2008, fishery output rebounded by 16 percent, after it contracted by 14.4 percent a year earlier. This rebound reflects the increase in both inshore and off-shore fishery catches, in response to the rebuilding of pelagic and cephalopod fish resources.

Inshore fishery catches increased by about 15 percent to 779,386 tons, reflecting a rise by 16.1 percent and 34.8 percent in catches of pelagic fish and cephalopod fish, respectively, and a drop by 22.3 percent in crustaceans molluscs and shellfish, while whitefish stabilized. Fresh fish consumption absorbed the same share as in the previous year, namely 42 percent of the total catches, whereas the manufacturing units of fish-meal and oil, as well as those of canned fish, accounted respectively for nearly 33 percent and 16 percent.

Likewise, offshore fishery catches grew by 26.8 percent to an estimated total of 112,143 tons, reflecting the increase of unloaded quantities of pelagic and cephalopod fish.

In order to improve the performance of the sector, which remains below potential, a four-year program intended to modernize inshore and traditional fishing fleet was put in place late in 2008. Actions under this program shall benefit about 18,000 boats mostly operating in traditional fishing. Furthermore, the overall investment of this program is estimated at 5 billion dirhams, to which the State contributes up to 1 billion dirhams.

◆ Secondary sector

The secondary sector, which contributed by 24.5 percent to the GDP, increased by 3.6 percent, as opposed to 6.6 percent in the previous year. This deceleration is attributable to the slowdown in manufacturing industries and the decline in mining activity, chiefly in response to the drop in foreign demand.

Processing industries

In a context marked by soaring commodity prices, continued tariff dismantling, and slipping of the Euro area into recession, the industrial production index rose merely by 1.9 percent, compared with 4.6 percent in 2007. Except for the agri-food industries which improved, this slowdown resulted from the decline in the activity of mechanical, metallurgical, textile and leather activities, as well as the decelerating activity in chemical and parachechemical industries and electrical and electronic industries.

Groups of industrial branches	Weighting	Change in % average of industrial production yearly indexes		
		2006	2007	2008
Agri-food industries	230	3.2	2.4	4.0
Textile, clothing and leather industries	209	0.5	2.2	-0.6
Chemical and parachechemical industries	363	5.8	4.5	3.3
Mechanical and metallurgical industries	160	9.0	9.6	-0.6
Electrical and electronic industries	38	14.5	3.9	1.4
Total of industries	1000	5.2	4.6	1.9

Source: High Commission for planning (Department of statistics), and BAM calculations

Hence, output of agri-food industries grew by 4 percent, instead of 2.4 percent, in spite of surging agricultural commodity prices. This trend mainly reflects the growth in beverage and milling industries by 5.9 percent and 4.3 percent respectively. Similarly, the production of canned fish and canned fruits and vegetables grew by 3 percent and 5 percent respectively, in connection with improved exports. On the other hand, dairy products slightly dropped by 0.4 percent from one year to another.

Regarding textile, clothing and leather industries, they receded by 0.6 percent, in connection with the slowing foreign demand and the intensifying competition, due mainly to the abolition of quotas on Chinese products. Therefore, textile industry output declined by 2.3 percent in 2008, after its quasi-stagnation in the previous year, due to the reduction in the activity of spinning and stitch items by 1.9 percent and 3.7 percent respectively. Similarly, leather industry output fell by 8.4 percent, owing chiefly to the retreat in shoes manufacturing. As for the clothing producer index, it increased by 0.9 percent despite the decline in ready-made garments and hosiery items.

Likewise, the output index of mechanical and metallurgical industries dropped by 0.6 percent, mainly in connection with the decline in the manufacturing of metallic items. Moreover, the growth pace of car industry receded from 23.3 percent to 1.8 percent, following the decline in foreign demand and the deteriorating conditions of the automotive sector at the global level. On the other hand, manufacturing of machinery and equipment and of other transport equipment grew respectively by 7.7 percent and 3.1 percent.

Chemical and paracheimical industries increased by 3.3 percent, a pace lower than the previous year's, due, on the one hand, to the deceleration in the manufacturing of other mineral non-metal products and in oil refinery, and, on the other hand, to the 2.4 percent decline in the manufacturing of primary chemical products. Indeed, the output of phosphoric acid and of phosphate fertilizers declined by 19.8 percent and 16.3 percent respectively, from one year to another, due to the exports retreat.

Regarding electrical and electronic industries, their rhythm of growth decreased from 3.9 percent to 1.4 percent, owing to the decelerating activity of machines and electrical devices, driven by the retreat in exports of electronic components, and the stagnation in the manufacturing of radio, television, and communication equipments.

Building and public works

The sector of building and public works maintained its upward trend, posting an increase by 9.4 percent in its added value, owing to the ongoing social housing projects, the program of new cities, and the major projects on basic infrastructure and the development of tourist and industrial areas.

The momentum in this sector was reflected by the increase by 9.9 percent in cement consumption to 14.1 million tons, and by an accelerated distribution of housing loans, as well as the increase of foreign direct investments in the housing sector, which grew by 22.6 percent in one year, representing 33 percent of the overall foreign direct investments.

Box 4: New trends in housing policy

In 2008, public authorities pursued their efforts to reduce the deficit in the housing sector, estimated in 2007 at 1 million units, and to meet new demands, through the following measures:

- Offering a new kind of social housing at 140,000 dirhams targeting low-income families;
- Continuing the implementation of programs of the fight against unhealthy habitat;
- Mobilizing a public real-estate reserve of 3,853 hectares for the period between 2009 and 2012, particularly through opening new areas to urbanization;
- Supporting and developing mortgage funding.

Furthermore, in order to prevent speculation and ensure stable housing prices, public authorities devised an action program for the 2008-2012 period. This program basically involves the reinstatement of the tax on vacant lands, the application of the pre-emption right for the benefit of the State, and the establishment of a new law on programs marketing.

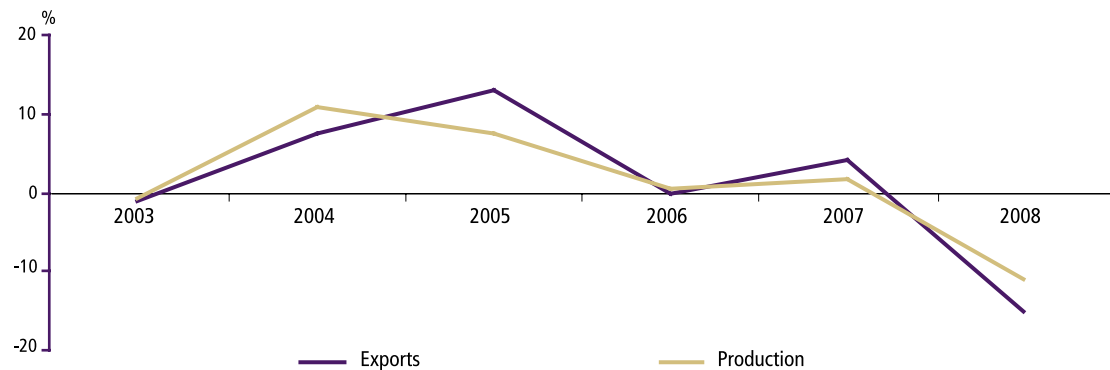
Also, in an endeavor to provide housing actors with further visibility, public authorities plan to establish a national housing observatory, based on a series of regional studies, and taking into account the local specificities of each region.

Mining

Heavily depending on foreign markets, the national mining activity receded by 1.9 percent, compared with an increase by 4 percent in the previous year, due to the decline in exports. On the other hand, exports receipts grew by 106 percent to reach 21 billion dirhams, in connection with the appreciation of prices in the international markets. Concerning phosphate in particular, the year 2008 was exceptional, as this commodity's prices rose to their highest levels since 1974. However, the developments over the year point to two distinct stages: one covers the first half of the year marked by a significant increase in prices; while the second phase extends over the second half of the year where prices receded, due to the slowing global economy.

After recording 1.6 percent in 2007, phosphate commercial output contracted by 10.7 percent. This decrease is due to the measure taken by the OCP in reducing its production at the end of the year in order to adapt it to the declining global demand and thus maintain its profit margin. Likewise, export volume of crude phosphate, phosphoric acid and of fertilizers declined by 16 percent, 28 percent and 35 percent respectively. By contrast, the value of crude phosphate exports rose by 184 percent to reach 17.3 billion dirhams, in connection with the positive trend of its prices in the international markets.

Variations of crude phosphate output and exports in volume



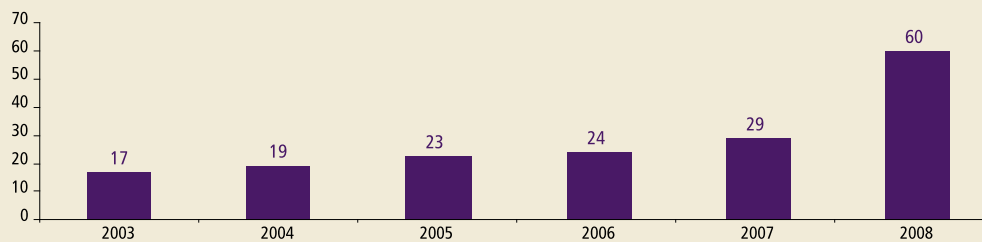
Source: the OCP

Metallic ore winning fell by 2 percent, due to the declining output of various ores. Hence, zinc and magnesium output dropped respectively by 9.5 percent and 7.7 percent, while that of copper decreased by 3.5 percent.

Box 5: The OCP activity in 2008 and its industrial strategy

In 2008, the OCP put in an exceptional performance. It recorded an aggregate turnover of 60 billion dirhams, including 51.4 billion in exports compared with 29 billion in 2007, as well as a gross operating surplus of 32.9 billion dirhams, up by 390 percent compared with 2007. Owing to these results, the Office outsourced the management of its internal retirement fund and cleared its balance sheet.

Aggregate turnover of the OCP Group (in billion dirhams)



Source: OCP

Based on these results, the Office devised an industrial strategy for the 2009-2012 period to maintain its strong position as a key actor in the phosphate sector at the global level. An amount of 38 billion dirhams was earmarked to that strategy, which seeks primarily to increase the output capacity through the promotion of joint ventures and the development of appropriate hospitality infrastructures. Thus the Group intends to increase its phosphate extraction capacity from 30 to 55 million tons within the next ten years. With regard to processing, the Group launched a bid to select foreign investors wishing to settle in Morocco. To attract those investors, the Office will develop hospitality infrastructures as part of the "Jorf Al-Asfar Hub" project, which will require an investment of 15.5 billion dirhams to secure an accommodation capacity of 10 units and provide favorable, competitive, and environment-friendly conditions of production.

Finally, the strategy seeks to boost the Group's competitiveness via costs reduction, mainly by setting up a pipeline geared to transport ores from the extraction centers to the processing units.

Energy

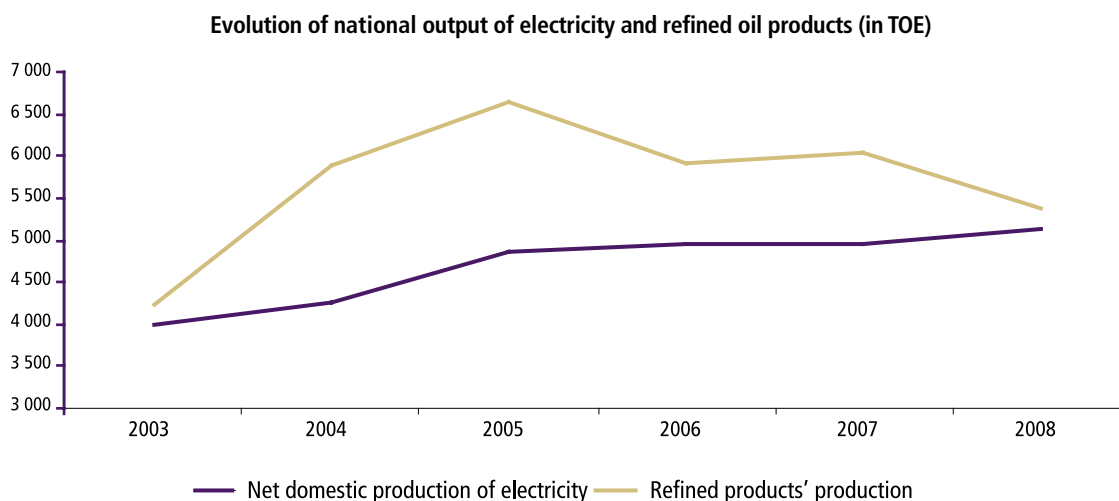
In 2008, energy final consumption, estimated on the basis of provisional data, grew by 6.5 percent to reach 14.1 million tons oil equivalent (TOE). On the other hand, total energy output stood at 10.5 million TOE, down by 4.5 percent, due to the reduction of refining activity upon the introduction of diesel 50 ppm into domestic markets.

Imported quantities rose by 7.2 percent to 14.2 million TOE, thus bringing the country's energy dependency rate to 97.4 percent and the energy bill to 71.4 billion dirhams, compared with 54 billion dirhams a year earlier. Following the 2 percent rebound in the previous year, the output of refined products declined by 10.9 percent to 5.4 million tons. On the contrary, overall consumption of oil products grew by 11.2 percent to attain 9 million tons, driven chiefly by the 7.6 percent increase in diesel consumption, which accounts for 45 percent of the overall consumption. Similarly, fuel consumption, which represents 23 percent of refined products' market, increased by 29 percent, following a rise by 50 percent in consumption by the thermal power plants of the Office National de l'Electricité -ONE- (National Electricity Office).

As for the national demand for electricity, it reached 21.7 billion KWH, up by 5.9 percent, instead of 6.5 percent in 2007. The sales of high and medium-voltage electricity, oriented to productive sectors and distribution agencies, grew by 5 percent. Likewise, the use of low-voltage tension electricity increased by 9.4 percent, reflecting the gradual generalized access to electricity as part of the rural electrification program, of which 95.4 percent has been implemented so far.

On the other hand, net domestic production of electricity stabilized at 19.7 billion KWH, up by 3.3 percent. The output of thermal power plants, which accounts for 94.5 percent of that output, grew by 3.4 percent, supported essentially by the increase in the output of the ONE power plants. Hydraulic power and wind power output grew by 3.4 percent and 6.7 percent respectively. The gap between electricity demand and output was offset by electrical energy imports, which grew by 21.3 percent, thereby increasing their contribution to available electricity from 15.5 percent to 17.7 percent.

To face up the substantial deficit in electrical output capacities, the public authorities devised, in April 2008, the National Plan for Priority Actions, which seeks to ensure balance between electricity supply and demand over the period between 2008 and 2012, through boosting energy supply and rationalizing the energy use.



Sources: OCP, and the Société Anonyme Marocaine de l'Industrie du Raffinage (SAMIR)

Box 6: The New Energy Strategy

The new energy strategy, developed by the public authorities to ensure safe and cost-effective supply of energy, revolves around the following points:

- Developing renewable energy, by increasing its share in electricity output to 18 percent.
- Promoting energy efficiency in industry, transportation and housing, thus saving 12 to 15 percent of energy in 2020 and nearly 20 percent in 2030.
- Encouraging output capacities and improving the ways of managing demand to restore balance between electricity supply and demand over the period between 2008 and 2012.
- Modifying the national energy mix by scaling up the proportions of carbon and natural gas, thus reducing the share of oil products in the energy bill from 60 percent to 40 percent by 2030.

The implementation of this strategy involves an investment of 80 billion dirhams, 55 billion of which will be financed by banks, in accordance with the partnership agreement signed, during the First National Energy Conference, between the Ministry of Energy, Mining, Water and Environment, the Moroccan bankers' association, and the ONE.

Furthermore, nuclear energy remains an open option in the medium and long terms.

◆ Tertiary sector

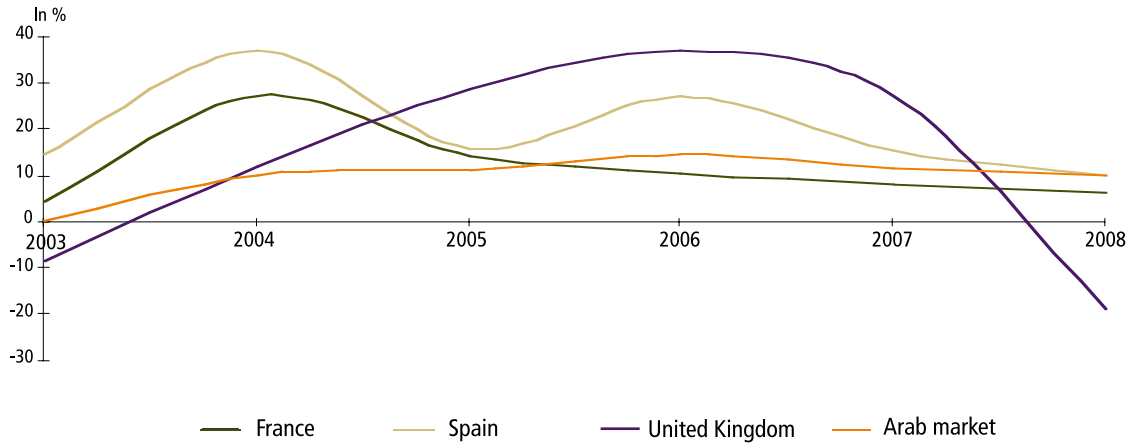
The tertiary sector, which contributed to the GDP by 50 percent in 2008, grew by 4.1 percent, compared with 6.1 percent in 2007. This trend can be explained by the development of communication services and trade activities, and, to a lesser extent, by the evolution of transportation, as tourism-related services declined by 3 percent.

Tourism

Tourism's sustained momentum, observed over the previous years, was interrupted in 2008, due primarily to the economic slowdown in the Euro area, the main tourists generating market. Indeed, except for the flow of 8 million tourists, i.e. up by 6.3 percent, other indicators posted a downward trend. The number of overnight stays in classified hotels declined by 3 percent, and the average occupancy rate fell from 48 percent to 45 percent. Against this backdrop, travel receipts stood at 57 billions, down by 2.9 percent, compared with an increase by nearly 11 percent in 2007 and 30 percent in 2006.

In 2008, tourist arrivals from the main generating markets to Morocco witnessed a deceleration in their growth pace. The number of foreign visitors, 93 percent of whom are staying tourists, reached 4.5 million, thus growing by 4.7 percent compared with 14 percent one year earlier. Concerning arrivals from the European Union, the key generating market, the French nationals still come ahead with 1.7 million visitors, growing by 6.4 percent instead of 8.4 percent. Likewise, the numbers of Spanish and Italian tourists declined respectively from 15.4 percent to 10.2 percent and from 13.6 percent to 2 percent, while English arrivals declined by 18.8 percent. As for Arab and American visitors, their number grew respectively by nearly 10 percent and 3 percent. At the same time, arrivals of Moroccans residing abroad, which amounted to 3.7 million persons, grew by 8.6 percent instead of 13.1 percent the previous year.

Variations in the number of European and Arab tourists



Source: Ministry of Tourism and handicraft

At 16.5 millions, the number of overnight stays in classified hotels declined by 3 percent, after having recorded a rise of the same degree in the previous year. This downturn was more noted in Marrakesh and Agadir, which account for three fifths of the overall night stays, mainly due to foreign tourists' preference of non-classified institutions. However, overnight stays by domestic tourists, which account for 20.6 percent of the overall number, increased by 6 percent, compared with the 12 percent increase in 2007, in response to the growing range of products adapted to Moroccans' preferences, within the framework of the "Biladi" plan. At the same time, the accommodation capacities were strengthened by nearly 9,667 beds, bringing the number of beds to 152.936, of which 48 percent are in Marrakesh and Agadir. Regarding the occupancy rate, which grew slightly, since the launch of the 2010 vision in 2001, it declined within one year from 48 percent to 45 percent, particularly in the major tourist cities.

Box 7: Adapting Tourist strategy

The tourism development strategy, which was put in place in 2001 with the aim of attracting 10 million tourists and bringing the accommodation capacity to 230,000 beds by 2010, suffered a significant delay at the end of 2008. Such delay was particularly marked in the stepping up of accommodation capacity. Benefiting from the lessons learned from the implementation of the 2010 vision, as well as from the trends in the tourist global market, public authorities decided to postpone the achievement of objectives set in that strategy to 2016. In addition, a new approach was adopted with a view to improving the quality of the tourist product and setting up steering mechanisms involving the various actors of the sector. In addition, actors were invited to develop the promotion of "Morocco" abroad as a tourist destination in order to diversify markets. Concurrently, contracting some national actors to develop some tourist areas, a mission previously entrusted to foreign investors, would speed up the implementation of projects such as the tourist resorts under the "plan Azur".

At the same time, to face up the deteriorating situation of tourism, other measures adjunct to the sector strategy were taken early in 2009, with the aim of diversifying supply and promoting partnership with tourism actors, as well as maintaining the momentum in investments.

Transport and communication

The added value of transportation services grew by 2.6 percent compared with 8.4 percent a year earlier, in response to the expansion of air travel and rail traffic.

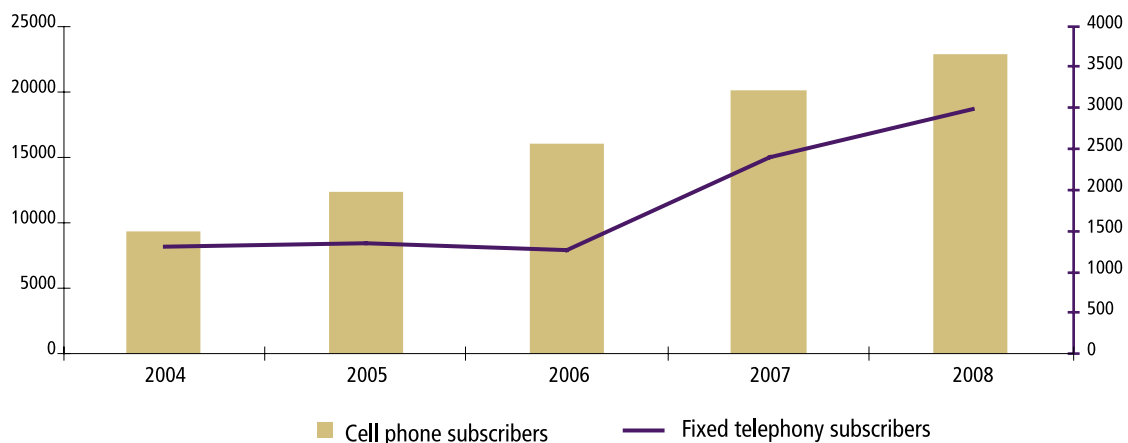
Air traffic amounted to 13 million passengers, up by 6.2 percent compared with 16.2 percent in 2007, reflecting the liberalization of national air space initiated in 2004, which led to the diversification of national airlines destinations, ensuring thereby 62 percent of the air transport market.

Similarly, rail traffic grew by 6 percent to reach 27.7 million travelers, mainly due to the ongoing upgrading of trains circulation plan and the doubling of some railway lines. On the contrary, maritime traffic declined by 1.7 percent to 3.96 million travelers.

Regarding goods transportation, it slowed down as a result of the decline in exports. National maritime traffic amounted to 67.6 million tons, down by 7.1 percent compared with the previous year. Concerning goods rail transportation, the kilometer units declined in 2008 by 14 percent to 5 billion kilometer tons, corresponding to 31 million tons of cargo, including 23 million tons of phosphate instead of 27 million a year earlier.

The added value of communication services grew by 8.7 percent after 10.4 percent the year before. The intensifying competition and declining tariffs largely contributed to the improvement of the telecommunications market. The number of cell phone subscribers thus increased from 20 to 22 millions, up by 13.9 percent. Subscriber penetration rate grew by 8 percentage points to 74 percent. Fixed telephony market rose by 24 percent from 2.3 million subscribers in 2007 to 2.9 millions, reflecting the diversification of offers and the expansion of fixed telephony services with restricted mobility. At the same time, the number of Internet subscribers reached 757,000, up by nearly 44 percent compared with 2007.

Evolution in the numbers of fixed telephony and cell phone subscribers (in thousands)



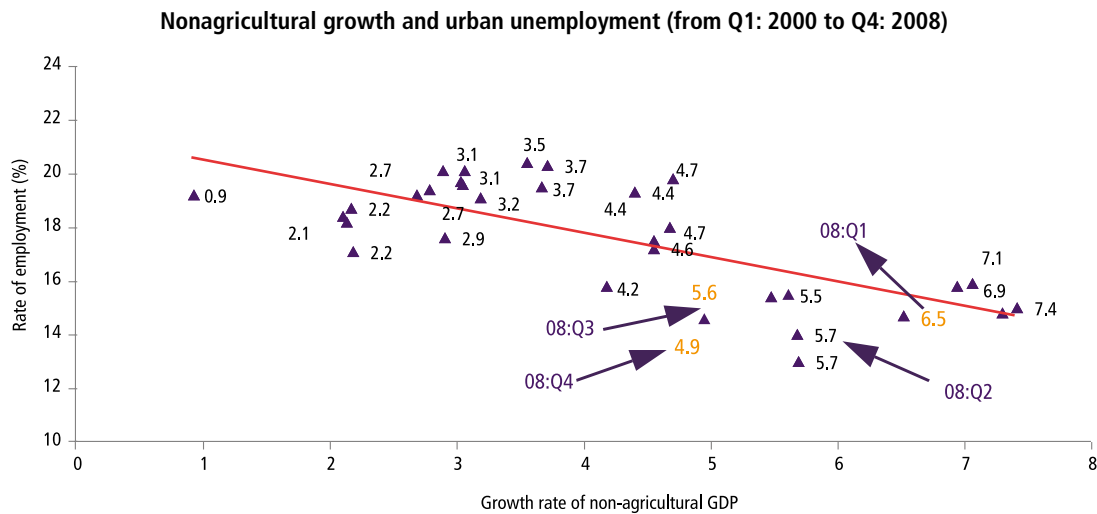
Source: the Agence Nationale de Réglementation des Télécommunications

Commerce and other services

Commercial activities, which represent approximately 10.2 percent of the GDP, grew by 4.5 percent, instead of 2.5 percent a year earlier. The growth of the financial activities and insurances' added value decelerated sharply from 18.7 percent to 3.9 percent in 2008. Likewise, the added value of services to businesses and personal services grew by 0.5 percent, compared with 8.3 percent the year before.

◆ Job market

The job market in 2008 was marked by a slight decline in unemployment rate from 9.8 percent to 9.6 percent. Notwithstanding a good crop year, rural unemployment rate grew moderately by 0.2 percentage point, while the slowdown in nonagricultural activity was not reflected in the job market, and urban unemployment rate declined by 0.7 percentage point to 14.7 percent.



The labor force aged 15 years and above grew by 1.1 percent to 11.26 million persons, reflecting a 2.2 percent increase in urban labor force and a 0.2 percent decline in rural areas. As a result, labor force participation rate declined somewhat from 51 percent in 2007 to 50.6 percent in 2008.

Employed labor force rose 1.32 percent, reflecting a 3.1 percent increase in urban areas and a 0.48 percent decrease in rural areas. In contrast, the rate of employment receded from 46 percent to 45.8 percent in one year, mainly as labor force increased more rapidly than the employed labor force. By place of residence, the urban employment rate was up 0.2 percentage point to 38.2 percent, while the rural employment rate fell from 57.4 percent to 56.6 percent. At the same time, self-employment rate grew from 39.1 percent to 42.3 percent.

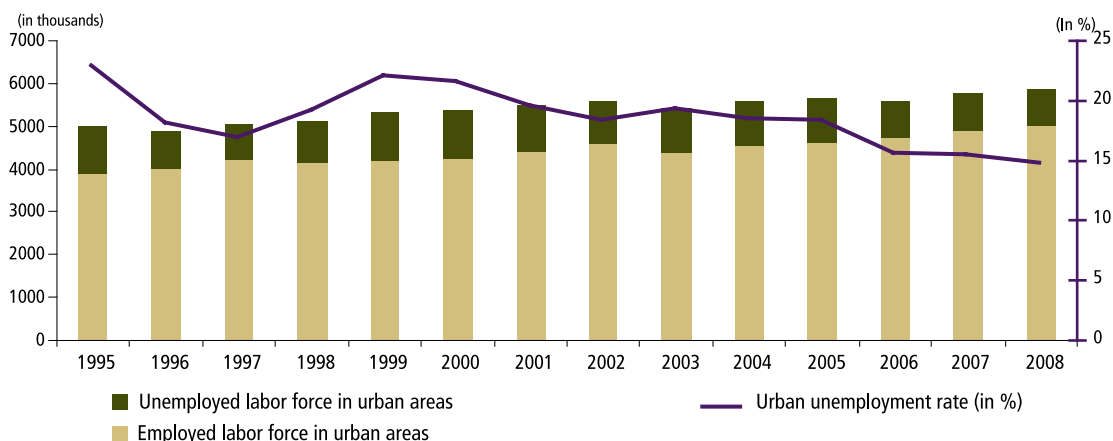
The national economy created 133,000 net jobs, following the creation of 310,000 gainful jobs and the loss of 177,000 unpaid jobs. The overall volume of employment rose from 10.06 to 10.19 million persons. The principal job providers were the sectors of services and building and public works, offering respectively 52 percent and 33 percent of the overall new jobs.

The unemployed labor force, estimated at 1.07 million persons, declined by 1.3 percent exclusively in urban areas, on the back of the net creation of 153,000 jobs. However, in spite of the drop in unemployment among the 24-34 year age group and degree holders, unemployment rate among these categories remain relatively elevated at around 20 percent. In rural areas, the unemployed labor force grew by 5.3 percent to 217,000 persons, following the loss of 68,000 jobs in agriculture-related activities and the creation of 48,000 nonagricultural jobs, particularly in the sectors of building and public works and services.

The most substantial drops in unemployment rate concerned the 25-34 year old cohort (-0.9 percentage point) and the 35-44 year old cohort (-0.7 percentage point). In contrast, unemployment rate recorded an increase only among the 15-24 year old cohort, up from 17.2 percent to 18.3 percent.

In order to promote wage-earning jobs and stimulate the creation of enterprises, public authorities put in place a second plan "employment initiatives 2009-2012". This new plan seeks to particularly support the national initiative for human development as well as sectoral and regional strategies.

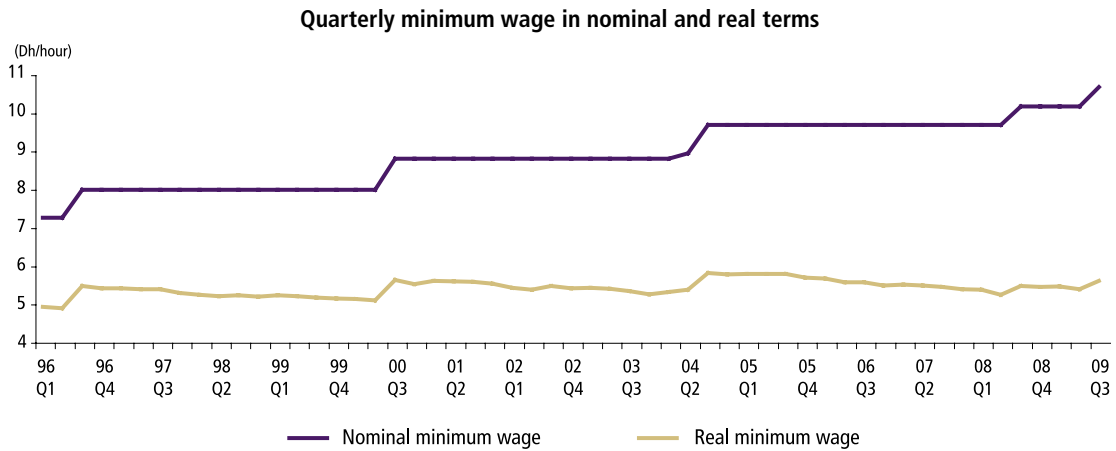
Annual change in unemployment rate and labor force in urban areas



Source: High Commission for Planning

The index of apparent labor productivity in nonagricultural activities, measured through the nonagricultural GDP/urban employed labor force ratio, grew by 6 percent, from 5 percent a year earlier, and by 13 percent compared with the average of the last five years.

As part of social dialogue between the Government and trade unions, which was crowned in July by the appreciation of the minimum wage and public sector wages, the minimum hourly wage guaranteed to workers and employed staff of industry, commerce and liberal professions grew by 5 percent from 9.66 to 10.14 dirhams.



Source: Ministry of Labor and BAM calculations

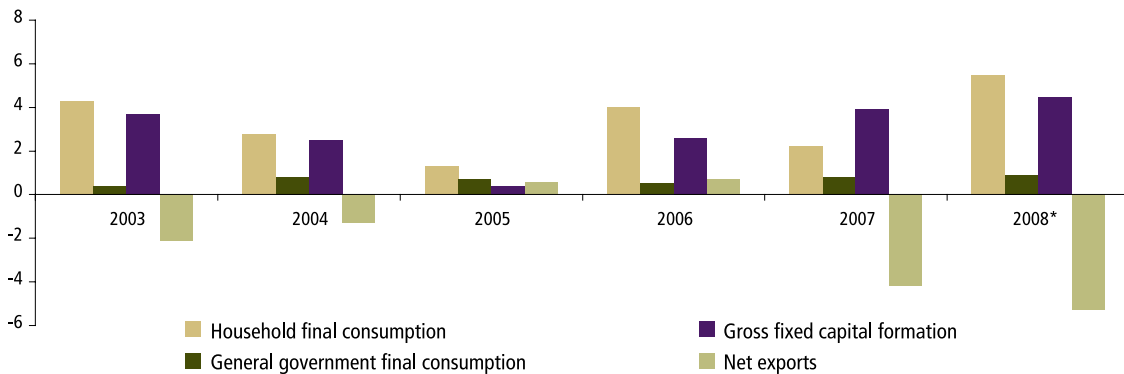
**Box 8: Outcome of the Employment Initiative
2006-2008**

- The MOUKAWALATI program launched in March 2007 is geared to support self-employment by encouraging young people to create their own businesses. Its ultimate goal is to create 30,000 small enterprises by the end of 2008. However, out of 15,102 candidates only 7,125 persons were selected and 3,788 projects were eligible for bank financing, including 1,600 approved and 1,300 fully financed. This means that only 5 percent of the announced goal was met.
- The IDMAJ program launched in January 2006 aims to hone the competence of degree holders. At the end of December 2008, it managed to integrate 120,076 job seekers, thus exceeding by 15 percent the objective set for that period, namely the integration of nearly 105,000 job seekers over three years.
- The TAEHIL program launched in January 2007 aims to adapt training to job market requirements. It managed to identify 25,000 contractual training and qualifying opportunities, including 17,000 beneficiaries made up of newly graduates. For contractual training, this program led to the signing of 690 agreements for the benefit of 8,895 job seekers. The sectors of services and private education account for two thirds of the sectors benefiting from this training.

◆ Demand

National growth, at 5.6 percent in 2008, up from 2.7 percent in the previous year, is boosted by a strong domestic demand mainly supported by consumption of resident households and public investment. Indeed, domestic demand grew by 10.3 percent in real terms, compared with 6.5 percent a year earlier, and its contribution to growth moved up from 6.9 percentage points to 10.9 percentage points. In current prices, domestic demand grew by 16.3 percent to 782.2 billion dirhams. Balance between supply and demand was possible only by a substantial net importation of goods and services, which reached 93.3 billion dirhams, or 13.5 percent of GDP compared with 9.1 percent a year earlier. As such, the share of net exports in overall growth remained negative for the second year in a row, at 5.3 percentage points compared with 4.2 percentage points in 2007. Imports of goods and services, valued at CIF, increased by 25.2 percent to 346.1 billion dirhams, due particularly to the surge in food and energy prices. Exports of goods, free on board, reached 156.3 billion dirhams, up 28.6 percent, mostly owing to the expansion in sales of phosphate and its derivatives. Exports of services declined by 2.3 percent, after a 16.6 percent increase in the previous year.

Contribution of demand aggregates to GDP growth, in percentage points



Source: High Commission for Planning

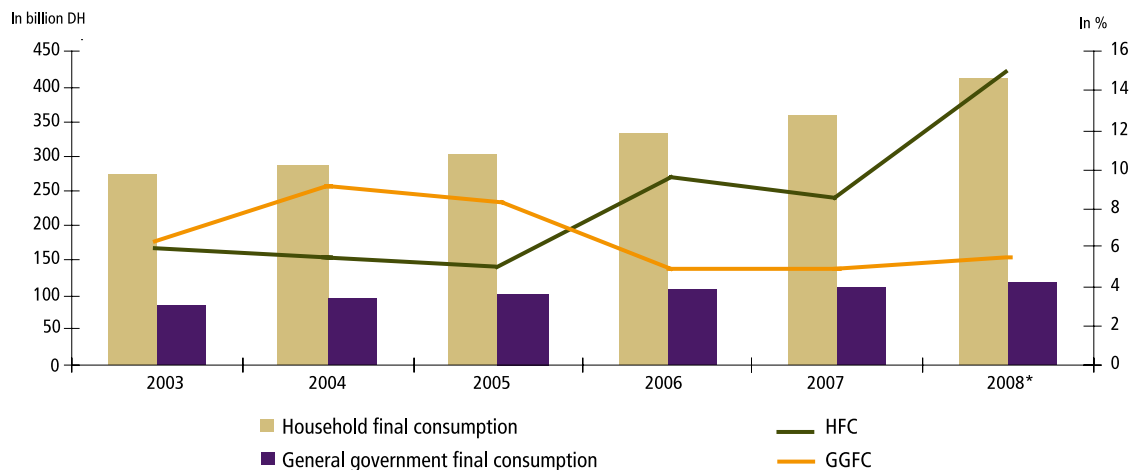
*Provisional data

◆ Consumption

Domestic final consumption in 2008 reached 531.9 billion dirhams at current prices, up 12.6 percent compared with 7.6 percent a year earlier, and 8.5 percent in real terms, from 3.9 percent in 2007. It contributed 6.4 percentage points to the overall growth, compared with 3 percentage points in 2007. This momentum is due chiefly to strong household final consumption, which grew by 14.9 percent at current prices from 8.4 percent in 2007, and by 9.4 percent from 3.8 percent in real terms, on the back of the increase in agricultural revenues, the improvement in overall employment and the upward revision of wages. Moreover, consumption was boosted by the measures taken to mitigate the spread of the surge in international food and energy prices to domestic prices. Indeed, the budget allocated to subsidized products amounted to 31.5 billion dirhams, up 92.4 percent from one year to another, representing 4.6 percent of GDP. Finally, the strength in household consumption was reflected by the growth of consumer loans and imports of finished consumer products, which stimulated purchases of durable goods.

However, the pace of growth of nonresident household consumption decelerated, because of the slowdown in global economic activity, particularly in the euro area. Travel receipts declined by 5.6 percent, whilst still remaining above the average of the 2003-2007 period.

Final consumption of households and general government (at current prices)



Source: High Commission for Planning

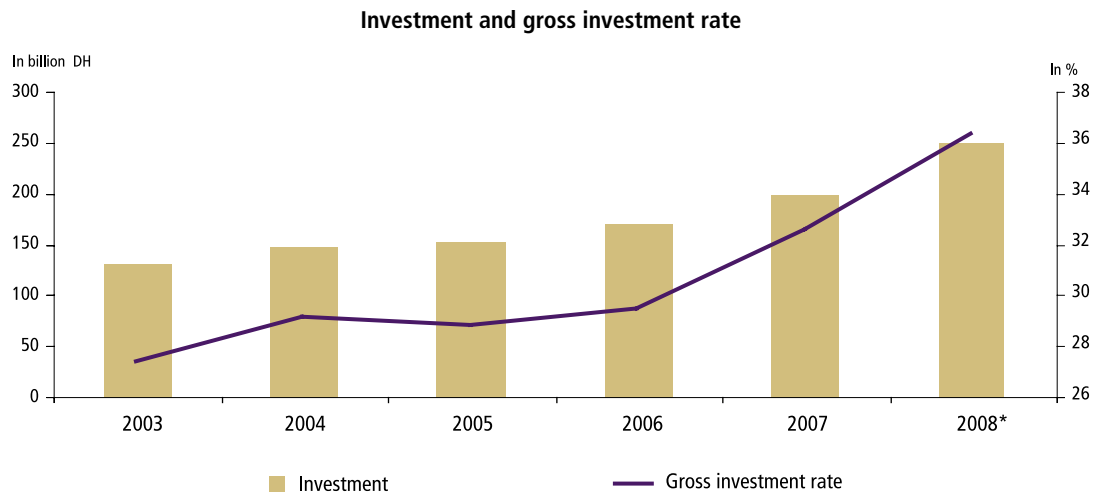
*Provisional data

General government final consumption grew by 5.4 percent, contributing 0.9 percentage point to overall growth, in connection with an 8 percent rise in operating expenditures.

Altogether, national final consumption relative to the gross national disposable income rose by 71.4 percent, from 70.3 percent in the previous year.

◆ Investment

Given the positive change in stocks, at 22.3 billion dirhams, investment increased by 25 percent to 250.2 billion dirhams. In this context, gross investment rate moved up to 36.3 percent, from 32.5 percent in 2007. Gross fixed capital formation increased by 18.3 percent, bringing investment contribution to overall growth to 4.5 percentage points, compared with an average of 2.6 percentage points over the last five years.



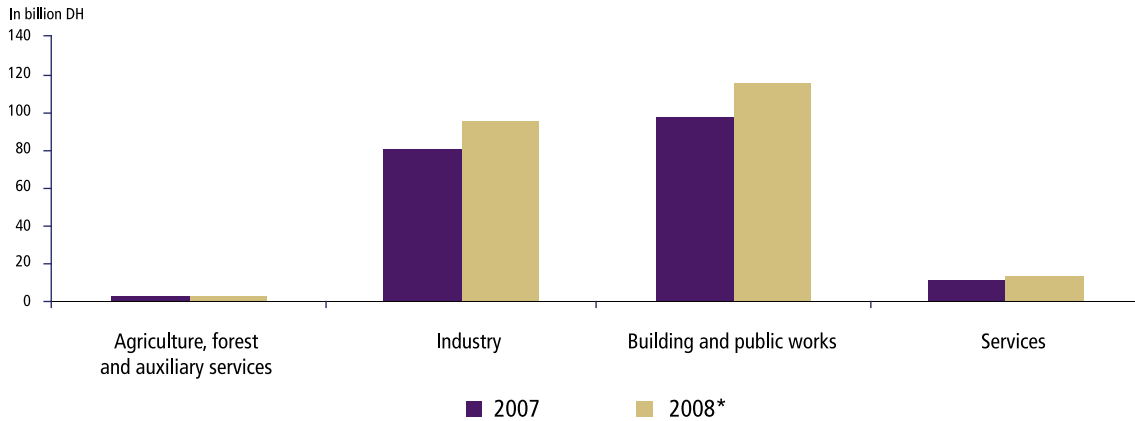
Source: High Commission for Planning

*Provisional data

The growth of investment was more marked in the sectors of building and public works and industry, which respectively contributed 49 percent and 43 percent to gross fixed capital formation, on the back of the ongoing major infrastructure projects and the strength of corporate investment, as reflected by the expansion in equipment loans, up 19 percent, and the growth of imports of finished consumer products by 27.2 percent.

Over the year 2008, the Investment Commission approved 40 projects totaling 36.7 billion dirhams, including 10.9 billion from Moroccan market participants, which would create 12,890 new jobs. Tourism and chemical industries are expected to attract 13.7 and 6.2 billion dirhams, respectively.

Breakdown of the gross fixed capital formation by sector of activity



Source: High Commission for Planning

*Provisional data

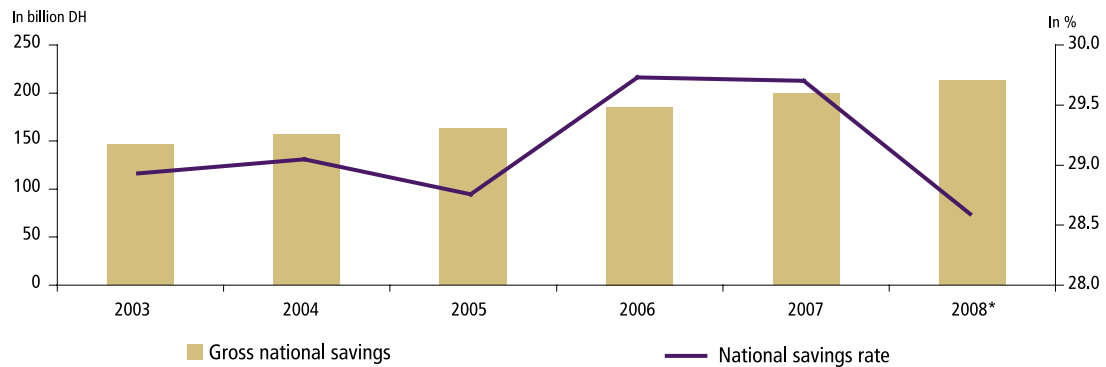
Concerning foreign direct investments, receipts fell by 28.7 percent to 27.1 billion dirhams, or 3.9 percent of GDP, because of the deteriorating global economic conditions. The major beneficiary sectors included housing, tourism and banks with respective shares of 33 percent, 21 percent and 18.4 percent.

Treasury investment expenditure totaled 38.2 billion dirhams, up 35.3 percent from one year to another, contributing 5.5 percent to GDP. Investments by state-owned enterprises are estimated at 73 billion dirhams, compared with 49.5 billion in 2007. They mainly involved the sectors of energy, transportation, and building and public works.

◆ National saving

With the upturn in national activity, the gross national disposable income grew by 10.9 percent to nearly 744.8 billion dirhams, in spite of the sizable slowdown in the growth of net revenues and transfers from abroad, which fell from 16.9 percent in 2007 to 1.1 percent. As a consequence, gross national saving recorded a rise of 6.8 percent to approximately 212.9 billion dirhams, compared with 7.4 percent a year earlier. The ratio of savings to the gross national disposable income stood at 28.6 percent, slightly below the level registered in 2007. For the second year running, savings resources could not offset investment expenditure, leading to a borrowing requirement of 37.4 billion dirhams, or 5.4 percent of GDP.

Gross national savings and national savings rate



Source: High Commission for Planning

*Provisional data

◆ Economic and financial flows

In 2008, the overall borrowing requirement of the economy widened substantially from 834 million dirhams in 2007 to 37.4 billion dirhams, in connection with the unfavorable external environment. This situation is primarily attributable to the worsening financial position of the private sector, which generated a relatively significant borrowing requirement after recording net lending in 2007¹.

◆ Nonfinancial transactions

Gross national disposable income (GNDI) grew by 10.9 percent to 744.8 billion dirhams. National final consumption rose 12.6 percent to nearly 532 billion dirhams, whereas the gross national saving increased 6.8 percent to about 213 billion dirhams. In view of these circumstances, the ratio of savings to the GNDI fell from 29.7 percent to 28.6 percent. Investment grew by 25 percent to 250.2 billion dirhams, taking the investment rate from 31.2 percent to 33.1 percent from one year to another. As a result, the borrowing requirement increased considerably to 5.4 percent of GDP.

◆ Financial transactions

General government

As tax revenues improved by 23.6 percent, the net borrowing of the general government scaled back from 7.5 billion dirhams to 6.1 billion. Unlike the previous year, external loans constituted the main source of general government financing, at 9.2 billion dirhams instead of 3.8 billion dirhams. Domestic financing posted a negative flow of 6.1 billion dirhams, compared with a positive flow of 4.4 billion dirhams in 2007, reflecting the reduction of the Treasury debt load to banks and UCITS in particular.

¹ See statistical appendix XVI -1

Private sector

Unlike the previous year, private sector transactions posted a net borrowing of 28 billion dirhams, compared with a net lending of 6.4 billion dirhams in 2007. The private sector invested 69 billion dirhams, in the form of deposits with the banking sector, and benefited from resources worth 80.1 billion dirhams in the form of bank loans.

Notwithstanding their slower growth, the assets of the private sector, currency in circulation and demand deposits of the private sector's economic agents, remain predominant. They grew by only 32.6 billion dirhams, compared with 75.8 billion dirhams in 2007. However, demand deposits grew by 7.3 billion dirhams, while time deposits rose considerably from 5.3 billion dirhams to 29.3 billion dirhams from one year to another. The private sector's net purchases of Treasury bills amounted to 5.3 billion dirhams in 2008, compared with 4.3 billion dirhams in 2007. Its net subscriptions in securities of UCITS grew substantially from 3.4 billion dirhams to nearly 8 billion dirhams.

Concerning the private sector financing, bank loans in 2008 grew by nearly 16 percent, a pace which is lower than the 23 percent recorded in 2007 but remains steady on the back of strong domestic demand. Recourse of the private sector to capital markets remained however as weak as in last year. Issuance of shares virtually stabilized at 8.7 billion dirhams, divided between new listings and capital increases at respective amounts of 3.9 and 4.9 billion dirhams, compared with 6.8 and 1.7 billion dirhams in 2007. Bond issues grew by 2 billion to 7.1 billion dirhams. The external financing of the private sector, which is basically made up of foreign direct investments, increased from 17 billion to nearly 20 billion dirhams, from one year to another.

Financial sector

Banking sector

Banking resources, about half of which consists of non-interest bearing deposits, grew by a mere 7.6 percent to 340.2 billion dirhams, compared with nearly 26 percent in 2007. At the same time, issues of certificates of deposit more than doubled, taking their outstanding amount from 12.4 billion to nearly 27 billion dirhams from

one year to another, whereas bond issues rose to 6.2 billion dirhams. As the banking sector did not resort to external financing, its outstanding external borrowing remained limited at 3.4 billion dirhams.

Bank assets increased by almost 90 billion dirhams to 732.3 billion dirhams, in response to the sustained expansion of loans distributed. Net financing granted by the banking sector amounted to 96.7 billion dirhams, whereas loans granted by finance companies increased by 10.5 billion dirhams to 72.6 billion dirhams. The net foreign assets of Bank Al-Maghrib and commercial banks declined by 6.5 and 4.6 billion dirhams, respectively, compared with respective growth of 14.4 and 3.4 billion dirhams in 2007.

Non-banking financial sector

Resources of the non-banking financial sector, mostly from private economic agents, grew from one year to another. Insurance companies, pension funds and provident companies mobilized an amount of 31.3 billion dirhams, up from 20.3 billion in 2007. Deposits with the Caisse d'épargne national grew by only 1 billion dirhams.

Non-banking financial sector contributed to the financing of other sectors mainly through subscription to bond issues, which rose to 13.3 billion dirhams, compared with 4.8 billion dirhams, and to a lesser extent, through new listings totaling 8.7 billion dirhams. However, investments in UCITS' securities declined considerably from 6.1 billion dirhams to 270 million dirhams, from one year to another.

Rest of the world

Imports expanded by 25.2 percent to 346.1 billion dirhams, while exports grew only by 14.8 percent to 252.8 billion dirhams, therefore widening the deficit of resources by about 93.3 billion dirhams, or 13.5 percent of GDP.

As deficit deteriorated, external financing grew strongly from 3.4 to 40.1 billion dirhams. External monetary financing increased to 11 billion dirhams. Similarly, non-monetary external financing grew from 21.1 billion to 29.1 billion dirhams, from one year to another, in response to the rise in foreign direct investments and net external borrowing to 19 billion dirhams and 10 billion dirhams, respectively, compared with 17.7 billion dirhams and 3.4 billion dirhams in 2007.

◆ Inflation

The year 2008 was marked by intensifying external pressures on prices, mainly reflecting the surge in international prices of oil and commodities, which lasted until the second half of the year. In this context, headline inflation rose to 3.9 percent, from 2 percent a year earlier, largely exceeding the 1.8 percent average of the last five years. This upward trend was also observed in core inflation, which moved up from 1.7 percent to 3.9 percent from one year to another.

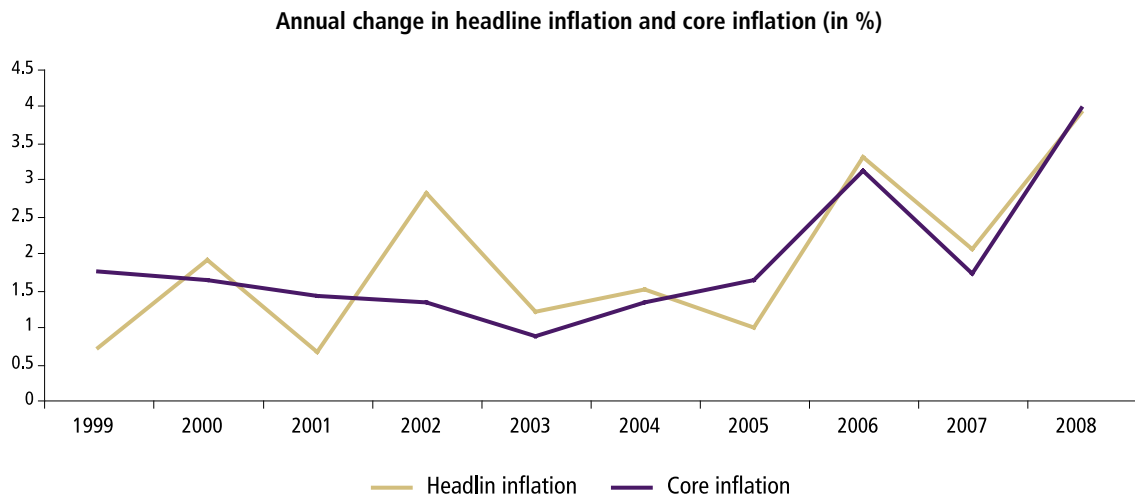
The high rate of inflation in 2008 is chiefly attributable to the change in prices of staple food and fresh produce as well as in private transportation fares, which posted higher levels and jointly contributed 2.8 percentage points to overall inflation. Nevertheless, subsidization measures helped to cushion the impact of the surge in staple food and energy prices on domestic prices over the year. At the same time, the drop in international prices of oil and some commodities as of the second half of 2008, as global demand slowed, did not spread fully to domestic prices during the year.

Reflecting the weight of external factors on inflation, prices of tradable goods grew by 5.8 percent in 2008, up from 4.8 percent in 2007, spreading to the prices of nontradables, which increased by 2.1 percent after they stagnated in 2007. This spreading effect mainly involved the prices of services, through the surge in inputs and the appreciation of minimum wage in July 2008.

At the same time, inflationary pressures were also visible in the index of producer prices in manufacturing industries, in response to the rise in commodity prices at the global level and its impact on Morocco's import prices, which grew by 25.8 percent, energy excluded. As a result, the index of producer prices in manufacturing industries rose by 18.2 percent, from 1.8 percent the year before.

The cost of living index

In 2008, the cost-of-living index (CLI) increased to 3.9 percent, from 2 percent in 2007 and the average 1.8 percent of the last five years. Prices of staple food and fresh produce contributed 1.98 and 0.72 percentage points, respectively, to headline inflation. This increase was also reflected in the core inflation indicator, calculated by BAM, which rose from 1.7 percent in 2007 to 3.9 percent.



Sources: High Commission for Planning, and BAM calculations

Staple food prices, which represent 15.2 percent of the CLI basket, grew substantially from 4.3 percent to 14.2 percent from one year to another. This trend mostly reflects the accelerated growth of prices for cereals and fats, which rose by 16.8 percent and 18.6 percent, respectively, up from 4.4 percent. The prices of these products were affected by the surge in staple food prices, which lasted until the end of first half of 2008. Moreover, the decline in staple food prices internationally during the second half of 2008, in response to the slump in global demand, spread to the domestic prices of these products only partially. This downward price rigidity would be attributable to profit-driven behaviors of producers and distributors, and the pace of liquidation of inventories imported at high prices.

Main components of the cost of living index

Groups of products	Weighting in %	Annual changes of the cost of living index in %		
		2006	2007	2008
General cost-of-living index	100	3.3	2.0	3.9
Products not included in core inflation:				
- Fresh produce	20.1	3.8	3.0	3.0
- Private transportation	2.7	5.0	-1.1	3.3
- Other products not included in core inflation	4.7	5.8	2.8	2.4
Core inflation (*)	72.5	3.1	1.7	3.9
- Staple food	15.2	3.9	4.3	14.2
- Other food products	4.8	2.2	2.7	3.2
- Clothing	6.3	1.1	1.3	1.6
- Housing	14.2	2.1	2.8	0.7
- Household equipment	5.0	2.1	1.9	2.6
- Medical care	5.4	0.8	0.7	0.3
- Public transportation and communication	5.1	11.9	-5.0	0.4
- Leisure and culture	5.7	1.2	1.1	1.8
- Other goods and services	10.8	2.4	1.4	2.3

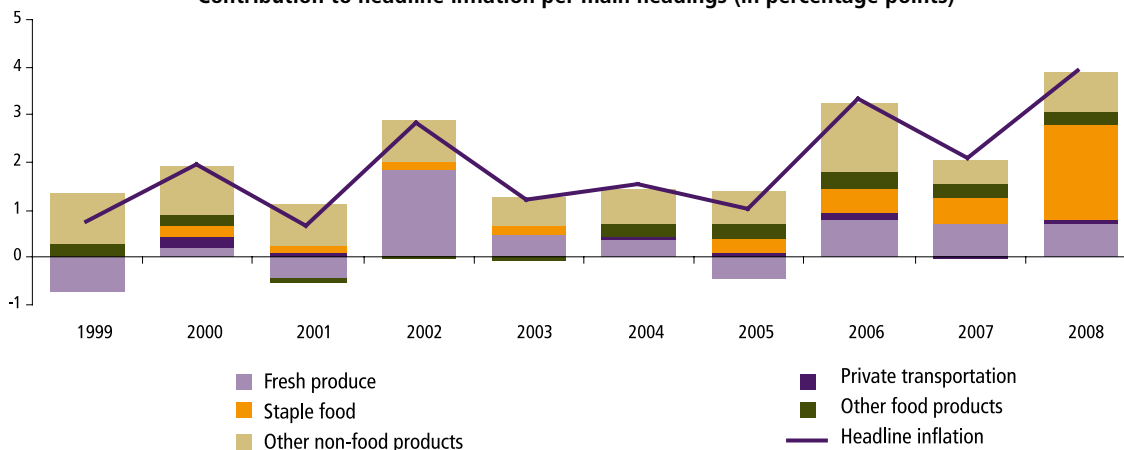
Source: HCP and (*) BAM calculations

(1) Index including prices of sub-groups: «fresh fruits», «fresh vegetables», «meat» and «fresh fish»

(2) Index including prices of sub-groups: «sugar and sugary products» and «tobacco and cigarettes»

(3) Price index for «communications and transportation» group, excluding private transportation

Contribution to headline inflation per main headings (in percentage points)

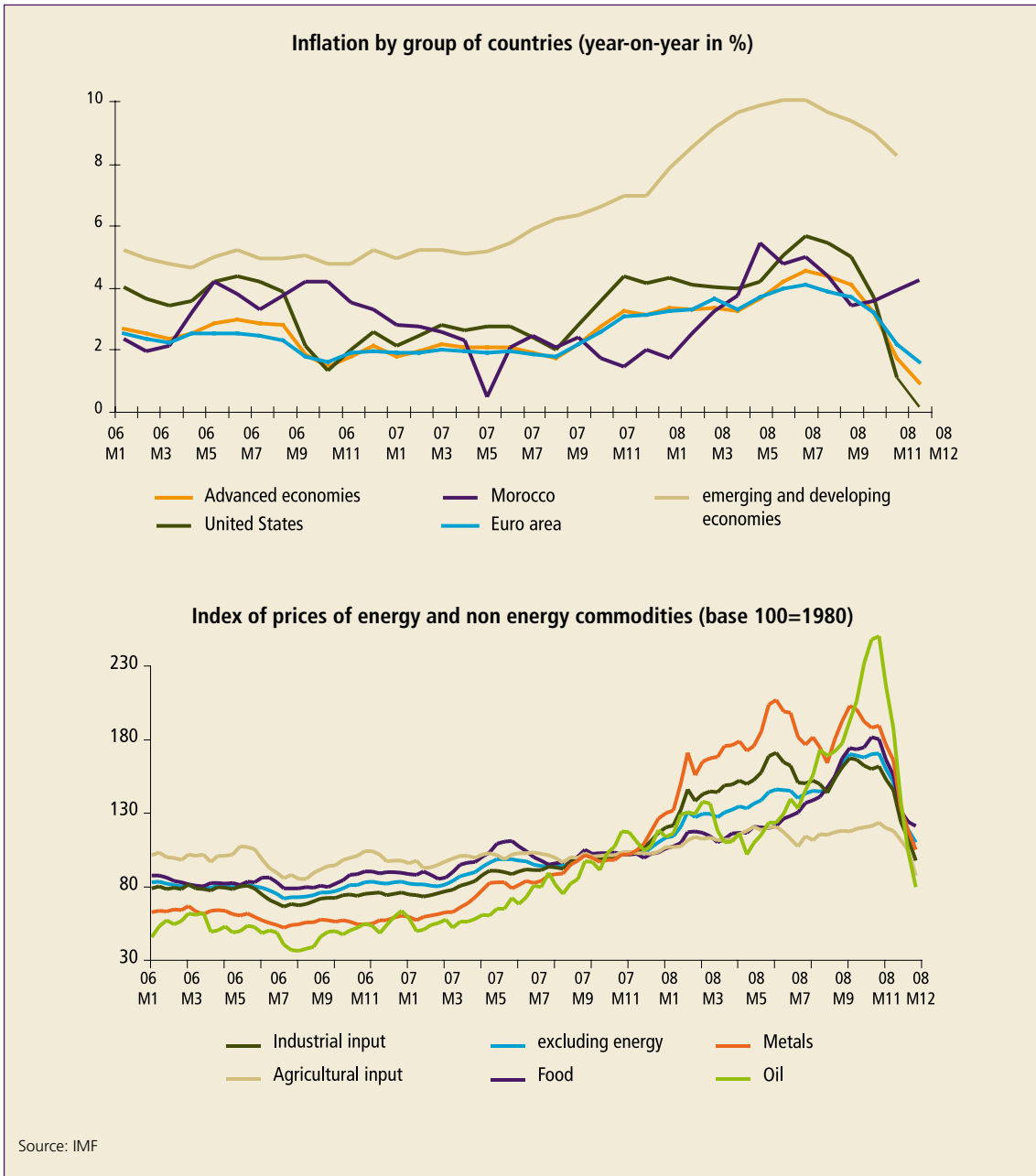


Sources: HCP and BAM calculations

Box 9: Inflation in the world

The downward trend of world inflation results from the fall in oil and non-energy commodity prices, and the impact of the global economic crisis. Until the second half of 2008, the impact of the pickup in oil and other commodity prices, especially food and metal commodities, caused inflation to edge up in all countries, particularly in those where demand for such products is high. The weight of food products in household consumption in emerging economies, including Morocco, is higher than in advanced economies. Likewise, our major partners were affected by such increases. Thus the inflation rate between January 2007 and July 2008 increased from 2.7 percent to 5.1 percent in Morocco, from 1.8 percent to 4.1 percent in the euro area, and from 2.1 percent to 5.6 percent in the United States. The surge in oil and commodity prices is the consequence of several interdependent factors, particularly the fall in output and spare capacities, the strong demand especially from emerging economies such as China, as well as financial speculation. Other factors include the increased demand for agricultural commodity used as bio-fuel feedstock. This surge in food and energy prices caused inflationary pressures to heighten in emerging economies, leading to higher wage claims, which generated second-round effects along with the spread of this trend over prices of nontradables.

After this phase of inflationary pressures and a peak in the second quarter of 2008, the growth pace of price in different countries started to slow down as of the third quarter of 2008. This trend reversal is attributable to the slowdown in growth and the decline in global demand. Against this background, pressures driven by import prices and foreign demand trended downward. As a result, inflation began to ease as of August 2008.

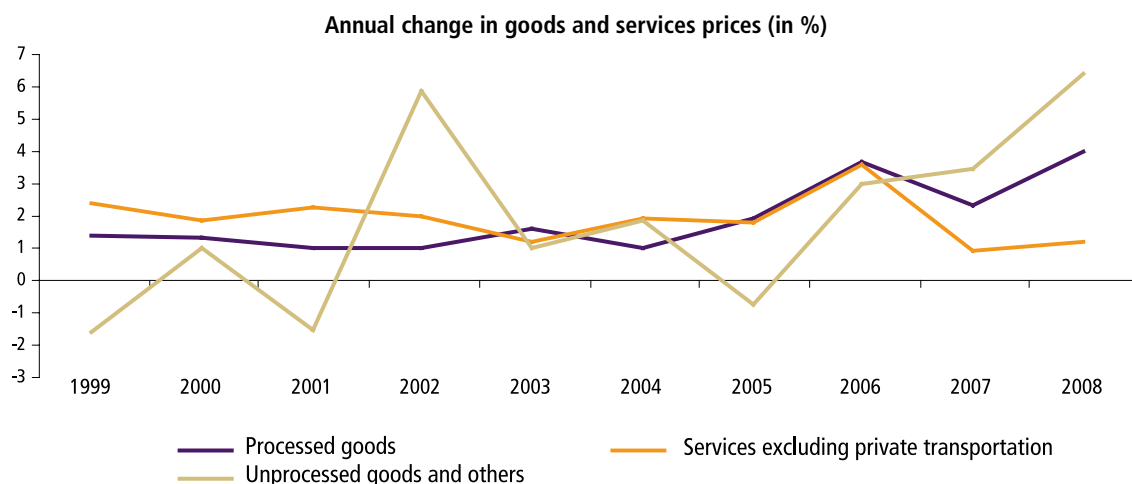


Fresh produce prices rose again by 3 percent as in 2007. This stagnation is due to the 4.2 percent increase in meat prices, compared with a fall by 2.9 percent in 2007, which offset the decelerating prices of vegetables and fresh fruit.

Private transportation fares, which mainly depend on the trend of fuel prices, increased by 3.3 percent, from 1.1 percent a year earlier. With the hike in global oil price, which lasted until July 2008, the Government initiated a partial pass-through of this surge to domestic prices of certain types of fuel. However, the sharp drop in oil prices as of August 2008 did not spread to fuel domestic prices during the second half of the same year.

Prices of goods and services

The breakdown of headline inflation per category of products shows that the rise in prices was driven mainly by the growing pace of goods prices. The latter contributed 3.3 points to headline inflation, compared with 0.6 point for the index of services prices. Prices of processed goods grew from 2.3 percent to 3.9 percent, chiefly reflecting the growth in prices of fats, tobacco, and household capital goods. Likewise, the index of unprocessed goods prices increased from 3.3 percent in 2007 to 6.4 percent, mainly in response to the rising prices of cereals and fresh produce.

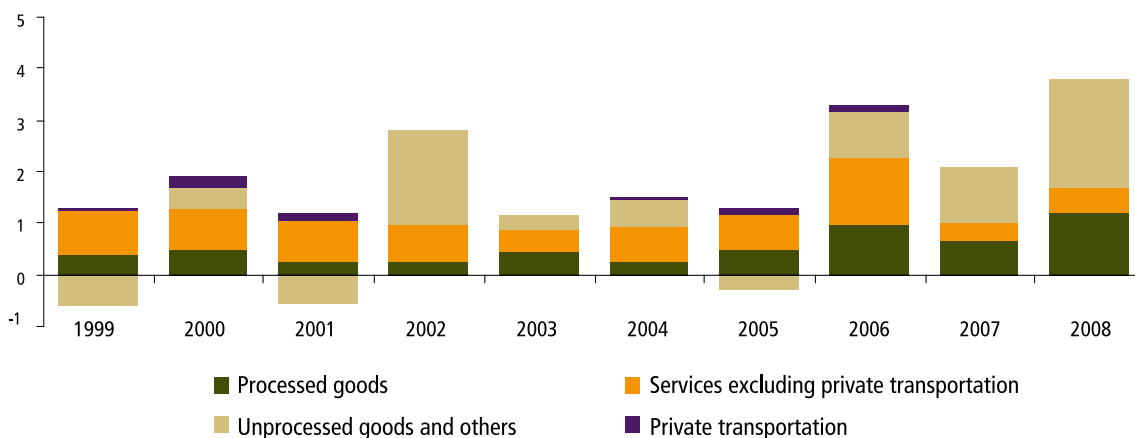


Sources: HCP, and BAM calculations

Excluding private transportation, prices of services increased by 1.2 percent, from 0.9 percent in the previous year. This rise is due to the higher prices of "transportation and communication", "healthcare and articles of personal use", as well "education" and "entertainment and culture". In contrast, prices of "housing", "medical consultations" and "restaurants, cafés and hotels" headings decelerated from one year to another.

Overall, the gap between the annual growth in the prices of goods and services shows that the spread effect of the surge in goods prices was limited and involved only a part of services.

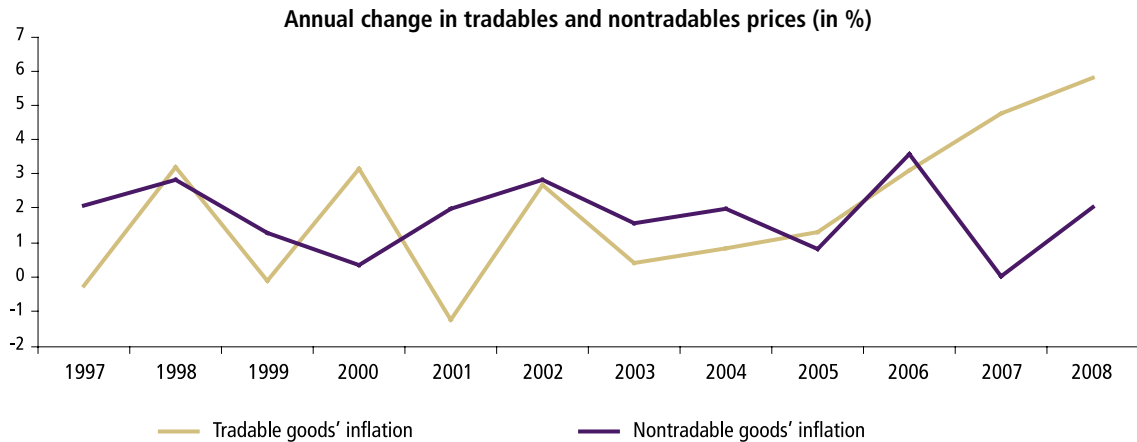
**Contribution of the prices of goods and services to headline inflation
(In percentage points)**



Sources: HCP, and BAM calculations

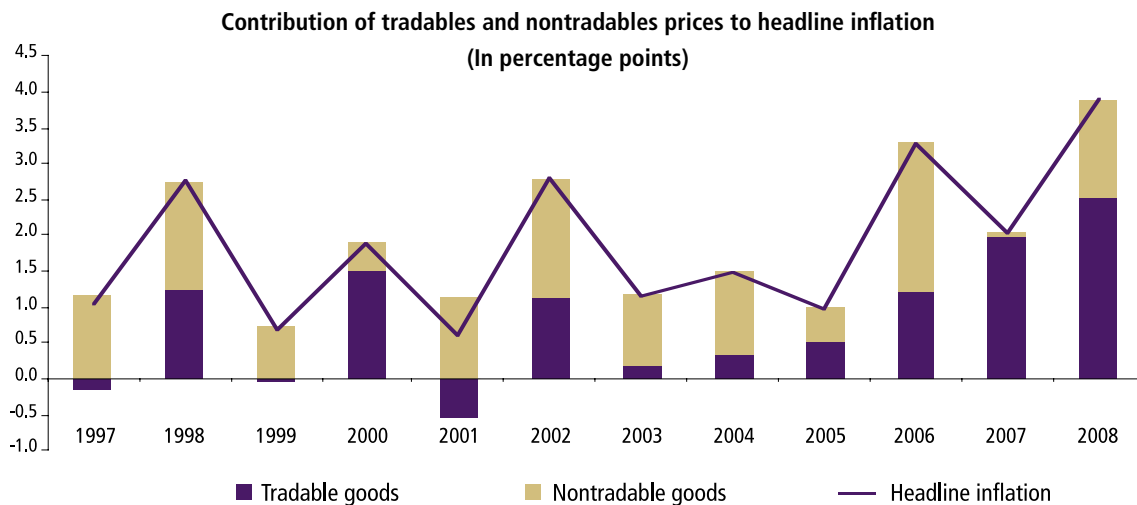
◆ Prices of tradable and nontradable goods

Inflation in 2008 was largely driven by the prices of tradable goods. Indeed, prices of tradables increased by 5.8 percent from 4.8 percent, contributing 2.55 percentage points to headline inflation. This rise reflects the soaring prices of cereals and fats, in response to the surge in the international prices of staple food over the first half of 2008.



Sources: HCP, and BAM calculations

To a lesser extent, the rise in inflation is attributed to a 2.1 percent appreciation of nontradables prices, which stagnated in 2007, contributing 1.34 to headline inflation. Transmission of the surge in tradables prices to those of nontradables was reflected, on the one hand, in meat prices which, unlike the previous year, positively contributed to the rise, and, on the other hand, in certain services such as “private transportation” and “healthcare and articles of personal use”. In addition, the increase in domestic fuel prices and the appreciation of minimum wage in July 2008 contributed to the accelerated growth of nontradables prices.



Sources: HCP, and BAM calculations

Box 10: Inflation persistence

Inflation persistence is defined as the speed with which inflation converges to its long-term average after an exogenous shock. The higher this speed is, the less persistent is inflation, and therefore, the shorter is the time needed before inflation regains its long-term equilibrium value. Knowing this period helps the monetary authority to evaluate in advance the nature and magnitude of its interventions in response to exogenous shocks. This is reflected in the fact that inflation expectations become anchored and the actions of the central bank in terms of monetary policy more credible.

According to a non-parametric approach, the degree of inflation persistence was estimated for a sample of six countries, including Morocco. Inflation persistence becomes weak when it frequently fluctuates around its average randomly. The use of that approach has many advantages. First, this non-parametric measure resists the structural breaks that may affect the series of inflation. Second, it allows remedying to the possible drawbacks of a bad specification of econometric models which capture the dynamics of inflation over time. The results and estimates presented in the table below are drawn from monthly data of inflation calculated on a year-to-year basis.

Estimates on inflation persistence (1990:01 2008:12)

		Inflation persistence	half-life ratio (in months) ¹
Morocco	Headline inflation	0.8093	3.28
	Core inflation	0.8186	3.46
	Food inflation	0.8139	3.37
	Non-food inflation	0.8326	3.78
Egypt		0.8884	5.86
Tunisia		0.8598	4.59
Turkey		0.9116	7.49
China		0.9206	8.37
France		0.7767	2.74

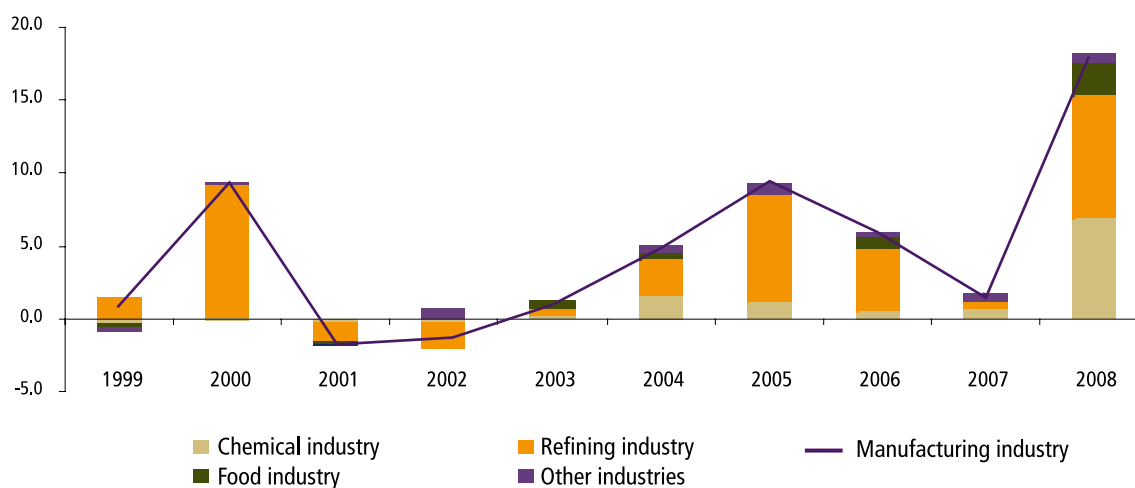
Except for France, the estimates show that the degree of inflation persistence in Morocco is relatively moderate compared with other partner countries. In fact, the average time for the absorption of half an exogenous shock is almost twice higher in Turkey and Egypt and three times higher in China than in Morocco. In the long term, inflation in Morocco remained stable and relatively moderate compared with the countries under review. It also remained very close to the levels recorded in industrialized countries during the last five years.

¹ Half-life ratio is a measure of inflation persistence. It is defined as the number of periods required for the effect to be reduced to half.

◆ Producer prices in manufacturing industries

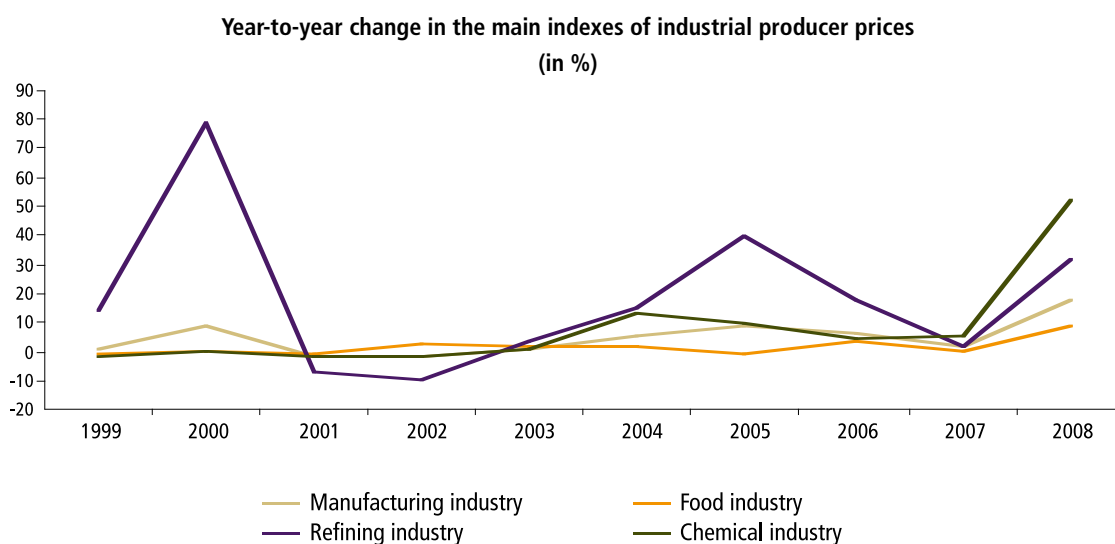
The surge in international prices of staple food and oil considerably impacted the trend of prices for finished products in the various industrial sub-sectors. The index of producer prices in manufacturing industries, calculated on the basis of ex-works prices exclusive of taxes and subsidies, increased by 18.2 percent compared with 1.8 percent in 2007. Producer prices in the refining industry alone contributed 8.44 percentage points to the rise of the overall index. This acceleration is largely due to the 32.3 percent increase in oil refining prices, because of the rise in the price of oil barrel and the depreciation of the U.S. currency.

Change in the annual contribution of the main sub-sectors to the producer price index



Sources: HCP, and BAM calculations

Excluding coking and refining activities, producer prices in manufacturing industries accelerated from 1.8 percent to 13.2 percent, mainly because of the rising producer costs in "food industry" and "chemical industry", driven by the surge in prices of food and energy commodities. Prices in the food and chemical industries respectively grew from -0.1 percent to 8.8 percent and from 5.7 percent to 52.5 percent. The prices of these two sectors jointly contributed 9 percentage points to the rise in the producer price index of manufacturing industries.



Source: HCP

Producer price index in manufacturing industries (base 100 in 1997)

Industrial branches	Weighting in %	2006	2007	2008
Manufacturing industries excluding oil refining	86.7	+2.2	+1.8	+13.2
Including: Food industries	28.9	+3.4	-0.1	+8.8
Chemical industries	13.1	+4.1	+5.7	+52.5
Textile industry	6.5	-0.8	-1.0	-0.3
Clothing industry	6.7	-1.7	-0.6	+0.1
Oil refining	13.3	+18.0	+1.8	+32.2
General index	100	+5.9	+1.8	+18.2

Producer prices of metallurgical industry slowed somewhat, from 6.4 percent to 5.3 percent, whereas those of metalworking accelerated from 3.5 percent to 8.1 percent, in connection with the strong rise in the prices of some metals such as aluminum, copper and zinc, which hit record highs in 2008.

To keep in line with competitors' prices, the sectors of "textile" and "clothing and furs industry" did not post any marked variations in their produce prices. Indeed, prices of the textile industry declined further from 1 percent in 2007 to 0.3 percent, while those of the clothing industry grew by 0.1 percent after a 0.6 percent fall in the year before.

◆ External commercial and financial relations

In 2008, the current transactions ran up a deficit of 5.2 percent of GDP, after a near balance in 2007 and six years of surpluses. This deterioration was largely due to the widening trade deficit¹, which increased with the slight decline in tourism receipts and remittances by Moroccans residing abroad.

Notwithstanding the surplus in capital and financial transactions account, the balance of payments² posted a final deficit of 11.5 billion, leading to the contraction of foreign exchange reserves to the equivalent of nearly 7 months of goods and services imports, from 9 months approximately in 2007.

According to preliminary data, the international investment position in 2008 showed a net debtor situation of 254.5 billion dirhams or 36.9 percent of GDP, compared with 218.5 billion or 35.5 percent a year earlier. This development can be ascribed to the growth in liabilities relating to foreign direct investments and public debt, as well as to the decline in foreign exchange reserves.

◆ Balance of Payments

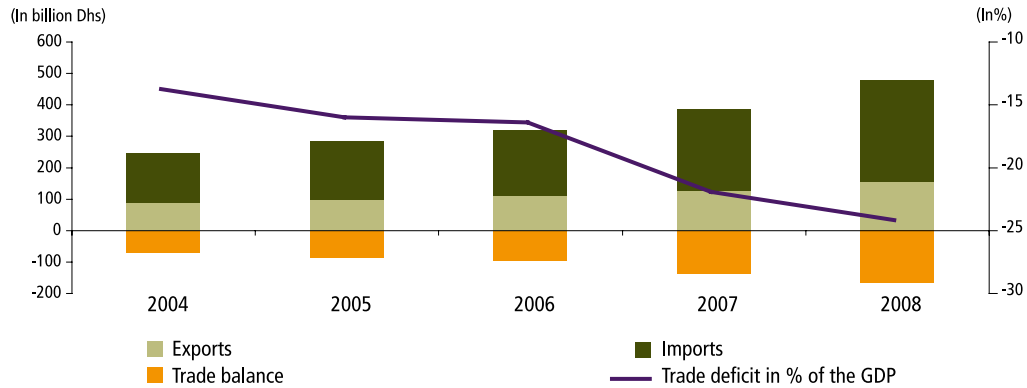
Goods and Services

The negative balance of foreign trade widened to 167.4 billion dirhams or 24.3 percent of GDP, compared with 22 percent in 2007. As imports and exports grew at similar rates, import-export coverage stabilized at 48 percent.

¹ See statistical appendices VII-1 to VII-4

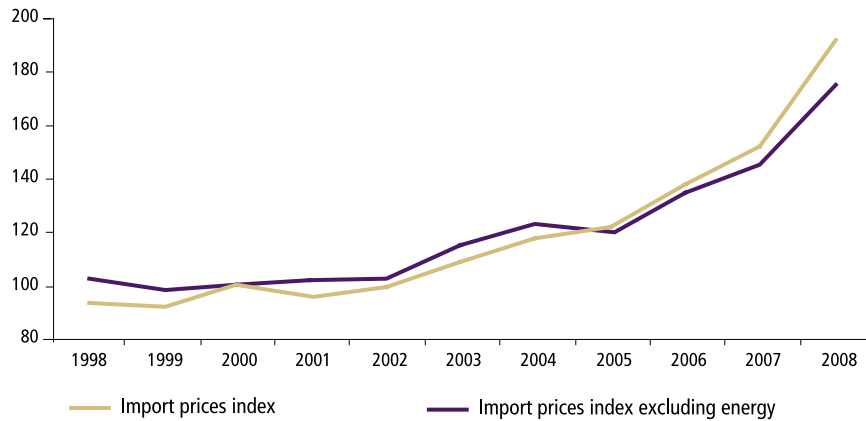
² See statistical appendix VIII-1

Evolution of the trade balance



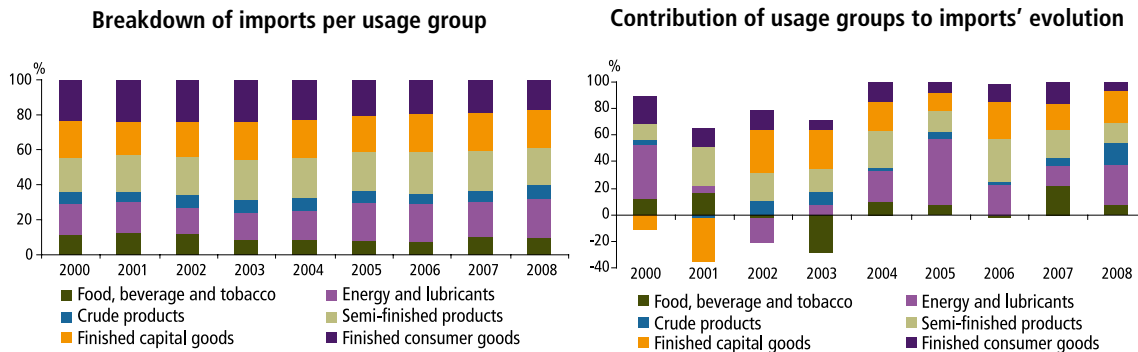
Imports including cost, insurance and freight (CIF) amounted to 321.9 billion dirhams, up 23.2 percent, primarily following the surge in international primary products and commodity prices.

Change in import price indexes (2000=100)



In 2008, the growth in import prices had a stronger impact on overall imports than on imports excluding energy.

At 71.4 billion dirhams, the energy bill grew by 32.3 percent. Its share in overall imports increased from 20.7 percent to 22.2 percent. This increase is mainly visible in gas oil and fuel-oil supplies which grew by 73.2 percent. For their part, crude oil purchases went up 17.5 percent to 30.8 billion dirhams, reflecting a 32.8 percent rise in the average price of the ton, and an 11.5 percent decline in imported quantities.



Food imports increased by 19.2 percent, to 31.9 billion dirhams. Cereal imports amounted to 17.3 billion dirhams, with wheat purchases representing 12.4 billion dirhams, owing to a 9.1 percent rise in quantities and a 21.3 percent hike in prices.

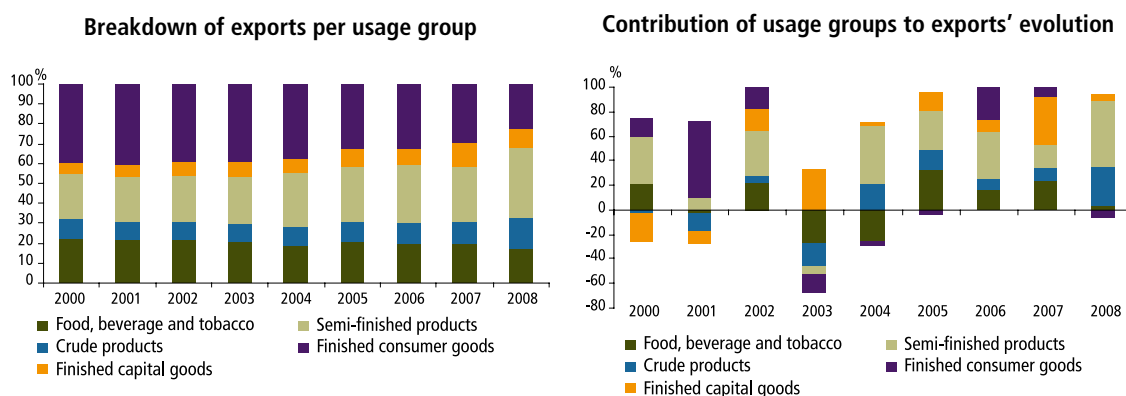
Imports of semi-finished products strengthened by 13.9 percent, to 68.1 billion dirhams. This was the result of the rise in iron and steel purchases, up 40.3 percent, as well as in chemical products and plastic materials imports.

Imports of raw materials grew by two thirds to 26.4 billion dirhams, primarily due to the soaring prices of crude sulfur, whose purchases moved up from 2.4 billion to 10.9 billion dirhams in value.

Likewise, purchases of capital goods reached 71 billion dirhams, up 27.2 percent, in connection with rising investments. This trend is linked with the purchases of milling machinery and roasters, industrial vehicles, and miscellaneous machines and equipment, which grew respectively by 77 percent, 24.3 percent and 14.2 percent.

Concerning the imports of consumer goods, they went up 8.6 percent to 53.1 billion dirhams, as purchases of private cars increased by 28.7 percent and those of car bodies more than doubled.

On the other hand, exports totaled 154.5 billion dirhams, up by 23.1 percent, primarily due to the expansion of phosphate and derivatives sales. The latter more than doubled to 50.9 billion dirhams, in response to the significant rise in prices whereas the shipped quantities declined. As a result, the share of phosphate and derivatives exports went up from 17.8 percent to 32.9 percent, from one year to the other.



Box 11: Phosphate and derivatives prices development

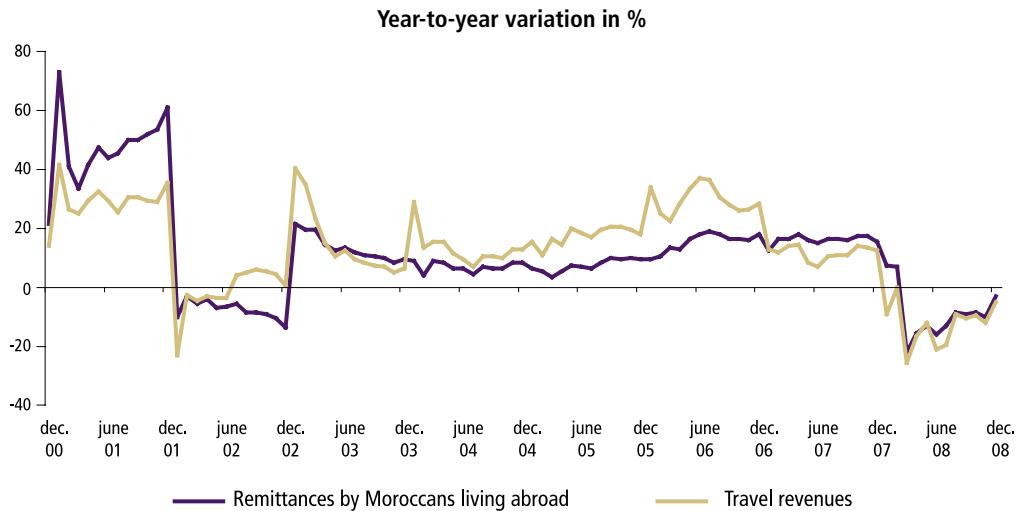
After a long period of stagnation, international prices for phosphate and derivatives increased considerably. This surge mainly reflects the combined impact of rising global demand, particularly from emerging economies such as China and India, the weak growth of production capacity and the soaring prices of sulfur, which is used in the production of phosphate fertilizers.

Prices of phosphate and derivatives (Dirhams/ton)	2005	2006	2007	2008
Crude phosphate	343	379	437	1486
Phosphoric acid	3300	3605	4004	13868
Phosphate fertilizers	2049	2166	3084	7273

Sales of capital goods improved by 10.9 percent, to 15.6 billion dirhams. Nevertheless, within this category, exports of electrical wires and cables decelerated, in response to the slowing demand from European industries.

On the other hand, deliveries of consumer goods, which account for more than a fifth of overall exports, slowed by 6.7 percent to no more than 33.7 billion dirhams, due to intensive foreign competition in Morocco's traditional markets. This contraction mainly reflects the slowing sales of ready-made cloths and hosiery items. The decline of shipments in this group of products was partially offset by the rising sales of private cars spare parts and pharmaceutical products.

As for services, tourist revenues declined by 5.6 percent compared with the record level of 58.7 billion dirhams observed in 2007, due to the worsening economic situation in our key tourist generating markets. Travel expenditure amounted to 8.5 billion dirhams, whereas the balance of travels fell to 47 billion dirhams, from 51.5 billion dirhams in the previous year. The negative balance of transportation widened by 13.9 percent whereas the surplus in communications grew by more than half.

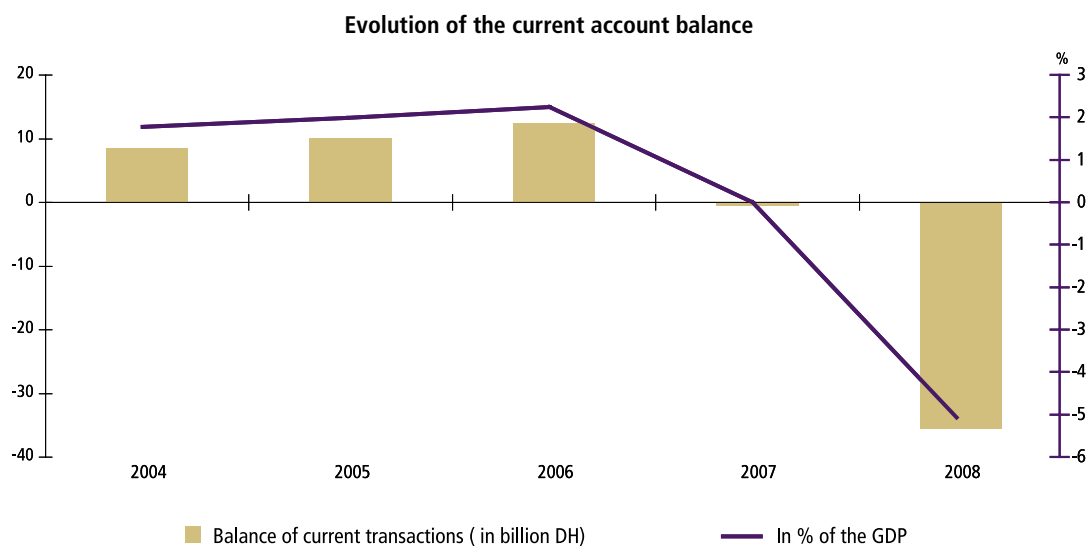


Income and current transfers

Net outflows of capital revenues amounted to 4 billion dirhams, down by 683.6 million dirhams. In fact, interest charges for public debt remained virtually stable at 4.9 billion dirhams and the returns on public investments abroad rose by 3.6 percent, to 7.4 billion dirhams. The negative balance of private income widened from 5.7 to 6.6 billion dirhams, in response to the bigger rise in outflows for the remuneration of foreign investments in Morocco.

After an uninterrupted increase since 2003, the positive balance of private current transfers declined by 2.9 percent in 2008. This fall is primarily due to the decrease in remittances by Moroccans residing abroad, down from 55 billion to 53 billion dirhams. Up to 78.7 percent of these transfers came from the Eurozone, 6.9 percent from the Gulf countries, and 6.4 percent from the U.S. On the other hand, receipts from public current transfers increased from 2.8 billion to 9.8 billion dirhams, thanks to the rising donations from the Kingdom of Saudi Arabia, the European Union and the United Arab Emirates.

Overall, the current account deficit grew to 35.5 billion dirhams, or 5.2 percent of GDP.

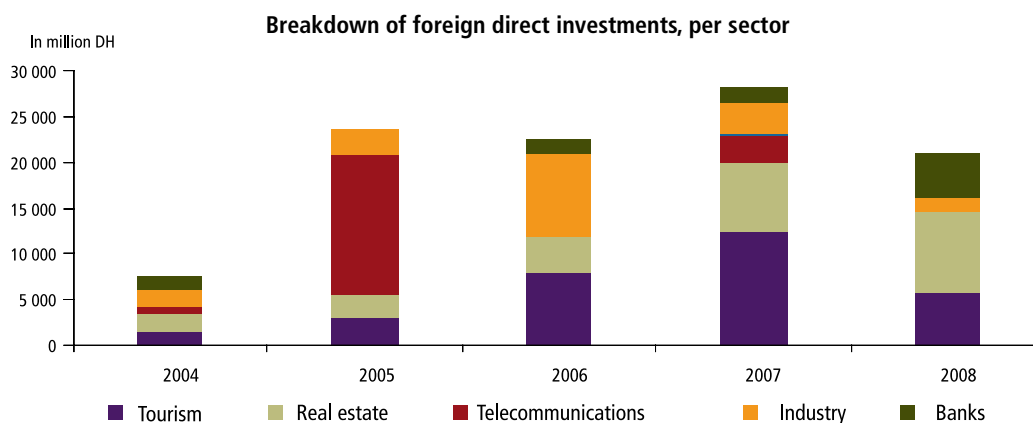


Capital and financial transactions account

At the end of 2008, the capital and financial transactions account showed a surplus of 27.3 billion, compared with 16.6 billion dirhams, due primarily to the higher surplus in private sector transactions, which increased by 70.7 percent, to 18.1 billion dirhams.

The balance of commercial loans improved substantially, moving from a deficit of 3.2 billion dirhams to a surplus of 823.6 million dirhams, as receipts increased by 17 percent and expenditure decreased by 17.8 percent.

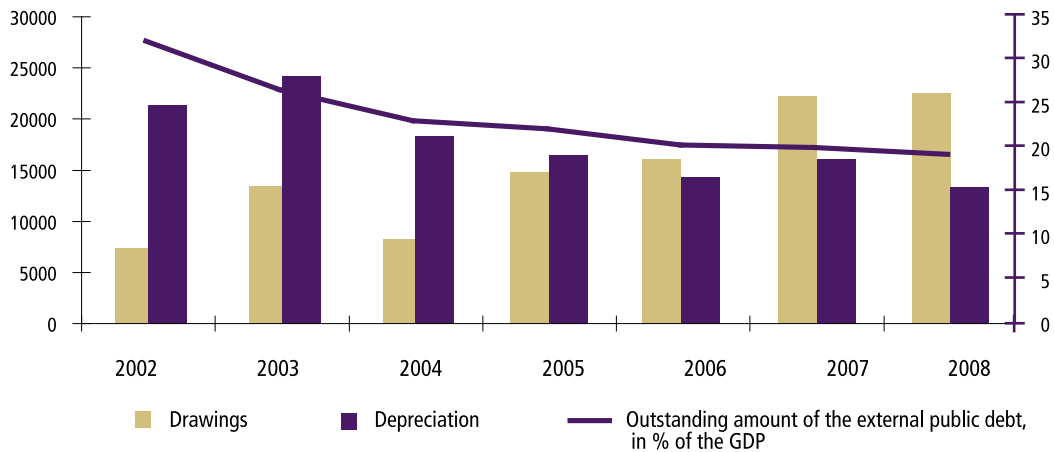
Foreign loans and investments posted a surplus of 19 billion dirhams, compared with 18.8 billion dirhams a year earlier. Receipts declined by 21.4 percent, due primarily to the drop in foreign direct investments to 27.1 billion dirhams, from 38 billion dirhams in the previous year. Direct investments were primarily oriented to the sectors of real estate, tourism and banking and originated from France (37.2 percent), the United Arab Emirates (17.8 percent) and Spain (9.1 percent). The share of the banking sector was higher than in the previous year, reflecting French banks' contribution to their Moroccan subsidiaries. Portfolio investment increased from 3.1 billion to 4.9 billion dirhams. On the opposite, expenses declined by 40.2 percent to 13.5 billion dirhams, in response to the drop in direct investment liquidation transactions, down from 15 billion to 8.6 billion dirhams, and the retreat in private loans repayment.



The negative balance of Moroccan loans and investments abroad decreased from 4.7 billion to 3.4 billion dirhams, following the repayment of private loans contracted by foreign counterparties with subsidiaries in Morocco. On the other hand, expenses listed under this heading increased to 6.4 billion dirhams, compared with 5.7 billion dirhams a year earlier. Out of these expenses, 3 billion dirhams correspond to the flow of Moroccan investments abroad, which continue to rise due to the liberalization measures taken in 2007.

Public sector transactions showed a surplus of 9.2 billion dirhams, up by almost one half, due to the decline in debt redemption expenses from 16.1 billion to 13.3 billion dirhams, while mobilized loans were virtually stable at 22.6 billion dirhams. Loans, which are primarily granted by multilateral lenders, were directed toward the financing of investment projects and structural reforms. Against this background, the outstanding amount of external public debt amounted to 131 billion dirhams, or only 19 percent of GDP, which represents a fall compared with the previous year. For its part, the overall debt service went down 12.9 percent to 18.2 billion dirhams, or 5.5 percent of current receipts instead of 7.1 percent earlier.

Change in drawings, depreciations, and the outstanding amount of the external public debt



◆ International investment position

At the end of 2007¹, the stock of financial assets and liabilities with the rest of the world, as represented in the international investment position, posted a net debtor position of 218.5 billion dirhams, representing 35.5 percent of GDP compared with 32.6 percent in 2006. This deterioration can be explained primarily by the increase in the net debtor position in direct investments².

Evolution of the international investment position

(In billion dirhams)

Headings	2005			2006			2007		
	Assets	Liabilities	Balances	Assets	Liabilities	Balances	Assets	Liabilities	Balances
Direct investments	6,2	191,9	-185,8	8,9	253,2	-244,3	10,2	294,4	-284,2
Portfolio investments	1,6	18,8	-17,2	1,5	17,8	-16,3	7,0	24,9	-17,8
Other investments	12,4	141,8	-129,4	13,2	140,5	-127,3	14,1	149,1	-134,9
Reserve assets	172,9	-	172,9	199,9	-	199,9	218,4	-	218,4
Net position	193,0	352,6	-159,6	223,6	411,5	-187,9	249,8	468,3	-218,5

Assets

The outstanding amount of residents' financial assets grew by 11.7 percent to 249.8 billion dirhams, mainly in response to the increase in reserve assets, which represent 87.4 percent thereof. The latter increased by 9.3 percent to 218.4 billion dirhams, as foreign currency holdings strengthened to 212.6 billion dirhams.

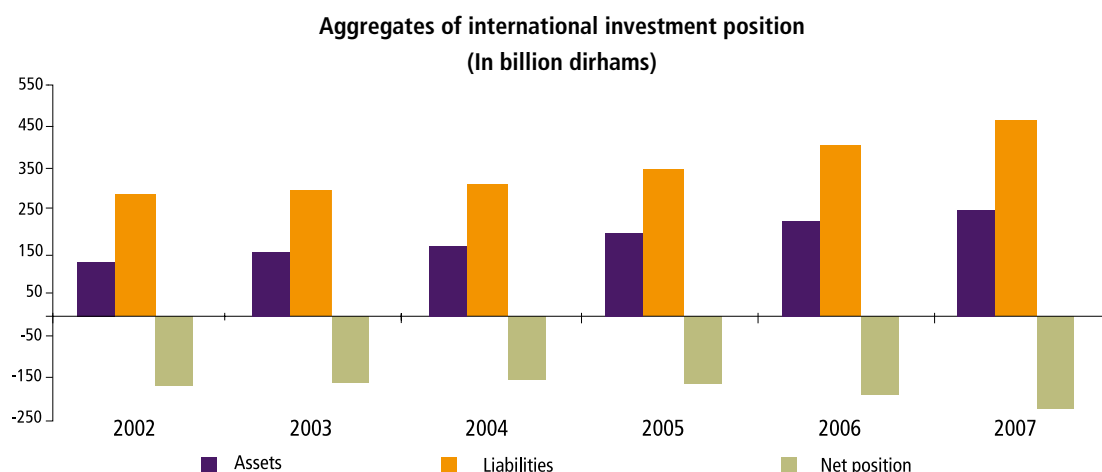
The outstanding amount of residents' direct investments abroad grew by 14.7 percent to 10.2 billion dirhams, mainly due to the rise in direct interests. These shareholdings, basically in such sectors as telecommunications, finance, holdings and cement industry, were concentrated in the African continent and France.

For its part, portfolio investment stock increased from 1.5 to 7 billion dirhams, mainly in response to the reclassification of investments conducted abroad by units based in the free export and offshore zones, as part of residents' investments abroad.

¹ The international investment position data, prepared by the Foreign Exchange Control Office, are released only six months after the closing date of the financial year

² See Statistical appendix VIII-2

The outstanding amount of the other investments grew by 7 percent to 14.1 billion dirhams, benefiting from the combined effect of the rise both in commercial loans, in connection with increasing exports, and in the deposits of non-financial businesses abroad.



Liabilities

Morocco's liabilities towards the rest of the world went up 13.8 percent to 468.3 billion dirhams, as foreign direct investments increased by 16.3 percent to 294.4 billion dirhams and the other investments rose by 6.1 percent.

The development of foreign direct investments, which represent more than 62.9 percent of overall liabilities, mainly reflects the rise in shareholdings in non-listed securities from 187.5 billion to 220 billion dirhams, covering the telecommunications and industry sectors in particular. France and Spain remain the key investors with shares amounting to almost 50 percent and 16.5 percent, respectively.

The stock of «Other investments» grew to 149.1 billion dirhams, as the outstanding amount of external public debt rose by 5.3 percent to 122 billion dirhams, or 19.8 percent of GDP. The outstanding amount of external private debt, however, receded from 8.8 to 6.8 billion dirhams.

The stock of liabilities under portfolio investments increased from 17.8 to 24.9 billion dirhams, mainly as listed securities increased by 45.7 percent.

◆ Public finance

In 2008, the situation of public finance strengthened markedly in line with the trend observed over the last two years. The budget posted a surplus of 2.7 billion dirhams, or 0.4 percent of GDP, after a quasi-balance in the previous year¹. This positive result supported by the continued expansion in tax revenues was achieved in spite of the increase in subsidization costs, which was induced by surging commodity prices. This development helped to reduce the Treasury's overall indebtedness rate, from 53.5 percent to 47.3 percent of GDP, and thereby consolidating public finance medium- term sustainability (inbox 12).

◆ 2008 Finance Act

The assumptions underlying the Finance Act of 2008 were based on a growth rate of 6.8 percent, an inflation rate of 2 percent, an oil price of \$75 per barrel, and a Euro-dollar parity of 1.30. Fiscal deficit, excluding receipts from privatization, was expected to settle at 3.5 percent of GDP, instead of 3.4 percent in the previous Finance Act. Current revenues and overall expenditure were anticipated to grow respectively to 15.9 percent and 15.4 percent. Current revenues were expected to improve as a result of an 18.6 percent increase in tax revenues; while non-tax revenues were projected to drop by 2.2 percent, mainly owing to a 4.9 percent decline in other revenues.

On the other hand, the increase in overall expenditure was to result mainly from the increasing capital expenditure and subsidization costs. In fact, the latter were to increase from 9.8 to 15.4 billion dirhams, in connection with the surge in oil and cereal products in world markets. Capital expenditure was expected to grow by 33.6 percent to reach 32.2 billion dirhams, in response to the ongoing major projects in road and rail infrastructure as well as in hydraulics.

Concurrently, personnel expenses were expected to increase by 6.7 percent, in connection with the promotion of civil servants and the scheduling of 16,000 new job positions.

¹ See statistical indexes X-1 to X-3

Tax provisions under the 2008 Finance Act covered the major tax categories, as well as customs duties. In line with the Government commitments, the readjustments in terms of corporate income tax were decreased from 35 percent to 30 percent for ordinary legal taxes and from 39.6 percent to 37 percent for tax applied to financial institutions. At the same time, the 50 percent reduction which benefits some sectors of activity and geographical areas was substituted by a reduced rate of 17.5 percent. Also, in order to align tax treatment of foreign dividends with Moroccan dividends, it was decided to apply abatement of 100 percent to all dividends irrespective of their origin.

As part of the strengthening of VAT neutrality, financial leasing transactions were subjected to the regular rate of 20 percent, instead of the reduced rate of 10 percent. In addition, in order to remove the Butoir rule, it was decided to raise the rate applied to real estate transactions from 14 percent to 20 percent.

As for income tax, the tax rate for proceeds from the transfer of securities was raised from 10 percent to 15 percent. Also, the revenues and profits on foreign transferable securities were subjected to specific at-source rate of 30 percent for proceeds of shares, equity and similar revenues, and 20 percent for other proceeds from transferable securities, instead of a progressive scale.

Finally, in line with the ongoing dismantling of tariffs as part of the free trade agreements, it was decided to reduce the maximum import duty on industrial products from 45 percent to 40 percent.

Box 12: Structural balance or cyclically-adjusted budget balance

The overall budget balance is an indicator of budget policy, which reflects the budget sensitivity to discretionary fiscal and budget measures, the economy cycle or automatic stabilizers.

On the other hand, the structural balance is an indicator which permits to assess the orientation of budget policy in the medium and long terms with respect to economic activity. This indicator is particularly useful when the economy rebounds, that is when the significant improvement in budget balance can hide a deterioration in the underlying situation of public finance.

Structural balance or cyclically-adjusted budget balance is calculated by subtracting the cyclical component from the actual balance, which is evaluated by measuring the position of the economy at the cycle (output gap). The output gap is defined as the difference between the actual and potential levels of GDP, i.e. the GDP level sustainable without inflation or deflation pressures.

The most common method to measure the structural balance is based on the works of the OECD and consists of three steps:

- Estimation of the potential output and the output gap corresponding thereto,
- Measuring the cyclical component of public expenditure and fiscal receipts,
- Determining the structural balance by subtracting the cyclical components from those observed.

Application of this method to Morocco, within a context of economic growth and an inflation under control, suggests an improvement in the structural budget balance in the medium term, subject to sustained growth of fiscal receipts and controlled current expenditure.



◆ Execution of 2008 Finance Act

Budget balance in 2008 posted a surplus of 2.7 billion dirhams, or 0.4 percent of GDP, compared with 1 billion dirhams, or 0.2 percent of GDP in 2007. This growth reflects a 20.5 percent increase in current receipts, due to the expansion in tax revenues, against a 19.6 percent rise in overall expenditure. Public savings grew to 47.4 billion dirhams, or 6.9 percent of GDP, which largely covered capital expenditure up by 35.3 percent.

In million dirhams	2007*	In % of the GDP	2008	In % of the GDP
Current receipts (1)	168 654	27.4%	203 172	29.5%
Tax receipts	150 123	24.4%	185 512	26.9%
Including: -Direct tax	60 308	9.8%	81 593	11.8%
Including: Corporate tax	30 013	4.9%	46 489	6.7%
Income tax	28 009	4.5%	32 862	4.8%
-Indirect tax:	67 070	10.9%	79 956	11.6%
Value Added Tax	49 730	8.1%	61 267	8.9%
Domestic taxes on consumption	17 340	2.8%	18 689	2.7%
Customs duties	13 415	2.2%	13 706	2.0%
Non-tax receipts	15 347	2.5%	15 542	2.3%
Receipts of certain Treasury's special accounts	3 184	0.5%	2 118	0.3%
Fund for price support	1 010	0.2%	595	0.1%
Special fund for roads	2 174	0.4%	1 523	0.2%
Overall expenditure	167 662	27.2%	200 475	29.1%
Current expenditure	133 869	21.7%	155 817	22.6%
Goods and services	98 258	15.9%	106 148	15.4%
Including: personnel expenses	65 665	10.7%	69 976	10.2%
Debt interests	19 261	3.1%	18 219	2.6%
Domestic	16 552	2.7%	15 380	2.2%
External	2 709	0.4%	2 839	0.4%
Subsidization	16 350	2.7%	31 450	4.6%
Including Fund for price support	1 029	0.2%	544	0.1%
Transfers to local authorities	14 919	2.4%	18 380	2.7%
Current balance	34 785	5.6%	47 355	6.9%
Capital expenditure	28 212	4.6%	38 178	5.5%
Including Special fund for roads	1 891	0.3%	2 272	0.3%
Balance of other Treasury's special accounts	-5 581	-0.9%	-6 480	-0.9%
Overall surplus or deficit	992	0.2%	2 697	0.4%
Primary balance (2)	20 253	3.3%	20 916	3.0%
Change in arrears	443	0.1%	-3 113	-0.5%
Cash surplus or deficit	1 435	0.2%	-416	-0.1%
Domestic financing	-8 085	-1.3%	-8 795	-1.3%
External financing	3 597	0.6%	9 211	1.3%
Drawings	14 947	2.4%	18 688	2.7%
Depreciation	-11 350	-1.8%	-9 477	-1.4%
Privatization	3 053	0.5%	0	0.0%

* Revised figures

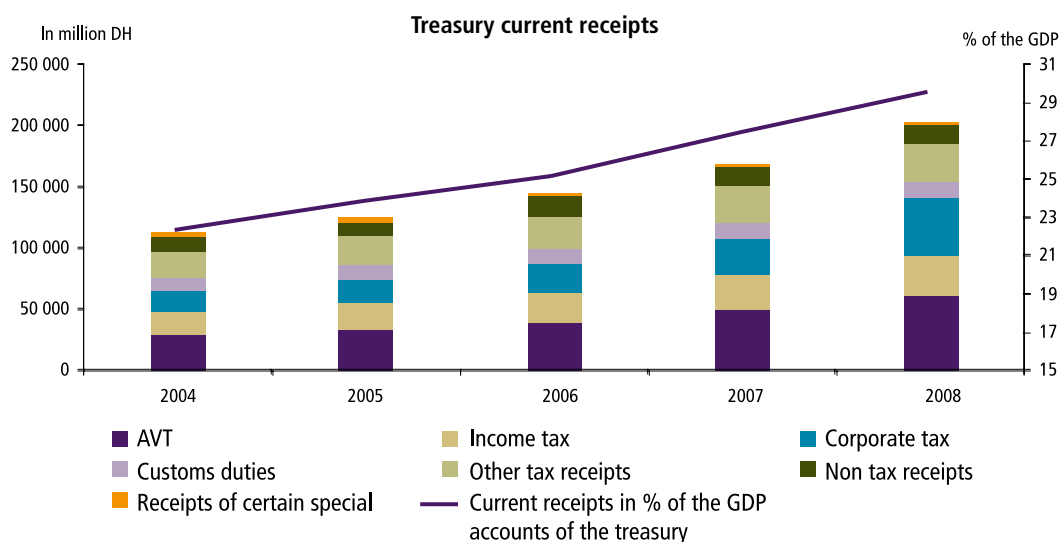
(1) Including VAT of local authorities and excluding privatization receipts

(2) the primary balance represents the the overall balance excluding interests on debt.

Source: Ministry of Economy and Finance.

Treasury current revenues

Current revenues increased by 20.5 percent to 203.2 billion dirhams, as tax receipts rose by 23.6 percent. The latter amounted to 185.5 billion dirhams, including the portion of VAT transferred to local governments, thus taking the tax burden to 26.9 percent, from 24.4 percent in the previous year.



Direct tax receipts grew by 35.3 percent to 81.6 billion dirhams, exceeding for the first time indirect tax receipts and accounting for almost 44 percent of total tax revenues, compared with 40.2 percent a year earlier. This result mainly reflects the strengthening of corporate tax receipts, which amounted to 46.5 billion dirhams, up by 55 percent, in response to the improvement in profits of the major businesses and the exceptional proceeds from readjustments. For its part, the income tax receipts amounted to 32.9 billion dirhams, up by 17.3 percent, following the increase in deductions from wages and the proceeds from taxes on real estate profits and profits on transferable securities.

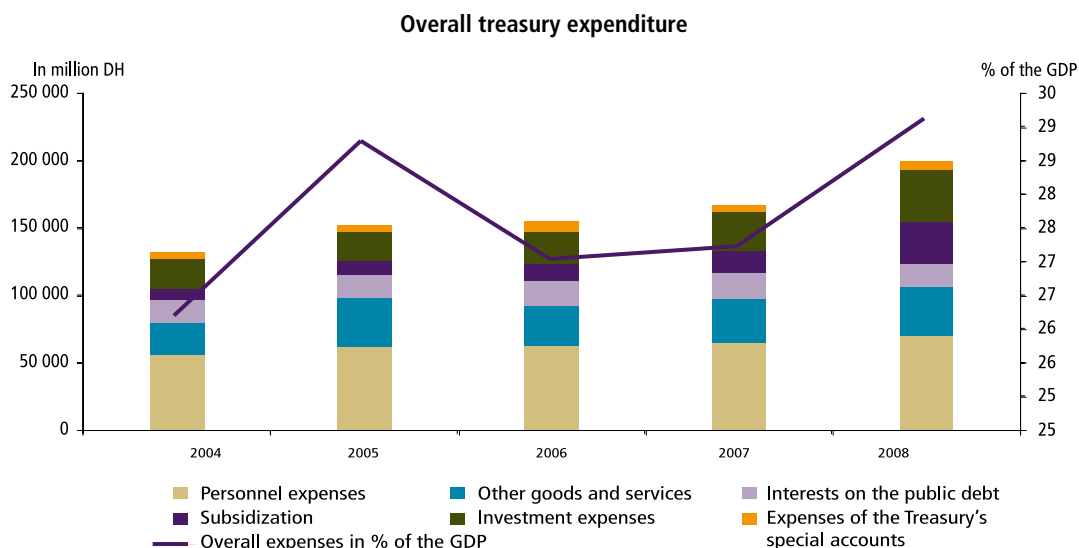
Indirect tax receipts grew by 19.2 percent to 80 billion dirhams. VAT receipts, which constitute more than 76.6 percent of indirect tax receipts, increased by 23.2 percent, due to the expansion in the proceeds of both domestic VAT and imports VAT. The latter increased to 35.4 billion dirhams, reflecting the growth in imports.

Likewise, the proceeds of domestic VAT grew by 24.8 percent to 25.8 billion dirhams, in connection with the readjustments of rates and the vigor in household consumption. At the same time, domestic consumption taxes increased by 7.8 percent to 18.7 billion dirhams, due to the growth in levies on energy products and tobacco.

Notwithstanding the ongoing dismantling of tariffs, the proceeds of customs duties grew by 2.2 percent to 13.7 billion dirhams, in connection with the increase in imports. Similarly, receipts from registration fees and stamp duties rose by nearly 10 percent to 10.3 billion dirhams, reflecting the expansion in real estate transactions. Non-tax receipts, excluding privatization, remained virtually stable at 15.5 billion dirhams.

Treasury expenditure

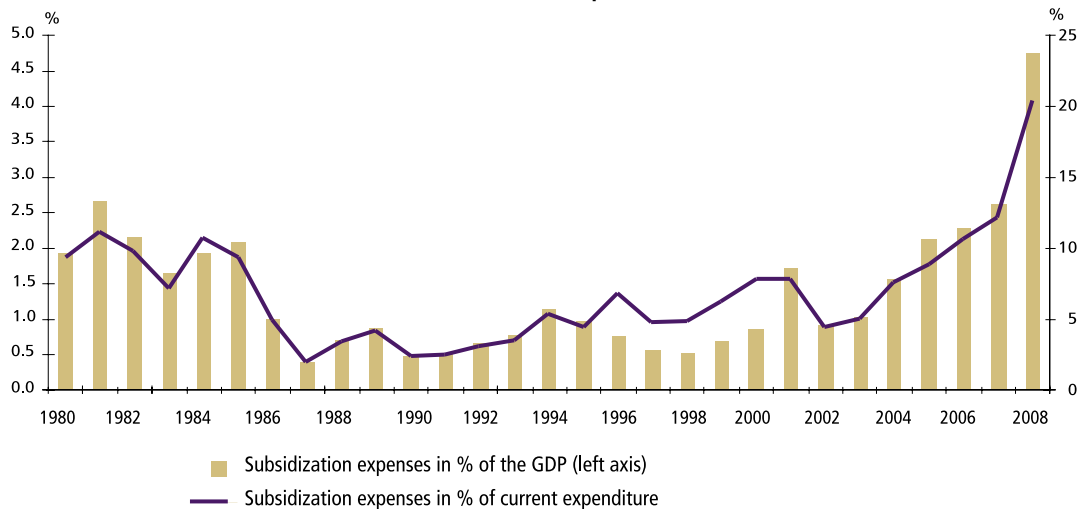
Overall expenditure amounted to 200 billion dirhams, marking an increase by 19.6 percent, due primarily to the rising subsidization and capital expenditure.



Expenses of price subsidization this year significantly grew from 16.4 to 31.5 billion dirhams, including 22.6 billion dirhams allocated to oil products and 7.5 billion dirhams to commodity. As the 2008 Finance Act projected

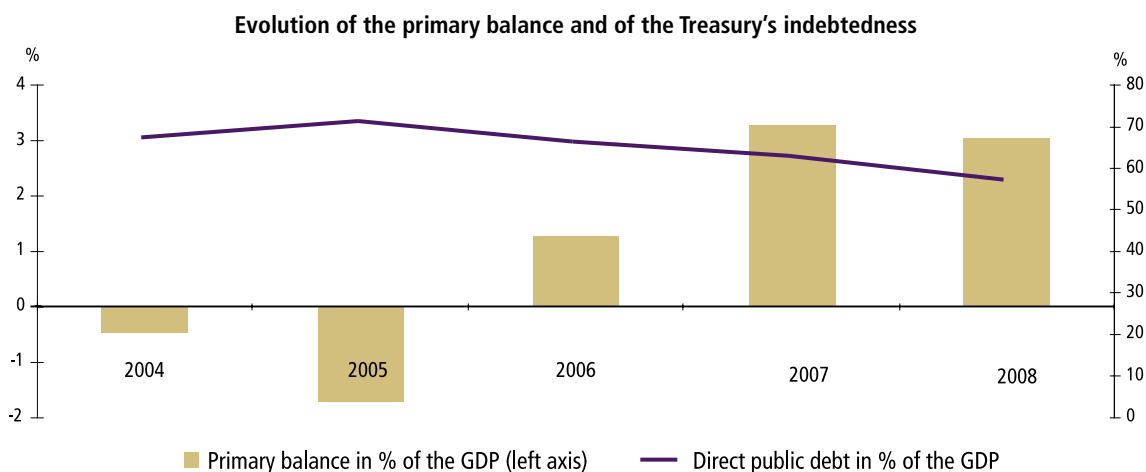
only an amount of 15.4 billion dirhams, the Government opened in July additional loans totaling 14 billion dirhams. For their part, operating expenses widened by 8 percent to 106 billion dirhams, reflecting the 6.6 percent rise in the wage bill, which amounted to 70 billion dirhams or 10.2 percent of GDP, in response to the wage readjustments introduced as part of the social dialogue and the creation of 16,000 new jobs. Likewise, expenditure for other goods and services increased by 11 percent to settle at 36.2 billion dirhams.

Subsidization expenses



Conversely, debt interest charges receded by 5.4 percent to 18.2 billion dirhams, reflecting a decline by 7.1 percent in domestic debt interests, in connection with the drop in the outstanding debt and a 4.8 percent increase in external debt interests.

In view of these circumstances, the current budget posted a surplus of 47.4 billion dirhams, compared with 34.8 billion dirhams in 2007. With a capital expenditure at 38.2 billion dirhams, up by 35.3 percent, and a negative balance in the Treasury special accounts at 6.5 billion dirhams, the balance of the Treasury's expenditure and revenues posted a surplus of 2.7 billion dirhams, or 0.4 percent of GDP, compared with 0.2 percent of GDP a year earlier. The primary balance accounted for 3.1 percent of GDP compared with 3.3 percent in 2007. With the settlement of arrears amounting to 3.1 billion dirhams, the cash deficit stood at 416 million dirhams.



◆ Treasury financing

The reduction in borrowing and the mobilization of substantial external funds helped the Treasury to clear its debt on the domestic market.

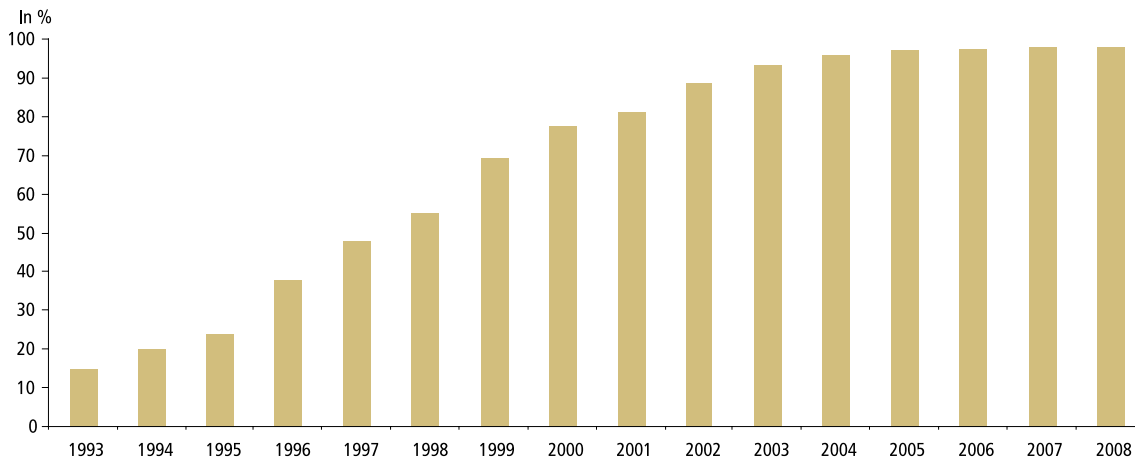
External financing

The Treasury benefited from foreign loans amounting to 18.7 billions, up 25 percent, including 9.5 billion in the form of donations received mainly from the Kingdom of Saudi Arabia (4.5 billions), from the European Union (2.4 billions) and from the United Arab Emirates (2.2 billions). For their part, drawings in foreign loans, which totalled 9.6 billions, were conducted mainly with the African Development Bank (2.7 billions), the Netherlands (1.9 billion) and the World Bank (1.5 billion). These drawings were geared primarily to supporting the reform programs and financing investment projects in basic infrastructure. Repayments in capital decreased by 16.5 percent to reach 9.5 billion dirhams. Foreign capital flows produced therefore net inflows of 9.2 billions, higher than the 3.6 billions recorded in 2007.

Domestic financing

With the improvement in the government cash holdings and the recourse to external resources, the Treasury, for the second consecutive year, made net repayments of 8.8 billions, compared with 8.1 billions in 2007.

Evolution of the share of auctions in the overall domestic debt



The Treasury issues on the auction market, which remain the principal source of financing, involved short and medium-term bonds worth 46.5 billions, which produced net repayments of 6.9 billions. Net subscriptions by insurance companies and provident funds and bodies, banks and UCITS declined respectively by 5 billions, 2.1 billions and 1.9 billion; whereas those of non-financial businesses, including the Hassan II Fund, increased by 4.7 billions.

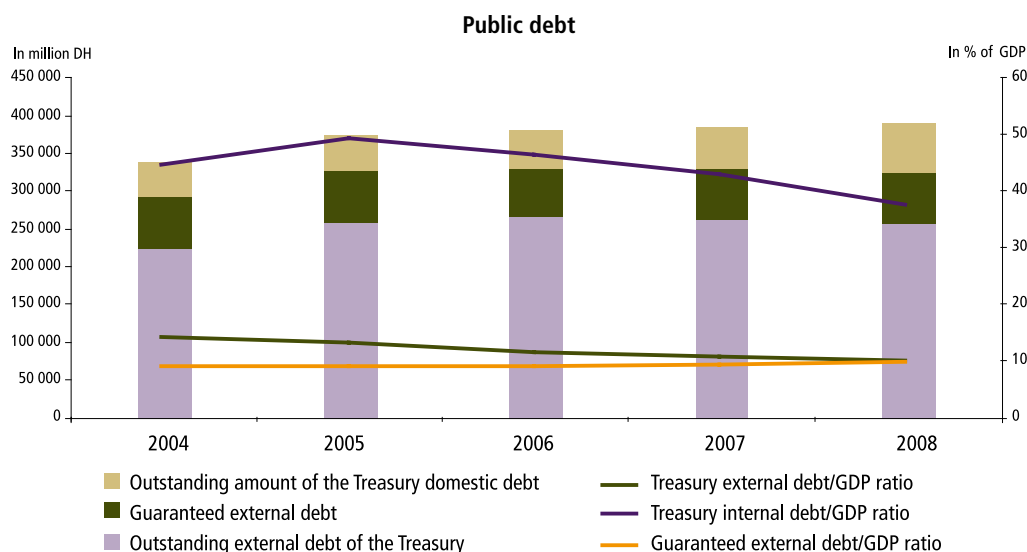
◆ Direct public debt¹

The outstanding amount of public debt increased by 1.4 percent in 2008, to settle at 391.3 billion dirhams, in response to the growth in the stock of external public debt. However, with the acceleration of economic growth, its ratio to GDP decreased in the span of one year from 62.6 percent to 56.8 percent.

¹ Excluding guaranteed domestic debt which reached 9.2 billions or 1.3 percent of GDP compared with 9.5 billions in 2007

The outstanding amount of Treasury direct debt declined by 1.2 percent in 2008 after 0.3 percent the previous year, to stand at 325.8 billion dirhams, representing 47.3 percent of GDP instead of 53.5 percent.

From one year to the next, the outstanding amount of the Treasury domestic debt declined by 6.7 billion to stand at 257.1 billions, representing 78.9 percent of the overall direct debt and 37.3 percent of GDP, compared with 80 percent and 42.8 percent, respectively. The outstanding amount of the Treasury bills issued by auction reached nearly 252.7 billion, down by 2.7 percent; whereas other instruments increased by no more than 5.5 percent, in connection with the repayment of the remainder for conventional loans. The portfolios of insurance companies and provident funds and bodies, UCITS and banks declined respectively by 6.7 percent, 3.4 percent and 3.3 percent, while those of the CDG and non-financial businesses, including the Hassan II Fund for Economic and Social Development, rose by 1.7 percent and 27.5 percent.



The average cost of the Treasury domestic debt receded in the span of one year from 5.82 percent to 5.35 percent, due to the drop both in the outstanding amount of domestic debt and in the Treasury financing cost. The structure per residual maturity remains dominated by long-term securities, which account for 59 percent of the overall outstanding amount. The portion of short-term maturities continued to increase from 18 percent to 24 percent, to the detriment of medium-term maturities which declined from 32 percent to 27 percent.

The outstanding amount of external public debt, which increased by almost 10 percent, reached 134.2 billion or 19.5 percent of GDP, nearly half of which corresponds to guaranteed foreign debt which rose by 16.8 percent. The Treasury foreign indebtedness rose by 4.2 percent to 68.7 billion dirhams, or U.S. \$ 8.5 billion. This level represents 21.1 percent of overall Treasury debt and 10 percent of GDP, compared with 20 percent and 10.7 percent respectively in 2007.

◆ Monetary policy

The principal objective of monetary policy is to ensure price stability at the medium-term, thereby contributing to a sound and sustainable growth. In this regard, the monetary-policy decisions made by the Bank Board on a quarterly basis are founded on in-depth analysis of inflation trends and outlook, as well as on a set indicators pertaining to the monetary and real spheres and allowing to gauge inflationary risks to the economy.

The year 2008 was marked in particular by the Board's decision, during its September meeting, to raise the key rate by 25 basis points to 3.50 percent, in the light of the analyses and forecasts which pointed to intensifying inflationary risks. On the other hand, given the importance and lasting nature of banks' liquidity deficit on the money market, and in line with the forecasts for liquidity factors developments, the Board decided at its December meeting to reduce the required reserve ratio by three percentage points, bringing it to 12 percent as of January 1st, 2009.

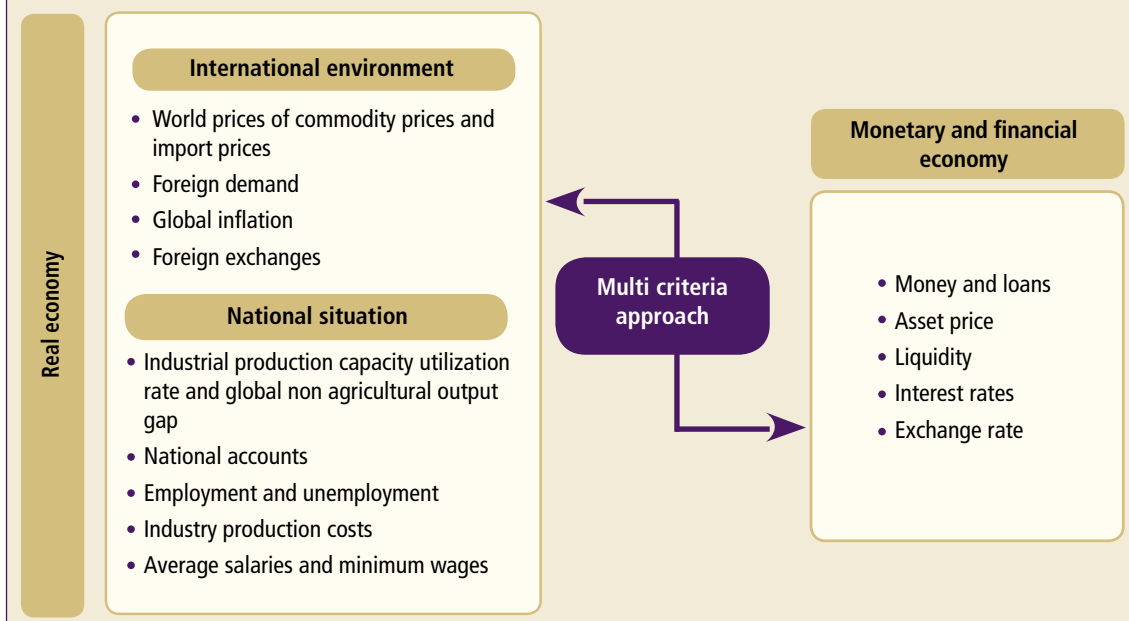
At the operational level, the regulation of money market was carried out by means of liquidity injection, particularly through 7-day advances at auction and, secondarily, fine-tuning operations, amid a context of persisting deficit in banks' cash holdings.

The rise in the key rate was reflected in all the applied rates. The rates for short term treasury bonds on the primary market increased in September, after trending downward since early this year, while the hike of borrowing rates accelerated. Likewise, the findings of Bank Al-Maghrib's survey suggest that lending rates moderately increased on average after their decline over the last two years.

As for the external value of the dirham, the national currency posted significant changes against the dollar and the pound sterling, but remained stable in nominal and real effective terms.

Box 13: Analytical framework for Bank Al-Maghrib monetary policy

The analytical framework for Bank Al-Maghrib monetary policy was readjusted in 2006, as part of the reform of the Bank's institutional, strategic and operational frameworks. A new mechanism for analysis and forecast was put in place, based on the follow-up of monetary and real indicators to detect inflationary pressures. This mechanism, which is the foundation for the preparation of monetary policy decisions and the assessment of their implementation, is constantly improved in line with the best international practices.



◆ Monetary policy decisions

In 2008, price stability was running considerable risks in the short and long terms. The importance of these risks was gauged by Bank-Al-Maghrib, particularly during the regular examining of the economic, monetary and financial situation, by the Board in its meetings on March 25th, June 17th, September 23th and December 23th, 2008, in accordance with the pre-established calendar.

The direct impact of the soaring commodity prices at the global level represented the principal short-term risk. On the other hand, the major medium-term risks consisted in the second-round effects of that surge, together with the continued steady rise in loans and the tensions on the labor market. The Bank Board, during its first two meetings, took the view that it was inappropriate to counter commodity price-related inflationary surges, as they represent a supply shock. On the other hand, to face up the heightening risks weighting on price stability in the medium term, as reflected by the inflation outlook for six quarters, the Board decided in September to raise the key rate by 25 basis points.

Over the first months of the year, the rise in commodity prices, particularly for agricultural products, slightly spread to the prices of other goods and services and industrial production costs, bringing inflation up from 2.1 percent in December 2007 to 2.4 percent in February and 3.7 percent in April. As this trend's sustainability was not established, the medium-term outlook continued to point to an inflation level in line with the objective of price stability. In view of these circumstances, the Board decided during its first two meetings to keep the key rate unchanged and to increase vigilance on the future development of risk factors, mainly the direct or indirect knock-on effect of the surge in commodity prices on domestic prices.

Pressures on prices intensified in the third quarter, inflation having rocketed to 5.1 percent in July and 4.8 percent in August. This rapid surge was due to the combined effect of persisting pressures on oil and imported commodity prices and the spread of their effects to nontradables, particularly services. In this context, the inflation forecast was revised upward to an average 3.9 percent in 2008 and 3.8 percent in the following three quarters. In addition, analyses suggest a continued uptrend in the balance of risks emanating from the external factors identified earlier, as well as from domestic factors, particularly the high pace of growth in loans and pressures on the labour market. To contain these risks, the Bank Board decided, in its September meeting, to raise the key rate by 25 basis points, to 3.50 percent.

The last three months were marked by easing inflationary pressures, in response to falling commodity prices on global markets, the effect of the financial crisis having rapidly spread to all regions of the world. This development, coupled with the impact of the decision taken in September, brought the central forecast down to 3 percent. However, the impact on inflation remained conditioned by the extent to which the easing in global prices would spread to domestic prices. As a result, the Board decided during its meeting in December to keep

the key rate unchanged at 3.50 percent and to increase vigilance on the future development of risk factors. On the other hand, given the lasting nature of banks' liquidity deficit on money market, as reflected by forecasts of liquidity factors development, the Board decided to reduce the required reserve ratio by three percentage points, bringing it down to 12 percent as of January 1st, 2009.

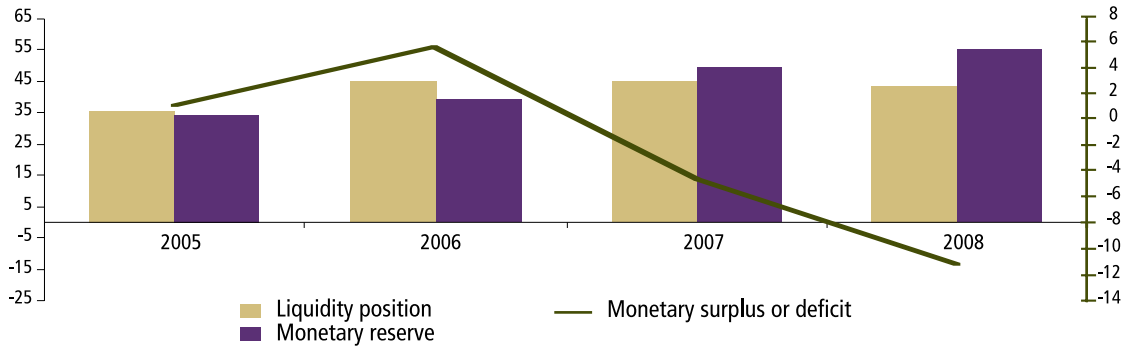
Monetary policy decisions since 2006

	Liquidity withdrawal rate	Key rate	Monetary reserve ratio
2006	Q1		
	Q2		
	Q3		
	Q4	Increase by 25 basis points, to 2.75%	
2007	Q1		
	Q2		
	Q3		
	Q4		Decrease from 16.5% to 15%
2008	Q1		
	Q2		
	Q3	Increase by 25 basis points, to 3.50%	
	Q4		Decrease from 15% to 12%

◆ Operational aspects of monetary policy

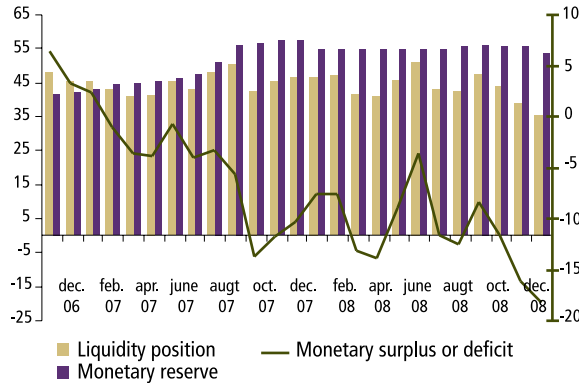
In line with the operational framework of monetary policy, and in a context of persisting deficit in banks' cash holdings in 2008, the regulation of money market was carried out through liquidity injection, particularly using 7-day advances at auction, and, secondarily, fine-tuning operations.

**Liquidity position and the monetary reserve amount
(in billion dirhams)**

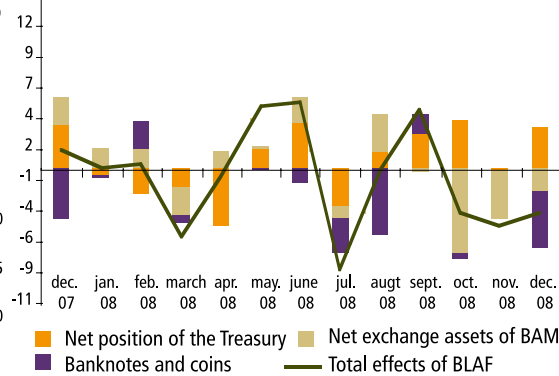


Overall, the structural liquidity position of banks¹ in 2008, measured through average end-of-week outstanding amounts, stood at 43.8 billion dirhams, compared with 44.8 billion dirhams in 2007. Given that the monetary reserve stands at a medium level of 55 billion dirhams, the deficit in banks cash holdings reached 11.2 billion dirhams, compared with 4.5 billion dirhams a year earlier.

**Liquidity position and the monetary reserve amount
(end-of-week averages, in billion dirhams)**



**Impact of autonomous factors
(end-of-week averages, in billion dirhams)**



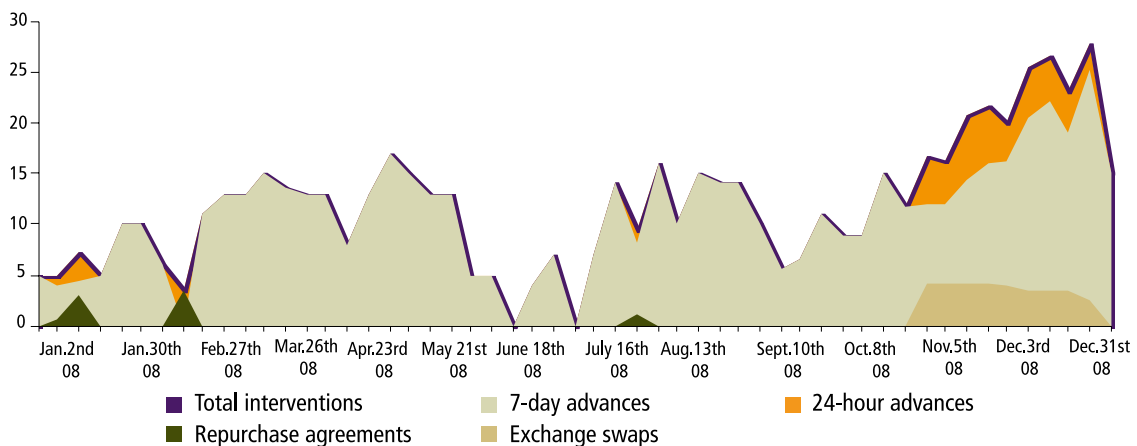
¹ The structural liquidity position of banks (SLPB) corresponds to the net effect of liquidity's autonomous factors. It is calculated as follows: SLPB = Bank Al-Maghrib's net foreign assets + Treasury's net position + other net factors – notes and coins in circulation

As for the development of banks cash holdings during the year, they posted an average deficit of 7.8 billion dirhams over the first two months, due primarily to the restrictive effect of better Treasury's net position, which exceeded the expansive effect of the rise in Bank Al-Maghrib's net foreign assets and the decline of currency in circulation. This deficit widened further in March and April 2008 to an average 13.7 billion dirhams, mainly as a result of the decrease in the Bank's foreign exchange reserves. Under these circumstances, Bank Al-Maghrib increased by 6 billion dirhams the volume of its interventions through 7-day advances at auction at 3.25 percent, bringing it up to 13.4 billion dirhams.

Over the period of May through September, the money market was characterized by an easing in cash holdings deficit, which went down to 9.2 billion dirhams, under the combined effect of the fall in the Treasury's net position and the increase in Bank Al-Maghrib's net foreign assets. Thus, during the first nine months, the interbank rate averaged 3.29 percent, a level close to the key rate of 3.25%.

Starting October, the banks refinancing requirement intensified anew, to 18.3 billion dirhams in December, in connection with massive purchases of foreign currencies from the Central Bank. Bank Al-Maghrib had to inject further liquidity particularly through 7-day advances at auction and, to a lesser extent, 24-hour advances at 4.50 percent, repurchase agreements, and foreign currency swaps. In parallel, the interbank rate increased to an average 3.62 percent throughout the quarter, reflecting the Board's decision during its meeting on September 23rd to raise the key rate by 25 basis points from 3.25 percent to 3.50 percent.

Bank Al-Maghrib interventions
(end-of-week data, in billion dirhams)

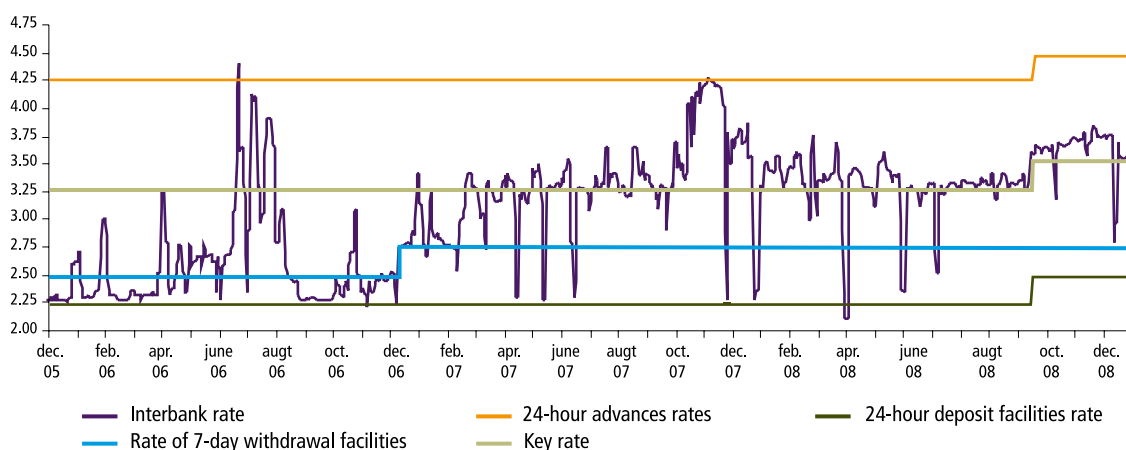


◆ Interest rates¹

Short-term interest rates reflected the fluctuations in the interbank rate which, up to September, was impacted by the liquidity conditions on the money market and, during the fourth quarter, by the raising of Bank Al-Maghrib key rate to 3.50 percent.

Two distinct trends emerge within the evolution of interbank rate throughout the year. In the first three quarters, the interbank rate fluctuated around the 3.25% key rate, standing at 3.29 percent on average. The shocks underwent by the structural liquidity position were cushioned by Bank Al-Maghrib main interventions, consisting in 7-day advances at auction at the rate of 3.25 percent.

Evolution of the interbank market average weighted rate (daily data)



Subsequently, the interbank rate followed an upward trend, mainly in connection with the transmission effect of the Bank Board decision in 23 September to raise the key rate to 3.50 percent. This trend became more marked as pressures on banks' liquidity intensified in October and November, bringing the interbank rate up to levels higher than the key rate, in spite of liquidity injections by the Bank. At the end of the year, with the decision taken on 23 December to decrease the required reserve ratio, the interbank rate declined significantly, receding to 3.56 percent on December 31st.

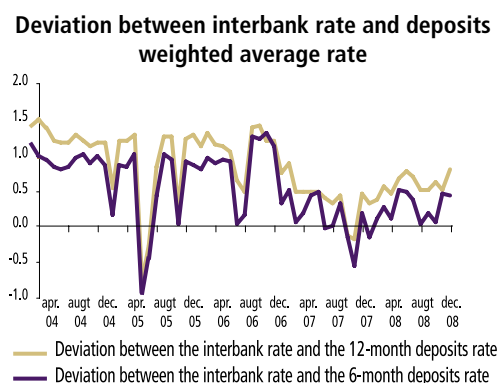
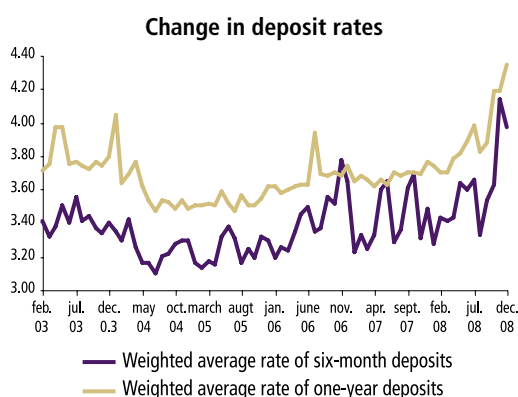
¹ See statistical appendices XI-3 to XI-11

Overall, the interbank rate settled at 3.37 percent on a daily average, 8 basis points higher than the previous year. On the other hand, its volatility was significantly lower in 2008, while the standard deviation of overnight interest rate decreased to 0.26 percent, from 0.42 percent in 2007.

Remuneration of bank deposits in 2008 reached its highest level in many years, at 3.80 percent on average compared with 3.57 percent in 2007 and 2006. Rather than the transmission effect of the key rate's increase at the fourth quarter, this trend seems to reflect the banks' need for sustainable resources, in parallel with the continuous increase of loans and the substantial slowdown in non-interest bearing deposits.

Rates of time deposits with banks

	Average 2005	Average 2006	Average 2007	2008 Q1	2008 Q2	2008 Q3	2008 Q4	Average 2008
Six-month deposits	3.23	3.43	3.42	3.37	3.55	3.50	3.90	3.58
One-year deposits	3.52	3.67	3.67	3.71	3.82	3.89	4.23	3.91
6-month and 12-month deposits	3.40	3.57	3.57	3.56	3.72	3.77	4.13	3.80



On the primary market of Treasury bills, after the rise observed in 2007, the rates on short maturities slowed down during the first nine months of 2008, before rising again in line with the evolution of the interbank rate. The same trend was observed on the secondary market, where the yield of short-term treasury bills largely reflected the momentum in overnight interest rate.

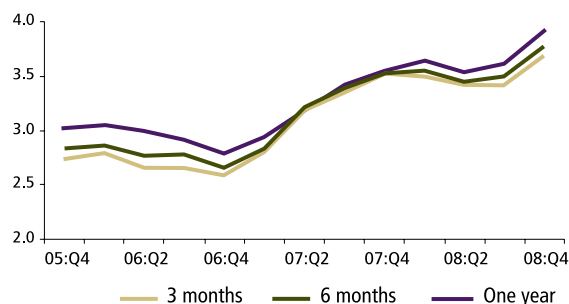
Treasury bills rates on the primary market*

	Average 2005	Average 2006	Average 2007	2008: Q1	2008: Q2	2008: Q3	2008: Q4	Average 2008
Short term rates								
13 weeks	2.45	2.60	3.24	3.58	3.41	3.42	3.69	3.52
26 weeks	2.54	2.70	3.27	3.59	-	-	3.77	3.68
52 weeks	2.89	3.03	3.20	3.62	3.53	3.51	3.84	3.63
Medium-and-long term rates								
2 years	3.13	3.17	3.38	3.68	-	-	-	3.68
5 years	3.97	3.61	3.57	3.85	-	3.75	3.99	3.86
10 years	4.78	4.10	3.40	-	-	-	-	-
15 years	5.35	4.54	3.65	-	-	-	-	-
20 years	6.01	4.87	3.81	-	-	-	-	-

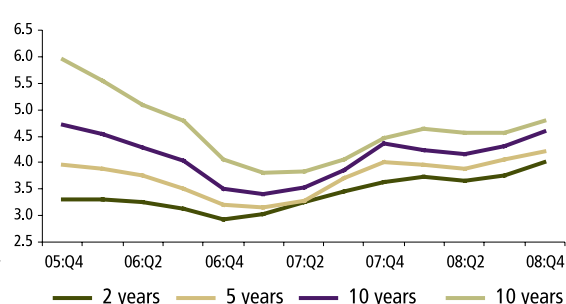
*Simple averages

Like in the previous year, the secondary market constituted the reference for the analysis of medium and long term yields, given the weak or inexistent treasury issues for some maturities. The downward trend noted in medium-term yields during the first two quarters reversed as of the third quarter, in parallel with the increase in short-term rates, whereas the growth in long maturities, which started since the beginning of the year, accelerated in the fourth quarter of 2008.

Short-term Treasury bills rates on the secondary market



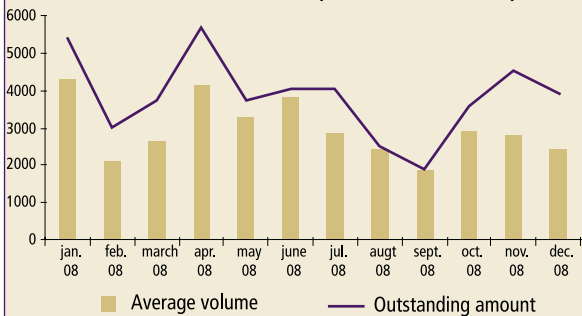
Medium and long-term Treasury bills rates on the secondary market



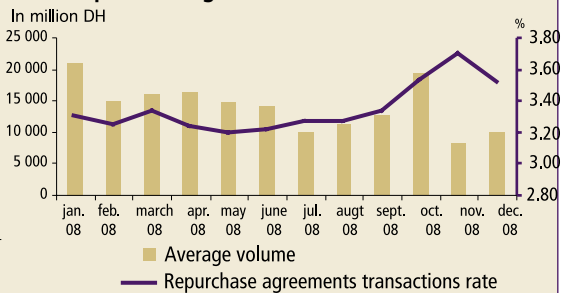
Box 14: Interbank and treasury bills markets in 2008

In 2008, the average volume of daily exchanges on the interbank market¹ increased to nearly 3 billion dirhams, compared with 2.2 billion dirhams a year earlier. However, the average outstanding amount of transactions receded from one year to the next from 4.8 to 3.8 billion dirhams in 2008.

Outstanding amount and average volume of transactions in the interbank market (in million dirhams)

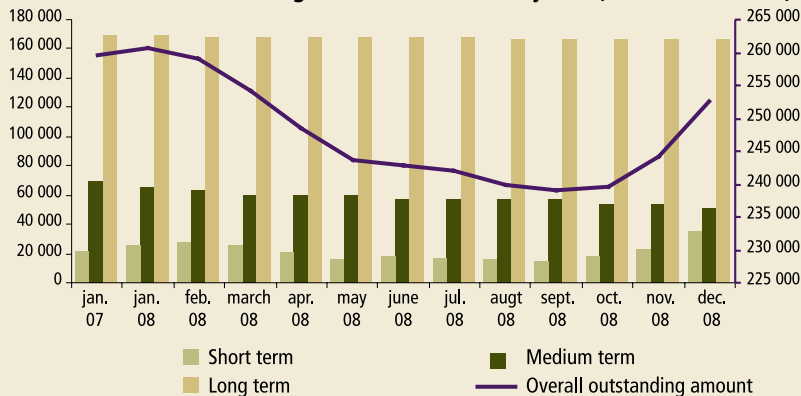


Evolution of the average overall volume and the rate of repurchase agreements transactions in 2008



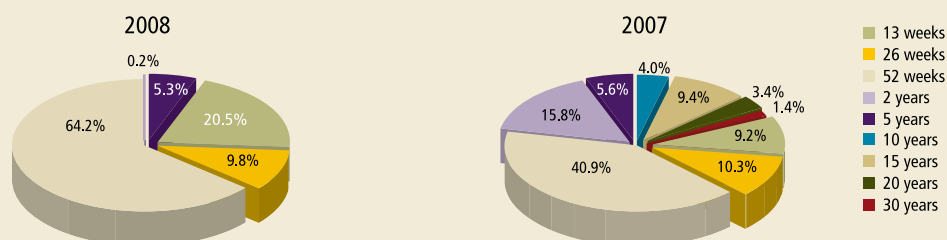
Activity on the primary market of Treasury bills issued at auction² was marked by the decline in the overall outstanding amount, due to the rapid expansion in repayments, and higher short-term issues in comparison with other maturities, in a context marked by the upward trend in interest rates and the good situation on the State treasury.

Evolution of the outstanding amount of the Treasury bills (in million dirhams)



Issues of short-term bills increased by 73.6 percent to 44 billion dirhams, or 94 percent of overall Treasury issues in 2008. Given repayments, of 30.3 billion dirhams, the outstanding amount of short-term bills increased by 13.6 billion dirhams to 35 billion dirhams. Concerning other maturities, the outstanding amount of medium-term bills contracted by 13 billion dirhams, to 50 billion dirhams, while the outstanding amount of long-term bills stood at 167.1 billion dirhams, down by 2.4 billion dirhams, in the absence of new issues.

Structure of Treasury bills issues (in %)



This evolution impacted the structure per term of the overall outstanding amount of Treasury bills, leading to an increase in the share of short-term bills in 2008, to the detriment of other maturities. At the same time, the average remaining maturity of the Treasury bills portfolio decreased by nearly 7 months, to 5 years and 335 days.

As to secondary market transactions, they declined after a substantial increase in 2007. This market is still characterized by the significant share of repurchase agreements, while firm transfers contracted by 2.4 billion dirhams from one year to the next, to 6.4 billion dirhams. With regard to repurchase agreements³ in particular, transactions conducted between all participants reached nearly 14 billion dirhams on average, while interbank transactions stood at one billion dirhams approximately, compared with 1.2 billion dirhams in 2007.

Overall, transactions on the secondary market amounted to 549.3 billion dirhams, compared with 629.4 billion dirhams, which led to the decline in the monthly turnover rate of Treasury bills stock⁴ from 240.4 percent to 222.2 percent.

1 See statistical appendix XV-1

2 See statistical appendices XV-2 and XV-3

3 Non exhaustive data based a limited number of bank declarations and therefore not representative of the entire banking system

4 Ratio of average monthly volume of transactions on the secondary market of Treasury bills to end-of-month average outstanding amount

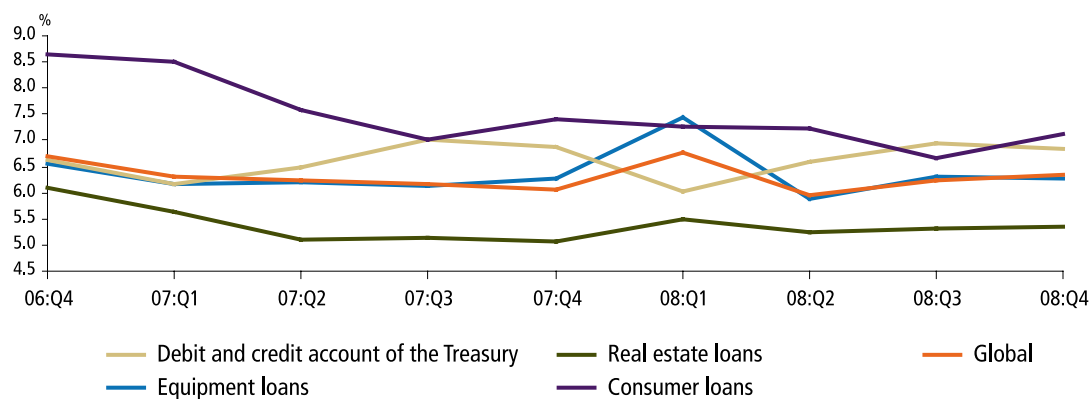
Concurrently with these developments, the interest rates on savings accounts increased in 2008. The minimum rate on passbook accounts with banks, indexed on the average weighted rate on 52-week Treasury bills, increased 3.11 percent, up 66 basis points from one year to the next. The rates on passbook accounts with the Caisse d'épargne nationale (National Savings Fund), indexed on the average weighted rate of 5-year Treasury bills, rose by 73 basis points to 1.95 percent on average.

Minimum rates applied to savings accounts

	2005	2006	2007	2008
Rates of passbook accounts with banks	2.28	2.53	2.45	3.11
Rates of passbook accounts with the Caisse d'Epargne nationale	1.53	1.68	1.23	1.95

As for lending rates, the findings of Bank Al-Maghrib quarterly survey on banks point to a slight uptrend in the average weighted rate of loans in 2008, after the downward trend observed during the last two years. Also indicated is the reduction in the differential between the rates applied to various loan categories.

Lending rates evolution



The average weighted rate on loans granted to firms and individuals grew by 26 basis points from one year-end to the next to reach 6.33 percent, in connection with the upward adjustment of rates on real-estate loans, which were relatively low during the last two years. On the other hand, rates for consumer loans declined in spite of their rise in the fourth quarter, as competition in this segment continues to intensify. Likewise, rates on equipment loans, which were volatile over the year, declined moderately. Overdraft facility rates, more dependent on the fluctuations in interbank rate, increased only slightly compared with end-2007.

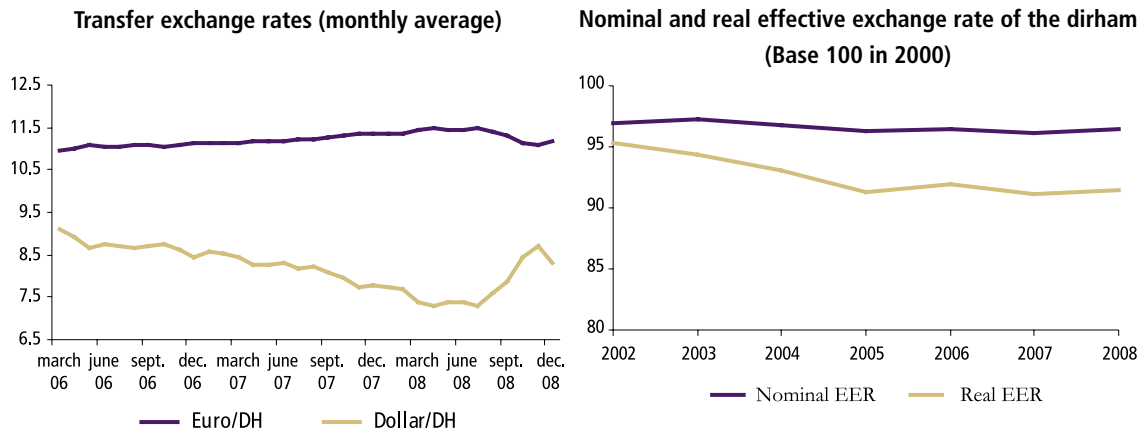
The average cost of loans distributed by finance companies, which is calculated on the basis of balance sheet data, settled at 10.74 percent on average, compared with 11.67 percent in 2007.

◆ Exchange rate¹

In a context of financial turmoil and high volatility in the international exchange market, the bilateral exchange rate of the dirham showed significant variations. However, thanks to the current exchange system, the dirham's nominal effective exchange rate remained broadly stable. Likewise, the absence of a significant inflation differential with partners contributed to the stability of the dirham in real terms.

The national currency thus appreciated, from one year-end to the next, by 1 percent against the euro, and 31.15 percent against the pound sterling. However, it depreciated by 4.75 percent and 22.69 percent, respectively, against the dollar and the yen.

¹ See statistical appendix IX-1



In nominal effective terms, the exchange rate of the dirham appreciated by 0.45 percent only. In real effective terms, this appreciation was limited to 0.35 percent because of the slight inflation differential.

◆ Money, loans and liquid investments¹

At the end of 2008, the aggregate M3 grew by 10.8 percent, thus recording a considerable decrease compared to the average 14.7 percent observed during the last three years, which led to the absorption of the money surplus previously accumulated by non-banking agents.

However, the growth of bank loans, although decelerating, remained vigorous at 23 percent at the end of December, compared with 29 percent a year earlier.

The gap between the growth paces of money and loans is ascribed to the retreat in net foreign assets and net claims on the government, as well as the strengthening of banks' borrowings.

The decline in aggregates of liquid investments heightened further from 12.3 percent in 2007 to 15.5 percent, despite the growth of monetary UCITS over the year. Bond UCITS securities and securities of share and diversified UCITS, however, strongly contracted from one year-end to the next.

◆ M3 aggregate

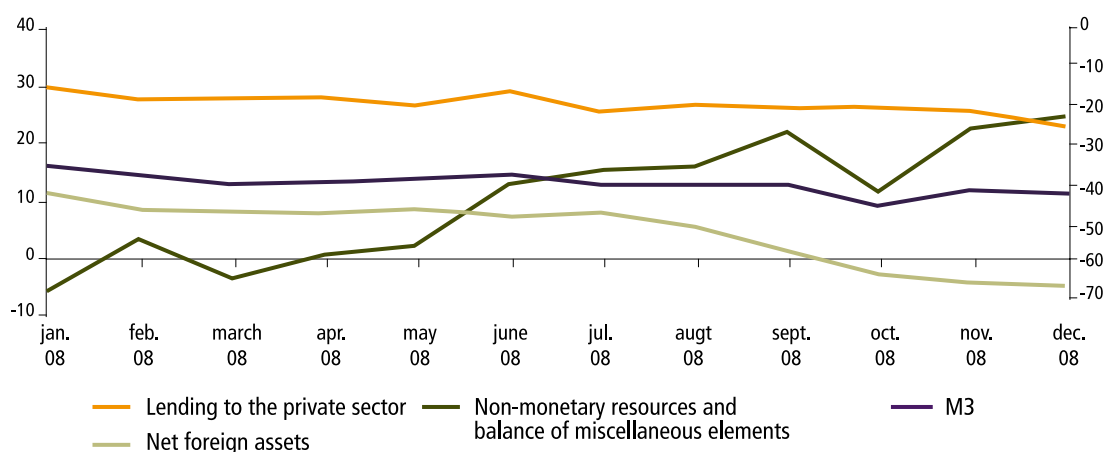
The evolution of money supply during the year primarily reflected the effect of both the expansion in loans and bank's financial borrowings, and the deceleration of net foreign assets' growth pace. Despite their volatility, net claims on the government did not significantly impact the money supply in 2008.

Until June, year-to-year M3 growth fluctuated weakly around 14 percent, reflecting the increase in the average rates of loans' and net foreign assets' rise by 28.4 percent and 8.4 percent, respectively. In the second half of the year, this pace gradually decreased to reach 10.8 percent at the end of the year, primarily due to the sharp decline in net foreign assets and the rise in non-monetary resources, which was offset only partially by the expansion in banking credit. The decline in M3 widened temporarily in October, following the withdrawal by

¹ See statistical appendices XII-1 to XII-15 and XIII-1 to XIII-4

the OCP¹ of a large part of its time deposits in order to finance the outsourcing of its pension fund. Considering the average outstanding amounts at the end of the month, M3 growth declined from one year to the next from 18.1 percent to 13 percent, in line with its evolution trend in the long term.

Growth of M3 and its counterparts in 2008 (year-on-year in %)



◆ M3 components

The contribution of bank money to monetary growth resumed its downward trend interrupted in 2007, while demand deposits and paper money grew at higher paces compared with 2007. However, the contribution of time deposits to the M3 growth rebounded significantly, in response to the massive switching from outstanding cash holdings to interest-bearing deposits, whose returns significantly grew in 2008.

¹ See the "Monetary Policy Report" of December 2008, Box 4.2, page 37.

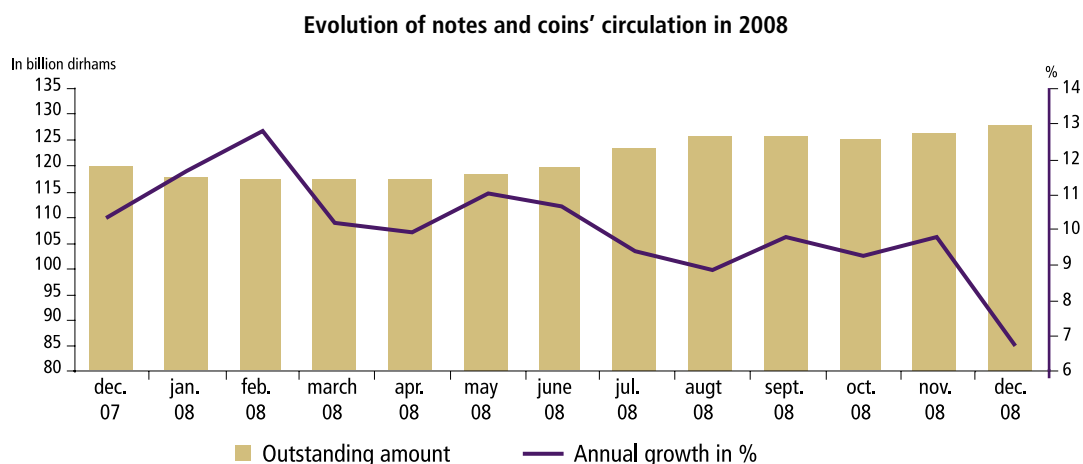
Evolution of M3 components

	Fiduciary money	Bank money	Sight deposits	Time deposits	M3
Outstanding amount at the end of December (in million dirhams)					
2005	364 89	213 227	147 59	094 99	818 474
2006	601 108	686 262	077 65	161 119	525 555
2007	844 119	743 327	048 72	130 125	765 644
2008	877 127	649 353	368 79	774 153	668 714
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
Variations 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
Contribution to M3 growth in %					
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	11.6	37.1	10.5	41.0	100

Banknotes and coins in circulation

The growth pace of the banknotes and coins' circulation receded from 10.4 percent in 2007 to 6.7 percent in 2008. This decline in banknotes and coins over the last two years, which is partly linked to the strengthening of bancarization, brought their growth in line with the growth of the economy.

So far as the intra-annual trend is concerned, the level of notes and coins in circulation remained relatively stable during the first five months of the year before it increased during the summer, and then dropped in October, in line with its seasonal profile. Subsequently, it grew at a high rate in November and December, in connection with the celebration of the Eid Al Adha (Feast of the Sacrifice) and the holiday seasons.



Bank money

In 2008, the growth of bank money decelerated to unusual levels not seen since 2003, ending the year with a limited pace of 7.9 percent compared with 24.8 percent a year earlier. Besides the predictable downward adjustment after the expansion observed in 2007, this trend can be explained by the dissipation of the impact of financial transactions¹, as well as by non-financial agents' preference for interest-bearing investments with banks and monetary UCITS whose returns improved substantially.

The monthly evolution of bank money was largely determined by the seasonal factors, unlike the previous year which was marked by the weight of financial factors.

Therefore, the monthly growth pace of bank money reached 2.1 percent, 2.6 percent and 2.7 percent, respectively for March, June and December, in connection with the constitution of down payments by businesses for corporate tax payments, while it did not exceed 0.3 percent during the other months. October was the exception to that seasonal profile, due to the one-time transfer of time deposits to demand deposits, following the outsourcing of the OCP's internal pension fund.

¹ See the Annual Report of 2007, Box 13, page 88.

Demand deposits

Demand deposits continued to grow moderately in 2008, reaching 10.2 percent, a rate close to their long-term trend. Concerning the structure of these deposits, passbook accounts with banks remain dominant with 82.2 percent.

Trend and structure of demand deposits

Outstanding amount in million dirhams	End 2006	End 2007		End 2008	
	Outstanding Amount	Outstanding Amount	Variation in %	Outstanding Amount	Variation en %
Total demand deposits	077 65	048 72	10.7	368 79	10.2
Passbook accounts with banks	375 53	967 58	10.5	251 65	10.7
Passbook accounts with the Caisse d'épargne nationale	702 11	081 13	11.8	117 14	7.9
Structure of sight deposits in %					
Passbook accounts with banks	82.0	81.8		82.2	
Passbook accounts with the Caisse d'épargne nationale	18.0	18.2		17.8	

Time deposits

Time deposits grew by 23 percent from one year-end to the next, partly in connection with the increase in borrowing interest rates which strengthened the switching of monetary surpluses accumulated during the last years into time deposits. This growth covered individuals, the public sector and financial corporations, which contributed to the growth of time deposits by respective rates of 30 percent, 26 percent and 29 percent. However, deposits of non-financial businesses remained stable after their expansion in 2007.

◆ Loans and other sources of monetary creation

In 2008, the contribution of loans to monetary creation resumed strength, following the contraction in net foreign assets. Net claims on the government contributed by only 1 percent to the overall monetary creation of the year, while non-monetary resources, negatively impacted the growth of money supply by 3 percent, similarly to the year 2007.

Money supply counterparts

Amounts outstanding in millions of dirhams	End 2006		End 2007		End 2008	
	Outstanding Amount	Outstanding Amount	Variation in %	Outstanding Amount	Variation in %	
Net foreign assets (I)	768 190	519 208	9.3	522 197	-5.3	
Overall domestic credit						
A. Claims on Government	656 77	771 79	2.7	621 80	1.1	
B. Lending to the private sector	597 339	285 436	28.5	200 536	22.9	
C. Counterparts of assets with the Caisse d'épargne nationale	702 11	081 13	11.8	117 14	7.9	
Total (A+B+C)	955 428	137 529	23.4	938 630	19.2	
To be deducted: Non-monetary resources	007 50	303 64	28.6	606 83	30.0	
Domestic lending of a monetary nature (II)	948 378	834 464	22.7	332 547	17.7	
Total of counterparts (I+II)	716 569	353 673	18.2	854 744	10.6	
Balance of sundrous items	-14 191	-28 588	101.5	-30 186	5.6	
M3 aggregate	525 555	765 644	16.1	668 714	10.8	

Credit¹

Bank loans continued to expand steadily, though less markedly than in 2007, reaching 23 percent instead of 29 percent. This slowdown particularly covered categories of loans which increased at higher rates than the overall growth in 2007, namely real-estate loans and consumer loans. For their part, non-performing debts contracted again in 2008, down to only 6 percent of the overall outstanding amount of loans, compared with 8 percent a year earlier, owing to the improvement of risk management. At the same time, the outstanding amount of

¹ These figures were reprocessed, and are different from the figures of monetary statistics.

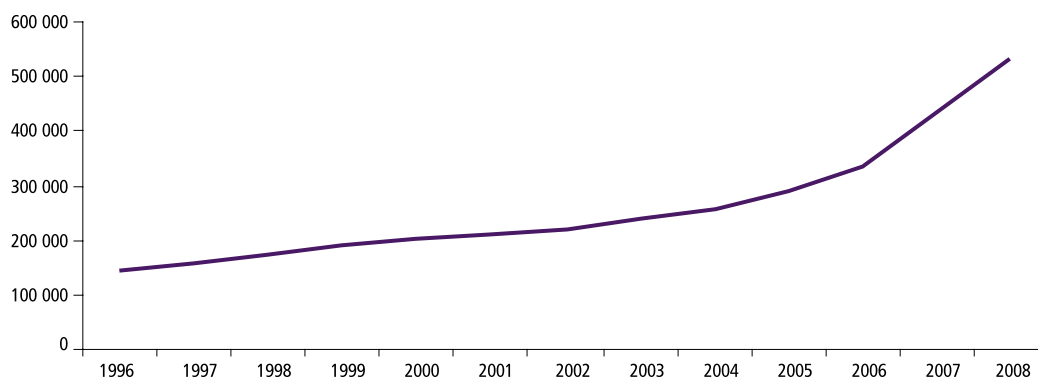
loans distributed by micro-credit associations settled at 5.7 billion dirhams, up by 3.6 percent, compared with 57 percent in 2007.

Pursuing the trend observed during the previous years, the evolution of loans by maturity reveals the strengthening of medium and long term loans.

Loans distributed by banks

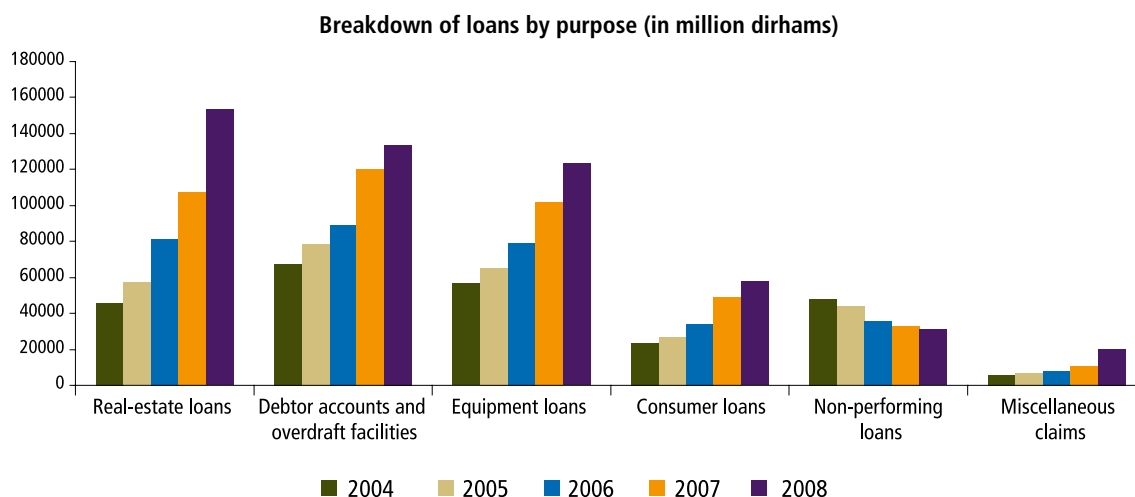
The overall outstanding amount of loans distributed by banks amounted to 519.3 billion dirhams in 2008, thus recording a 23 percent increase compared with 29 percent a year earlier. Excluding non-performing loans, bank credits rose by 25.4 percent.

Evolution of the outstanding amount of bank loans (in million dirhams)



Distribution of bank loans by purpose

The slowing down in the growth rhythm of loans involved all categories, except for overdraft facilities which increased from 21.6 percent to 24.6 percent. Despite the difficult business cycle, particularly at the end of the year, the reduction of non-performing loans, which began in 2005, continued, as these debts dropped to represent over 6 percent of the overall loans, compared with 8 percent a year earlier.



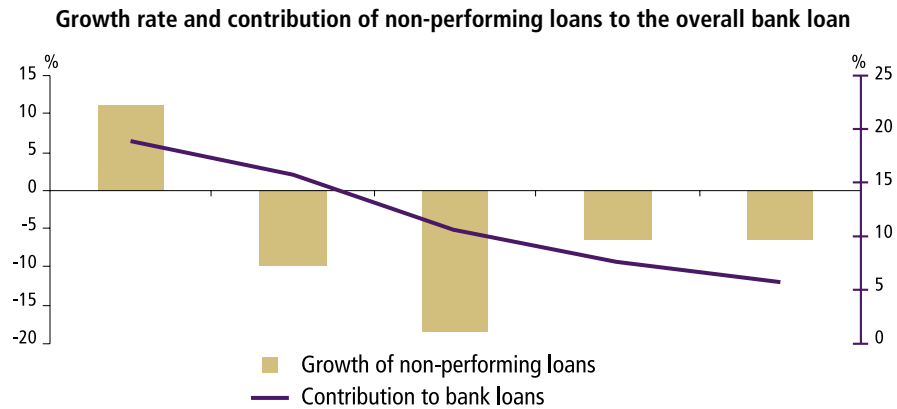
At the end of 2008, overdraft facilities, granted in majority to businesses, amounted to 134.2 billion dirhams, up by 26.5 billion dirhams or 24.6 percent, compared with 21.6 percent in 2007. In addition to the ongoing strengthening in banks' contribution to the financing of the national economy, which started in 2005, this significant acceleration can also be explained by the rise in cash requirements in a certain number of businesses.

Reflecting the momentum in the real-estate market, loans in this sector grew by 27.6 percent after their exceptional expansion in 2007.

Equipment loans, directed mainly to financial businesses, grew by 20.3 percent, compared with 29.5 percent a year earlier, to reach 122.8 billion dirhams, in response to the good performance of investment, particularly in the sectors of industry and services.

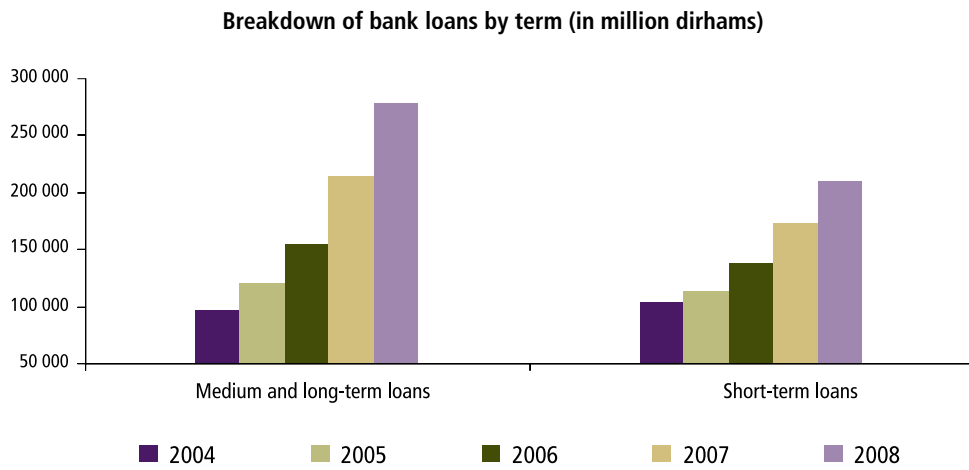
In connection with the good state of consumption, consumer loans maintained their growth, though at a less steady rate than in 2007, to reach 58 billion dirhams, compared with 49.3 billion dirhams a year earlier.

As for non-performing loans, they declined by 2.1 billion dirhams to settle at 31.2 billion dirhams in 2008. Their coverage rate by provisions stood at 75.3 percent for all banks, 82 percent for private banks and 64.8 percent for state-owned banks, compared with 75.2 percent, 84.5 percent and 62.8 percent, respectively in the previous year.



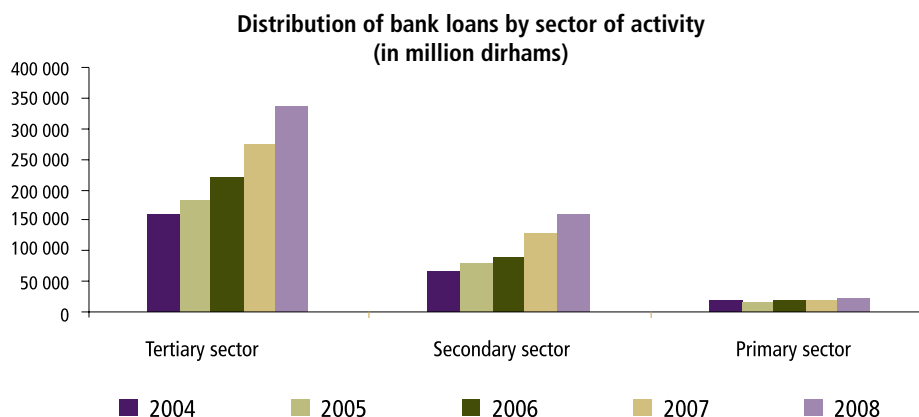
Distribution of bank loans by term

Reflecting the rise in loans granted to real-estate and equipment, medium and long-term loans continued their upward trend to reach 278 billion dirhams. Despite the slowing down of their growth rate from one year to the next, the share of medium and long-term loans strengthened from 50.9 percent to 53.6 percent. Regarding short-term loans, they amounted to 209.7 billion dirhams, up by 20.4 percent, compared with 26.2 percent in 2007.



Distribution of bank loans by sector of activity

The deceleration in the overall growth pace of bank loans in 2008 did not have a significant impact on the structure of loans granted to the various sectors of activity, since the shares of the tertiary, secondary and primary sectors stood at 64.8 percent, 31.2 percent and 4.1 percent, respectively.



The upward trend of loans granted to the tertiary sector continued in 2008, though at a rate slower than last year's, namely 23 percent instead of 25 percent. These loans were primarily allocated to households and to financial activities, whose respective shares amounted to 26.5 percent and 13 percent. Loans granted to the sector of commerce rose by 23.6 percent to reach 33.8 billion dirhams, while those granted to hotel business increased by 40 percent in line with the momentum of this sector. Loans granted to transportation and communication grew by 7 percent.

Loans to the secondary sector grew by 24 percent to nearly 162 billion dirhams, primarily due to the significant growth of loans granted to extractive industries by 251.7 percent¹. As for the loans granted to building and public works, they grew by 22.3 percent, after having recorded a growth by 118.6 percent in the previous year. Loans to the primary sector grew by 12.6 percent to 21.1 billion dirhams, after they almost stabilized in 2007. This growth is mainly attributable to the increase in this sector's added value propelled by the significant improvement of weather conditions which marked the beginning of the 2008-2009 crop year.

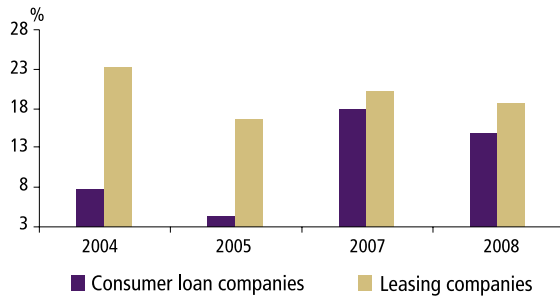
¹ Including primarily the bank loan of 6.9 billion dirhams which was granted by the OCP to finance a portion of the outsourcing of its internal pension fund to the Collective Scheme for Retirement Allowances (RCAR).

Loans distributed by finance companies

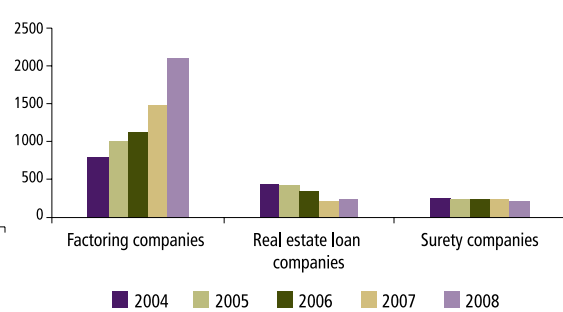
Loans distributed by finance companies reached an outstanding amount of 72.7 billion dirhams, up by 17.1 percent, compared with 19.2 percent in 2007. Consumer loans and leasing companies continue to prevail with respective shares of almost 53 percent and 44 percent.

Reflecting the strength in household consumption, loans granted by consumer loan companies amounted to 38.4 billion dirhams, up by 14.8 percent compared with 18.3 percent in 2007. At the same time, loans granted by leasing companies grew by 19.3 percent, compared with 20.8 percent one year before, to reach 31.8 billion dirhams.

Growth of loans distributed by consumer loan companies and leasing companies



Loans distributed by other finance companies (In million dirhams)



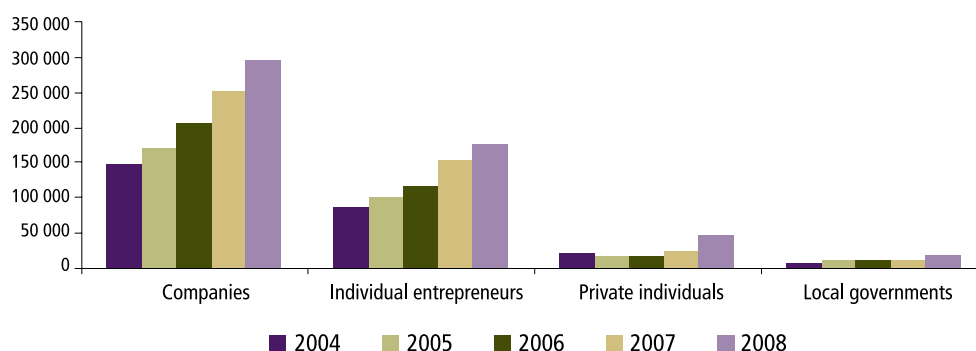
As for loans granted by factoring companies, their outstanding amount remains relatively low by 2 billion dirhams, but they appear to have accelerated as suggested by their 42.6 percent growth, compared with 30.2 percent in 2007. Likewise, loans by surety companies amounted to 1.4 billion dirhams, up by 3 percent, as their commitments by signature remain dominant with 1.3 billion dirhams.

Distribution of credit institutions' loans by economic agent

Companies and private individuals remain the main recipients of loans granted by credit institutions, posting respective rates of 55 percent and 33 percent at the end of December 2008. On the other hand, loans granted to individual entrepreneurs were more vigorous as they recorded a growth rhythm of almost 93 percent.

Loans granted to companies grew by 17.5 percent to 295.5 billion dirhams in 2008. On the other hand, private individuals were granted an amount of almost 176 billion dirhams, up by 14.6 percent, owing to the growth of housing and consumer loans. Loans granted to individual entrepreneurs rose to 48.3 billion dirhams, from only 25.1 billion dirhams at the end of 2007. Finally, loans granted to local governments amounted to 20.5 billion dirhams, up by 63.6 percent from one year to the next.

**Breakdown of credit institutions' lending by economic agent
(In million dirhams)**



Microcredit

In 2008, microcredit continued to grow, though at a less steady pace than in last year. In fact, the outstanding amount of credits granted, 5.7 billion dirhams, grew only by 3.6 percent, compared with 57 percent in 2007. At the same time, non-performing loans, which amounted to 299 million dirhams, accounted for 5.3 percent of the overall loans, compared with 2.4 percent in the previous year, while their rate of coverage by provisions settled at 68 percent.

For its part, the number of beneficiaries of funds granted by microcredit associations declined by 11 percent, to 1.3 million active customers, of whom 54 percent are women, compared with 60 percent in 2007.

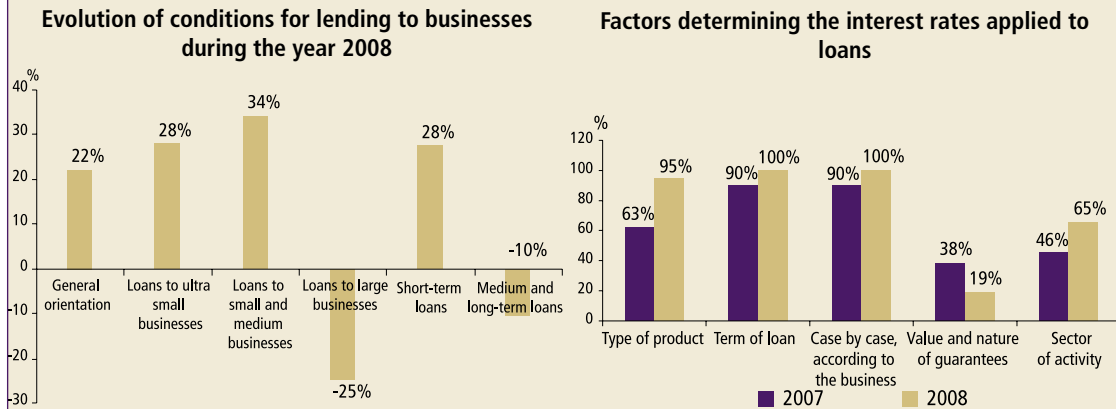
In line with these trends, and given the importance attached to this sector, microcredit associations have been increasingly subjected to monitoring and to upgrading measures. In fact, based on the survey conducted by Bank Al-Maghrif concerning the evolution of cross-indebtedness and non-performing loans, the regulatory framework of this sector was reinforced with a law harmonizing the rules for classification and supply of non-

performing loans. Similarly, in association with the National Federation for Microcredit Associations (FNAM), a directive on governance and internal control is being drafted and a code of ethics shall be adopted. At the same time, quarterly meetings between the Bank and FNAM were organized to follow up the progress in the implementation of action plans concerning cross-debts and recovery of the unpaid debts.

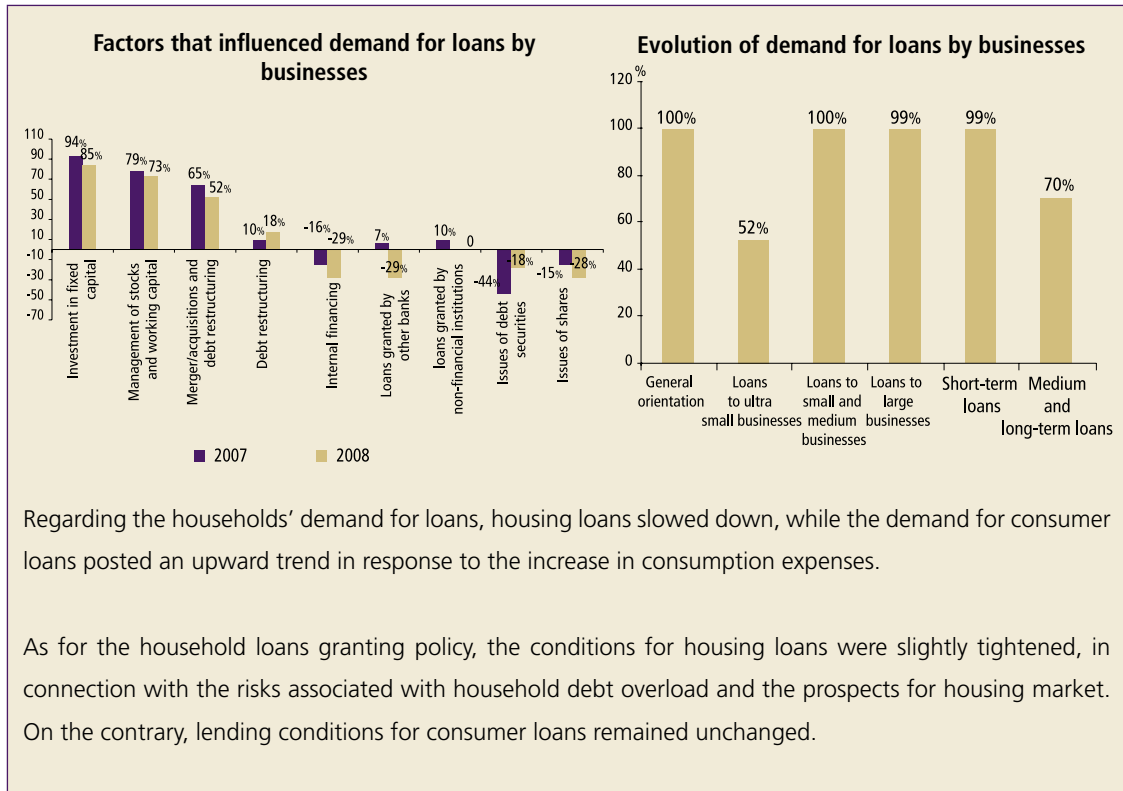
Box 15 : Survey on lending conditions in 2008

The 2008 survey conducted by Bank Al-Maghrif on lending conditions involved nine banks representing 90 percent of the loans distribution market.

According to the survey, banks continued their action towards easing lending conditions to businesses, including loans to small and medium businesses and ultra small businesses. More particularly, this easing was destined to short-term loans, while long and mid-term loans were subjected to tighter conditions. Demand for loans by businesses continued to grow under all its categories.



The major factors that stimulated demand for loans by businesses include investments in fixed capital, inventory management and working capital, as well as operations of merger, acquisition and corporate restructuring. The determinants of interest rates applied to loans to business were influenced primarily by the duration of the loan, the credit category and the sector of activity.



Regarding the households' demand for loans, housing loans slowed down, while the demand for consumer loans posted an upward trend in response to the increase in consumption expenses.

As for the household loans granting policy, the conditions for housing loans were slightly tightened, in connection with the risks associated with household debt overload and the prospects for housing market. On the contrary, lending conditions for consumer loans remained unchanged.

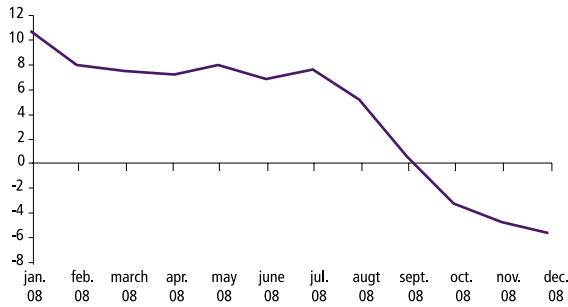
Other sources of monetary creation

Net foreign assets

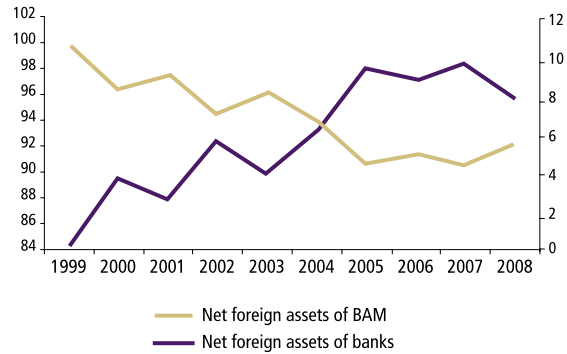
Because of the widening trade deficit, the slowdown in tourist receipts and the contraction in current transfers, which offset the surplus of capital account and financial transactions, net foreign assets declined by 11 billion dirhams, or 5.3 percent in 2008, after their steady rise during the last years. Also after the first half of the year

which was marked by ample fluctuations around the level observed in December, then a seasonal increase in July and August, exchange reserves declined during the last four months in line with the increase in imports. The structure of exchange reserves was marked by the slight decline in the share of banks, which receded from 9.7 percent to 8 percent.

Annual growth of net foreign assets in 2008 (in %)



Structure of net foreign assets (in %)



Box 16: Evolution of the exchange market in 2008¹

In 2008, the monthly average of interbank spot currency swaps against the dirham receded from 9.7 to 6.9 billion dirhams, following the decline in transactions carried out by banks on behalf of their customers. On the other hand, purchases of foreign currencies by banks from Bank Al-Maghrib remained broadly stable at a monthly average of 3.6 billion dirhams.

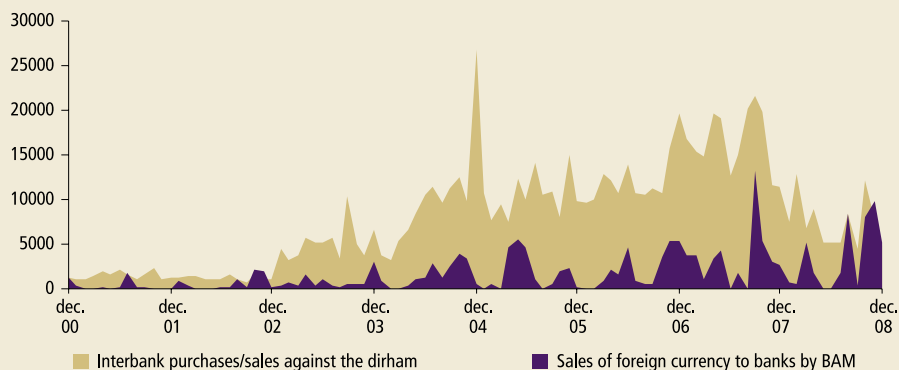
Forward purchases of foreign currency declined by nearly half to reach merely 8.5 billion dirhams. On the contrary, forward sales increased by 36.1 percent to 949 million dirhams.

For their part, arbitrage transactions conducted by the banks with their foreign correspondents amounted to 55.9 billion dirhams instead of 46.5 billion dirhams, while their foreign currency deposits abroad receded by more than half, posting an annual average that went down from 20 billion dirhams to 8.9 billion dirhams.

Concerning overall foreign exchange positions of banks, long positions settled at 4 percent instead of 5.5 percent, and short positions at 2 percent instead of 0.7 percent.

Broadly, the national foreign exchange market was marked over the last years by a certain strengthening, as reflected by the growing share of banks in spot currency swaps. Indeed, despite the decline recorded in 2008, this share posted an average of 21 percent over the period between 2004 and 2008, compared with only 14 percent between 2000 and 2003.

Evolution of transactions on the exchange market



¹ See statistical appendix IX-2

Net claims on Government

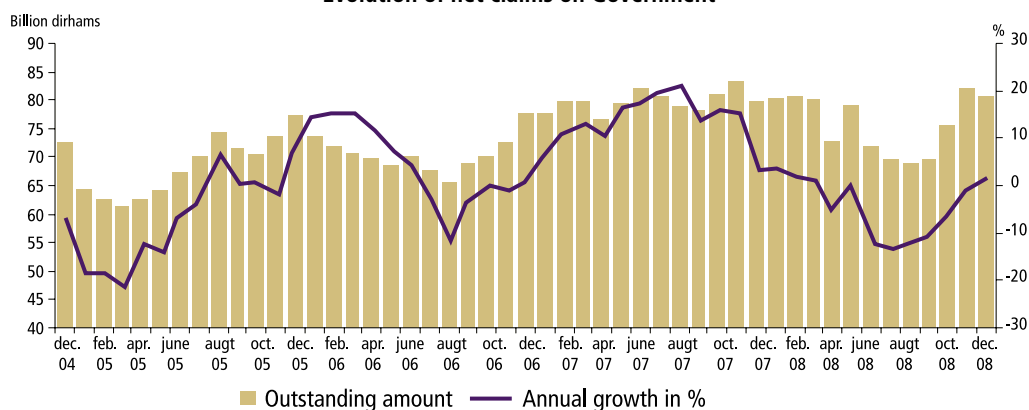
Like the previous year, the outstanding amount of net claims on the Government rose by merely 0.8 percent. This quasi stability reflects the decline in the Treasury recourse to the auction market and the reduction in its net position with Bank Al-Maghrib, following the on-time drop at the end of the year of its current account assets with the Central Bank.

Net claims on Government

Outstanding in millions of dirhams	End 2006	End 2007		End 2008	
	Outstanding amount	Outstanding amount	Variation in %	Outstanding amount	Variation in %
Net claims on Government	77 656	79 771	2.7	80 621	1.1
Net claims of Bank Al-Maghrib	-8 791	-3 421	-61.1	-1 260	-63.2
Banks' claims	77 259	73 490	-4.9	70 829	-3.6
Claims of non-financial businesses and private individuals	9 188	9 702	5.6	11 052	13.9

The intra-annual development of net claims on Government reveals a kind of stability over the first quarter, then a decline which lasted until September, in connection with the low amounts of purchases of Treasury bills at auctions. The fourth quarter was marked by a substantial rise in the Treasury bank financing, following the increase in banks' acquisition of Treasury bills as well as the reduction in account assets with Bank Al-Maghrib.

Evolution of net claims on Government



◆ Liquid investment aggregates

Liquid investment aggregates, which consist mostly of UCITS held by non-financial agents¹, posted declined anew in 2008, primarily in connection with the contraction in deposits of non-financial businesses. This trend reflects a decline in the outstanding amount of the various assets of this aggregate, except for monetary UCITS and commercial papers. However, bond UCITS contracted for the second year running after their growth in 2006, whereas the securities of share and diversified UCITS suffered the value effect due to the slowdown in stock market prices.

Liquid investment aggregates

Outstanding amount in dirhams	End 2006	End 2007		End 2008	
	Outstanding amount	Outstanding amount	Variation in %	Outstanding amount	Variation in %
Aggregate LI 1	4 347	717	-83,5	1 025	43.0
Aggregate LI 2	11 686	19 412	66,1	20 512	5.7
Aggregate LI 3	35 942	22 642	-37,0	16 526	-27.0
Aggregate LI 4	5 854	7 966	36,1	4 804	-39.7
Total LI	57 829	50 737	-12,3	42 867	- 15.5

LI 1 aggregate

The downward trend of the LI1 aggregate since the middle of the 1990s was interrupted in 2008, as its outstanding amount grew from one year to the next from 717 million to one billion dirhams, in connection with non-financial businesses' subscription to commercial papers and the inclusion of contractual UCITS² into this aggregate.

¹ For a detailed analysis of the overall the net asset of UCITS, see the chapter on "stock market, negotiable debt securities and asset management"

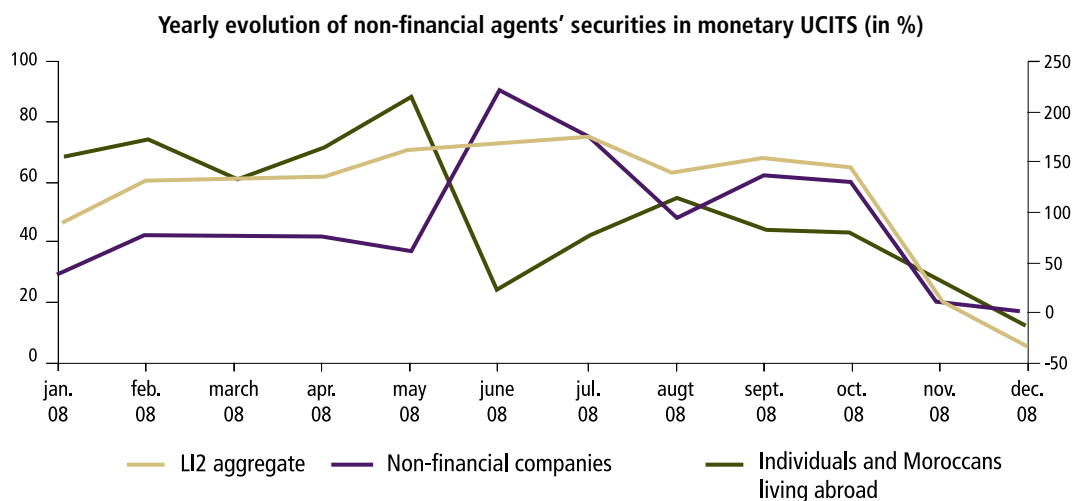
² Contractual UCITS are UCITS under which the commitment of the institution of management of open-end investment fund, or the company of variable capital investment, depending on each case, contractually concerns the achievement of a concrete result expressed in terms of performance and/or guarantee in the amount invested by the subscriber. In return for this guarantee, the institution of management of open-end investment fund, or the company of variable capital investment, may require the subscriber to make commitments on the invested amount and/or the duration for his holding of UCITS securities.

Evolution of LI aggregate

Outstanding amount in dirhams	End 2006	End 2007	End 2008
Treasury bills	3 855	620	365
Commercial papers	0	0	405
Bills issued by financing companies	492	97	30
Titres des OPCVM contractuels	-	-	225
Total LI 1	4 347	717	1 025

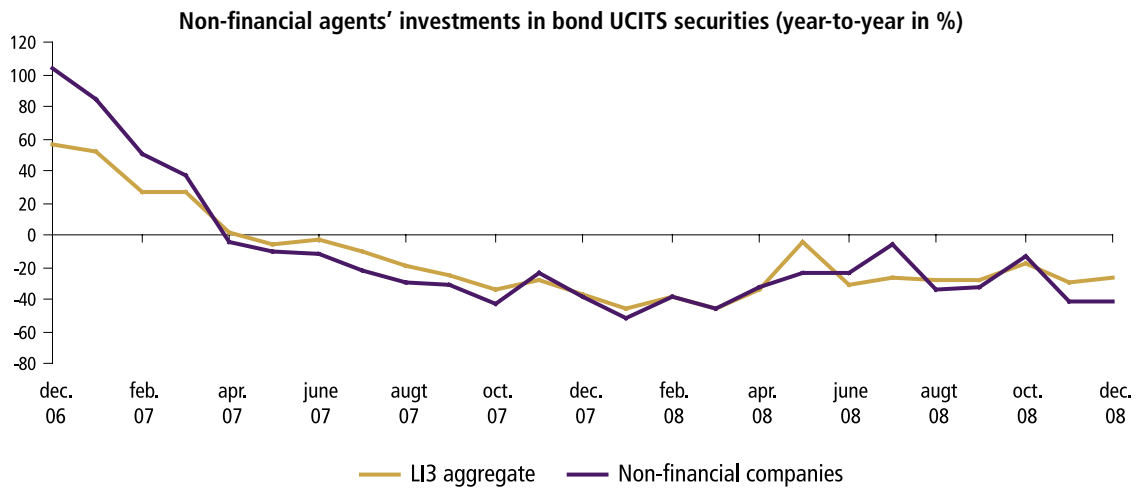
Monetary UCITS securities: LI 2 aggregate

Monetary UCITS securities held by non-financial agents posted an annual growth of 5.7 percent, down from the respective paces of 66.1 percent and 24.7 percent in 2007 and 2006. This deceleration is due to the increase in short-term interest rates on the secondary market, and the decline in demand for all categories of interest-bearing investments by non-financial businesses.



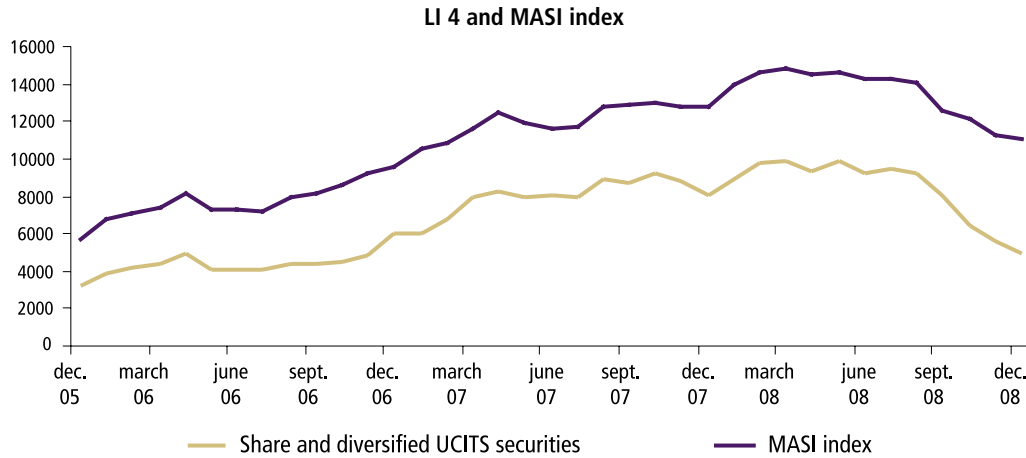
Bond UCITS securities: LI 3 aggregate

The LI 3 aggregate declined by 27 percent from one year-end to the next, in connection with the value effect linked to the rise of medium and long-term interest rates on the secondary market and the decline in the net subscriptions by non-financial agents.



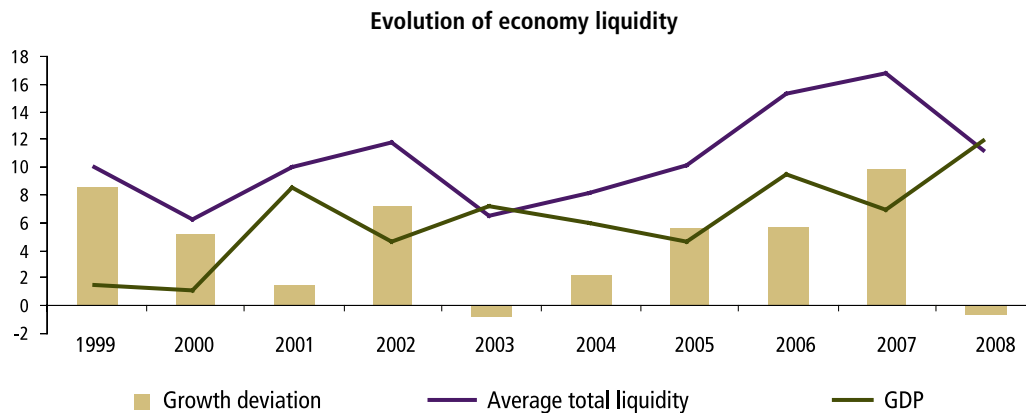
Securities of share and diversified UCITS: LI 4 aggregate

Following the collapsed performance on Casablanca Stock Exchange, the securities of share and diversified UCITS held by non-financial agents declined. However, the magnitude of their decline, 40 percent, was largely outstripped the decline in MASI (13.5 percent), which points to the falling demand for these securities to the advantage of interest-bearing investments with banks and of monetary UCITS securities.



Liquidity of the economy

The economy’s liquidity, made up of the M3 aggregate and the total amount of liquid investment aggregates, grew on a monthly average by 11.2 percent, compared with 16.7 percent a year earlier, thus marking the first decline since 2004. With the GDP having grown in current prices by 11.8 percent, the liquidity rate of the economy remained broadly stable at 97.9 percent.



Liquidity rate of the economy (in %)

	2004	2005	2006	2007	2008*
M3/GDP	78.6	84.1	88.0	97.3	97.9
M3/GNDI	73.6	78.0	81.3	89.3	90.6
Total liquidity / GDP	87.3	92.0	96.8	105.7	105.1
Total liquidity / GNDI	81.7	85.3	89.4	97.0	97.2

* Provisional data

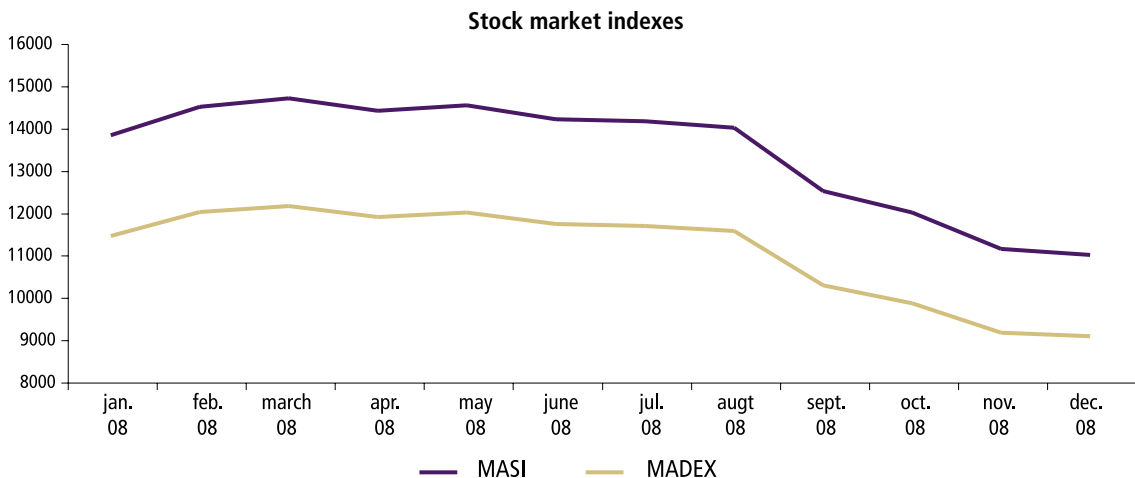
◆ The stock market, private debt and asset management

In 2008, activity in the financial market showed signs of deterioration in the main indicators. However, issuance of negotiable debt securities and bond securities again increased substantially from one year to the next. Net asset of UCITS posted a sharp rise.

◆ The stock market

The upward trend which marked the stock market in the previous three years was reversed in 2008, as the main indicators were broadly down. The MASI and MADEX indexes dropped by more than 13 percent¹, compared with a rise of 33.9 percent and 35.1 percent, respectively, in 2007.

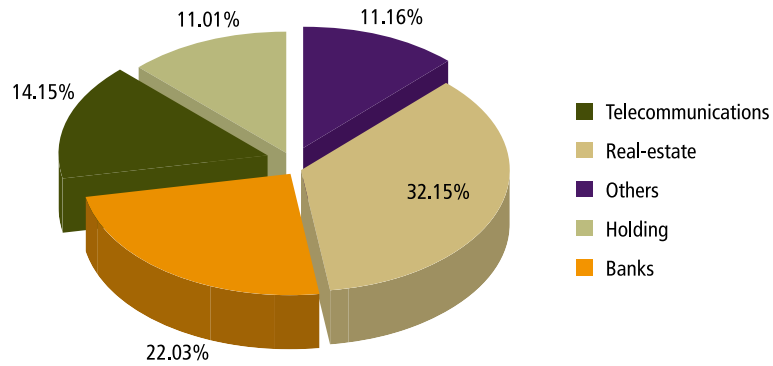
After a quasi sustained upward trend in the first half of the year, prices declined sizably as of August and more significantly as from September. This drop in Casablanca stock exchange seems to reflect the uncertainty surrounding the global financial environment. This downward adjustment occurred after the record performances of most shares, which were unrelated to the trend of listed companies' fundamentals.



Source: Casablanca Stock Exchange

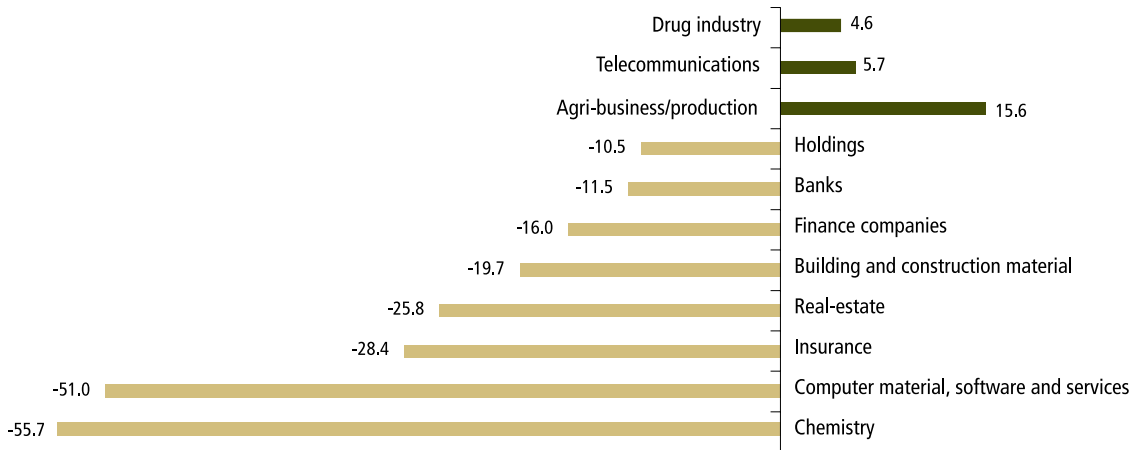
¹ See statistical appendix XV-5

Share in the overall volume on the central market



Source: Casablanca Stock Exchange

Sectoral indexes at the end of December 2008

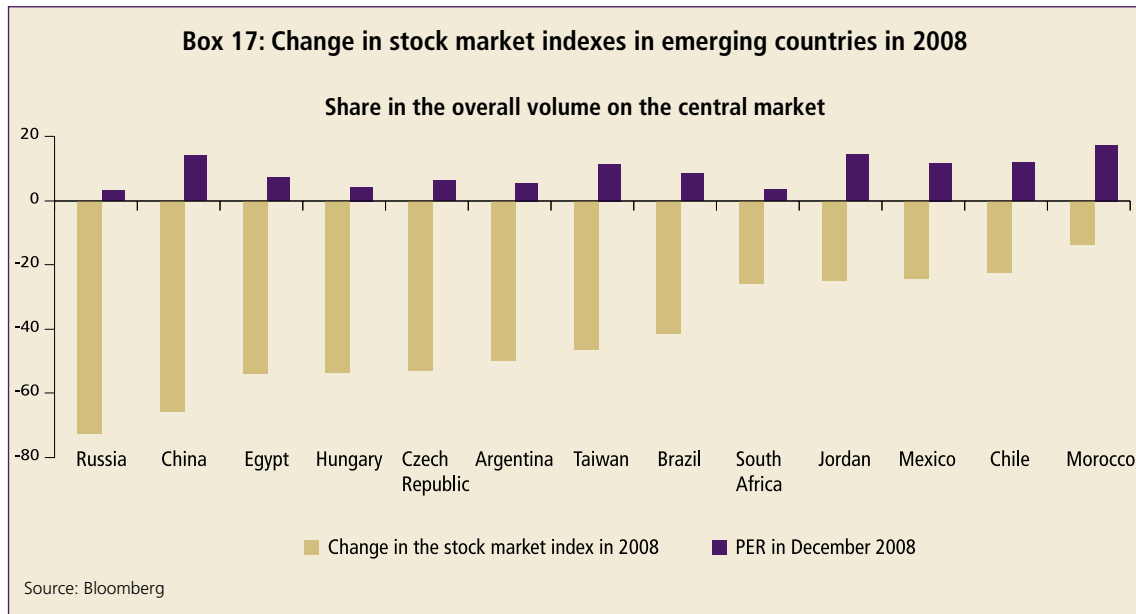


Source: Casablanca Stock Exchange

Concerning sectoral indexes, except for the sectors of agri-business, telecommunications and drug industry which grew respectively by 15.6 percent, 5.7 percent and 4.6 percent, most sectors showed negative variations from one year to the next. Indeed, the indexes of the insurance sector, real estate, and building and construction

material lost 28.4 percent, 25.8 percent and 19.7 percent, respectively. The sectors of finance companies and banks fell by 16 percent and 11.5 percent, respectively. The sector of chemistry and the sector of computer material, software and services recorded the sharpest declines, by 55.7 percent and nearly 51 percent, respectively.

Following this marked drop in share prices of most quoted shares, the Price Earnings Ratio (PER) receded from 22.2 to 17.4 from one year to the next.



At the same time, stock market capitalization dropped by 9.3 percent after it grew by 40.6 percent in 2007. It stood at 531.7 billion dirhams, or 77.2 percent of GDP, compared with 95.3 percent a year earlier. The listing of new five companies on the stock market, with a 15 billion capitalization, brought the number of listed companies to 77. For their part, capital increases totaled 5 billion dirhams, up from 1.7 billion dirhams in 2007. The overall turnover decreased by 32.1 percent to 244.1 billion dirhams, because of the contraction in the volume of transactions on the central market from 213.8 billion to 159.1 billion dirhams. Transactions on the block market shrank by 47.7 percent to settle at 58.7 billion dirhams. The volume of transactions generated by stock market listings declined by 25.3 percent to 14.2 billion dirhams, including 6.4 billion dirhams of bonds.

The volume of dividends distributed continued to march upward, increasing from 14.7 billion dirhams in 2007 to 19.7 billion dirhams in 2008. Under these circumstances, the average rate of return increased 3.7 percent compared with 2.5 percent in 2007.

The volume of foreign investments in listed shares shrank by 1.6 percent to 146.6 billion dirhams¹. This decline was not due to the withdrawal of foreign investors from the Casablanca stock market, but mainly resulted from the poor performance of the MASI index. Nevertheless, the share of foreign investment in stock market capitalization increased from 25.4 percent to 27.5 percent from one year to another, primarily as the portfolio held by foreigners performed better than the stock market did. Excluding strategic stakes, the share of foreign capitals in listed shares remains very weak, representing only 2.3 percent of the total capitalization, compared with 1.8 percent a year earlier.

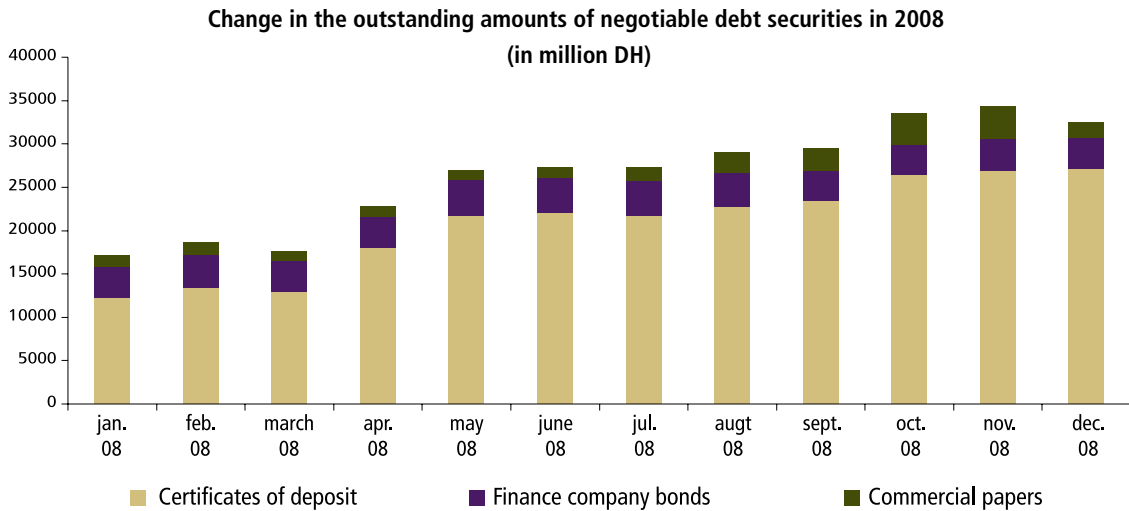
◆ Negotiable debt securities

Issues of negotiable debt securities more than doubled, reaching nearly 39 billion dirhams, mostly owing to the sharp rise in certificates of deposit. These moved up from 14.6 billion dirhams in 2007 to 30 billion dirhams in 2008, amid a context marked by the growing demand for liquidity. Issuance of commercial papers and finance company bonds increased sizably to 7.7 billion dirhams and 1.1 billion dirhams, respectively, compared with 1.9 billion dirhams and 409 million dirhams in 2007. With the repayments totaling 23.5 billion dirhams, the outstanding amount of negotiable debt securities rose from 17.3 billion dirhams to 32.5 billion dirhams².

Interest rates applied to this segment were up in response to the rise in rates offered on short-term Treasury bills. For certificates of deposit, rates offered on the most frequent maturity, namely the two-year certificates of deposit, ranged between 4.15 percent and 4.70 percent, compared with 3.45 percent and 4.15 percent in the previous year. Rates on 6-month commercial papers were between 3.83 percent and 5 percent, up from 3.6 percent to 4.3 percent in 2007.

¹ Based on the 2008 report of the Moroccan Securities Board (Conseil Déontologique des Valeurs Mobilières-CDVM) on foreign investment in Casablanca Stock Exchange.

² See statistical appendix XV-4



◆ Bond issues

Bond issues increased markedly from 5.1 billion dirhams in 2007 to 13.3 billion dirhams in 2008. Attijariwafa Bank made two issues totaling 3 billion dirhams, including 1 billion for a 10-year maturity, at a rate of 4.6 percent, and 2 billion for a 10-year maturity, at a rate of 5.6 percent. The BMCE issued three loans worth 2 billion dirhams, including 1 billion dirhams for a 10-year maturity, at a rate reviewed annually, and 1 billion dirhams, including 850 million dirhams at a rate of 4.96 percent and 150 million dirhams at a rate of 5.95 percent. In addition, the SGMB and Wafasalaf made issues worth 100 million dirhams each and for respective maturities of 10 years and 5 years at respective rates of 5.60 percent and 5.20 percent.

Moreover, Addoha and Holcim companies made two bond issues totaling 1.5 billion dirhams each, with respective maturities of one year and 7 years, at the rates of 4.15 percent and 5.49 percent. Also, the Société Autoroutes du Maroc made two issues amounting to 1.1 billion dirhams, including 500 million dirhams for a 20-year maturity at a rate of 5 percent, and 600 million dirhams for a 10-year maturity at a rate of 4.91 percent. The SNI, ONA and SAMIR companies issued respective loans of 1.2 billion, 1 billion and 800 million dirhams, for maturities of 5 years, 7 years and 5 years, respectively, at the rates of 5.90 percent, 5.20 percent and 5.90 percent.

	Issuing institution	Maturity	Rate in %	Volume issued (in million DH)
Financial companies	BMCE	10 years	(*)	1000
	BMCE	(**)	4.96	850
	BMCE	(**)	5.95	150
	Attijariwafa bank	5 years	4.60	1000
	Attijariwafa bank	10 years	5.60	2000
	Crédit du Maroc	10 years	4.90	500
	Crédit du Maroc	10 years	4.65	500
	SGMB	10 years	5.60	100
	Wafasalaf	5 years	5.20	100
Nonfinancial companies	Autoroutes du Maroc	20 years	5.00	500
	Autoroutes du Maroc	10 years	4.91	600
	Addoha	1 year	4.15	1500
	ONA	5 years	5.20	1000
	Holcim	7 years	5.49	1500
	Samir	7 years	5.90	800
	SNI	5 years	5.20	1200

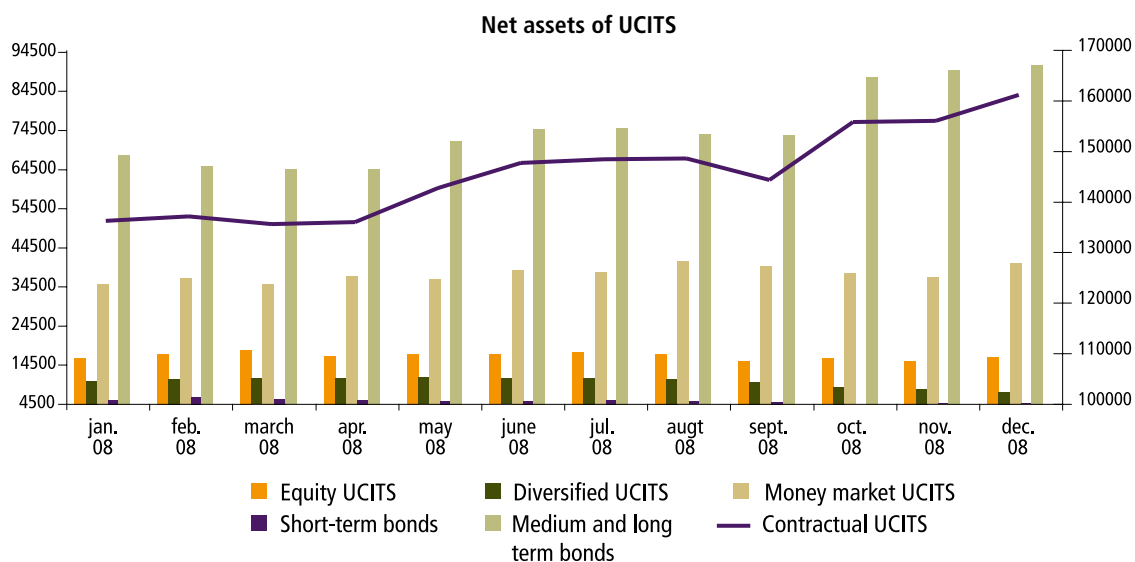
(*) Annually reviewable rate calculated on the basis of the last rate of 52-week Treasury bills on the secondary market.

(**) Perpetual issuance with the possibility of early repayment as of the 10th year.

◆ Asset management

With an outstanding amount of 161 billion dirhams in 2008, net assets managed by UCITS rose by nearly 22 percent from the previous year, mainly on the back of the significant performance of medium and long-term bond funds, assets of which grew by 30.5 percent to 91.2 billion dirhams.

After having practically stagnated over the first four months of the year, in connection with the lackluster performance of medium and long-term bond funds during that period, the net assets of UCITS started to trend upward as from May, primarily due to the increase in net subscriptions and the good performance of medium and long-term bond funds. The net assets then declined moderately in September owing to the repurchase movements that were higher than subscriptions, before they recovered mainly with the growth in medium and long-term bond UCITS.



Source: Securities Board

The number of UCITS increased from 238 in 2007 to 260 in 2008, following the creation of 22 new funds, including 2 which belong to the new category of contractual UCITS. As per legal structure, these UCITS are divided into 215 mutual funds and 45 investment companies with variable capital. As by number, medium and long-term bond UCITS remain dominant relative to the other types of UCITS with 109 funds, or almost 42 percent of the total.

As by outstanding amounts, the weight of medium and long-term UCITS strengthened further with a share of 56.7 percent of the total net assets in 2008. Including short-term UCITS, the share of bond funds increased from 57.5 percent to 59.6 percent from one year to another. In contrast, the net assets of equity and diversified UCITS decreased from 18.4 percent to 15 percent, due to the depreciation in stock exchange prices.

Per economic agent, the breakdown of the net assets managed by UCITS shows that financial corporations hold 73.8 percent, up from 62 percent in 2007. This increase largely results from the sharp growth in assets held by pension and provident bodies. In contrast, the share of assets held by nonfinancial corporations fell to 15.6 percent, from 22.7 percent the year before, whereas resident natural persons and nonresident natural and legal persons held 10.1 percent and 0.6 percent, respectively.

The portion of UCITS net assets in national savings increased markedly, from 66.2 percent in 2007 to more than 75 percent in 2008, whereas its ratio to GDP rose to 23.4 percent.

Box 18: Major regulatory measures of 2008

The regulatory framework governing the capital market was marked in 2008 by the adoption of provisions relating to the processing of securities transactions which shall be observed by issuers of securities, the Stock Exchange, the Central Depositor, and the account keepers. These provisions define the role and responsibility of the issuer in the initiation and execution of transactions on securities, the general principles and diligence measures common to all securities transactions, the provisions specific to each type of transaction on securities, and the minimum rules for the organization of the account keeping activity.

At the same time, in order to ensure a better supervision of financial analysts, the authorities enacted minimum ethical rules to be observed by analysts producing assessments and recommendations on securities issued. They consist of six fundamental principles relating to analysis clarity, prevention and management of conflicts of interest, transparency, competence and personal probity, accountability and independence.

In application of the liberalization measures adopted in 2007, a circular on investment operations in foreign currency carried out abroad by UCITS was published by the Securities Board (CDVM). These provisions specify the authorized investments, valuation rules and prudential rules, terms and conditions for the conservation of investments abroad, minimum rules regulating the organization, and terms and conditions of information applied to UCITS management companies.

PART 2
BANK ACTIVITIES



◆ Bank activities

Developed for the first time in 2006, the annual activity report of the Bank as a corporate entity outlines the aspects relating to its governance and developments related to its organizational modes and its processes of operation. At the same time, the report presents the activities relating to the fundamental missions of the Bank, in the context of the whole independence which the law confers to it, so as to make of the price stability the top priority of the monetary policy, preserve the solidity of the banking system and ensure the oversight of the systems of payment.

In 2008, the Bank continued to reinforce its analytical and technical capacities linked to its main missions and to renew its modes of management and operation to ensure their convergence towards the internationally recognized standards. For this reason, the Bank drew on the fundamental orientations of its second strategic plan covering the 2007-2009 period.

In the field of monetary policy, stress was laid on the refinement of the analytical framework being used for the identification of inflationary pressure factors. Priority was given to the improvement of macroeconomic and inflation forecast tools and the reinforcement of the statistical and informational tools which feed the process of preparing monetary policy decisions. The transparency of this process was also improved considerably.

In banking supervision, the Bank continued to reinforce its system of proactive early detection of vulnerability and risk sources for the banking system, with the initiation of work to set up a macro-prudential monitoring framework and the carrying out of a systemic crisis stimulation exercise, in coordination with other regulators. Following with particular attention events on the international financial arena, the Bank strengthened its monitoring and control system, by enhancing the monitoring of banks' exposure and foreign counterparty risk.

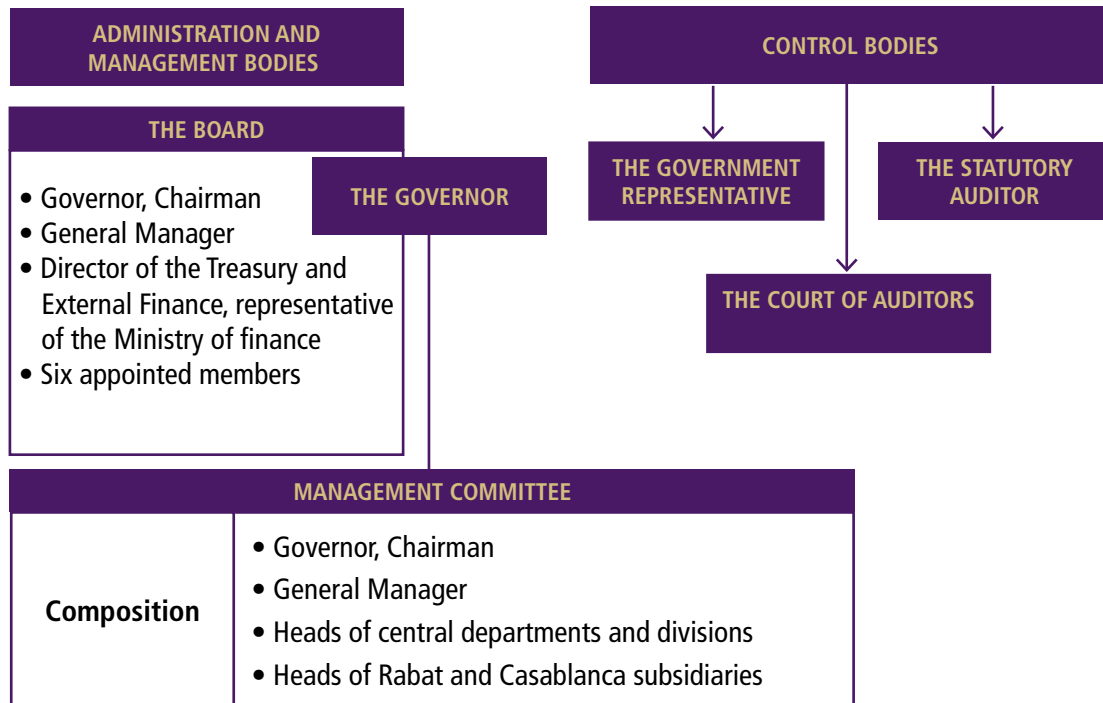
The Bank established an internal compliance structure responsible for putting in place the legal anti-money laundering mechanisms. It also contributed to the awareness-raising campaigns implemented nationally and to the relevant international cooperation activities.

At the same time, the Bank continued the reforms aiming at improving its operation and management processes, in accordance with the best international practices, which enabled it to obtain at the end of the year the ISO 9001 certification, version of 2000, for its entire activities.

◆ Governance and organization-related developments

Governance bodies

The Bank has three main administration and management bodies: the Bank Board, the Governor and the Management Committee. Its control bodies include the Government Representative, the statutory auditor and the Court of Auditors.



The Board, chaired by the Governor, includes the General Manager and six members appointed by the Prime Minister, three of whom proposed by the Governor, from among those who have shown expertise in monetary, financial or economic area. The six appointed members enjoy a renewable mandate of six years and must not have any position of responsibility in general government or in credit or financial institutions. The Finance Ministry is represented by the Treasury and External Finance Director, who does not take part in voting on monetary policy decisions.

The Bank's Statutes have extended the remit of the Board to exchange reserve management, making it responsible for defining general investment rules.

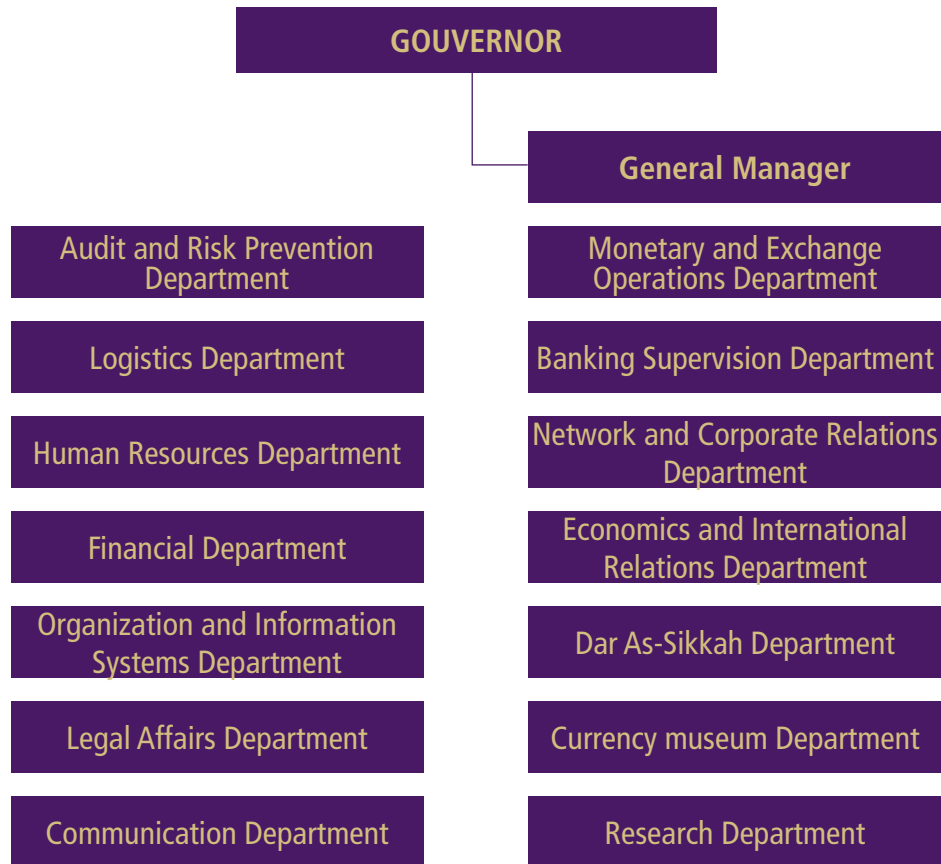
The Bank is required to submit its accounts to an annual external audit conducted under the responsibility of a statutory auditor. This audit covers the quality of internal control. The Bank also submits to the Court of Auditors its annual financial statements and extracts of Board minutes relating to its budget and assets, along with external auditors' reports.

The Management Committee, chaired by the Governor, meets monthly to examine issues relating to the internal management of the Bank, the progress report of the Strategic Plan projects, and the roadmaps of the bank's departments. Committee meetings are preceded by monthly meetings between department directors and their respective staff.

Organization and activity steering

The organizational and operational structure of the Bank includes seven core business units and seven support units. This structure goes in line with the fundamental missions of the Bank as were explicitly redefined by the 2006 Statutes, and clarifies the roles and responsibilities of each unit.

BANK ORGANIZATION CHART



In accordance with its strategic objectives, the Bank's activities are steered by standing committees set up by a directive of the Governor. Projects are steered by ad hoc cross-sector committees. This mode of management, which came into operation in 2006, substantially contributed to strengthening synergies and collaboration between the bank's units and to creating coherence in the bank's activities relating to its different fields of competence.

STEERING COMMITTEES →

- Monetary and Financial Committee
- Payment Systems Committee
- Communication Advisory Board
- Training Board
- Operational Risk Committee
- Ethics Committee
- I.T Strategy Committee
- Quality Management System Committee
- Investment Committee
- Steering Committee for Human Resources Master Plan
- ERP Project Steering Committee
- Financial Dashboard Committee
- Steering Committee on the Account-keeping Project
- Committee on the Outsourcing of Financial Management of Pension Fund Assets

Strategic plan

The year 2008 saw the implementation of actions included in the 2007-2009 Strategic Plan. These have focused on three predefined main axes, namely:

- Consolidating the process of elaborating, implementing and assessing monetary policy;
- Strengthening financial stability;
- Upgrading the currency in circulation section and modernizing the Bank's subsidiaries and branches.

The mid-term evaluation of the Strategic Plan shows that the Bank was able to achieve great progress in the planned projects. These advances are reflected both in its core business areas and its support activities. The Bank continued to strengthen its technical capacities relating to the exercise of its basic missions, and to modernize its modes of management and operation (see Box 19).

Box 19: Major strategic projects relating to the Bank's processes in 2008

As part of modernizing the Bank's operational processes, several strategic projects were carried out in 2008, including in particular:

- Bank customers' account-keeping project: this large-scale project consists of a thorough overhaul of the management of the Bank's institutional and private customers. It covers four fields of operation: account management, banking operations, securities transactions, and customer accounting. It is conducted as part of implementing the IT Master Plan that seeks to consolidate and pool infrastructures, the aim being to provide real-time, quality and highly available services. The implementation of this project is expected to start during the year 2009;
- The ERP project: it aims at putting in place a software package for an integrated management of support activities. The objective is to coordinate all the Bank's support activities around the same computer system by sharing a single and common database. This reform aims to ensure the transversality and flow of information among the different departments, as well as to standardize and urbanize the accounting information system to make it more efficient, which will converge the Bank's management processes into best practices;
- The analytical accounting project: established in 2008, this system allows the Bank to have, using the analytical costs, a clear vision on the use of the Bank's means used in its different processes, optimize the allocation of its resources and control its management costs. Cost indicators of the analytical accounting associated with indicators of timescales and quality issuing from the quality management system should help to measure the performance of activities and processes. The exploitation of results obtained by the analytical system will help to improve budget forecasts, through the analysis of the cost structure of operations.
- Fixed assets project: as part of achieving the strategic objective of "Optimizing accounting information processing", and more particularly actions relating to the improvement of fixed assets monitoring, the Bank launched a project for optimizing the management of tangible fixed assets, with a view to controlling those existing and ultimately having a detailed database of its tangible fixed assets. As a consequence, a comprehensive inventory and a codification of all the Bank's tangible fixed assets, with a reconstitution of the accounting file, were carried out and optimized procedures for the management of fixed assets were put in place.
- The project for the reform of the Bank staff pension fund: this project is part of the introduction of the founding principles governing the technical management of the pension fund, and the modernization and optimization of the financial management of its assets. Concerning the technical management of the fund, an updated assessment of pension liabilities is made annually in order to evaluate the sustainability of the scheme. At the level of financial management, the Bank decided to outsource the management of some assets of the fund to specialized asset managers to ensure optimal yield with a reasonable risk level.

Ethics

The Bank has adopted, since 2005, a code of ethics that applies to its entire staff. As part of the process of continuous improvement of this reference text and the strengthening of the culture of ethics within the Bank, the latter organized in the year 2008 several activities to increase awareness of ethics among ethics correspondents, executive assistants, staff involved in the awarding and execution of the Bank's procurement contracts, and new recruits. At the same time, awareness-raising activities were conducted by ethics correspondents to the benefit of the staff of their respective departments. Moreover, communication on ethics was enhanced this year through the dissemination of the annual report on ethics on the intranet portal, in addition to the publishing of a special issue of the internal newsletter "Info BAM" dedicated exclusively to ethics. As part of monitoring the implementation of the code of conduct, the Bank launched an operation for checking the compliance of reporting made by staff occupying sensitive jobs (with regard to securities portfolios, gifts, conflicts of interest). In this connection, the conditions governing the exercise by the staff of professional activities outside the Bank were defined and specified by an Instruction of the Governor.

Control and risk management

Internal audit, which covers the entire processes and activities of the Bank, aims to assist it in achieving its objectives through an independent and objective evaluation of its management, risk control and internal control processes. It thus contributes to improving the governance of the Bank.

The planning and conduct of internal audit actions are based on a risk-based approach. In 2008, the audits mainly concerned the processes of payment systems, budget management, communication, social management, and the execution and awarding of procurement contracts. The audit program was for the first time submitted to the Bank Board for examination.

As the Bank prepares to submit the internal audit function to an external evaluation planned for late 2009, it received assistance from the Financial Services Volunteers Corps (FSVC) as part of its cooperation program with this organization. The introduction of the quality management system has promoted the goal of the continuous

improvement of the audit process, through the establishment of an annual self-assessment, initiated in 2008. These actions have strengthened compliance with international standards relating to the professional exercise of auditing, as defined by the Institute of Internal Auditors (IIA)¹, which is the frame of reference for both the organization and the conduct of audit assignments.

Regarding internal control, a report on the Bank's internal control system, based on the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO)², was submitted to the Bank Board. Actions relating in particular to the control environment, risk management and control activities were identified to strengthen the system. In the same context, the Bank continued to organize specialized training activities for internal control units, set up in the different departments of the Bank and responsible for first-level control.

In the field of risk prevention, the implementation of the operational risk control approach (MARIO) covered in 2008 all the strategic processes of the Bank. This approach optimizes the internal control arrangements established by the Bank, through the use of a common framework for the identification, measurement, assessment and control of operational risks.

The organization that the Bank has adopted for the management of operational risks consists, in addition to the Operational Risk Committee (CRO), of a team of risk managers by profession, who develop a risk map of their departments, and a central structure that assumes a general mission of expertise, coordination, reporting and support.

Based on this organization, a comprehensive map of operational risks was made available to the Bank Government and management as a decision-making support tool. The main risks were identified and assessed, and are the subject of action plans so as to control them.

The Bank also strengthened its action within the international group of central banks for the management of operational risks (International Operational Risk Working Group), which it joined in 2007. At the same time, it provided assistance to some African central banks in the management of operational risks.

¹ Institute of Internal Auditors

² Committee of Sponsoring Organizations of the Treadway Commission

As an important component of operational risks, information security continued to be monitored and improved in 2008. Projects on the management of privileged accounts, the security of electronic exchanges and the establishment of a business continuity plan were launched during the year.

Quality and compliance

Quality management system

Initiated in September 2006, the development of the Quality Management System (QMS) according to ISO 9001, version 2000, continued in 2008 and was crowned at the end of the year by the certification of all the Bank's activities. This achievement was based on two pillars:

1 / Determining the axes of the Bank's quality policy, namely:

- Development of customer satisfaction through the implementation of an approach based on appropriate customer listening and fulfillment of the commitments of the Bank in terms of compliance, reliability, availability, time and continuous improvement of customer relations by establishing high-quality communication and a welcoming atmosphere.
- Strengthening of relationships with partners and suppliers and the improvement of mechanisms for the supervision and control of procured services and outsourced activities.
- Continuous improvement of processes through the permanent search for added value, the development of efficient and appropriate monitoring and analysis tools, and the initiation of the culture of efficiency.
- Better matching of resources with ambitions. This approach required the introduction of new management methods. Strengthening listening and information mechanisms, developing internal communication, and improving means of recognizing and enhancing human resources were the means of action of this strategy.

2 / Defining and putting in place tools to control and improve overall transverse processes of the Bank. The mapping of the twenty-six processes covered the aspects of governance as well as core business and support areas. The work led by the improvement teams set up for each process allowed optimizing procedures and eliminating deficiencies, through the monitoring indicators. To evaluate the functioning of the process in terms of provisions defined and results achieved, operational steering meetings and process reviews were held

periodically during the year, as well as internal quality audits and mock audits. The certification audit of all Bank activities, conducted in November, found no major or minor nonconformity compared to the standard. Several areas of strength, some sensitive areas and avenues for improvement were identified, and the certification decision was received by the Bank in December.

As part of the overall review of the management quality system, the certification audit was preceded in October by an assessment of the overall functioning of the system and its effectiveness, according to the standards of the "National Quality Award". This assessment covered the nine themes of this frame of reference: leadership, strategy and objectives, personnel management, resource management, process management, customer satisfaction, employee satisfaction, integration into community life, and corporate achievements. The areas of improvement identified in the review of the quality management system were planned for 2009.

Compliance with the anti-money laundering law and contribution to awareness-raising and cooperation activities

As a public legal entity carrying out operations involving the movement of capital, the Bank is subject to all legal obligations relating to anti-money laundering (AML). It set up its own compliance function for the implementation of the anti-money laundering law (see Box 20). This action was preceded by the enactment of provisions subjecting the Bank to due diligence as regards KYC rules, the monitoring of accounts and operations, and the conservation and regular updating of documents.

At the organizational level, the AML central unit, set up within the Legal Affairs Division of the Bank, will act as the interlocutor of the Financial Intelligence Processing Unit (UTRF) and ensure interface for AML correspondents and their alternates, appointed at the Bank's central departments, subsidiaries and branches whose responsibilities include the operational implementation of due diligence measures.

Box 20: The Moroccan anti-money laundering legal and regulatory framework

With the promulgation in May 2007 of the Law No. 43-05 on the fight against money laundering, Morocco had its own legal system specific to this kind of crime which is particularly based on the 40 recommendations of the Financial Action Task Force on the fight against money laundering (FATF) and its nine special recommendations on terrorist financing. This law, which is both punitive and preventive, considers money laundering a criminal offense and requires the liable professionals to observe the obligations of due diligence, internal monitoring and reporting of suspicions to an institutional structure referred to as the Financial Intelligence Processing Unit (UTRF). This Unit has a large remit covering financial intelligence processing, investigation, sanctions and international cooperation. The composition and operating processes of the UTRF were established by Decree No. 2-08-572 promulgated on January 8, 2009, which marks the final stage of the operational implementation of the national anti-money laundering system. The UTRF is an administrative structure that reports to the Prime Minister, and is responsible for handling reports on suspected money laundering and terrorist financing transactions transferred by the liable professionals. It may decide to refer the matter to the competent judicial authorities when the suspicion reveals acts that may constitute an offense of money laundering or terrorist financing. The Unit includes representatives of the authorities responsible for law enforcement, government agencies and bodies supervising the liable persons, including Bank Al-Maghrib. Thus, like most countries, Morocco has opted for an administrative financial intelligence unit, as there are other three types, namely the judiciary, police or joint unit. Its president is appointed by the Prime Minister on the proposal of the Minister of Justice, the Interior Minister and the Minister of Finance for a period of four years renewable once. The President ensures the fulfillment of tasks assigned to the Unit and the execution of its decisions, and represents it with third parties. The administrative and technical services of the Unit are managed by a Secretary General appointed by the Prime Minister.

During 2008, the Bank focused its efforts on completing the deployment of its due diligence system at the regulatory and technical levels. It adopted regulations to enhance due diligence. Thus, the requirements for the identification of the actual beneficiaries and conservation of documents relating to their operations were expanded to the instructing parties. It also determined customer risk profile, set alert criteria for the exercise of oversight, and enacted legal provisions relating to the suspicion and reporting procedures.

In order to adapt the rules governing the opening of accounts with the Bank to the new AML requirements, the Bank adopted in July an Instruction setting the principles and rules regulating the opening of accounts for usual customers. The main provisions of this Instruction consist in the adoption of an account opening policy, like other central banks, by setting the grounds justifying the opening of accounts and which relate in particular to the nature of the applicant's activity and the limitation of the number of accounts to one per applicant, except for considerations of public, economic or social interest.

In addition, the Bank redefined its strategy for banking services offered through its network, by excluding some operations which do not fall within its public interest mission.

Given the nature of due diligence commitments and the volume of transactions processed, the Bank put in place screening and behavioral analysis tools to provide assistance to its operational units, mainly in the knowledge of its customers. This system checks identity based on the lists set by the United Nations Security Council, determines the profile using a risk-based approach, monitors operations and accounts, and examines complex transactions.

To support the project for the implementation of an internal anti-money laundering system, several training sessions, totaling 23 days of training, were carried out in Morocco during 2008, especially conducted by external experts, which benefited various audiences involved in the fight against money laundering. All AML correspondents and their alternates (44 persons) participated in training sessions conducted by the Bank's AML central unit, which consisted in an overview of international standards and of the national anti-money laundering legal framework, including a computer-based training on certain software modules of the United Nations Office on Drugs and Crime. Meanwhile, as part of the implementation of the technical assistance program provided for in the twinning contract concluded between Morocco and the European Union in the fight against money

laundering, the Bank staff participated in several conferences and seminars focusing on the role of compliance officers in banks.

The Bank, jointly with the Ministries of Justice and Economy and Finance, continued the awareness campaign launched nationally in 2007 among the liable professionals to the AML law. This large-scale campaign aroused great interest among the liable persons and the public in general, with an average participation rate of 300 persons per session. At the end of this campaign, a review and evaluation report was drawn up and made available to the public on the Bank's website.

Concerning regional cooperation in this field, the Bank took part, within the Moroccan delegation, in the seventh and eighth meetings of the MENAFATF¹. The Bank also participated in a regional workshop on targeted financial sanctions, held in Rabat and conducted by the U.S. Department of the Treasury.

Human Resources and Information Systems

Human Resources

At the end of 2008, the working staff of the Bank totaled 2657 persons, including 2472 statutory staff and 185 contractual staff. New recruitments stood at 71. The number of the working staff, whose average age and average seniority reach 41 years and 15 years, respectively, registered a decrease of 4 percent compared with 2007. The statutory staff is mostly aged between 40 and 54 years. 65 percent of the total personnel work at the Central Administration, including 20 percent in the manufacturing of notes and coins, and 38 percent in the Bank network. By business field, 65 percent of staff is assigned to the core business trades and 35 percent to the support areas.

¹ The Middle East and North Africa Financial Action Task Force (MENAFATF) is an intergovernmental body set up in 2004, of which Morocco is a founding member. Its main mission is to strengthen cooperation for the adoption and application of international standards dealing with countering money laundering and terrorist financing in MENA countries.

Breakdown of human resources by field of activity in 2008

The year 2008 was marked by the implementation of the new human resources management system developed under the Human Resources Master Plan (HRMP), a key project conducted as part of the 2007-2009 strategic plan (See Box 21).

In order to ensure the successful deployment of this system, efforts were exerted to enable the operational managers to efficiently assume their role as participative human resource actors. Being an integral part of the system since its early stages, operational managers participated in training sessions to best handle and implement the new tools. The training sessions focused on management practices, such as team leadership, project management, communication, meeting management, and management of time and priorities, as well as on the system itself. They benefited all managers and human resources correspondents in the different departments of the Bank.

Box 21: The tools of the new human resources management system

- The classification and payroll system: The new classification system and the new architecture of the payroll system, developed under the HRMP, came into force at the beginning of the year and were the starting point for the introduction of the new HR tools.
- Professional evaluation system: The professional evaluation system was launched earlier this year by a campaign of interviews for setting individual performance objectives, with the aim of directing the efforts of Bank staff to a common synergy in connection with the institution's strategic objectives. This new system, which replaces the old rating system, aims to enable staff to be well aware of their assessment in a context of dialogue and listening, to recognize everyone's contribution to the achievement of the Bank's mission, to recognize individual performance, and to provide guidance on professional and personal development. Periodic campaigns of interviews were organized in the framework of this annual assessment cycle and focused on setting individual objectives, taking stock, in the middle of the year, of the progress achieved in the achievement of objectives, as well as on professional appraisal.
- Mobility management: The new process for mobility management was deployed to enhance professional careers by diversifying experiences, prepare future managers through the development of new skills, offer everybody possibilities for professional and personal progress, identify as a priority internal candidates to fill vacancies, help emerge or strengthen skills by offering new situations, and improve the man/position matching by constantly seeking the best position for everyone.
- Management of recruitments: The implementation of the new process for recruitment managing seeks to attract the skilled persons required for vacant positions, develop efficient screening tools that reflect the Bank's values and requirements, contribute to developing the Bank's image as a reference employer in order to attract the best candidates, and put in place tools for the integration of new recruits.
- Management of training: The new training management system rests on the development of skills defined on the basis of a frame of reference and helps to support managers in defining and implementing individual and collective development plans, better command the position, develop the employability of staff, and support the various projects and the development of the Bank's trades.

- **Management of skills:** As part of the deployment of the new system, a project for the description of skills required for the exercise of functions was launched in 2008. These profile descriptions included in the beginning twenty positions considered as sensitive from a quality standpoint and covered 20 percent of the Bank staff. Based on a participative approach involving, in particular, managers and position holders, there was an identification of levels of technical and behavioral skills needed for the exercise of the positions concerned. This measure will be generalized in the year 2009 to all functions exercised in the Bank, the aim being to reduce the gaps between skills required and those acquired by staff, particularly by organizing training and professional development activities and optimizing the identification of recruitment and mobility needs.

Meanwhile, work related to the implementation of the new human resources information system (HRIS) continued. All the modules planned for this year to support the introduction of the new management tools were completed. The HRIS was greatly enriched through the implementation of various modules, especially payroll management, administrative management, management of the professional assessment campaign, management of loans, and management of the annual salary revision campaign.

As part of the training plan of the Bank for the year 2008, 289 training sessions were organized for the benefit of 2228 participants, more than a third of which work in the Bank's branches. Accordingly, the ratio of staff who received training was 42 percent of the total. These sessions focused on the core business and support areas as well as on the innovative projects being implemented in the Bank, and were carried out either in the Training Center of the Bank located in Madinat Al Irfane (Rabat) or abroad, in the framework of cooperation with international financial institutions and foreign central banks or intercompany.

Information systems

The year 2008 saw the completion of several projects and the launching of major large-scale projects as part of the implementation of the Information Master Plan. Grouped by functional cluster, the projects covered all the Bank's trades.

Under the "Dealing room, reserves and debt" cluster, the automation of the dirham's quotation, through the relevant application, allowed ensuring the security and reliability of this activity and facilitating the dissemination of information internally and externally.

Regarding the "Accounts Management" cluster, the Bank made a new achievement in the dematerialization of transfers, which is part of the national project for establishing the Moroccan Interbank Remote Clearing System (SIMT), by the introduction of the paperless transfer of bills of exchange. The Bank also adopted a solution which enables it to have an aggregate view, almost in real time, of the Treasury account position. It also opted for a computer solution for the fight against money laundering and terrorist financing, whose implementation is scheduled for 2009, and launched a project for the putting in place of a solution for account keeping aiming at an overhaul of the management of institutional and private customers' accounts.

As to the cluster of "Currency in circulation", the first stage of currency-related information system was achieved through the implementation of an application for the centralization and development of statistics on currency in circulation. A project was launched in July and would be completed in 2009 for the modernization of this cluster, through the establishment of an overall system for the management of banknotes and coins in circulation.

Regarding the cluster of the "Bank's presence", the modernization of the banking supervision information system continued, by launching a project for the introduction of a reporting system in line with international standards: Basel II and IFRS. In addition, the establishment of the information system for the Bank's central information registries led to the completion of the "exchange system" module.

On the cluster of "Central frames of reference", the project for data restitution and dissemination was launched as part of the Monetary, Economic and Financial Series Base (BSMEF), in operation since 2007. The implementation of this project will allow sharing and disseminating official data, both internally and to external partners, and developing tools for analysis-support, steering and statistical studies.

Under the cluster of "Support projects", two major projects were completed. The first concerns the implementation of the Human Resource Management with the adoption of several modules, including those relating to administrative management, the annual assessment campaign, contractual staff payroll and loan

management. The second refers to the launching in the middle of the year of the Finance ERP project, called INDIMAJ. This project will allow the Bank to have an integrated system for accounting and budget management as well as for the management of procurement contracts, inventory, and fixed assets, based on new optimized processes.

For infrastructure projects, the major achievements included in particular:

- Putting in place the IP-telephony solution under the WISSAL project, which made it possible to achieve great progress in the upgrading of the Bank's communication systems;
- Strengthening the Bank's wide area network (WAN);
- Launching the project for upgrading the Internet/Extranet platform, the main goals being to strengthen the platform's security, offer advanced services such as the security of data exchanged between the Bank and its external partners, and put in place advanced navigation filtering systems and intrusion detection and prevention tools;
- Launching projects for the creation of a public key infrastructure (PKI) and an infrastructure for monitoring the technical administration of privileged accounts, as part of projects linked to the security of information;
- The implementation at the end of the year of the second version of project management methodology information system, called "MENHAGE SI" (Habit Standardization Methodology / Information System Project Management Practices), which draws inspiration from the concepts and standards of the Project Management Body of Knowledge (PMBOK). The new contributions of this system are the clarification of the roles of project stakeholders and the strengthening of the control and management of related risks.

◆ Monetary policy, financial stability and payment systems

Monetary policy

In monetary policy, the activities undertaken by the Bank in 2008 mostly dealt with the enhancement of the analytical framework and transparency, and the improvement of the informational system.

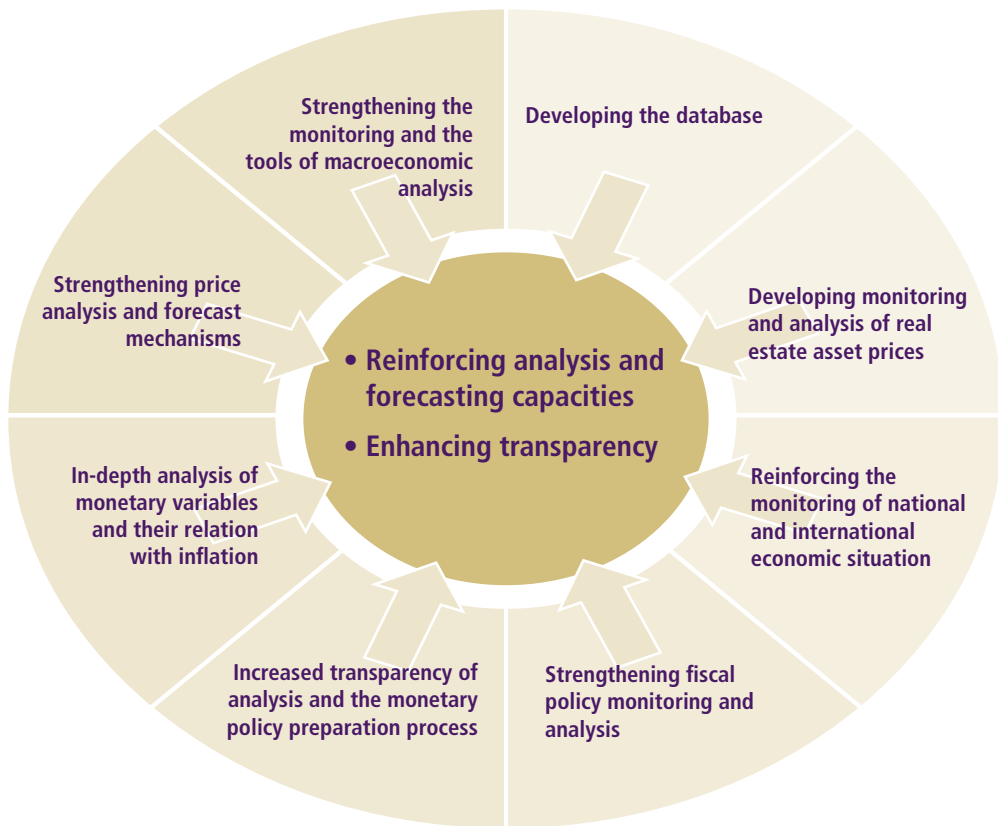
Analytical framework

The analytical framework of monetary policy is constantly enhanced, as reflected in the analysis contained in the quarterly monetary policy report of the Bank. The achievements made in 2008 focused on the key components of the analysis and forecasting system.

Actions carried out in 2008 to strengthen the analytical framework of monetary policy

First axis of the 2007-2009 Strategic Plan:

Enhancing the process of monetary policy elaboration and evaluation



Price forecast mechanisms were enhanced by the introduction of new models. At the end of 2008, the Bank had a number of operational models for forecasting headline inflation and core inflation, namely VAR, SVAR and VAR-X models, a P-Star model, two models based on the Phillips curve, and monthly and quarterly ARIMA models. The Bank also introduced new forecasting tools that are being tested. They use neural network forecasting techniques, Markov regime-switching methods, and a model for sectoral prediction of prices. The development of these tools made it possible to expand as of September the forecast horizon from 4 to 6 quarters. Assessed on the basis of rapprochement between annual inflation forecast as updated under the quarterly monetary policy reports and its occurrence, the forecast deviation for the year 2008 gradually lessened. Estimated at -1.7 percentage point according to the March report, under the impact of uncertainties that surrounded the trend of oil and commodity prices during the first months of the year, this deviation was close to zero based on the annual forecast presented in the reports of September and December. This improvement in prediction is due to the updating of data as well as to the improvement of the projection mechanism itself, in terms of modeling and risk assessment.

	Date of forecast			
	MPR march 2008	MPR june 2008	MPR sept. 2008	MPR dec. 2008
Difference between inflation throughout the year and the consensual central forecast as part of the quarterly monetary policy report (MPR)	-1.7	-1.2	0.1	0

In addition, the analytical framework underlying the development of monetary policy was strengthened by enhancing the annual model used in the preparation of the macroeconomic framework. The latter is based on a financial programming model, determined by behavioral equations, allowing the development of scenarios on the basis of a set of assumptions for a number of exogenous variables.

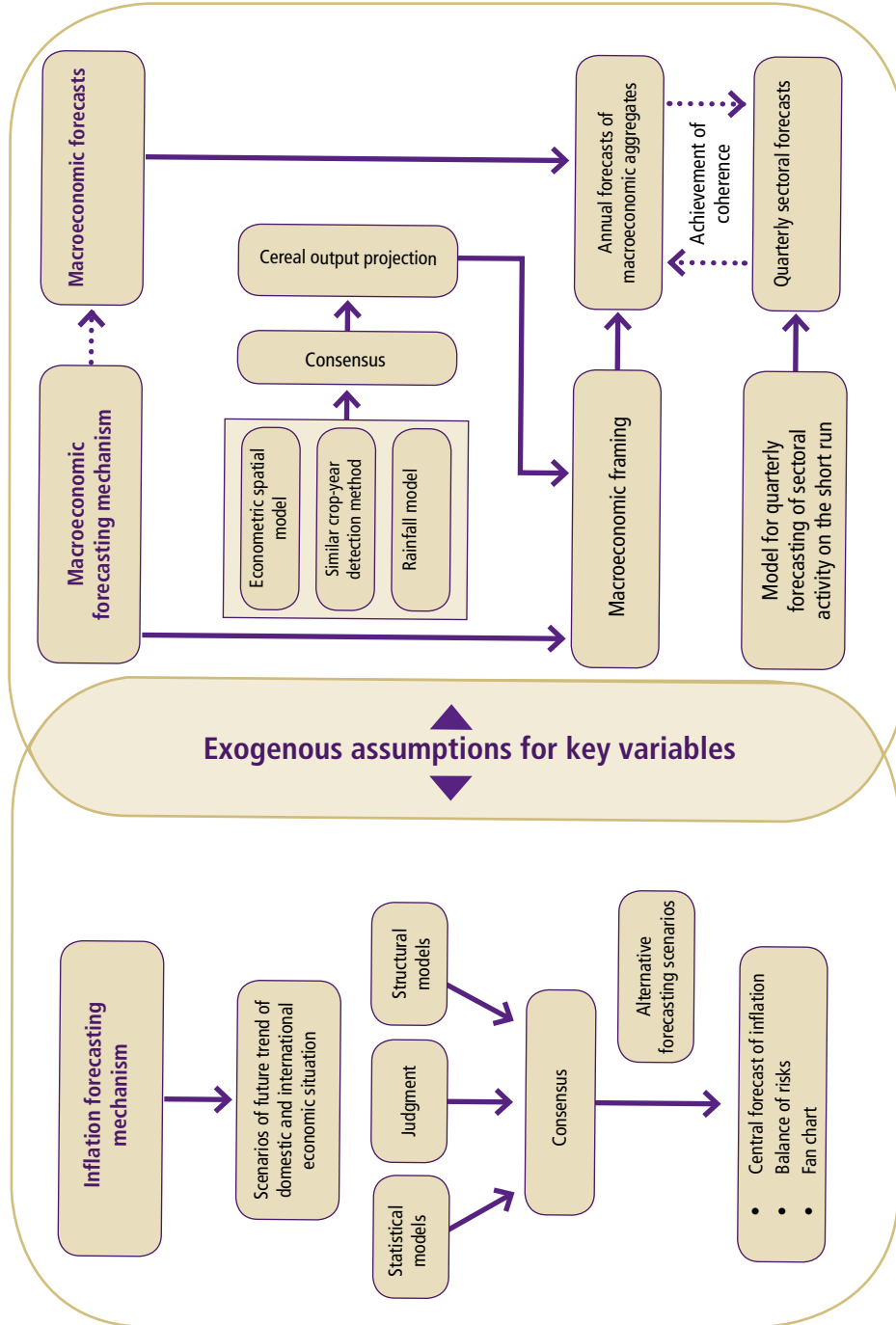
The forecasting of cereal production, which is a key variable of the analytical framework, rests on three models:

- a rainfall model based on the computation of a rainfall indicator highly correlated with cereal production;
- an econometric spatial model based on the estimation of linear equations linking output to the monthly rainfall volumes;

- a model based on the detection of similar crop years, which consists in determining for each geographical area the crop years whose weather conditions are similar to those prevailing in the current year.

At the same time, a model for quarterly forecasting of sectoral activity was developed to enhance the forward-looking analysis of the national economy by major sectors on an infra-annual basis.

Summary presentation of the Bank's mechanisms for forecasting prices and economic activity



Tools of monetary analysis were strengthened through more in-depth monitoring of credit trends, the improvement of quality indicators relating to monetary surplus, and the development of new indicators of real effective exchange rate and equilibrium exchange rate.

Monetary analysis will certainly be improved with the completion of the monetary statistics reform, launched in 2008 to be in line with international standards. Indeed, the adoption of the methodology laid down by the Monetary and Financial Statistics Manual (2000) of the International Monetary Fund will allow improving money and credit aggregates and providing more information to market participants. This new methodology expands the scope of monetary statistics to non-monetary financial intermediaries, given the close link between monetary assets and other financial assets, and adopts rules of valuation and accounting in accordance with international standards.

Transparency

To enhance the readability of monetary policy, the Bank took measures to enhance the transparency of the foundations of the decision-making process, by:

- Reducing the period of disseminating publications and statistical statements on the Bank's website from 10 days to 48 hours after the Bank Board meeting. Similarly, the period of publishing the Arab and English translations of the Monetary Policy Report on the internet was shortened;
- Substituting, as from April, the economic conditions bulletin by the monthly macroeconomic developments bulletin, which provides further analysis of the latest relevant developments. The bulletin, published eight times a year alternately with the MPR, is displayed on the website 6 days at the latest after the meeting of the Monetary and Financial Committee;
- Displaying the schedule of the Monetary and Financial Committee meetings on the Bank's website at the beginning of year. The Committee is an internal body of the Bank which meets monthly to validate the work underlying the Board's monetary policy decisions;
- Posting on the Bank's internet portal the organizational process for the preparation of monetary policy-related work.

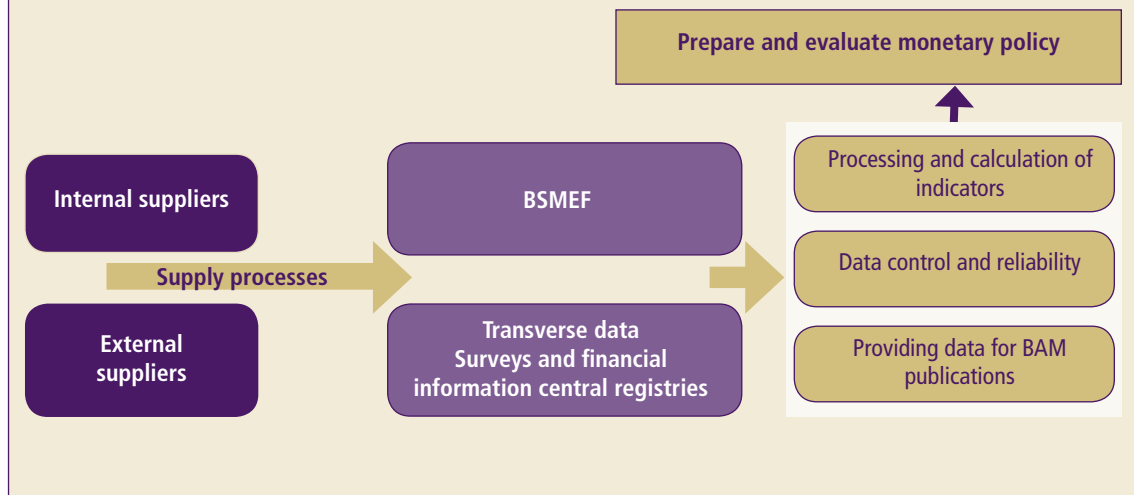
	Period of displaying Monetary Policy Report on the website after the Bank Board quarterly meeting				Average period of publishing
	Q1	Q2	Q3	Q4	
2007	10 days	10 days	10 days	10 days	10 days
2008	days 2	3 days	2 days	2 days	2 days

Informational system

Actions carried out in 2008 to strengthen the analytical capabilities in monetary policy were accompanied by the development of monetary, economic and financial data sets (BSMEF). The measures taken resulted in the centralization of data collection, reliability control and data processing (see Box 22). The advancements achieved were made possible by the intense coordination with national partners and economic operators.

Box 22: Informational system of the Bank

The BSMEF includes more than 300,000 monetary, economic and financial data series: accounting data of the Bank and credit institutions, money market, the foreign exchange market, the credit bureau, the default registry, prices, national accounts, production indexes, sectoral data, foreign trade, balance of payments, UCITS and indicators related to the Moroccan stock market.



The year 2008 was marked by the strong support of the BSMEF for the Bank's units involved in the monetary policy process. As such, a process for automated processing was initiated in accordance with the rules governing the traceability of controls and processing, clarifying the levels of validation in reference to the quality management system adopted by the Bank.

Similarly, some achievements were made to consolidate the informational heritage of the Bank and reconstruct the history of the data it has produced thus far. As a consequence, the accounting data of the Bank and credit institutions were reconstructed as from 1973 and 1981, respectively, as well as data on daily exchange rates introduced since 1962.

To meet the needs of the Bank's units for data, the scope of the data series was expanded to transverse data. Indeed, 2008 saw the start of two major projects to integrate in the BSMEF more than 100,000 accounting data of corporations in Morocco and the results of surveys conducted by the Bank.

Concerning surveys¹, the informational system of the Bank was enhanced in 2008 by:

- refining the questionnaire of the monthly survey on the industrial sector and updating the sample of corporate respondents to improve the reliability of results;
- shifting from an annual to a biannual frequency of the survey on credit conditions and forecasts, conducted among credit institutions.

Finally, to strengthen the system and improve the monitoring of the financial sphere, the Bank launched in 2008, in collaboration with the Agence nationale de la conservation foncière, du cadastre and de la cartographie (National Agency of Property Registry, Cadastral Register, and Cartography), the project of developing an index of real estate assets prices.

Supervision and financial stability

Accounting and prudential regulation

In 2008, the Bank continued its efforts to converge the standards of the domestic banking sector with the international ones. It enacted minimum rules which banks must abide by concerning country risk management. Similarly, it defined rules for interest rate risk reporting in order to standardize banks' reporting and make its processing easier. It also set rules which banks must follow in the publishing of financial statements, under the International Financial Reporting Standards (IFRS). In the microcredit sector, rules relating to the classification of nonperforming loans and provisions were enacted.

¹ Surveys conducted by the Bank include the monthly business survey in the industry, the monthly survey on lending rates, and the annual surveys on credit conditions and forecasts and on real estate loans and consumer loans.

Control activities

As at end of 2008, Bank Al-Maghrib's supervision extends to 84 institutions, including 18 banks, 37 finance companies, 6 offshore banks, 13 microcredit associations, 7 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).

The Bank controls credit institutions and similar bodies both through offsite permanent supervision, based on a periodical review of all information transmitted to the Bank, and onsite supervision via investigation missions that allow the Bank to complete and deepen the offsite oversight.

The offsite supervision is a process based on the SANEC tool (Support System for Credit Institution Ratings), which rests on a multi-criteria evaluation methodology covering the main risks to credit institutions. Also taken into account are the quality of the strategy and the organizational mechanisms put in place, as well as the level, structure and sustainability of capital. Evaluations of the various criteria are synthesized in one overall rating.

The rating given for the year 2008 was communicated to the management of banks, and in some cases to their audit committees, as part of bilateral meetings.

In 2008, 15 control missions were conducted in credit institutions and similar bodies. They were divided into 7 general-purpose missions, 3 cross-cutting missions, and 5 specific missions.

The cross-cutting missions covered the display of pricing, the progress made in the implementation of the IFRS, and the assessment of the risk induced by swap loans in the microcredit sector.

The specific missions focused on reviewing off-balance sheet liabilities, loans granted to real-estate developers, and mechanisms for the management of some market activities.

In addition, in-depth investigations were carried out to gauge the impact of the international financial crisis on the banking system. Banks were requested to provide a more detailed and regular reporting on their exposure to

foreign risks. Their management were also invited to heighten vigilance and to engage further in the monitoring of risks, especially those linked with their activities abroad.

At the same time, sharing of information was intensified with the other supervision authorities of the financial sector, as part of the Coordination Commission, in order to take timely measures and ensure better coordination to achieve the required efficiency.

Financial stability

In 2008, the Bank launched a project for the development of a macro-prudential oversight framework. At the same time, with the support of the World Bank and in concert with the other regulators and the Ministry of Finance, the Bank initiated works for the implementation of a simulation exercise of systemic crisis. The aim was to test the efficiency of current mechanisms and identify the axes that need to be improved, to ultimately lay solid ground for coordination among the supervisory authorities in the event of a systemic crisis.

Relations between credit institutions and their customers

The achievement of quality relation between credit institutions and their customers remains one of the major priorities of the Bank. As part of the actions taken in 2008, the Bank saw to it that banks observe the transparency standards with regard to the banking conditions applied to customers. It also responded to customers' complaints, which doubled in number over the last four years.

As part of its regular meetings with banking professionals, the Bank worked to improve the conditions for the financing of the economy, particularly those relating to small and medium-sized businesses (SMB). To that end, the Moroccan bankers association (GPBM), the Ministry of Industry, Commerce and New Technologies, and the Agence Nationale pour la promotion de la PME –ANPME- (National Agency for the Promotion of SMBs) signed a convention which defines the framework for collaboration between banks and the ANPME to support SMBs, particularly through the network of stakeholders for competitive modernization of businesses (RIMANE), which was set up by the Ministry and the ANPME.

Research

Research works in the Bank contribute to improving reflection about the fundamental missions of the institution and reinforcing the relevant analysis tools.

The actions undertaken in the field of monetary policy permitted to develop indicators related to imported inflation, through the use of unit value indexes, and indicators of tradables and nontradables inflation. Moreover, a framework for the economic and financial flow matrix was set up.

At the same time, a three-axis research program was developed. The first axis is about the works aimed at establishing a dynamic stochastic general equilibrium model (DSGE) that both responds to the priorities and needs of the Bank, and keeps pace with the social and economic situation of Morocco. The second axis deals with the development of theoretical and empirical approaches concerning the financial stability, the risks to the banking system and simulation of the impact of financial crises on macroeconomic equilibrium and inversely. The third axis revolves around econometrics of temporal series, in order to contribute to the general action aimed at renewing the Bank's analysis and forecast instruments.

Systems and means of payment

Systems of payment

As regards the systems of payment, the year was marked by two major developments: the deployment of the paperless exchange of standardized bills of exchange (SBE) through the Moroccan Interbank Remote Clearing System (SIMT) in June; and the implementation late that year of a conventional framework for the Bank's oversight of payment systems.

The generalization of remote clearing over all exchanged means of payment continued through 2008 with the deployment of the paperless exchange of standardized bills of exchange. This system rests on the transmission of both data electronic flows and truncated SBE. As a consequence, the dematerialized exchange of the SBE has become fully operational nationwide since June 13, putting an end to the notion of the out-of-town bill of exchange as it made it possible to clear the SBE in the day following its due date regardless of its domiciliation.

Overall, the Moroccan Gross Settlement System (SRBM) processed 112,472 transfer orders totaling 2,756 billion dirhams during the year, including 2,317 billion dirhams corresponding to 93,625 interbank transactions, with an average value of 24.755 billion dirhams per transaction, and also including 438 billion dirhams corresponding to 18,847 customer transactions, with an average value of 23.269 million dirhams per transaction.

As for the conventional framework for the oversight of payment systems, the Bank jointly with the managers of these systems devised a multilateral convention, which came into force in January 2009. This mechanism, based on the recommendations of the Bank for International Settlements, provides for the adoption of common rules of good governance, transparency, security, risk prevention and control, and business continuity.

At the same time, the year 2008 saw the completion of the study relating to the development of mechanisms for the protection of the SIMT. These mechanisms allow for a mechanism of guarantee against participants' failure to settle. At the instigation of the Bank, the Association for a Moroccan Interbank Remote Clearing System (ASIMT) decided to set up a guarantee fund. The internal regulations of this fund will define the distribution of participants' shares, and the terms and conditions of its management.

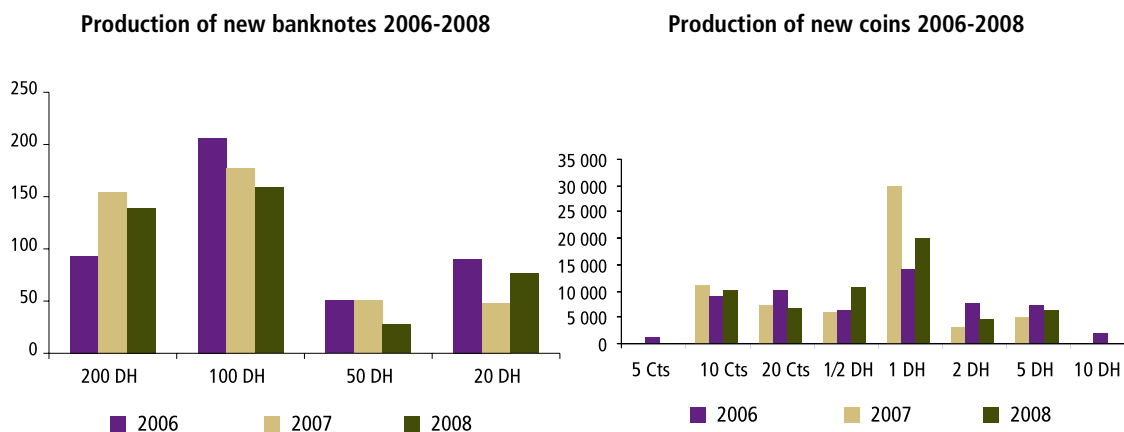
As for the oversight of means of payment, the Bank persevered in its efforts aimed at bringing in line the electronic money systems of the banking institutions with the international standards. To that end, a steering committee made up of the representatives of Bank Al-Maghrib, the Moroccan Bankers Association, the Interbank Electronic Money Center, as well as the Moroccan banking community and Barid Al-Maghrib, was commissioned with monitoring the migration of electronic money systems to the EMV standard (Europay Master Card visa) both at the level of acquisition and issuance. All automatic teller machines and payment terminals have now shifted to the EMV.

Regarding online payments, keen about the security offered by these new means of payment, the Bank actively participated in the proceedings of the Committee for the promotion of e-commerce, created by the Ministry of Industry, Commerce and New Technologies. This committee, which serves as a platform for consultation between the public and private sectors, seeks primarily to develop and promote e-commerce in Morocco. In its capacity as a permanent member of that Committee, the Bank sees to the security of bank cards, which are considered as the favored medium in electronic transactions. Also, it sees to it that the available solutions for online payments are safe and secure at the technical and organizational levels.

Currency in circulation

By virtue of its Statutes, the Bank is responsible for the production, issue and recycling of banknotes and coins. In this respect, Dar As-Sikkah is entrusted with the mission of supplying the national economy with banknotes and coins and controlling their quality.

The Department of Dar As-Sikkah produced 402 million new banknotes in 2008, compared with 431 million in 2007. At the same time, it produced 77.8 million coins in 2008 compared with 59 million coins in 2007, up 32 percent.

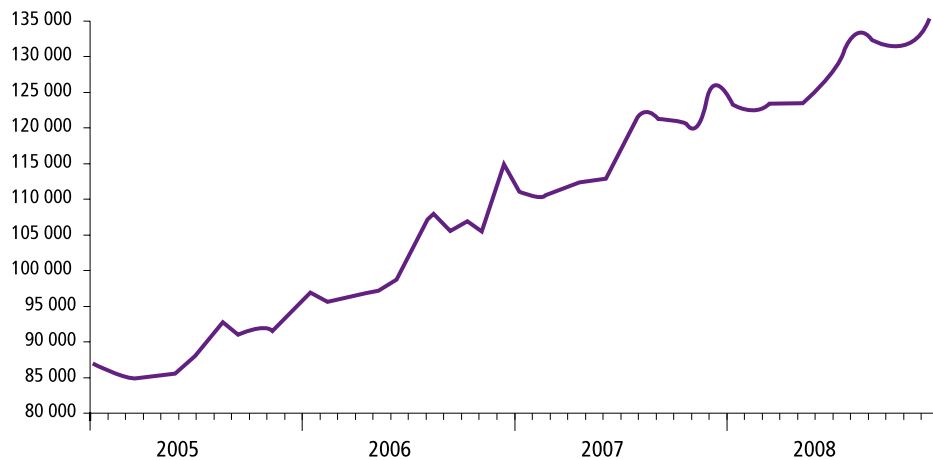


In terms of value, currency in circulation recorded a growth rate of 7.3 percent in 2008, a rate lower than the 9.9 percent rate recorded between 2006 and 2007. The overall amount of banknotes and coins in circulation, at 134.7 billion dirhams at the end of the year, increased by 9.2 billion dirhams compared with the end of 2007.

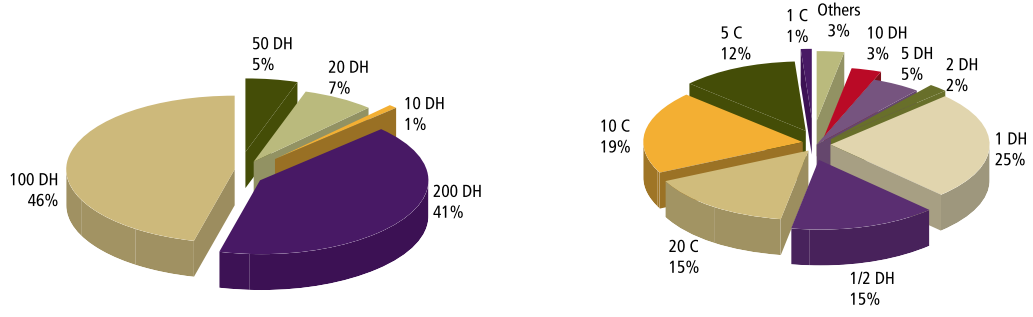
In terms of volume, currency in circulation totaled nearly 1.996 billion coins and, for the first time, 1 billion banknotes. The number of banknotes grew by 5.9 percent compared with 2007 and the 8.27 percent registered between 2006 and 2007. At the same time, coins in circulation increased by about 4.4 percent, compared with 3.6 percent in 2007. The breakdown of banknotes per volume shows that the proportion of the 200-dirham denomination increased in one year from 39 percent to 41 percent, to the detriment of the 100-dirham and 20-dirham denominations, which receded respectively from 47 percent to 46 percent and from 8 percent to

7 percent. The shares of 50-dirham and 10-dirham denominations remained unchanged at 5 percent and 1 percent, respectively, in the years 2007 and 2008. The structure of coins in circulation by volume remained dominated by the 1-dirham, ½-dirham, 20-cent, 10-cent and 5-cent denominations, which account for about 86 percent of coins circulation, with respective rates of 25 percent, 15 percent, 15 percent, 19 percent and 12 percent. Compared with the end of 2007, the proportion of the 5-dirham denomination moderately increased from one year to the next, from 4 percent to 5 percent, while the shares of other denominations remained unchanged.

Trend of currency in circulation (in million dirhams)



Breakdown of banknotes in circulation per denomination (In volume) **Breakdown of coins in circulation per denomination (In volume)**



Based on the data collected from the 20 subsidiaries and branches of the Bank, transactions relating to currency in circulation in 2008 totaled 304,458, divided into payments, withdrawals, change and transfer, which represents an average of 1243 transactions per day, down 19.6 percent compared with 2007. The subsidiaries of Casablanca and Rabat, and the branches of Fez, Agadir and Tangier collectively cover 53 percent of the overall transactions.

**Movement of funds at the branches of Bank Al-Maghrib in 2008
(In thousand dirhams)**

Branches	Deposits	Withdrawals	Surplus
AGADIR	9 136 611	10 714 854	-1 578 24 3
AL-HOCEIMA	1 428 686	2 061 849	-633 163
BENI MELLAL	2 043 034	3 057 702	-1 014 668
CASABLANCA	19 418 172	18 742 506	675 666
LAAYOUNE	694 904	1 929 557	-1 234 653
EL JADIDA	252 249	1 515 157	737 092
FES	12 954 679	7 241 590	5 713 089
KENITRA	494 7 651	2 738 664	2 208 987
LARACHE	1 029 282	1 638 565	-609 283
MARRAKECH	12 248 779	12 642 240	-393 461
MEKNES	6 478 254	7 504 606	-1 026 352
NADOR	5 121 537	5 199 736	-78 199
OUARZAZATE	508 921	1 648 236	-1 139 315
OUJDA	4 095 414	5 016 655	-921 241
RABAT	9 260 534	18 042 006	-8 781 472
SAFI	1 753 917	2 025 960	-272 043
SETTAT	970 491	801 605	168 886
TANGER	8 140 161	11 687 554	-3 547 393
TAZA	869 856	1 595 931	-726 075
TETOUAN	4 241 559	1 021 765	3 219 794
SURPLUS (Deposits - Withdrawals)	107 594 691	116 826 738	-9 232 047

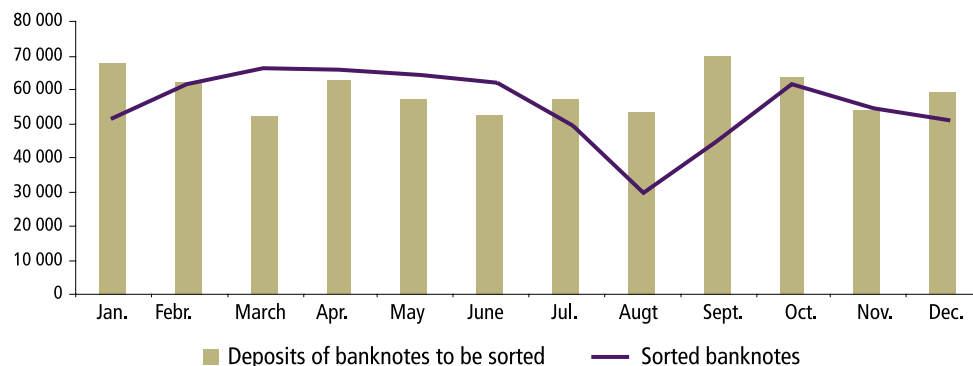
The increase in currency withdrawals from the subsidiaries and branches of the Bank in 2008 led to a slight growth in the supply of banknotes, the volume of which reached 886 million bills. At the same time, coins delivered to customers increased by 8 percent relative to the year 2007, to settle at 105.6 million coins. Of all banknotes delivered by the Bank's subsidiaries and branches, the 50-dirham denomination posted the sharpest growth, up 14 percent compared with 2007.

Throughout the year 2008, the overall withdrawals of banknotes from the network of Bank Al-Maghrib, for all denomination categories combined, increased 0.82 percent, compared with 2007. Deposits of banknotes to be sorted amounted to 712 million banknotes, up 1.89 percent from one year to the next. Deposits of valid banknotes at the private sorting centers reached 118 million bills compared with 108 million in 2007.

The comparative analysis of the change per denomination in withdrawals and deposits of coins in the subsidiaries and branches of Bank Al-Maghrib in the year 2008 showed a very strong pressure on the demand for the 1-dirham and ½ dirham denominations. The withdrawals of these two denominations amounted respectively to nearly 24.52 million and 16.95 million coins, whereas deposits stood at 1.59 million and 3.31 million coins, respectively.

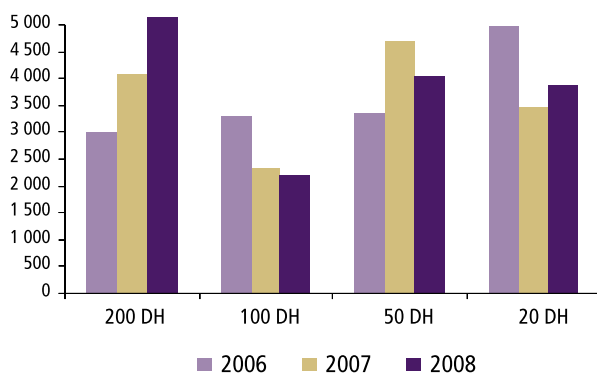
The overall volume of deposits at the Bank's ATMs decreased by 31.5 percent as at the end of 2008 compared with 2007. This decline covered all denominations, except that of 5 cents which increased by +30.4 percent compared with 2007, from 23 thousand to 30 thousand coins. The most significant deposits were observed in the 5-dirham denomination, with 7 million units. Concerning the transactions carried out at the Bank's counters, the movement of funds ran up a surplus of 9.2 billion dirhams in withdrawals compared with deposits. Except for the branches of Fez, Tetouan and Kénitra and, to a lesser extent, those of El Jadida, Casablanca and Settat which achieved significant surpluses of deposits compared with withdrawals, other branches delivered more funds than they received.

The activity of sorting at Dar As-Sikkah, which involved the 100-dirham and 200-dirham denominations, declined by 11.2 percent in 2008 from 654 million to 581 million processed banknotes from one year to the next. This decline is primarily due to the difficulties encountered in the processing of the «1987 series» denominations, as well as the verification of invalid banknotes received from sorting private centers which account for 20 percent of the overall banknotes processed. Nevertheless, the processing rate of deposits of banknotes to be sorted (100 and 200 dirhams) in the year 2008 reached 100 percent.

Change in deposits and sorted banknotes (in thousand denominations) financial year 2008

Finally, as part of the fight against counterfeiting, the overall number of Moroccan counterfeit banknotes detected by Bank Al-Maghrib increased by 4 percent, from 14,574 banknotes in 2007 to 15,202 banknotes in 2008. The number of counterfeit notes increased by 26 percent and 11 percent for the 200-dirham and 20-dirham denominations, respectively, but declined by 7 percent and 14 percent for the 100-dirham and 50-dirham denominations, respectively.

Concerning foreign banknotes, Bank Al-Maghrib detected 2,444 suspect banknotes, of which 1,746 proved false, up by 8.9 percent in 2008 compared with 2007. The euro, the U.S. dollar and the pound sterling accounted for 64 percent, 12 percent and 18 percent, respectively, of the total foreign currency proved false in 2008.

Number of counterfeit notes detected by BAM during the years 2006, 2007 and 2008

Year	Number of suspect foreign banknotes	foreign banknotes proven to be counterfeit
2006	1 831	1 505
2007	2 244	1 981
2008	2 444	1 746

Management of reserves

In this domain, the Bank has an investment strategy adopted according to a formalized process. It is submitted for approval by the Council, who shall ensure its evaluation, in accordance with the Statutes of the Bank. The follow-up of the implementation of the investment strategy is entrusted to the Monetary and Financial Committee.

Amid an international financial environment marked by unusual pressures and poor bond yields in 2008, the Bank adopted a cautious investment strategy in the management of exchange reserves. This strategy rests on the preservation of security and liquidity of foreign currency assets, while ensuring optimal yields.

On the back of the temporarily high level of bond yields during the first months of the year, the Bank managed to make an overall yield of exchange reserves, which continue to grow from one year to the next. In this respect, it particularly favored the acquisition of supranational triple A securities, benefiting from the explicit guarantee of States, and limited its exposure to monetary investments.

With the growing risks linked with the failures of banking institutions in the countries directly affected by the international financial crisis, the Bank improved its mechanism for the monitoring of credit risks relating to the management of exchange reserves by paying special attention to the revisions of its counterparts' ratings, by raising the minimum level of accepted ratings for counterparts eligible for transactions with the Bank, and ensuring real-time monitoring of risks per category of portfolio. In the same spirit, the Bank established an investment committee entrusted with the decision taking process with regard to counterparts and the Bank's short-term investment policy, on a day-to-day basis.

With regard to market risk, the Bank continued to measure the exposure to this category of risks, using the indicators relating to the actual duration of investment portfolios and to the sensitivity of its investment portfolio to interest rates variation. This framework was stepped up in 2008 by a regular monitoring based on a clear and formalized structure of risk and performances by the Risks Committee. Risk management and the measurement of performance were carried out through a number of indicators specified under the Kit Finance system, which allow for real-time monitoring.

Since few years ago, the Bank has been endowed with a reliable mechanism for internal control, notably the control of operational risks through a strict separation of functions of front, middle and back offices with regard to the operations of exchange reserves management. In 2008, the Bank sought to improve the operational efficiency of that mechanism. To that end, it focused on ascertaining the extent to which transactions are consistent with the laws and regulations in force, the strategic guidelines, the decisions of the Bank governing organs and the generally-recognized standards and professional practices. Action also focused on achieving rapid execution of transactions, detection and fixing of abnormalities.

◆ Openess and outreach

Communication and outreach

In the field of external communication, the Bank started to grant more visibility to its actions as part of its fundamental missions and to further explain their underlying ends. The press and the media were given high priority under the Bank's communication policy. As a result, relations with the press strengthened, especially was the application of a new approach resting on the organization of press conferences with the Governor after the meetings of the Bank's Board, to explain the factors underlying the decisions on monetary policy. The Monetary Policy Report gained then further stake as an instrument of communication. Since its first publication back in December 2006, this report is as from this year posted on the Bank's website in Arabic, French and English.

Revamped in 2008, the Bank's website now features information on the Bank's missions and activity that can be accessed by the general public. Instructive and modern, this new version of the site seeks to satisfy the needs of users yearning for complete and exhaustive information on the Bank, its missions and accessible open data.

In view of its outreach strategy to customers and the general public, the Bank has improved the conditions for reception of visitors and phone calls. Reception points were established in the main sites; training sessions and awareness campaigns were staged for the benefit of switchboard operators and those in charge of reception; and the phone calls reception has been improved as part of the deployment of the Wissal project.

At the same time, access to information further improved by increasing the number of publications, information notes and leaflets made available in each reception point.

On the internal communication front, the Bank continued to strengthen its information system to acquaint its staff with the various projects initiated, to encourage their commitment thereto and to boost their sense of corporate belonging. Several actions supported the various projects conducted within our institution. These include:

- Organization of the day of Executive Staff to present the major projects of the Bank.
- Launch of many communication and information mediums.
- Initiating an overhaul of intranet, ahead of the establishment of new sections and a reclassification of the content to better meet staff needs.
- Publication of three issues of the «Info BAM» newsletter featuring the latest news of the Bank.

Currency Museum

As part of its civic and cultural mission aimed at the preservation and valuation of the numismatic heritage of Morocco, the Bank expanded its collections in 2008 through the acquisition of coins of value. To achieve the medium-term strategic threshold of 100,000 coins and banknotes, the Bank acquired one darique¹, two creseides² and a series of pre-minting instruments. Also the Bank reinforced its artistic collections by purchasing hundreds of valuable paintings belonging to various schools of art.

Likewise, the Bank continued to rebuild its historical memory, through recovery of digitalized archives from the BNP Paribas, dating back to the times of the State Bank of Morocco.

Finally, as part of the celebration of the Bank's fiftieth anniversary in 2009, the Currency museum launched three major projects in 2008, namely:

- Launch of the development works of the Bank's Museum in the former premises of the Branch of Rabat. This exhibition space includes three axes: the monetary history, pictorial art and main missions of the Bank;

¹ Coin of the Persian Achaemenid Empire

² First coin of the Kingdom of +Lydia (Turkey)

- Publishing a book on the Bank's architectural heritage;
- Reprinting of the Corpus of Idrissid and contemporary currencies in a more modern format in line with the Bank's new graphic charter. This action aims to enrich the offer in books marketed by the store of the Bank's museum.

International cooperation

The Bank participated actively in the proceedings of the institutions in charge of international and regional cooperation in 2008. Chief among these were:

- The seventh meeting of the Board of Governors of Central Banks of the Arab Maghreb Union (Tripoli: February);
- The fifteenth meeting of Governors of Central Banks of French-speaking countries, (May: Luxembourg) on the theme «Governance of Central Banks: Business Continuity Plan and Internal Control functions». During this meeting the experience of BAM in ethics and professional conduct was presented.
- Meeting of the Group of African Governors at the IMF and the World Bank (Nouakchott: August). During this meeting, a high-level seminar was organized on the theme of «Financing Development in Africa: Contribution of Traditional and Non-Traditional Donors»;
- The fifth Euro-Mediterranean Symposium, which gathered Governors of Central banks of the Euro system and the Mediterranean. This event was organized jointly by the Central Bank of Egypt and the European Central Bank in November in Alexandria. During the event, BAM contributed a paper on «Monetary Policy and the Exchange Rate Regime in Morocco: Transition towards an Inflation Targeting Regime»;
- The High-level conference organized by the Central Bank of Tunisia (Tunis: November), as part of the celebration of its 50th anniversary, under the theme of «Central Banks and New Challenges»;
- Spring and fall meetings of the IMF and the World Bank (October: Washington).

In addition, in association with the Arab Monetary Fund, the bank held, in Marrakesh in October, the 32nd session of the Board of Governors of Arab Central Banks and Monetary Agencies. Apart from its regular agenda, this event, which was held amid a context marked by intensifying global financial crisis, offered an opportunity for exploring the impact of the current crisis on Arab economies.

As part of bilateral cooperation, this year was marked by the consolidation of ties between the Bank and its traditional partners, within the framework of pre-scheduled annual programs. Thus fourteen areas of BAM activities benefited from cooperation with the Banque de France; while eight projects were carried out with the Financial Services Volunteer Corps (FSVC)¹. At the same time, executive staff from African central banks benefited from working visits to the Bank's entities.

¹ FSVC is a not-for-profit, private-public partnership that carries out its mission of technical assistance and practical training by recruiting international experts. In order to help strengthen the financial systems of developing countries, FSVC has an office in Morocco which allows it to conduct projects primarily geared to banks with the aim of contributing to their development, on the one hand, and improving access by small and medium businesses to loans, on the other.

PART 3

FINANCIAL STATEMENTS OF BANK AL-MAGHRIB



◆ Financial statements

1. Balance sheet as at the end of December 2008

(After allocation of profits)

(In thousands of dirhams)

ASSETS	Note	Dec. 2007	Dec. 2008
Assets and investments in gold	1	4 570 693	4 962 457
Assets and investments in foreign currency	2	184 960 898	178 350 705
- Assets and investments held with foreign banks		49 001 831	26 469 032
- Foreign treasury bills and similar securities		121 948 644	136 700 006
- Other assets in currencies		14 010 424	15 181 667
Assets with international financial institutions	3	1 539 397	1 468 018
- I.M.F. subscription-Reserve tranche		1 042 111	1 054 717
- Special Drawing Rights holdings		246 174	156 037
- Subscription to the Arab Monetary Fund		251 112	257 264
Claims on Government			
- Overdraft facilities advances		-	-
Claims on Moroccan credit institutions and the like	4	5 022 002	15 014 783
- Securities received under repurchase agreements		-	-
- Advances to the banks		5 000 000	15 000 000
- Other claims		22 002	14 783
Treasury bills - open market operations		5 528 774	3 068 950
Other assets	5	9 152 127	11 748 462
- Sundry debtors		7 360 491	7 070 561
- Other miscellaneous assets		1 791 635	4 677 901
Fixed assets	6	2 339 354	2 530 705
Total assets		213 113 245	217 144 080

(In thousands of dirhams)

Liabilities	Note	Dec. 2007	Dec. 2008
Banknotes and coins in circulation	7	125 533 678	134 771 581
- Banknotes		123 592 517	132 691 292
- Coins		1 941 161	2 080 289
Liabilities in gold and in currencies	8	3 383 089	2 432 466
- Liabilities in gold		-	-
- Liabilities in currencies		3 383 089	2 432 466
Liabilities in convertible dirham	9	205 610	196 176
- Liabilities to international financial institutions		192 881	184 390
- Other liabilities		12 729	11 786
Deposits and liabilities in dirham	10	64 385 991	59 630 039
- Current account of the Treasury		262 545	1 458 154
- Deposits and liabilities to Moroccan banks		53 679 302	52 946 150
. Current accounts		53 679 302	-
. Liquidity-withdrawal accounts		-	3 583 063
. Deposit facility accounts		-	-
- Deposits of general government and public institutions		9 172 257	1 642 671
- Other accounts		1 271 888	-
Other liabilities	11	13 046 020	13 524 121
Allocations of Special Drawing Rights	12	1 043 275	1 068 834
Equity capital and the like	13	5 515 582	5 520 863
- Equity capital		500 000	500 000
- Reserves		5 015 582	5 020 863
Total liabilities		213 113 245	217 144 080

2. Profit and loss statement

Revenues (in thousands of dirhams)	31/12/2007	31/12/2008
Interests earned on assets and investments in gold and foreign currencies	6,198.085	6,582.353
Interests earned on claims on government	-	-
Interests earned on claims on Moroccan credit institutions and the like	253,941	506,974
Other interests earned	10,489	9,568
Commissions earned	359,060	303,112
Other financial revenues	706,514	1,401.478
Sales of produced goods and services	101,400	62,287
Miscellaneous revenues	17,544	15,592
Reversal of depreciation	23	2,374
Reversal of provisions	293,607	1,023.040
Non-current revenues	-	1,014
Total revenues	7.940.663	9,907.792

Expenses (in thousands of dirhams)	31/12/2007	31/12/2008
Interests paid on liabilities in gold and currencies	57,109	34,987
Interests paid on liabilities in convertible dirham	-	-
Interests paid on deposits and liabilities in dirham	789,367	721,757
Commissions paid	20,007	25,323
Other financial expenses	418,216	429,925
Staff expenses	799,731	912,688
Purchase of materials and supplies	122,094	160,678
Other external expenses	144,014	126,885
Depreciation and provisions expenses	525,129	1,092.848
Non-current expenses	11,365	153,439
Corporate tax	2,44.983	2,343.980
Total expenses	4,932.015	6,002.510
Net income	3,008.648	3,905.282

3. Off-balance sheet

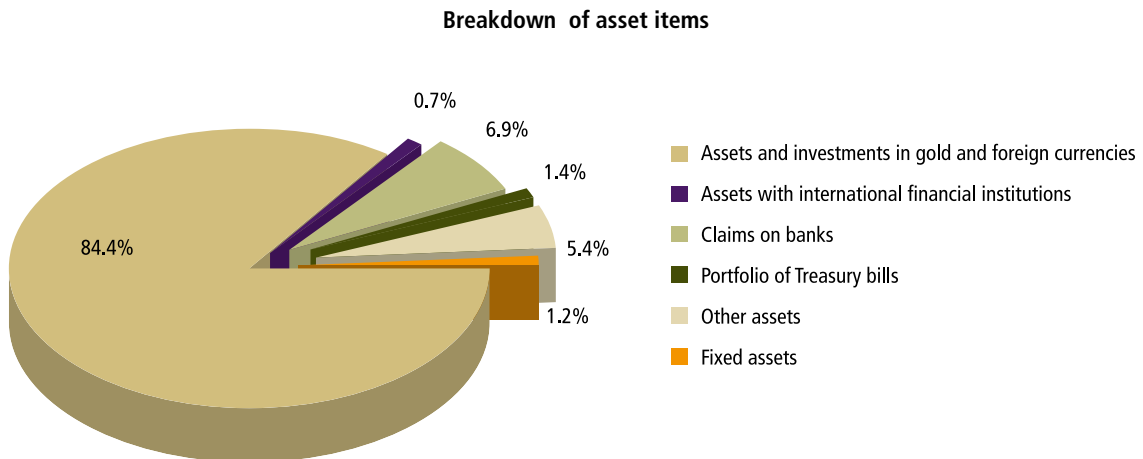
(in thousands of dirhams)	Note	31/12/2007	31/12/2008
	14		
Spot foreign exchange transactions			
- Spot delivery of currencies		-	
- Spot purchase of dirhams		-	
Forward foreign exchange transactions			
- Currency to be received		120 396	84 270
- Currency to be delivered		128 638	80 245
Currency exchange-deposit transactions		13 653 465	11 594 626
Foreign exchange transaction-arbitrage operations			
- Foreign currency to be received		-	463 757
- foreign currency to be delivered		560 102	926 032
Off-balance currency adjustment			
Liabilities on derivatives			
Liabilities on securities			
- Securities received on advances granted		5 000 000	15 000 000
- Securities received on advances to be granted		1 111 500	1 273 400
- Securities to deliver			
Other liabilities			
- Received market guarantees		22 251	25 809
- Liabilities of guarantees received for staff loans		496 351	592 880
- Financing liabilities granted to the staff		19 824	28 974
- Other liabilities granted		1 000	1 000

1. Bank Al-Maghrif balance sheet

At the end of the financial year 2008, the total balance sheet of the Bank grew by 1.9 percent to 217,144 million dirhams, compared with 9.6 percent in 2007 and 14.5 percent in 2006.

At the level of assets, this slowdown is primarily due to the drop in foreign assets of the Bank and the coming to maturity of a part of Treasury bills held by the Central Bank. At the level of liabilities, the slowdown can be explained by the decline in the Bank's liabilities in dirhams, particularly to the Hassan II Fund for Economic and Social Development which has an open account with the Central bank.

◆ ASSETS



Assets and investments in gold

Assets and investments in gold amounted to 4,962 million dirhams, up by 8.6 percent from one year-end to the next, in connection with the rise in gold prices.

Assets and investments in foreign currency

Assets and investments in foreign currency decreased by 6,610 million dirhams, or 3.6 percent, to settle at 178,351 million dirhams, marking a break with the upward trend of the past few years. This decline is due to the contraction in foreign currency reserves, following the widening trade deficit and the decrease in travel receipts and remittances from Moroccans living abroad. The assets and investments in foreign currency are dominated by bonds which account for 77 percent.

Assets with international financial institutions

Assets with international financial institutions decreased by 4.6 percent to 1,468 million dirhams, in connection with a 36.6 percent decline in Bank's assets in special drawing rights (SDR), which was mitigated by the appreciation in SDR prices.

Claims on Moroccan credit institutions and the like

With the persisting liquidity requirements, the interventions of the central bank on the money market in the form of 7-day advances went from 5,000 to 15,000 million dirhams, from one year-end to the next.

Treasury bills - open market operations

The portfolio of Treasury bills stood at 3,069 million dirhams, down by 2,460 million dirhams, corresponding mainly to the bills maturing in 2008.

Other assets

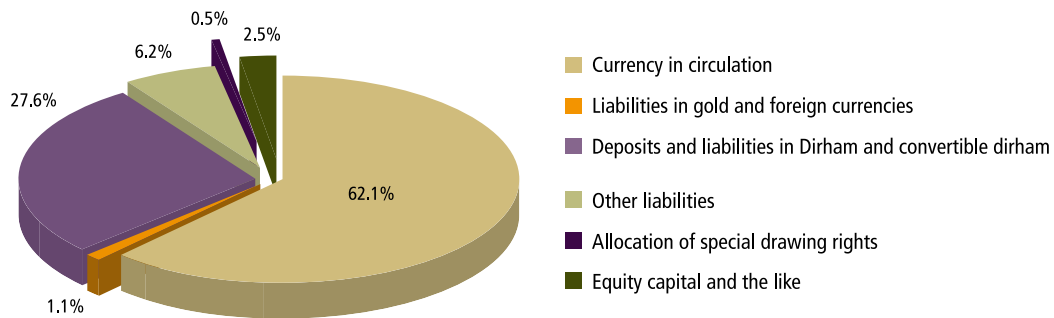
Other assets increased by 28.4 percent to 11,748 million dirhams, primarily in relation with the rise in cash accounts.

Fixed assets

The fixed assets of the Bank increased by 8.2 percent to 2,531 million dirhams, particularly due to the rise in operating tangible and intangible fixed assets.

◆ LIABILITIES

Breakdown of liability items



Banknotes and coins in circulation

Banknotes and coins in circulation stood at 134,772 million dirhams at the end of 2008, up by 9,238 million dirhams or 7.4 percent, compared with 9.9 percent in 2007 and 22.2 percent in 2006. This deceleration mainly reflects the strengthening in the economy's bancarization.

Liabilities in gold and foreign currency

At the end of 2008, this item reached 2,432 million dirhams, down by 951 million dirhams or 28.1 percent, in response to the decline in liabilities in foreign currency to Moroccan banks.

Deposits and liabilities in dirhams

Deposits and liabilities in dirham stood at 59,630 million dirhams, down by 4,756 million dirham or 7.4 percent compared with the financial year 2007. This decline is chiefly due to the drop by 5,829 million dirhams in the balance of the Hassan II Fund for Economic and Social Development. Treasury assets, however, increased by 1,196 million dirhams, whereas the assets of banks in current accounts as part of the monetary reserve slightly decreased to settle at 52,946 million dirhams.

Other liabilities

The constituent elements of other liabilities increased from 13,046 to 13,524 million dirhams, up by 3.7 percent from one year-end to the next.

Allocations of Special Drawing Rights

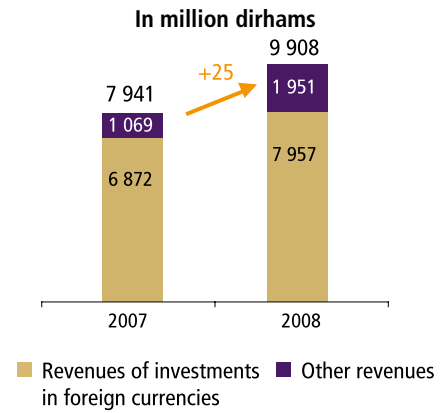
Allocations of Special Drawing Rights amounted to 1,069 million dirhams, up by 2.4 percent, exclusively reflecting the rise in SDR prices.

Equity capital and the like

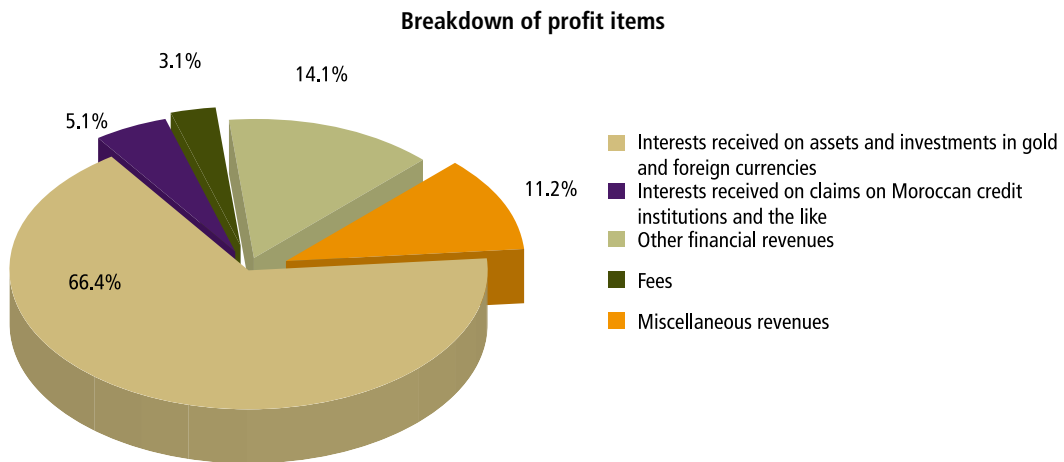
Equity capital and the like, which consist of capital and reserves, posted a slight increase to 5,521 million dirhams.

2. Profit and loss statement

The net income of the Bank continued to grow for the third consecutive year, reaching 3,905 million dirhams, higher by 897 million dirhams than in the financial year 2007. This rise is due to the significant improvement in revenues which largely offset the increase in the expenses of the Bank.



◆ Revenues



Bank revenues for 2008 amounted to 9.908 million dirhams, up by 1,967 million dirhams or 24.8 percent compared with the previous financial year, after they rose respectively by 32.7 percent and 31.4 percent in 2007 and 2006.

This increase is mainly attributable to the improvement in the revenues of investments in foreign currency, which contributed 80 percent to the overall revenues of the Bank.

Interests on investments in gold and foreign currency increased by 6.2 percent to 6,582 million dirhams, after they grew by 23.3 percent in 2007. This deceleration can be explained by the decline both in exchange reserves and in the remuneration rates.

The rise in these interests reflects an increase in interests on bond investments, mainly in connection with the relatively high yields on securities portfolio and a decrease in the remuneration of monetary investments, following the drop in short-term rates (see chapter on international environment) and the reallocation of a portion of the treasury to the bond segment.

At the same time, in view of the growing recourse of banks to the central bank, interests received on claims on the Moroccan credit institutions and the like for monetary regulation increased from 166 million dirhams in 2007 to 387 million dirhams at the end of 2008, including 377 million dirhams as 7-day advances.

Commissions stood at 303 million dirhams compared with 359 million dirhams in 2007, down by 15.6 percent, due to the drop in foreign exchange commissions.

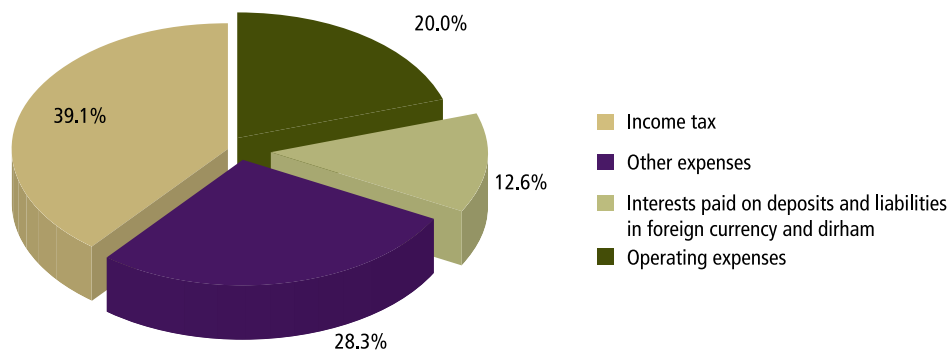
Other financial revenues, primarily consisting of gains generated by foreign currency transactions, practically doubled to reach 1,401 million dirhams, in relation with the appreciation in the value of securities following the decline in rates.

The sales of goods and services by the Bank receded to 62 million dirhams, down by 38.6 percent compared with 2007, during which the Bank secured exceptional revenues which amounted to 68 million dirhams, resulting from the sale of demonetized coins.

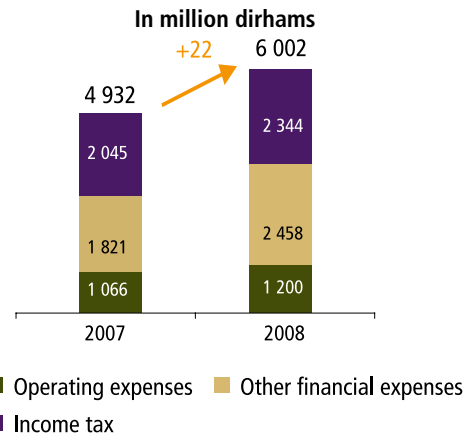
Provision reversals in 2008 increased from 294 to 1,023 million dirhams, following the change in the accounting method of allowances for foreign securities depreciation.

◆ Expenses

Breakdown of loss items



The overall expenses of the Bank amounted to 6,002 million dirhams compared with 4,932 million in the previous year. Excluding corporate tax, these expenses came to 3,658 million dirhams, up by 771 million dirhams or 26.7 percent. This increase is mainly attributable to the growth by 613 million dirhams in allocations to provisions for depreciation of foreign securities, following the change of their accounting method, which translated into an income of +41 million dirhams, including reversals, instead of +56 million dirhams in 2007.



Operating expenses, consisting of staff expenses, purchase of materials and supplies and other external expenses, increased to 1,200 million dirhams, up by 12.6 percent or 134 million dirhams including 83 million dirhams representing the annual portion related to fiscal year 2008 for commitments of the Bank towards the healthcare fund. Excluding this latter expense, operating expenses would have increased only by 4.8 percent.

The interests paid on deposits and liabilities in dirhams fell by 68 million dirhams, to stand at 722 million dirhams. This decline covers a drop by 183 million dirhams in the interests paid on deposits of the Hassan II Fund for Economic and Social Development, and an increase by 48 million dirhams in the remuneration of monetary reserve, following the rise in the banks' demand liabilities.

◆ Bank activity income

Income from foreign exchange reserves management transactions

This income covers the interests and commissions received and paid, as well as the other revenues and expenses relating to the foreign exchange reserves management. It amounted to 7,524 million dirhams, compared with 6,461 million dirhams a year earlier.

Monetary policy operations income

The income of monetary policy operations mainly corresponds to the difference between interests earned on the refinancing of the banking system and those paid for the remuneration of monetary reserve. These transactions posted an income of 109 million dirhams, compared with the negative result of 155 million dirhams in 2007.

Income of the other operations

Net income of other operations corresponds to the difference between other interests and commissions, and the sales of goods and services, on the one hand, and the other interest paid and miscellaneous expenses, on the other. In 2008, this income rose to 101 million dirhams.

3. Legal framework and accounting principles

◆ Legal framework

The financial statements of Bank Al-Maghrib in 2008 were drawn up and presented in line with the Bank's Chart of Accounts.

For all its activities, Bank Al-Maghrib applies the accounting requirements specified under the General Accounting Standard, and draws inspiration from international accounting standards, particularly the principles contained under the IAS 19 (Employee Benefits), for the evaluation of actuarial liabilities to the pension fund of its staff.

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 statement and the additional information statement

◆ Accounting principles and evaluation rules

The main accounting methods and evaluation rules for the elaboration of the financial statements are the following:

Foreign exchange operations

Foreign exchange operations include spot and forward purchase and sale of foreign currency, both for the Bank's own account and as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts on their commitment date. They are then recorded in the balance sheet accounts on the value date or the date of delivery of liquidity with a re-entry of off-balance sheet accounts.

Assets and liabilities in foreign currencies and gold

Assets and liabilities in foreign currencies are converted into dirhams on the basis of the rate of exchange 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, which was concluded between Bank Al-Maghrib and the Government on 29 December 2006. This convention sets a minimum threshold of 2.5 percent of BAM's net foreign assets, the level 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 relative to the required minimum.

Revenues and expenses are converted into the exchange rate on the date of the transaction.

Revenue and expense recognition

1. Revenues and expenses are recorded in the fiscal year during which they were acquired or incurred, in compliance with the principle of separation of fiscal years.
2. Revenues and expenses in foreign currencies are converted at the exchange rate in force on the date of the transaction.
3. Gains and losses are entered in the corresponding profit and loss statement accounts.
4. Unmatured Accrued interests are recorded monthly and converted on the date of entry in accounts.

Securities

The securities acquired as part of the management of exchange reserves are classified according to the purpose for which they are held, in portfolio of transaction, of securities held for sale, or of investment.

- **Transaction portfolio:** 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 statement accounts.

On 31 December 2008, Bank Al-Maghrib does not hold any transaction securities in its securities portfolio.

- **Portfolio of held for sale securities:** consists of securities purchased with the intention of being held for more than six months.

1. Entries into the portfolio are made at the purchase price, exclusive of the purchase costs and of accrued coupons, if need be.
2. The differences (discounts or premiums) between securities' purchase price and redemption price: The Bank has opted for the non-amortization of these differences over the duration for the holding of securities.
3. Initially, securities are entered in the balance sheet at their purchase prices. 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 valuation provisions. Inversely, unrealized gains are not entered in accounts.

As of January the 1st 2008, the Bank created a sub-category of these securities in order to list short-term securities with pre-computed interests.

1. These securities are recorded at their purchase price including interests;
2. 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:** consists of securities acquired with the intention of being held until maturity.

1. They are recorded at their purchase price, excluding costs and, if need be, accrued coupons.
2. Gains or losses on these securities are not recorded.
3. The differences between securities' acquisition price and redemption price (discounts or premiums) are amortized on a straight-line basis over the remaining life of the securities.

Other assets in foreign currency

The Bank has a portfolio of securities made out in Euro and in Dollar. The management of that portfolio 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

Tangible and intangible fixed assets are recorded at their historical cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus depreciations accumulated since their initial use.

Fixed assets are depreciated according to the straight line method, depending on the estimated duration of use of the goods, and by applying the depreciation rate in force (fiscally accepted).

The depreciation deadlines retained according to the nature of fixed assets are as follows:

- 20 years for immovable property;
- 5 years for fixtures, fittings and facilities;
- 10 years for office furniture and material of Dar As-Sikkah;
- 5 years for office equipment, computer hardware and software, vehicles and other materials.

Financial fixed assets

Bank Al-Maghrif holds shares in some Moroccan businesses and foreign financial institutions. These are recognized on the assets side of the balance sheet for a net value representing their acquisition cost (foreign shareholdings are converted into the dirham at the historical rate of the foreign currency) 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 most recent financial statements.

Inventories

The inventories consist of:

- Consumable materials and supplies;
- Raw materials for the manufacturing of coins and banknotes (paper, ink and blanks);
- In-process inventory and finished goods (secure documents).

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, 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.

4. Information on balance sheet and off-balance sheet entries

Note 1 - Assets and investments in gold

Assets in gold consist of assets in gold deposited in Morocco and abroad, for a value of 5 billion dirhams.

Since the end of 2006, gold assets are evaluated at the market price. The gains and losses from this operation are entered in the foreign exchange reserve evaluation account.

Note 2 - Assets and investments in foreign currency

This item presents the counterparty in dirhams of assets in foreign currency. The latter are held in the form of demand deposits, time deposits and foreign securities.

Note 3 - Assets with international financial institutions

This entry includes:

- **The I.M.F subscription - reserve tranche:** constitutes 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 split up as follows:

- 517.76 million SDR paid-up in national currency, with the share of Bank Al-Maghrib corresponding to 14.71 million SDR (176 million dirhams). This amount which corresponds 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 (878.7 million dirhams) paid by Bank Al-Maghrib in foreign currency representing the disposable portion of the aforementioned quota.

Subscription to the IMF- reserve tranche can be mobilized if need be. It is included in the Bank Al-Maghrib foreign exchange reserves.

- **SDR assets:** This account records SDR assets of Bank Al-Maghrib with the IMF. It recorded in the debit side SDR purchase transactions by the Bank and the remuneration paid by IMF, and in the credit side the payments of commissions on SDR allocations and reimbursement of borrowings.

The account balance on December 31st, 2008 amounted to 12.5 million SDR, the equivalent of 156 million dirhams. These available funds are remunerated by the IMF on a quarterly basis.

- **A.M.F. subscription:** This account represents the fraction paid by the Bank for the subscription paid up in currency in the capital of the A.M.F.

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 latter paid 150 thousand Arab Dinars (5.5 million dirhams);
- 14.8 million Arab Dinars are subscribed in currency, of which 6.87 million Arab Dinars subscribed by the central bank (257.3 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, taking place in 2005.

The Arab Dinar is equal to 3 SDR units.

Note 4 - Claims on Moroccan credit institutions and the like

They comprise refinancing operation of credit institutions as part of the conduct of monetary policy.

Note 5 - Other assets

This entry basically refers to:

- Miscellaneous debtors consisting mainly of miscellaneous debts due to the Bank.
- Equalization accounts consisting of expenses spread out over several financial years, expenses recognized in advance and revenues due, making it possible to attach to each financial year the revenues and expenses relevant thereto and any other debtor amount pending equalization.
- Cash accounts including mainly bank checks for immediate credit.

Note 6 - Fixed assets

This entry includes:

- Loans granted by the Bank to staff members;
- Stakes in Moroccan and foreign financial institutions;
- Operating and non-operating tangible and intangible fixed assets.

Note 7 - Banknotes and coins in circulation

This entry covers banknotes and coins in circulation, the amount of which is obtained by calculating the difference between banknotes and coins issued and those deposited with the Bank.

Note 8 - Liabilities in gold and foreign currency

This entry mainly comprises currency deposits of foreign banks as well as other currency liabilities.

Note 9 - Liabilities in convertible dirhams

This entry encompasses the Bank's liabilities in convertible dirhams towards foreign banks, international financial institutions (IMF, AMF, IBRD) and other liabilities in convertible dirhams. Account No.1 of the IMF represents the greatest component of this entry. The deposits of this account as well as those of Account No.2 are readjusted annually to take into account the evolution of the Dirham relative to SDR.

Note 10 - Deposits and liabilities in dirhams

This category includes:

- Current account of the public Treasury to which the transactions of the latter are recorded;
- Current account of banks held mainly in line with the reserve requirements, which are remunerated at 0.75% per year;
- Accounts of other residents, including the Hassan II Fund for Economic and Social Development, remunerated at the 7-day advances rate, minus 50 basis points.

Note 11 - Other liabilities

This category includes:

- Miscellaneous creditors: primarily consisting of tax and fiscal withholdings, other sums payable to the State and contributions to provident funds and bodies for social security pending settlement;
- Equalization accounts: consisting of transactions between branches, expenses payable and revenues recognized in advance, making it possible to attach to each fiscal year revenues and expenses relevant thereto, as well as any other amount payable 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 year and that will most likely be realized. Provisions were set in 2008 for tax risks, litigations and paid vacation.
- Foreign exchange reserve evaluation account: The foreign exchange gains and losses resulting from the

evaluation of assets and liabilities in gold and foreign currency, on the basis of the average exchange rates at year-end, are recorded on this account, in accordance with the agreement governing this account, which was concluded on 29 December between Bank Al-Maghrib and the State. This agreement sets a minimum threshold for the balance of this account. In the event of a deficit relative to the required minimum, a reserve for exchange loss drawn from the net profit shall be allocated.

The credit balance of this account can neither be posted in the profit of the financial year, nor distributed or allocated to another usage.

Note 12 - Allocations of Special Drawing Rights

This entry corresponds to the value in dirhams of the amounts for SDR allocations granted by the IMF to Morocco in its capacity as a member country. The said allocations, at the end of 2008, amounted to 85.69 million SDR, corresponding to one billion dirhams. Commissions are paid by the Bank on a quarterly basis for these allocations.

Note 13 - Equity capital and the like

This entry encompasses the capital of Bank Al-Maghrib of 500 million dirhams, with reserves totaling 5 billion dirhams at the end of December 2008.

Note 14 - Off-balance sheet

The Bank keeps record of off-balance sheet liabilities. The off-balance sheet describes the liabilities given and received. 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 instance.

The off-balance sheet liability sheet includes liabilities in foreign currency, liabilities on securities and other liabilities.

◆ Auditor's Report

◆ Statutory auditor's report

Fiscal year from January 1st to December 31st, 2008

In accordance with our assignment as statutory auditors by the Bank's Board, we have audited the accompanying financial statements including the balance sheet, the profit and loss account and the attached disclosures here attached of BANK AL MAGHRIB for the year ended December 31st, 2008, which show a net equity of 5 515 581 thousands of Moroccan Dirhams included a net profit of 3 905 282 thousands of Moroccan Dirhams.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financials statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial statements in order to design audit

procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statement mentioned in the first paragraph show, in all material aspects, a fair view of the results of the operations for the year ended as well as of the financial situation and the assets of BANK AL-MAGHRIB on December 31st, 2008, 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 also performed the other procedures required by law and we have notably ensured the correspondence of the information provided in the management report with the Bank's financial statements.

◆ Approval by the Bank Board

In compliance with article 55 of Law No 76-03 on the Statutes of Bank Al-Maghrib, the financial statements are hereby submitted by the Governor to the Board for approval.

At its meeting of March 24, 2009, 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 2008 and the distribution of the net income.

APPENDICES

بنك المغرب
بنك المغرب

I-1 - MAIN INDICATORS OF THE ECONOMY⁽¹⁾

Amounts in billions of dirhams	2006	2007	2008	Percentage changes	
				2007 2006	2008 2007
National accounts					
- Gross domestic product at constant prices (growth in%)	7.8	2.7	5.6		
. Agricultural Added value	25.3	-20.8	16.3		
. Non-agricultural Added value	3.4	6.0	4.1		
- Gross domestic product at current prices	577.3	616.3	688.8	6.7	11.8
. Agricultural Added value	81.1	68.7	83.0	-15.3	20.7
. Non-agricultural Added value	436.8	477.0	536.7	9.2	12.5
- Gross national disposable income	624.7	671.6	744.8	7.5	10.9
- Final national consumption	439.1	472.2	531.9	7.6	12.6
- Gross fixed capital formation	162.5	192.6	227.9	18.5	18.3
- National gross saving	185.6	199.4	212.9	7.4	6.8
- Investment ratio (GFCF/GDP) in %	28.1	31.2	33.1		
- Savings ratio (as % of GNDI)	29.7	29.7	28.6		
Unemployment rate in %	9.7	9.8	9.6		
Prices					
- ICV rate (change in the cost of living index)	174.2	177.8	184.7	2.0	3.9
Including : Foodstuffs	176.1	181.8	194.2	3.3	6.8
- Underlying inflation	170.5	173.4	180.2	1.7	3.9
External accounts					
- Total exports	112.0	125.5	154.5	12.1	23.1
- Total imports	210.6	261.3	321.9	24.1	23.2
- Total trade deficit	-98.6	-135.8	-167.4	37.7	23.3
- Balance of Travel	46.4	51.5	46.9	11.0	-8.9
- Balance of current transfers	55.5	62.9	68.0	13.3	8.1
- Current account balancet	12.4	-0.6	-35.5	-104.8	-
- Current account balance as % of GDP	2.1	-0.1	-5.2		
- Outstanding foreign public debt	115.9	122.0	131.0	5.3	7.4
- Foreign public debt as % of GDP	20.1	19.8	19.0		
Exchange rate⁽²⁾					
- Dirhams per 1 Euro	11.141	11.359	11.246	-1.9	1.0
- Dirhams per 1 US dollar	8.457	7.713	8.098	9.6	-4.8
Public finance⁽³⁾					
- Ordinary balance	20.8	34.8	47.4	67.3	36.2
- Investment expenditure	23.8	28.2	38.2	18.5	35.5
- Budget balance	-11.3	1.0	2.7	-108.8	170.0
- Budget balance as % of GDP	-2.0	0.2	0.4		
- Outstanding amount of the domestic debt	266.1	263.8	257.1	-0.9	-2.5
- Outstanding amount of the domestic debt as % of GDP	46.1	42.8	37.3		
Money					
- Aggregate M1	371.3	447.6	481.3	20.6	7.5
- Money supply (M3)	555.5	644.8	714.5	16.1	10.8
- Net foreign assets	190.8	208.5	197.5	9.3	-5.3
- Claims on Government	77.7	79.8	80.4	2.7	0.8
- Claims on the private sector	339.6	436.3	536.2	28.5	22.9

(1) The changes and ratios were calculated on the basis of the amounts in millions.

(2) The end of year.

(3) Excluding privatization receipts.

I-2 - GROSS DOMESTIC PRODUCT CHANGES (1998 : 100)

(At last year prices)

(In percentage)

Branches of activity	2004	2005	2006	2007*	2008**
Primary sector	4.5	-11.1	21.1	-20.0	16.6
Agriculture	5.2	-13.5	25.3	-20.8	16.3
Fishing	-5.4	21.2	-19.3	-10.1	19.0
Secondary sector	3.8	4.9	4.8	6.6	3.6
Mining	15.8	7.4	1.6	9.1	-5.9
Industry (excluding oil refining)	-0.2	3.5	3.8	3.8	2.1
Oil refining and energy products	164.1	19.0	-32.7	41.9	-5.8
Electricity and water	5.3	7.7	6.9	5.8	5.9
Building and public works	8.0	6.1	8.7	11.7	9.4
Tertiary sector (1)	5.6	6.3	5.2	6.1	4.1
Commerce	5.0	4.0	4.6	2.5	4.5
Hotels and restaurants	9.0	7.8	8.7	4.1	0.8
Transport	12.8	9.5	5.2	8.4	2.6
Postal and telecommunications services	10.7	5.4	10.4	10.4	8.7
Other services (2)	3.9	7.4	5.3	8.5	3.9
General government and social security	4.7	4.8	3.2	2.4	3.9
Added value to the base prices	4.9	3.0	7.4	1.8	5.7
Tax on products net of subsidies	4.2	2.4	10.8	10.6	5.0
Gross domestic product	4.8	3.0	7.8	2.7	5.6

(1) Including non-market services provided by the general government.

(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.

(*) Revised

(**) Preliminary

Source : High Commission for Planning (National accounting department)

I-3 - GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (1998 : 100)

(At current prices)

(In millions of dirhams)

Branches of activity	2004	2005	2006	2007*	2008**
Primary sector	74 131	69 565	87 482	74 928	90 690
Agriculture	69 034	62 932	81 147	68 716	82 969
Fishing	5 097	6 633	6 335	6 212	7 721
Secondary sector	129 570	133 749	140 631	149 052	187 866
Mining	8 116	8 994	10 534	13 155	45 121
Industry (excluding oil refining)	78 616	77 166	81 202	82 074	86 996
Oil refining and energy products	969	1 484	1 296	841	963
Electricity and water	13 047	14 583	14 687	15 749	16 123
Building and public works	28 822	31 522	32 912	37 233	38 663
Tertiary sector (1)	250 577	270 642	289 835	321 713	341 076
Commerce	54 255	56 454	60 956	65 058	70 597
Hotels and restaurants	11 030	12 963	13 265	16 294	16 278
Transport	18 605	17 961	18 357	23 264	23 897
Postal and telecommunications services	15 395	16 561	18 134	19 887	21 365
Other services (2)	107 084	118 786	128 459	145 300	154 939
General government and social security	44 208	47 917	50 664	51 910	54 000
Added value to the base prices	454 278	473 956	517 948	545 693	619 632
Tax on products net of subsidies	50 737	53 723	59 396	70 561	69 211
Gross domestic product	505 015	527 679	577 344	616 254	688 843

(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, Fictions branch.

(*) Revised

(**) Preliminary

Source : High Commission for Planning (National accounting department)

I-4 - GROSS DOMESTIC PRODUCT CHANGES (1998 : 100)

(At current prices)

(In percentage)

Branches of activity	2004	2005	2006	2007*	2008**
Primary sector	0.3	-6.2	25.8	-14.4	21.0
Agriculture	0.4	-8.8	28.9	-15.3	20.7
Fishing	-1.5	30.1	-4.5	-1.9	24.3
Secondary sector	8.5	3.2	5.1	6.0	26.0
Mining	3.8	10.8	17.1	24.9	243.0
Industry (excluding oil refining)	6.9	-1.8	5.2	1.1	6.0
Oil refining and energy products	102.3	53.1	-12.7	-35.1	14.5
Electricity and water	-1.1	11.8	0.7	7.2	2.4
Building and public works	18.2	9.4	4.4	13.1	3.8
Tertiary sector (1)	7.0	8.0	7.1	11.0	6.0
Commerce	2.9	4.1	8.0	6.7	8.5
Hotels and restaurants	11.2	17.5	2.3	22.8	-0.1
Transport	7.8	-3.5	2.2	26.7	2.7
Postal and telecommunications services	11.4	7.6	9.5	9.7	7.4
Other services (2)	6.7	10.9	8.1	13.1	6.6
General government and social security	10.2	8.4	5.7	2.5	4.0
Added value to the base prices	6.2	4.3	9.3	5.4	13.5
Tax on products net of subsidies	2.6	5.9	10.6	18.8	-1.9
Gross domestic product	5.9	4.5	9.4	6.7	11.8

(1) Including non-market services provided by the general government.

(2) Financial and insurance activities, Services to businesses and personal services, Education, health and social action, Fictitious branch.

(*) Revised

(**) Preliminary

Source : High Commission for Planning (National accounting department)

I-5 - GOODS AND SERVICES ACCOUNT (1998:100)

(At current prices)

(In millions of dirhams)

	2004	2005	2006	2007*	2008**	Changes in %	
						2007	2008
						2006	2007
RESOURCES							
Gross domestic product	505 015	527 679	577 344	616 254	688 843	6,7	11,8
Resources deficit	25 017	29 558	31 625	56 175	93 315	77,6	66,1
Imports of goods and services	173 342	200 071	229 084	276 477	346 119	20,7	25,2
Exports of goods and services	148 325	170 513	197 459	220 302	252 804	11,6	14,8
Total available resources	530 032	557 237	608 969	672 429	782 158	10,4	16,3
Expenditure							
Final national consumption	382 923	405 282	439 067	472 242	531 928	7,6	12,6
-Resident households	288 602	303 172	331 996	360 008	413 592	8,4	14,9
-General government	94 321	102 110	107 071	112 234	118 336	4,8	5,4
Investment	147 109	151 955	169 902	200 187	250 230	17,8	25,0
Gross fixed capital formation	132 719	145 256	162 456	192 573	227 902	18,5	18,3
Changes in stocks	+14 390	+ 6 699	+7 446	+7 614	+22 328	-	-
Total expenditure	530 032	557 237	608 969	672 429	782 158	10,4	16,3

I-6 - GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION (1998:100)

(At current prices)

(In millions of dirhams)

	2004	2005	2006	2007*	2008**	Changes in %	
						2007	2008
						2006	2007
Gross domestic product	505 015	527 679	577 344	616 254	688 843	6,7	11,8
Net foreign income	34 571	41 073	47 351	55 367	55 950	16,9	1,1
Gross national disposable income	539 586	568 752	624 695	671 621	744 793	7,5	10,9
Final national consumption	382 923	405 282	439 067	472 242	531 928	7,6	12,6
Gross national savings	156 663	163 470	185 628	199 379	212 865	7,4	6,8

(*) Revised

(**) Preliminary

Source : High Commission for Planning (National accounting department)

I-7 - INVESTMENT AND SAVINGS (1998:100)

(At current prices)

(In millions of dirhams)

	2004	2005	2006	2007*	2008**	Variations en %	
						2007	2008
						2006	2007
Gross national savings	156 663	163 470	185 628	199 379	212 865	7.4	6.8
Net capital transfers received	-71	-50	-81	-26	-17	-67.9	-34.6
Financing requirement	-	-	-	834	37 382	-	-
Total resources	156 592	163 420	185 547	200 187	250 230	7.9	25.0
Gross fixed capital formation	132 719	145 256	162 456	192 573	227 902	18.5	18.3
Changes in stocks	+14 390	+6 699	+7 446	+7 614	+22 328	-	-
Financing capacity	9 483	11 465	15 645	-	-	-	-
Total expenditure	156 592	163 420	185 547	200 187	250 230	7.9	25.0

(*) Revised

(**) Preliminary

Source : High Commission for Planning (National accounting department)

II-1 - CEREALS

	2006-2007			2007-2008		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Principal cereals						
Soft wheat	1 729	10 688	6.2	1 930	25 295	13.1
Hard wheat	843	5 138	6.1	928	12 400	13.4
Barley	1 993	7 626	3.8	2 181	13 532	6.2
Maïs	228	949	4.2	219	1 200	5.5
Total	4 793	24 401	5.1	5 258	52 427	10.0

Source : Ministry of Agriculture and Sea Fisheries
(Direction de la programmation et des affaires économiques)

II-2 - PULSE CROPS

	2006-2007			2007-2008		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Broad beans	181	700	3.9	182	1 090	6.0
Chick peas	79	334	4.3	69	381	5.5
Green peas	37	119	3.2	38	156	4.1
Lentils	33	85	2.6	35	94	2.7
Other leguminous vegetables	42	162	4.3	49	239	4.9
Total	371	1 400	3.8	373	1 960	5.3

Source : Ministry of Agriculture and Sea Fisheries
(Programming and Economic Affairs Department)

II-3 - MARKET GARDEN CROPS

	Oct. 2006 to Sept. 2007			Oct. 2007 to Sept. 2008		
	Area (1000 hectares)	Production (1000 tonnes)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 tonnes)	Yield (quintals per hectare)
Vegetable crops of season	219.0	5 284.0	24.1	222.0	5 203.0	23.4
Primeurs	30.0	1 580.0	52.7	32.0	1 710.0	53.4
Tomatoes	6.5	785.0	120.8	6.2	810.0	130.6
Potatoes	7.0	156.0	22.3	7.5	165.0	22.0
Other fruits vegetables	16.5	639.0	38.7	18.3	735.0	40.2
Total	249.0	6 864.0	27.6	254.0	6 913.0	27.2

Source : Ministry of Agriculture and Sea Fisheries
(Vegetable Production Department)

II-4 - CITRUS FRUITS

(thousands of tonnes)

	Oct 2005 to Sept 2006		Oct 2006 to Sept 2007		Oct 2007 to Sept 2008	
	Production	Exports	Production	Exports	Production	Exports
Oranges	784	278	660	265	732	296
Clementines	334	190	336	201	337	184
Miscellaneous	147	75	289	117	169	102
Total	1 265	543	1 285	583	1 238	582

Source : Ministry of Agriculture and Sea Fisheries
(Vegetable Production Department)

II-5 - SUGAR - BEET CROPS AND SUGAR PRODUCTION

	Harvested areas (hectares)	Crops (tonnes)	Yield (tonnes per hectare)	Sugar production* (tonnes)
2006-2007				
Gharb	8 762	400 631	45.7	
Loukkos	7 026	371 000	52.8	
Tadla	9 632	438 740	45.6	
Doukkala	20 101	1 008 894	50.2	
Moulouya	5 155	248 250	48.6	
Total	50 676	2 467 515	48.7	
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	

(*) Data provided by the Ministry of Industry Trade and new Technologies

Source : Ministry of Agriculture and Sea Fisheries
(Vegetable Production Department)

II-6 - SUGAR - CANE CROPS AND SUGAR PRODUCTION

	Harvested areas (hectares)	Crops (tonnes)	Yield (tonnes per hectare)	Sugar production* (tonnes)
2006-2007				
Gharb	9 452	627 023	66.3	
Loukkos	4 536	306 826	67.6	
Total	13 988	933 849	66.8	110 041
2007-2008				
Gharb	9 159	610 653	66.7	
Loukkos	4 189	301 952	72.1	
Total	13 348	912 605	68.4	

(*) Data provided by the Ministry of Industry Trade and new Technologies

Source : Ministry of Agriculture and Sea Fisheries

(Vegetable Production Department)

II-7 - OLIVE-GROWING

(thousands of tonnes)

	Crops End 2006 - Beginning 2007	Crops End 2007 - Beginning 2008*	Crops End 2008 - Beginning 2009**
Olives production	750	850	850
Oil production	75	75	85

(*) Revised

(**) Preliminary

Source : Ministry of Agriculture and sea Fisheries

(Vegetable Production Department)

II-8 - OLEAGINOUS PLANTS

	2006-2007			2007-2008		
	Harvested area (1000 ha)	Production (1000 quintals)	Yield (Quintals per hectare)	Harvested area (1000 ha)	Production (1000 quintals)	Yield (Quintals per hectare)
Sunflower	38.3	130.5	3.4	25.2	315.4	12.5
Groundnut	21.1	464.0	22.0	21.0	445.4	21.2

Source : Ministry of Agriculture and Sea Fisheries
(Vegetable Production Department)

II-9 - VINE GROWING

	2006		2007		2008	
	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)
Dessert grapes	39 600	261 000	38 300	218 000	37 700	240 000
Wine-producing grapes	10 800	95 000	10 000	63 000	9 600	51 000
Total	50 400	356 000	48 300	281 000	47 300	291 000

Source : Ministry of Agriculture and Sea Fisheries
(Vegetable Production Department)

II-10 - STOCK FARMING (1)

(In thousand of head)

	2006	2007*	2007**
Cattle	2 755	2 781	2 814
Sheep	17 260	16 984	17 078
Goats	5 355	5 284	5 118
Total	25 370	25 049	25 010

(1) Census carried out in March-April 2008

(*) Revised

(**) Preliminary

Source : Ministry of Agriculture and Sea Fisheries
(Programming and Economic Affairs Department)

II-11 - MEAT SUPPLIED FOR CONSUMPTION

(In thousands of tonnes)

	2006	*2007	**2008
Red meat	326.6	388.0	390.0
Cattle	150.0	170.0	172.0
Sheep	112.0	120.0	120.0
Goats	17.0	22.0	22.0
Other et abats	47.6	76.0	76.0
White meat	370.0	420.0	490.0

(*) Revised

(**) Preliminary

(-) Not available

Source : Ministry of Agriculture and Sea Fisheries
(Stock farming Department)

II-12 - SEA FISHERIES

(In thousands of tonnes)

	2007*	2008**
Production	768.9	891.5
Deep-sea fishing	88.5	112.1
Coastal fishing	680.4	779.4
Consumption of fresh products	322.7	323.1
Processing	350.6	442.8
Canned fish	137.5	123.0
Fish meal and fish oil	179.4	260.0
Freezing	33.7	59.8
Exportation	420.4	476.8
Fresh and freezed fish	127.8	140.0
Crustaceans and molluscs	95.0	95.4
Canned fish	130.7	145.8
Fish meal and fish oil	66.9	95.6

(*) Revised

(**) Preliminary

Sources : - Production : Ministry of Agriculture and Sea Fisherie et National office of Fisheries
- Exports : Foreign Exchange Control Office

III-1 - MAIN MINERAL PRODUCTS

(In thousands of tonnes)

	Production (1)			Exports (2)		
	2006	2007*	2008**	2006	2007*	2008**
Phosphate rock	27 386.0	27 834.0	24 861.0	13 398.6	13 916.5	11 649.7
Other non-metallic ores						
Barite	612.8	664.7	684.3	506.2	491.9	573.0
Fluorspar	98.1	78.8	60.7	106.9	76.4	60.6
Salt	319.9	215.8	153.0	360.6	124.4	142.2
Bentonite	34.0	136.1	29.1	73.7	85.7	90.4
Metallic ores						
Zinc ore	148.7	108.7	98.4	156.6	118.3	121.7
Lead ore	59.1	60.0	57.9	30.9	42.8	32.7
Iron ore	4.6	48.0	45.3	11.4	25.7	11.7
Copper ore	17.8	19.9	19.4	17.9	31.3	33.3
Manganese	4.8	41.6	38.4	12.1	49.2	147.0

(*) Revised

(**) Preliminary

Source : (1) Production : Ministry of Energy and Mining

(2) Exports : Foreign Exchange Control Office

III-2 - INDEX OF MINERAL PRODUCTION

(1998 :100)

	Weighting	2006	2007*	2008**	Percentage changes 2008 2007
Overall index	1000	134.6	140.0	137.4	-1.9
of which :					
- Phosphates	624	119.3	122.0	111.4	-8.7

(*) Revised

(**) Preliminary

Source : High Commission for Planning (Department of Statistics)

III-3 - ENERGY BALANCE

(In thousands of tonnes oil equivalent. T.O.E)

	2006*		2007*		2008**	
	Total	%	Total	%	Total	%
Consumption	12 934.0	100	13 634.3	100	14 581.6	100
- Coal	3 878.2	30.0	3 836.6	28.1	3 676.2	25.2
- Petroleum products	7 702.6	59.6	8 059.2	59.1	8 962.0	61.5
- Natural gas	364.0	2.8	411.2	3.0	405.8	2.8
- Hydro-electricity wind power electricity and imported electricity	989.2	7.6	1 327.4	9.7	1 537.6	10.5
Of which :						
Domestic products	373.1	100	379.6	100	375.0	100
- Anthracite	0.0	0.0	0.0	0.0	0.0	0.0
- Oil and natural gas	67.6	18.1	72.1	19.0	59.0	15.7
- Hydro-electricity and wind power electricity	305.6	81.9	307.5	81.0	316.0	84.3
Deficit	12 560.9		13 254.8		14 206.7	
- As a percentage of overall consumption		97.1		97.2		97.4

(*) Revised

(**) Preliminary

Source : Ministry of Energy and Mining and High Commission for Planning
(Department of Statistics)

III-4 - ENERGY PRODUCTION

	2006	2007*	2008**	Percentage changes 2008 2007
Extraction activity				
Crude oil production (1 000 t)	11.2	11.1	9.0	-18.8
Natural gas production (millions m ³)	56.4	61.0	50.0	-18.0
Processing activity				
Refineries production (1 000 t) ⁽¹⁾	5 919.0	6 038.9	5 378.8	-10.9
Net electricity production (millions kWh)	19 077.8	19 101.6	19 740.7	3.3
Of which : Concession electricity (thermic and wind power)	(13 214.9)	(13 062.0)	(13 070.3)	-0.1

(*) Revised

(**) Preliminary

(1) Excluding non energy oil products (bitumen and lubricants).

Sources : Ministry of Energy and Mining and National Electricity Office

III-5 - ENERGY PRODUCTION EXPRESSED IN TONNES OIL EQUIVALENT (TOE)

In thousands of Tonnes Oil Equivalent (TOE)	2007*			2008**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Total production ⁽¹⁾	11 005	1.2	100.0	10 511	-4.5	100.0
Of which :						
Refined petroleum ⁽²⁾	6 039	2.0	54.9	5 379	-10.9	51.2
Electricity	4 966	0.1	45.1	5 133	3.3	48.8

(*) 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)

III-6 - TOTAL ENERGY CONSUMPTION

	2006	2007*	2008**	Percentage changes 2008 2007
Petroleum products (1 000 t)	7 703	8 059	8 962	11.2
- Light distillates	4 359	4 664	5 008	7.4
. Super petrol	388	417	470	12.6
. Planes kerosene	417	484	488	0.9
. Gas-oil	3 549	3 763	4 050	7.6
. Miscellaneous	6			
- Liquefied gas	1 616	1 766	1 854	5.0
. Butane	1 454	1 596	1 680	5.3
. Propane	163	171	174	1.8
- Fuel-oil	1 727	1 628	2 100	29.0
. Quantities used for electricity production	571	735	1 102	50.0
. Other	1 156	893	998	11.7
Coal (1 000 t)	5 876	5 813	5 570	-4.2
. Quantities used for electricity production	4 899	4 813	4 490	-6.7
. Other	977	1 000	1 080	8.0
Natural gas (millions m³)	479	541	534	-1.3
of which :				
Tahaddart's consumption	423	480	484	0.8
Electricity O.N.E. (millions kWh)	19 258	20 502	21 711	5.9
of which : external contribution	2 027	3 507	4 253	21.3

(*) Revised

(**) Preliminary

Sources : Ministry of Energy and Mining and National Electricity Office

III-7 - FINAL ENERGY CONSUMPTION ⁽¹⁾

In thousands of Tonnes Oil Equivalent (TOE)	2007*			2008**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Final energy consumption ⁽²⁾	13 277	3.9	100	14 142	6.5	100
Petroleum products	7 287	2.2	54.9	7 785	6.8	55.0
of which :						
(Gas oil)	(3 726)	(5.1)	(28.1)	(4 050)	(8.7)	(28.6)
Electricity	5 331	6.5	40.1	5 645	5.9	39.9
Coal	660	2.3	5.0	713	8.0	5.0

(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

IV-1 - INDICES OF MANUFACTURING PRODUCTION

(1998 : 100)

	Weighting	2006	2007	2008	Percentage changes	
					2007 2006	2008 2007
Food industries	230	131.6	134.7	140.1	2.4	4.0
· Staple foods	205	132.1	133.6	138.7	1.1	3.8
· Manufactured tobacco	25	127.2	143.7	151.8	13.0	5.6
Textiles and leather industries	209	127.7	130.5	129.7	2.2	-0.6
· Textile industry products	65	119.4	119.7	116.9	0.3	-2.3
· Clothing goods and furs	126	134.7	139.6	140.9	3.6	0.9
· Leather, travel goods and footwear	17	108.1	104.8	96	-3.1	-8.4
Chemical and paracheical industries	363	148.1	154.7	159.8	4.5	3.3
· woodwork products	9	98.2	114.3	114.6	16.4	0.3
· Paper and cardboard	31	226.4	236.5	230.0	4.5	-2.7
· Editing products, printed or reproduced products	18	155.2	163.5	162.8	5.3	-0.4
· Coking, refining, and nuclear industries products	41	119.1	127.7	129.3	7.2	1.3
· Chemical products	155	135.8	134.1	139.3	-1.3	3.9
· Rubber or plastic products	19	179.2	211.5	234.9	18.0	11.1
· Other mineral non-metal products	90	152.9	165.1	173.7	8.0	5.2
Mechanical and metallurgical industries	160	176.4	193.3	192.1	9.6	- 0.6
· Metal products	53	195.5	210.0	194.7	7.4	-7.3
· Metal works products	49	173.9	184.3	187.9	6.0	2.0
· Machinery and equipment	15	148.9	157.5	169.6	5.8	7.7
· Car industry products	27	175.6	216.5	220.5	23.3	1.8
· Other transport equipment	6	146.1	149.0	153.6	2.0	3.1
· Furniture, miscellaneous industries	11	152.5	170.1	181.9	11.5	6.9
Electrical and electronic industries	38	180.1	187.1	189.8	3.9	1.4
· Electrical machines	27	164.8	173.1	176.0	5.0	1.7
· Radio, Television and communication equipement	10	214.9	222.7	223.7	3.6	0.4
· Mediacl, precision, optics and clock making material	1	220.7	197.9	208.2	-10.3	5.2
Total manufacturing industries	1000	145.8	152.5	155.3	4.6	1.9

Source : High Commission for Planning

V-1 -TOURIST ARRIVALS

	2006	2007	2008	Percentage changes 2008 2007
I - Foreign tourists	3 790 256	4 324 231	4 541 775	+5.0
A. On-shore	3 571 961	4 030 898	4 211 855	+4.5
European Union countries	2 882 526	3 218 188	3 359 117	+4.4
Of which :				
. France	1 481 610	1 605 503	1 707 055	+6.3
. Spain	467 956	540 186	595 279	+10.2
. Germany	151 396	159 844	179 037	+12.0
. United Kingdom	265 536	338 304	274 762	-18.8
. Italy	140 923	160 047	163 315	+2.0
Other European countries	143 438	188 727	205 746	+9.0
America	173 258	196 154	201 915	+2.9
Of which :				
. United States	93 646	109 079	110 778	+1.6
. Canada	44 493	50 802	56 231	+10.7
. Argentina	7 000	8 189	7 219	-11.8
Middle East (*)	93 505	101 875	111 463	+9.4
Maghreb	107 164	122 750	135 820	+10.6
Other African countries	70 458	84 169	94 086	+11.8
Asia	53 829	60 760	63 418	+4.4
Other countries	47 783	58 275	40 290	-30.9
B. Off-shore (cruising)	218 295	293 333	329 920	+12.5
II -Moroccans resident abroad	2 986 372	3 376 719	3 666 784	+8.6
Total	6 776 628	7 700 950	8 208 559	+6.6

(*) Including Egypt.

Source : Ministry of Tourism and of Handicraft

VI-1 - COST OF LIVING INDEX (385 ITEMS)

(1989 = 100)

Groups of products	2007												2008												Percentage changes	
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average	Dec. 08 Dec. 07	2008* 2007*									
		181.8	185.1	183.4	185.6	189.1	193.8	197.4	195.8	195.6	197.1	199.2	198.3	197.3	198.2	194.2	7.1	6.8								
Foodstuffs																										
Of which																										
Cereals and cereal-based products	154.2	163.3	163.5	172.4	182.1	183.9	183.3	182.8	183.0	182.8	182.7	182.5	181.8	180.5	180.1	10.5	16.8									
Milk, dairy products and eggs	154.2	155.4	157.2	158.0	158.6	158.7	159.3	160.5	158.9	160.0	165.4	162.4	162.7	162.9	160.4	4.8	4.0									
Fats	186.6	203.7	208.3	211.9	215.9	217.9	222.0	223.5	224.1	226.2	227.9	227.4	226.3	224.0	221.3	10.0	18.6									
Meat	185.8	188.7	189.0	190.7	194.4	196.0	194.3	191.0	193.5	195.0	194.4	195.3	195.5	195.3	193.7	3.5	4.2									
Fresh fish	214.2	197.7	211.3	276.7	210.7	217.9	239.0	230.0	232.3	240.6	268.0	248.0	226.8	241.6	236.9	22.2	10.6									
Fresh vegetables	214.4	216.3	184.3	167.1	184.2	193.2	219.2	219.4	212.6	207.2	204.2	205.5	218.2	246.6	205.1	14.0	-4.3									
Fresh fruit	243.6	225.6	223.4	206.5	215.9	275.2	303.5	283.6	273.6	283.0	303.5	299.4	266.8	231.8	263.9	2.7	8.3									
Non-alimentary products	174.3	175.1	175.3	175.6	175.8	176.2	176.2	176.4	177.1	177.3	177.4	177.8	177.9	178.2	176.8	1.8	1.4									
Clothing	174.5	176.0	176.3	176.4	176.6	176.9	176.8	177.0	177.1	177.4	178.1	178.2	178.5	178.6	177.3	1.5	1.6									
Housing	180.6	181.2	181.2	181.3	181.3	181.6	181.7	181.8	181.9	181.9	182.0	182.2	182.4	182.8	181.8	0.9	0.7									
Household equipment	147.7	149.5	149.6	149.7	149.9	150.8	151.0	151.5	152.1	152.2	152.3	152.4	152.6	153.3	151.5	2.5	2.6									
Medical care	153.3	153.6	153.7	153.7	153.7	153.7	153.7	153.7	153.8	153.9	153.9	153.9	154.0	154.1	153.8	0.3	0.3									
Transport and communication	182.6	181.4	183.1	183.2	183.3	183.3	183.4	183.4	187.0	187.2	187.1	187.1	187.3	187.4	185.2	3.3	1.4									
Leisure and culture	177.9	179.5	179.5	179.7	180.6	180.6	180.7	180.7	180.8	180.8	182.1	182.8	182.8	182.8	181.2	1.8	1.8									
Other goods and services	183.0	184.2	184.5	185.1	186.2	186.8	187.2	187.3	187.6	188.3	188.5	188.5	188.5	189.0	187.3	2.6	2.3									
Overall index	177.8	179.7	179.1	180.2	181.9	184.2	185.8	185.2	185.5	186.3	187.3	187.1	186.7	187.3	184.7	4.2	3.9									

(*) Annual average

Source : High Commission for Planning (Department of Statistics)

VI-2 - INDEX OF INDUSTRIAL PRODUCER PRICES (*)

(1997 : 100)

	Wei- ghting %	Annual average 2007	2008					Percentage changes in %		
			1st quarter	2nd quarter	3rd quarter	4th quarter	Annual average	2007	2008	
								2006	2007	
Food industries	28.9	108.8	114.5	118.6	120.4	120.4	120.4	118.5	-0.1	8.8
Tobacco industry	3.1	116.1	116.1	116.1	116.1	116.1	116.1	116.1	0.0	0.0
Textile industry	6.5	95.1	94.7	94.7	94.9	94.9	95.2	94.9	-1.0	-0.3
Clothing industry	6.7	93.9	93.9	94.0	94.0	94.0	94.0	94.0	-0.6	0.1
Leather and footwear	1.6	99.0	99.4	103.9	103.9	103.9	104.6	103.0	-0.1	4.0
Wood and wood products	1.8	106.9	107.5	108.7	108.7	108.7	109.0	108.5	1.8	1.5
Paper and cardboard	2.6	88.3	90.4	90.9	89.9	89.9	93.0	91.2	1.0	3.1
Printing and publishing	1.4	96.1	96.3	96.3	96.4	96.4	96.4	96.4	0.1	0.3
Oil refining	13.3	256.0	315.9	368.5	406.7	406.7	262.1	338.3	1.8	32.2
Chemical industry	13.1	131.4	183.5	191.9	209.4	209.4	216.8	200.4	5.7	52.5
Rubber and plastic products	2.0	102.4	103.5	104.7	106.2	106.2	105.5	105.0	3.6	2.5
Other non-metallic mineral products	5.9	116.1	116.6	117.5	117.9	117.9	117.9	117.5	4.0	1.2
Basic metal industry	3.2	136.8	140.8	144.7	147.3	147.3	143.3	144.0	6.4	5.3
Metalworking	3.0	110.9	112.5	120.7	125.4	125.4	121.4	120.0	3.5	8.1
Machinery and equipment	0.9	90.7	90.0	89.4	89.4	89.4	89.4	89.6	2.0	-1.3
Electrical machinery and equipment	2.0	118.8	119.9	119.5	120.6	120.6	121.1	120.3	2.5	1.3
Radio, television and communication equipment	0.5	92.8	92.8	92.8	92.8	92.8	92.8	92.8	-0.1	0.0
Medial, precision, optical and watch-making instruments	0.1	102.8	103.2	103.2	103.2	103.2	103.2	103.2	-0.4	0.4
Car industry	2.5	101.3	101.3	101.7	102.1	102.1	102.1	101.8	0.0	0.6
Other transport equipment	0.1	104.1	104.1	103.6	103.4	103.4	110.1	105.3	6.2	1.2
Furniture and miscellaneous manufactures	0.9	116.6	117.7	118.1	118.3	118.3	120.1	118.5	3.3	1.7
General index	100	129.9	146.6	156.4	164.7	164.7	146.3	153.5	1.8	18.2

(*) Prices excluding taxes and ex works.

Source : High commission for planning (Department of statistics)

VI-3 - INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

	Urban areas			Rural areas			Total		
	2007	2008	Changes in absolute value 2008/2007 ⁽²⁾	2007	2008	Changes in absolute value 2008/2007 ⁽²⁾	2007	2008	Changes in absolute value 2008/2007 ⁽²⁾
	Total population	17 404	17 729	325.0	13 437	13 448	11.0	30 841	31 177
Population aged 15 years and over	12 809	13 126	317.0	9 043	9 143	100.0	21 835	22 270	435.0
Labour force aged 15 years and over	5 746	5 874	128.0	5 402	5 393	- 9.0	11 148	11 267	119.0
Of which : - Employed	4 860	5 013	153.0	5 196	5 176	- 20.0	10 056	10 189	133.0
- Unemployed	886	861	- 25.0	206	217	11.0	1 092	1 078	- 14.0
Activity rate ⁽¹⁾	44.9	44.7	- 0.2	59.7	59.0	- 0.7	51.0	50.6	- 0.4
Unemployment rate	15.4	14.7	- 0.8	3.8	4.0	0.2	9.8	9.6	- 0.2
• By gender									
Men	13.9	13.0	- 0.9	4.8	5.1	0.3	9.8	9.5	- 0.3
Women	20.8	20.3	- 0.5	1.7	1.8	0.1	9.8	9.8	0.0
• By age									
15 to 24 years	31.6	31.8	0.2	7.0	8.7	1.7	17.2	18.3	1.1
25 to 34 years	21.6	20.2	- 1.4	4.8	4.3	- 0.5	14.4	13.5	- 0.9
35 to 44 years	8.4	7.7	- 0.7	2.3	1.7	- 0.6	5.9	5.2	- 0.7
45 years and over	3.1	3.1	0.0	1.0	0.9	- 0.1	2.0	2.0	0.0
• By diploma									
Without any diploma	9.0	8.3	- 0.7	2.6	2.6	0.0	4.9	4.7	- 0.2
With diploma	20.8	20.0	- 0.8	11.4	12.2	0.8	19.0	18.5	- 0.5

(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)

VI-4 - EMPLOYMENT BY BRANCH OF ECONOMIC ACTIVITY (1)

(In thousands of persons)

Branches of activity	Year		Changes	
	2007	2008	in absolute value	In percentage
Agriculture, forestry and fishing	4 233.6	4 157.1	- 76	-1.8
Industry (including handicraft)	1 277.1	1 304.2	+ 27	+ 2.1
Construction and public works	844.7	906.8	+ 62	+ 7.4
Commerce	1 257.0	1 273.6	+ 17	+ 1.3
Transports, warehouse and ommunication	402.2	448.3	+ 46	+ 11.5
General administation and services				
Social services to the community	1 025.7	1 018.9	- 7	-0.7
Other services	1 005.6	1 049.5	+ 44	+ 4.4
Other activities	10.1	20.4	+ 10	+ 102.6
Total	10 056	10 179	+123	+1.2

(1) Employment of persons aged 15 and over

Source : High Commission for Planning (Department of Statistics)

VII-1 - TRADE BALANCE

In millions of dirhams	2007	2008	Changes in percentage
Imports C.I.F	261 288	321 931	+ 23.2
Exports F.O.B	125 517	154 493	+ 23.1
Balance	-135 771	-167 438	+ 23.3
Exports as % of imports	48.0	48.0	-

VII-1 BIS - STRUCTURE OF TRADE TRANSACTIONS

Percentage share of the different categories	Imports		Exports	
	2007	2008	2007	2008
Foodstuffs, beverages and tobacco	10.2	9.9	19.2	16.7
Energy and lubricants	20.7	22.2	2.2	2.1
Raw products	6.1	8.2	10.2	15.2
Semi-finished products ⁽¹⁾	23.0	21.2	28.4	34.2
Finished products	40.1	38.6	39.9	31.9
- Capital goods	21.4	22.0	11.2	10.1
- Consumer goods	18.7	16.5	28.7	21.8
Total	100	100	100	100

(1) Including industrial gold.

VII-2 - MAJOR IMPORTS

Weight in thousands of tonnes Value in millions of dirhams	2007*		2008**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirhams	%
Foodstuffs, beverages and tobacco	8 578	26 726	8 488	31 861	-90	-1.0	5 135	19.2
Wheat	3 751	9 407	4 091	12 441	340	9.1	3 034	32.2
Maize	1 894	3 643	1 696	4 084	-199	-10.5	442	12.1
Barley	557	1 224	325	805	-232	-41.7	-418	-34.2
Sugar	746	1 969	751	2 226	5	0.7	257	13.0
Dairy products	63	1 705	74	2 194	11	18.0	489	28.7
Tea	55	794	52	781	-3	-5.8	-13	-1.7
Coffee	36	559	32	599	-4	-11.6	40	7.2
Tobacco	11	783	13	869	2	18.7	86	11.0
Other	1 464	6 643	1 455	7 862	-10	-0.7	1 219	18.4
Energy and lubricants	16 849	53 988	16 139	71 409	-710	-4.2	17 422	32.3
Crude oil	6 256	26 250	5 535	30 844	-720	-11.5	4 594	17.5
Refined petroleum products	4 361	21 597	4 944	30 436	583	13.4	8 840	40.9
Coal	6 159	4 412	5 612	6 656	-548	-8.9	2 244	50.9
other	73	1 729	49	3 474	-24	-33.2	1 744	100.9
Raw products	6 133	15 847	5 812	26 362	-321	-5.2	10 516	66.4
Vegetable oils	428	2 929	420	4 390	-9	-2.1	1 461	49.9
Oilseeds	538	1 723	376	1 606	-162	-30.2	-117	-6.8
Timber	880	3 280	1 088	3 384	207	23.5	104	3.2
Textile fibers and cotton	41	562	49	723	7	18.2	161	28.6
Sulfur	3 188	2 403	2 917	10 950	-271	-8.5	8 546	355.6
Other	1 057	4 949	963	5 310	-94	-8.9	361	7.3
Semi-finished products (1)	6 297	60 002	6 514	68 193	218	3.5	8 192	13.7
Chemical products	1 051	7 243	935	8 109	-116	-11.0	866	12.0
Dyes and disinfectants	44	1 418	50	1 615	6	13.4	196	13.8
Natural and chemical fertilizers	537	1 350	601	2 336	64	12.0	986	73.1
Iron and steel	1 222	5 979	1 500	10 295	278	22.7	4 316	72.2
Other metal working products	818	10 636	751	12 340	-67	-8.2	1 705	16.0
Plastic materials	509	7 625	528	8 101	20	3.9	476	6.2
Paper and cardboard	324	3 144	355	3 443	30	9.3	300	9.5
Fiber and cotton yarns	58	1 543	56	1 554	-2	-3.7	11	0.7
other	1 734	21 064	1 738	20 400	5	0.3	-664	-3.2
Agricultural capital goods	51	2 766	64	3 670	13	26.5	904	32.7
Industrial capital goods	654	53 053	796	67 307	142	21.8	14 254	26.9
Machines and miscellaneous equipment	82	9 636	91	11 000	9	10.9	1 364	14.2
Crushing machines	32	1 916	55	3 391	23	74.1	1 475	76.9
Textile machinery	7	805	9	718	2	24.8	-87	-10.8
Equipment of extraction	47	1 761	67	2 449	20	42.3	688	39.1
Tools and machine tools	20	1 173	19	1 170	-1	-2.9	-3	-0.3
Tanks, bottles and metal drums	20	722	22	1 052	2	10.0	330	45.7
Electrical switch gear	9	2 147	10	2 579	1	11.2	432	20.1
Power generators	9	752	18	1 710	9	92.6	958	127.4
Electrical appliance of telephony and telecommunications transmitters	4	2 400	4	2 520	0	-1.5	119	5.0
Wires and cables for electricity	34	3 988	39	4 086	5	13.9	99	2.5
Aircraft	0	1 174	0	781	0	-37.7	-393	-33.5
Industrial vehicles	94	5 759	118	7 156	24	25.6	1 397	24.3
Autres produits	295	20 820	344	28 694	48	16.4	7 874	37.8
Consumer goods	873	48 906	943	53 128	70	8.0	4 222	8.6
Pharmaceutical products	6	2 936	6	3 283	0	-3.5	348	11.8
Textile fibers and cotton	93	7 732	87	7 056	-6	-6.6	-676	-8.7
Plastic articles	57	2 405	58	2 334	1	1.6	-71	-2.9
Telecommunications receivers	31	4 642	31	4 586	1	2.5	-56	-1.2
Passenger cars	90	7 691	96	9 899	5	5.6	2 208	28.7
Spare parts	37	1 481	35	1 612	-2	-5.3	131	8.9
Other	559	22 019	630	24 358	71	12.8	2 338	10.6
Total	39 435	261 288	38 757	321 931	-678	-1.7	60 643	23.2

(1) including industrial gold.

(*) Revised

(**) Preliminary

Source : Foreign Exchange Control Office

VII-3 - MAJOR EXPORTS

Wheight in thousands of tonnes Value in millions of dirhams	2007*		2008**		Variations			
	Weight	Value	Weight	Value	Weight		Value	
					1000 t	%	Montants	%
Foodstuffs beverages and tobacco	2 185	24 162	2 121	25 766	-64	-2.9	1 605	6.6
Citrus fruits	594	3 020	600	3 193	7	1.1	173	5.7
Early vegetables	725	4 536	615	3 934	-110	-15.2	-601	-13.3
Fresh fruits	157	1 530	177	1 709	20	12.9	179	11.7
Crustaceans molluscs and shellfish	95	5 165	97	5 674	2	2.0	510	9.9
Fresh fish	128	2 018	141	2 109	13	10.4	91	4.5
Canned fish	131	3 899	146	4 524	15	11.6	625	16.0
Canned fruits and vegetables	77	1 300	92	1 664	15	20.2	364	28.0
Fish meal	40	319	70	475	30	73.5	156	49.1
Other	238	2 376	183	2 484	-56	-23.4	108	4.5
Energy and lubricants	747	2 803	475	3 260	-272	-36.4	457	16.3
Raw animal and vegetable products	225	2 590	194	2 384	-32	-14.0	-206	-7.9
Olive oil	6	155	4	103	-2	-31.0	-52	-33.3
Paper pulp	118	553	87	423	-31	-26.3	-130	-23.5
Plants and flowers	15	300	16	321	1	3.4	21	7.0
Agar-agar	1	220	1	174	0	-15.2	-46	-20.8
Cork	8	65	7	48	-1	-17.3	-17	-26.0
Bowels	5	279	6	202	1	16.3	-77	-27.7
Seaweed	5	97	4	68	-1	-17.6	-28	-29.2
Other	66	921	69	1 044	2	3.6	123	13.4
Raw mineral products	17 102	10 240	14 426	21 049	-2 676	-15.6	10 808	105.5
Phosphates	13 916	6 086	11 650	17 312	-2 267	-16.3	11 226	184.5
Zinc ore	118	704	122	349	3	2.9	-356	-50.5
Lead and copper ores	74	1 021	66	683	-8	-10.9	-337	-33.0
Scrap of cast iron and steel	140	401	206	691	65	46.5	289	72.1
other ores	2 853	2 028	2 383	2 014	-470	-16.5	-14	-0.7
Semi-finished products ⁽¹⁾	5 397	35 622	4 020	52 808	-1 377	-25.5	17 186	48.2
Phosphoric acid	2 265	9 069	1 629	22 595	-636	-28.1	13 526	149.1
Natural and chemical fertilizers	2 329	7 182	1 505	10 946	-824	-35.4	3 764	52.4
Electronic devices (transistors)	7	5 613	5	4 425	-2	-25.4	-1 189	-21.2
Unwrought lead and silver	45	1 638	37	1 515	-8	-17.2	-123	-7.5
Hides and skins	1	192	1	202	0	29.7	10	5.1
iron sheets	146	1 195	125	1 142	-21	-14.6	-53	-4.5
Other	604	10 732	717	11 983	113	18.7	1 252	11.7
Capital goods	108	14 040	105	15 567	-3	-2.4	1 527	10.9
Rubber products	-	4	-	5	-	69.7	1	18.1
Electronic under-systems	-	137	1	154	-	230.3	17	12.3
Wires and cables for electricity	48	8 206	54	8 886	7	13.7	680	8.3
industrial vehicles	8	517	9	664	1	14.7	146	28.3
other	52	5 176	41	5 859	-11	-20.8	683	13.2
Consumer goods	237	36 060	237	33 659	-	-	-2 401	-6.7
Clothing	71	20 474	65	19 057	-6	-8.2	-1 416	-6.9
Hosiery	44	7 882	39	6 635	-5	-11.1	-1 247	-15.8
Shoes	13	2 103	12	2 142	-1	-6.4	38	1.8
Carpets	1	99	1	77	0	-30.0	-22	-22.5
Fiber and cotton fabrics	5	451	7	470	2	52.2	19	4.3
Spare parts	4	511	4	683	0	-1.7	172	33.7
other	99	4 541	108	4 596	9	9.5	55	1.2
Total	26 000	125 517	21 577	154 493	-4 423	-17.0	28 976	23.1

(1) including industrial gold

(*) Revised

(**) Preliminary

Source : Foreign Exchange Control Office

VII-4 - GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE

(In millions of dirhams)

	Imports C I F		Exports F O B		Balances	
	2007*	2008**	2007*	2008**	2007*	2008**
EUROPE	161 431	198 418	93 420	101 236	-68 011	-97 182
European Union	136 646	168 115	88 565	93 813	-48 081	-74 301
France	41 607	48 366	35 054	30 955	-6 553	-17 411
Spain	29 084	35 869	25 559	27 449	-3 525	-8 420
Germany	12 900	14 790	3 705	3 219	-9 195	-11 571
Italy	16 695	21 673	6 480	7 274	-10 214	-14 399
Great Britain	7 109	8 987	6 388	5 278	- 721	-3 710
Netherlands	8 252	6 749	2 587	4 205	-5 664	-2 544
Belgium-Luxembourg Economic Union	4 683	5 122	3 032	5 029	-1 651	- 93
Other E U countries	16 317	26 559	5 758	10 406	-10 559	-16 154
Other European countries	24 785	30 304	4 855	7 423	-19 930	-22 881
Russia	12 915	16 136	1 707	2 244	-11 208	-13 892
Turkey	6 927	8 310	1 142	2 246	-5 785	-6 063
ASIA	53 239	73 219	11 961	22 867	-41 278	-50 353
Middle East countries	23 603	37 467	2 334	3 457	-21 269	-34 010
Saudi Arabia	14 288	21 755	638	1 336	-13 650	-20 419
Iran	6 592	8 211	338	726	-6 254	-7 485
United Arab Emirate	1 292	1 875	253	294	-1 040	-1 581
Jordan	62	112	286	293	225	181
Other	1 369	5 514	820	808	-550	-4 706
Other Asian countries	29 636	35 752	9 626	19 410	-20 010	-16 342
Japan	4 281	5 727	1 313	1 754	-2 968	-3 974
India	2 566	2 722	4 853	10 207	2 288	7 485
Pakistan	125	135	853	3 604	728	3 469
China	15 146	18 506	926	1 249	-14 220	-17 258
Other	7 518	8 662	1 680	2 596	-5 838	-6 066
AMERICA	28 221	33 148	9 815	16 076	-18 405	-17 072
United States	15 442	15 996	2 994	5 568	-12 448	-10 428
Canada	2 097	2 720	1 208	373	-888	-2 347
Brasil	4 534	5 511	4 247	7 811	-287	2 301
Mexico	180	247	440	914	260	666
Argentina	3 744	5 924	363	405	-3 381	-5 519
Other	2 224	2 750	563	1 005	-1 661	-1 745
AFRICA	16 370	16 048	6 238	7 928	-10 132	-8 120
Egypt	2 792	3 148	336	372	-2 456	-2 776
Maghreb-Arab Union countries	9 250	8 831	1 977	2 455	-7 273	-6 377
Algeria	6 793	6 221	618	874	-6 175	-5 347
Tunisia	1 654	1 876	660	695	-994	-1 181
Libya	793	688	342	493	-451	-194
Mauritania	11	47	358	393	347	346
Other	4 327	4 068	3 925	5 101	-403	1 033
OCEANIA AND OTHER	2 027	1 098	4 084	6 387	2 056	5 289
Total	261 288	321 931	125 517	154 493	-135 771	-167 438

(1) including the 10 new members

(*) Revised

(**) Preliminary

Source : Foreign Exchange Control Office

VIII-1 - BALANCE OF PAYMENTS

(In millions of dirhams)

	2007*			2008**		
	Credit	Debit	Net	Credit	Debit	Net
A. CURRENT ACCOUNT	295 625.1	296 196.1	-571.0	332 022.7	367 561.7	-35 539.0
Goods	123 940.8	239 267.6	-115 326.8	154 493.0	302 838.5	-148 345.5
- General merchandise	79 686.3	211 640.1	-131 953.8	113 497.0	278 920.8	-165 423.8
- Goods for processing	43 079.1	27 518.1	15 561.0	39 070.5	23 799.3	15 271.2
- Goods procured in ports by carrier	1 175.4	109.4	1 066.0	1 925.5	118.4	1 807.1
Services	99 447.1	44 267.8	55 179.3	99 654.5	50 871.1	48 783.4
- Transportation	14 881.0	18 059.6	-3 178.6	17 481.7	21 102.5	-3 620.8
- Travel	58 673.9	7 167.0	51 506.9	55 402.7	8 450.6	46 952.1
- Communication services	3 292.6	879.4	2 413.2	4 905.3	1 206.1	3 699.2
- Insurance services	582.6	926.5	-343.9	798.0	983.6	-185.6
- Royalties and license fees	34.0	293.4	-259.4	23.2	329.9	-306.7
- Other business services	16 447.0	9 625.5	6 821.5	16 688.8	10 437.2	6 251.6
- Government services n i e	5 536.0	7 316.4	-1 780.4	4 354.8	8 361.2	-4 006.4
Income	7 831.9	11 152.3	-3 320.4	8 238.3	12 242.3	-4 004.0
- Private investment income	646.2	6 380.2	-5 734.0	791.8	7 376.6	-6 584.8
- Income on public investment and debt	7 185.7	4 772.1	2 413.6	7 446.5	4 865.7	2 508.8
Unrequited transfers	64 405.3	1 508.4	62 896.9	69 636.9	1 609.8	68 027.1
- Public	2 799.8	496.7	2 303.1	9 767.2	575.9	9 191.3
- Private	61 605.5	1 011.7	60 593.8	59 869.7	1 033.9	58 835.8
B. CAPITAL AND FINANCIAL ACCOUNT	74 625.6	57 990.5	16 635.1	71 434.4	44 151.1	27 283.3
1. Capital account	-	24.6	-24.6	8.9	25.7	-16.8
Transfert of capital	-	24.6	-24.6	8.9	25.7	-16.8
2. Financial account	74 625.6	57 965.9	16 659.7	71 425.5	44 125.4	27 300.1
Private sector	52 418.1	41 845.3	10 572.8	48 848.4	30 796.3	18 052.1
- Commercial credits	10 017.1	13 255.7	-3 238.6	11 721.1	10 897.5	823.6
- Foreign loans and investments in Morocco	41 379.1	22 557.6	18 821.5	32 525.8	13 489.1	19 036.7
- Moroccan loans and investments abroad	1 021.9	5 683.7	-4 661.8	3 020.0	6 409.7	-3 389.7
- Currency and deposits	-	348.3	-348.3	1 581.5	0.0	1 581.5
Public sector	22 207.5	16 120.6	6 086.9	22 577.1	13 329.1	9 248.0
- loans	22 207.5	16 120.6	6 086.9	22 577.1	13 329.1	9 248.0
C. STATISTICAL DISCREPANCY	873.4	-	873.4	-	3 196.9	-3 196.9
TOTAL	371 124.1	354 186.6	16 937.5	403 457.1	414 909.7	-11 452.6

n i e :not included elsewhere

(*) Revised

(**) Preliminary

Source : Foreign Exchange Control Office

VIII -2 - INTERNATIONAL INVESTMENT POSITION

(in millions of dirhams)	2006			2007			Net position 2007 Net position 2006	
	Assets	Liabilities	Net Position	Assets	Liabilities	Net Position	Changes in value	Changes %
Direct Investments	8 910.2	253 179.8	-244 269.6	10 220.3	294 418.5	-284 198.2	- 39 928.6	16.3
Moroccan investments abroad	8 910.2	8 910.2	8 910.2	10 220.3	10 220.3	10 220.3	1 310.1	14.7
Foreign investments in Morocco		253 179.8	-253 179.8		294 418.5	-294 418.5	-41 238.7	16.3
Equity capital	8 320.8	238 590.6	-230 269.8	9 519.5	282 178.3	-272 658.8	-42 389.0	18.4
Other capital	589.4	14 589.2	-13 999.8	700.8	12 240.2	-11 539.4	2 460.4	- 17.6
Portfolio Investments	1 509.1	17 845.9	-16 336.8	7 044.0	24 859.0	-17 815.0	- 1 478.2	9.0
Foreign securities	1 509.1	1 509.1	1 509.1	7 044.0	7 044.0	7 044.0	5 534.9	366.8
Moroccan securities		17 845.9	-17 845.9		24 859.0	-24 859.0	-7 013.1	39.3
Shares and other equity securities	1 442.3	17 826.0	-16 383.7	6 975.8	24 811.4	-17 835.6	-1 451.9	8.9
Bonds and other debt securities	66.8	19.9	46.9	68.2	47.6	20.6	- 26.3	- 56.1
Other Investments	13 213.9	140 499.9	-127 286.0	14 137.4	149 053.8	-134 916.4	- 7 630.4	6.0
Commercial credits	4 929.8	6 920.8	-1 991.0	6 087.5	8 984.2	-2 896.7	- 905.7	45.5
Loans	6 660.8	124 552.4	-117 891.6	6 035.8	128 923.5	-122 887.7	- 4 996.1	4.2
General government		64 817.0	-64 817.0		65 946.0	-65 946.0	- 1 129.0	1.7
Banks	5 666.7	2 885.0	2 781.7	5 041.7	2 455.0	2 586.7	- 195.0	- 7.0
Other sectors	994.1	56 850.4	-55 856.3	994.1	60 522.5	-59 528.4	- 3 672.1	6.6
- Public sector		47 849.0	-47 849.0		53 642.0	-53 642.0	- 5 793.0	12.1
- Private sector	994.1	9 001.4	-8 007.3	994.1	6 880.5	-5 886.4	2 120.9	- 26.5
Notes, coins and deposits	924.6	9 026.7	-8 102.1	1 327.2	11 146.1	-9 818.9	- 1 716.8	21.2
Monetary authorities (liabilities)		2 218.9	-2 218.9		2 493.0	-2 493.0	- 274.1	12.4
Other sectors	924.6		924.6	1 327.2		1 327.2	402.6	43.5
- Public sector	418.0		418.0	691.2		691.2	273.2	65.4
- Private sector (including residents foreign currency accounts)	506.6		506.6	636.0		636.0	129.4	25.5
Banks		6 807.8	-6 807.8		8 653.1	-8 653.1	- 1 845.3	27.1
- Non-Residents' accounts in convertible dirhams		6 240.0	-6 240.0		5 287.0	-5 287.0	953.0	- 15.3
- Other liabilities		567.8	-567.8		3 366.1	-3 366.1	- 2 798.3	492.8
Other assets	698.7		698.7	686.9		686.9	- 11.8	- 1.7
Reserve assets	199 933.2	199 933.2	199 933.2	218 432.2	218 432.2	218 432.2	18 499.0	9.3
Monetary gold	3 806.7		3 806.7	4 571.0		4 571.0	764.3	20.1
Special drawing rights	445.0		445.0	246.0		246.0	- 199.0	- 44.7
IMF reserve position	1 086.4		1 086.4	1 042.0		1 042.0	- 44.4	- 4.1
Foreign currency	194 595.1		194 595.1	212 573.2		212 573.2	17 978.1	9.2
Net international investment position	223 566.4	411 525.6	-187 959.2	249 833.9	468 331.3	-218 497.4	- 30 538.2	16.2

Source : Foreign Exchange Office

IX-1 - Main foreign exchange rates quoted by the Bank Al-Maghrib

- Rates of the transfer payments -

End of period	2008												2007		
	Annual average	Dec	Nov	Oct	Sept	August	July	June	May	April	March	Feb	Jan	Dec	Annual average
1 euro - EUR	Buying rate Selling rate	11.212 11.280	11.041 11.107	11.034 11.101	11.271 11.339	11.325 11.393	11.440 11.508	11.450 11.518	11.421 11.489	11.426 11.495	11.458 11.527	11.382 11.451	11.344 11.412	11.325 11.393	11.219
1 U.S. dollar - USD	Buying rate Selling rate	8.0740 8.1225	8.6589 8.7109	8.6813 8.7335	7.8727 7.9200	7.6912 7.7374	7.2985 7.3423	7.2645 7.3081	7.3626 7.4068	7.3435 7.3876	7.2364 7.2799	7.4938 7.5388	7.6260 7.6718	7.6901 7.7363	8.1923
1 Canadian dollar - CAD	Buying rate Selling rate	6.6153 6.6551	6.9895 7.0315	7.0505 7.0929	7.5243 7.5695	7.2985 7.3424	7.1218 7.1646	7.1578 7.2008	7.4051 7.4496	7.2957 7.3395	7.0499 7.0923	7.6730 7.7191	7.5986 7.6443	7.8455 7.8926	7.6467
1 Pound sterling - GB	Buying rate Selling rate	14.286 14.286	13.298 13.377	14.040 14.125	14.235 14.321	14.070 14.155	14.506 14.594	14.482 14.569	14.511 14.598	14.492 14.579	14.393 14.480	14.871 14.960	15.168 15.260	15.448 15.541	16.394
1 Swiss franc - CHF	Buying rate Selling rate	7.1554 7.1554	7.1490 7.1920	7.5173 7.5625	7.1414 7.1843	7.0054 7.0475	7.0006 7.0426	7.1266 7.1694	7.0207 7.0628	7.0637 7.1062	7.2940 7.3379	7.1625 7.2056	7.0742 7.1167	6.8396 6.8807	6.8286
100. Japanese yens - PY	Buying rate Selling rate	8.8945 8.9480	9.0764 9.1310	8.8364 8.8895	7.4807 7.5257	7.0779 7.1204	6.7748 6.8155	6.8701 6.9114	6.9701 7.0120	7.0168 7.0590	7.2768 7.3205	7.1900 7.2332	7.2021 7.2454	6.8766 6.9179	6.9579

Source : Bank Al-Maghrib.

IX-2 - DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(In millions of dirhams)

Monthly totals	Average 2007	2008												Average 2008			
		Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec				
Spot operations																	
Interbank sale/purchase operations against the dirham	9 679.9	7 445.3	6 861.0	8 994.4	5 190.0	5 222.0	5 184.6	8 307.8	4 418.4	12 163.8	7 743.1	4 908.4	6 559.4	6 916.5			
Currency-against-currency sale/purchase operations with foreign correspondants	46 518.6	53 891.6	52 408.6	46 442.8	67 105.9	59 929.9	52 545.5	55 582.5	50 601.9	77 876.1	55 403.3	46 208.7	52 293.3	55 857.5			
Currency investments abroad	20 000.4	7 522.2	12 435.4	11 415.6	7 313.0	6 526.8	6 943.1	6 483.4	15 194.6	9 634.8	9 555.4	8 242.6	6 031.0	8 941.5			
Currency purchase by BAM from the banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Currency sale by BAM to the banks	3 510.3	686.8	5 189.1	1 766.8	0.0	0.0	1 860.0	8 328.2	378.0	8 113.2	9 775.7	5 140.7	2 434.1	3 639.4			
Opérations à terme																	
Forward purchase of currency by banks customers (import coverage)	16 380.2	6 743.2	10 285.0	6 663.3	7 734.8	9 486.2	9 806.0	15 622.6	6 865.8	10 288.2	9 906.4	5 181.9	3 969.0	8 546.0			
Forward sale of currency by banks customers (export cover)	697.2	272.7	1 815.4	425.6	1 213.9	206.7	603.7	308.0	3 755.6	409.2	717.8	750.3	907.3	948.9			

Source : Bank Al-Maghrib.

X-1 - TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	January - December*	January - December
	2007	2008
I. CURRENT REVENUE⁽¹⁾	168 654	203 172
Fiscal revenue	150 123	185 512
Direct taxes	60 308	81 593
Customs duties	13 415	13 706
Indirect taxes ⁽²⁾	67 070	79 956
Registration fees and stamp duties	9 331	10 257
Non-fiscal revenue	15 347	15 542
State monopolies	7 758	7 784
Miscellaneous revenues	7 589	7 758
Receipts of certain special Treasury accounts	3 184	2 118
II. EXPENDITURE	167 662	200 475
Current expenditure	133 869	155 817
Administrative expenses	98 258	106 148
Of which : Personnel expenses	(65 665)	(69 976)
Interest on the public debt	19 261	18 219
. Domestic	(16 552)	(15 380)
. Foreign	(2 709)	(2 839)
Subsidization	16 350	31 450
CURRENT BALANCE	+ 34 785	+ 47 355
Capital expenditure	28 212	38 178
Special accounts balance	- 5 581	- 6 480
BUDGET BALANCE	+ 992	+ 2 697
As a % of G.D.P	(0.2)	(0.4)
III. CHANGE IN ARREARS	443	- 3 113
FINANCING REQUIREMENT (I-II+III)	1 435	- 416
NET FINANCING	-1 435	416
Foreign financing	3 597	9 211
Foreign borrowing	14 947	18 688
Amortization	- 11 350	- 9 477
Domestic financing	-8 085	- 8 795
Privatization	3 053	0

(1) Excluding privatization revenues

(2) Including the share of the VAT receipts paid to local authorities

(*) Revised

Source : Ministry of Economy and Finance

X-2 - TREASURY CURRENT REVENUE

(In millions of dirhams)

	January - December* 2007	January - December 2008	Percentage change
FISCAL REVENUE	150 123	185 512	23.6
Direct taxes	60 308	81 593	35.3
Corporation tax	30 013	46 489	54.9
Income tax	28 009	32 862	17.3
Other direct taxes	2 286	2 242	-1.9
Customs duties	13 415	13 706	2.2
Indirect taxes	67 070	79 956	19.2
Value added tax (V.A.T)	49 730	61 267	23.2
- Domestic	(20 707)	(25 834)	24.8
- Imports	(29 023)	(35 433)	22.1
Domestic taxes on consumption	17 340	18 689	7.8
- Petroleum products	(10 159)	(10 639)	4.7
- Tobacco products	(6 133)	(6 983)	13.9
- Other domestic taxes	(1 047)	(1 067)	1.9
Registration fees and stamp duties	9 331	10 257	9.9
NON-FISCAL REVENUE	15 347	15 542	1.3
Monopolies	7 758	7 784	0.3
Miscellaneous revenues	7 589	7 758	2.2
RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS	3 184	2 118	-33.5
TOTAL CURRENT REVENUE (1)	168 654	203 172	20.5

(1) Excluding privatization revenues

(*) Revised

Source : Ministry of Economy and Finance

X-3 - ESTIMATED GENERAL BUDGET

(In millions of dirhams)

	Finance Act	Finance Act	Finance Act
	2006	2007	2008
I. CURRENT REVENUE (1)	127 583	138 947	161 106
Fiscal revenue	109 060	123 287	146 213
Direct taxes	41 034	48 827	59 002
Customs duties	10 888	10 981	11 215
Indirect taxes (2)	51 084	56 201	67 066
Registration fees and stamp duties	6 054	7 278	8 930
Non-fiscal revenue	14 563	12 160	11 893
State monopolies	8 370	7 993	6 901
Miscellaneous revenues	6 193	4 167	4 992
Receipts of certain special Treasury accounts	3 960	3 500	3 000
II. EXPENDITURE	148 488	159 544	184 040
Current expenditure	117 521	125 460	138 898
Administrative expenses	88 942	96 134	104 294
Of which : Personnel expenses	(59 569)	(62 781)	(66 960)
Interest on the public debt	18 769	19 536	19 214
. Domestic	(16 000)	(16 783)	16 300
. Foreign	(2 769)	(2 753)	2 914
Subsidization	9 810	9 790	15 390
CURRENT ACCOUNT BALANCE	+ 10 062	+ 13 487	+ 22 208
Capital expenditure	21 310	24 073	32 161
Special Treasury accounts balance	-9 657	-10 011	-12 981
BUDGET BALANCE	-20 905	-20 597	-22 934
III. CHANGE IN ARREARS	-4 240	-4 796	-5 610
FINANCING REQUIREMENT (I-II+III)	-25 145	-25 393	-28 544
NET FINANCING	25 295	25 393	28 544
Foreign financing	1 229	1 741	3 146
Foreign borrowing	9 548	10 743	12 528
Amortization	-8 319	-9 002	-9 382
Domestic financing	19 116	19 152	22 398
Privatization	4 950	4 500	3 000

(1) Excluding privatization revenues

(2) Including the share of the VAT receipts paid to local authorities

Source : Ministry of Economy and Finance

XI-1 - BANK LIQUIDITY DEVELOPMENTS

(In millions of dirhams)	Monthly Outstanding amounts 2008 ⁽¹⁾												
	Dec 2007	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
Outstanding amounts													
Notes and coin	124 288	124 649	122 579	123 191	123 136	123 191	124 279	127 091	132 468	130 795	131 201	131 194	135 766
Treasury's net position ⁽²⁾	-6 142	-6 639	-8 650	-10 304	-14 970	-13 290	-9 564	-12 629	-11 295	-8 523	-4 646	-4 698	-1 486
Bank Al-Maghrib net foreign exchange holdings	187 445	189 053	190 767	188 593	189 888	190 073	192 093	191 052	194 204	193 998	187 152	183 168	181 297
Other factors	-10 217	-10 982	-12 408	-13 582	-11 029	-7 831	-7 215	-8 450	-7 691	-7 146	-7 415	-8 056	-8 499
Bank's structural liquidity position⁽³⁾	46 798	46 783	47 130	41 516	40 753	45 762	51 035	42 882	42 751	47 534	43 889	39 220	35 546
Reserve requirement	57 247	54 618	54 841	54 765	54 815	54 895	54 841	54 729	55 464	55 990	55 718	55 556	53 882
Surplus or liquidity requirement	-10 449	-7 834	-7 712	-13 249	-14 061	-9 133	-3 806	-11 846	-12 714	-8 456	-11 829	-16 336	-18 336
Bank Al-Maghrib money market interventions	10 805	7 034	8 000	14 000	12 750	10 200	2 750	11 638	12 600	8 000	11 824	16 910	20 808
Facilities on Bank Al-Maghrib's initiative	10 805	7 034	8 000	14 000	12 750	10 200	2 750	11 638	12 600	8 000	11 824	16 735	20 333
- 7-day advance on call for tenders ⁽⁴⁾	10 805	5 750	8 000	14 000	12 750	10 200	2 750	11 288	12 600	8 000	11 824	16 735	20 333
- 7-day 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	1 284	0	0	0	0	0	350	0	0	0	0	0
Facilities on bank's initiative	0	0	0	0	0	0	0	0	0	0	0	175	475
- 24-hour advances ⁽⁶⁾	0	0	0	0	0	0	0	0	0	0	0	175	475
- 24-hour deposit facility ⁽⁶⁾	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Monthly outstanding 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 restricts financial assistance to the state to cash facilities, the TNP is particularly 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

XI-2 - BANK AL-MAGHRIB'S INTERVENTIONS ON THE MONEY MARKET

2008 (Daily average of the week)	Facility on Bank Al-Maghrib's initiative					Facility on bank's initiative		Total
	7-day advances on calls for tenders	Liquidity withdraws	Open market	Foreign exchange swaps	Repurchase agreement	24-hour advances	24-hour deposit facility	
27 dec 07 to 2 january 2008	5 000	-	-	-	-	-	-	5 000
3 to 9 january	4 000	-	-	-	733	83	-	4 816
10 to 16 january	4 429	-	-	-	2 934	-	-	7 363
17 to 23 january	5 000	-	-	-	-	-	-	5 000
24 to 30 january	10 000	-	-	-	-	-	-	10 000
31 january to 6 february	10 000	-	-	-	-	-	-	10 000
7 to 13 february	6 000	-	-	-	-	-	-	6 000
14 to 20 february	-	-	-	-	3 429	-	-	3 429
21 to 27 february	11 000	-	-	-	-	-	-	11 000
28 february to 5 march	13 000	-	-	-	-	-	-	13 000
6 to 12 march	13 000	-	-	-	-	-	-	13 000
13 to 19 march	15 000	-	-	-	-	-	-	15 000
20 to 26 march	13 714	-	-	-	-	-	-	13 714
27 march to 2 april	13 000	-	-	-	-	-	-	13 000
3 to 9 april	13 000	-	-	-	-	-	-	13 000
10 to 16 april	8 000	-	-	-	-	-	-	8 000
17 to 23 april	13 000	-	-	-	-	-	-	13 000
24 v 30 april	17 000	-	-	-	-	-	-	17 000
1 to 7 may	15 286	-	-	-	-	-	-	15 286
8 to 14 may	13 000	-	-	-	-	-	-	13 000
15 to 21 may	13 000	-	-	-	-	-	-	13 000
22 to 28 may	5 000	-	-	-	-	-	-	5 000
29 may to 4 june	5 000	-	-	-	-	-	-	5 000
5 to 11 june	-	-	-	-	-	-	-	-
12 to 18 june	4 000	-	-	-	-	-	-	4 000
19 to 25 june	7 000	-	-	-	-	-	-	7 000
26 june to 2 july	-	-	-	-	-	-	-	-
3 to 9 july	7 000	-	-	-	-	-	-	7 000
10 to 16 july	14 000	-	-	-	-	-	-	14 000
17 to 23 july	8 150	-	-	-	1 200	-	-	9 350
24 to 30 july	16 000	-	-	-	-	-	-	16 000
31 july to 6 august	10 000	-	-	-	-	-	-	10 000
7 to 13 august	15 000	-	-	-	-	-	-	15 000
14 to 20 august	14 000	-	-	-	-	-	-	14 000
21 to 27 august	14 000	-	-	-	-	-	-	14 000
28 august to 3 september	10 000	-	-	-	-	-	-	10 000
4 to 10 september	5 500	-	-	-	-	-	-	5 500
11 to 17 september	6 500	-	-	-	-	-	-	6 500
18 to 24 september	11 000	-	-	-	-	-	-	11 000
25 september to 1 october	9 000	-	-	-	-	-	-	9 000
2 to 8 october	9 000	-	-	-	-	-	-	9 000
9 to 15 october	14 260	-	-	-	-	-	-	14 260
16 to 21 october	11 860	-	-	-	-	-	-	11 860
22 to 29 october	12 000	-	-	4 225	429	-	-	16 654
30 october to 5 november	12 000	-	-	4 225	-	-	-	16 225
6 to 12 november	14 057	-	-	4 225	1 414	300	-	19 996
13 to 19 november	16 000	-	-	4 225	900	471	-	21 596
20 to 26 november	16 160	-	-	3 923	-	-	-	20 083
27 november to 3 december	20 380	-	-	3 520	1 457	-	-	25 357
4 to 10 december	22 110	-	-	3 520	-	947	-	26 577
11 to 17 december	19 000	-	-	3 520	-	557	-	23 077
18 to 24 december	25 220	-	-	2 514	-	-	-	27 734
25 to 31 december	15 000	-	-	-	-	-	-	15 000
Average	11 012	-	-	640	236	44	-	11 932

Source : Bank Al-Maghrib

XI-3 - MONEY MARKET RATES

(Percent per annum)

2008	Bank Al-Maghrib's intervention rate				Interbank market rate	
	7-day advances (on call for tenders)	Liquidity withdrawals (on call for tenders)	24-hour advances	24-hour deposit facility	Monthly average	Month end
January	3.25	2.75	4.25	2.25	3.45	3.54
February	3.25	2.75	4.25	2.25	3.35	3.34
March	3.25	2.75	4.25	2.25	3.15	3.44
April	3.25	2.75	4.25	2.25	3.35	3.43
May	3.25	2.75	4.25	2.25	3.15	3.25
June	3.25	2.75	4.25	2.25	3.14	3.25
July	3.25	2.75	4.25	2.25	3.30	3.32
August	3.25	2.75	4.25	2.25	3.32	3.38
September	3.31	2.75	4.31	2.31	3.37	3.63
October	3.50	2.75	4.50	2.50	3.60	3.65
November	3.50	2.75	4.50	2.50	3.71	3.81
December	3.50	2.75	4.50	2.50	3.57	3.56

Source : Bank Al-Maghrib

XI-4 - INTEREST RATES OF DEPOSITS WITH BANKS

(Per cent per annum)

	2007		2008	
	January - june	July- December	January - june	July - December
Deposits with banks				
Sight deposits	not remunerated	not remunerated	not remunerated	not remunerated
Savings accounts	2.49 (minimum)	2.41 (minimum)	3.11 (minimum)	3.10 (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

XI-5 - INTEREST RATES OF DEPOSITS WITH THE NATIONAL SAVINGS FUND

(Per cent per annum)

Période	Jan. - june 2007	July - Dec 2007	Jan. - juin 2008	July - Dec. 2008
National Savings Fund books ⁽¹⁾	1.25	1.20	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

XI-6 - WEIGHTED AVERAGE INTEREST RATE OF TIME ACCOUNTS AND FIXED-TERM BILLS
(Percent per annum)

2008	6-month deposits weighted average interest rate	12- month deposits weighted average interest rates	6 and 12-month deposits weighted average interest rate
January	3.27	3.74	3.58
February	3.43	3.70	3.55
March	3.40	3.69	3.55
April	3.43	3.78	3.69
May	3.63	3.81	3.72
June	3.59	3.88	3.75
July	3.65	3.98	3.85
August	3.32	3.82	3.71
September	3.53	3.87	3.76
October	3.62	4.18	4.05
November	4.13	4.18	4.16
December	3.96	4.34	4.19

Source : Bank Al-Maghrib

XI-7 - WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(Percent per annum)

Years	13-weeks bills	26-weeks bills	52-weeks bills	2-year bills	5-year bills	10-year bills	15-year bills	20-year bills	30-year bills
2007									
January	2.73	2.85	3.04	2.88	3.12	3.40	3.64	3.81	3.99
February	-	2.85	2.92	3.03	3.15	3.40	3.65	-	-
March	-	-	2.96	-	3.16	-	3.67	3.81	3.97
April	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-
June	3.30	3.34	2.88	-	-	-	-	-	-
July	3.29	3.32	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-
September	-	-	3.40	3.59	-	-	-	-	-
October	-	3.39	3.40	3.58	-	-	-	-	-
November	3.40	3.45	3.41	3.58	4.00	-	-	-	-
December	3.86	3.89	3.83	-	-	-	-	-	-
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	-	-	-	-

XI-8 - INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS

(Per cent per annum)

	2007	2008
Certificats de dépôt		
Month of 32 days	3.10	2.50
32 days to 92 days	3.50 à 4.20	3.80 à 4.25
93 days to 182 days	3.55 à 4.25	3.50 à 4.52
183 days to 365 days	3.35 à 4.10	3.95 à 4.65
366 days to 2 years	3.50 à 4.15	3.80 à 4.70
More than 2 years up to 3 years	4.30	4.20 à 4.60
More than 3 years up to 5 years	4.60	4.50 à 4.70
More than 5 years up to 10 years	-	4.70
Financing companies bonds		
More than 2 years up to 3 years	3.57	4.36 à 4.47
More than 3 years up to 5 years	3.76	4.50 à 4.61
More than 5 years up to 10 years	-	-
Commercial paper		
Month of 32 days	3.55	3.85
32 days to 92 days	3.78 à 3.90	3.85 à 4.40
93 days to 182 days	3.55 à 4.32	3.83 à 5.00
183 days to 365 days	3.65 à 3.92	4.10 à 4.55
366 days to 2 years	-	-
More than 2 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

XI-9 - INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET

(Per cent per annum)

Maturity	2007	2008
- less than 3 years	4.35(*)	4.15(**)
- 5 years	4.41	4.60-5.20
- 7 years	3.85-4.76	5.49-5.90
- 8 years	Indexés	-
- 10 years	4.70-5.10	4.65-5.60
- 15 years	-	-
- 25 years	-	4.96 ⁽¹⁾ -5.95 ⁽²⁾

(*) 2 years and 1 day

(**) 1 year

(1) floating rate

(2) fixed rate

Source : Maroc lear

XI-10 - AVERAGE COST OF CREDIT GRANTED BY CREDIT INSTITUTIONS

(Per cent per annum)

Taux	Périodes	January - June 06	July - Dec. 06	- January - June 07	July - Dec. 07	- January - June 08	July - Dec. 08
Average cost of Bank credit		7.10	7.05	6.26	6.02	5.82	6.08
Average cost credit of financing companies		11.17	11.89	11.75	11.59	9.99	11.48
Average cost credit of all credit institutions		7.63	7.66	6.77	6.37	6.36	6.73

Source : Bank Al-Maghrib.

XI-11 - MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS

(Per cent per annum)

	Oct. 2005 - March 2006	April - Sept. 2006	Oct. 06 - March 07	April 2007- March 2008	April 2008- March 2009
Maximum interest rate agreed	13.04	12.90	14.00 ⁽¹⁾	14.17	14.17

(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

XII-1 - MONEY AGGREGATES

(In millions of dirhams)

Components	End of December 2007			End of December 2008		
	Amounts	Annual Changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Currency outside banks	119 844	11 243	10.4	127 877	8 033	6.7
Sight deposits	327 743	65 057	24.8	353 649	25 906	7.9
Aggregate M1	447 587	76 300	20.6	481 526	33 939	7.6
Sight investments (M2 - M1)	72 048	6 971	10.7	79 368	7 320	10.2
Aggregate M2	519 635	83 271	19.1	560 894	41 259	7.9
Time investments (M3 - M2)	125 130	5 969	5.0	153 774	28 644	22.9
Aggregate M3	644 765	89 240	16.1	714 668	69 903	10.8

Source : Bank Al-Maghrib

XII-2 - LIQUID INVESTMENT AGGREGATES ⁽¹⁾

(In millions of dirhams)

Components	End of December 2007			End of December 2008		
	Amounts	Annual Changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Aggregate LI 1	717	- 3 630	- 83.5	1 025	308	43.0
Aggregate LI 2	19 412	7 726	66.1	20 512	1 100	5.7
Aggregate LI 3	22 642	- 13 300	- 37.0	16 526	-6 116	- 27.0
Aggregate LI 4	7 966	2 112	36.1	4 804	-3 162	- 39.7
Total Liquid Investment aggregates	50 737	- 7 092	-12.3	42 867	-7 870	-15.5

(1) Subscriptions of individuals and non-financial enterprises

Source : Bank Al-Maghrib

XII-3 - MONTHLY EVOLUTION OF M1 AGGREGATE

(In millions of dirhams)

Components	2007	2008											
	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Currency outside banks	119 844	117 449	117 146	117 257	117 138	118 081	119 427	123 234	125 718	125 688	124 849	126 219	127 877
Sight deposits	327 743	326 422	324 903	331 581	328 873	329 796	338 363	339 215	337 388	336 131	343 394	344 355	353 649
Total M1	447 587	443 871	442 049	448 838	446 011	447 877	457 790	462 449	463 106	461 819	468 243	470 574	481 526

Source : Bank Al-Maghrib

XII-4 - CURRENCY OUTSIDE BANKS

(In millions of dirhams)

Components	2007	2008											
	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Notes	123 593	121 040	120 157	121 289	121 032	121 176	123 053	127 913	130 960	129 726	128 615	129 505	132 692
Coin	1 941	1 947	1 943	1 945	1 949	1 959	1 971	1 998	2 024	2 047	2 063	2 071	2 080
Sub-total	125 534	122 987	122 100	123 234	122 981	123 135	125 024	129 911	132 984	131 773	130 678	131 576	134 772
Less :													
Cash in hand of banks and public accountants	5 690	5 538	4 954	5 977	5 843	5 054	5 597	6 677	7 266	6 085	5 829	5 357	6 895
Total of currency outside banks	119 844	117 449	117 146	117 257	117 138	118 081	119 427	123 234	125 718	125 688	124 849	126 219	127 877

Source : Bank Al-Maghrib

XII-5 - MONTHLY CHANGES OF SIGHT DEPOSITS

(In millions of dirhams)

Components	2007	2008											
	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Monnaie scripturale													
Sight deposits with the Central bank	1 789	2 738	3 224	4 633	3 943	3 730	3 709	3 456	3 243	2 748	2 843	2 146	2 403
Sight deposits with banks	316 252	313 847	311 703	316 925	314 797	315 883	324 412	325 453	323 579	322 523	329 707	331 193	340 194
Sight deposits with the banking system	318 041	316 585	314 927	321 558	318 740	319 613	328 121	328 909	326 822	325 271	332 550	333 339	342 597
Sight deposits with Postal cheque service	4 016	4 151	4 290	4 337	4 447	4 497	4 556	4 620	4 880	5 174	5 158	5 330	5 366
Sight deposits 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 sight deposits with Postal cheque service and Treasury	9 702	9 837	9 976	10 023	10 133	10 183	10 242	10 306	10 566	10 860	10 844	11 016	11 052
Total sight deposits	327 743	326 422	324 903	331 581	328 873	329 796	338 363	339 215	337 388	336 131	343 394	344 355	353 649

(*) Preliminary

Source : Bank Al-Maghrib

XII-6 - SIGHT DEPOSITS WITH BANKS

(In millions of dirhams)

Components	2007	2008											
	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Cheque accounts	206 553	206 705	207 547	208 300	209 991	211 171	216 361	218 245	217 951	218 618	216 995	216 736	218 583
of which: Moroccans living abroad	(68 206)	(68 467)	(69 127)	(69 700)	(70 278)	(71 175)	(72 891)	(76 012)	(75 085)	(74 177)	(74 472)	(74 828)	(73 522)
Current accounts	88 902	83 240	80 212	87 303	81 487	82 419	83 908	82 496	82 972	81 050	83 982	82 955	90 561
Other accounts	20 797	23 902	23 944	21 322	23 319	22 293	24 143	24 712	22 656	22 855	28 730	31 502	31 050
Total	316 252	313 847	311 703	316 925	314 797	315 883	324 412	325 453	323 579	322 523	329 707	331 193	340 194

Source : Bank Al-Maghrib

XII-7 -AGGREGATE M2 AND AGGREGATE M3

(In millions of dirhams)

Composantes	2007	2008											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Aggregate M1	447 587	443 871	442 049	448 838	446 011	447 877	457 790	462 449	463 106	461 819	468 243	470 574	481 526
Sight investments (M2-M1)	72 048	72 973	73 789	74 273	74 917	75 308	75 734	76 177	77 033	77 942	78 537	78 641	79 368
. Deposit books with banks	58 967	59 790	60 463	60 860	61 392	61 718	61 948	62 339	63 089	63 892	64 412	64 547	65 251
. Saving books with the National Savings Fund	13 081	13 183	13 326	13 413	13 525	13 590	13 786	13 838	13 944	14 050	14 125	14 094	14 117
Aggregate M2	519 635	516 844	515 838	523 111	520 928	523 185	533 524	538 626	540 139	539 761	546 780	549 215	560 894
Time investments (M3-M2)	125 130	123 803	126 194	126 496	130 988	136 619	142 365	149 246	150 082	154 151	141 428	150 345	153 774
. Certificates of deposit ⁽¹⁾	1 107	1 161	1 161	1 170	1 007	1 007	509	509	509	508	507	507	501
. Time accounts and fixed-term bills	124 023	122 642	125 033	125 326	129 981	135 612	141 856	148 737	149 573	153 643	140 921	149 838	153 273
Of which : Moroccans living abroad	(39 200)	(40 234)	(39 930)	(39 783)	(40 152)	(40 307)	(39 794)	(39 128)	(38 923)	(39 793)	(41 141)	(41 214)	(41 299)
Aggregate M3	644 765	640 647	642 032	649 607	651 916	659 804	675 889	687 872	690 221	693 912	688 208	699 560	714 668

(1)Subscriptions of individuals and non-financial enterprise

Source : Bank Al-Maghrib

XII-8 - LIQUID INVESTMENT AGGREGATES⁽¹⁾

(In millions of dirhams)

Components	2007	2008											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Aggregate LI 1													
. Negotiable Treasury bills	620	218	1 287	148	518	685	469	454	566	1 079	1 265	749	365
Commercial papers	-	-	-	-	-	-	-	-	-	-	-	405	405
.Bills issued by the financing companies	97	82	82	82	82	82	82	82	55	30	30	30	30
. Securities issued by Contractual (UCITS) ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	199	225
Total	717	300	1 369	230	600	767	551	536	621	1 109	1 295	1 383	1 025
Aggregate LI 2													
. Securities issued by monetary (UCITS) ⁽³⁾	19 412	19 435	20 434	20 756	20 421	21 657	22 801	20 725	23 211	24 293	21 319	20 212	20 512
Total	19 412	19 435	20 434	20 756	20 421	21 657	22 801	20 725	23 211	24 293	21 319	20 212	20 512
Aggregate LI 3													
. Securities issued by bond (short,medium and long term) UCITS	22 642	19 602	21 588	18 516	18 684	26 547	19 516	19 654	18 766	17 586	17 687	17 139	16 526
Total	22 642	19 602	21 588	18 516	18 684	26 547	19 516	19 654	18 766	17 586	17 687	17 139	16 526
Aggregate LI 4													
. Securities issued by share UCITS and diversified UCITS	7 966	8 857	9 682	9 748	9 212	9 755	9 125	9 362	9 127	7 965	6 325	5 505	4 804
Total	7 966	8 857	9 682	9 748	9 212	9 755	9 362	9 125	9 127	7 965	6 325	5 505	4 804
Total LI	50 737	48 194	53 073	49 250	48 917	58 726	51 993	50 277	51 725	50 953	46 626	44 239	42 867

(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

XII-9 - COUNTERPARTS OF AGGREGATE M3

(In millions of dirhams)

Components	End of december 2007			End of december 2008		
	Amounts	annuels changes		Amounts	annuels changes	
		Amounts	%		Amounts	%
Net foreign assets (1)						
. Bank Al-Maghrib	188 327	14 347	+8.2	181 866	-6 461	-3.4
. banks	20 192	3 404	+20.3	15 656	-4 536	-22.5
Total (I)	208 519	17 751	+9.3	197 522	-10 997	-5.3
Total domestic lending						
A. Claims on government(1)						
. Net claims of the Bank Al-Maghrib	-3 421	5 370	-61.1	-1 260	2 161	-63.2
. Claims of banks.	73 490	-3 769	-4.9	70 829	-2 661	-3.6
. Claims of individuals and non-financial enterprises(2)	9 702	514	+5.6	11 052	1 350	+13.9
Sub-total	79 771	2 115	+2.7	80 621	850	+1.1
B. Claims on the private sector(1)						
. Bank Al-Maghrib	6 820	-696	-9.3	6 404	-416	-6.1
. Banks(3)	429 465	97 383	+29.3	529 796	100 331	+23.4
Sub-total	436 285	96 687	+28.5	536 200	99 915	+22.9
C. Counterpart of savings books with the National Savings Fund (4)	13 081	1 379	+11.8	14 117	1 036	+7.9
Total (A+B+C)	529 137	100 181	+23.4	630 938	101 801	+19.2
Less : Banking system's non monetary resources (5) (6)	64 303	14 296	+28.6	83 606	19 303	+30.0
Domestic credit of a monetary nature (II)	464 834	85 885	+22.7	547 332	82 498	+17.7
Total counterparts (I+II)	673 353	103 636	+18.2	744 854	71 501	+10.6
Balancing items (7)	-28 588	-14 396		-30 186	-1 598	
Aggregate M 3	644 765	89 240	+16.1	714 668	69 903	+10.8

(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 which the other liability item of the banking system exceeds the other items of its assets

Source : Bank Al-Maghrib

XII-10 - MONTHLY DEVELOPMENT OF THE COUNTERPARTS OF M3

(In millions of dirhams)

Components	2007	2008											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Net foreign assets ⁽¹⁾													
. Bank Al-Maghrib	188 327	191 054	188 504	188 803	190 613	192 911	195 190	193 257	199 220	193 228	187 332	183 347	181 866
. Banks	20 192	21 272	19 485	21 936	20 600	16 200	16 420	28 419	22 746	19 419	18 796	16 823	15 656
Total (I)	208 519	212 326	207 989	210 739	211 213	209 111	211 610	221 676	221 966	212 647	206 128	200 170	197 522
Total domestic lending													
A. Claims on government⁽¹⁾													
. Net claims of the bank Al-Maghrib	- 3 421	- 8 706	- 9 593	- 8 315	14 760	- 6 231	- 9 755	- 9 126	- 9 833	- 6 984	- 4 656	- 2 229	- 1 260
. Claims of banks	73 490	79 280	80 425	78 393	77 450	75 163	71 298	68 375	68 309	65 697	69 376	73 407	70 829
. Claims of individuals and non-financial enterprises ⁽²⁾	9 702	9 837	9 976	10 023	10 133	10 183	10 242	10 306	10 566	10 860	10 844	11 016	11 052
Sub-total	79 771	80 411	80 808	80 101	72 823	79 115	71 785	69 555	69 042	69 573	75 564	82 194	80 621
B. Claims on the private sector⁽¹⁾													
. Bank Al-Maghrib	6 820	6 814	6 813	6 817	6 411	6 411	6 413	6 405	6 405	6 405	6 404	6 404	6 404
. Banks ⁽³⁾	429 465	431 805	436 821	445 111	454 905	461 369	479 340	482 269	486 594	500 173	513 514	517 081	529 796
Sub-total	436 285	438 619	443 634	451 928	461 316	467 780	485 753	488 674	492 999	506 578	519 918	523 485	536 200
C. Counterpart of savings books with the National Saving Fund ⁽⁴⁾	13 081	13 183	13 326	13 413	13 525	13 590	13 786	13 838	13 944	14 050	14 125	14 094	14 117
Total (A+B+C)	529 137	532 213	537 768	545 442	547 664	560 485	571 324	572 067	575 985	590 201	609 607	619 773	630 938
Less : Banking system's non monetary resources	64 303	66 074	71 790	73 658	70 890	72 308	76 722	73 341	77 565	76 870	87 756	79 882	83 606
. Bank's borrowing	10 771	12 146	17 798	18 698	15 892	15 516	13 503	10 893	15 329	14 025	23 906	16 744	17 012
. Provisions constituted by the banks	30 143	30 106	29 053	30 298	30 352	30 618	30 928	30 350	30 310	30 827	30 356	30 192	29 841
. Bank Al-Maghrib and banks net capital and reserves ⁽⁶⁾	23 389	23 822	24 939	24 662	24 646	26 174	32 291	32 098	31 926	32 018	33 494	32 946	36 753
DOMESTIC CREDIT OF A MONETARY NATURE (II)	464 834	466 139	465 978	471 784	476 774	488 177	494 602	498 726	498 420	513 331	521 851	539 891	547 332
TOTAL COUNTERPARTS (I+II)	673 353	678 465	673 967	682 523	687 987	697 288	706 212	720 402	720 386	725 978	727 979	740 061	744 854
Balancing items (net)⁽⁷⁾	-28 588	-37 818	-31 935	-32 916	-36 071	-37 484	-30 323	-32 530	-30 165	-32 066	-39 771	-40 501	-30 186
AGGREGATE M 3	644 765	640 647	642 032	649 607	651 916	659 804	675 889	687 872	690 221	693 912	688 208	699 560	714 668

(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 can not be broken down according to claims on government and claims on the private sector

(5) Domestic and external loans contracted by the banks (see banks' 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 shareholdings.

(7) Amount by which the other liability items of the banking system exceed the other items of its assets

Source : Bank Al-Maghrib.

XII-11 - NET FOREIGN ASSETS

(In millions of dirhams)

Components	2007	2008											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
A. Gross foreign assets of the Bank Al-Maghrib													
. Gold	4 571	5 005	5 160	4 819	4 528	4 601	4 815	4 729	4 571	5 018	4 494	5 005	4 962
. Avoirs en devises convertibles	184 961	187 251	184 552	185 229	187 380	189 630	191 731	189 908	196 052	189 685	184 370	179 793	178 351
. Avoirs en D.T.S	246	247	245	239	197	195	194	194	195	198	164	162	156
. Souscription au F.M.I tranche de réserve	1 042	1 044	1 037	1 025	1 027	1 028	1 015	1 012	1 029	1 042	1 089	1 086	1 055
Sub-total	190 820	193 547	190 994	191 312	193 132	195 454	197 755	195 843	201 847	195 943	190 117	186 046	184 524
B. Foreign liabilities of the Bank Al-Maghrib													
. Credit from international organizations	193	193	190	190	186	195	185	182	178	178	178	178	184
. Other liabilities	2 300	2 300	2 300	2 319	2 333	2 348	2 380	2 404	2 449	2 537	2 607	2 521	2 474
Sub-total	2 493	2 493	2 490	2 509	2 519	2 543	2 565	2 586	2 627	2 715	2 785	2 699	2 658
I. Total net foreign assets of the Bank Al-Maghrib (A-B)	188 327	191 054	188 504	188 803	190 613	192 911	195 190	193 257	199 220	193 228	187 332	183 347	181 866
C. Gross foreign assets of banks ⁽¹⁾	25 479	26 209	27 393	27 037	25 337	21 597	21 519	33 154	27 825	25 515	24 018	22 861	21 156
D. External liabilities of banks ⁽²⁾	5 287	4 937	7 908	5 101	4 737	5 397	5 099	4 735	5 079	6 096	5 222	6 038	5 500
II. Total net foreign assets of banks (C-D)	20 192	21 272	19 485	21 936	20 600	16 200	16 420	28 419	22 746	19 419	18 796	16 823	15 656
Total net foreign assets (I+II)	208 519	212 326	207 989	210 739	211 213	209 111	211 610	221 676	221 966	212 647	206 128	200 170	197 522

(1) The foreign exchange balances of banks and their foreign exchange deposits with their correspondents outside Morocco are recorded under this item.

The foreign exchange deposits of banks with Bank Al-Maghrib, which represent claims on a resident institution, are not included in their foreign assets.

(2) These consist mainly of the creditor balances of foreign correspondents with the banks and the sight and time deposits of non-residents

Source : Bank Al-Maghrib

XII-12 - CLAIMS ON GOVERNMENT

(In millions of dirhams)

Components	2007	2008											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
I. Claims of Bank Al-Maghrib													
A. Claims due to Bank Al-Maghrib													
Cash facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross total	-	-	-	-	-	-	-	-	-	-	-	-	-
Less : Assets held by public accountants ⁽²⁾	8 950	14 261	15 165	12 887	19 343	9 273	12 806	12 185	12 901	10 027	7 708	5 289	4 329
Net total	-8 950	-14 261	-15 165	-12 887	-19 343	-9 273	-12 806	-12 185	-12 901	-10 027	-7 708	-5 289	-4 329
B. Treasury bills purchased on the secondary market	5 529	5 555	5 572	4 572	4 583	3 042	3 051	3 059	3 068	3 043	3 052	3 060	3 069
Sub-total (I)	-3 421	-8 706	-9 593	-8 315	-14 760	-6 231	-9 755	-9 126	-9 833	-6 984	-4 656	-2 229	-1 260
II. Claims of banks													
. Portfolio of public securities	73 232	79 066	80 202	78 237	77 257	75 017	71 115	68 181	67 918	65 447	69 016	73 106	70 663
. Banks' deposits with Treasury and Postal cheque service	258	214	223	156	193	146	183	194	391	250	360	301	166
Sub-total (II)	73 490	79 280	80 425	78 393	77 450	75 163	71 298	68 375	68 309	65 697	69 376	73 407	70 829
III. Claims of individuals and non-financial enterprises													
. Counterpart of deposits with Postal cheque service and Treasury	9 702	9 837	9 976	10 023	10 133	10 183	10 242	10 306	10 566	10 860	10 844	11 016	11 052
Sub-total (III)	9 702	9 837	9 976	10 023	10 133	10 183	10 242	10 306	10 566	10 860	10 844	11 016	11 052
Total claims on government (I+II+III)	79 771	80 411	80 808	80 101	72 823	79 115	71 785	69 555	69 042	69 573	75 564	82 194	80 621

(1) Article 27 of the statutes 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 whose usage may not exceed 120 days, continued or not during one financial year

(2) Notes and coin held by public accountants and Treasury's creditor account and Hassan II Fund for economic and social development with the Bank Al-Maghrib levelled at one million dirhams.

Source : Bank Al-Maghrib

XII-13 - CLAIMS ON THE PRIVATE SECTOR

(In millions of dirhams)

Components	2007	2008											
	Dec.	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
A. Lending to enterprises and individuals ⁽¹⁾	380 553	382 721	388 047	395 795	405 034	410 939	427 660	430 283	433 619	445 503	457 104	459 758	467 736
. Debtor accounts and overdraft facilities	115 896	116 598	121 835	120 463	122 504	127 401	135 041	133 364	135 883	141 087	140 289	137 944	141 451
. Equipment credit	81 401	81 898	83 190	87 232	89 839	88 720	89 538	90 017	89 540	92 035	94 791	94 603	96 888
. Real estate loans	119 865	122 239	123 784	126 583	130 526	132 856	137 617	142 177	142 953	146 766	150 833	152 919	152 811
. Consumer credit	19 654	19 960	20 457	20 947	21 546	22 155	22 672	23 402	23 817	24 407	24 647	24 889	25 086
. Miscellaneous	10 426	9 870	7 920	8 788	8 993	8 218	10 749	10 365	10 515	9 544	15 196	18 150	20 324
. Pending claims ⁽²⁾	33 311	32 156	30 861	31 782	31 626	31 589	32 043	30 958	30 911	31 664	31 348	31 253	31 176
B. Lending to financing companies	43 064	43 134	43 208	44 273	44 661	44 135	45 245	46 690	46 969	48 041	49 674	50 210	52 232
. Credit	42 023	42 033	42 207	43 336	43 727	43 171	44 281	45 683	46 019	47 380	49 014	49 558	51 580
. Financing companies securities held by banks	1 041	1 101	1 001	937	934	964	964	1 007	950	661	660	652	652
C. Banks' portfolio of investment securities ⁽³⁾	5 848	5 950	5 566	5 043	5 210	6 295	6 435	5 296	6 006	6 629	6 736	7 113	9 828
I. Total banks' claims on the private sector (A+B+C)	429 465	431 805	436 821	445 111	454 905	461 369	479 340	482 269	486 594	500 173	513 514	517 081	529 796
II. Bank Al-Maghrib's claims on the private sector	6 820	6 814	6 813	6 817	6 411	6 411	6 413	6 405	6 405	6 405	6 404	6 404	6 404
Total (I+II)	436 285	438 619	443 634	451 928	461 316	467 780	485 753	488 674	492 999	506 578	519 918	523 485	536 200

(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

XII-14 - MONETARY AND LIQUID INVESTMENT AGGREGATES 1983-2008

(in millions of dirhams)

Outstanding amounts at end of December	Aggregate M3										Liquid investment aggregate			
	Aggregate M2			M2 = M1 + sight investments			Time investments (2)	M3 = M2 + Time investments	LI 1(3)	LI 2(4)	LI 3(5)	LI 4(6)	Total	
	Aggregate M1		Total	Sight investments (1)	M1 + sight investments									
	Currency outside banks	Sight deposits												
1983	13 635	20 345	33 980	2 259	36 239	10 227	46 466	351	-	-	-	351		
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	22 910		
1996	46 447	84 346	130 793	23 466	154 259	57 283	211 542	23 158	-	220	1 696	23 378		
1997	48 662	92 198	140 860	25 983	166 843	64 121	230 964	19 821	-	2 708	3 057	22 529		
1998	50 644	99 628	150 272	29 523	179 795	65 114	244 909	18 488	-	9 154	6 590	27 642		
1999	56 713	110 815	167 528	33 069	200 597	69 389	269 986	15 298	-	18 630	5 423	33 928		
2000	58 510	123 094	181 604	35 240	216 844	76 281	293 125	11 420	-	12 722	3 214	24 142		
2001	66 430	144 087	210 517	39 581	250 098	84 294	334 392	13 906	-	17 111	1 936	31 017		
2002	69 928	159 522	229 450	43 097	272 547	83 337	355 884	8 839	-	29 696	1 247	38 535		
2003	75 247	176 247	251 494	47 843	299 337	87 360	386 697	8 093	-	26 423	1 752	34 516		
2004	79 715	196 056	275 771	52 918	328 689	87 741	416 430	5 000	11 478	22 110	2 408	38 588		
2005	89 364	227 213	316 577	59 147	375 724	99 094	474 818	5 539	9 369	23 065	3 069	37 973		
2006	108 601	262 686	371 287	65 077	436 364	119 161	555 525	4 347	11 686	35 942	5 854	51 975		
2007	119 844	327 743	447 587	72 048	519 635	125 130	644 765	717	19 412	22 642	7 966	42 771		
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		

(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.

(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 OPCVM 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.

XII-15 - COUNTERPARTS OF M3 1983-2008

(In millions of dirhams)

Outstanding amounts at december	Net foreign assets			Domestic credit of a monetary nature										Total counterpart de M3 (I+II)	Balancing items (3)			
	Bank Al-Maghrib	banks	Total (I)	Total domestic lending					Claims on the private sector			Counterpart of assets with National Savings Fund (C)(2)	Total (A+B+C)			Less Banking system's non monetary resources	Total (II)	
				Claims on government		Total (A)	Bank Al-Maghrib	banks	Individuals and non financial enterprises(1)	Bank Al-Maghrib	Banks							Total (B)
				Bank Al-Maghrib	banks													
1983	-56	35	-21	10 924	12 423	1 715	25 062	1 034	30 169	31 203	626	56 891	9 094	47 797	47 776	-1 310		
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	52 651	2 034	54 685	16 374	61 729	8 172	86 275	7 471	200 553	208 024	6 208	300 507	58 534	241 973	296 658	-3 533		
2001	99 264	2 685	101 949	-2 711	73 161	8 285	78 735	8 304	208 647	216 951	6 576	302 262	60 875	241 387	343 336	-8 944		
2002	104 490	6 290	110 780	-4 212	76 923	8 358	81 069	9 747	216 474	226 221	7 312	314 602	60 011	254 591	365 371	-9 487		
2003	122 083	5 110	127 193	-6 827	77 123	8 599	78 895	11 477	234 531	246 008	8 196	333 099	58 506	274 593	401 786	-15 089		
2004	135 401	9 040	144 441	-7 977	72 033	8 609	72 665	11 302	251 441	262 743	9 349	344 757	57 114	287 643	432 084	-15 654		
2005	150 227	15 672	165 899	-7 228	75 391	9 312	77 475	7 696	284 333	292 029	10 572	380 076	57 801	322 275	488 174	-13 356		
2006	173 980	16 788	190 768	-8 791	77 259	9 188	77 656	7 516	332 082	339 598	11 702	428 956	50 007	378 949	569 717	-14 192		
2007	188 327	20 192	208 519	-3 421	73 490	9 702	79 771	6 820	429 465	436 285	13 081	529 137	64 303	464 834	673 353	-28 588		
2008	181 866	15 656	197 522	-1 260	70 829	11 052	80 621	6 404	529 796	536 200	14 117	630 938	83 606	547 332	744 854	-30 186		

(1) Counterpart of deposits with the Treasury and the Postal cheque service, recorded as sight deposits

(2) The resources collected by the National Savings Fund are deposited with the Deposit and Management Fund (CDG). These resources cannot 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.

XIII-1 - DISTRIBUTION OF BANK LOANS BY PURPOSE

In millions of dirhams	2006	2007		2008			
	amounts	amounts	Changes in %	In Percentage in total	amounts	Changes in %	In Percentage in total
. Debtor accounts and overdraft facilities (*)	88 563	107 664	21.6	25.5	134 158	24.6	25.8
. Equipment loans	78 796	102 044	29.5	24.1	122 755	20.3	23.6
. Real estate loans (*)	81 928	119 863	46.3	28.4	152 912	27.6	29.4
. Consumer loans	34 448	49 265	43.0	11.7	57 991	17.7	11.2
. Miscellaneous claims	8 017	10 425	30.0	2.5	20 325	95.0	3.9
. Non-performing loans	35 606	33 311	-6.4	7.9	31 176	-6.4	6.0
Total lending by banks	327 358	422 572	29.1	100.0	519 317	22.9	100.0

(*) 2006 and 2007 revised figures

XIII-2 - DISTRIBUTION OF BANK LOANS BY TERM

In millions of dirhams	2006	2007		2008			
	amounts	amounts	Changes in %	In Percentage in total	amounts	Changes in %	In Percentage in total
Short-term loans	138 055	174 205	26.2	41.2	209 730	20.4	40.4
Medium and long term loans	153 696	215 056	39.9	50.9	278 411	29.5	53.6
Medium-term loans	69 115	108 618	57.2	25.7	146 281	34.7	28.2
long-term loans	84 581	106 438	25.8	25.2	132 130	24.1	25.4
Non-performing loans	35 606	33 311	-6.4	7.9	31 176	-6.4	6.0
Total lending by banks	327 357	422 572	29.1	100.0	519 317	22.9	100.0

Source : Bank Al-Maghrib

XIII-3 - DISTRIBUTION OF BANK LOANS BY SECTOR

In millions of dirhams	2006	2007			2008		
	amounts	amounts	Changes in %	In Percentage in total	amounts	Changes in %	In Percentage in total
primary sector	18 780	18 705	-0.4	4.4	21 059	12.6	4.1
Agriculture	15 842	15 536	-1.9	3.7	17 674	13.8	3.4
Fisheries	2 938	3 169	7.9	0.7	3 385	6.8	0.7
Secondary Sector	89 619	130 558	45.7	30.9	161 989	24.1	31.2
extractive Industries	2 812	4 131	46.9	1.0	14 530	251.7	2.8
Energy and water	10 643	16 765	57.5	4.0	17 009	1.5	3.3
Manufacturing Industries	51 824	56 453	8.9	13.4	65 369	15.8	12.6
Building and public works	24 340	53 209	118.6	12.6	65 081	22.3	12.5
Tertiary sector	218 958	273 310	24.8	64.7	336 269	23.0	64.8
Hotel industry	7 688	9 753	26.9	2.3	13 618	39.6	2.6
Transport and communications	19 247	21 987	14.2	5.2	23 557	7.1	4.5
Trade	21 905	27 364	24.9	6.5	33 823	23.6	6.5
financial Activities	37 207	60 308	62.1	14.3	68 273	13.2	13.1
Households	93 743	120 050	28.1	28.4	137 594	14.6	26.5
Other services	39 168	33 848	-13.6	8.0	63 340	87.1	12.2
Total lending by banks	327 357	422 573	29.1	100.0	519 317	22.9	100.0

Source : Bank Al-Maghrib

XIII-4 - LOANS DISTRIBUTED BY FINANCE COMPANIES

In millions of dirhams	2006	2007		2008			
	amounts	amounts	Changes in %	In Percentage in total	amounts	Changes in %	In Percentage in total
Consumer loan companies	28 253	33 435	18.3	53.9	38 387	14.8	52.8
Leasing companies	22 083	26 668	20.8	43.0	31 819	19.3	43.8
Real estate loan companies	331	199	-39.9	0.3	230	15.6	0.3
Factoring companies	1 134	1 477	30.2	2.4	2 106	42.6	2.9
Surety companies(*)	239	242	1.3	0.4	117	-51.7	0.2
Payment means managements companies	44	46	4.5	0.1	19	-58.7	0.0
Total lending by finance companies	52 084	62 067	19.2	100.0	72 678	17.1	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

XIII- 5 - DISTRIBUTION OF CREDIT INSTITUTIONS LENDING BY ECONOMIC AGENT

In millions of dirhams	2006*	2007		2008			
	amounts	amounts	Changes in %	In Percentage in total	amounts	Changes in %	In Percentage in total
Companies	206 224	251 464	21.9	56.8	295 487	17.5	54.7
individual entrepreneurs	17 649	25 083	42.1	5.7	48 338	92.7	8.9
Private individuals	116 585	153 496	31.7	34.7	175 981	14.6	32.6
Local governments and public administrations	11 116	12 529	12.7	2.8	20 493	63.6	3.8
Total lending by banks	351 574	442 572	25.9	100.0	540 299	22.1	100.0

(*) Revised

Source : Bank Al-Maghrib

XIV-1 - CASH MOVEMENT AT BANK AL-MAGHRIB'S CASH DESKS

(In millions of dirhams)

	2006		2007		2008	
	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows
January	7 874	10 780	11 181	7 548	10 674	8 127
February	7 645	6 488	8 320	7 695	8 736	7 845
March	8 317(*)	8 710	8 088	9 440	7 881	9 015
April	7 265	8 095	8 125	8 832	9 412	9 159
May	8 288	8 578	9 098	9 141	8 644	8 798
June	7 137	9 163	7 787(*)	8 848(*)	7 660	9 548
July	6 652	11 940(*)	8 143	13 520	8 779	13 667
August	8 921	12 143	10 028	13 572	8 886	11 958
September	9 697	7 513	9 814	8 112	10 773	9 561
October	7 181	8 233	9 612	9 463	9 469	8 373
November	9 025	8 095	8 654	8 438	7 423	8 321
December	5 611	14 614	6 958	12 501	9 278	12 473
Total	93 614	114 352	105 808	117 110	107 615	116 846

(*) revised

Source : Bank Al-Maghrif

XIV-2 - EXCHANGES AT THE CLEARING HOUSES AND AT THE MOROCCAN INTERBANK REMOTE CLEARING SYSTEM (SIMT)

Years	Number of operations (In thousands)			Amounts (In millions of dirhams)				Rate of rejection (In %)	
	Bills	Cheques	Total	Bills	Cheques	Transfer	Total	Bills	Cheques
2006	1 345	22 236	23 581	92 668	623 789	715 592	1 432 049	16.5	1.9
2007⁽¹⁾	2 683	25 087	27 770	108 678	790 025	684 552	1 583 255	12.1	2.2
2008⁽²⁾	2 276	22 784	25 060	77 797	903 122	699 200	1 680 119	12.2	2.3

(1) revised

(2) Preliminary

Source : Bank Al-Maghrif

XV-1 - INTERBANK MONEY MARKET OUTSTANDING AMOUNTS EVOLUTION

(In millions of dirhams)

	2007	2008												
	Average	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Moyenne
average outstanding amounts	4 818.6	5 380.8	2 899.8	3 689.7	5 613.1	3 679.1	3 976.9	3 968.6	2 466.1	1 813.7	3 528.1	4 448.9	3 863.2	3 777.3
Average exchanged volume	2 212.7	4 288.7	2 146.5	2 671.6	4 124.2	3 287.0	3 809.0	2 850.0	2 443.2	1 832.2	2 893.9	2 799.6	2 425.8	2 964.3

Source : Bank Al-Maghrib

XIV-2 - SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturities	Total	2008												
	2007	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
13 weeks	3 860.00	2 400.0	900.0		100.0	500.0	3 287.7	700.0	300.0	200.0	600.0		550.0	9 537.7
26 weeks	4 313.00	1 450.0	700.0	100.0	500.0	363.9				4 650.0	500.0		1 425.0	4 538.9
52 weeks	17 128.10	450.0	680.0	170.0							3 200.0	9 946.4	10 246.0	29 842.4
Total short-term (I)	25 301.10	4 300.0	2 280.0	270.0	600.0	500.0	3 651.6	700.0	300.0	4 850.0	4 300.0	9 946.4	12 221.0	43 919.0
2 years	6 599.50			100.0										100.0
5 years	2 350.00		500.0	600.0						350.0			1 000.0	2 450.00
Total moyen terme (II)	8 949.50	0.0	500.0	700.00	0.00	0.00	0.00	0.00	0.00	350.0	0.0	0.0	1 000.0	2 550.0
10 years	1 681.60													
15 years	3 950.00													
20 years	1 430.00													
30 years	575.00													
Total long term (III)	7 636.60	0.00	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)	41 887.20	4 300.0	2 780.0	970.0	600.0	500.0	3 651.6	700.0	300.0	5 200.0	4 300.0	9 946.4	13 221.0	46 469.0

Source : Bank Al-Maghrib

XV-3 - OUTSTANDING TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturities	2007						2008					
	Banks	C D G (1)	Insurance companies and pension institutions	OPCVM	Other	Total	Banks	C D G (1)	Insurance companies and pension institutions	OPCVM	Other	Total
13 weeks	1	300	0	1 879	0	2 180	2	0	0	1 149	0	1 151
26 weeks	47	225	178	1 520	30	2 000	258	0	31	1 457	180	1 926
52 weeks	1 238	0	1 932	2 593	11 365	17 128	8 884	789	5 179	3 726	13 276	31 854
Total short-term (I)	1 286	525	2 110	5 993	11 395	21 308	9 144	789	5 210	6 332	13 456	34 931
2 years	1 769	33	1 830	4 307	2 597	10 536	1 069	579	1 238	2 069	1 744	6 699
5 years	10 280	2 120	22 077	13 571	7 750	55 799	5 133	1 326	16 794	8 684	9 564	41 501
Total moyen terme (II)	12 049	2 154	23 907	17 878	10 348	66 335	6 202	1 905	18 032	10 753	11 308	48 200
10 years	15 984	5 401	18 522	24 307	9 563	73 777	13 119	5 205	21 169	22 903	8 994	71 390
15 years	15 805	15 032	23 018	14 571	8 414	76 840	12 903	15 886	24 766	14 945	8 291	76 791
20 years	3169	186	7 252	7 669	514	18 791	1 858	150	7 442	8 851	490	18 791
30 years	467	246	242	1 552	69	2 575	110	0	387	1 998	79	2 574
Total long-term (III)	35 426	20 865	49 033	48 099	18 560	171 983	27 990	21 241	53 764	48 697	17 854	169 546
Total (I+II+III)	48 761	23 544	75 050	71 970	40 302	259 626	43 336	23 935	77 006	65 782	42 618	252 677

(1) Excluding the outstanding amount of the treasury bills of the provident institutions administered by the deposit and management fund

Source : Bank Al-Maghrib

XV-4 - OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(by category of initial subscriptions)

(in millions of dirhams)

Securities types	2007					2008				
	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	3 987	789	6 566	1 107	12 449	16 578	2 052	7 344	497	26 470
Bills of financing companies	2 406	232	822	97	3 556	2 691	70	737	30	3 527
Commercial paper	75	0	1 183	0	1 258	250	0	1 170	405	1 825
Total (I+II+III)	6 467	1 021	8 570	1 204	17 262	19 519	2 122	9 250	932	31 822

Source : Bank Al-Maghrib

XV-5 - STOCK EXCHANGES INDICATORS

Period	Volume of transactions	Market capitalisation	MASI (*)	MADEX (**)
1999 December	12 038.7	138 051	4 865.07	4 299.72
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 January	12 895.6	458 686	10 455.33	8 570.54
February	16 513.6	469 241	10 716.90	8 780.91
March	18 889.9	500 112	11 497.87	9 408.91
April	15 795.0	533 417	12 330.32	10 102.50
May	25 317.6	511 232	11 864.61	9 716.77
June	10 207.0	494 423	11 469.93	9 385.64
July	18 491.0	501 449	11 611.58	9 522.00
August	28 303.4	570 086	12 625.01	10 388.00
September	25 488.0	575 579	12 819.11	10 565.84
October	23 108.2	588 008	12 852.84	10 584.07
November	27 291.2	583 917	12 683.43	10 443.68
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

(*) 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.

XVI-1 - ECONOMIC AND FINANCIAL FLOWS IN 2008 (Preliminary table)
(At current prices in billions of dirhams)

Sector Transactions	National economy					Rest of the world
	Economy	Public sector	Private sector	financial sector		
				Banking sector	Non banking sector	
Gross national disposable income	-744.79	166.57	578.22			
Consumption	513.93	-137.60	-394.33			
Gross fixed capital formation	227.90	-38.18	-189.72			
Changes in inventories	22.33		-22.33			
Goods and services exports	252.80					-252.80
Goods and services imports	-346.12					346.12
Net income and transfers from abroad	55.95					-55.95
Balance of non financial operations		-9.20	-28.16			37.37
Balance of non financial operations net of subsidization arrears		-6.09	-28.16			37.37
Domestic financing		-6.29	-2.19	-3.03	11.50	
- Monetary		0.66	9.73	-11.43	1.04	
. Domestic lending		0.66	78.91	-79.57		
- Claims on government		0.66	-1.14	0.48		
- Lending to the private sector			80.05	-80.05		
. Money supply			-69.18	68.14	1.04	
- M1			-32.61	32.61		
- Sight investments			-7.32	6.28	1.04	
- Time investments			-29.25	29.25		
- Non monetary: collection and investments		-6.95	-11.92	8.40	10.46	
. Institutional saving			-31.28		31.28	
. Treasury bills		-6.95	-5.32	7.29	4.97	
. Privatization		0.00	0.00			
. Private investments			24.69	1.10	-25.79	
- UCITS			7.94	-7.67	-0.27	
- Negotiable debt securities			0.92	2.57	-3.49	
. Certificats de dépôt			0.60	3.42	-4.02	
. Bons de sociétés de financement			0.02	-0.27	0.25	
. Billets de trésorerie			0.30	-0.58	0.27	
- Private bonds			7.10	6.20	-13.30	
- Shares			8.73		-8.73	
Foreign financing		9.21	19.86	11.00		-40.07
- Monetary				11.00		-11.00
. Changes in net foreign assets of commercial banks				4.54		-4.54
. Changes in net foreign assets of Bank Al-Maghrib				6.46		-6.46
- Non monetary		9.21	19.86			-29.07
. Direct investments		0.00	19.04			-19.04
. Net foreign borrowing		9.21	0.82			-10.04
Differences		6.28	10.49			2.70
Balance of financial operations	0.00	9.20	28.16	0.00	0.00	-37.37

Source : Bank Al-Maghrib
(*) HCP figures.

◆ Summary

Page

Introductory note	3
PART 1 ECONOMIC, MONETARY AND FINANCIAL SITUATION	11
International environment	13
Global economic trends in 2008	14
Financial and commodity markets	20
International trade and the balance of payments	24
International financial architecture	26
National output	28
Primary sector	29
Secondary sector	33
Tertiary sector	40
Job market	45
Demand	49
Economic and financial flows	54
Inflation	57
External commercial and financial relations	69
Public finance	79
Monetary policy	91
Monetary policy decisions	92
Operational aspects of the monetary policy	94
Exchange rate	103
Money, loans and liquid investments	105
M3 aggregate	105
M3 components	106
Loans and other sources of monetary creation	110
Liquid investment aggregates	123
The stock market, private debt and asset management	128
The stock market	128
Negotiable debt securities	131
Bond issues	132
Asset management	133
PART 2 BANK ACTIVITIES	139
Governance and organization-related developments	140
Monetary policy, financial stability and payment systems	156
Openness and outreach	177
PART 3 FINANCIAL STATEMENTS	181
Bank Al-Maghrib Balance sheet	183
Auditor's Report	204
Approval by the Bank Board	206

◆ Index of boxes

	Page
Box 1: Commodity prices volatility in 2008.....	23
Box 2: Common principles adopted by the G20 countries at the Washington Summit.....	26
Box 3 : Measures in favor of the primary sector (2007-2008).....	30
Box 4: New trends in housing policy.....	35
Box 5: The OCP activity in 2008 and its industrial strategy.....	37
Box 6: The New Energy Strategy.....	39
Box 7: Adapting Tourist strategy.....	42
Box 8: Outcome of the Employment Initiative 2006-2007.....	48
Box 9: Inflation in the world.....	60
Box 10: Inflation persistence.....	65
Box 11: Phosphate and derivatives prices development.....	72
Box 12: Structural balance or cyclically-adjusted budget balance.....	81
Box 13: Analytical framework for Bank Al-Maghrib monetary policy.....	92
Box 14: Interbank and treasury bills markets in 2008.....	100
Box 15: Survey on lending conditions in 2008.....	118
Box 16: Evolution of the exchange market in 2008.....	121
Box 17: Change in stock market indexes in emerging countries in 2008.....	130
Box 18: Major regulatory measures of 2008.....	135
Box 19: Major strategic projects relating to the Bank's processes in 2008.....	144
Box 20: The Moroccan anti-money laundering legal and regulatory framework.....	149
Box 21: The tools of the new human resources management system.....	153
Box 22: Informational system of the Bank.....	164

◆ Index of statistical appendices

Main indicators of the economy and national accounts.....	I-1 to I-7
National output.....	II-1 to II-12
Mineral production.....	III-1 and III-7
Index of industrial production.....	IV-1
Tourist arrivals.....	V-1
Price indices.....	VI-1 and VI-2
Employment and unemployment.....	VI-3 and VI-4
Foreign trade.....	VII-1 to VII-4
Balance of payments.....	VIII-1 and VIII-2
Exchange rates.....	IX-1 and IX-2
Public finance.....	X-1 to X-3
Bank liquidity and interest rates.....	XI-1 to XI-12

Monetary and liquid investment aggregates	XII-1 to XII-8
Counterparts of M3 aggregate	XII-9 to XII-15
Loans	XIII-1 to XIII-5
Cash movements at the Bank Al-Maghrib cash desks and interbank exchanges at the clearing houses	XIV-1 and XIV-2
Capital market	XV-1 to XV-5
Financial flows in 2008	XVI-1

◆ Summary of charts

Contribution to global growth	15
Evolution of ECB and FED key rates	16
Real interest rates' evolution	16
Inflation evolution in the world	19
Change in the LIBOR-OIS spread	20
Change in the TED spread	21
Change in the average euro-dollar exchange rate	22
Change in oil prices volatility	23
Volatility of non-energy commodity prices	23
Change in the indexes of global energy and non-energy commodity prices	24
Change in the indexes of global food and metals prices	24
Absolute contribution of economic sectors to GDP growth (in percentage points)	29
Main vegetable crops	31
Variations of crude phosphate output and exports in volume	36
Aggregate turnover of the OCP Group	37
Evolution of national output of electricity and refined oil products	39
Variations in the number of European and Arab tourists	41
Evolution in the numbers of fixed telephony and cell phone subscribers	43
Nonagricultural growth and urban unemployment	45
Annual change in unemployment rate and labor force in urban areas	46
Quarterly minimum wage in nominal and real terms	47
Contribution of demand aggregates to GDP growth, in percentage points	49
Final consumption of households and general government (at current prices)	50
Investment and gross investment rate	51
Breakdown of the gross fixed capital formation by sector of activity	52
Gross national savings and national savings rate	53
Annual change in headline inflation and core inflation	58
Contribution to headline inflation per main headings	59
Inflation by group of countries	61
Index of prices of energy and non energy commodities (base 100=1980)	61

Annual change in goods and services prices	62
Contribution of the prices of goods and services to headline inflation	63
Annual change in tradables and nontradables prices	64
Contribution of tradables and nontradables prices to headline inflation	64
Change in the annual contribution of the main sub-sectors to the producer price index	66
Year-to-year change in the main indexes of industrial producer prices (%)	67
Evolution of the trade balance	70
Change in import price indexes (2000=100)	70
Breakdown of imports per usage group	71
Contribution of usage groups to imports' evolution	71
Breakdown of exports per usage group	72
Contribution of usage groups to exports' evolution	72
Year-to-year variation	73
Evolution of the current account balance	74
Breakdown of foreign direct investments, per sector	75
Change in drawings, depreciations, and the outstanding amount of the external public debt	76
Aggregates of international investment position	78
Treasury current receipts	84
Overall treasury expenditure	85
Subsidization expenses	86
Evolution of the primary balance and of the Treasury's indebtedness	87
Evolution of the share of auctions in the overall domestic debt	88
Public debt	89
Liquidity position and the monetary reserve amount	95
Impact of autonomous factors	95
Bank Al-Maghrib interventions	96
Evolution of the interbank market average weighted rate	97
Change in deposit rates	98
Deviation between interbank rate and deposits weighted average rate	98
Short-term Treasury bills rates on the secondary market	99
Medium and long-term Treasury bills rates on the secondary market	99
Outstanding amount and average volume of transactions in the interbank market	100
Evolution of the outstanding amount of the Treasury bills (in million dirhams)	100
Evolution of the average overall volume and the rate of repurchase agreements transactions in 2008	100
Structure of Treasury bills issues	101
Lending rates evolution	102
Transfer exchange rates	104
Nominal and real effective exchange rate of the dirham	104
Growth of M3 and its counterparts in 2008	106

Evolution of M3 components	108
Evolution of the outstanding amount of bank loans	111
Breakdown of loans by purpose	112
Growth rate and contribution of non-performing loans to the overall bank loan	113
Breakdown of bank loans by term	113
Distribution of bank loans by sector of activity	114
Growth of loans distributed by consumer loan companies and leasing companies	115
Loans distributed by other finance companies	115
Breakdown of credit institutions' lending by economic agent	116
Evolution of conditions for lending to businesses during the year 2008	118
Factors determining the interest rates applied to loans	118
Factors that influenced demand for loans by businesses	119
Evolution of demand for loans by businesses	119
Annual growth of net foreign assets in 2008	120
Structure of net foreign assets	120
Evolution of transactions on the exchange market	121
Evolution of net claims on Government	122
Liquid investment aggregates	123
Yearly evolution of non-financial agents' securities in monetary UCITS	124
Non-financial agents' investments in bond UCITS securities	125
LI 4 and MASI index	126
Evolution of economy liquidity	126
Stock market indexes	128
Share in the overall volume on the central market	129
Sectoral indexes at the end of December 2008	129
Share in the overall volume on the central market	130
Change in the outstanding amounts of negotiable debt securities in 2008	132
Net assets of UCITS	134
Breakdown of human resources by field of activity in 2008	152
Production of new banknotes 2006-2008	170
Production of new coins 2006-2008	170
Trend of currency in circulation	171
Breakdown of banknotes in circulation per denomination	172
Breakdown of coins in circulation per denomination	172
Change in deposits and sorted banknotes	175
Number of counterfeit notes detected by BAM during the years 2006, 2007 and 2008	175
Breakdown of asset items	187
Breakdown of liability items	189
Breakdown of profit items	191
Breakdown of loss items	193

Legal deposit : 2008 MO 1755

I S B N : 9981 - 873 - 48 - 9

I S S N : 1114 - 4114

بنك المغرب
بنك المغرب
بنك المغرب

