



بنك المغرب
BANK AL-MAGHRIB

◆ ANNUAL REPORT ◆
PRESENTED TO HIS MAJESTY THE KING

EXERCICE 2007





◆ ANNUAL REPORT ◆

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2007



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Mr Abdellatif JOUAHRI

◆ **DIRECTOR GENERAL**

Mr Abdellatif FAOUZI

◆ **GOVERNMENT REPRESENTATIVE**

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◆ **BANK BOARD**

The Governor

The Director General

Mr Abdellatif BELMADANI

Mr Mohammed BENAMOUR

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Mr Abdelaziz MEZIANE BELFKIH

Mr Mustapha MOUSSAOUI

June 2007

R E P O R T

ON THE FINANCIAL YEAR 2007

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

Your Majesty,

In application of Article 57 of Law N° 76-03 on the Statutes of Bank Al-Maghrif 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 2007, the forty-ninth year of the central bank.

Your Majesty,

The global economy in 2007 was characterized by extensive upheaval on structured credit markets, engendering repercussions on all financial market compartments, including interbank markets in developed countries where liquidities sharply dried up. In this context, the Federal Reserve rapidly and substantially reduced its interest rates and, similarly to other central banks, injected liquidities in unprecedented amounts. This financial turmoil, the effects of which rapidly spread starting July 2007, led to an economic slowdown in the major developed countries in the fourth quarter of the year. However, over the year as a whole, global economic growth remained relatively buoyant, particularly in emerging countries and Europe, Morocco's prime economic partner.

In emerging countries, 2007 turned out to be a breaking point after a prolonged period marked by positive financial conditions. This environment allowed the Moroccan Treasury to issue in June 2007 a bond loan on the international financial market with a spread of 55 basis points as opposed to the 215 points of the loan raised in 2003. This issue was awarded an «Investment Grade» rating by two major international rating agencies. The tensions that appeared in 2007, the outcome of which remains uncertain, will constitute a source of fragility for the emerging countries in 2008.

However, in Morocco the worsening external environment did not significantly affect growth. Basically driven by domestic demand, growth considerably slowed due to the strong decline in the primary sector's added value by nearly 18.5%. Nevertheless, sustained growth in the other sectors made it possible to mitigate the extent of this decline. Gross domestic product (GDP) growth hence stood at 2.7%, as opposed to 7.8% a year earlier. The pace of growth in non-agricultural GDP rose from 4.1 to 6%, boosted by investment dynamism and vigorous household consumption, with the share of net exports of goods and services being negative for the first time since 2004. At the sectoral level, growth continued at a sustained pace in almost all sectors, particularly in industry, building and public works, as well as tourism and telecommunications.

In this context, the labor market situation did not worsen. Indeed, unemployment rate at the national level moved from 9.7% in 2006 to 9.8% in 2007. The new jobs, created mainly in the sectors of services, building and public works and industry, made it possible to compensate for job losses in rural areas.

With respect to foreign transactions, the trade balance deteriorated further to the increase of imports and the slowing pace of exports' growth. Exports marked a rise of 7.1%, principally owing to the rise in the sale of phosphates and derivatives. On the other hand, imports registered a 22.9% increase due to the energy bill and food products. In these conditions, the trade deficit grew by 40.8% and represented nearly 23% of GDP. Tourism revenues and remittances by Moroccans living abroad, which rose by 28.1% and 17.5% respectively, were not enough to cover the imbalance of goods trade. Considering these developments, the current account showed, for the first time in six years, a very slight deficit of about 0.1% in GDP. Strengthened by capital inflows, particularly from foreign direct investments, the balance of payments generated a surplus of nearly 18 billion dirhams, thereby reinforcing the exchange reserves that, by the end of 2007, were equivalent to 9 months of goods and services imports.

Fiscal consolidation continued in 2007 with the achievement of exceptional results basically due to the high growth in tax revenues. In spite of rising subsidization expenses, the budget deficit, excluding privatization revenues, was in fact contained at 0.2% of GDP, well below the forecasts of the Finance Bill (-3.4% of GDP). Therefore, Treasury debt was brought back from 57.6% of GDP to 54.9%, with 2007 being marked by the reimbursement of the remainder of the contractual advances granted by Bank Al-Maghrib, of the amount of 4.5 billion dirhams.

The 2007 results, as in 2006, reflect a dual dynamic: one regarding receipts, marked by a substantial improvement in their elasticity compared to growth, the other related to expenses and characterized by a strong rigidity reflected by the wage bill and subsidization costs. Therefore, fiscal consolidation was basically carried out through an increase in tax revenues that exceeded by far the rise in expenditures. Representing nearly 25% of GDP in 2007, these revenues showed an exceptional growth rate, chiefly driven by the value added tax and the corporate tax.

The rapid pace of monetary growth observed since the end of 2005 continued in 2007 with a 16% rise in the M3 aggregate as opposed to 17% in 2006. This development covers a 23.3% increase in domestic credit in view of the 29.5% expansion in bank loans, while net claims on government slightly rose by 3%. Net foreign assets increased by 9.3%, considerably slower than the pace observed over the past four years.

Even though the outstanding amount of housing loans remained relatively low compared to GDP, at 14% at the end of 2007, the growth pace of this credit category needs to be closely watched. Considering this situation, Bank Al-Maghrib strengthened its control, called upon the banking system to strictly monitor the development of these loans and the related risks, and carried out an in-depth monitoring of off-balance sheet operations. Further, the Bank initiated the preparation of a code of ethics for financing the real estate sector. Other actions should also be considered, in particular with regard to the regulation and management of the State's private and public property.

Activity on the capital market was mainly marked by the development of debt instrument issues, principally certificates of deposit, and the rise of stock market listings. In 2007, the appreciation of stock market prices remained sustained, adding to the very strong rise of 2006, thus prompting strengthened monitoring of developments on this segment. In this connection, all the regulators should make sure that the transactions are processed in conformity with the existing regulations, and financial information should be broadly circulated with utmost transparency in order to keep at bay any factors that could lead to the formation of a speculative bubble.

Despite the drop in domestic agricultural supply and the increase in staple food and energy prices on international markets, headline inflation eased in 2007. Indeed, the rise in the cost of living index, at 3.3% in 2006, reached 2% in 2007 while core inflation, calculated by Bank Al-Maghrib, fell from 3.1% to 1.7%. These rates are near the averages of the past five years, respectively at 1.9 and 1.6%.

This development is partially explainable by the governmental measures related to subsidization and the lower import duties for cereals and milk, which mitigated the impact of the rise in import prices on the overall price level. In addition, soaring oil prices on the international markets had no effect on the domestic prices of fuel given the continued freeze of the indexation mechanism. Moreover, the dissipation of the effects of price rises registered in 2006 in transportation, as well as the fall of communications and meat prices led to a pronounced deceleration in the increase rate of these prices. Finally, the inflation's moderate trend is also explainable by the basic effect of VAT adjustment which occurred in early 2006. This deceleration was also felt at the level of manufacturing producer prices, further to the growing competition of foreign-made products.

In compliance with the fundamental mission entrusted with Bank Al-Maghrib by its statutes, in 2007 the Bank Board worked towards maintaining price stability. Inflation analyses and forecasts made during the year did not show the necessity of adjusting intervention instruments. Thus, the Board, having taken note of the moderate pressures on prices, decided at its four meetings of 2007 to keep unchanged Bank Al-Maghrib key rate. However, it called for vigilance on the major risk factors weighing on inflation, which mainly concern the uncertainties surrounding the development of oil and commodity prices, the accelerated growth of bank loans and the underlying pressures on incomes.

At the operational level, the year 2007 was characterized, starting mid-February, by the transition from a situation of excess liquidity to a persistent deficit thereof. Therefore, after having regulated the interbank market in a context of abundant liquidity since 2001, Bank Al-Maghrib had to make injections following the quasi-continuous tightening of banks' cash holdings. Accordingly, it adjusted its interventions so as to maintain the interbank rate close to the key rate. Overnight interbank rate hence remained within an interval relatively close to 3.25%, standing on average at 3.29% in 2007. Given the lasting nature of banks' liquidity deficit, the Board decided at its meeting of December 25 to reduce by one point and half reserve ratio, to 15% as of January 1, 2008.

Concurrently, in 2007 Bank Al-Maghrib continued to strengthen all the components of monetary policy decision-making process and to enhance their transparency. For this purpose, major strides were achieved in analyzing monetary policy effects as well as in monitoring and forecasting economic activity and inflation. In this regard, the new quarterly survey of lending rates, the detailed information on loan granting conditions and loan forecasts as well as the improved monitoring of economic situation in the industrial sector proved to be highly useful.

As far as payment systems and means are concerned, dematerialized check exchange was generalized in 2007 throughout the national territory, thereby making it possible to shorten payment deadlines to two days after the presentation date (T+2), in line with the best international practices. Moreover, the *Système des règlements bruts du Maroc - SRBM* (Moroccan Gross Settlement System) helped to optimize and secure interbank transactions. As part of the fight against counterfeiting, the central bank initiated the creation of a National Committee for the Fight against Counterfeiting. In this area, the effective establishment of a national committee for payment systems is essential to better coordinate strategic orientations, in line with the international developments.

Bank Al-Maghrib adopted in 2007 the obligations introduced by the new legal anti-money laundering system, in compliance with the requirements of the international agreements signed by Morocco. Upon the request of members of the parliamentary commissions, issued during the examination of the law relating to the fight against money laundering, as well as of some professional associations, Bank Al-Maghrib, in cooperation with the Ministries of Justice and Economy and Finance, also organized a national awareness-raising campaign among the persons subject to this new legal system.

The implementation year of Basel II rules, 2007 crowned the substantial efforts of both Bank Al-Maghrib and the banking system that started several years ago. This fundamental progress was highlighted by the assessment made in 2007 by a joint mission of the International Monetary Fund and the World Bank. The report indeed concludes that the Moroccan banking sector is stable and profitable, and notes the compliance of public banks with prudential ratios. This dynamic of restructuring and modernization enables Moroccan banks to reinforce their presence abroad.

In 2007 Bank Al-Maghrib continued its efforts to improve relationships between banks and their customers in the framework of healthy competition. In this regard, the interbank charter related to the creation of a banking mediation system, designed to encourage amicable settlement of disputes, was signed in 2007. Its major provisions will contribute to rebalancing relationships between banks and their customers mainly through the creation of a mediation committee. In addition, on the basis of the conclusions of the national awareness-raising campaign on the financing of SMEs, which revealed that access to financing was no longer an impediment to these businesses, the relevant parties opted for the setting up of a system that provides for an adapted technical assistance. Finally, to improve financial information, in compliance with the provisions of the new Banking Law and after an international invitation for bids, Bank Al-Maghrib delegated the management of its Credit Registry to a credit bureau with an extensive international know-how in this area.

The recent reversal of the international economic situation confirms the need to further strengthen macroeconomic policies' sustainability and optimize their interaction with the sectoral policies.

The objective of consolidating medium-term fiscal sustainability should be maintained. The preservation of this objective on a lasting basis is dependent on the establishment of a human resources management system in the

public service that stimulates productivity and ensures the development of a wage bill coherent with the overall fiscal constraints. This also requires an in-depth reform of the subsidization system so as to optimize its benefits for the most vulnerable households, as is considered by the Government. While the efforts to improve receipts are worth mentioning, an increase in taxation without widening the base may yet have negative consequences on the economic activity if it goes beyond a certain threshold. It is therefore crucial to take account of the economic dimension of taxation and to place the said reform in a long-term coherent and comprehensive approach.

Effective progress in the implementation of key reforms, particularly in the areas of education, the labor market, the competition policy and justice, and the betterment of the business environment will be indispensable to ensure sustainable economic growth. The road maps, some of which are still being worked out, for agriculture, water, mining and energy provide a new reform dynamic to these sectors. At the social level, the Initiative Nationale de Développement Humain (National Initiative for Human Development) as well as the reform of education and healthcare should still be enhanced to reduce inequalities and strengthen the balance between economic growth and human development.

The effectiveness of these reforms firstly require an in-depth debate among the stakeholders, as well as the establishment of pertinent monitoring and assessment mechanisms, constituting a pre-requisite for optimizing the overall coherence and internal efficiency of these reforms. The assessment of the educational sector's performance, which was recently issued by the Conseil Supérieur de l'Enseignement (High Council for Education), constitutes an efficient approach. Based on a rigorous analytical approach, this system makes it possible to regularly assess the results as compared to the initial commitments, to identify sources of malfunctions and constraints and thus best adjust the relevant choices and instruments. It would be desirable that recourse to these mechanisms be extended to the reforms undertaken in other sectors.

To reinforce the coherence of exchange control regulations with Morocco's accelerated commercial and financial integration into the global economy, liberalization measures were taken in 2007. These will make it possible to develop the exchange market through the diversification of financial products and to prepare economic agents for future developments. They give unmistakable signals to national operators as well as to the international community that the country is resolutely determined to foster openness. Following the assessment of the initial

effects of these measures, new steps can be taken to well prepare the transition to a more flexible exchange regime and a successful openness of our economy.

Considering the international and regional developments, Morocco would better capitalize on all these areas of progress. Our country in fact holds a favorable position that makes the ambition to turn the country into a regional financial hub within our reach. This implies the fulfillment of some prerequisites, such as the preservation of macroeconomic stability, the soundness of the financial system and the development of financial markets, as well as the strengthening of the central bank's anti-inflation reputation.

This ambition is to be shared among the various stakeholders, namely the Government, the central bank and the operators, in the framework of a long-term forward-looking vision likely to ensure the best conditions of success for this major project.

Rabat, June 2008
Abdellatif JOUHRI

PART 1

ECONOMIC, MONETARY AND FINANCIAL SITUATION



◆ International environment

World economic growth remained buoyant in 2007, settling at 4.9%, a level comparable to that of the previous year, in spite of soaring oil and other primary product prices and the turbulence on international financial markets. The consolidation of performance in emerging countries made it possible to offset the slowdown in developed countries, mainly in the United States, the Eurozone and Japan.

In this context, the price rise was generally under control in developed countries, in spite of greater inflationary pressure in the second half of the year, but accelerated in emerging and developing countries. Overall, the situation on the labor market improved. The pace of growth in world trade slowed down, while current transactions imbalances continued, with the U.S. deficit remaining high while the surpluses of the emerging Asian countries and oil-exporting have increased.

In 2007, international financial markets were strongly affected by the collapse of the subprime mortgage market in the United States and, in particular, by the tightening of credit conditions. The major central banks had to inject liquidities in order to stabilize money markets.

In the United States, GDP grew by 2.2% as opposed to 2.9%, due to lackluster domestic demand, concurrently with falling housing investment. With regard to the job situation, unemployment rate remained quasi-stable at 4.6%. Given the deceleration in inflation, dropping from 3.2% to 2.9%, and the expected repercussions on economic activity of the real-estate and credit crises, the Federal Reserve reduced its main key rate three times, starting from September 2007. Unchanged since June 2006, the federal funds rate was thus lowered from 5.25% to 4.25%.

In the Eurozone, growth reached 2.6%, as opposed to 2.8% in 2006, thanks to strong domestic demand with regard to both consumption and investment, and higher exports. The labor market again saw a rise in job creation and a marked drop in the unemployment rate from 8.3% to 7.5%. The rise in consumer prices reached 2.1% compared to 2.2% in the preceding year, in connection with the continued monetary policy tightening, started in December 2005. Thus, the European Central Bank twice increased its main key rate, bringing it from 3.50% in early 2007 up to 4% in June, prior to keeping it unchanged for the remainder of the year, given the persistence of risks regarding future inflation development.

In the United Kingdom, economic growth consolidated for the third consecutive year, rising from 2.9% to 3.1%, in connection with rising consumption and strong investments. The Bank of England several times raised its key rate, which reached 5.75% in July. Nevertheless, it had to reduce it to 5.50% in December, due to the diminishing inflationary risks.

The economic expansion experienced by Japan since 2003 continued during the year under review, but at a slower pace than in the previous year, with GDP increasing by 2.1% instead of 2.4%. As in preceding years, the dynamism of economic activity was boosted by strong exports and investments. The steady growth went hand in hand with a new drop in the unemployment rate, falling in one year from 4.1% to 3.8%, and price stagnation after a slight increase of 0.3% one year earlier. In these conditions, the Bank of Japan maintained an accommodating monetary policy, leaving its key rate unchanged at 0.50% after raising it by 25 basis points in February 2007.

In the emerging countries of Asia, growth stood at 9%, particularly in connection with strong economic activity in China and India. China's GDP grew by 11.4%, under the effect of the investment and exports boom. The rise in consumer prices reached 4.5% as opposed to 1.6% in 2006, principally in connection with higher food prices. To stave off inflationary pressure and limit excessive growth in loans, the People's Bank of China raised from 9% to 14.5% the reserve ratio and several times increased the base rates on one-year loans and deposits which reached 7.47% and 4.14% respectively. In India, where economic activity was largely stimulated by higher domestic demand and good export performance, growth remained strong, reaching 9%.

In Latin America, which benefited from strong demand, growth was of 5.6%, slightly above the rate registered in the previous year. This situation characterized all countries except Mexico where growth slowed from 4.8% to 3.3%.

Thanks to the high price of primary products and massive capital inflows, growth remained sustained in the Commonwealth of Independent States, especially Russia, where the rise in GDP was 8.1%.

With regard to the emerging economies of Europe, economic activity rose by 5.6% as opposed to 6.4%. It remained well-oriented, however, in relation to the rise in investment, the strength of consumption boosted by higher employment and wages in the majority of countries.

In Africa, GDP continued to grow at a steady pace reaching 6.2%. In the Maghreb countries, growth amounted to 6.3% in Tunisia and 4.6% in Algeria, while it fell from 7.8% to 2.7% in Morocco.

The pace of growth in world trade volume was down from 9.2% to 6.9%, further to slower demand in developed countries, the effect of which was not offset by the strong growth in developing countries' imports. In terms of value, world trade grew by more than 15%, in relation to the depreciation of the dollar and the rise in primary products prices, reaching 16,900 billion dollars, including more than 80% for goods.

In this context, current account imbalances persisted in 2007. The U.S. trade balance remained high at 5.7% of GDP as compared to 6.2% a year earlier. This slight improvement is attributable to a marked growth in exports, which were boosted by the falling dollar, and to the slowdown in imports. In the Eurozone, current transactions showed a slight deficit of nearly 0.1% of GDP, a level comparable to that of the previous year.

These deficits were covered by surpluses in other parts of the world, in particular Asia and the principal oil-exporting countries. Thus, the current surplus of China grew from 9.4% to 11.1% of GDP, while the surplus of Middle Eastern oil-exporting countries remained at around 22.3% of GDP, thereby contributing to bolstering these countries' exchange reserves. Likewise, the surplus of Japan was of 4.9% of GDP, mainly in connection with the expansion of exports.

International financial markets were characterized by high instability, in connection with the mortgage crisis. The high level of defaults on the U.S subprime mortgage market, following excessive risk-taking, was behind the financial turbulences which appeared as of the summer of 2007. The crisis was then extended to other sections of the financial markets in the U.S.A. and to other regions of the world. It mainly led to the weakening of certain American credit institutions, the substantial depreciation of assets held by banks outside the United States, the tightening of credit conditions and falling liquidities on money markets. The principal central banks had to inject large amounts of liquidities several times, which helped stabilize interbank markets starting from October. However, the appearance of new pressures and their extension in December, led the central banks of the U.S., the Eurozone, the United Kingdom, Canada and Switzerland to jointly conduct liquidity-injection operations.

In spite of this context of financial turmoil, the main stock market indices were generally trending upwards, thanks to substantial rises in corporate profits. The Dow Jones and Nasdaq indices thus grew by 6.4% and 9.8%, respectively, while the DAX and the FTSE saw respective rises of 22.3% and 3.8%. Similarly, stock market indicators in emerging countries once again saw strong improvement. On the other hand, the Nikkei dropped by 6.9%.

International bond issues increased by 9.8% in 2007 and reached 5,288 billion dollars, more than 84% of which were mobilized by financial institutions. Euro-denominated bonds represented 42% instead of 45% in 2006, and dollar-denominated ones 41%, while the share of other currencies was limited to 17%.

The overall volume of private direct investments, amounting to more than 1,500 billion dollars, registered a rise of 18% further to that of about one third in the previous year. Developed countries attracted two thirds of these flows, including 651 billion for the European Union and 193 billion for the United States, which remain the first beneficiary country in terms of foreign investments. Net flows to South, East and Southeast Asian countries grew by 12%, to 224 billion dollars, with China remaining the region's main beneficiary. Amounting to 126 billion dollars, net flows to Latin America rose by a half, after a fall of about one third in 2006. Investments in transition countries reached 98 billion dollars and grew by 41%, mainly in connection with the privatization of state-owned enterprises. At 36 billion dollars, net flows to Africa strengthened anew, due to the increase in foreign holdings in mining industries and the banking sector. Their level was particularly high in Egypt, Morocco and South Africa with respective amounts of 10.2 billion, 5.2 billion and 5 billion dollars.

Drawings on the International Monetary Fund's resources decreased in one year from 2.9 billion SDR to 1.3 billion and benefited Turkey in particular. Given the continued advance repayment by some borrowers and the limited volume of new disbursements, the Institution's outstanding loans dropped from 13.7 billion to 9.8 billion SDR. On the other hand, the World Bank Group's commitments during the fiscal year ended late June 2007 amounted to 34.3 billion dollars, up by 7.8%. Within this group, the International Bank for Reconstruction and Development reduced its commitments by 14.1 billion dollars to 12.8 billion, while the International Development Association committed 11.9 billion dollars instead of 9.5 billion in the previous fiscal year. In turn, the International Finance Corporation raised its commitments in the form of loans and holdings to the record amount of 8.2 billion dollars.

Moreover, in the framework of initiatives intended to reinforce its surveillance system, in June 2007, the IMF Executive Board approved a new decision on the bilateral surveillance of member countries' policies, in replacement of the one adopted thirty years before. This decision enables the establishment of an updated and broader framework for the assessment of national economies, thereby strengthening the monitoring of the international monetary system. Apart from surveillance of exchange rate policies, the new plan will encompass all the economic and financial policies likely to affect the stability of the international financial system. This decision intervenes while the IMF continues the reform process, aimed mainly at better aligning the quota shares of member countries and their voices with their weight in world economy and at improving the representation of low-income countries.

The situation on international exchange markets was characterized in 2007 by the strong depreciation of the dollar against the other major currencies. The U.S. currency's weakening was mainly due to the deterioration of the main confidence indicators as well as to the downward revision of growth outlook in the United States.

As to the euro, it appreciated over the first eight months but without crossing the 1.40 dollar-mark. This trend got reinforced as of September, with the Euro rate reaching 1.49 dollars in November prior to settling at 1.47 at the end of the year. The positive outlook of the Eurozone growth and the interest rate differential between the two major economic areas were behind this strengthening.

In spite of the increase in the current account surplus of Japan, the downward trend of the yen registered since mid 2006 continued, particularly in connection with the carry-trades made by international investors seeking to finance investments in high-yield currencies by borrowing in low-interest currencies. However, as of August, risk aversion, which was intensified by turbulence on financial markets, led to the closing of certain carry trades, thereby causing a marked rise of the yen.

The pound sterling appreciated slightly against the dollar, but saw significant depreciation against the euro. In turn, in 2007, the Chinese currency continued to strengthen against the dollar, bolstered by the rise, in May, from 0.3% to 0.5% in its maximum authorized daily fluctuation margin against the dollar. However, it depreciated with respect to the other main currencies, in particular the euro.

◆ National output

Economic growth in 2007 settled at 2.7% as opposed to 7.8% in the previous year, subsequent to the 20% fall in the primary sector. However, the impact of agricultural output drop was mitigated by the sustained dynamism of non-agricultural activities observed since 2005. Indeed, the latter grew by 6.0%, thanks to the upward trend of activity in the processing industries and in the sectors of building and public works, telecommunications and tourism.

In the primary sector, cereal production, estimated at 24.4 million quintals, fell by 73% from one year to the next. The fishing sector almost stagnated after having registered a 15.7% drop in the previous year. The share of the primary sector in the real GDP thus fell from 16.1% to 12.5%.

Growth in the secondary sector's added value strengthened from 4.8% to 6.6%, in connection with increased output in all branches, especially in processing industries, building and public works, extractive industry and energy. Therefore, the share of secondary activity in GDP rose from 23.8% in 2006 to 24.7% in 2007.

Tertiary activity, taking account of non-market services provided by the general government, rose by 6.1%, in connection with the development of telecommunications, tourism and trade.

Overall, GDP, estimated in current prices at 615 billion dirhams, increased by 6.6% against 9.4% in 2006. Agricultural added value, estimated at nearly 68.7 billion dirhams, fell by 15.3%, while that of non-agricultural activities, estimated at 476 billion dirhams, went up by 9.2%, above the average pace of the past five years.

◆ Primary sector

Agriculture

After the exceptional results registered in the previous agricultural season, the agricultural sector was hit in the 2006-2007 season by unfavorable weather conditions. The average national rainfall was lower by two fifths and

the average filling rate of agriculturally used dams was down from 62% to 55%. In these conditions, cereal production dropped by nearly three fourths. As for the other activities of the primary sector, fishing catches registered a 4.3% increase, while livestock farming was almost stable in general.

Altogether, the primary sector's added value, calculated in constant prices, marked a fallback of 20%, after a 21.1% growth in 2006.

Box 1: Measures intended to shore up the agricultural sector (2006-2007)

In order to limit the effect of the drop in agricultural output on incomes in rural areas, public authorities took the following measures:

- Raising the subsidy on the quintal of cereal certified seeds, bringing it to 100 dirhams for durum wheat, barley and soft wheat;
- Reinforcing support for agricultural mechanization further, on the one hand, to the unification and increase in the ceiling of aid extended for the purchase of farm tractors by individuals and cooperatives, setting it at 90,000 dirhams per unit, and on the other hand to the raising of aid for the purchase of other types of agricultural equipment, which henceforth varies between 35% and 60% of the unit price.
- Raising the subsidy granted to the development of agricultural enterprises into local irrigation system, by 60% of the cost;
- Instituting a subsidy for the marketing of sugar beet monogerm seeds, fixed at 700 dirhams per unit*, and the increase in the producer prices of sugar beet and sugar cane ton from 325 to 365 dirhams and from 220 to 235 dirhams respectively.

For the livestock farming sector, the public authorities set up an emergency program for the fight against the effects of drought, in which livestock protection constitutes a priority. This program provides for the suspension of import duty and Value Added Tax applied to the purchase of cattle feed, in particular corn, barley and seed cakes. In addition, the State decided to cover the transport costs of 2 million quintals of cattle feed imported for regions hit by drought and made available to livestock farmers 4 million quintals of barley, corn and premixes at subsidized prices.

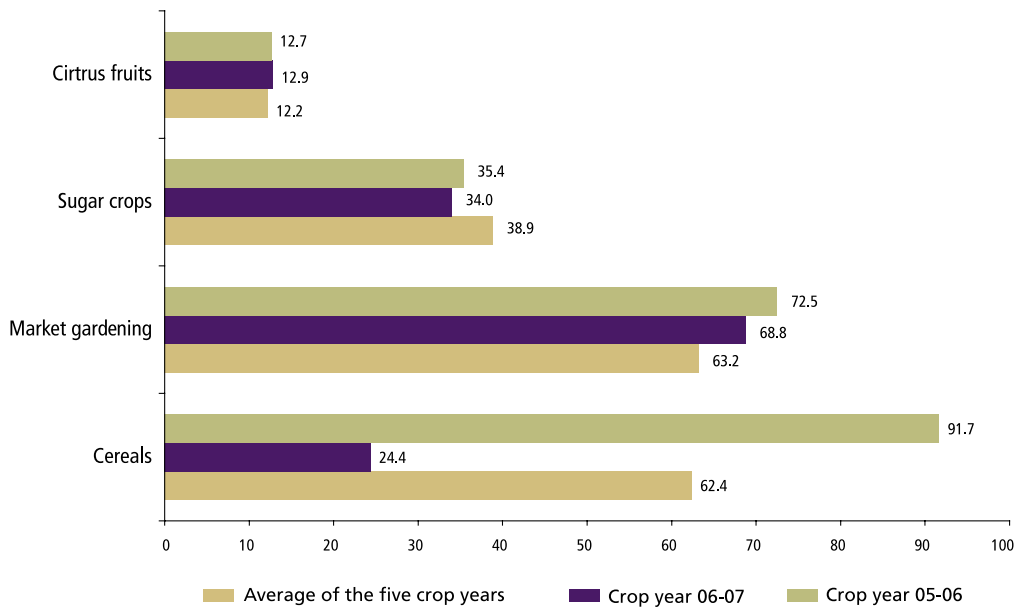
(*) One unit = 100,000 monogerm seeds.

Output of the four main types of cereal, amounting to 24.4 million quintals, dropped by 73% compared to the previous season. The water stress that occurred during the growth phases of these crops, compounded by a heat wave between the last ten days of February and late March 2007, caused a sharp drop in yield, falling from 16.7 to 5.1 quintals per hectare. In these conditions, the quantities of cereals marketed from June to December 2007 were limited to 4.6 million quintals, down by 80% compared to the same period of the previous crop year, while cereal imports over the same period more than doubled, reaching 38.4 million quintals.

Similarly, the output of pulse crops, market gardening and sugar beet, which was severely stricken by negative weather conditions, respectively fell by more than half, by 4% and 3.3%.

Conversely, oilseed, olive and citrus fruit harvest benefited from spring rains, rising respectively by 12.3%, 13.3% and 1.6% from one year to another.

Main crops in millions of quintals



Source: Ministry of Agriculture and Marine Fisheries

Livestock farming

In spite of the drop in the contribution of range areas and fodder output, livestock farming registered no significant change from one year to the next, thanks to the generalization across all provinces of measures geared to the preservation of livestock. Concurrently, the amounts of white meat available for consumption fell by late 2007 from 377,000 to 370,000 tons, while those of red meat reached 354,700 tons, up by 6%.

Marine fisheries

After a 17.4% drop in the previous year, marine fisheries in 2007 registered a rebound of 4.3%, reaching 937,642 tons.

Inshore fishery catches, constituting 88% of total fishery output, increased by 2.2% reaching 823.204 tons, basically due to the 4.8% growth in delivery of pelagic fish. They were essentially intended for fresh fish consumption by 39% and by 22% for both the freezing and the manufacturing of fish-meal and oil, whereas canned fish industry only received 17% of the total.

Concurrently, offshore fishery catches, amounting to 114,438 tons, grew by 22.6%. This development covers an increase by 87.6% in pelagic fish, the share of which expanded by 56% against 37%, and a fallback of 16.7% in cephalopod catches.

◆ Secondary sector

The secondary sector, contributing by 24.7% to GDP, registered a growth of 6.6% following the 4.8% reported in the previous year. This improvement is attributable on one hand to the dynamism of the manufacturing industries and public works and building sector, and on the other hand to the development of the mining sector.

Processing industries

Despite a context marked internationally by the economic slowdown in the eurozone and the soaring commodity prices, and nationally by a poor crop year and continued tariff dismantling, the processing industries sector showed a growth of 4.5% after 5.2% in 2006. This development concerned the activity of all branches, in particular mechanical and metallurgical industries, chemical and paracheical industries as well as electrical and electronic industries.

Groups of industrial branches	Weighting	Change in % yearly average indices of industrial production		
		2005	2006	2007
Agrifood industries	230	3.9	3.2	2.4
Textiles, clothing and leather industries	209	5.3	0.5	2.2
Chemical and paracheical industries	363	5.2	5.8	4.3
Mechanical and metallurgical industries	160	8.1	9.0	9.6
Electrical and electronic industries	38	3.3	14.5	3.9
Total of processing industries	1000	5.4	5.2	4.5

The output index of agri-food industries grew by 2.4% instead of 3.2%, in connection with difficulties in supply. This development is linked to growth in the industries of meat and of canned fruit and vegetables by 8.3% and 5.7% respectively. Beverage and oil production also saw respective rises of 3.8% and 3.2%. On the other hand, dairy products dropped by 3.7%.

The textile, clothing and leather industries marked a 2.2% rise, which yet covers divergent developments depending on the branch. Accordingly, the clothing branch was up by 3.6% despite the drop in foreign demand for ready-made garments, while the textile industry almost stagnated in 2007 against a 1.4% rise at the end of the previous year. On the other hand, leather sector production declined by 3.1%, owing to the slowdown in exports of shoes, travel items and leathercraft.

As regards the activity of chemical and paracheical industries, they increased by 4.3% as opposed to 5.8% a year earlier. This evolution is largely explainable by the growth recorded in cement and plastics manufacturing,

reaching 12.5% and 19.2% respectively. Similarly, phosphoric acid production amounted to 3.5 million tons, up by 3% in one year, due to the jump in exports, while phosphate fertilizers output, which stood at 2.6 million tons, fell by 1.2% further to the decline in local demand.

Likewise, the output index of mechanical and metallurgical industries saw an increase of 9.6%, mainly in connection with the manufacturing of metal items, which grew by 7.4%, and of metalworking which rose by 6%. In turn, the car industry marked a rise of 23.3%, attributable to the strengthening of domestic demand boosted by the improvement of financing conditions, the development of consumer loans and, to a lesser extent, exports of the economical car.

The electrical and electronic industries saw a rise of 3.9%, thanks to the development, on one hand, of the manufacturing of machines and electrical devices at the same time as the improvement in foreign demand for electrical cables and wires, and on the other hand, the production of electronic components. However, the branch of medical, precision, optical and clock-making instruments declined by 10.3%.

Building and public works

The added value of the building and public works sector increased by 11.7% benefiting from extensive domestic and foreign investments in basic infrastructures, social housing and the development of tourist and industrial areas.

Similarly, cement sales reached nearly 12.8 million tons, up by 12.6%, and the manufacturing of concrete and plaster products rose by 2.9%.

Mining

National mining activity this year registered a rise of 4% compared to 8.5% in the previous year. Export receipts reached 9.8 billion dirhams, up by 11%, in connection with the appreciation of prices on the international market.

After a quasi-stagnation in 2006, phosphate commercial output, reaching 27.8 million tons, grew by 1.6%, owing to the positive turn taken by foreign demand, primarily from the United States, Brazil and Spain. Consequently, exports amounted to 14.2 million tons, up by 6%, and generated 5.8 billion dirhams receipts, up by 14.6%. Likewise, deliveries of crude phosphates to local processing plants, which absorb half of the output, increased by 1.3% in 2007.

Conversely, the other non-metal ores registered a drop of 6.1%, in connection with the 32.6% and 19.5% fall respectively in salt and fluorspar extraction.

Concerning the other ores, they were up by 19.4% further to the effect of the increase in iron, magnesium and copper output. Conversely, zinc output, which represents 40% of metal ore production, declined by more than one quarter from one year to the next, in connection with the drop in contents and the social climate prevailing in the sector.

Energy

In 2007, final energy consumption, estimated on the basis of provisional data, was up by 4.1%, reaching 13.3 million tons of oil equivalent (TOE). On the other hand, total energy output, 3.6% of which is of local origin, stood at 11 million TOE, up by 1.2% basically due to the improvement in refining activity. The energy deficit resulting therefrom was covered by recourse to imports in a context marked by soaring international oil prices. Resultantly, the amounts imported were up by 5.1%, reaching 14.4 million TOE, while the energy bill went up by 15.2%.

After the 10.7% drop registered in the previous year, refining activity grew by 2%, reaching 6 million tons. Indeed, total consumption of refined products increased by 4.8%, reaching 8 million tons, due to the 6.3% rise in diesel consumption which constitutes nearly half of it. On the other hand, fuel oil consumption, which represents 20% of the refined product market, fell by 5.3%, attributable to the declining demand from the thermal power plants of the Office national d'électricité -ONE- (National Electricity Office) which represents 45% of domestic consumption of this product.

Domestic demand for electricity, estimated at 20.5 billion KWH, saw a rise of 6.7% after the 9.2% registered in 2006. High and medium-voltage electricity sales, intended for productive sectors and distribution agencies, were up by 6.1%. Similarly, the use of low-voltage electricity rose by 8.9%, chiefly due to the continuation of rural electrification program currently completed by 93%.

On the other hand, net domestic electricity production remained unchanged at around 19.1 billion KWH. Output of thermal power plants, representing 94.4% thereof, remained almost stagnant, while hydraulic power plant production fell by 16.9% under the effect of the low rainfall registered in 2007. The contribution of wind energy grew by 52.2% further to the commissioning in April of the Amogdoul windmill park with a capacity of 60 MW.

Finally, net electrical energy imports registered a rise of 73%, bringing their contribution to the total amount of available electricity from 10% to 15.5%, further to the reinforcement in 2006 of the conveyance capacity with Spain.

Box 2: EnergiPro Initiative

In September 2006, the ONE (National Electricity Office) launched the «EnergiPro Initiative» for the benefit of customers heavy users of electrical energy interested in self-production from renewable sources of energy. This offer helps industrialists optimize the cost of their energy bill and diversify their supply sources.

The Office undertakes, on one hand, to ensure conveyance on the domestic network of all wind electricity produced at an incentive price and to acquire the non-consumed surplus, and, on the other hand, to assist potential customers in choosing their establishment site, conducting projects' feasibility studies and monitor the completion, maintenance and operation.

This initiative was crowned by the signing of six agreements with the ONE for a total power of 820 MW scheduled to be operational before 2010.

◆ Tertiary sector

The tertiary sector, which contributes by 50.3% to GDP, rose by 6.1% in 2007, as opposed to 5.1 in 2006. This evolution is basically linked to the surge in tourism and the development of transport and communication services as well as trading activities.

Tourism

In 2007, national tourist activity continued its upward swing at a steady pace in spite of an unfavorable international economic situation marked in particular by the slowdown in eurozone economic activity, main generating market. In addition, the continued positive development of the Vision 2010 projects, this growth was stimulated by the entry into force of the global «Open Sky» air agreement between Morocco and the European Union.

Box 3: Major measures to boost the tourism sector

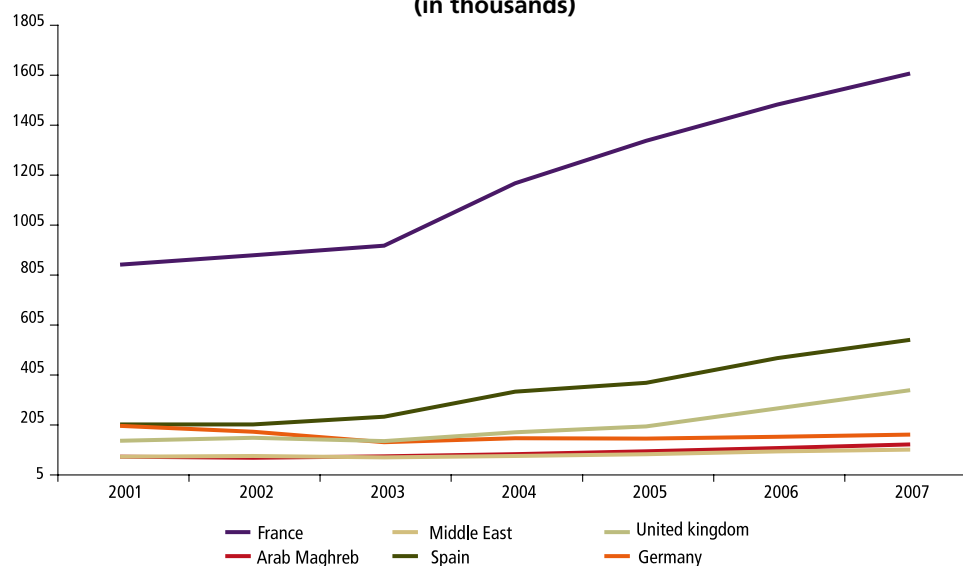
In addition to the completion of the concession of equipment works of the six resorts included in the «Plan Azur», new sites have been identified in Tetouan, Al Hoceima and Dakhla and new tourist areas are currently under construction and development in Rabat and Nador. Similarly, the development of internal tourism continued with the launch of the «Plan Biladi» and the actions being made to bolster regional assets for rural tourism.

To meet the needs for skilled labor force, the capacity of the public vocational training system is currently being strengthened.

At the close of 2007, the inflow of foreign visitors, consisting of staying tourists by about 90%, amounted to more than 4 million and grew by 13% in one year. As regards arrivals from the European Union, the number of French, Spanish and English nationals respectively reached 1.6 million, 540,186 and 338,304 visitors, up by 8%, 15% and 27%. Likewise, the Italian and German markets registered respective growth of 14% and 6%, totaling 160,047 and 159,844 persons. The number of nationals from the other European countries rose by nearly one

third, amounting to 188,727 people, while American tourists exceeded 196,000, up by 13%. Finally, visitors from the Maghreb and the Middle East were up respectively by 15% and 9%, nearing 123,000 and 102,000 tourists. At the same time, arrivals of Moroccans living abroad, amounting to 3,4 million, grew by 13% in one year.

**Evolution of the number of European and Arab tourists
(in thousands)**



Source: Ministry of Tourism and Handicraft

The expansion of tourist activity in 2007 did not lead to any substantial progress in the number of overnight stays in classified hotels, which was up by only 3%, due to the limited rise in the number of overnight stays of foreign tourists. As for overnight stays of internal tourism, they increased to 3.2 million, up by 7%. The regional distribution of overnight stays shows a clear-cut preference for the cities of Marrakech and Agadir, which accommodated more than 64% of the total, with Casablanca reaching 1.3 million, up by 9%. On the other hand, the average occupancy rate for classified hotels fell by one point from one year to another, standing at 48%, with higher rates for Marrakech, Agadir and Casablanca and definitely lower rates in the other localities. Furthermore, the dynamic of the construction of new hotels and the renovation of those already built led to the creation of about 10,000 additional beds in 2007, as opposed to 8,960 in the previous year.

Transport and communication

Growth in the added value of transport services in 2007 stood at 4.5%, further to the development of air travel and maritime transport of goods.

Air passenger traffic amounted to 12 million in 2007, up by 16.6% as compared to 14% in 2006, further to liberalization of national air space which led to the diversification of destinations of national airlines, ensuring thereby 62% of overall air transport.

Similarly, rail traffic registered 26.1 million in the number of travelers, up by 11%, in relation with the upgrading of train circulation plan and the doubling of some railway lines. Concerning road traffic, the number of registrations in 2007 rose by 24%. On the other hand, sea transport declined by 2.5%, settling at 40 million travelers, due to development of low-cost airline activities.

Goods transport grew positively further to the increase in rail and maritime cargo traffic by 2% and 9%, respectively.

In 2007, communication services grew by 9.8 after the 10.3% mark reported in the previous year. Cell phone market rose to more than 20 million subscribers against 16 million in 2006, thus the bringing level of penetration to 65%, up by 12 percentage points.

As opposed to 2006, the total number of fixed telephony this year saw a sharp rise of around 89%. The global number of subscribers reached 2.4 million, further to commercial offerings and introduction on the market of fixed telephony services with restricted mobility. In addition, the number of internet subscribers increased by 31.6% due the lower tariffs.

Commerce and other services

Commercial activities, which represent approximately 11.2% of GDP, grew by 2.5%. Similarly, the added value of financial activities, services to businesses and personal services registered an 8.5% rise.

◆ Job market

In 2007 the job market experienced quasi stagnation, with the national level of unemployment settling at 9.8% as opposed to 9.7%. This trend reflected a slight rise in rural unemployment, estimated at 3.8%, and a drop in the rate of urban unemployment reaching 15.4%.

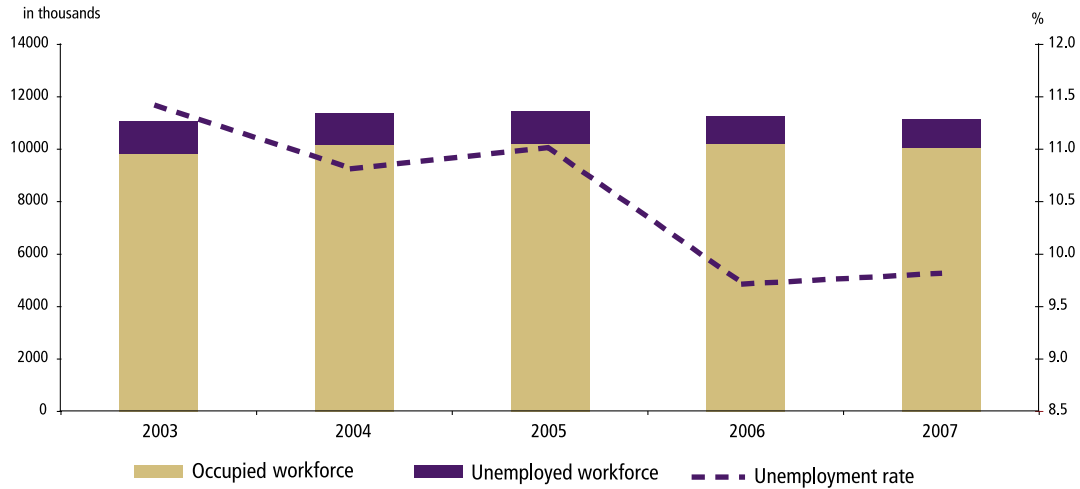
The labor force aged 15 years and above, estimated to be of 11.15 million people, including 27.2% women, registered 1.4% growth, with an increase of 3% in urban areas and decline of 0.2% in rural areas. The share of non-degree holders in the labor force in one year declined from 51.7% to 51.1%. The rate of activity at the national level saw slight deterioration, settling at 51% compared to 51.3% in 2006.

In a context of the slowdown in growth, the employed labor force rose by 1.3% compared to the previous year. This trend included a rise of 3% in urban areas and drop of 0.3% in rural areas. In 2007 the rate of employment declined from 46.3% to 46%, with a slight drop in self-employment where the share was of 39.3% against 40.5% in the previous year.

In spite of governmental measures geared to facilitate access to employment, net job creation dropped by 57% finally settling at nearly 128,000 jobs concentrated exclusively in urban areas with the creation of 146,000 positions, and the loss of 18,000 positions in rural areas. Indeed, the principal job providers were the services sectors with 91,000 new jobs, industry with 54,000 and building and public works with 49,000. However, the decline in agricultural activity caused the loss of 68,000 jobs.

The unemployed labor force, estimated at 1.09 million persons, rose by 2.8% which primarily concerned urban areas with 22,000 more unemployed. In urban areas, the rate of unemployment of population categories aged 25 to 34 and that of degree-holders remain relatively high, reaching 21.6% and 20.8% respectively. In rural areas, the unemployed labor force totaled 206,000 people, slightly up, further to the loss of 91,000 agricultural jobs and the creation of 73,000 non-agricultural jobs, primarily in the sectors of industry, including handicrafts, with 42,000 positions, services with 21,000, and building and public works with 9,000.

Yearly evolution of unemployment rate and the occupied and unemployed labor force



The apparent labor productivity index calculated by non-agricultural GDP/ employed labor force in urban areas, saw the pace of improvement stabilize at the same level as in the previous year, i.e. nearly 5%, thereby confirming the upward trend begun in 2002. In addition, this index showed growth of approximately 16% compared to the average over the past five years.

The average wage index in the private sector calculated by the HCP on the basis of data from the National social security office (CNSS) rose by 3%, i.e. the same pace of growth as in the previous year, showing clear-cut improvement compared to 2005 when it moved ahead by 0.8%.

With regard to health insurance for wage earners, the number of persons having benefited from Compulsory Health Insurance (AMO) reached a total of 7.8 million. Indeed, the number of persons benefiting from this insurance in the private sector managed by the CNSS totaled 4.6 million. The National Fund for Provident Societies (CNOPS), appointed to manage compulsory health insurance for civil servants, handled nearly 249,000 subscribers, i.e. some 700,000 beneficiaries, bringing the total population covered by CNOPS to 3.2 million.

Box 4: «Employment Initiatives» achievements in 2007

The **MOUKAWALATI**, program geared to support for self-employment by encouraging young people to create their own businesses: out of 14,000 postulants more than 9,560 people were chosen and 2,693 projects submitted to financing by banks, including 1,092 approved and 660 fully financed.

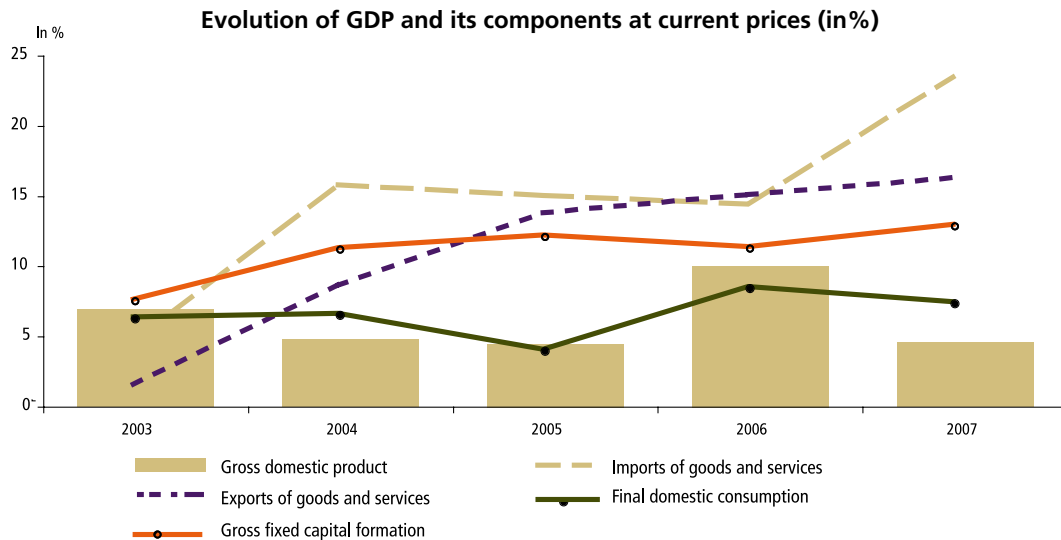
The **IDMAJ** program for integration of 105,000 young people over 3 years exceeded its objectives with the integration of nearly 73,000 job seekers at the end of December 2007. This program targets the integration of 40,000 job seekers in 2008.

The **TAEHIL** program dealing with adaptation of training to job market needs through the development training, integration and the organization of professional experience internships, made possible the identification of nearly 12,000 training opportunities for training under contract and qualification building, in addition to the signing of two agreements between the Agence Nationale de la Promotion de l'Emploi et des Compétences (ANAPEC) (National Employment Agency), and the Office de la Formation Professionnelle et de la Promotion du Travail (Vocational training and job Promotion Office), of nearly 17,000 degree-holders by 2009. In addition, for training under contract, this program enabled the signing of 450 agreements with 375 businesses addressing 6,245 job seekers.

◆ Demand

In 2007 growth was bolstered by domestic demand which contributed to the increase in GDP by 6.9 percentage points. On the other hand, the contribution of net exports which was of 0.7 percentage point in 2006 became negative, standing at -4.2 percentage points. Altogether, overall GDP rose by 2.7%, as opposed to 7.8% in the previous year.

Compared to 2006, domestic final demand saw consolidated. Indeed, gross national expenditure was up by 10.3% compared to 9.3% in 2006, standing at nearly 671.5 billion dirhams and with respect to the gross domestic product, showing a resource gap of 56.2 billion dirhams, representing 9.1% of GDP as opposed to 5.5% in the previous year. This worsening is explainable by the 23% increase in goods and services imports, further to soaring oil prices and other primary products, as well as the 25.0 % jump in the import of goods other than energy. Concurrently, the export of goods and services was up by 11.6%, attributable to the 13.4% jump in travel receipts, goods exports having risen by only 7.1% to 119.9 billion dirhams.

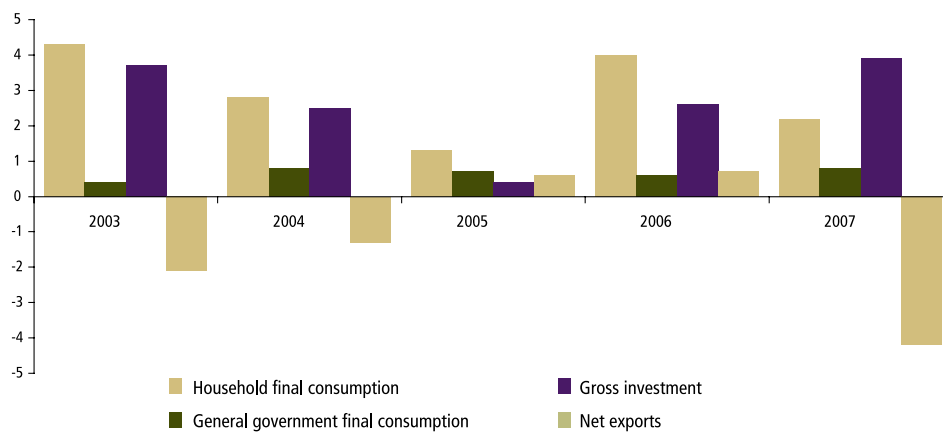


◆ Consumption

National final consumption, estimated at 471.4 billion dirhams, showed growth of 7.4% as opposed to 8.3% in the previous year. Household consumption, constituting nearly 76.2% of national final consumption, grew by 8.2% after 9.5% in 2006; its contribution to growth falling from 4.0 points to 2.2 percentage points, under the effect of rural household slowing income further to the poor performance of the agricultural sector. However, it benefited from the strengthening of income generated by non-agricultural activities and net transfers from abroad, as well as from the expansion of consumer loans. Furthermore, intervention by the Subsidization Fund made it possible to support the purchasing power of households by mitigating the effect of rising international prices of primary products.

Final consumption of general government grew by 4.8% compared to 4.9% in 2006, in connection with the rise in current expenditure, thereby contributing to growth from 0.6 point to 0.8 percentage point in 2007. Altogether, national final consumption contributed to growth by 3 percentage points as opposed to 4.6 points in the previous year.

Contribution of demand aggregates to GDP growth, in percentage points



◆ Investment

Given the positive change in stocks of 7.6 billion dirhams, investment registered a sharp rise of 17.8%, after the 11.8% increase reported in 2006, thereby exceeding the threshold of 200 billion dirhams. At 192.6 billion dirhams gross fixed capital formation, grew by 18.5% in 2007 compared to 11.8% in the previous year, i.e. a rate of investment of 31.3%. The dynamism of investment is attributable to the consolidation of non-agricultural activities, in particular with regard to building and public works, industry and tourism. This trend was bolstered by improvement in the business environment. Moreover, the said dynamism was reflected by the expansion in equipment loans, up by 27.3%, and by a 21% increase in registrations in the trade register.

The contribution of the public sector to investment efforts is estimated at 100 billion dirhams,, of which nearly 61% from state-owned enterprises.

Foreign direct investments grew by 39.5%, reaching 36 billion dirhams. They were mainly made in the tourism and to the building and public works sectors, wich represented 33% and 20%, respectively.

Box 5: Projects approved by the Investment Commission

The Investment Commission approved 72 projects in 2007, amounting to a total of 71.3 billion dirhams, including 35.5 billion from national operators and enabling the creation of more than 40,000 direct jobs.

The tourism sector, with 18 projects, should entail 33.6 billion dirhams and create 16,023 jobs. These projects are concentrated in the regions of Marrakech (10 projects), Saïdia (3 projects) and Tangier (2 projects).

The industrial sector, with 45 projects in the cement, textile, metallurgy and automotive sectors, has benefited from an amount of 31.6 billion dirhams, enabling the creation of 18,250 jobs.

◆ National saving

Following the strengthening of income and net transfers from abroad, including remittances from Moroccans living abroad, the gross national disposable income, estimated at 670.7 billion dirhams, grew by 7.4% against 9.8% in 2006. Hence, gross national saving, estimated at approximately 199.4 billion dirhams, slowed down, increasing by 7.4% as opposed to 13.6% in 2006. The savings ratio, calculated in connection with the gross national disposable income, remained at the level of the previous year, i.e. 29,7%, but remained above the average rate of 28.9% registered over the past five years. However, as the gross national saving did not allow financing of all the investment expenditure, the net borrowing amounted to nearly 834 million dirhams for the first time since the year 2000.

◆ Prices

In spite of a context characterized by lower agricultural supply and higher prices of staple food and energy products in the international markets, inflation eased in 2007. In fact, the rise in the cost of living index which had reached 3.3% in 2006, stood at 2% this year, while core inflation, calculated by Bank Al-Maghrib, fell from 3.1% to 1.7%, levels close to the averages observed over the past five years, namely 1.9% and 1.6% respectively.

This trend is primarily explainable by the impact of higher import prices of staple food on the overall price level, which was mitigated by the governmental subsidization measures, as well as by the reduced import duties on cereals and milk. In addition, soaring oil prices on international markets had no effect on the domestic fuel prices due to the continued freeze on the indexation mechanism. Moreover, the fading of the effects of transport price rises in 2006, as well as the lower communication and meat prices, led to a sharp deceleration in price rise. Finally, the moderate evolution of inflation is also attributable to the base effect of the value added tax (VAT) restructuring in early 2006.

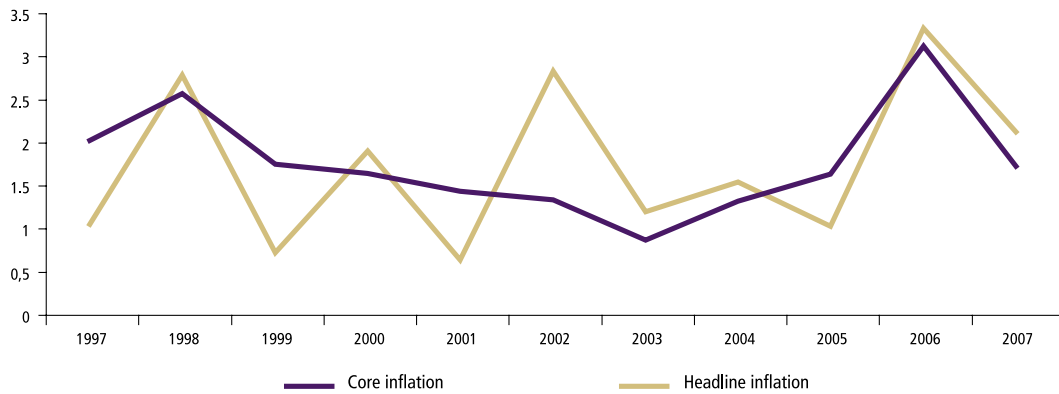
This deceleration is also observed at the level of manufacturing producer prices, owing to the sharpening of competition by foreign products, the continuation of tariff dismantling and the strong depreciation of the U.S. dollar.

The cost of living index

In 2007, the rise in the cost of living index reached 2% against 3.3% a year earlier, while core inflation fell from 3.1% to 1.7%. This slowdown is primarily attributable to the drop in the price of certain services, mainly communication ones, which decreased by 13.5% after a rise of 16.9% in 2006, in connection with the reduction in March 2007 of communication tariffs at telephone shops and pay phones. Similarly, private transport fares, which had increased by 4.9%, declined by 1.1% further to the freeze on the indexation mechanism since the drop in fuel prices in January 2007. On the other hand, the increase in the prices of

the «maintenance and repair» heading moved from 1.9% to 2.5% while it went from 3% to 4% for the «heating, lighting and water» heading.

Yearly evolution of headline inflation and core inflation (in %)



The prices of staple food were up further to soaring prices on international markets. In particular, the prices of «cereals and cereal-based products» heading registered an increase of 4.4% against 0.5% in 2006, thereby contributing by 0.3 percentage points to headline inflation. Similarly, fats and dairy product prices, whose contribution to headline inflation is estimated at over 0.3 percentage point, registered respective rises of 4.4% and 3.9%.

Box 6: Price support policy

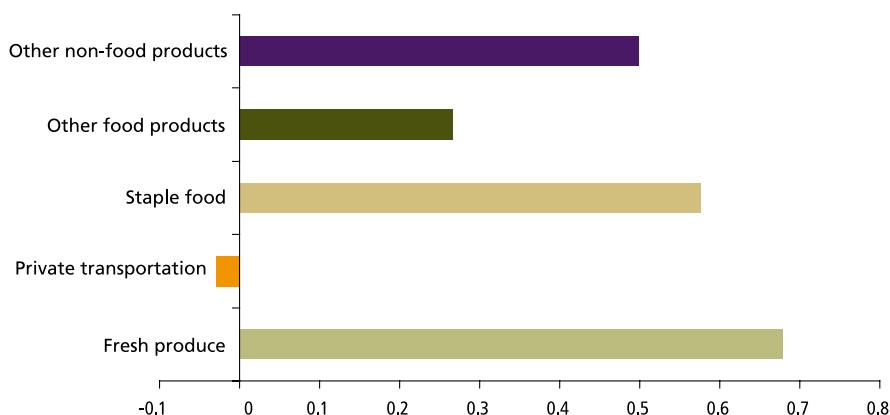
The inflationary effect of the rise in staple food prices in 2007 was mitigated by a certain number of measures taken by the Government. Likewise, the freeze on the mechanism of fuel prices indexation to oil price on international markets as of February 2007 allowed keeping domestic prices unchanged.

The principal governmental measures adopted also concern the reduction of import duties on some staple food:

- Decreasing import duties on soft wheat from 60% to 30% since June 29, 2007;
- Decreasing import duties on durum wheat from 95% to 55% as of July 2007;
- Suspending import duties on durum and soft wheat between September 27, 2007 and May 31, 2008;
- Exempting corn and barley purchases from import duties and import VAT as of February 2007;
- Reducing import duties on UHT milk from 102% to 2.5% from August 15 to October 15, 2007;
- Reducing import duties on powdered milk from 60% to 35% between June 28 and December 31. These duties were subsequently reduced to 17.5% for the period between August 23, 2007 and December 31, 2007;
- Suspending import duties on butter as of September 27, 2007.

As for meat prices, they dropped by 2.9% further to the increase in the number of slaughters, largely due to the rise of livestock feed prices, with a negative contribution of 0.4 percentage point to headline inflation. On the other hand, the prices of other fresh produce saw an increase in their rise pace. Hence, the prices of fresh fruits, vegetables and fish rose by 15.7%, 9.5% and 11.2%, respectively.

Contribution to headline inflation in 2007, per main headings (in percentage points)



Main components of the cost of living index

(base 100 in 1989)

Groups of products	Weighting in %	Annual changes of the cost of living index in %		
		2005	2006	2007 ⁽⁴⁾
General cost of living index	100	+1.0	+3.3	+2.0
- Products not included in core inflation:	27.5			
- Fresh produce ⁽¹⁾	20.1	-1.9	+3.8	+3.1
- Private transportation	2.7	+5.1	+4.9	-1.1
- Price of other products not included in core inflation ⁽²⁾	4.7	+4.4	+5.8	+2.9
- Core inflation (*)	72.5	+1.6	+3.1	+1.7
- Staple food	15.2	+1.9	+3.9	+4.3
- Other food products included in core inflation	4.8	+3.0	+2.2	+2.7
- Clothing	6.3	+0.7	+1.1	+1.3
- Housing	14.2	+1.3	+2.2	+2.8
- Household capital goods	5.0	+1.0	+2.0	+1.9
- Medical care	5.4	+1.1	+0.8	+0.7
- Public transportation and communication ⁽³⁾	5.1	+4.5	+11.7	-5.0
- Leisure and culture	5.7	+1.0	+1.2	+1.1
- Other goods and services	10.8	+0.9	+2.4	+1.4

Source: HCP and (*) BAM estimates

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

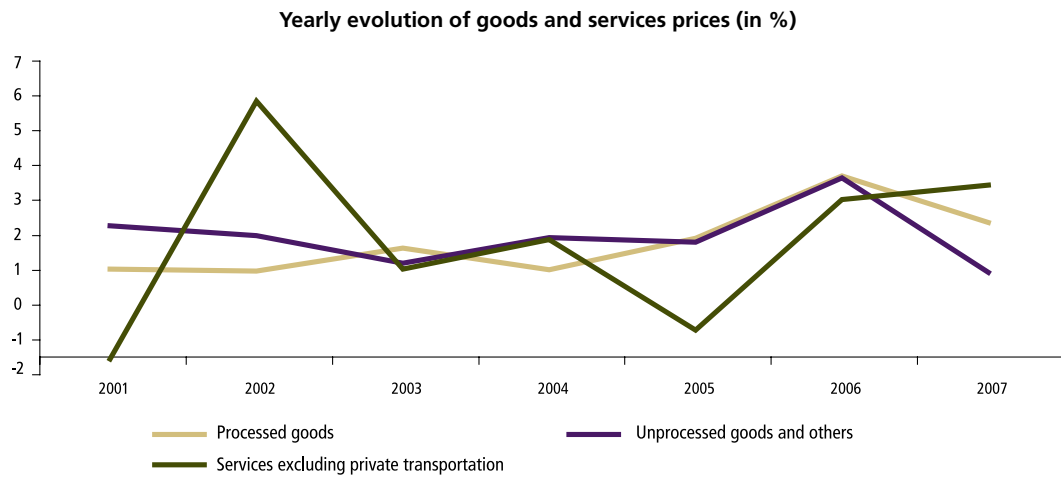
(2) Index including prices of sub-groups: «sugar and sugary products» and «tobacco and cigarettes»

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

(4) Average of the twelve months of the year

Prices of goods and services

The breakdown of headline inflation into goods and services, in order to assess the gap between the prices of goods and services and to carry out a detailed examination of inflationary dynamics, turns out to be a crucial element of price analysis (see the following box).



Box 7: Price indices for goods and services

Owing to the goods and services breakdown, four cost of living index components have been identified:

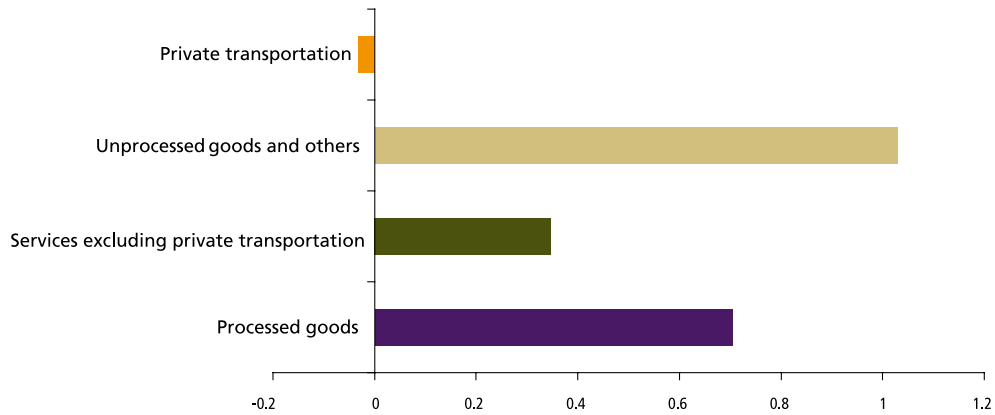
- «Processed goods» that include all food and non-food goods produced by the different industrial branches (canned food, fats, garments, household capital goods, etc.);
- «unprocessed goods and others» that include fresh produce as well as some food products the nature of which (processed/unprocessed) remains non-specified due to the absence of more disaggregated data;
- «Services excluding private transportation», including headings such as «heating, lighting and water» in addition to rent, hospitalization, etc.
- Private transportation.

Shares of goods and services in the cost of living index

Goods	61.3%
Processed	30.9%
Unprocessed and others	30.4%
Services	38.6%
Services excluding private transportation	35.9%
Private transportation	2.7%

At the end of 2007, prices of «processed goods» showed an average annual rise of 2.3%, clearly below the 3.6% rise registered in 2006. This slowdown is attributable to the falling prices of fats, tobacco, household capital goods and leisure durable goods. On the other hand, prices of «unprocessed goods and others» saw rises attributable to the increasing price of cereals and certain fresh produce, mainly fruits, vegetables and fish, in spite of the drop in the price of meat. The price index for «services excluding private transportation» saw a marked slowdown in 2007, declining from 3.6% to 0.9%, under the effect of lower communication tariffs and the decrease in public transport fares. Overall, processed and unprocessed goods together contributed by 1.7 percentage point to headline inflation in 2007, while services, including private transportation, accounted for 0.3 point.

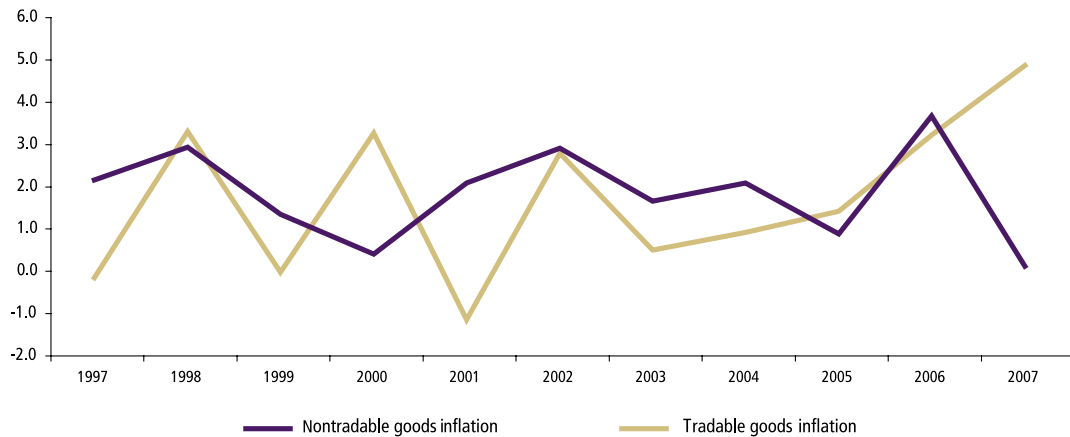
Contribution of the prices of goods and services to headline inflation in 2007 (in percentage points)



◆ Prices of tradable and nontradable goods

The breakdown of the cost of living index into indices for tradable and nontradable goods brings out the main factors which have impacted inflation in 2007. Such an approach allows distinguishing the factors which influence price evolution according to their local or foreign origin. The chart below shows prices' growth differential between tradables and nontradables sectors, whose relative shares in the basket of the cost of living index are estimated at 43% and 57%, respectively.

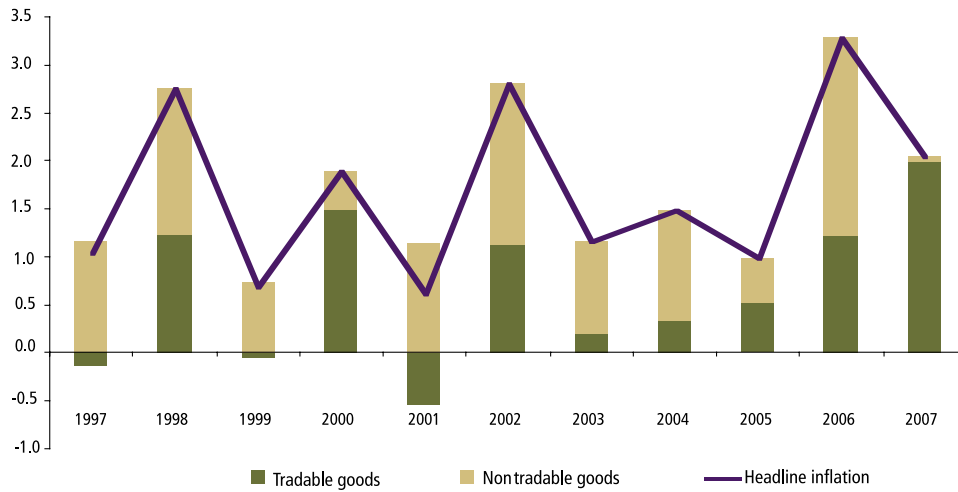
Evolution of tradable and nontradable goods inflation (year-on-year in %)



Prices for tradables increased by 4.8% as opposed to 3.2% in 2006, thereby contributing 1.9 percentage points to headline inflation. This increase is basically attributable to the rise in the price of fresh vegetables and fruits as well as cereal products and, to a lesser extent, to the higher prices of milk, fats and fresh fish.

The price of nontradable goods remained stable after a rise of 3.6% in the previous year, contributing to inflation by only 0.1 percentage point. However, this stability includes diverging trends. In fact, the significant decline in the prices of meat, communications and private transportation enabled to counterbalance the rise in certain prices, particularly those of «heating, lighting and water», «public transportation», as well as «restaurants, cafés and hotels» headings.

**Contribution of tradable and nontradable goods prices to headline inflation
(in percentage points)**



Box 8: Tradables and nontradables price indices

These two indices have been developed according to the following method:

- Services were classified in the nontradables category (rent, hospitalization, heating and electricity, etc.);
- The goods included in the list of main products imported or exported by Morocco are considered as tradables (wheat, vegetables, clothing, etc.);
- Products which are not listed in the trade balance or whose exported or imported volume is very low have been classified as nontradables.

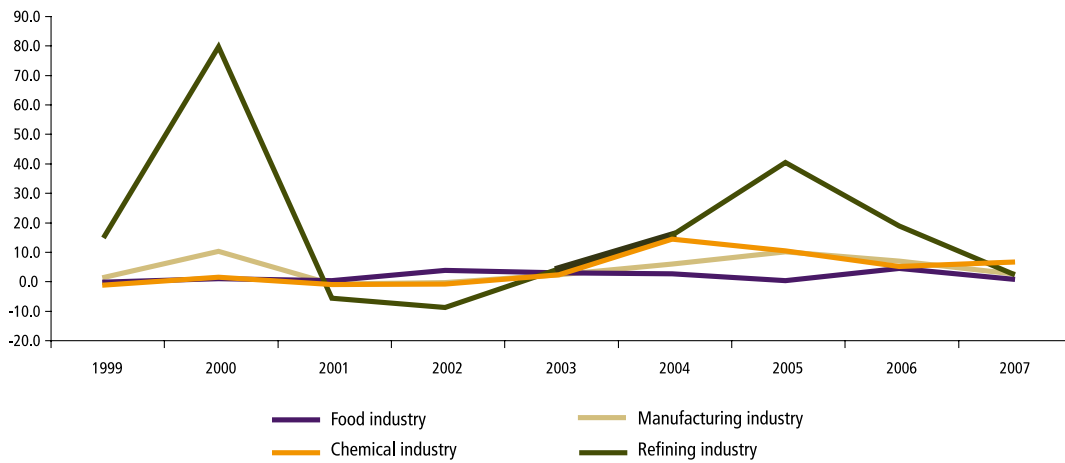
Shares of tradable and nontradable goods in the cost of living index

Tradable goods	43%
Nontradable goods	57%

◆ Producer prices in manufacturing industries

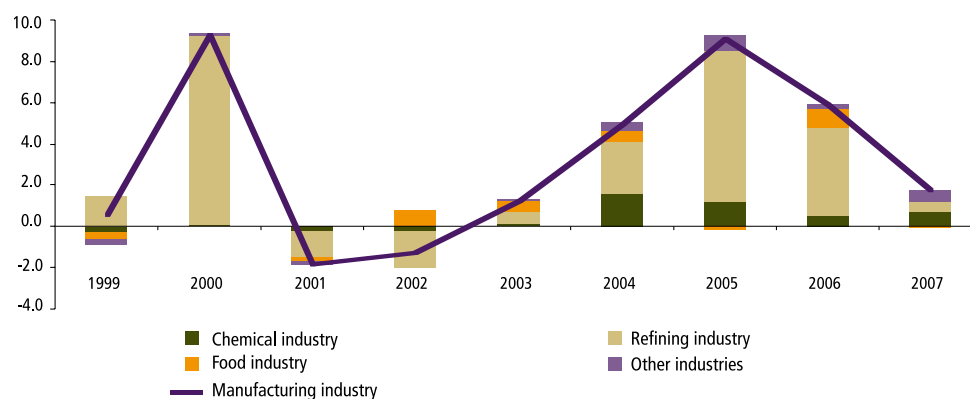
The index of producer prices in manufacturing industries, calculated on the basis of ex-works prices exclusive of taxes and subsidies, increased by 1.8% against 5.9% a year earlier. This deceleration is largely attributable to the fall from 18% to 1.8% in the growth rate of refining prices, owing to the joint effect of the slowdown in rising petroleum prices on the international market from 20.1% to 11.2% and the depreciation of the U.S. dollar against the dirham.

**Evolution of the main indices of industrial producer prices
(Year-on-year in %)**



Excluding refining activities, the producer prices in manufacturing industries registered a rise of 1.8% as opposed to 2.2% which, however, includes differentiated trends according to the branches. Hence, prices rose from 4.1% to 5.7% in the chemical industry, from 4.6% to 6.4% in metallurgy and from 0.5% to 3.5% in metal works.

Evolution of the main indices of industrial producer prices (in percentage points)



Prices in food industries showed a slight drop of 0.1% compared to a 3.4% rise due to declining meat prices. Similarly, producer prices in the textile industry reported a decline of 1%, after that of 0.8%, while clothing producer prices were down by 0.6%, due to increasing competition from foreign products. Prices in the automotive and tobacco industries remained stable, after a slight rise of 0.2% and stagnation respectively a year earlier.

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

(base 100 in 1997)

Industrial branches	Weighting in %	2005	2006	2007 ⁽¹⁾
Manufacturing industries excluding oil refining	86.7	+2.3	+2.2	+1.8
Including : Food industries	28.9	-0.5	+3.4	-0.1
Chemical industries	13.1	+9.5	+4.1	+5.7
Textile industry	6.5	-0.3	-0.8	-1.0
Clothing industry	6.7	-0.7	-1.7	-0.6
Oil refining	13.3	+39.4	+18.0	+1.8
General index	100	+9.1	+5.9	+1.8

(1) Average of the twelve months of the year

◆ External commercial and financial relations

In 2007, the balance of payments current account posted a slight deficit of approximately 0.1% of GDP, after the surpluses that reached on average 2.2% of GDP in the period between 2001 and 2006. This evolution was due to the worsening of the trade balance deficit¹, which was not covered, unlike the previous years, by tourism receipts and money transfers from Moroccans living abroad.

Taking account of the surplus of capital account and financial operations, the balance of payments² registered a final surplus balance of 17.9 billion, consolidating foreign exchange reserves that represented the equivalent of nearly nine months of goods and services imports.

According to preliminary data, international investment position in 2007 showed a net debit situation of 211.3 billion dirhams or 34.3% of GDP as opposed to 185.5 billion or 32.1% a year earlier. This evolution is attributable to the growth in liabilities of foreign direct investments and public debt, partially mitigated by the strengthening of foreign exchange reserves.

The effective exchange rate of the dirham remained practically stable in nominal terms while it declined by 0.99% in real terms.

The financial liberalization process gained speed in 2007, mainly further to the measures adopted with regard to the opening of the capital account for residents. These measures primarily concerned investment operations abroad, in an attempt to adapt foreign exchange regulations to the on-going openness of the national economy.

¹ See statistical appendices VII-1 to VII-6

² See statistical appendix VIII-1

◆ Balance of Payments

Goods and Services

Foreign trade transactions posted a deficit of about 139 billion dirhams in 2007, up by 40.8%. The rate of coverage of imports by exports declined substantially, in one year dropping from 53.2% to 46.4%.

Imports, amounting to nearly 259 billion dirhams, registered a growth of 22.9% due to steady domestic demand along with higher prices of petroleum and food products.

Food imports, totaling 26.5 billion dirhams, contributed by 23% to the increase in imports. They grew by 72.2% in value and by 57.2% in volume, further to the sharp increase in agricultural primary products and the decline of local supply. By themselves, cereal imports rose to 14 billion dirhams, including 9.2 billion for the purchase of wheat which more than doubled in volume, reaching 3.7 million tons.

The energy bill reached 51.7 billion dirhams and grew by 15.2%, under the effect of the one third rise in the value of imports of refined petroleum products which amounted to 20.9 billion dirhams¹. Purchases of crude oil amounted to 26.2 billion dirhams and rose by 4.3% due to the 4.4% increase in the average price of the imported ton, while quantities declined by 0.1%.

Representing about one fourth of the total purchases from abroad, imports of intermediate goods, amounting to 59.7 billion dirhams, showed a rise of 20.4% due to prices increase. They principally concerned metal, iron and steel products, plastics and chemicals.

Capital goods contributed to the increase in imports by more than one fifth, owing to the strength of investments. At 56.3 billion dirhams, imports of these goods were on the rise by 20%. This evolution is chiefly attributable to the purchases of industrial vehicles, moving from 3.9 to 5.7 billion dirhams, as well as to imports of certain products, including piston engines and other engines, machines and sundry devices, elevators and lifting machines, electrical and telephony devices, as well as telecommunication transmitters and extraction equipment.

¹ See statistical appendix III-6- Total energy consumption

Purchases of consumer goods abroad expanded by 18.9%, primarily due to the increase in the orders of passenger cars, spare parts and radio and television receivers.

On the other hand, goods exports reached nearly 120 billion dirhams and increased by 7.1% or 8 billion dirhams, mainly due to the rise in sales by the OCP group. Indeed, deliveries of phosphates and derivatives contributed by 51% to the rise of exports. Sales of phosphates amounted to 5.8 billion dirhams, up by 14.6%, owing not only to the growth in quantities but also to the higher prices. Further, shipment of phosphate derivatives generated proceeds amounting to 15.9 billion dirhams, up by 26.4%.

Exports of capital goods went up from 12 billion to 13.8 billion dirhams. In this total, the sale of electrical wires and cables amounted to nearly 8 billion dirhams, up by one fifth due to sustained demand from European aviation and car industries.

Under the effect of the rising competition between Asian countries and those of the Mediterranean Basin, deliveries of consumer goods, consisting by more than three fourths of textiles, reached 36 billion dirhams and showed growth of only 2.7%. This evolution includes a decline in the sale of ready-made garments and an improvement in the value of hosiery and shoe deliveries, whose volumes declined. Moreover, substantial drops occurred in the exports of raw animal and vegetable products, citrus fruit and electronic components.

With regard to services, travel surplus rose from 46.4 billion to 52.4 billion dirhams, thanks to the 13.4% increase in tourist revenues which amounted to 59.5 billion dirhams. General government operations carried out in the framework of diplomatic representation showed a deficit of 1.5 billion dirhams. As for the other services, primarily composed of transport, insurance and communication as well as of «other services to businesses», altogether they showed a surplus of 6.7 billion dirhams against 3.8 billion.

Income and current transfers

Revenues in respect of remuneration of capital registered a net outflow of 3.4 billion against 4.2 billion dirhams in 2006. This improved level is due to the higher returns of public investments made abroad which increased by 1.3 billion dirhams, under the effect of increasing foreign exchange reserves and the rise in interest rates.

Interests on external public debt stood at 4.5 billion dirhams, up by 5.7%. Expenses on returns from private investments amounted to 6.7 billion dirhams, a level comparable to that of the previous year.

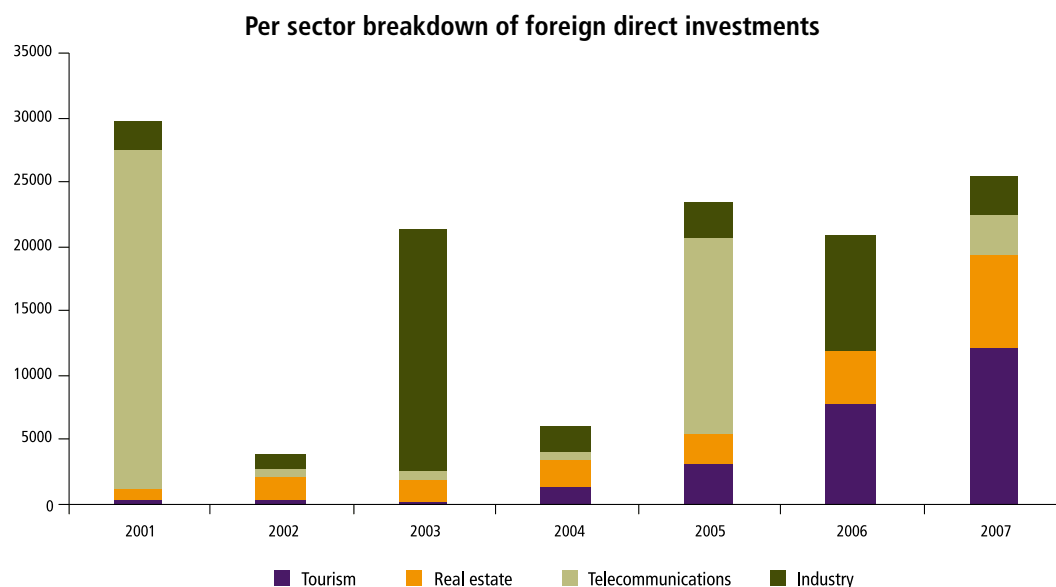
The surplus in private current transfers amounted to 63.4 billion dirhams, primarily due to the 15.2% expansion in funds transferred by Moroccan living abroad that totaled 55.1 billion dirhams. 82% of these transfers originated from the eurozone, 5.8% from the United States and 5.5% from the Middle East. Revenues from pensions and other family allowances rose by 13.8%, reaching 5 billion dirhams. Concerning public current transfers, the receipts, which mainly consist of donations granted by the European Union, remained unchanged at approximately 2.8 billion dirhams.

Capital and financial transactions account

At the end of the year 2007, the capital and financial transactions account showed a surplus of 18 billion dirhams, up by 15%, largely due to the effect of the increased surplus achieved on public sector transactions.

The private sector's positive balance was down by 15%, settling at 11.9 billion dirhams, with the surplus balance of commercial loans down from 3.6 billion to 261.7 million dirhams, further to the moderate rise in receipts and the increase in expenditures by more than two thirds, occurring particularly in the fourth quarter.

Foreign loans and investments registered a net positive flow of 16.7 billion, up by 15.7%. Receipts grew by 10.2 billion, including a quasi stability in revenues from portfolio investments at 3.1 billion and a significant rise in direct investments amounting to 36.4 billion dirhams as opposed to 26.1 billion in the previous year. Direct investments, which were primarily aimed at tourism and real-estate sector, mainly originated from France for nearly 40%, with the shares of Spain and the Gulf countries reaching 17% and 18% respectively. Expenses amounted to 23.5 billion dirhams as opposed to 15.5 billion in the previous year, further to the direct investment liquidation transactions that totaled 15.3 billion, while the reimbursement of loans and transfer of securities amounted to 4.3 and 3.9 billion dirhams respectively.



Expenses for loans and investments abroad grew from 4.2 billion to 5.6 billion. Returns stood at 886.4 million dirhams and the negative balance rose to 4.7 billion dirhams.

Public sector financial transactions showed a positive flow of 6.2 billion dirhams, as opposed to 1.8 billion in the previous year. This substantial rise is attributable to the 38.5% increase in external financing mobilized by the Treasury and public enterprises, which reached 22.3 billion dirhams. Indeed, the Treasury issued a bond loan of 500 million euros on the international financial market (see Box 9), which was used for debt prepayment to private creditors. The other loans, amounting to 12.1 billion, were granted principally by Arab organizations and the World Bank for the financing of infrastructure projects and reform programs. Conversely, debt retirement expenses reached 16.1 billion dirhams, up by 12.6%. The outstanding amount of external public debt grew by 5.4%, to 121.8 billion dirhams, representing 19.8% of GDP, a level comparable to that of the previous year. Debt service in capital and interest rose by 11% to 20.6 billion, thus representing 7% of current receipts.

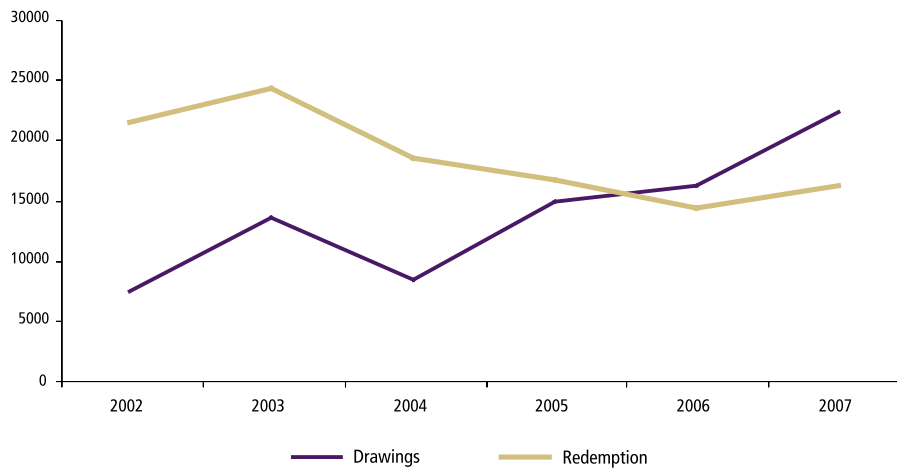
Box 9: Characteristics of the bond loan issued by the Treasury on the international financial market

In June 2007, the Treasury issued a bond loan according to the following characteristics:

- Amount : 500 million euros.
- Maturity : 10 years
- Fixed interest rate : 5.375%
- Spread : the issue was priced with a spread of 55 basis points instead of the 215 spread of bond loan issued in 2003.

This issue was given an «Investment grade» rating by both Standard & Poor's and Fitch Ratings.

Evolution of drawings and public debt redemption



◆ International investment position

The evolution of the stocks of financial assets and liabilities with the rest of the world, as indicated in the international investment position (see Box 10), posted at the end of 2006¹ a net debit situation of 185.5 billion dirhams, representing 32.1% of GDP instead of 30.3% in 2005. This trend is primarily explainable by the increase in the net debit position of direct investments².

Box 10: International investment position

Constituting an essential component of external accounts, the international investment position has been established by the Foreign Exchange Control Office since 2002. It retraces at a given date the stock of financial assets and liabilities of an economy with respect to the outside, taking account of the impact on existing stocks not only of the financial flows registered by the balance of payments, but also of other factors such as price variations and foreign exchange rates. It consists of four headings: direct investments, portfolio investments, other investments and reserve assets.

Evolution of the international investment position

(In billion dirhams)

Headings	2004			2005			2006		
	Assets	Liabilities	Balances	Assets	Liabilities	Balances	Assets	Liabilities	Balances
Direct investments	5.6	163.4	-157.8	6.2	191.9	-185.8	11.4	253.2	-241.8
Portfolio investments	1.3	14.1	-12.8	1.6	18.8	-17.2	1.5	17.8	-16.3
Other investments	10.0	140.3	-130.3	12.4	141.8	-129.4	13.2	140.5	-127.3
Reserve assets	149.6	-	+149.6	172.9	-	+172.9	199.9	-	+199.9
Net position	166.4	317.8	-151.4	192.9	352.6	-159.7	226.1	411.5	-185.5

Source: Foreign Exchange Control Office

Assets

At 226.1 billion dirhams, the outstanding amount of residents' financial assets registered a 17% rise, basically attributable to the increase in reserve holdings, which represent 88.4% thereof. Indeed, the latter amounted

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

² See statistical appendix VIII-2

to 199.9 billion dirhams, marking a 15% rise in conjunction with the growth in foreign currency holdings, amounting to 194.6 billion dirhams.

The outstanding amount of residents' direct investments abroad, amounting to 11.4 billion dirhams grew by 85.4%, basically further to the 75.2% rise in direct shareholdings that represent more than three fourths of the total amount. Standing at 2.1 billion dirhams, loans between related businesses increased almost threefold while advances on partners' current accounts rose from 477.4 to 598.2 million dirhams. Overall, the said investments essentially concerned the financial sector and were carried out in particular in Tangier free and offshore zones, in the form of related loans granted by Moroccan banks to their subsidiaries, as well as in France through the setting up of subsidiaries and branch offices. For the other sectors, investments were basically geared to telecommunications, holding companies and cement industries.

The outstanding amount of the other investments, amounting to 13.2 billion dirhams, grew by 7%, in spite of the stagnation in loans by the banking sector to non residents, which represent a total of 50.4%. Commercial loans granted by Moroccan exporters to their clients abroad rose from 4.2 billion to nearly 5 billion dirhams.

Liabilities

At 411.5 billion dirhams, Morocco's liabilities towards the rest of the world were up by 16.7%, concurrently with the expansion in foreign direct investments, while the outstanding amounts of the other liabilities marked a decline.

Indeed, foreign direct investments, representing more than 61% of all liabilities, rose to 253.2 billion dirhams against 191.9 billion. This evolution is essentially reflexive of the increase in shareholdings, which went up from 175.9 billion to 238.6 billion and concerned the sectors of telecommunications and industry. The chief investors are France, with nearly one half, and Spain with 17.5%.

The stock of liabilities for portfolio investments settled at 17.8 billion, down by 5.3% due to the drop in the stock of shares held by non-residents.

As for the stock of «Other investments», valued at 140.5 billion dirhams, it saw a drop of 0.9%, due to the lessening of the outstanding amount of external private debt, falling from 12.4 billion to 9 billion dirhams. The outstanding amount of external public debt at the end of 2006 remained almost unchanged at 115.6 billion, as the 6% drop in the outstanding amount of Treasury debt offset the 8.3% rise in that of secured debt. External public debt/GDP ratio was down from 22% to 20%.

◆ Regulations governing external financial and commercial transactions

In the framework of the continued adaptation of foreign exchange regulation to the dynamics of Morocco's commercial and financial integration in the global economy, substantial easing measures were introduced in 2007. These are related in particular to the opening of capital account for the benefit of residents, as well as to the development of the exchange market and hedging instruments.

The said measures were primarily intended for the liberalization of investments carried out abroad by insurance and reinsurance companies and pension institutions, respectively within the limit of 5% of their assets and 5% of their reserves. Similarly, Undertakings for Collective Investment in Transferable Securities (UCITS) may henceforth freely make investments in foreign currency abroad, in a limit of 10% of their assets. For banks, the maximum duration of their investments in currencies with their counterparts abroad was increased from two to five years. These investments, which had been made since 2002 by banking institutions in OECD member countries, may henceforth be made also in the countries of the European Union and Arab Maghreb Union, in the form of deposits, acquisition of debt securities or financial instruments listed or traded on regulated markets.

Further, Moroccan businesses having at least three years of activity were empowered to make investments abroad within an annual ceiling of 30 million dirhams without prior authorization by the Foreign Exchange Control Office.

The range of hedging instruments against foreign exchange risk was broadened, as banks have been authorized to offer operators, in addition to forward foreign exchange and foreign exchange options, forward foreign

currency transactions as well as currency swap contracts and foreign currency-dirham swap contracts. The maximum duration of hedging contracts was extended to five years.

Consecutively to the liberalization of supplier and buyer credits, exporters and banks can henceforth grant, for financing Moroccan exports, short or medium-term loans to foreign customers. These loans can cover up to 85% of the total worth of exported goods or services provided and spread over eight years for capital goods.

Likewise, goods and services exporters have been authorized to have 50% of their returns from exports, against 20% before, in the form of assets in foreign currency accounts or in convertible dirham accounts. In addition, the use of these accounts has been broadened to all professional expenses.

In turn, importers have mainly been granted the possibility of transferring downpayments to their foreign suppliers for all imports of goods and services within limits of 40% and 20% of the contract price, respectively. They have also been authorized to prepay the imports of their commodities up to the amount of 200,000 dirhams.

With regard to physical exchange operations, the Instruction of the Foreign Exchange Control Office of December 2006, which resulted in the broadening of this activity to money transfer companies and the creation of exchange offices, entered into force in January 2007. In addition, the rates applied to these transactions are now freely negotiable with the clients, within the limit of the rates applied by Bank Al-Maghrib.

Finally, new easing measures were introduced with regard to current transfers for travel purposes, particularly through the increase in the annual tourist allocation from 15,000 to 20,000 dirhams and the rise in the monthly allocation, for living expenses, intended for Moroccan students abroad, up from 7,000 to 10,000 dirhams.

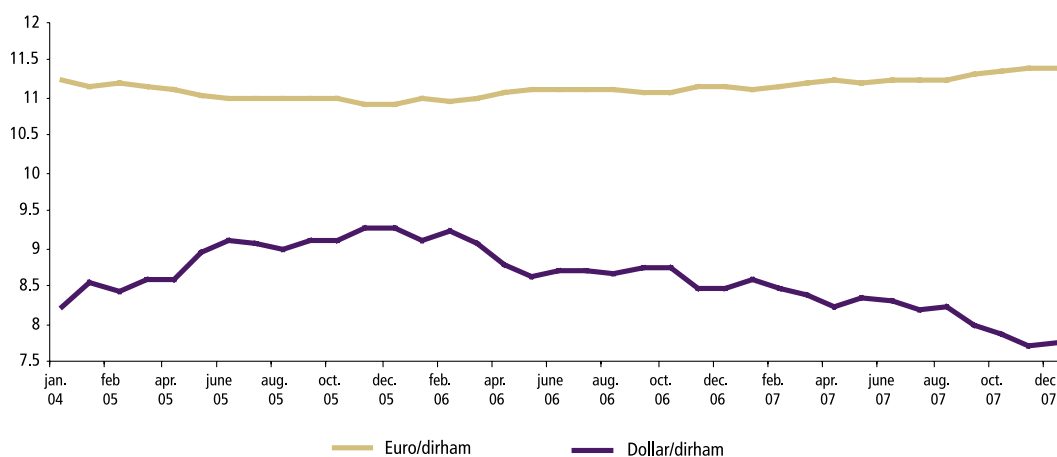
◆ Foreign exchange market

Exchange rate quotation

International exchange markets were marked in 2007 by a new depreciation of the U.S. dollar against the major currencies, in particular with regard to the euro. Given the currency variations on international markets and the

dirham's quotation system, based on a currency basket whose composition was made public in June 2007¹, the national currency strengthened, on a yearly average, by 7.36% against the dollar and by 8.74% against the yen. On the other hand, it was down by 1.58% and 1.20% respectively against the euro and the pound sterling. From one year's end to the other, the dirham dropped by 1.92% against the euro, while it appreciated by 9.64%, 7.06% and 2.94% respectively against the dollar, the pound sterling and the yen². Expressed in SDR, the external value of the dirham appreciated by 4.38%.

Transfer payment exchange rates (end of months)



The dirham's effective exchange rate³, calculated on the basis of average annual rates, remained virtually stable in the nominal value and depreciated by 0.99% in real terms, due to the relatively lower inflation rate in Morocco than in the partner countries. This evolution is part of the trend generated by the International Monetary Fund (IMF) calculations, which show a quasi stability in nominal terms and a depreciation in the region of 0.4% in real terms.

¹ See Box 7 of the 2006 Annual Report

² See statistical appendix IX-1

³ Calculated by Bank Al-Maghrib

Foreign exchange transactions

In the course of 2007, the activity of foreign exchange market¹ expanded in all compartments. Thus, interbank spot currency swaps against dirham, on an annual average, rose from 12.3 to 16.5 billion dirhams. In August and September, the total monthly volume of interbank transactions exceeded 20 billion dirhams, further to the expansion of transactions carried out by banks on behalf of their customers.

Concurrently, sale of foreign currencies by Bank Al-Maghrib to banks reached an annual average of 3.5 billion dirhams against 2.1 billion in 2006. At 13.2 billion, September saw the highest volume of the year, in connection with the increase in forward hedging transactions.

Representing 96% of the total amount of forward transactions, purchases of foreign currency increased by 22%, reaching on average 16.4 billion dirhams. This development is attributable to the growing interest in these instruments in view of the dollar's decline against the euro, the fluctuations of primary product prices and the extension of hedging contracts. Forward sale transactions to cover exports, which on average rose to 697.2 million dirhams, remained virtually stable compared to the level reported in 2006.

Arbitrage transactions conducted by banks with banks for their foreign correspondents involved an annual average volume of 40.4 billion dirhams as opposed to 36.5 billion. Similarly, banks' investments abroad in 2007 grew at an annual average from 13.4 billion dirhams to 20 billion.

With regard to the overall foreign exchange positions of banks, limited to 20% of their net equity, they stood at 6.2% for long positions and at 0.6% for short positions.

◆ International cooperation

The drive toward trade liberalization continued in 2007. As regards the implementation of the free trade agreement with the European Union, the gradual dismantlement of tariffs, begun in 2000, continued with a new reduction in duties applied to the import of locally made industrial products. With respect to relations with

¹ See statistical appendix IX-2

international bodies, the concluding statement of the annual IMF Article IV Consultation Mission underlined the remarkable progress achieved in macroeconomic consolidation and the continuation of structural reforms.

In the framework of cooperation between Maghreb countries, the experts committee¹, resulting from the regional conference on the integration of Maghreb countries' financial sector, held in Rabat in November 2006, organized two rounds of meetings in Rabat in March and July 2007. In addition to following up the action plan relating to the facilitation of foreign trade and investment financing decided on the conference held in Algiers in December 2005, the experts committee issued a number of recommendations regarding in particular the harmonization of payment systems and banking and financial regulations as well as the frameworks of supervision, the reinforcement of cooperation between banking and financial institutions and market participants, and the creation of a web portal on regulations and financial information. Finally, a regional conference on the private sector's role in the economic development and regional integration of the five countries was organized in November 2007 in Tunis.

¹ Committee consisting of experts representing the ministries of finance, central banks and other financial sector regulation authorities

◆ Public finance

In 2007, the public finance situation was marked by the achievement of exceptional results. The fiscal year ended with a slight deficit of about 0.2% of GDP and, including privatization receipts, with a budget surplus of 0.3% of GDP¹. This remarkable improvement is mainly attributable to the rapid growth in tax revenues. This development made it possible to reduce the Treasury's overall indebtedness rate, from 57.4% to 53.6% of GDP. However, consolidation of the medium term fiscal position will also be contingent on the control of wage expenditures and the implementation of a more efficient and better targeted strategy regarding subsidization.

◆ 2007 Finance Act

The assumptions retained for preparing the 2007 Finance Act were based on a growth rate of 3.5%, an oil price of \$65 dollars per barrel, and a fiscal deficit of approximately 2.6% of GDP. The 2007 Finance Act was characterized by the high level of subsidization charges, estimated at 9.8 billion dirhams, personnel expenses due up by 5.4%, as well as capital expenditure of 24 billion as opposed to 21 billion dirhams. Altogether, overall expenditure was to stand at 159.5 billion, up by 7.4%. Current receipts were expected to reach 143.4 billion, up by 8.4% due to the increasing tax revenues, in particular from corporate and value added taxes. Revenues from income tax were not expected to change from one budget to the next, given the impact of the readjustment of this tax and the voluntary retirement scheme. On the other hand, non-tax revenues were to decrease by 14.6%, to 16.7 billion, including 4.5 billion from privatization operations.

At the level of taxes, the provisions of the 2007 Finance Act mainly target harmonization of the tax system and broadening of the tax base. The measures chiefly dealt with income and value added taxes, as well as customs duties.

The downward readjustment of the income tax schedule essentially consists in increasing, from 20,000 to 24,000 dirhams, the exempted bracket threshold and lowering the marginal rate from 44% to 42% (see Box 11).

¹ See statistical appendices X-1 to X-4

With regard to the value added tax, it was decided to levy it at 10% with deduction rights for loans and advances granted to local authorities by the Municipal Equipment Fund, as well as other financial intermediaries. The exemption granted to the Agencies for the Promotion and the Development of Northern, Southern and Eastern Regions, was abolished. Similarly, the exemption permanently granted to businesses for acquisition of investment goods was limited to 24 months, starting from the beginning of their activity.

To reduce the tax differential between products imported at preferential rates and those subject to common law, it was decided to reduce from 50 to 45% the maximum import duty on industrial products. In the framework of the fight against smuggling, import duties were reduced for certain sensitive items, as well as for inputs used in their manufacturing. Likewise, it was decided to widen the exemption from the quarterly fees of equipment imported on a temporary admission basis and used for the manufacturing of goods intended mainly for export, to equipment imported under this system in the framework of investment agreements or projects financed by non-reimbursable financial aid.

The 2007 Finance Act included the publishing of the General Tax Code which includes all the provisions concerning the tax base, collection and procedures.

Box 11: Income tax readjustment

Apart from raising the exemption threshold from 20,000 to 24,000 and lowering the marginal rate from 44% to 42%, the intermediate brackets and corresponding rates were revised, and an additional income bracket was created, ranging from 60,001 to 120,000, taxed at 40%.

Net annual revenue between	Previous rates	New rates
0 and 20,000	0%	0%
20,001 and 24,000	13%	0%
24,001 and 30,000	21%	15%
30,001 and 36,000	21%	25%
36,001 and 45,000	35%	25%
45,001 and 60,000	35%	35%
60,001 and 120,000	44%	40%
More than 120,000	44%	42%

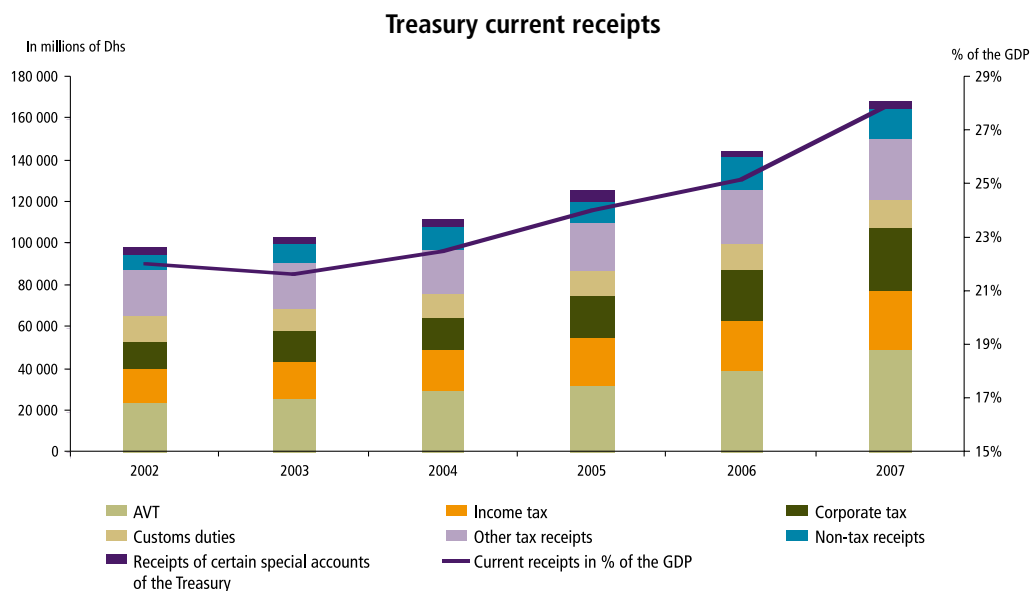
◆ Execution of 2007 Finance Act

Current receipts, including the share of VAT income allotted to local authorities and exclusive of receipts from privatization, were up by 16%, well above the level foreseen by the Finance Act, while current expenditure was up by 7%, close to the expected level. Therefore, budget savings increased by 69.5% to 35.3 billion dirhams, making it possible to cover capital expenditure and the negative balance of the Treasury's special accounts. Altogether, the budget deficit was limited to 0.2% compared to 2% of GDP in 2006. Taking into account receipts from privatization operations, the fiscal year ended with a surplus of 0.3% of GDP compared to a deficit of 1.5% of GDP a year ago.

Treasury current revenues

The current revenues of the Treasury amounted to 168 billion dirhams and registered a growth of 16% further to the strong rise in tax receipts. The latter showed growth of more than one fifth, amounting to 150 billion, thus bringing the tax burden up to 24.4% of GDP compared to 21.7% in 2006.

Representing more than 40% of the total amount of tax receipts and 9.8% of GDP, direct taxes reached 60.5 billion, up by 19.8%, further to the good performance of corporate and income taxes. Amounting to 30.4 billion or 4.9% of GDP, corporate tax income exceeded income tax receipts for the first time. Revenues from this tax were, in fact, up by 26%, primarily due to the improved profits of businesses operating in the telecommunications, financial activities, and the cement and energy sectors. Receipts from income tax totaled 27.8 billion, up by 14%, in parallel with the rise of tax levies on real estate profits and proceeds from the transfer of securities.



Source: Ministry of Economy and Finance

As to indirect tax receipts, they rose from 55.1 to 67.1 billion, representing 44.7% of overall tax revenues. This increase is basically attributable to VAT receipts of 49.9 billion, up by more than a quarter. Out of this total, proceeds of domestic VAT increased by 25.8%, while those of import VAT grew by 29%. Domestic consumption taxes brought in 17.3 billion, including 10.2 billion levied on energy products and 6.1 billion on tobacco, up by 10.4% and 9.2%, respectively. At 13.4 billion, receipts from customs duties rose by 8.7%, further to the increase of imports. Likewise, receipts from registration fees and stamp duties, which had risen sharply in 2006, grew by more than 25%, to reach 9.1 billion dirhams.

With respect to non-tax revenues excluding privatization, they amounted to 14.8 billion as compared to 16.5 billion in 2006. This decline was attributable to non-monopoly receipts which, in the previous year, reached a particularly high level in connection with payment of the surpluses from Occupational Injury Funds.

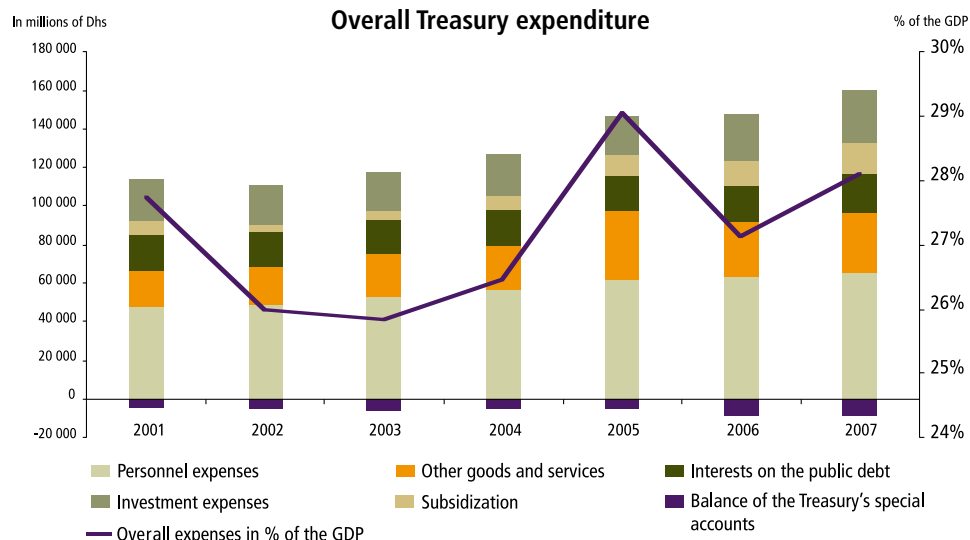
Moreover, privatization receipts rose from 2.4 billion to 3.1 billion in one year and originated from the transfer of DRAPOR (Port Dredging Company) and COMANAV as well as 4% of Maroc Telecom capital.

Treasury expenditure

Overall expenditure amounted to 169 billion and marked a rise of 8.3%, primarily attributable to subsidization and capital expenditure.

Current expenditure was up by 7%, to 132.6 billion dirhams, including 97.2 billion for operating expenses. Reflecting the impact of wage readjustments for national education and healthcare personnel as well as the creation of 7,000 new jobs, wage costs, up by 3.2%, totaled 65.2 billion dirhams. At this level, the wage bill represented 10.6% of GDP compared to 10.9% in 2006. At 32 billion, expenditure for other goods and services increased by 10.6%, in connection with expanding equipment costs and the payment of the first installment allocated to clearing the military pension scheme deficit. Subsidization expenses, totaling 16.2 billion, grew by 22.9%, owing to the sharp hike in oil products, natural gas and wheat prices on the international market. As to the Treasury's payment of debt interests, they reached 19.2 billion dirhams, up by 3% compared to 2006, under the effect of the rise in interest charges by 2% for domestic debt and by 10.4% for foreign debt.

After rising by 16.2% in 2006, capital expenditure rose once again, by 15.7%, to 27.6 billion, while the Treasury's special accounts showed a negative balance of 8.7 billion.



Source: Ministry of Economy and Finance

Against this background, the situation of the Treasury's expenditure and resources showed a small budget deficit, excluding privatization receipts, of nearly 1 billion compared to the 11.3 billion deficit of the previous year. Given the constitution of arrears amounting to 243 million, the Treasury eventually reported a cash deficit of 812 million dirhams.

◆ Treasury financing

Thanks to the government's cash holding ease and recourse to borrowing on the international financial market, the Treasury reduced its net issues on the domestic market, in a context marked by a relative rise in short term interest rates.

In millions of dirhams	2006*	2007
Current receipts ⁽¹⁾	144,727	167,904
Tax receipts	125,306	150,118
Non-tax receipts	16,492	14,822
Receipts of certain Treasury's special accounts	2,929	2,964
Current expenditure	123,919	132,630
Of which: Debt Interest	18,652	19,236
Price subsidies	13,143	16,150
Primary balance	+39,460	+54,510
Current balance	+20,808	+35,274
Capital expenditure	23,846	27,580
Balance of other Treasury's special accounts	-8,261	-8,749
Overall surplus or deficit	-11,299	-1,055
Change in arrears	-699	243
Cash surplus or deficit	-11,998	-812
Net financing	11,998	812
External financing	-199	3,173
Drawings	9,163	14,523
Amortizations	-9,362	-11,350
Domestic financing	9,819	-5,414
Monetary financing	181	2,305
Of which: - Bank Al-Maghrib	-1563	5,366
- Banks	1,868	-3,769
Non-monetary financing	9,638	-7,719
- Auctions	4,486	-1,562
- Others	5,152	-6,157
Privatization	2,378	3,053
In % of the GDP		
Tax receipts	21.7	24.4
Prices subsidies	2.3	2.6
Ordinary balance	3.6	5.7
Overall surplus or deficit	-2.0	-0.2
Overall surplus or deficit with privatization	-1.5	0.3

* Revised figures

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

Source: Ministry of Economy and Finance

External financing

Foreign loans obtained by the Treasury totaled 14.5 billion dirhams, including 2.1 billion in grants from the European Union and 5.6 billion further to the issue of a bond loan on the international financial market, used as advance repayment of the remainder of the rescheduled debt due to the London Club. The other loans, representing a total amount of 6.8 billion for financing reform programs, in particular with regard to the administration, financial, water and energy sectors, were mainly contracted with international institutions and bilateral creditors. On the other hand, amortizations were up by more than a fifth, reaching 11.4 billion, further to clearing the debt due to the London Club, while reimbursements to other creditors decreased. Thus, external financing gave rise, for the first time since 1993, to net receipts of 3.2 billion dirhams.

Domestic financing

The improvement in the government cash holdings led to net reimbursements of 5.4 billion compared to the net positive flow of 9.8 billion in 2006. Monetary financing was up by 2.3 billion, including the repayment of 3.8 billion of the Treasury's debt to banks, and a drop of 5.4 billion in its net position with Bank Al-Maghrib. Furthermore, at the end of 2007, the Treasury ended its direct indebtedness to Bank Al-Maghrib with the reimbursement, in four installments, of the remainder of the contractual advances amounting to 4.5 billion. Net mobilizations of savings fell by 7.7 billion.

Taking place mainly in January, February and December by means of short term bills in particular, the Treasury's borrowings from the auction market, the main source of financing, stood at 41.9 billion, leading to net reimbursements of 327 million dirhams. Net subscriptions by UCITS, the Caisse de dépôt and de gestion (Deposit and Management Fund), and banks registered respective drops of 6.9 billion, 4.7 billion and 3.3 billion dirhams, while those made by insurance and provident companies were up by 4.5 billion.

◆ Direct public debt

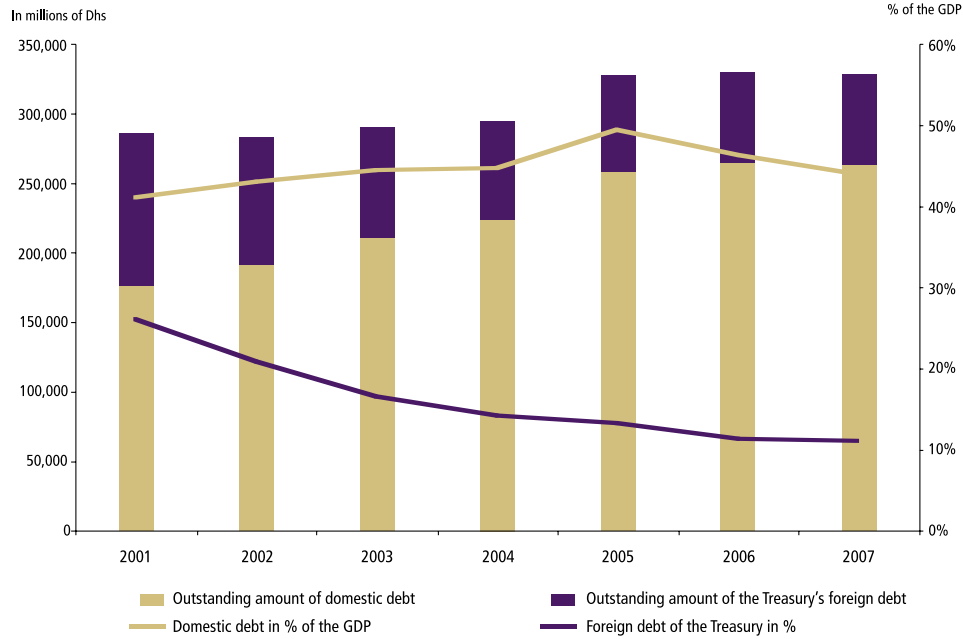
Following the decrease in the Treasury's recourse to domestic resources, the outstanding direct public debt at the end of 2007 was of 330 billion dirhams, representing 53.6% of GDP compared to 57.4% in the previous year.

The outstanding amount of the domestic debt fell from 266 billion to 264 billion dirhams and represented 42.9% of GDP in comparison to 46.1% in the previous year. At 259.6 billion, the outstanding amount of Treasury bills issued by auction saw a slight fallback, while that of other debt instruments, valued at 4.5 billion dirhams, declined by 26.4%. Banks, UCITS and CDG portfolios saw respective declines of 5.1%, 11.8% and 17%, while those of insurance and provident companies as well as other bodies, including the Hassan II Fund for Economic and Social Development, increased by 3% and 24%, respectively. Acquisitions by Bank Al-Maghrif on the secondary market in the framework of contractual advances reimbursement made it possible to bring the Treasury bill portfolio from 1 billion to 5.5 billion dirhams.

The Treasury's issuing strategy led to a drop in the average cost of debt from 4.08% to 3.39%. The structure per residual maturity remains marked by the predominance of long-term securities that represent 51%, while the share of short-term maturities increased from 16% to 18%.

With regard to the external debt, its outstanding amount was up by 1.4%, settling at nearly 66 billion dirhams or 5.8 billion dollars, representing 20% of the Treasury's overall indebtedness.

The Treasury's overall debt



Source: Ministry of Economy and Finance

The active management of external debt continued in 2007. The Treasury reimbursed in advance the rescheduled debt due to the London Club, and for the amount of 272 million dirhams, the debt due to the Japanese International Cooperation Bank. Debt conversion into public and private investments, which mainly concerned Spain and Kuwait, amounted to a total sum of 411 million dirhams.

◆ Money

◆ Monetary policy

In compliance with its fundamental mission as stated by its Statutes, in 2007 Bank Al-Maghrib worked towards ensuring price stability. The decisions taken in this regard by the Bank Board continued to remain based on an in-depth assessment of inflationary risks.

The analyses and forecasts carried out during the year did not indicate any need to proceed to an adjustment of the Bank's instruments of intervention. At the operational level, given the lasting nature of banks' liquidity deficit, the Board decided at its meeting of December 25th to reduce by one point and a half the rate of reserve requirements, setting it at 15% as of January 1st, 2008.

As for the implementation of monetary policy, after having regulated the interbank market in a context of abundant liquidities, in particular since 2001, Bank Al-Maghrib had to inject liquidities due to the almost continuous tightening of banks' cash holdings. It adjusted its interventions accordingly so as to maintain the interbank rate near to the key rate. The said interventions primarily were in the form of 7-day advances at auction, which enabled it to create equilibrium on the market at an overnight rate of 3.29% on average during the year, as opposed to the 2.79% between 2002 and 2006.

In this context, interest rates on Treasury bills with a maturity less or equal to 2 years stayed on an upward path, while borrowing interest rates and medium and long-term rates on the Treasury bill market, depending on maturity, marked stability or slight increases. At the same time, the bearish trend on lending rates definitely slowed down.

The dissipation of the effect of the one-off inflationary shocks having affected the domestic economy in 2006, in addition to the adjustments made to the intervention instruments used by Bank Al-Maghrib, made it possible to contain inflation to a level complying with the objective of price stability. As projected by the Bank's analyses and forecasts, inflation in just one year fell from 3.3% to 2%, in line with the trend prevailing over the past few years.

Monetary policy decisions

Bank Board meetings were held on March 27th, June 19th, September 25th and December 25th, 2007. This schedule was drawn up and announced at the closing of the meeting of December 16th, 2006, in order to strengthen the visibility of operators in the decision-making process regarding monetary policy.

In contrast to the previous year, monetary policy was conducted in a context generally characterized by mitigation of inflationary pressures. At its first meeting of the year, after examining the development of the economic situation and outlook for the upcoming quarters, the Board took note of the relaxation of pressures on prices. Indeed, headline and core inflation, which had reached respective year-to-year levels of 3.6% and 2.9% in the fourth quarter of 2006, settled at 2.7% and 2% in February 2007. Output gap estimates suggest moderate pressures on output capacities. However, risk factors likely to rekindle inflation were identified. This basically refers to the rise of oil prices, the fall in agricultural supply, the importance of cash holdings accumulated by economic agents and the quick-paced evolution of demand for loans. On this basis, the Board opted to maintain the key rate at its current level, while ensuring close monitoring of the aforementioned risk factors.

The moderation in the general price trend continued in the second and third quarters, and inflation remained contained at 2% at the end of August on a year-to-year basis. Forecasts indicate the continuation of inflation trajectory around 2.1% on average over one year. Given this favorable trend, the Bank Board, at its September 25th meeting, kept unchanged the Bank's intervention system, while calling for vigilance with respect to the future evolution of risk factors outlined above.

The data available at the end of the fourth quarter showed the continuation of the upward trend for some of these factors, without giving any indication of divergence between the 2.3% inflation forecasts over four quarters and the objective of price stability. Therefore, after its meeting of December 25th, the Board held the key rate at 3.25%.

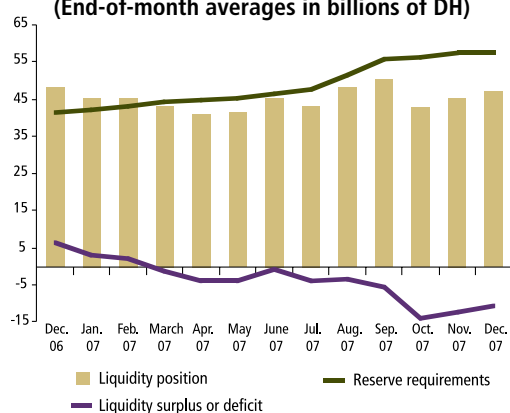
Moreover, given the lasting nature of banks' liquidity tightening, which prevailed since the beginning of the year, the Board decided to reduce as of January 1st, 2008 the rate of reserve requirements from 16.5% to 15%.

Operational aspects of monetary policy

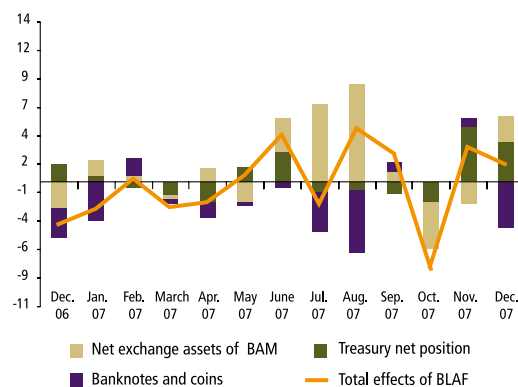
In a context marked by the reduction of excess liquidity at the beginning of the year, and later by the persistent deficit as of mid-February, particularly caused by the rise in the amount of reserve requirements, the Bank's interventions were primarily in the form of 7-day advances at auction, and secondarily 24-hour advances as well as fine-tuning operations through repurchase agreements.

Actually, banks' cash holdings showed a slight surplus over the first six weeks of the year, in connection with the continuation of Bank Al-Maghrib's net foreign assets at a high level in January, then the return flow of banknotes and coins circulation in February. Bank Al-Maghrib regulated the money market during this phase, basically through 7-day liquidity withdrawals at auction, at a rate of 2.75%. Under these conditions, the interbank rate hovered on average around 2.87%, near the Bank's intervention rate.

Liquidity position and amount of reserve requirements
(End-of-month averages in billions of DH)



Impact of autonomous factors (End-of-month averages in billions of DH)



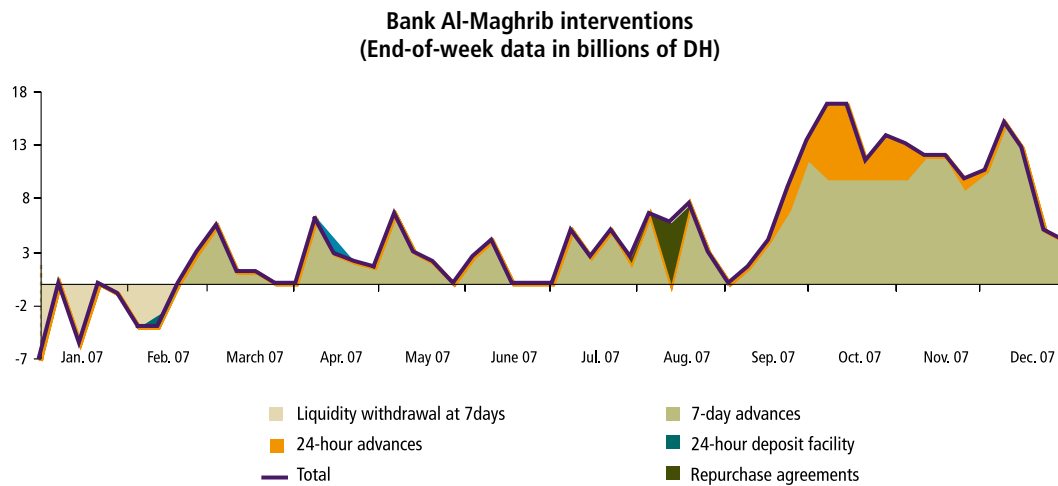
As from the second half of February, the money market was characterized by a slight cash holdings deficit, under the joint effect of the improvement in the Treasury's net position with Bank Al-Maghrib and the rise in the amount of reserve requirements. The said deficit remained moderate until September, as the restrictive impact of the subjection of two banks to the reserve requirement in August¹ was offset by the sharp rise in the net foreign assets of Bank Al-Maghrib. On average the Bank injected 3.3 billion dirhams between March and September,

¹ «Crédit immobilier et hôtelier» (CIH) and «Crédit agricole du Maroc» (CAM)

through the 7-day advances and repurchase agreements, thereby ensuring the market balance at about 3.23%, a level close to the key rate of 3.25%.

Due to the increased purchases of foreign currencies from the central bank, banks' refinancing need grew in October and November. Pending the matching of these purchases to real operations, the Bank only partially adjusted its weekly injections to the rising demand for liquidity by banks. Accordingly, the interbank rate temporarily reached levels above the Bank's operational target.

Furthermore, the higher volume of liquidity injections through 7-day advances, starting mid November, made it possible to bring the interbank rate back to a daily average of 3.32%.



Altogether, the structural position of banks' liquidity in 2007, measured in terms of average end-of-week outstanding amounts, stood at 44.7 billion dirhams, a level identical to 2006¹. However, the rise in the amount of reserve requirements, which reached 49.3 billion, gave rise to a banks' cash deficit of 4.5 billion covered by the interventions of Bank Al-Maghrib, generally at a rate of 3.25%.

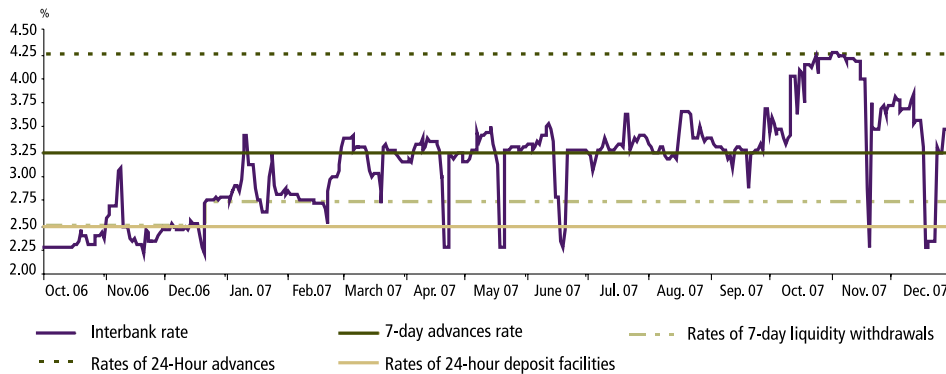
¹ Account not taken of banks cash holdings in banknotes and coins

Interest rates

In 2007, the different interest rates were impacted, at diverse levels, by the rise in liquidity withdrawal rate in December 2006 as well as by the Bank's interventions aimed at maintaining the interbank rate at levels close to the 3.25% key rate, as from mid February.

After having hovered around the rate of 7-day liquidity withdrawals, increased by the Board to 2.75% at its meeting of December 16th, 2006, the rate of overnight operations on the interbank market fluctuated around 3.25% between March and December. This trend was nevertheless temporarily interrupted, as mentioned above, during the months of October and November during which the interbank rate hovered on average around 3.96%. In spite of the shocks on banks' liquidity position, recourse to fine-tuning instruments made it possible to stabilize interbank rate volatility, with its standard deviation standing at 0.42%, same level as in 2006.

**Interbank rate and Bank Al-Maghrif's interventions rate
(daily data)**



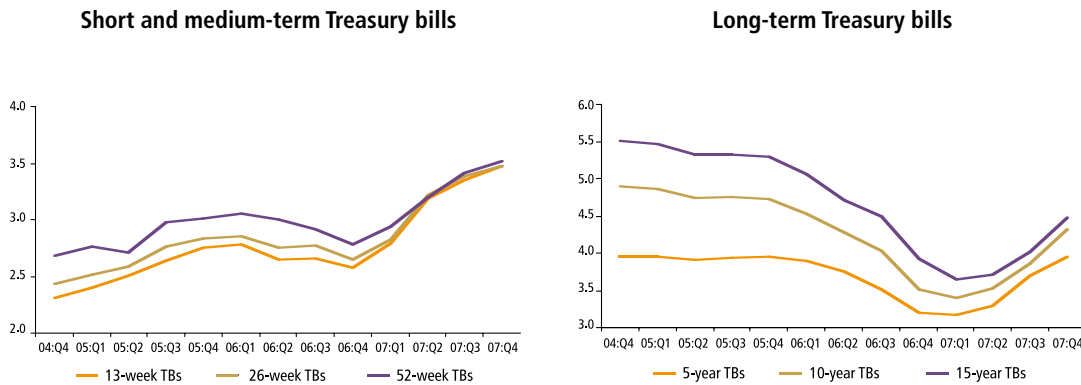
After the substantial increase in 2006, borrowing interest rates did not experience any significant variation in 2007. Reflecting the liquidity conditions on the interbank market, their intra-annual evolution was nevertheless marked by an almost regular upward trend.

Rates of time deposits with banks

	Average 2006	2007 : Q1	2007 : Q2	2007 : Q3	2007 : Q4	Average 2007
Six-month deposits	3.43	3.26	3.52	3.41	3.49	3.42
One-year deposits	3.67	3.65	3.63	3.69	3.71	3.67
Weighted average	3.57	3.49	3.58	3.60	3.62	3.57

Treasury bill rates in general followed an upward trend during 2007. Those applied on maturities equal to or less than two years saw increases ranging between 20 basis points for 52-week bills and 64 basis points for 26-week bills. Rates for long-term bills, although not subject to any significant change on the primary market, in view of the low volume of issues, rose on the secondary market, which constituted the main reference in 2007. Similarly, rates for private debt securities went generally up from one year to the next.

**Treasury bill rates on the secondary market
(quarterly data)**



In 2007, the upward trend in Treasury bill rates had no effect on the remuneration of savings accounts, due to the half-year lag provided for by the indexation system. Thus, the minimum rate applied to passbook accounts with banks, indexed on the average weighted rate of 52-week Treasury bills, registered a fall of 8 basis points, settling on a yearly average at 2.45%. 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, fell by 45 basis points, standing at 1.23%.

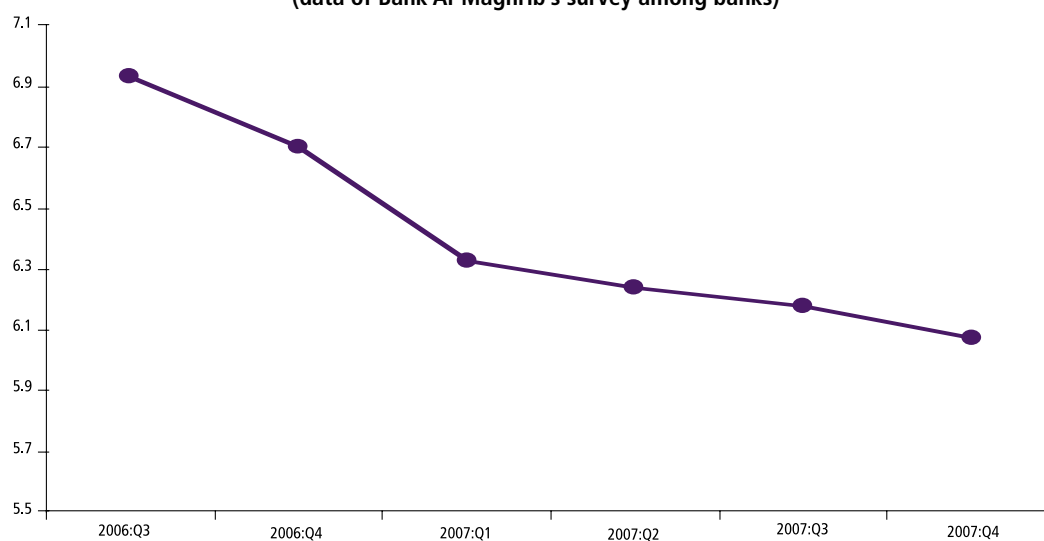
Interest rates evolution (monthly averages)

Rates	2005	2006	2007
Interbank rates	2.78	2.58	3.29
Rates of passbook accounts with banks	2.28	2.53	2.45
Rates of passbook accounts with the Caisse d'Epargne nationale	1.53	1.68	1.23
Rates of 13-week Treasury bills	2.45	2.57	3.32
Rates of 26-week Treasury bills	2.54	2.68	3.30
Rates of 52-week Treasury bills	2.89	3.02	3.23
Rates of 2-year Treasury bills	3.13	3.17	3.33

Parallel to this, the results of the survey conducted quarterly by Bank Al-Maghrib among banks showed the continued easing of lending rates in 2007, but at a slower pace than in 2006. If growing competition among banks and the low level of risk perceived in certain segments were largely behind the continuation of a relaxation in credit conditions, the slowdown in this trend is in connection with the higher cost of refinancing on the interbank money market. The average weighted rate of loans granted to non-financial businesses and to private individuals was of 6.07% at the end of 2007, against 6.32% at the outset of the year and 6.70% in the fourth quarter of 2006.

For loans granted to financing companies, their average cost calculated on the basis of balance sheet data reached 11.67% on average, up by 14 basis points compared to 2006.

**Average weighted rate of credit granted to businesses and private individuals
(data of Bank Al-Maghrib's survey among banks)**



Per category, rates of consumer loans and real-estate loans saw the greatest drops from one year end to the other, rates applied to cash facilities saw a drop limited to 28 basis points, while rates of equipment credits rose by 22 basis points.

Lending rates

	2006 : Q4	2007 : Q1	2007 : Q2	2007 : Q3	2007 : Q4	2007 :Q4/2006 :Q4
Overdraft facilities	6.56	6.15	6.21	6.13	6.28	-0.28
Equipment loans	6.64	6.18	6.48	7.01	6.86	0.22
Real estate loans	6.11	5.64	5.11	5.13	5.08	-1.03
Consumer loans	8.66	8.51	7.59	7.03	7.41	-1.25
Global	6.70	6.32	6.23	6.18	6.07	-0.63

Box 12: From average cost of credit to the marginal lending rate: Contribution of the quarterly survey on interest rates

Before 2006, Bank Al-Maghrib had at its disposal the sole indicator of the average cost of credit in order to analyze the conditions of lending in the economy. Developed from banks' balance sheet data and defined as the ratio between interests received and the average outstanding amount of loans, this indicator provides information on the rates applied not only to new loan contracts, but also to all loans granted previously and not yet fully reimbursed. Therefore, its variations are insufficient for monitoring the trends in marginal lending conditions in the economy and monetary policy transmission mechanisms.

Since the outset of 2006, Bank Al-Maghrib has been conducting quarterly surveys on lending rates. Banks are invited to provide information on headings related to the applied rates by borrower category, by type of loan and amount category, which makes it possible to calculate the overall marginal lending rate applied on all loans but also per agent and per economic purpose. Due to the considerable improvement in the reliability and quality of the data communicated by banks from one quarter to another, Bank Al-Maghrib decided to use the results of the survey for its internal analyses as well as for external publication purposes.

◆ Money and liquid investments¹

The quick pace of monetary growth observed since the end of 2005 continued in 2007, with growth in the aggregate M3 settling at 16%, in comparison to 17% in 2006. Even though all the components contributed to the rise in M3, their trend was more reflexive of the preference of non-banking agents for demand accounts which saw a strong expansion. Time deposits and paper money grew at paces largely below those experienced in 2006, while passbook accounts remained on the uptrend.

On the other hand, the growth in liquid investments observed in the previous year did not continue in 2007 as they declined by 12.3%, thus reflecting the reduction in demand by non-financial businesses and the drop in the net asset value of a large part of UCITS securities.

¹ see statistical appendix X1 to X1-12

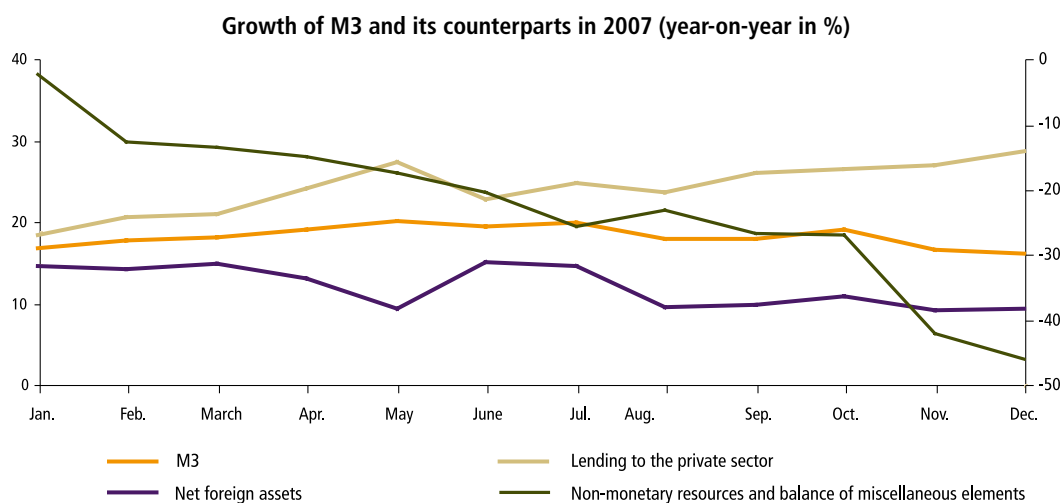
Actually, the increase in total liquidities of the economy, consisting of these aggregates and M3, reached a monthly average of 16.6% compared to 15.1% in 2006.

With regard to the sources of money creation, domestic lending showed growth of 23.3%, due to the 29.5% expansion of bank loans, while net claims on Government were up by only 3%. Net foreign assets rose by 9.3%, marking a considerable decline in comparison with the pace observed over the past four years.

M3 aggregate

The evolution of money supply during the year primarily reflected that of loans, as well as the effect of changes in certain items in bank liabilities, in particular with regard to banks' borrowing.

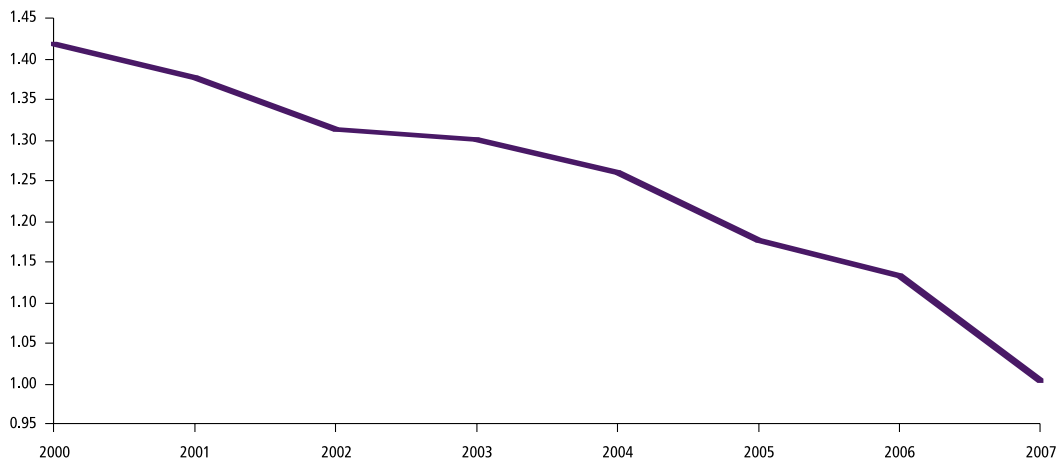
Over the first seven months, the pace of annual growth in M3 saw uninterrupted growth, reaching 19.9% at the end of July, in connection with the sharp increase in bank loans. Afterwards, the considerable rise in non-monetary liability of banks¹ exerted a moderating effect on monetary growth. Together with the sharp fall in net claims on Government at the end of December, these developments led to the slowdown in the rise of M3, which dropped to 16% from a year-end to another.



¹ The non-monetary liability, also called «non-monetary resources», includes loans contracted and provisions duly constituted by banks, as well as the net equity of Bank Al-Maghrib and banks. By the principle of double-entry bookkeeping, each rise in one of these items shows a monetary destruction not reflected by the other M3 counterparts.

For the entire year, average annual growth in aggregate M3 rose from 14.4% in 2006 to 18.1%, a rate well above that of economic growth. The slowdown in the velocity of money circulation, measured against overall GDP, accelerated in 2007.

**M3 circulation velocity
(GDP/M3 in yearly data)**



M3 components

The contribution of bank money to monetary growth was adjusted upwards after the decline observed in the past two years. Demand deposits grew at the same pace registered in 2006. On the other hand, paper money and time deposits saw their contribution to M3 decline appreciably, reflecting the preference of non-financial agents for the reinforcement of demand deposits with banks.

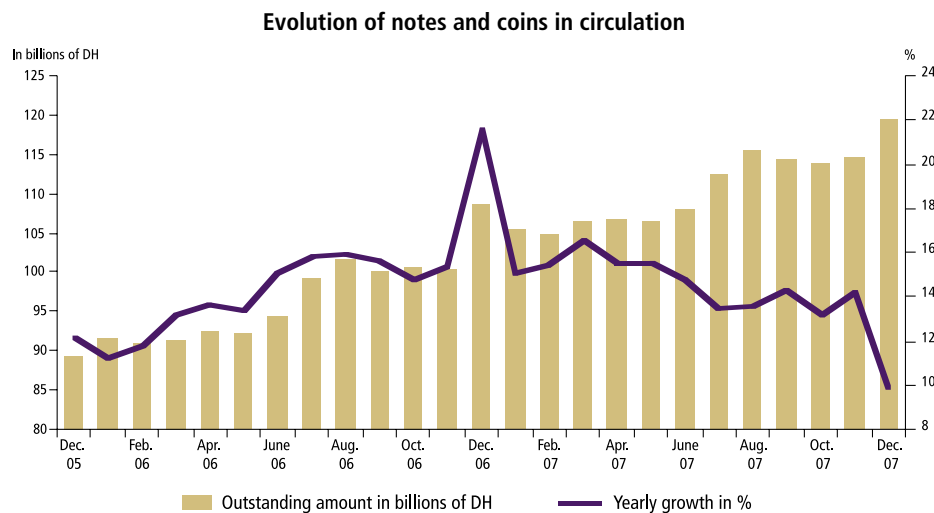
Evolution of M3 components

	Fiduciary money	Bank money	Sight deposits	Time deposits	M3
Outstanding amount at the end of December (in millions of dirhams)					
2004	79,715	196,056	52,918	87,741	416,430
2005	89,364	227,213	59,147	99,094	474,818
2006	108,601	262,686	65,077	119,161	555,525
2007	119,839	327,937	71,750	125,130	644,656
Structure of M3 in %					
2004	19.1	47.1	12.7	21.1	100
2005	18.8	47.9	12.5	20.9	100
2006	19.5	47.3	11.7	21.5	100
2007	18.6	50.9	11.1	19.4	100
Variations in %					
2004	6.4	11.2	10.6	0.4	7,8
2005	12.1	15.9	11.8	12.9	14,0
2006	21.5	15.6	10.0	20.3	17,0
2007	10.3	24.8	10.3	5.0	16,0
Contribution to M3 growth in %					
2004	16.0	65.8	16.9	1.3	100
2005	16.5	53.4	10.7	19.4	100
2006	23.8	44.0	7.3	24.9	100
2007	12.1	73.6	7.5	6.7	100

Banknotes and coins in circulation

The annual increase in the circulation of banknotes and coins returned to 10.3% in 2007, compared to 21.5% one year earlier. Apart from the appreciable allocation of liquid cash holdings in opening demand accounts in banks, stimulated by the higher level of bancarization, this sharp slowdown is explainable by a basic effect related to the exceptionally high level registered in December 2006.

So far as the sub-annual trend is concerned, after the 8% monthly rise in December 2006, the level of notes and coins in circulation dropped in January and February and afterward experienced slight fluctuation until June. In conformity with its usual seasonal profile, it grew at a high rate during the summer and then dropped between September and November before rising again at the end of the year, in connection with the celebration of the Eid Al Adha (Feast of the Sacrifice).



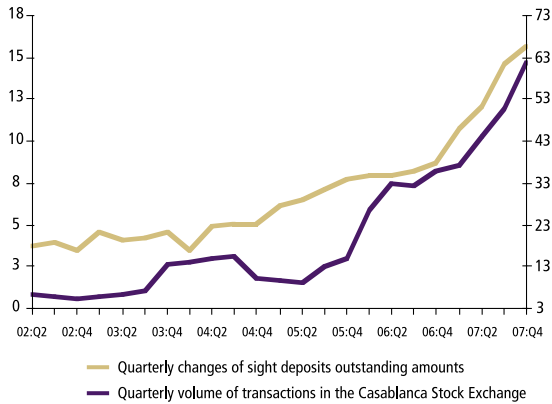
Bank money

Bank money grew by 24.8%, compared to the average 12.8% registered over the past five years. This hefty expansion is linked to the continuation of the rise in non-agricultural activities and also reflects the increase in the flows of transactions on financial and real estate assets in 2007.

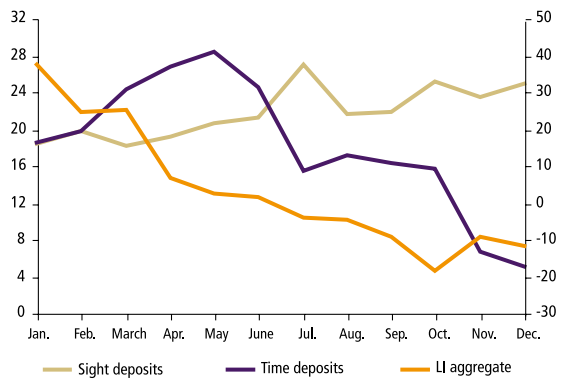
During the year, the impact of the usual seasonal factors, including the constitution of downpayments by businesses in view of corporate tax payments and the growth of private individuals' accounts in the summer, was lower in 2007. This year was particularly characterized by the predominance of financial factors, in particular new stock exchange listings and to a lesser degree the growth in transactions on the secondary compartment of this market.

Monthly average growth in bank money was of 1.7%, between January and May, before reaching 3.4% in June in connection with the increase in the current accounts of non-financial businesses. In July, its growth accelerated particularly following transfers from interest-bearing investment, in connection with subscriptions by non-banking agents to a major stock exchange listing operation. After a downward adjustment in August, bank money rose again in October and December, under the effect of financial transactions (see box 13).

Bank money and volume of transactions on the stock exchange market (in billions of DH, moving averages on four quarters)



Evolution of bank money, time deposits and liquid investments in 2007 (year-on-year in %)

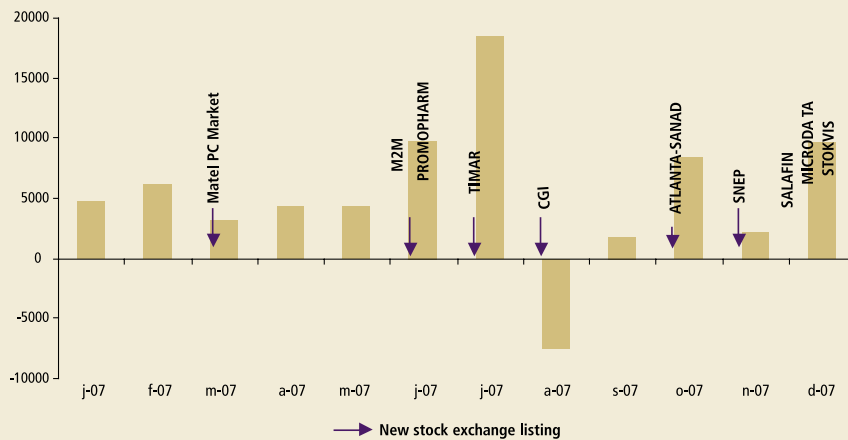


Box 13: Impact of stock exchange listings on the short-term evolution of bank money

The year 2007 was particularly marked by a high number of stock exchange listings, some of which led to much enthusiasm by businesses and private individuals. These operations had an impact on the evolution of bank money, given the sums deposited for this purpose by subscribers via interest-bearing transfers and, to a lesser extent, by recourse to bank loans.

In July, bank money saw a monthly rise of 18.5 billion prior to the stock exchange listing of CGI which attracted more than 57,000 investors and was oversubscribed 140 times. Similarly, demand deposits grew by 9.5 billion in October due to another listing operation oversubscribed 100 times, before registering once again an appreciable rise of 9.6 billion in December, largely attributable to funds blocked as part of three other stock market listing operations.

Monthly variations of bank money during the year 2007 (in millions of DH)



Demand deposits

The steady upward trend in demand deposits was further confirmed in 2007, with passbook accounts up by 10.3%, a pace comparable to that observed on average at the end of the past ten years. The structure of the said deposits saw no change from one year to another with a share of 82% for passbook accounts with banks and 18% for passbook accounts with the Caisse d’épargne nationale.

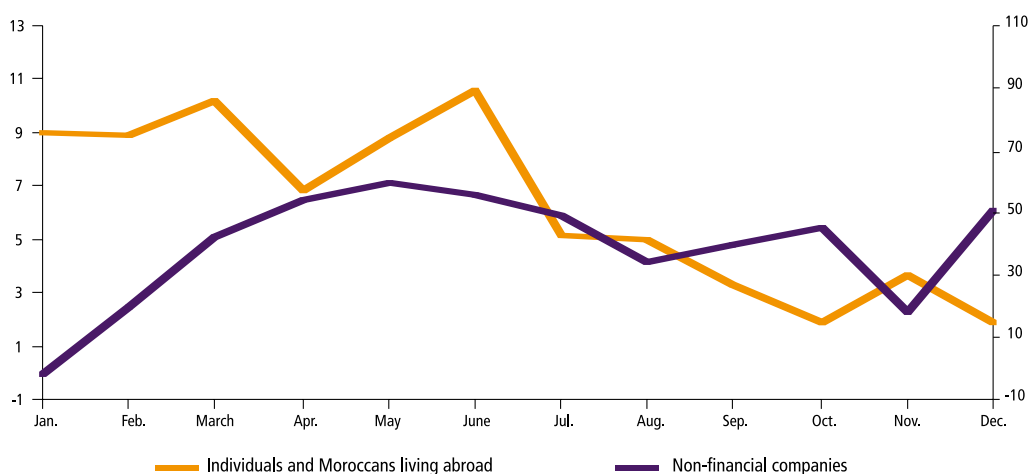
Demand deposits

	End 2005	End 2006		End 2007	
	Amount outstanding	Amount outstanding	Variation in %	Amount outstanding	Variation in %
Passbook accounts with the Caisse d'épargne nationale	10 572	11 702	10.7	12 783	9.2
Passbook accounts with banks	48 575	53 375	9.9	58 967	10.5
Structure of demand deposits					
Passbook accounts with the Caisse d'épargne nationale	17.9	18.0		17.8	
Passbook accounts with banks	82.1	82.0		82.2	

Time deposits

Concurrently with the strengthening of demand deposits constituted by private individuals, these deposits grew by only 5% despite the strong increase in time deposits by non-financial businesses which in just one year were up by more than 50%. Indeed, the said businesses consolidated their time deposits throughout 2007, at the expense of UCITS securities. On the other hand, private individuals and Moroccans living abroad showed attraction for non-interest bearing assets at the expense of time deposits, as from Q2 of 2007.

Yearly evolution of non-financial agents' time deposits in 2007 (in %)



Liquid investment aggregates

The securities included in liquid investment aggregates declined by 12.3% from a year-end to another with the deposits of non-financial businesses being reassigned to time deposits with banks. This decline also reflects the increase in the interest rates of Treasury bills in 2007, which led to a depreciation of the net asset value of monetary and bond UCITS (see Box 14).

Liquid investment aggregates

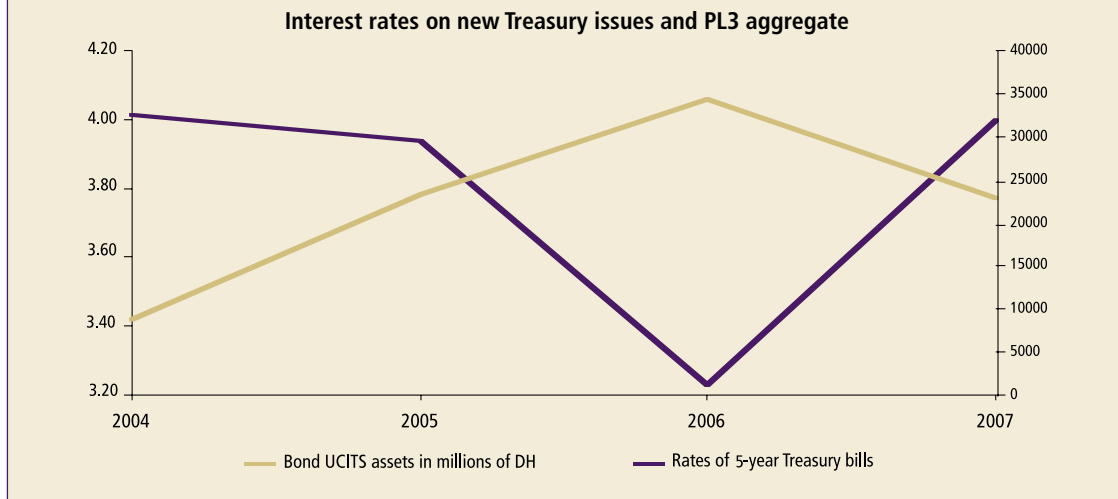
Amount outstanding in dirhams	End 2005	End 2006		End 2007	
	Amount outstanding	Amount outstanding	Variation In %	Amount outstanding	Variation In %
Aggregate LI 1	5539	4347	-21.52	717	-83.51
Aggregate LI 2	9 369	11 686	24.73	19 412	66.11
Aggregate LI 3	23 065	35 942	55.83	22 642	-37.00
Aggregate LI 4	3 069	5 854	90.75	7 966	36.08
Total LI	41 042	57 829	40.9	50 737	-12.3

Box 14: Evolution of liquid investment aggregates

The evolution of non-financial agent investments in UCITS securities may result from a demand effect, related to the variation in net subscriptions, and a price effect, in connection with the net asset value.

The value of securities held by UCITS is determined daily for monetary UCITS and weekly for bond UCITS, on the basis of the rate curve published by Bank Al-Maghrib. The value of each security is obtained by updating all the amounts remaining to be received by the rate corresponding to its remaining period, which leads to a negative correlation between the net asset values of monetary and bond UCITS, on the one hand, and interest rates on the other hand.

In 2007, analysis of UCITS different securities shows that securities included in the PL3 aggregate were essentially affected by the impact of the rise in interest rates on Treasury bills, whereas monetary UCITS securities included in the PL2 aggregate firmly grew from one year to another in spite of the fall in their net asset value. This evolution is attributable to the investment behavior of non-financial agents who, after having increased their holdings in bank money throughout the year, parallel to the development of stock exchange transactions, at the end of the year reassigned a part of the gains made on the stock exchange to this highly liquid investment category.



PL 1 aggregate

The bearish movement of this aggregate observed since the middle of the 1990s, continued in 2007, with its outstanding amount limited to 717 million in December 2007 alone, against 4.3 billion at the end of 2006. The disinterest shown with regard to this category of investment is attributable to the low volume of acquisitions of Treasury bills and other negotiable debt securities by non-financial agents, compared to the purchase of the other financial assets¹.

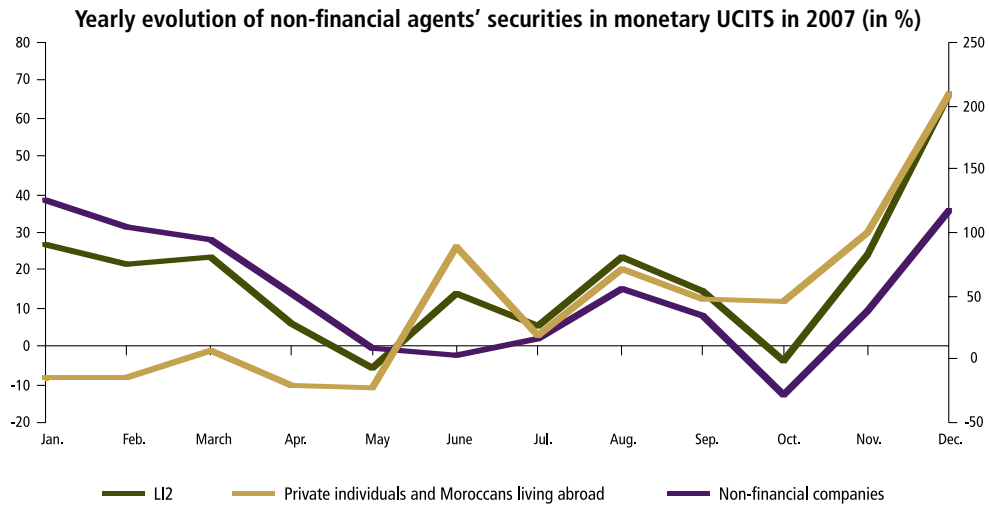
Evolution of LI aggregate

Amount outstanding in dirhams	End 2005	End 2005	End 2005
Treasury bills	4 773	3 855	620
Commercial papers	65	-	-
Bills issued by financing companies	701	492	97
Total LI 1	5 539	4 347	717

Monetary UCITS securities: LI 2 aggregate

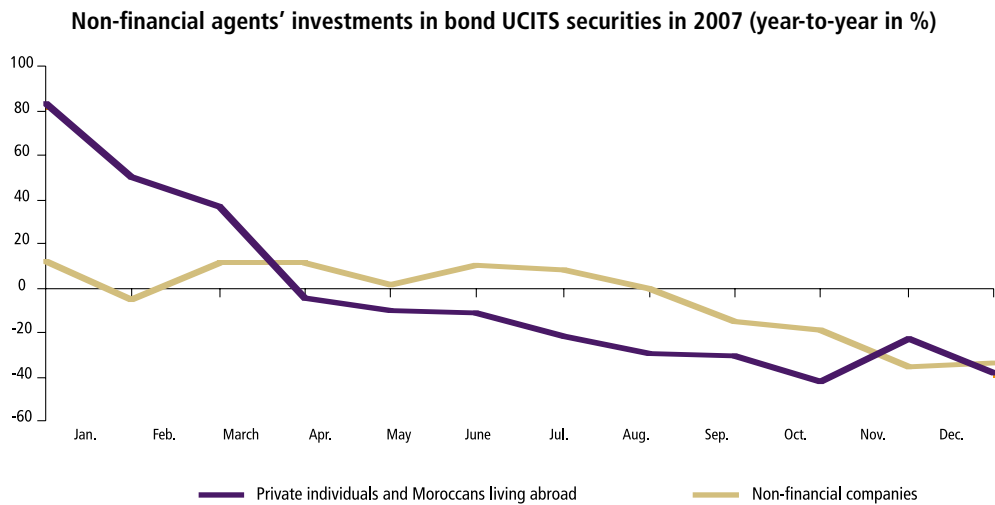
In spite of the drop in their net asset value, monetary UCITS securities held by non-financial agents saw an annual rise of 66.1%, after that of 24.7% observed in 2006. This growth is attributable to a one-off demand effect at the year end, seemingly in connection with the reassignment of profits made on stock exchange transactions by non-financial agents.

¹ In particular securities of UCITS and shares



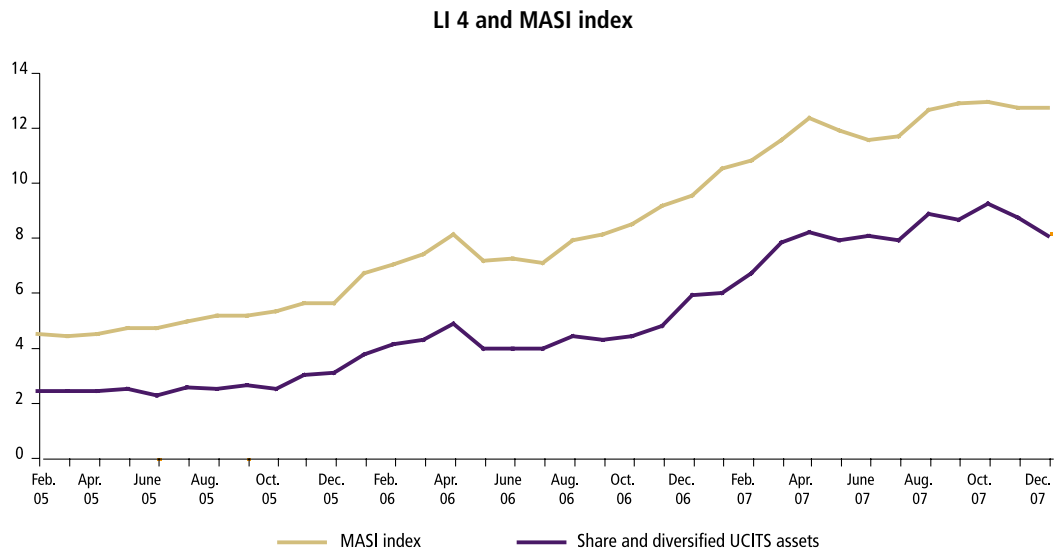
Bond UCITS securities: LI 3 aggregate

Given the tightening in demand for these securities, as well as the negative impact of the rise in Treasury bills interest rates, the LI 3 aggregate was down throughout 2007, dropping by 37% on a year-to-year basis at the end of December.



Securities of share and diversified UCITS: LI 4 aggregate

Reflecting price evolution on the Casablanca Stock Exchange, growth in the LI 4 aggregate reached 36.1% from one year end to another, as compared to 90.7% in the previous year.



Liquidity of the economy

The economy's liquidity, made up of the M3 aggregate and the total amount of investment aggregates, grew on a monthly average by 16.6%. In view of the growth in GDP and the Gross National Disposable Income (GNDI) in current prices, limited respectively to 6.6% and 7.4%, the economy's liquidity rate, measured by the M3/GDP ratio, rose from 88 % to 97.4%.

Liquidity rate of the economy (in %)

	2003	2004	2005	2006	2007*
M3/GDP	76.8	78.6	84.1	88.0	97.4
M3/GNDI	72.4	73.6	78.0	81.3	89.4
Total liquidity / GDP	85.5	87.3	92.0	96.8	105.9
Total liquidity / GNDI	80.6	81.7	85.3	89.4	97.1

* Provisional data

Sources of monetary creation

In connection with the expansion of banks' loans to businesses and private individuals, the share of domestic credit in monetary creation strengthened compared to the past two years. Concurrently, net foreign assets saw their contribution to in the M3 growth decline considerably to 19.9% only against 30.8% and 36.8% respectively at the end of 2006 and 2005.

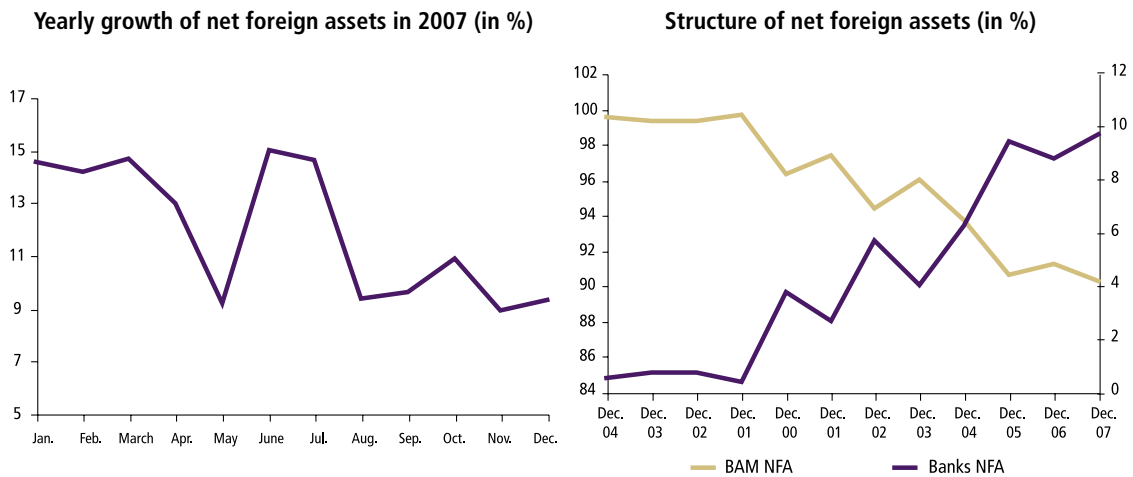
Money supply counterparts

Amounts outstanding in millions of dirhams	End 2005	End 2006		End 2007	
	Amount outstanding	Amount outstanding	Variation in %	Amount outstanding	Variation in %
Net foreign assets (I)	165 899	190.768	15.0	208,519	9.3
Overall domestic credit					
A. Claims on Government	77,475	77,656	0.2	79,961	3.0
B. Lending to the private sector	292,029	339,597	16.3	436,285	28.5
C. Counterparts of assets with the Caisse d'épargne nationale	10,572	11,702	10.7	12,783	9.2
Total (A+B+C)	380,076	428,955	12.9	529,029	23.3
To be deducted: Non-monetary resources	57,801	50,007	-13.5	64,303	28.7
Domestic lending of a monetary nature (II)	322,275	378,948	17.6	364,725	22.6
Total of counterparts (I+II)	488,174	569,716	16.7	673,243	18.2
Balance of sundrous items	-13,356	-14,191	6.3	-28,587	101.4
M3 aggregate	474,818	555,525	17.0	644,656	16.0

Net foreign assets

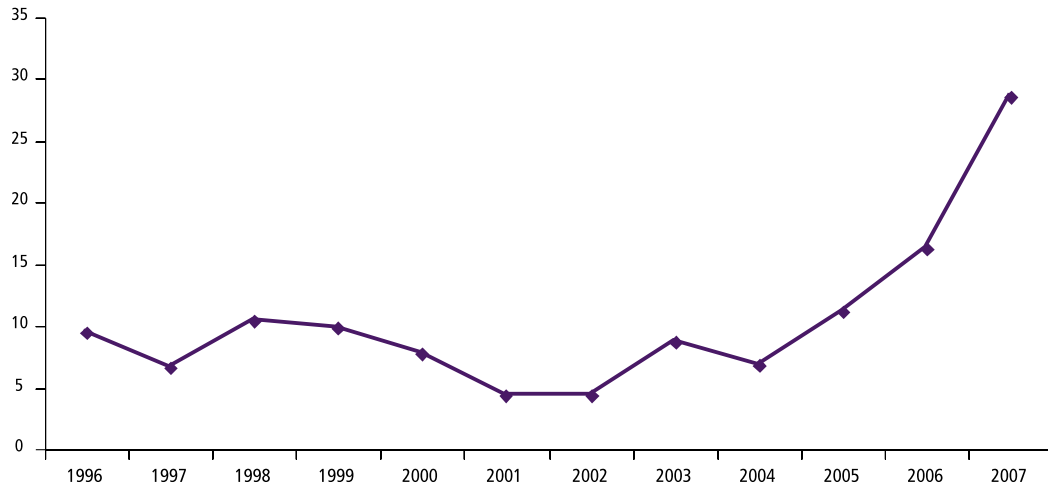
The steady rise in net foreign assets in the first quarter of 2007 was followed in April and May by a sharp decline, in connection with the growing level of imports. Despite the widening trade deficit, foreign exchange reserves grew from June to August, concurrently with rising transfers by Moroccans living abroad and travel receipts. From September to October, net foreign assets remained nearly stable, before falling again, ending the year with a growth of only 9.3% as opposed to 15% in 2006.

The structure of foreign exchange reserves showed a slight increase in the share of banks that amounted to 9.7% at the end of 2007, against 8.8% in 2006 and 9.5% in 2005.



Claims on the private sector

Claims on the private sector increased by 28.5% from one year-end to another, clearly above the 16.3% rise observed in 2006. At the level of demand, this evolution, apart from the continuing dynamism of non-agricultural activities and the development of asset transactions, results from the relaxation of interest rates and the diversification of supply on the credit market. As regards credit institutions, it is largely attributable to the growing interbank competition and the drop in risk perception, in particular on the real-estate and consumer loans segments.

Yearly growth of claims on the private sector (in %)

Expansion was seen in all credit categories, in particular real estate loans, which grew by 43.8%. Growth in overdraft facilities was enhanced by the volumes of transactions on assets, its pace rising by 25.6%. Equipment loans rose by 27.3%, in connection with the surge in investments, and consumer loans saw a record growth rate of 41.4%, partly attributable to development of durable goods acquisitions.

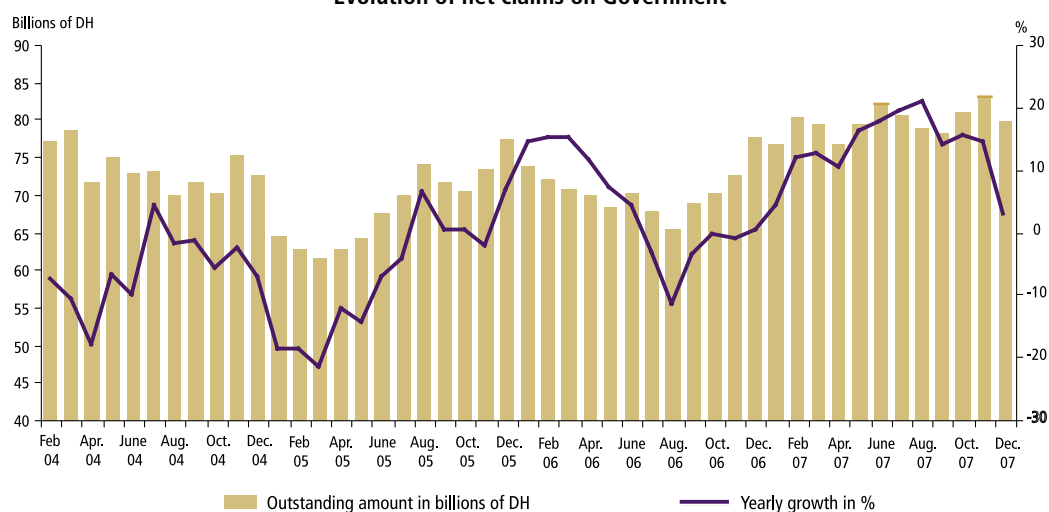
Net claims on Government

Following the drop in the Treasury's recourse to banks, which partially offset the decline of its net position with Bank-Al-Maghrib, the outstanding amount of net claims on the Government rose by merely 3% in 2007. Like in 2006, the evolution of this source of money creation had no significant impact on money supply trend.

Net claims on Government

Outstanding in millions of dirhams	End 2005	End 2006		End 2007	
	Amount outstanding	Amount outstanding	Variation in %	Amount outstanding	Variation in %
Net claims on Government	77 475	77 656	0.2	79 961	3.0
Net claims of Bank Al-Maghrib	-7 228	-8 791	21.6	-3 425	-61.0
Banks' claims	75 391	77 259	2.5	73 490	-4.9
Claims of non-financial businesses and private individuals	9 312	9 188	-1.3	9 896	7.7

Evolution of net claims on Government



The intra-annual development of claims on Government shows the effect of the concentration of the amounts raised by the Treasury on the auction market in January, February and December, during which it made nearly 63% of its issues of the year.

◆ Credit

The credit trend observed in 2007 implies that the financial development process continued at a steady pace. Three major evolutions come in confirmation of this trend. First, the overall outstanding amount of loans granted by credit institutions increased by approximately 26%, after the 16.4% rise in 2006, thus raising its share in the GDP at nearly 72%. The ongoing gradual lengthening of maturities for several years now is continuing its trend, as is evidenced by the more rapid growth in short, medium and long-term loans. The available data show a growth in the distribution of variable-rate loans, whose share in the total outstanding amount of real estate loans rose, in one year, from 43% to 49%.

At the same time, the solidity of the banking sector strengthened. Non-performing debts continued their downward trend, amounting, at the end of 2007, to 7.9% of the overall outstanding amount of loans.

◆ Loans distributed by banks

The overall outstanding amount of credits distributed by banks grew by 29.1% in 2007, at 422.6 billion in 2007, as opposed to 327.4 billion dirhams in 2006. Without including non-performing debts, the rise registered by bank credits was higher, reaching 33.4%.

Distribution of bank loans by purpose¹

In 2007, the distribution of bank loans by purpose shows higher growth rates than those observed in 2006, apart from real estate loans which declined from one year to another.

¹ Data processed by reclassifying certain types of credit, basically overdrafts to equipment and real estate loans, They are partially comparable to the data mentioned in sub-chapter entitled « Money and liquid investments»

In millions of dirhams	2005	2006*		2007			
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	in % of total
Debtor accounts and overdraft facilities (*)	78,326	89,400	14.1	27.3	120,077	34.3	28.4
Equipment loans	65,166	78,796	20.9	24.1	102,044	29.5	24.1
Real estate loans (*)	57,215	81,091	41.7	24.8	107,450	32.5	25.4
Consumer loans (*)	26,699	34,448	29.0	10.5	49,265	43.0	11.7
Miscellaneous claims	7,121	8,017	12.6	2.4	10,425	30.0	2.5
Non-performing loans	43,605	35,606	-18.3	10.9	33,311	-6.4	7.9
Total lending by banks	278,132	327,358	17.7	100.0	422,572	29.1	100.0

(*) Revised figures

Standing at 120 billion dirhams, or 28.4% of total bank credits, overdraft facilities were up by 34.3%, compared to 14.1% in 2006, namely in connection with the development of facilities granted to businesses.

The expansion of real estate loans continued in 2007, as their outstanding amount rose from 81.1 billion to 107.5 billion dirhams, representing nearly 28% of total performing loans distributed by banks, in connection with the measures taken for encouraging housing purchases and the drop in interest rates (see box 15).

Similarly, equipment loans were up by 29.5%, reaching 102 billion, consecutive to the expansion of investment.

Consumer loans amounted to 49.3 billion and registered a rise of 43%, further to the 29% rise reported in the previous year. This increase is attributable to the high demand in durable goods, in connection with the easing of financing conditions.

As for non-performing loans, they continued their downward trend, though at a less steady pace than in 2006. Indeed, they amounted to 33.3 billion, down by 6.4% against 18.3% the previous year, thereby representing 7.9% of bank credits and 5.3%, exclusive of state-owned banks. On the other hand, the rate of non-performing loans coverage by provisions improved to reach 75% for all banks, 84.3% for private banks and 63% for state-owned banks, against 71.3%, 78% and 62.9%, respectively in 2006.

Box 15: Survey on real estate loans

The survey, conducted in 2007 by Bank Al-Maghrib among the banking system on the evolution of real estate loans' shows that growth of real estate development loans was higher than that registered by housing loans. Indeed, the latter, representing nearly 80% of the total, moved ahead by 28%, while those granted for real estate development were up by 59%. The breakdown of housing loans shows a concentration in the regions of Casablanca and Rabat, with 64% of the global outstanding amount, against 70% in 2006.

As for the interest rates applied, the survey confirms the continuation of the downward trend. 44% of housing loans, against 15% in the previous year, were granted at a rate of less than 6%, and 21% at a rate above 8% against 29% in 2006.

Furthermore, this survey showed an increase in variable-rate loans' whose share jumped from 43% to 49% in one year, as well as an extension in the average terms for housing and real estate development loans, to 18 years and 2.9 years respectively, against 15.8 years and 2.6 years in 2006.

Distribution of bank loans by term

In 2007, credits' evolution was characterized by a growth in medium and long-term loans, faster than that for short-term loans.

In millions of dirhams	2005	2006			2007		
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	in % of total
Short-term loans	114,993	138,055	20.1	42.2	174,205	26.2	41.2
Medium and long term loans	119,534	153,696	28.6	47.0	215,056	39.9	50.9
Medium-term loans	59,688	69,115	15.8	21.1	108,618	57.2	25.7
Long-term loans	59,846	84,581	41.3	25.8	106,438	25.8	25.2
Non-performing loans	43,605	35,606	-18.3	10.9	33,311	-6.4	7.9
Total lending by banks	278,132	327,357	17.7	100.0	422,572	29.1	100.0

Due to the development of housing and equipment loans, medium and long-term credits, which amounted to 215.1 billion, saw a rise of 40%, a faster pace than the 28.6% reported in 2006. Similarly, short-term loans, amounting 174.2 billion, were up by 26.2%, against 20.1%, in connection with the increase of overdraft facilities.

Distribution of bank loans by sector of activity

In 2007, bank loans for the tertiary sector were more important than those granted to the primary and secondary sectors.

In millions of dirhams	2005 (*)	2006 (*)		2007			
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	in % of total
Primary sector	17,222	18,780	9.0	5.7	20,193	7.5	4.8
Agriculture	15,056	15,842	5.2	4.8	17,024	7.5	4.0
Fisheries	2,166	2,938	35.6	0.9	3,169	7.9	0.7
Secondary sector	78,010	89,619	14.9	27.4	125,727	40.3	29.8
Extractive industries	2,346	2,812	19.9	0.9	4,131	46.9	1.0
Energy and water	8,218	10,643	29.5	3.3	15,688	47.4	3.7
Manufacturing	50,253	51,824	3.1	15.8	63,123	21.8	14.9
Building and public works	17,193	24,340	41.6	7.4	42,785	75.8	10.1
Tertiary sector	182,900	218,958	19.7	66.9	276,652	26.3	65.5
Hotels	8,092	7,688	-5.0	2.3	10,434	35.7	2.5
Transport and communications	14,993	19,247	28.4	5.9	21,811	13.3	5.2
Trade	20,877	21,905	4.9	6.7	27,195	24.1	6.4
Financial activities (**)	28,448	37,207	30.8	11.4	58,971	58.5	14.0
Households (***)	72,223	93,743	29.8	28.6	120,050	28.1	28.4
Other services	38,267	39,168	2.4	12.0	38,191	-2.5	9.0
Total lending by banks	278,132	327,357	17.7	100.0	422,572	29.1	100.0

(*) Revised figures

(**) Loans for «financial activities» represent loans granted by banks to financial clients, in particular finance companies, insurance companies, and UCITS

(***) Loans to «households» represent credits granted to private individuals, basically in the form of housing and consumer loans.

Indeed, like in previous years, the tertiary sector continued, in 2007, to benefit of more than 65% of bank loans. Settling at 276.7 billion, the loans granted to this sector rose by 26.3%, compared to 19.7% in 2006. These loans were primarily granted to households and to financial activities, the outstanding amounts of which grew by 58.5% and 28.1% respectively. Loans granted to hotels saw a rise of 35.7%, after having experienced a drop of 5% the previous year, while those for trading activities grew by 24.1%.

Loans to the secondary sector, amounting to 125.7 billion dirhams, saw a growth of 40.3% for all branches.

As for loans to the primary sector, they reached 20.2 billion, thus increasing by 7.5%, less than the 9% reported in 2006, in connection with the slowdown of the growth rate of fishing activities.

◆ Loans distributed by finance companies

The growth in loans distributed by finance companies is basically attributable to the continued development of activities of both consumer and leasing loans.

In millions of dirhams	2005	2006		2007			
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	in % of total
Consumer loan companies	24,921	28,361	13.8	54.3	33,435	17.9	53.9
Leasing companies	18,036	22,169	22.9	42.4	26,668	20.3	43.0
Real estate loan companies	415	361	-13.0	0.7	199	-44.9	0.3
Factoring companies	988	1,134	14.8	2.2	1,477	30.2	2.4
Surety companies*	248	237	-4.4	0.5	242	2.1	0.4
Total lending by finance companies	44,608	52,262	17.2	100.0	62,021	18.7	100.0

(*) Surety companies have granted loans by signature for a total amount of 1.1 billion dirhams

The overall outstanding amount of credits distributed by finance companies grew by 18.7%, reaching 62 billion. Loans granted by consumer loan and leasing companies continue to prevail with respective shares of 53.9% and 43%.

Loans granted by consumer loan companies (see box 16) reached 33.4 billion, up by 17.9%, against 13.8% in the previous year. These facilities are still being granted, principally in the form of unassigned loans, by 63%, and vehicle purchase loans by 31%.

Loans granted by leasing companies registered a growth of 20.3%, after the 22.9% rise of 2006. 75% of these loans were assigned to the purchase of equipment goods.

Loans granted by factoring companies, amounting to 1.5 billion, were up by 30.2%, after having increased by 14.8% in the previous year.

Loans by surety companies amounted to 1.4 billion dirhams. Commitments by signature, which constitute the greatest share, rose by 14.3%, to reach 1.1 billion dirhams.

Box 16: Consumer loan survey

Over the past few years, consumer loans has weighed increasingly heavily on household indebtedness. The favorable position of household consumption, competition between credit institutions, the varied range of products and services proposed, and the drop in interest rates are all factors that boosted this upward swing.

In this situation, and as part of the follow-up of household indebtedness, Bank Al-Maghrib conducts an annual survey among consumer loan companies to gather information on this credit category as well as on the profile of the indebted persons.

The 2007 survey included 14 companies holding a market share of 88% corresponding to 1,170,672 applications. It showed that personal loans continue to constitute the most popular formula among clients, with a share of 71%.

The distribution in the number of applications according to age reveals that nearly 38% of the applications are from people aged between 40 and 49 years. Per revenue bracket, nearly 62% of the loans are held by people with incomes under 4000 dirhams. Private sector employees and civil servants make up 87% of the beneficiaries.

The average outstanding amount per application was of 24,000 instead of 19,000 dirhams in the previous year.

◆ Distribution of credit institutions' lending by economic agent

In 2007, lending by credit institutions continued to be primarily granted to companies and private individuals.

In millions of dirhams	2005		2006		2007		
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	in % of total
Companies	172,050	206,224	19.9	58.7	251,464	21.9	56.8
Individual entrepreneurs	18,096	17,649	-2.5	5.0	25,083	42.1	5.7
Private individuals	100,915	116,585	15.5	33.2	153,496	31.7	34.7
Local governments	10,980	11,116	1.2	3.2	12,529	12.7	2.8
Total lending by the credit institutions	302,041	351,574	16.4	100.0	442,572	25.9	100.0

Indeed, loans granted to companies, which represent about 57% of the total amount of credit institution loans, were up by 21.9%, amounting to 251.5 billion. This expansion is attributable to the easing of credit conditions, which was to the advantage of large corporations as well as to SMEs, as is shown by the results of the Bank Al-Maghrif survey.

Loans to private individuals grew by 31.7%, reaching 153.5 billion dirhams, in connection with the strength of household consumption further to the diversification and sophistication of the products proposed, as well as to the sharpening interbank competition.

After declining by 2.5% in the previous year, facilities granted to individual entrepreneurs rose from 42,1% to settle at 25.1 billion, while loans granted to local governments jumped from 11.1 billion to 12.5 billion.

◆ Microcredit

Microloans continued their expansion in 2007. Indeed, the 14 micro credit associations, 12 of which are already operational, granted loans amounting to 5.5 billion, thus increasing by nearly 57%. The number of beneficiaries came to a total of 1.4 million active customers, 64% of them are women, against 1 million in 2006. These loans led to the permanent employment of 6,700 people, against 3,882 in the previous year. Moreover, the total amount of loans rose to 19.2 billion and benefited 5.8 million persons.

The regulatory system was enhanced by the adoption in November 2007 of law No 04-07, completing law No 18-97 relative to microcredit, authorizing micro credit associations to finance subscription by their customers to insurance policies at insurance and reinsurance companies.

◆ The capital market

In 2007, activity on the capital market was characterized by the appreciable rise in the main stock market indicators, particularly with the increase in market listings. At the same time, gross Treasury issues in the auction compartment, as well as the issues of the other negotiable debt securities rose from one year to the next. For the collective management of savings (see box 17), UCITS net assets saw a limited growth.

◆ The interbank market

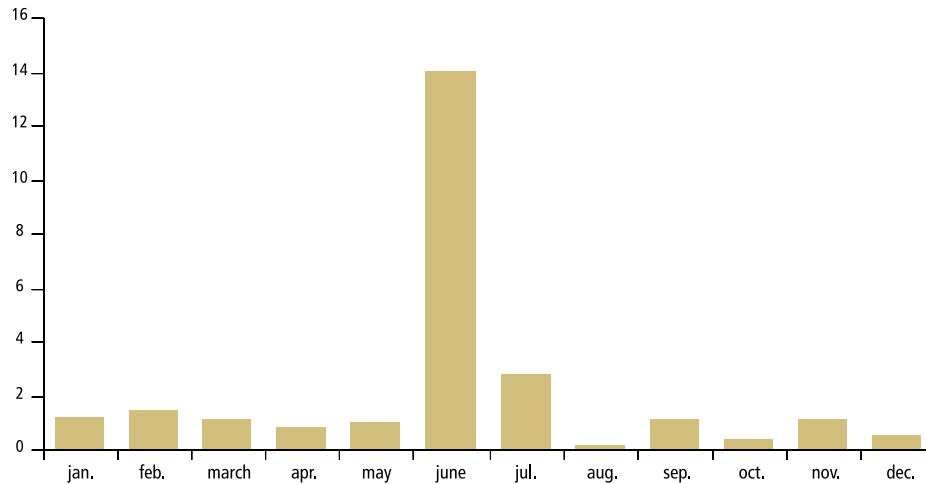
The average end-of-month outstanding amount of transactions on the interbank market grew from 5.1 billion in 2006 to 5.5 billion dirhams in 2007¹. This evolution is attributable to the nearly 23% rise in forward transactions, which amounted, on average, to 2.4 billion, while the volume of overnight operations remained unchanged at 3.1 billion dirhams, from one year to the next.

◆ Repurchase agreements market

In 2007, on the repurchase agreements market, the average monthly volume of interbank loans settled at 1.2 billion² against nearly 700 million in 2006.

¹ See statistical appendix XIV-1

² Non-exhaustive data based on a limited number of bank declarations and therefore not representative of the entire banking system

Average monthly volume of repurchase agreements (in billions of dirhams)

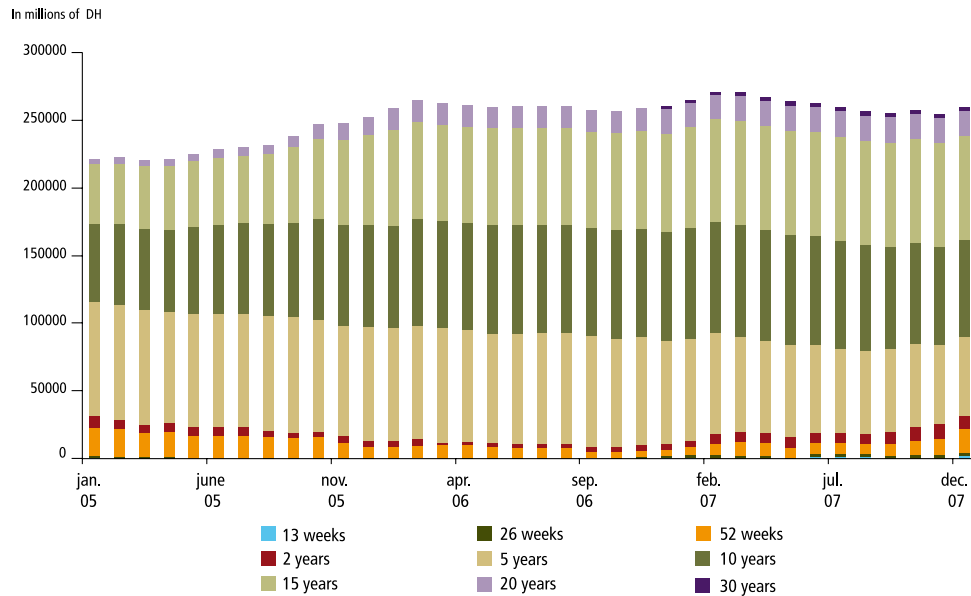
◆ Treasury bills market

In order to make repayments on the other debt compartments, the Treasury increased its gross issues on the auction market in 2007, which enabled it to opt out of the banking system. On the other hand, transactions on the secondary market progressed appreciably.

The primary market

The overall volume of bids amounted to 165.5 billion against 436.9 billion in 2006. Out of this amount the Treasury took in 25.3%, as opposed to 8.9% a year earlier. The amounts raised in the first and fourth quarters respectively amounted to 51.7% and 34.7% of total subscriptions, as the Treasury stopped its resort to the auction market in April, May and August.

Evolution of the outstanding amount of Treasury bills issued at auction between 2005 and 2007



Contrary to the trend observed in 2006, the structure of Treasury issues was characterized by the predominance of short-term maturities, which reached 25.3 billion, more than 60% of the total amount raised by the Treasury, in spite of the higher rates on this segment. Indeed, interest rates on short-term bills rose, on average, from 36 basis points for 52-week maturities to 101 basis points for 13-week maturities, thus respectively settling at 3.4% and 3.6%. With repayments standing at 10.3 billion, the outstanding amount of short-term bills, from one year-end to the other, rose from 6.4 billion to 21.3 billion dirhams. Thus, the average life of auctioned Treasury bills was shortened by about 4 months from one year to the next, to settle at 6 years and 5 months.

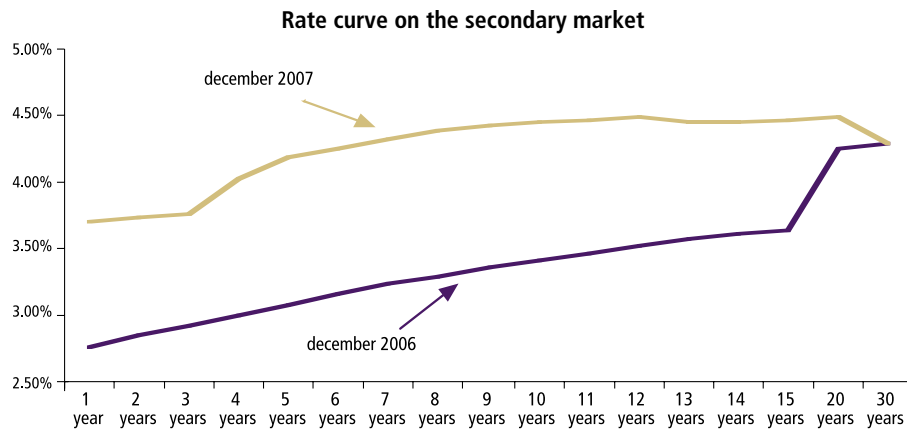
Concurrently, medium and long-term issues fell from 31.8 billion to 16.6 billion dirhams further to the drop in long-term bills, the volume of which amounted to 7.6 billion against 23.8 billion in 2006. Given the repayments which reached to 31.9 billion, the outstanding amount of medium and long-term bills fell in one year from 253.6 billion to 238.3 billion dirhams.

Overall, interest rates on medium and long-term bills fell, on average, by 58 basis points for 5-year bills and 138 basis points for 20-year bills, with the exception of 2-year bills whose rates increased by 16 basis points and 30-year bills which remained at the same level as last year¹.

The secondary market

In 2007, the secondary market expanded as transactions increased, on a monthly basis, from 359 billion to 629.4 billion dirhams. The monthly stock turnover rate² of Treasury bills amounted to 240.4% compared to 138% in 2006. The market remains characterized by the preponderance of reverse repurchase operations, as final sale transactions fell from 10.3 billion in 2006 to 8.8 billion in 2007.

As opposed to the previous year, rates on the Treasury bills secondary market followed an upward trend in 2007. Short-term rates, especially on 13 and 26-week bills, showed the strongest increase with 116 and 188 basis points, respectively. On the other hand, medium-term bills rose respectively by 82 and 110 basis points for 2-year and 5-year bills. As for long-term bills, they registered increases ranging from 66 to 99 basis points.



1 See statistical appendices XIV-2 to XIV-4

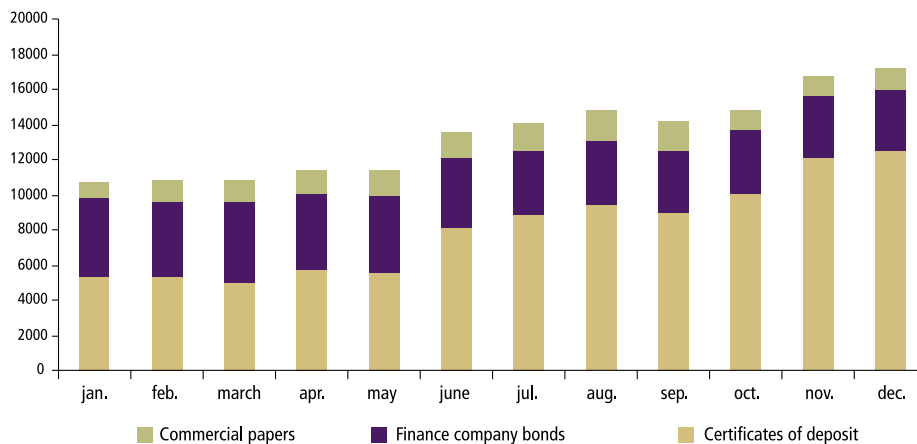
2 Ratio between the average monthly volume of transactions on the Treasury bill secondary market and the end-of-month average outstanding amount

◆ Other negotiable debt securities

Issues of negotiable debt securities moved sharply ahead, rising from 6 billion in 2006 to 16.9 billion in 2007. This trend is essentially attributable to the growth in certificates of deposit issued by banks, which moved from 3.5 billion to 14.6 billion dirhams in one year, due to the tightening of banks' cash positions and the rise of proposed remunerations. Issues of commercial papers rose only slightly reaching 1.9 billion against 1.3 billion dirhams in 2006. On the other hand, issues relative to finance company bonds dropped from 1.2 billion to 409 million dirhams from one year to the next. Given the repayments of 10 billion, the outstanding amount of negotiable debt securities rose from 10.3 billion to 17.3 billion dirhams¹.

Interest rates on negotiable debt securities grew further to the rise of remuneration on short-term Treasury bills. Indeed, the rates for the most frequent maturities, namely one year for certificates of deposit, varied between 3.4% and 4.1% as opposed to 3.1% and 3.6% the previous year. With regard to commercial papers, the rates for 6-month securities ranged from 3.6% to 4.3% as opposed to 3.2% to 3.9% the year before.

Evolution of the outstanding amounts of negotiable debt securities for the year 2007 (in millions of DH)



¹ See statistical appendix XIV-5

◆ Bond issues

Bond issues registered a rise of 22.6%, as they grew from 4.1 billion in 2006 to 5.1 billion in 2007. Attijariwafa Bank made two issues totaling 3 billion, including 2 billion for a 7-year maturity, at a rate of 3.85% and 1 billion for a 10-year maturity, at a rate of 5.10%, of which 800 million was listed on the stock market. As for the SNI, it issued a 10-year loan worth 1.2 billion dirhams at a rate of 4.70%. Moreover, Somacovam issued two bond loans worth 500 million for an 8-year maturity and indexed on a portfolio composed of 20 international shares. On the other hand, Financière Hatt issued an amount of 275 million for a maturity of 5 years at a rate of 4.41%. Mediaco and Setexam launched issues with respective values of 70 million and 20 million, at rates of 4.76% and 4.35%.

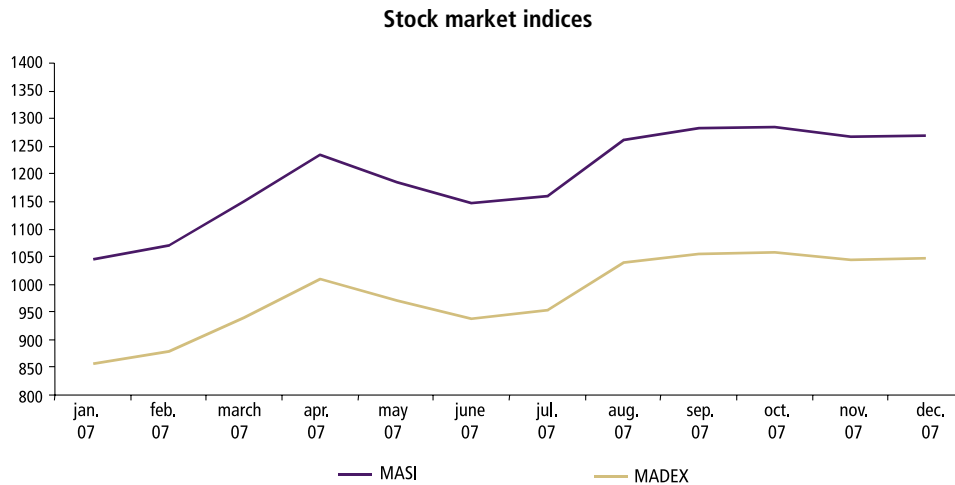
Issuing institution	Date	Maturity	Rate	Issued volumes (in millions of Dhs)
Attijariwafa bank	February	7 years	3.85%	2000
Mediaco	March	7 years	4.76%	70
Financière Hatt	May	5 years	4.41%	100
Financière Hatt	May	5 years	4.41%	175
Setexam	June	2 years and 1 day	4.35%	20
SNI	July	10 years	4.70%	1200
Attijariwafa bank	November	10 years	5.10%	800
Attijariwafa bank	November	10 years	5.10%	200
Somacovam	December	8 years	(*)	500

(*) The rates are indexed on a portfolio composed of 20 international shares.

◆ The stock market

The dynamism of the stock market continued in 2007, with the MASI index appreciating by 33.9%¹ and the MADEX by 35.1%, as opposed to 71.1% and 77.7% in 2006. Taken together, prices were up throughout the year, except for the downward corrections observed in May and June. Reflecting the sharp appreciation of stock market prices, the price earning ratio rose from 20.7 to 22.2 from one year to the next. Therefore, given the steady rise of prices registered over the past two years, further vigilance is recommended.

¹ See statistical appendix XIV-6



Source: Casablanca Stock Exchange

Growth was registered in all sectoral indices. Accordingly the insurance index rose almost twofold from one year to the next, due to the listing of Atlanta. Capital goods sector also saw its index rise appreciably by 78.3%, further to good condition of the automobile market. As for the banking sector, it registered an annual performance of 53.1%. The same applies to indices regarding the real estate and building and public works sector which moved ahead by 44.8% and 43.4%, respectively, in conjunction with the boom of the real estate market.

Concurrently, stock market capitalization increased by 40.6%, reaching 586.3 billion, thus representing 95.3% of GDP as opposed to 72.2% in the previous year. The listing of ten companies on the stock market contributed by 10.7% to the overall market capitalization, 7.6% of which is attributable to a real-estate development company and nearly 2% to an insurance company. Overall, the number of companies listed reached 73. On the other hand, capital increases reached the amount of 1.7 billion against 0.5 billion in 2006.

Concerning the turnover, it has more than doubled, reaching 359.8 billion, and 38% of it was made in December further to extensive portfolio revaluations on the block market and the announcement of a rise in Capital Gains Tax for 2008. Transactions on the central market, rising by more than 80% in one year to reach a total of 213.8 billion, nevertheless remain predominant, representing nearly 60% of the global volume. Block market transactions, after dropping by 66.5% in 2006, rose appreciably from 20.4 billion to 112.3 billion from one year

to the next. The volume of transactions engendered by stock market listings rose from 13.1 billion to 19 billion, including 5.4 billion in bonds.

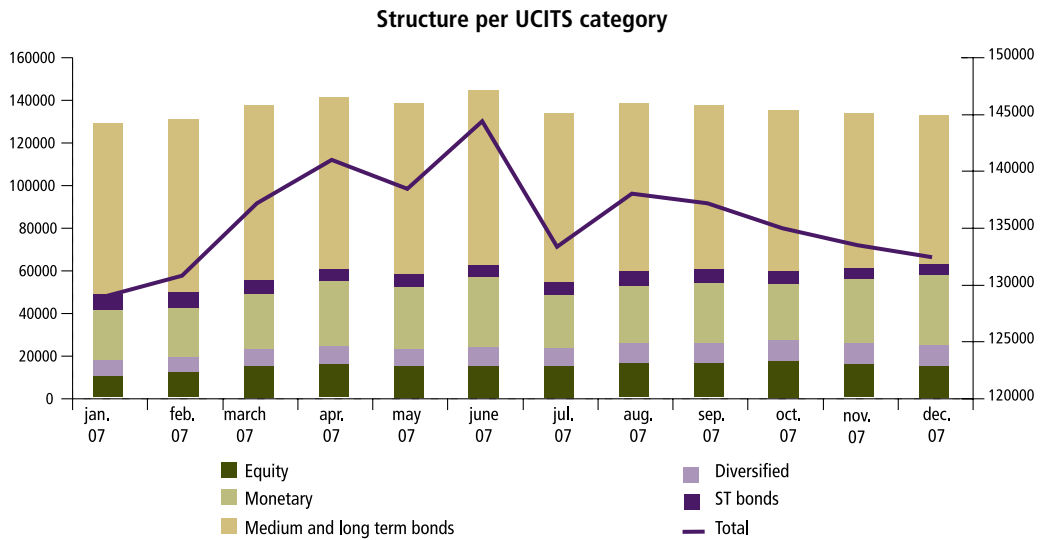
The global amount of dividends distributed by listed companies continued to move ahead, increasing from 12.4 billion in 2006 to 14.7 billion in 2007, up by 18.6%. Nevertheless, the general average rate of return continued to fall by settling at 2.5%, against nearly 3% in 2006, considering the substantial rise in stock market capitalization.

Foreign investments in listed shares increased by 20.2%, reaching 149 billion in 2007¹. This rise is linked to the growth in the stock market index and to the new equity investments. The share of foreign investment in stock market capitalization slowed down, declining to 25.4% as opposed to 29.8% in 2006, as a result of the low performance of foreign-held shares compared to the overall stock market performance. Excluding strategic stakes, the share of foreign capitals in listed shares remains marginal, representing 1.8% of the total capitalization.

◆ Asset management

After reaching 142.5 billion dirhams in June, net assets managed by UCITS amounted to 132 billion in December against 128.7 billion in 2006, thus increasing by 2.6%. The rise registered by UCITS net assets in the first half of the year is due to the sharp growth in net assets of equity and diversified funds. In the second half of the year, UCITS net assets fell back further to the contraction of the net assets in bond funds as a result of the rise of Treasury bill rates on the secondary market.

¹ On the basis of the Transferable Securities Ethics Board's report on foreign investment at the Casablanca Stock Exchange in 2007



Source: Transferable Securities Ethics Board (CDVM)

The number of UCITS rose from 200 in 2006 to 238 in 2007, further to the creation of 19 medium and long-term bond funds and 9 equity funds. In terms of distribution per number, medium and long-term bond UCITS still hold the first place compared to other types of UCITS with a total number of 100.

The distribution of the outstanding amount reveals the leading position of bond UCITS whose net assets make approximately 76 billion dirhams, representing 57.5% of the total in 2007. On the other hand, net assets of equity and diversified UCITS registered a rise of nearly 56% further to appreciation of stock market prices, as their share in the total net assets rose from 12.1% in 2006 to 18.4% in 2007.

Per category of holder, financial companies hold 62% of net assets managed by UCITS. The part of assets held by non-financial companies represent 22.7%, while resident private persons and non-resident private and corporate persons represent 15.2% and 1.2%, respectively.

The part of UCITS net assets in national savings declined, settling at 66.2% in 2007 against 69.3% in 2006. Similarly, the share of UCITS net assets in GDP fell from 22.3% to 21.5% from one year to the next.

Box 17: Major regulatory measures for 2007

The regulatory system instituted a new UCITS category for third parties, called contractual funds, defined as being a commitment between the UCITS and the subscriber to a concrete result expressed in terms of performance and/or a guarantee in the amount invested. In addition, new regulatory provisions authorize a UCITS to hold among its assets the amount of debts representative of repurchase operations it carries out as an assignee while the said debts should not represent more than 100% of its assets. In the event a UCITS performs, as a transferor, repurchase operations, the sum of the outstanding amount of the debts representing these operations and cash borrowings must not exceed 10%.

◆ Economic and financial flows

Pending the preparation of a flow of funds table, in the framework of national accounts, Bank Al-Maghrib has drawn up a diagram of economic and financial flows showing the allocation of the savings of sectors having a surplus to those in deficit, thus allowing the understanding of the relationships between the various sectors of the economy. It consists of two parts, one related to the real variables and the other presenting the expenditures and resources of the five sectors, while highlighting the financial flows between them. In so doing, it shows the imbalances in the non-financial transactions of each sector, as well as the overall imbalance of these operations for the economy as a whole (See Box 18).

On the basis of this analysis, the economy which registered a net lending of 15.6 billion dirhams in 2006, showed an overall net borrowing of 834 million dirhams in 2007. While the net borrowing of the general government was markedly down from one year to another, the private sector's net lending decreased, from 30.5 billion to 6.4 billion dirhams¹.

¹ See statistical appendix XV-1

Diagram of economic and financial flows in 2007 (current prices in billions of dirhams)

Sectors	National economy					Rest of world
	Economy	General government	Private sector	Secteur financier		
Transactions				Banking sector	Non-banking financial sector	
Gross national disposable income (GNDI)	-670,74	133,74	537,01			
Consumption	471,36	-113,39	-357,97			
Gross fixed capital formation	192,57	-27,58	-164,99			
Changes in inventories	7,61		-7,61			
Exports of goods and services	220,30					-220,30
Imports of goods and services	-276,48					276,48
Net income and transfers from abroad	55,37					-55,37
Balance of non-financial transactions		-7,23	6,43			0,81
Balance of non-financial transactions net of subsidization arrears		-7,47	6,43			0,81
Domestic financing		4,44	-29,33	32,58	-7,69	
- Monetary		2,30	-19,38	15,99	1,08	
. Domestic credit		2,30	68,37	-70,67		
- Claims on Government		2,30	-0,71	-1,60		
- Lending to the economy			69,08	-69,08		
. Money supply			-87,75	86,67	1,08	
- M1			-75,78	75,78		
- Demand deposits			-6,67	5,59	1,08	
- Time deposits			-5,29	5,29		
- Non-monetary: collecting and investment		2,13	-9,95	16,59	-8,77	
. Institutional savings			-20,26		20,26	
. Treasury bills		-0,33	-4,26	9,70	-5,11	
. Privatization		2,46	-2,46			
. Private investment			17,03	6,90	-23,92	
- UCITS			3,40	2,74	-6,13	
- Negotiable debt instruments			0,07	4,16	-4,23	
- Private bonds			5,07		-5,07	
- Shares			8,50		-8,50	
External financing		3,76	16,95	-17,37		-3,35
- Monetary				-17,75		17,75
. Variation in commercial banks' NFA				-3,40		3,40
. Variation in Bank Al-Maghrib's NFA				-14,35		14,35
- Non-monetary		3,76	16,95	0,38		-21,10
. Direct investment		0,59	16,69	0,38		-17,66
. Net external borrowing		3,17	0,26			-3,43
Differences		-0,73	5,94			2,54
Balance of financial transactions	0,00	7,47	-6,43	0,00	0,00	-0,81

Data: Ministry of Economy and Finance, High Commission for Planning and Foreign Exchange Control Office

◆ Non-financial transactions

Amounting to 670.74 billion dirhams in 2007, the gross national disposable income (GNDI) grew by 7.4%, a slower pace than the 9.8% registered in 2006. National final consumption stood at 471.4 billion, up by 7.4% while the gross national saving, estimated at 199.4 billion, registered an increase of 7.4% further to the 13.6% rise recorded in 2006. Thus, the savings rate calculated in comparison with the GNDI was of 29.3%, a pace similar to that of the previous year. In turn, investment grew by 17.8% to 200.2 billion, bringing the investment rate from 28.1% up to 31.3%. Against this background, the savings resources of the national economy did not allow coverage of the total amount of capital expenditure which led, for the first time in 6 years, to a net borrowing of approximately 834 million dirhams.

◆ Financial transactions

General government

The net borrowing of the general government decreased markedly from 16 billion to 7.5 billion, further to the 19.8% rise in tax revenues. Domestic financing, which in the past represented the main financing source for the general government, contributed only 54% to overall financing. At 2.1 billion dirhams, non-monetary domestic financing includes privatization receipts totaling 2.5 billion dirhams and a negative flow of 330 million dirhams from recourse to capital markets. On the other hand, net external resources mobilized by the public sector in 2007 reached 3.8 billion dirhams against net reimbursements of 200 million dirhams in 2006. This development is basically attributable to the issue of a bond loan on the international market for the equivalent of 5.6 billion dirhams while privatization receipts in foreign currencies amounted to 590 million dirhams.

Private sector

Down by nearly 24.1 billion, the net lending of the private sector was of 6.4 billion dirhams. The private sector's assets basically consisted of monetary cash resources, followed by institutional savings and investments with UCITS. The private sector continues to invest its savings mainly in the form of deposits, a large share of which is non-interest bearing. The volume of paper money, deposits and demand deposits held by private sector's economic agents grew by 75.8 billion against 54.8 billion in 2006, while time deposits were up by 5.3

billion instead of 20 billion in the previous year. In 2007, the private sector purchases from Treasury bills and Government assets transferred in the framework of privatization operations represented 4.3 and 2.5 billion dirhams, respectively. On the other hand, the private sector's acquisition of UCITS' shares declined due to lack of investor's interest in this type of investment.

Concurrently, bank financing of the private sector grew by nearly 23% in 2007, further to the increase in loans to private individuals and businesses. Concerning financing on the capital market, it remains relatively weak. Thus, bond issues amounted to 4.1 billion against 5.1 billion dirhams, while share issues came to 8.5 billion, split up between new listings and capital increases at respective amounts of 6.8 billion and 1.7 billion dirhams, against 3.6 billion and 500 million in 2006. All in all, the private sector invested 87.8 billion dirhams, in the form of deposits with the banking sector, and benefited from resources worth 69.1 billion dirhams in the form of bank loans. Basically composed of direct investments, external financing remained practically stable from one year to the next, at 17 billion dirhams.

Financial sector

Banking sector

Representing nearly one half of banking resources, non-interest bearing deposits grew by nearly 26% in one year, to 316.25 billion.

Concerning borrowing resources, banks increased their issues from certificates of deposit, the outstanding amount of which went sharply up, jumping from 4.7 billion to 12.4 billion dirhams. The banking sector's use of external financing remained limited, as outstanding external borrowing was unchanged, at 3.2 billion dirhams in 2007.

Bank assets grew from 528.1 to 642.6 billion, in connection with the sharp expansion of distributed credit. Loans granted by the banking system rose by 95 billion while those distributed by finance companies increased by 9.8 billion. In turn, the net foreign assets of Bank Al-Maghrib and commercial banks registered respective rises of 14.4 billion and 3.4 billion in 2007, against 23.8 billion and 1.1 billion dirhams in 2006.

Non-banking financial sector

The non-banking financial sector is largely financed by the economic agents. Insurance companies and pension and provident companies thus mobilized funds from savings resources of 20.3 billion dirhams. In turn, deposits with the National Savings Fund grew by nearly 1.1 billion.

With regard to assets, the non-banking financial sector financed a large share of the public deficit, even though its level decreased from one year to the next.

Non-banking financial institutions contributed to the financing of other sectors through subscription to newly listed shares and bond issues, the amounts of which reached 8.5 billion and 5.1 billion dirhams, respectively. Investments in UCITS' shares amounted to 6.1 billion, down by nearly 24 billion dirhams.

Rest of the world

Totaling 276.5 billion dirhams, imports expanded by 20.7%, while exports registered a growth of 11.6% to 220.30 billion dirhams, thereby deepening the trade deficit.

External monetary financing contracted, due to the drop in the flow of the net foreign assets of Bank Al-Maghrib which decreased in one year from 23.8 billion to 14.4 billion dirhams. On the other hand, non-monetary external financing was up, in connection with the inflow of direct foreign investment which reached 17.7 billion against 13.8 billion dirhams a year ago.

Box 18: Methodology of the economic and financial flow diagram

The diagram of the economic and financial flows makes it possible to perceive the interrelations between macroeconomic accounts. It is drawn up on the basis of the data of the principal economic sectors, broken down into financial and non-financial transactions.

The diagram consists of two parts: one relative to economic aggregates divided per sector (GNDI, consumption, gross fixed capital formation, exports and imports), called « non-financial transactions », and another part referring to the financial transactions of the various sectors with a distinction between domestic and external financing.

The data in this diagram are compiled from national accounts statistics, the Treasury's expenditure and resources, the balance of payments and the monetary statistics. Other sources of information are used with regard to data relating to the non-banking financial system.

The economic and financial flow diagram covers the following sectors:

- General government,
- Private sector consisting of households, private and public enterprises not making part of the general government,
- The financial sector includes the banking sector (Bank Al-Maghrib, banks and finance companies) on the one hand and the non-banking financial sector (CDG, UCITS, insurance companies and pension and provident companies), on the other.
- Rest of world.

PART 2
BANK ACTIVITIES



◆ Activities of the Bank

In 2007, the Bank's activities were characterized by the launch of the second strategic plan covering 2007 to 2009. The efforts deployed for modernization of the Bank's operational processes at all levels were structured in the framework of medium-term strategic plans, defining, in the framework of a participative approach, the priority areas translated into action plans.

At the end of the first strategic plan 2004-2006, Bank Al-Maghrib adopted an up-to-date system of governance and an organization chart better adapted to its fundamental missions. Likewise, it set up a control and risk prevention system based on strengthening the internal audit function. In addition, the actions undertaken for formalizing procedures and for instituting a new accounting plan were finalized, while considerable progress was made for the development of the management control function and quality management system. Furthermore, the provisions of the ethics code were strengthened and the process of awareness-building continued. To achieve full control of the costs engendered by its activity, the Bank adopted a formal reporting system at all levels and launched a cost accounting project. Two master plans allowed Bank Al-Maghrib to establish the bases of an up-to-date human resources management system and strengthen the capacities of its information systems.

The improvement of organizational and management methods which continued in 2007, went hand in hand with substantial advances made at the level of its fundamental missions. These advances dealt with the analytical framework on the basis of which monetary policy decisions are taken, particularly the system for monetary policy effects analysis, inflation and activity forecasting, aspects related to the implementation of monetary policy, management of exchange reserves, payment systems, and banking supervision, which are now in line with international standards.

◆ Governance

Governance bodies

The Bank's governance bodies are made up of the administrative and management entities consisting of the Bank Board, the Governor and the Management Committee, as well as of control bodies, namely the Government Representative, the statutory auditor and the audit Court.

The Board, chaired by the Bank's Governor, consists of the General Manager and six members having no position of responsibility in credit or financial institutions or general government, the representation of general government being limited to the Treasury and External Finance Director who does not partake in voting on monetary policy decisions. In addition, the Statutes have widened the prerogatives of the Board with regard to exchange reserve management, making it responsible for defining general investment rules.

The February 2006 Statutes oblige the Bank to submit its accounts to an annual external audit conducted under the responsibility of a statutory auditor. The said audit also covers the quality of internal control. In addition, the Bank submits to the Audit Court its annual accounting statements and extracts of Board minutes related to its budget and holdings, along with external auditors' reports.

The Management Committee assists the Governor in running the Bank's business. It meets every month to discuss the various cross-department projects, examines the road maps of each central entity and monitors the state of progress of other projects initiated by the Bank. Monthly meetings of directors with their support staff precede the Management Committee meetings.

Activity management

Management of the Bank's activities is provided by internal committees the powers and composition of which are set by order of the Governor. On this basis, internal collaboration is strengthened further, thereby fostering permanent and formal dialogue at all levels, making it possible to consolidate our decision-making processes in conformity with the best standards of central banks.

Management Committees	<ul style="list-style-type: none"> • Monetary and Financial Committee • Payment Systems Committee • External Communications Advisory Committee • Training Advisory Council • Operational Risk Committee • Ethics Committee • I.T Strategy Committee • I.T Technical Committee • Investments Committee • Ad-hoc Management Committee for Human Resource Master Plan
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Bank organization chart

The Bank's organization chart consists of 7 business entities and 7 support entities.

Business entities	<ul style="list-style-type: none"> • Monetary and Exchange Operations Department • Economics and International Relations Department • Research Department • Bank Supervision Department • Network and Business Relations Department • Dar As-Sikkah Department • Currency museum Department
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Support entities	<ul style="list-style-type: none">• Human Resources Department• Finance Department• Organization and information systems Department• Audit and risk prevention Department• Logistics Department• Legal Affairs Department• Communications Department
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Strategic planning

The modernization actions with respect to the operational processes of the Bank are structured in the framework of medium-term strategic plans which defines the priorities further to a concerted approach, and after taking into consideration the interactions between the various business lines.

By periodically updating its strategic plan, Bank Al-Maghrib adapts its strategy to the situation prevailing in its environment. The second strategic plan of Bank Al-Maghrib for 2007 - 2009 was developed further to the entry into force of the new Bank Al-Maghrib Statutes and the new banking law that granted the Bank greater autonomy with regard to monetary policy, banking supervision, and assigned it the task of monitoring payment systems. Being the result of a joint reflection in which all entities of the Bank were involved, the second strategic plan was drawn up on the basis of the previous plan and the medium-term outlook for the external environment characterized inter alia by a greater openness of the economy, greater interdependence of the various financial system players and a deep-seated transformation of banking regulations.

In this environment of rapid change, the strategic plan 2007-2009 gives priority to business functions. Henceforth the support function activities are defined in accordance with demand by business lines, thereby making it possible to develop a triennial budget well tailored to the medium-term objectives of the Bank's activities.

Orientations set by the strategic plans of Bank Al-Maghrib

Strategic Plan 2004 - 2006	Strategic Plan 2007-2009
<p>Modernize organization and management of Bank's activities</p> <p>Provide the Bank with a system for the prevention and control of risks</p> <p>Search for optimization and quality in Bank management</p>	<p>Consolidate the process of development, implementation and assessment of monetary policy</p> <p>Strive for strengthening financial stability</p> <p>Upgrade the fiduciary section and modernize the network</p>

Thus, the three objectives the 2007-2009 strategic plan is to fulfill are the following:

1. Consolidate the process of design, implementation and assessment of monetary policy through:
 - Improvement of the analysis and forecasting system,
 - Reinforcement of the operational framework for conducting monetary policy,
 - Improvement of economic and financial activity monitoring.

2. Strive to strengthen financial stability by:
 - setting up institutional mechanisms for joint action to ensure overall monitoring of the financial system stability;
 - Providing tools for the assessment of vulnerabilities inherent to the financial system and the management of systemic crises;
 - Continuing to search for high-performance and secure payment systems.

3. Upgrade fiduciary activities and modernize the network by:
 - Modernizing the production tool
 - Optimizing the production process and inventory management
 - Modernizing network operation.

Achieving these objectives requires:

- Perfecting the organization chart,
- Improving human resources management system and renovating the training policy by a reorganization of the structures, methods and terms of implementation,
- setting up a high-performance information system,
- Ensuring a greater openness through:
 - Strengthening external and internal communications
 - Implementing a policy of more extensive presence.
- Rationalization and modernization of technical and financial resources by means of:
 - Budgetary reform,
 - Strengthening the management control system, in particular through the establishment of cost accounting,
 - Outsourcing of some bank activities.
- Consolidation of the modernization of working methods by encouraging the spirit of team work and management in project mode,
- Strengthening the social and proximity policy with regard to the Bank's staff.

Ethics

To reinforce a culture of ethics within the Bank, and to adapt best ethical practices, three important advances were achieved in 2007.

Specific provisions related to the prevention of corruption and influence-peddling were integrated into the ethics code applicable to the Bank's employees. These measures place the Bank's practices in line with national and international trends geared to the moralization of public sectors.

In addition, specific sections of the ethics codes were added. They concern the rules to be adhered to by employees involved in the execution of the Bank's procurement contracts. In addition, more restrictive rules

related to the declaration of gifts received were formalized by some entities in accordance with the degree of sensitivity of their activity.

The awareness-building process with regard to ethics continued through information and training sessions organized by ethics correspondents in the various entities of the Bank, including in the branch office network.

Risk control and prevention system

In 2007, the consolidation of audit and control continued on the basis of the orientations set out since 2005. It is based on the principle of decentralization of control activities, granting greater responsibility to operational entities with regard to the management of risks inherent to their activities, and on the increasing focus of the auditing process on risks.

The world of internal audit henceforth encompasses all Bank operational entities, processes and activities. Similarly, audit missions are conducted at central entity as well as in the branch network, thereby contributing to improvement of Bank governance.

In 2007, auditing missions primarily concerned exchange reserve management, information system, accounting, external communications, security and social management.

Compliance with international standards for professional practices as defined by the Institute of Internal Auditors (IIA) constitutes a point of reference, with regard both to organization and conduct of audit missions. A self-assessment was carried out in 2007 in order to evaluate the degree of conformity of the Bank's organization and practices with the said standards. This exercise is a preparation for the submittal of this activity to external assessment scheduled in the framework of the 2007-2009 Strategic Plan.

With regard to risk prevention, the operational risk control approach « MARIO » adopted in 2005, was gradually applied to all the Bank's processes. It aims at providing the Governor and Bank's management with a detailed map of the risks which constitute one of the tools used in making strategic decisions. In line with good practices in this field, the Bank Board reviewed and approved the strategic and organizational systems related

to the management of operational risks. In addition, Bank Al-Maghrib became a permanent member of the International Operational Risk Working Group.

Information security, as a crucial component of operational risk, was constantly improved. The actions undertaken concerned high privilege account management, the security of electronic operations, the formalization of the prime contractor role, the security of I.T projects and the development of a business continuity plan. Concurrently, the deployment of local information security policies at the level of entities continued. Finally, an awareness campaign on information security was organized to the benefit of all employees of the Bank.

Quality management

Initiated in 2006, the quality approach within the Bank made it possible to identify all the Bank's processes and assess them in light of the requirements of the ISO 9001 standard. The organization required for this process was established (appointment of managers and the constitution of groups for the improvement of the process). Similarly, the items enabling the control and improvement of Bank's activities, such as procedures, controls, performance indicators and claims handling, were defined.

Fiscal year 2007 saw the launch of work at the level of all Bank processes. Analysis has already been completed and enabled identification of the areas of improvement to be undertaken so as to guarantee better control over activities and efficient operation of the various processes. Measuring performance indicators were defined for each process to ensure that the provisions and improvement actions implemented will make it possible to reach the objectives set.

◆ Communication, proximity and information

Communication and proximity

To facilitate understanding and knowledge of its fundamental missions by the public at large, in 2007 Bank Al-Maghrib produced two thematic films on Dar As-Sikkah and bank supervision. Likewise, the revamping of the Bank's website constituted one of the priority projects for 2007.

The Bank also defined the prerequisites of the project for improving telephone and physical reception which would allow, inter alia, for establishing welcome and information points at the level of central administration and the network, and which will be regularly supplied by a publishing system.

With regard to proximity communication, during the year Bank Al-Maghrib organized several events for information or awareness purposes addressing a diversified audience such as the International Seminar on Inflation targeting, the launch of the National Awareness Campaign for the Prevention and Fight against Money Laundering, and the Conference on the stakes and operating methods for the delegation of Bank Al-Maghrib public credit registry.

Dissemination of information

Bank Al-Maghrib publications cover topics directly connected to its activities. Our Institute publishes several annual, quarterly, monthly and weekly publications. These are available on its website and also in paper format.

Since February 2007 (Order No 3/G/2007) the publications of Bank Al-Maghrib are classified per group bearing mention of the entities in charge of their preparation and the methods of validation and dissemination.

Institutional publications

The Annual Report on the national economic, monetary and financial situation, as well as the Bank's activities during the year under review is presented to His Majesty the King before June 30 of each year and published in the Official Gazette, in compliance with article 57 of Bank Al-Maghrib statutes.

The Report on Bank Supervision or annual report on the control, activity and results of credit institutions published since 2004, presents an analytical approach of the banking system and highlights the regulatory environment and current situation of the national banking sector. In addition, the report publishes in-depth studies conducted by our Institute on the operation of the banking sector in Morocco.

The purpose of the Annual Report on Payment Systems and means is to provide information on the situation of payment systems and means, as well as on the actions undertaken by the Bank, in cooperation with the relevant players, in the framework of its mission, consisting of overseeing the sound functioning of security of payment systems and means.

Analysis and reference documents

The Report on monetary policy is a quarterly publication, the main objective of which is to serve as a basis for decisions taken by the Bank. It is made available to the public at large 10 business days at the latest after each Board meeting. The first issue was published after the Board meeting of 19 December 2006.

This analytical and forecasting publication analyzes the various factors that may affect inflation and presents an inflation outlook with a risk balance. The report on monetary policy is based on the various research projects and the new monitoring models and tools developed within the Bank: models for projecting inflation and activity, for the analysis of the monetary policy effects, a new survey on the situation of industry, surveys on the conditions for granting loans and on lending rates and an in-depth study on demand for money and the determining factors of inflation.

Information and statistical documents

The Quarterly Bulletin provides national economic, monetary and financial statistics and a legislative and regulatory directory of the main laws published in the Official Gazette during the quarter.

Monetary Statistics, published no longer than 30 days after the relevant month, describes the developments in monetary and liquid investments aggregates. Its publishing is in compliance with the International Monetary Fund's Special Data Dissemination Standard to which Morocco subscribed in December 2005.

Other statistical information is published by Bank Al-Maghrib and concern the money market, exchange rates, foreign exchange market, foreign assets and the Bank's accounting situation. All of these statements can be consulted on the Bank's website.

The weekly dashboard provides the most recent data on the main national economic, monetary and financial indicators.

The Economic Situation Survey provides a summary of corporate leader opinions regarding certain indicators pertaining to their activities. It comprises, on the one hand, a monthly section which allows for following the situation of a certain number of indicators relative to output, industrial capacity utilization rate, stocks of finished products, sales (local and foreign), as well as sales prices, and, on the other, a quarterly section including questions related to the business climate, the costs and manufacturing conditions, the cash holdings situation and the financing conditions.

Working documents

« Working documents » consist of individual or collective contributions by Bank executives in the form of research or analysis in fields representing the center of interest of the Institution. The publication thereof is carried out under the supervision of the entity in charge of research, subsequent to the issuance of an opinion by the Monetary and Financial Committee.

◆ Monetary policy

Research

In 2007, the study and research activity was characterized by the development of several macroeconomic analysis models and the reinforcement of the inflation forecasting system. The year saw the creation of a Research Division under the direct authority of the Bank's Government, in charge of all issues relative to economic, monetary and financial research and macroeconomic modeling. During the same year, Bank Al-Maghrib finalized the development of an analytical model for the analysis of monetary policy effects, within the framework of a global project of research on the monetary policy transmission mechanisms. New econometric models for inflation-forecasting on a quarterly basis were developed and brought into production. Existing models were fine-tuned, in particular P-Star and the model based on the Phillips curve.

Therefore, the Bank introduced in its first quarterly Monetary Policy Report for 2007 a new graphical representation of its quarterly inflation forecasts (in the form of a fan chart). This type of chart makes it possible to pass on to the public the balance of inflationary risks associated with the central forecast. The Bank staff also launched several projects such as the development of a synthetic indicator of inflationary pressures, the conduct of research on the persistence of inflation, an assessment of inflation perception by the different household categories and the development of a sector-based inflation analysis and forecasting model.

The effort deployed in the field of modeling and forecasting went hand in hand with the establishment of a database for the 1973-2007 period covering, in particular, monetary policy, the foreign exchange market, the central information registry, monetary statistics, banking supervision, as well as external data (national accounts, price indices, output, employment, population, public finance, stock market indicators, UCITS, foreign trade, and the balance of payments). Data updating is based on formal frameworks for exchange with internal and external suppliers, which makes it possible to regularly supply more than 280,000 statistical series. In order to industrialize the supplying process and to ensure data-retrieval in several forms for reporting and studies, a retrieval project was launched during the year.

To reinforce its monitoring of the economic situation and its analyses, in January 2007, Bank Al-Maghrib launched a new monthly economic survey. Published monthly, the results of this survey cover the main indicators of industrial activity, as perceived by a representative sample of 400 manufacturing firms.

◆ Management of exchange reserves

In compliance with the statutory provisions, the Bank's investment strategy for exchange reserve management, which is part of an optimal management approach, is implemented in the framework of a formalized process. This strategy is subject to approval by the Board which also monitors it.

Fiscal 2007 was marked in the first quarter by high bond yields, which allowed our Institute to reallocate a share of its cash holdings to the investment segment, leading to an improvement in the overall yield of exchange reserves.

However, in the second half of 2007, given the turbulence affecting financial markets, the Central Bank adapted its investment strategy by a position on securities with the same quality as «Triple A» sovereign securities, thus offering a higher additional yield.

Concerning the outsourced management of exchange reserves, 2007 was marked by new management mandates and the extension of the list of issuers eligible for the Bank reserves' delegated management to top agencies having a «Triple A» rating.

As to operational risks, in 2007, the Bank consolidated the existing internal control system. Operational risks are controlled thanks to an internal organization making a clear distinction between the three entities' functions. Thus, independence is guaranteed between the launching of operations by the Front Office, transaction compliance and risk monitoring by the Middle Office -Control and Risk Management Department- and the execution as well as settlement of transactions by the Back Office.

Credit-risk management evaluation by the Bank was intensified in 2007. The spread, to other international financial markets, of the turbulence on the U.S. mortgage market led the Bank to carry out active intelligence to follow-up all its counterparts. In addition, the setting of periodically revised limits for counterparts was submitted to approval by the Monetary and Financial Committee¹, prior to their application.

Evaluation of the market risk continued to be monitored, as in 2006, according to a certain number of parameters. Apart from the currency structure of the short-term investment portfolio, the credit risk is measured by synthetic indicators, such as the actual duration of the long and short-term investment portfolios, and their sensitivity to interest-rate variation risk according to the selected scenarios (steepening or flattening of yield curve, parallel shift, maximum authorized deviation compared to the reference index chosen for the short-term investment portfolio).

¹ An internal body of the Bank, chaired by the Governor, the Monetary and Financial Committee meets each month

◆ Management of payment systems and means

Payment systems

In consultation with the banking and financial industry, Bank Al-Maghrib started a process for modernizing bulk payment systems which materialized starting from 2003, through the launch of the *Système Interbancaire Marocain de Télécompensation* (Moroccan Interbank Remote clearing System). The purpose of this system is to automate the processing and clearing procedures of all cashless payment means exchanged by the Clearing Houses in order to reduce settlement deadlines, due mainly to the physical circulation of values.

The progressive integration of means of payment in the electronic remote clearing system went hand in hand with their standardization and the development of specific agreements between the participants, establishing appropriate procedures for the non-physical exchange of these instruments. At the end of 2007, the Association for a Moroccan Interbank Remote Clearing System generalized the dematerialization of checks nationwide.

The year 2007 was characterized by the start-up of work on the development of a monitoring framework for the various payment and settlement systems. The objective of the system is to facilitate the early detection of any source of risk that could affect the payment system, its network and its participants, by following up a number of data and indicators and conducting on-site inspections.

To ensure the security of payment means, the action of Bank Al-Maghrib in 2007 focused on the compliance of Moroccan bank cards with international standards and the minimization of the risk of fraud. The implementation of this action led to the creation of a Steering Committee in charge of monitoring the migration of electronic bankers system to the EMV standard. This committee consists of the representatives of Bank Al-Maghrib, GPBM (Moroccan Bankers Association), CMI (Interbank Money Center), and various banks on the marketplace, as well as Barid Al-Maghrib (Post Office).

The Payment Card Fraud Committee, created upon the initiative of Bank Al-Maghrib and consisting of the representatives of Bank Al-Maghrib, GPBM, CMI, and DGSN (National Security Department), the Royal Gendarmerie, the Ministries of Tourism and Justice, met in January 2007. This Committee deals with aspects concerning standardization and regulation pertaining to bank cards, on the one hand, and cases of fraud

registered at the national level and the criminal law provisions applicable to this kind of misdemeanor, on the other hand.

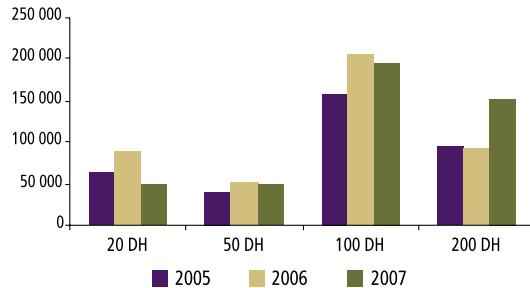
With regard to on-line payments, Bank Al-Maghrib closely followed the establishment of the platform developed for this purpose that will enable Moroccan domestic bank-card holders to make online purchases from member merchants. In this framework, to secure on-line payments in order to guarantee a high level of trust on the part of users which is a necessary element for the development of e-commerce, Bank Al-Maghrib is currently preparing a normative framework specifying mainly the minimal requirements payment-service providers must meet.

Concurrently, work on the project for updating the legal framework governing means of payment continued in 2007. This project, which is conducted by the inter-ministerial commission created upon the initiative of Bank Al-Maghrib and consisting of representatives of the Ministries of Justice, Finance, Economic and General Affairs and of Commerce and Industry, intends to make up for the loopholes detected in current legal texts and to strengthen the criminal laws applicable to certain types of fraud, given particularly the conclusions of the public awareness campaign on checks and bank cards organized on the Bank's initiative.

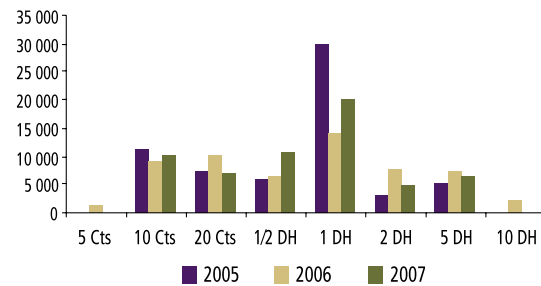
Notes and coins

In 2007, our Dar As-Sikkah site produced 444 million new notes, against 357 and 440 million in fiscal 2005 and 2006, respectively. Production of coins was limited to 59 million in 2007 against 62 and 58 million in 2005 and 2006, respectively, which represents a slight increase compared to the previous year and the 7% decline experienced in 2006.

**Output of new notes in 2005, 2006 and 2007
(in thousands)**



**Output of new coins in 2005, 2006 and 2007
(in thousands)**

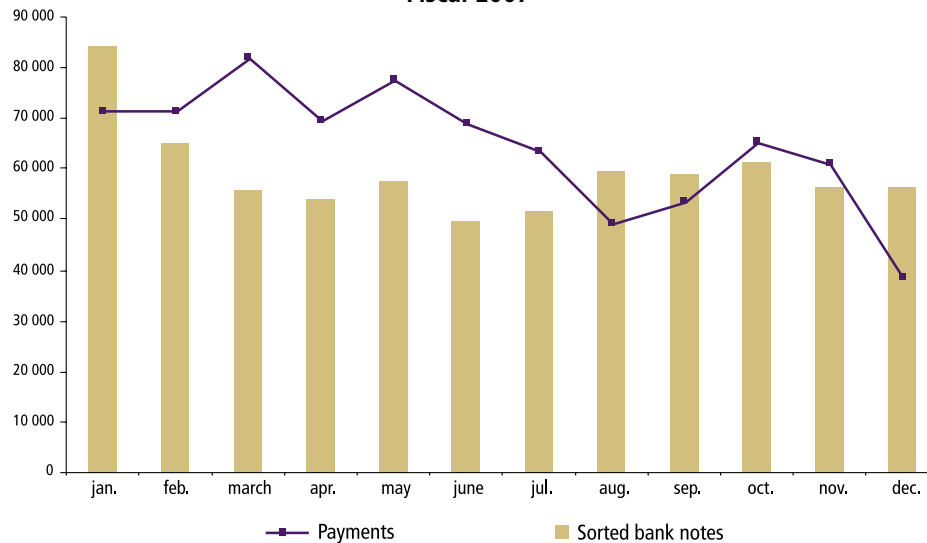


At the end of 2007, paper money circulation, expressed in terms of volume, neared a total of 950 million banknotes and 1,912 million coins. The number of notes increased by 8.27% compared to 2006, instead of a rise of 19%, on average, between fiscal 2005 and 2006. At the same time, the quantities of coins in circulation evolved positively, albeit at a more moderate pace of 3.6% against 4.5% in 2006 compared to 2005.

The pace of notes and coins' withdrawal from Bank Al-Maghrif counters led, in 2007, to a slight increase in notes' outflow, estimated at 879 million notes, up by +1.71% compared to 2006. On the contrary, coins' outflow fell by 9.78% compared to 2006, to 97.8 million coins.

The Bank supplies the national economy with new and recycled notes in almost equivalent proportions. It sees to the good quality of bank notes and coins in circulation through paper money maintenance by withdrawing counterfeit notes and coins or those not meeting the conditions for returning to circulation. Thus, notes received by Bank Al-Maghrif counters amounted to 698.6 million, whereas payments in valid notes by private sorting centers reached 108 million notes in 2007.

**Development of payments and notes subjected to sorting (in thousands of notes)
Fiscal 2007**



Confronted with the steady rise in metal prices on the international market, the Bank introduced measures encouraging the return flow of coins by simplifying payment procedures at its counters. The effects of the implemented actions contributed to increasing the volumes paid in coins, after several years of consecutive falls, leading to a rise of about 17%, compared to 2006, in the amounts received at the Bank's counters.

Box 19: Private Sorting Centers (PSC)

In compliance with its statutes and the specifications concerning the creation of PSCs and the Governor's Directive N° 10/G/2005 relative to the rules for notes and coins' sorting, Bank Al-Maghrif authorized Private Sorting Center Management Companies to carry out cash-processing activities. Three private sorting centers are currently operational, two in Casablanca and one in Tangier and they come under Brink's Maroc, Giesecke and Devrient Maroc. They have undertaken to create six centers each throughout the Kingdom by the year 2011.

Finally, viewing the operations processed at Bank Al-Maghrib's counters, the movement of funds showed an excess of outflows over inflows by 11.3 billion dirhams.

◆ Banking supervision

Banking supervision and financial stability

Bank Al-Maghrib controls 75 credit institutions and similar bodies. It delivers the accreditations and licenses required for credit institutions' activity and issues accounting and prudential rules governing the banking sector on the advice of the Credit Institutions Committee. It also oversees adherence to these rules through permanent on-site and off-site inspection. The Bank works, within national or international bodies or through cooperation agreements with foreign supervisory authorities, for the reinforcement of the financial system's stability and soundness.

Accounting and prudential standards

Further to the entry into force of the new Agreement on capital equity (Basel II) in its standard approach, in 2007, Bank Al-Maghrib enacted several laws governing internal control, governance, compliance, the business continuity plan, and the management system of concentration, interest rates and liquidity risks. These laws aim at aligning banking practices with international standards and reinforcing the risk-management capacities of credit institutions.

To provide the banking sector with an accounting and financial information framework meeting international standards, Bank Al-Maghrib, in consultation with the banking and accounting industry, revised the provisions of the Plan comptable des établissements de crédit (Credit Institutions Accounting Plan) to bring them into line with the International Financial Reporting Standards (IFRS). Application of the new references became effective in January 2008. The first consolidated financial statements to be published in accordance with the IFRS are the financial statements to be made up at late June 2008, which must include a comparative statement as at June 30, 2007.

Control of credit institutions' compliance with regulations

The off-site supervision of credit institutions is essentially based on the SANEC tool (Support System for Credit Institution Ratings), making it possible to direct controls toward sensitive risk areas. In this framework, meetings were organized with the general directorates of several credit institutions, their operational services and auditors to inform them of Bank Al-Maghrib's assessment of the financial and prudential situation of their institutions.

On the other hand, Bank Al-Maghrib conducted 15 off-site inspections, including two transversal ones. The general operations covered a wide range of institutions. In addition to banks and consumer credit institutions, they also addressed micro-credit associations, payment-means management firms and factoring companies. The transversal missions dealt with the financing of the real-estate sector and the acquisition of shares on the stock market, on the one hand, and with the minimum information to be required by banks in the framework of credit applications' examination. Moreover, Bank Al-Maghrib requested the inspected institutions to be more vigilant as to the development of credit, particularly real estate loans, to strengthen their capacities of risk-management, in particular with regard to interest rates and liquidities, and to improve governance practices.

Deposit insurance system

To ensure the protection of credit institutions' depositors, Bank Al-Maghrib manages a Deposit Insurance Fund (FCGD). The primary mission of this Fund is to indemnify depositors in the event of unavailability of their deposits or any other repayable funds. It can also give, as a preventive and exceptional measure, refundable loans to one of its members whose situation eventually suggests an unavailability of deposits or any other repayable funds, provided that it presents rehabilitation measures deemed acceptable by Bank Al-Maghrib. The amount of the indemnity is capped at 80 thousand dirhams per depositor. The financial position of the FCGD is published in the Annual Report on Credit Institutions Control, Activity and Results.

Cooperation with other supervisory authorities

With the view of coordinating the work of the various financial sector's supervisory authorities (Bank Al-Maghrib, Social Welfare and Insurance Directorate (DAPS) and the CDVM (Transferable Securities Ethics Board), the Banking Law instituted a commission for the coordination of the financial sector's supervisory bodies, chaired by

the Governor of Bank Al-Maghrib. Its members can exchange information on their supervisory activities and on the institutions subject to their control.

The commission held two meetings in 2007. The first one dealt with the adoption of its by-laws, the organization of the exchange modes between its members and the examination of the prioritization of its action. The second meeting examined the issues relating particularly to the supervisory bodies' governance, in comparison with the FSAP recommendations, the processing rules of CDVM's prospectuses, the drawing up, as soon as possible, of a monetary and financial law as well as with banking and insurance.

On the other hand, in conformity with the provisions of Article 82 of the Banking Law, the Central Bank is authorized to conclude cooperation agreements with foreign supervisory authorities. The signed agreements concerned the exchange of information and the conduct of on-site inspection missions in the banking subsidiaries or credit institutions' branches established in the territory of each of the parties. In this framework, in 2007, Bank Al-Maghrib signed an agreement with the Central Bank of Tunisia.

Relation between banks and their customers

In cooperation with the Moroccan bankers association (GPBM), Bank Al-Maghrib defined a framework governing offerings by credit institutions of new products remunerated by margins and commissions. This refers to the IJARA, MOUCHARAKA and MOURABAHA products. This measure should make it possible to diversify banking product offerings and widen the customer base of these institutions.

Likewise, Bank Al-Maghrib and GPBM set up a banking mediation system expected to enter into force in the first half of 2008. In this framework, a Mediation Committee was established and a Mediator (Ombudsman) appointed. This system aims at the developing an environment of confidence between credit institutions and customers and finding amicable solutions in cases of disputes.

To enhance awareness by the various players of the risks inherent to money laundering and to inform them of the provisions of Law No 43-05 enacted in 2007, Bank Al-Maghrib engaged, in partnership with GPBM and the Ministry of Justice, in an awareness campaign across several regions of the Kingdom.

In the year under review, Bank Al-Maghrib defined an overall strategy for revamping of information centers by 2009 which would provide all credit institutions with an integrated financial information system meeting the best standards in this field. The first part of this strategy took place on 21 September 2007 with the delegation of the management of the public credit registry to a private operator (called «Credit Bureau»). The main objective of this action was to proceed to the mutual sharing of credit information by providing credit institutions with a reliable system of producing credit and scoring reports, enabling them to base decisions on objective criteria and to set the risk premiums according to their customers' profiles. Therefore, the Bank committed itself to a process of modernization of its technological platform. Furthermore, it procured the financial statements file of OMPIC necessary for setting up a financial information registry used for sectorial studies and analyses.

At the same time, the Bank signed an account agreement with Barid Al-Maghrib further to the separation of the accounts of this institution and those of the Treasury on 1st October 2007 according to Article 8 of the 2007 Finance Act. During 2007, Barid Al-Maghrib joined the Check Payment Incident Central Register managed by our Institute.

The Bank's strategic orientation aiming at re-centering its activities around its core missions led to broader restrictions in network relations with private customers as opposed to a strengthened relationship with institutional clients. The Bank continued therefore the process of termination of safe deposit box rental contracts and clearing out of the habitual client file by closing inactive or escheat accounts in branches' books, thereby observing at the same time the anti-money laundering requirements put in place in September 2007.

◆ International cooperation

In the framework of its strategy aiming to strengthening cooperation with other central banks and financial institutions, in 2007 Bank Al-Maghrib participated in several international and regional events among which:

- The 4th Euro Mediterranean Seminar joining together the central bank Governors of the Eurosystem and the Mediterranean area, jointly organized by the Bank of Spain and the European Central Bank (ECB) in March in Valencia on the topic of « Recent economic evolution and fiscal policy in the macroeconomic framework of Mediterranean countries »

- The 14th meeting of Governors of central banks of French-speaking countries, held at Bern on the topic of « Aspects of central bank management »
- The 31st session of the Council of Governors of Arab central banks, monetary agencies and monetary institutions held on September 11th in Damascus which reviewed mainly the unified Arab economic report published in 2007, as well as the recommendations of the 16th meeting of the Arab banking supervision Commission and of the 3rd meeting of the Arab payment and settlement systems Commission.

Furthermore, on January 22nd 2007 Bank Al-Maghrib and the Central Bank of Mauritania signed a cooperation agreement between the two institutions and approved the work program for 2007 which mainly tackles vocational training, internal audit and risk prevention.

In addition, Bank Al-Maghrib organized in collaboration with the International Monetary Fund, in Rabat on April 4th, a high level seminar on inflation targeting. Participants to this event included the Deputy managing Director of the IMF, the General Manager of the Bank for International Settlements, the Minister of Finance of Mexico, as well as many other experts from Europe and America having a wide-ranging experience in the implementation of the inflation targeting strategy.

Bank Al-Maghrib also took part in the Conference organized by the Central Bank of Turkey in Ankara on June 1st 2007, on the occasion of the 75th anniversary of its creation and in the high-level meeting on the implementation of Basle II recommendations hosted by the Central Bank of Tunisia in Tunis on June 21st 2007.

Also to be noted is that in the framework of the promotion of regional economic integration of the Arab Maghreb Union member countries, Bank Al-Maghrib participated in the 3rd conference organized in Tunis in November 2007 on « The role of the private sector in economic development and regional integration in the Maghreb ».

Also, in collaboration with the Ministry of the Economy and Finance, the Bank organized in Rabat on March 28th-29th and July 4th-5th 2007, a meeting of the Experts Committee on Maghreb financial sector reforms, in line with the action plan adopted by Ministers of Finance and Central Bank Governors in Rabat on 20 and 21 December 2006.

Also to be noted is that in parallel with its collaboration with foreign central banks, Bank Al-Maghrib also actively participated in the proceedings of the 2007 annual meetings of the IMF and the World Bank, as well as in the 2007 Spring and Fall meetings of the International Monetary and Financial Committee and the Development Committee.

◆ Human resources management

Bank staff

In late 2007, Bank Al-Maghrib counted 2,760 employees, including 2,564 statutory agents and 196 contractual agents. Compared to 2006, the number of active staff members dropped by 3% while recruitment for the same year amounted to 76 employees. The distribution by gender of the total personnel was in favor of males by 65% for an average age of 41, and an average seniority of 15 years. To be noted is that the statutory personnel in its majority is in the 40 to 54 year age bracket. Sixty-two percent (62%) of the total personnel work at the Central Administration, including 20% for the manufacturing of notes and coins, and 38% in the Bank Network.

Modernization of human resources management

To harmonize the legal framework governing bank staff with the new measures emanating from the Human Resources Master Plan (HRMP), and after wide consultation with all the stakeholders, Bank Al-Maghrib adopted its new personnel Statute as well as the new regulations of the Mutual Fund, the Pension Scheme and the Contractual Employees Scheme.

The new HRMP, to be implemented in 2008, introduces inter alia a function approach based on a new job management system focusing on career paths, as well as on a modern evaluation and remuneration system. Throughout the various stages of HRPM advancement, social partners were broadly associated to the proceedings of the various steering Committees.

In late 2007, a project for positioning employees in the new job management system made it possible to assign each of them in one of the career path specific to their respective activities and in one of the career steps open in his/her area of operation. To conduct this project, management and coherence rules were defined and rights for appeal open to employees dissatisfied with their positioning. Along with this approach, training sessions

were initiated for the Human Resources Department staff, Bank managers and social partners. This made it possible for everyone to understand the stakes related to the new human resource management systems and act as a bridge with their respective work teams. The training sessions focused mainly on assimilating the yearly evaluation interview, which replaces the former grading system, and the new structure of the remuneration system to enter into force as of 2008. While guaranteeing the preservation of the past advantages, this system simplifies the wage structure while returning full significance to the remuneration components, in particular for awarding individual contribution and performance.

The transition to this new human resources management system occurred at the same time as an in-depth re-organization of the Human Resource Department. The channels of exchange between this entity and the other departments of the Bank were institutionalized by the creation of a HR correspondent Club, the members of which are called upon to play a major role in the establishment of new tools and systems.

Internal communications

The Bank continued to strengthen its internal communications system in order to inform its employees on the various projects underway, to boost their implication and reinforce the sense of belonging to the Bank. Therefore, several actions were undertaken alongside the projects carried out within our Institution, including:

- The organization of staff days principally dedicated to the triennial strategic plan of the Bank for 2007-2009 and the positioning of the Network in the missions performed by the Bank;
- Launch of the Intranet portal, by the progressive enhancement and development of the content thereof in order to turn it into an efficient means of capitalization of knowledge, making easily available to employees documents and practical information (Directory, news, press releases, statutes, regulations, circulars, guides, procedures, etc.)
- Information via the « Info BAM » letter on news from the Bank, highlighting the major on-going projects.
- Strengthening of proximity communications with the holding of regularly scheduled information meetings in the Banks' entities, as well as meetings for discussing large scale-projects, and
- Drawing up several items of printed information: guides, bulletins and project letters.

Training

In the framework of the implementation of its training plan for 2007, the Bank organized 270 training sessions, at its Madinat Al Irfane training center and abroad in cooperation with international financial institutions and foreign central banks, as well as with a variety of firms.

These sessions focused on business and support activities, as well as on innovative projects being completed at the Bank. The number of participants in these sessions exceeded 2,700, among which more than 1,000 participants coming from the Network. Altogether, these participants benefited from 6,000 days of training.

Information systems

To accompany the deployment of a large number of business applications, technical support was substantially reinforced since its inception in 2006. Among the technical projects implemented in 2007, mention can be made of the project for the harmonization and security of jobs, the implementation of the help site of the central platform, the signing of a framework contract for the acquisition of I.T equipment and the signing of the first Service Level Agreement for the Gross Settlement System of Morocco (SRBM).

The year 2007 saw the launch of several projects which should be completed in 2008, in particular the implementation of the multi-site IP Telephony, the instauration of an IT service management system according to the ITIL standard, strengthening of the Internet/Extranet platform, the implementation of the electronic certificate management platform and high powered authentication mechanisms based on public key infrastructure (PKI).

Box 20: Projects completed in 2007 in the framework of the IT Master Plan

Business projects:

- Revamping of the payment incident management system
- System for assistance in rating credit institutions
- Generalization of paperless checkbook images at the national level
- Start up of creation of central information units

Support projects:

- Management of on-the-job presence system
- Intranet Portal
- First part of human resources information system

In the framework of the implementation of the methodology for conducting I.T based projects at Bank Al-Maghrib, A.P.C.¹ plays a methodological assistance role for prime contracting. It can also provide «method» type tasks associated to management tasks such as scheduling, dashboard management, definition and management of the grid processing. The A.P.C also plays a role of consultancy and alert for the prime contractor regarding overall organization of management and anticipation of project risks. In 2007, activity of the Organization and Information Systems Department (OISD) as A.P.C dealt with remote transmission of Treasury bill auctions, e-learning (module for fight against money laundering), the anti money laundering system, the standardized bill of exchange, the central information unit on market transactions, modernization of the information system for notes and coins in circulation, and the series database (restitution). During these missions, findings were made by the A.P.C staff and areas of improvement were identified so as to facilitate the functioning in project mode which is in line with the framework defined by the methodology adopted by the Bank.

¹ Assistance for prime contracting

◆ Currency museum

In 2007, the Bank continued its efforts to preserve and enhance the standing of Morocco's monetary heritage.

In 2007 Bank Al-Maghrib began to collect and classify according to its own standards, archives pertaining to the history of the State Bank of Morocco (Banque d'Etat du Maroc) conserved by the National Library in Rabat, the Banque de France and the French foreign affairs ministry. The year was also marked by the drawing up of a guide for the quotation of coins. This refers to a comparative collection of different quotations for Muslim coins in the major auction houses (Sotheby's, Christie's, Drouot, Darwin's).

A study on the workshops for minting Muslim coins was also conducted. It consists of a bibliographic and numismatic classification of various mints used for money production in the Islamic Middle Ages. In addition, the project for establishing a corpus of Almoravid coins was launched in 2007 and is slated for completion in late 2008.

In addition, the works of art in the Bank's collection were digitized to create an exhaustive database. In the framework of the Bank's asset management project, inventories of the Bank's collections have been digitized so as to optimize their management.

Furthermore, Bank Al-Maghrib has undertaken advertising efforts to promote the Currency Museum in schools, and has produced leaflets and included inserts in specialized reviews. The total number of visitors to this museum averages 2,000 persons.

PART 3

FINANCIAL STATEMENTS OF BANK AL-MAGHRIB



◆ Financial statements

1. Balance sheet as at the end of December 2007

(After allocation of profits)

ASSETS (In thousands of dirhams)	Note	31/12/2007	31/12/2006
Assets and investments in gold	1	4,570,693	3,806,650
Assets and investments in foreign currency		184,960,898	170,949,103
- Assets and investments held with foreign banks		49,001,830	71,620,825
- Foreign treasury bills and similar securities		121,948,644	94,819,753
- Other assets in currencies		14,010,424	4,508,525
Assets with international financial institutions	2	1,539,397	1,793,876
- I.M.F. subscription-Reserve tranche		1,042,111	1,086,428
- Special Drawing Rights holdings		246,174	445,055
- Subscription to the Arab Monetary Fund		251,112	262,393
Claims on Government		-	4,499,972
- Contractual advances		-	4,499,972
- Overdraft facilities		-	-
- Other financial loans		-	-
Claims on Moroccan credit institutions and the like		5,022,002	37,375
- Securities received under repurchase agreements		-	-
- Advances to the banks		5,000,000	-
- Other claims		22,002	37,375
Treasury bills - open market operations		5,528,774	1,003,642
Other assets	3	9,152,126	10,078,871
- Sundry debtors		7,360,491	7,459,336
- Other miscellaneous assets		1,791,635	2,619,535
Fixed assets	4	2,339,354	2,325,255
Total assets		213,113,245	194,494,744

Liabilities (in thousands of dirhams)	Note	31/12/2007	31/12/2006
Banknotes and coins in circulation	5	125,533,678	114,233,556
- Banknotes		123,592,517	112,406,560
- Coins		1,941,161	1,826,996
Liabilities in gold and in currencies	6	3,383,089	2,004,521
- Liabilities in gold		-	-
- Liabilities in currencies		3,383,089	2,004,521
Liabilities in convertible dirham	7	205,609	214,340
- Liabilities to international financial institutions		192,881	199,172
- Other liabilities		12,728	15,168
Deposits and liabilities in dirham	8	64,385,992	63,732,850
- Current account of the Treasury		262,545	675,528
- Deposits and liabilities to Moroccan banks		53,679,301	47,850,836
. Current accounts		53,679,301	43,850,836
. Liquidity-withdrawal accounts		-	4,000,000
. Deposit facility accounts		-	-
- Deposits of general government and public institutions		9,172,257	13,940,198
- Other accounts		1,271,888	1,266,288
Other liabilities	9	13,060,261	7,717,992
Allocations of Special Drawing Rights	10	1,043,275	1,090,145
Equity capital and the like	11	5,501,340	5,501,340
- Equity capital		500,000	500,000
- Reserves		5,001,340	5,001,340
Total liabilities		213,113,245	194,494,744

2. Profit and loss statement

Revenues (in thousands of dirhams)	31/12/2007	31/12/2006
Interests earned on assets and investments in gold and foreign currencies	6,198,085	5,026,656
Interests earned on claims on government	-	-
Interests earned on claims on Moroccan credit institutions and the like	253,941	7,827
Other interests earned	10,489	9,208
Commissions earned	359,060	268,335
Other financial revenues	706,514	213,586
Sales of produced goods and services	101,400	101,216
Miscellaneous revenues	17,544	3,614
Reversal of depreciation	23	4,394
Reversal of provisions	293,607	348,677
Non-current revenues	-	1,920
Total revenues	7,940,663	5,985,433

Expenses (in thousands of dirhams)	31/12/2007	31/12/2006
Interests paid on liabilities in gold and currencies	57,109	40,728
Interests paid on liabilities in convertible dirham	-	-
Interests paid on deposits and liabilities in dirham	789,367	844,306
Commissions paid	20,007	14,376
Other financial expenses	418,216	361,613
Staff expenses	799,731	577,490
Purchase of materials and supplies	122,094	130,722
Other external expenses	144,014	107,712
Depreciation and provisions expenses	525,129	483,540
Non-current expenses	11,365	3,743
Corporate tax	2,044,983	1,326,873
Total expenses	4,932,015	3,891,103
Net income	3,008,648	2,094,330

3. Off-balance sheet

(in thousands of dirhams)	Note	31/12/2007	31/12/2006
	12		
Spot foreign exchange transactions			
- Spot delivery of currencies		-	972,682
- Spot purchase of dirhams		-	950,399
Forward foreign exchange transactions			
- Currency to be received		120,396	132,000
- Currency to be delivered		128,638	132,001
Currency exchange-deposit transactions		13,653,465	-
Foreign exchange transaction-arbitrage operations			
- Foreign currency to be received		553,222	-
- foreign currency to be delivered		560,102	-
Off-balance currency adjustment			
Liabilities on derivatives			
Liabilities on securities			
- Securities received on advances granted		5,000,000	2,050,000
- Securities received on advances to be granted		1,111,500	1,495,870
- Securities to deliver		-	-
Other liabilities			
- Received market guarantees		22,251	32,900
- Liabilities of guarantees received for staff loans		496,351	449,209
- Financing liabilities granted to the staff		19,824	17,000
- Other liabilities granted		1,000	-

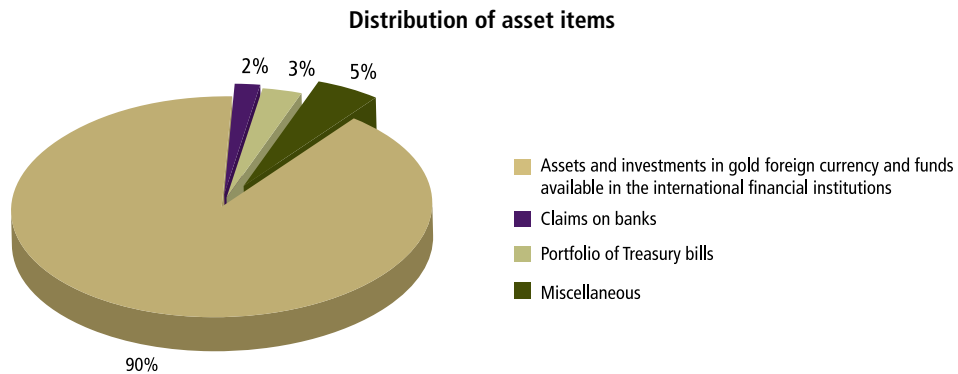
1. Bank Al-Maghrib balance sheet

In 2007, Bank assets and liabilities were characterized by:

- Continuation of the strengthening of exchange reserves;
- Full repayment of contractual advances granted to the Treasury;
- Return by banks to advances by Bank Al-Maghrib;
- Growth in volume of banknotes and coins in circulation.

In these conditions, the total balance sheet of the Bank grew by 18.6 billion or 9.6%, reaching 213.1 billion dirhams.

◆ ASSETS



Assets and investments in foreign currency

The assets and investments in foreign currency, amounting to nearly 185 billion, rose to 14 billion or 8.2% in 2007, after having registered an expansion of 22.9 billion dirhams or 15.4% one year earlier.

Claims on the Government

After the payment on November 10th, 2006 of the first installment amounting to one billion dirhams, by virtue of the convention of May 9th, 2006, the Treasury in 2007 reimbursed the remainder of the contractual advances granted by Bank Al-Maghrif for 4.5 billion dirhams, in installments as follows:

- On February 20th: reimbursement of second installment (1 billion),
- On March 13th: reimbursement of third installment (1 billion),
- On October 15th: reimbursement of fourth installment (1 billion),
- On December 24th: reimbursement of fifth installment (1.5 billion).

Claims on Moroccan credit institutions and the like

Claims on Moroccan credit institutions and the like came to 5 billion dirhams, an amount chiefly corresponding to 7-day advances granted to banks.

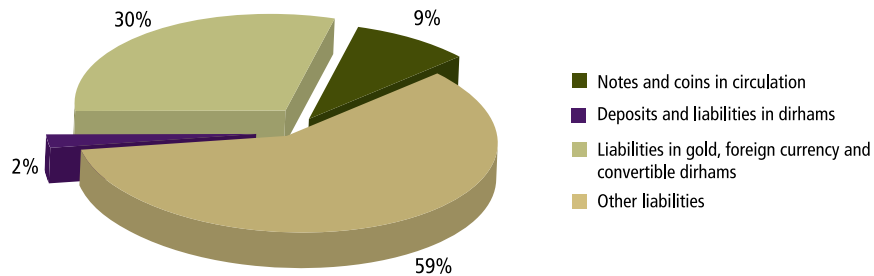
Indeed, unlike previous years, banks regularly had recourse to advances from the central bank further to the tightening of their cash positions.

Treasury bills portfolio

Reimbursement by the Treasury of contractual advances in 2007 led to the acquisition by Bank Al-Maghrif on the secondary market, of Treasury bills worth 4.5 billion dirhams, bringing its portfolio to 5.5 billion as opposed to one billion in 2006.

◆ LIABILITIES

Distribution of liability items



Banknotes and coins in circulation

Banknotes and coins in circulation reached 125.5 billion dirhams at the end of 2007, up by 11.3 billion dirhams or 9.9%, as compared to the rise of 20.7 billion dirhams or 22.2% in the previous year. This slowdown is mainly accounted for by the exceptionally high level of banknotes and coins in circulation in 2006 due to the celebration of Eid Al Adha (Feast of the Sacrifice) which coincided with the end-of-year holidays.

Deposits and liabilities in dirhams

Deposits and liabilities in dirhams amounted to 64.4 billion dirhams, up by 653.1 million dirhams compared to 2006.

This growth covers a rise in bank current accounts further to the increase in required minimum of monetary reserves and a drop in the balance of the Hassan II Fund for Economic and Social Development.

Other liabilities

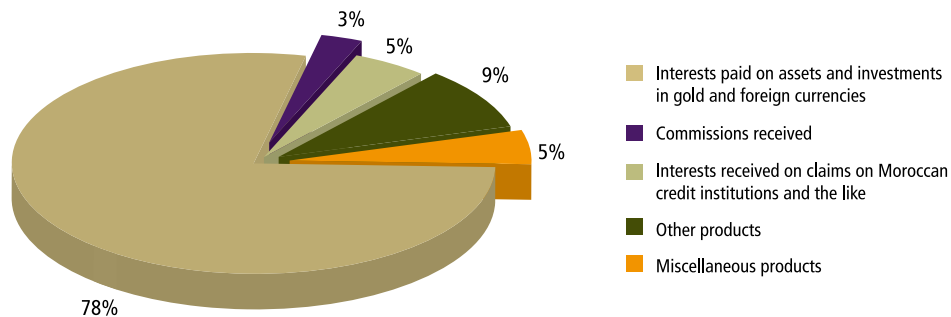
The items making up other liabilities amounted to 13.1 billion dirhams at the end of 2007, registering a rise of 5.3 billion dirhams, primarily attributable to the rise in the foreign exchange reserves and sundry debtors' evaluation account, including in the dividend payable to the Treasury for fiscal year 2007.

2. Profit and loss statement

In 2007, the accounts showed a net income of 3 billion dirhams, up by 914.3 million dirhams or 43.7%, reaching an exceptionally high level compared to previous years, in connection with the substantial improvement in bank receipts.

◆ Revenues

Distribution of the revenue headings



Bank revenues for 2007 amounted to 7.9 billion dirhams representing a rise of 1.9 billion dirhams or nearly one third compared to 2006, with the contribution of receipts from investments in foreign currencies standing at 87%.

The foreign currency investment transactions generated interests of 6.2 billion dirhams, up by 1.2 billion dirhams or 23.3%. This growth is attributable both to the rise in volume and in remuneration rates on investments, particularly with regard to the euro.

The tightening of bank cash positions in 2007 led Bank Al-Maghrif throughout the year to inject liquidities of an average daily volume of 4.9 billion dirhams and generated interest to the tune of 165.9 million, including 140.7 for 7-day advances.

The Treasury bill portfolio, amounting to 5.5 billion dirhams, acquired on the secondary market gave rise to gains of 87.7 million dirhams.

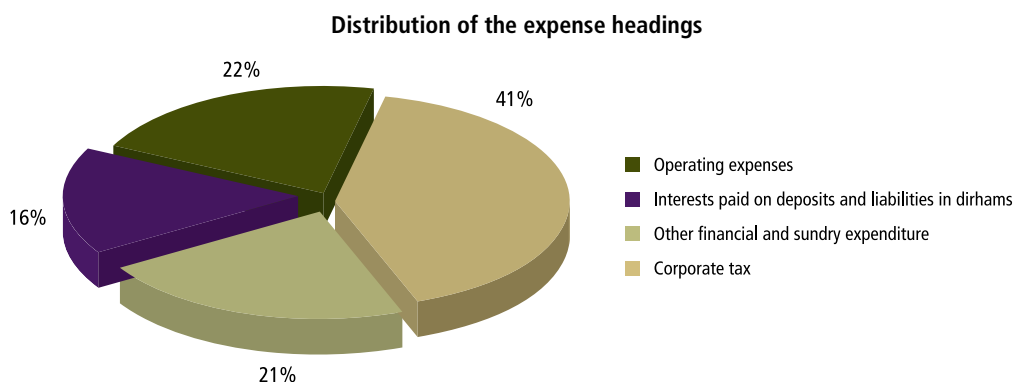
Commissions amounted to 359.1 million dirhams, rising by of 90.7 million or 33.8%, mainly attributable to higher exchange commissions.

The other financial revenues, primarily consisting of gains generated by foreign currency operations, rose by 492.9 million, reaching a total of 706.5 million dirhams.

The amount received from the sales of goods and services offered by the Bank was comparable to that of 2006, at 101.4 million dirhams, of which 39.7 million for the sale of security documents. These revenues also cover an exceptional amount of 68.3 million dirhams, resulting from the sale of demonetized coins.

In 2007 provision reversals amounted to 293.6 million dirhams, of which 180.2 million dirhams for depreciation of foreign investment securities, further to the positive price trends of securities provisioned.

◆ Expenses



The overall expenses of the Bank amounted to 4.9 billion dirhams compared to 3.9 billion one year earlier. To the exclusion of corporate tax, these expenses came to 2.9 billion dirhams, registering thus a rise of 322.8 million or 12.6%. This situation includes contrasted variations in the different headings.

The interests paid on deposits and liabilities in dirhams fell by 54.9 million, to stand at 789.4 million dirhams. This trend includes a drop of 129.8 million in expenses for withdrawal of liquidities and an increase of 77.1 million for remuneration of reserve requirements. The amount of interest paid on deposits of the Hassan II Fund for Economic and Social Development remained almost unchanged at 385.3 million dirhams.

The other financial expenses amounted to 418.2 million dirhams, increasing by 56.6 million in connection with the re-balancing of the foreign investment portfolio. .

Operating expenses, consisting of staff expenses, purchase of materials and supplies and other external expenses, rose from 815.9 million dirhams to one billion in 2007, mainly in connection with the payment of 220 million dirhams, representing the part related to fiscal year 2007 for commitments of the Bank towards the pension fund, estimated on the basis of the accounting standard IAS 19. Excluding this expenditure, operating costs were up by 3.7%.

Allocations for depreciation and provisions, amounting to 525.1 million dirhams, mainly include allocations for tangible and intangible fixed asset depreciation, allocations to provisions for depreciation of foreign investment securities and provisions for risks and expenses.

◆ Bank activity income

Income from foreign exchange management transactions

This income covers the net interest margin, the net income of the other financial revenues and expenses and net commissions. The net income of foreign exchange investment operations amounted to 6.5 billion dirhams in 2007, up by 36.6% compared to the previous year.

Income of monetary policy operations

The income of monetary policy operations corresponds to the difference between interests earned on the refinancing of the banking system and those paid for liquidity withdrawal operations and remuneration of bank deposits constituted as part of the reserve requirements. The negative result fell from 431.9 million dirhams in 2006 to 155 million in 2007.

Income of the other operations

Net income from other transactions encompasses commissions received for services provided by the Bank, revenues and expenses for the production of banknotes, coins and secure documents, as well as sundry revenues and expenses. The negative result reported amounted to 20.6 million dirhams, down by 35.3 million compared to 2006.

3. Legal framework and accounting principles

Legal framework

The financial statements are drawn up in compliance with the provisions of Law No 76-03 bearing the Statutes of Bank Al-Maghrib and the Bank Al-Maghrib Chart of Accounts set up in conformity with the General Accounting Standardization Code.

The financial statements 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

Are considered as foreign exchange operations the spot and forward purchase and sale of currency. These transactions are entered in the corresponding off-balance sheet accounts on their commitment date, and in the balance sheet accounts once they are delivered.

Assets and liabilities in foreign currencies and gold

Assets and liabilities in foreign currencies are converted into dirhams on the basis of the average transfer buying rates and transfer selling rates of currencies quoted by Bank Al-Maghrib, on the closing date of the fiscal year.

The revaluation of foreign currencies is carried out by currency and concerns the items of the assets and liabilities. For gold, it is calculated at the price in dirhams per ounce derived from the USD quotation set at the London fixing on the last business day of the fiscal year.

The variations resulting from this revaluation are entered in the exchange reserves evaluation account reported on the liability side of the Bank's balance sheet, in accordance with the provisions of the agreement regulating this account, concluded on 29 December 2006 between Bank Al-Maghrib and the State. This agreement sets a minimum balance for this account. When this balance is below the required minimum, a reserve for the exchange loss is created and deducted from the net profit.

The credit balance of this account can be neither posted in the revenues of the year nor distributed or transferred to any appropriation.

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. Accrued interests not yet due are recorded monthly and converted on the posting date.

Securities

The securities acquired at the Bank as part of the management of exchange reserves are classified according to the purpose for which they are held, in the following categories:

- **Portfolio of securities held for sale:** 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, if need be, of accrued coupons.
 2. The Bank has opted for the non-amortization, over the remaining life of securities, of the differences (discounts or premiums) between securities' purchase price and redemption price.

3. Securities are marked to market on a monthly basis. The unrealized losses resulting from the difference between the accounting and market value of these securities are covered by provisions for depreciation. Unrealized gains are not recognized.

- **Investment portfolio:** consists of securities acquired with the intention of being held to 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.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their historical cost (acquisition or realization cost). They are posted on the assets side of the balance sheet at a net value representing their acquisitions cost less the amortizations made since their initial use.

With the exception of land, each fixed asset is amortized according to the straight-line method over its expected life.

Financial fixed assets

Bank Al-Maghrib holds interest in some Moroccan firms and foreign financial institutions. These are recognized on the assets side of the balance sheet for a net value representing their acquisition cost (converted, for foreign shareholdings, into the dirham at the historical rate of the foreign currency) less the provisions set up, if need be.

These shareholdings are evaluated at the end of the fiscal year following the method of the book value of net assets for the non-listed securities.

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 goods).

Consumable materials and supplies are recorded in the balance sheet at their purchase price less the provisions created for their depreciation.

Raw materials are recorded in the balance sheet at their purchase price plus the costs and fees relating to their acquisition and less the provisions for 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, amounting to 4.6 billion dirhams.

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

Note 2 - 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, corresponding on December 31st, 2007 to 6,303.7 million dirhams, split up between Bank Al-Maghrib and the Treasury, with the share of the central bank corresponding to 184.4 million dirhams. This amount which corresponds to the mobilized reserve tranche is registered in account No1, opened in the name of the IMF on the Bank's books.

- 70.45 million SDR (857.7 million dirhams) paid by Bank Al-Maghrib in foreign currency representing the disposable part 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 to credit side the payments of commissions on SDR allocations and reimbursement of borrowings by Morocco.

The account balance on December 31st, 2007 amounted to 20.2 million SDR, the equivalent of 246.2 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:

- 0.2 million Arab Dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. The latter paid 0.15 million Arab Dinars (5.7 million dirhams);

- 14.8 million Arab Dinars are subscribed in currency, of which 6.87 million Arab Dinars subscribed by the central bank (251.1 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, occurring in 2005.

- The Arab Dinar is equal to 3 SDR units.

Note 3 - Other assets

This entry basically refers to:

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

Note 4 - Fixed assets

This entry includes:

- Loans granted by the Bank to staff members;
- Stakes in Moroccan and foreign financial institutions. Pursuant to the entry into force in February 2006 of the Bank Al-Maghrib Statutes, the Bank has to sell within a maximum period of three years as of that date its entire stakes in Moroccan and foreign credit institutions;
- Operating and non-operating tangible and intangible fixed assets.

Note 5 - Banknotes and coins in circulation

This category 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's.

Note 6 - Liabilities in gold and foreign currency

This category includes foreign currency deposits in Moroccan and foreign banks as well as non-resident deposits.

Note 7 - Liabilities in convertible dirhams

This entry encompasses the Bank's liabilities in convertible dirhams towards foreign banks, international financial institutions (IMF, AMF, IBRD) and non-residents. Account No.1 of the IMF represents the greater component of this category.

Note 8 - Deposits and liabilities in dirhams

This category includes:

- Current account of the public Treasury to which the transactions of the latter are charged;
- Current account of banks holding the amounts deposited as reserve requirements remunerated at 0.75% per year;
- Accounts for liquidity-withdrawals and deposit facilities;
- Accounts of other resident, including the Hassan II Fund for Economic and Social Development, remunerated at the 7-day advances rate, less 50 basis points.

Note 9 - 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 recognizing the existence of losses and expenses in connection with operations executed during the year and that will most likely be realized. Provisions were set aside in 2007 for risks and litigation, paid vacation, as well as various provisions for expenses.

- Foreign exchange reserve evaluation account: the exchange variations 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.

Note 10 - 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 2007, 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 11 - Equity capital and the like

This encompasses the capital of Bank Al-Maghrif of 500 million dirhams, with reserves totaling 5 billion dirhams at the end of December 2007.

Note 12 - 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.

◆ General report

◆ Statutory auditor's general report Year ended December 31st, 2007

In accordance with our assignment as statutory auditors by the Bank's Board, we have audited the financial statements here attached of BANK AL-MAGHRIB for the year ended December 31st, 2007, which include the balance sheet, the profit and loss statement as well as the related notes. These financial statements are the responsibility of BANK AL-MAGHRIB's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Morocco. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion on the financial statements

In our opinion, the financial statements mentioned in the first paragraph show, in all material aspects, a fair view of the assets and the financial situation of BANK AL-MAGHRIB on December 31st, 2007, as well as of the results of its operations for the year ended at such date, in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we bring to your attention the following situations:

- The Bank has used the services of an independent actuary in order to assess the retirement commitments towards its employees. In this regards, the financial statements of BANK AL-MAGHRIB include the overall impact of these commitments on the balance sheet and the 2007 annual cost on the profit and loss statement.

- Assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A1 of the related notes.

Specific procedures and disclosures

We have also performed the other procedures required by Moroccan law and we have notably ensured the correspondence of the information provided in the management report with the Bank's financial statements.

March 25th, 2008

Deloitte Audit

Ahmed Benabdelkhalek

Partner

◆ Approval by the Bank Board

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

At its meeting on March 25th, 2008, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information given in the Bank's management report, the Board approved the financial statements of the fiscal year 2007 and the distribution of the net income.

بنك المغرب
مكتبة المغرب

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

Amounts in billions of dirhams	2005	2006	2007	Percentage changes	
				2006 2005	2007 2006
National accounts					
- Gross domestic product at constant prices (growth in%)	3.0	7.8	2.7		
. Agricultural GDP	-13.5	25.3	-20.8		
. Non-agricultural GDP	6.0	4.7	6.0		
- Gross domestic product at current prices	527.7	577.3	615.4	9.4	6.6
. Agricultural GDP	62.9	81.1	68.7	28.9	-15.3
. Non-agricultural GDP	411.0	436.8	477.0	6.3	9.2
- Gross national disposable income	568.8	624.7	670.7	9.8	7.4
- Final national consumption	405.3	439.1	471.4	8.3	7.4
- Gross fixed capital formation	145.3	162.5	192.6	11.8	18.5
- National gross saving	163.5	185.6	199.4	13.6	7.4
- Investment ratio (GFCF/GDP) in %	27.5	28.1	31.3	2.2	11.2
- Savings ratio (as % of GDP)	28.7	29.7	29.7	3.4	0.0
Unemployment rate in %	11.1	9.7	9.8		
Prices					
- Inflation rate (change in the cost of living index)	168.7	174.2	177.8	3.3	2.0
Including : Foodstuffs	169.5	176.1	181.8	3.9	3.3
- Underlying inflation	165.3	170.5	173.4	3.1	1.7
External accounts					
- Total exports	99.3	112.0	119.9	12.8	7.1
- Total imports	184.4	210.6	258.8	14.2	22.9
- Total trade deficit	-85.1	-98.6	-138.8	15.9	40.8
- Balance of Travel	35.5	46.4	52.4	30.7	12.9
- Balance of current transfers	47.8	55.5	63.4	16.1	14.2
- Current account balancet	10.0	12.4	-0.8	24.0	-106.5
- Current account balance as % of GDP	1.9	2.2	-0.1		
- Outstanding foreign public debt	115.9	115.6	121.8	0.0	5.4
- Foreign public debt as % of GDP	22.0	20.0	19.8		
Exchange rate					
- Dirhams per 1 Euro	11.022	11.042	11.219	-0.18	-1.58
- Dirhams per 1 US dollar	8.8650	8.7956	8.1924	+0.79	+7.36
Public finance^(*)					
- Ordinary balance	-1.9	20.8	35.3	-1.194.7	69.7
- Investment expenditure	20.5	23.8	27.6	16.1	16.0
- Budget balance	-27.6	-11.3	-1.1	-59.1	-90.3
- Budget balance as % of GDP	-5.2	-2.0	-0.2		
- Outstanding amount of the domestic debt	258.5	266.1	264.1	2.9	-0.8
- Outstanding amount of the domestic debt as % of GDP	49.0	46.1	42.9		
Money					
- Aggregate M1	316.6	371.3	447.8	+17.3	20.6
- Money supply (M3)	474.8	555.5	644.7	+17.0	16.0
- Net foreign assets	165.9	190.8	208.5	+15.0	9.3
- Claims on Governmen	77.5	77.7	80.0	+0.3	3.0
- Claims on the private sector	292.0	339.6	436.3	+16.3	28.5

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

(*) Excluding privatization receipts.

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

(at last year prices)

(percentage changes)

Branches of activity	2003	2004	2005	2006	2007*
Primary sector	20.3	4.5	-11.1	21.1	-20.0
Agriculture	24.1	5.2	-13.5	25.3	-20.8
Fishing	-15.2	-5.4	21.2	-19.3	-10.1
Secondary sector	4.4	3.8	4.9	4.8	6.6
Mining	1.6	15.8	7.4	1.6	9.1
Industry (excluding oil refining)	4.3	-0.2	3.5	3.8	3.8
Oil refining and energy products	-81.0	164.1	19.0	-32.7	41.9
Electricity and water	10.2	5.3	7.7	6.9	5.8
Building and public works	8.0	8.0	6.1	8.7	11.7
Tertiary sector ⁽¹⁾	4.5	5.6	6.3	5.2	6.1
Commerce	2.5	5.0	4.0	4.6	2.5
Hotels and restaurants	-0.4	9.0	7.8	8.7	4.1
Transport	0.5	12.8	9.5	5.2	8.4
Postal and telecommunications services	11.4	10.7	5.4	10.4	10.4
Other services ⁽²⁾	6.8	3.9	7.4	5.3	8.5
General government and social security	2.9	4.7	4.8	3.2	2.5
Added value to the base prices	7.1	4.9	3.0	7.4	1.8
Tax on products net of subsidies	-0.1	4.2	2.4	10.8	10.6
Gross domestic product	6.3	4.8	3.0	7.8	2.7

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

(2) Financial and insurance activities, services to businesses and personal services, education, health and social action, fictitious branch.

(*) 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	2003	2004	2005	2006	2007*
Primary sector	73 933	74 131	69 565	87 482	74 928
Agriculture	68 759	69 034	62 932	81 147	68 716
Fishing	5 174	5 097	6 633	6 335	6 212
Secondary sector	119 418	129 570	133 749	140 631	149 052
Mining	7 822	8 116	8 994	10 534	13 155
Industry (excluding oil refining)	73 547	78 616	77 166	81 202	82 074
Oil refining and energy products	479	969	1 484	1 296	841
Electricity and water	13 191	13 047	14 583	14 687	15 749
Building and public works	24 379	28 822	31 522	32 912	37 233
Tertiary sector ⁽¹⁾	234 210	250 577	270 642	289 835	321 709
Commerce	52 701	54 255	56 454	60 956	65 058
Hotels and restaurants	9 916	11 030	12 963	13 265	16 294
Transport	17 258	18 605	17 961	18 357	23 264
Postal and telecommunications services	13 814	15 395	16 561	18 134	19 887
Other services ⁽²⁾	100 400	107 084	118 786	128 459	145 300
General government and social security	40 121	44 208	47 917	50 664	51 906
Added value to the base prices	427 561	454 278	473 956	517 948	545 689
Tax on products net of subsidies	49 460	50 737	53 723	59 396	69 684
Gross domestic product	477 021	505 015	527 679	577 344	615 373

(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.

(*) Preliminary

Source : High Commission for Planning (National accounting department)

I-4 - GROSS DOMESTIC PRODUCT CHANGES

(at current prices)

(percentage changes)

Branches of activity	2003	2004	2005	2006	2007*
Primary sector	12.9	0.3	-6.2	25.8	-14.4
Agriculture	16.3	0.4	-8.8	28.9	-15.3
Fishing	-18.0	-1.5	30.1	-4.5	-1.9
Secondary sector	10.4	8.5	3.2	5.1	6.0
Mining	-8.0	3.8	10.8	17.1	24.9
Industry (excluding oil refining)	13.1	6.9	-1.8	5.2	1.1
Oil refining and energy products	-62.4	102.3	53.1	-12.7	-35.1
Electricity and water	12.4	-1.1	11.8	0.7	7.2
Building and public works	12.4	18.2	9.4	4.4	13.1
Tertiary sector (1)	5.4	7.0	8.0	7.1	11.0
Commerce	-1.1	2.9	4.1	8.0	6.7
Hotels and restaurants	4.8	11.2	17.5	2.3	22.8
Transport	-1.2	7.8	-3.5	2.2	26.7
Postal and telecommunications services	11.4	11.4	7.6	9.5	9.7
Other services (2)	9.9	6.7	10.9	8.1	13.1
General government and social security	5.0	10.2	8.4	5.7	2.5
Added value to the base prices	8.0	6.2	4.3	9.3	5.4
Tax on products net of subsidies	-0.3	2.6	5.9	10.6	17.3
Gross domestic product	7.1	5.9	4.5	9.4	6.6

(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.

(*) Preliminary

Source : High Commission for Planning (National accounting department)

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

(at current prices)

(in millions of dirhams)

	2003	2004	2005	2006	2007*	Changes in %	
						2006	2007
						2005	2006
RESOURCES							
Gross domestic product	477 021	505 015	527 679	577 344	615 373	9.4	6.6
Resources deficit	13 492	25 017	29 558	31 625	56 175	7.0	77.6
Imports of goods and nonfactor services	150 229	173 342	200 071	229 084	276 477	14.5	20.7
Exports of goods and nonfactor services ⁰	136 737	148 325	170 513	197 459	220 302	15.8	11.6
Total available resources	490 513	530 032	557 237	608 969	671 548	9.3	10.3
Expenditure							
Final national consumption	360 032	382 923	405 282	439 067	471 364	8.3	7.4
-Resident households	273 562	288 602	303 172	331 996	359 134	9.5	8.2
-General government	86 470	94 321	102 110	107 071	112 230	4.9	4.8
Investment	130 481	147 109	151 955	169 902	200 184	11.8	17.8
Gross fixed capital formation	119 802	132 719	145 256	162 456	192 573	11.8	18.5
Changes in stocks	+10 679	+14 390	+ 6 699	+7 446	+7 611	-	-
Total expenditure	490 513	530 032	557 237	608 969	671 548	9.3	10.3

I-6 - GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION

(at current prices)

(in millions of dirhams)

	2003	2004	2005	2006	2007*	Changes in %	
						2006	2007
						2005	2006
Gross domestic product	477 021	505 015	527 679	577 344	615 373	9.4	6.6
Net foreign income	29 473	34 571	41 073	47 351	55 367	15.3	16.9
Gross national disposable income	506 494	539 586	568 752	624 695	670 740	9.8	7.4
Final national consumption	360 032	382 923	405 282	439 067	471 364	8.3	7.4
Gross national savings	146 462	156 663	163 470	185 628	199 376	13.6	7.4

(*) Preliminary

Source : High commission for planning (national accounting department)

I-7 - INVESTMENT AND SAVINGS

(at current prices)

(in millions of dirhams)

	2003	2004	2005	2006	2007	changes in %	
						2006	2007
						2005	2006
Gross national savings	146 462	156 663	163 470	185 628	199 376	13.6	7.4
Net capital transfers from the rest of the world	-97	-71	-50	-81	-26	62.0	-67.9
Financing requirement	-	-	-	-	834	-	-
Total resources	146 365	156 592	163 420	185 547	200 184	13.5	7.9
Gross fixed capital formation	119 802	132 719	145 256	162 456	192 573	11.8	18.5
Changes in stocks	+10 679	+14 390	+6 699	+7 446	+7 611	-	-
Financing capacity	15 884	9 483	11 465	15 645	-	-	-
Total expenditure	146 365	156 592	163 420	185 547	200 184	13.5	7.9

(*) Preliminary.

Source : High Commission for Planning (National accounting department)

II-1 - CEREALS

	2005-2006			2006-2007		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Principal cereals						
Soft wheat	2 038	42 300	20.8	1 729	10 688	6.2
Hard wheat	1 029	21 000	20.4	843	5 138	6.1
Barley	2 189	25 400	11.6	1 993	7 626	3.8
Maïs	244	2 974	12.2	228	949	4.2
Total	5 500	91 674	16.7	4 793	24 401	5.1

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

II-2 - PULSE CROPS

	2005-2006			2006-2007		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Broad beans	169	1 805	10.7	181	699	3.9
Chick peas	75	663	8.8	79	334	4.3
Green peas	36	243	6.8	37	119	3.2
Lentils	50	342	6.8	33	85	2.6
Other leguminous vegetables	43	269	6.3	42	182	4.3
Total	373	3 322	8.9	371	1 418	3.8

Source : Ministry of Agriculture and Sea Fisheries

II-3 - MARKET GARDEN CROPS

	Oct. 2005 to Sept. 2006			Oct. 2006 to Sept. 2007		
	Area (1000 hectares)	Production (1000 tonnes)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 tonnes)	Yield (quintals per hectare)
Vegetable crops of season	235.0	5 520	23.5	214.0	5 090	23.8
Primeurs	29.5	1 445	49.0	30.0	1 580	52.7
Tomatoes	6.0	696	116.0	6.5	785	120.8
Potatoes	6.1	133	21.8	7.0	156	22.3
Other fruits vegetables	17.0	616	35.4	16.5	639	38.7
Miscellaneous	5.5	195	35.5	5.0	208	41.6
Total	270	7 160	26.5	249	6 878	27.6

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

II-4 - CITRUS FRUITS

(in thousands of tonnes)

	Oct.2004 to Juil.2005		Oct. 2005 to Sept. 2006		Oct. 2006 to Sept. 2007	
	Production	Exports	Production	Exports	Production	Exports
Oranges	827	236	784	278	721	265
Clementines	334	170	334	190	336	201
Miscellaneous	30	93	147	75	228	117
Total	1 191	499	1 265	543	1 285	583

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)
2005-2006				
Gharb	11 543	441 340	38.2	} 90 031
Loukkos	5 342	269 144	50.4	
Tadla	7 096	355 115	50.0	51 794
Doukkala	20 964	1 257 287	60.0	119 322
Moulouya	4 347	228 724	52.6	29 726
Total	49 292	2 551 610	51.8	290 873
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	

(*) 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)
2005-2006				
Gharb	10 050	679 305	67.6	} 110 041
Loukkos	4 290	317 312	74.0	
Total	14 340	996 617	69.5	110 041
2006-2007				
Gharb	9 452	627 023	66.3	
Loukkos	4 536	306 826	67.6	
Total	13 852	933 849	67.4	

(*) 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 2005 - Beginning of 2006	Crops End 2006- Beginning of 2007	Crops End 2007- Beginning of 2008**
Olives production	750	750	850
Oil production	75	75	85

(*) Revised

(**) Preliminary

Source : Ministry of Agriculture and sea Fisheries

(Vegetable Production Department)

II-8 - OLEAGINOUS PLANTS

	2005-2006			2006-2007		
	Harvested area (1000 ha)	Production (1000 quintals)	Yield (Quintals per hectare)	Harvested area (1000 ha)	Production (1000 quintals)	Yield (Quintals per hectare)
Sunflower	29.0	83.0	2.9	38.3	130.5	3.4
Groundnut	20.0	446.6	23.5	21.1	464.0	22.0

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

II-9 - VINE GROWING

	2005		2006		2007	
	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)
Dessert grapes	39 400	231 000	39 600	261 000	39 400	218 000
Wine-producing grapes	10 800	103 000	10 800	95 000	10 000	63 000
Total	50 200	334 000	50 400	356 000	49 000	281 000

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

II-10 - STOCK FARMING ⁽¹⁾

	2005	2006*	2007**
Cattle	2 722	2 755	2 781
Sheep	16 872	17 260	16 984
Goats	5 332	5 355	5 284
Total	24 926	25 370	25 049

(1) Census carried out in March-April 2007.

(*) Revised

(**) Preliminary

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

II-11 - MEAT SUPPLIED FOR CONSUMPTION

(in thousands of tonnes)

	2005	2006*	2007**
Red meat	321.3	334.4	354.7
Cattle	150.4	151.6	-
Sheep	108.0	112.5	-
Goats	16.0	24.2	-
Other et abats	46.9	47.9	-
White meat	385.0	377.0	370.0

(*) Revised

(**) Preliminary

(-) Not available

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

II-12 - SEA FISHERIES

(in thousands of tonnes)

	2006*	2007**
Production	899	937
Deep-sea fishing	93	114
Coastal fishing	806	823
Consumption of fresh products	352	323
Processing	440	493
Canned fish	158	137
Fish meal and fish oil	138	179
Freezing	144	177
Exportation	443	410
Fresh and freezed fish	128	126
Crustaceans and molluscs	92	94
Canned fish	152	131
Fish meal and fish oil	71	59

(*) Revised

(**) Preliminary

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

III-1 - MAIN MINERAL PRODUCTS

(in thousands of tonnes)

	Production ⁽¹⁾			Exports ⁽²⁾		
	2005	2006*	2007**	2005	2006*	2007**
Phosphate rock	27 254.0	27 386.0	27 834.0	13 385.3	13 398.6	14 204.2
Other non-metallic ores						
Barite	597.6	612.8	664.7	334.9	506.2	484.7
Fluorspar	114.7	98.1	78.9	79.7	106.9	76.4
Salt	351.1	319.9	215.8	215.2	360.6	112.1
Bentonite	63.0	34.0	40.0	56.2	73.7	70.0
Metallic ores						
Zinc ore	152.4	148.7	111.1	223.1	156.6	118.3
Lead ore	65.4	59.1	60.0	32.8	30.6	40.2
Iron ore	16.3	4.6	48.0	11.0	11.4	25.7
Copper ore	11.3	17.8	19.9	14.8	17.9	25.3
Manganese	10.0	4.8	41.6	7.8	12.1	31.8

(*) 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	2005	2006*	2007**	Percentage changes $\frac{2007}{2006}$
Overall index	1000	124.1	134.6	140.0	4.0
of which :					
- Phosphates	624	118.7	119.3	122.0	2.3

(*) Revised

(**) Preliminary

Source : High Commission for Planning (Department of Statistics)

III-3 - ENERGY BALANCE

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

	2005		2006*		2007**	
	Total	%	Total	%	Total	%
Consumption	12 416.8	100	12 918.6	100	13 636.9	100
- Coal	3 796.0	30.6	3 860.4	29.9	3 819.0	28.0
- Petroleum products	7 573.9	61.0	7 703.0	59.6	8 074.9	59.2
- Natural gas	414.6	3.3	368.5	2.9	416.2	3.1
- Hydro-electricity wind power electricity and imported electricity	632.3	5.1	986.8	7.6	1 326.9	9.7
Of which :						
Domestic products	601.5	100	527.4	100	487.3	100
- Anthracite	109.0	18.1	0.0	0.0	0.0	0.0
- Oil and natural gas	71.8	11.9	67.6	12.8	72.1	14.8
- Hydro-electricity and wind power electricity	420.7	69.9	459.8	87.2	415.2	85.2
Deficit	11 815.3		12 391.3		13 149.6	
- As a percentage of overall consumption		95.2		95.9		96.4

(*) Revised

(**) Preliminary

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

III-4 - ENERGY PRODUCTION

	2005	2006*	2007**	Percentage changes 2007 2006
Extraction activity				
Crude oil (1 000 t)	32.3	11.2	11.1	-0.8
Natural gas (millions m ³)	39.5	56.4	61.0	8.2
Processing activity				
Refineries production (1 000 t) ⁽¹⁾	6 630.0	5 918.9	6 038.9	2.0
Net electricity production (millions kWh)	18 704.5	19 077.8	19 101.6	0.1
Of which : Concession electricity (thermic and wind power)	(12 264.8)	(13 214.9)	(13 062.0)	-1.2

(*) 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)	2006*			2007**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Total production ⁽¹⁾	10 879	-5.3	100.0	11 005	1.2	100.0
Of which :						
Refined petroleum ⁽²⁾	5 919	-10.7	54.4	6 039	2.0	54.9
Electricity	4 960	2.0	45.6	4 966	0.1	45.1

(*) 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

	2005	2006*	2007**	Percentage changes 2007 2006
Petroleum products (1 000 t)	7 574	7 703	8 075	4.8
- Light distillates	4 202	4 360	4 683	7.4
. Standard petrol	15	-	-	-
. Super petrol	361	388	421	8.5
. Planes kerosene	368	417	489	17.3
. Gas-oil	3 447	3 549	3 774	6.3
. Miscellaneous	11	6		-100.0
- Liquefied gas	1 498	1 616	1 756	8.6
. Butane	1 347	1 454	1 585	9.0
. Propane	152	163	171	5.0
- Fuel-oil	1 874	1 727	1 635	-5.3
. Quantities used for electricity production	815	751	735	-2.2
. Other	1 059	976	901	-7.7
Coal (1 000 t)	5 778	5 876	5 813	-1.1
. Quantities used for electricity production	4 905	4 899	4 813	-1.7
. Other	873	977	1 000	2.3
Natural gas (millions m³)	539	479	541	12.9
of which :				
Tahaddart's consumption	348	423	480	13.5
Electricity O.N.E. (millions kWh)	17 629	19 258	20 540	6.7
of which : external contribution	814	2 027	3 507	73.0

(*) 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)	2006*			2007**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Final energy consumption ⁽²⁾	12 780	7.3	100	13 303	4.1	100
. Petroleum products	7 128	5.5	55.8	7 302	2.4	54.9
of which :						
(Gas oil)	(3 546)	(3.0)	(27.7)	(3 736)	(5.4)	(28.1)
. Electricity	5 007	9.2	39.2	5 340	6.7	40.1
. Coal	645	12.0	5.0	660	2.3	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	2005	2006	2007	Percentage changes	
					2006 2005	2007 2006
Food industries	230	127.4	131.6	134.7	3.2	2.4
· Staple foods	205	128.2	132.1	133.6	3.0	1.1
· Manufactured tobacco	25	121.2	127.2	143.7	5.0	13.0
Textiles and leather industries	209	127.0	127.7	130.5	0.5	2.2
· Textile industry products	65	109.4	119.4	119.7	9.1	0.3
· Clothing goods and furs	126	138.5	134.7	139.6	-2.7	3.6
· Leather, travel goods and footwear	17	109.5	108.1	104.8	-1.3	-3.1
Chemical and paracheical industries	363	140.0	148.1	154.4	5.8	4.3
· woodwork products	9	109.9	98.2	103.0	-10.6	4.9
· Paper and cardboard	31	188.3	226.4	236.5	20.2	4.5
· Editing products, printed or reproduced products	18	154.8	155.2	163.5	0.3	5.3
· Coking, refining, and nuclear industries products	41	113.5	119.1	127.7	4.9	7.2
· Chemical products	155	132.5	135.8	134.1	2.5	-1.3
· Rubber or plastic products	19	159.5	179.2	211.5	12.4	18.0
· Other mineral non-metal products	90	144.6	152.9	165.1	5.7	8.0
Mechanical and metallurgical industries	160	161.8	176.4	193.3	9.0	9.6
· Metal products	53	186.2	195.5	210	5.0	7.4
· Metal works products	49	168.9	173.9	184.3	3.0	6.0
· Machinery and equipement	15	141.4	148.9	157.5	5.3	5.8
· Office computing machines	0	27.8	27.8	50.5	0.0	81.7
· Car industry products	27	126.7	175.6	216.5	38.6	23.3
· Other transport equipement	6	138.3	146.1	149	5.6	2.0
· Furniture, miscellaneous industries	11	140.6	152.5	170.1	8.5	11.5
electrical and electronic industries	38	157.3	180.1	187.1	14.5	3.9
· Electrical machines	27	166.2	164.8	173.1	-0.8	5.0
· Radio, Television and communication equipement	10	124.4	214.9	222.7	72.7	3.6
· Mediacl, precision, optics and clock making material	1	225.1	220.7	197.9	-2.0	-10.3
Total manufacturing industries	1000	138.6	145.8	152.4	5.2	4.5

Source : High Commission for Planning

V-1 - TOURIST ARRIVALS

	2005	2006	2007	Percentage changes 2007 2006
I - Foreign tourists	3 289 010	3 790 256	4 320 898	+14.0
A. On-shore	3 055 552	3 571 961	4 030 898	+12.8
European Union countries	2 490 772	2 882 526	3 218 188	+11.6
Of which :				
. France	1 337 204	1 481 610	1 605 503	+8.4
. Spain	367 811	467 956	540 186	+15.4
. Germany	144 200	151 396	159 844	+ 5.6
. United Kingdom	193 552	265 536	338 304	+27.4
. Italy	120 955	140 923	160 047	+13.6
Other European countries	117 383	143 438	188 727	+31.6
America	140 194	173 258	196 154	+13.2
Of which :				
. United States	82 980	93 646	109 079	+16.5
. Canada	36 825	44 493	50 802	+14.2
. Argentina	4 403	7 000	8 189	+17.0
Middle East (*)	81 376	93 505	101 875	+ 9.0
Maghreb	93 549	107 164	122 750	+14.5
Other African countries	60 001	70 458	84 169	+19.5
Asia	44 907	53 829	60 760	+12.9
Other countries	27 370	47 783	58 275	+22.0
B. Off-shore (cruising)	233 458	218 295	290 000	+32.8
II -Moroccans resident abroad	2 787 825	2 986 372	3 376 719	+13.1
Total	6 076 835	6 776 628	7 697 617	+13.6

(*) Including Egypt.

Source : Ministry of Tourism and of Handicraft

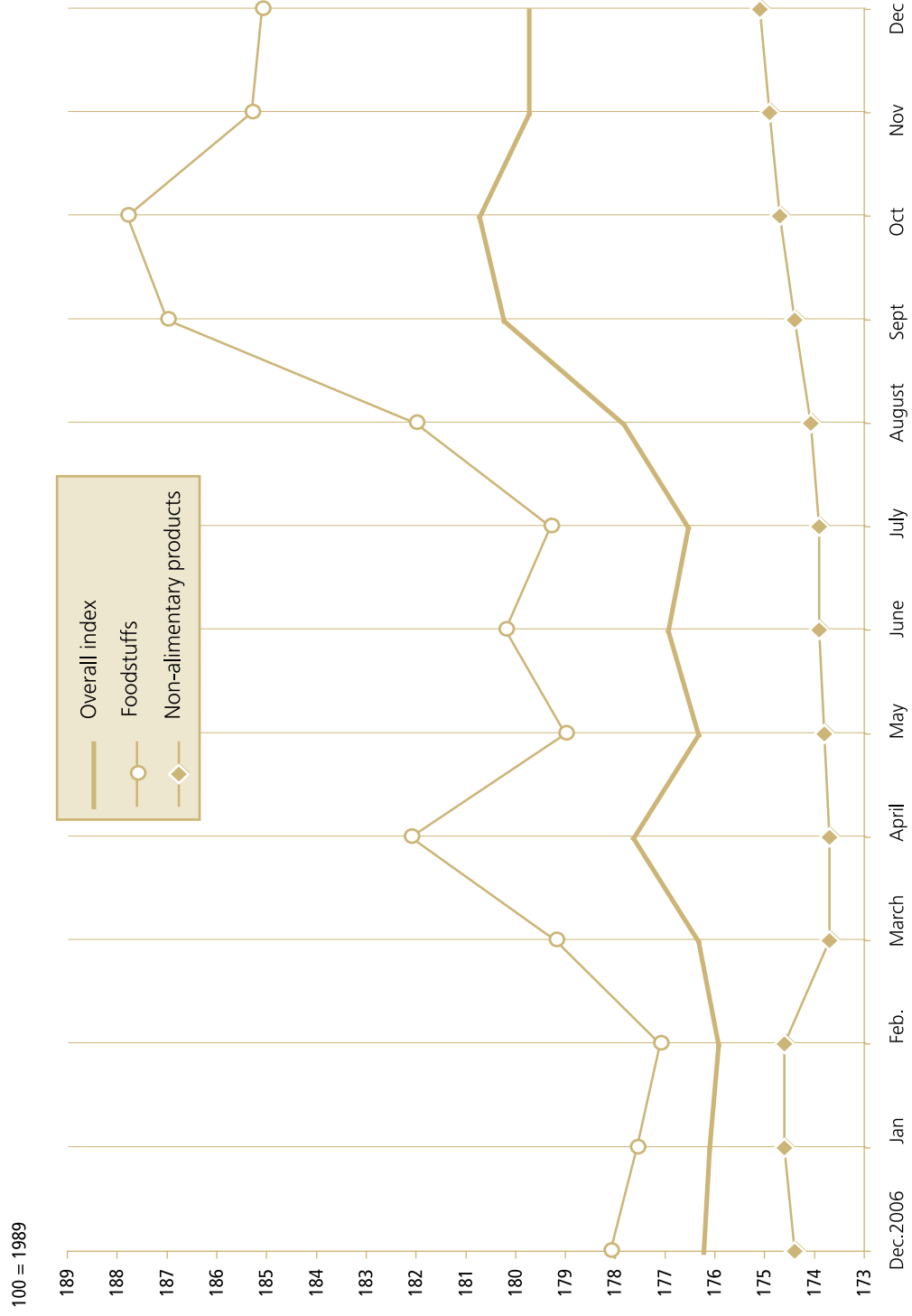
VI-1 - COST OF LIVING INDEX (385 ITEMS)

(1989=100)

Groups of products	2006		2007												Percentage changes in %		
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average	Dec. 07 Dec. 06	2007* 2006*
Foodstuffs	176.1	178.1	177.6	177.1	179.2	182.1	179.0	180.2	179.3	182.0	187.0	187.8	185.3	185.1	181.8	3.9	3.3
Of which																	
Cereals and cereal-based products	147.7	147.8	148.3	148.6	148.7	149.1	149.5	151.6	151.9	152.5	163.8	161.3	162.3	163.3	154.2	10.5	4.4
Milk, dairy products and eggs	148.3	154.2	152.2	151.0	151.3	153.3	151.3	150.2	152.0	154.8	160.6	161.6	156.3	155.4	154.2	0.8	3.9
Fats	178.8	178.0	177.9	175.4	173.9	174.4	175.2	179.8	183.4	193.2	199.2	200.7	201.8	203.7	186.6	14.4	4.4
Meat	191.4	194.5	189.6	189.7	190.1	184.4	181.8	180.9	183.3	185.9	184.3	185.3	185.7	188.7	185.8	-3.0	-2.9
Fresh fish	192.7	190.4	186.6	204.0	216.5	222.6	221.3	223.2	223.2	230.2	221.5	228.4	197.0	197.7	214.2	3.8	11.2
Fresh vegetables	195.7	210.9	221.3	210.8	228.2	264.4	196.8	211.8	194.6	195.8	211.1	213.4	207.8	216.3	214.4	2.6	9.5
Fresh fruit	210.4	182.8	181.5	182.6	188.4	203.6	284.9	269.4	255.2	269.1	289.5	299.0	274.1	225.6	243.6	23.4	15.7
Non-alimentary products	172.5	174.4	174.6	174.6	173.7	173.7	173.8	173.9	173.9	174.1	174.4	174.7	174.9	175.1	174.3	0.4	1.0
Clothing	172.3	173.4	173.5	173.8	173.9	174.1	174.1	174.3	174.3	174.3	174.8	175.3	175.7	176.0	174.5	1.5	1.3
Housing	175.6	179.5	180.1	180.2	180.3	180.3	180.4	180.5	180.6	180.6	180.8	180.9	181.0	181.2	180.6	0.9	2.8
Household equipment	144.9	146.3	146.3	146.3	146.5	146.6	147.0	147.3	147.9	148.0	148.3	148.9	149.4	149.5	147.7	2.2	1.9
Medical care	152.2	152.8	153.1	153.1	153.1	153.1	153.2	153.3	153.3	153.4	153.4	153.6	153.6	153.6	153.3	0.5	0.7
Transport and communication	187.9	190.4	189.6	189.6	181.1	181.1	181.1	181.1	181.2	181.2	181.3	181.4	181.4	181.4	182.6	-4.7	-2.8
Leisure and culture	176.1	176.9	176.9	177.2	177.1	177.1	177.3	177.3	177.6	177.7	179.0	179.3	179.4	179.5	177.9	1.5	1.1
Other goods and services	180.4	181.7	181.9	182.0	182.2	182.4	182.5	182.7	183.0	183.4	183.5	184.0	184.2	184.2	183.0	1.4	1.4
Overall index	174.2	176.2	176.1	175.9	176.3	177.6	176.3	176.9	176.5	177.8	180.2	180.7	179.7	179.7	177.8	2.0	2.0

(*) Annual average
Source : High Commission for Planning (Department of Statistics)

COST OF LIVING INDEX - YEAR 2007



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

(1997 : 100)

	Weighting %	Annual average 2006	2007					Percentage changes in %	
			1st quarter	2nd quarter	3rd quarter	4th quarter	Annual average	2006	2007
			2006	2005	2006	2005	2006	2005	
Food industries	28.9	109.0	107.0	108.3	111.1	108.8	3.5	-0.1	
Tobacco industry	3.1	116.1	116.1	116.1	116.1	116.1	0.0	0.0	
Textile industry	6.5	96.1	95.4	94.9	94.8	95.1	-0.8	-1.0	
Clothing industry	6.7	94.5	93.7	94.0	94.0	93.9	-1.7	-0.6	
Leather and footwear	1.6	99.0	98.8	98.8	99.4	99.0	1.7	-0.1	
Wood and wood products	1.8	105.0	106.9	106.9	106.9	106.9	2.6	1.8	
Paper and cardboard	2.6	87.4	87.6	88.2	89.6	88.3	-0.2	1.0	
Printing and publishing	1.4	96.0	95.9	96.2	96.3	96.1	-0.6	0.1	
Oil refining	13.3	251.6	244.7	263.8	300.7	256.0	18.0	1.8	
Chemical industry	13.1	124.3	125.8	131.5	142.4	131.4	4.1	5.7	
Rubber and plastic products	2.0	98.8	101.6	102.5	103.4	102.4	3.8	3.6	
Other non-metallic mineral products	5.9	111.6	116.1	116.1	116.1	116.1	1.9	4.0	
Basic metal industry	3.2	128.6	134.7	137.2	141.9	136.8	4.6	6.4	
Metalworking	3.0	107.2	110.4	111.1	111.5	110.9	0.5	3.5	
Machinery and equipment	0.9	88.9	90.8	90.8	90.3	90.7	-1.3	2.0	
Electrical machinery and equipment	2.0	115.9	117.8	119.5	120.2	118.8	0.9	2.5	
Radio, television and communication equipment	0.5	92.9	92.8	92.8	92.8	92.8	-0.5	-0.1	
Medial, precision, optical and watch-making instruments	0.1	103.2	102.3	102.9	103.2	102.8	0.0	-0.4	
Car industry	2.5	101.3	101.2	101.2	101.3	101.3	0.2	0.0	
Other transport equipment	0.1	98.0	104.1	104.1	104.1	104.1	-2.0	6.2	
Furniture and miscellaneous manufactures	0.9	112.9	116.6	117.2	117.2	116.6	4.5	3.3	
General index	100	127.6	127.0	130.8	138.2	129.9	5.9	1.8	

(*) 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				
	2006		2007		2006		2007		2006		2007	
		Changes in absolute value 2007/2006 (2)		Changes in absolute value 2007/2006 (2)		Changes in absolute value 2007/2006 (2)		Changes in absolute value 2007/2006 (2)		Changes in absolute value 2007/2006 (2)		Changes in absolute value 2007/2006 (2)
Total population	17 079	325.0	17 404	13 427	13 427	10.0	13 437	30 506*	30 841*	335.0		
Population aged 15 years and over	12 470	339.0	12 809	8 952	9 043	91.0	21 424*	21 835*	411.0			
Labour force aged 15 years and over	5 578	168.0	5 746	5 412	5 402	- 10.0	10 990	11 148	158.0			
Of which : - Employed	4 714	146.0	4 860	5 214	5 196	- 18.0	9 928	10 056	128.0			
- Unemployed	864	22.0	886	198	206	8.0	1 062	1 092	30.0			
Activity rate (1)	44.7	0.2	44.9	60.5	59.7	- 0.8	51.3	51.0	- 0.3			
Unemployment rate	15.5	- 0.1	15.4	3.7	3.8	0.2	9.7	9.8	0.1			
• By gender												
Men	14.0	- 0.1	13.9	4.6	4.8	0.2	9.7	9.8	0.1			
Women	20.9	- 0.1	20.8	1.8	1.7	- 0.1	9.7	9.8	0.1			
• By age												
15 to 24 years	31.7	- 0.1	31.6	6.4	7.0	0.6	16.6	17.2	0.6			
25 to 34 years	21.2	0.4	21.6	4.6	4.8	0.2	14.0	14.4	0.4			
35 to 44 years	8.7	- 0.3	8.4	2.2	2.3	0.1	6.0	5.9	- 0.1			
45 years and over	3.5	- 0.4	3.1	1.2	1.0	- 0.2	2.3	2.0	- 0.3			
• By diploma												
Without any diploma	9.2	- 0.2	9.0	2.5	2.6	0.1	4.8	4.9	0.1			
With diploma	20.8	0.0	20.8	11.2	11.4	0.2	19.0	19.0	0.0			

(1) Labour force aged 15 and over as a percentage of the total population aged 15 and over.

(2) For rates, this is a change in percentage points.

Source : High Commission for Planning (Department of Statistics).

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

(In thousands of persons)

Branches of activity	Year		Changes	
	2006	2007	in absolute value	In percentage
Agriculture, forestry and fishing	4 303.3	4 233.6	- 70	-1.6
Industry (including handicraft)	1 202.9	1,277.1	+ 52	+ 4.3
Construction and public works	683.0	844.7	+ 55	+ 7.0
Commerce	1 247.2	1 257.0	+ 24	+ 2.0
Transports, warehouse and ommunication	369.4	402.2	+ 8	+ 1.9
General administation and services				
Social services to the community	881.2	1 025.7	-19	-1.8
Other services	885.9	1 005.6	+ 78	+ 8.5
Other activities	11.1	10.1	- 1	-9.5
Total	9 928	10 056	+128	+1.3

(1) Employment of persons aged 15 and over.

Source : High Commission for Planning (Department of Statistics)

VII-1 - TRADE BALANCE

in millions of dirhams	2006	2007	Changes in percentage
Imports C.I.F	210 554	258 788	+22.9
Exports F.O.B	111 979	119 949	+ 7.1
Balance	-98 575	-138 839	+40.8
Exports as % of imports	53.2	46.4	-

VII-1 BIS - STRUCTURE OF TRADE TRANSACTIONS

Percentage share of the different categories	Imports		Exports	
	2006	2007	2006	2007
Foodstuffs, beverages and tobacco	7.3	10.3	18.9	18.5
Energy and lubricants	21.3	20.0	1.9	2.3
Raw products	6.0	6.1	10.7	10.2
Semi-finished products ⁽¹⁾	23.6	23.1	26.5	27.5
Finished products	41.8	40.5	42.0	41.5
- Capital goods	22.3	21.7	10.7	11.5
- Consumer goods	19.5	18.8	31.3	30.0
Total	100	100	100	100

(1) Including industrial gold.

VII-2 - MAJOR IMPORTS

Weight in thousands of tonnes Value in millions of dirhams	2006*		2007**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirhams	%
Foodstuffs, beverages and tobacco	5 409	15 418	8 504	26 553	3 096	57.2	11 135	72.2
Wheat	1 826	3 090	3 683	9 213	1 858	101.8	6 123	198.2
Maize	1 440	1 946	1 896	3 646	456	31.7	1 700	87.3
Barley	202	289	550	1 201	348	172.4	912	315.2
Sugar	659	2 297	746	1 969	87	13.2	-328	-14.3
Dairy products	60	1 175	63	1 705	2	4.1	530	45.1
Tea	51	782	55	794	4	8.8	12	1.5
Coffee	33	425	36	558	3	8.1	133	31.4
Tobacco	8	633	11	779	3	38.0	145	23.0
Other	1 131	4 780	1 465	6 688	334	29.5	1 908	39.9
Energy and lubricants	15 589	44 912	16 589	51 724	999	6.4	6 812	15.2
Crude oil	6 262	25 172	6 256	26 250	-6	-0.1	1 078	4.3
Refined petroleum products	3 394	15 999	4 233	20 903	839	24.7	4 904	30.7
Coal	5 877	3 560	6 026	4 253	150	2.5	693	19.5
other	57	182	74	319	16	28.8	137	75.4
Raw products	6 278	12 691	6 257	15 802	-20	-0.3	3 112	24.5
Vegetable oils	444	2 194	431	2 966	-13	-2.8	772	35.2
Oilseeds	537	1 307	538	1 723	1	0.1	416	31.8
Timber	1 039	2 841	877	3 276	-161	-15.5	435	15.3
Textile fibers and cotton	40	503	42	571	1	3.5	68	13.5
Sulfur	3 481	2 117	3 338	2 430	-143	-4.1	313	14.8
Other	736	3 729	1 031	4 837	295	40.0	1 108	29.7
Semi-finished products (1)	6 004	49 574	6 207	59 681	203	3.4	10 107	20.4
Chemical products	994	6 155	1 047	7 194	53	5.4	1 039	16.9
Dyes and disinfectants	42	1 357	44	1 418	1	3.1	62	4.6
Natural and chemical fertilizers	612	1 316	523	1 325	-89	-14.6	9	0.7
Iron and steel	1 540	6 249	1 222	5 979	-318	-20.6	-270	-4.3
Other metal working products	689	8 140	818	10 635	129	18.8	2 496	30.7
Plastic materials	429	6 026	509	7 632	80	18.7	1 606	26.6
Paper and cardboard	291	2 622	323	3 045	32	11.0	423	16.1
Fiber and cotton yarns	50	1 324	58	1 543	8	16.2	220	16.6
other	1 357	16 386	1 663	20 909	306	22.5	4 522	27.6
Agricultural capital goods	44	2 114	51	2 772	7	15.7	658	31.1
Industrial capital goods	581	44 819	653	53 487	72	12.5	8 668	19.3
Machines and miscellaneous equipment	69	8 693	82	9 580	13	18.3	887	10.2
Crushing machines	43	1 772	32	1 916	-12	-26.7	144	8.1
Textile machinery	7	726	7	804	1	7.6	79	10.8
Equipment of extraction	35	1 279	47	1 717	12	33.4	438	34.3
Tools and machine tools	17	887	20	1 172	3	18.4	284	32.1
Tanks, bottles and metal drums	25	829	20	722	-5	-19.8	-107	-12.9
Electrical switch gear	8	1 911	9	2 135	1	7.4	223	11.7
Power generators	10	644	9	752	-1	-11.2	108	16.8
Electrical appliance of telephony and telecommunications transmitters	4	1 675	4	2 400	-	9.5	725	43.3
Wires and cables for electricity	32	3 569	34	3 889	3	8.3	320	9.0
Aircraft	-	2 811	-	1 174	-	-56.6	-1 637	-58.2
Industrial vehicles	65	3 873	94	5 675	29	43.8	1 802	46.5
Autres produits	265	16 149	295	21 550	30	11.4	5 401	33.4
Consumer goods	730	41 026	871	48 769	142	19.4	7 743	18.9
Pharmaceutical products	5	2 526	6	2 936	1	30.8	410	16.2
Textile fibers and cotton	91	7 245	92	7 614	1	1.5	369	5.1
Plastic articles	48	2 008	57	2 411	9	19.1	403	20.0
Telecommunications receivers	30	3 779	31	4 642	-	1.6	864	22.9
Passenger cars	81	6 235	90	7 690	9	11.1	1 455	23.3
Spare parts	28	1 014	37	1 481	9	32.3	467	46.0
Other	447	18 220	558	21 996	111	24.9	3 776	20.7
Total	34 634	210 554	39 132	258 788	4 498	13.0	48 234	22.9

(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	2006*		2007**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirham	%
Foodstuffs beverages and tobacco	1 941	21 176	1 931	22 140	-10	-0.5	964	4.6
Citrus fruits	581	2 868	501	2 184	-80	-13.8	-684	-23.8
Early vegetables	461	2 909	582	3 716	121	26.3	807	27.8
Fresh fruits	123	1 075	151	1 484	28	23.2	409	38.1
Crustaceans molluscs and shellfish	92	4 266	94	4 867	2	1.9	601	14.1
Fresh fish	128	1 984	126	1 980	-2	-1.8	-4	-0.2
Canned fish	152	4 213	131	3 901	-21	-13.9	-312	-7.4
Canned fruits and vegetables	81	1 206	77	1 300	-4	-5.0	94	7.8
Fish meal	49	371	33	268	-17	-33.5	-103	-27.7
Other	274	2 285	236	2 440	-37	-13.6	155	6.8
Energy and lubricants	510	2 107	722	2 704	212	41.7	597	28.3
Raw animal and vegetable products	232	3 192	221	2 468	-11	-4.6	-724	-22.7
Olive oil	16	601	4	104	-12	-75.4	-496	-82.6
Paper pulp	104	483	118	553	14	13.0	70	14.5
Plants and flowers	14	270	14	275	1	3.9	5	1.7
Agar-agar	1	200	1	220	0	-1.2	20	9.8
Cork	11	75	8	65	-3	-26.2	-10	-13.0
Bowels	5	420	5	279	0	-4.7	-141	-33.6
Seaweed	7	164	5	97	-2	-24.1	-67	-41.0
Other	73	979	65	875	-8	-11.1	-105	-10.7
Raw mineral products	16 600	8 842	17 253	9 820	653	3.9	978	11.1
Phosphates	13 399	5 081	14 204	5 823	805	6.0	742	14.6
Zinc ore	157	1 039	118	704	-38	-24.5	-334	-32.2
Lead and copper ores	49	418	65	880	16	33.2	462	110.5
Scrap of cast iron and steel	168	363	140	401	-27	-16.3	37	10.3
other ores	2 828	1 941	2 725	2 012	-102	-3.6	71	3.6
Semi-finished products (1)	5 283	29 670	5 377	33 045	94	1.8	3 375	11.4
Phosphoric acid	2 189	7 891	2 294	8 804	105	4.8	913	11.6
Natural and chemical fertilizers	2 167	4 694	2 316	7 112	149	6.9	2 418	51.5
Electronic devices (transistors)	-	6 244	7	5 613	7	-	-631	-10.1
Unwrought lead and silver	50	1 314	42	1 582	-8	-16.3	268	20.4
Hides and skins	1	151	1	193	-	-	42	27.9
iron sheets	182	1 301	146	1 195	-36	-19.6	-106	-8.1
Other	695	8 075	571	8 546	-124	-17.8	471	5.8
Capital goods	87	11 962	106	13 789	20	22.9	1 827	15.3
Rubber products	1	29	-	4	-	-	-25	-85.4
Electronic under-systems	-	197	-	137	-	-	-60	-30.3
Wires and cables for electricity	39	6 602	46	7 953	7	17.6	1 351	20.5
industrial vehicles	3	211	8	515	5	206.0	304	144.2
other	44	4 923	52	5 179	8	18.9	257	5.2
Consumer goods	237	35 030	234	35 983	-3	-1.2	953	2.7
Clothing	77	20 699	70	20 320	-7	-9.4	-379	-1.8
Hosiery	47	7 192	44	7 875	-4	-7.9	683	9.5
Shoes	13	1 834	13	2 103	-	-1.7	269	14.7
Carpets	2	125	1	99	-1	-41.1	-26	-20.5
Fiber and cotton fabrics	5	498	5	439	-	-9.9	-59	-11.9
Spare parts	6	669	5	508	-1	-11.0	-161	-24.1
other	87	4 012	97	4 638	10	11.9	626	15.6
Total	24 888	111 979	25..844	119 949	956	3.8	7 970	7.1

(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	
	2006	2007	2006	2007	2006	2007
EUROPE	131 891	159 058	86 681	91 247	-45 210	-67 811
European Union	111 869	133 020	82 184	85 817	-29 685	-47 203
France	37 140	40 938	32 512	33 449	-4 628	-7 489
Spain	24 128	26 969	22 620	24 898	-1 508	-2 071
Germany	9 794	12 328	3 423	2 958	-6 371	-9 370
Italy	13 299	16 678	5 587	6 120	-7 712	-10 558
Great Britain	4 365	6 954	6 867	6 195	2 502	-759
Netherlands	4 683	8 102	2 640	3 079	-2 043	-5 023
Belgium-Luxembourg Economic Union	4 410	4 678	3 281	2 962	-1 129	-1 716
Other E U countries	14 050	16 373	5 254	6 156	-8 796	-10 217
Other European countries	20 022	26 038	4 497	5 430	-15 525	-20 608
Russia	9 651	12 841	1 570	1 505	-8 081	-11 336
Turkey	5 489	6 934	1 076	1 102	-4 413	-5 832
ASIA	47 221	53 284	10 672	11 466	-36 549	-41 818
Middle East countries	24 678	23 601	2 410	2 218	-22 268	-21 383
Saudi Arabia	13 923	14 284	515	539	-13 408	-13 745
Iran	8 318	6 597	532	334	-7 786	-6 263
United Arab Emirate	1 336	1 295	207	253	-1 129	-1 042
Jordan	44	62	213	275	169	213
Other	1 057	1 363	943	817	-114	-546
Other Asian countries	22 543	29 683	8 262	9 248	-14 281	-20 435
Japan	3 575	4 287	894	1 288	-2 681	-2 999
India	1 616	2 569	4 456	4 561	2 840	1 992
Pakistan	106	125	836	915	730	790
China	11 069	15 169	947	920	-10 122	-14 249
Other	6 177	7 533	1 129	1 564	-5 048	-5 969
AMERICA	19 489	28 503	7 014	8 891	-12 475	-19 612
United States	9 492	15 740	2 254	2 837	-7 238	-12 903
Canada	1 546	2 100	791	825	-755	-1 275
Brasil	4 034	4 541	2 609	3 844	-1 425	-697
Mexico	153	180	428	522	275	342
Argentina	2 782	3 751	487	354	-2 295	-3 397
Other	1 482	2 191	445	509	-1 037	-1 682
AFRICA	11 515	17 509	5 454	7 419	-6 061	-10 090
Egypt	1 835	2 797	330	337	-1 505	-2 460
Maghreb-Arab Union countries	6 109	8 927	1 771	1 983	-4 338	-6 944
Algeria	4 087	6 464	506	620	-3 581	-5 844
Tunisia	1 177	1 657	785	662	-392	-995
Libya	831	795	200	343	-631	-452
Mauritania	14	11	280	358	266	347
Other	3 571	5 785	3 353	5 099	-218	-686
OCEANIA AND OTHER	438	434	2 158	926	1 720	492
Total	210 554	258 788	111 979	119 949	-98 575	-138 839

Source : Foreign Exchange Control Office

VIII-1 - BALANCE OF PAYMENTS

(In millions of dirhams)

	2006*			2007**		
	Credit	Debit	Net	Credit	Debit	Net
A. CURRENT ACCOUNT	254 504.3	242 080.8	12 423.5	294 566.0	295 373.7	-807.7
Goods	104 854.5	190 506.8	-85 652.3	119 948.8	238 384.9	-118 436.1
- General merchandise	69 517.1	170 194.0	-100 676.9	75 914.0	211 136.0	-135 222.0
- Goods for processing	34 154.2	20 219.8	13 934.4	42 968.9	27 139.5	15 829.4
- Goods procured in ports by carrier	1 183.2	93.0	1 090.2	1 065.9	109.4	956.5
Services	86 009.2	39 238.9	46 770.3	101 827.7	44 257.4	57 570.3
- Transportation	13 106.6	15 391.5	-2 284.9	14 910.2	18 062.1	-3 151.9
- Travel	52 485.8	6 065.8	46 420.0	59 510.9	7 090.1	52 420.8
- Communication services	3 393.0	560.4	2 832.6	3 291.0	887.6	2 403.4
- Insurance services	671.3	819.6	-148.3	575.1	921.8	-346.7
- Royalties and license fees	26.4	432.0	-405.6	33.9	304.5	-270.6
- Other business services	11 742.6	7 984.0	3 758.6	17 620.7	9 588.1	8 032.6
- Government services n i e	4 583.5	7 985.6	-3 402.1	5 885.9	7 403.2	-1 517.3
Income	6 577.4	10 780.3	-4 202.9	7 822.6	11 191.2	-3 368.6
- Private investment income	634.7	6 487.0	-5 852.3	666.8	6 654.5	-5 987.7
- Income on public investment and debt	5 942.7	4 293.3	1 649.4	7 155.8	4 536.7	2 619.1
Unrequited transfers	57 063.2	1 554.8	55 508.4	64 966.9	1 540.2	63 426.7
- Public	2 861.1	554.7	2 306.4	2 821.9	491.7	2 330.2
- Private	54 202.1	1 000.1	53 202.0	62 145.0	1 048.5	61 096.5
B. CAPITAL AND FINANCIAL ACCOUNT	56 588.2	40 891.2	15 697.0	74 698.4	56 654.6	18 043.8
1. Capital account	-	25.7	- 25.7	-	25.4	- 25.4
Transfert of capital	-	25.7	- 25.7	-	25.4	- 25.4
2. Financial account	56 588.2	40 865.5	15 722.7	74 698.4	56 629.2	18 069.2
Private sector	40 519.6	26 562.7	13 956.9	52 446.0	40 527.8	11 918.2
- Commercial credits	10 202.2	6 648.0	3 554.2	11 375.0	11 113.3	261.7
- Foreign loans and investments in Morocco	29 954.4	15 522.2	14 431.9	40 184.6	23 491.3	16 693.3
- Moroccan loans and investments abroad	363	4 249.6	-3 886.6	886.4	5 565.7	-4 679.3
- Currency and deposits	-	142.6	-142.6	-	357.5	-357.5
Public sector	16 068.6	14 302.8	1 765.8	22 252.4	16 101.4	6 151.0
- loans	16 068.6	14 302.8	1 765.8	22 252.4	16 101.4	6 151.0
C. STATISTICAL DISCREPANCY	-	4 485.5	-4 485.5	621.6	-	621.6
TOTAL	311 092.5	287 457.5	23 635.0	369 886.0	352 028.3	17 857.7

n i e :not included elsewhere

(*) Revised

(**) Preliminary

Source : Foreign Exchange Control Office

VIII -2 - International investment position

(in millions of dirhams)	2005			2006			Net position 2006 Net Position 2005	
	Assets	Liabilities	Net Position	Assets	Liabilities	Net Position	Changes in value	Changes %
Direct Investments	6 156.7	191 939.3	-185 782.6	11 412.4	253 179.8	-241 767.4	-55 984.8	30.1
Moroccan investments abroad	6 156.7		6 156.7	11 412.4		11 412.4	5 255.7	85.4
Foreign investments in Morocco		191 939.3	-191 939.3		253 179.8	-253 179.8	-61 240.5	31.9
Equity capital	4 946.0	175 895.2	-170 949.2	8 665.6	238 590.6	-229 925.0	-58 975.8	34.5
Other capital	1 210.7	16 044.1	-14 833.4	2 746.8	14 589.2	-11 842.4	2 991.0	-20.2
Portfolio Investments	1 623.6	18 845.2	-17 221.6	1 509.1	17 845.9	-16 336.8	884.8	-5.1
Foreign securities	1 623.6		1 623.6	1 509.1		1 509.1	-114.5	-7.1
Moroccan securities		18 845.2	-18 845.2		17 845.9	-17 845.9	999.3	-5.3
Shares and other equity securities	1 623.6	18 655.6	-17 032.0	1 442.3	17 826.0	-16 383.7	648.3	-3.8
Bonds and other debt securities		189.6	-189.6	66.8	19.9	46.9	236.5	-124.7
Other Investments	12 351.0	141 795.0	-129 444.0	13 213.9	140 499.9	-127 286.0	2 158.0	-1.7
Commercial credits	4 194.2	6 110.6	-1 916.4	4 929.8	6 920.8	-1 991.0	-74.6	3.9
Loans	6 660.8	128 255.7	-121 594.9	6 660.8	124 552.4	-117 891.6	3 703.3	-3.0
General government		69 041.0	-69 041.0		64 817.0	-64 817.0	4 224.0	-6.1
Banks	5 666.7	3 992.0	1 674.7	5 666.7	2 885.0	2 781.7	1 107.0	66.1
Other sectors	994.1	55 222.7	-54 228.6	994.1	56 850.4	-55 856.3	-1 627.7	3.0
- Public sector		42 838.0	-42 838.0		47 849.0	-47 849.0	-5 011.0	11.7
- Private sector	994.1	12 384.7	-11 390.6	994.1	9 001.4	-8 007.3	3 383.3	-29.7
Notes, coins and deposits	786.6	7 428.7	-6 642.1	924.6	9 026.7	-8 102.1	-1 460.0	22.0
Monetary authorities (liabilities)		2 414.0	-2 414.0		2 218.9	-2 218.9	195.1	-8.1
Other sectors	786.6		786.6	924.6		924.6	138.0	17.5
- Public sector	407.6		407.6	418.0		418.0	10.4	2.6
- Private sector (including residents foreign currency accounts)	379.0	5 014.7	-4 635.7	506.6	6 807.8	-6 301.2	127.6	33.7
Banks								
- Non-Residents' accounts in convertible dirhams		4 541.0	-4 541.0		6 240.0	-6 240.0	-1 699.0	37.4
- Other liabilities		473.7	-473.7		567.8	-567.8	-94.1	19.9
Other assets	709.4		709.4	698.7		698.7	-10.7	-1.5
Reserve assets	172 854.0		172 854.0	199 933.2		199 933.2	27 079.2	15.7
Monetary gold	2 590.0		2 590.0	3 806.7		3 806.7	1 216.7	47.0
Special drawing rights	728.0		728.0	445.0		445.0	-283.0	-38.9
IMF reserve position	1 321.0		1 321.0	1 086.4		1 086.4	-234.6	-17.8
Foreign currency	168 215.0		168 215.0	194 595.1		194 595.1	26 380.1	15.7
Net international investment position	192 985.3	352 579.5	-159 594.2	226 068.6	411 525.6	-185 457.0	-25 862.8	16.2

Source : Foreign Exchange Control Office

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

- Rates of the transfer payments -

End of period	2006												2007											
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Annual average									
	Buying rate Selling rate	11.108 11.174	11.073 11.140	11.115 11.182	11.128 11.195	11.176 11.243	11.149 11.216	11.159 11.226	11.187 11.254	11.177 11.244	11.253 11.321	11.289 11.357	11.330 11.398	11.325 11.393	11.219									
1 euro - EUR	11.042	11.073 11.140	11.115 11.182	11.128 11.195	11.176 11.243	11.149 11.216	11.159 11.226	11.187 11.254	11.177 11.244	11.253 11.321	11.289 11.357	11.330 11.398	11.325 11.393	11.219										
Buying rate Selling rate	8.4312 8.4819	8.5488 8.6002	8.4062 8.4567	8.3624 8.4127	8.1971 8.2463	8.2907 8.3405	8.2561 8.3058	8.1601 8.2092	8.1958 8.2451	7.9553 7.9830	7.8118 7.8587	7.6712 7.7173	7.6901 7.7363	8.1924										
1 U.S. dollar - USD	8.7956	8.5488 8.6002	8.4062 8.4567	8.3624 8.4127	8.1971 8.2463	8.2907 8.3405	8.2561 8.3058	8.1601 8.2092	8.1958 8.2451	7.9553 7.9830	7.8118 7.8587	7.6712 7.7173	7.6901 7.7363	8.1924										
Buying rate Selling rate	7.2683 7.3120	7.2212 7.2646	7.2020 7.2453	7.2499 7.2935	7.3841 7.4285	7.7570 7.8036	7.7741 7.8209	7.6707 7.7168	7.7715 7.8182	7.9651 8.0130	8.2052 8.2545	7.6966 7.7429	7.8455 7.8926	7.6467										
1 Canadian dollar - CAD	7.7538	7.2212 7.2646	7.2020 7.2453	7.2499 7.2935	7.3841 7.4285	7.7570 7.8036	7.7741 7.8209	7.6707 7.7168	7.7715 7.8182	7.9651 8.0130	8.2052 8.2545	7.6966 7.7429	7.8455 7.8926	7.6467										
Buying rate Selling rate	16.539 16.638	16.689 16.790	16.500 16.599	16.367 16.466	16.358 16.456	16.383 16.482	16.554 16.653	16.584 16.683	16.501 16.600	16.141 16.238	16.190 16.287	15.849 15.945	15.448 15.541	16.394										
1 Pound sterling - GB	16.197	16.689 16.790	16.500 16.599	16.367 16.466	16.358 16.456	16.383 16.482	16.554 16.653	16.584 16.683	16.501 16.600	16.141 16.238	16.190 16.287	15.849 15.945	15.448 15.541	16.394										
Buying rate Selling rate	6.9131 6.9546	6.8257 6.8667	6.8889 6.9303	6.8474 6.8886	6.7916 6.8324	6.7660 6.8066	6.7427 6.7833	6.7736 6.8143	6.7908 6.8316	6.7779 6.8187	6.7314 6.7718	6.8447 6.8858	6.8396 6.8807	6.8286										
1 Swiss franc - CHF	7.0197	6.8257 6.8667	6.8889 6.9303	6.8474 6.8886	6.7916 6.8324	6.7660 6.8066	6.7427 6.7833	6.7736 6.8143	6.7908 6.8316	6.7779 6.8187	6.7314 6.7718	6.8447 6.8858	6.8396 6.8807	6.8286										
Buying rate Selling rate	7.0785 7.1210	7.0352 7.0775	7.1094 7.1521	7.0718 7.1143	6.8572 6.8984	6.8085 6.8494	6.6884 6.7286	6.8403 6.8814	7.0572 7.0996	6.8790 6.9203	6.7749 6.8156	6.9225 6.9641	6.8766 6.9179	6.9579										
100. Japanese yens - PY	7.5657	7.0352 7.0775	7.1094 7.1521	7.0718 7.1143	6.8572 6.8984	6.8085 6.8494	6.6884 6.7286	6.8403 6.8814	7.0572 7.0996	6.8790 6.9203	6.7749 6.8156	6.9225 6.9641	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 2006	2007												Average 2007			
		Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.				
Spot operations																	
Interbank sale/purchase operations against the dirham	12 316.5	16 810.0	15 362.5	14 784.4	19 720.8	19 096.3	12 703.6	15 034.1	20 114.8	21 621.0	19 783.2	11 524.0	11 349.0	16 492.0			
Currency-against-currency sale/purchase operations with foreign correspondants	36 452.5	50 797.7	45 915.5	51 636.7	35 287.3	34 001.0	38 635.7	42 660.7	40 459.6	39 197.5	48 259.0	27 053.3	31 202.6	40 425.5			
Currency investments abroad	13 403.0	18 141.8	18 151.4	18 692.0	19 130.3	17 048.3	19 912.0	19 003.5	19 636.9	24 709.2	23 191.0	21 517.4	20 871.0	20 000.4			
Currency purchase by BAM from the banks	10.3	-	-	-	-	-	-	-	-	-	-	-	-	-			
Currency sale by BAM to the banks	2 133.00	3 824.0	3 720.4	1 116.6	3 406.7	4 275.8	-	1 759.1	-	13 161.0	5 303.7	2 949.5	2 606.9	3 510.3			
Forward operations																	
Forward purchase of currency by banks customers (import coverage)	13 429.7	14 800.2	14 506.4	14 843.1	17 906.6	13 823.0	12 642.9	16 132.2	14 942.5	20 343.3	21 182.7	16 465.1	18 975.0	16 380.2			
Forward sale of currency by banks customers (export cover)	693.8	466.7	372.4	316.8	606.9	487.2	606.2	1 282.6	489.6	869.4	701.1	767.3	1 399.8	697.2			

Source : Bank Al-Maghrib

X-1 - TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	January - December*	January - December
	2006	2007
I. CURRENT REVENUE⁽¹⁾	144 727	167 904
Fiscal revenue	125 306	150 118
Direct taxes	50 639	60 474
Customs duties	12 344	13 415
Indirect taxes ⁽²⁾	55 128	67 117
Registration fees and stamp duties	7 195	9 113
Non-fiscal revenue	16 492	14 822
State monopolies	7 728	7 755
Miscellaneous revenues	8 764	7 067
Receipts of certain special accounts	2 929	2 964
II. EXPENDITURE	156 026	168 959
Current expenditure	123 919	132 630
Administrative expenses	92 124	97 244
Of which : Personnel expenses	(63 164)	(65 206)
Interest on the public debt	18 652	19 236
. Domestic	(16 212)	(16 542)
. Foreign	(2 440)	(2 694)
Subsidies for consumption	13 143	16 150
CURRENT ACCOUNT BALANCE	+ 20 808	+ 35 274
Capital expenditure	23 846	27 580
Special accounts balance	- 8 261	- 8 749
BUDGET DEFICIT	- 11 299	- 1 055
As a % of GDP	(-2.0)	(-0.2)
III. CHANGE IN ARREARS	- 699	243
FINANCING REQUIREMENT (I-II+III)	- 11 998	- 812
NET FINANCING	11 998	812
Foreign financing	- 199	3 173
Foreign borrowing	9 163	14 523
Amortization	- 9 362	- 11 350
Domestic financing	9 819	- 5 414
Monetary financing	181	2 305
of which : - Bank Al-Maghrib	(-1 563)	(5 366)
- Banks	(1 868)	(-3 769)
Non monetary financing	9 638	- 7 719
- Adjudications	4 486	- 1 562
- others	5 152	- 6 157
Privatization	2 378	3 053

(1) Excluding privatization revenues.

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

(*) Revised

Sources : Ministry of Economy and Finance

Bank Al-Maghrib

X-2 - TREASURY CURRENT REVENUE

(In millions of dirhams)

	January - December*	January - December	Percentage
	2006	2007	change
FISCAL REVENUE	125 306	150 118	19.8
Direct taxes	50 639	60 474	19.4
Corporation tax	24 182	30 427	25.8
General income tax	24 386	27 739	13.7
Other direct taxes	2 071	2 308	11.4
Customs duties	12 344	13 415	8.7
Indirect taxes	55 128	67 117	21.7
Value added tax (V.A.T)	39 088	49 777	27.3
- Domestic	(16 587)	(20 754)	25.1
- Imports	(22 501)	(29 023)	29.0
Domestic taxes on consumption	16 040	17 340	8.1
- Petroleum products	(9 202)	(10 159)	10.4
- Tobacco products	(5 617)	(6 133)	9.2
- Other domestic taxes	(1 221)	(1 048)	-14.3
Registration fees and stamp duties	7 195	9 113	26.7
NON-FISCAL REVENUE	16 492	14 822	-10.1
Monopolies	7 728	7 755	0.3
Miscellaneous revenues	8 764	7 067	-19.4
RECEIPTS OF CERTAIN SPECIAL ACCOUNTS	2 929	2 964	1.2
TOTAL CURRENT REVENUE ⁽¹⁾	144 727	167 904	16.0

(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
	2005	2006	2007
I. CURRENT REVENUE ⁽¹⁾	110 854	127 433	138 947
Fiscal revenue	97 710	109 060	123 287
Direct taxes	37 170	41 034	48 827
Customs duties	10 089	10 888	10 981
Indirect taxes ⁽²⁾	44 948	51 084	56 201
Registration fees and stamp duties	5 503	6 054	7 278
Non-fiscal revenue	9 185	14 563	12 160
State monopolies	5 869	8 370	7 993
Miscellaneous revenues	3 316	6 193	4 167
Receipts of certain special accounts	3 960	3 960	3 500
II. EXPENDITURE	137 700	148 488	159 544
Current expenditure	109 796	117 521	125 460
Administrative expenses	86 267	88 942	96 134
Of which : Personnel expenses	(60 762)	(59 569)	(62 781)
Interest on the public debt	17 429	18 769	19 536
. Domestic	(14 777)	(16 000)	(16 783)
. Foreign	(3 652)	(2 769)	(2 753)
Subsidies for consumption	6 100	9 810	9 790
CURRENT ACCOUNT BALANCE	+ 1 058	+ 9 912	+13 487
Capital expenditure	19 933	21 310	24 073
Special accounts balance	-7 971	-9 657	-10 011
BUDGET DEFICIT	-26 846	-21 055	-20 597
III. CHANGE IN ARREARS	-11 080	-4 240	-4 796
FINANCING REQUIREMENT (I-II+III)	-37 926	-25 295	-25 393
NET FINANCING	37 926	25 295	25 393
Foreign financing	-2 734	1 229	1 741
Foreign borrowing	7 006	9 548	10 743
Amortization	-9 740	-8 319	-9 002
Domestic financing	28 660	19 116	19 152
Privatization	12 000	4 950	4 500

(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 2007 ⁽¹⁾												
	Dec. 2006	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Outstanding amounts													
Notes and coin	108 314	111 763	110 334	110 686	112 000	112 261	112 780	116 388	121 918	121 014	121 097	120 228	124 288
Treasury's net position ⁽²⁾	-10 839	-10 256	-10 688	-11 958	-13 737	-12 496	-9 910	-10 864	-11 606	-12 658	-14 417	-9 662	-6 142
Bank Al-Maghrib net foreign exchange holdings	171 531	172 792	173 391	173 104	174 195	172 331	175 346	182 092	190 550	191 340	187 210	185 182	187 445
Other factors	-4 514	-5 498	-6 981	-7 425	-7 472	-6 190	-7 312	-11 560	-9 211	-7 534	-9 217	-9 925	-10 217
Bank's structural liquidity position⁽³⁾	47 864	45 275	45 387	43 034	40 986	41 383	45 343	43 281	47 815	50 134	42 479	45 366	46 798
Reserve requirement	41 600	42 096	43 218	44 189	44 774	45 443	46 290	47 474	51 212	55 939	56 419	57 367	57 247
Surplus or liquidity requirement	6 264	3 179	2 169	-1 154	-3 788	-4 060	- 947	-4 193	-3 396	-5 805	-13 940	-12 001	-10 449
Bank Al-Maghrib money market interventions	-5 300	-3 163	-2 250	2 100	2 683	3 250	1 300	3 125	5 022	3 625	14 529	12 120	10 805
Facilities on Bank Al-Maghrib's initiative	-4 900	-3 163	-2 000	2 100	3 000	3 250	1 300	3 125	5 022	3 125	10 449	10 600	10 805
- 7-day advance on call for tenders ⁽⁴⁾	0	0	0	2 100	3 000	3 250	1 300	3 125	3 800	3 125	10 449	10 600	10 805
- 7-day liquidity-withdrawals on call for tenders ⁽⁴⁾	-4 900	-3 163	-2 000	0	0	0	0	0	0	0	0	0	0
- Open market operations ⁽⁵⁾	0	0	0	0	0	0	0	0	0	0	0	0	0
- Foreign exchange swaps ⁽⁵⁾	0	0	0	0	0	0	0	0	0	0	0	0	0
- Repurchase agreement ⁽⁵⁾	0	0	0	0	0	0	0	0	1 222	0	0	0	0
Facilities on bank's initiative	-400	0	-250	0	-318	0	0	0	0	500	4 080	1 520	0
- 24-hour advances ⁽⁶⁾	0	0	0	0	0	0	0	0	0	500	4 080	1 520	0
- 24-hour deposit facility ⁽⁶⁾	-400	0	-250	0	-318	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 :

PSLB = 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

2007 (Daily average of the week)	Facility on Bank Al-Maghrif'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	
1 st to 03 january 2007	-	-4 000	-	-	-	-	-	-4 000
4 to 10 january	-	-7 000	-	-	-	-	-	-7 000
11 to 17 january	-	-7 000	-	-	-	-	-	-7 000
18 to 24 january	-	-5 650	-	-	-	-	-	-5 650
25 to 28 january	-	-	-	-	-	-	-	0
1 st to 7 february	-	-1 000	-	-	-	-	-	-1 000
8 to 14 february	-	-4 000	-	-	-	-	-	-4 000
15 to 21 february	-	-3 000	-	-	-	-	-1 293	-4 293
22 to 28 february	-	-	-	-	-	-	-	0
1er to 7 march	3 000	-	-	-	714	-	-	3 714
8 to 14 march	5 500	-	-	-	-	-	-	5 500
15 to 21 march	1 000	-	-	-	-	-	-357	643
22 to 28 march	1 000	-	-	-	-	-	-	1 000
29 march to 4 april	-	-	-	-	-	-	-	0
5 to 11 april	-	-	-	-	-	-	-	0
12 to 18 april	6 000	-	-	-	-	-	-	6 000
19 to 25 april	4 000	-	-	-	-	-	-544	3 456
26 april to 2 may	2 000	-	-	-	-	-	-	2 000
3 to 9 may	1 500	-	-	-	1 143	-	-	2 643
10 to 16 may	6 500	-	-	-	686	-	-	7 186
17 to 23 may	3 000	-	-	-	-	-	-	3 000
24 to 30 may	2 000	-	-	-	-	-	-	2 000
31 may au 6 june	-	-	-	-	-	-	-	0
7 to 13 june	2 500	-	-	-	429	-	-	2 929
14 to 20 june	4 000	-	-	-	-	-	-	4 000
21 to 27 june	-	-	-	-	-	-	-	0
28 june to 4 july	-	-	-	-	-	-	-	0
5 to 11 july	-	-	-	-	-	-	-	0
12 to 18 july	5 000	-	-	-	-	-	-	5 000
19 to 25 july	2 500	-	-	-	-	300	-	2 800
26 july to 1st august	5 000	-	-	-	-	-	-	5 000
2 to 8 august	2 000	-	-	-	-	-	-	2 000
9 to 15 august	6 500	-	-	-	-	-	-	6 500
16 to 22 august	-	-	-	-	4 041	-	-	4 041
23 to 29 august	7 500	-	-	-	-	-	-	7 500
30 august au 5 september	3 000	-	-	-	-	-	-	3 000
6 to 12 september	-	-	-	-	-	-	-	0
13 to 19 september	1 500	-	-	-	1 500	-	-	3 000
20 to 26 september	4 000	-	-	-	-	-	-	4 000
27 september to 3 october	7 000	-	-	-	-	1 714	-	8 714
4 to 10 october	12 000	-	-	-	-	1 500	-	13 500
11 to 17 october	10 000	-	-	-	-	6 823	-	16 823
18 to 24 october	10 000	-	-	-	-	4 729	-	14 729
25 to 30 october	10 000	-	-	-	-	1 437	-	11 437
1st to 7 november	10 000	-	-	-	-	3 129	-	13 129
8 to 14 november	10 000	-	-	-	-	2 714	-	12 714
15 to 21 november	12 000	-	-	-	-	-	-	12 000
22 to 28 november	12 000	-	-	-	-	-	-	12 000
29 november to 5 december	9 000	-	-	-	-	429	-	9 429
6 to 12 december	11 000	-	-	-	-	-	-	11 000
13 to 19 december	15 000	-	-	-	-	-	-	15 000
20 to 26 december	12 740	-	-	-	-	-	-	12 740
27 dec. 07 to 2 jan. 2008	5 000	-	-	-	-	-	-	5 000
Average	4 240	-597	-	-	161	430	-41	4 192

Source : Bank Al-Maghrif

XI-3 - MONEY MARKET RATES

(Percent per annum)

2007	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	2.91	2.79
February	3.25	2.75	4.25	2.25	2.82	3.30
March	3.25	2.75	4.25	2.25	3.20	3.15
April	3.25	2.75	4.25	2.25	3.15	3.14
May	3.25	2.75	4.25	2.25	3.19	3.30
June	3.25	2.75	4.25	2.25	3.17	3.24
July	3.25	2.75	4.25	2.25	3.32	3.37
August	3.25	2.75	4.25	2.25	3.36	3.37
September	3.25	2.75	4.25	2.25	3.29	3.67
October	3.25	2.75	4.25	2.25	3.85	4.19
November	3.25	2.75	4.25	2.25	3.87	3.71
December	3.25	2.75	4.25	2.25	3.32	3.50

Source : Bank Al-Maghrib

XI-4 - INTEREST RATES OF DEPOSITS WITH BANKS

(Per cent per annum)

	2006		2007	
	January - june	July- December	January - june	July - December
Deposits with banks				
Sight deposits	not remunerated	not remunerated	not remunerated	not remunerated
Savings accounts	2.57 (minimum)	2.49 (minimum)	2.49 (minimum)	2.41 (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)

Period	Jan - June 2006	July - Dec 2006	Jan - June 2007	July - Dec 2007
National Savings Fund books ⁽¹⁾	1.45	1.90	1.25	1.20

(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)

2007	6-month deposits weighted average interest rate	12- month deposits weighted average interest rates	6 and 12-month deposits weighted average interest rate
January	3.22	3.64	3.46
February	3.32	3.67	3.52
March	3.24	3.65	3.49
April	3.32	3.61	3.48
May	3.59	3.65	3.62
June	3.64	3.62	3.64
July	3.28	3.69	3.54
August	3.35	3.67	3.59
September	3.60	3.70	3.66
October	3.68	3.69	3.68
November	3.30	3.68	3.50
December	3.48	3.76	3.68

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
2006									
January	-	-	-	-	3.94	4.65	5.20	5.76	-
February	2.65	-	3.03	-	3.90	4.47	-	-	-
March	-	-	3.09	3.29	3.88	4.40	-	-	-
April	2.64	2.80	3.10	3.28	-	-	-	-	-
May	2.60	2.75	3.01	3.25	3.78	4.26	4.71	-	-
June	-	-	2.89	3.20	3.71	-	-	4.95	-
July	-	-	-	3.16	3.56	-	-	-	-
August	-	-	-	-	-	4.11	-	-	-
September	-	-	-	-	-	-	-	-	-
October	2.59	2.70	-	3.05	3.34	3.66	-	-	-
November	2.48	2.59	-	2.93	3.12	3.50	3.79	4.02	-
December	2.48	2.57	-	-	-	3.40	3.65	3.80	3.98
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	-	-	-	-	-	-

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

(Per cent per annum)

	2006	2007
Certificates of deposit		
10 days	-	-
More than 10 days to less than 3 months	-	3.25 to 4.20
3 months to less than 6 months	-	3.45 to 4.20
6 months to less than 12 months	-	3.50 to 4.05
12 months to less than 18 months	3.05 to 3.55	3.35 to 4.15
18 months to less than 2 years	-	-
2 years to less than 3 years	3.60	3.45 to 4.05
3 years to less than 5 years	3.80 to 4.00	3.55 to 4.30
5 years to less than 7 years	3.80 to 4.45	3.76 to 4.60
7 years	-	4.01
Financing companies bonds		
More than 2 years to less than 3 years	4.41	-
3 years to less than 5 years	4.48 to 4.01	3.07 to 3.57
5 years to less than 7 years	4.62 to 4.57	3.76
7 years	-	-
Commercial paper		
10 days	-	-
More than 10 days to less than 3 months	3.00	3.10 to 3.90
3 months to less than 6 months	3.00 to 3.60	3.75 to 3.78
6 months to less than 12 months	3.15 to 3.90	3.55 to 4.25
1 year	3.25 to 3.75	3.47 to 3.65

Source : Bank Al-Maghrib

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

(Per cent per annum)

	2006	2007
- 3 years	-	-
- 5 years	4.27 to 4.97	4.41
- 7 years	-	3.85 à 4.76
- 8 years	-	Indexed ⁽²⁾
- 10 years	5.45	4.70 à 5.10
- 15 years	3.70 ⁽¹⁾ to 4.15	-
- 25 years	-	-

(1) Government guaranteed issues.

(2) Loan indexed to a portfolio of 20 foreign shares.

Source : Bank Al-Maghrib

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

(Per cent per annum)

Rates	Periods	January- June 05	July- Dec. 05	January- June 06	July - Dec. 06	January - june 07	July - Dec. 07
Weighted average rate of banks		7.60	7.58	7.10	7.05	6.26	6.02
Weighted average rate of financing companies		11.86	11.4	11.17	11.89	11.75	11.59
Weighted average rate of all credit institutions		8.15	8.06	7.63	7.66	6.77	6.37

Source : Bank Al-Maghrib

XI-11 - MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS

(Per cent per annum)

	April - Sept. 05	Oct. 05 - March 06	April - Sept. 06	Oct. 06 - March 07	April - March 08
Maximum interest rate agreed	13.41	13.04	12.90	14.00 ⁽¹⁾	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 - THE MONETARY AGGREGATES

(In millions of dirhams)

Components	End of December 2006			End of December 2007		
	Amounts	Annual Changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Currency outside banks	108 601	19 237	21.5	119 839	11 238	10.3
Sight deposits	262 686	35 473	15.6	327 937	65 251	24.8
Aggregate M1	371 287	54 710	17.3	447 776	76 489	20.6
Sight investments (M2 - M1)	65 077	5 930	10.0	71 750	6 673	10.3
Aggregate M2	436 364	60 640	16.1	519 526	83 162	19.1
Time investments (M3 - M2)	119 161	20 067	20.3	125 130	5 969	5.0
Aggregate M3	555 525	80 707	17.0	644 656	89 131	16.0

Source : Bank Al-Maghrib

XII-2 - LIQUID INVESTMENT AGGREGATES ⁽¹⁾

(In millions of dirhams)

Components	End of December 2006			End of December 2007		
	Amounts	Annual Changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Aggregate LI 1	4 347	- 1 192	- 21.5	717	- 3 630	- 83.5
Aggregate LI 2 ⁽²⁾	11 686	2 317	24.7	19 412	7 726	66.1
Aggregate LI 3	35 942	12 877	55.8	22 642	- 13 300	- 37.0
Aggregate LI 4	5 854	2 785	90.7	7 966	2 112	36.1
Total Liquid Investment aggregates	57 829	16 787	40.9	50 737	- 7 092	-12.3

(1) Subscriptions of individuals and non-financial enterprises.

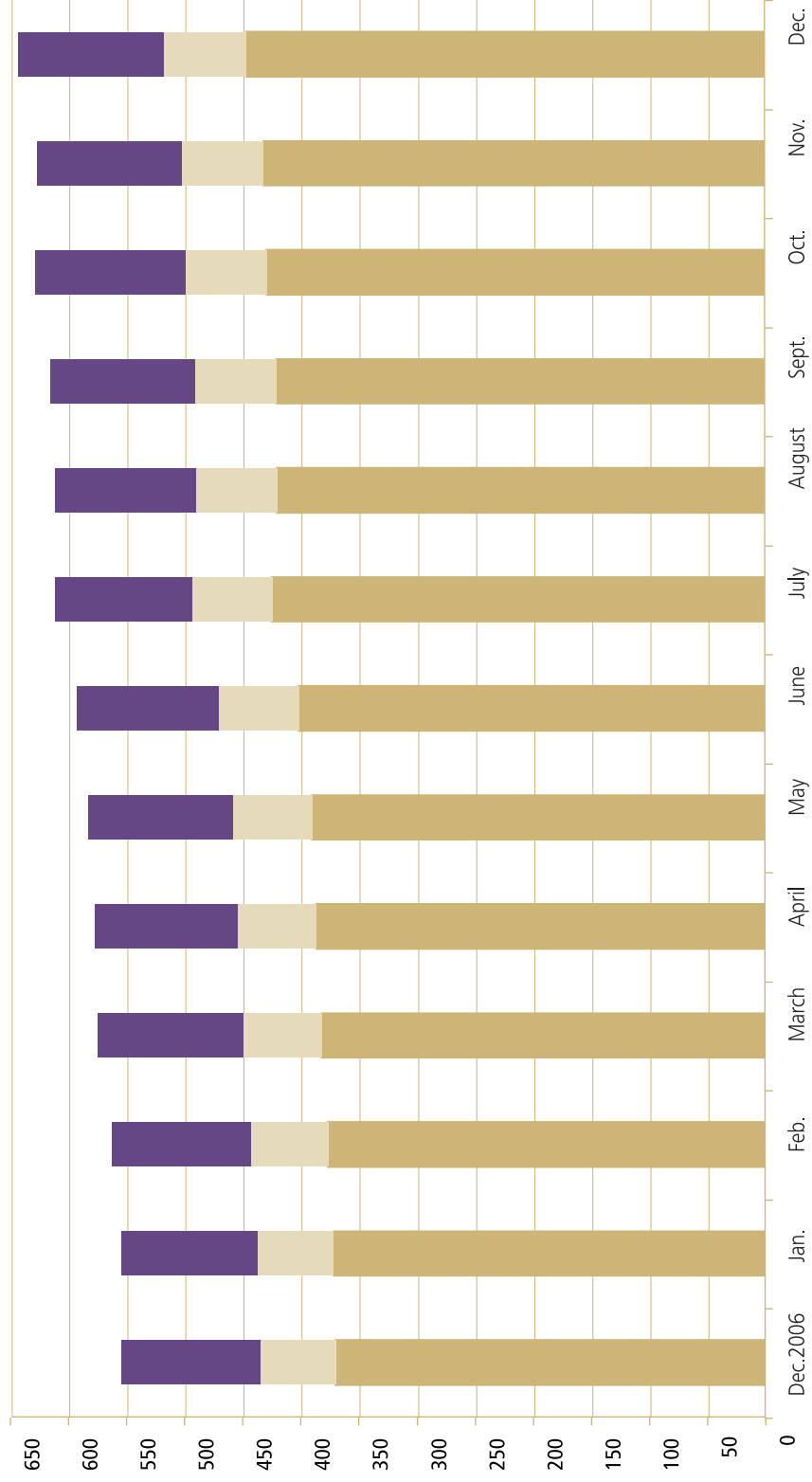
(2) According to article 4 of the Minister of Finance and Privatisation decision number 2062-04 of Decembre 6, 2004, the Monetary UCITS are those of which global assets, at the exception of "Monetary UCITS" and liquidity, are permanently invested in debt securities

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

MONETARY AGGREGATES
(outstanding amounts at the end of month - Year 2007)

In billions of dirhams



XII-3 - AGGREGATE M1 AND ITS COMPONENTS

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Currency outside banks	108 601	105 193	103 912	106 444	106 639	106 383	107 963	112 636	115 537	114 468	114 407	115 055	119 839
Sight deposits	262 686	267 443	273 530	276 641	281 004	285 250	295 017	313 472	305 969	308 440	315 999	318 253	327 937
Aggregate M1	371 287	372 636	377 442	383 085	387 643	391 633	402 980	426 108	421 506	422 908	430 406	433 308	447 776

Source : Bank Al-Maghrib

XII-4 - CURRENCY OUTSIDE BANKS

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Notes	112 407	108 767	108 147	109 499	110 205	110 240	111 295	116 653	120 163	118 439	118 272	118 051	123 593
Coin	1 827	1 833	1 828	1 827	1 828	1 837	1 843	1 862	1 896	1 917	1 935	1 940	1 941
Sub-total	114 234	110 600	109 975	111 326	112 033	112 077	113 138	118 515	122 059	120 356	120 207	119 991	125 534
Less :													
Cash in hand of banks and public accountants	5 633	5 407	6 063	4 882	5 394	5 694	5 175	5 879	6 522	5 888	5 800	4 936	5 695
Total of currency outside banks	108 601	105 193	103 912	106 444	106 639	106 383	107 963	112 636	115 537	114 468	114 407	115 055	119 839

Source : Bank Al-Maghrib

XII-5 - SIGHT DEPOSITS

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Sight deposits													
Sight deposits with the Central bank	2 086	2 430	3 371	3 374	3 072	2 593	3 463	7 787	1 937	2 039	2 193	1 798	1 789
Sight deposits with banks	251 412	255 777	260 774	263 789	268 476	273 302	281 995	295 750	294 136	296 505	303 910	306 559	316 252
Sight deposits with the banking system	253 498	258 207	264 145	267 163	271 548	275 895	285 458	303 537	296 073	298 544	306 103	308 357	318 041
Sight deposits with Postal cheque service	3 502	3 550	3 699	3 792	3 770	3 669	3 873	4 249	4 210	4 210*	4 210*	4 210*	4 210*
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	9 188	9 326	9 385	9 478	9 456	9 355	9 559	9 935	9 896	9 896	9 896	9 896	9 896
Total sight deposits	262 686	267 443	273 530	276 641	281 004	285 250	295 017	313 472	305 969	308 440	315 999	318 253	327 937

(*) Preliminary

Source : Bank Al-Maghrib

XII-6 - SIGHT DEPOSITS WITH BANKS

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Cheque accounts	169 739	172 535	174 805	177 245	179 886	184 136	189 008	195 264	197 338	199 079	202 371	204 652	206 553
of which: Moroccans living abroad	(58 063)	(58 158)	(59 010)	(59 616)	(60 415)	(61 543)	(63 638)	(66 016)	(66 345)	(66 366)	(67 739)	(69 094)	(68 206)
Current accounts	68 032	69 650	70 540	70 589	70 089	70 666	76 185	77 037	77 928	80 347	77 991	80 458	88 902
Other accounts	13 641	13 592	15 429	15 955	18 501	18 500	16 802	23 449	18 870	17 079	23 547	21 448	20 797
Total	251 412	255 777	260 774	263 789	268 476	273 302	281 995	295 750	294 136	296 505	303 909	306 558	316 252

Source : Bank Al-Maghrib

XII-7 - AGGREGATE M2 AND AGGREGATE M3

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Aggregate M1	371 287	372 636	377 442	383 085	387 643	391 633	402 980	426 108	421 506	422 908	430 406	433 307	447 776
Sight investments (M2-M1)	65 077	66 260	66 760	67 671	67 785	68 439	68 683	68 650	69 771	70 438	70 424	70 806	71 750
. Deposit books with banks	53 375	54 353	54 692	55 275	55 811	55 953	56 089	55 992	56 988	57 655	57 641	58 023	58 967
. Saving books with the National Savings Fund	11 702	11 907	12 068	12 396	11 974	12 486	12 594	12 658	12 783	12 783*	12 783*	12 783*	12 783*
Aggregate M2	436 364	438 896	444 202	450 756	455 428	460 072	471 663	494 758	491 277	493 346	500 830	504 113	519 526
Time investments (M3-M2)	119 161	116 468	119 530	125 032	122 597	124 210	121 634	117 243	121 586	124 295	128 609	123 766	125 130
. Certificates of deposit ⁽¹⁾	430	430	430	427	429	441	486	486	486	467	469	469	1107
. Time accounts and fixed-term bills	118 731	116 038	119 100	124 605	122 168	123 769	121 148	116 757	121 100	123 828	128 140	123 297	124 023
Of which : Moroccans living abroad	(39 126)	(39 151)	(38 949)	(38 820)	(38 962)	(39 002)	(38 560)	(37 781)	(37 990)	(38 573)	(39 075)	(39 007)	(39 200)
Total M3	555 525	555 364	563 732	575 788	578 025	584 282	593 297	612 001	612 863	617 641	629 439	627 880	644 656

(1)Subscriptions of individuals and non-financial enterprise

(*) Preliminary

Source : Bank Al-Maghrib

XII-8 - LIQUID INVESTMENT AGGREGATES⁽¹⁾

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Aggregate LI 1													
. Six-month Treasury bills	785	785	785	785	785	785	-	-	-	-	-	-	-
. Negotiable Treasury bills ⁽²⁾	3 070	2 765	3 232	1 975	2 294	2 102	77	742	602	364	519	1 139	620
. Commercial papers	-	-	-	-	-	-	-	-	-	-	-	-	-
.Bills issued by the financing companies	492	487	321	249	117	117	117	112	107	107	107	97	97
Total	4 347	4 037	4 338	3 009	3 196	3 004	194	854	709	471	626	1 236	717
Aggregate LI 2													
. Securities issued by monetary Undertaking for Collective Investment in Transferable Securities (UCITS) ⁽³⁾	11 686	13 302	12 765	13 051	12 657	12 703	13 311	11 936	14 383	14 581	12 966	16 661	19 412
Total	11 686	13 302	12 765	13 051	12 657	12 703	13 311	11 936	14 383	14 581	12 966	16 661	19 412
Aggregate LI3													
. Securities issued by bond (short, medium and long term) UCITS	35 942	35 945	35 096	34 708	28 189	28 833	28 325	26 664	26 270	24 655	21 648	24 527	22 642
Total	35 942	35 945	35 096	34 708	28 189	28 833	28 325	26 664	26 270	24 655	21 648	24 527	22 642
Aggregate LI4													
. Securities issued by share UCITS and diversified UCITS	5 854	5 930	6 646	7 787	8 142	7 860	7 965	7 880	8 789	8 561	9 178	8 666	7 966
Total	5 854	5 930	6 646	7 787	8 142	7 860	7 965	7 880	8 789	8 561	9 178	8 666	7 966
Total LI	57 829	59 214	58 845	58 555	52 184	52 400	49 795	47 334	50 151	48 268	44 418	51 090	50 737

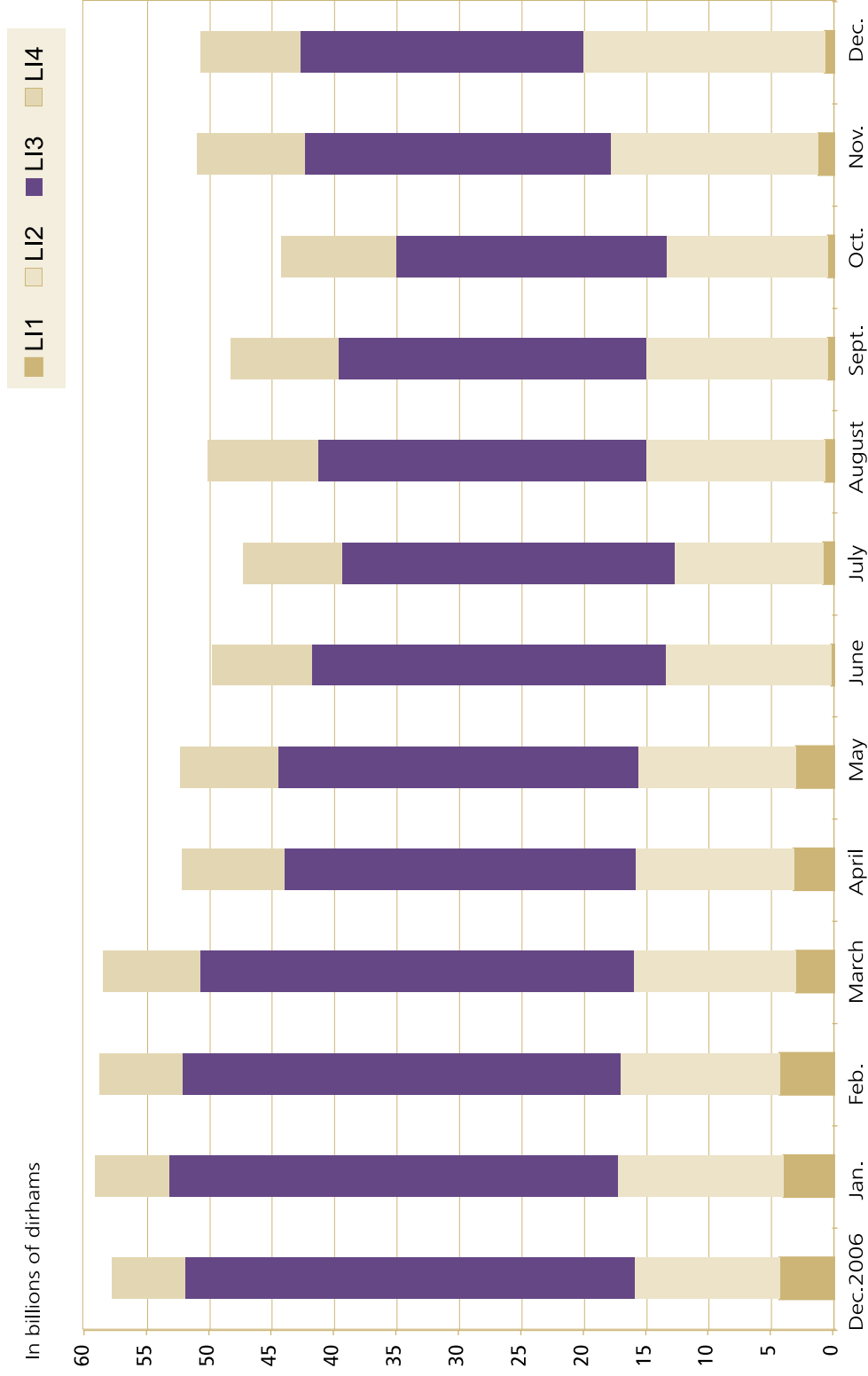
(1) Subscriptions of individuals and non-financial enterprises

(2) Outstanding amounts of government loans, bonds and Treasury bills issued by tender

(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

**LIQUID INVESTMENT AGGREGATES (PL)
(outstanding amounts at the end of month - Year 2007)**



XII-9 - COUNTERPARTS OF AGGREGATE M3

(In millions of dirhams)

Components	End of december 2006			End of december 2007		
	Amounts	annuels changes		Amounts	annuels changes	
		Amounts	%		Amounts	%
Net foreign assets ⁽¹⁾						
. Bank Al-Maghrib	173 980	23 753	+15.8	188 327	14 347	+8.2
. banks	16 788	1 116	+7.1	20 192	3 404	+20.3
Total (I)	190 768	24 869	+15.0	208 519	17 751	+9.3
Total domestic lending						
A. Claims on government⁽¹⁾						
. Net claims of the Bank Al-Maghrib	791 -8	-1 563	+21.6	-3 425	5 366	-61.0
. Claims of banks.	259 77	1 868	+2.5	73 490	-3 769	-4.9
. Claims of individuals and non-financial enterprises ⁽²⁾	188 9	-124	-1.3	9 896	708	+7.7
Sub-total	77 656	181	+0.2	79 961	2 305	+3.0
B. Claims on the private sector ⁽¹⁾						
. Bank Al-Maghrib	7 516	-180	-2.3	6 820	-696	-9.3
. Banks ⁽³⁾	332 081	47 748	+16.8	429 465	97 384	+29.3
Sub-total	339 597	47 568	+16.3	436 285	96 688	+28.5
C. Counterpart of savings books with the National Savings Fund ⁽⁴⁾	11 702	1 130	+10.7	12 783	1 081	+9.2
Total (A+B+C)	428 955	48 879	+12.9	529 029	100 074	+23.3
Less : Banking system's non monetary resources ^{(5) (6)}	50 007	-7 794	-13.5	64 303	14 296	+28.6
Domestic credit of a monetary nature (II)	378 948	56 673	+17.6	464 726	85 778	+22.6
Total counterparts (I+II)	569 716	81 542	+16.7	673 245	103 529	+18.2
Balancing items ⁽⁷⁾	-14 191	- 835		-28 589	-14 398	
Aggregate M 3	555 525	80 707	+17.0	656 644	89 131	+16.0

(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

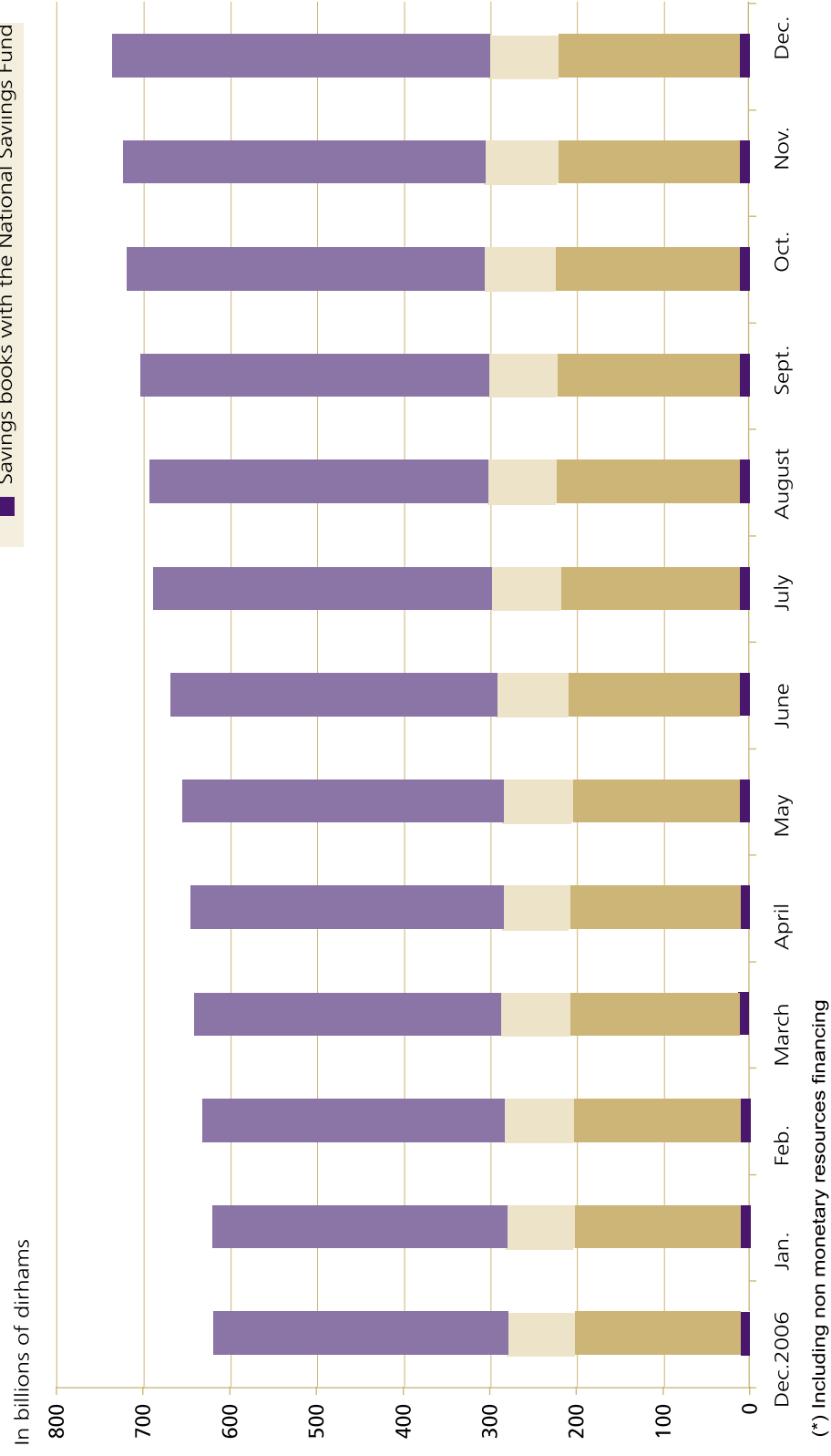
(5) Domestic and external loans contracted by the banks (see bank liabilities in Appendix XIV-1)

(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 exceed the other items of its assets

Source : Bank Al-Maghrib

**COUNTERPARTS OF M3 (*)
(outstanding amounts at the end of month - Year 2007)**



XII-10 - MONTHLY DEVELOPMENT OF THE COUNTERPARTS OF M3

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Net foreign assets ⁽¹⁾													
. Bank Al-Maghrib.	173 980	172 697	171 517	174 043	173 560	172 443	177 548	184 729	193 954	187 117	186 073	185 338	188 327
. Banks	16 788	18 810	20 968	21 794	23 089	21 042	20 302	21 034	17 097	24 002	26 761	24 458	20 192
Total (I)	190 768	191 507	192 485	195 837	196 649	193 485	197 850	205 763	211 051	211 119	212 834	209 796	208 519
Total domestic lending													
A. Claims on government⁽¹⁾													
. Net claims of the bank Al-Maghrib	- 8 791	- 9 675	- 13 481	- 12 252	-11 795	- 9 246	- 9 075	- 9 874	- 10 878	- 12 067	- 12 172	- 7 642	- 3 425
. Claims of banks	77 259	78 195	83 760	82 398	79 192	79 416	81 679	80 715	79 950	80 615	83 748	81 209	73 490
. Claims of individuals and non-financial enterprises ⁽²⁾	9 188	9 236	9 385	9 478	9 456	9 355	9 559	9 935	9 896	9 896*	9 896*	9 896*	9 896*
Sub-total	77 656	77 756	79 664	79 624	76 853	79 525	82 163	80 776	78 968	78 444	81 472	83 463	79 961
B. Claims on the private sector ⁽¹⁾													
. Bank Al-Maghrib	7 516	7 472	7 472	6 425	6 826	6 866	6 833	6 835	6 832	6 826	6 815	6 814	6 820
. Banks ⁽³⁾	332 081	332 759	340 794	347 618	354 325	363 269	371 077	383 958	383 721	395 368	406 023	411 667	429 465
Sub-total	339 597	340 231	348 266	354 043	361 151	370 135	377 910	390 793	390 553	402 194	412 838	418 481	436 285
C. Counterpart of savings books with the National Saving Fund ⁽⁴⁾	11 702	11 907	12 068	12 396	11 974	12 486	12 594	12 658	12 783	12 783*	12 783*	12 783*	12 783*
Total (A+B+C)	428 955	429 894	439 998	446 063	449 978	462 146	472 667	484 227	482 304	493 421	507 093	514 727	529 029
Less : Banking system's non monetary resources	50 007	46 038	49 148	52 228	50 809	53 166	57 457	61 708	56 881	60 407	61 491	64 649	64 303
. Bank's borrowing Bank's borrowing	1 140	680	1 125	2 491	1 657	3 193	4 408	9 044	4 487	7 433	8 389	11 472	10 771
. Provisions constituted by the banks	29 913	29 978	29 781	30 786	30 323	30 337	29 896	29 671	29 450	29 892	29 655	29 604	30 143
. Bank Al-Maghrib and banks net capital and reserves ⁽⁶⁾	18 954	16 740	18 242	18 951	18 829	19 636	23 153	22 993	22 944	23 082	23 447	23 573	23 389
DOMESTIC CREDIT OF A MONETARY NATURE (II)	378 948	383 856	390 850	393 835	399 169	408 980	415 210	422 519	425 423	433 014	445 602	450 078	464 726
TOTAL COUNTERPARTS (I+II)	569 716	575 363	583 335	589 672	595 818	602 465	613 060	628 282	636 474	644 133	658 436	659 874	673 245
Balancing items (net)⁽⁷⁾	-14 191	-19 999	-19 603	-13 884	-17 793	-18 183	-19 763	-16 281	-23 611	-26 492	-28 997	-31 994	-28 589
AGGREGATE M 3	555 525	555 364	563 732	575 788	578 025	584 282	593 297	612 001	612 863	617 641	629 439	627 880	644 656

(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	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
A. Gross foreign assets of the Bank Al-Maghrib.													
. Gold	3 807	3 922	4 043	3 942	3 949	3 874	3 804	3 866	3 871	4 160	4 346	4 332	4 571
. Avoirs en devises convertibles	170 870	169 454	168 263	170 859	170 461	169 553	180 344	181 901	191 170	184 100	182 886	182 202	184 961
. Avoirs en D.T.S	445	447	442	398	347	347	346	346	345	297	251	247	246
. Souscription au F.M.I tranche de réserve	1 086	1 090	1 084	1 083	1 073	1 076	1 074	1 067	1 072	1 057	1 052	1 046	1 042
Sub-total	176 208	174 913	173 832	176 282	175 830	174 850	185 568	187 180	196 458	189 614	188 535	187 827	190 820
B. Foreign liabilities of the Bank Al-Maghrib													
. Credit from international organizations	199	199	196	196	192	200	197	187	187	187	185	184	193
. Other liabilities	2 029	2 017	2 119	2 043	2 078	2 207	7 823	2 264	2 317	2 310	2 277	2 305	2 300
Sub-total	2 228	2 216	2 315	2 239	2 270	2 407	8 020	2 451	2 504	2 497	2 462	2 489	2 493
I. Total net foreign assets of the Bank Al-Maghrib (A-B)	173 980	172 697	171 517	174 043	173 560	172 443	177 548	184 729	193 954	187 117	186 073	185 338	188 327
C. Gross foreign assets of banks (1)	23 028	24 014	26 579	27 815	31 312	27 092	24 649	25 562	22 389	29 009	31 746	29 441	25 479
D. External liabilities of banks (2)	6 240	5 204	5 611	6 021	8 223	6 050	4 347	4 528	5 292	5 007	4 985	4 983	5 287
II. Total net foreign assets of banks (C-D)	16 788	18 810	20 968	21 794	23 089	21 042	20 302	21 034	17 097	24 002	26 761	24 458	20 192
Total net foreign assets (I+II)	190 768	191 507	192 485	195 837	196 649	193 485	197 850	205 763	211 051	211 119	212 834	209 796	208 519

(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	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	Jun	July	August	Sept.	Oct.	Nov.	Dec.
I. Claims of Bank Al-Maghrib													
A. Claims due to Bank Al-Maghrib													
. Advances to the government ⁽¹⁾	4 500	4 500	3 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	1 505	1 505	-
. Traités douaniers et obligations cautionnées prises en pension	-	-	-	-	-	-	-	-	-	-	-	-	-
. Central Bank's deposits with the Postal cheque	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross total	4 500	4 500	3 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	1 505	1 505	-
Less : Assets held by public accountants ⁽²⁾	14 295	15 175	18 981	17 724	17 267	14 718	14 547	15 339	16 376	17 584	17 691	13 172	8 954
Net total	-9 795	-10 675	-15 481	-15 224	-14 767	-12 218	-12 047	-12 839	-13 876	-15 084	-16 186	-11 667	-8 954
B. Treasury bills purchased on the secondary market	1 004	1 000	2 000	2 972	2 972	2 972	2 972	2 965	2 998	3 017	4 014	4 025	5 529
Sub-total (I)	-8 791	-9 675	-13 481	-12 252	-11 795	-9 246	-9 075	-9 874	-10 878	-12 067	-12 172	-7 642	-3 425
II. Claims of banks													
. Portfolio of public securities	77 140	77 998	83 598	82 029	79 005	79 281	81 512	80 559	79 740	80 395	83 601	81 017	73 232
. Banks' deposits with Treasury and Postal cheque service	119	197	162	369	187	135	167	156	210	220	147	192	258
Sub-total (II)	77 259	78 195	83 760	82 398	79 192	79 416	81 679	80 715	79 950	80 615	83 748	81 209	73 490
III. Claims of individuals and non-financial enterprises													
. Counterpart of deposits with Postal cheque service and Treasury	9 188*	9 236*	9 385*	9 478*	9 456*	9 355*	9 559*	9 935*	9 896*	9 896*	9 896*	9 896*	9 896*
Sub-total (III)	9 188	9 236	9 385	9 478	9 456	9 355	9 559	9 935	9 896	9 896	9 896	9 896	9 896
Total laims on government (I+II+III)	77 656	77 756	79 664	79 624	76 853	79 525	82 163	80 776	78 968	78 444	81 472	83 463	79 961

(1) Agreed advances and cash facilities.

(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.

(*) Preliminary

Source : Bank Al-Maghrib

XII-13 - CLAIMS ON THE PRIVATE SECTOR (1)

(In millions of dirhams)

Components	2006	2007											
	Dec.	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
A. Lending to enterprises and individuals (2)	298 560	299 026	306 251	312 250	318 904	327 364	332 357	343 884	342 136	349 953	359 630	364 775	380 553
. Debtor accounts and overdraft facilities	104 118	105 134	108 482	108 378	112 475	116 776	118 239	122 175	120 269	122 952	129 082	129 912	130 791
. Equipment credit	63 937	63 202	63 933	66 327	66 016	66 858	68 304	70 431	70 835	71 458	73 802	76 266	81 401
. Real estate loans	72 986	74 419	76 348	78 340	80 250	82 718	85 441	87 822	90 481	92 654	95 022	96 938	104 970
. Consumer credit	13 896	14 109	14 439	14 975	15 295	15 817	16 418	17 161	17 546	17 880	18 679	18 849	19 654
. Miscellaneous	8 017	6 236	7 571	8 515	9 297	10 370	9 263	11 726	8 994	10 343	8 324	8 480	10 426
. Pending claims (3)	35 606	35 926	35 478	35 715	35 571	34 825	34 692	34 569	34 011	34 666	34 721	34 330	33 311
B. Lending to financing companies	29 690	29 753	30 559	31 240	31 848	31 896	34 073	34 803	36 507	40 023	41 031	40 658	43 064
. Credit	28 045	28 191	29 013	29 545	30 203	30 321	32 529	33 534	35 238	38 773	39 780	39 617	42 023
. Financing companies securities held by banks	1 645	1 562	1 546	1 695	1 645	1 575	1 544	1 269	1 269	1 250	1 251	1 041	1 041
C. Banks' portfolio of investment securities (4)	3 831	3 980	3 984	4 128	3 573	4 009	4 647	5 271	5 078	5 392	5 362	6 234	5 848
I. Total banks' claims on the private sector (A+B+C)	332 081	332 759	340 794	347 618	354 325	363 269	371 077	383 958	383 721	395 368	406 023	411 667	429 465
II. Bank Al-Maghrib's claims on the private sector	7 516	7 472	7 472	6 425	6 826	6 866	6 833	6 835	6 832	6 826	6 815	6 814	6 820
Total (I+II)	339 597	340 231	348 266	354 043	361 151	370 135	377 910	390 793	390 553	402 194	412 838	418 481	436 285

(1) The classification of lending to the private sector is derived from the banks' new accounting statement which was introduced in January 2000, the date of entry into force of the new accounting plan for banks

(2) Including lending to the public institutions

(3) Pre-doubtful claims, doubtful claims and compromised claims

(4) Non-banking enterprises securities subscribed for by banks

Source : Bank Al-Maghrib

XII-14 - MONETARY AND LIQUID INVESTMENT AGGREGATES 1982-2007

((in millions of dirhams))

Outstanding amounts at end December	Aggregate M3						Liquid investment aggregate				Total	
	Aggregate M2		Total	Sight investments (1)	M2 = M1 + sight investments (2)	Time investments (2)	M3 = M2 + Time investments	LI 1(3)	LI 2(4)	LI 3(5)		LI 4(6)
	Aggregate M1											
	Currency outside banks	Monnaie scripturale										
1982	12 023	17 584	29 607	1 735	31 342	7 654	38 996	336	-	-	-	336
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	22 918
1996	46 447	84 346	130 793	23 466	154 259	57 283	211 542	23 158	-	220	1 696	25 074
1997	48 662	92 198	140 860	25 983	166 843	64 121	230 964	19 821	-	2 708	3 057	25 586
1998	50 644	99 628	150 272	29 523	179 795	65 114	244 909	18 488	-	9 154	6 590	34 232
1999	56 713	110 815	167 528	33 069	200 597	69 389	269 986	15 298	-	18 630	5 423	39 351
2000	58 169	123 094	181 263	35 240	216 503	76 281	292 784	11 420	-	12 722	3 214	27 356
2001	66 025	144 087	210 112	39 581	249 693	84 294	333 987	13 906	-	17 111	1 936	32 953
2002	69 556	159 522	229 078	43 097	272 175	83 337	355 512	8 839	-	29 696	1 247	39 782
2003	74 890	176 247	251 137	47 843	298 980	87 360	386 340	8 093	-	26 423	1 752	36 268
2004	79 715	196 056	275 771	52 918	328 689	87 741	416 430	5 000	11 478	22 110	2 408	42 657
2005	89 364	227 213	316 577	59 147	375 724	99 094	474 818	5 539	9 369	23 065	3 069	41 042
2006	108 601	262 686	371 287	65 077	436 364	119 161	555 525	4 347	11 686	35 942	5 854	57 829
2007	119 839	327 937	447 776	71 750	519 526	125 130	644 656	717	19 412	22 642	7 966	50 737

(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) According to article 4 of the Minister of Finance and Privatisation decision number 2062-4 of December 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

(5) Securities issued by bond UCITS (since 1995) and subscribed for by individuals and non-financial enterprises.

(6) Securities issued by diversified and share UCITS (since 1995) and subscribed for by individuals and non-financial enterprises

Source : Bank Al-Maghrab

XII-15 - COUNTERPARTS OF M3
1982-2007

(In millions of dirhams)

Outstanding amounts at december	Net foreign assets			Domestic credit of a monetary nature										Total counterparts de M3 (I+II)	Balancing items (3)				
	Bank Al-Maghrib	banks	Total (I)	Total domestic lending					Claims on the private sector							Less Banking system's non monetary resources	Total (II)		
				Claims on government		Total (A)	Bank Al-Maghrib	banks	Individuals and non financial enterprises(1)	Total (B)	Counterpart of assets with National Savings Fund (C)(2)	Total (A+B+C)							
				Bank Al-Maghrib	banks								Total (A)					Bank Al-Maghrib	Banks
1982	743	48	791	8 336	9 185	1 844	19 365	682	26 406	27 088	552	47 005	7 324	39 681	40 472	-1 476			
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	16 033	61 729	8 172	85 934	7 471	200 553	208 024	6 208	300 166	58 534	241 632	296 317	-3 533			
2001	99 264	6 290	105 554	-3 117	76 923	8 285	82 091	8 304	208 647	216 951	6 576	305 618	60 875	244 743	350 297	-8 943			
2002	104 490	5 110	109 600	-4 584	77 123	8 358	80 897	9 747	216 474	226 221	7 312	314 430	60 011	254 419	364 019	-9 487			
2003	122 083	9 040	131 123	-7 185	72 033	8 599	73 447	11 477	234 531	246 008	8 196	327 651	58 506	269 145	400 268	-15 088			
2004	135 401	16 788	152 189	-7 977	77 259	8 609	77 891	11 302	251 441	262 743	9 349	349 983	57 114	292 869	445 058	-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	332 081	339 597	11 702	428 955	50 007	378 948	569 716	-14 191			
2007	188 327	20 192	208 519	-3 425	73 490	9 896	79 961	6 820	429 465	436 285	12 783	529 029	64 303	464 726	673 245	-28 589			

(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 - CASH MOVEMENT AT BANK AL-MAGHRIB'S CASH DESKS

(In millions of dirhams)

	2005		2006		2007	
	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows
January	5 692	8 899	7 874	10 780	11 181	7 548
February	7 151	5 670	7 645	6 488	8 320	7 695
March	7 444	6 873	5 317	8 710	8 088	9 440
April	6 558	7 009	7 265	8 095	8 125	8 832
May	7 056	7 204	8 288	8 578	9 098	9 141
June	6 357	7 006	7 137	9 163	8 849	7 787
July	6 104	9 853	6 652	13 592	8 143	13 520
August	8 016	10 771	8 921	12 143	10 028	13 572
September	8 728	6 993	9 697	7 513	9 814	8 112
October	6 616	7 771	7 181	8 233	9 612	9 463
November	7 472	7 319	9 024	8 094	8 654	8 638
December	6 904	8 941	5 610	14 614	6 958	12 501
Total	84 098	94 309	90 611	116 003	106 870	116 249

Source : Bank Al-Maghrib

XIII-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
2005	1 350	22 043	23 393	86 616	580 834	636 014	1 303 464	19.6	2.0
2006	1 345	22 236	23 581	81 750	614 036	715 592	1 411 378	16.5	1.9
2007	2 683	25 087	27 770	108 678	790 025	684 552	1 583 255	12.1	2.2

Source : Bank Al-Maghrib

XIV-1 - INTERBANK MONEY MARKET OUTSTANDING AMOUNTS OF LENDING AND BORROWING

(In millions of dirhams)

Outstanding amounts at the end of month	2007												Average
	Jan.	Feb.	March	April	May	Jun	July	August	Sept.	Oct.	Nov.	Dec.	
	Jan.	Feb.	March	April	May	Jun	July	August	Sept.	Oct.	Nov.	Dec.	
Bank's loans	6 802	8 525	9 138	7 694	8 017	6 138	4 098	3 088	2 271	2 726	3 436	3 969	5 492
CDG loans	0	70	0	0	0	0	0	0	0	50	0	294	35
Financing companies loans (1)	2	4	10	4	4	9	13	1	0	7	18	4	6
Total loans	6 804	8 599	9 148	7 698	8 021	6 147	4 111	3 089	2 271	2 783	3 454	4 267	5 533
Bank's borrowing	4 887	6 849	7 795	7 248	7 442	5 242	3 791	3 089	2 271	2 783	3 454	4 267	4 927
C D G borrowing	1 917	1 750	1 353	450	579	905	320	0	0	0	0	0	606
Financing companies' borrowing (1)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total borrowing	6 804	8 599	9 148	7 698	8 021	6 147	4 111	3 089	2 271	2 783	3 454	4 267	5 533
Interest rates													
· Daily average	2.91	2.82	3.20	3.15	3.19	3.17	3.32	3.36	3.29	3.85	3.87	3.32	3.29
· End of month	2.79	3.30	3.15	3.14	3.30	3.25	3.37	3.37	3.67	4.19	3.71	3.50	3.40

(1) The Moroccan Guarantee and Credit Fund (CMFM), Dar Addamane and the Central Guarantee Fund (CCG).

Source : Bank Al-Maghrib

XIV-2 - SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturities	2007												Total	
	2007													
	2006	Jan.	Feb.	March	April	May	Jun	July	August	Sept.	Oct.	Nov.		Dec.
13 weeks	700.00	180.00				1 400.00	100.00					200.00	1 980.00	3 860.00
26 weeks	1 900.00	150.00	250.00			1 913.00	70.00			350.00		217.00	1 363.00	4 313.00
52 weeks	4 350.00	2 240.00	3 750.00	1 499.90		16.00			1 100.00	2 200.00		1 310.00	5 012.20	17 128.10
Total short-term (I)	6 950.00	2 570.00	4 000.00	1 499.90	0.00	3 329.00	170.00	0.00	0.00	2 550.00	1 727.00	8 355.20	25 301.10	
2 years	3 036.50	300.00	3 399.50						1 100.00	1 400.00		400.00		6 599.50
5 years	4 965.20	800.00	1 350.00	100.00					0	0		100.00		2 350.00
Total moyen terme (II)	8 001.70	1 100.00	4 749.50	100.00	0.00	0.00	0.00	0.00	1 100.00	1 400.00	500.00	0.00	8 949.50	
10 years	9 692.90	1 601.60	80.00											1 681.60
15 years	6 859.00	1 500.00	1 650.00	800.00										3 950.00
20 years	5 250.00	500.00		930.00										1 430.00
30 years	2 000.00	225.00		350.00										575.00
Total long term (III)	23 801.90	3 826.60	1 730.00	2 080.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7 636.60	
Total (I+II+III)	38 753.60	7 496.60	10 479.50	3 679.90	0.00	3 329.00	170.00	0.00	2 200.00	3 950.00	2 227.00	8 355.20	41 887.20	

Source : Bank Al-Maghrib

XIV-3 - OUTSTANDING AMOUNTS OF TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturities	2006						2007					
	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	300	0	0	100	0	400	1	300	0	1 879	0	2 180
26 weeks	1 307	0	0	275	19	1 601	47	225	178	1 520	30	2 000
52 weeks	1 257	0	1 450	1 617	26	4 350	1 238	0	1 932	2 593	11 365	17 128
Total short-term (I)	2 864	0	1 450	1 992	45	6 351	1 286	525	2 110	5 993	11 395	21 308
2 years	1 150	0	215	1 977	1 094	4 436	1 769	33	1 830	4 307	2 597	10 536
5 years	18 854	4 069	24 833	19 433	8 832	76 021	10 280	2 120	22 077	13 571	7 750	55 799
Total moyen terme (II)	20 004	4 069	25 048	21 410	9 926	80 457	12 049	2 154	23 907	17 878	10 348	66 335
10 years	22 199	8 222	21 449	19 674	9 352	80 896	15 984	5 401	18 522	24 307	9 563	73 777
15 years	14 523	15 528	19 117	15 446	8 277	72 891	15 805	15 032	23 018	14 571	8 414	76 840
20 years	2 418	289	5 658	8 583	413	17 361	3 169	186	7 252	7 669	514	18 791
30 years	555	114	94	1 213	24	2 000	467	246	242	1 552	69	2 575
Total long-term (III)	39 695	24 153	46 318	44 916	18 066	173 148	35 426	20 865	49 033	48 099	18 560	171 983
Total (I+II+III)	62 563	28 222	72 816	68 318	28 037	259 956	48 761	23 544	75 050	71 970	40 302	259 626

(1) Excluding the outstanding amount of the treasury bills of the provident institutions administered by the deposit and management fund.

Source : Bank Al-Maghrib

XIV-4 - INTEREST RATES ON TREASURY BILLS BY TENDER.

Maturities	2007												2007	
	2006	Jan	Feb	March	April	May	Jun	July	August	Sept.	Oct.	Nov.		Dec.
13 weeks	2.56%	2.73%					3.30%	3.29%				3.40%	3.86%	3.57%
26 weeks	2.63%	2.85%	2.85%			3.34%	3.32%				3.39%	3.45%	3.89%	3.48%
52 weeks	2.99%	3.04%	2.92%	2.96%		2.88%				3.40%	3.40%	3.41%	3.83%	3.35%
2 years	3.11%	2.88%	3.03%							3.59%	3.58%	3.58%		3.27%
5 years	3.76%	3.12%	3.15%	3.16%								4.00%		3.18%
10 years	4.29%	3.40%	3.40%											3.40%
15 years	4.90%	3.64%	3.65%	3.67%										3.65%
20 years	5.19%	3.81%		3.81%										3.81%
30 years	3.98%	3.99%		3.97%										3.98%

Source : Bank Al-Maghrib

XIV-5 - OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(by category of initial subscriptions)

(In millions of dirhams)

Catégorie de titres	2006					2007				
	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	856	296	3 110	430	4 692	3 987	789	6 566	1 107	12 449
Bills of financing companies	2 913	320	992	492	4 717	2 406	232	822	97	3 556
Commercial paper	410	0	496	0	906	75	0	1 183	0	1 258
Total (I+II+III)	4 179	616	4 598	922	10 315	6 467	1 021	8 570	1 204	17 262

Source : Bank Al-Maghrib

XIV-6 - STOCK EXCHANGE INDICATORS

(In millions of dirhams)

Period	Volume of transactions	Market capitalisation	MASI (*)	MADEX (**)
1999 December	12 038.7	138 051	777.08	4 299.72
2000 December	6 832.5	114 881	658.43	3 693.02
2001 December	5 009.7	104 740	609.74	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 January	6 777.4	298 219	6 654.00	5 247.68
February	15 132.1	325 394	6 960.48	5 533.94
March	12 711.8	340 242	7 348.30	5 863.20
April	5 609.0	370 304	8 074.94	6 513.76
May	18 566.0	324 629	7 146.17	5 763.66
June	10 684.1	325 193	7 173.71	5 801.14
July	15 525.7	325 601	7 058.98	5 702.16
August	5 959.7	365 428	7 872.15	6 388.58
September	10 277.4	373 100	8 069.89	6 543.87
October	8 674.6	384 211	8 431.06	6 843.23
November	19 974.8	400 501	9 122.34	7 445.33
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

(*) 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

XV-1 - ECONOMIC AND FINANCIAL FLOWS IN 2006

(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	-624.70	114.35	510.35			
Consumption	439.07	-105.27	-333.80			
Gross fixed capital formation	162.46	-23.85	-138.61			
Changes in inventories	7.45		-7.45			
Goods and services exports	197.46					-197.46
Goods and services imports	-229.08					229.08
Net income and transfers from abroad	47.35					-47.35
Balance of non financial operations		-14.77	30.50			-15.73
Balance of non financial operations net of subsidization arrears		-16.03	30.50			-15.73
Domestic financing		11.00	-47.26	12.65	23.61	
- Monetary		0.18	-24.95	23.64	1.13	
. Domestic lending		0.18	55.78	-55.96		
- Claims on government		0.18	0.12	-0.30		
- Lending to the private sector			55.66	-55.66		
. Money supply			-80.73	79.60	1.13	
- M1			-54.83	54.83		
- Sight investments			-5.93	4.80	1.13	
- Time investments			-19.96	19.96		
- Non monetary: collection and investments		10.82	-22.31	-10.99	22.48	
. Institutional saving			-8.84		8.84	
. Treasury bills		8.44	0.56	-1.29	-7.71	
. Privatization		2.38	-2.38			
. Private investments			-11.65	-9.70	21.35	
- UCITS			-17.98	-11.90	29.88	
- Negotiable debt securities			-1.90	2.20	-0.30	
- Private bonds			4.13		-4.13	
- Shares			4.10		-4.10	
Foreign financing		-0.20	17.32	-24.87		7.75
- Monetary				-24.87		24.87
. Changes in net foreign assets of commercial banks				-1.12		1.12
. Changes in net foreign assets of Bank Al-Maghrib				-23.75		23.75
- Non monetary		-0.20	17.32			-17.12
. Direct investments			13.77			-13.77
. Net foreign borrowing		-0.20	3.55			-3.35
Differences		5.23	-0.56			7.98
Balance of financial operations	0.00	16.03	-30.50	0.00	0.00	15.73

Source : Bank Al-Maghrib

Data : Ministry of Economy and finance, High commission for planning and Foreign Exchange Control Office

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Legal deposit : 2008 MO 1755

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