



بنك المغرب  
BANK AL-MAGRIB

◆ ANNUAL REPORT ◆  
PRESENTED TO HIS MAJESTY THE KING

EXERCICE 2006







◆ ANNUAL REPORT ◆  
PRESENTED TO HIS MAJESTY THE KING

2006





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◆ DIRECTOR GENERAL

Mr. Abdellatif FAOUZI

◆ GOVERNMENT REPRESENTATIVE

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The Governor

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Mr. Mustapha MOUSSAOUI

JUNE 2007



**R E P O R T**  
**ON THE FINANCIAL YEAR 2006**



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

**Your Majesty,**

In application of article 57 of the law number 76-03 bearing statutes of Bank Al-Maghrib promulgated by the dahir 1-05-38 of 20 chawal 1426 (23 November 2005), I have the honour to present to Your Majesty the report of the year 2006, the forty-eighth financial year of the Central Bank.





## Your Majesty,

In 2006 the international environment was characterised by strong, broad-based growth. Economic activity remained on its positive trend in the United States and Japan, while it continued to expand rapidly in the emerging countries of Asia. In the countries of the European Union, Morocco's main economic partner, growth accelerated thanks to the strengthening of the domestic demand. The consolidation of growth brought a fall in unemployment in the advanced countries and was accompanied by a renewed expansion in world trade. Despite the higher prices of raw materials, oil in particular, inflation, which showed signs of marked increase, was nevertheless contained as a result of the restrictive monetary policies pursued by the main central banks.

In this context, the national economy for its part performed well, thanks to better conditions in agriculture and the sustained growth recorded in the other sectors. Growth reached a rate rarely seen in the past and had beneficial effects on the employment market. At the same time, the external position continued to consolidate, while significant improvements were made in public finance. The strengthening of economic activity was, however, accompanied by a rise in inflation.

Thus, gross domestic product, which is better assessed through the new system of national accounts, was up by 8% at constant prices, reflecting the expansion by 21% in agricultural added value and the continued consolidation of growth in the other sectors. The strength of domestic demand, both in terms of consumption and investment, and the renewed dynamism in exports stimulated industrial activity, while that of building and public works continued its rapid growth as a result of greater public capital expenditure and the expansion of the real estate sector. The services sector also saw accelerated growth as a result of the development of tourism and telecommunications.

This dynamism brought about a considerable improvement on the employment market. New jobs, most of which were created in the services, building and public works and industrial sectors, enabled the unemployment rate to be reduced from 11.1% to 9.7% at national level and from 18.4% to 15.5% in urban areas, while the rate in rural areas, estimated at 3.7%, remained broadly unchanged.

So far as prices are concerned, the year 2006 saw the appearance of inflationary pressures, as shown by the cost of living and the underlying inflation indexes. These two indicators rose by 3.3% and 3.1% respectively, departing from the moderate trend observed over the last ten years. This development arises in particular from pressures affecting demand in a context of rapid growth but is also the result of factors weighing on prices from the start of the year, especially the impact of the readjustment of domestic prices of petroleum products.

As regards transactions with foreign countries, exports showed a rise of 12.5%, due mainly to the increase in output, of agricultural and fisheries products in particular, the favourable trend in sales of mineral products and phosphate derivatives, and the improvement in exports of textile products. On the other hand, imports rose by 12.3% as a result of the energy bill and purchases of capital goods and semi-finished products. The trade deficit widened by 12%, representing 16.6% of GDP. Tourist earnings and remittances by Moroccans living abroad, up by 28.1% and 17.5% respectively, covered this deficit, resulting for the sixth year running in a surplus on current transactions amounting to 2.8% of GDP. Bolstered by capital inflows, especially foreign direct investments, the balance of payments showed a surplus of more than 24 billion dirhams, generating a volume of foreign exchange reserves which is sufficiently high to cover 10 months' imports of goods and services.

At the level of public finance, current account revenue increased by 11.2% thanks to the growth in fiscal revenues relating to the main categories of tax. At the same time, operating expenses were reduced slightly. Thus, despite subsidisation costs and the costs of contributions to the Caisse marocaine des retraites (Moroccan pension fund), the budget deficit, which had been forecast in the

Finance Act to amount to 2.8% of GDP, was contained at 1.7% of GDP, or 2.1% excluding privatisation receipts. Moreover, the reduction in the Treasury's financing requirement enabled to cut the ratio of direct debt to 57.4% of GDP compared to 62.6% in 2005.

So far as monetary developments are concerned, claims on Government were virtually unchanged, whereas claims on the private sector increased by 16.3%, mainly as a result of real estate loans and liquidity credits granted to businesses. Taking into account the 15% increase in exchange reserves, the rate of growth in the money supply accelerated, reaching 17% from one year end to the next.

Capital market activity in 2006 was marked in particular by the continuation of the uptrend in the main stock market indicators observed over the last three years. However, the year's rapid rise in prices seems out of proportion to the listed companies' performance and its scale calls for vigilance given the risks that a speculative bubble would entail.

In this overall context, monetary policy was in 2006 conducted in accordance with the central bank's new Statutes, which set price stability as its main mission. Thus, the Bank's Board, taking into account the likely persistence of pressure on prices, decided in April to use liquidity withdrawals on calls for tenders, at a rate of 2.50%, as the main instrument of intervention. As these risks increased, it was decided in December to raise the liquidity withdrawal rate to 2.75%, while continuing to pursue a vigilant monetary policy.

The strategic and operational framework of monetary policy was itself revised, in line with the practices followed by other central banks, with the establishment of a formal procedure for preparing decisions and a new mechanism for analysis and forecasting based on a forward-looking approach to potential risks to price stability. This mechanism includes several real economy indicators of inflation as well as monetary and financial indicators. To this end, Bank Al-Maghrif revised the business survey in order to reinforce its information mechanisms. The analyses and forecasts which

the Bank presents to the Board are now made public in a quarterly report on monetary policy.

At the operational level, the monetary policy instruments were strengthened as the central bank's new Statutes provide it with the option of issuing and buying back its own debt securities and as the Bank replenished its portfolio of Treasury bills within the framework of the repayment of the advances made to the State.

The new Statutes provide Bank Al-Maghrib also with wide-ranging powers in relation to payment systems, authorising it to take all measures necessary to facilitate transfers of funds and to ensure that systems and means of payment are secure. In this connection, the Bank has set up efficient payment systems. Thus, the *Système des règlements bruts du Maroc* (Moroccan Gross Settlement System), which was introduced in September 2006, allows, in particular, the settlement of transactions within a time-frame and under security conditions that are closer to international practice as well as the reduction of settlement risks that might have a systemic dimension. Likewise, following the exchange of direct debits via the *Système interbancaire marocain de télécompensation* (Moroccan Interbank Remote Clearing System), which came into effect in 2005, the remote clearance of instruments became more widespread with the deployment of the dematerialised exchange of cheques, which should be applied to all instruments in all the country's financial centres.

Moreover, the campaigns conducted by the Bank at national level, together with its public and private partners, to increase the credibility of cheques and credit cards as means of payment resulted in the formulation of recommendations to improve the relevant laws and regulations. The Bank has also made an active contribution to the drafting of the laws aimed at preventing money laundering and counterfeiting.

As regards the stability of the financial system, in 2006 Bank Al-Maghrib continued its efforts to bring the overall management of the national banking sector into line with the best international practices.

Thus, major gains were made in consolidating the soundness and profitability of the banking system and at the level of the accounting and prudential rules. Significant progress was also achieved with regard to the consolidation of the public banking institutions and to pending claims on the banks' balance sheets.

The Bank also acted to improve the banks' relations with their customers by extending banking services, increasing transparency in the application of banking conditions as well as by widening the services banks offer and reducing their costs.

Bank Al-Maghrif also continued its efforts to make it easier for the private sector to obtain financing by calling on businesses – SMEs in particular – to improve the quality of their financial information and on the banks to strengthen their internal systems of risk assessment. Together with various partners, the central bank also organised a large-scale awareness campaign for the overall assessment of the different aspects of the issue of bank financing for SMEs. With the same end in mind, Bank Al-Maghrif also began an overhaul of all financial information centres.

The Bank also acted to facilitate the resolution of disputes between the banks and their customers by promoting the establishment of a mediation system.

So far as reform is concerned, our country has made huge and undeniable quality gains in the economic and financial spheres, as attested both by the growing interest of foreign investors and by the increasing commitment of national private market participants. Weaknesses still exist at the social level, however, and are reflected in our country's social indicators.

The reforms undertaken in the field of education, the deployment of the Initiative nationale de développement humain (National Initiative for Human Development) and the establishment of the Observatoire national de développement humain (National Human Development Observatory) are in

this regard major achievements in the fight against illiteracy, poverty and exclusion and for the building up of the human capital. They are, however, to be further consolidated in such a way as to reinforce the balance between economic growth and human development and set targets for a significant reduction in social deficits.

Moreover, our country's integration into the global economy is speeding up and its effects are already becoming apparent. In this regard, the ad hoc measures and the volume of capital flows require more consistency in the regulatory framework governing financial transactions with other countries.

The developments taking place both internally and externally require a clarification of the options for readjusting our exchange regime and for the programme of measures that must be implemented for a greater openness of the capital account.

This trend requires a gradual approach to ensure that the prerequisites are met, in particular the creation of a stable macroeconomic environment, the improvement of the economy's competitiveness and the reinforcement of the financial system's soundness.

Thus, the progress made in the area of public finance should be consolidated by extending fiscal reform in the context of a coherent and long-term approach. This will require further measures to expand the tax base and reduce tax rates. Further action will also have to be taken to reduce the weight of the wage bill and revise the system of subsidisation to strike a balance between State income and expenditure and provide the resources necessary for financing basic infrastructure projects.

While our economy has developed a certain resilience in the face of external shocks, keeping it on a path of long-term sustainable growth while opening up to the outside world, further measures will

have to be taken to make the productive fabric more competitive and increase its potential. This will require the adoption of consistent sectoral policies and the establishment of mechanisms for monitoring and evaluation. The various sector-based plans already adopted constitute a qualitative development that should see the emergence of new activities and the restructuring of certain branches. It is, however, important to set limits to State intervention so as to avoid the shortcomings generated by situations of guaranteed revenues.

It is also essential to carry on with the efforts to enhance the flexibility of the labour market, pursue reforms to improve the business climate and make the judicial system and general government more efficient. Lack of transparency and failure to apply the principles of good governance would in fact be serious handicaps since they may affect the country's image and influence the decisions of both national and foreign investors.

In order to ensure an orderly transition, Bank Al-Maghrib is for its part contributing to the effort aimed at deepening and modernising the money and foreign exchange markets thereby facilitating the conduct of monetary policy while calling on market participants to strengthen their risk management. It is also working with the trade to modernise the banking system, including public banking institutions, since it needs to be able to withstand the competition that will result from a growing liberalisation of financial services.

The reform dynamics should also continue and be strengthened in the other parts of the financial system. As required under the new Banking Act, Bank Al-Maghrib is determined to commit itself, in coordination with the various supervisory authorities, to maintaining the soundness of the national financial system, thereby enabling it to make a greater contribution to the economic and social development effort and to ensure the success of our country's increasing integration into the global economy.

**Rabat, June 2007**

**Abdellatif JOUHRI**





## **PART 1**

### **ECONOMIC, MONETARY AND FINANCIAL SITUATION**





## ◆ International environment

The global economy continued to expand in 2006, at a rate of 5.4%, compared to 4.9% the previous year. Thus, growth was consolidated in the United States, Japan and the euro area, while remaining strong in the emerging countries, China and India in particular.

In this context, the volume of world trade continued to rise at a sustained rate. At the same time, the global imbalances on current transactions increased: the United States deficit widened while the surpluses of the oil exporting countries and the emerging countries of Asia grew. The labour market, for its part, improved in many countries and the unemployment rate fell, especially in the developed world. At the same time, inflationary pressures, accentuated by the high levels of oil prices, were contained following the raising of interest rates by the main central banks.

Although short-term interest rates were raised in the main advanced countries in 2006, global financial markets, on the whole, experienced a generally favourable trend overall, reflecting the firmness of stock markets with real long-term bond yields remaining relatively low.

On the international foreign exchange markets, the US dollar fell, mainly against the euro and the pound sterling, while the Japanese yen weakened appreciably.

In the United States, growth showed an annual rate of 3.3%, compared to 3.2% in 2005. Activity was sustained by almost all the components of domestic demand, with the exception of residential investment. Consumer prices rose by 3.2%, 0.2 point less than in 2005, chiefly because of the decline in oil prices on the international market following a peak in mid-July 2006. The Federal Reserve raised the federal funds rate four times from the start of the year, taking it to 5.25% in June 2006; it then left it unchanged in view of the signs that growth was slowing down and the prospects of an easing of inflationary pressures.

Economic growth in the euro area, put at 1.4% in 2005, reached 2.6% in 2006, the highest rate for six years. In Germany, GDP growth rose from 0.9% to 2.7% with exports taking off and domestic demand strengthening for both investment and consumption. The growth rate was 2% in France, where economic activity was stimulated largely by consumption, especially as the labour market improved. The favourable economic situation in the euro area was accompanied by a further decline in the unemployment rate to 7.7%. Inflation, for its part, as measured by the change in the consumer price index, stood at 2.2% for the area as a whole in 2006, slightly higher than the reference threshold of 2%. In December 2005, the European Central Bank therefore started to tighten its monetary policy, raising its key interest rate by one quarter of a point on six occasions, from 2% to 3.50%.

In the United Kingdom, GDP grew by 2.7% compared to 1.9% as a result of accelerating domestic demand, for consumption in particular, and the improved export performance. In order to avoid the risks of inflationary pressure, the Bank of England raised its key rate by 25 basis points in August and November, taking it to 5%.

Japan, for its part, experienced fairly buoyant activity, with GDP increasing by 2.2% in 2006 compared to 1.9% the previous year. This upturn was the result of the strength of private domestic demand and the rapid growth in exports. The unemployment rate fell again, to 4.1%. The change in consumer prices turned positive for the first time in seven years, putting an end to the period of deflation. Against this background, the Bank of Japan abandoned its zero-rate policy in March 2006 and in July set the overnight rate at 0.25%.

In the emerging countries of Asia, growth remained high in 2006, at 8.9%, with remarkable performances in China and India. The Chinese economy saw a GDP growth rate of 10.7% in 2006, benefiting from greater investment and rising exports. In India, the 9.2% growth was underpinned by both domestic demand and exports.

The countries of Latin America continued to perform satisfactorily in 2006, with a growth rate of 5.5% for the region as a whole, compared to 4.6% in 2005. The acceleration in economic activity was due in particular to the favourable international economic climate and the strengthening of the prices of basic products. In Brazil, the easing of monetary policy boosted growth which reached 3.7%.

In the emerging countries of Europe, economic activity expanded by 6% in 2006. It was encouraged, overall, by a high level of domestic demand resulting from massive inflows of foreign direct investment and an improvement in salaries as well as in employment.

In the Commonwealth of Independent States, growth stood at 7.7% in 2006, up from 6.6% the previous year, reflecting the performance of the energy exporting countries and the improved economic activity in the other countries of the region. Within this group, Russia achieved a growth rate of 6.7%, largely due to the recovery of investment and buoyant consumption.

In the countries of the Middle East, growth, which has been strong in recent years, reached 5.7% in 2006. The continued rise in oil revenues, while tempered by the fall in oil prices since August, kept the budget and current account surpluses of the region's oil-exporting countries at high levels.

In Africa, growth followed a positive trend overall, thanks to continued progress in consolidating macroeconomic stability, to capital flows and to the recovery of production in the oil-exporting countries, Nigeria and Angola in particular. In the Maghreb, the improvement in agricultural output and the recovery in European demand brought accelerated growth, especially in Morocco, where it jumped from 2.4% to 8%, and in Tunisia, where it reached 5.3% compared to 4% in 2005. In Algeria, on the other hand, it was down from 5.3% to 2.7% as a result of hydrocarbons output being reduced owing to maintenance work.

The buoyancy of global economic activity helped boost the international trade in goods and services, the volume of which increased by 9.2% compared to 7.4% in 2005. Taking account of price rises, the value of world trade increased by more than 15% to 14 717 billion dirhams, over 80% of which was accounted for by goods. The sharpest rise in prices was recorded for minerals and non-ferrous metals as well as for fuels, which were up by 56% and 20% respectively. In particular, the price of oil reached 78.4 dollars a barrel in mid-July before falling back so that the average for 2006 as a whole was 64.3 dollars compared to 53.3 dollars in 2005.

Owing to these different developments, the imbalances in external current positions at global level persisted in 2006. The US current account deficit widened to around 857 billion dollars or 6.5% of GDP, despite the rapid rise in exports and the fall in domestic demand in the United States. The impact of the higher, oil bill coupled with the negative trend in earnings, contributed to this worsening position. The euro area, for its part, showed a current account deficit of 29.1 billion dollars, or 0.3% of GDP, compared to a surplus of 8.1 billion dollars previously.

On the other hand, the surpluses of the oil-exporting countries grew to a remarkable extent. The current account surpluses continued to rise in some emerging countries of Asia, especially China where this surplus, at 238.5 billion dollars, came to more than 9% of GDP. Japan's surplus was also up slightly.

The multilateral trade talks that began in Geneva in July 2006 as part of the Doha Round were suspended chiefly because of controversies over access to agricultural and non-agricultural markets. The failure of the Doha Round, five years after its launch, seems to jeopardise the objective of making it easier for the least developed countries to gain access to global markets by cutting subsidies and lifting customs barriers. This failure means that there is now a risk of trade multilateralism being called into question with excessive use being made of regional and bilateral trade agreements.

The international capital markets were again characterised by the large volume of liquidity resulting both from the high levels of saving in the oil exporting countries and from the early repayment of the external public debt by a number of developing countries. Long-term interest rates therefore remained low, with the yield on 10-year Treasury bills standing at 4.8% in the United States and 4% in the euro area at the end of the year.

International bond issues amounted to 4 853 billion dollars in 2006, up by more than a quarter, as a result of the mobilisation by financial institutions of debt securities, which accounted for almost 83% of them. 39.7% were issued in the dollar compartment and 44.7% in the euro compartment, while bonds denominated in yen and other currencies accounted for only 15.6%.

Apart from the marked fall in prices recorded in May and June 2006, the main stock markets followed a favourable trend overall on the back of improved corporate results and an increase in mergers and acquisitions. Thus, the Dow Jones index and the Nasdaq rose year-on-year by 16.3% and 9.5% respectively, while the Paris stock exchange's CAC 40 index, the German DAX and the English FTSE showed annual increases of 17.5%, 22% and 10.7% respectively. The Japanese Nikkei, for its part, was up by 6.9%. The stock market prices in the emerging countries recorded appreciable gains.

For the third year running, flows of foreign direct investment showed a significant increase of around 34%, reaching 1 230 billion dollars. This rapid expansion was the result of the growing number of mergers and acquisitions and the pursuit of trade and investment liberalisation policies in many countries. The developed countries received two thirds of these flows, in connection with the massive return of investors to the American market. At 276.2 billion dollars, net inflows of foreign direct investment in the emerging and developing countries were up by 3.7% compared to 40.2% in 2005. Net flows to the emerging countries of Asia, which had jumped by 55.6% the previous year, in fact declined by 3.3% to 102.3 billion dollars. Similarly, net inflows into the countries of Latin America,

amounting to 34.5 billion dollars, were down by nearly 33% after a 4.7% increase in 2005. Conversely, net flows to the countries of Central and Eastern Europe, at around 64.9 billion dollars, were up by 29.5% compared to 45.2% in 2005. Net flows to Africa amounted to 27.6 billion dollars, an increase of 1.9% compared to 61.3% in 2005.

Drawings on the resources of the International Monetary Fund, which were down by one half in 2005, stood at 2.9 billion SDR and only a small number of countries were concerned. Given the improvement in the emerging countries' external financing conditions, which resulted in a marked reduction in requests for the Fund's assistance and early repayments by a number of borrowers, the Institution's outstanding loans fell once more, from 34.7 billion to 13.7 billion SDR. This contributed to a decline in the IMF's income, a large part of which is derived from interest. Moreover, as part of the reform of the international financial system, at the September 2006 annual meetings the IMF Board of Governors adopted a resolution on the reform of quotas and of member countries' representation, which resulted in an increase in the quotas of four emerging countries, namely : China, South Korea, Mexico and Turkey. The second stage in the quota reform process, which is expected to take two years, should lead, by the autumn of 2008 at the latest, to the conclusion of an agreement aimed at doubling the basic votes of the small and poor countries.

In the World Bank group, the amount of loans granted by the International Bank for Reconstruction and Development during the financial year to end June 2006 came to 14.1 billion dollars, an increase of 3.9% on the previous financial year. Payments by the International Development Association increased from 8.7 billion to 9.5 billion dollars, comprising 7.6 billions in loans, 1.8 billion in donations and 60 million in the form of guarantees. Finally, the amount of loans and participations by the International Finance Corporation rose from 3.5 billion to 4.4 billion dollars.

On the foreign exchange market, the dollar fell against the euro and the pound sterling. Concerns about the persistent US current account deficit and its financing were in fact behind the dollar's



decline in the first six months. The US currency subsequently remained broadly stable, especially against the euro. In November and December, it weakened anew against the main currencies, owing to the narrowing of the differential between US interest rates and those of the other major currencies in an environment marked by signs that US growth was faltering while the euro area's recovery was consolidating. The uncertainties over whether a number of Asian countries might greatly diversify their foreign currency holdings also depressed the rate of the dollar.

From year-end to year-end, the dollar fell by 10.4% against the euro and 12.3% against the pound sterling, while it rose by 0.8% against the Japanese yen. On a yearly average, it was down by 0.8% and 1.2% respectively against the euro and the pound and rose by 5.5% against the yen.

The euro, for its part, followed a rising trend against the dollar and the Japanese yen, bolstered by the successive increases in interest rates by the European Central Bank in a context marked by accelerating economic growth in the euro area.

The Japanese yen fell in the year under review, despite the economic recovery in Japan and the Bank of Japan's tightening of monetary policy. The marked weakening of the Japanese currency, especially between June and October, seems to have been due to uncertainty on the part of market participants regarding the extent to which the country was coming out of its period of deflation and to fears that interest rates might rise more slowly than expected.

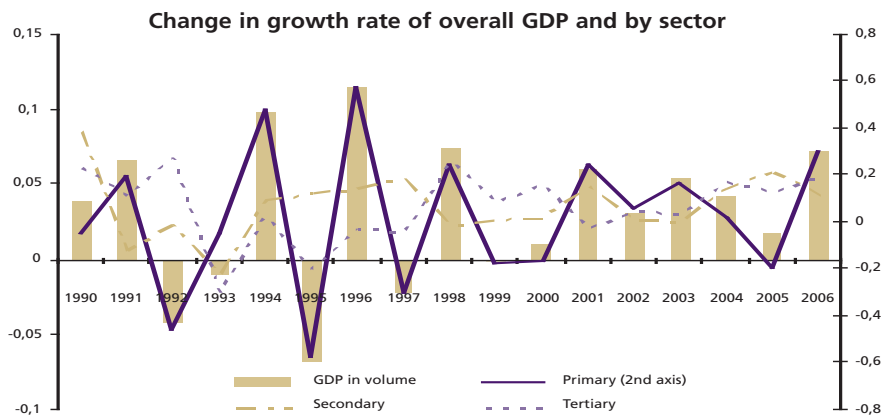
Benefiting from the strength of British economic growth and the tightening of monetary policy, the pound sterling moved upwards. After peaking at 1.977 dollar, the British currency ended the year at around 1.963 dollar.

## ◆ National output

Estimated on the basis of provisional data under the new national accounting system with the year 1998 as its base year, gross domestic product rose by 8.1% at constant prices in 2006, compared to 2.4% the previous year. This trend reflects an increase of more than 21% in agricultural value added and a consolidation of the rate of activity in the other sectors<sup>(1)</sup>.

This expansion was driven mainly by domestic demand, which contributed 7 percentage points to GDP growth, compared to 1.9 point the previous year. It was also fuelled by the favourable trend in exports, which contributed about 1 point of percentage.

The national economy, of which the new national accounts give a clearer picture<sup>(2)</sup>, has grown at an average annual rate of 4.9% in real terms since the year 2000. Moreover, unlike the previous decade, overall growth, which is now less sensitive to changes in agricultural value added, showed constantly positive rates throughout that period and has become markedly less volatile, as the chart below shows:



(1) See Statistical appendices I-1 to I-4.

(2) See Box 5 page 39

Estimated at constant prices, GDP amounted to almost 575.3 billion dirhams in 2006, an increase of 10.1% compared to 4.5% in 2005. At 80.5 billions, agricultural GDP was up by 28.5% while the GDP for activities of the secondary sector and services, estimated at 495 billions overall, grew by 7.6%. Over the last five years, aggregate nominal GDP has risen at an annual average rate of 6.3%.

## ◆ Primary sector

The agricultural sector enjoyed favourable weather conditions and showed excellent results in 2006 that had a positive effect on the economy as a whole. The abundant rainfall was well distributed both over time and geographically, and dams for agricultural use were 63% full, up from 53% the previous season. Under these circumstances, crop production increased significantly and stock-farming activity rose overall thanks to the improved state of common grazing areas. On the other hand, fishing catches, in decline since 2002, fell by 17.8% in 2006<sup>(1)</sup>.

## Agriculture

At 92 million quintals, the harvest of the four main cereals more than doubled from one season to the next thanks to an improvement in output across all varieties, especially soft wheat and barley, which make up nearly three quarters of the total harvest. Similarly, with the 6.3% expansion in the areas under cultivation and the improvement in yields, output of pulse crops increased to 3.3 million quintals.

Market garden output, for its part, was up by 14.2% compared to the previous season's level. The harvest of early fruit and vegetables, put at 1.4 million tonnes, showed an increase of 11.4%, mainly

(1) See Statistical appendices II-1 to II-12

due to the 11.1% growth in the tomato harvest and 13.9% in miscellaneous vegetables, while the output of potatoes was up slightly, by 2%.

So far as industrial crops are concerned, the sugar beet harvest declined by 22.3% to 2.6 million tonnes, while sugar cane output came to 996 617 tonnes, up by 26.7% as a result of the 6.7% increase in the area under cultivation. At the same time, owing to a reduction of almost 46% in cultivated areas, the output of sunflowers again fell by more than one half in the year under review, to 83 000 quintals, while the grape harvest was unchanged at 335 000 tonnes.

Turning to fruit growing, the output of citrus fruits increased by 6.2% from one season to the next, to reach 1.3 million tonnes, the 5.2% drop in the output of oranges being more than offset by the greater output of the other varieties. Likewise, the olive harvest came to 750 000 tonnes, up by 7% compared to the volume achieved in 2005 owing both to favourable weather conditions and the biennial nature of the harvest. At the same time, the output of oil amounted to 75 000 tonnes, compared to 70 000 tonnes the previous season.

### **Stock farming**

Benefiting from higher levels of rainfall and the incentive measures aimed at improving stock farmers' supplies of feedingstuffs, stock-farming activity increased overall.

According to the census carried out in March and April 2006, the number of sheep was up by 2.3% and of cattle by 1.2%.

Similarly, the quantities of red meat available for consumption, estimated at 326 600 tonnes, showed an increase of 1.6% compared to 5.3% the previous year, while those of white meat fell to

370 000 tonnes, a decline of 3.9% compared to a rise of 13.9% in 2005. At the same time, the output of milk was 6.4% higher at 1.5 billion litres, while the output of eggs for consumption fell by 6.7% after a drop of 9.1% the previous year.

### **Fisheries**

In 2006, the output of fish declined by 17.8% compared to the previous year, standing at 802.3 million tonnes; its value of 6.3 billion dirhams was down by 2%. This was the result of an 18% drop in coastal fishing catches, especially sardines, which fell by nearly 29%, and a 16.3% decline in deep-sea fishing catches.

The quantities of fresh fish supplied for consumption, up by 7%, amounted to 361 721 tonnes, or 51% of coastal fishing output. The quantities processed by fish canning factories were up by 19%, while those used to manufacture fish meal and fish oil fell markedly.

### **◆ Secondary sector**

The secondary sector, which contributed 25% to the formation of GDP, grew by 4.7% in 2006, thus exceeding the average of the last five years. This was due both to the development of manufacturing industry, stimulated in particular by the upturn in foreign demand, and by the dynamism of the building and public works sector, which benefited from the continuation of basic infrastructure projects and the construction of housing and tourist accommodation. On the other hand, energy output weakened, while that of the mining sector slowed with the decline in phosphate exports.

## Manufacturing industry

Some 93% of the manufacturing sector, which contributed an average of 17% to GDP over the last five years and 12% to national employment, is made up of small and medium-sized enterprises. In a context marked by the economic recovery of the euro area, Morocco's main partner, and a good agricultural season, this sector's activity grew by 3.7% compared to 2.5% the previous year<sup>(1)</sup>. This trend was found in all branches, especially the metallurgical, mechanical, electrical and electronics industries, and the chemical and paracheical industries.

Groups of industrial branches	Weighting	Percentage changes of industrial output indices		
		2004	2005	2006
• Food, beverages and tobacco industries	249	+ 5.3	+ 2.4	+ 2.3
• Textiles, clothing and leather	223	- 0.5	- 2.1	+ 1.2
• Chemical and paracheical	218	+ 2.7	+ 3.0	+ 2.4
• Mechanical, metallurgical, electrical and electronic industries	181	+ 1.9	+ 3.4	+ 8.0
• Building materials and wood processing	129	+ 5.3	+ 7.0	+ 5.7
<b>Overall index</b>	<b>1 000</b>	<b>+ 3.1</b>	<b>+ 2.5</b>	<b>+ 3.7</b>

Benefiting from the increased agricultural output, the activity of the agri-foodstuffs industries expanded by 2.3%, similar to the previous year. Output of canned fruit and vegetables and of oils, and the activity of flourmills, which were stimulated by the improvement in domestic demand,

(1) See Statistical appendix IV- 1

increased by 5.6%, 3.1% and 3.6% respectively. Similarly, the output of canned fish rose by 2.6% as exports held up well.

The activity of the textile, clothing and leather branches, for its part, recorded an increase of 1.2% following a 2.1% decline the previous year. It benefited from the recovery in exports, especially following the reintroduction by the European Union of quotas on certain Chinese products. An improvement was also seen in the level of activity in ready-made underwear, the manufacture of basic textiles and in the finishing and dressing of fabrics, which increased by 2.9%, 8.7% and 12.5% respectively. Similarly, output in the leather sector was up by 2.8% as a result especially of the strengthening of foreign demand for footwear.

Activity in the mechanical, metallurgical, electrical and electronics industries showed the strongest growth, with a rate of 8% compared to 4.3% the previous year. In particular, there was a 16.1% expansion in the assembly of transport equipment, while the output of metalworking products was up by 8.8% and that of the basic metal industry by 6.6%. On the other hand, the manufacture of office equipment fell by 3.7% with that of electrical and electronic products remaining virtually unchanged owing to the weakening of foreign demand for electronic components and electric wires and cables.

The chemical and paracheical industries showed a rise of 2.4% compared to 3% the previous year. There was marked growth in the manufacture of cement and of paper, which were up by 10.4% and 8.1% respectively. Similarly, output of fertilizers, at 2.6 million tonnes, rose by 9.8% on the back of a 10.5% increase in exports, while phosphoric acid manufacture remained unchanged at 3.4 million tonnes, foreign sales having declined by 6.8%. On the other hand, paint manufacture fell by 5.1% following the 9.8% rise observed the previous year. Finally, the tyre and inner tube branch fell by a further 2.6% following the 34% decline recorded the previous year.

## Building and public works

The building and public works sector continued the expansion observed over the last few years thanks to the continuation of house building programmes, the acceleration of basic infrastructure works and increased investment in the tourism sector in particular. The sector also benefited from the 28.3% growth in real estate loans in 2006, following the 24.9% increase observed the previous year.

This dynamism is reflected by a number of indicators. Thus, the added value of this sector grew by 8.6% at constant prices, and the gross fixed capital formation in respect of building and public works showed a rise of 12% at current prices following that of 10% recorded in 2005. Similarly, sales of cement were up by 10.4% while activity in the timber and building materials branch and the basic metallurgical industries increased by 5.7% and 6.6% respectively.

## Minerals

Mining output, which is highly dependent on foreign demand, increased by 1.8% compared to 6.6% the previous year<sup>(1)</sup> owing to the weakening in phosphate exports. This sector's export earnings were nevertheless up by more than 19% as a result of rising prices on the international market, especially for ores other than phosphates.

After the 7.4% rise recorded the previous year, market output of phosphates remained more or less unchanged at 27.4 million tonnes, owing to the slight decline in both exports and the quantities delivered to local processing units, which take one half of output.

Other ores were up by 7.6% overall, as a result of the improvement, of 28.8% and 40% respectively, in the extraction of barytine and copper. Output of zinc and lead stabilised at their 2005 levels, while that of manganese, iron and bentonite fell by 57%, 43% and 37% respectively.

(1) See Statistical appendices III-1 and III-2



## Energy

Final consumption of energy in 2006<sup>(1)</sup>, estimated on the basis of provisional data, increased by 3.9% to 12.5 million TOE. On the other hand, total energy output stood at 10.9 million TOE, down by 5.3% as a result of the decline in refining activity. Output of energy from local raw materials, chiefly hydroelectric power and wind power, represents around 5% of this. The resulting energy deficit was covered by recourse to imports in a context marked by the continuing rise in international oil prices.

The 10.7% decline in refining activity is due to the downturn in the output of fuel oil, consumption of which, representing 22.6% of total consumption of petroleum products, fell by 8.8%. Conversely, consumption of gas oil, which accounts for 46% of the total, increased by 1.3%, while that of petrol rose by 5.7%.

National demand for electricity, estimated at 19.3 billion kWh, increased by 9.2% compared to 12.5% in 2005. Consumption of high and medium voltage electricity, intended for the productive sectors and distribution networks, showed an 8% rise. Low voltage consumption grew by 15% as a result of household consumption rising with the continued rural electrification programme, which is now 88% complete, as against 81% a year earlier.

On the other hand, local electricity output amounted to 19.1 billion kWh, an increase of 2% compared to 14% in 2005. The output of thermal power stations, which accounts for almost 95% of this, was unchanged, while that of hydroelectric origin showed a 12.6% improvement.

Net imports of electric power, which accounted for 10.5% of total consumption in 2006, were up by 149.1% as a result of the doubling of transit capacity with Spain.

(1) See Statistical appendices III-3 and III-7.

### **Box 1: Evolution of petroleum products prices**

With the exception of butane gas, which continues to be subsidised, 2006 was marked by the indexation of domestic prices for petroleum products to the prices of oil on the international market. The application of this system resulted in an increase in domestic prices in February, followed by a further upward revision in September 2006. In October 2006, domestic prices were revised downwards following the fall in oil prices on the international market. On an annual average, the price increases amounted to 10.2% for fuel oil, 7.3% for gas oil, 14.4% for gas oil 350 and 1.4% for premium grade petrol (super), while the price of butane gas remained unchanged.

## **◆ The tertiary sector**

The tertiary sector, including non-market services provided by general government, represents about half of overall GDP. Over the last few years it has grown steadily and improved in quality with the growth of telecommunications services and activities related to tourism. In 2006, the sector's value added increased by 5.3% at constant prices, compared to 5% in 2005, contributing around 3 points to overall growth.

### **Tourism**

Tourist activity expanded steadily in 2006, confirming the boom the sector is experiencing as a result of the programme to relaunch and develop promotional activity and partnership with operators. Indeed, the main indicators show a 15.2% increase in arrivals of foreign tourists, a 7% rise in the number of overnight stays and a 28% improvement in tourist earnings.

6.8 million tourists visited Morocco in 2006. This figure includes arrivals of Moroccans living abroad, up 7.1% at approaching 3 millions, and visits of foreign tourists, up 15.1% at 3.8 millions.

Analysis of the flows by nationality shows that the number of French nationals reached 1.5 million, an increase of 10.8% compared to 14.6%, thus confirming the slowdown first observed the previous year. Conversely, rises of 27.2% and 37.2% respectively were recorded for flows from Spain and Great Britain, following increases of 16% and 14% in 2005.

At the same time, arrivals of German and Italian tourists were up by 5% and 16.5% respectively and of US nationals by 12.9%. The number of tourists from the countries of the Maghreb and the Middle East grew by a total of almost 15%, although they accounted for no more than 3% of all visiting tourists.

The number of overnight stays recorded by classified hotels amounted to 16.3 million; this was the result of a rise of 8.9% in overnight stays by foreign tourists, totalling 13.3 million, while the figure for overnight stays by domestic tourists was unchanged at almost 3 million. The regional breakdown of overnight stays shows that the towns of Marrakech and Agadir accounted for 5.7 million and 4.9 million overnight stays respectively, almost two thirds of the total. More than 1.2 million were recorded in Casablanca, an increase of 10.5%, while overnight stays in other towns saw moderate rises.

Moreover, accommodation capacity was increased by almost 10 000 beds, taking the number to 133 230, 46.3% of them in Marrakech and Agadir. The average occupancy rate for classified hotels again improved, rising from 47% to 49% in the space of a year, with rates of 68% in Marrakech, 64% in Agadir and 55% in Casablanca and Rabat.

In this context, activities related to tourism continued to enjoy the beneficial effects of this sector's development. More particularly, the value added of the "hotels and restaurants" branch witnessed, for the third year running, a growth of over 8% at constant prices.

### **Box 2: Measures to assist the tourist sector**

As part of the tourist sector development strategy, which aims to receive 10 million tourists by 2010, the public authorities continued to step up their support measures, in particular through the development of seaside resorts, as provided for in the "Azur" plan, and the construction of new tourist areas in order to increase hotel capacity.

For the development of rural tourism, the improvement of tourist services in the town of Ifrane and in the central High Atlas region was materialized with the signing of two agreements between the public authorities, the industry and local players.

In order to promote domestic tourism, three national Tour Operators were chosen to be responsible for promotion during specific periods set in cooperation with the Moroccan National Tourism Office.

At the same time, two agreements for the development of cruise tourism in Casablanca and Agadir were signed with a view to increasing the number of cruise tourists to 2 million persons by 2015.

## **Transport and communications**

Overall, transport services showed a favourable trend in 2006 on the back of the rapid growth in tourism. In fact, the value added of this branch grew by 6.2% at constant prices, and air traffic grew by 14% as a result of the increased number of seats offered by the airlines providing around 62% of all air transport. Similarly, 12% more passengers were carried by rail, while sea transport declined by 1.8%.

Freight transport by both road and sea declined by 1.1%. The tonnages carried by rail increased by only 1%.

### **Box 3: The Open Sky agreement**

The air transport liberalisation strategy continued with the conclusion in 2006 of the Open Sky agreement between Morocco and the European Union. The aim of this agreement is the reciprocal liberalisation of the air transport markets of Morocco and the European Union. It also provides for Moroccan civil aviation regulations to be brought into line with those of the European Union.

This agreement will be a major asset to Morocco in reaching its development targets for tourism in particular and offers new development opportunities and openings on the European market.

Communications services, for their part, continued the expansion observed over the last few years with 10.3% real term growth in 2006. In particular, the number of mobile telephone subscribers increased by 23% in 2006 to more than 16 millions. Similarly, the number of Internet subscribers, which more than doubled in 2005, was up by more than a half in 2006 to 39 720.

### **Commerce and other services**

Commerce value added grew by 6.2% at constant prices, with the increase in output and overall demand. Similarly, financial activities expanded appreciably, reflecting particularly the 9.5% increase of value added at constant prices and a growth by over 16.4% in lending. As for services offered to enterprises and personal services, they observed an overall expansion of 6%.

Finally, the output of non-market services of general government showed a rise of around 3.2% following that of 5% recorded in 2005.

## ◆ Employment

The employment market saw a marked improvement in 2006, with the unemployment rate down from 11.1% to 9.7% and a significant reduction in the rate of unemployment among young persons aged 25 to 34, women and diploma-holders<sup>(1)</sup>.

The labour force aged over 15, estimated at nearly 11 millions, was up by 165 000 or 1.5%, with a rate of 2.4% in urban areas and 0.7% in rural areas. Just under 52% had no qualifications.

In general terms, the growth in economic activity in 2006 resulted in the net creation of 300 000 new jobs, over 90% of which in urban areas. Most of the new jobs were created in the service sectors, with 215 000 posts, building and public works with 107 000 and industry with 22 000. The agricultural sector recorded a loss of 49 000 jobs at the national level, mainly during the final quarter of 2006.

The new jobs created in 2006 enabled the new demand for employment to be met while at the same time cutting the number of unemployed by 135 000. Thus the employed labour force grew from 9.6 to 9.9 millions in the space of a year. The employment rate improved slightly from 45.9% to 46.3% in 2006. The proportion of self-employed, estimated at 40.4%, declined in favour of wage and salary earners, which increased to 59.6%.

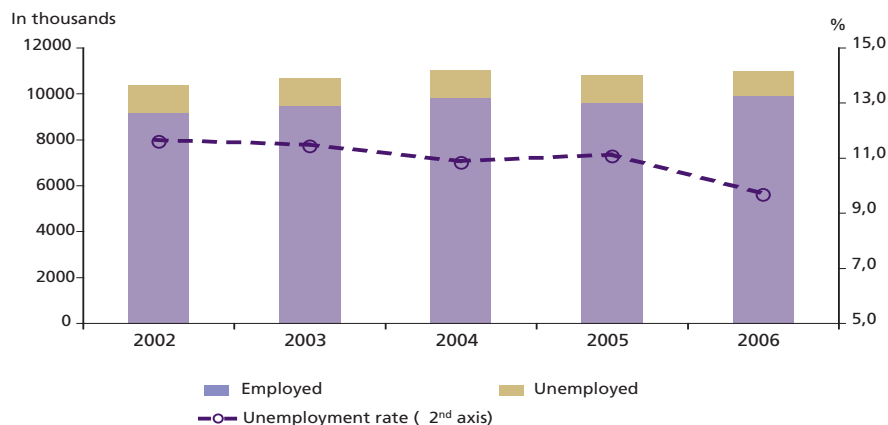
Against this background, the number of unemployed fell significantly at the national level, standing at 1 062 000 in 2006, compared to 1 197 000 in 2005.

(1) See Statistical appendices VI-3 and VI- 4

In urban areas, the labour force grew by 129 000 to 5.6 millions, of which 4.7 millions represent the employed labour force, an increase of 270 000. On the other hand, the unemployed labour force showed a fall of 141 000 to 864 000, producing an urban unemployment rate of 15.5% in 2006 compared to 18.4% in 2005.

In rural areas, the employed labour force totalled 5.2 millions. It showed a rise of 30 000 jobs resulting from a 97 000 increase in non-agricultural employment and a 67 000 decline in agricultural jobs. The number of job seekers increased to 198 000, representing an unemployment rate of around 3.7%, which remained virtually unchanged from the previous year.

**Annual development of employed and unemployed labour force**



**Box 4: "Employment Initiatives" Action Plan**

The Government has put in place an "Employment Initiatives" Action Plan to promote paid employment and support the setting up of businesses. Its aim is to increase the opportunities for job creation and to assist those categories of job seekers for whom it is difficult to find work. These measures translated into the creation of the Moukaoualati, Taehil and Idmaj programmes, which provide assistance for self-employment.

The Idmaj programme, which is for young persons seeking employment in the private sector, offers participating businesses an exemption from the general income tax up to a ceiling of 6 000 dirhams. This exemption lasts for 24 months, but may be extended by a further 12 months if the employee is taken on permanently. The Taehil programme aims to improve employability by means of contractual training for employment, training leading to a qualification or retraining. The target set is to get nearly 105 000 unemployed persons into their first jobs between 2006 and 2008.

The Moukawalati programme is designed for qualified persons wishing to create projects requiring an investment of not more than 250 000 dirhams. The State will pay their associated costs up to a maximum of 10 000 dirhams and they may be granted an advance in the form of an interest-free loan of 10% of the project's cost up to a ceiling of 15 000 dirhams, repayable over 6 years after a 3-year period of grace. The Moukawalati programme aims to see more than 30 000 businesses set up by 2008, that is more than 90 000 jobs, with the firms continuing to trade beyond the critical start-up phase. This programme is paid for by a self-employment support fund created by the 2006 Finance Act.

In the matter of labour market organisation and governance, the Government has set up a National Committee for Business Creation Support and a National Employment Observatory.



## ◆ Demand

The year 2006 was marked by a strengthening of total demand, to which all components contributed, especially national final domestic demand benefiting from the improvement in incomes. Indeed, gross national expenditure, at 606.3 billion dirhams, increased by 9.3% compared to 5.4% the previous year, showing in relation to gross domestic product a deficit in goods and services of 31.1 billion dirhams, or 5.4% compared to 6.1%. The reduction in this deficit, which corresponds to the difference between imports and foreign sales of goods and services other than production factors, was largely due to the good performance of exports, which helped to stimulate growth, especially in the sectors related to tourism <sup>(1)</sup>.

## ◆ Consumption

National final consumption, estimated at 424.4 billion dirhams, rose by 7% compared to 3.7% the previous year, representing 73.8% of GDP. Resident households' expenditure on goods and services, at 319.1 billion dirhams, increased by 7.8% at current prices compared to 2.7% in 2005 and, in real terms, by 3.9% compared to 1.1%. This trend is due to the growth in output and incomes, especially in rural areas, and to the flows of transfers by Moroccans living abroad. It is also due to the improved conditions of financing and the growth in consumer credit, which stimulated the purchase of durable goods. For its part, consumption of services provided by general government rose by 4.6% at current prices, following the 6.9% increase in 2005. As a proportion of disposable gross national income, final consumption stood at 68.2% in 2006, in decline compared to 2005 hence in line with the trend observed over the last few years.

(1) See Statistical appendices I-5 to I-7.

## ◆ Investment

Including the 16.7 billion increase in stocks, investment totalled 182 billion dirhams, an increase of 15.1%. Gross fixed capital formation was up by 10.9% compared to 11.7%, amounting to 165.3 billions or 28.7% of GDP. Industrial products and those of building and public works, accounting respectively for 40.5% and 52% of this figure, showed rises of 8% and 10.9%, after 12.8% and 12.5% recorded in 2005. This growth in investment reflects the large-scale projects undertaken by the State and public enterprises, in particular for the development of road and port infrastructures, and the buoyancy of private sector investment, especially in housing, tourism and industry.

The commencement of large basic infrastructure projects and the development of social housing as a result of the incentives put in place by the State have provided a major boost for the building and public works sector. Similarly, the improvement in the businesses climate and the relaxation of the procedures governing the setting up of companies have stimulated private initiative and the launching of new projects. Investment for the purpose of replacement or upgrading, made by some 70% of firms in the industrial sector in 2006, also contributed to this trend.

Moreover, Morocco's improved attractiveness has sustained a major flow of foreign direct investment, amounting in the year under review to more than 25 billion dirhams. The main projects were in the industrial, tourist and real estate sectors, which accounted for more than 74% of all such investments. This development is in line with the trend observed over the last five years, over which period of time such investments have averaged 20 billion dirhams a year, compared to 5 billion dirhams during the 1980's.

## ◆ National saving

When incomes and net transfers from abroad, totalling 46.8 billion dirhams, are taken into account, disposable gross national income amounted to 622.7 billion dirhams, up by 10.3% compared to 5.6% in 2005. At this level, it resulted in a gross national saving of 198.3 billion dirhams, up by 18% compared to the previous year. The savings ratio, calculated in relation to gross national income, was therefore 31.9% compared to 29.8% in 2005. Savings covered the whole of investment expenditure in 2006 and produced an appreciable financing capacity for the sixth year running.

### Box 5: Main benefits of the new system of national accounts

The new national accounts are now drawn up according to the new 1993 system of national accounts, taking 1998 as the base year.

This new system will allow us:

- to broaden the national output base used for the calculation of GDP, especially in the services sector;
- to make a more detailed analysis of the national economy's performance, since it is now possible to compile satellite accounts allowing each of the country's essential activities to be analysed individually;
- to obtain more meaningful data on the various sectors' real activity, since the effect of taxation is eliminated from the valuation of output;
- to improve the conceptual relevance of the "new" aggregates calculated.

Compared to the old system, its adoption has brought a marked improvement in the main macroeconomic indicators:

Averages for the period 1998-2005*	Accounts Base 1980	Accounts Base 1998	Differences
Growth rate	3.1	3.8	0.7
National saving ratio	23.8	26.9	3.1
Investment ratio	23.6	25.6	2.0
Budget deficit/GDP	3.2	2.8	-0.4
Balance of current transactions/GDP	1.8	1.6	-0.2

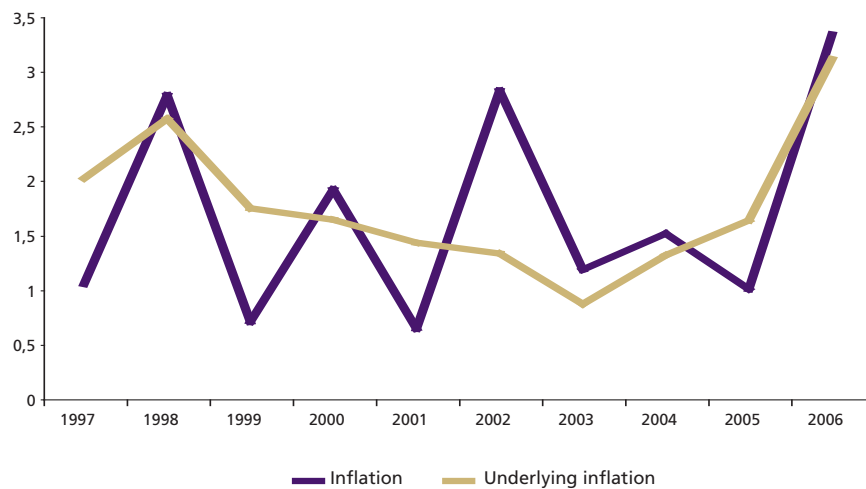
(\*) Annual average for the period concerned.

## ◆ Prices

In a context of strong growth, the year 2006 was characterised by pressures on consumer prices. In fact, the cost of living index rose by 3.3% compared to an average of 1.7% over the period 1996-2005. Likewise, the indicator of underlying inflation, which gives a better picture of the underlying trend in prices by excluding products whose prices are either controlled or highly volatile, showed an increase of 3.1% compared to 1.6%. In manufacturing output excluding energy, the price evolution remained moderate with the index rising by 2.2% overall compared to 2.3% the previous year<sup>(1)</sup>.

The movement in consumer prices, which departs from the prevailing trend of the last decade for both inflation and underlying inflation, is attributable both to the pressures on demand and to other factors, in particular the adjustment of domestic prices for petroleum products and tax changes.

Annual development of inflation and underlying inflation (in %)



(1) See Statistical appendices VI-1 and VI- 2

In this context, household consumption expenditure increased by 3.9% in real terms in the year under review, the result of higher incomes and the growth in consumer credit.

Moreover, the changes to VAT introduced at the beginning of 2006 resulted in increased prices for a number of foodstuffs, namely butter, tea, rice, rice flour, starches and pasta<sup>(1)</sup>. In addition, the application of the system of indexing the pump prices of fuels to the world price of oil, which resulted in two fuel price hikes, in February and September 2006, followed by a reduction in October, had a knock-on effect on transport prices.

The year 2006 also saw adjustments to the prices of certain consumer goods as a result of higher production costs. Thus, between July and September, the prices of water, electricity, tobacco and sugar went up, and the price of milk rose at the end of the year. In addition, the raising of fixed communications' tariffs in November 2005 produced a significant rise under the "communications" heading.

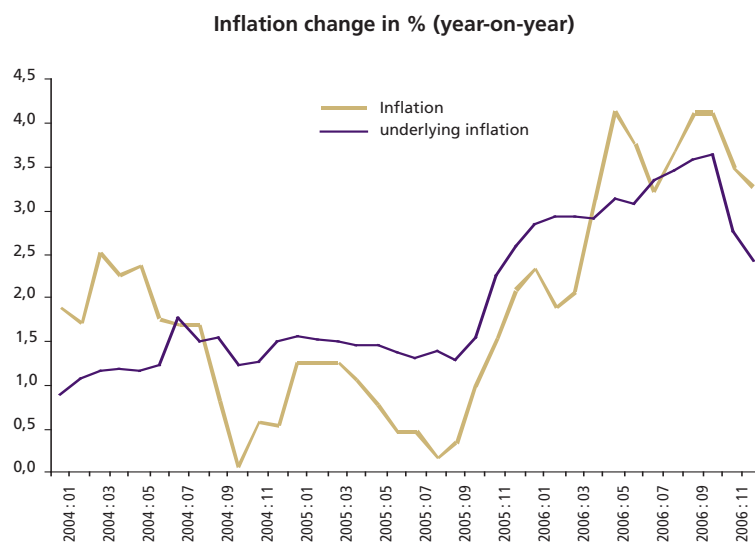
On the other hand, the continuing process of dismantling tariffs for imports of locally manufactured products and the depreciation of the US dollar had a moderating effect on prices.

## Consumer prices

In terms of developments at sub-annual level, the cost of living index showed an increase of 0.4% in the first quarter of 2006, compared to the previous quarter, chiefly due to the changes made with respect to VAT and the increase in the prices of petroleum products, the effect of which was however mitigated by the seasonal fall of 12.5% in the prices of fresh produce. The index of underlying inflation, which excludes fresh produce, in fact rose by 1%. The rise in overall inflation continued in

(1) See Box 8, page 60

the second quarter, particularly as a result of the seasonal increase in the prices of fresh produce and higher cigarette prices. The upward trend accelerated during the rest of the year, following the raising of the tariffs for water and electricity, the adjustment to fuel prices and the increase in the prices for foodstuffs.



At sector level, the cost of services went up relatively quickly, especially those affected by the higher prices of petroleum products. Thus, public transport fares were raised by 7.2% and those for "heating, lighting and water" by 3%. The headings "personal care and effects" and "restaurants, cafes and hotels" for their part showed rises of 4.5% and 3% respectively, compared with those of 1.5% and 1.2% recorded in 2005. "Communications" showed an annual average rise of 16.9% compared to 6.1%. This reflects in particular the increase in the unit charge for fixed communications that came into effect in November 2005.

Prices of foodstuffs rose by 3.9% compared to 0.3% in 2005. In particular, the cost of fats went up, by 15.9%, as a result of higher oil prices and the change to the rate of VAT on butter.

Groups of products	Weighting (in %)	Annual changes in average cost of living indexes in %		
		2004	2005	2006
<b>General index</b>	<b>100</b>	<b>+ 1.5</b>	<b>+ 1.0</b>	<b>+ 3.3</b>
of which: Fresh products <sup>(1)</sup>	20.09	+ 1.7	- 1.9	+ 3.8
Private transport	2.7	+ 1.0	+ 5.1	+ 4.9
Other products not included in the underlying inflation <sup>(2)</sup> index	4.71	+ 4.8	+ 4.4	+ 5.8
<b>Underlying inflation<sup>(*)</sup></b>	<b>72.5</b>	<b>+ 1.3</b>	<b>+ 1.6</b>	<b>+ 3.1</b>
- Clothing	6.34	+ 0.9	+ 0.7	+ 1.1
- Housing	14.29	+ 1.7	+ 1.3	+ 2.2
- Household equipment	5.00	+ 0.6	+ 1.0	+ 2.0
- Medical care	5.44	+ 1.8	+ 1.1	+ 0.8
- Public transport and communication <sup>(3)</sup>	7.79	+ 1.0	+ 4.5	+ 11.7
- Leisure and culture	5.67	+ 2.6	+ 1.0	+ 1.2
- Other goods and services	10.76	+ 1.4	+ 0.9	+ 2.4

(1) Index comprising the price of the fresh fruits, fresh vegetables, meat and fresh fish subgroups.  
(2) Index comprising the price of the "sugar and sugar products" and "tobacco and cigarettes" subgroups  
(3) Price index of the "Transport and Communication" group excluding private transport  
(\*) Calculations done by Bank Al-Maghrib

Fresh produce prices were up by 3.8%, contributing 0.8 percentage point to overall inflation; in particular, the prices of meat, fresh fish and fresh vegetables rose, by 4.1%, 5.2% and 5.8% respectively, after declining by 2.6%, 2.3% and 0.8% in 2005.

As far as private transport costs are concerned, these increased by 4.9% as a result of higher fuel prices.



Country	2004	2005	2006
Morocco	+ 1.5	+ 1.0	+ 3.3
Euro Area	+ 2.1	+ 2.2	+ 2.2
USA	+ 2.7	+ 3.4	+ 3.2
Tunisia	+ 3.6	+ 2.0	+ 3.9
Egypt	+10.3	+ 11.4	+ 4.1
Turkey	+ 8.6	+ 8.2	+ 10.2
China	+ 3.9	+ 1.8	+ 1.5

When compared to our main partners, especially in the euro area, the inflation differential was no longer in Morocco's favour in the year under review. However, the inflation rate remained below that of the other competitor countries with the exception of China.

### ◆ Producer prices in manufacturing industries

The index of producer prices in manufacturing industry, calculated on the basis of ex-works prices exclusive of taxes and subsidies, increased overall by 5.9% compared to 9.1% the previous year. This easing is largely attributable to the slowing down in the rate of price increases in the refining industries, which stood at 18% compared to 39.4% the previous year, the average prices of oil imports being up by 16.4% in 2006, compared to 43.6% in 2005.

Producer prices in manufacturing industry not including oil refining, for their part, rose by 2.2%, which was similar to the previous year's rate, although variations in the various subheadings differed. In particular, prices in the food industries, which had fallen by 0.5% in 2005, increased by 3.4% in

2006, chiefly as a result of the higher prices of raw materials and fuels. Producer prices in the textile industry fell by 0.8% and in the clothing industry by 1.7% due to competition from Asian products.

Groups of products	Weighting (in %)	Percentage changes in average indices of industrial producer prices		
		2004	2005	2006
<b>Manufacturing industries excluding oil refining</b>	<b>86.7</b>	<b>+ 3.0</b>	<b>+ 2.3</b>	<b>+ 2.2</b>
of which :				
Food industries	28.9	+ 1.8	- 0.5	+3.4
Chemical industries	13.1	+13.5	+ 9.5	+ 4.1
Textile industry	6.5	- 0.4	- 0.3	- 0.8
Clothing industry	6.7	-	- 0.7	- 1.7
<b>Oil refining</b>	<b>13.3</b>	<b>+ 14.8</b>	<b>+39.4</b>	<b>+18.0</b>
<b>General index</b>	<b>100</b>	<b>+ 5.0</b>	<b>+ 9.1</b>	<b>+ 5.9</b>

Similarly, prices in metallurgy and metalworking rose in the year under review, but at a slower rate of 4.6% and 0.5% compared to 10.4% and 2.8% respectively, despite the strong upward trend in the prices of metals on the world market. The tobacco industry's prices remained stable from one year to the next.

## ◆ External Commercial and Financial Relations

In 2006, external transactions showed a current account surplus for the sixth year running, of 2.8% of GDP; this was the result of the remarkable growth in tourist earnings and remittances by Moroccans living abroad, which more than offset the trade deficit<sup>(1)</sup>.

Taking into account the positive balance on financial transactions, the balance of payments surplus amounted to 24.1 billion dirhams, raising the foreign exchange reserves to the equivalent of 10 months' imports of goods and services<sup>(2)</sup>.

The consolidation of reserve assets together with the slight reduction in the level of the public debt should make for an improvement in the international investment position in 2006.

The effective exchange rate of the dirham appreciated slightly in real terms.

At the same time, the process of the national economy's liberalisation and of opening up the national economy to the outside world continued in 2006 with, in particular, the entry into force of the free trade agreements concluded with the United States and Turkey.

### ◆ Balance of payments

#### Goods and services

Taking into account transactions in the export free zone, the evolution of foreign trade was characterised by a slowing down in the rate of growth of the trade deficit. The latter in fact

(1) See Statistical appendices VII-1 to VII-6

(2) See Statistical appendix VIII-1

amounted to 95.3 billion dirhams, an increase of 12% compared to more than a fifth in 2005. The rate of coverage of imports by exports remained virtually unchanged at 54%.

Imports, valued on a CIF basis, totalled 207 billion dirhams, up 12.3%; imports of finished goods, semi-manufactures and energy products all increased, while purchases of foodstuffs declined.

Purchases of finished capital goods, which alone represented nearly 30% of the increase in total imports in 2006, were up by 17.3% as a result of the growth in investment. Industrial plant, which accounted for most of it, amounted to 43.1 billion dirhams, an increase of 15.8%. Likewise, purchases of finished consumer goods came to 40.6 billion dirhams, up 8%.

At 48.7 billion dirhams, imports of semi-manufactures rose by 19.1%, largely resulting from the increase in purchases of iron and steel as well as of other metallurgical and iron and steel products due to the growth in building and public works activity.

The 13.6% increase in the energy bill, for its part, which amounted to 44.9 billion dirhams, is attributable to the rising prices of petroleum products, the average price of an imported tonne of oil being up by 18.4%. At 25.2 billion dirhams, the cost of oil purchases was in fact 5.1% higher despite a marked reduction in volume. Purchases of refined petroleum products, for their part, totalling 16 billion dirhams, were up by 38% after an increase in volume of about a fifth.

Imports of foodstuffs fell by 3.2% to 15.1 billion dirhams, largely as a result of the decline of more than a quarter in purchases of cereals.

Exports, amounting to 111.7 billion dirhams, grew by 12.5%, with increases in almost all product categories (see Box 6).

Thus, supplies of foodstuffs were up by 10.7% to 21.5 billion dirhams as a result of the 17.1% increase in exports of fisheries products, which amounted to 11.2 billions.

A significant increase was also observed in textile products. In particular, exports of ready-to-wear clothing showed a rise of almost 17%, thus confirming the improvement seen during the second half of 2005, thanks to the setting up of a plan for the sector's revival and the introduction by the European Union of quotas on imports of Chinese products.

Up by 19.3% overall, sales of raw mineral products amounted to 8.5 billion dirhams. Of this total, consignments of phosphates stood at 4.8 billion dirhams, a 3.5% increase resulting from the strengthening of prices on the international market, which rose from 42 to 44.2 dollars a tonne in the space of a year. Similarly, the value of other mineral products was up by 48.1%, chiefly due to rising prices, of zinc and copper in particular.

#### **Box 6 : Regional contribution to growth in exports and absolute market shares**

The regional structure of trade highlights the predominance of transactions with the European Union. The EU remains Morocco's principal customer with nearly 73% of all exports, compared to 73.7% in 2005, and its main supplier with more than half of imports. Thus, sales to the European Union contributed 8.2 percentage points to the 12.5% growth in exports in 2006.

In terms of Moroccan exports as a proportion of world exports, Morocco's market share in world trade in goods increased from 0.10% to 0.11% from one year to the next. This increase reflects both the gains made in the European Union and those achieved in Africa, especially in the countries of the Arab Maghreb Union. On the other hand, Morocco's market shares with regard to Asia and America remained unchanged from one year to the next.

Consignments of phosphate derivatives generated earnings of 13.1 billion dirhams, an increase of 12.8%. Sales of electronic components were up by 12.8% to 6.2 billion dirhams. Finally, sales of capital goods increased by 14.5% overall to 9.7 billion dirhams.

So far as services are concerned, the surplus for the heading "travel" expanded from 35.5 billion to 46.3 billion dirhams as a result of the 28.1% growth in tourist earnings, which amounted to 52.5 billion dirhams.

Transactions by the general government resulted in a deficit of 3.4 billion dirhams, up by 1.5 billion.

Other services produced an overall surplus of 4.2 billion dirhams which is attributable to the higher level of earnings from communications services.

### **Income and unrequited transfers**

Net outflows in respect of remuneration of capital were up from 2.7 billions to 3.7 billion dirhams as a result of the increase of more than one fifth in expenditure in respect of investment income, amounting to 6 billion dirhams. Similarly, public debt interest charges rose by 8% to 4.3 billion dirhams. On the other hand, the proceeds from public investment abroad, at 5.9 billion dirhams, were up by 14.9% as a result of higher interest rates on the international markets and the improvement in the level of the foreign exchange reserves.

Transfers of funds by Moroccans living abroad increased by 17.5% to 47.9 billion dirhams, 86% of which came from the euro area, 5.7% from the United States and 5.6% from the Middle East. With receipts of pensions and other social allowances totalling 6.6 billion dirhams, private current transfers showed a final surplus of 53.5 billion dirhams, an increase of 17.2%.

Receipts in respect of public current transfers amounted to 2.6 billion dirhams, consisting chiefly of donations – largely from the European Union –, while expenditure came to 556.2 million dirhams, thus leaving a surplus of 2.1 billion dirhams, almost the same as in 2005.

### **Capital and financial transactions account**

At the end of 2006, the capital and financial transactions account showed a surplus of 12.3 billion dirhams, down by 15.3% as a result of the marked reduction in the surplus on private sector transactions.

The surplus on commercial credits in fact declined from 2.9 billion to 699 million dirhams, following an 8.9% drop in income and a rise of more than a quarter in expenditure.

Foreign private loans and investments were up by 3.4% to 29.3 billions. Portfolio investments amounted to 3.3 billion dirhams as against 1.3 billion the previous year, while direct investments were down by 2.5% from one year to the next at 25.5 billions. Foreign loans and investments, nearly 56% of which were made by France and Spain and 9.3% by the Gulf countries, went mainly to the industrial, tourist, real estate and telecommunications sectors. When expenditure of 15.5 billion, up 8.4%, is taken into account, this item recorded a surplus of 13.8 billions, down by 1.7%.

Public sector transactions resulted in a surplus of 1.8 billion compared to a deficit of 1.7 billion in 2005. External loans obtained by the Treasury and public institutions were up by 8.7% to a total of 16.7 billions, 12.2 billions of which was accounted for by foreign currency and 3.8 billions by commercial credits. These funds helped to finance investment projects and structural reforms and more than half of them came from multilateral donors, in particular the African Development Bank (3.4 billion dirhams), the International Bank for Reconstruction and Development (2.2 billions), the European Investment Bank (1.5 billion) and the Arab Fund for Economic and Social Development (1.1 billion). Debt redemption expenditure, at 14.3 billions, was down by 13.3% from one year to the next.

The outstanding amount of public foreign debt, including guaranteed debt, was slightly lower at 115.2 billion dirhams or 20% of GDP. When interest payments of 4.2 billions are taken into account, the total cost of the public foreign debt was 18.6 billion dirhams, thus representing 7.3% of current receipts compared to 9.2% the previous year.

### ◆ International investment position

The international investment position, which shows the stocks of financial assets and liabilities with the rest of the world, ended the year 2005<sup>(1)</sup> in deficit, up by 5.8% to 159.5 billion dirhams or 30.5% of GDP. This trend was the result of the deteriorating net deficit in direct and portfolio investments, the effect of which was mitigated by the improved stock of reserve assets <sup>(2)</sup>.

#### **Assets**

The stock of financial assets held by residents, valued at nearly 193 billion dirhams, increased by 15.9%, largely attributable to reserve assets, which continue to account for the major proportion with 89.6% of total assets. Reserve assets in fact rose by 15.6% year-on-year, mainly the result of the rise in foreign exchange assets from 145.3 billion to 168.2 billion dirhams.

The outstanding amount of residents' direct investments abroad, at 6.5 billion dirhams, was up by 18.2%, largely due to the 32.9% increase in direct holdings, put at 5.4 billion. Most of these investments were made in France, Egypt and the offshore and free zones of Tangier, chiefly by operators in the financial and cement sectors. Associates' advances on current accounts increased from 294.9 million to 477.4 million dirhams, while lending between affiliated enterprises fell from 1.2 billion to 733.3 million.

Held mainly by the financial institutions, the stock of portfolio investments, at 1.2 billion, fell by 5% in 2005 as a result of the reclassification of certain financial institutions' holdings as direct investments.

(1) Data relating to the international investment position prepared by the "Foreign Exchange Office" are published six months after the closing date of the year.

(2) See Statistical appendix VIII-2.



The outstanding amount of the other investments increased by 23% to 12.3 billion dirhams in line with the 32% increase in funds raised by non-residents, in particular the International Finance Corporation.

Commercial credits granted by Moroccan exporters to their foreign customers were up by 13.3% as a result of the growth in exports. Deposits with foreign banks and funds in residents' foreign currency accounts increased by 31.2%. Similarly, the other assets, consisting mainly of Morocco's holdings in the capital of certain international bodies, rose by 3.4% compared to 2004.

## **Liabilities**

At 352.5 billion dirhams, Morocco's liabilities with the rest of the world were up by 11% or 35.3 billion, chiefly due to the increase in stocks of foreign direct investment.

Foreign direct investment, mainly in the industrial and telecommunications sectors, amounted to 191.9 billions, up 17.5%, representing 54.5% of total liabilities. This trend concerns holdings in particular, which were up by 14.6% to 175.9 billions.

The outstanding amount of portfolio investments, nearly 90% of which were investments in listed securities, amounted to 18.8 billion compared to 14 billions as a result of the rise in prices of stock market listed shares.

Liabilities in respect of other investments, totalling 141.7 billion dirhams, were up slightly, attributable to the 34.7% increase in deposits made by non-residents with the Moroccan banking system, which rose from 5.5 to 7.4 billion. The outstanding amount of the public debt was virtually unchanged at 115.9 billion, a figure which masks a 1.9% reduction in Treasury debt and a 4.2% increase in guaranteed debt. Similarly, the stocks of private sector external debt and of commercial credits were virtually unchanged at 12.3 billion and 6.1 billion dirhams respectively.

## ◆ The regulations governing external commercial and financial transactions

The process of opening up the national economy continued with the introduction of several liberalisation measures in the course of 2006.

Thus, transfers in respect of payments made by call centres to non-resident service providers were liberalised, as were the payments for the purchase of manufacturing licence rights, the hire of satellite capacity by entities operating in the audiovisual sector and the reimbursement of foreigners' travel and subsistence costs in connection with technical assistance operations.

Liberalisation was extended to the guarantees issued by banks in connection with the award of contracts to non-residents, the supply of goods and services financed by foreign establishments and the settlement of transactions relating to international transport. In order to promote tourism, the banks were also authorised to issue guarantees to foreign financial institutions for the purchase by non-residents of real estate in Morocco.

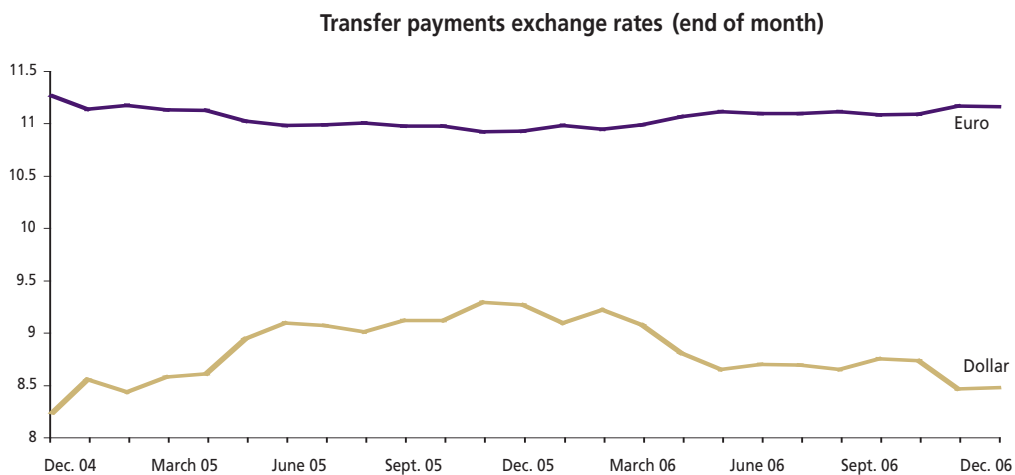
In addition, a new regulatory framework was introduced governing the exchange of foreign banknotes, resulting in particular in the extension of this activity to money remittance offices and the introduction of exchange offices.

## ◆ Foreign exchange market

### Quotation of foreign exchange rates

On the international foreign exchange markets, 2006 was marked by the depreciation of the US dollar, chiefly against the euro and the pound sterling, and the continued overall downward trend of the Japanese yen.

In the light of these developments and of the quotation system of the dirham (see Box 7), the national currency strengthened from year-end to year-end by 9.4% against the dollar and 10.7% against the yen. On the other hand, it depreciated by 2.1% against the euro and 4.1% against the pound sterling. In terms of SDR, the external value of the dirham appreciated by 3.91% from year-end to year-end.



### Box 7 : The quotation of the dirham

Since 1973, the dirham has been quoted on the basis of a basket of currencies. Reflecting the structure of Morocco's foreign trade, the aim of the quotation basket was to ensure that our currency was stable in terms of nominal effective exchange rate and to cushion the effect on the dirham of fluctuations affecting the basket's currencies.

When the dirham was devalued in 1990, the quotation mechanism was radically revised with the adoption of a new basket. At that time, it was decided to increase the proportion of European currencies in the basket, based on the partnership agreement with the European Union and our economy's greater integration into that area.

With the advent of the euro in 1999, the basket's structure was again revised, the old European currencies being replaced by the euro. In addition, the adoption of new reference rates allowed account to be taken of the variations that had occurred since May 1990 so as to preserve the external value of the dirham and have up-to-date exchange rates.

In April 2001, the basket was adjusted, limiting its composition to the euro and the US dollar, with a respective weighting of 80% and 20%. The purpose of this adjustment was to reduce the dirham's fluctuations against the currency of Morocco's main trading partner.

Since 2001, the stability of the nominal effective exchange rate provided by the basket system has been reinforced by a gain in competitiveness in real terms, since the rate of inflation in Morocco has generally been below the average rate in the US and the euro area.

In practice, the dirham is quoted on a daily basis as follows:

1- The weighting of each of the currencies used to define the dirham is calculated on the basis of the reference rates determined for the purpose. The average rate for the dirham in terms of the dollar is then calculated on the basis of those weightings and of the average EUR/USD rate on the international market. This gives the following formula:

$$1\text{DH} = (1/\text{USD reference rate}) * 20\% + [(1/\text{EUR reference rate}) * 80\%] * \text{EUR/USD rate} = x \text{USD}$$

The inverse of the rate so obtained gives the average rate for the dollar expressed in dirhams.

2- The average rates of the other currencies quoted are determined on the basis of the average USD/MAD rate calculated previously.

3- The buying and selling rates are set at 3‰ either side of the average rates of the quoted currencies.

On an annual average, the national currency rose by 0.78% against the dollar and 6.48% against the yen, but depreciated by 0.18% against the euro and 0.49% against the pound sterling<sup>(1)</sup>.

Given that in the year under review inflation was higher than that of our main partners, the effective exchange rate of the dirham, calculated on the basis of annual average rates, appreciated slightly in real terms.

### Foreign exchange transactions

In 2006, foreign exchange market activity increased overall as a result of the growth in both spot and forward transactions<sup>(2)</sup>.

Interbank spot currency swaps against dirham rose by 1.8 billion dirhams to an annual average of 12.3 billions as a result of the increase in transactions carried out by the banks on behalf of their customers.

Banks' purchases of foreign currency from Bank Al-Maghrib amounted, on a yearly average, to 2.1 billion dirhams compared to 1.8 billion the previous year.

Forward foreign exchange transactions effected by the banks on behalf of their customers involved an annual average volume of 14.1 billion dirhams, almost two thirds more than in 2005. Forward purchases to cover imports, accounting for 95% of this, increased by 69% on average.

At the same time, foreign exchange arbitrage transactions conducted by the banks with their foreign correspondents more than doubled on annual average to 36.4 billion dirhams. This increase is attributable to the growth in euro/dollar transactions in connection with foreign currency financing and cash holding management .

(1) See Statistical appendix IX-1

(2) See Statistical appendix IX-2

Similarly, the growth in Moroccan banks' foreign currency investments with their foreign counterparts continued in 2006, with the average volume of such operations rising from 9.1 billion to 13.4 billion dirhams. The highest volume of these investments was made during the month of November, when the banks purchased large amounts of foreign currency from Bank Al-Maghrib.

### ◆ International cooperation

As far as international cooperation is concerned, the year 2006 was marked by the entry into force of two free trade agreements designed to impart a fresh impetus to trade and foreign direct investment. These agreements, concluded with Turkey and the United States in 2004, provide in particular for a progressive dismantling of trade barriers for industrial products over a maximum period of ten years. Likewise, the quadripartite free trade agreement concluded with Tunisia, Egypt and Jordan in February 2004 was ratified by Morocco in July 2006 and came into force in March 2007.

In addition, the tariff dismantling begun in March 2000 under the terms of the free trade agreement with the European Union continued with a 10% reduction in customs duties on imports of locally manufactured industrial products.

Moreover, the fisheries agreement concluded with the European Union came into force in March 2006. It provides both for financial compensation for fishing activity authorised in Moroccan waters and for support for the modernisation of the Moroccan coastal fishing fleet, as well as for the promotion of partnership and investments in this sector.

Finally, as part of the strengthening of cooperation between the countries of the Maghreb, a regional conference on financial sector reform and financial integration in the Maghreb countries was held in Rabat in December 2006. This conference, which follows the 2005 Algiers conference on trade facilitation, identified priorities, with action to be taken in the short and medium term, in particular for the harmonisation of regulations and payment systems, the continued modernisation of the national financial sectors and the strengthening of cooperation between the central banks and the other supervisory authorities. It also set up a committee of experts to draw up an action plan for the region's financial integration. The third conference on Maghreb integration, to be held in Tunis, will be devoted to the role of the private sector in regional economic development.

## ◆ Public finance

The public finance situation improved significantly in 2006 thanks to buoyant tax revenues coupled with a slight reduction in operating expenses. As a result, the budget deficit was no more than 1.7% of GDP<sup>(1)</sup>, or 2.1% excluding privatisation receipts, undershooting the level forecast in the Finance Act and the rates recorded over the last years. Moreover, the reduction in the Treasury's financing requirement enabled the ratio of its debt to GDP to be cut from 62.6% to 57.4% in the space of one year.

### ◆ 2006 Finance Act

The 2006 Finance Act was drawn up on the basis of a projected growth rate of 5.4% and an oil price of 60 dollars a barrel. The budget deficit was to be kept down to 2.8% of GDP compared to 3.3% in the previous Finance Act, current revenue and total costs being expected to rise by the same rate of 7.8%. The improvement in current revenue was to result from higher tax receipts, especially from corporation tax and value added tax. Conversely, non-tax revenue was expected to fall, largely because of the drop in privatisation receipts, estimated at 4.5 billions compared to 12 billions in the 2005 budget. On the other hand, general budget costs were to increase, mainly as a result of rising expenditure in respect of subsidisation and operating expenses. The latter were in fact to be affected by the increase in the State's contribution to the Caisse marocaine des retraites (Moroccan Pension Fund) for civil and military pensions and the payment by the budget, instead of the CMR, of the additional costs resulting from the voluntary early retirement scheme. The increase in expenditure was also to result from higher debt interest payments, up by 7.7%, and a rise of 6.9% in equipment expenditure. On the other hand, thanks to the voluntary early retirement scheme, staff costs were to fall by almost 2%.

(1) See Statistical appendices X-1 to X-4



The 2006 Finance Act included tax adjustments aimed in particular at widening the tax base.

Thus, it was decided to subject transactions of the Crédit agricole (Agricultural Credit Fund), formerly exempt, to VAT at the rate of 10%, which would also apply to other financial transactions previously taxed at 7%, while maintaining the exemption for loans and advances granted to local authorities by the Fonds d'équipement communal (Municipal Equipment Fund) (see Box 8).

#### **Box 8 : Measures relating to VAT**

The measures provided for by the 2006 Finance Act relating to VAT are:

- Financial transactions taxed at a rate of 10%;
- Butter taxed at a rate of 14%;
- The rate applicable to milled rice, flour and pasta increased from 7% with no right of deduction to 10% with right of deduction;
- The rate applicable to bicycles, bicycle tyres and inner tubes, subscriptions to radio and television broadcasting services and compound feedingstuffs increased from 7% to 20%;
- The rate applicable to jams, to sale and delivery transactions involving coffee, to coffee substitutes and to soluble coffee extracts increased from 14% to 20%;
- Certain liberal professions, such as translators, notaries, lawyers, 'adoules'<sup>(1)</sup>, bailiffs and veterinary surgeons taxed at a rate of 10% with right of deduction instead of 7% with no right of deduction;
- Transactions by operators of driving schools taxed at a rate of 20% with right of deduction;
- Receipts from games of chance, the national lottery and the Pari Mutuel Urbain<sup>(2)</sup> taxed at a rate of 20% instead of being exempt with no right of deduction.

(1) Muslim notaries.

(2) Pari-mutuel betting.

So far as corporation tax is concerned, it was decided to make the profits generated by the Caisse d'épargne nationale (National Saving Fund) subject to the standard rate of 35%. In addition, the exemptions enjoyed by foreign companies for capital gains on the sale of transferable securities were limited to shares listed on the Casablanca Stock Exchange. The 2006 Finance Act also provided for dividends paid to the State and local authorities to be subject to corporation tax. However, in order to bring the tax arrangements for undertakings for investment in risk capital into line with those for undertakings for collective investment in transferable securities, it was decided to grant them exemption from corporation tax provided that they have a specific accounting plan and permanently hold a portfolio of at least 50% of shares in unlisted Moroccan companies. In addition, the partial exemption from corporation tax for legal persons in respect of capital gains on sales of transferrable securities listed on the Casablanca Stock Exchange was extended until 31 December 2007.

Moreover, the exemption for interests earned by deposits made by natural persons with the Caisse d'Épargne National (National Saving Fund) was maintained.

Finally, in connection with the drawing up of the General Tax Code, a tax base and collection book was adopted following the Book of Tax Procedures in 2005 (see Box 9). Likewise, a report on tax expenditure was attached to the Finance Act for the first time. It highlights the shortfall resulting from special arrangements, putting it at 15.5 billion dirhams or 2.9% of GDP for 2005, 53% of which in respect of VAT.

#### **Box 9 : Tax Base and Collection Book**

The purpose of this book is to codify all the legislative provisions concerning the tax base for corporation tax, income tax, value added tax and registration fees and their collection. To this end, it brings the separate texts together and harmonises some of their provisions with the laws and regulations in force, such as the accountancy law and the laws on corporations. It also introduces new provisions designed to widen the tax base.

## ◆ Execution of the 2006 Finance Act

The execution of the 2006 Finance Act was characterised by a marked increase in current revenue, which came to 147 billion dirhams, and by a slight fall in current expenditure to 124.2 billions, resulting in a record current balance of 22.8 billions. After taking into account equipment expenditure of 23.4 billions, up 14.2%, and the 9.2 billion negative balance of the Treasury's special accounts, the budget deficit amounted to 9.8 billions, which was down by more than a half. Under these circumstances, the ratio of Treasury debt to GDP resumed the downward trend that had been interrupted in 2005 with the extraordinary expenditure associated with the operation of the voluntary early retirement scheme.

### Treasury current account revenue

At 147 billion dirhams, Treasury current account revenue, including the share of VAT transferred to local authorities and the privatisation proceeds, was up by 11.2%, mainly owing to the increase in tax revenues. Following a rise of 13.4%, the latter amounted to 125.2 billion dirhams, pushing the tax burden up to 21.8% from 21.1% in 2005.

Direct taxes accounted for 40.2% of this, totalling 50.4 billion dirhams, an increase of 16%. Specifically, corporation tax receipts, which reached 24.8 billions, were up by 28% thanks to the improved results of firms operating in the financial, telecommunications, cement and energy sectors in particular, which are the largest payers of this tax, as well as to adjustment payments. Income tax rose by just 5% to 23.9 billions. At this level, it now represents only 47.5% of direct taxes compared to 52.6% in 2005.

Indirect taxes increased by 14.6% to 55.2 billion dirhams. Out of this total, VAT receipts, at 39.2 billions, rose by more than a fifth in 2006. The proceeds of domestic VAT, which had been virtually unchanged in 2005, in fact showed a rise of 30.7% as a result of the adjustment made to the rates of this tax and the growth of consumption. Import VAT, for its part, generated proceeds of 22.5 billions, up by 13.4%, almost the same rate as the growth in imports. Receipts from domestic consumption taxes increased from 15.5 to 16 billions, 9.2 billions of which being accounted for by petroleum products.

Customs duty receipts were virtually unchanged at 12.3 billions, the effect of tariff dismantling being mitigated by the growth in imports.

At 7.3 billions, registration fees and stamp duties were up by 14.4% in line with the favourable trend in the real estate sector.

Non-tax revenue increased by 7% with the improved proceeds of the monopolies and the payment of the surpluses of the industrial accident funds. Privatisation receipts declined from 6.9 billions to 2.4 billions, including 2 billions from the transfer of 20% of the capital of the Régie des tabacs (State-owned tobacco company), the remainder coming from the transfer of the capital of the Moroccan Tea and Sugar Company SOMATHES and of 0.1% of the capital of Maroc Telecom.

### **Treasury expenditure**

At 124.2 billion dirhams, Treasury current expenditure was down by 2.4% compared to the 2005 amount, which included voluntary early retirement payments. Excluding those payments, operating expenses were up by more than one fifth owing to the increase in the State's contributions to the

CMR (Moroccan Pension Fund) for civil and military pensions. Personnel expenditure, which was to be reduced with the operation of the voluntary early retirement scheme, was increased by 2.4% to 63.4 billions or almost 11% of GDP as a result of speeding up civil servants' status regularisation, the measures taken in favour of certain categories in the ministries of education and health, and the allocation of empty budget items. Debt interest expenditure, at 18.6 billions, was up by 6.5%, chiefly due to payments on the domestic debt, which were up by 7.2%. Finally, subsidisation payments rose by 7.9% compared to 42.7% in 2005, totalling 12.2 billions, 7.6 billions of which being accounted for by petroleum products.

Against this background, the current budget showed a positive balance of 22.8 billion dirhams compared to 5 billions in 2005. Taking into account equipment expenditure of 23.4 billions, up 14.2%, and the negative balance of the Treasury's special accounts, amounting to 9.2 billions, the budget deficit fell, in the space of a year, from 20.7 billions to 9.8 billion, and to 12 billions if privatisation receipts are excluded. The Treasury also reduced payment arrears by 1.3 billion, taking their stock to 5.5 billions, including 3.4 billions for petroleum products. Thus, the cash deficit came to 11 billions compared to 28.5 billions the previous year.

### ◆ The financing of the Treasury deficit

The reduction in the cash deficit and the decline in net outflows of funds on the external debt allowed recourse to the tender market to be limited. The Treasury also raised a large volume of resources through its own financial circuits.

In millions of dirhams	Year (*) 2005	Year 2006
<b>Current revenue</b>	<b>132 223</b>	<b>147 008</b>
Tax revenues	110 384	125 230
Non-tax revenues	17 807	19 054
Receipts of certain special Treasury accounts	4 032	2 724
<b>Current expenditure</b>	<b>127 229</b>	<b>124 186</b>
of which : Interests on public debt	(17 441)	(18 570)
<b>Current account balance</b>	<b>+4 994</b>	<b>+22 822</b>
<b>Equipment expenditure</b>	<b>20 519</b>	<b>23 428</b>
<b>Special accounts balance</b>	<b>-5 199</b>	<b>-9 161</b>
<b>Budget surplus or deficit</b>	<b>-20 724</b>	<b>-9 767</b>
<b>Changes in arrears</b>	<b>-7 805</b>	<b>- 1 255</b>
<b>Cash deficit</b>	<b>-28 529</b>	<b>-11 022</b>
<b>Net financing</b>	<b>28 529</b>	<b>11 022</b>
<b>External financing</b>	<b>-1 457</b>	<b>-538</b>
Drawings	9 284	8 857
Amortization	-10 741	-9 395
<b>Domestic financing</b>	<b>29 986</b>	<b>11 560</b>
Bank financing	4 107	-2 025
- Bank Al-Maghrib	(749)	(-1 350)
- Banks	(3 358)	(-675)
Non-bank financing	25 879	13 585
- On the capital market	33 930	7 822
- Monetary deposits	703	-30
- Other deposits	- 8 754	5 793

(\*) Revised.

## External financing

Apart from grants of 2.5 billion dirhams, mainly from the European Union, the Treasury mobilised funds totalling 6.4 billion dirhams, including 3 billions from the African Development Bank to finance infrastructure projects. Repayments on the principal amounted to 9.4 billions, down 12.5%, the flows of foreign capital resulting in net outflows of 538 millions compared to 1.5 billion in 2005.

## Domestic financing

The improvement in the State's cash position resulted in a 61.4% decline in net resources raised on the domestic market, which amounted to 11.6 billions. Monetary financing fell by 2.1 billions, the Treasury having cut its recourse to the banks by 675 millions and reduced its debt to the central bank by 1.4 billion. In this connection, it should be pointed out that the Treasury repaid a sum of 1 billion in respect of agreed advances by issuing securities (see Box 10). Net mobilisations of savings resources amounted to 13.6 billions compared to 25.2 billions the previous year.

In fact, apart from large sums raised at the beginning and the end of the year, the Treasury reduced its net recourse to the capital market, net issues by calls for tenders amounting to only 8.4 billions compared to 36.7 billions in 2005. The volume of acquisitions by UCITS grew by 12.4 billions, those by the Caisse de dépôt et de gestion (Deposit and Management Fund) and the banks by 734 and 434 millions respectively, while subscriptions by insurance companies and provident institutions fell by 5 billions. Six-month bills and agreed borrowings gave rise to net repayments of 176 millions and 1.3 billion respectively, while net subscriptions to other debt instruments were up by a total of 329 millions. The remainder of the Treasury's financing requirement was covered by recourse to its financial circuits.

**Box 10 : Provisions governing Bank Al-Maghrif's claims on Government**

Article 27 of Bank Al-Maghrif's new Statutes stipulates that the Bank may not lend to the Government nor guarantee its commitments , except for the overdraft facility, which is limited to 5% of the previous budget year's fiscal revenues and the use of which is subject to restrictions. Moreover, in accordance with Article 62 an agreement setting out the rules for the repayment of Bank Al-Maghrif's claims on Government was signed three months after the Statutes came into force.

Under that agreement, the Treasury undertook to repay those advances, totalling 5.5 billion dirhams, in the course of 2006 and 2007 by issuing bills at market conditions.

An initial tranche was repaid on 7 November 2006, and two others followed on 19 February and 12 March 2007, each for a sum of 1 billion.

**◆ The direct public debt**

At the end of December 2006, the total outstanding amount of the Treasury's debt came to 330.3 billion dirhams, showing a slight rise of 0.9% compared to 11.3% in 2005. Its debt ratio fell from 62.6% to 57.4% of the GDP, given the marked rise in GDP in 2006. The outstanding amount of the domestic debt rose from 258.5 to 265.8 billion dirhams in the space of a year, thus representing 80.5% of the total direct debt and 46.2% of GDP, compared to 79% and 49.5% respectively in 2005. The outstanding amount of Treasury bills issued by call for tenders came to almost 260 billions, an increase of 3.4%. On the other hand, the outstanding amount of the other debt instruments, totalling 5.9 billion dirhams, fell by 16%. The portfolio of Treasury bills held by UCITS increased by 25% and its share in the total outstanding amount of the domestic debt grew from 19% in 2005 to 23% in 2006.



The average cost of the domestic debt fell in the space of a year from 4.66% to 4.08%, while its structure, based on residual term, shows the preponderance of long-term securities, the proportion of which increased from 47% to 52%. Finally, in December 2006 the Treasury issued, for the first time, 30-year Treasury bills with a nominal rate of 4.50%.

The outstanding amount of the direct external debt fell by 6.5% to only 64.5 billion dirhams, or 7.6 billion dollars. At the same time, its share of total indebtedness was down from 21% to 19.5%.

The process of active management of the external debt continued in 2006. Operations of debt conversion into private investments amounted to 728 million dirhams with Kuwait and 88 million dirhams with Spain, while debt conversions into public investments totalled 49 million and 109 million dirhams with Italy and Spain respectively. The Treasury also repaid early an expensive debt to the Japanese Bank for International Cooperation amounting to 272 million dirhams.

## ◆ Money

### ◆ Monetary policy

In 2006, monetary policy was conducted within the framework of the central bank's new Statutes, which gave it broad autonomy with price stability as its primary mission.

The Bank very quickly set itself the objective of readjusting the strategic framework of its monetary policy, adopting a variety of criteria for assessing inflationary risks. At the same time, it looked into the analysis of the mechanisms for the transmission of monetary policy.

Since the analyses made within the framework of this approach highlighted the existence of price pressures as early as the first quarter of 2006, at its April 2006 meeting, the Bank's Board decided to give priority to weekly calls for tenders as the instrument for withdrawing liquidity, setting their rate at 2.50%, instead of the 24-hour deposit facilities at 2.25%. In the light of a worsening outlook with respect to inflationary risks in the final quarter of the year, at its December meeting the Board decided to increase the rate for liquidity withdrawals on call for tenders to 2.75%<sup>(1)</sup>.

### Framework of monetary policy

Monetary policy decisions are the responsibility of the Bank's Board, the new composition of which guarantees a complete independence. It meets quarterly based on a timetable published in advance, the dates of the 2006 meetings having been announced at the end of 2005. The validation of the work on which the Board's decisions are based is the responsibility of the Monetary and Financial Committee, an internal body of the Bank which meets every month under the chairmanship of the

(1) See Statistical appendices XI-1 to XI-12

Governor. At the operational level, the Bank has set up a Money Market Committee, which meets on a weekly basis to decide on the volume and conditions of money market intervention.

Having in the past based its analytical mechanisms on the monitoring of the monetary aggregates in relation to a reference value set at the start of the financial year, the Bank has adopted a new approach which allows now for the various factors contributing to inflationary pressures to be identified by monitoring indicators relating to both the real and financial spheres.

These indicators are analysed on the basis of a forward-looking approach, resulting in the preparation of forecasts and the establishment of the balance of risks likely to affect price stability.

On the basis of these analyses and forecasts, the Monetary and Financial Committee prepares its quarterly report on monetary policy, which it submits to the Board and which is published broadly in line with international practice in the matter. Apart from the contribution it makes to decision-making, this report is an essential tool of communication for the Bank, enabling it to explain the basic reasons for monetary policy decisions and give economic agents a more solid basis for their expectations.

The operational framework remains based on the Bank's interventions on the money market to keep the overnight rate at a level compatible with the Board's decisions. To this end, the Bank deploys a set of intervention instruments, consisting mainly of 7-day operations on call for tenders, the rate of which is set at 3.25% for advances and ranges between 2.50% and 3.25% for liquidity withdrawals.

In addition, fine-tuning operations, in particular repurchase operations, are carried out on Bank Al-Maghrib's initiative to manage the interbank rate.

Moreover, 24-hour advance and deposit facilities are also made available to the banks in order to limit the effects of unforeseen fluctuations in the supply of and demand for liquidity on the evolution of the overnight rate.

Finally, the new Statutes confer upon the Bank the option of issuing its own debt instruments for the purpose of regulating the money market. However, the Board has decided not to make use of this instrument under the present circumstances.

### **Monetary policy decisions**

In 2006, monetary policy was conducted in a context of intensifying inflationary pressures. After the moderate rate observed in 2005, risks of pressure on prices in the short term appeared as early as the first quarter, as a result in particular of the accumulation of large cash holdings by economic agents and the rising cost of energy as well as the effects of the changes to value added tax.

In view of this, at its meeting on 27 April the Board decided to adopt 7-day liquidity withdrawals on calls for tenders, at a rate of 2.50%, as its preferred instrument of intervention.

The main trends observed in the first quarter continued during the second and third quarters with, in particular, strong growth in demand, expansion of money and credit and inflation exceeding 3% on a year-on-year basis. At its two meetings of 20 June and 22 September 2006, the Bank's Board therefore decided to continue to give preference to withdrawal operations on call for tenders at a rate of 2.50%, while closely monitoring inflationary risks.

Over the last three months, the risks of accelerating inflation worsened, the cost of living index having in October recorded a year-on-year increase of 4.1% and the estimates of total demand indicating the existence of pressures on output capacity. On the monetary front, the annual rate of

increase in aggregate M3 amounted to 15.2% in November, reflecting in particular a rapid rise in transaction balances. The other indicators monitored by the Bank, in particular those relating to international oil prices and the employment market, provided further evidence of an increase in price pressures.

In the light of these developments, at its meeting on 19 December 2006, the Bank's Board decided to raise the money market intervention rate by 25 basis points for 7-day liquidity withdrawals on call for tenders, to 2.75%.

### **The implementation of monetary policy**

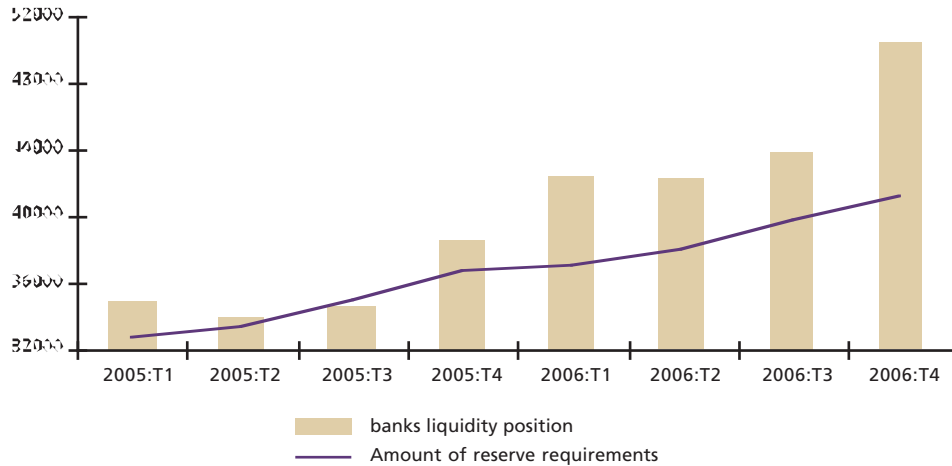
In a context marked by the growth of surplus liquidity in 2006, the money market was regulated primarily through liquidity withdrawals.

Indeed, based on the average of end-of-week outstanding amounts, the banks' structural liquidity position (Box 11) amounted to 44.7 billion dirhams, compared to 35.6 billion in 2005<sup>(1)</sup>. With the average level of reserves requirements, the ratio of which was held unchanged at 16.5%, totalling 39 billion dirhams, the surplus of banks' cash holdings reached 5.7 billions compared to 1.2 billion in 2005.

The first quarter was marked by a rapid rise in the banks' structural liquidity position which, taking into consideration the minimum required in respect of the monetary reserve, showed a net surplus, on end-of-week average, of 5.4 billions compared to 1.9 billion in the fourth quarter of 2005. In this context, the interbank rate fell to a daily average of 2.38%, down by 28 basis points.

(1) Excluding the banknotes and coins holdings of banks.

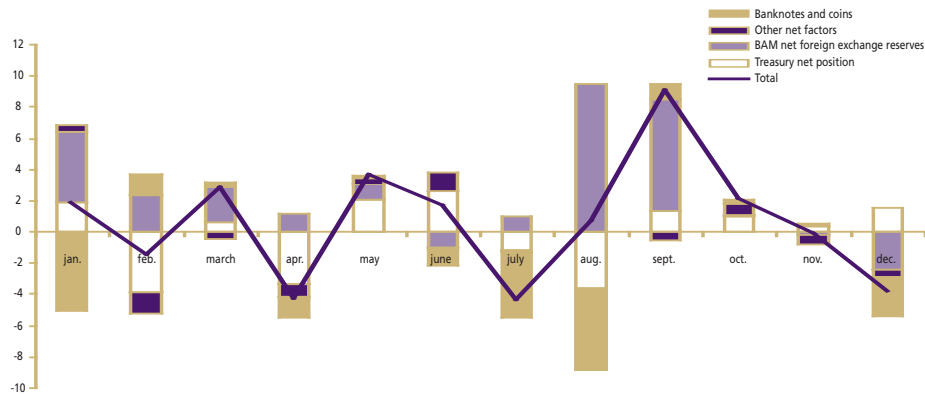
**Chart 1 : Bank liquidity indicators**  
end-of-week averages in millions of DH



In the course of the second quarter, the Bank's interventions mainly took the form of 7-day liquidity withdrawals at the rate of 2.50% in line with the Board's decision of April 2006. As a result, the interbank rate rose to a daily average of 2.54%, up by 16 basis points from one quarter to the next.

The changing liquidity situation saw two different phases during the third quarter. Thus, the banks' surplus cash holdings declined appreciably during the months of July and August as the quantity of notes and coins in circulation increased and the Treasury's net position improved, before expanding in September as a result of the strengthening of net foreign assets and the return flow of notes and coins (Chart 2). Bank Al-Maghrib therefore had to intervene in order to inject liquidity on several occasions, in July in particular, by means of 7-day advances on call for tenders at a rate of 3.25% and, additionally, of 24-hour advances at a rate of 4.25%. Thus, the interbank rate averaged 2.95% over the quarter as a whole, despite the downward adjustment observed in September.

**Chart 2 : Development of liquidity factors in 2006**  
(End-of-week changes in billions of DH)



The last quarter was marked by the persistence of the large surpluses that had appeared in September, the effect of keeping net foreign assets at high levels having been amplified by the reduction in the Treasury's net position with Bank Al-Maghrib. The decline in the overnight money rate was contained, with the daily average interbank rate amounting to 2.44%.

**Box 11 : Structural liquidity position and banks' net cash balance**

The structural liquidity position of banks (SLPB), which is an indicator of the banks' liquidity surplus or financing requirement, reflects the effect of all the autonomous factors. It is the sum of the sources of creation of the monetary base that do not depend on the central bank interventions, less the cash held in the form of notes and coins or assets with the Treasury's account at Bank Al-Maghrib.

$$\begin{aligned} \text{SLPB} &= \text{Net foreign assets} + \text{Advances to the Treasury} - \text{Treasury accounts} + \text{Other assets} - \text{Other} \\ &\text{liabilities} - \text{Notes and coins in circulation} \\ &= \text{Net foreign assets} + \text{Treasury net position} + \text{Other net items} - \text{Notes and coins in circulation} \end{aligned}$$

Once the structural liquidity position of banks has been determined, the level required for the monetary reserve (MR), which creates a further need for central bank money at the banks, is taken into account to measure their net balance :

$$\text{Banks' net liquidity surplus or deficit} = \text{SLPB} - \text{MR}$$

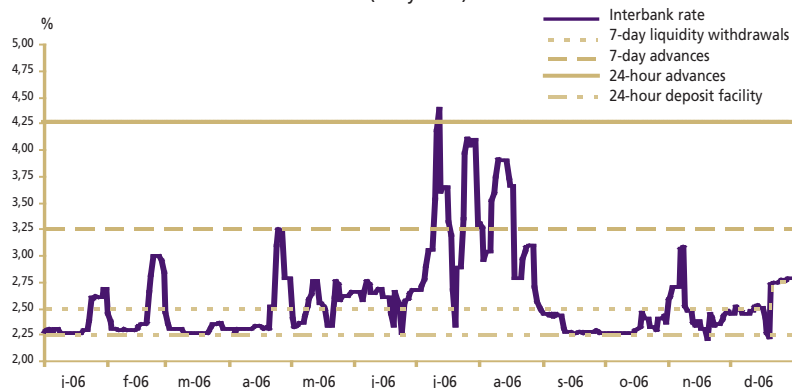
**The results of monetary policy**

While short-term interest rates were in 2006 influenced to a considerable extent by the raising of the Bank Al-Maghrib intervention rate, other rates generally continued the downward trend observed over the last few years.

In the year under review, the development of the interbank rate was characterised by an overall upward movement, reflecting the effect of the Bank's interventions, and its volatility was greatly reduced, as evidenced by the reduction in its standard deviation from 0.75% in 2005 to 0.42% (Chart 3).



**Chart 3 : Interbank rate and Bank Al-Maghrif's intervention rate  
(daily data)**



The debtor conditions applied by the banks were further eased, as evidenced by the new reduction in the average cost of bank credit <sup>(1)</sup> to an average of 7.08% in 2006, compared to 7.59% in 2005 and 7.86% in 2004. As this indicator is influenced by the higher rate levels applied to contracts concluded in previous years, the fact that it fell by 48 basis points seems to indicate a greater reduction in the rates applied to credits granted in 2006. This evolution is, moreover, corroborated by the results of the quarterly survey of debtor interest rates, conducted by the Bank since the start of the financial year under review, and which shows an overall downward trend.

The average cost of credit granted by the financing companies reached 11.53%, compared to 11.63% in 2005.

The rates on time deposits, which had fallen steadily until 2004, but remained stable in 2005, marked a rise ranging from 15 basis points for one-year deposits to 20 basis points for six-month deposits. This change is probably the result of a difference in approach adopted by the banks, which seem to find a renewed interest in stable resources against a background of a rise in demand for credit.

(1) The average cost of credit corresponds to the collected interests/outstanding amount of claims on the customers.

The evolution of rates on Treasury bills differed according to their maturity. Rates on issues with a maturity of 2 years or less increased slightly, by a total of 14 basis points for 26-week bills. On the other hand, the rates on 5 to 20-year bills were down sharply, recording reductions ranging from 32 to 138 basis points, a first issue of 30-year bills having been made in December at a rate of 3.98%. The issue rates of other negotiable debt securities were generally lower, despite the different risk premiums.

At the same time, the minimum rate paid on accounts on savings books with the banks, which is indexed to that paid on 52-week Treasury bills, increased by 25 basis points to an average of 2.53% over the year. The rate on savings books with the Caisse d'Epargne Nationale (National Saving Fund) amounted to 1.68%, up by 15 basis points as a result of the change to indexation mode to the rate on 5-year Treasury bills.

**TABLE 1 : EVOLUTION OF INTEREST RATES (MONTHLY AVERAGES)**

Rates	Years		
	2004	2005	2006
Interbank rates	2.39	2.78	2.58
Weighted average rate of 6 month deposits	3.25	3.23	3.43
Weighted average rate of 1 year deposits	3.61	3.52	3.67
Weighted average rate of 6 month and 12 month deposits	3.44	3.40	3.57
Rates of savings accounts with banks	2.42	2.28	2.53
Rates of saving boks with the National Saving Fund	2.20	1.53	1.68
Rates of 13-week Treasury bills	2.51	2.45	2.57
Rates of 26-week Treasury bills	2.69	2.54	2.68
Rates of 52-week Treasury bills	2.93	2.89	3.02
Rates of 2-year Treasury bills	3.34	3.13	3.17
Rates of 5-year Treasury bills	4.26	3.97	3.65
Rates of 10-year Treasury bills	5.03	4.78	4.06
Rates of 15-year Treasury bills	5.67	5.35	4.34
Rates of 20-year Treasury bills	6.09	6.01	4.63

### ◆ Money and liquid investment aggregates <sup>(1)</sup>

In 2006, the growth in aggregate M3 accelerated again, standing at 17% from year-end to year-end, compared to 14% in 2005 and 7.8% in 2004. Apart from the growth in notes and coins and sight deposits, this expansion reflects the continued recovery of time deposits, the rate of return on which increased appreciably. The upward trend in sight investments was also confirmed in 2006.

After stagnating in 2005, the liquid investment aggregates grew by 40.9% due to the combined effect of higher demand for UCITS securities and the appreciation in the value of their assets.

(1) See Statistical appendices XII- 1 to XII- 15

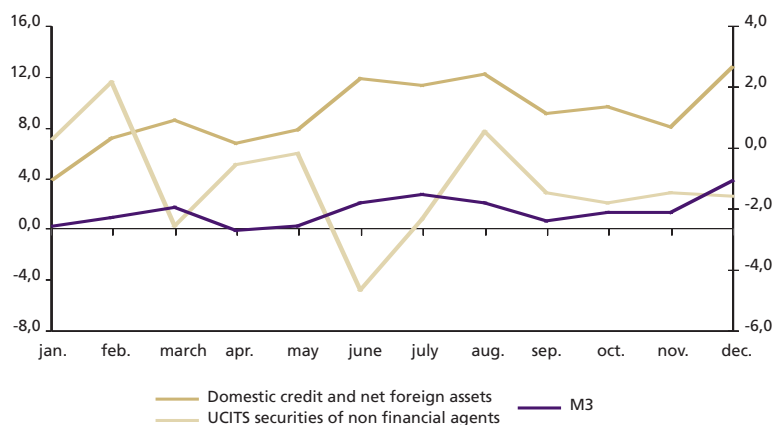
The growth in the economy's total liquidity, comprising M3 and the liquid investment aggregates, came to a monthly average of 15.1%, compared to 10.1% in 2005. In a context marked by accelerating economic growth, the rise in the economy's liquidity ratio slowed down.

So far as the sources of the creation of money are concerned, domestic lending showed a rise of 12.8%, masking a stagnation in net claims on Government and an acceleration in the rate of growth of claims on the private sector, which reached 16.3% with the expansion of economic activity and the drop in debtor interest rates. Its contribution to money creation remained unchanged at 60.5%. Net foreign assets, for their part, were up by 15%, contributing 30.8% to the creation of money, compared to 36.8% in 2005.

### **Aggregate M3**

In the course of the year, the evolution of M3 was determined by the relative importance of the expansive effects of the growth in domestic lending and net foreign assets and the moderating effect of the portfolio allocation movements in favour of investments in UCITS securities as the main alternative to cash (Chart 4).

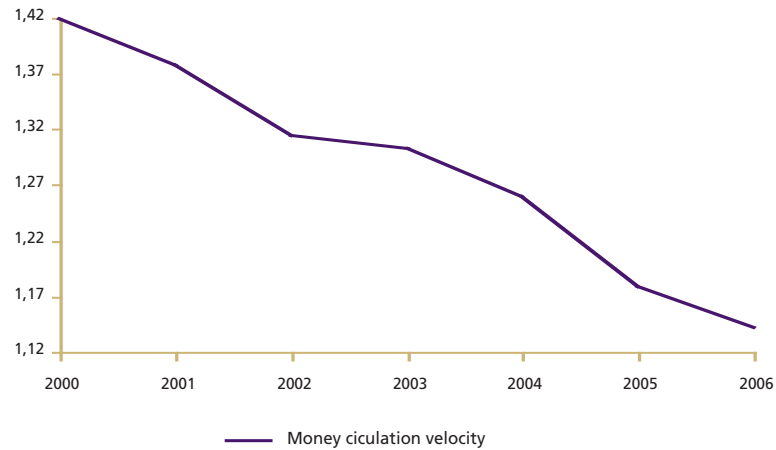
Chart 4 : Monthly evolution of M3 (in %)



Over the first five months, the monthly rate of growth of M3 slowed down overall, averaging 0.5%, in parallel with the growth in demand for UCITS securities and the virtual stagnation in domestic lending. Between June and August, aggregate M3 showed an average monthly growth of more than 2% as a result of the rise in claims on the private sector and net foreign assets and the increase in borrowing rates. During the rest of the year, the growth in M3 remained close to 1% with the notable exception of the rapid rise noted in December, due mainly to the increase in domestic lending.

Finally, aggregate M3, determined on the basis of the average month-end outstanding amounts, increased by 14.4%. Nominal growth in gross domestic product having exceeded 10%, the decline in the velocity of the circulation of money slowed appreciably, falling from 6.5% in 2005 to 3.8% in 2006.

**Chart 5 : Velocity of circulation of M3  
(Annual data )**



### Components of M3

Looking at the components of M3, the contribution of sight deposits to the growth in the money supply was lower for the second year running in the same way as sight investments, as the table below shows. On the other hand, the contributions of notes and coins in circulation and time investments increased appreciably.

TABLE 2 : M3 AND ITS COMPONENTS

Outstanding amount at the end of december in millions of dirhams	Fiduciary money	Sight deposits	Sight investment	Time investment	M3
2003	74 890	176 247	47 843	87 360	386 340
2004	79 715	196 056	52 918	87 741	416 818
2005	89 364	227 213	59 147	99094	474 818
2006	108 531	262 686	65 077	119 161	555 455
<b>Structure of M3 in %</b>					
2003	19.4	45.6	12.4	22.6	100
2004	19.1	47.1	12.7	21.1	100
2005	18.8	47.8	12.5	20.9	100
2006	19.5	47.3	11.7	21.5	100
<b>Variations in %</b>					
2003	7.7	10.5	11.0	4.8	8.7
2004	6.4	11.2	10.6	0.4	7.8
2005	12.1	15.9	11.8	12.9	14.0
2006	21.4	15.6	10.0	20.3	17.0
<b>Contribution to M3 growth in %</b>					
2003	17.3	54.3	15.4	13.0	100
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

### Notes and coins in circulation

The growth in notes and coins in circulation continued the acceleration begun at the start of the 2005 financial year, reaching 21.4% from year-end to year-end. Almost 44% of this increase was recorded in the last month of the year. Calculated as a monthly average, the growth in notes and coins in circulation amounts to 14.8%.

So far as the sub-annual trend is concerned, after the 2.4% rise in January, the level of notes and coins in circulation varied only slightly over the next four months, before increasing rapidly between June and August as a result of the rise in spending during the holiday period and the influx of tourists and Moroccans resident abroad. It then declined slightly before showing a monthly increase of 8.4% in December in connection with the celebration of Aïd Al Adha, which coincided with the end of the year.

### **Sight deposits**

The annual growth in sight deposits slowed down slightly in 2006, amounting to 15.6% at the end of December, compared to 15.9% in 2005 and 11.2% in 2004.

In accordance with its seasonal pattern, the change in sight deposits shows three periods of acceleration over the financial year, first in March with the increase in the current account assets of enterprises, then in June and July with the rise in deposits by individuals and by Moroccans living abroad, and in December, again as a result of the growth in company deposits.

### **Sight investments**

Sight investments increased by 10% in 2006, compared to 11.8% at the end of the previous financial year. Representing the least volatile component of the money supply, these investments grew by 0.8% on average.

The breakdown of these investments remained unchanged, accounts in savings books with the banks representing 82% and accounts in savings books with the CEN (National Savings Fund) 18%.



**TABLE 3 : SIGHT INVESTMENTS**

<b>Outstanding amount in millions of dirhams at the end of december</b>	<b>2005</b>	<b>2006</b>
Accounts on savings books with the National Saving Fund	10 572	11 702
Savings accounts with banks	48 575	53 375

### **Time investments**

After remaining virtually unchanged for the first six months, these investments grew quickly and steadily from July in line with the increase in their rate of return, showing an annual rise of 20.3% at the end of December 2006, compared to 12.9% in 2005. Similarly, on a monthly average, the growth in time investments amounted to 13.4%,

### **Liquid investment aggregates**

After being virtually unchanged during the previous financial year, liquid investments revived markedly from January 2006, benefiting from a portfolio movement of non-financial enterprises encouraged by the positive returns shown by the different categories of UCITS. Thus, apart from a dip in July, their annual growth rate increased steadily, standing at 40.9% at the end of December.

TABLE 4 : LIQUID INVESTMENT AGGREGATES

Outstanding amount in millions of dirhams	End of December 2004	End of December 2005		End of December 2006	
	Amounts	Amounts	variations in %	Amounts	variations in %
Aggregate LI 1	5 000	5 539	+10.8	4 347	- 21.5
Aggregate LI 2	11 478	9 369	- 18.4	11 686	+24.7
Aggregate LI 3	22 110	23 065	+ 4.3	35 942	+55.8
Aggregate LI 4	2 408	3 069	+27.5	5 854	+90.7
<b>Total LI</b>	<b>40 996</b>	<b>41 042</b>	<b>+ 0.1</b>	<b>57 829</b>	<b>+40.9</b>

### Aggregate LI1

Consisting mainly of Treasury bills and other negotiable debt instruments held by non-financial agents, aggregate LI1 fell by 21.5% (Table 5). This is the continuation of a trend observed over several years, and is due to the decline in the rates on Treasury bills and to the high yields on alternative investments, in particular UCITS securities.

**TABLE 5 : LIQUID INVESTMENT AGGREGATE (LI1)**

<b>End-of-year outstanding amount in millions of dirhams</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Treasury bills	7 372	4 281	4 773	3 855
Commercial papers	0	0	65	0
Bills issued by financing companies	721	719	701	492
<b>LI1 Total</b>	<b>8 093</b>	<b>5 000</b>	<b>5 539</b>	<b>4 347</b>

**Securities of monetary UCITS: Aggregate LI2**

After falling by 18.4% in 2005, aggregate LI2 was up by 24.7% from year-end to year-end. In a context marked by the weak appreciation in the liquidation value of monetary UCITS, this rapid growth was due mainly to the increase in investments by non-financial enterprises.

An analysis of the investment behaviour of economic agents in fact shows that enterprises largely decided in favour of securities of monetary UCITS, whereas individuals and Moroccans living abroad displayed a marked preference for time investments with the banks.

**Securities of bond UCITS: Aggregate LI3**

More or less unchanged in 2005, aggregate LI3 moved upwards from the beginning of the year, showing annual growth of 55.8% at the end of December 2006. This trend reflects both the scale of subscriptions by non-financial agents to securities of bond UCITS and the appreciation in their value, attributable to the decline in interest rates offered on new medium and long-term Treasury issues.

### Securities of share and diversified UCITS: Aggregate LI4

The recovery in the securities of share and diversified UCITS was confirmed in 2006, with a 90.7% growth from year-end to year-end. The buoyancy of these investments is explained mainly by the appreciation in their value as a result of the rapid rise in prices on the Casablanca stock exchange.

### ◆ The liquidity of the economy

Consisting of aggregate M3 and the LI aggregates, the liquidity of the economy grew by 15.1% on a monthly average. Taking into account the growth in gross domestic product (GDP) and gross national disposable income (GNDI) at current prices, of 10.1% and 10.3% respectively, the increase in the liquidity ratio of the economy slowed down markedly in 2006, as the table below shows:

**TABLE 6 : RATE OF LIQUIDITY OF THE ECONOMY (IN %)**

	2003	2004	2005	2006
M3 / GDP	76.8	79.4	84.9	88.2
M3 / GNDI	72.4	74.3	78.6	81.5
Total Liquidities / GDP	85.5	88.1	92.8	97.1
Total Liquidities / GNDI	80.6	82.4	85.9	89.7

## Sources of monetary creation

In 2006, the contribution of domestic lending to the creation of money remained unchanged at 60.5% compared to 39.9% in 2004; this was due entirely to the growth in claims on the private sector. At the same time, despite their sustained rise, net foreign assets contributed only 30.8% to monetary growth, compared to 36.8% and 57.3% respectively in the course of the last two years.

TABLE 7 : MONEY SUPPLY CONTERPARTS

In millions of dirhams	End of December 2004	End of December 2005		End of December 2006	
	Amounts	Amounts	Changes in %	Amounts	Changes in %
<b>Net foreign assets (I)</b>	<b>144 441</b>	<b>165 899</b>	<b>+14.9</b>	<b>190 768</b>	<b>+15.0</b>
<b>Total domestic lending</b>					
A. Claims on Government	72 665	77 475	+ 6.6	77 587	+ 0.1
B. Claims on the private sector	262 743	292 029	+11.1	339 597	+16.3
C. Counterparts of accounts on savings books with the National Saving Fund	9 349	10 572	+13.1	11 702	+10.7
<b>Total (A + B + C)</b>	<b>344 757</b>	<b>380 076</b>	<b>+10.2</b>	<b>428 886</b>	<b>+12.8</b>
Less : Banking system's non monetary resources	57 114	57 801	+ 1.2	50 007	-13.5
<b>Domestic lending of a monetary nature (II)</b>	<b>287 643</b>	<b>322 275</b>	<b>+12.0</b>	<b>378 879</b>	<b>+17.6</b>
<b>Total counterparts (I+II)</b>	<b>432 084</b>	<b>488 174</b>	<b>+13.0</b>	<b>569 647</b>	<b>+16.7</b>
<b>Other balancing items</b>	<b>- 15 654</b>	<b>-13 356</b>	<b>-14.7</b>	<b>-14 192</b>	<b>6.3</b>
<b>Memo : Aggregate M3</b>	<b>416 430</b>	<b>474 757</b>	<b>+14.0</b>	<b>455 455</b>	<b>+17.0</b>

## **Net foreign assets**

After increasing slowly but steadily during the first five months, net foreign assets fell by 3% in June as a result of an outflow of foreign currency in the context of a large transaction for the repayment of private loans. A sharp rise in July and August then contributed to an annual increase of 82.6%, due to higher travel receipts and an increase both in remittances from Moroccans living abroad and foreign direct investment. The remainder of the year saw no significant changes in foreign exchange reserves, which recorded a year-end to year-end growth of 15%.

The structure of these reserves shows that the net foreign assets of the banks rose over the last two financial years, and their proportion now stands at 9% compared to an average of 3.7% over the period 2000-2004.

## **Net claims on Government**

Net claims on Government remained virtually unchanged from one year-end to the next, the improvement in the Treasury's position with Bank Al-Maghrib having been offset by the increase in its recourse to the banks.

During the first eight months of the year, the low volume of Treasury issues on the tender market resulted in an almost continuous decline in the outstanding amount of net claims on Government, which in August fell to a level 15.5% below that of December 2005. This amount then rose again in line with the decline in Treasury assets with Bank Al-Maghrib between September and November and the resumption in issues of Treasury bills in December.

TABLE 8 : NET CLAIMS ON GOVERNMENT

Outstanding amount at the end of December in millions of dirhams	2004	2005		2006	
	amount	amount	Variations in %	amount	Variations in %
<b>Claims on the government</b>	<b>72 665</b>	<b>77 475</b>	<b>6.6</b>	<b>77 587</b>	<b>0.1</b>
Net claims of Bank Al-Maghrib	-7 977	-7 228	-9.4	-8 860	22.6
Claims of banks	72 033	75 391	4.7	77 259	2.5
Claims of individuals and non financial companies	8 609	9 312	8.2	9 188	-1.3

### Claims on the private sector

As a result of accelerating economic growth and the decline in debtor rates, claims on the private sector increased by 16.3% in 2006 from year-end to year-end, compared to 11.1% and 6.8% in 2005 and 2004 respectively. By category of credit, the highest rates of growth were found in real estate loans and liquidity credits and, to a lesser extent, in lending to the financing companies and in consumer credits.

(1) Excluding loans granted by the banks to financing companies.



## ◆ Credit

In a context marked by sustained economic activity and a significant drop in interest rates as a result of keener competition, lending by credit institutions was up by 16.4% at the end of the 2006 financial year, compared to 12.8% in 2005, to a total of 351.6 billion dirhams or 61.1% of GDP.

This evolution was observed in both bank loans, which constitute 85.1% of total credit, and lending by the financing companies, these two categories of credit having grown at a rate of around 17% compared to 12.5% and 10.8% respectively in 2005.

The volume of loans granted by microcredit associations continued to expand to 3.5 billion dirhams, which represents an increase of more than the double in one year, following a surge of 75% in 2005.

### ◆ Credits distributed by the banks

At 327.4 billion dirhams, the total outstanding amount of bank lending increased by 17.7% in 2006, compared to an average rise of 6.5% during the last five years. Excluding pending claims, growth in lending was stronger, amounting to 24.4% compared to 17.7% the previous year.

## Distribution of bank credits by purpose

In millions of dirhams	2004	2005			2006		
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	In % of total
Debtor accounts and overdraft facilities	67 311	78 326	+ 16.4	28.2	97 811	+ 24.9	29.9
Equipment credit	56 671	65 166	+ 15.0	23.4	79 381	+ 21.8	24.2
Real estate loans	45 869	57 215	+ 24.7	20.6	73 328	+ 28.2	22.4
Consumer credit	23 725	26 699	+ 12.5	9.6	33 214	+ 24.4	10.1
Miscellaneous claims	5 644	7 121	+26.2	2.6	8 017	+12.6	2.4
Pending claims	48 070	43 605	- 9.3	15.7	35 606	- 18.3	10.9
<b>Total lending by the banks<sup>(1)</sup></b>	<b>247 290</b>	<b>278 132</b>	<b>+12.5</b>	<b>100.0</b>	<b>327 357</b>	<b>+17.7</b>	<b>100.0</b>

(1) Including the total of loans granted by the banks to the financing companies.

Overdraft facilities, which account for almost 30% of total bank lending, increased by 24.9% compared to 16.4% in 2005.

Stimulated by the growth in investment, equipment credit, representing 24.2% of total bank lending, was also up, by 21.8% compared to 15% the previous year, standing at 79.4 billion dirhams.

Real estate loans, which recorded the strongest growth with a rate of 28.2% compared to 24.7% a year earlier, amounted to 73.3 billions. The continued expansion in this category of lending is due both to the scale of demand and the improvement in credit terms resulting from keener competition and the incentive mechanism set up by the Government (See Box 12).

At 33.2 billions, consumer credit was up by 6.5 billions or 24.4%, following an increase of 12.5% the previous year; this was due to the development of direct credit and the increased refinancing granted to consumer credit companies.

As a result of the effort to rehabilitate the banks' balance sheets, pending claims again fell by 8 billions or 18.3% to 35.6 billions. At this level, they represent 10.9% of the banks' loan portfolio, or 7.4% excluding the specialised public banks, compared to 15.7% and 9.6% respectively in 2005. Moreover, the rate of coverage of pending claims by provisions improved appreciably from 67.2% to 71.3% for the banks as a whole, from 74% to 78% for the commercial banks and from 60.7% to 62.9% for the specialised public banks.

### Box 12: Survey of real estate loans

A survey by Bank Al-Maghrib of the banking system concerning the development of real estate lending in 2006 shows that housing loans, amounting to 66.5 billion, represented more than 90% of the total, an increase of 26%, the remainder being for real estate development.

The regional breakdown of real estate loans shows a concentration in the Casablanca and the Rabat-Salé-Zemmour-Zaer regions.

Regarding the interest rates applied, the survey confirms that the downward trend continued in 2006. Thus, they ranged from 6% to 8% for 56% of housing loans, compared to 40% in 2005, while rates in excess of 8% were applied to 29% of such loans, compared to 48% the previous year. In the case of loans for real estate development, 50% carried rates of 6% to 8%, compared to 30% in 2005, while only 36% saw their rates exceed 8%, compared to 65% the previous year.

For housing loans, the survey also reveals a movement on the part of the banks towards variable rate financing coupled with an extension of the average terms. Thus, almost 42% of the credits distributed in 2006 were at variable rates, while the average terms of the loans increased from 14.6 years in 2005 to 15.8 years in 2006.

### Distribution of bank credits by term

In millions of dirhams	2004	2005*			2006		
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	In % of total
<b>Short-term credits</b>	<b>103 252</b>	<b>114 993</b>	<b>+ 11.4</b>	<b>41.3</b>	<b>138 055</b>	<b>+ 20.1</b>	<b>42.2</b>
<b>Medium and long-term credits</b>	<b>95 968</b>	<b>119 534</b>	<b>+ 24.6</b>	<b>43.0</b>	<b>153 696</b>	<b>+ 28.6</b>	<b>47.0</b>
Medium-term credits	43 354	59 688	+37.7	21.5	69 115	+ 15.8	21.1
Long-term credits	52 614	59 846	+13.7	21.5	84 581	+41.3	25.8
<b>Pending claims</b>	<b>48 070</b>	<b>43 605</b>	<b>-9.3</b>	<b>15.7</b>	<b>35 606</b>	<b>- 18.3</b>	<b>10.9</b>
<b>Total lending by the banks</b>	<b>247 290</b>	<b>278 132</b>	<b>+ 12.5</b>	<b>100.0</b>	<b>327 357</b>	<b>+ 17.7</b>	<b>100.0</b>

\* Revised figures

In 2006, short-term loans, at 138.1 billions, increased by 23.1 billions or 20.1% compared to 11.4% in 2005.

Parallel to the growth in housing and equipment lending, the outstanding amount of medium and long-term loans, at 153.7 billions, was up by 34.2 billions or 28.6% compared to 24.6% in 2005; this was mainly due to the 41.3% growth in long-term credits.

### Distribution of bank credits by sector of activity

In millions of dirhams	2004*	2005*		2006			
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	In % of total
<b>Primary sector</b>	<b>20 259</b>	<b>17 971</b>	<b>-11.3</b>	<b>6.5</b>	<b>18 636</b>	<b>+3.7</b>	<b>5.7</b>
Agriculture	17 799	15 805	-11.2	5.7	15 698	- 0.7	4.8
Fisheries	2 460	2 166	-12.0	0.8	2 938	+35.6	0.9
<b>Secondary sector</b>	<b>66 341</b>	<b>81 032</b>	<b>+20.6</b>	<b>28.8</b>	<b>90 850</b>	<b>+13.5</b>	<b>27.8</b>
Extractive industries	2 473	2 346	- 5.1	0.8	2 812	+19.9	0.9
Energy and water	5 249	6 692	+27.5	2.4	10 663	+59.3	3.3
Manufacturing	40 212	49 725	+20.7	17.9	53 551	+ 7.6	16.3
Building and public works	17 407	21 269	+22.2	7.6	23 864	+12.2	7.3
<b>Tertiary sector</b>	<b>160 690</b>	<b>180 129</b>	<b>+12.1</b>	<b>64.8</b>	<b>217 871</b>	<b>+21.0</b>	<b>66.6</b>
Hotels	9 163	8 332	- 9.1	3.0	7 281	- 12.6	2.2
Transport and communications	8 088	12 966	+60.3	4.7	17 526	+35.2	5.4
Trade	19 051	21 677	+13.8	7.8	21 997	+1.5	6.7
Financial activities	26 406	28 158	+6.6	10.1	38 369	+36.3	11.7
Households	65 996	75 351	+14.2	27.1	88 841	+17.9	27.1
Other services	31 986	33 645	+5.2	12.1	43 857	+30.4	13.4
<b>Total lending by the banks</b>	<b>247 290</b>	<b>278 132</b>	<b>+12.5</b>	<b>100.0</b>	<b>327 357</b>	<b>+17.7</b>	<b>100.0</b>

\* Revised figures

In 2006, the distribution of bank lending by sector of activity highlights the predominance of the tertiary sector, which received two thirds of the loans distributed, the secondary and primary sectors accounting for 27.8% and 5.7% respectively.

Lending to the tertiary sector in fact increased from 180.1 billion to 217.9 billion dirhams, a rise of 37.7 billion or 21%, following that of 12.1% in 2005. This is explained by the growth in loans granted to financial activities, transport and communications and households. Loans extended to commercial activities were up by only 1.5% compared to 13.8% in 2005, while those to the hotel sector again fell by 12.6%.

Lending to the secondary sector, at 90.9 billions, was up by 10.8 billions or 13.5%, compared to the 20.6% jump recorded a year earlier. This slowdown reflects the lower rate of growth in lending to both manufacturing industry and building and public works activity following the large increases observed in 2005.

After falling by 11.3% in 2005, the outstanding amount of lending to the primary sector came to 18.6 billions, up 3.7%. This is explained chiefly by the 35.6% increase in lending to fisheries activities, while lending to agriculture, which, at nearly 85%, accounts for the greater part of lending to the primary sector, remained virtually unchanged following the 11.2% decline in 2005.

## ◆ Credit distributed by the financing companies

In millions of dirhams	2004	2005			2006		
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	In % of total
Consumer credit companies	23 300	24 921	+7.0	55.9	28 361	+13.8	54.3
Leasing companies	15 458	18 036	+16.7	40.4	22 169	+22.9	42.4
Real estate loan companies	448	415	- 7.4	0.9	361	- 13.0	0.7
Factoring companies	793	988	+24.6	2.2	1 134	+14.8	2.2
Surety companies*	271	248	- 8.5	0.6	237	- 4.4	0.5
<b>Total Lending by the financing companies</b>	<b>40 270</b>	<b>44 608</b>	<b>+10.8</b>	<b>100.0</b>	<b>52 262</b>	<b>+17.2</b>	<b>100.0</b>

(\*) Surety companies have, in addition, given credits by signature amounting to 983 million dirhams.

At 52.3 billion dirhams, credit distributed by the financing companies grew by 7.7 billions or 17.2%, compared to 10.8% in 2005, mainly reflecting the development of consumer credit and leasing, which accounted for 54.3% and 42.4% respectively.

The facilities granted by the consumer credit companies (see Box 13) amounted to 28.4 billions, an increase of 3.4 billions or 13.8% compared to 7% the previous year. Personal loans for unspecified purposes and for the purchase of vehicles accounted for 59.7% and almost 21% of these companies' loan book respectively.

Credit distributed by the leasing companies, at 22.2 billions, was up by nearly 23% following the 16.7% rise observed in 2005.

Lending by the factoring companies, at 1.1 billion, was up by 14.8% compared to 24.6% in 2005, while facilities provided by the security companies amounted to 1.2 billion, an increase of 63.1% following a fall of over 40% in 2005. Credits by signature, which represent more than 80% of the total, increased from 500 millions to 983 millions, while those by disbursement declined by 4.4%.

### Box 13: Consumer credit survey

Bank Al-Maghrib also conducted a survey of consumer credit in 2006, based on a sample of 11 consumer credit companies whose loans represent 68,6% of the total amount of credit distributed by the consumer credit companies.

Out of the loans granted by these companies in 2006, persons aged 40 to 49 benefited from an average of 41%, among which 79% were personal loans, 11% for the purchase of household equipment and 6% for the purchase of vehicles. By income bracket, 53% of the total outstanding amount of consumer credits was owed by persons whose monthly income was less than 4 000 dirhams, with civil servants and private sector wage and salary earners representing 88% of the borrowers. The regions of Casablanca and Rabat-Salé alone accounted for almost half of the total outstanding amount of these loans.

### ◆ Distribution of credit institutions lending by economic agent

In millions of dirhams	2004		2005		2006		
	Amounts	Amounts	Changes in %	In % of total	Amounts	Changes in %	In % of total
Companies	147 262	172 050	+16.8	57.0	206 224	+19.9	58.6
Individual entrepreneurs	23 050	18 096	-21.5	6.0	17 649	-2.5	5.0
Individuals	87 916	100 915	+14.8	33.4	116 585	+15.5	33.2
Local authorities	9 565	10 980	+14.8	3.6	11 116	+1.2	3.2
<b>Total lending by the credit institutions</b>	<b>267 793</b>	<b>302 041</b>	<b>+12.8</b>	<b>100.0</b>	<b>351 574</b>	<b>+19.9</b>	<b>100.0</b>



Representing 58.7% of all credits distributed by the credit institutions, the financing granted to companies increased by 34.2 billions or 19.9%, compared to 16.8% the previous year. Big firms were not the only ones to benefit from this expansion: an average of 40% also went to SMEs and VSEs. Apart from the surge in economic activity, this trend is due to the decline in debtor rates, which, according to a survey conducted by Bank Al-Maghrib, fell from 7.16% in the second quarter to 6.88% in the fourth quarter of 2006. The movement in interest rates differs markedly according to type of credit. The rates for equipment credits fell throughout the year, while those applied to overdraft facilities firmed slightly in the third quarter before falling back at the end of the year. The decline in rates on medium and long-term lending in fact reflects the keener competition among banks and the improvement in the risks in relation to the required guarantees.

Lending to individuals was up by 15.5% at 116.6 billions, or 33.2% of the total, while lending to local authorities amounted to 11.1 billions. On the other hand, facilities granted to individual entrepreneurs stood at 17.6 billions, down by 2.5% from one year to the next.

### ◆ Microcredit

In line with the trend observed over the last few years, microcredit activity continued to expand in 2006, stimulated by the raising in August 2006 of the maximum loan amount from 30 000 to 50 000 dirhams. In fact, the loans distributed by the 12 active microcredit associations more than doubled from one year to the next, rising from 1.6 billion to 3.5 billion dirhams following an increase of 75.3% in 2005. Loans were granted to more than one million active customers, 66% of which were women, and allowed 3 882 permanent jobs to be created compared to 2 562 in 2005.

Reflecting the degree of mutual security between these credits' beneficiaries, the reimbursement rate of this lending was close to 99%. The total amount of loans granted by micro-credit associations since their creation reached 15 billion dirhams and the number of beneficiaries attained 4.5 millions.

The new Banking Act, promulgated in 2006, requires microcredit associations to send their financial statements to the central bank on a regular basis. These documents, drawn up in accordance with a specific accounting plan, are designed to harmonise accounting practices, thus making it easier to monitor the sector and increase its transparency.

## ◆ The capital market

In 2006, activity on the capital market was characterised chiefly by the continued rise in the main stock market indicators, with a marked rise in prices in particular. On the fixed-income securities market, on the other hand, there was a substantial decline in the amount of money raised by the Treasury in the tender compartment, while recourse by non-financial agents remained limited on the market for the other negotiable debt securities .

## ◆ The interbank market

The volume of overnight transactions on the interbank market, in terms of the average end-of-month outstanding amounts, came to 3.1 billion dirhams in 2006<sup>(1)</sup>, compared to 2.6 billions in 2005. Forward transactions also increased, from 614 million to nearly 2 billion dirhams. The rate of interest on the interbank market fell, on an annual average, by 20 basis points to 2.58% compared to 2.78% in 2005.

## ◆ The market for Treasury bills

As the State's cash position improved, the Treasury reduced its recourse to the tender market in 2006. Under these circumstances, there was a sharp drop in the volume of transactions on the secondary market. In order to diversify its financing instruments, the Treasury made, for the first time, an issue of 30-year bills in December.

(1) See Statistical appendix XIV- 1

## Issues of Treasury bills

Out of tenders totalling 436.9 billion dirhams, the Treasury accepted 38.8 billions or 8.9%, compared to 79.6 billions or 37.3% in 2005, this was the lowest level issued by the Treasury since the year 2000. After raising substantial amounts in the course of January and February, representing almost 50% of total subscriptions, the Treasury restricted its issues, especially from June, before increasing its recourse during the last two months of the year.

Taking advantage of the downward trend in interest rates, the Treasury gave priority to long-term issues, which, at 23.8 billion dirhams, accounted for more than half of the total. Including repayments of 4.8 billion dirhams, the outstanding amount of this category of bills came to 173.1 billion dirhams, two thirds of the total outstanding amount. Thus, the average term of Treasury bills issued by tender increased slightly year-on-year to 6 years 9 months.

Short and medium-term issues, on the other hand, fell from 25.5 billions to just under 15 billions. With repayments totalling 25.5 billions, the outstanding amount of short and medium-term bills was down by 10.5 billion at 86.8 billion dirhams.

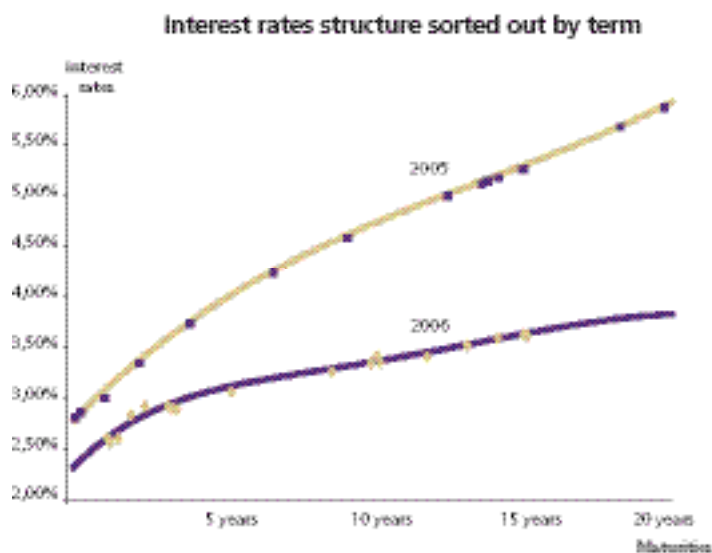
Interest rates continued to fall in 2006, with rates on long-term bills declining relatively more rapidly. These in fact were down by an average of 49 basis points for 10-year bills and 80 basis points for 20-year securities, thus standing at 4.29% and 5.19% respectively. Similarly, the rates for medium-term bills, at 3.11% for 2-year bills and 3.76% for 5-year bills, fell on average by 11 and 21 basis points. The drop in rates for short-term bills, which are more linked to money market rates, was less pronounced <sup>(1)</sup>.

(1) See Statistical appendices XIV- 2 to XIV- 4

## The secondary market for Treasury bills

On a monthly average, transactions on the secondary market fell from 382.9 billion to 358.9 billion dirhams. Under these circumstances, the monthly inventory turnover rate <sup>(1)</sup> of Treasury bills stood at 138% compared to 165% in 2005. This trend is due mainly to temporary operations, which amounted to 348.2 billion dirhams compared to 374.7 billion, while firm transfer transactions, on the other hand, rose year-on-year from 8.1 billion to 10.3 billion dirhams owing to the strong demand which is the result of the reduction in issues on the primary market.

As a consequence, rates on the secondary market for Treasury bills fell on average by around 86 basis points. Long rates falls were the most important, ranging from 134 basis points for 10-year bills to 207 basis points for 20-year bills. Medium-term rates, for their part, fell by 35 and 82 basis points for 2-year and 5-year bills respectively, while rates for short-term securities were down by between 17 and 27 basis points, in the end resulting in a flattening of the rates curve, as the chart below shows:



(1) Monthly average volume of transactions on the secondary market for Treasury bills/end-of-month average outstanding amount.

## ◆ Other negotiable debt securities

Despite the context of falling rates, issues of negotiable debt securities amounted to 6 billion dirhams, virtually unchanged since 2004. However, issues of certificates of deposit, for which there was only one player in the year under review, amounted to 3.5 billions compared to 537 millions in 2005. On the other hand, issues of commercial papers were down by 67.2% at 1.3 billion dirhams, and those of bills of financing companies fell by 19% to 1.2 billion.

With repayments totalling 5.2 billion dirhams, the total outstanding amount of negotiable debt securities thus rose from 9.5 billion to 10.3 billion dirhams<sup>(1)</sup>. Certificates of deposit and bills of financing companies accounted for 90% of this, reflecting the little recourse made to the capital market by non-financial enterprises.

The rates of remuneration on negotiable debt securities reflected the downward trend in the rates of Treasury bills. The rate applied for the term in greatest demand, that of 1 year for certificates of deposit, in fact ranged from 3.10% to 3.55%, compared to a rate of 3.55% in 2005. In the case of bills of financing companies, the rates on 4-year securities ranged between 3.79% and 4.48%, compared to 4.38% and 4.80% the previous year.

## ◆ Bond issues

Bond issues, most of which were accounted for by two main participants in this compartment, amounted to 4.1 billion in 2006, an increase of almost 30%. The largest borrowings were made by the ONA Group with two issues totalling 2.5 billion, of which 1.5 billion for a term of 10 years at a rate of 5.45% and 1 billion with a maturity of 5 years at a rate of 4.27%. The Office national des

(1) See Statistical appendix XIV-5

chemins de fer (National Railway Office), for its part, issued a 15-year loan for a value of 1.3 billion dirhams, including a tranche of 800 millions which was at a rate of 4.15%, while the remainder, with a government guarantee, carried a rate of 3.70%.

## ◆ The stock exchange

Except for downward corrections in May and July, the upward trend in stock market indexes observed over the last three years continued throughout 2006. Thus, the MASI and the MADEX recorded year-on-year increases of 71.1% and 77.7% respectively, compared to 22.5% and 23.8% in 2005. Such appreciation in stock market assets, the scale of which greatly exceeds listed companies' performance, calls for vigilance given the risks associated with the potential emergence of a speculative bubble.

Reflecting the rise in prices, stock market capitalisation was up by 65.3% to 417.1 billion dirhams<sup>(1)</sup>, thus representing almost 72.5% of GDP compared to 48.3% at the end of 2005. Moreover, the flotation of ten companies in the course of 2006, taking the number of listed companies to 64, as a result in particular of the maintenance of tax incentives, consolidated the buoyancy of this market. The newly listed companies' capitalisation amounts to a total of 45 billions, 38.5 billions of which relates to a real estate development company.

The share of foreign investment<sup>(2)</sup> in market capitalisation was up by 29.7% in 2006, or 124.1 billions, with strategic holdings accounting for 93% of the total. The free float, at 7%, represents only 2% of total capitalisation.

(1) See Statistical appendix XIV-6.

(2) According to the CDVM Report on foreign investment in Casablanca Stock Exchange in 2006.

Turnover amounted to 166.4 billion, the increase of 12.1% being largely due to trading on the central market, up from 38.3 billions to 118.7 billions, almost all of it in the shares compartment. The amount of transactions on the block-trading market, on the other hand, fell by 66.5% to 20.4 billions. Stock market flotations contributed 13.1 billions to total turnover, including 5.9 billions in bonds.

Listed companies distributed dividends totalling 12.3 billion, up 16.3%. However, owing to the marked rise in market capitalisation, the average general yield rate was down from 4.2% to just under 3% in the space of a year.

In order to make stock market transactions more secure, a new system for the electronic reception and transmission of orders was introduced in 2006. The new system defines the criteria for designating order collectors and formalises their relationship with the customer based on the signing of a standard form of agreement.



## ◆ Financial saving

The financial assets of non-financial enterprises and individuals rose by 108.7 billion dirhams<sup>(1)</sup> in 2006, a similar amount to the previous year.

This development was accompanied by a change in the structure of investments by non-financial agents, which was the result both of the increase in assets and time investments with the banking system and of the substantial strengthening of UCITS securities following the previous year's decline. On the other hand, flows of medium-term investments were down, after rising in 2005.

Long-term saving increased, albeit more slowly, owing to the decline in the technical provisions of pension and provident institutions, while those set aside by insurance companies showed a marked increase. Subscriptions for company shares were markedly lower compared to the previous year.

The table below shows the development of investments by non financial agents during the last three years.

(1) See Statistical appendices XV- 1 to XV- 3

In millions of dirhams	2004	2005	2006	Net flows	
				2005	2006
Liquid assets	282 504	324 312	375 284	41 808	50 972
Sight and Short-term investment	143 405	158 049	181 368	14 644	23 319
Medium-term investment	1 816	3 075	2 565	1 259	- 510
Securities of UCITS	35 995	35 503	53 483	- 492	17 980
Institutional saving	127 525	141 464	153 608	13 961	12 144
<b>Sub-total</b>	<b>591 223</b>	<b>662 403</b>	<b>766 308</b>	<b>71 180</b>	<b>103 905</b>
Companies shares				36 443	13 785
of which :				36 443	13 785
• Newly issued securities				-	-
• Shares of privatised companies				-	-
<b>Total</b>				<b>107 623</b>	<b>117 690</b>
Adjustment				+791	- 8 962
<b>Net total</b>				<b>108 414</b>	<b>108 728</b>

## ◆ Liquid assets

The outstanding amount of liquid assets, two thirds of which were accounted for by sight deposits with the banking system, increased by more than 15% in 2006 to 375.3 billion dirhams, a rate of growth which is in line with that recorded in 2005. A share of 24 billion of the increase of 35.2 billion dirhams in sight deposits with the banking system was in cheque accounts, including 7 billions in accounts of Moroccans living abroad and 9.9 billion dirhams resulting from higher balances in enterprises' current accounts. The increase is also due, to a lesser extent, to assets in the form of notes and coins, up by 19.2 billions or 21%.

## ◆ Sight and time investments

At almost 184 billions, sight and time investments increased by 22.8 billions or 14.2%, following the 11% rise recorded at the end of the previous year. This evolution is attributable to the growth of 23.3 billions in sight and short-term investments, while medium-term investments fell by 510 million dirhams.

With the rise in rates of remuneration on savings accounts, the process of strengthening this category of investment continued in 2006 as assets in these accounts were up by 5.9 billion or 10%, mainly as a result of the 4.8 billion increase in assets with the banking system, while deposits managed by the CEN (National Saving Fund) rose by 1.1 billion. The rate on accounts on savings books in fact rose year-on-year from 2.28% to 2.53% on average, and that on deposits with the CEN (National Saving Fund) increased by 15 basis points to 1.68% owing to the change in the way it is indexed to the rate on 5-year Treasury bills; since July 2006, it has been 200 basis points below that rate instead of 250 basis points previously.

Time deposits and fixed-maturity bills with the banking system increased by 17.6 billion dirhams or 17.9% compared to 11.9% in 2005; financial enterprises contributed 6.3 billion to this. The weighted average rates of 6-month and 1-year accounts and bills came to 3.64% and 3.74% respectively at the end of December 2006, up by 35 and 13 basis points compared to their previous year's level.

On the other hand, subscriptions by non-financial agents for Treasury bills again produced a negative flow estimated at 600 million dirhams. This was the result of the 435 million decline in net investments in Treasury bills issued by tender and the drop of 158 million in the outstanding amount of 6-month Treasury bills<sup>(1)</sup>, despite their rate of remuneration rising from 2.90% to 3.05% from one year-end to the next.

(1) Six-month bill issues have been cancelled in the beginning of year 2007.

## ◆ Securities of UCITS

After falling by 492 millions in 2005, the outstanding amount of UCITS securities held by non-financial enterprises and individuals grew by almost 18 billion or 50.6% in 2006. This rise is due mainly to the growth in investments in bond UCITS, which again produced a positive flow of 12.9 billion, significantly higher than the amount of 955 million dirhams observed in 2005, reflecting both the increase in demand and the rise in prices as interest rates on medium and long-term Treasury bills declined.

At 11.7 billions, securities of monetary UCITS, for their part, increased by 2.3 billion dirhams in the year under review, after falling by more or less the same amount the previous year.

Likewise, investments in securities of share and diversified UCITS were up by 2.8 billions compared to 661 million in 2005, as stock market prices rose by more than 70%. Consequently, the average performance indices of share UCITS and diversified UCITS increased by 68.9% and 42.8% respectively.

At the end of 2006, the net total assets of UCITS had risen to 128.7 billion dirhams, up by 43.4 billion, with non-financial enterprises and individuals holding 41.6% of UCITS securities. This variation masks increases in their shares held in bond UCITS and share and diversified UCITS, from 38% to 41.4% and from 35.4% to 37.6% respectively, and a decline in their share held in monetary UCITS from 58.9% to 44.6%.

## ◆ Company shares

Net investments in company shares fell sharply to 13.8 billion dirhams, compared to 36.4 billion in 2005. This was the result both of the decline in gross capital contributions and of the scale of capital reductions.

In millions of dirhams	2003	2004	2005	2006
<b>Gross increase in capital</b>	<b>14 504</b>	<b>15 937</b>	<b>41 545</b>	<b>23 868</b>
- Capital increases	12 300	12 561	37 558	21 005
- Public limited companies	8 828	8 165	11 803	15 320
Cash contributions	4 858	3 763	6 095	15 320
Incorporation of reserves	2 010	1 868	2 406	-
Contributions in kind	1 960	2 534	3 302	-
- Limited liability companies	3 472	4 396	25 755	5 685
- Formation of companies	2 204	3 376	3 987	2 863
- Public limited companies	651	2 185	954	1286
- Limited liability companies	1 553	1 191	3 033	1 577
<b>Capital reductions</b>	<b>- 5 436</b>	<b>- 4 263</b>	<b>-5 102</b>	<b>-10 083</b>
- Public limited companies	4 384	2 367	4 555	9 473
Reduction	2 116	1 169	2 266	8 615
Winding up and mergers	1 823	879	2114	782
Transformation	445	319	175	76
- Limited liability companies	1 052	1 896	547	610
<b>Net increase in capital</b>	<b>9 068</b>	<b>11 674</b>	<b>36 443</b>	<b>13 785</b>

Gross increases in capital were down from 41.5 billion to 23.9 billion dirhams in the space of a year and involved 13 863 enterprises compared to 11 425 in 2005. The capital increases of limited liability companies, numbering 13 425, in fact came to 5.7 billion compared to 25.6 billion in 2005; the latter figure included an 18-billion increase in the capital of a subsidiary of the Vivendi Group. On the other hand, capital increases by public limited companies, numbering 438, all in the form of cash contributions, rose from 11.8 billion to 15.3 billion dirhams.

The formation of new companies, numbering 11 101 in 2006, resulted in capital contributions of 2.9 billions, down by one billion compared to the previous year. Of this total, funds for the setting up of public limited companies amounted to 1.3 billion for 185 new entities, while the amount mobilised by limited liability companies was 1.6 billion compared to 3 billions the previous year, enabling 10 916 companies to be formed.

## ◆ Institutional saving

At the end of 2006, the funds managed by insurance companies and pension and provident institutions totalled an estimated 153.6 billion dirhams, an increase of 12.1 billion compared to nearly 14 billions the previous year.

At 83.6 billions, the technical provisions of the pension and provident institutions increased by only 5.4 billion compared to 10.4 billion in 2005. The provisions formed by the institutions managed by the CDG (Deposit and Management Fund)<sup>(1)</sup>, amounting to 42.8 billions, increased by only 3.2 billion compared to 4.9 billions in 2005, while the available resources of the CNSS (National Social Security Fund) were up by only 655 millions, compared to 1 billion the previous year.

(1) The National pension and insurance fund (CNRA) and the collective Pension Allocation Share (MCAR)

The insurance companies consolidated their provisions, raising them by 6.7 billions to 70 billions; this was a larger increase than the previous year's 3.6 billions.

In 2006, the Insurance Code was amended to give greater protection to the insured by introducing a number of provisions concerning risk management in particular.

In addition, the regulatory mechanism of the Conseil déontologique des valeurs mobilières (CDVM - Transferable Securities Ethics Board) for the protection of savings invested in transferable securities was strengthened by the introduction of new rules. The function of internal auditor of UCITS managers was redefined with the inclusion of practices that conform to international standards and the adoption of an approach based on risk assessment. Thus, the methodology for the quarterly report that management companies are required to send to the CDVM has been standardised with the main aim of getting all internal auditors to take the same approach.





**PART 2**  
**ACTIVITIES OF THE BANK**



## ◆ **Activities of the Bank**

In accordance with its new Statutes, the Annual Report of Bank Al-Maghrib for the year 2006 includes for the first time information about the Bank's activities.

This new section covers aspects of the Bank's governance, organisation and operation and the measures it is taking to bring itself into line with best practice. It also deals with the activities relating to the support areas, its key tasks and the large-scale projects it is undertaking so that it can perform its duties under better conditions in terms of both quality and efficiency.

## ◆ **Governance**

### **Governing bodies**

The Bank's governing bodies consist, on the one hand, of the administrative and management bodies, namely the Bank's Board, the Governor and the Management Committee, and, on the other hand, the supervisory bodies, namely the Government Representative, the Auditor and the Court of Auditors.

The law introducing the Bank's new Statutes, which came into force on 20 February 2006, enabled its administrative and supervisory bodies to be strengthened and the prerequisites for good governance to be put in place, chiefly by means of:

- a review of the composition of the Bank's Board. This consists of the Bank's Governor, Chairman and Director General and from now on also six members who hold no other position of responsibility in credit or financial institutions or in general government, with the exception of the Director of the Treasury and External Finance, who does not take part in the vote on the Board's monetary policy decisions. The Government Representative's powers are retained, but no longer apply to monetary policy operations;
- an obligation on the Board to make its monetary policy decisions public so as to guarantee greater transparency with regard to financial and economic operators as well as to the general public;
- a ban on financial assistance to the Government and to public bodies, except for a cash facility, the use of which has been made subject to restrictions;
- an extension of the prerogatives of the Board regarding the management of the foreign exchange reserves, upon which decision-making responsibility has been conferred with respect to the general investment rules;
- an obligation on the Bank to withdraw from the administrative and supervisory bodies of institutions subject to its control within three years of the entry into force of its Statutes, so as to remove any incompatibility and prevent conflicts of interest. In this connection, the Bank has already withdrawn from the administrative and supervisory bodies of virtually all institutions subject to its control and in 2006 it began the process of disposing of its holdings in the capital of those institutions;
- the submission of the Bank's accounts to an annual external audit, to be carried out by an Auditor.

The audit also covers the quality of the internal supervisory arrangements. The Bank also submits to the Court of Auditors its annual accounts and extracts from the Board's minutes concerning its

budget and its assets, together with the external auditors' reports.

In accordance with the terms of the Statutes, a Management Committee has been set up to assist the Governor in managing the Bank's affairs. This committee meets every month to discuss the various cross-department projects and to examine the road maps of each central unit and the progress made in the work initiated by our Institution. Management Council meetings are preceded by monthly meetings of the directors with their staff.

### **Steering of activities and organisation**

Several internal committees have been set up, the powers, composition and organisation of which are set by order of the Governor. These are the Monetary and Financial Committee, the Payment Systems Committee, the Advisory Committee on External Communications, the Advisory Committee on Training, the Operational Risks Committee, the Ethics Committee, the IT Strategy Committee, the IT Technical Committee, the Investment Committee and the Ad Hoc Steering Committee for the human resources master plan. The steering of activities in order to keep management costs under control has also been improved by the creation of the Management Control function. To this end, the Bank has adopted a formalised reporting system at all levels and launched an analytical accounting project.

At the level of its internal organisation, the Bank has since 2004 had an organisation chart making it better able to clarify and harmonise the roles of the central units. This chart consists of 6 business line units responsible for performing the Bank's key tasks and 6 support units, as well as a steering unit, the Audit and Risk Prevention Division.

The business line units are: the Monetary and Exchange Operations Department, the Research and International Relations Department, the Research Department, the Banking Supervision Department, the Network and Business Relations Department, the Dar As-Sikkah Department and the Currency Museum Department.

The support units include the Human Resources Department, the Finance Department, the Organisation and Information Systems Department, the Logistics Department, the Legal Affairs Department and the Communications Department.

## Strategic planning

Bank Al-Maghrif launched its first strategic plan in 2004, covering the period 2004-2006. Its principal aims were:

- to modernise the organisation and management of the Bank's activities,
- to give it the means to prevent and control risks, and
- to strive for optimisation and quality at management level.

For an exercise of this kind, the approach was based on a general steering brief and the findings of the analysis resulting from a participatory approach that established the broad lines of development, breaking them down into short and medium-term action plans. These joint measures were also extended to all the Bank's large-scale projects: code of ethics, graphic charter, risk mapping, human resources master plan, information technology master plan and quality plan.

Based on the broadly positive result of the 2004-2006 strategic plan and the prospects for change in the Bank's internal and external environment, a new strategic plan was drawn up for 2007-2009.

The new plan built on the gains from the previous plan with the aim of continuing the efforts to improve the quality of internal processes and hence efficiency in the exercise of the Bank's key tasks.

### **Risk prevention and control mechanism**

A special Division, the Audit and Risk Prevention Department, was set up for the prevention and control of risks, and the risk control mechanism was completely overhauled, decentralising control activities, strengthening the internal audit function and developing and gradually implementing structured measures for the control of operational and information security risks.

In this connection, the first-level control consists of the first degree, which is the direct responsibility of the line managers and their immediate hierarchy, and the second-degree control, which is the responsibility of the Heads of the central units.

At the same time, the internal audit function, a second-level control, was strengthened in line with the best international practices, in particular those recommended by the Institute of Internal Audit (IIA), with the adoption of an Internal Audit Charter and the formalisation of its methods of intervention.

A joint methodological approach to controlling operational risks, "MARIO", was also adopted. This approach is based on the principle that the Bank's units will evaluate their own activities in order to draw up an overall map of the risks. A general information security policy was also introduced.

To ensure that these measures are implemented harmoniously, a specific organisational framework was put in place within the Bank, centred on a network of Risk Managers who are appointed within each unit.

## Ethics

In May 2005, Bank Al-Maghrib adopted a Code of Ethics that applies to all its staff and set up an Ethics Committee, whose main task is to assist the Bank's Governor in the matter.

The main purpose of this Code is to provide the Bank with a reference text designed to promote the highest ethical standards within it, thereby increasing the confidence it must always inspire in all its partners.

The drafting of this Code resulted from a joint effort, drawing on the relevant best practices of certain central banks and other market authorities. Consultations and awareness campaigns were conducted to ensure that all members of staff adhere to it. These campaigns were backed up by the appointment of ethics correspondents in each of the Bank's units and by the setting up of a dedicated internal electronic address.

As a text complementing the Bank's Staff Regulations, it was submitted to the Board for approval and all members of staff have committed themselves individually to abiding by it. Likewise, in accordance with international practice, the code was made public by posting it on Bank Al-Maghrib's website.

## ◆ Transparency, communication and proximity

As a result of the new Statutes, the Bank now enjoys virtual independence but is bound by the principles of transparency and communication.

In this connection, an external communication charter was adopted in 2005. This charter deals with the objectives of communication and the quality criteria covering the Bank's messages, the members of the public targeted and relations with the press.

The implementation of this charter's provisions resulted in the formation of an Advisory Committee on External Communication, whose key task is to give its opinion on the policy and general objectives of external communication.

Following every Board meeting, the Bank publishes a press release to announce and explain the measures taken in the field of monetary policy. The Report on monetary policy is published ten days after the meeting of the Board.

Quarterly information meetings are also held between the Bank's services and the heads of the banks' accounts departments following the Bank's Board meeting.

The Governor's annual meeting with the press has also become a key event in terms of communication.



**Box 14: Publications of the Bank**

The Bank's publications include:

- the Annual Report on the country's economic, monetary and financial situation, which this year includes a second section dealing with the Bank's activities as a business.
- the Annual Report on the supervision, activity and performance of credit institutions, published since 2004, includes an analytical approach and gives a broad picture of the national banking sector's regulatory framework.
- the Report on monetary policy, which is based on the analyses and forecasts prepared for the meetings of the Bank's Board.
- the monthly Economic Memorandum presents an analysis of the national and international economic and financial situation.
- the business survey summarises the opinions of company bosses on the trend of certain indicators relating to their activities.
- the Quarterly Bulletin contains national economic, monetary and financial statistics and a list of the main laws and regulations published in the Official Bulletin during the quarter.
- the Monetary Statistics show the trend in the monetary and liquid investment aggregates.

For the dissemination of information, Bank Al-Maghrib makes available to the public a number of annual, quarterly and monthly publications concerning its main areas of activity (see Box 14). These publications are posted on the Bank's website, which also contains other weekly and daily data. The contents of this site are currently being updated to provide better information and make it more user-friendly.

The Bank has also taken steps to familiarise the general public with its role and how it operates, by producing a film to highlight Bank Al-Maghrib's key tasks and by publishing information leaflets for wider dissemination.

The Bank has also developed a new visual identity and adopted a graphic charter, underpinning the image of a modern central bank.

Taking advantage of its network of 20 branches, including two main branches, Bank Al-Maghrib has since 2004 been working to promote its presence by acting in local partnership with regional economic players.

For example, in 2005, in cooperation with the ministries and professional bodies concerned, Bank Al-Maghrib organised two regional awareness campaigns concerning the issue of unfunded cheques and the use of bank cards. These campaigns resulted in particular in the establishment of an interministerial commission to look into the revision of the legislative texts governing means and systems of payment.

Starting in November 2006, it also jointly organised an awareness campaign to identify the different components of the issue of SME financing.

## ◆ Monetary policy

### Strengthening analytical and forecasting capacity

In the course of 2006, the Bank's analytical and forecasting capacity was strengthened with the development, by the Bank's units responsible for studies and research, of models for the short-term forecasting of inflation and underlying inflation (ARIMA models, P-STAR model, Philips models and VAR-X model).

Similarly, the Bank's services developed indicators for assessing inflationary risk and made in-depth studies of the demand for money, the determinants of inflation and the credit cycle.

The Bank also initiated a project for the setting up of a frequently updated statistical database as required for studies and research work. This database centralises the monetary and financial statistics compiled by the Bank's various services and includes the statistics covering other areas and produced by the external partners (such as the High Commission for Planning, the Ministry of Finance and Privatisation and the Foreign Exchange Office).

At the same time, it revised its survey of industrial enterprises to make it more reliable and reduce the time required for publication. The changes made included the updating of the sample, the drafting of a new essentially qualitative questionnaire and the adoption of quick and reliable methods of processing.

The Bank also launched two new surveys with respect to the banks, a quarterly one on interest rates and an annual one on the conditions of financing.

## ◆ Management of exchange reserves

For the purpose of exchange reserves management, the Bank prepares a formal investment strategy for approval by the Board which assesses it in the light of the provisions of the Statutes. Implementation of this strategy is regularly monitored by the Monetary and Financial Committee.

The strategy adopted in this regard in 2006 seeks in particular to limit the exposure of the Bank's portfolio to long-term bond assets while optimising their yield.

At the operational level, in the first half of 2006 the implementation of this strategy resulted in a reallocation of the cash flows falling due to the money compartment. As a result of the marked rise in bond yields and emerging signs, during the second quarter of 2006, of slower US growth, sentiment with respect to further rate rises changed and so did our defensive strategy toward a greater exposure to the bond market. This strategy proved positive in that monetary assets gain the most from increases in yields.

In the matter of outsourced management, the year 2006, the last of the three management mandates first signed in 2004, saw the signature with the World Bank of a new management, consultancy and training mandate.

Turning to risk management, operational risks were monitored in the context of an overall and integrated optimisation of exchange reserves. Adopted in 2004, this approach resulted in 2006 in the strengthening of the procedures for minimising the risks associated with human and technical failure or with those inherent in the inadequacy of the operations' processing systems.

In addition, the approach adopted for the assessment of credit risk continued in 2006 to rely first and foremost on the collection of exhaustive, reliable and up-to-date financial information from all foreign banking counterparts and from sovereign and supranational issuers, both public and private, who are entitled to participate in the Bank's international foreign exchange operations. Secondly, this phase resulted in the preparation of key indicators such as the ratings of short and long-term debts or consolidated net tier 1 capital, using the methodology recommended by the Bank for International Settlements.

Market risks continued to be assessed in the light both of the composition of the foreign exchange reserves and the movement of the financial markets, in particular in terms of bond yields, volatility of money and exchange markets and the management constraints of our Institution's investment

portfolio composed of held-for-sale and trading securities. In this regard, Bank Al-Maghrib's exposure to market risks is measured against a number of synthetic indicators, such as the average effective term of investment portfolios and their sensitivity to the risk of rate fluctuation according to selected scenarios, and relative to the maximum permitted deviation.

## ◆ Management of systems and means of payment

### Notes and coins

Bank Al-Maghrib is in charge of the production, issuing and recycling of banknotes and coins. In this connection, the Bank is responsible for ensuring that the national economy is supplied with cash and for checking the quality of its circulation.

At the end of 2006, the volume of cash in circulation amounted to around 877 million banknotes and 1 845 million coins. The number of notes increased by 19% compared to 2005, as against an average growth of 10.7% between 2004 and 2005. At the same time, the quantities of coins in circulation have followed a positive trend, but at a slower rate of 4.5%, since 2004.

In 2006, an exceptional volume of 440 million new banknotes was manufactured, compared to 357 million in 2005, a year-on-year increase of 23%. Only 58 million coins were minted in 2006, 7% fewer than in 2005, despite the increase in net outflows of coins at the counters of Bank Al-Maghrib. This decline is the result of better adjustment to actual needs in the light of the considerable increase in the prices of metals on the international market.

As part of its task of managing the notes and coins in circulation, Bank Al-Maghrib ensures that the cash in circulation throughout the national territory remains of good quality. To this end, it monitors the money in circulation by withdrawing counterfeit notes and coins and those which are no longer fit for purpose. The Bank in fact supplies the national economy not only with new notes but also with almost the same proportion of recycled notes.

Thus, when notes are paid in at the counters of Bank Al-Maghrib they are automatically sorted; this involved 837 million notes in the year under review, resulting in the permanent withdrawal from circulation of 363.5 million, the condition of which was no longer up to the required quality standards. The number of notes sorted increased by 1.7% in 2006, rising from 823 million to 837 million notes for in-payments of around 658 million notes in 2005 and 724 million notes in 2006.

In 2006, as in the two previous years, the volume of notes processed greatly exceeded the number received at the counters. This sustained pace had the effect of quickly absorbing the stocks of notes for sorting thanks to improved productivity.

At the branches, sorting activity, involving mainly the 20 DH and 50 DH denominations, declined by 17.4% to 137 million notes.

The quality of recycled Moroccan banknotes meets international standards, and the notes produced in this way are suitable for distribution through all automatic teller machines (ATM).

Also with a view to preserving the quality of the notes and coins in circulation, the central bank, whose Statutes allow it to delegate sorting activity, issued a number of regulations authorising notes and coins to be processed by companies managing private sorting centres.

## Payment systems

The development of financial systems is closely linked to the modernisation and efficiency of the payment systems that offer to all the involved market participants mechanisms for the clearance and settlement of transactions.

In this connection and as part of its role in developing and modernising systems and means of payment and enhancing their security, Bank Al-Maghrib has put in place an extensive mechanism, the principal components of which are: the real-time gross settlement system, the extension of remote clearing to all means of payment throughout the national territory, and the progressive introduction of mechanisms for the permanent supervision of the different systems and means of payment and settlement, while ensuring the harmonisation of the laws and regulations.

One of the most important achievements of 2006 was the launch of operational activity of the real-time gross settlement system known as the *Système des Règlements Bruts du Maroc* (SRBM - Moroccan Gross Settlement System). The direct aim of this is to optimise the management of the system's participants' cash holdings. It is considered to be one of the principal measures for preventing the spread of systemic risk. The result of cooperation with all the bodies concerned, namely the Moroccan Bankers' Association (GPBM), the Transferable Securities Ethics Board (CDVM), Maroclear, stockbrokers and the Casablanca stock exchange, this project made it possible to take into account the needs of all the parties involved and to conclude a market agreement governing the different relationships regarding the settlement and delivery of securities. By the end of 2006, this system had processed 33 543 transactions for an average amount of 31 million dirhams per transaction.

Secondly, the process of extending remote clearing to all means of payment exchanged in our country continued in 2006 with the gradual integration into the Moroccan Interbank Remote Clearing System (SIMT) of the flows of cheques exchanged at the different banking centres.

This reform was preceded by the launch of the automatic processing of transfers at national level in September 2004, and of interbank direct debits in September 2005. In addition, Bank Al-Maghrib and the whole of the banking community collaborated for the completion, at the Casablanca and Rabat centres, of the project relating to the dematerialised exchange of cheques and the standardisation of letters of exchange to adapt them to the constraints of dematerialisation.

Moreover, Bank Al-Maghrib took the initiative of setting up, in coordination with the ministerial departments and authorities concerned, a committee on the prevention of counterfeiting. A relevant text is in the process of being approved. It also coordinated the setting up of a committee on the prevention of payment card fraud.

## ◆ Banking supervision

### Supervision of credit institutions and similar bodies

The supervision of credit institutions is based on a combination of off-site and on-site-inspections. In 2006, off-site monitoring paid special attention to the assessment of credit institutions' risk management and internal audit tools, in particular by stepping up the number of regular meetings with the heads of such institutions. These meetings were also concerned with their policies and strategic choices, the problems they face and the measures to be taken to remedy any shortcomings. The meetings were also extended to the credit institutions' auditors.

At the same time and with the aim of strengthening its preventive controls, in the course of 2006 Bank Al-Maghrib put in place a Système d'Aide à la Notation des Etablissements de Crédit (SANEC – Support System for Credit Institutions' Ratings), which is designed to serve as a tool for the analysis and prevention of banking risks. It also prepared a handbook for dealing with the difficulties of credit institutions.



In the matter of on-site inspections, 17 checks were carried out in 2006, including 11 of a general nature, 3 audits and 3 cross-department actions. The main purpose of the general inspections was to assess the governance, internal audit and quality of the assets and to examine the accountancy and information systems.

The cross-department investigations covered the credit institutions' relations with their customers and focussed on bank charges, payment incidents and their declaration to Bank Al Maghrib's Central Payment Incidents Service (SCIP), and matters relating to the duty of vigilance.

### **Standards of soundness and stability of the banking system**

The joint work programme between the banks and Bank Al-Maghrib for the implementation of the provisions of the Basel II accord is progressing satisfactorily. Bank Al-Maghrib published the relevant texts in 2006, and the banks' reporting on this basis is set to begin in the course of 2007.

This progress will also be reinforced by other important texts, in particular the adoption by Parliament of the law on the prevention of money laundering and the law on Undertakings for Investment in Risk Capital (UIRC). The measures taken to strengthen banking supervision capacity also form part of this context.

### **Relations between the banks and their customers**

In order to improve transparency in the application of banking conditions, guidelines for bank charges have been adopted with the aim of ensuring quality service at minimum cost. In this connection, the banks have undertaken to provide certain basic operations free of charge, to reduce their charges for some services and to shorten collection times and value dates.

In order to facilitate the settlement of disputes that may arise between credit institutions and their customers, on a proposal by Bank Al-Maghrib the Board of the GPBM has decided to introduce a bank mediation procedure.

Bank Al-Maghrib is also working with the ministries and organisations concerned on a reform that will establish the guarantee system at national level, thus allowing charging to be appropriate to the risk profile incurred. The actions for the development and sharing of information, including information on enterprises' indebtedness, are also part of this approach.

The currency issuing institution has defined an overall strategy for restructuring the Information Centres by 2009, which will allow an overall assessment to be made of customer risk. One aspect of this strategy will be the putting in place of a platform giving the Network access to the data from the central file of cheque payment incidents in particular.

Bank Al-Maghrib also maintains permanent relations with the professional bodies representing the banks (GPBM), the financing companies (Professional Association of Financing Companies - APSF) and the microcredit associations (National Federation of Microcredit Associations - FNAM) in order to consult on the matters inherent in the exercise of their activities and on the regulatory texts affecting them. Thus, in the course of 2006 two meetings were held with the GPBM and another with the APSF.

## ◆ International cooperation

### Cooperation with central banks

Bank Al-Maghrib took part in many international and regional events in 2006.

For example, it took part in the third Euro-Mediterranean seminar of Governors of the central banks of the Eurosystem and the Mediterranean area, which was held in Greece and at which the Bank presented a contribution on the reform of the instruments of monetary policy in the Mediterranean countries.

During the thirteenth meeting of the Governors of the central banks of the francophone countries, held in Bulgaria in May 2006 on the subject of financial stability and economic integration, Bank Al-Maghrib gave a presentation on Morocco's experience with banking supervision and the challenges involved in applying the Basel II standards.

At the sixth meeting of the Board of Governors of the Central Banks of the Arab Maghreb Union Countries (AMU), held in Tripoli in August 2006, the Bank played an active part in the discussions concerning in particular the AMU countries' experiences and the prospects for integration in the areas of monetary and foreign exchange policy, banking supervision and payment systems.

The Bank also took part in the thirtieth session of the Board of Governors of Arab Central Banks, Monetary Agencies and Institutions. This meeting, which took place on 4 September in Algiers, reviewed the unified Arab economic report for 2006 and the recommendations of the 15th meeting of the Banking Supervision Commission and of the 2nd meeting of the Payment and Settlement Systems Commission.

In addition, under the terms of the cooperation agreement between Bank Al-Maghrib and the Bank of France, assistance and training relating both to the Bank's lines of business and to the support areas continued.

On 28 April 2006 Bank Al-Maghrib also signed a cooperation agreement with the Central Bank of Bahrain with the aim of giving fresh impetus to bilateral relations between the two institutions in the fields for which they are responsible.

Finally, it should be noted that as part of the promotion of the regional economic integration of the countries of the Arab Maghreb Union and following the conference on the facilitation of trade between the countries of the region, held in Algiers in November 2005, Bank Al-Maghrib, in conjunction with the Ministry of Finance and Privatisation and the International Monetary Fund, organised a regional conference in Rabat in December 2006 on financial sector reform and financial integration in the Maghreb countries.

### **Cooperation with international institutions**

As well as cooperating with foreign central banks, Bank Al-Maghrib plays an active part in the work of the annual meetings of the IMF, IBRD and AMF.

Thus, for two years our Institution presided over the work of the Group of Supervisors of the francophone countries. Set up in September 2004, the purpose of this group is to create a forum for the exchange of experience and ideas relating to banking supervision and the implementation of Basel II in particular.

Bank Al-Maghrib is also a member of the Arab Banking supervisors' committee, the secretariat of which is provided by the Arab Monetary Fund.

Bank Al-Maghrib is also a member of the International Association of Deposit Insurers. Set up by the Financial Stability Forum, this association's basic task is to promote international cooperation in the field of deposit insurance and to encourage the sharing of relevant experience.

Likewise, Bank Al-Maghrib is an observer member of the Islamic Financial Services Board (IFSB). Created in November 2002, this body is responsible for setting the prudential rules applicable to Islamic financial institutions.

## ◆ Resource Management

### Human Resources Management

In 2006, Bank Al-Maghrib continued the actions to strengthen the skills required for the accomplishment of its tasks and for putting into effect the strategic plan with appropriate active recruitment and training policies.

Some 69% of the Bank's 2 845 staff members, whose average age was 41 at the end of 2006, are concentrated in the central bank's lines of business. The Dar As-Sikkah site has 24% of the Bank's staff, the other central units 37% and the Network 39%.

As part of the main reforms undertaken by Bank Al-Maghrib, a human resources master plan has been put in place. It was devised by an outside consultancy and led by the Human Resources Department.

The general action plan for this project revolves around five stages:

- study, enquiry and analysis to get a picture of the existing situation;
- definition and validation of the guiding principles;
- design of new instruments for human resources management;
- test and adoption of new tools by operational managers and lastly
- definition of the deployment plan for a two-year period (2007-2008).

The new human resources management model, devised on the basis of the human resources master plan, not only meets the strategic ambitions of the Bank and the expectations of its staff but also international standards, characterised chiefly by managerial proximity, fairness and the development of individual skills.

The work done for the first stage, that of study and analysis of the existing situation, highlighted the deficiencies of the former staff management model, which was marked by the rigidity of the job classification system, by a system of remuneration that failed to recognise individual contributions and reward performance and by the absence of any precise means of skills and mobility management.

In this connection, the HR master plan identified three key areas for the modernisation of human resources policies, namely an up-to-date management model geared to the Bank's strategies, an information system guaranteeing the new model's application and an overhaul of the organisation and modes of management.

The human resources management model designed as part of the HR master plan resulted in the design of new instruments:

- a dynamic system of job classification;
- a system of fair remuneration encouraging quality and performance;
- an objective, integrated system for the evaluation of skills and performance;
- a forward-looking management process with regard to jobs and skills aimed at anticipating and responding to changes at the Bank and
- a system for the management of potential successors.

The adaptation of the modes of organisation and management to the new human resources management practices, which is the third key area for the modernisation of the Human Resources function at Bank Al-Maghrib, has resulted in a new distribution of tasks between the Human Resources Department and the Bank's other units. In this connection, the work of the Human Resources Department is now centred on the development of a HR policy structured according to its regulatory role so as to guarantee fairness across the board. This has further strengthened the HR role of operational managers.

In order to ensure that the new tools are implemented, the Bank had to devise a precise plan for the deployment of the new human resources information system based on a "software package" approach for all the Bank's support functions. The Human Resources Department had to ensure that the planning for the deployment of the new HR practices was synchronised with the new information system's HR module.

Like the other large-scale projects, the modernisation of the Human Resources function took place in the context of the Bank's new approach based on listening and dialogue. The HR master plan was therefore analysed and discussed at the annual meeting with the bank's executives.

## **Training**

As part of the implementation of the training plan, which was devised on the basis of the Bank's strategic guidelines for 2006 and in accordance with a process aimed at identifying requirements by the units, the Bank organised 326 training actions, including 190 at the Bank's training centre, 103 with international bodies abroad and 33 inter-enterprise actions. In all, the Bank recorded 5 500 hours of training, to the benefit of 3 500 people.

The Consultative Council for Training, set up by the Bank's Governor in December 2003, was thus able to evaluate the specialised training actions.

The Bank also organised a number of regional or international events in cooperation with various international financial institutions, with the participation of foreign central banks and government representatives.

## **Internal communication**

A unit dedicated to internal communication was set up to meet, in particular, the needs arising from the work involved in modernising the Bank's activities. It was entrusted with the tasks of creating an integrated vision for the strategic discourse, explaining its purpose, generating momentum for the Bank's projects and clearing up any misunderstandings by providing information on the aims, state of play and results expected from the various projects.

Finally, efficient means for the dissemination of information and internal communication were introduced. In addition to the annual meetings chaired by the Governor, these comprise:

- the organisation of internal communication centred on an intranet portal that constitutes a genuine instrument for work and for sharing knowledge;



- information letters ("Info BAM") dealing with topics inspired by the projects headed up by the different units or addressing staff concerns;
- specialised information letters to provide updates on large-scale projects ("HR Perspectives", "Quality Targets");
- routine use of e-mail, including for the general dissemination of various announcements.

### **Information system**

One of the main planks of the Bank's modernisation plan was the establishment of the Information Technology Master Plan, the purpose of which was to update information systems and ensure consistency between the aims of the projects undertaken and the Bank's strategic guidelines.

Bank Al-Maghrib's IT Master Plan defines the target technical and functional architecture of the Bank's information system while ensuring its strategic alignment. It seeks to ensure that the existing information systems that are essential to the Bank's operation and to the organisation and management of its various activities remain in place. The IT Master Plan therefore provides for an action plan for the modernisation and automation of the Bank's strategic and high added value functional areas while acquiring the means to develop a vision for the future.

The IT Master Plan was devised by an outside consultancy and guided by the Organisation and Information Systems Department under the supervision of a steering committee chaired by the Director General and made up of directors of the central units. Its implementation has been planned in three stages with deadlines of December 2006, June 2008 and December 2009 respectively.

As part of the implementation of the IT Master Plan, a project methodology has been drawn up, formalising the development stage and the different phases necessary for the success of an IT

project. Thus, it has clearly defined the roles and responsibilities of each player, namely the Project Manager, the Contracting Authority and lastly the Contracting Authority's Assistant. The latter acts as advisor to the contracting authority, at its request, in the exercise of its tasks and responsibilities.

At the end of the first phase, the foundation in terms of technical architecture and choice of tools was in place, enabling all the Information System's applications to be accommodated and adjustments made to their growing requirements in terms of performance and security. Several projects relating to lines of business were also completed at the end of this first phase, including in particular the establishment of the SRBM, the 'Finance Kit' software package for the management of the trading room's operations, the banking supervision information system, the dematerialisation of the exchange of cheques and the operational risk management system. Other projects are well under way, such as the establishment of Enterprise Resource Planning for the support functions, the Portal and the Information Centres.

The IT infrastructure and network projects undertaken by the Bank have made it possible to put in place the central and branches' platforms, to make electronic communication tools available to all and to introduce platforms for exchange with partners.

## ◆ Numismatic museum

Since 1948, Bank Al-Maghrif has held a large collection of ancient Arab-Islamic and especially Moroccan coins, with an initial series of around 12 000 coins of gold, silver, bronze and various alloys (the Brèthes collection); this has been added to so that the collection now includes more than 25 000 coins and over 1 000 banknotes issued in Morocco since 1911. It covers more than 3 000 years of the history of minting, from the birth of money in the Greek city states and its introduction into Morocco by Carthage to the commemorative coins and the banknotes of the twentieth century. Thus, every period of Morocco's history is recorded, especially the great dynasties that made Morocco's History.

Bank Al-Maghrib entrusted the work of identifying and cataloguing this collection to Daniel Eustache, an expert in Arab-Islamic numismatics at the Bibliothèque Nationale in Paris. This collaboration resulted in two numismatic reference works: the Corpus of Idrissid and Contemporary Dirhams in 1974 and the Corpus of Alawite Coins in 1985.

The work carried out between 1997 and 2000 resulted in the refurbishment of the building that houses the present museum, with an exhibition space of 750 square metres in addition to the library, audio-visual room and laboratory.

In the course of 2006, the activities of the Currency Museum Department were geared towards promotional events with the aim of increasing the number of visits by the public and especially those by schools, which accounted for 39% of the total of 1 405 visitors. This was given a significant boost by the publication of an Exhibition Catalogue. Throughout 2006, the Currency Museum also sought to preserve and enhance the Bank's historical memory by purchasing a number of coin, art and other collections and by collecting archival material relating to our Institution's past.



**PART 3**  
**FINANCIAL STATEMENTS OF BANK**  
**AL-MAGHRIB**





◆ **1. Financial statements  
as at 31 december 2006**







**1.1 Balance sheet as at 31 december 2006**

(after allocation of profit)

<b>ASSETS</b> (In thousands of dirhams)	<u>31-12-2006</u>	<u>31-12-2005</u>
<b>Assets and investments in gold</b>	<b>3.806.650</b>	<b>2.590.237</b>
<b>Assets and investments in foreign currency</b>	<b>170.949.103</b>	<b>148.089.362</b>
- Assets and investments held with foreign banks	71.620.825	48.396.376
- Foreign treasury bills and similar securities	94.819.753	98.379.626
- Other assets in currencies	4.508.525	1.313.360
<b>Assets with international financial institutions</b>	<b>1.793.876</b>	<b>2.321.639</b>
- I.M.F. subscription-Reserve tranche	1.086.428	1.320.653
- Special Drawing Rights holdings	445.055	728.326
- Subscription to the Arab Monetary Fund	262.393	272.660
<b>Claims on Government</b>	<b>4.499.972</b>	<b>5.500.000</b>
- Contract advances	4.499.972	5.500.000
- Overdraft facilities	-	-
- Other financial loans	-	-
<b>Claims on Moroccan credit institutions and the like</b>	<b>37.375</b>	<b>9.329</b>
- Securities received under repurchase agreement	-	-
- Advances to the banks	-	-
- Other claims	37.375	9.329
<b>Treasury bills - Open market operations</b>	<b>1.003.642</b>	<b>-</b>
<b>Other assets</b>	<b>10.078.871</b>	<b>9.371.318</b>
- Sundry debtors	7.459.336	8.294.638
- Other miscellaneous assets	2.619.535	1.076.680
<b>Fixed assets</b>	<b>2.325.255</b>	<b>2.599.110</b>
<b>Total assets</b>	<b>194.494.744</b>	<b>170.480.995</b>

**1.1 Balance sheet as at 31 december 2006**

(after allocation of profit)

<b>Liabilities</b> (in thousands of dirhams)		
	31-12-2006	31-12-2005
<b>Banknotes and coins in circulation</b>	<b>114.233.556</b>	<b>93.505.127</b>
- Banknotes	112.406.560	91.812.535
- Coins	1.826.996	1.692.592
<b>Liabilities in gold and in currencies</b>	<b>2.004.521</b>	<b>2.182.706</b>
- Liabilities in gold	-	-
- Liabilities in currencies	2.004.521	2.182.706
<b>Liabilities in convertible dirham</b>	<b>214.340</b>	<b>223.231</b>
- Liabilities to international financial institutions	199.172	197.012
- Other liabilities	15.168	26.219
<b>Deposits and liabilities in dirham</b>	<b>63.732.850</b>	<b>61.440.100</b>
- Current account of the Treasury	675.528	162.822
- Deposits and liabilities to Moroccan banks	47.850.836	46.056.455
. Current accounts	43.850.836	45.056.455
. Liquidity-withdrawal accounts	4.000.000	-
. Deposit facility accounts	-	1.000.000
- Deposits of general government and public institutions	13.940.198	13.771.710
- Other accounts	1.266.288	1.449.113
<b>Other liabilities</b>	<b>7.717.992</b>	<b>6.495.692</b>
<b>Allocations of Special Drawing Rights</b>	<b>1.090.145</b>	<b>1.132.799</b>
<b>Capital and the like</b>	<b>5.501.340</b>	<b>5.501.340</b>
- Capital	500.000	500.000
- Reserves	5.001.340	4.910.815
- Statutory provisions	-	90.525
<b>Total liabilities</b>	<b>194.494.744</b>	<b>170.480.995</b>

**1.2 RECEIPTS AND EXPENDITURE ACCOUNT**

<b>RECEIPTS</b> (in thousands of dirhams)		
	31/12/2006	31/12/2005
Interests paid on assets and investments in gold and foreign currencies	5.026.656	3.711.957
Interests paid on claims on government	-	-
Interests paid on claims on Moroccan credit institutions and the like	7.827	35.900
Other interests paid	9.208	11.158
Commissions paid	268.336	146.383
Other financial products	213.586	278.664
Sales of produced goods and services	101.216	68.112
Miscellaneous products	3.614	2.101
Reversal of depreciation	4.394	-
Reversal of provisions	348.676	253.891
Non- current receipts	1.920	47.354
<b>Total receipts</b>	<b>5.985.433</b>	<b>4.555.520</b>

**1.2 RECEIPTS AND EXPENDITURE ACCOUNT****EXPENDITURE**

(in thousands of dirhams)

	<u>31/12/2006</u>	<u>31/12/2005</u>
Interests paid on liabilities in gold and currencies	40.728	29.386
Interests paid on liabilities in convertible dirham	-	-
Interests paid on deposits and liabilities in dirham	844.306	809.862
Commissions paid	14.376	9.703
Other financial expenditure	361.613	756.381
Staff expenditure	577.490	499.937
Purchase of materials and supplies	130.722	106.643
Other external expenditure	107.712	105.573
Depreciation and provisions expenditure	483.540	155.640
Non-current expenditure	3.743	19.776
Corporation tax	1.326.873	979.516
<b>Total expenditure</b>	<b>3.891.103</b>	<b>3.472.417</b>
<b>Net profit</b>	<b>2.094.330</b>	<b>1.083.103</b>

**1.3 OFF-BALANCE SHEET<sup>(1)</sup>**

(in thousands of dirhams)

	<u>31-12-2006</u>	<u>31-12-2005</u>
<b>Spot foreign exchange transactions</b>		
- Spot delivery of currencies	97 2.682	55.461
- Spot purchase of dirhams	950.399	55.342
<b>Forward foreign exchange transactions</b>		
- Currency to be received	132.000	48.125
- Currency to be delivered	32.001	47.233
<b>Currency exchange-deposit transactions</b>	-	-
<b>Foreign exchange transactions-arbitrage transactions</b>	-	-
<b>Off-balance currency adjustment</b>	-	-
<b>Liabilities on derivatives</b>	-	-
<b>Liabilities on securities</b>		
- Securities received on advances granted	2.050.000	-
- Securities received on advances to be granted	1.495.870	-
- Securities to deliver	-	-
<b>Other liabilities</b>		
- Received market guarantees	32.900	20.977
- Liabilities of guarantees received for staff loans	449.209	469.138
- Financing liabilities granted to the staff	17.000	-

(1) Some items of the 2005 off-balance sheet do not necessarily correspond to the Bank's new Chart of Accounts. Therefore, they cannot be compared to those of the fiscal year 2006.



◆ **2. Notes to the financial statements**







## 2.1 The balance sheet of Bank Al-Maghrib

As at the end of December 2006, the balance sheet of Bank Al-Maghrib, after allocation of profit, totalled 194 494.7 million dirhams, showing a rise of 24 013.7 million or 14.1% compared to 5.5% the previous year.

This growth is largely the result, on the assets side, of the strengthening of assets in currencies and, on the liabilities side, of the net growth in the volume of notes and coins in circulation and in deposits and liabilities towards the banks.

### ◆ Assets

#### **Assets and investments in gold**

As at the end of December 2006, assets and investments in gold amounted to 3 806.7 millions compared to 2 590.2 millions the previous year, an increase of 1 216.4 million or 47%. This development is the result of the revaluation of gold assets at the end of the year.

#### **Assets and investments in foreign currency**

At 170 949.1 million dirhams, assets and investments in foreign currency, which represent almost 88% of the Bank's assets, were up by 22 859.7 millions or 15.4%, after growing by 11.3% in 2005. This increase was mainly due to the continued growth in earnings from travel and transfers by Moroccans living abroad, as well as to the receipt in August 2006 of the proceeds from the sale, in foreign currency, of 20% of the capital of the Régie des tabacs (State-owned tobacco company) for a sum of 4 billion dirhams.

**Assets with international financial institutions**

Assets with international financial institutions stood at 1 793.9 million compared to 2 321.6 millions the previous year, owing on the one hand to the 283.2 millions or 38.9% reduction in holdings of Special Drawing Rights (SDR) and, on the other, to the decline in funds available in respect of the reserve tranche with the IMF, which fell from 1 320.7 million to 1 086.4 million, as a result of the revaluation of SDR and the adjustment of the mobilised reserve tranche.

**Claims on Government**

In accordance with the agreement on the repayment of Bank Al-Maghrib's claims on Government, concluded between the Bank and the Ministry of Finance on 9 May 2006, the first tranche of these claims, amounting to 1 billion dirhams, was repaid. Thus, the outstanding amount of claims on Government was reduced to 4 500 millions at the end of 2006.

**Claims on Moroccan credit institutions and the like**

Claims on credit institutions and the like rose, year-end to year-end, from 9.3 millions to 37.4 millions, as a result of the increase in claims on means of payment. On the other hand, given that liquidity continued to be abundant, banks had recourse to the Central Bank advances only during very rare periods of monetary tightness in 2006.

**Treasury bills – Open market transactions**

The portfolio of Treasury bills totalled 1 003.6 million, which corresponds to the amount of securities purchased on the secondary market for monetary control purposes.

**Other assets**

At 10 078.9 millions, other assets, comprising mainly sundry debtors, adjustment and collection accounts, were up by 707.5 millions or 7.5%, mainly due to the increase in immediately credited cheques.

## Fixed assets

At the end of 2006, fixed assets, which comprise equity interests and the like, intangible and tangible fixed assets and fixed loans, were down by 273.8 millions to reach 2 325.3 millions, as a result of the sale by Bank Al-Maghrib of its holding in the capital of Crédit Immobilier et Hôtelier (Real Estate and Hotel Loan Institution).

## ◆ Liabilities

### Notes in circulation

The amount of notes in circulation totalled 112 406.6 millions, showing a year-on-year increase of 20 594 million dirhams or 22.4%. This evolution is explained in particular by the large outflows of notes in connection with the celebration of Aïd Al Adha, which coincided with the end of the year.

The breakdown of notes in circulation according to their face value was as follows at the end of 2006 :

9 385 201 notes and 1/2 <sup>(1)</sup> of	10 dirhams .....	DH	93 852 015.00
68 015 639 notes of	20 dirhams .....	DH	1 360 312 780.00
42 122 454 notes of	50 dirhams .....	DH	2 106 122 700.00
426 930 131 notes and 1/2(1) of	100 dirhams .....	DH	42 693 013 150.00
330 766 298 notes of	200 dirhams .....	DH	66 153 259 600.00
<b>Total .....</b>		<b>DH</b>	<b>112 406 560 245.00</b>

(1) These are half banknotes not presented by their holders for refund.

### Coins in circulation

At the end of 2006, the amount of coins in circulation stood at 1 827 million dirhams, an increase of 134.4 million or 7.9% compared to 7% recorded the previous year. Their breakdown by type of coin was as follows:

#### - Gold

14 484 coins of 250 dirhams (commemorative) .....	DH	3 621 000.00
2 022 coins of 500 dirhams (commemorative) .....	DH	1 011 000.00

#### - Silver

27 319 coins of 50 dirhams (commemorative) .....	DH	1 365 950.00
9 145 coins of 100 dirhams (commemorative) .....	DH	914 500.00
3 932 coins of 150 dirhams (commemorative) .....	DH	589 800.00
19 817 coins of 200 dirhams (commemorative) .....	DH	3 963 400.00

#### - Nickel

268 817 981 coins of	50 centimes .....	DH	134 408 990.50
496 409 809 coins of	1 dirham .....	DH	496 409 809.00
35 030 142 coins of	2 dirhams .....	DH	70 060 284.00
88 913 371 coins of	5 dirhams .....	DH	444 566 855.00
56 545 891 coins of	10 dirhams .....	DH	565 458 910.00

#### - Aluminium bronze

231 086 599 coins of	5 centimes .....	DH	11 554 329.95
359 794 964 coins of	10 centimes .....	DH	35 979 496.40
284 239 420 coins of	20 centimes .....	DH	56 847 884.00

#### - Aluminium

24 340 066 coins of	1 centime .....	DH	243 400.66
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<b>Total ...</b>		<b>DH 1 826 995 609.51</b>
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**Liabilities in gold and foreign currencies**

Liabilities in gold and foreign currencies fell by 178.2 millions or 8.2% to stand at 2 004.5 million dirhams, reflecting the decline in the Bank's foreign currency liabilities to its customers.

**Liabilities in convertible dirhams**

Liabilities in convertible dirhams amounted to 214.3 millions, down by 8.9 millions or 4%, as a result of the decline in liabilities to foreign banks, which stood at 3 millions compared to 18.1 millions the previous year.

**Deposits and liabilities in dirhams**

At the end of 2006, deposits and liabilities in dirhams totalled 63 732.9 millions, an increase of 2 292.8 million dirhams or 3.7%. This development is chiefly attributable to the growth by 1 794.4 million in deposits and liabilities with Moroccan banks. This figure masks a rise of 4 000 millions in banks' assets in respect of liquidity withdrawals and a decline in available funds in their current accounts and deposit facilities of 1 205.6 million and 1 000 million dirhams respectively. In addition, available funds in the Treasury account were up by 512.7 millions and deposits of general government and public institutions rose by 168.5 millions or 1.2%.

**Other liabilities**

"Other liabilities" amounted to 7 718 millions, showing an increase of 1 222.3 million or 18.8%, mainly as a result of the revaluation of gold assets.

**Allocations of Special Drawing Rights**

The amount of allocations of Special Drawing Rights fell to 1 090.1 millions compared to 1 132.8 millions in 2005, owing to the depreciation of the SDR against the dirham.

**Capital and the like**

At the end of 2006, capital and the like remained unchanged at 5 501.3 millions, the Bank's capital remaining unchanged at 500 million dirhams.

Finally, taking into account the payment of 1 326.9 million in respect of corporation tax, the net profit for the financial year was 2 094.3 million dirhams.

## 2-2 Income statement

At the end of 2006, the Bank's receipts totalled 5 985.4 million dirhams, an increase of 1 429.9 million or 31.4% compared to the previous year. Some 84% of these receipts consist of the interest received on assets and investments in gold and foreign currency, which was up by 35.4% to 5 026.7 millions. Interest on advances granted to the banks, on the other hand, fell to 3.1 millions compared to 35.9 millions the previous year. Commission received, for its part, rose from 146.4 millions to 268.3 millions, while other financial earnings, at 213.6 millions, were down by 23.4%, mainly owing to the decline in capital gains on the transfer of Treasury bills and similar securities.

On the other hand, total expenditure amounted to 3 891.1 million dirhams at the end of December 2006, compared to 3 472.4 millions the previous year. Excluding corporation tax, this expenditure totals 2 564.2 millions, an increase of 71.3 millions or 2.9%. This development masks in particular a 42.7% rise in interest paid in respect of the deposits of credit institutions in connection with monetary control, a 33% increase in the cost of manufacturing notes and coins as a result of the greater volume of notes and coins in circulation and the higher prices of raw materials, and a 22.5% reduction in interest paid on deposits of the Hassan II Fund for Economic and Social Development with the Bank.

### **2-3 The legal framework**

The financial statements of Bank Al-Maghrib are drawn up in accordance with the provisions of the Law n° 76-03 relative to the Statutes of Bank Al-Maghrib and with those of the Bank's Chart of Accounts.

This Chart of Accounts takes into consideration the accounting rules set out in the General Accounting Standards, the international accounting standards and the generally accepted accounting principles, as well as the particularities of the Bank's missions.

The financial statements, as listed in Article 55 of the Bank's Statutes, include the balance sheet, the income statement and the statement of additional information.



## 2-4 The accounting principles and evaluation rules

The main accounting methods and evaluation rules adopted for the elaboration of the financial statements are as follows:

### **Foreign exchange operations**

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

### **Assets and liabilities in foreign currencies and gold**

Assets and liabilities held in foreign currencies are converted into the dirham at the exchange rate in force 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, liabilities and off-balance sheet. Gold is revaluated on the basis of the price of the gold ounce in dirham derived from the US dollar quotation set at the London fixing on the last working day of the fiscal year.

The gains and losses resulting from this revaluation are entered in the exchange reserves' evaluation account reported on the liabilities 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 are acquired or incurred, in compliance with the principle of the 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 or losses are entered in the corresponding income statement accounts.
4. Accrued interests are recorded monthly and converted on the posting date.

## Securities portfolio

The securities acquired by 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:

- **Trading securities:** these are securities purchased with the intention of resale within a period not exceeding six months. They are entered, from the beginning, at their acquisition price, including the acquisition costs and, if need be, the accrued coupons. The gains or losses resulting from the monthly mark-to-market evaluation of these securities are posted in the corresponding income statement accounts.
- **Securities held for sale:** these are securities purchased with the intention of being held for more than six months.
  1. Entries in this portfolio are made at the acquisition price, excluding acquisition costs and, if need be, accrued coupons.
  2. The Bank has opted for the non-amortization, over the remaining life of the securities, of the differences (discounts or premiums) between securities' acquisition price and redemption price.

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

- **Investment securities:** correspond to securities purchased with the intention of being held to maturity.

1. They are recorded at their acquisition price, excluding costs and, if need be, accrued coupons.
2. Gains or losses on these securities are not recognized.
3. 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 acquisition 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 economic life.

### **Financial fixed assets**

Bank Al-Maghrib holds interests 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

### **Inventories are composed of:**

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

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

Raw materials are recorded in the balance sheet at their acquisition price plus the costs and fees relating to their acquisition and less the provisions for depreciation.

### ◆ 3. Auditor's report





In accordance with our assignment as statutory auditors by the Bank Board, we have audited the financial statements here attached of Bank Al-Maghrib for the year ended December 31<sup>st</sup> 2006, which include the balance sheet, the income 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 the generally accepted auditing standards in Morocco, except the point provided in paragraph 1 below. 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**

We have been appointed as statutory Auditors in 2006. In this regard, we did not audit the financial statements ended December 31<sup>st</sup>, 2005 . Therefore, any inaccuracy or omission in these statements may have consequences on the financial statements ended December 31<sup>st</sup>, 2006.

In our opinion, except the aforesaid consequences, the financial statements reflect, in all material aspects, a fair view of the assets and the financial situation of Bank Al-Maghrib as at December 31<sup>st</sup>, 2006, as well as of the results of its operations for the year ended at this date, in accordance with the generally accepted accounting principles in Morocco.

Without disputing the above opinion, and as mentioned in the statement A1 of the related notes, we would note that the accounting standards applied by the Bank, addressed by "Bank Al-Maghrib Chart of Accounts ", have been approved by the Bank Board in June 2004 and implemented as from

January 2005. According to the Minister of Finance letter of February 2007, the "Bank Al-Maghrib Chart of Accounts" should be submitted to the approval of the forthcoming General Assembly of the National Board for Accountancy.

We further note that assets and liabilities in gold and currencies have been assessed according to the principles provided for in the statement A1 of the related notes.

Besides, the Bank has decided to assess the likely obligation related to the post-employment benefits (retirement and medical care) offered to its employees. Waiting for the result of this assessment, the technical and financial elements inherent thereto are described in the statement A1a 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.

Excluding the facts discussed above, we do not have any comments on the compliance of the financial statements with the information given in the management report of the Bank.

**March 27th, 2007**

**Deloitte Audit**

**Ahmed Benabdelkhalek**

**Chartered accountant**



## ◆ 4. Approval by the Bank Board





In accordance with article 55 of the law n°76-03 relative to the Statutes of Bank Al-Maghrib, the financial statements are presented by the Governor to the Bank Board for approval.

At its meeting of March 27<sup>th</sup>, 2007, after having taken cognizance of the Auditor's opinion on the sincerity of the financial statements and their conformity with the information provided in the management report of the Bank, the Board approved the financial statements of the fiscal year 2006.



## APPENDICES

بنك المغرب  
بنك المغرب



## I-1 - MAIN INDICATORS OF THE ECONOMY<sup>(1)</sup>

Amounts in billions of dirhams	2003	2004	2005	2006	Percentage changes	
					2005	2006
					2004	2005
<b>National accounts</b>						
- Gross domestic product at constant prices (growth in%)	6.1	5.2	2.4	8.0		
. Agricultural GDP (primary sector)	20.3	7.3	-11.8	21.0		
. Non-agricultural GDP	3.2	4.7	4.9	6.2		
- Gross domestic product at current prices	477.0	500.1	522.6	575.2	+ 4.5	+10.1
. Agricultural GDP	73.9	73.7	62.7	80.5	-15.0	+28.5
. Non-agricultural GDP	353.6	375.7	407.1	432.7	+8.4	+6.3
- Gross national disposable income	506.5	534.7	564.7	622.7	+5.6	+10.3
- Final national consumption	360.2	382.4	396.6	424.3	+3.7	+7.0
- Gross fixed capital formation	131.0	143.7	158.1	170.6	+11.7	+10.9
- National gross saving	146.3	152.3	168.2	192.1	+10.4	+18.0
- Investment ratio (GFCF/GDP) in %	27.5	28.7	30.3	29.4	+6.9	+0.8
- Savings ratio (as % of GDP)	28.9	28.5	29.8	30.5	+4.5	+7.0
<b>Unemployment rate in %</b>	<b>11.9</b>	<b>10.8</b>	<b>11.1</b>	<b>9.7</b>		
<b>Prices</b>						
- Inflation rate (change in the cost of living index)	1.2	1.5	1.0	3.3		
Including : Foodstuffs	1.3	1.6	0.3	3.9		
- Underlying inflation	0.8	1.3	1.6	3.1		
<b>External accounts</b>						
- Total exports	83.9	87.9	99.3	111.7	+12.9	+12.5
- Total imports	136.1	157.9	184.4	207.0	+16.8	+12.3
- Total trade deficit	-52.2	-70.0	-85.1	-95.3	+21.5	+12.0
- Balance of "Travel"	+25.6	+29.7	+35.5	+46.3	+19.5	+30.4
- Balance of current transfers	+39.2	+ 43.1	+47.8	+55.5	+10.7	+16.3
- Current account balance	+15.2	+8.6	+10.0	+16.3	+17.2	+62.9
- Current account balance as % of GDP	3.2	1.7	1.9	2.8		
- Outstanding foreign public debt	126.0	115.3	115.9	115.2	+0.5	- 0.6
- Foreign public debt as % of GDP	26.4	23.1	22.2	20.0		
<b>Exchange rate</b>						
- Dirhams per 1 Euro	10.814	11.021	11.022	11.042	-	+ 0.2
- Dirhams per 1 US dollar	9.574	8.868	8.865	8.796	-	- 0.8
<b>Public finance</b>						
- Ordinary balance	+9.8	+11.1	+5.0	+22.8	-55.0	+357.0
- Investment expenditure	+19.8	+21.4	+20.5	+23.4	- 4.1	+14.2
- Budget balance	-15.9	-15.1	-20.7	-9.8	+37.1	-52.9
- Budget balance as % of GDP	-3.3	-3.0	-4.0	-1.7		
- Outstanding amount of the domestic debt	211.5	223.9	258.5	265.8	+15.5	+2.8
- Outstanding amount of the domestic debt as % of GDP	44.3	44.8	49.5	46.2		
<b>Money</b>						
- Aggregate M1	251.1	275.8	316.6	371.2	+14.8	+17.3
- Money supply (M3)	386.3	416.4	474.8	555.5	+14.0	+17.0
- Net foreign assets	127.2	144.4	165.9	190.8	+14.9	+15.0
- Claims on Government	78.5	72.7	77.5	77.6	+6.6	+0.1
- Claims on the private sector	246.0	262.7	292.0	339.6	+11.1	+16.3

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

**I-1 a - GROSS DOMESTIC PRODUCT CHANGES (1998 = 100)**  
(Basis year 1998)

(percentage changes)

Branches of activity	2002	2003	2004	2005	2006*
<b>Primary sector</b>	<b>4.3</b>	<b>20.3</b>	<b>7.3</b>	<b>-11.8</b>	<b>21.0</b>
Agriculture	8.1	24.1	8.3	-13.9	25.0
Fishing	-27.6	-15.2	-5.4	16.6	-15.7
<b>Secondary sector</b>	<b>2.7</b>	<b>4.4</b>	<b>3.4</b>	<b>6.0</b>	<b>4.7</b>
Mining	-0.6	1.2	9.7	3.0	1.8
Industry (excluding oil refining)	4.5	4.3	-0.2	4.1	3.9
Oil refining and energy products	-23.2	-81.0	164.1	118.1	-29.4
Electricity and water	2.1	10.2	5.3	7.6	6.7
Building and public works	1.0	8.0	8.0	7.3	8.6
<b>Tertiary sector<sup>(1)</sup></b>	<b>2.8</b>	<b>4.2</b>	<b>5.4</b>	<b>5.0</b>	<b>5.3</b>
Commerce	3.2	2.5	5.5	3.7	6.2
Hotels and restaurants	0.2	-0.4	8.4	8.1	8.7
Transport	0.6	0.6	12.9	5.0	6.2
Postal and telecommunications services	5.3	11.4	10.7	8.3	10.3
Other services <sup>(2)</sup>	3.5	6.9	3.4	4.8	4.8
General government and social security	1.6	0.7	4.3	5.0	3.2
<b>Added value to the base prices</b>	<b>3.0</b>	<b>6.9</b>	<b>5.2</b>	<b>2.5</b>	<b>7.4</b>
Tax on products net of subsidies	5.5	-0.2	4.2	1.2	12.7
<b>Gross domestic product</b>	<b>3.3</b>	<b>6.1</b>	<b>5.2</b>	<b>2.4</b>	<b>8.0</b>

(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-2 - GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (1998 = 100)**  
(Basis year 1998)

(in millions of dirhams)

Branches of activity	2002	2003	2004	2005	2006*
<b>Primary sector</b>	<b>65 457</b>	<b>73 933</b>	<b>73 672</b>	<b>62 650</b>	<b>80 475</b>
Agriculture	59 146	68 759	68 575	56 468	74 312
Fishing	6 311	5 174	5 097	6 182	6 163
<b>Secondary sector</b>	<b>108 188</b>	<b>119 418</b>	<b>125 040</b>	<b>136 349</b>	<b>142 538</b>
Mining	8 500	7 822	7 704	8 646	10 271
Industry (excluding oil refining)	65 003	73 547	74 498	80 766	84 528
Oil refining and energy products	1 273	479	969	1 750	1 465
Electricity and water	11 731	13 191	13 047	14 624	14 580
Building and public works	21 681	24 379	28 822	30 563	31 694
<b>Tertiary sector<sup>(1)</sup></b>	<b>222 878</b>	<b>234 176</b>	<b>250 632</b>	<b>270 706</b>	<b>290 175</b>
Commerce	53 193	52 591	54 438	57 277	63 177
Hotels and restaurants	9 459	9 916	11 129	12 424	12 759
Transport	17 577	17 368	18 722	18 657	19 534
Postal and telecommunications services	12 395	13 814	15 395	17 974	19 717
Other services <sup>(2)</sup>	91 773	100 994	107 219	116 475	124 886
General government and social security	38 481	39 493	43 729	47 899	50 102
<b>Added value to the base prices</b>	<b>396 523</b>	<b>427 527</b>	<b>449 345</b>	<b>469 705</b>	<b>513 188</b>
Tax on products net of subsidies	49 521	49 460	50 737	52 944	62 082
<b>Gross domestic product</b>	<b>446 044</b>	<b>476 987</b>	<b>500 081</b>	<b>522 649</b>	<b>575 271</b>

(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 CHANGES**  
(Basis year 1998)

(percentage changes)

Branches of activity	2002	2003	2004	2005*	2006*
<b>Primary sector</b>	<b>4.4</b>	<b>12.9</b>	<b>-0.4</b>	<b>-15.0</b>	<b>28.5</b>
Agriculture	5.8	16.3	-0.3	-17.7	31.6
Fishing	-6.5	-18.0	-1.5	21.3	-0.3
<b>Secondary sector</b>	<b>3.6</b>	<b>10.4</b>	<b>4.7</b>	<b>9.0</b>	<b>4.5</b>
Mining	-5.3	-8.0	-1.5	12.2	18.8
Industry (excluding oil refining)	5.3	13.1	1.3	8.4	4.7
Oil refining and energy products	-22.0	-62.4	102.3	80.6	-16.3
Electricity and water	4.8	12.4	-1.1	12.1	-0.3
Building and public works	3.9	12.4	18.2	6.0	3.7
<b>Tertiary sector<sup>(1)</sup></b>	<b>5.1</b>	<b>5.1</b>	<b>7.0</b>	<b>8.0</b>	<b>7.2</b>
Commerce	5.0	-1.1	3.5	5.2	10.3
Hotels and restaurants	0.1	4.8	12.2	11.6	2.7
Transport	5.3	-1.2	7.8	-0.3	4.7
Postal and telecommunications services	12.3	11.4	11.4	16.8	9.7
Other services <sup>(2)</sup>	5.9	10.0	6.2	8.6	7.2
General government and social security	2.5	2.6	10.7	9.5	4.6
<b>Added value to the base prices</b>	<b>4.6</b>	<b>7.8</b>	<b>5.1</b>	<b>4.5</b>	<b>9.3</b>
Tax on products net of subsidies	3.8	-0.1	2.6	4.3	17.3
<b>Gross domestic product</b>	<b>4.5</b>	<b>6.9</b>	<b>4.8</b>	<b>4.5</b>	<b>10.1</b>

(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 - GOODS AND SERVICES ACCOUNT**  
(Basis year 1998)

(in millions of dirhams)

	2002	2003	2004	2005	2006*	Changes in %	
						2005	2006
						2004	2005
<b>RESOURCES</b>							
<b>Gross domestic product</b>	<b>446 044</b>	<b>476 987</b>	<b>500 081</b>	<b>522 649</b>	<b>575 271</b>	<b>4.5</b>	<b>10.1</b>
<b>Resources deficit</b>	<b>9 737</b>	<b>14 235</b>	<b>26 020</b>	<b>32 061</b>	<b>31 077</b>	<b>23.2</b>	<b>-3.1</b>
Imports of goods and nonfactor services	143 187	149 155	171 973	197 443	220 998	14.8	11.9
Exports of goods and nonfactor services	133 450	134 920	145 953	165 382	189 921	13.3	14.8
<b>Total available resources</b>	<b>455.781</b>	<b>491 222</b>	<b>526 101</b>	<b>554 710</b>	<b>606 348</b>	<b>5.4</b>	<b>9.3</b>
<b>EXPENDITURE</b>							
<b>Final national consumption</b>	<b>340 112</b>	<b>360 180</b>	<b>382 355</b>	<b>396 578</b>	<b>424 334</b>	<b>3.7</b>	<b>7.0</b>
- Resident households	258 334	274 162	288 243	295 998	319 127	2.7	7.8
- General government	81 778	86 018	94 112	100 580	105 207	6.9	4.6
<b>Investment</b>	<b>115 669</b>	<b>131 042</b>	<b>143 746</b>	<b>158 132</b>	<b>182 015</b>	<b>10.0</b>	<b>15.1</b>
Gross fixed capital formation	112 320	120 360	133 404	149 054	165 301	11.7	10.9
Changes in stocks	+3 349	+10 682	+10 342	+9 078	+16 714	-	-
<b>Total expenditure</b>	<b>455 781</b>	<b>491 222</b>	<b>526 101</b>	<b>554 710</b>	<b>606 348</b>	<b>5.4</b>	<b>9.3</b>

**I-5 - GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION**  
(AT CURRENT PRICES)

(in millions of dirhams)

	2002	2003	2004	2005	2006*	changes in %	
						2005	2006
						2004	2005
Gross domestic product	446 044	476 987	500 081	522 649	575 271	4.5	10.1
Net foreign income	26 013	29 473	34 571	42 081	47 402	21.7	12.6
<b>Gross national disposable income</b>	<b>472 057</b>	<b>506 460</b>	<b>534 652</b>	<b>564 730</b>	<b>622 673</b>	<b>5.6</b>	<b>10.3</b>
<b>Final national consumption</b>	<b>340 112</b>	<b>360 180</b>	<b>382 355</b>	<b>396 578</b>	<b>424 334</b>	<b>3.7</b>	<b>7.0</b>
<b>Gross national savings</b>	<b>131 945</b>	<b>146 280</b>	<b>152 297</b>	<b>168 152</b>	<b>198 340</b>	<b>10.4</b>	<b>18.0</b>

(\*) Preliminary.

Source : High commission for planning (national accounting department)

**I-6 - INVESTMENT AND SAVINGS**  
(Basis year 1998)

(in millions of dirhams)

	2002	2003	2004	2005	2006*	changes in %	
						2004	2005
						2003	2004
Gross national savings	135 945	146 280	152 297	168 152	198 339	10.4	18.0
Net capital transfers from the rest of the world	-67	-97	-71	-40	-26	-43.7	-35.0
Financing requirement	-	-	-	-	-	-	-
<b>Total resources</b>	<b>131 878</b>	<b>146 183</b>	<b>152 226</b>	<b>168 112</b>	<b>198 314</b>	<b>10.4</b>	<b>18.0</b>
Gross fixed capital formation	120 320	120 360	133 404	149 054	165 301	11.7	10.9
Changes in stocks	+3 349	+10 682	+10 342	+9 078	+16 714	-	-
Financing capacity	16 209	15 141	8 480	9 980	16 299	-	-
<b>Total expenditure</b>	<b>131 878</b>	<b>146 183</b>	<b>152 226</b>	<b>168 112</b>	<b>198 314</b>	<b>10.4</b>	<b>18.0</b>

(\*) Preliminary.

Source : High Commission for Planning (National accounting department).

## II-1 - CEREALS

	2004-2005			2005-2006		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
<b>Principal cereals</b>						
Soft wheat	1 907	21 024	11.0	2 038	42 300	20.8
Hard wheat	1 059	9 407	8.9	1 029	21 000	20.4
Barley	2 180	11 021	5.1	2 189	25 400	11.6
Maize	246	501	2.0	244	2 974	12.2
<b>Total</b>	<b>5 392</b>	<b>41.953</b>	<b>7.8</b>	<b>5.500</b>	<b>91 674</b>	<b>16.7</b>
<b>Secondary cereals</b>						
of which : rice	6.3	427.0	67.8			

Source : Ministry of Agriculture, Rural Development and Sea Fisheries  
(Programming and Economic Affairs Department).

## II-2 - PULSE CROPS

	2004-2005			2005-2006		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Broad beans	146	730	5.0	169	1 805	10.7
Chick peas	76	323	4.2	75	663	8.8
Green peas	36	143	3.9	36	243	6.8
Lentils	49	147	3.0	50	342	6.8
Other leguminous vegetables	43	145	3.4	43	269	6.3
<b>Total</b>	<b>351</b>	<b>1 487</b>	<b>4.2</b>	<b>373</b>	<b>3 322</b>	<b>8.9</b>

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.

## II-3 - MARKET GARDEN CROPS

	Oct. 2004 to Sept. 2005			Oct. 2005 to Sept. 2006		
	Area (1000 hectares)	Production (1000 tonnes)	Yield (tonnes per hectare)	Area (1000 hectares)	Production (1000 tonnes)	Yield (tonnes per hectare)
<b>Vegetable crops of season</b>	<b>222.0</b>	<b>4 665</b>	<b>20.7</b>	<b>235</b>	<b>5 520</b>	<b>23.5</b>
<b>Early fruits and vegetables</b>	<b>28.5</b>	<b>1 297</b>	<b>45.5</b>	<b>29.5</b>	<b>1 445</b>	<b>49.0</b>
Tomatoes	6.1	627	102.8	6.0	696	116.0
Potatoes	7.1	130	18.3	6.1	133	21.8
Other vegetables	15.3	540	35.3	17.4	616	35.4
<b>Total</b>	<b>250.5</b>	<b>5 962</b>	<b>23.4</b>	<b>264.5</b>	<b>6 965</b>	<b>26.3</b>

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.  
(Vegetable Production Department).

## II-4 - CITRUS FRUITS

(in thousands of tonnes)

	October 03 to July 04		October 04 to July 05		October 05 to July 06	
	Production	Exports	Production	Exports	Production	Exports
Oranges	700	230	827	236	784	278
Clementines	366	142	334	170	334	190
Miscellaneous	72	66	30	93	147	75
<b>Total</b>	<b>1 138</b>	<b>438</b>	<b>1 191</b>	<b>499</b>	<b>1 265</b>	<b>543</b>

Source : Ministry of Agriculture, Rural Development and sea Fisheries.  
(Vegetable Production Department).

## II-5 - SUGAR - BEET CROPS AND SUGAR PRODUCTION

	Harvested area (hectares)	Crops (tonnes)	Yield (tonnes per hectare)	Sugar production* (tonnes)
<b>2004-2005</b>				
Gharb	17 577	716 139	40.7	} 119 657
Loukkos	5 563	158 108	28.4	
Tadla	19 994	948 332	47.4	118 492
Doukkala	21 704	1 238 243	57.1	153 547
Moulouya	4 367	223 833	51.3	26 279
<b>Total</b>	<b>69 205</b>	<b>3 284 655</b>	<b>47.5</b>	<b>417 975</b>
<b>2005-2006</b>				
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
<b>Total</b>	<b>49 292</b>	<b>2 551 610</b>	<b>51.8</b>	<b>290 873</b>

(\*) Data provided by the Ministry of Industry, Trade and upgrading of the economy.  
Source : Ministry of Agriculture, Rural Development and Sea Fisheries.  
(Vegetable Production Department).

## II-6 - SUGAR - CANE CROPS AND SUGAR PRODUCTION

	Harvested area (hectares)	Crops (tonnes)	Yield (tonnes per hectare)	Sugar production* (tonnes)
<b>2004-2005</b>				
Gharb	9 217	528 036	57.3	} 53 828
Loukkos	4 167	258 452	62.0	
<b>Total</b>	<b>13 384</b>	<b>786 488</b>	<b>58.8</b>	<b>53 828</b>
<b>2005-2006</b>				
Gharb	10 050	679 305	67.6	} 110 041
Loukkos	4 290	317 312	74.0	
<b>Total</b>	<b>14 340</b>	<b>996 617</b>	<b>69.5</b>	<b>110 041</b>

(\*) Data provided by the Ministry of Industry, Trade and Economy upgrading.  
**Source :** Ministry of Agriculture, Rural Development and Sea Fisheries.  
 (Vegetable Production Department).

## II-7 - OLIVE-GROWING

(thousands of tonnes)

	Crops End of 2004 - Beginning of 2005	Crops End of 2005 - Beginning of 2006*	Crops End of 2006 - Beginning of 2007**
Production d'olives	500	700	750
Production d'huile	50	70	75

(\*) Revised.

(\*\*) Preliminary.

**Source :** Ministry of Agriculture, Rural Development and sea Fisheries.  
 (Vegetable Production Department).

## II-8 - OLEAGINOUS PLANTS

	2004-2005			2005-2006		
	Harvested area (1000 hectares)	Production (1000 quintals)	Yield (Quintals per hectare)	Harvested area (1000 hectares)	Production (1000 quintals)	Yield (Quintals per hectare)
Sunflower	53.3	182.0	3.4	29.0	83.0	2.9
Groundnut	19.5	487.0	25.0	20.0	47.0	23.5

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.  
(Vegetable Production Department).

## II-9 - VINE GROWING

	2004		2005		2006	
	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)
Dessert grapes	39 400	216 000	39 400	231 000	39 600	242 000
Wine-producing grapes	10 800	99 000	10 800	103 000	10 800	93 000
<b>Total</b>	<b>50 200</b>	<b>315 000</b>	<b>50 200</b>	<b>334 000</b>	<b>50 400</b>	<b>335 000</b>

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.  
(Vegetable Production Department).

## II-10 - STOCK FARMING <sup>(1)</sup>

(in thousands)

	2004	2005*	2006**
Cattle	2 728	2 722	2 755
Sheep	17 026	16 872	17 260
Goats	5 358	5 332	5 355
<b>Total</b>	<b>25 112</b>	<b>24 926</b>	<b>25 370</b>

(1) Census carried out in March-April 2006.

(\*) Revised

(\*\*) Preliminary.

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.  
(Programming and Economic Affairs Department).



## II-11 - MEAT SUPPLIED FOR CONSUMPTION

(in thousands of tonnes)

	2004	2005*	2006**
<b>Red meat</b>	<b>305.0</b>	<b>321.3</b>	<b>326.6</b>
Cattle	140.0	150.4	150.0
Sheep	102.0	108.0	112.0
Goats	18.0	16.0	17.0
Other	45.0	46.9	47.6
<b>White meat</b>	<b>338.0</b>	<b>385.0</b>	<b>370.0</b>

(\*) Revised.

(\*\*) Preliminary.

Source : Ministry of Agriculture, Rural Development and Sea Fisheries  
(Stock farming Department).

## II-12 - SEA FISHERIES

(in thousands of tonnes)

	2005*	2006**
<b>Production</b>	<b>976.2</b>	<b>802.3</b>
Deep-sea fishing	110.8	92.7
Coastal fishing	865.4	709.6
<b>Consumption of fresh products</b>	<b>337.8</b>	<b>361.7</b>
<b>Processing</b>	<b>520.6</b>	<b>341.4</b>
Canned fish	132.4	157.6
Fish meal and fish oil	340.6	138.2
Freezing	47.6	45.6
<b>Exports</b>	<b>376.3</b>	<b>436.1</b>
Fresh and freezed fish	82.7	123.7
Crustaceans and molluscs	81.1	90.9
Canned fish	134.0	151.9
Fish meal and fish oil	78.5	69.6

(\*) Revised.

(\*\*) Preliminary.

Sources : - Production : Ministry of Agriculture, Rural Development and Sea Fisheries  
and National Fishing Office.

- Exports : Foreign Exchange Office.

### III-1 - MAIN MINERAL PRODUCTS

(in thousands of tonnes)

	Production <sup>(1)</sup>			Exports <sup>(2)</sup>		
	2004	2005*	2006**	2004	2005*	2006**
<b>Phosphate rock</b>	<b>25 369.0</b>	<b>27 254.0</b>	<b>27 386.0</b>	<b>11 828.3</b>	<b>13 385.3</b>	<b>13.358,3</b>
<b>Other non-metallic ores</b>						
. Barite	355.8	475.7	612.8	312.6	330.9	328,2
. Fluorspar	12.1	114.7	98.1	103.1	79.7	106,9
. Salt	253.8	319.9	319.9	143.9	-	-
. Bentonite	85.4	54.4	34.0	-	4.5	9.0
<b>Metallic ores</b>						
. Zinc ore	146.2	151.3	148.7	179.8	223.1	156.6
. Lead ore	44.7	59.9	59.1	33.0	32.8	30.9
. Iron ore	9.9	8.1	4.6	-	11.0	2.1
. Copper ore	14.2	12.7	17.8	12.4	14.8	14.4
. Manganèse	9.0	11.3	4.8	-	7.8	2.1

(\*) Revised.

(\*\*) Preliminary.

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

(2) Exports : Foreign Exchange Office.

### III-2 - INDEX OF MINERAL PRODUCTION

(1992=100)

	Weighting	2004	2005*	2006**	Percentage changes
					2006
					2005
<b>Overall index</b>	<b>100.0</b>	<b>119.0</b>	<b>126.8</b>	<b>129.1</b>	<b>1.8</b>
- Phosphates	78.65	132.5	142.4	143.0	0.4
- Metallic ores	16.50	51.5	51.7	56.9	10.1

(\*) Revised.

(\*\*) Preliminary.

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

### III-3 - ENERGY BALANCE

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

	2004		2005*		2006**	
	Total	%	Total	%	Total	%
<b>Consumption</b>	<b>11 522</b>	<b>100</b>	<b>12 428.9</b>	<b>100</b>	<b>12.901.9</b>	<b>100</b>
- Coal	3 620	31.4	3 813	30.7	3.874	30.0
- Petroleum products	6 983	60.6	7 574	60.9	7.561	58.6
- Natural gas	52	0.5	410	3.3	479	3.7
- Hydro-electricity, wind power electricity and imported electricity	867	7.5	632	5.1	988	7.7
Of which :						
<b>Domestic products</b>	<b>624</b>	<b>100</b>	<b>576</b>	<b>100</b>	<b>525</b>	<b>100</b>
- Anthracite	95	15.2	109	18.9	-	-
- Oil and natural gas	61	9.8	46	8.0	64.0	12.2
- Hydro-electricity and wind power electricity	468	75.0	421	73.1	461.0	87.8
<b>Deficit</b>	<b>10 898</b>		<b>11 853</b>		<b>12 377</b>	
- As a percentage of overall consumption		94.6		95.4		95.9

(\*) Revised.

(\*\*) Preliminary.

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

### III-4 - ENERGY PRODUCTION

	2004	2005*	2006**	Percentage changes
				2006 2005
<b>Extraction activity</b>				
Crude oil (1 000 t)	32.3	32.3	11.2	-65.4
Natural gas ( millions m³)	39.5	39.5	56.0	41.8
<b>Processing activity</b>				
Refineries' production (1000 t) <sup>(1)</sup>	5 676.0	6 630.0	5 918.9	-10.7
Net electricity production (millions kWh)	16 410	18 705	19 081.6	2.0
Of which : Concession electricity (thermic and wind power)	(10 158)	(12 265)	(13 216)	(7.8)

(\*) 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)	2005*			2006**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure changes
<b>Total production <sup>(1)</sup></b>	<b>11 493</b>	<b>15.6</b>	<b>100.0</b>	<b>10 880</b>	<b>-5.3</b>	<b>100.0</b>
Of which :						
. Refined petroleum <sup>(2)</sup>	6 630	16.8	57.7	5 919	-10.7	54.4
. Electricity	4 863	14.0	42.3	4 961	2.0	45.6

(\*) 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

	2004	2005*	2006**	Percentage changes
				2006 2005
<b>Petroleum products (1 000 t)</b>	<b>6 983</b>	<b>7 454</b>	<b>7 561</b>	<b>-0.2</b>
- <b>Light distillates</b>	<b>4 020</b>	<b>4 202</b>	<b>4 286</b>	<b>2.0</b>
. Standard petrol	50	15	-	- 100.0
. Super petrol	330	361	381	5.7
. Planes kerosene	321	368	408	11.0
. Gas-oil	3 287	3 447	3 490	1.3
. Miscellaneous	32	11	6	-48.1
- <b>Liquefied gas</b>	<b>1 422</b>	<b>1 498</b>	<b>1 565</b>	<b>4.5</b>
. Butane	1 288	1 347	1 410	4.7
. Propane	135	152	155	2.2
- <b>Fuel-oil</b>	<b>1 540</b>	<b>1 874</b>	<b>1 710</b>	<b>-8.8</b>
. Quantities used for electricity production	574	815	751	-7.8
. Other	966	1 059	959	-9.5
<b>Coal (1 000 t)</b>	<b>5 509</b>	<b>5 778</b>	<b>5 980</b>	<b>3.5</b>
. Quantities used for electricity production	4 765	4 905	4 900	-0.1
. Other	745	873	1 080	23.7
<b>Natural gas ( millions m3 )</b>	<b>68</b>	<b>539</b>	<b>479</b>	<b>-11.1</b>
of which : Tahaddart's consumption	-	348	423	21.6
<b>Electricity O.N.E. (millions kWh)</b>	<b>15 675</b>	<b>17 629</b>	<b>19 258</b>	<b>9.2</b>
of which : external contribution	1 535	814	2 027	149.1

(\*) Revised.

(\*\*) Preliminary.

Sources : Ministry of Energy and Mining and National Electricity Office.

### III-7 - FINAL ENERGY CONSUMPTION <sup>(1)</sup>

In thousands of Tonnes Oil Equivalent (TOE)	2005*			2006**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure changes
<b>Final energy consumption <sup>(2)</sup></b>	<b>11.997</b>	<b>8.8</b>	<b>100</b>	<b>12 460</b>	<b>3.9</b>	<b>100</b>
. Petroleum products	6 756	4.6	56.3	6 806	0.7	54.6
of which :						
(Gas oil)	(3 443)	(4.9)	(28.7)	(3 487)	(1.3)	(28.0)
. Electricity	4 583	12.5	38.2	5 007	9.2	40.2
. Coal	658	33.7	5.5	647	-1.7	5.2

(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

(1992=100)

	Weighting	2004	2005	2006	Percentage changes	
					2005	2006
					2004	2005
<b>Food, beverages and tobacco industries</b>	<b>249</b>	<b>150.8</b>	<b>154.4</b>	<b>158.0</b>	<b>2.4</b>	<b>2.3</b>
. Staple foods <sup>(1)</sup>	184	152.2	158.3	161.8	4.0	2.2
. Beverages and tobacco	65	146.8	143.4	147.2	- 2.3	2.6
<b>Textiles, clothing and leather industries</b>	<b>223</b>	<b>110.0</b>	<b>107.7</b>	<b>109.0</b>	<b>- 2.1</b>	<b>1.2</b>
. Textiles and knitting mills	113	100.1	99.2	100.6	- 0.9	1.4
. Wearing apparel except footwear	90	119.5	114.7	115.6	- 4.0	0.8
. Tanning and leather footwear	20	123.7	123.5	127.0	- 0.2	2.8
<b>Chemical and paracheical industries</b>	<b>218</b>	<b>157.0</b>	<b>161.7</b>	<b>165.5</b>	<b>3.0</b>	<b>2.4</b>
. Chemical and paracheical products	151	154.6	159.1	160.3	2.9	0.8
. Rubber and plastic manufactures	30	127.3	114.0	114.9	-10.4	0.8
. Paper and cardboard, printing	37	190.9	210.8	227.9	10.4	8.1
<b>Mechanical, metallurgical, electrical and electronic industries</b>	<b>181</b>	<b>144.0</b>	<b>148.9</b>	<b>160.8</b>	<b>3.4</b>	<b>8.0</b>
. Basic metal industries	22	186.4	213.1	227.1	14.3	6.6
. Metal works except machinery	61	141.6	143.9	156.5	1.6	8.8
. Machinery and equipment	20	125.0	125.2	132.7	0.2	6.0
. Transport equipment	41	139.5	138.5	160.6	- 0.9	16.1
. Electrical and electronic equipment	34	137.4	143.3	143.6	4.3	0.2
. Office machinery, measuring equipment, optical goods, clocks	2	139.5	139.0	133.9	- 0.4	-3.7
. Other manufactures	1	92.2	91.3	90.3	- 1.0	-1.1
<b>Wood and building materials</b>	<b>129</b>	<b>149.6</b>	<b>160.2</b>	<b>169.0</b>	<b>7.0</b>	<b>5.7</b>
. Timber and woodworking	21	135.9	136.6	142.6	0.5	4.4
. Processed quarry products	108	152.3	164.9	174.5	8.4	6.0
<b>Total manufacturing</b>	<b>1 000</b>	<b>141.6</b>	<b>145.2</b>	<b>150.5</b>	<b>2.5</b>	<b>3.7</b>

(1) Food products (branch 10) and other food products (branch 11).

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

## V-1 - TOURIST ARRIVALS

	2004	2005	2006	Percentage changes
				2006 2005
<b>I . Foreign tourists</b>	<b>2 987 101</b>	<b>3 289 010</b>	<b>3 790 256</b>	<b>+15.2</b>
<b>A. On-shore</b>	<b>2 731 438</b>	<b>3 055 552</b>	<b>3 571 961</b>	<b>+16.9</b>
<b>European Union countries</b>	<b>2 221 083</b>	<b>2 490 772</b>	<b>2 882 526</b>	<b>+15.7</b>
Of which :				
. France	1 167 088	1 337 204	1 481 610	+10.8
. Spain	317 119	367 811	467 956	+27.2
. Germany	141 210	144 200	151 396	+5.0
. United Kingdom	150 353	193 552	265 536	+37.2
. Italy	112 807	120 955	140 923	+16.5
<b>Other European countries</b>	<b>112 564</b>	<b>117 383</b>	<b>143 438</b>	<b>+22.2</b>
<b>America</b>	<b>127 974</b>	<b>140 194</b>	<b>173 258</b>	<b>+23.6</b>
Of which :				
. United States	76 889	82 980	93 646	+12.9
. Canada	31 321	36 825	44 493	+20.8
. Argentina	5 001	4 403	7 000	+59.0
<b>Middle East (*)</b>	<b>74 873</b>	<b>81 376</b>	<b>93 505</b>	<b>+14.9</b>
<b>Maghreb</b>	<b>81 969</b>	<b>93 549</b>	<b>107 164</b>	<b>+14.6</b>
<b>Other African countries</b>	<b>50 554</b>	<b>60 001</b>	<b>70 458</b>	<b>+17.4</b>
<b>Asia</b>	<b>39 993</b>	<b>44 907</b>	<b>53 829</b>	<b>+19.9</b>
<b>Other countries</b>	<b>22 428</b>	<b>27 370</b>	<b>47 783</b>	<b>+74.6</b>
<b>B. Off-shore (cruising)</b>	<b>255 663</b>	<b>233 458</b>	<b>218 295</b>	<b>-6.5</b>
<b>II . Moroccans resident abroad</b>	<b>2 769 132</b>	<b>2 787 825</b>	<b>2 986 372</b>	<b>+7.1</b>
<b>Total</b>	<b>5 756 233</b>	<b>6 076 835</b>	<b>6 776 628</b>	<b>+11.5</b>

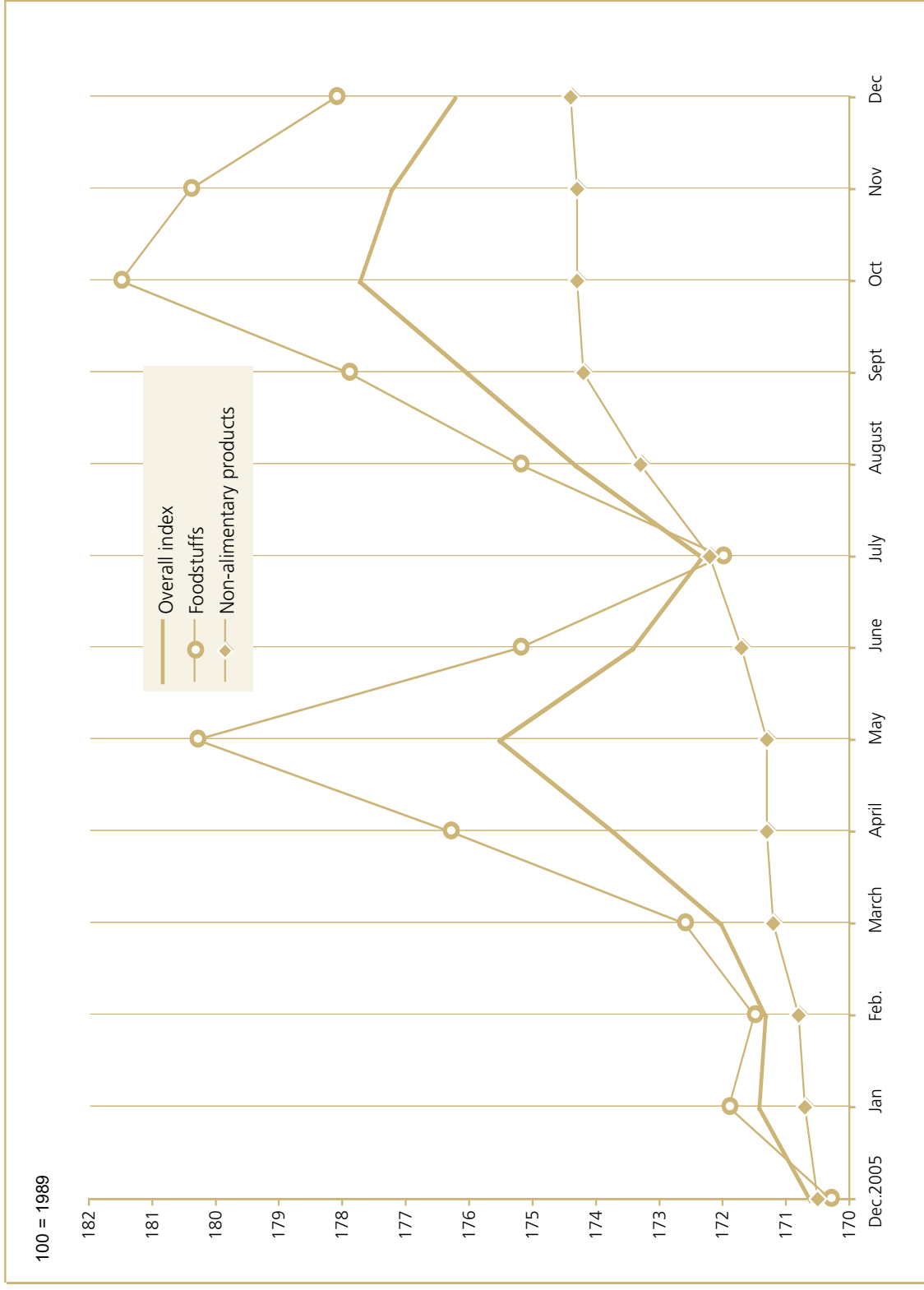
(\*) Including Egypt.

Source : Ministry of Tourism, Handicraft and Social Economy





**COST OF LIVING INDEX - YEAR 2006**



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

(1997 = 100)

	Weighting %	Annual average 2005	2006					Percentage changes			
			1st quarter	2nd quarter	3rd quarter	4th quarter	Annual average	2006		2005	2005
								2004	2005		
Food industries	28.9	105.4	107.5	109.0	109.5	110.0	109.0	- 0.5	+ 3.4		
Tobacco industry	3.1	116.1	116.1	116.1	116.1	116.1	116.1	+ 2.2	-		
Textile industry	6.5	96.9	96.9	96.8	95.4	95.4	96.1	- 0.3	- 0.8		
Clothing industry	6.7	96.1	95.2	94.9	94.1	93.7	94.5	- 0.7	- 1.7		
Leather and footwear	1.6	97.4	98.5	99.2	99.6	98.8	99.0	+ 0.2	+ 1.6		
Wood and wood products	1.8	102.3	103.2	103.7	106.1	106.9	105.0	+ 2.0	+ 2.6		
Paper and cardboard	2.6	87.6	86.9	87.1	88.2	87.2	87.4	- 0.6	- 0.1		
Printing and publishing	1.4	96.5	96.1	95.9	95.9	95.9	96.0	-	- 0.5		
Oil refining	13.3	213.2	244.6	264.8	268.8	228.0	251.6	+ 39.4	+ 18.0		
Chemical industry	13.1	119.4	123.3	123.4	124.8	125.6	124.3	+ 9.5	+ 4.1		
Rubber and plastic products	2.0	95.1	96.5	97.6	97.8	103.3	98.8	+ 2.5	+ 3.9		
Other non-metallic mineral products	5.9	109.5	110.9	110.9	110.8	113.6	111.6	+ 3.1	+ 1.9		
Basic metal industry	3.2	122.9	124.8	127.9	130.1	131.6	128.6	+ 10.4	+ 4.6		
Metalworking	3.0	106.7	106.3	106.6	107.1	108.6	107.2	+ 2.8	+ 0.5		
Machinery and equipment	0.9	90.1	87.8	89.1	89.2	89.4	88.9	- 3.9	- 1.3		
Electrical machinery and equipment	2.0	114.8	115.0	115.8	116.3	116.3	115.9	+ 4.1	+ 1.0		
Radio, television and communication equipment	0.5	93.4	93.2	92.8	92.8	92.8	92.9	-	- 0.5		
Medical, precision, optical and watch-making instruments	0.1	103.2	103.2	103.2	103.2	103.2	103.2	-	-		
Car industry	2.5	101.1	101.3	101.3	101.3	101.3	101.3	+ 1.4	+ 0.2		
Other transport equipment	0.1	100.1	99.9	98.0	97.1	97.1	98.0	+ 4.6	- 2.1		
Furniture and miscellaneous manufactures	0.9	108.0	108.0	113.2	115.0	115.3	112.9	- 0.1	+ 4.5		
<b>Overall index</b>	<b>100</b>	<b>120.5</b>	<b>125.9</b>	<b>129.2</b>	<b>130.1</b>	<b>125.2</b>	<b>127.6</b>	<b>+ 9.1</b>	<b>+ 5.9</b>		

(\*) 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		
	Changes in absolute value 2006/2005 <sup>(2)</sup>		2006	Changes in absolute value 2006/2005 <sup>(2)</sup>		2006	Changes in absolute value 2006/2005 <sup>(2)</sup>		2006
	2005	2006		2005	2006		2005	2006	
<b>Total population</b>	16 756*	17 079	+ 323	13 419*	13 427	+ 8	30 175*	30 506	+ 331
<b>Population aged 15 years and over</b>	12 142*	12 470	+ 328	8 858*	8 952	+ 94	21 000*	21 424	+ 424
<b>Labour force aged 15 years and over</b>	5 449	5 578	+ 129	5 376	5 412	+ 36	10 825	10 990	+ 165
Of which : - Employed	4 444	4 714	+ 270	5 184	5 214	+ 30	9 628	9 928	+ 300
- Unemployed	1 005	864	- 141	192	198	+ 6	1 197	1 062	- 135
<b>Activity rate<sup>(1)</sup></b>	44.9	44.7	- 0.1	60.7	60.5	- 0.2	51.5	51.3	- 0.2
<b>Unemployment rate</b>	18.4	15.5	- 3.0	3.6	3.7	+ 0.1	11.1	9.7	- 1.4
<b>• By gender</b>									
Men	16.5	14.0	- 2.5	4.6	4.6	0.0	11.0	9.7	- 1.3
Women	24.9	20.9	- 4.0	1.5	1.8	+ 0.3	11.3	9.7	- 1.6
<b>• By age</b>									
15 to 24 years	32.9	31.7	- 1.2	5.9	6.4	+ 0.5	17.0	16.6	- 0.4
25 to 34 years	26.2	21.2	- 5.0	4.7	4.6	- 0.1	16.8	14.0	- 2.8
35 to 44 years	11.3	8.7	- 2.6	2.7	2.2	- 0.5	7.6	6.0	- 1.6
45 years and over	3.6	3.5	- 0.1	0.8	1.2	+ 0.4	2.1	2.3	+ 0.2
<b>• By diploma</b>									
Without any diploma	10.2	9.2	- 1.0	2.5	2.5	0.0	5.2	4.8	- 0.4
With diploma	25.7	20.8	- 4.9	10.6	11.2	+ 0.6	22.7	19.0	- 3.7

(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 <sup>(1)</sup>

(In thousands of persons)

Branches of activity	Year		Changes	
	2005	2006	in absolute value	In percentage
Agriculture, forestry and fishing	4 352.3	4 303.3	- 49	- 1.1
Industry (including handicraft)	1 202.9	1 224.7	22	1.8
Construction and public works	683.0	789.6	107	15.6
Commerce	1 247.2	1 232.9	- 14	- 1.1
Transport and communication	369.4	394.7	25	6.9
Reparing	180.0	169.7	- 10	-
General administration	448.4	508.9	60	13.5
Social services to the community	432.7	535.3	103	23.7
Other services	705.9	757.5	52	7.3
Other activities	6.3	11.1	5	76.1
<b>Total</b>	<b>9 628</b>	<b>9 928</b>	<b>300</b>	<b>3.1</b>

(1) Employment of persons aged 15 and over.  
**Source :** High Commission for Planning (Department of Statistics).

### VII-1 a- TRADE BALANCE

In millions of dirhams	2005	2006	Variations en %
Imports C.I.F.	184 379	206 997	+12.3
Exports F.O.B.	99 265	111 688	+12.5
Balance	-85 114	-95 309	+12.0
Exports as % of imports	53.8	54.0	-

Source : Foreign Exchange Office.

### VII-1 b - STRUCTURE OF TRADE TRANSACTIONS

Percentage share of the different categories	Imports		Exports	
	2005	2006	2005	2006
Foodstuffs, beverages and tobacco	8.5	7.3	19.6	19.2
Energy and lubricants	21.4	21.7	2.4	1.8
Raw products	6.5	6.0	10.6	10.5
Semi-finished products <sup>(1)</sup>	22.3	23.6	27.2	28.5
Finished products	41.3	41.4	40.2	40.0
. Capital goods	20.9	21.8	8.5	8.7
. Consumer goods	20.4	19.6	31.7	31.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) Including industrial gold.

**VII-2 - MAJOR IMPORTS**

Weight in thousands of tonnes Value in millions of dirhams	2005*		2006**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirhams	%
<b>Foodstuffs, beverages and tobacco</b>	<b>6 750</b>	<b>15 617</b>	<b>5 398</b>	<b>15 112</b>	<b>-1 352</b>	<b>-20.0</b>	<b>-505</b>	<b>-3.2</b>
Wheat	2 637	4 155	1 826	3 087	-811	-30.8	-1 068	-25.7
Maize	1 620	2 068	1 440	1 946	-180	-11.1	-122	-5.9
Barley	824	1 184	202	289	-622	-75.5	-895	-75.6
Sugar	614	1 330	659	2 297	45	7.3	967	72.7
Dairy products	59	1 172	60	1 175	1	1.7	3	0.3
Tea	50	750	51	782	1	2.0	32	4.3
Coffee	29	309	33	425	4	13.8	116	37.5
Tobacco	10	736	8	631	-2	-20.0	-105	-14.3
Other	907	3 913	1 119	4 480	212	23.4	567	14.5
<b>Energy and lubricants</b>	<b>15 782</b>	<b>39 510</b>	<b>15 578</b>	<b>44 890</b>	<b>- 204</b>	<b>-1.3</b>	<b>5 380</b>	<b>13.6</b>
Crude oil	7 056	23 947	6 262	25 172	- 794	-11.3	1 225	5.1
Refined petroleum products	2 816	11 624	3 390	16 038	574	20.4	4 414	38.0
Coal	5 882	3 872	5 876	3 559	- 6	- 0.1	- 313	-8.1
Other	28	67	50	121	22	78.6	54	80.6
<b>Raw products</b>	<b>5 803</b>	<b>12 017</b>	<b>6 263</b>	<b>12 402</b>	<b>460</b>	<b>7.9</b>	<b>385</b>	<b>3.2</b>
Vegetable oils	376	1 835	444	2 194	68	18.1	359	19.6
Oilseeds	609	1 623	537	1 307	-72	-11.8	-316	-19.5
Timber	817	2 296	1 039	2 841	222	27.2	545	23.7
Textile fibers and cotton	39	444	40	503	1	2.6	59	13.3
Sulfur	3 239	2 360	3 467	1 834	228	7.0	-526	-22.3
Other	723	3 459	736	3 723	13	1.8	264	7.6
<b>Semi-finished products (1)</b>	<b>5 314</b>	<b>41 162</b>	<b>6 011</b>	<b>48 861</b>	<b>697</b>	<b>13.1</b>	<b>7 699</b>	<b>18.7</b>
Chemical products	899	5 223	988	6 022	89	9.9	799	15.3
Dyes and disinfectants	41	1 275	42	1 356	1	2.4	81	6.4
Natural and chemical fertilizers	503	1 080	612	1 316	109	21.7	236	21.9
Iron and steel	1 411	5 340	1 540	6 249	129	9.1	909	17.0
Other metal working products	563	6 070	689	8 139	126	22.4	2 069	34.1
Plastic materials	381	4 970	429	6 018	48	12.6	1 048	21.1
Paper and cardboard	290	2 457	290	2 605	-	-	148	6.0
Fiber and cotton yarns	43	1 158	50	1 323	7	16.3	165	14.2
Other	1 183	13 589	1 371	15 833	188	15.9	2 244	16.5
<b>Agricultural capital goods</b>	<b>30</b>	<b>1 337</b>	<b>44</b>	<b>2 113</b>	<b>14</b>	<b>46.7</b>	<b>776</b>	<b>58.0</b>
<b>Industrial capital goods</b>	<b>534</b>	<b>37 177</b>	<b>574</b>	<b>43 059</b>	<b>40</b>	<b>7.5</b>	<b>5 882</b>	<b>15.8</b>
Machines and miscellaneous equipment	61	7 210	69	8 637	8	13.1	1 427	19.8
Crushing machines	29	1 448	43	1 772	14	48.3	324	22.4
Textile machinery	7	665	7	726	-	-	61	9.2
Equipment of extraction	31	1 133	35	1 279	4	12.9	146	12.9
Tools and machine tools	14	809	16	872	2	14.3	63	7.8
Tanks, bottles and metal drums	28	893	25	829	-3	-10.7	-64	-7.2
Electrical switch gear	8	1 789	8	1 865	-	-	76	4.2
Power generators	6	329	10	644	4	66.7	315	95.7
Electrical appliance of telephony and telecommunications transmitters	4	1 769	4	1 675	-	-	-94	-5.3
Wires and cables for electricity	26	2 649	30	3 388	4	15.4	739	27.9
Aircraft	-	1 190	-	2 784	-	-	1 594	133.9
Industrial vehicles	58	3 350	65	3 873	7	12.1	523	15.6
Other	262	13 943	262	14 715	-	-	772	5.5
<b>Consumer goods</b>	<b>666</b>	<b>37 559</b>	<b>725</b>	<b>40 560</b>	<b>59</b>	<b>8.9</b>	<b>3 001</b>	<b>8.0</b>
Pharmaceutical products	5	2 382	5	2 526	-	-	144	6.0
Textile fibers and cotton	86	7 222	90	7 174	4	4.7	-48	-0.7
Plastic articles	41	1 677	46	1 882	5	12.2	205	12.2
Telecommunications receivers	27	3 855	30	3 778	3	11.1	-77	-2.0
Passenger cars	65	5 026	81	6 135	16	24.6	1 109	22.1
Spare parts	30	1 028	28	1 011	-2	-6.7	-17	-1.7
Other	412	16 369	445	18 054	33	8.0	1 685	10.3
<b>Total</b>	<b>34 879</b>	<b>184 379</b>	<b>34 593</b>	<b>206 997</b>	<b>-286</b>	<b>-0.8</b>	<b>22 618</b>	<b>12.3</b>

(1) Including industrial gold.

(\*) Revised.

(\*\*) Preliminary.

Source : Foreign Exchange Office.

**VII-3 - MAJOR EXPORTS**

Weight in thousands Value in millions of dirhams	2005*		2006**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirhams	%
<b>Foodstuffs, beverages and tobacco</b>	<b>1 807</b>	<b>19 431</b>	<b>1 958</b>	<b>21 507</b>	<b>151</b>	<b>8.4</b>	<b>2 076</b>	<b>10.7</b>
Citrus fruits	567	3 030	593	2 927	26	4.6	-103	-3.4
Early vegetables	441	2 696	476	2 995	35	7.9	299	11.1
Fresh fruits	124	1 014	120	1 045	-4	-3.2	31	3.1
Crustaceans molluscs and shellfish	81	3 945	91	4 197	10	12.3	252	6.4
Fresh fish	83	1 654	124	2 382	41	49.4	728	44.0
Canned fish	134	3 626	152	4 212	18	13.4	586	16.2
Canned fruits and vegetables	86	1 235	81	1 206	-5	-5.8	-29	-2.3
Fish meal	55	311	48	371	-7	-12.7	60	19.3
Other	236	1 920	273	2 172	37	15.7	252	13.1
<b>Energy and lubricants</b>	<b>914</b>	<b>2 359</b>	<b>490</b>	<b>1 978</b>	<b>-424</b>	<b>-46.4</b>	<b>-381</b>	<b>-16.2</b>
<b>Raw animal and vegetable products</b>	<b>249</b>	<b>3 380</b>	<b>232</b>	<b>3 193</b>	<b>-17</b>	<b>-6.8</b>	<b>-187</b>	<b>-5.5</b>
Olive oil	31	1 017	16	601	-15	-48.4	-416	-40.9
Paper pulp	121	498	104	483	-17	-14.0	-15	-3.0
Plants and flowers	13	243	14	271	1	7.7	28	11.5
Agar-agar	1	173	1	200	0	0.0	27	15.6
Cork	9	70	11	75	2	22.2	5	7.1
Bowels	5	363	5	420	0	0.0	57	15.7
Seaweed	8	121	7	164	-1	-12.5	43	35.5
Other	61	895	74	979	13	21.3	84	9.4
<b>Raw mineral products</b>	<b>16 192</b>	<b>7 122</b>	<b>16 561</b>	<b>8 499</b>	<b>369</b>	<b>2.3</b>	<b>1 377</b>	<b>19.3</b>
Phosphates	13 385	4 593	13 358	4 753	-27	-0.2	160	3.5
Zinc ore	223	556	157	1 025	-66	-29.6	469	84.4
Lead and copper ores	48	243	49	418	1	2.1	175	72.0
Scrap of cast, iron and steel	306	563	168	363	-138	-45.1	-200	-35.5
Other ores	2 230	1 167	2 829	1 940	599	26.9	773	66.2
<b>Semi-finished products <sup>(1)</sup></b>	<b>5 536</b>	<b>27 041</b>	<b>5 216</b>	<b>31 885</b>	<b>-320</b>	<b>-5.8</b>	<b>4 844</b>	<b>17.9</b>
Phosphoric acid	2 315	7 641	2 157	8 592	-158	-6.8	951	12.4
Natural and chemical fertilizers	1 923	3 939	2 125	4 476	202	10.5	537	13.6
Electronic devices (transistors)	2	5 492	-	6 194	-2	-	702	12.8
Unwrought lead and silver	55	908	50	1 314	-5	-9.1	406	44.7
Hides and skins	1	92	1	151	0	0.0	59	64.1
Iron sheets	130	878	182	1 301	52	40.0	423	48.2
Other	1 110	8 091	701	9 857	-409	-36.8	1 766	21.8
<b>Capital goods</b>	<b>61</b>	<b>8 442</b>	<b>79</b>	<b>9 663</b>	<b>18</b>	<b>29.5</b>	<b>1 221</b>	<b>14.5</b>
Rubber products	2	59	1	29	-1	-50.0	-30	-50.8
Electronic under-systems	-	133	-	177	-	-	44	33.1
Wires and cables for electricity	34	5 155	32	4 692	-2	-5.9	-463	-9.0
Industrial vehicles	1	27	3	211	2	200.0	184	681.5
Other	24	3 068	43	4 554	19	79.2	1 486	48.4
<b>Consumer goods</b>	<b>230</b>	<b>31 490</b>	<b>228</b>	<b>34 963</b>	<b>-2</b>	<b>-0.9</b>	<b>3 473</b>	<b>11.0</b>
Clothing	71	17 899	72	20 922	1	1.5	3 023	16.9
Hosiery	48	6 847	45	7 033	-3	-6.0	186	2.7
Shoes	11	1 726	13	1 834	2	18.2	108	6.3
Carpets	2	138	1	125	-1	-50.0	-13	-9.4
Fiber and cotton fabrics	5	387	5	477	0	0.0	90	23.3
Spare parts	6	580	6	669	0	0.0	89	15.3
Other	87	3 913	86	3 903	-1	-1.1	-10	-0.3
<b>Total</b>	<b>24 989</b>	<b>99 265</b>	<b>24 764</b>	<b>111 688</b>	<b>-225</b>	<b>-0.9</b>	<b>12 423</b>	<b>12.5</b>

(1) Including industrial gold.

(\*) Revised.

(\*\*) Preliminary.

Source : Foreign Exchange Office.

**VII-4 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE**

(In millions of dirhams)

	Imports C.I.F.		Exports F.O.B.		Balances	
	2005	2006	2005	2006	2005	2006
<b>EUROPE</b>	<b>119 057</b>	<b>129 172</b>	<b>76 899</b>	<b>86 177</b>	<b>- 42 158</b>	<b>- 42 995</b>
<b>European Union</b>	<b>97 346</b>	<b>108 408</b>	<b>73 154</b>	<b>81 269</b>	<b>-24 192</b>	<b>-27 139</b>
France	33 483	35 464	29 829	31 738	-3 654	-3 726
Spain	21 448	23 836	19 844	23 672	-1 604	-164
Germany	8 866	9 595	3 177	3 021	-5 689	-6 574
Italy	11 103	13 267	4 962	5 399	-6 141	-7 868
Great Britain	4 127	4 304	6 289	6 638	2 162	2 334
Netherlands	3 510	4 616	2 511	2 982	-999	-1 634
Belgium-Luxembourg Economic Union	3 350	4 377	2 755	3 140	-595	-1 237
Other E U countries	11.459	12 949	3 787	4 679	-7 672	-8 270
<b>Other European countries</b>	<b>21 711</b>	<b>20 764</b>	<b>3 745</b>	<b>4 908</b>	<b>-17 966</b>	<b>-15 856</b>
Russia	12 653	9 417	1 249	1 612	-11 404	-7 805
Turkey	3 558	5 489	773	1 091	-2 785	-4 398
<b>ASIA</b>	<b>38 714</b>	<b>47 136</b>	<b>9 825</b>	<b>10 773</b>	<b>-28 889</b>	<b>-36 363</b>
<b>Middle East countries</b>	<b>19 692</b>	<b>24 654</b>	<b>2 254</b>	<b>2 302</b>	<b>-17.438</b>	<b>-22.352</b>
Saudi Arabia	12 186	13 947	754	486	-11.432	-13.461
Iran	5 008	8 311	363	456	-4.645	-7.855
United Arab Emirates	877	1 310	259	207	-618	-1.103
Jordan	41	44	140	209	99	165
Other	1 580	1 042	738	944	-842	-98
<b>Other Asian countries</b>	<b>19 022</b>	<b>22 482</b>	<b>7 571</b>	<b>8 471</b>	<b>-11 451</b>	<b>-14 011</b>
Japan	3 219	3 558	1 012	877	-2 207	-2 681
India	1 341	1 616	3 939	4 643	2 598	3 027
Pakistan	130	106	989	1 044	859	938
China	9 399	11 069	670	947	-8 729	-10 122
Other	4 933	6 133	961	960	-3.972	-5 173
<b>AMERICA</b>	<b>15 819</b>	<b>18 801</b>	<b>6 626</b>	<b>6 825</b>	<b>-9 193</b>	<b>-11 976</b>
United States	6 104	9 134	2 535	2 099	-3 569	-7 035
Canada	1 881	1 505	732	802	-1 149	-703
Brazil	4 014	4 028	2 198	2 514	-1 816	-1 514
Mexico	118	153	466	405	348	252
Argentina	2 287	2 541	198	541	-2 089	-2 000
Other	1 415	1 440	497	464	-918	-976
<b>AFRICA</b>	<b>10 287</b>	<b>11 444</b>	<b>5 070</b>	<b>6 292</b>	<b>-5 217</b>	<b>-5 152</b>
<b>Egypt</b>	<b>1 432</b>	<b>1 835</b>	<b>228</b>	<b>330</b>	<b>-1 204</b>	<b>-1 505</b>
<b>Maghreb-Arab Union countries</b>	<b>4 913</b>	<b>6 041</b>	<b>1.270</b>	<b>1 768</b>	<b>-3 643</b>	<b>-4 273</b>
Algeria	3 169	4 021	446	505	-2 723	-3 516
Tunisia	1 106	1 177	442	784	-664	-393
Libya	629	829	171	200	-458	-629
Mauritania	9	14	211	279	202	265
<b>Other</b>	<b>3 942</b>	<b>3 568</b>	<b>3 572</b>	<b>4 194</b>	<b>-370</b>	<b>626</b>
<b>OCEANIA AND OTHER</b>	<b>502</b>	<b>444</b>	<b>845</b>	<b>1 621</b>	<b>343</b>	<b>1 177</b>
<b>Total</b>	<b>184 379</b>	<b>206 997</b>	<b>99 265</b>	<b>111 688</b>	<b>-85 114</b>	<b>-95.309</b>



## VIII-1 - BALANCE OF PAYMENTS

(In millions of dirhams)

	2005*			2006**		
	Credit	Debit	Net	Credit	Debit	Net
<b>A. CURRENT ACCOUNT</b>	<b>222 064.3</b>	<b>212 044.1</b>	<b>+10 020.2</b>	<b>254 868.5</b>	<b>238 543.6</b>	<b>+16 324.9</b>
<b>Goods</b>	<b>94 824.9</b>	<b>167 591.2</b>	<b>-72 766.3</b>	<b>104 784.5</b>	<b>187 423.6</b>	<b>-82 639.1</b>
- General merchandise	64 223.9	148 018.5	-83 794.6	69 401.4	167 574.6	-98 173.2
- Goods for processing	29 808.0	19 480.2	+10 327.8	34 499.0	19 755.1	+14 743.9
- Goods procured in ports by carriers	793.0	92.5	+700.5	884.1	93.9	+790.2
<b>Services</b>	<b>71 917.5</b>	<b>34 153.1</b>	<b>+37 764.4</b>	<b>86 415.1</b>	<b>39 295.7</b>	<b>+47 119.4</b>
- Transportation	11 541.8	14 043.8	-2 502.0	13 084.6	15 388.2	-2 303.6
- Travel	40 967.0	5 447.4	+35 519.6	52 487.6	6 161.8	+46 325.8
- Communication services	2 910.5	391.0	+2 519.5	3 393.0	475.1	+2 917.9
- Insurance services	638.1	709.8	-71.7	668.1	803.5	-135.4
- Royalties and license fees	112.9	402.8	-289.9	41.6	421.1	-379.5
- Other business services	11 063.6	6 580.4	+4 483.2	12 178.1	8 064.1	+4 114.0
- Government services n i e	4 683.6	6 577.9	-1 894.3	4 562.1	7 981.9	-3 419.8
<b>Income</b>	<b>6 166.6</b>	<b>8 904.0</b>	<b>-2 737.4</b>	<b>6 552.5</b>	<b>10 251.8</b>	<b>-3 699.3</b>
- Private investment income	995.1	4 942.6	-3 947.5	609.8	5 965.0	-5 355.2
- Income on public investment and debt	5 171.5	3 961.4	+1 210.1	5 942.7	4 286.8	+1 655.9
<b>Unrequited transfers</b>	<b>49 155.3</b>	<b>1 395.8</b>	<b>+47 759.5</b>	<b>57 116.4</b>	<b>1 572.5</b>	<b>+55 543.9</b>
- Public	2 465.2	330.0	+2 135.2	2 616.2	556.2	+2 060.0
- Private	46 690.1	1 065.8	+45 624.3	54 500.2	1 016.3	+53 483.9
<b>B CAPITAL AND FINANCIAL ACCOUNT</b>	<b>54 207.8</b>	<b>39 692.2</b>	<b>+14 515.6</b>	<b>53 448.8</b>	<b>41 158.7</b>	<b>+12 290.1</b>
<b>1 Capital account</b>	<b>2.9</b>	<b>42.7</b>	<b>-39.8</b>	<b>-</b>	<b>25.9</b>	<b>-25.9</b>
Transfers of capital	2.9	42.7	-39.8	-	25.9	-25.9
<b>2 Financial account</b>	<b>54 204.9</b>	<b>39 649.5</b>	<b>+14 555.4</b>	<b>53 448.8</b>	<b>41 132.8</b>	<b>+12 316.0</b>
<b>Private sector</b>	<b>39 428.1</b>	<b>23 157.6</b>	<b>+16 270.5</b>	<b>37 382.2</b>	<b>26 846.2</b>	<b>+10 536.0</b>
- Commercial credits	8 495.3	5 608.6	+2 886.7	7 742.1	7 043.0	+699.1
- Foreign loans and investments in Morocco	28 324.8	14 322.8	+14 002.0	29 287.2	15 522.2	+13 765.0
- Moroccan loans and investments abroad	904.5	3 226.2	-2 321.7	352.9	4 130.3	-3 777.4
-Currency and deposits	1 703.5		+ 1 703.5		150.7	-150.7
<b>Public sector</b>	<b>14 776.8</b>	<b>16 491.9</b>	<b>-1 715.1</b>	<b>16 066.6</b>	<b>14 286.6</b>	<b>+ 1 780.0</b>
- Loans	14.776.8	16.491.9	-1 715.1	16 066.6	14 286.6	+1 780.0
<b>C STATISTICAL DISCREPANCY</b>	<b>-</b>	<b>3 647.7</b>	<b>-3 647.7</b>	<b>-</b>	<b>4 542.0</b>	<b>-4 542.0</b>
<b>TOTAL</b>	<b>276 272.1</b>	<b>255 384.0</b>	<b>+20 888.1</b>	<b>308 317.3</b>	<b>284 244.3</b>	<b>+24 073.0</b>

n.i.e. :not included elsewhere.

(\*) Revised.

(\*\*) Preliminary.

Source : Foreign Exchange Office.

VIII -2 - INTERNATIONAL INVESTMENT POSITION

(In millions of dirhams)	2004			2005			Net position 2005 Net position 2004	
	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Changes in value	Changes %
<b>Direct Investments</b>	<b>5 551.1</b>	<b>163 393.4</b>	<b>-157 842.3</b>	<b>6 561.0</b>	<b>191 939.3</b>	<b>-185 378.3</b>	<b>-27 536.0</b>	<b>+17.4</b>
Moroccan investments abroad	5 551.1	5 551.1	5 551.1	6 561.0	6 561.0	6 561.0	1 009.9	+18.2
Foreign investments in Morocco		163 393.4	-163 393.4		191 939.3	-191 939.3	-28 545.9	+17.5
Equity capital	4 027.2	153 469.5	-149 442.3	5 350.3	175 895.2	-170 544.9	-21 102.6	+14.1
Other capital	1 523.9	9 923.9	-8 400.0	1 210.7	16 044.1	-14 833.4	-6 433.4	+76.6
<b>Portfolio Investments</b>	<b>1 283.6</b>	<b>14 131.4</b>	<b>-12 847.8</b>	<b>1 219.3</b>	<b>18 845.2</b>	<b>-17 625.9</b>	<b>-4 778.1</b>	<b>+37.2</b>
Foreign securities	1 283.6	14 131.4	1 283.6	1 219.3	18 845.2	-18 845.2	-64.3	-5.0
Moroccan securities		13 795.3	-14 131.4		18 655.6	-17 436.3	-4 713.8	+33.4
Shares and other equity securities	1 283.6	336.1	-12 511.7	1 219.3	189.6	-189.6	-4 924.6	+39.4
Bonds and other debt securities			-336.1				146.5	-43.6
<b>Other Investments</b>	<b>10 034.7</b>	<b>139 643.1</b>	<b>-129 608.4</b>	<b>12 351.0</b>	<b>141 693.5</b>	<b>-129 342.5</b>	<b>265.9</b>	<b>-0.2</b>
Commercial credits	3 701.2	6 122.0	-2 420.8	4 194.2	6 110.6	-1 916.4	504.4	-20.8
Loans	5 047.6	128 006.1	-122 958.5	6 660.8	128 154.2	-121 493.4	1 465.1	-1.2
General government		70 356.4	-70 356.4		69 041.0	-69 041.0	1 315.4	-1.9
Banks	5 047.6	5 563.6	-516.0	5 666.7	3 992.0	1 674.7	2 190.7	-424.6
Other sectors		52 086.1	-52 086.1		994.1	-54 127.1	-2 041.0	+3.9
- Public sector		39 390.0	-39 390.0		994.1	-42 838.0	-3 448.0	+8.8
- Private sector		12 696.1	-12 696.1		12 283.2	-11 289.1	1 407.0	-11.1
Notes, coins and deposits	599.6	5 515.0	-4 915.4	786.6	7 428.7	-6 642.1	-1 726.7	+35.1
Monetary authorities (liabilities)		1 787.0	-1 787.0		2 414.0	-2 414.0	-627.0	+35.1
Other sectors	599.6		599.6	786.6		786.6	187.0	+31.2
Public sector	269.4		269.4	407.6		407.6	138.2	+51.3
Private sector	330.2		330.2	379.0		379.0	48.8	+14.8
Banks		3 728.0	-3 728.0		5 014.7	-5 014.7	-1 286.7	+34.5
- Non-Residents' accounts in convertible dirhams		3 352.0	-3 352.0		4 541.0	-4 541.0	-1 189.0	+35.5
- Other liabilities		376.0	-376.0		473.7	-473.7	-97.7	+26.0
Other assets	686.3		686.3	709.4		709.4	23.1	+3.4
<b>Reserve assets</b>	<b>149 580.0</b>		<b>149 580.0</b>	<b>172 854.0</b>		<b>172 854.0</b>	<b>23 274.0</b>	<b>+15.6</b>
Monetary gold	1 960.0		1 960.0	2 590.0		2 590.0	630.0	+32.1
Special drawing rights	988.0		988.0	728.0		728.0	-260.0	-26.3
IMF reserve position	1 294.0		1 294.0	1 321.0		1 321.0	27.0	+2.1
Foreign currency	145 338.0		145 338.0	168 215.0		168 215.0	22 877.0	+15.7
<b>Net international investment position</b>	<b>166 449.4</b>	<b>317 167.9</b>	<b>-150 718.5</b>	<b>192 985.3</b>	<b>352 478.0</b>	<b>-159 492.7</b>	<b>-8 774.2</b>	<b>+5.8</b>

Source : Foreign Exchange Office.

### IX-1 - MAIN FOREIGN EXCHANGE RATES QUOTED BY THE BANK AL-MAGHRIB

- Rates of the transfer payments -

End of period	2005												2006											
	Annual average	Dec	Jan	Feb	March	April	May	June	July	August	Sep	Oct	Nov	Dec	Annual average									
	1 Euro - EUR	11.022	10.876	10.928	10.892	10.933	11.012	11.058	11.043	11.044	11.057	11.028	11.033	11.112	11.108	11.042								
	Buying rate	10.876	10.928	10.892	10.933	11.012	11.058	11.043	11.044	11.057	11.028	11.033	11.112	11.108										
	Selling rate	10.941	10.993	10.957	10.998	11.078	11.124	11.109	11.111	11.123	11.094	11.099	11.179	11.174										
1 U.S. dollar - USD	8.8650	9.2217	9.0454	9.1688	9.0289	8.7595	8.6011	8.6534	8.6482	8.6043	8.7036	8.6869	8.4168	8.4312	8.7956									
	Buying rate	9.2217	9.0454	9.1688	9.0289	8.7595	8.6011	8.6534	8.6482	8.6043	8.7036	8.6869	8.4168	8.4312										
	Selling rate	9.2771	9.0998	9.2239	9.0831	8.8121	8.6527	8.7054	8.7001	8.6560	8.7559	8.7391	8.4674	8.4819										
1 Canadian dollar - CAD	7.3242	7.9197	7.8985	8.0477	7.7434	7.8133	7.8466	7.7994	7.6634	7.7527	7.8017	7.7018	7.3796	7.2683	7.7538									
	Buying rate	7.9197	7.8985	8.0477	7.7434	7.8133	7.8466	7.7994	7.6634	7.7527	7.8017	7.7018	7.3796	7.2683										
	Selling rate	7.9673	7.9460	8.0961	7.7900	7.8602	7.8938	7.8462	7.7095	7.7993	7.8486	7.7481	7.4240	7.3120										
1 Pound sterling - GB	16.117	15.859	15.986	16.032	15.686	15.858	16.114	15.962	16.150	16.402	16.264	16.498	16.478	16.539	16.197									
	Buying rate	15.859	15.986	16.032	15.686	15.858	16.114	15.962	16.150	16.402	16.264	16.498	16.478	16.539										
	Selling rate	15.954	16.082	16.128	15.781	15.953	16.210	16.058	16.247	16.500	16.362	16.597	16.577	16.638										
1 Swiss franc - CHF	7.1183	6.9986	7.0253	6.9563	6.9205	7.0253	7.0869	7.0519	7.0345	7.0148	6.9440	6.9445	6.9815	6.9131	7.0197									
	Buying rate	6.9986	7.0253	6.9563	6.9205	7.0253	7.0869	7.0519	7.0345	7.0148	6.9440	6.9445	6.9815	6.9131										
	Selling rate	7.0407	7.0675	6.9981	6.9621	7.0675	7.1295	7.0943	7.0767	7.0569	6.9857	6.9862	7.0234	6.9546										
100 Japanese yens - JPY	8.0566	7.8333	7.6949	7.8902	7.6594	7.6777	7.6682	7.5665	7.5652	7.3478	7.3847	7.3711	7.2475	7.0785	7.5657									
	Buying rate	7.8333	7.6949	7.8902	7.6594	7.6777	7.6682	7.5665	7.5652	7.3478	7.3847	7.3711	7.2475	7.0785										
	Selling rate	7.8803	7.7412	7.9376	7.7054	7.7238	7.7143	7.6119	7.6107	7.3920	7.4291	7.4154	7.2910	7.1210										

Source : Bank Al-Maghrib.

## IX-2 - DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(in millions of dirhams)

Monthly totals	Average 2005	2006												Average 2006			
		Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.				
<b>Spot operations</b>																	
Interbank sale/purchase operations against the dirham	10 500.1	9 596.0	10 072.4	12 909.8	12 156.1	10 783.9	13 916.9	10 630.6	10 501.8	11 209.9	10 756.4	15 631.3	19 632.7	12 316.5			
Currency-against-currency sale/purchase operations with foreign correspondants	18 191.9	15 475.0	15 794.7	23 120.1	30 232.5	45 206.7	44 016.6	42 413.6	37 619.2	38 019.4	37 386.0	55 574.5	52 571.5	36 452.5			
Currency investments abroad	9 138.7	6 757.7	8 131.2	10 088.2	13 661.8	15 049.9	14 297.4	12 844.5	15 793.0	16 288.9	14 365.4	17 838.1	15 720.3	13 403.0			
Currency purchase by BAM from the banks	394.2	119.2	5.0	-	-	-	-	-	-	-	-	-	-	10.4			
Currency sale by BAM to the banks	1 848.5	-	-	895.3	2 214.3	1 657.0	4 569.4	969.6	565.0	451.3	3 559.8	5 368.5	5 345.7	2 133.0			
<b>Forward operations</b>																	
Forward purchase of currency by banks customers (import coverage)	7 962.9	10 535.9	8 277.5	8 956.2	13 752.6	15 232.0	13 342.8	14 282.5	13 997.4	13 627.8	18 421.9	16 287.1	14 442.5	13 429.7			
Forward sale of currency by banks customers (export cover)	591.1	627.0	875.1	420.6	1 858.8	394.4	565.2	563.7	477.2	620.9	678.8	622.2	621.7	693.8			

Source : Bank Al-Maghrib.

## X-1 - TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	January - December * 2005	January - December 2006
<b>I. CURRENT REVENUE</b>	<b>132 223</b>	<b>147 008</b>
<b>Fiscal revenue</b>	<b>110 384</b>	<b>125 230</b>
Direct taxes	43 460	50 414
Customs duties	12 409	12 344
Indirect taxes <sup>(1)</sup>	48 151	55 193
Registration fees and stamp duties	6 364	7 280
<b>Non-fiscal revenue</b>	<b>17 807</b>	<b>19 054</b>
State monopolies	5 490	7 726
Miscellaneous revenues	5 418	8 965
Privatization	6 899	2 362
<b>Receipts of certain special accounts</b>	<b>4 032</b>	<b>2 724</b>
<b>II. EXPENDITURE</b>	<b>152 947</b>	<b>156 775</b>
<b>Current expenditure</b>	<b>127 229</b>	<b>124 186</b>
Administrative expenses	98 519	93 459
Of which : Personnel expenses	(61 897)	(63 354)
Interest on the public debt	17 441	18 570
. Domestic	(15 052)	(16 136)
. Foreign	(2 389)	(2 434)
Subsidies for consumption	11 269	12 157
<b>CURRENT ACCOUNT BALANCE</b>	<b>+ 4 994</b>	<b>+ 22 822</b>
<b>Capital expenditure</b>	<b>20 519</b>	<b>23 428</b>
<b>Special accounts balance</b>	<b>- 5 199</b>	<b>- 9 161</b>
<b>BUDGET DEFICIT</b>	<b>- 20 724</b>	<b>- 9 767</b>
As a % of GDP	(4.0)	(1.7)
<b>III. CHANGE IN ARREARS FINANCING REQUIREMENT (I-II+III)</b>	<b>- 7 805 - 28 529</b>	<b>- 1 255 - 11 022</b>
<b>NET FINANCING</b>	<b>28 529</b>	<b>11 022</b>
<b>Foreign financing</b>	<b>- 1 457</b>	<b>- 538</b>
Foreign borrowing	9 284	8 857
Amortization	- 10 741	- 9 395
<b>Domestic financing</b>	<b>29 986</b>	<b>11 560</b>
Bank financing	4 107	- 2 025
- Bank Al-Maghrib	(749)	(-1 350)
- Banks	(3 358)	(- 675)
Non bank financing	25 879	13 585
- On the capital market	33 930	7 822
- Monetary deposits with the Treasury and the Postal cheque centre	703	- 30
- Other deposits	- 8 754	5 793

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

(\*) Revised.

Sources : Ministry of Finance and Privatization.  
Bank Al-Maghrib.

## X-2 - TREASURY CURRENT REVENUE

(In millions of dirhams)

	January - December* 2005	January - December 2006	Percentage change
<b>FISCAL REVENUE</b>	<b>110 384</b>	<b>125 230</b>	<b>+ 13.4</b>
<b>Direct taxes</b>	<b>43 460</b>	<b>50 414</b>	<b>+ 16.0</b>
Corporation tax	19 378	24 796	+ 28.0
General income tax	22 880	23 927	+ 4.6
Other direct taxes	1 202	1 691	+ 40.7
<b>Customs duties</b>	<b>12 409</b>	<b>12 344</b>	<b>- 0.5</b>
<b>Indirect taxes</b>	<b>48 151</b>	<b>55 193</b>	<b>+ 14.6</b>
Value added tax (V.A.T)	32 607	39 186	+ 20.2
- Domestic	(12 767)	(16 686)	+ 30.7
- Imports	(19 840)	(22 500)	+ 13.4
Domestic taxes on consumption	15 544	16 007	+ 3.0
- Petroleum products	(9 002)	(9 202)	+ 2.2
- Tobacco products	(5 345)	(5 617)	+ 5.1
- Other domestic taxes	(1 198)	(1 188)	- 0.8
<b>Registration fees and stamp duties</b>	<b>6 364</b>	<b>7 280</b>	<b>+ 14.4</b>
<b>NON-FISCAL REVENUE</b>	<b>17 807</b>	<b>19 054</b>	<b>+ 7.0</b>
Monopolies	5 490	7 726	+ 40.7
Miscellaneous revenues	5 418	8 965	+ 65.5
Privatization	6 899	2 362	- 65.8
<b>RECEIPTS OF CERTAIN SPECIAL ACCOUNTS</b>	<b>4 032</b>	<b>2 724</b>	<b>- 32.4</b>
<b>TOTAL CURRENT REVENUE</b>	<b>132 223</b>	<b>147 008</b>	<b>+ 11.2</b>

(\*) Revised.

Source : Ministry of Finance and Privatization.

### X-3 - ESTIMATED GENERAL BUDGET

(In millions of dirhams)

	Finance Act 2004	Finance Act 2005	Finance Act 2006
<b>I. CURRENT REVENUE</b>	<b>115 430</b>	<b>122 854</b>	<b>132 383</b>
<b>Fiscal revenue</b>	<b>91 427</b>	<b>97 710</b>	<b>109 060</b>
Direct taxes	33 230	37 170	41 034
Customs duties	10 240	10 089	10 888
Indirect taxes <sup>(1)</sup>	42 627	44 948	51 084
Registration fees and stamp duties	5 330	5 503	6 054
<b>Non-fiscal revenue</b>	<b>20 123</b>	<b>21 185</b>	<b>19 513</b>
State monopolies	5 676	5 869	8 370
Miscellaneous revenues	2,447	3 316	6 193
Privatization	12 000	12 000	4 950
<b>Receipts of certain special accounts</b>	<b>3 880</b>	<b>3 960</b>	<b>3 810</b>
<b>II. EXPENDITURE</b>	<b>128 794</b>	<b>137 700</b>	<b>148 488</b>
<b>Current expenditure</b>	<b>100 357</b>	<b>109 796</b>	<b>117 521</b>
Administrative expenses	79,457	86 267	88 942
Of which : Personnel expenses	(55 357)	(60 762)	(59 569)
Interest on the public debt	17 500	17 429	18 769
. Domestic	(14 500)	(14 777)	(16 000)
. Foreign	(3 000)	(3 652)	(2 769)
Subsidies for consumption	3 400	6 100	9 810
<b>CURRENT ACCOUNT BALANCE</b>	<b>+ 15 073</b>	<b>+ 13 058</b>	<b>+ 14 862</b>
<b>Capital expenditure</b>	<b>20 252</b>	<b>19 933</b>	<b>21 310</b>
<b>Special accounts balance</b>	<b>-8 185</b>	<b>-7 971</b>	<b>-9 657</b>
<b>BUDGET DEFICIT</b>	<b>- 13 364</b>	<b>-14 846</b>	<b>-16 105</b>
<b>III. CHANGE IN ARREARS</b>	<b>0</b>	<b>-11 080</b>	<b>-4 240</b>
<b>FINANCING REQUIREMENT (I-II+III)</b>	<b>-13 364</b>	<b>-25 926</b>	<b>-20 345</b>
<b>NET FINANCING</b>	<b>13.364</b>	<b>25 926</b>	<b>20 345</b>
<b>Foreign financing</b>	<b>-5 023</b>	<b>-2 734</b>	<b>1 229</b>
Foreign borrowing	6 203	7 006	9 548
Amortization	-11 226	-9 740	-8 319
<b>Domestic financing</b>	<b>18 387</b>	<b>28 660</b>	<b>19 116</b>

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

Sources : Ministry of Finance and Privatization.  
Bank Al-Maghrib.

## XI-1 - BANK LIQUIDITY DEVELOPMENTS

(In millions of dirhams)	Monthly Outstanding amounts 2006 <sup>(1)</sup>												
	Dec. 2005	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Outstanding amounts													
Notes and coin	92 167	97 197	95 808	95 547	96 874	96 632	97 798	102.047	107 277	106 210	105 925	105 754	108 314
Treasury's net position <sup>(2)</sup>	-10 276	-8 381	-12 263	-11 641	-15 012	-12 921	-10 318	-11.525	-15 095	-13 745	-12 783	-12 395	-10 839
Bank Al-Maghrib net foreign exchange holdings	146 156	150 676	153 002	155 308	156 471	157 427	156 462	157.505	166 968	174 061	174 158	173 969	171 531
Other factors	-3 105	-2 633	-4 001	-4 430	-5 224	-4 870	-3 689	-3.706	-3 717	-4 212	-3 497	-4 077	-4 514
<b>Bank's structural liquidity position</b>	40 608	42 465	40 929	43 690	39 361	43 004	44 657	40.227	40 880	49 894	51 954	51 743	47 864
Reserve requirement	36 804	36 850	36 940	37 117	37 347	37 748	38 504	38.993	39 602	40 486	40 986	41 262	41 600
<b>Surplus or liquidity requirement</b>	3 804	5 614	3 989	6 574	2 014	5 257	6 153	1.233	1 278	9 408	10 967	10 481	6 264
<b>Bank Al-Maghrib money market interventions</b>	-1 856	-6 920	-4 475	-6 302	-2 550	-6 125	-5 730	375	-1 224	-9 268	-11 450	-10 725	-5 300
<b>Facilities on Bank Al-Maghrib's initiative</b>	0	0	0	0	0	-5 125	-4 800	375	-725	-8 190	-10 825	-10 250	-4 900
- 7-day advance on call for tenders <sup>(4)</sup>	0	0	0	0	0	0	0	875	25	0	0	0	0
- 7-day liquidity-withdrawals on call for tenders <sup>(4)</sup>	0	0	0	0	0	-5 125	-4 800	-500	-750	-8 190	-10 825	-10.250	-4 900
- Open market operations <sup>(5)</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0
- Foreign exchange swaps <sup>(5)</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0
- Repurchase agreement <sup>(5)</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Facilities on banks' initiative</b>	-1 856	-6 920	-4 475	-6 302	-2 550	-1 000	-930	0	-499	-1 078	-625	-475	-400
- 24-hour advances <sup>(6)</sup>	0	0	0	0	0	0	0	0	1	0	0	0	0
- 24-hour deposit facility <sup>(6)</sup>	-1 856	-6 920	-4 475	-6 302	-2 550	-1 000	-930	0	-500	-1 078	-625	-475	-400

(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-tuning 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**

(In millions of dirhams)

2006 (Daily average of the week)	Facility on Bank Al-Maghrif's initiative				Facility on banks' initiative		Total
	7-day advances on calls for tenders	Liquidity- withdrawals	Open market	Foreign exchange swaps	24-hour advances	24-hour deposit facility	
1st to 04 january 2006	-	-	-	-	-	-4 983	-4 983
5 to 11 january	-	-	-	-	-	-11 366	-11 366
12 to 18 january	-	-	-	-	-	-6 920	-6 920
19 to 25 january	-	-	-	-	-	-6 051	-6 051
26 january to 1st february	-	-	-	-	-	-1 714	-1 714
2 to 8 february	-	-	-	-	-	-6 429	-6 429
9 to 15 february	-	-	-	-	-	-5 943	-5 943
16 to 22 february	-	-	-	-	-	-4 157	-4 157
23 february to 1st march	-	-	-	-	-	-929	-929
2 to 8 march	-	-	-	-	-	-4 000	-4 000
9 to 15 march	-	-	-	-	-	-7 156	-7 156
16 to 22 march	-	-	-	-	-	-7 960	-7 960
23 to 29 march	-	-	-	-	-	-2 017	-2 017
30 march to 5 april	-	-	-	-	-	-5 970	-5 970
6 to 12 april	-	-	-	-	-	-4 940	-4 940
13 to 19 april	-	-	-	-	-	-3 423	-3 423
20 to 26 april	-	-	-	-	-	-756	-756
27 april to 3 may	-	-	-	-	-	-2 294	-2 294
4 to 10 may	-	-5 000	-	-	-	-914	-5 914
11 to 17 may	-	-6 000	-	-	-	-461	-6 461
18 to 24 may	-	-4 500	-	-	-	-1 951	-6 451
25 to 31 may	-	-5 000	-	-	-	-	-5 000
1st to 7 june	-	-5 000	-	-	-	-	-5 000
8 to 14 june	-	-4 000	-	-	-	-	-4 000
15 to 21 june	-	-6 000	-	-	-	-4 277	-10 277
22 to 28 june	-	-6 000	-	-	-	-	-6 000
29 june to 5 july	-	-3 000	-	-	-	-	-3 000
6 to 12 july	-	-2 000	-	-	616	-	-1 384
13 to 19 july	2 500	-	-	-	-	-1 286	1 214
20 to 26 july	-	-	-	-	-	-1 039	-1 039
27 july to 2 august	1 000	-	-	-	-	-	1 000
3 to 9 august	-	-2 000	-	-	-	-1 429	-3 429
10 to 16 august	-	-1 000	-	-	14	-	-986
17 to 23 august	-	-	-	-	2	-214	-212
24 to 30 august	-	-	-	-	-	-572	-572
31 august to 6 september	-	-5 000	-	-	-	-286	-5 286
7 to 13 september	-	-7 000	-	-	-	-526	-7 526
14 to 20 september	-	-10 350	-	-	-	-2 247	-12 597
21 to 27 september	-	-8 600	-	-	-	-	-8 600
28 september to 4 october	-	-10 000	-	-	-	-2 071	-12 071
5 to 11 october	-	-12 000	-	-	-	-571	-12 571
12 to 18 october	-	-11 000	-	-	-	-1 336	-12 336
19 to 25 october	-	-7 400	-	-	-	-29	-7 429
26 october to 1st november	-	-12 900	-	-	-	-	-12 900
2 to 8 november	-	-14 000	-	-	-	-	-14 000
9 to 15 november	-	-7 000	-	-	-	-	-7 000
16 to 22 november	-	-10 000	-	-	-	-1 345	-11 345
23 to 29 november	-	-10 000	-	-	-	-	-10 000
30 november to 6 december	-	-10 000	-	-	-	-	-10 000
7 to 13 december	-	-5 000	-	-	-	-1 143	-6 143
14 to 20 december	-	-3 000	-	-	-	-929	-3 929
21 to 27 december	-	-2 500	-	-	-	-	-2 500
28 to 31 december 2006	-	-4 000	-	-	-	-	-4 000
<b>Average</b>	<b>66</b>	<b>-3 759</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>-2 069</b>	<b>-5 750</b>

Source : Bank Al-Maghrif

**XI-3 - MONEY MARKET RATES**  
(PERCENT PER ANNUM)

2006	Bank Al-Maghrib's intervention rate				Interbank market rate	
	7-day advances (on call for tenders)	Liquidity- withdrawals	24-hour advances	24-hour deposit facility	Monthly average	Month end
January	3.25	2.50	4.25	2.25	2.36	2.68
February	3.25	2.50	4.25	2.25	2.48	2.83
March	3.25	2.50	4.25	2.25	2.29	2.30
April	3.25	2.50	4.25	2.25	2.49	2.77
May	3.25	2.50	4.25	2.25	2.54	2.64
June	3.25	2.50	4.25	2.25	2.61	2.66
July	3.25	2.50	4.25	2.25	3.32	3.25
August	3.25	2.50	4.25	2.25	3.21	2.46
September	3.25	2.50	4.25	2.25	2.32	2.25
October	3.25	2.50	4.25	2.25	2.30	2.35
November	3.25	2.50	4.25	2.25	2.48	2.47
December	3.25	2.59	4.25	2.25	2.55	2.77

Source : Bank Al-Maghrib

**XI-4 - INTEREST RATES OF DEPOSITS WITH BANKS**  
(PER CENT PER ANNUM)

	2005		2006	
	January - June	July - December	January - June	July - December
<b>Deposits with banks</b>				
Sight deposits	non remunerated	non remunerated	non remunerated	non remunerated
Savings accounts <sup>(1)</sup>	2.27 (minimum)	2.28 (minimum)	2.57 (minimum)	2.49 (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 2005	July - Dec 2005	Jan - June 2006	July - Dec 2006
National Savings Fund books <sup>(1)</sup>	1.55	1.50	1.45	1.90

(1) Since July 2006, the remuneration rate of deposits in 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**  
(PER CENT PER ANNUM)

2006	6-month deposits weighted average interest rate	12- month deposits weighted average interest rate	6 and 12-month deposits weighted average interest rate
January	3.19	3.61	3.42
February	3.25	3.57	3.43
March	3.23	3.59	3.43
April	3.34	3.61	3.49
May	3.45	3.62	3.52
June	3.49	3.62	3.54
July	3.34	3.93	3.73
August	3.36	3.68	3.60
September	3.55	3.67	3.63
October	3.51	3.69	3.61
November	3.77	3.67	3.74
December	3.64	3.74	3.69

Source : Bank Al-Maghrib.

**XI-7 - INTEREST RATES OF 6-MONTH TREASURY BILLS <sup>(1)</sup>**  
(PER CENT PER ANNUM)

Period	Oct. - Dec. 2005	Jan. - March 2006	April - June 2006	July - Sept 2006	Oct. - Dec. 2006
- 6 month <sup>(2)</sup> Treasury bills	2.90	2.90	2.90	3.05	3.05 <sup>(3)</sup>

(1) Permanent issue.

(2) Since July 2002, the interest rate on 6-month bills has been equal to the average rate of 26-week Treasury bills issued by tender during the previous quarter plus 25 basis points.

(3) Since January 2007, 6-month treasury bills issues on tap have been removed

Source : Bank Al-Maghrib.

**XI-8 -WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER**  
(PERCENT PER ANNUM)

Years	Maturities	13-week bills	26-week bills	52-week bills	2-year bills	5-year bills	10-year bills	15-year bills	20-year bills	30-year bills
<b>2005</b>										
January	2.34	2.40	2.86	3.05	4.04	4.92	5.51	6.10	-	-
February	-	-	2.78	-	4.04	4.89	5.49	6.08	-	-
March	-	-	-	-	4.00	4.82	5.41	-	-	-
April	-	-	2.69	-	-	4.76	5.34	6.00	-	-
May	-	-	2.66	3.04	3.95	4.75	5.32	6.00	-	-
June	-	-	-	-	3.98	4.74	5.29	5.98	-	-
July	-	-	-	-	3.98	4.74	5.30	-	-	-
August	2.55	2.68	3.07	-	3.93	4.77	5.33	-	-	-
September	-	-	3.08	-	3.95	4.76	5.35	6.00	-	-
October	-	-	3.03	-	3.91	4.73	5.32	5.97	-	-
November	-	-	2.98	-	3.95	4.73	5.27	5.93	-	-
December	-	-	-	3.31	3.95	4.74	5.28	-	-	-
<b>2006</b>										
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	-

**XI-9 - INTEREST RATES OFFERED ON NEGOTIABLE DEBT SECURITIES**  
(PER CENT PER ANNUM)

	2005	2006
<b>Certificates of deposit</b>		
10 days	-	-
More than 10 days to less than 3 months	-	-
3 months to less than 6 months	-	-
6 months to less than 12 months	-	-
12 months to less than 18 months	3.55	3.05 à 3.55
18 months to less than 2 years	-	-
2 years to less than 3 years	-	3.60
3 years to less than 5 years	3.85 to 4.10	3.80 to 4.00
5 years to less than 7 years	4.60	3.80 to 4.45
7 years	-	-
<b>Financing companies bills</b>		
More than 2 years to less than 3 years	-	4.41
3 years to less than 5 years	3.90 to 4.80	4.01 to 4.48
5 years to less than 7 years	4.85 to 5.20	4.57 to 4.62
7 years	-	-
<b>Commercial paper</b>		
10 days	-	-
More than 10 days to less than 3 months	3.30	3.00
3 months to less than 6 months	2.95 to 3.40	3.00 to 3.60
6 months to less than 1 year	2.75 to 3.75	3.15 to 3.90
1 year	3.10 to 3.90	3.25 to 3.75

Source : Bank Al-Maghrib.

**XI-10 - INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET**  
(PER CENT PER ANNUM)

Notes and bonds term	2005	2006
- 3 years	-	-
- 5 years	4.92	4.27 to 4.97
- 7 years	4.54 to 5.55	-
- 8 years	-	-
- 10 years	-	5.45
- 15 years	-	3.70 <sup>(1)</sup> to 4.15
- 20 years	4.16	-

(1) Government guaranteed issues.  
Source : Bank Al-Maghrib.

**XI -11 - AVERAGE COST OF CREDIT GRANTED BY CREDIT INSTITUTIONS**  
(PER CENT PER ANNUM)

Rates	January -		July -		January -		July -	
	June 04	Dec. 04	June 05	Dec. 05	June 06	Dec. 06	June 06	Dec. 06
Weighted average rate of banks	7.88	7.83	7.60	7.58	7.10	7.05		
Weighted average rate of financing companies	12.35	12.10	11.86	11.40	11.17	11.89		
Weighted average rate of all credit institutions	8.48	8.38	8.15	8.06	7.63	7.66		

Source : Bank Al-Maghrib.

**XI -12 - MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS**  
(PER CENT PER ANNUM)

Rates	Oct. 04 -		April -		Oct. 05 -		April -		Oct 06 -	
	March 05	Sept. 05	March 06	Sept. 06	March 06	Sept. 06	March 07	Sept. 07	March 07	Sept. 07
Maximum interest rate agreed	13.57	13.41	13.04	12.90	13.04	12.90	14.00 <sup>(1)</sup>			

(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 2005			End of December 2006		
	Amounts	Annual Changes		Amounts	Annual Changes	
		Amounts	%		Amounts	%
Currency outside banks	89 364	9 649	12.1	108 531	19 167	21.4
Sight deposits	227 213	31 157	15.9	262 686	35 473	15.6
<b>Aggregate M1</b>	<b>316 577</b>	<b>40 806</b>	<b>14.8</b>	<b>371 217</b>	<b>54 640</b>	<b>17.3</b>
Sight investments (M2 - M1)	59 147	6 229	11.8	65 077	5 930	10.0
<b>Aggregate M2</b>	<b>375 724</b>	<b>47 035</b>	<b>14.3</b>	<b>436 294</b>	<b>60 570</b>	<b>16.1</b>
Time investments (M3 - M2)	99 094	11 353	12.9	119 161	20 067	20.3
<b>Aggregate M3</b>	<b>474 818</b>	<b>58 388</b>	<b>14.0</b>	<b>555 455</b>	<b>80 637</b>	<b>17.0</b>

Source : Bank Al-Maghrib.

## XII-2 - LIQUID INVESTMENT AGGREGATES<sup>(1)</sup>

(In millions of dirhams)

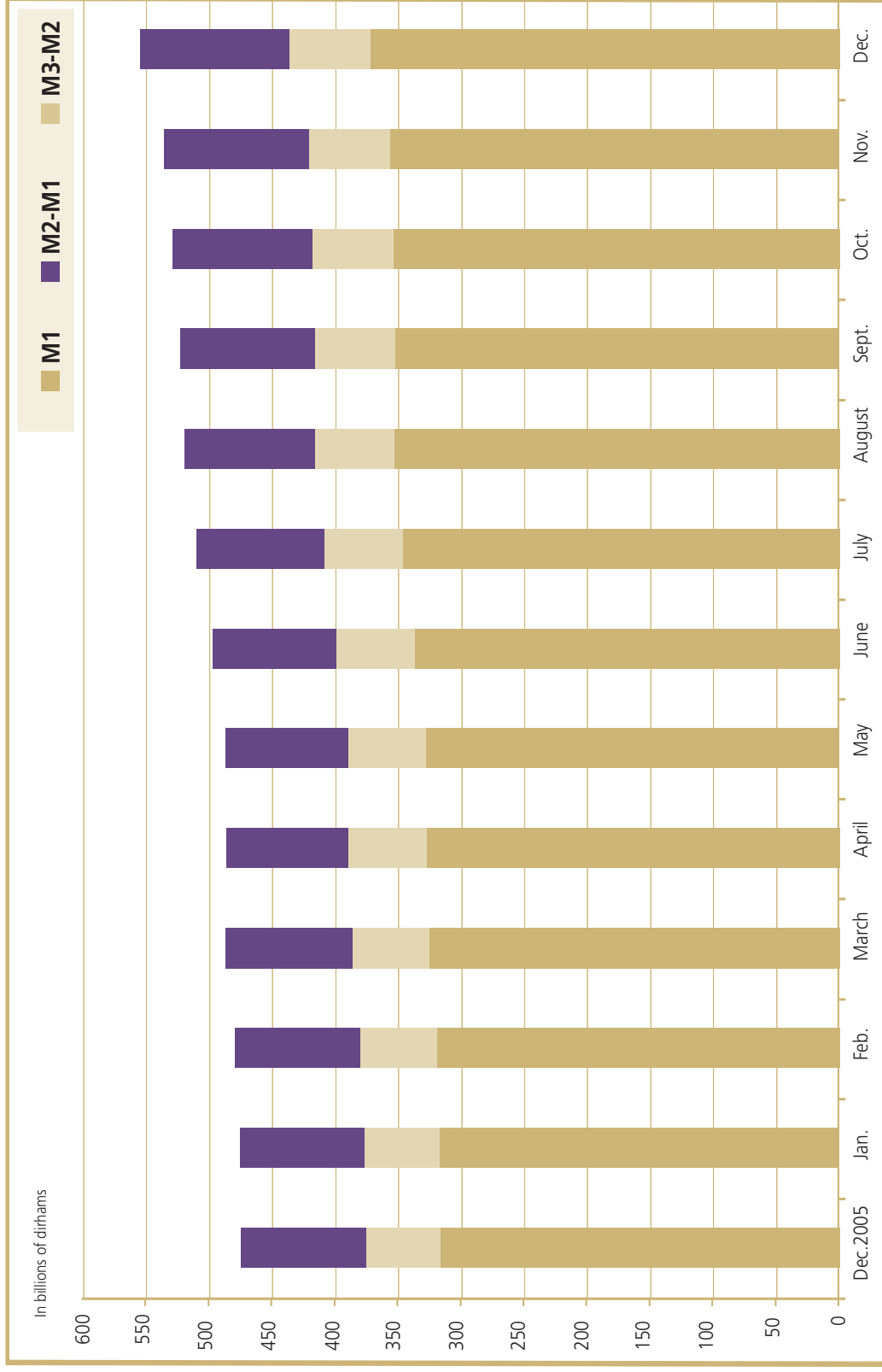
Components	End of December 2005			End of December 2006		
	Amounts	Annual Changes		Amounts	Annual Changes	
		Amounts	%		Amounts	%
Aggregate LI 1	5 539	539	10.8	4 347	-1 192	-21.5
Aggregate LI 2 <sup>(2)</sup>	9 369	-2 109	-18.4	11 686	2 317	24.7
Aggregate LI 3	23 065	955	4.3	35 942	12 877	55.8
Aggregate LI 4	3 069	661	27.5	5 854	2 785	90.7
<b>Total Liquid Investment aggregates</b>	<b>41 042</b>	<b>46</b>	<b>0.1</b>	<b>57 829</b>	<b>16 787</b>	<b>40.9</b>

(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 2006)





### XII-3 - AGGREGATE M1 AND ITS COMPONENTS

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Currency outside banks	89 364	91 518	90 776	91 272	92 328	92 095	94 211	99 254	101 780	100 174	100 711	100 321	108 531
Sight deposits	227 213	226 156	228 716	234 335	235 937	236 703	243 629	247 122	251 800	252 656	253 568	257 976	262 686
<b>Aggregate M1</b>	<b>316 577</b>	<b>317 674</b>	<b>319 492</b>	<b>325 607</b>	<b>328 265</b>	<b>328 798</b>	<b>337 840</b>	<b>346 376</b>	<b>353 580</b>	<b>352 830</b>	<b>354 279</b>	<b>358 297</b>	<b>371 217</b>

Source : Bank Al-Maghrib

### XII-4 -CURRENCY OUTSIDE BANKS

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Notes	91 812	94 709	93 547	93 942	94 772	95 060	97 079	102 346	105 537	103 319	104 355	103 413	112 407
Coin	1 693	1 703	1 707	1 704	1 705	1 707	1 714	1 735	1 767	1 790	1 805	1 817	1 827
<b>Sub-total</b>	<b>93 505</b>	<b>96 412</b>	<b>95 254</b>	<b>95 646</b>	<b>96 477</b>	<b>96 767</b>	<b>98 793</b>	<b>104 081</b>	<b>107 304</b>	<b>105 109</b>	<b>106 160</b>	<b>105 230</b>	<b>114 234</b>
<i>Less :</i> <i>Cash in hand of banks</i> <i>and public accountants</i>	4 141	4 894	4 478	4 374	4 149	4 672	4 582	4 827	5 524	4 935	5 449	4 909	5 703
<b>Total of currency</b> <b>outside banks</b>	<b>89 364</b>	<b>91 518</b>	<b>90 776</b>	<b>91 272</b>	<b>92 328</b>	<b>92 095</b>	<b>94 211</b>	<b>99 254</b>	<b>101 780</b>	<b>100 174</b>	<b>100 711</b>	<b>100 321</b>	<b>108 531</b>

Source : Bank Al-Maghrib

## XII-5 - SIGHT DEPOSITS

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.
<b>Sight deposits</b>													
Sight deposits with the Central bank	2 363	2 536	3 933	4 610	3 292	3 133	3 067	2 545	2 910	2 898	1 871	1 938	2 086
Sight deposits with banks	215 538	214 355	215 437	220 382	223 254	224 203	231 289	235 295	238 913	239 844	242 122	246 756	251 412
<b>Sight deposits with the banking system</b>	<b>217 901</b>	<b>216 891</b>	<b>219 370</b>	<b>224 992</b>	<b>226 546</b>	<b>227 336</b>	<b>234 356</b>	<b>237 840</b>	<b>241 823</b>	<b>242 742</b>	<b>243 993</b>	<b>248 694</b>	<b>253 498</b>
Sight deposits with Postal cheque service	3 626	3 579	3 660	3 657	3 705	3 681	3 587	3 596	4 291	4 228	3 889	3 596	3 502
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
<b>Total of sight deposits with Postal cheque service and Treasury</b>	<b>9 312</b>	<b>9 265</b>	<b>9 346</b>	<b>9 343</b>	<b>9 391</b>	<b>9 367</b>	<b>9 273</b>	<b>9 282</b>	<b>9 977</b>	<b>9 914</b>	<b>9 575</b>	<b>9 282</b>	<b>9 188</b>
<b>Total sight deposits</b>	<b>227 213</b>	<b>226 156</b>	<b>228 716</b>	<b>234 335</b>	<b>235 937</b>	<b>236 703</b>	<b>243 629</b>	<b>247 122</b>	<b>251 800</b>	<b>252 656</b>	<b>253 568</b>	<b>257 976</b>	<b>262 686</b>

Source : Bank Al-Maghrib

## XII-6 - SIGHT DEPOSITS WITH BANKS

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Cheque accounts of with : Moroccans living abroad	145 766 (51 108)	146 543 (51 186)	147 344 (51 500)	148 612 (52 156)	150 778 (53 152)	152 666 (54 393)	156 474 (55 104)	159 846 (57 198)	162 229 (56 885)	162 515 (55 989)	164 059 (56 748)	166 177 (57 224)	169 739 (58 063)
Current accounts	58 182	56 358	55 438	59 667	59 990	58 575	61 188	61 482	62 589	62 737	62 041	64 860	68 032
Other accounts	11 590	11 454	12 655	12 103	12 486	12 962	13 627	13 967	14 095	14 592	16 022	15 719	13 641
<b>Total</b>	<b>215 538</b>	<b>214 355</b>	<b>215 437</b>	<b>220 382</b>	<b>223 254</b>	<b>224 203</b>	<b>231 289</b>	<b>235 295</b>	<b>238 913</b>	<b>239 844</b>	<b>242 122</b>	<b>246 756</b>	<b>251 412</b>

Source : Bank Al-Maghrib

**XII-7 - AGGREGATE M2 AND AGGREGATE M3**

(In millions of dirhams)

Components	2005		2006										
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Aggregate M1</b>	<b>316 577</b>	<b>317 675</b>	<b>319 492</b>	<b>325 607</b>	<b>328 265</b>	<b>328 798</b>	<b>337 840</b>	<b>346 376</b>	<b>353 580</b>	<b>352 830</b>	<b>354 279</b>	<b>358 297</b>	<b>371 218</b>
<b>Sight investments (M2-M1)</b>	<b>59 147</b>	<b>59 985</b>	<b>60 729</b>	<b>61 201</b>	<b>61 481</b>	<b>61 664</b>	<b>61 709</b>	<b>62 341</b>	<b>62 991</b>	<b>63 634</b>	<b>64 239</b>	<b>64 616</b>	<b>65 077</b>
. Deposit books with banks	48 575	49 332	49 785	50 159	50 389	50 537	50 531	51 082	51 640	52 153	52 658	52 934	53 375
. Saving books with the National Savings Fund	10 572	10 653	10 944	11 042	11 092	11 127	11 178	11 259	11 351	11 481	11 581	11 682	11 702
<b>Aggregate M2</b>	<b>375 724</b>	<b>377 660</b>	<b>380 221</b>	<b>386 808</b>	<b>389 746</b>	<b>390 462</b>	<b>399 549</b>	<b>408 717</b>	<b>416 571</b>	<b>416 464</b>	<b>418 518</b>	<b>422 913</b>	<b>436 295</b>
<b>Time investments (M3-M2)</b>	<b>99 094</b>	<b>98 208</b>	<b>99 810</b>	<b>100 733</b>	<b>96 756</b>	<b>96 876</b>	<b>97 749</b>	<b>101 694</b>	<b>103 986</b>	<b>107 066</b>	<b>111 228</b>	<b>116 147</b>	<b>119 161</b>
. Certificates of deposit <sup>(1)</sup>	326	326	326	436	439	451	437	437	438	445	445	445	430
. Time accounts and fixed-term bills	98 768	97 882	99 484	100 297	96 317	96 425	97 312	101 257	103 548	106 621	110 783	115 702	118 731
Of which : Moroccans living abroad	(37 005)	(37 369)	(37 543)	(37 839)	(37 687)	(37 646)	(36 343)	(35 962)	(36 838)	(37 842)	(38 085)	(38 007)	(39 126)
<b>Aggregate M3</b>	<b>474 818</b>	<b>475 868</b>	<b>480 031</b>	<b>487 541</b>	<b>486 502</b>	<b>487 338</b>	<b>497 298</b>	<b>510 411</b>	<b>520 557</b>	<b>523 530</b>	<b>529 746</b>	<b>539 060</b>	<b>555 456</b>

(1)Subscriptions of individuals and non-financial enterprises

Source : Bank Al-Maghrib

**XII-8 - LIQUID INVESTMENT AGGREGATES<sup>(1)</sup>**

(In millions of dirhams)

Components	2005		2006										
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Aggregate LI 1</b>													
. Six-month Treasury bills	943	943	943	943	943	943	943	943	943	943	943	785	785
. Negotiable Treasury bills <sup>(2)</sup>	3 830	3 628	3 467	2 926	3 008	2 670	2 747	2 980	2 864	2 130	2 307	3 014	3 070
. Commercial papers	65	65	65	65	51	-	-	-	-	-	-	-	-
. Bills issued by the financing companies	701	695	695	685	680	680	660	578	540	517	494	494	492
<b>Total</b>	<b>5 539</b>	<b>5 331</b>	<b>5 170</b>	<b>4 619</b>	<b>4 682</b>	<b>4 293</b>	<b>4 350</b>	<b>4 501</b>	<b>4 347</b>	<b>3 590</b>	<b>3 744</b>	<b>4 293</b>	<b>4 347</b>
<b>Aggregate LI 2</b>													
. Securities issued by mometary Undertaking for Collective Investment in Transferable Securities (UCITS) <sup>(3)</sup>	9 369	10 479	10 502	10 565	11 918	13 447	11 718	11 350	11 671	12 778	13 504	13 431	11 686
<b>Total</b>	<b>9 369</b>	<b>10 479</b>	<b>10 502</b>	<b>10 565</b>	<b>11 918</b>	<b>13 447</b>	<b>11 718</b>	<b>11 350</b>	<b>11 671</b>	<b>12 778</b>	<b>13 504</b>	<b>13 431</b>	<b>11 686</b>
<b>Aggregate LI3</b>													
. Securities issued by bond (short, medium and long term ) UCITS	23 065	23 680	27 632	27 497	27 682	29 669	29 049	29 704	32 420	32 778	32 908	33 991	35 942
<b>Total</b>	<b>23 065</b>	<b>23 680</b>	<b>27 632</b>	<b>27 497</b>	<b>27 682</b>	<b>29 669</b>	<b>29 049</b>	<b>29 704</b>	<b>32 420</b>	<b>32 778</b>	<b>32 908</b>	<b>33 991</b>	<b>35 942</b>
<b>Aggregate LI4</b>													
. Securities issued by share UCITS and diversified UCITS	3 069	3 733	4 084	4 250	4 800	3 920	3 954	3 962	4 345	4 244	4 380	4 749	5 854
<b>Total</b>	<b>3 069</b>	<b>3 733</b>	<b>4 084</b>	<b>4 250</b>	<b>4 800</b>	<b>3 920</b>	<b>3 954</b>	<b>3 962</b>	<b>4 345</b>	<b>4 244</b>	<b>4 380</b>	<b>4 749</b>	<b>5 854</b>
<b>Total LI</b>	<b>41 042</b>	<b>43 223</b>	<b>47 388</b>	<b>46 931</b>	<b>49 082</b>	<b>51 329</b>	<b>49 071</b>	<b>49 517</b>	<b>52 783</b>	<b>53 390</b>	<b>54 536</b>	<b>56 464</b>	<b>57 829</b>

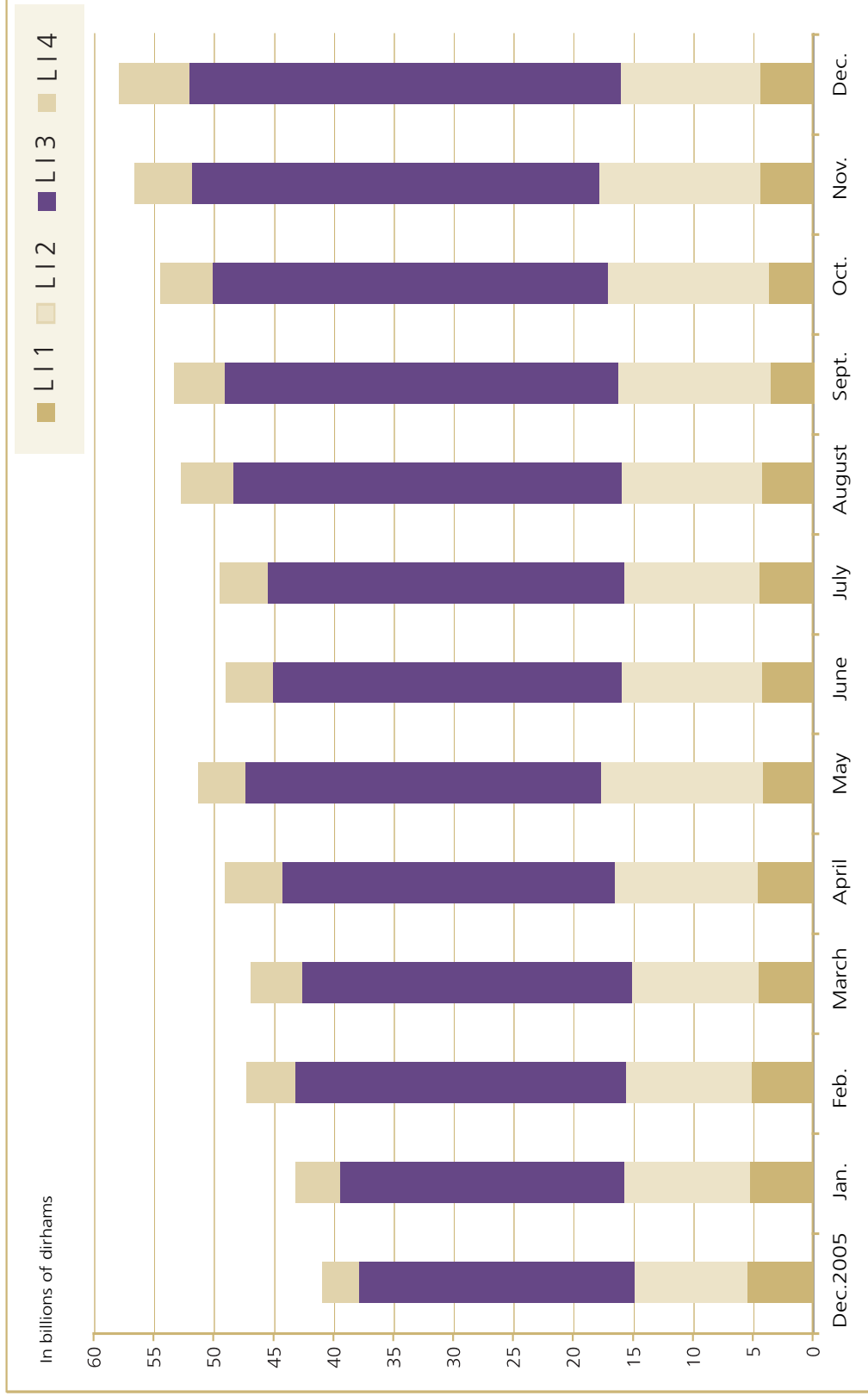
(1) Subscriptions of individuals and non-financial enterprises.

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

Source : Bank Al-Maghrib

(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.

**LIQUID INVESTMENT AGGREGATES (LI)  
(outstanding amounts at the end of month - Year 2006)**



**XII-9 - COUNTERPARTS OF AGGREGATE M3**

(In millions of dirhams)

Components	End of December 2005			End of December 2006		
	Amounts	Annual changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
<b>Net foreign assets <sup>(1)</sup></b>						
. Bank Al-Maghrib	150 227	14 826	10.9	173 980	23 753	15.8
. Banks	15 672	6 632	73.4	16 788	1 116	7.1
<b>Total (I)</b>	<b>165 899</b>	<b>21 458</b>	<b>14.9</b>	<b>190 768</b>	<b>24 869</b>	<b>15.0</b>
<b>Total domestic lending</b>						
<b>A Claims on government<sup>(1)</sup></b>						
. Net claims of the Bank Al-Maghrib	- 7 228	749	-9.4	-8 860	-1 632	22.6
. Claims of banks	75 391	3 358	4.7	77 259	1 868	2.5
. Claims of individuals and non-financial enterprises <sup>(2)</sup>	9 312	703	8.2	9 188	-124	-1.3
<b>Sub-total</b>	<b>77 475</b>	<b>4 810</b>	<b>6.6</b>	<b>77 587</b>	<b>112</b>	<b>0.1</b>
<b>B Claims on the private sector <sup>(1)</sup></b>						
. Bank Al-Maghrib	7 696	-3 606	-31.9	7 516	-180	-2.3
. Banks <sup>(3)</sup>	284 333	32 892	13.3	332 081	47 748	16.8
<b>Sub-total</b>	<b>292 029</b>	<b>29 286</b>	<b>11.1</b>	<b>339 597</b>	<b>47 568</b>	<b>16.3</b>
<b>C Counterpart of savings books with the National Savings Fund<sup>(4)</sup></b>	<b>10 572</b>	<b>1 223</b>	<b>13.1</b>	<b>11 702</b>	<b>1 130</b>	<b>10.7</b>
<b>Total (A+B+C)</b>	<b>380 076</b>	<b>35 319</b>	<b>10.2</b>	<b>428 886</b>	<b>48 810</b>	<b>12.8</b>
<b>Less : Banking system's non monetary resources<sup>(5) (6)</sup></b>	<b>57 801</b>	<b>687</b>	<b>1.2</b>	<b>50 007</b>	<b>-7 794</b>	<b>-13.5</b>
<b>Domestic credit of a monetary nature (II)</b>	<b>322 275</b>	<b>34 632</b>	<b>12,0</b>	<b>378 879</b>	<b>56 604</b>	<b>17.6</b>
<b>Total counterparts (I+II)</b>	<b>488 174</b>	<b>56 090</b>	<b>13,0</b>	<b>569 647</b>	<b>81 473</b>	<b>16.7</b>
<b>Balancing items <sup>(7)</sup></b>	<b>-13 356</b>	<b>2 298</b>		<b>-14 191</b>	<b>-835</b>	
<b>Aggregate M 3</b>	<b>474 818</b>	<b>58 388</b>	<b>14.0</b>	<b>555 456</b>	<b>80 638</b>	<b>17.0</b>

(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.

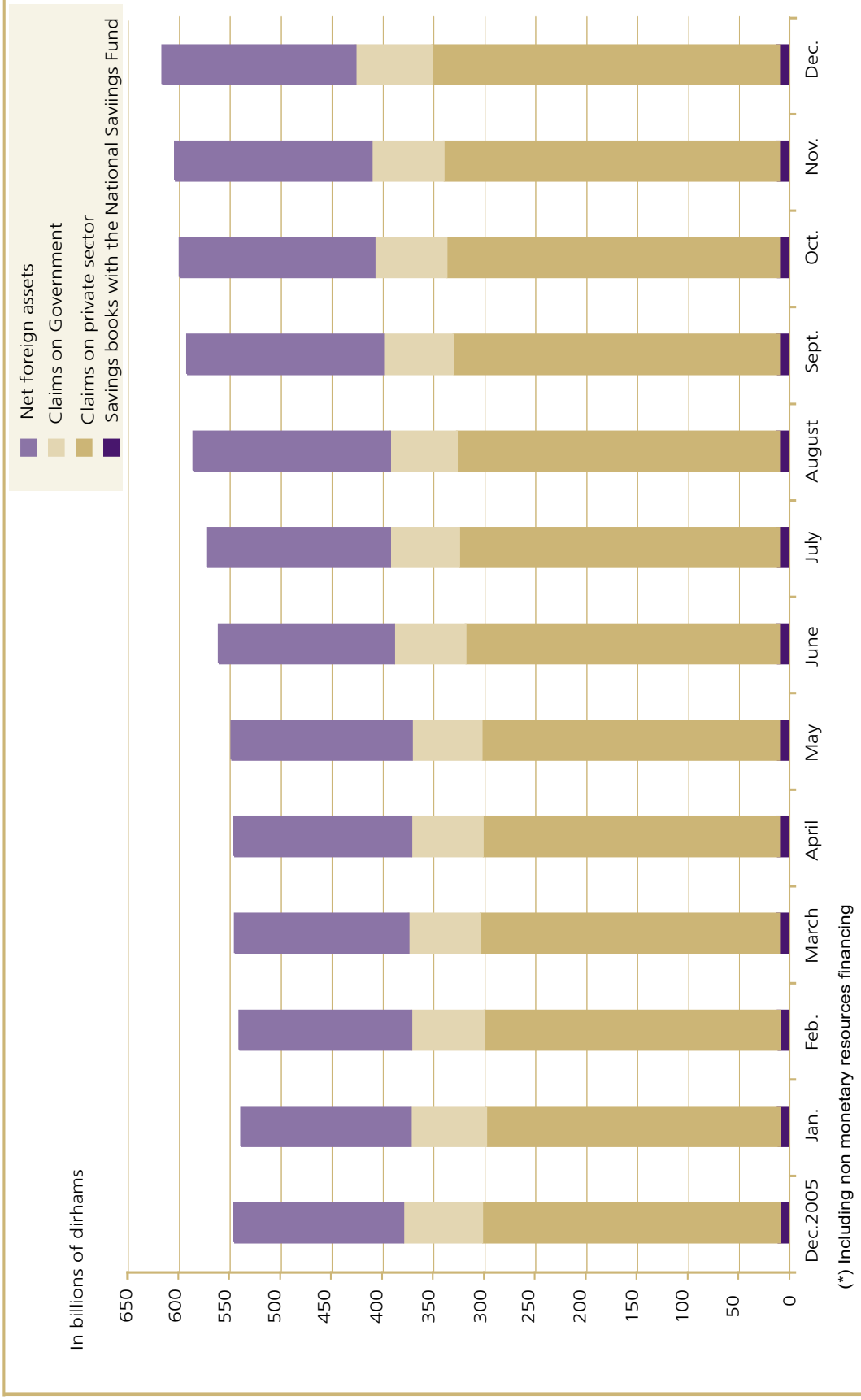
(5) Domestic and external loans contracted by the banks (see bank liabilities in Appendix XIV-1).

(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 2006)**



(\*) Including non monetary resources financing

**XII-10 - MONTHLY DEVELOPMENT OF THE COUNTERPARTS OF M3**

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Net foreign assets <sup>(1)</sup></b>													
- Bank Al-Maghrib	150 227	152 124	154 076	156 038	156 338	157 829	155 599	161 107	172 021	175 290	173 668	172 252	173 980
- Banks	15 672	14 863	14 547	14 732	17 733	19 434	16 433	18 278	21 073	17 349	18 319	20 391	16 788
<b>Total (I)</b>	<b>165 899</b>	<b>166 987</b>	<b>168 623</b>	<b>170 770</b>	<b>174 071</b>	<b>177 263</b>	<b>172 032</b>	<b>179 385</b>	<b>193 094</b>	<b>192 639</b>	<b>191 987</b>	<b>192 643</b>	<b>190 76</b>
<b>TOTAL DOMESTIC LENDING</b>													
<b>A Claims on government <sup>(1)</sup></b>													
- Net claims of the bank Al-Maghrib	-7 228	-10 403	-13 128	-11 301	-12 174	-13 116	-10 921	-11 538	-15 109	-12 573	-10 481	-10 471	-8 860
- Claims of banks	75 391	74 867	75 837	72 709	72 579	72 325	71 865	70 045	70 603	71 641	71 161	73 799	77 259
- Claims of individuals and non-financial enterprises <sup>(2)</sup>	9 312	9 265	9 346	9 343	9 391	9 367	9 273	9 282	9 977	9 914	9 575	9 282	9 188
<b>Sub-total</b>	<b>77 475</b>	<b>73 729</b>	<b>72 055</b>	<b>70 751</b>	<b>69 796</b>	<b>68 576</b>	<b>70 217</b>	<b>67 789</b>	<b>65 471</b>	<b>68 982</b>	<b>70 255</b>	<b>72 610</b>	<b>77 587</b>
<b>B Claims on the private sector <sup>(1)</sup></b>													
- Bank Al-Maghrib	7 696	7 674	7 733	7 650	7 621	7 419	7 485	7 494	7 474	7 492	7 477	7 514	7 516
- Banks <sup>(3)</sup>	284 333	280 541	281 600	285 429	283 509	284 672	300 367	306 431	308 583	311 961	318 932	322 500	332 081
<b>Sub-total</b>	<b>292 029</b>	<b>288 215</b>	<b>289 333</b>	<b>293 079</b>	<b>291 130</b>	<b>292 091</b>	<b>307 852</b>	<b>313 925</b>	<b>316 057</b>	<b>319 453</b>	<b>326 409</b>	<b>330 014</b>	<b>339 597</b>
<b>C Counterpart of savings books with the National Saving Fund <sup>(4)</sup></b>	10 572	10 653	10 944	11 042	11 092	11 127	11 178	11 259	11 351	11 481	11 581	11 682	11 702
<b>Total (A+B+C)</b>	<b>380 076</b>	<b>372 597</b>	<b>372 332</b>	<b>374 872</b>	<b>372 018</b>	<b>371 794</b>	<b>389 247</b>	<b>392 973</b>	<b>392 879</b>	<b>399 916</b>	<b>408 245</b>	<b>414 306</b>	<b>428 886</b>
<b>Less :</b>													
<b>Banking system's non monetary resources</b>	<b>57 801</b>	<b>54 004</b>	<b>49 518</b>	<b>47 154</b>	<b>49 108</b>	<b>53 843</b>	<b>55 042</b>	<b>53 883</b>	<b>56 617</b>	<b>56 067</b>	<b>56 783</b>	<b>55 543</b>	<b>50 007</b>
- Bank's borrowing <sup>(5)</sup>	11 706	7 806	3 885	2 215	1 587	4 667	5 426	4 253	6 965	6 506	6 846	5 882	1 140
- Provisions constituted by the banks	34 838	31 935	31 662	30 806	31 263	31 079	30 964	30 660	30 483	30 815	31 084	30 725	29 913
- Bank Al-Maghrib and banks' net capital and reserves <sup>(6)</sup>	11 257	14 263	13 971	14 133	16 258	18 097	18 652	18 970	19 169	18 746	18 853	18 936	18 954
<b>DOMESTIC CREDIT OF A MONETARY NATURE (II)</b>	<b>322 275</b>	<b>318 593</b>	<b>322 814</b>	<b>327 718</b>	<b>322 910</b>	<b>317 951</b>	<b>334 205</b>	<b>339 090</b>	<b>336 262</b>	<b>343 849</b>	<b>351 462</b>	<b>358 763</b>	<b>378 879</b>
<b>TOTAL COUNTERPARTS (I+II)</b>	<b>488 174</b>	<b>485 580</b>	<b>491 437</b>	<b>498 488</b>	<b>496 981</b>	<b>495 214</b>	<b>506 237</b>	<b>518 475</b>	<b>529 356</b>	<b>536 488</b>	<b>543 449</b>	<b>551 406</b>	<b>569 647</b>
Balancing items (net) <sup>(7)</sup>	-13 356	-9 712	-11 406	-10 947	-10 479	-7 876	-8 939	-8 064	-8 799	-12 958	-13 703	-12 346	-14 191
<b>AGGREGATE M3</b>	<b>474 818</b>	<b>475 868</b>	<b>480 031</b>	<b>487 541</b>	<b>486 502</b>	<b>487 338</b>	<b>497 298</b>	<b>510 411</b>	<b>520 557</b>	<b>523 530</b>	<b>529 746</b>	<b>539 060</b>	<b>555 456</b>

(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	2005	2006											
	Déc.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>A. Gross foreign assets of Bank Al-Maghrib</b>													
. Gold	2 590	2 590	2 590	2 590	2 590	2 590	2 590	2 590	2 590	2 590	2 590	2 591	3 807
. Convertible foreign currencies	148 002	150 995	152 325	153 847	154 086	155 609	153 392	159 221	170 341	173 356	171 718	170 343	170 870
. Special drawing rights	728	665	674	616	604	602	600	545	544	500	452	445	445
. Subscription to the IMF Reserve tranche	1 321	1 313	1 319	1 309	1 300	1 298	1 294	1 296	1 095	1 098	1 099	1 087	1 086
. Subscription to the Arab Monetary Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
. Inconvertible foreign currencies	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>152 641</b>	<b>155 563</b>	<b>156 908</b>	<b>158 362</b>	<b>158 580</b>	<b>160 099</b>	<b>157 876</b>	<b>163 652</b>	<b>174 570</b>	<b>177 544</b>	<b>175 859</b>	<b>174 466</b>	<b>176 208</b>
<b>B. Foreign liabilities of Bank Al-Maghrib</b>													
. Credit from international organizations	197	197	193	193	191	191	196	196	196	194	194	191	199
. Other liabilities	2 217	3 242	2 639	2 131	2 051	2 079	2 081	2 349	2 353	2 060	1 997	2 023	2 029
<b>Sub-total</b>	<b>2 414</b>	<b>3 439</b>	<b>2 832</b>	<b>2 324</b>	<b>2 242</b>	<b>2 270</b>	<b>2 277</b>	<b>2 545</b>	<b>2 549</b>	<b>2 254</b>	<b>2 191</b>	<b>2 214</b>	<b>2 228</b>
<b>I Total net foreign assets of Bank Al-Maghrib (A-B)</b>	<b>150 227</b>	<b>152 124</b>	<b>154 076</b>	<b>156 038</b>	<b>156 338</b>	<b>157 829</b>	<b>155 599</b>	<b>161 107</b>	<b>172 021</b>	<b>175 290</b>	<b>173 668</b>	<b>172 252</b>	<b>173 980</b>
<b>C. Gross foreign assets of banks<sup>(1)</sup></b>	<b>20 213</b>	<b>19 544</b>	<b>18 386</b>	<b>18 182</b>	<b>20 976</b>	<b>23 404</b>	<b>21 905</b>	<b>23 857</b>	<b>26 366</b>	<b>22 682</b>	<b>23 456</b>	<b>25 306</b>	<b>23 028</b>
<b>D. External liabilities of banks<sup>(2)</sup></b>	<b>4 541</b>	<b>4 681</b>	<b>3 839</b>	<b>3 450</b>	<b>3 243</b>	<b>3 970</b>	<b>5 472</b>	<b>5 579</b>	<b>5 293</b>	<b>5 333</b>	<b>5 137</b>	<b>4 915</b>	<b>6 240</b>
<b>II Total net foreign assets of banks (C-D)</b>	<b>15 672</b>	<b>14 863</b>	<b>14 547</b>	<b>14 732</b>	<b>17 733</b>	<b>19 434</b>	<b>16 433</b>	<b>18 278</b>	<b>21 073</b>	<b>17 349</b>	<b>18 319</b>	<b>20 391</b>	<b>16 788</b>
<b>Total net foreign assets (I+II)</b>	<b>165 899</b>	<b>166 987</b>	<b>168 623</b>	<b>170 770</b>	<b>174 071</b>	<b>177 263</b>	<b>172 032</b>	<b>179 385</b>	<b>193 094</b>	<b>192 639</b>	<b>191 987</b>	<b>192 643</b>	<b>190 768</b>

(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) Fixed-term accounts and bills with banks and certificate of deposits subscribed by individuals and non-financial enterprises.

Source : Bank Al-Maghrib.



## XII-12 - CLAIMS ON GOVERNMENT

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>I. Claims of Bank Al-Maghrib</b>													
<b>A. Claims due to Bank Al-Maghrib</b>													
. Advances to the government <sup>(1)</sup>	5 500	5 500	5 500	5 500	5 500	5 500	5 500	5 500	5 500	5 500	5 500	4 500	4 500
. Customs drafts and surety bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
. Cheques held in discount	802	1 214	692	2 270	976	-	-	-	-	-	-	-	-
. Central Bank's deposits with the Postal cheque service	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross total</b>	<b>6 302</b>	<b>6 714</b>	<b>6 192</b>	<b>7 770</b>	<b>6 476</b>	<b>5 500</b>	<b>5 500</b>	<b>5 500</b>	<b>5 500</b>	<b>5 500</b>	<b>5 500</b>	<b>4 500</b>	<b>4 500</b>
. Less :													
Assets held by public accountants <sup>(2)</sup>	13 530	17 117	19 320	19 071	18 650	18 616	16 421	17 038	20 609	18 073	15 981	15 971	14 364
<b>Net total</b>	<b>-7 228</b>	<b>-10 403</b>	<b>-13 128</b>	<b>-11 301</b>	<b>-12 174</b>	<b>-13 116</b>	<b>-10 921</b>	<b>-11 538</b>	<b>-15 109</b>	<b>-12 573</b>	<b>-10 481</b>	<b>-11 471</b>	<b>-9 864</b>
<b>B. Treasury bills purchased on the secondary market</b>	-	-	-	-	-	-	-	-	-	-	-	1 000	1 004
<b>Sub-total (I)</b>	<b>-7 228</b>	<b>-10 403</b>	<b>-13 128</b>	<b>-11 301</b>	<b>-12 174</b>	<b>-13 116</b>	<b>-10 921</b>	<b>-11 538</b>	<b>-15 109</b>	<b>-12 573</b>	<b>-10 481</b>	<b>-10 471</b>	<b>-8 860</b>
<b>II. Claims of banks</b>													
. Portfolio of public securities	75 090	74 533	75 448	72 196	71 996	71 894	71 495	69 662	70 237	71 236	70 782	73 402	77 140
. Banks' deposits with Treasury and Postal cheque service	301	334	389	513	583	431	370	383	366	405	379	397	119
<b>Sub-total (II)</b>	<b>75 391</b>	<b>74 867</b>	<b>75 837</b>	<b>72 709</b>	<b>72 579</b>	<b>72 325</b>	<b>71 865</b>	<b>70 045</b>	<b>70 603</b>	<b>71 641</b>	<b>71 161</b>	<b>73 799</b>	<b>77 259</b>
<b>III. Claims of individuals and non-financial enterprises</b>													
. Counterpart of deposits with Postal cheque service and Treasury	9 312	9 265	9 346	9 343	9 391	9 367	9 273	9 282	9 977	9 914	9 575	9 282	9 188
<b>Sub-total (III)</b>	<b>9 312</b>	<b>9 265</b>	<b>9 346</b>	<b>9 343</b>	<b>9 391</b>	<b>9 367</b>	<b>9 273</b>	<b>9 282</b>	<b>9 977</b>	<b>9 914</b>	<b>9 575</b>	<b>9 282</b>	<b>9 188</b>
<b>Total claims on government (I+II+III)</b>	<b>77 475</b>	<b>73 729</b>	<b>72 055</b>	<b>70 751</b>	<b>69 796</b>	<b>68 576</b>	<b>70 217</b>	<b>67 789</b>	<b>65 471</b>	<b>68 982</b>	<b>70 255</b>	<b>72 610</b>	<b>77 587</b>

(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.

Source : Bank Al-Maghrib.

**XII-13 - CLAIMS ON THE PRIVATE SECTOR <sup>(1)</sup>**

(In millions of dirhams)

Components	2005	2006											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>A. Lending to enterprises and individuals <sup>(2)</sup></b>	<b>257 433</b>	<b>252 152</b>	<b>252 892</b>	<b>255 634</b>	<b>255 292</b>	<b>255 719</b>	<b>268 541</b>	<b>274 102</b>	<b>275 965</b>	<b>278 745</b>	<b>285 348</b>	<b>289 079</b>	<b>298 560</b>
. Debtor accounts and overdraft facilities	83 542	82 265	84 266	85 566	84 079	85 678	90 899	94 032	94 336	94 224	98 509	98 525	104 118
. Equipment credit	53 854	53 232	53 605	53 482	54 223	52 568	56 732	57 445	58 692	60 063	60 392	61 177	63 937
. Real estate loans	56 902	57 447	58 796	59 918	60 793	62 176	64 225	65 455	67 506	68 715	69 652	71 403	72 986
. Consumer credit	10 723	10 818	10 699	10 866	10 965	11 195	11 693	12 140	12 527	12 889	13 078	13 612	13 896
. Miscellaneous	7 121	6 649	6 511	7 170	6 432	5 682	6 497	6 857	5 196	5 153	6 078	7 191	8 017
. Pending claims <sup>(3)</sup>	45 291	41 741	39 015	38 632	38 800	38 420	38 495	38 173	37 708	37 701	37 639	37 171	35 609
<b>B Lending to financing companies</b>	<b>23 896</b>	<b>24 327</b>	<b>24 915</b>	<b>25 362</b>	<b>25 599</b>	<b>25 667</b>	<b>27 126</b>	<b>28 370</b>	<b>28 495</b>	<b>29 022</b>	<b>29 581</b>	<b>29 882</b>	<b>29 690</b>
. Credit	22 385	22 855	23 487	23 933	24 171	24 239	25 595	26 723	26 854	27 470	27 939	28 205	28 045
. Financing companies securities held by banks	1 511	1 472	1 428	1 429	1 428	1 428	1 531	1 647	1 641	1 552	1 642	1 677	1 645
<b>C Banks' portfolio of investment securities <sup>(4)</sup></b>	<b>3 004</b>	<b>4 062</b>	<b>3 793</b>	<b>4 433</b>	<b>2 618</b>	<b>3 286</b>	<b>4 700</b>	<b>3 959</b>	<b>4 123</b>	<b>4 194</b>	<b>4 003</b>	<b>3 539</b>	<b>3 831</b>
<b>I Total banks' claims on the private sector (A+B+C)</b>	<b>284 333</b>	<b>280 541</b>	<b>281 600</b>	<b>285 429</b>	<b>283 509</b>	<b>284 672</b>	<b>300 367</b>	<b>306 431</b>	<b>308 583</b>	<b>311 961</b>	<b>318 932</b>	<b>322 500</b>	<b>332 081</b>
<b>II Bank Al-Maghrib's claims on the private sector</b>	<b>7 696</b>	<b>7 674</b>	<b>7 733</b>	<b>7 650</b>	<b>7 621</b>	<b>7 419</b>	<b>7 485</b>	<b>7 494</b>	<b>7 474</b>	<b>7 492</b>	<b>7 477</b>	<b>7 514</b>	<b>7 516</b>
<b>Total (I+II)</b>	<b>292 029</b>	<b>288 215</b>	<b>289 333</b>	<b>293 079</b>	<b>291 130</b>	<b>292 091</b>	<b>307 852</b>	<b>313 925</b>	<b>316 057</b>	<b>319 453</b>	<b>326 409</b>	<b>330 014</b>	<b>339 597</b>

(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 1982-2006**

(in millions of dirhams)

Outstanding amounts at end-December	Aggregate M 3			Aggregate M 2			Aggregate M 1			Liquid investment aggregate														
	Aggregate M 2			Aggregate M 1			M2			M3			Total											
	Sight deposits			Sight investments <sup>(1)</sup>			M1 + sight investments			Time investments <sup>(2)</sup>			LI 1 <sup>(3)</sup>			LI 2 <sup>(4)</sup>			LI 3 <sup>(5)</sup>			LI 4 <sup>(6)</sup>		
	Currency outside banks	Total		Total			M1 + sight investments			Time investments <sup>(2)</sup>			LI 1 <sup>(3)</sup>	LI 2 <sup>(4)</sup>	LI 3 <sup>(5)</sup>	LI 4 <sup>(6)</sup>	Total							
1982	12 023	17 584	29 607	1 735	31 342	7 654	38 996	336	-	-	-	336	-	-	-	-	336							
1983	13 635	20 345	33 980	2 259	36 239	10 227	46 466	351	-	-	-	351	-	-	-	-	351							
1984	14 770	22 305	37 075	2 744	39 819	11 373	51 192	359	-	-	-	359	-	-	-	-	359							
1985	16 194	26 570	42 764	3 136	45 900	14 416	60 316	2 641	-	-	-	2 641	-	-	-	-	2 641							
1986	18 694	31 361	50 055	4 160	54 215	15 851	70 066	6 229	-	-	-	6 229	-	-	-	-	6 229							
1987	20 003	34 718	54 721	5 891	60 612	16 485	77 097	9 612	-	-	-	9 612	-	-	-	-	9 612							
1988	21 913	40 335	62 248	7 573	69 821	18 867	88 688	10 308	-	-	-	10 308	-	-	-	-	10 308							
1989	24 814	44 460	69 274	9 317	78 591	21 441	100 032	13 485	-	-	-	13 485	-	-	-	-	13 485							
1990	29 543	53 115	82 658	11 491	94 149	24 883	119 032	15 739	-	-	-	15 739	-	-	-	-	15 739							
1991	34 269	60 352	94 621	14 051	108 672	31 190	139 862	14 504	-	-	-	14 504	-	-	-	-	14 504							
1992	35 744	64 939	100 683	14 913	115 596	37 467	153 063	15 564	-	-	-	15 564	-	-	-	-	15 564							
1993	37 202	68 576	105 778	15 959	121 737	43 986	165 723	16 837	-	-	-	16 837	-	-	-	-	16 837							
1994	41 021	76 163	117 184	18 685	135 869	47 464	183 333	21 849	-	-	-	21 849	-	-	-	-	21 849							
1995	43 154	81 329	124 483	21 279	145 762	52 494	198 256	22 910	-	-	-	22 910	-	-	-	8	22 918							
1996	46 447	84 346	130 793	23 466	154 259	57 283	211 542	23 158	-	-	-	23 158	-	220	-	1 696	25 074							
1997	48 662	92 198	140 860	25 983	166 843	64 121	230 964	19 821	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	5 000	11 478	22 110	-	2 408	40 996							
2005	89 364	227 212	316 576	59 147	375 723	99 094	474 817	5 539	-	-	-	5 539	9 369	23 065	-	3 069	41 042							
2006	108 532	262 686	371 218	65 077	436 295	119 161	555 456	4 347	-	-	-	4 347	11 686	35 942	-	5 854	57 829							

(1) Deposit books with banks and savings books with the National Savings Fund.

(2) Fixed-term accounts and bills with banks and certificates of deposits subscribed by individuals and non-financial enterprises.

(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.

(5) Moreover, at least 50 percent of the said are permanently placed in debt securities of an initial or residual maturity less than one year.

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

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

Source : Bank Al-Maghrib.

**XII-15 - COUNTERPARTS OF M3  
1982 - 2006**

(In millions of dirhams)

Outstanding amounts at December	Net foreign assets				Domestic credit of a monetary nature										Total of M3 (I+II)	Balancing items <sup>(1)</sup>		
	Total domestic lending				Claims on government				Claims on the private sector				Less : Banking system's non monetary resources	Total (II)				
	Bank Al-Maghrib		Banks		Bank Al-Maghrib		Banks		Bank Al-Maghrib		Banks						Counterpart of assets with National Savings Fund (C) <sup>(2)</sup>	Total (A+B+C)
	Total (I)		Individuals and non-financial enterprises <sup>(3)</sup>		Total (A)		Total (B)		Total (B)									
	Bank Al-Maghrib	Banks	Bank Al-Maghrib	Banks	Bank Al-Maghrib	Banks	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	2 685	101 949	- 3 117	73 161	8 285	78 329	8 304	208 647	216 951	6 576	301 856	60 875	240 981	342 930	- 8 943		
2002	104 490	6 290	110 780	- 4 584	76 923	8 358	80 697	9 747	216 474	226 221	7 312	314 230	60 011	254 219	364 999	- 9 487		
2003	122 083	5 110	127 193	- 7 185	77 123	8 599	78 537	11 477	234 531	246 008	8 196	332 741	58 506	274 235	401 428	- 15 088		
2004	135 401	9 040	144 441	- 7 977	72 033	8 609	72 665	11 302	251 441	262 743	9 349	344 757	57 114	287 643	432 084	- 15 654		
2005	150 227	15 672	165 899	- 7 228	75 391	9 312	77 475	7 696	284 333	292 029	10 572	380 076	57 801	322 275	488 174	- 13 356		
2006	173 980	16 788	190 768	- 8 860	77 259	9 188	77 587	7 516	332 081	339 597	11 702	428 886	50 007	378 879	569 647	- 14 191		

(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)

	2004		2005		2006	
	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows
January	5 182	10 011	5 692	8 899	7 874	10 780
February	7 550	4 179	7 151	5 670	7 645	6 488
March	7 246	6 279	7 444	6.873	5 317	8 710
April	6 612	7 124	6 558	7.009	7 265	8 095
May	6 507	5 793	7 056	7.204	8 288	8 578
June	6 025	6 736	6 357	7.006	7 137	9 163
July	5 487	9 771	6 104	9.853	6 652	13 592
August	7 023	9 112	8 016	10 771	8 921	12 143
September	8 667	6 037	8 728	6 993	9 697	7 513
October	6 778	6 679	6 616	7 771	7 181	8 233
November	6 614	6 665	7 472	7 319	9 024	8 094
December	7 425	7 763	6 904	8 941	5 610	14 614
<b>Total</b>	<b>81.116</b>	<b>86 149</b>	<b>84 098</b>	<b>94 309</b>	<b>90 611</b>	<b>116 003</b>

Source : Bank Al-Maghrif.

**XIII-2 - EXCHANGES AT THE CLEARING HOUSES AND THROUGH MOROCCAN INTERBANK REMOTE CLEARING SYSTEM (SIMT)**

2006	Number of operations (in thousands)			Amounts (in millions of dirhams)			Rate of rejection (in %)		
	Bills	Cheques	Total	Bills	Cheques	Transfers	Total	Bills	Cheques
January	103	1 639	1 742	6 032	41 308	64 657	111 997	17.6	2.0
February	113	1 812	1 925	6 548	46 181	56 608	109 337	17.4	1.2
March	118	2 008	2 126	6 715	53 673	60 881	121 269	20.1	1.3
April	95	1 693	1 788	5 245	46 720	54 245	106 219	16.2	1.9
May	128	2 102	2 230	7 680	55 718	58 049	121 447	16.5	1.8
June	110	1 907	2 017	6 659	55 273	70 701	132 633	15.8	1.8
July	108	1 901	2 009	7 007	53 998	62 331	123 318	15.7	1.9
August	120	1 754	1 874	7 220	49 826	64 767	121 813	15.9	2.2
September	103	1 783	1 886	6 265	48 296	51 191	105 752	15.0	2.0
October	116	1 743	1 859	7 764	48 247	48 587	104 598	16.3	1.9
November	115	1 943	2 058	7 324	53 425	55 460	116 209	15.7	2.2
December	116	1 951	2 067	7 291	61 371	68 124	136 786	15.8	2.0
<b>Total</b>	<b>1 345</b>	<b>22 236</b>	<b>23 581</b>	<b>81 750</b>	<b>614 036</b>	<b>715 592</b>	<b>1 411 378</b>	<b>16.5</b>	<b>1.9</b>

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	2006													
	2005 Average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Banks' loans	2 584	2 914	5 180	4 786	5 219	3 669	5 223	4 380	4 572	3 981	4 544	7 044	7 833	4 945
CDG loans	18	90	140	140	180	180	180	180	0	0	70	110	40	109
Financing companies loans <sup>(1)</sup>	1	0	2	0	0	0	3	3	3	0	7	0	0	2
<b>Total loans</b>	<b>2 602</b>	<b>3 004</b>	<b>5 322</b>	<b>4 926</b>	<b>5 399</b>	<b>3 849</b>	<b>5 406</b>	<b>4 563</b>	<b>4 575</b>	<b>3 981</b>	<b>4 621</b>	<b>7 154</b>	<b>7 873</b>	<b>5 056</b>
Banks' borrowing	2 445	1 496	2 150	1 575	3 277	3 499	4 826	2 283	2 447	3 281	3 081	4 354	5 238	3 126
C D G borrowing	157	1 508	3 172	3 351	2 122	350	580	2 280	2 128	700	1 540	2 800	2 635	1 931
Financing companies' borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total borrowing</b>	<b>2 602</b>	<b>3 004</b>	<b>5 322</b>	<b>4 926</b>	<b>5 399</b>	<b>3 849</b>	<b>5 406</b>	<b>4 563</b>	<b>4 575</b>	<b>3 981</b>	<b>4 621</b>	<b>7 154</b>	<b>7 873</b>	<b>5 056</b>
<b>Interest rates</b>														
. Daily average	2.78	2.36	2.48	2.29	2.49	2.54	2.61	3.32	3.21	2.32	2.30	2.48	2.55	2.58
. End of month	2.58	2.68	2.83	2.30	2.77	2.64	2.66	3.25	2.46	2.25	2.35	2.47	2.77	2.62

(1) The Moroccan Guarantee and Credit Fund (CMM), 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	TOTAL 2005	2006												TOTAL 2006			
		Jan	Feb.	March	April	May	June	July.	August	Sept	Oct	Nov.	Dec.				
13 weeks	450.00		50.00		150.00	100.00								100.00	200.00	100.00	700.00
26 weeks	625.60		1 400.00	550.00	200.00	100.00								250.00	800.00	550.00	1 900.00
52 weeks	10 844.40				50.00	850.00	1 500.00										4 350.00
<b>Total short-term (I)</b>	<b>11 920.00</b>	<b>0.00</b>	<b>1 450.00</b>	<b>550.00</b>	<b>400.00</b>	<b>1 050.00</b>	<b>1 500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>350.00</b>	<b>1 000.00</b>	<b>650.00</b>	<b>6 950.00</b>
2 years	1 400.00			50.00	50.00	700.00	800.00	269.90						100.00	1 066.60		3 036.50
5 years	11 141.20	150.00	2 388.00	819.60		107.60	700.00	150.00						50.00	600.00		4 965.20
<b>Total medium-term (II)</b>	<b>12 541.20</b>	<b>150.00</b>	<b>2 388.00</b>	<b>869.60</b>	<b>50.00</b>	<b>807.60</b>	<b>1 500.00</b>	<b>419.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>150.00</b>	<b>1 666.60</b>	<b>0.00</b>	<b>8 001.70</b>
10 years	21 762.60	2 980.00	3 588.00	224.90		300.00								200.00	600.00	1 200.00	9 692.90
15 years	23 838.10	5 259.00				300.00									800.00	500.0	6 859.00
20 years	9 491.20	3 540.00					200.00								500.00	1 010.00	5 250.00
30 years	0.00														2 000.00		2 000.00
<b>Total long term (III)</b>	<b>55 091.90</b>	<b>11 779.00</b>	<b>3 588.00</b>	<b>224.90</b>	<b>0.00</b>	<b>600.00</b>	<b>200.00</b>	<b>0.00</b>	<b>0.00</b>	<b>600.00</b>	<b>200.00</b>	<b>0.00</b>	<b>0.00</b>	<b>200.00</b>	<b>1 900.00</b>	<b>4 710.00</b>	<b>23 801.90</b>
<b>Total (I+II+III)</b>	<b>79 553.10</b>	<b>11 929.00</b>	<b>7 426.00</b>	<b>1 644.50</b>	<b>450.00</b>	<b>2 457.60</b>	<b>3 200.00</b>	<b>419.90</b>	<b>0.00</b>	<b>600.00</b>	<b>700.00</b>	<b>0.00</b>	<b>0.00</b>	<b>700.00</b>	<b>4 566.60</b>	<b>5 360.00</b>	<b>38 753.60</b>

Source : Bank Al-Maghrib.



**XIV-3 - SUBSCRIPTIONS TO TREASURY BILLS BY TENDER**

(In millions of dirhams)

Maturities	2005							2006				
	Banks	CDG <sup>(1)</sup>	Insurance companies and pension institutions	UCITS	Other	Total	Banks	CDG	Insurance companies and pension institutions	UCITS	Other	Total
13 weeks	0	0	0	0	0	0	300	0	0	100	0	400
26 weeks	300	0	170	0	0	470	1 307	0	0	275	19	1 601
52 weeks	2 243	220	560	4 715	326	8 064	1 257	0	1 450	1 617	26	4 350
<b>Total short-term (I)</b>	<b>2 543</b>	<b>220</b>	<b>730</b>	<b>4 715</b>	<b>326</b>	<b>8 534</b>	<b>2 864</b>	<b>0</b>	<b>1 450</b>	<b>1 992</b>	<b>45</b>	<b>6 351</b>
2 years	2 412	150	773	1 340	149	4 824	1 150	0	215	1 977	1 094	4 436
5 years	25 102	5 370	27 794	16 427	9 281	83 974	18 854	4 069	24 833	19 433	8 832	76 021
<b>Total medium-term (II)</b>	<b>27 514</b>	<b>5 520</b>	<b>28 567</b>	<b>17 767</b>	<b>9 430</b>	<b>88 798</b>	<b>20 004</b>	<b>4 069</b>	<b>25 048</b>	<b>21 410</b>	<b>9 926</b>	<b>80 457</b>
10 years	17 882	8 715	23 268	16 563	9 616	76 044	22 199	8 222	21 449	19 674	9 352	80 896
15 years	13 271	12 796	19 289	12 949	7 726	66 031	14 523	15 528	19 117	15 446	8 277	72 891
20 years	1 270	228	5 977	4 532	104	12 111	2 418	289	5 658	8 583	413	17 361
30 years	0	0	0	0	0	0	555	114	94	1 213	24	2 000
<b>Total long-term (III)</b>	<b>32 423</b>	<b>21 739</b>	<b>48 534</b>	<b>34 044</b>	<b>17 446</b>	<b>154 186</b>	<b>39 695</b>	<b>24 153</b>	<b>46 318</b>	<b>44 916</b>	<b>18 066</b>	<b>173 148</b>
<b>Total (I+II+III)</b>	<b>62 480</b>	<b>27 479</b>	<b>77 831</b>	<b>56 526</b>	<b>27 202</b>	<b>251 518</b>	<b>62 563</b>	<b>28 222</b>	<b>72 816</b>	<b>68 318</b>	<b>28 037</b>	<b>259 956</b>

(1) Excluding outstanding amounts of Treasury bills of provident institutions managed by the Deposit and Management Fund (CDG).

Source : Bank Al-Maghrib.

**XIV-4 - OUTSTANDING AMOUNTS OF TREASURY BILLS BY TENDER**

Maturities	2006												2006
	Jan.	Feb.	March	April	May	June	July	August	Sept	Oct	Nov.	Dec.	
13 weeks	2.48%	2.65%		2.64%	2.60%					2.59%	2.48%	2.48%	2.56%
26 weeks	2.61%			2.80%	2.75%					2.70%	2.59%	2.57%	2.63%
52 weeks	2.89%	3.03%	3.09%	3.10%	3.01%	2.89%							2.99%
2 years	3.22%		3.29%	3.28%	3.25%	3.20%	3.16%			3.05%	2.93%		3.11%
5 years	3.97%	3.90%	3.88%		3.78%	3.71%	3.56%			3.34%	3.12%		3.76%
10 years	4.78%	4.47%	4.40%		4.26%			4.11%		3.66%	3.50%	3.40%	4.29%
15 years	5.34%				4.71%						3.79%	3.65%	4.90%
20 years	5.99%					4.95%					4.02%	3.80%	5.19%
30 years												3.98%	3.98%

Source : Bank Al-Maghrib.

**XIV-5 - OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES**  
(BY CATEGORY OF INITIAL SUBSCRIPTIONS)

(In millions of dirhams)

Category of securities	2005					2006				
	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	319	296	541	326	1 482	856	296	3 110	430	4 692
Bills of financing companies	2 794	473	1 054	701	5 021	2 913	320	992	492	4 717
Commercial paper	1 433	4	1 476	65	2 978	410	0	496	0	906
<b>Total</b>	<b>4 546</b>	<b>773</b>	<b>3 071</b>	<b>1 092</b>	<b>9 481</b>	<b>4 179</b>	<b>616</b>	<b>4 598</b>	<b>922</b>	<b>10 315</b>

Source : Bank Al-Maghrib.

#### XIV-6 - STOCK EXCHANGE INDICATORS

(In millions of dirhams)

Period		Volume of transactions	Market capitalisation	Index (*)
1999	December	12 038.7	138 051	777.08
2000	December	6 832.5	114 881	658.43
2001	December	5 009.7	104 740	609.74
2002	December	9 545.6	87 175	2 980.44
2003	December	11 388.8	115 507	3 943.51
2004	December	30 004.4	206 517	4 521.98
2005	January	1 434.1	207 591	4 562.27
	February	4 855.6	203 305	4 446.24
	March	1 775.9	200 631	4 385.68
	April	56 064.3	205 023	4 474.70
	May	4 095.2	211 727	4 686.97
	June	2 136.4	211 049	4 669.70
	July	10 989.3	223 691	4 902.46
	August	5 683.4	231 976	5 099.02
	September	3 750.3	234 833	5 111.39
	October	5 357.9	241 132	5 278.51
	November	4 333.4	253 535	5 560.16
	December	48 041.3	252 326	5 539.13
2006	January	6 777.4	298 219	6 654.00
	February	15 132.1	325 394	6 960.48
	March	12 712.8	340 242	7 348.30
	April	5 609.0	370 304	8 074.94
	May	18 566.0	324 629	7 146.17
	June	10 684.1	325 193	7 173.71
	July	15 525.7	325 601	7 058.98
	August	5 959.7	365 428	7 872.15
	September	10 277.4	373 100	8 069.89
	October	8 674.6	384 211	8 431.06
	November	19 974.8	400 501	9 122.34
	December	36 528.1	417 092	9 479.45

(\*) With effect from 1 January 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 31 December 1991 = 1000.  
**Source :** Casablanca Stock Exchange.

## XV-1 - NON-FINANCIAL AGENTS INVESTMENTS

(In millions of dirhams)

	Outstanding amounts at the end of the year			Changes (flows)	
	2004	2005*	2006	2005	2006
<b>A Liquid assets</b>	<b>282 504</b>	<b>324 312</b>	<b>375 284</b>	<b>+41 808</b>	<b>+50 972</b>
- Notes and coin	79 715	89 364	108 531	+9 649	+19 167
- Sight deposits	202 789	234 948	266 753	+32 159	+31 805
. Banking system	184 795	215 124	250 355	+30 329	+35 231
. Treasury and Postal cheque centre	8 609	9 312	9 188	+703	-124
. Other sight deposits (1)	9 385	10 512	7 210	+1 127	-3 302
<b>B Sight and Short-term assets</b>	<b>143 405</b>	<b>158 049</b>	<b>181 368</b>	<b>+14 644</b>	<b>+23 319</b>
- Savings accounts	52 918	59 147	65 077	+6 229	+5 930
. Banking system	43 569	48 575	53 375	+5 006	+4 800
. National Savings Fund	9 349	10 572	11 702	+1 223	+1 130
- Time deposits	87 491	97 951	115 502	+10 460	+17 551
. Fixed-term deposits and bills with the banking system	87 491	97 870	115 499	+10 379	+17 629
. Short-term negotiable debt securities	0	81	3	+81	-78
- Short-term Treasury bills	2 996	951	789	-2 045	-162
. Six-month bills issued to the public	1 398	943	785	-455	-158
. Bills acquired by tender (non-financial agents)	1 598	8	4	-1 590	-4
<b>C Medium-term assets</b>	<b>1 816</b>	<b>3 075</b>	<b>2 565</b>	<b>+1 259</b>	<b>-510</b>
- Medium-term Treasury bills	1 012	2 084	1 646	+1 072	-438
. Bills acquired by tender	753	1 833	1 402	+1 080	-431
. Other medium-term bonds	259	251	244	-8	-7
- Medium-term negotiable debt securities	804	991	919	+187	-72
<b>D Securities of UCITS</b>	<b>35 995</b>	<b>35 503</b>	<b>53 483</b>	<b>-492</b>	<b>+17 980</b>
- Monetary UCITS	11 478	9 369	11 686	-2 109	+2 317
- Bond UCITS	22 110	23 065	35 942	+955	+12 877
- Share UCITS	1 216	1 386	2 348	+170	+962
- Diversified UCITS	1 191	1 683	3 507	+491	+1 824
<b>E Institutional savings</b>	<b>127 503</b>	<b>141 464</b>	<b>153 608</b>	<b>+13 961</b>	<b>+12 144</b>
- Pension and provident institutions funds <sup>(**)</sup>	67 782	78 183	83 600	+10 401	+5 417
Of which :- CNRA and RCAR <sup>(2)</sup>	(34 698)	(39 566)	(42 811)	(+4 868)	(+3 245)
- National Social Security Fund (CNSS)	(15 725)	(16 726)	(17 381)	(+1 001)	(+655)
- Technical provisions of insurance companies	59 721	63.281	70.008	+3 560	+6 727
<b>Sub-total</b>	<b>591 223</b>	<b>662 403</b>	<b>766 308</b>	<b>+71 180</b>	<b>+103 905</b>
<b>F Company shares<sup>(3)</sup></b>				<b>+36 443</b>	<b>+ 13 785</b>
- Newly issued securities				+36 443	+ 13 785
- Shares of privatised companies				-	-
<b>Total</b>				<b>+107 623</b>	<b>+117 690</b>
<b>G Adjustment<sup>(4)</sup></b>				<b>+791</b>	<b>- 8 962</b>
<b>Total of net investment flows</b>				<b>+108 414</b>	<b>+108 728</b>

(1) Mainly non institutional sight deposits with the Deposit and Management Fund (CDG).

(2) National Pension and Insurance Fund (CNRA) and Collective Pension Allocation Scheme (RCAR).

(3) As data relating to shares held by non-financial agents are not available, only the newly issued corporate securities, either on the primary market or during the operations of privatisation are taken into account.

(4) This item makes it possible to take into account the changes in the composition of the net assets of UCITS, by excluding share transactions carried out on the secondary market.

(\*) Revised.

(\*\*) Estimated.

Source : Bank Al-Maghrib.

**XV-2 - NON-FINANCIAL AGENTS INVESTMENTS ACCORDING TO FUNDS-GATHERING CIRCUITS**

(in millions of dirhams)

Funds - gathering circuits	Outstanding amounts at the end of the year			Changes (flow)	
	2004	2005*	2006	2005	2006
- Banking system	315 940	361 940	419 659	+46 000	+57 719
- Financing companies	719	701	492	-18	-209
- Treasury and Post office circuit	21 966	22 919	23 325	+953	+406
- C.D.G and managed funds <sup>(1)</sup>	44 083	50 078	50 021	+5 995	-57
- Insurance and provident institutions	92 805	101 898	110 797	+9 093	+8 899
Of which : Insurance companies	(59 721)	(63 281)	(70 008)	(+3 560)	(+6 727)
National Social Security Fund (CNSS)	(15 725)	(16 726)	(17 381)	(+1 001)	(+655)
- UCITS	35 995	35 503	53 483	-492	+17 980
<b>All financial intermediaries</b>	<b>511 508</b>	<b>573 039</b>	<b>657 777</b>	<b>+61 531</b>	<b>+84 738</b>
- Primary market of private securities <sup>(2)</sup>				+36 443	+13 785
Adjustment <sup>(3)</sup>				+ 791	-8 962
<b>Total funds raised</b>				<b>+98 765</b>	<b>+89 561</b>
- Notes and coin	79 715	89 364	108 564	+9 649	+19 167
<b>Total</b>				<b>+108 414</b>	<b>+108 728</b>

(1) The Deposit and Management Fund, the Collective Pension Allocation Scheme (RCAR) and the National Pension and Insurance Fund (CNRA).

(2) As data relating to shares held by non-financial agents are not available, only the newly issued corporate securities, either on the primary market or during the operations of privatisation are taken into account.

(3) This item makes it possible to take into account the changes in the composition of the net assets of UCITS, by excluding share transactions carried out on the secondary market.

(\*) Revised.

Source : Bank Al-Maghrib.

**XV-3 - USE OF FINANCIAL ASSETS HELD BY NON-FINANCIAL AGENTS**

(In millions of dirhams)

	Outstanding amounts at the end of the year			Changes (flows)	
	2004	2005*	2006	2005	2006
<b>I. Domestic financing of the economy</b>					
<b>A. Financing of the Treasury</b>	-	-	-	<b>+28 490</b>	<b>+4 917</b>
<b>- by financial intermediaries</b>	-	-	-	<b>+28 760</b>	<b>+5 641</b>
Bank Al-Maghrib advances	-7 977	-7 228	-8 860	+749	-1 632
Deposits with the Treasury and the Postal Cheque Centre	263	301	119	+38	-182
Banks' portfolio of public securities	71 770	75 090	77 140	+3 320	+2 050
UCITS' portfolio of public securities	44 946	49 898	59 515	+4 952	+9 617
Institutional investors' portfolio of public securities	96 020	105 268	100 624	+9 248	-4 644
Other financial intermediaries' portfolio of public securities	2 244	12 697	13 129	+10 453	+432
Purchases of privatised public enterprises' shares (1)	-	-	-	-	-
<b>- by corporations and individuals</b>	-	-	-	<b>- 270</b>	<b>-724</b>
Deposits with the Treasury and the Postal Cheque Centre	8 609	9 312	9 188	+703	-124
Six-month bills	1 398	943	785	-455	-158
Bills acquired by tender	2 351	1 841	1 406	-510	-435
Other Treasury bills (2)	259	251	244	-8	-7
<b>B Financing of public entities</b>	<b>5 421</b>	<b>5 426</b>	<b>5 792</b>	<b>+5</b>	<b>+366</b>
- by Municipal Equipment Fund (FEC)	5 421	5 426	5 792	+5	+366
<b>C Financing of corporations and individuals</b>	-	-	-	<b>+ 66 596</b>	<b>+81 608</b>
<b>- by financial intermediaries</b>	<b>279 674</b>	<b>309 762</b>	<b>357 484</b>	<b>+30 088</b>	<b>+47 722</b>
Credits	273 674	304 312	352 546	+30 638	+48 234
Bonds portfolio	6 000	5 450	4 938	-550	-512
<b>- On securities market</b>	-	-	-	<b>+ 36 508</b>	<b>+33 886</b>
Commercial papers	-	65	-	+65	-65
Corporate securities (3)	-	-	-	+36 443	+33 951
<b>Total of domestic financing of the economy</b>	-	-	-	<b>+95 091</b>	<b>+86 891</b>
Of which : Intermediated financing	-	-	-	+58 853	+53 729
Direct financing	-	-	-	+36 238	+33 162
<b>II Net foreign assets</b>	<b>144 441</b>	<b>165 899</b>	<b>190 768</b>	<b>+21 458</b>	<b>+24 869</b>
<b>III Other net assets (4)</b>				<b>-8 135</b>	<b>-3 032</b>
<b>Total assets (I+II+III)</b>				<b>+108 414</b>	<b>+108 728</b>

(1) As the data concerning transactions on the secondary market are not available, only the initial acquisitions are taken into account.

(2) Capital equipment bonds and subscriptions from the capital account.

(3) As data relating to shares held by non-financial agents are not available, only the newly issued corporate securities are taken into account.

(4) Total investments by non-financial agents (Appendix XVI-1) minus total assets (I+II).

(\*) Revised.

Source : Bank Al-Maghrib.





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