

Profile of Morocco's Economy

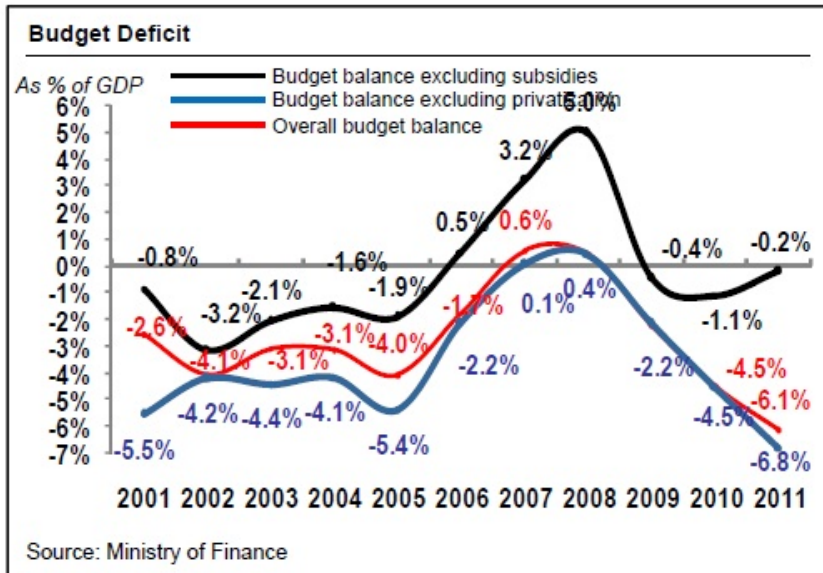
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 - Percent of GDP

Portfolio of Morocco's Economy Continued

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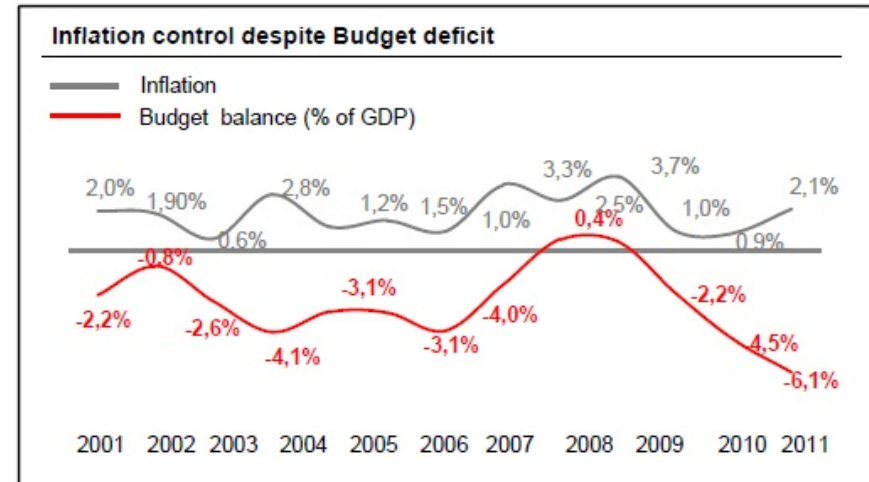
Morocco's Finances

Morocco's Budget Deficit

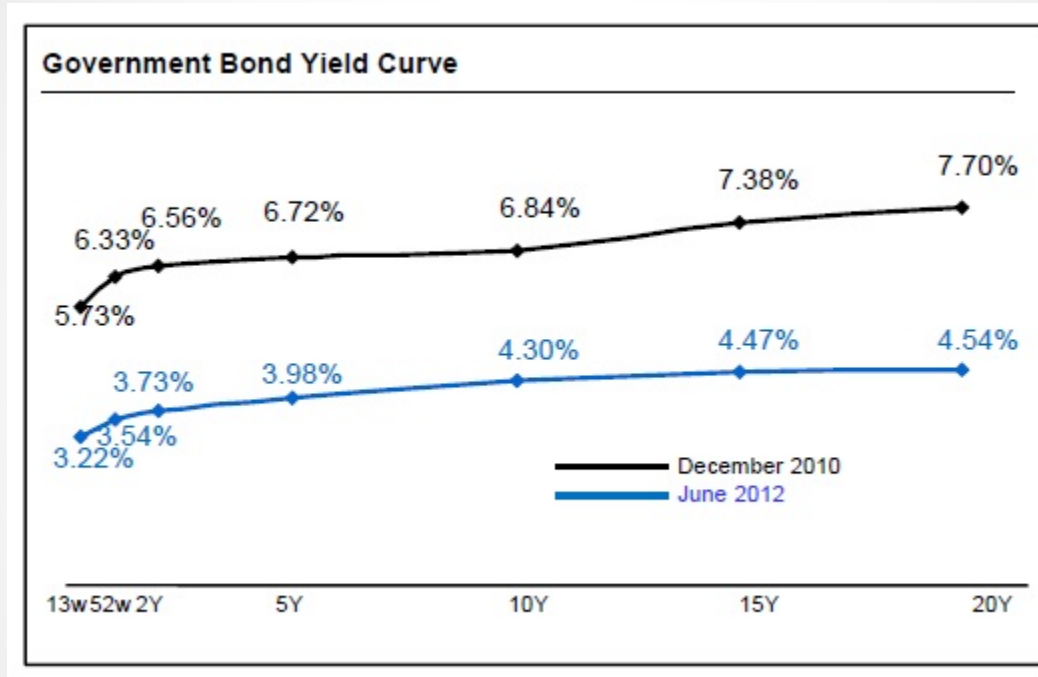


- Despite an increasing budget deficit, Morocco's inflation rate has remained at low rates

- The global financial crisis has a negative drag on Morocco's budget
- Before the crisis, even with govt subsidies, the budget showed a slight surplus
- Privatization efforts have benefited the Moroccan budget

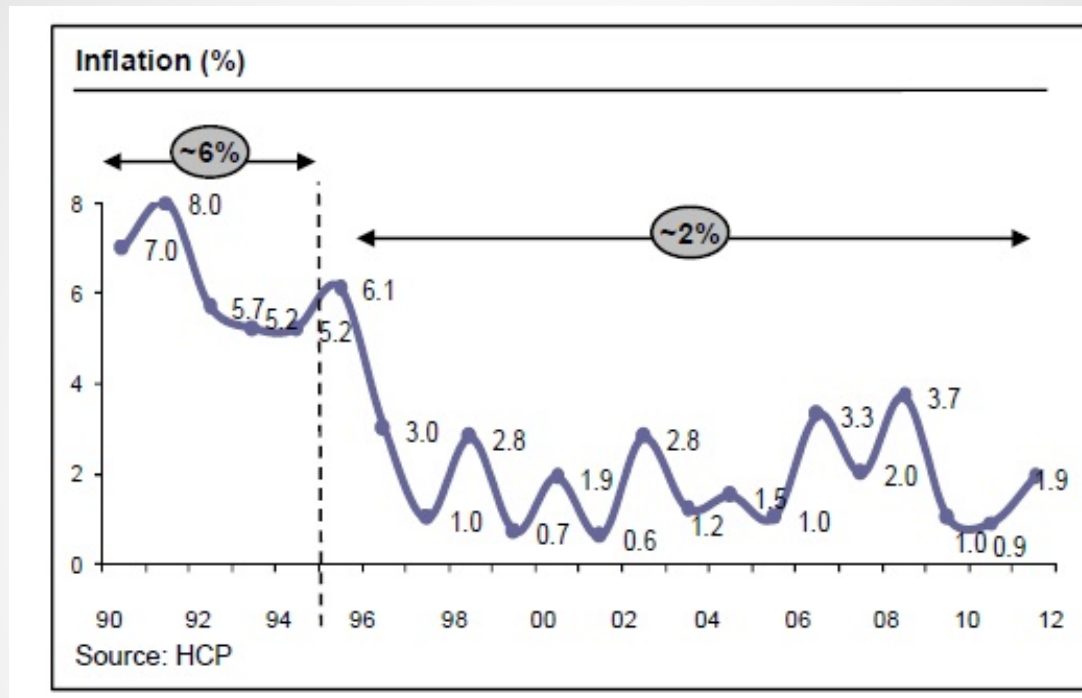


Government Bond Yield Curve



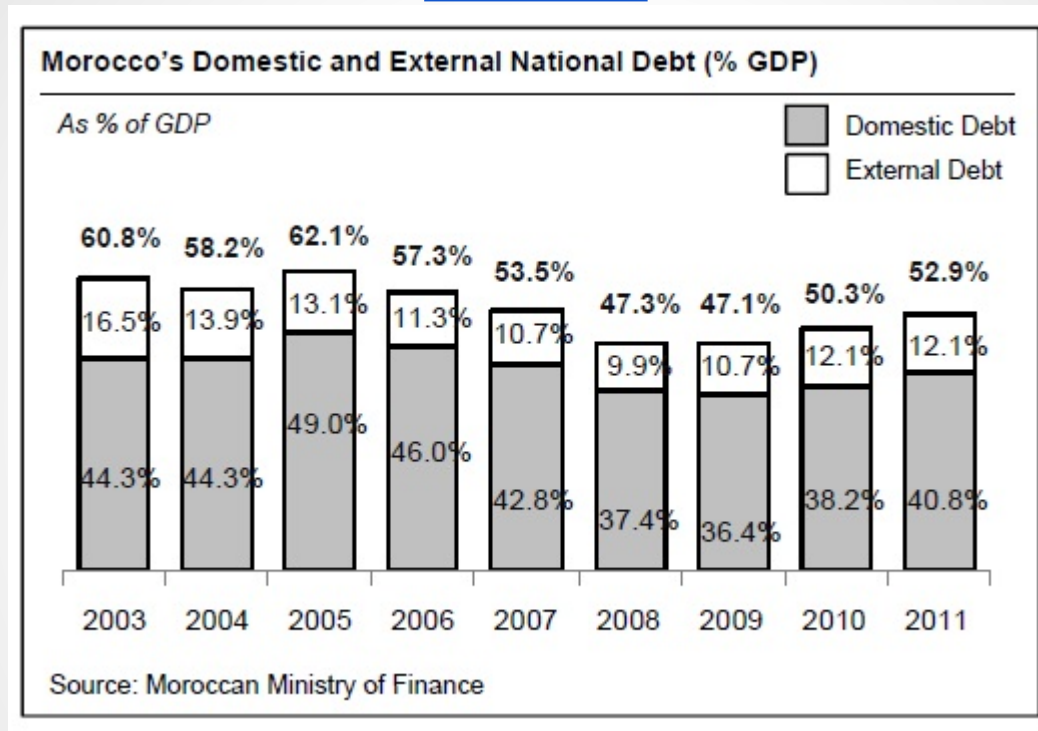
- Yields on government bonds of all lengths have decreased by nearly 50% between Dec 2010 and June 2012
- Lowering bond yields point to a more stable economic environment in Morocco

Inflation



- Between 1990-1994 inflation was at an all high in 1991 of 8.0%, the average inflation for this time period was 6%
- Starting 1996-97 inflation dramatically decreased, averaging 2% between 1996 and 2012
- Inflation is predicted to rise again in 2012

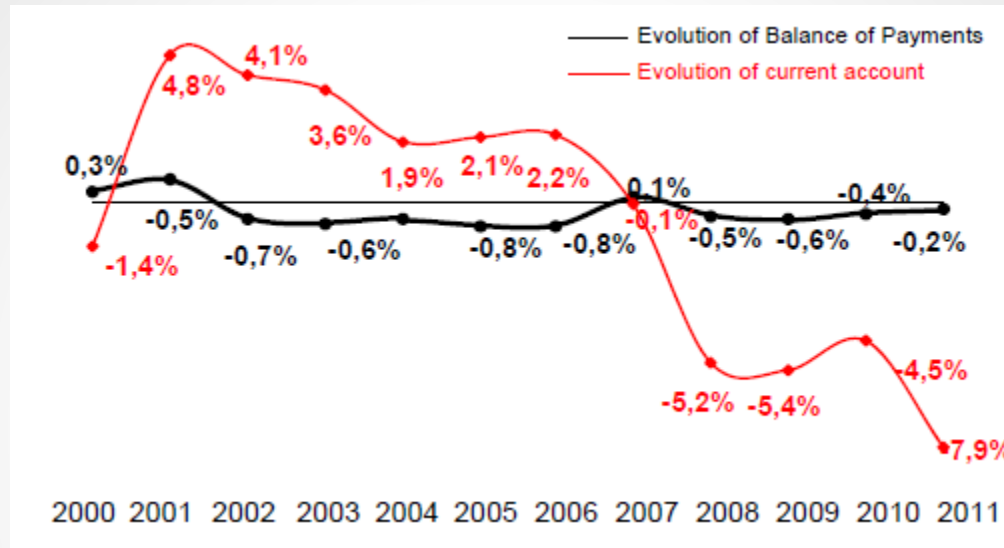
Domestic and External National Debt



- Domestic debt makes up the overwhelming majority of Morocco's debt
- External debt has decreased from 2003 to a low of 9.9% of GDP in 2008 when the financial crisis drove it back into the 12% range for 2010 and 2011
- Total debt, as a percent of GDP, decreased during the early 2000's but is up against due to the global financial crisis

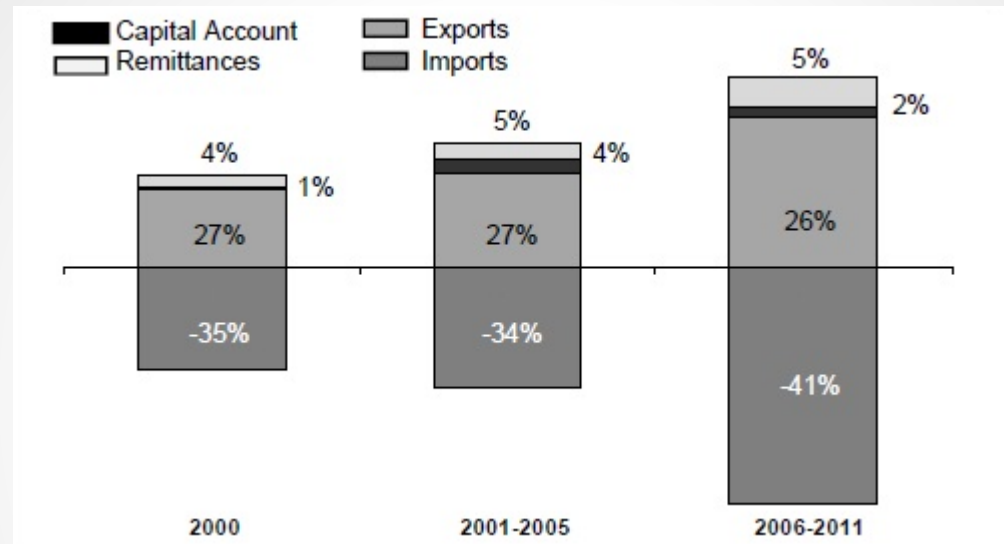
Morocco's Balance of Payments

Balance of Payments as a Percentage of GDP



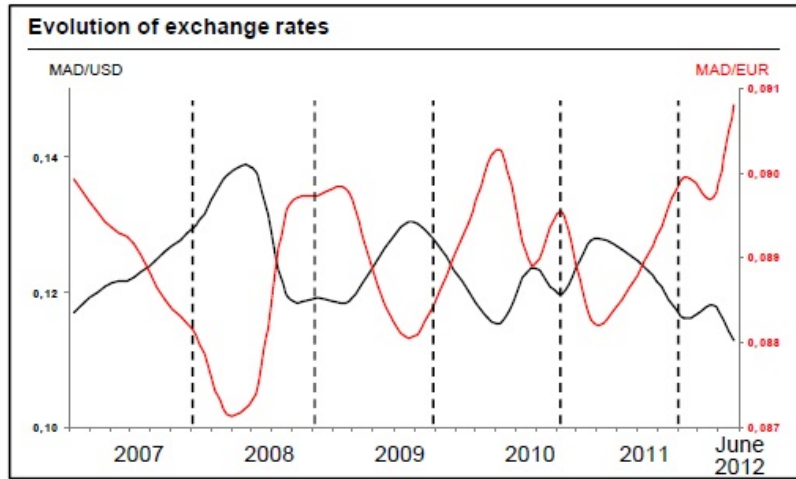
- Balance of Payments: a snapshot of all monetary transactions between a country and the rest of the world
- Current Account Balance: the sum of the balance of trade, factor income - which is profit on foreign investments- and cash transfers and is one of two measures that go into the balance of payments
- Positive in the beginning of the decade, current accounts went heavily negative in 2008 due to the global financial crisis

Balance of Payments Components as a Percentage of GDP



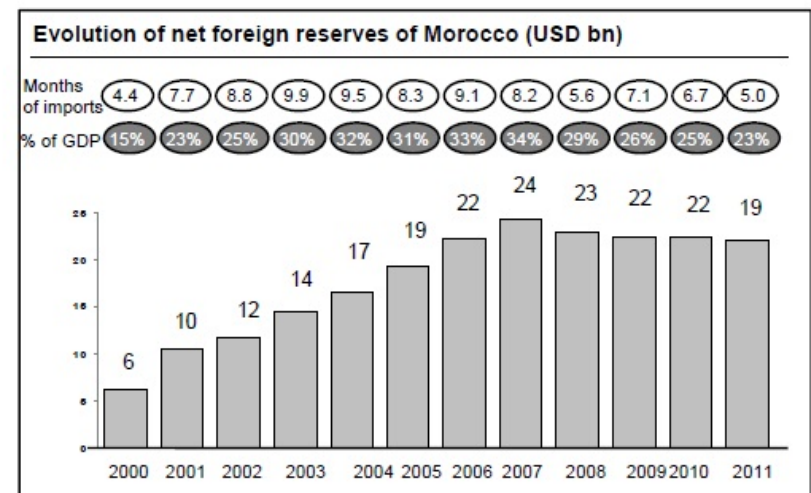
- Moroccan exports have remained level from 2000-2011
- Moroccan imports have increased significantly between 2006-2011
- Morocco's capital accounts, one of the two parts of the balance of payments, has been a small proportion of GDP
- Remittances continue to play an important role in Morocco's economy

Factors Impacting Balance of Payments



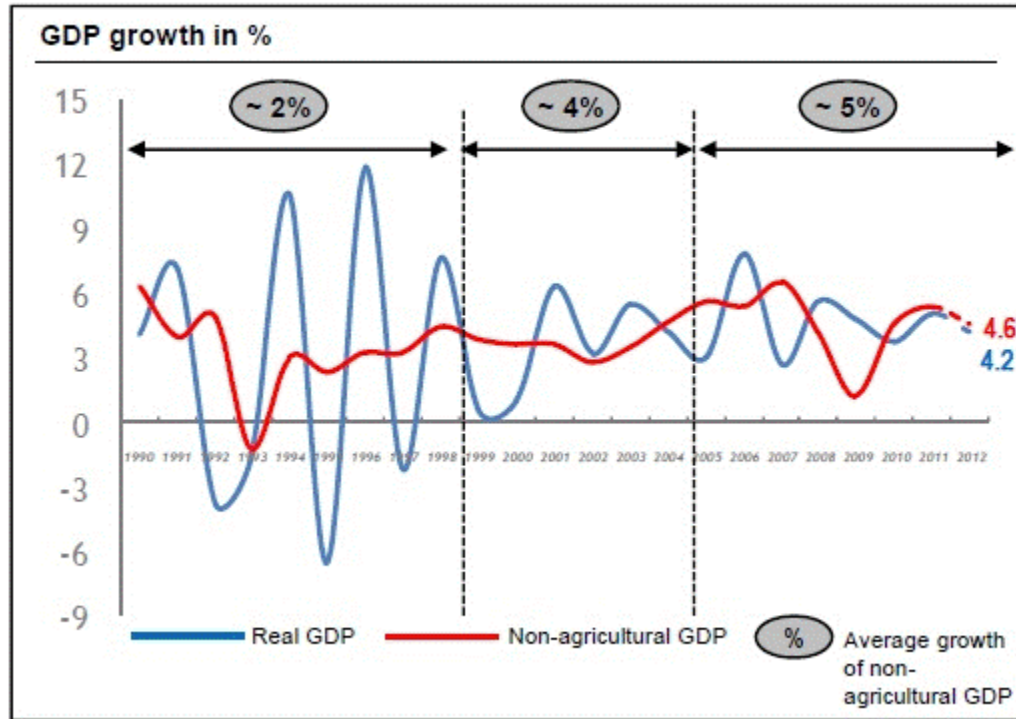
- A high exchange rate makes exports more expensive and hurts the trade balance
- Today the Moroccan dirham is at a 5 year high against the Euro
- The dirham is also at a 5 year low against the dollar

- Morocco's foreign reserves have remained stable at US \$19-25 billion for the last 7 years
- Foreign reserves have been over 20% of GDP since 2001



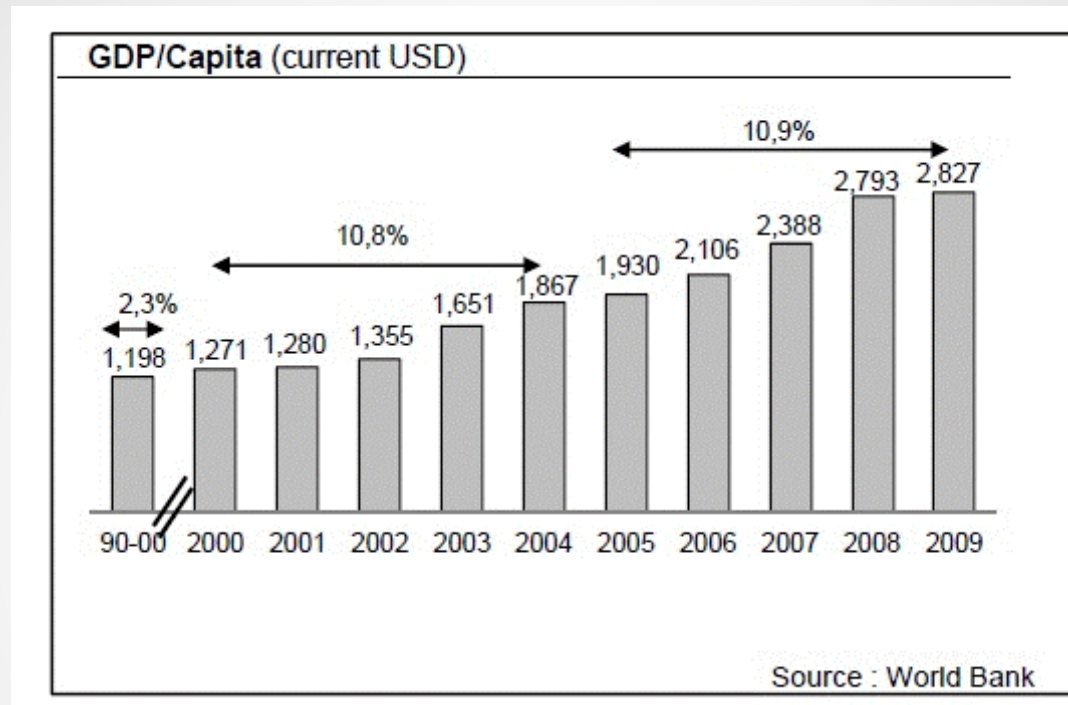
Gross Domestic Product

GDP Growth:



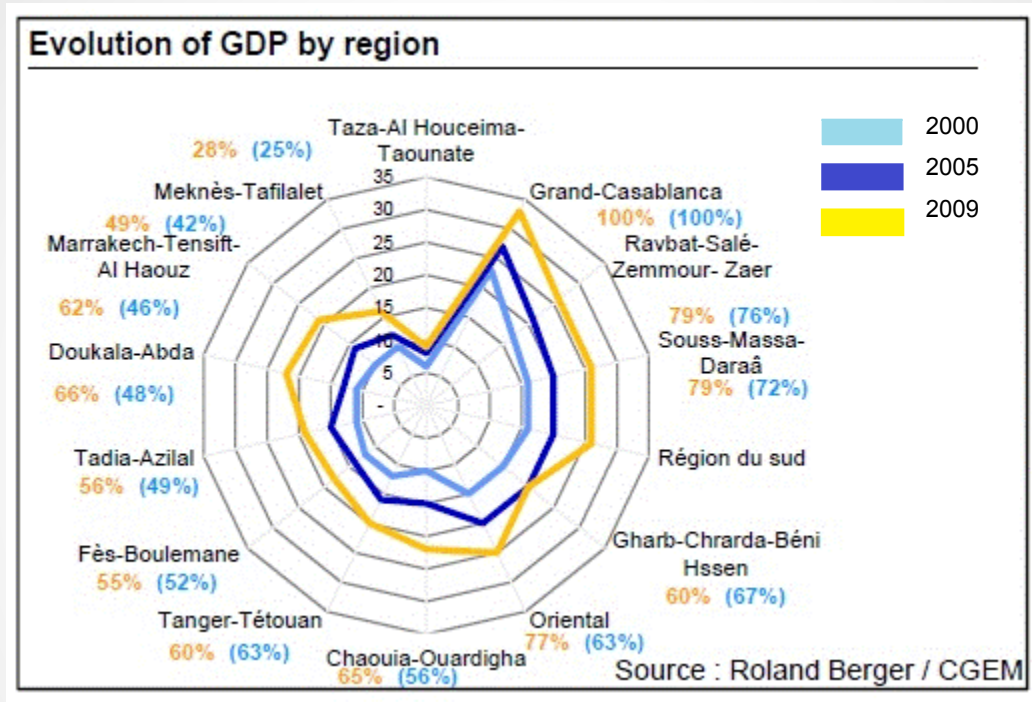
- Morocco's real GDP in the 1990's fluctuated wildly mostly due to agricultural variations
- Non-agricultural GDP has grown steadily and at an increasing rate since 1994

GDP per Capita



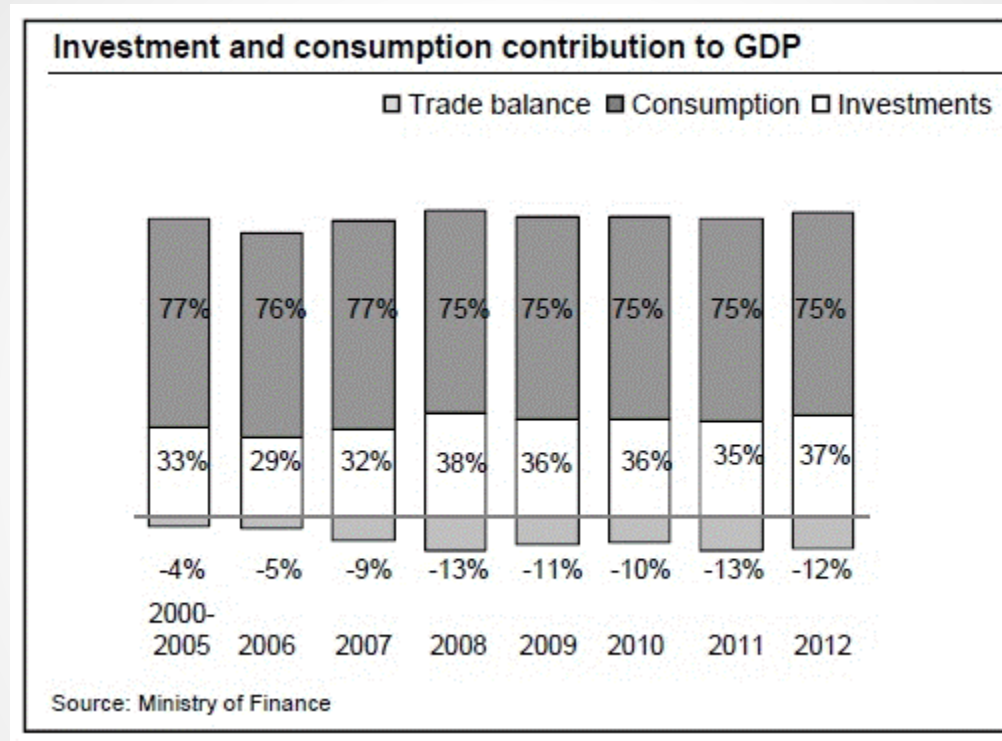
- Morocco's GDP per capita grew at 2.3% in the 1990's
- 2000-2004 saw a 10.8% increase in per capita GDP and 2004-2009 saw another 10.9% increase

GDP Evolution



- Morocco's GDP growth has been spread regionally
- Urban areas of Casablanca and Rabat have experienced the most growth
 - Nearly doubling over 9 years

Investment & Consumption Contribution



- Domestic consumption makes up the majority of GDP, levels have remained at 75%
- The majority of GDP growth is driven by investments in Morocco

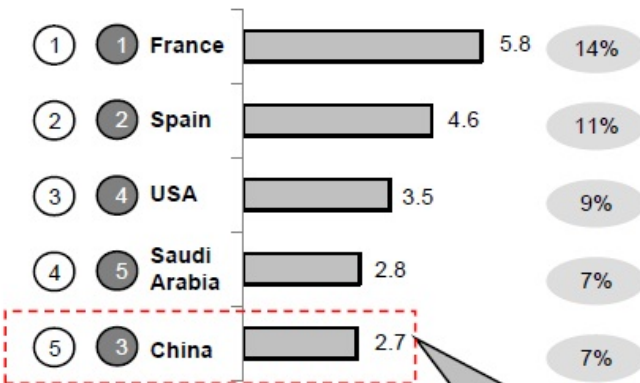
Imports and Exports

Morocco's Trade

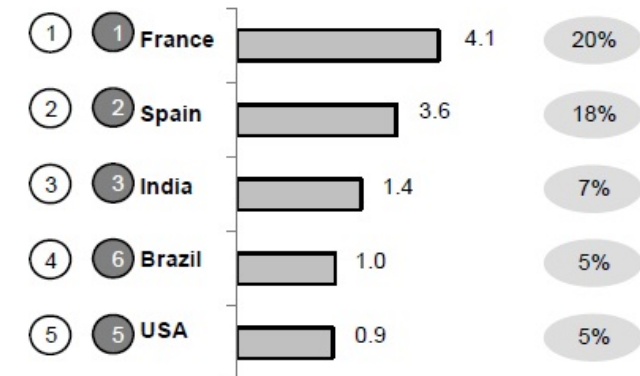
Top 5 trading partners of Morocco (USD bn)

Imports (2011)

⊗ Ranking 2011
⊙ Ranking 2010



Exports (2011)

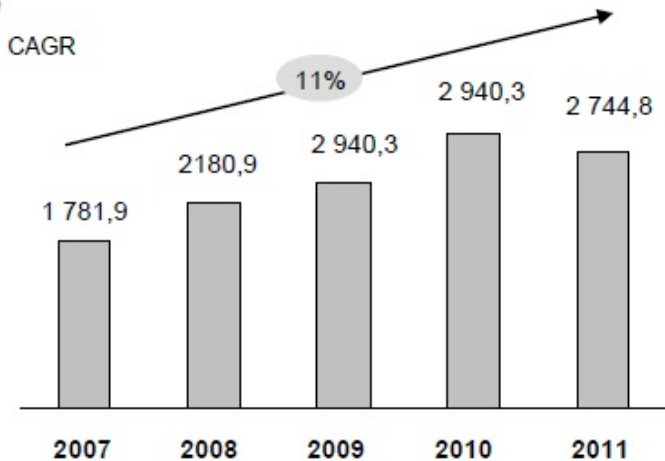


Total trade with China :
~2.9 USD bn in 2011

Evolution of Morocco's imports from China

USD m

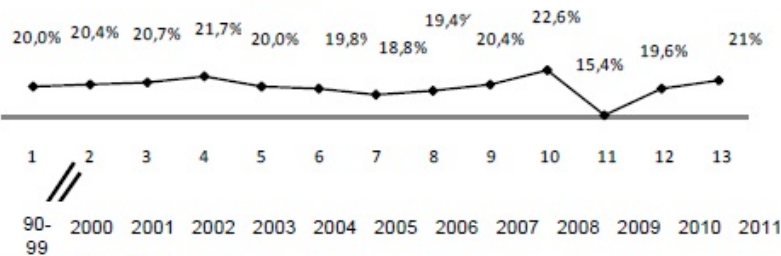
x% CAGR



- Europe remains Morocco's largest trading partner both for imports and exports
- France is the number one trading partner
- Between 2007-2010 trade with China increased 11% and China is now the third largest source of Moroccan imports

Imports and Exports as Percent of GDP

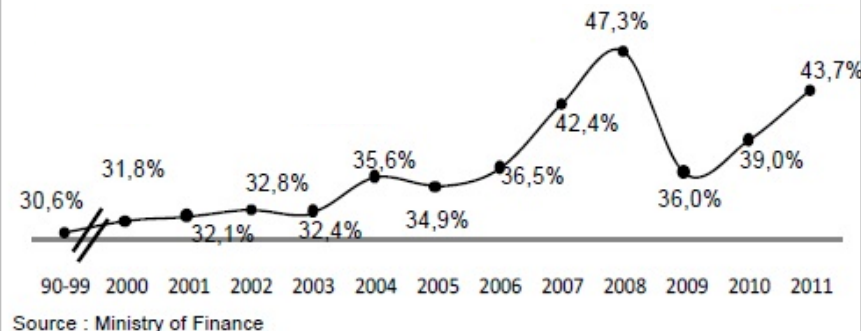
Exports in % of GDP



- Morocco's exports have grown at the same rate as GDP
- As a percentage of GDP, exports have remained stable from the 1990's to present
- This trend is expected to continue through 2013

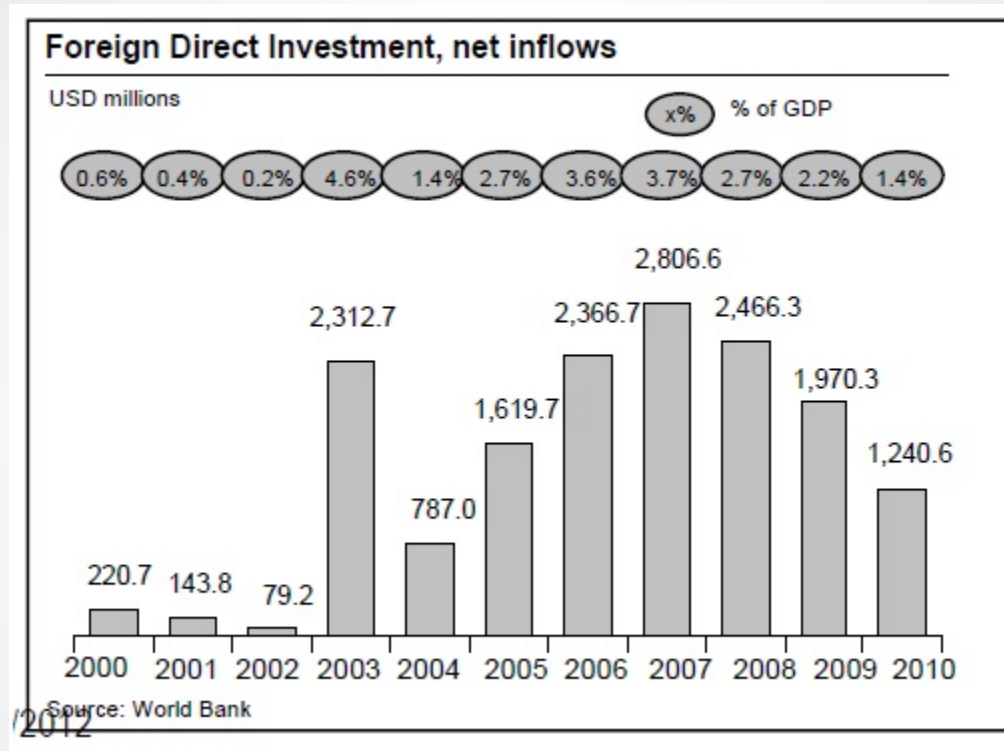
- Morocco's imports have risen faster than GDP growth
- The 2008 global financial crisis caused a temporary drop in Moroccan imports to levels seen in the early 2000's

Imports in % of GDP



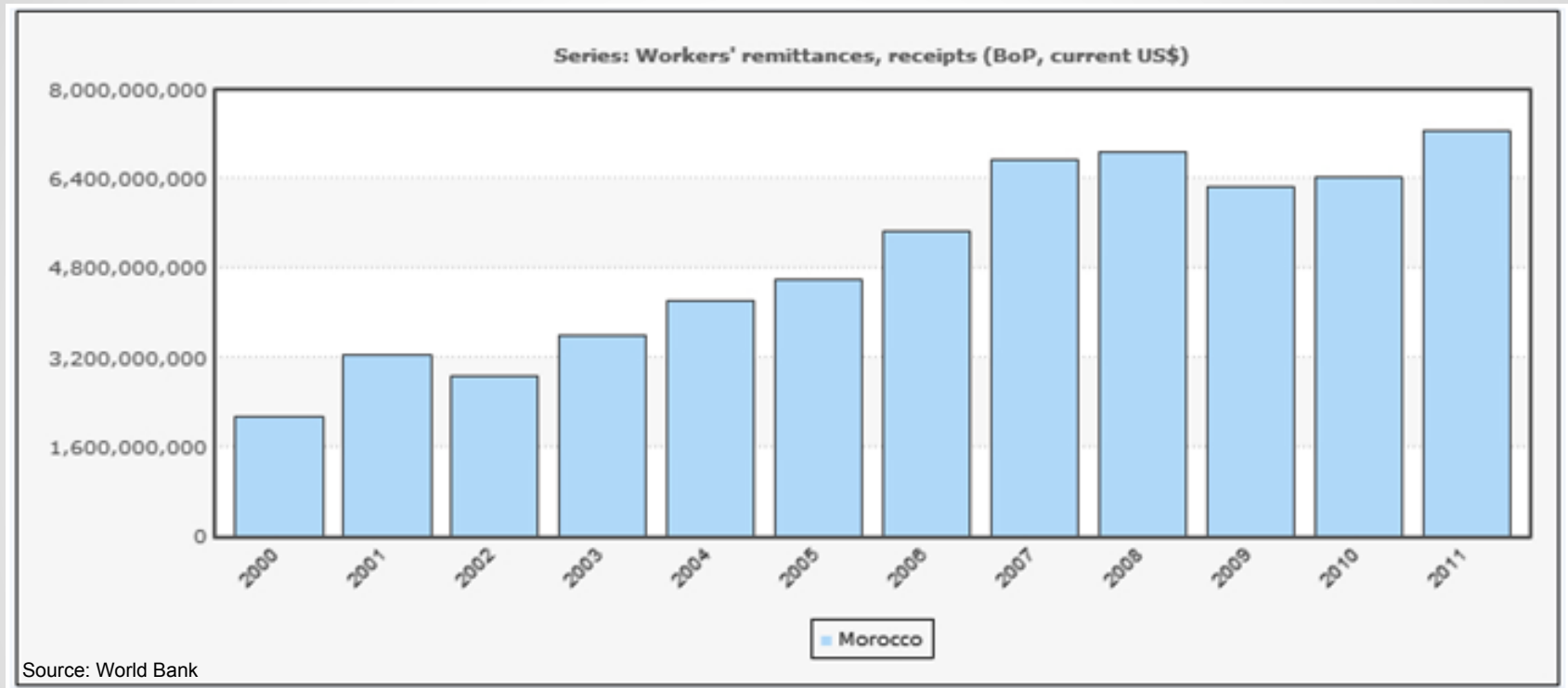
Foreign Investment and Remittances

FDI Net Inflow



- FDI Net inflow in Morocco peaked in 2007, before the global financial crisis
- Morocco's FDI net inflows have been declining since 2007 both in real terms and as a percentage of GDP

Remittances



- Remittances to Morocco in 2011 were slightly above (\$US) 7 billion which is an all-time high
- Remittances have been steadily rising since 2000 when they totaled only (\$US) 2 billion

Morocco's Infrastructure

Infrastructure Projects

Highway network roadmap



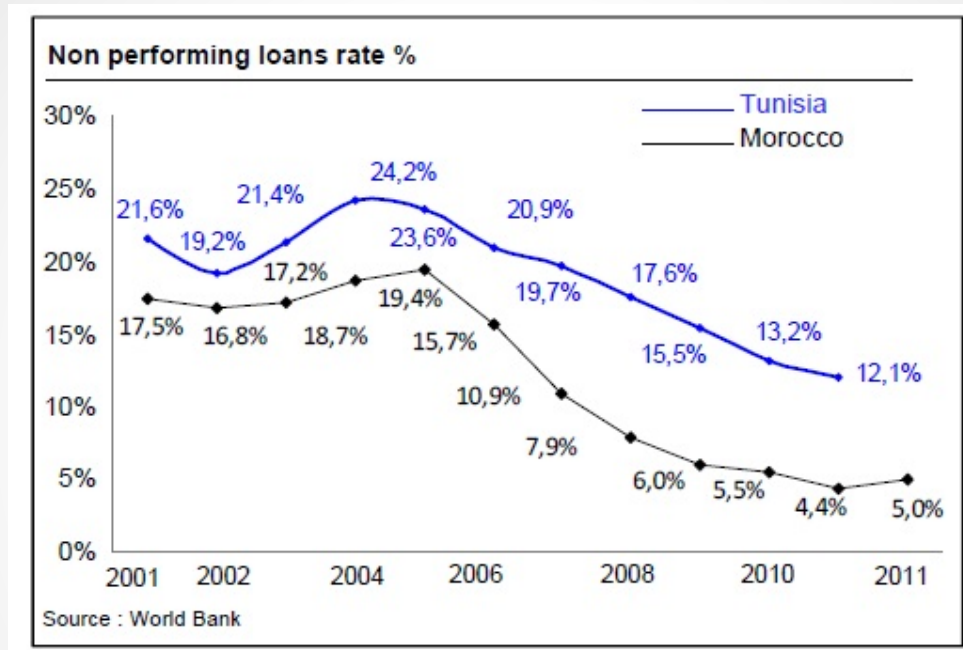
- Morocco's highway network has increased from 1096 kilometers to 1800 between 2010 and 2012
- Morocco has invested (\$US) 4.4 billion in the highway network since 1989 and will invest another 1.7 billion through 2015

Tanger-Mediterranean Port

- Morocco's Tanger-Med port on the Straits of Gibraltar has modern infrastructure capable of handling hydrocarbons, misc. trade, and passengers
- (\$US) 1.8 billion has been invested in Tanger
- It is estimated that Tanger-Med will be one of the top 15 busiest ports in the world

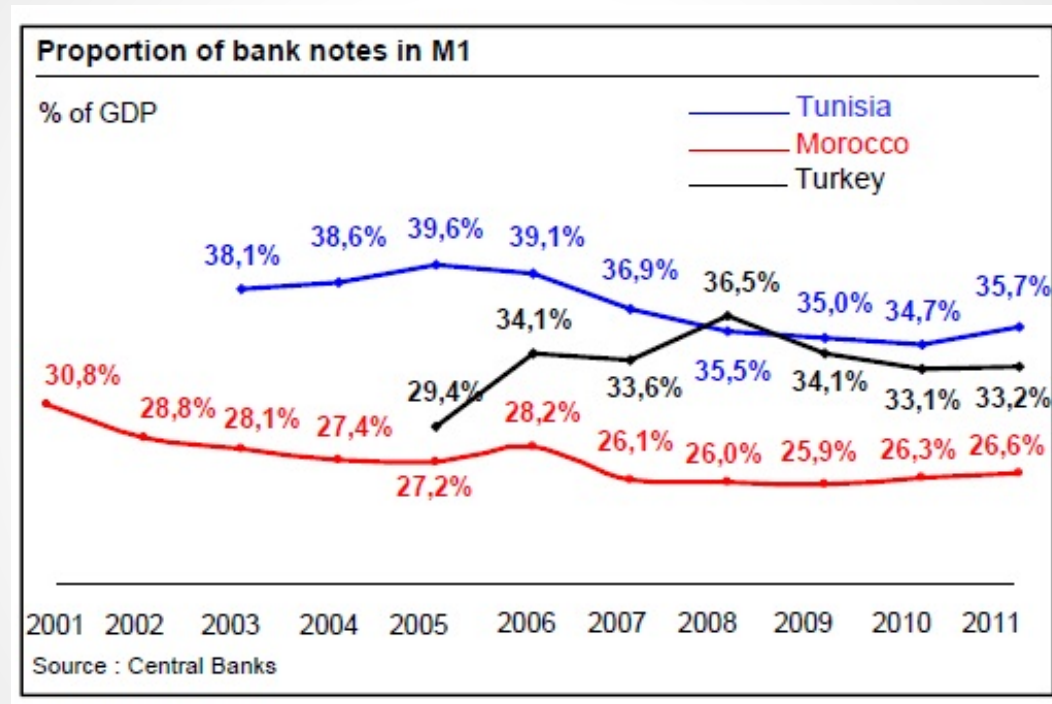
Morocco's Banking Sector

Non-Performing Loans



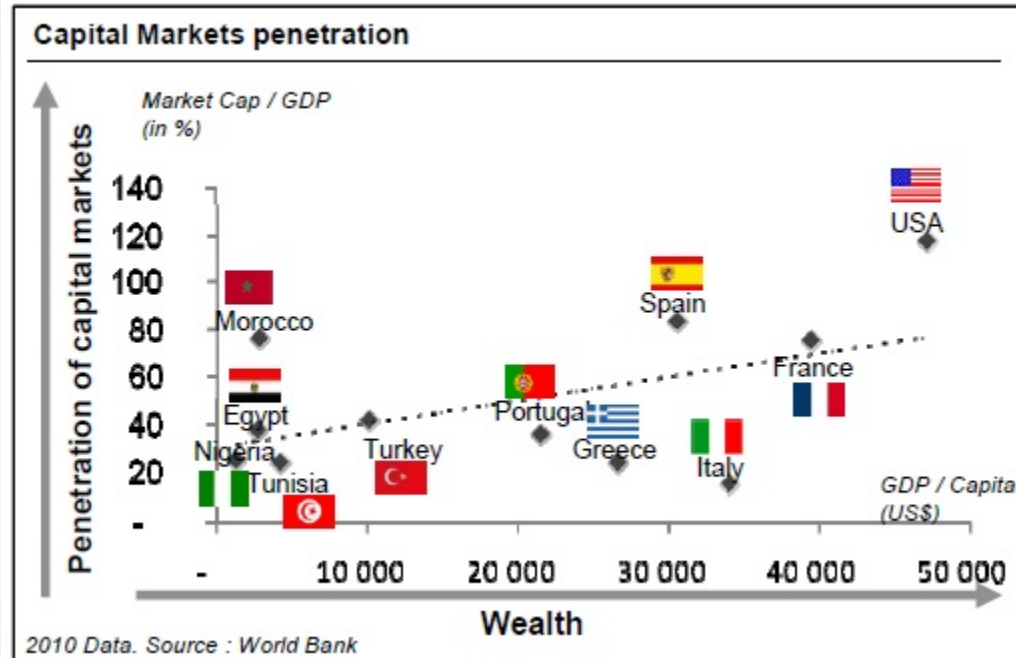
- Morocco's banking sector has decreased its non-performing loans rate from nearly 20% in 2005 to 5% in 2011
- This compares favorably with Tunisia's rate which was nearly 24% in 2005 and slightly over 12% in 2011

Proportion of Banknotes in Money Supply



- Money Supply is the total amount of monetary assets available in an economy at a specific time
- Morocco has much a lower proportion of banknotes in the money supply than either Turkey or Tunisia

Penetration of Capital Markets

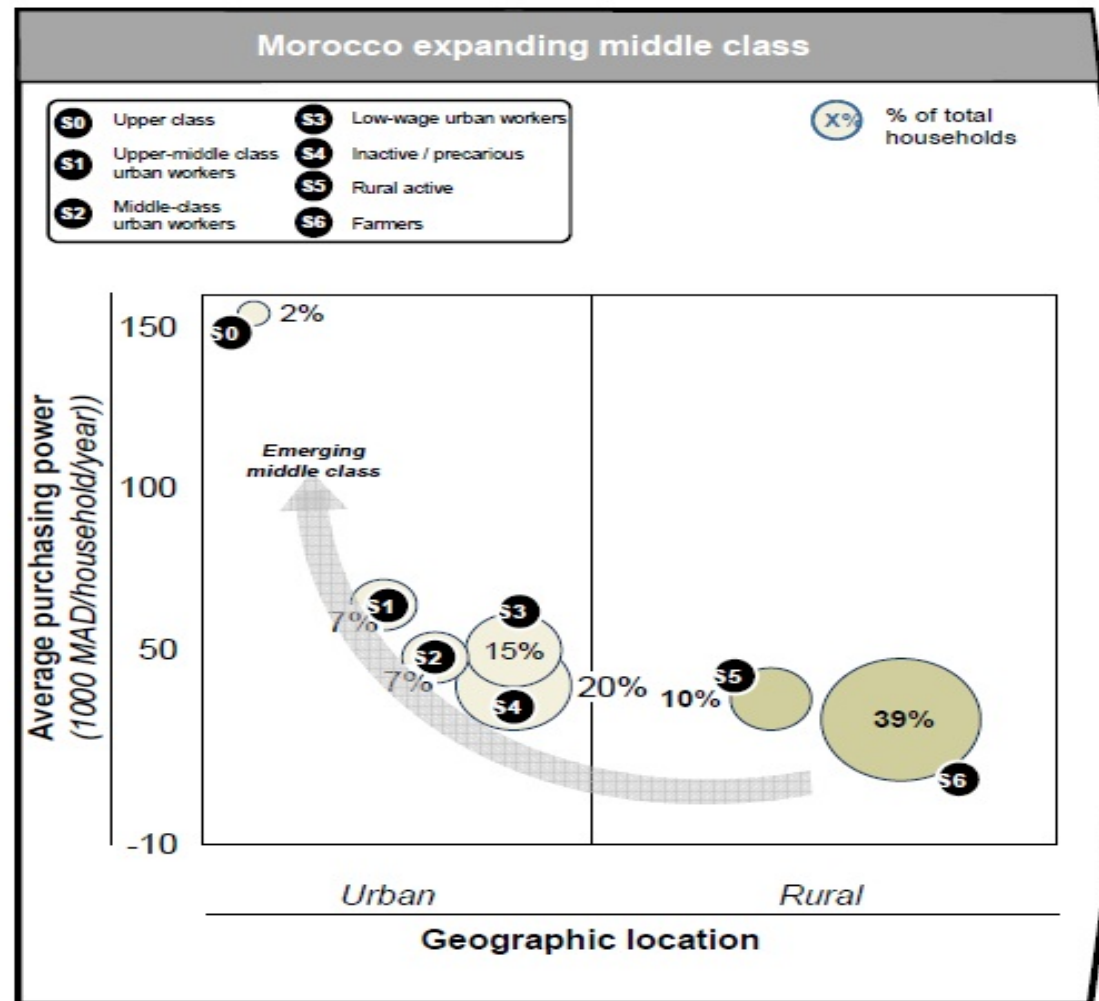


- Capital market penetration is high for Morocco, only Spain and the US have higher penetration
- Morocco's capital market wealth is comparable to Egypt's before the Arab Spring

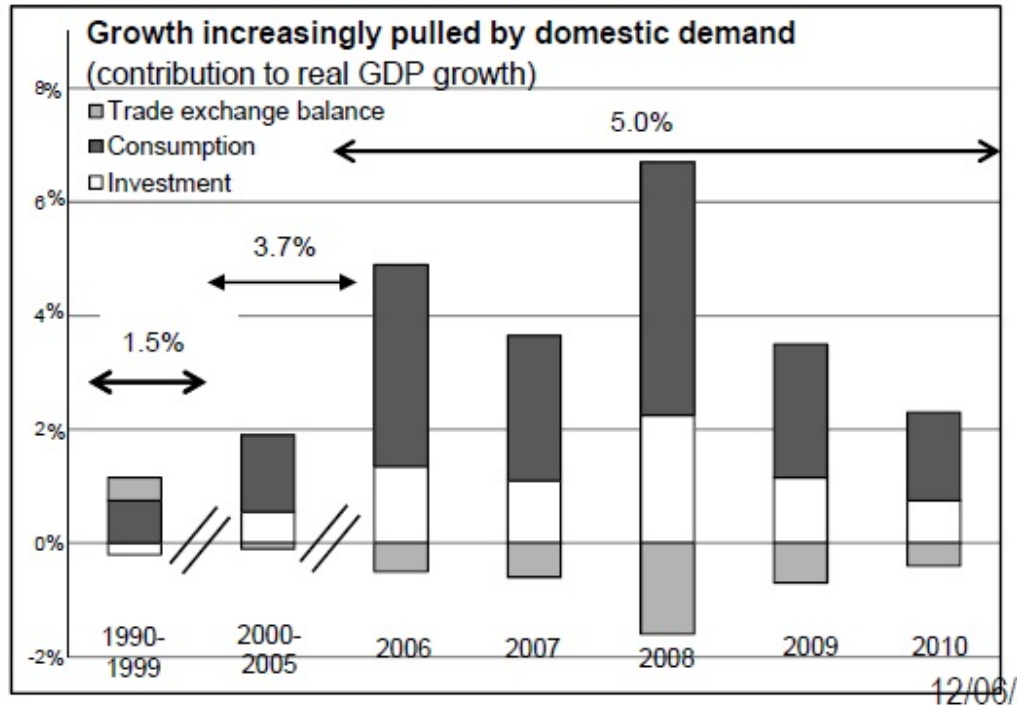
Morocco's Middle Class

Growing Middle Class

- 49% of Morocco's population is rural and 51% is urban
- Morocco's urban middle class makes up 14% of the total population
- Farmers remain the single largest group within Morocco making up 39% of total households

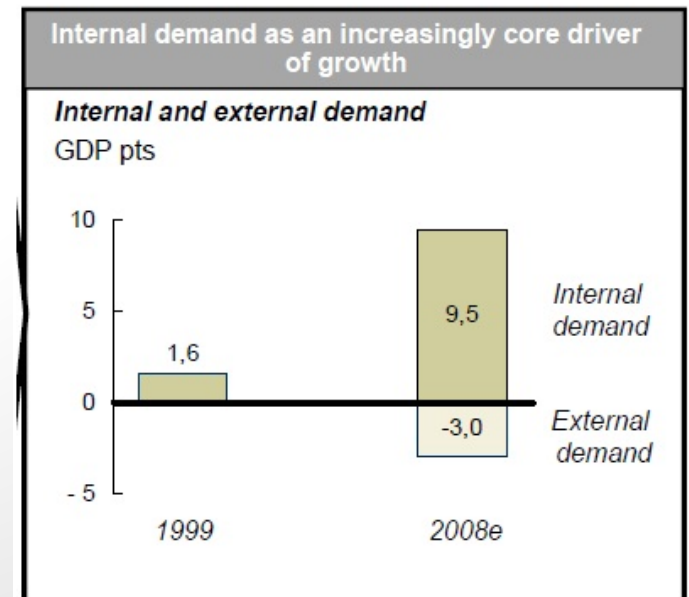


Internal Consumption Driving Demand



- Domestic demand is playing an increasingly important role in GDP growth
- Domestic demand contributed to 1.5% of real GDP growth in the 1990's while between 2006 to 2010 it contributed 5% to real GDP growth

- Internal demand has driven growth and overcome negative external demand

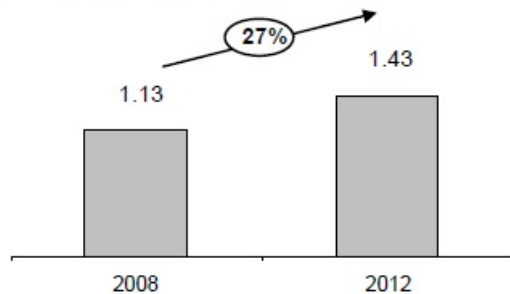


Government Policies

Evolution of the hourly minimum wage

In USD

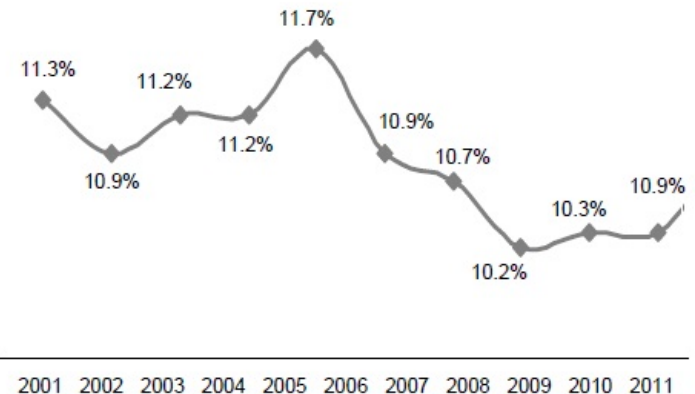
(x%) Variation between 2008-2012



- Morocco's minimum wage is now (\$US) 1.43 per hour
- Morocco's minimum wage has increased 27% from 2008 to 2012

- Morocco has steadily decreased its salary expenses from a high of 11.7% of GDP in 2006 to 10.9% in 2011

Government Salary Expenses / GDP



Source : Ministry of Finance