

OVERVIEW

progressive Recovery of the national economic activity in the third quarter and the favorable perspectives for the rest of the year

The growth of the **global economy** continues at a moderated pace in most of the regions. The prices of raw materials should remain globally moderate, in a context marked by a plentiful offer.

In the **United States**, the growth of the GDP (GROSS DOMESTIC PRODUCT) accelerated in the third quarter to reach 0,7 % compared with the previous quarter (after 0,4 % in Q2 and 0,2 % in Q1). It is supported by the household consumption, the resumption of exports and by a positive contribution of the variations of stocks. The high-frequency indicators turn out globally encouraging, as shown in the figures of the retail sales growth (0,8 % in October after 1,0 % in September) and of the private sector activity (SMI index (SMALL AND MEDIUM-SIZED INDUSTRY)).

In the **Eurozone**, the economic growth stagnated in the third quarter to remain at the same level as that of the second quarter (0,3 %). This stagnation hides disparities between countries. So, the slowing down in the German economy (0,2 % in Q3 after 0,4 % in Q2) contrasts, however, with the resumption in France (0,2 % after 0,1 %) and in Italy (0,3 % after 0,0 %) and the relative resilience in Spain (0,7 % after 0,8 %). Nevertheless, the resumption in the Eurozone seems to strengthen at the beginning of the fourth quarter, as shown in the composite SMI index which reached its highest level in 9 months (53,3 in October after 52,6 in September), led by a rebound of the activity in Germany. In a context of low inflation, the accommodating monetary policy the ECB (EUROPEAN CENTRAL BANK) should continue over a longer period.

In **Japan**, the growth in the GDP (GROSS DOMESTIC PRODUCT) strengthened in the third quarter (0,5 % after 0,2 % in Q2), supported by a resumption of exports. The economic perspectives are supported by the recent monetary and budgetary recovery measures.

On **emerging markets**, the growth remains strong in the Asian countries, in particular China (6,7 % in Q3 and in Q2). The contraction of the economic activity diminished in Brazil and in Russia which should go out of the recession next year. A moderate resumption is expected in sub-Saharan Africa, after a clear slowing down in 2016.

Oil prices (Brent) increased to reach approximately 50 dollars in October, before diminishing to 45 dollars in the middle of November, affected by the increase of the dollar and by the doubts on the capacity of the OPEC to implement reductions envisaged by the offer.

In Morocco, the economic situation turns favorably in the second half-year of year 2016, in line with the good performance of the sectorial activities altogether, pointing to a progressive recovery of the national activity.

At the level of the **agricultural sector**, the impact of the unfavorable weather conditions of the **agricultural campaign** 2015-2016 was strongly diminished by the globally favorable performance of the sectors excluding cultivation of cereals and autumn legumes, according to the department of agriculture. Besides, to allow a good progress of the new agricultural campaign **2016/2017**, several measures were undertaken by the Department of Agriculture. For their part, the **fishery activities** continue their favorable evolution in the first nine months of 2016, in line with the progress of the embarkation of the coastal and small-scale fisheries by 11,2 % by volume and 5,4 % by value.

The third quarter of 2016 was marked by a recovery of the production and the consumption of the **electrical energy**, after the light drop registered in the second quarter of 2016. Indeed, the volume of the production of the electrical energy strengthened by 6,1 %, after a light drop of 1 % in the second quarter and an increase of 1,7 % in the first quarter. The volume of the clear energy is expected to progress by 2,9 % at the end of September, 2016 compared with the same period of 2015, in relation to the increase of the production and the imports of the electrical energy 2,4 % and 7,6 % respectively. As for the consumption of the electrical energy, it improved by 2,8 % in the third quarter 2016, after a near stagnation in the second quarter and +2,6 % in the first quarter 2016.



Department of Studies and
Financial Forecasts

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At the level of the **sector of BUILDING AND CIVIL WORKS**, having registered a near stagnation at the end of September, 2016, affected in particular, by the holidays of Aid Al-Adha, the sales volume of cement recovered by 8,4 % during October, year-on-year, to bring its evolution at the end of October, 2016 to 0,9 % after 0,4 % at the end of October, 2015 and a drop of 5,1 % at the end of October, 2014. As for bank credits assigned to the sector of the real estate, their outstanding loans strengthened by 2,4 % at the end of September, 2016, to come to 246,4 billion dirhams, after an increase of 2,2 % at the end of September, 2015, led by the good performance of the outstanding loans of the housing credit (+5,3 %).

The industrial activity pursues its favorable dynamism in 2016, as shown by the good performance of its production index. Except the oil refining industry, this index improved by 1,8 % in the first half of the year 2016, in relation to an increase of 1,4 % in the second quarter and 2,1 % in the first quarter of the same year. Particularly for the activity of the OCP (Royal Office of Phosphate), the production of the phosphate rock and that of its by-products improved by 1,1 % and 9,5 % respectively at the end of September, 2016 compared with the same period of 2015. Besides, according to the last results of the business survey of Bank Al-Maghrib within the manufacturing sector, the rate of use of production capacities showed improvements of 0,2 point compared with the end of June, 2016 and 0,9 point compared with the end of March, 2016. For the fourth quarter 2016, the industrialists expect a favorable evolution of production and sales within the business sectors, according to the results of the same survey.

The resumption of the indicators of the **tourism sector** continues at the end of August, 2016, as shown by the growth of the volume of the arrivals and the overnight stays. Indeed, the number of the arrivals at the border posts of Morocco improved by 0,5 % in one year, after a reduction of 1 % at the end of August, 2015, fed by the increase of the arrivals of the Moroccans Living Abroad of 4 %, diminished, besides, by the fall of those of the foreign tourists by 3,3 % and this is true, in spite of an increase of the volume of the arrivals of the latter 3,7 % during August and 2 % during July 2016. Regarding the realized overnight stays, their volume progressed by 1,7 % compared with the end of August, 2015, after a drop of 6,7 % last year, led by the strengthening of those of the residents 10,8 % against a reduction of those of the nonresidents

The telecommunications sector showed a performance, globally, favorable in the first nine months of 2016, reflected by the good dynamics of the voice traffic coming out of the global telephone system, that is to say a 11,8 % consolidation over one year after an increase of 6,3 % in the same period of the previous year, supported by a reduction of 17,9 % in the communication average price of the mobile telephony. As for the internet marketplace, its good dynamics continues to count in its asset more than 16,2 million subscribers, by strengthening by 21,8 % compared with the end of September, 2015, bringing its penetration rate to 50 % after 41,1 % one year earlier.

In a national **economic environment** characterized by a mastered inflation (increase of the IPC of 1,6 % at the end of September year-on-year), the household consumption maintain a positive tendency in 2016, supported by the good dynamics of the various components of the household income. Indeed, these would have benefited from the favorable evolution noticed at the level of the transfers of the Moroccans Living Abroad, improving by 4,2 % in more than 53,1 billion dirhams at the end of October, 2016, and the creation of 30.000 paid employment positions in the third quarter of year 2016. In the same trail, it is advisable to indicate that the outstanding loans of consumer credits showed a positive evolution during this year, improving by 5,5 %, year-on-year, at the end of September, 2016. On the other hand, **the effort of investment** remains in 2016, in line with the dynamism of the investment expenditures issued as part of the state budget of 44,5 billion dirhams at the end of September, increasing by 15,9 % year-on-year, with the good performance of the investment credits, improving by 5,8 % year-on-year at the end of September, and with the favorable performance of the imports of the capital goods (23,8 % at the end of October, 2016) and half-finished products (6,4 % at the end of October, 2016).

The **foreign trade** was marked, at the end of October, 2016, by an increase, year-on-year, with the trade deficit of 15,8 % to be situated in 149,2 milliards of dirhams and by a drop of the cover rate of 3,2 points to average 55,3 %. This evolution is understandable by an increase of the value of the imports (7,5 % 333,6 billion dirhams) more important than that of the exports (1,5 % 184,5 billion dirhams). The increase of the exports is attributable, mainly, to the good performance of the global businesses of Morocco, in this particular, the sector of automotive industry (12,2 %), electronics (11,9 %), aeronautics (10,2 %), the food industry (6,9 %) and the textile industry and leather (5,3 %). The increase of the imports, as for it, is attributable, essentially, to the progress of the acquisitions of foodstuffs (20,7 %), capital goods (23,8 %), consumer goods (15,5 %) and of half-finished products (6,4 %). On the other hand, the imports of energy products and raw products decreased by 21,5 % and 15,9 % respectively. As for the financial flows, the receipts of journeys and the transfers of the Moroccan Living Abroad increased by 4,1 % and 4,2 %, respectively, at the end of October, 2016. These two sectors allowed, so, to cover 72,8 % of the trade deficit against 80,9 % one year previously. On the other hand, the flow of the IDE fell about 26,6 % for the same period.

The situation of the **Treasury charges and resources** at the end of September, 2016 highlights a reduction of 4 % in the budget deficit average 26 billion dirhams. This evolution resulted from the strengthening of the ordinary receipts at a pace which is more important than that of the global expenses, taking into consideration the increase of the surplus on the balance of the treasury special accounts 16,5 % 6,4 billion dirhams. The ordinary revenue became stronger by 6,6 % to reach 163,5 billion dirhams, that is to say an execution rate of 73,6 %. This improvement is in relation, mainly, to the increase of the tax revenues 6,1 % 142,8 billion dirhams, in particular, the revenues of the payroll tax (+7,3 %), the income tax (+7 %), the VAT on import (+7,1 %), ICTS (+7,9 %), customs duties (+21%). The non-fiscal revenues, as for them, increased by 10,7 % to average 18,6 billion dirhams, under the influence of the increase of the monopoly revenues 6,5 % (6,9 billion dirhams) and other non-fiscal revenues 13,4 % (11,7 billions). The ordinary expenses registered a realization rate of 71,5 % and increased by 2,6 % (151,3 billion dirhams). This evolution is understandable by the increase of the expenses of goods and services and interest expense on debt respectively of 4,5 % (120,3 billion dirhams) and 3,6 % (22,4 billion dirhams), diminished by the drop of the compensation expenditures 19,8 % (8,6 billion dirhams). For their part, investment expenditures increased by 15,9 % to reach 44,5 billion dirhams and were concretized at the level of 83,8.

The **money supply** increased, year-on-year, by 5,9 % at the end of September, 2016, marking an improvement compared with the rates registered last month (+5,5 %) and (+5,2 %) in the previous year. This evolution ensued, essentially, from the improvement of the pace of increase, year-on-year, bank credits, averaging +4 % to reach 795,3 billion dirhams after +3,4 % previous month and 1 % last year. This evolution recovers, particularly, the increase of the investment credits and the liquidity facilities, respectively 5,8 % and 2,2 % after a drop of 0,8 % and 5,7 % in the previous year, as well as the acceleration of the pace of increase of consumer credits, (+5,5 % after +5,3 % in the previous year) and the housing credits (+2,4 % after +2,2%). On the other hand, the net international reserves which reached 251,7 billion dirhams at the end of September, 2016, registered an increase of 17,7 % after 18,2 % in the previous month and 20,3 % at the end of September, 2015. For their part the net debts on the Central Administration (CA) decreased, year-on-year, by 5,3 % to reach 149,2 billion dirhams after a reduction of 4,1 % last month and after an increase of 17,2 % in the previous year. This evolution is in relation to the joint effect of the reduction in the debts of the other deposit taking institutions (AID) on the central administration 4,9 % after an increase of 9,6 % in the previous year, and the fall of their commitments towards the CA central administration 13,2 % after a drop of 33,6 %.

At the level of the **interbank market**, the liquidity need of banks diminished during October 2016, in relation, in particular, to the flow of the fiduciary circulation. In this context, Bank Al-Maghrib reduced the volume of these operations of injection of liquidity, essentially, through the advances within 7 days on invitations to tender, the average volume of which increased from 19,2 billion dirhams in September, 2016 to 15,3 milliards in October, 2016. The outstanding loans of the operations of the one year guaranteed credits, for their part, remained almost stable in 4,1 billion dirhams at the end of October, 2016. As regards the balanced average interbank rate, it evolved at levels close to the intervention rate, averaging 2,26 %, in light increase of 1 basis point compared with the previous month.

At the level of the **primary market of Treasury bills**, the gross fund raisings of the Treasury during October 2016 increased, compared with the previous month, by 10,6 % to reach 4 billion dirhams. In terms of structure, this increase affected the volume of the average and long maturities which represented respectively 77,4 % and 13,8 % of the fund raisings of the month after 52,9 % and 7,1 % in the previous month. On the other hand, the raised volume of the short maturities decreased to represent 8,8 % of the fund raisings of the month after 40 % in the previous month. In the first ten months of 2016, the gross fund raising of the Treasury diminished by 21,5 % , compared with the end of October, 2015, to average 91,6 billion dirhams, distributed at the level of 23,7 % for the short term, 42,6 % for the middle term and 33,7 % for the long term

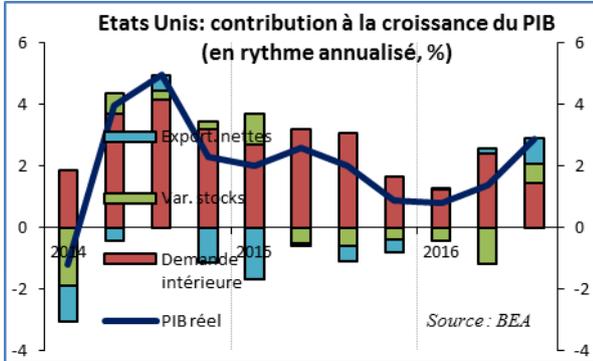
As for the Treasury repayments, they increased, year-on-year, by 1,6 % to reach 79,4 billion. Considering these evolutions, the stock of the Treasury bills issued by auction averaged 482,3 billion dirhams at the end of October, 2016, increasing by 0,4 % compared with the end of September, 2016 and of 2,6 % at the end of December, 2015. Regarding the evolution of the average balanced primary rates of the Treasury bonds, compared with the previous month, they registered drops between 7 basis points and 15 basis points.

The indicators of the stock exchange of Casablanca pursued their favorable evolution during October 2016, in a context marked by the strengthening of the global profitable capacity of listed companies. The indicators MASI and MADEX reached their highest levels since March, 2015, registering an increase of 5,2 % and 5,3 % compared with the end of September, 2016, respectively, after an increase of 1,8 % and 1,7 % in the previous month. Compared with the end of December, 2015, their performance increasing from +12,5 % and +13,2 % at the end of September, 2016 to +18,4 % and +19,3 % at the end of October, 2016. For its part the market capitalization reached a high level 531,8 billion dirhams at the end of October, 2016, increasing by 4,8 % compared with the end of September, 2016 after a 1,6 % increase in the previous month, so returning its performance compared with the end of December, 2015 of +12 % at the end of September, 2016 to +17,3 % at the end of October, 2016. As regards the global volume of the transactions realized during October 2016, it doubled compared with September 2016 to reach 2,6 billion dirhams.

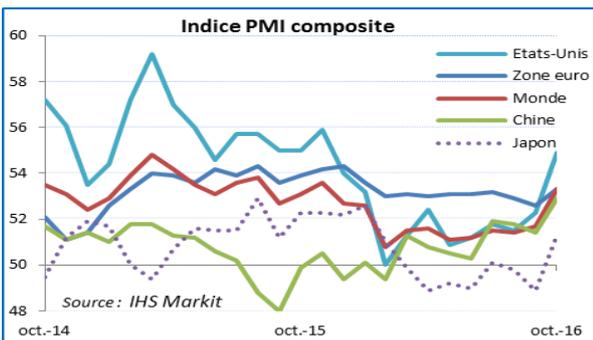
INTERNATIONAL ENVIRONMENT

The United States: clear acceleration in growth

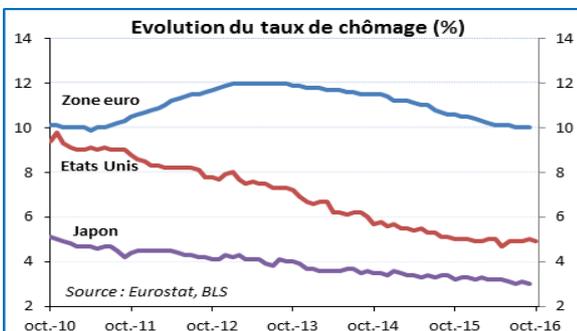
In the United States, the growth in the GDP (GROSS DOMESTIC PRODUCT) accelerated in the third quarter to reach 0,7 % (after 0,4 % in Q2 and 0,2 % in Q1), supported by the household consumption, a clear resumption of exports and by the positive contribution of the variation of stocks.



The cyclical indicators indicate a pursuit of the recovery in October. The retail sales confirmed their rebound (0,8 % after 1,0 % in September). The private sector activity marks its strongest growth for eleven months, as shown by the composite SMI index (54,9 after 52,3 in September).



The unemployment rate diminished by 4,9 % in October after 5,0 % in September. The American economy created 161.000 net jobs in October after 191.000 in September, bringing the accumulation to 1,8 millions since January.

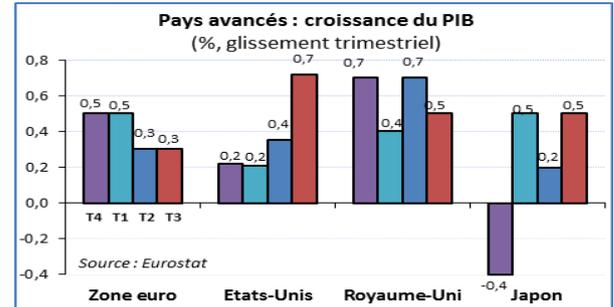


The inflation pursues its increase (1,6 % in October after 1,5 % in September). To anchor well inflationary expectations, an increase of the rates of Fed in December seems plausible.

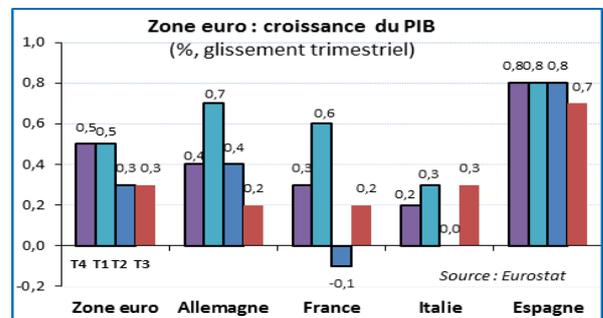
In terms of perspectives, the economic growth should strengthen in 2017 to reach 2,2 % after a collapse of 1,6 % in 2016, according to the IMF.

Eurozone: moderated growth in the third quarter, but the signs of resumption at the end of the year

In the Eurozone, the economic growth remained moderate in the third quarter (0,3 % as in the previous quarter).



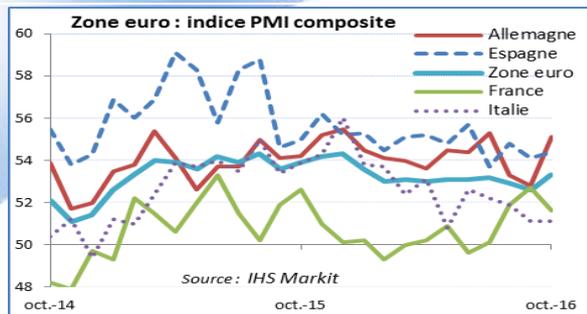
The slowing down in the German economy (0,2 % in Q3 after 0,4 % in Q2) contrasts, however, with the resumption in France (0,2 % after 0,1 %) and in Italy (0,3 % after 0,0 %) and the relative resilience in Spain (0,7 % after 0,8 %).



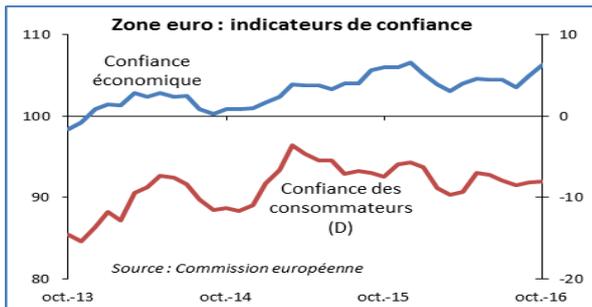
The growth in the Eurozone should accelerate in the fourth quarter, with a GDP increase of 0,4 % according to the joint forecasts of three European economic institutes Ifo, Insee and Istat.

For the full year 2016, the growth in the Eurozone should be situated in 1,7 % after 2,0 % in 2015, according to the IMF. The weakness of the perspectives of the growth in the Netherlands (1,7 % after 2,0 % in 2015) contrasts, however, with the consolidation of the long-awaited resumption in the other main countries of the zone, worth knowing Germany (1,7 % after 1,5 %), France (1,3 % after 1,2 %), Italy (0,8 % after 0,8 %) and Spain (3,1 % after 3,2 %).

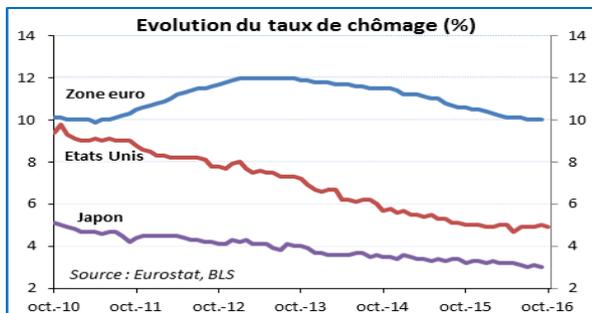
The growth in the private sector activity of the Eurozone accelerated in October, as shown in the composite SMI index which has reached its highest level for nine months (53,3 in October after 52,6 in September). Among the main member countries, the growth strengthened in Germany (55,1 after 52,8) and in Spain (54,4 after 54,1), but slowed down in France (51,6 after 52,7).



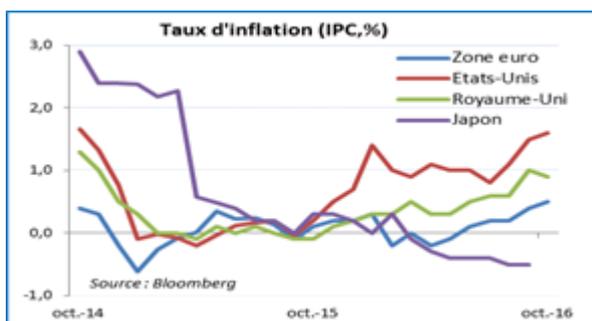
The economic confidence in the Eurozone pursues its improvement in October, as shown in the index of the European Commission (+1,4), with a light increase of the consumer confidence.



The unemployment rate in the Eurozone remained stable in September (10 %) for the 2nd consecutive month, with a decline in Spain (-0,1 points 19,3 %) and in France (-0,3 points 10,2 %), an increase in Italy (+0,2 points 11,7 %) and a stagnation in Germany (4,1 %).



The inflation rate rebounds but remains still low (0,5 % over one year in October after 0,4 % in September), far below the objective of 2 %. To contain the deflationary threats and support the economic growth, the ECB maintains the very accommodating orientation of its monetary policy.



The euro has reached its lowest level for one year, marking 1,06 dollar on November 18th against an average of 1,10 in October and of 1,12 in September.

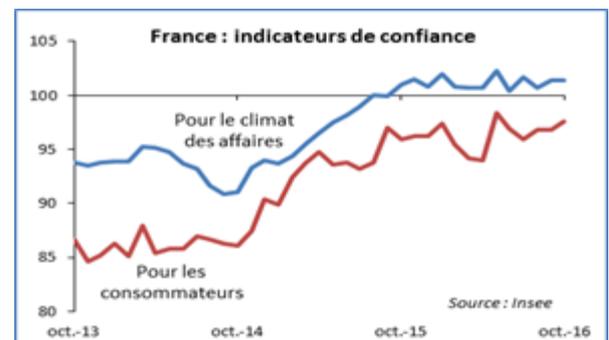
This relatively low level is favorable for the competitiveness of the exports of the zone.



In France, the economic activity registered a resumption in the third quarter, with a GDP growth of 0,2 % after a contraction of 0,1 % in the second quarter, supported by the household expenditures, investment and a reconstruction of stocks, in spite of a negative contribution of the foreign trade.

The resumption should continue in the 4th quarter, with a GDP growth of 0,4 % according to the Insee. The growth in the French economy should average 1,3 % in 2016 after 1,2 % in 2015, according to the IMF. The resumption of the domestic demand is supported by the improvement of the consumer purchasing power and the reduction in interest rates, as well as through the reductions in the social contributions and the taxes on companies.

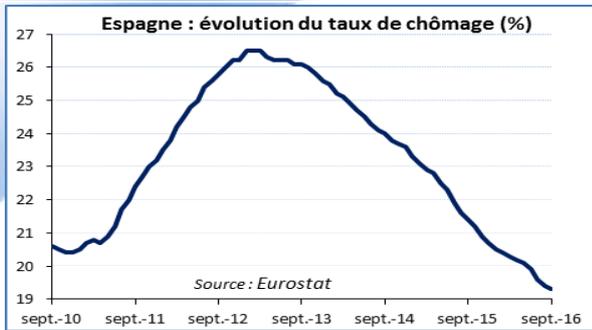
The last cyclical indicators turn out reserved. So, the industrial production decreased by 1,1 % in September after a 2,3 % progress in August. Besides, the growth in the private sector activity slowed down in October, as shown in the composite SMI index (51,6 after 52,7 in September). For its part, the business climate indicator remained stable in October (101 points).



In Spain, the growth in economic activity remains relatively strong in 2016, with an increase in the GDP(GROSS DOMESTIC PRODUCT) of 0,7 % in the third quarter after 0,8 % in the second quarter.

The last cyclical indicators are globally favorable. The growth in the private sector activity continues at a sustained pace, as shown in the composite SMI index 54,4 in October after 54,1 in September).

The unemployment rate dropped to its lowest level in the last seven years, decreasing by 19,3 % in September after 19,4 % in August and 21,4 % in the previous year, further, in particular, to the resumption in the tourism sector.

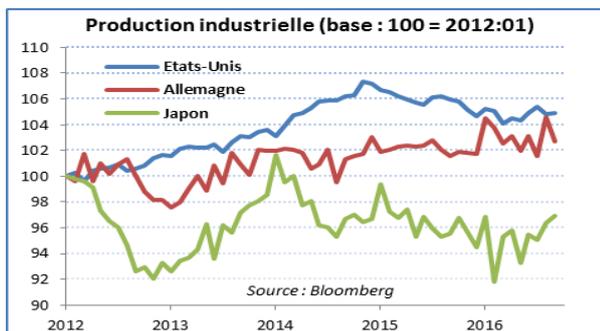


According to the forecasts of the IMF, the growth in the Spanish economy should register 3,1 % in 2016, after 3,2 % in 2015, that is to say at a strong pace compared with the average of the Eurozone. The domestic demand is supported by the improvement of the labour market as well as by the less restrictive budgetary situation.

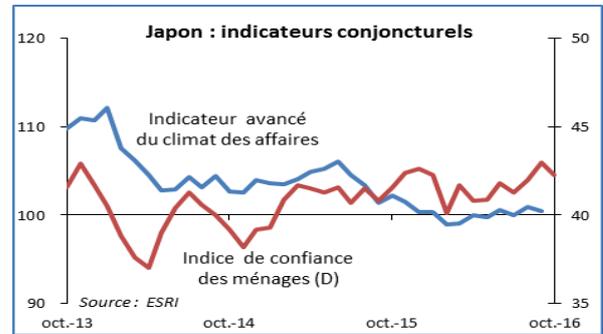
Japan: prospects of resumption, supported by monetary and budgetary measures of reflation.

In Japan, the growth in the GDP(GROSS DOMESTIC PRODUCT) recovered in the third quarter to reach 0,5 % (after +0,2 % in Q2), supported by a resumption of exports. The prospects of economic recovery are supported by an important budgetary and monetary support, accommodating financial conditions and by an increase of income, but slowed down by the yen's appreciation and the weakness of the exchanges in Asia. The IM plans a growth in the Japanese GDP(GROSS DOMESTIC PRODUCT) of 0,5 % in 2016, as in 2015.

The cyclical situation seems globally favorable. The industrial production rebounded by 0,6 % in September after an increase of 1,3 % in August.



However, the business sentiment indicator registered a light drop in September (-0,4 in 100,5). Also, the consumer confidence index diminished in October (-0,7 in 42,3).



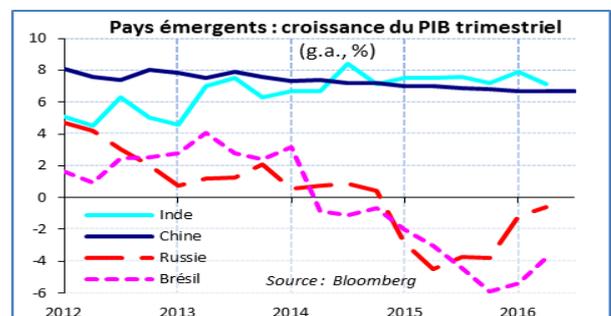
The inflation sinks into the negative territory (0,5 % in September after 0,5 % in August), against an objective of 2 % of the central Bank of Japan (BoJ). The fears of a return of the deflationary spiral reinforce pressure on the BoJ to strengthen the softening of its monetary policy.

Emerging countries: prospects of resumption, but at different rhythms according to each country and region

Emerging countries seem to join a phase of economic resumption, supported by the reflation efforts, the improvement of the financial conditions, the mitigation of the tensions in the stock markets and exchange markets, as well as by the recent rise of the of raw materials prices.

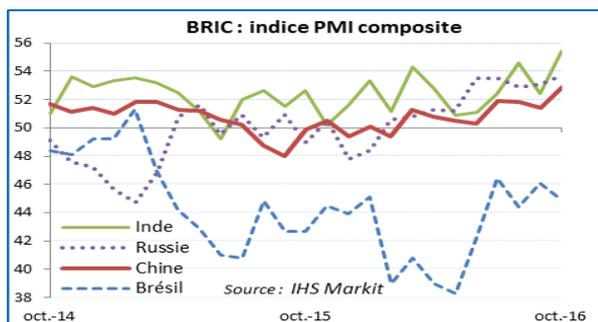
The growth in emerging countries should register 4,2 % in 2016 after 4,0 % in 2015, before reaching 4,6 % in 2017, according to the FMI. The strong growth in emergent Asia (6,5 % in 2016 after 6,6 % in 2015), led by India and China, contrast, however, with the weakness of the activity in Latin America (-0,6 % after 0,0 %), in Russia (-0,8 % after -3,7 %) and in sub-Saharan Africa (1,4 % after 3,4 %). The region of MENA should register a clear resumption (3,2 % after 2,1 %).

In China, the economy registered a growth of 6,7 % in the third quarter 2016, as in the previous two quarters, that is to say the lowest rhythm since 2009.



The rebalancing of the economy for the benefit of the domestic demand continues, aiming at returning to a trajectory of more bearable growth, after a decade of strong expansion of the credit and the investment. According to the IMF, the Chinese growth should slow down by 6,2 % in 2017 after 6,6 % in 2016 and 6,9 % in 2015.

The growth in the industrial production continues at a moderate pace (6,1 % in October as in September). However, the growth in the global activity of the private sector accelerated in October, as shown by the composite SMI index (52,9 after 51,4 in September).

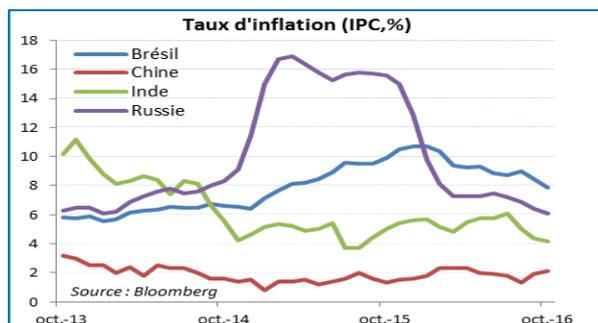


The measures of the monetary policy contribute to support the growth and to stabilize the general level of the prices. The inflation rate pursues its increase but remains globally contained (2,1 % in October after 1,9 % in September, for an official target of 3 %).

In India, the economic perspectives remain globally strong, supported by a clear improvement in terms of exchange and by structural reforms aiming at the improvement of the business climate. The IMF plans the pursuit of the expansion of the Indian economy, with an annual GDP growth of 7,6 % in 2016-2017, as in 2015.

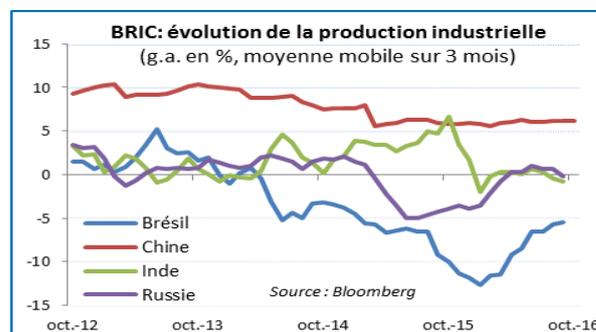
The cyclical indicators indicate a strengthening of the resumption. The growth of the private sector activity accelerated in October, as shown by the composite SMI index (55,4 after 52,4 in September).

The inflation rate diminished by 4,2 % in October after 4,4 % in September (for an official objective of 5 %), further to a moderation of the prices of foodstuffs. In this context, the Indian central bank (RBI) pursues the softening of its monetary policy, lowering its rate by 25 basis points at the beginning of October, having reduced it by 25 basis points in April and 125 basis points during the year 2015.



In Brazil, The economic growth should average 3,3 % in 2016, according to the IMF, after a fall of 3,8 % in 2015. The Brazilian economy should come out of the recession in 2017, with a resumption of 0,5 %, in relation to the dissipation of previous economic shocks effects and the mitigation of the political uncertainty. The progressive return of the consumer and companies confidence and the recovery of prices in raw material exports.

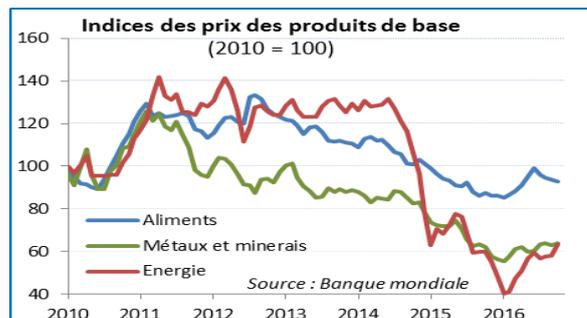
The cyclical indicators indicate a lesser contraction of the activity. The drop of the industrial production slows down (-4,9 % in September after(- 5,0 % in August). The private sector activity pursues its drop, but at a moderate pace, according to the composite SMI index (44,9 after 46,1 in September).



The inflation slows down but remains high enough (7,9 % in October after 8,5 % in September, against an official target of 4,5 %). In this context, the Brazilian central bank lowered its intervention rate by 25 basis points in October to return it to 14,0 %, after having raised it strongly between 2013 and 2015.

Raw materials: oil prices remain supported by the hope of the finalization of an agreement on the reduction in the offer of the OPEC

The price index of the energy products, calculated by the World Bank, increased by 10 % in October after a 1 % rebound in September. On the other hand, the price index of the non-energy products remained almost stable (0,3 %), further to the prices drop of foodstuffs (0,9 %) and precious metals (5,4 %), in spite of the rebound of the prices of basic metals (1,9 %).

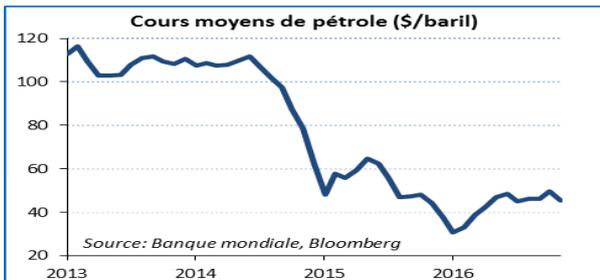


Oil prices (Brent) reached a 50-dollar average in October, increasing by 8 % over a month and by 61 % since their hollow of January. The oil prices have been supported by the hope of the finalization of an agreement on the reduction in the offer of the OPEC.

Indeed, a meeting of the OPEC ministers is Scheduled for the end of November in Vienna " to finalize the individual quotas " of the member countries.

However, the prices of the Brent diminished approximately by 44 dollars in the middle of November, affected by the increase of the dollar and by the doubts on the capacity of the OPEC to implement reductions in the production.

On average over the first ten months of 2016, the prices of the Brent registered 43 dollars against 52 dollars in 2015.

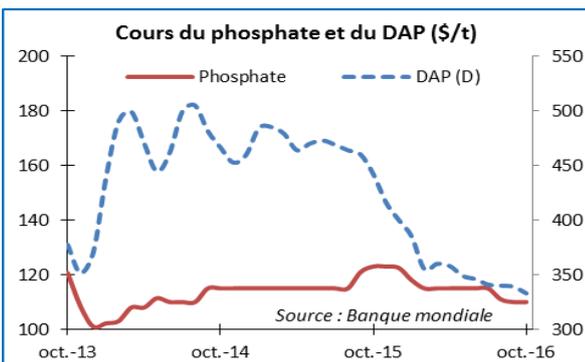


The international Agency of energy plans a progressive return to the balance of the oil market, after an excess of supply over the last years.

According to the Agency, the global oil demand should pursue its growth at a moderate pace (+1,2 in MMbb/d 2016 and in 2017 later +1,9 MMbb/d in 2015), supported by the consumption of non-OECD countries .

The prices of the **rock phosphate** remained stable in 110 dollars per ton in October, 2016, marking a 11 % drop year-on-year. For their part, the prices of phosphate fertilizers **DAP** averaged 333 dollars per ton in October, decreasing by 25 % over one year.

On average over the first ten months of 2016, the prices of the rock phosphate fell by 2 %, while those of the DAP diminished by 25% compared with the same period of 2015.

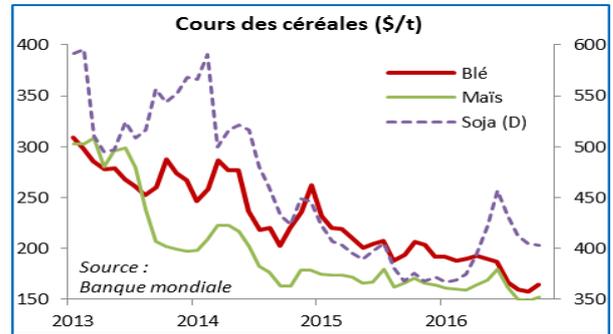


The prices of the **foodstuffs** registered contrasted evolutions, because of the big variations in the conditions of supply of the various products. The prices of the soft **wheat** (SRW) averaged 164 dollars per ton in October, increasing by 4 % over a month, bringing their reduction back by 20 % year-on-year , in a context marked by a record world production this year and by favorable perspectives of harvest.

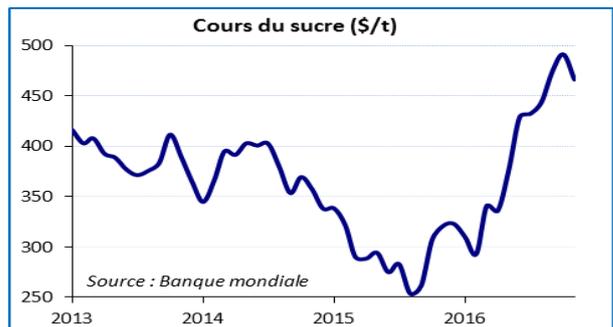
Corn prices averaged 152 dollars in October, increasing by 3 % over a month but decreasing by 11 % over one year. The worldwide corn availability remains

comfortable and the perspectives of harvests turn out favorable at the main producers and exporters, in particular the United States.

The prices of soya diminished by 0,4 % 404 dollars per ton in October, bringing their profits back to 7 % year-on-year.



The international raw **sugar** prices (ISA) reached 491 dollars per ton in October, 2016, their highest level since 2012, increasing by 3,5 % over a month and by 60 % over one year. They averaged 392 dollars per ton on average over the first ten months of 2016, increasing by 35 % year-on-year. They are supported by the perspectives of an important deficit of the world offer compared with the demand estimated at 7 million tons for the season 2016/17 after a deficit of 5,7 million tons in 2015/16, according to the International Sugar Organization.



Indeed, this sharp increase in sugar prices is related in particular to the unfavorable weather conditions in the main producing region of the south center of Brazil, first producer and world exporter of sugar. It also ensues from the reduction in the production of India, the second world producer of sugar, and from the weakness of the availability in Thailand and in China.

NATIONAL CONTEXT

In phase with the new developments of the international economic situation, particularly at the level of the main business partners of Morocco, the national economic situation turns favorably in the second half-year, in line with the good performance of the sectorial activities altogether, expecting positive perspectives for the national economy in 2016. Indeed, the cyclical barometers, particularly those related to the foreign trade, underline a confirmation of the positive orientation of the global businesses of Morocco, imports of the capital goods and the half-finished products and the revenues of the (Moroccans Living Abroad) and travel. For their part, the sectors of electricity, transport and tourism would have recovered in the third quarter as shown by the good performance of the electricity production, the air traffic passengers and the tourists arrivals and overnight stays during this quarter.

1. Sectorial growth

Measures of the Department of Agriculture to ensure a good progress of the agricultural campaign 2016/2017

To ensure a good start of the new agricultural campaign 2016/2017, the Ministry of Agriculture and Fisheries undertook several measures. It is, in particular, about providing the farmers with about 8,1 million quintals of certified seeds, with a 330 million dirham budget, and of 500.000 tons of fertilizers, while ensuring the price stability of phosphate fertilizers and the rationalization of their use. These measures affect, also, the pursuit of the extension of the agricultural multi-risk insurance for cereal, legumes and oleaginous cultures for a surface which exceeds 1,05 million hectares. Besides, the Ministry undertakes to pursue the implementation of the National Irrigation Water Saving Programme (PNEEI) through, in particular, the equipment of 50.000 hectares of agricultural farms of a system of located irrigation and the modernization of the networks of irrigation of a 120.000 hectare surface.

On a different level, the National office of the Agricultural Council commits to the implementation of ways and approaches allowing the improvement of the diffusion of the agricultural information and the modernization of the agricultural development centers. Regarding financing, the Crédit Agricole of Morocco will take all the necessary measures to meet, in the best conditions, the financing requests.

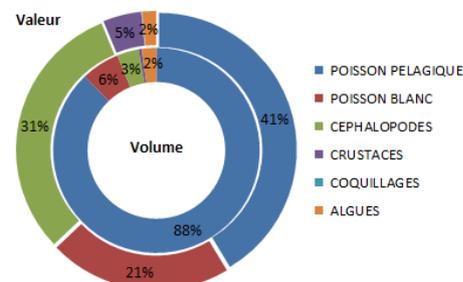
As for the foreign exchanges in the sector of agriculture and agro industry, the value of the exports of this sector increased, year-on-year, by 5,6 % in the first ten months of 2016, to reach 38,5 billion dirhams, supported by the strengthening of the food industry shipments by 6,9 %.

Good performance in the fisheries sector at the end of September

The fisheries sector continues its favorable evolution in the first nine months of 2016, in line with the progress of the embarkation of the coastal and small-scale

fisheries, by volume of 11,2 %, year-on-year, after a 2,4 % drop in the previous year, supported essentially, by the good performance of the capture of sardines (9,3 %), the mackerel (41,1 %) and to a lesser extent by that of seaweeds (46,6 %), the Horse mackerel (19,1 %) and the squid (142,6 %).

Structure des débarquements de la pêche côtière et artisanale en valeur et en volume à fin septembre 2016



Source : ONP ; Elaboration : DEPF

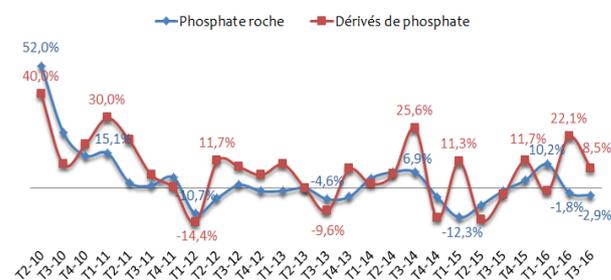
As for the market value of these embarkations, it improved by 5,4 % at the end of September, 2016, led by an increase of 6,1 % in the third quarter 2016 and 13,3 % in the first quarter of the same year. This good performance is attributable to the increase of the value of the capture of sardines 7,5 %, the mackerel 33,6 %, the squid 148 %, the shellfish 14,6 %, seaweeds 52,5 % and the horse mackerel 12,2 %.

Secondary activities

Pursuit of the favorable orientation of the abroad production and sales of phosphates and by-products

In the first nine months of 2016, the production volume of the phosphate rock improved by 1,1 %, compared with the end of September, 2015. As for the production of the by-products of phosphate, it increased by 9,5 % during the same period. As for the exports of the sector, they pursue their consolidation by volume, supported by the increase of the by-products of phosphate of 18,2 %, led by the strengthening of the fertilizers shipments (41,8 %), slightly limited by the fall of those of the phosphate rock 7,3 % in one year.

Evolution de la production de phosphates et dérivés (glissement annuel)



Source : OCP ; Elaboration : DEPF

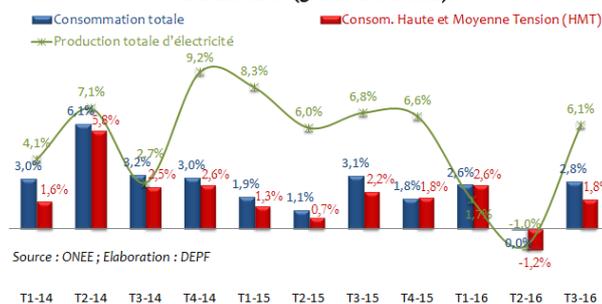
Recovery in the sector of the electrical energy in the third quarter

At the end of the third quarter 2016, the sector of the electrical energy was marked by a recovery of the production and the consumption of the electrical energy,

after the light drop registered in the second quarter 2016, and a return to the reduction in the volume of imported energy. Indeed, the production volume of the electrical energy strengthened by 6,1 %, in annual variation, after a light drop of 1 % a quarter earlier and an increase of 1,7 % in the first quarter of the same year. This good performance results from the joint increase of the private production (+4,8 %) and of the ONEE (+3,9 %), combined with pursuit of the rising power of that of the projects developed within the framework of the law 13-09 relative to the renewable energies (+81,5 %, after +48,7 % in Q2-2016).

In parallel with this evolution, the volume of imports of the electrical energy reduced by 3,3 % in the third quarter 2016 after an increase of 13,7 % at the end of the first half of the year 2016 and a fall of 16,3 % at the end of 2015. Therefore, the volume of the clear energy is likely to progress by 2,9 % at the end of September, 2016, after +2,6 % the previous year, in relation to the increase of the production at the national level of 2,4 % and that of the imports 7,6 %, compared with the end of September, 2015.

Evolution de la consommation et de la production d'électricité (glissement annuel)

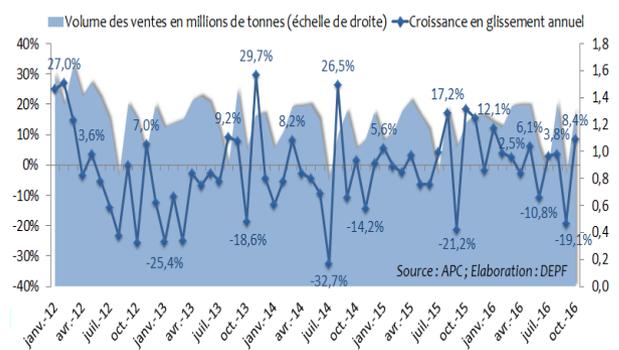


As for the consumption of the electrical energy, it improved by 2,8 % in the third quarter 2016, after a near stagnation in the second quarter and +2,6 % in the first quarter 2016. At the end of the first nine months of 2016, these sales increased by 1,8 %, led by the increase of the consumption of the energy of very high, high and average voltage of 1 % and that of the low voltage of 4,4 % in one year.

Resumption in cement sales during October

At the level of the sector of the BUILDING AND CIVIL ENGINEERING WORKS, after having registered a near stagnation at the end of September, 2016, affected in particular, by the holidays of Aid Al-Adha, the cement sales volume recovered during October, showing a rise of 8,4 %, year-on-year, to bring the evolution of the cement sales at the end of October, 2016 to +0,9 %, after an improvement of 0,4 % at the end of October, 2015 and a drop of 5,1 % at the end of October, 2014.

Evolution des ventes de ciment mensuelles



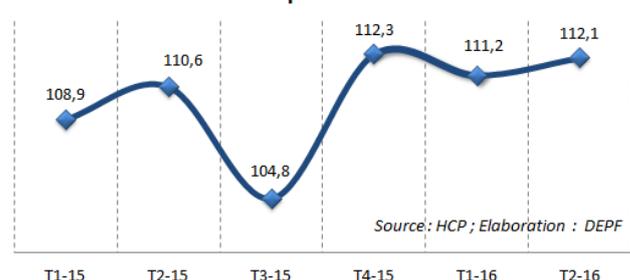
Regarding the financing of the real estate sector, the volume of the outstanding loans of the housing credit pursues its favorable evolution at the end of September, 2016 (+5,3 % after +5,7 % one year previously) in parallel with a preservation of the deceleration of the bearish pace of the credits granted to the real-estate development, that is to say a drop of 4,2 %, after a fall of 6,7 % at the end of June, 2016 and 6,3 % at the end of September, 2015. This evolution gave rise to a progress of the credits granted to the real estate sector of 2,4 %, at the end of the first nine months of 2016, after +2,2 % one year earlier, to average 246,4 billion dirhams.

On another aspect, it's worth noting the good performance of the transactions volume in the sector at the end of the third quarter 2016, compared with the same quarter in the previous year, registering a 24 % improvement, resulting from the increase of the sales of the residential properties 26,2 %, plots 15,8 % and the commercial properties 20,6 %, and that is true in spite of a global prices increase of 1,4 % of real-estate assets during the same period, ensuing from the increase in prices of the residential properties 0,6 %, real properties of 2,4 % and commercial properties 4,4 % in one year.

Continuously favorable Perspectives in the industrial activity

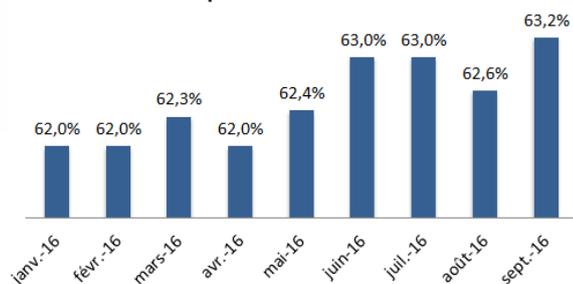
The industrial activity pursues its favorable dynamism to at the end of the first half of the year 2016, as shown by the good performance of its production index. Except oil refining industry, this index improved by 1,75 %, in relation to an increase of 1,4 % in the second quarter and 2,1 % in the first quarter of the same year.

Evolution de l'indice de production des industries manufacturières hors raffinage de pétrole



Besides, according to the last results of the business survey of Bank Al-Maghrib with the manufacturing sector, the capacity Utilization Rate of production continues to show a significant drop, at the end of September, 2016, compared with the same period of the previous year (-6,1 points), always, influenced, mainly, by the drop of that of the chemical and para-chemical industry, while noting improvements compared with the beginning of the current year: +0,2 and with the end of June, 2016 and +0,9 compared with the end of March, 2016.

Evolution du taux d'utilisation des capacités de production cumulé



Source: BAM; Elaboration : DEPF

For the fourth quarter 2016, the industrialists expect a favorable evolution of the production and the sales within all the business sectors, according to the results of the same survey.

Service industries

Resumption in the tourism sector

The resumption in the tourism sector indicators continues at the end of August, 2016, as shown by the return to growth in the volume of the arrivals and the overnight stays and the favorable performance of the tourism revenues. So, the number of the arrivals at the border posts of Morocco increased to more than 7,3 million arrivals, an improvement of 0,5 % in one year, after a reduction of 1 % at the end of August, 2015, fed by the increase of the arrivals of the Moroccans Living Abroad of 4 %, diminished, besides, by the drop of those of the foreign tourists by 3,3 % and this is true in spite of a volume increase of 3,7 % of the arrivals of the latter during August and 2 % during July 2016. This evolution was marked by the positive orientation of the arrivals from all the main issuing markets, except for those of the French markets (-2% compared with the end of August, 2015), English (-7 %) and German (-2 %).

Evolution des indicateurs touristiques (glissement annuel)



Source: Département du Tourisme; Elaboration : DEPF

As regards the overnight stays realized in the classified hosting establishments their volume exceeded, at the end of August, 2016, 12,8 million overnight stays, increasing by 1,7 % compared with the previous year, after drop of 6,7 % last year, led by the strengthening of those of the residents of 10,8 % after +11,5%), against

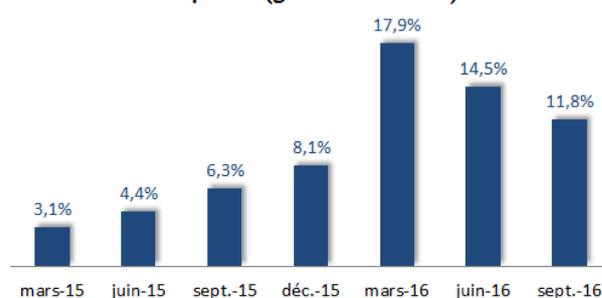
a reduction of 2,7 % in those of the nonresidents, after a strong drop registered in the same period of the previous year (-13,5 %). This deceleration of the bearish pace of the overnight stays of the non-residents was consolidated, in particular, by an increase of 16 % in July and 2,8 % during August 2016.

As for the tourism revenues, they strengthened by 4,1 % at the end of October, 2016, after an increase of 3,8 % one year previously to come to near 55,5 billion dirhams.

Pursuit of the favorable performance in the telecommunications sector

The telecommunications sector showed a globally favorable performance at the end of the first nine months of 2016, reflected by the good dynamics of the voice traffic coming out of global telephone system, that is to say a consolidation of 11,8 % over one year, after an increase of 6,3 % in the same period of the previous year, supported by the reduction of 17,9 % in the communication average price in the mobile telephony.

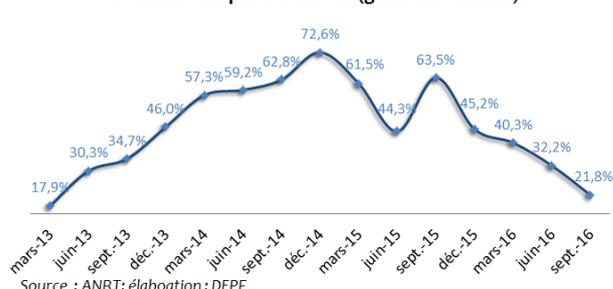
Evolution du trafic voix sortant du parc global de la téléphonie (glissement annuel)



Source : ANRT; élaboration : DEPF

As for the internet marketplace , its good dynamics continues to count in its asset more than 16,2 million subscribers, strengthening by 21,8 % compared with the end of September, 2015, bringing its penetration rate to 50 % after 41,1 % one year earlier.

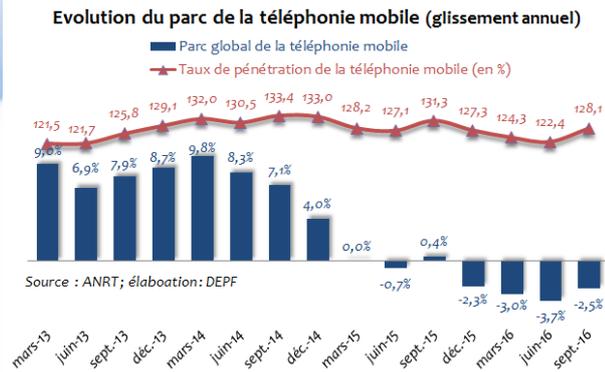
Evolution du parc Internet (glissement annuel)



Source : ANRT; élaboration : DEPF

As regards the customer base for the telephone service, it maintains its bearish pace, at the end of September, 2016, but in deceleration compared with the beginning of the year, both for the mobile as the fixed telephone systems, marking reductions of 2,5 % and 7,6 % after drops of 3,7 % and 8,7 % respectively at the end of June, 2016, to get back a penetration rate of

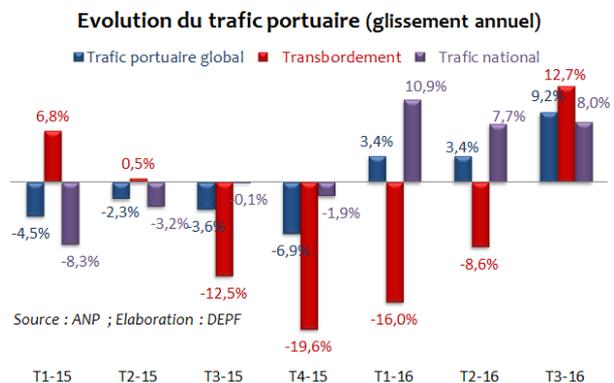
128% for the segment of the mobile telephony, after 122 % at the first semester of 2016 and 127 % at the end of 2015.



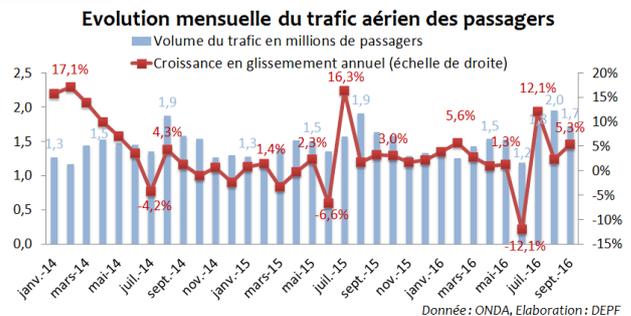
Continuous recovery in the transport activities in the third quarter

The global port activity (including that of transshipment in the port of Tangier Med) keeps confirming its new development in the third quarter 2016, showing a rise of 9,2 %, year-on-year, after a drop of 3,6 % one year previously, benefiting from the return to the growth of the transshipment activity (+12,7 % after -12,5 %) and of the good performance of the national traffic (+8 %).

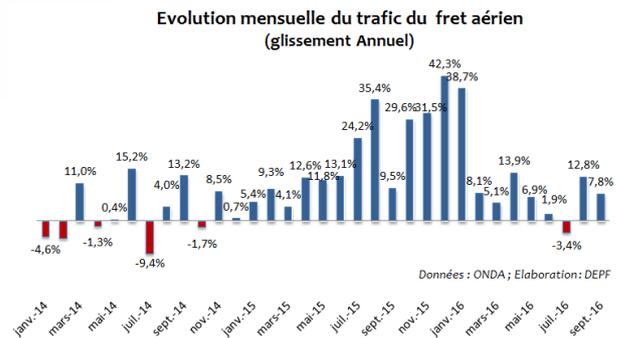
Further to this evolution, the global volume of the port activity increased by 5,3 % at the end of September, 2016, after a drop of 3,4 % one year earlier, led by the increase of the volume of the national traffic of 8,8 %, in relation to the strengthening of the imports traffic by 13,7 % and that of the exports by 0,4 %. This improvement was diminished by the drop of the transshipment activity by (-4,5 %), although in deceleration of its pace of reduction compared with the first half of the year (-12,2 % at the end of June, 2016).



In turn, the air transport activity, knew during the third quarter 2016 a consolidation of the number of the passengers welcomed at the national airports of 6,3 %, in relation to the good performance of this traffic during three months of this quarter (+12,1 % in July, +2,3 % in August and +5,3 % in September, 2016), to bring its growth at the end of September, 2016 back to +2,6 %, after an increase of 1,6 % one year earlier.



As regards the activity of the air freight, it strengthened, by volume, by 9,6 % in the first nine months of 2016, in consolidation of an increase of 13 % at the end of September, 2015.



2. Elements of the demand

In a national economic environment characterized by a mastered inflation (increase of the Consumer Price Index (CPI) by 1,6 % at the end of September year-on-year, the household consumption maintains a positive tendency in 2016, supported by the good dynamics of the various components of the household income. Indeed, these would have benefited from the favorable evolution noticed at the level of the transfers of the Moroccans Living Abroad, progressing by 4,2 % in more than 53,1 billion dirhams at the end of October, 2016, and the creation of 30.000 paid employment positions in the third quarter of year 2016. In the same trail, it is advisable to indicate that the outstanding loan of consumer credits showed a positive evolution during this year, progressing by 5,5 %, year-on-year, at the end of September, 2016.

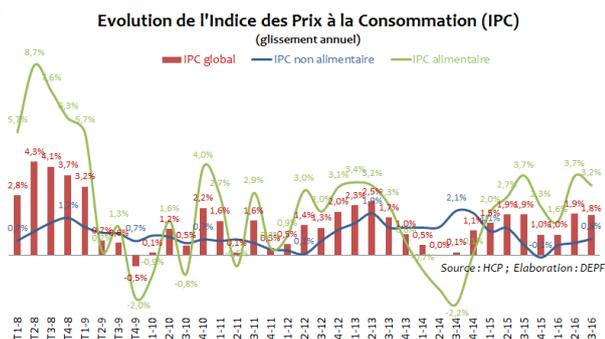
On the other hand, the effort of investment remains in 2016, in line with the dynamism of investment expenditures issued as part of the State budget, about 44,5 billion dirhams at the end of September, increasing by 15,9 % year-on-year, with the good performance of the equipment credits, improving by 5,8 %, year-on-year, at the end of September, and with the favorable performance of the capital goods imports (+23,8 % at the end of October, 2016) and the half-finished products (+6,4 % at the end of October, 2016).

Moderate price increase in September

The consumer price index (CPI) knew, during September 2016, an increase of 0,7 % compared with the previous month. This increase ensues from the increase of the food IPC by 1,1 %, supported by the increase of fruits prices 10,5 %, vegetables 4,5 % and coffee, tea and cacao 1,8%, diminished by a reduction

of 2,0 % in the prices of fishes and seafood and 0,8 % for those of the meats. This rise results also, from the increase of the non-food IPC of 0,4 % led, mainly, by the rise of 2,9% in fuel prices and 2,6 % in education.

In annual variation, the consumer price index increased by 1,6 % at the end of September, 2016, after an increase of 1,8 % one year previously, in relation to the increase of the food IPC 2,8 % and the non food IPC 0,6 % further to the estimation of the prices of housing, water, electricity and other fuels 1,1 %, restaurants and hotels 2,5 % and education 2,2 %, relieved by the drop of the transport prices 0,8 %.



As for the producer price index of the manufacturing sector except refining oil industry, it registered a reduction of 0,1 % during September 2016, month-on-month, resulting from the fall in the prices of food industries 0,3 %, metal industry 0,7 %, manufacturing of textiles 0,6 % and manufacturing of electrical equipments 0,1 %. Besides, this drop was mitigated by the increase in the production prices in the sector of woodwork and the manufacturing of wooden articles 0,9 % and in the clothing industry 0,6 %. Regarding the producer price indexes of the sectors of mining industries, production and supply of electricity and production and water distribution, they maintain their stability in September 2016, compared with the previous month.

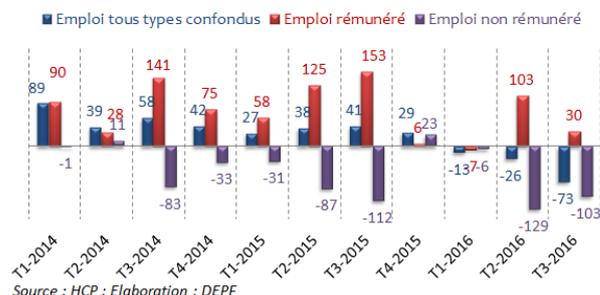
Unemployment rate decline in the third quarter

Between the third quarter of year 2015 and the same period of 2016, the Moroccan economy registered a creation of 30.000 paid employment positions of, situated exclusively in the rural area. As for the unpaid employment, made up of about 98 % of home helps, it maintains its downward trend, decreasing by 103.000 positions, 100.000 positions in rural areas and 3.000 positions in urban areas. Overall, 73.000 employment positions were lost at the national level, among which 70.000 observed in rural areas, against 3.000 in cities. Besides, there is good reason to note a clear reduction in the working population of 15 years and more than 1,1 % at the national level (1 % in cities and 1,3 % in rural areas).

By business sector, the job loss resulted from a reduction in the whole of the business sectors, except the sector of the Building and public works which ensured 52.000 new employment positions (or 5,3 % of the volume of employment of the sector). Regarding the agricultural sector, it marked a drop of 66.000 positions and that of

the industry (including handicraft) 44.000 positions, led, mainly, by the losses registered in the sector of textile and leather 33.000 positions. As for the employment volume in the service sector, it knew a limited loss of 15.000 positions.

Evolution de la création d'emploi (en milliers)



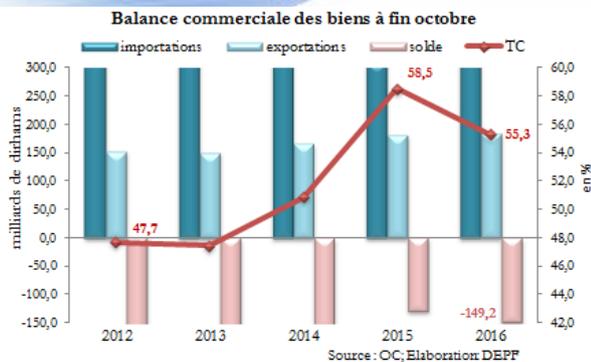
In these conditions, the unemployment rate knew a reduction of 0,5 point compared with the third quarter 2015 averaging 9,6 %, after a reduction of 0,1 point a quarter earlier, translating an unemployed active population decline of 5,3 % after an increase of 5,8 % in the third quarter 2015. This drop of the unemployment rate results from a decline of 0,8 point in the urban area 14,3 %, conjugated to a stability in the rural area 4,3 %. The most important reductions in the unemployment rate were found among the people having a diploma (-1,1) and the young people from 25 to 34 years old (0,8 point). The unemployment rate of the young people from 15 to 24 years old knew on the other hand the most important increase (+0,4).

Evolution de la population active en chômage (en glissement annuel)



3. Foreign trade

The situation of the foreign trade was marked, at the end of October, 2016, by an increase of the imports of the goods (7,5 %) more important than that of the exports (1,5 %), what was translated by an increase of the trade deficit of 15,8 %, this is to say the equivalent of 149,2 billion dirhams. Consequently, the cover rate of imports through exports of goods reduced by 3,2 points compared with the same period of 2015 to average 55,3 %.



Favorable dynamics in exports and new sectors

At the end of October, 2016, the exports of the properties, by value, recovered by 1,5 %, in annual variation to reach 184,5 billion dirhams. This improvement is to be related, particularly, to the good performance in exports and new sectors, particularly the automotive sector, as well as the sectors of food-processing industry, textile and leather, diminished, however, by the drop of the exports value of phosphates and by-products relating, essentially, to a price-effect.

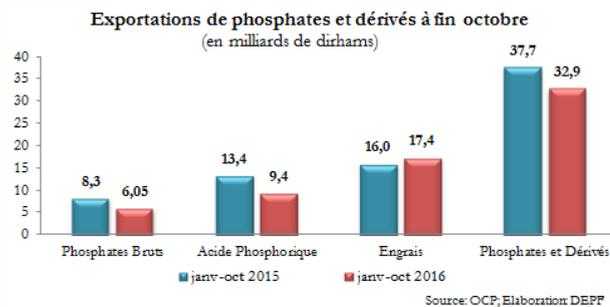
At the level of the new global business of Morocco, the exports in the **automotive** sector increased by 12,2 % to average 45,5 billion dirhams, benefiting, in particular, from the strengthening of the exports of the construction activity 18,8 % 3,8 billion dirhams and from those of the cabling segment 2,7 % about 17,2 billion dirhams. Besides, the exports in the sectors of **aeronautics** and **electronics** increased by 10,2 % and by 11,9 % to reach 7,6 and 7,5 billion dirhams respectively.

For their part, the exports in the sector of agriculture and **food-processing industry** strengthened by 5,6 % to reach 38,5 billion dirhams, that is to say 20,9 % of the total exports. This evolution resulted, essentially, from the increase of the exports in food industry 6,9 % to average 21,9 billion dirhams.

For their part, the exports in the **textile** and leather sector improved by 5,3 % to average 29,5 billion dirhams, shaped by the increase of the exports of clothes made by 7,6 % to reach 18,6 billion dirhams and those of the hosiery articles 5,1 % to be situated in 6,1 billion dirhams. Also, the exports of the **pharmaceutical** industry increased by 6,6 % to average 905 million dirhams.

On the other hand, abroad sales of phosphates and by-products registered a drop of 12,8 % to reach 32,9 billion dirhams at the end of October, 2016, lowering, so, their part in the total of the exports 17,8 % after 20,8 % last year. This reduction is explained by the fall in phosphates and DAP prices in the international market, respectively, 2 % and 25 %. Except phosphates and by-products, the exports improved by 5,3 % to reach 151,6 billion dirhams.

The rest of the exports, which represented 12 % of the total exports at the end of October, 2016, decreased by 9,6 %.



Increase of the total imports, mitigated by the drop in those of the raw products and the energy bill

Being always situated in an ascending cyclical phase, the value of the imports increased by 7,5 % at the end of October, 2016 to average 333,6 billion dirhams. This recovery affected all the groups of products, except energy and raw products.

The imports of **foodstuffs** firmed up by 20,7 % to average 36,3 billion dirhams, in relation, particularly, to the increase of the wheat imports 37,9 % to reach 10,2 billion dirhams at the end of October, 2016.

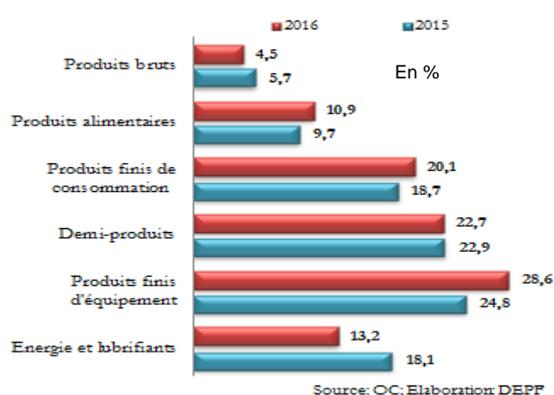
Besides, the value of the supplies in energy products continues decreasing by 21,5 % to average 44,2 billion dirhams. This reduction results mainly, from the drop of the purchases of the crude oil (10,9 billion dirhams) further to the cessation of the activity of SAMIR, the unique refinery of Morocco and, to a lesser extent, those of gas and other hydrocarbons (1,9 billion dirhams)

Apart from energy and cereal, the imports knew an increase of 13 % to reach 253,2 billion dirhams. So, the purchases of the **finished consumer products** increased by 15,5 % to average 67,2 billion dirhams, in particular, the imports of passenger cars and spare parts for passenger cars which increased by 35,5 % and by 31,7 % to reach about 12 and 4,8 billion dirhams, respectively.

For their part, the imports of half-finished products increased by 6,4 % 75,8 billion dirhams, particularly the imports of the **half-finished products** made of non alloy iron or steel which increased by 23,9 % to average 3,5 billion dirhams. As for the acquisitions of the **finished capital goods**, they recovered by 23,8 % to average 95,3 billion dirhams, this is to say 28,6% of the total imports. This evolution is in relation, in particular, to the increase of the imports of piston motors and industrial cars 31,6 % and 20,5 % to reach 6,4 and 8,4 billion dirhams, respectively. Except purchases of capital goods and half-finished products, the imports remain relatively stable at the end of October, 2016

On the other hand, the imports of raw products fell by 15,9 % to average 14,9 billion dirhams, under the influence of the drop of the acquisitions of raw and unrefined sulfurs 35,6 % to reach 3,8 billion dirhams.

Structure des importations à fin octobre (en %)



Favorable evolution of the travel revenues and the transfers of the Moroccans Living Abroad.

As regards the financial flows, the travel revenues improved by 4,1 % to average 55,5 billion dirhams at the end of October, 2016. At the same time, the transfers of the Moroccans Living Abroad increased by 4,2%,1 billion dirhams. These two sectors allowed, so, to cover 72,8 % of the trade deficit against 80,9 % one year previously. On the other hand, the flow of the foreign direct investments depreciated by 26,6 % to return to more than 18,9 billion dirhams, in the trail of the reduction in revenues 12,6 % which reached 27,8 billion dirhams and the increase of the expenditures 48,4 % which increased to 8,8 billion dirhams. However, the reduction in the pace of FDI flow (Foreign Direct Investment) diminished compared with the end of September, 2016, further, in particular, to the mitigation of the pace of the expenditures increase .

4. Public finances (except VAT on Local authorities)

The situation of charges and resources of the Treasury at the end of September, 2016 highlights a reduction of the budget deficit 4 % to average 26 billion dirhams. This evolution resulted from the strengthening of the ordinary revenues at a more important pace than that of the global expenditures, taking into consideration the increase of the surplus on the balance of treasury special accounts.

Favorable evolution of the ordinary revenues

The ordinary revenues were realized at the end of the first nine months of 2016 at the level of 73,6 % compared with the forecasts of the finance law 2016, adding up 163,5 billion dirhams, increasing by 6,6 % compared with the end of September, 2015. This evolution is attributable, essentially, to the increase of the tax revenues, and to a lesser extent to that of the non-fiscal revenues.

Tax revenues were implemented at the level of 74,5 % of the initial forecasts to reach 142,8 billion dirhams, increasing by 6,1 % compared with the previous year. This increase affected the four columns of these revenues .

Direct taxes revenues, realized at the level of 75,6 %, increased by 7,2 % to average 64,6 billion dirhams. This

evolution is in relation, essentially, to the increase of the revenues of the payroll tax and the income tax.

The payroll tax revenue increased, year-on-year, by 7,3 % to border 34 billion dirhams after a reduction of 2,8 % previous year. They became a reality at the level of 76,8 %. This improvement is understandable, particularly, by the good performance, during the year 2015, of the results of certain large companies (OCP, ANRT, MANY, CIH, SODEP, cement works).

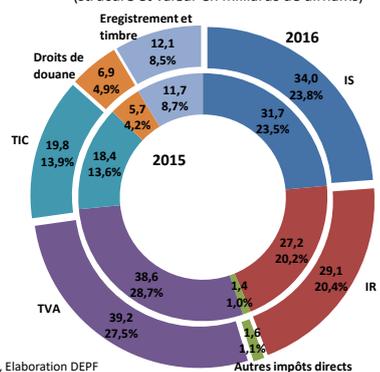
The income tax revenues reached 29,1 billion dirhams, registering an increase of 7 % and a realization rate of 75,4 %. The income tax revenues on real estate profits strengntened by 24,2 % 3,2 billion dirhams after a drop of 3,1 % at the end of September, 2015. For their part, the income tax revenues taken off by the Staff Expenditures Department (DDP) increased by 3,8 % to reach 6,7 billion dirhams.

Also, indirect tax revenues increased by 3,7 % compared with the end of September, 2015 and came true at the level of 72,9 % to average 59,1 billion dirhams. This evolution is in relation to the increase of the revenues of ICTS, and to a lesser extent to that of the VAT revenues .

The revenues of ICTS increased by 7,9 % 19,8 billion dirhams, that is to say a realization rate of 77,7 %, under the influence of the improvement of ICTS revenues on manufactured tobaccos by 11,7 % 7 billion dirhams, and of those of the ICTS on energy products 5,6 % 11,6 billion dirhams. The VAT revenue, as for it, increased by 1,7 % to average 39,2 billion dirhams, that is to say an implementation rate of 70,7 %, recovering the increase of the VAT revenues in imports by 7,1 % 25,2 billion dirhams, diminished by the reduction in those of the internal VAT by 6,7 % 14 billion dirhams. The latter take into account refunds for a 6,1 billion dirhams at the end of September, 2016 against 3,9 billions at the end of September, 2015.

For their part, revenues relative to the registration and stamp fees increased by 3,8 % and were realized at the level of 70,3 % to reach 12,1 billion dirhams. Also, revenues collected as part of the customs duties increased by 21,9 % and came true at the level of 87,8 % to reach 6,9 billion dirhams.

Evolution des recettes fiscales à fin septembre (structure et valeur en milliards de dirhams)



The non-fiscal revenues increased by 10,7 % compared with the end of September, 2015 to reach 18,6 billion

dirhams, so coming true at the level of 68,4 %. This evolution is attributable to the increase of the monopoly revenues and the other non-fiscal revenues

The monopoly revenues increased, year-on-year, by 6,5 % 6,9 billion dirhams, that is to say a realization rate of 82,7 %. These revenues take into account at the end of September, 2015 an amount of 1,7 billion dirhams for the awarding of 4G licenses. Revenues at the end of September, 2016 were paid in, particularly, by the Royal Office of Phosphate (OCP) (2 billion dirhams against 1 billion), Itissalat Al-Maghrib (1,4 billion dirhams against 1,6 billions), the National Land Registry Agency (1,3 billions), Marsa Maroc (750 million dirhams against 250 millions) and Bank Al-Maghrib (336 million dirhams against 559 millions).

Other non-fiscal revenues firmed up by 13,4 % 11,7 billion dirhams, that is to say a realization rate of 62 %. This evolution is attributable, in particular, to the realization, at the end of September, 2016, of the amount of 3,2 billion dirhams as donations received from the countries of the CCG against 1,3 billion dirhams at the end of September, 2015. However, revenues mitigating the expenditures of the debt, the support funds and gazoduc royalties decreased respectively by 47 %, 66,6 % and 44,1 % 1,8 billions, 766 millions and 732 million dirhams.

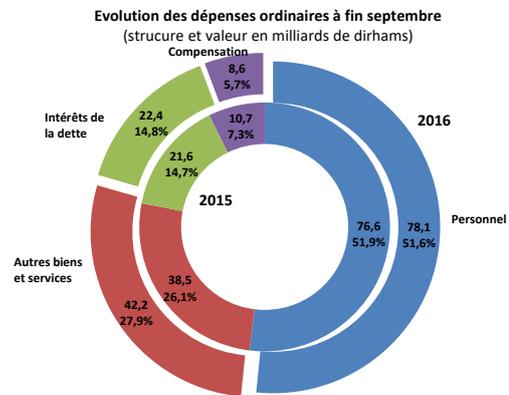
Increase in the ordinary expenditures, led by the increase in the goods and services expenses.

The rate of the implementation of the ordinary expenditures averaged 71,5 % at the end of September, 2016 to reach 151,3 billion dirhams, increasing by 2,6 % compared with the end of September, 2015. This evolution is understandable by the increase of the goods and services expenses and charges on debt interest, diminished by the reduction in the compensation costs.

The goods and services expenses, which were realized at the level of 71,7 %, increased by 4,5 % to reach 120,3 billion dirhams, recovering an increase of the expenditures on staff % 78,1 billion dirhams, or an implementation rate of 73,1 %, and an increase of the expenses of the other goods and services 9,6 % to average 42,2 billion dirhams, that is to say a realization rate of 69,2 %. The latter take into account transfers for the benefit of the Moroccan Pension Fund (CMR) (8,9 billion dirhams against 9,1 billions), in the diverse establishments and public companies (13,8 billion dirhams against 10,9 billions) and in the special accounts of the Treasury (3,9 billion dirhams against 2,3 billions).

Besides, the charges on interests of the debt, implemented at the level of 79,2 %, increased by 3,6 % average 22,4 billion dirhams, under the joint effect of the increase of those of the internal debt 5 % to average 19,8 billion dirhams and the drop of those of the foreign debt 6,4 % to reach 2,6 billion dirhams.

On the other hand, the compensation costs diminished , year-on-year, 19,8 % to average 8,6 billion dirhams at the end of September, 2016, that is to say a realization rate of 55,4 %. So, their part in the total of Ordinary expenditures averaged 5,7 % against 7,3 % at the end of September, 2015. This reduction is in relation to the total liberalization of the prices at the pump of petroleum products starting from December 1st, 2015, favored by the drop of oil prices in the world market.



Source: MEF, Elaboration DEPF

Regarding investment expenditures, they reached 44,5 billion dirhams, increasing by 15,9 % year-on-year . Compared with the initial forecasts, they came true at the level of 83,8 %

Reducing the budget deficit

Taking into account the increase of the surplus on the balance of the Treasury special accounts 16,5 % which reached 6,4 billion dirhams, the situation of charges and resources of the Treasury at the end of September, 2016 highlights a 26 billion dirham budget deficit against 27,1 billions last year, that is to say a 1,1 billion dirham mitigation or 4 %. In view of the increase of the stock of pending expenses 3,3 billion dirhams compared with the end of December, 2015, the Treasury financing needs reached 22,7 billion dirhams. To fill this need, the Treasury resorted to the internal financing with an amount of 19,5 billion dirham, in view of a positive outward net flow of 3,1 billion dirham.

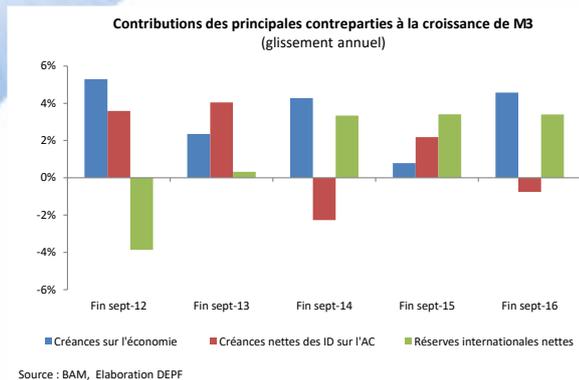
5. Financing of the economy

Acceleration in the growth rate of the money supply, led by the improvement of the pace of bank credits progress.

At the end of September, 2016, the money supply (M3) registered a light increase of 0,1 %, month-on-month, coming to 1180,1 billion dirhams. This evolution resulted from the increase of the credits to the economy, from net international reserves and net loans to the Central Administration.

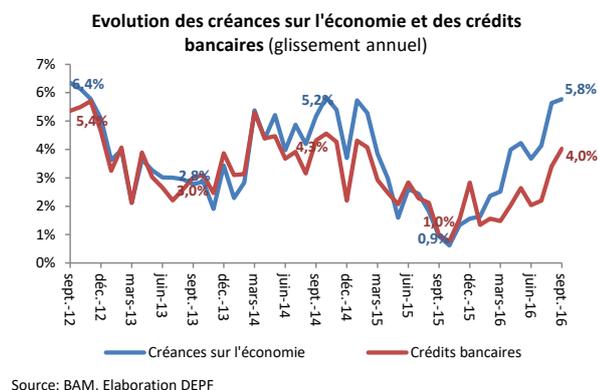
Year-on-year, the increase rate of M3 improved, increasing from 5,5 % at the end of August, 2016 to 5,9 % at the end of September, 2016, that is to say at a pace exceeding that registered the previous year (5,2 %). This evolution resulted, essentially, from the improvement of the pace of the credits progress to the

economy. On the other hand, that of the net international reserves slowed down, while the net loans to the Central Administration fell.



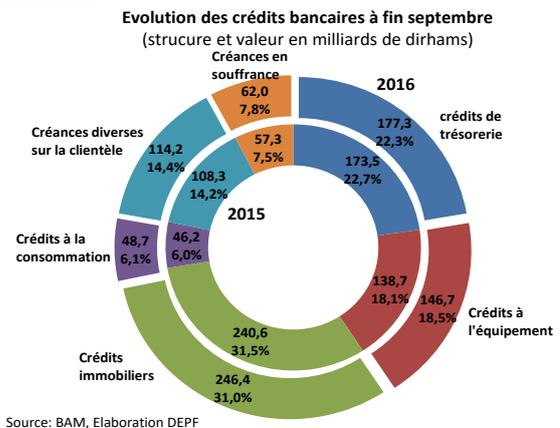
The credits to the economy increased by 0,3 %, month-on-month, to average 934,9 billion dirhams. This evolution resulted from the joint effect of the reduction, compared with the previous month, from the detentions of the Other Deposit taking Institutions 3,3 % and the increase of bank credits by 0,8 % to reach 795,3 billion dirhams. The evolution of the latter recovers an increase in the investment credits (+0,9 %), financing opportunities (+0,5 %), real estate credits (+0,2 %), and a near stagnation of consumer credits (+0,1 %). As regards the outstanding loans, they increased, month-on-month, by 1,6 % after a light drop of 0,4 % in the previous month.

Year-on-year, the progress rate of the debts to the economy accelerated to average +5,8 % (+51 billion dirhams) after +5,6 % (+49,8 billions) previous month and +0,9 % (8,3 billions) at the end of September, 2015. This evolution recovers the strengthening of the detentions of the Other Deposit taking Institutions 15,6 % after a reduction of 3,4 % one year previously, and the improvement of the pace of increase, year-on-year, in bank credits, to average +4 % (+30,7 billion dirhams) after +3,4 % (+26 billions) in the previous month and +1 % (+7,4 billions) last year.

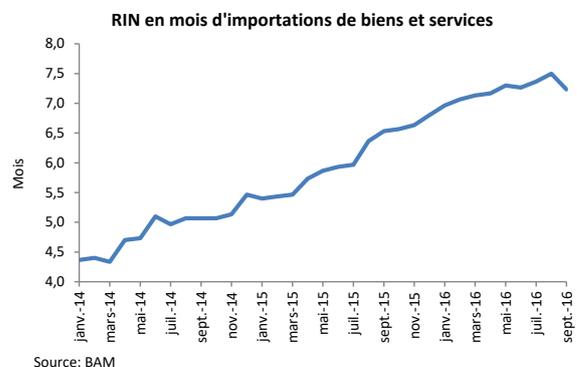


By economic object, the evolution of bank credits recovers, in particular, the increase of the investment credits and the financing opportunities, respectively 5,8 % and 2,2 % after a drop of 0,8 % and 5,7 % in the previous year, as well as the acceleration of the pace of increase in consumer credits, (+5,5 % after +5,3 % one year previously) and the home loans (+2,4 % after +2,2

%). The evolution of the latter recovers the mitigation of the pace of reduction in those to the property developers 4,2 % after 6,3 % and the slowing down of the increase in housing loans 5,3 % after 5,7 %. As regards the outstanding loans, their growth rate slowed down, to average 8,3 % after 9,9 %.

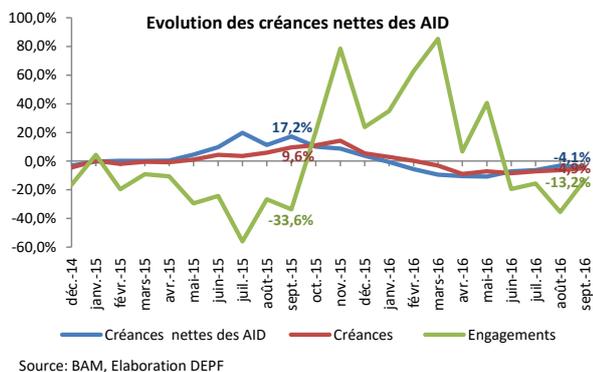


The Net International Reserves (NIR) increased compared with the previous month by 1,2 % or by 2,9 billion dirhams to average 251,7 billion dirhams at the end of September, 2016, that is to say the equivalent of 7 months and 7 days of imports of goods and services against 6 months and 16 days at the end of September, 2015. Year-on-year, the increase rate in the net international reserves slowed down, averaging +17,7 % (+37,8 billion dirhams) after +18,2 % (38,4 billions) in the previous month and +20,3 % (+36,1 billions) at the end of September, 2015.



The net debts of the deposit taking institutions on the Central Administration (CA) registered a light increase, month-on-month, of 0,9 % to average 149,2 billion dirhams. Year-on-year, these debts diminished by 5,3 %, after a reduction of 4,1 % last month and after an increase of 17,2 % previous year.

This evolution is in relation to the drop of the Treasury recourse to the Other Deposit taking Institutions 4,1 % after an increase of 17,2 % at the end of September, 2015. The evolution of these recourses recovers the joint effect of the reduction in the debts of the Deposit taking Institutions on the Central Administration 4,9 % after an increase of 9,6% in the previous year, and the drop of their commitments towards the Central Administration 13,2% after a 33,6 % drop one year previously.



At the level of the components of M3, the evolution of the latter, month-on-month, reflects the joint effect of the increase of the fiduciary circulation by 1,7 %, savings accounts 0,9 % and sight deposits within banks 0,3 %, and the drop of monetary UCITS 0,8 % and the term accounts of 0,2 %.

Year-on-year, the evolution of M3 recovers, particularly, the acceleration in the increase in the sight deposits in banks (+7,2 % after +5,3 % one year previously) and of the securities of the monetary UCITS (+4,1 % after +2,2 %). However, a deceleration was registered at the level of the fiduciary circulation (+4,4 % after +8,3 % previous year), bank term accounts (+1,6 % after +8,8 %) and savings accounts (+6 % after +7,3 %).

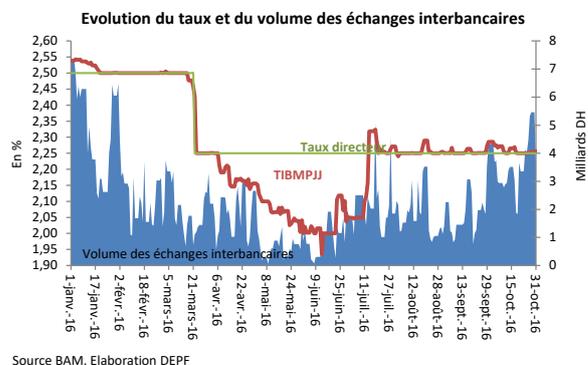
Regarding the aggregates of liquid investments, their outstanding loans registered a light reduction compared with the previous month of 0,9 %, under the joint effect of the drop of the outstanding loans of the contractual securities of UCITS and the negotiable debt securities (PL1) and that of the securities of compulsory UCITS (PL2) respectively 0,2 % and 2,4 %, and in the increase of that of the securities of the composite funds and shares (PL3) 0,5%. Year-on-year, these outstanding loans increased by 8,6 % after an increase of 18,6 % at the end of September, 2015. This evolution is in relation to the increase of the outstanding loans of PL1, PL2 and PL3 respectively 7,3 %, 11,4 % and 6,8 % after an increase of 16,8 %, 25 % and 6,6 % in the previous year.

Improvement of the banking liquidity during October 2016

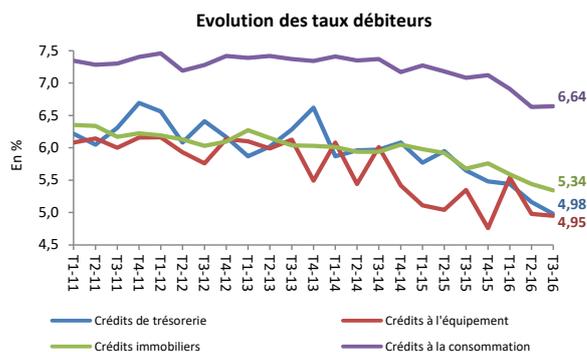
During October 2016, the liquidity need of banks diminished, in relation, in particular, to the fall of the fiduciary circulation. In this context, Bank Al-Maghrib reduced the volume of its operations of injection of liquidity, in particular, through the advances within 7 days on invitations to tender, in which the average volume decreased to average 15,3milliards of dirhams after 19,2 billion dirhams in September, 2016. The Central Bank intervened, also, through the operations of guaranteed loans in 1 year as part of the program of support for the financing of the TPME whose outstanding loans remained almost stable in 4,1 billion dirhams at the end of October, 2016.

As for the evolution of the weighted average interbank rate day to day (TIMPJJ), it evolved at levels close to

the intervention rate during October 2016, averaging 2,26 % and registering a light increase of 1 basis point compared with the previous month. For its part the volatility of the interbank rate, measured by its standard deviation, was low, averaging 1,2 bp against 0,9 in September, 2016. As regards the average volume of the interbank transactions, it increased compared with the previous month by 85,4 % to average 3,5 billion dirhams.



Regarding the evolution of the debtor rates, the results of the survey of Bank Al-Maghrib within banks in the third quarter of 2016 reveal a reduction in the weighted average rate of the bank credit, compared with the previous quarter, 17 basis points 5,08 % after a drop of 30 basis points the previous quarter. This drop affected the rates matching the opportunities of finance (-18 basis points 4,98 %), home loan (-10 basis points 5,34 %) and the investment credits (-3 basis points 4,95 %), whereas those applied to consumer credits almost stagnated (6,64 % after 6,63 %).



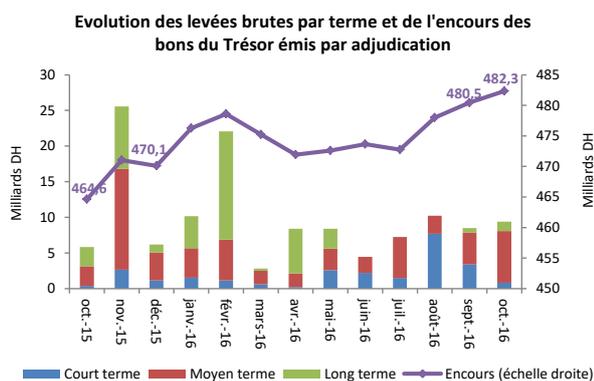
Increase of the treasury recourse to the market of auctions and Reduction in bond rates during October 2016

During October 2016, the gross fund raisings of the Treasury at the level of the market of auctions increased by 10,6%, compared with the previous month to reach 9,4 billion dirhams. In terms of structure, this increase affected the volume raised by the average and long maturities. That of the average maturities increased compared with the previous month 61,8 % 7,3 billion dirhams, to represent 77,4% of the fund raisings of the month after 52,9 % last month. That of the long maturities doubled more to average 1,3

billion dirhams, this is to say 13,8 % of the fund raisings of the month after 7,1 % the previous month. On the other hand, the raised volume of the short maturities decreased by 75,8 % 823,6 million dirhams, this is to say 8,8 % of the fund raisings of the month after 40 % in the previous month.

The Treasury repayment increased by 24,6 % compared with the previous month to average 7,5 billion dirhams. Therefore, the net fund raising of the Treasury reached 1,9 billion dirhams after 2,5 billions in the previous month, that is to say a reduction of 23,6 %. Taking into account these evolutions, the stock of Treasury bills issued by tender increased by 0,4 % compared with the end of September, 2016 and 2,6 % compared with the end of December, 2015 to average 482,3 billion dirhams at the end of October, 2016. The structure of these stocks of treasury bills remains prevailed by the long-term maturities whose part firmed up, increasing from 55,3 % at the end of December, 2015 to 58,5 % at the end of October, 2016, as well as by the average maturities, however, decreasing by (37,2 % against 38,9 %). The part of the short term remains low at 4,3 % after 5,8 %.

At the end of the first ten months of 2016, the gross fund raisings of the Treasury averaged 91,6 billion dirhams, decreasing by 21,5 % compared with the end of October, 2015. This drop affected the volume of the short and average maturities which decreased respectively by 33,7 % and 31,6 % 21,7 and 39 billion dirhams, to represent respectively 23,7 % and 42,6 % of the fund raisings 28 % and 48,9 % at the end of October, 2015. On the other hand, the volume raised by the long maturities increased by 14,5 % 30,9 billion dirhams, this is to say 33,7 % of the fund raisings after 23,1 % one year previously. As for the Treasury refunds, they increased, year-on-year, by 1,6 %



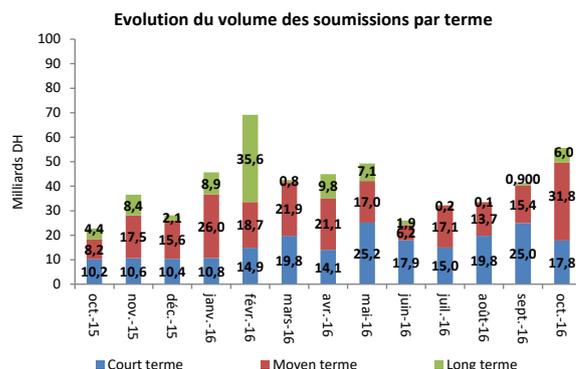
Source BAM, Elaboration DEPF

to average 79,4 billion dirhams.

As regards the volume of the submissions on the market of auctions during October 2016, it increased by 34,6 % compared with the previous month to average 55,6 billion dirhams. This increase affected the volume tendered of the average and long maturities which increased respectively from 15,4 billion dirhams and 900 million dirhams in September, 2016 to 31,8 and 6 billion dirhams in octobre 2016, that is to say respectively 57,1 % and 10,8 % of the submissions of the month after 37,3 % and 2,2 % in the previous month. On the other

hand, that of the short maturities fell by 28,7 % 17,8 billions, to represent 32 % of the submissions of the month after 60,5 % in September, 2016.

In the first 10 months of 2016, the volume of the submissions reached 440,4 billion dirhams, decreasing by 3,6 % compared with the end of October, 2015. This drop affected the volume tendered by the short and average maturities which decreased respectively by 7,5 % and 4,5 % 180,3 and 188,8 billion dirhams, to represent respectively 40,9 % and 42,9 % of the volume of the submissions after 42,7 % and 43,3 % in the previous year. On the other hand, the volume tendered by the long maturities strengthened by 10,9 % 71,3 billion dirhams, that is to say 16,2 % of the volume of the submissions against 14,1 % last year.



Source BAM, Elaboration DEPF

Regarding the evolution of the average of weighted primary rates of the Treasury bills of October 2016, they decreased, registering drops, compared with September 2016, between 7 basis points and 15 basis points.

Evolution of the rates of Treasury bills on the primary market (%)

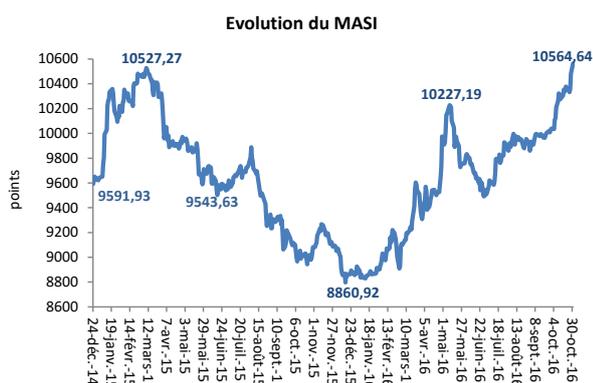
	May.16	Jun.16	Jul.16	Aug.16	Sept.16	Oct.16	Var
13 sem	1,84	1,65	2,00	2,18	2,18	2,10	-8 bp
26 sem	1,86	1,71	2,12	2,25	2,26	2,15	-11 bp
52 sem	1,92	1,86	2,24	2,38	2,37	2,30	-7 bp
2 years	-	2,04	2,36	2,52	2,57	2,48	-9 bp
5 years	2,28	-	2,60	-	2,82	2,67	-15 bp
10 years	2,74	-	-	-	3,22	3,08	-14 bp
15 years	3,20	-	-	-	-	-	-
20 years	3,49	-	-	-	-	-	-
30 years	4,31	-	-	-	-	-	-

Source : BAM

Pursuit of the favorable evolution of the indicators of the stock exchange of Casablanca during October 2016

The indicators of the stock exchange of Casablanca pursued their favorable evolution during October 2016, in a context marked by the strengthening of the global profitable capacity of listed companies. The indicators MASI and MADEX enclosed the month at 10564,64 and 8653,21 points respectively, this is to say their highest levels since March, 2015, registering an increase of 5,2 % and 5,3 % compared with the end of September, 2016 after an increase of 1,8 % and 1,7 % previous

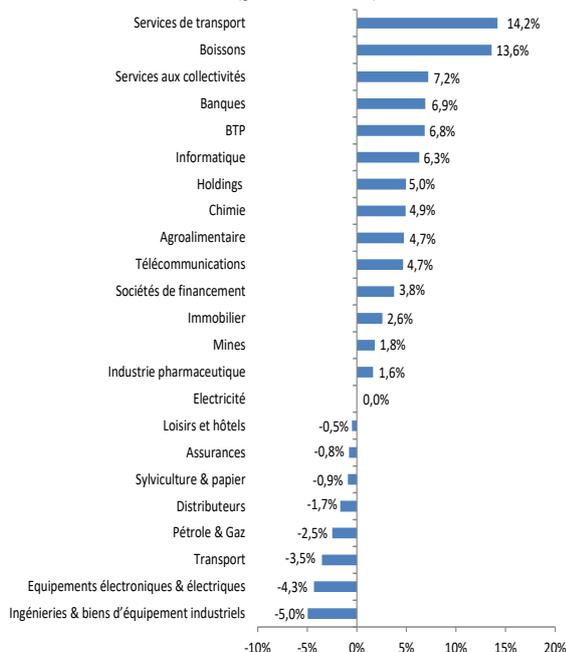
month. Compared with the end of December, 2015, their performance increased from 12,5 % and 13,2 % at the end of September, 2016 to 18,4 % and 19,3 % at the end of October, 2016.



Source: Bourse de Casablanca, Elaboration DEPF

At the sectorial level, among 23 sectors represented to the quotation of the stock exchange of Casablanca, 15 sectors registered positive performances compared with the end of September, 2016, particularly, the indicators of the sectors of transport (+14,2 %), drinks (+13,6 %), and services in communities (+7,2 %). The indications of the sectors of banks, telecommunications and BUILDING AND CIVIL ENGINEERING WORKS which represent respectively 34,2 %, 22,1 % and 14,3 % of the global capitalization increased respectively by 6,9 %, 4,7% and 6,8 %. The disappointing performances of the month affected, particularly, the index of the sectors of engineering and industrial capital goods (5 %), electronic and electric equipments (4,3 %), transport (3,5 %) and oil and gas (2,5 %).

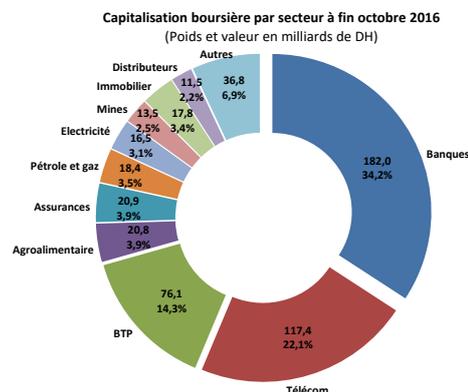
Evolution des indices sectoriels à fin octobre 2016 (glissement mensuel)



Source: Bourse de Casablanca, Elaboration DEPF

For its part, the market capitalization reached its highest level since March, 2015 to average 531,8 billion dirhams at the end of October, 2016, increasing by 4,8 %

compared with the end of September, 2016 after an increase of 1,6 % previous month, so returning its performance compared with the end of December, 2015 from +12 % at the end of September, 2016 to +17,3 % at the end of October, 2016.

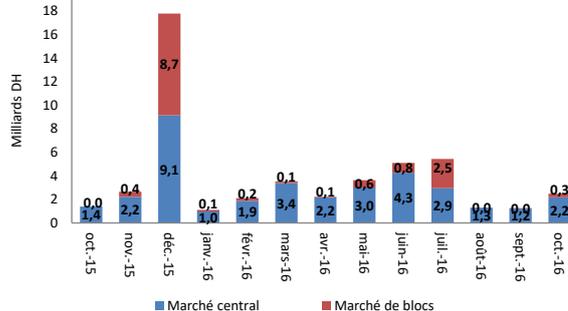


Source: Bourse de Casablanca, Elaboration DEPF

The global volume of the transactions realized in October 2016 doubled compared with September 2016 to reach 2,6 billion dirhams. This volume divided up at the level of:

- 83,1 % for the central market. The transactions in this market increased, compared with the previous month, by 79,2 % 2,2 billion dirhams. The values Attijariwafa Bank, MANY, SODEP-Marsa Morocco and Itissalat Al-Maghrib channelled respectively 18,7 %, 15,8 %, 12,5 % and 8,2 % of the volume of transactions in shares in this market;
- 11,4 % for the market of blocks where the exchanges strengthened, increasing from 46,3 million dirhams in September, 2016 to 298,4 millions in October, 2016;
- 3,8 % for the introduction to bonds;
- 1,2 % for the contributions of shares;
- 0,5 % for the transfers of shares ;

Evolution du volume mensuel des transactions sur le marché central et le marché de blocs



Source: Bourse de Casablanca, Elaboration DEPF

At the end of the first ten months of 2016, the global volume of the transactions reached 46,2 billion dirhams, increasing by 60,1 % compared with the same period of the previous year. The volume of trade on the central markets and of blocks increased compared with the end of September, 2015 by 15,3 % 28,2 billion dirhams, recovering an increase of that registered in the central market 16,4 % 23,4 billion dirhams and that realized in the market of blocks 10,4 % 4,8 billion dirhams.