ANNUAL REPORT

DOMESTIC DEBT

MINISTRY OF ECONOMY AND FINANCE

Treasury and External Finance Department

Domestic debt Division

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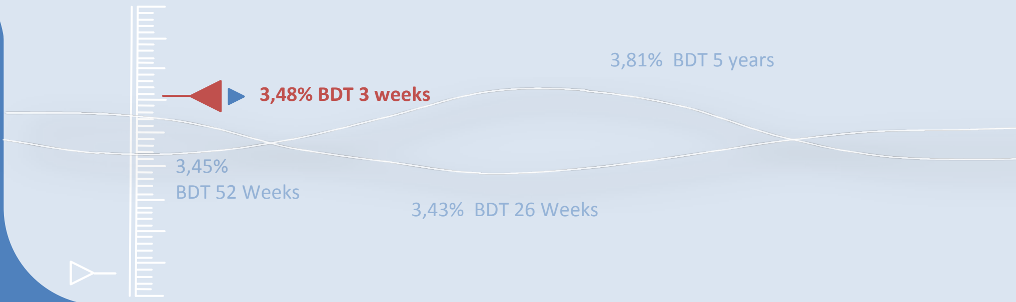
2009



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DOMESTIC DEBT DIVISION

Mission

The Domestic Debt Division is in charge of the domestic debt and cash management. Its main attributions are :

- Participation to designing and implementing the Treasury financing strategy in the domestic market ;
- Issuance of bonds on the auction market and redemption of domestic debt ;
- Active management of domestic debt (buy-back and switch of bonds) ;
- Active cash management : investment of cash surpluses and short term borrowing in the money market ;
- Analysis and management of risks related to the domestic debt portfolio and changing market conditions and introduction of new debt instruments ;
- Follow up of bond transactions in the secondary market, relationship with primary dealers and of the guaranteed domestic public debt.

Organisation Chart

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INTERNET SITES OF THE MAIN PARTENERS

Ministry of Economy and Finance
www.finances.gov.ma

Institutional Investors Site
www.finances.gov.ma/portal/page?_pageid=53,17812558&_dad=portal&_schema=PORTAL

Central Bank (Bank Al-Maghrib)
www.bkam.ma

Securities Regulation Council
www.cdvm.gov.ma

Central Depositary (MAROCLEAR)
www.maroclear.com

Official Statistics Department
www.hcp.ma

Exchange Office
www.oc.gov.ma

Special Data Dissemination Standard (SDDS)
www.imf.org/external/np/exr/facts/data.htm

Key Indicators

Key Indicators of The Central Government Debt

		2008	2009
TOTAL DEBT	Outstanding	MAD 325.8 Billion € 29,0 Billion	MAD 345.2 Billion € 30,5 Billion
	% to GDP	47.3%	47.1%
DOMESTIC DEBT	Outstanding	MAD 257.5 Billion € 22.9 Billion	MAD 266.4 Billion € 23.5 Billion
	% to GDP	37.4%	36.4%
EXTERNAL DEBT	Outstanding	MAD 68.3 Billion € 6.1 Billion	MAD 78.8 Billion € 7.0 Billion
	% to GDP	9.9%	10.8%
MARKETABLE DEBT	Domestic Debt	MAD 252.7 Billion € 22.5 Billion	MAD 257.9 Billion € 22.8 Billion
	Eurobonds*	MAD 4.8 Billion € 425.0 Million	MAD 5.9 Billion € 522.6 Million

* Debt outstanding is valuated at price market at 31/12 of each year.

PN : The exchange rate used (Euro/MAD) is 11,246 at the end of 2008 and 11,316 at the end of 2009.

THREASURY DOMESTIC DEBT

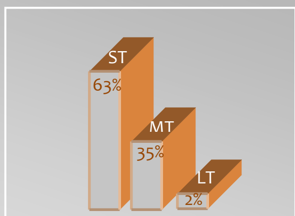
MAD Million

		2008	2009
Treasury Issuances	Issuances	51 072	80 429
	Redemptions	57 358	71 437
	Net Issuances	-6 286	8 992
Gross Cost of Debt	Interest charges	15 562	14 548
	% to ordinary revenue	8.5%	8.5%
Cost and risk indicators	Apparent Average Cost	5.34%	5.10%
	Weighted average rate at issuance	3.72%	3.55%
	Average term to maturity	5 years and 10 months	5 years and 3 months
	short term debt share	24%	29%

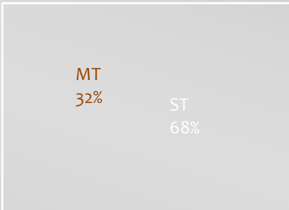
AUCTION MARKET

	2008	2009	Change
Volume of Bids	324.3 MAD Billion	448.5 MAD Billion	
Auctioned volume	46.5 MAD Billion	72.9 MAD Billion	
Bid to cover	7 times	6 times	

Distribution of Bids



Distribution of Issuances



Secondary Market for Government Securities

Volume measures	2008	2009	Change
Total Trading	6 213 MAD Billion	5 419 MAD Billion	↘
Outright transactions	74 MAD Billion	121 MAD Billion	↗
Repos	6 139 MAD Billion	5 298 MAD Billion	↘

Liquidity measures	2008	2009	Change
Turnover rate	25 %	44 %	↗
Average size of outright transactions	70 MAD Million	95 MAD Million	↗
Average daily volume of outright transactions	243 MAD Million	476 MAD Million	↗

Calendar 2010

January	5	12	19	26	
February	2	9	16	23	
March	2	9	16	23	30
April	6	13	20	27	
May	4	11	18	25	
June	1	8	15	22	29
July	6	13	20	27	
August	3	10	17	25	31
September	7	14	21	28	
October	5	12	19	26	
November	2	9	16	23	30
December	7	14	21	28	

Regular Meetings with Primary Dealers

The 3rd Thursday of each month

Regular Meetings with Mutual Funds

22 April
28 July
27 October

Previous calendar: Short-term auction session; Medium and long-term auction session; MLT auction session with issuance of 20 and 30 years securities

New calendar: ST auction session: 13, 26, 52 Weeks and 2 years bonds; ST + Issuance of 5, 15 and 20 years; ST + Issuance of 10, 15 and 30 years bonds

PN : The settlement day is the following Monday after each auction session.
The very short-term securities are issued out of the calendar and their settlement day is the following day after the auction session (t+1).

TREASURY ANNOUNCEMENTS

Treasury bonds auctions

Announcement of the monthly Treasury borrowing needs	The first Monday of each month
Announcement of the auction session	Each Friday
Announcement of the auction results	Less than 3 hours after the close of the session

Active cash management (investment transactions)

Announcement of the amount to be invested	8h45min (15 minutes before the start of the session)
Announcement of the investment results	Less than 10 minutes after the close of the session

Medium of announcements

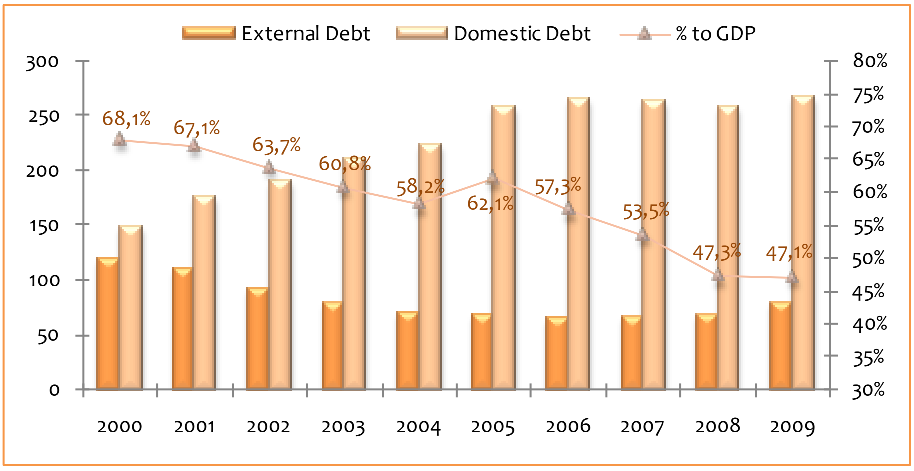
- Auction system
- Ministry of Economy and Finances web site (www.finances.gov.ma)
- Reuters (BAM/MON04)

Central Government Debt

Further to the regression observed during the last two years, the Central Government debt outstanding (domestic and external) increased by MAD 19.4 billion (or 6%) to stand at MAD 345.2 billion against MAD 325.8 billion in 2008 mainly owing to the increase of the stock of both domestic and external debt, respectively by 8.9 and 10.5 billion of MAD.

Despite this increase, the Central Government debt to GDP ratio continues its downward trend begun 10 years ago (except 2005). This ratio ended the year 2009 at 47.1%, 0.2 point lower than the level recorded last year and by 21 percentage points compared to 2000 when it stood at 68.1% (the annual average decrease is 2.1 points of GDP).

Evolution of the Central Government debt to GDP ratio



It is worth noting that the increase of the Central Government debt to GDP ratio experienced in 2005 was due to the financing of two non-recurrent major expenses : i) the voluntary early retirement scheme and ii) the reimbursement of state arrears vis a vis the CMR (Moroccan pension fund) for an aggregate amount of MAD 21 billion.

Economic Environment

The year 2009 was distinguished by the international financial and economic crisis that has affected the Moroccan real economy through indirect macroeconomic channels including the drop of the external demand and remittances as well as the decline in capital inflows.

Despite this adverse context, the economy showed signs of resilience, due mainly to a strong domestic demand, a good crop production and especially the resilience of certain non-agricultural activities supported by the measures undertaken within the strategic monitoring committee which contributed to limit the negative effects of the crisis on the national economy.

According to preliminary estimates, the GDP growth should reach 5.3% in 2009 against 5.6% last year. This result, achieved, despite the unfavorable international context, is due largely to the strong contribution of agricultural value added which grew by 26% (Q3-2009).

As for nonagricultural activities, they should grow at 2.7% despite the sharp drop in foreign demand, thus breaking with the trend of the last five years.

The good performance of the economy is also linked to the strong domestic demand which has benefited from the government's efforts to support the population purchasing power through the reduction of income tax and the increase of wages.

The year 2009 has also seen the decline in foreign demand, particularly from the EU, Morocco's main partner, which has weighed on the external accounts. However, the declining commodity prices, particularly oil and wheat, observed during this year has greatly minimized the effect of this decline. Thus, the global trade balance has improved by MAD 17.7 billion or 10.4% setting at a deficit of MAD 152.6 billion in 2009 against MAD 170.3 billion last year.

Regarding tourism, this sector which has generated an outcome of MAD 52.8 billion, is favorably compared to other competitor countries.

As for Foreign direct investments and private foreign loans, they declined by 26.1% compared to their level achieved at the end of 2008.

Consequently, it is expected that the current account achieves, for the second year in a row a deficit of 4.5%, As a result, the net foreign assets of the banking system decreased by 7.1 billion MAD setting at 189.4 billion MAD.

As regards the fiscal balance, it is expected that year 2009 ends with a budget deficit of about 2.2% of GDP, against a surplus of 0.4% of GDP achieved the previous year. This result is due to the significant increase in public investment (+22.8%) and the decline of tax revenues because of the slowdown in nonagricultural activities and the on-going tax reform.

The Central Government debt to GDP ratio ended the year 2009 at 47.1%, thus decreasing by 0.2 point from the year before.

Regarding inflation, it has continued its deceleration in 2009 to achieve 1.0% against 3.7% last year. This decline in inflation reflects the decline in food products prices whose annual growth rate fell from 7.1% to 1% while that for the other products decreased from 1.3% to 0.9%.

Treasury Financing Strategy

The main objectives of public debt management is to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the long-term consistent with a prudent degree of risk while favoring a trade-off between domestic and external financing sources and contributing to the development of the Government securities market.

ENSURING THAT THE GOVERNMENT'S FINANCING NEEDS AND ITS PAYMENT OBLIGATIONS ARE MET…

The first objective of public debt management strategy aims at enabling the Treasury to mobilize, at any time, the financial resources to meet its financing needs and honor its financial obligations (wages payment, debt reimbursement…). This objective is fundamental because it involves the credibility of the government vis-a-vis the local and foreign creditors. It also enables the Treasury to comply with the new context created by the new statutes of the Central bank (since 2006) providing it with the entire autonomy and independence to conduct the monetary policy which requires the Treasury to constantly maintain a credit balance of its current account.

… AT THE LOWEST POSSIBLE COST OVER THE LONG-TERM CONSISTENT WITH A PRUDENT DEGREE OF RISK…

This second objective can be divided into tow sub-objectives:

a- ***reducing, over the long term, the cost of the Treasury borrowing;*** and thus the future interest charges ; and

b- ***monitoring various risks associated with the debt portfolio*** as interest rate, exchange rate (for external debt) and rollover risks. High exposure to these risks could increase the gross cost of the debt.

… FAVORING A TRADE-OFF BETWEEN DOMESTIC AND EXTERNAL FINANCING SOURCES…

This trade-off takes into account the financial conditions prevailing in the domestic and foreign markets in order to meet the requirement of the second objective whether in terms of reducing cost or risks. Moreover, besides financial conditions, the trade-off may take into consideration other aspects linked to external financings such as technical assistance, consolidation of foreign reserves or having a Moroccan reference in international markets.

… AND CONTRIBUTING TO THE DEVELOPMENT OF THE GOVERNMENT SECURITIES MARKET.

This goal presents the main condition for achieving the other objectives. By promoting the development of a deep and liquid market for government securities, the Treasury can achieve lower debt service costs over the long-term and help the emergence of an efficient market that enables, on one hand, investors to have good investment opportunities and, on the other hand, the Treasury to have a stable and reliable source of financing.

To achieve these objectives, the means implemented are as follows :

- ***Regarding the new issuances***, the Treasury adopts a prudent borrowing strategy that aims at reducing the risks associated to the debt. It ensures that its issuances are adequately distributed over all maturities taking into account investors needs and market conditions. The Treasury can also use reopening of lines with long coupons to smooth the debt repayment schedule.
- ***Regarding the domestic debt active management***, the Treasury could use, when market conditions allow it, buy-back and exchange transactions on domestic government securities in order to reduce the number of bonds in the market and to smooth the debt repayment schedule which can contribute to reducing liquidity and rollover risks and promoting the development of an efficient secondary market.
- ***Regarding the development of the domestic market***, the Treasury introduced several actions including : i) creating progressively benchmark bonds to enhance liquidity of government securities and thus reduce, over the long-term, the financing cost and ii) introducing new debt instruments to broaden the investor base and to enhance secondary market activity.

To ensure that the borrowing strategy adopted by the Treasury and the means put in place, contribute to achieve the aforementioned objectives, the Treasury uses various cost and risk indicators that help evaluate the impact of Treasury decisions on the domestic debt portfolio taking into account market conditions. Some of these indicators are :

- Apparent average cost ;
- Weighted average yield at issuance ;
- Average term to maturity ;
- Short-term share in debt portfolio ; and
- Secondary market turnover rate.

4 Treasury financing in 2009

Many factors affect the Treasury financing policy, particularly the conditions prevailing in the money market that influence short-term interests, and those prevailing in the auctions market such as the volume of bids and asked interest rates.

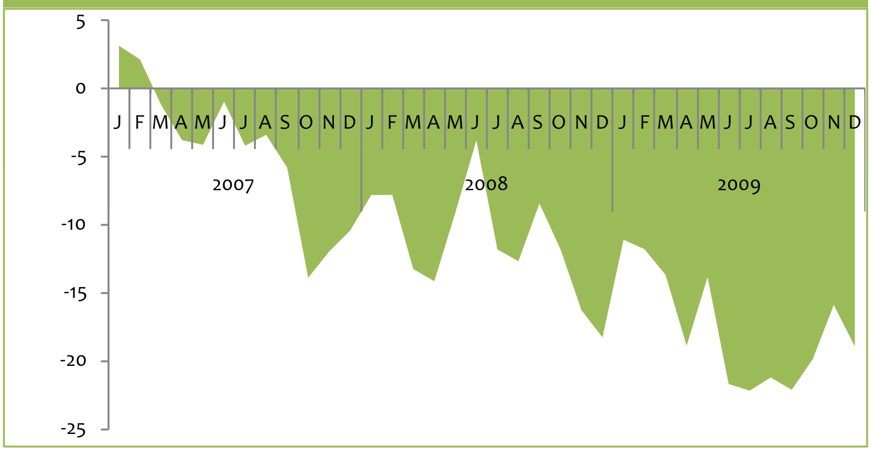
4-1- Money market CONDITIONS

Despite the significant shortage of bank's liquidity during the year 2009, the interbank rate has evolved closely to the central bank key rate averaging 3.27% in 2009 against 3.38% last year mainly due to the steady intervention of Bank Al-Maghrib (BAM) in the money market.

A- Liquidity

During 2009, bank's liquidity shortage worsened. Indeed, the monthly average shortfall in banking liquidity moved up to MAD 17.7 billion from MAD 11.3 billion last year and MAD 4,5 billion in 2007 as a result of the drop of net foreign assets that fell to MAD 189.4 billion compared to MAD 179.6 billion the year before.

Evolution of liquidity position between 2007 and 2009 (MAD Billion)



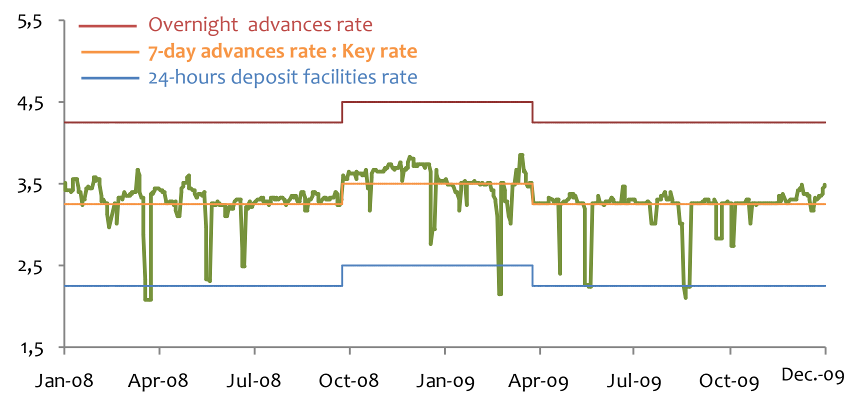
Source : BAM

B- Interbank rate

During the year 2009, the interbank weighted average rate set up at 3.27%, 11 basis points below the one recorded in 2008. The decision taken by the Bank Al-Maghrib Board on March 24, 2009 to cut the key rate by 25 basis points to 3.25% is the main reason explaining this decrease.

Consequently the weighted average rate fell from 3.41% during the first three quarters to 3.23% during the last quarter.

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



Source : BAM

C- Central bank Interventions

In a context marked by the worsening of bank's liquidity deficit, BAM adopted a prudent monetary policy which aimed to address the bank's financing needs and to ensure interbank rate stability.

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

The main instrument used by the Central bank to inject liquidity remains, as in 2008, the 7-day advances through which it provides an average monthly amount of MAD 16.3 billion. The other tools were the overnight advances and repos for an amount averaging respectively MAD 20.3 million and MAD 168.4 million per month.

Moreover, the tightening of bank's liquidity observed during the year, led the Central bank to reduce twice the ratio of the reserve requirement to 10% in July 1st and to 8% in October 1st, which led to a permanent injection of liquidity amounting to nearly MAD 15.3 Billion.

The Bank Al-Maghrib Board decided, during its meeting of March 24, 2009, to cut the key rate by 25 basis points to 3.25%.

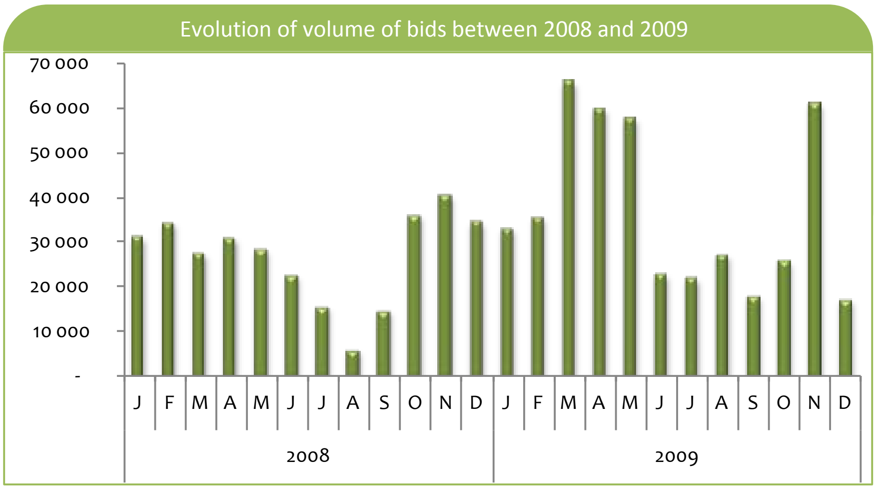
4-2- AUCTION MARKET CONDITIONS

Despite the significant tightening of bank's liquidity during the year 2009, the auction market was marked by the increase in investors demand for government securities coupled with the decrease of asked interest rates.

A- Investors' bids

Volume of bids

During the year 2009, investors' demand for government securities increased by almost 38% to reach MAD 448.5 billion compared with MAD 324.3 billion last year.



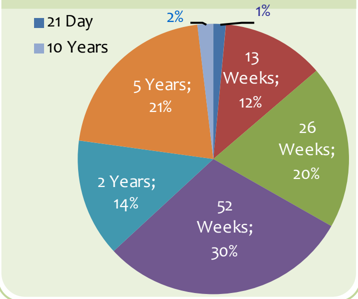
The strong demand from investors can be explained by several factors including :

- the increase of government gross financing requirements due to the budget deficit and the raise of debt repayments ;
- investors' expectations, during the second half of 2009, regarding a potential decrease of short-term market rates ;
- the scarcity of new bonds traded on the secondary market due to the decrease of the Treasury issuances during the past two years ;
- the price fall of securities in the stock market during 2009 pushing investors to move into the debt market.

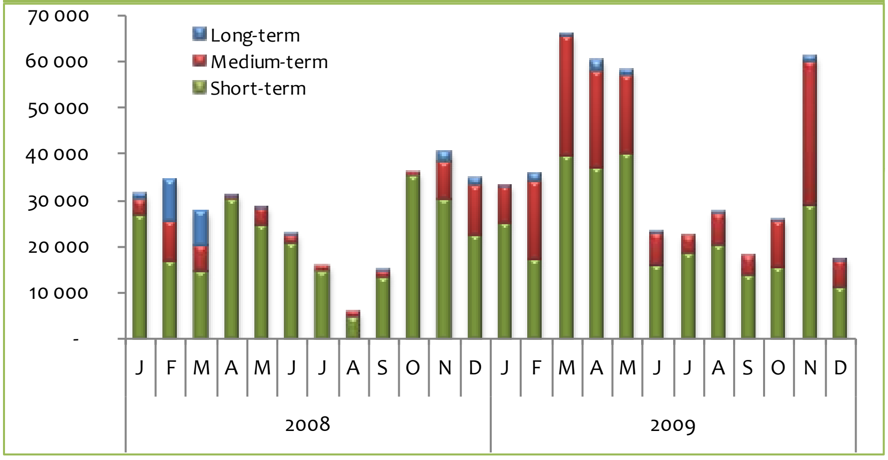
Concerning the structure of bids, investors have concentrated their demand on short-term securities which represented 63% of the global demand against 79% last year. As for the demand for medium and long-term securities, it increased by 16% to settle at 37% of the global demand.

Moreover, the Treasury has issued for the first time ever, a 3 weeks bond as a tool for a fine-cash management. It is worth noting that for this purpose, the Treasury can issue very short term bonds with maturities comprised between 1 and 6 weeks.

Distribution of volume of bids by maturities



Structure of volume of bids by maturity segment (MAD Million)



Interest rates

After an upward trend observed during the year 2008, interest rates decreased in 2009.

The demand from investors during this year has been concentrated within a range of rates varying between 3.20% and 3.75%, thus representing 74% of the global demand compared to only 48% in 2008. This year was also characterized by the significant decrease of the demand with rates above 3.75% with a 26% share of the global demand against 52% last year. The downward trend observed in the interest rates asked by investors can be explained by :

- the decision of the Bank Al-Maghrib Board, during its meeting of 24 March, 2009 to cut the key rate by 25 basis points to 3.25%. Concurrently, short and medium term rates on the primary market, the most correlated with interbank rates, decreased ;
- the concentration of investors demand on the short and medium-term securities ;
- investors' expectations during the second and third quarters of 2009 about a second consecutive decrease of the Central bank key rate in a context of eased inflationary pressures.

Distribution of the investors demand by rates interval

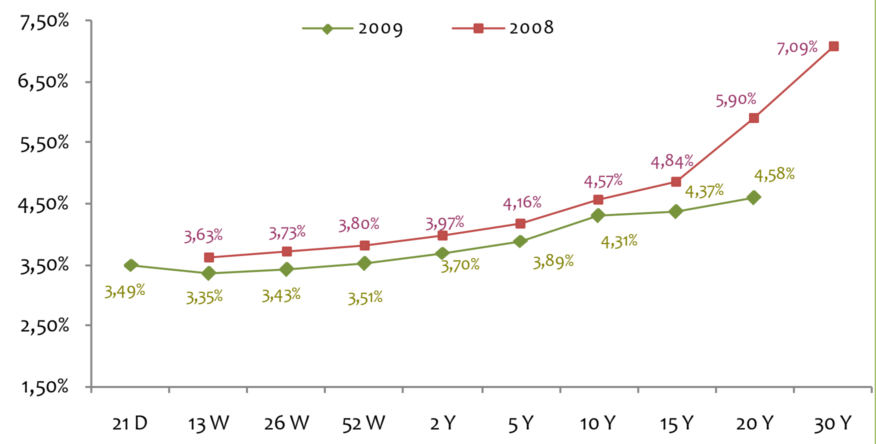
	2008		2009	
	Volume	Share	Volume	Share
] 3,20% - 3,25%]	-	-	13 375	3%
] 3,25% - 3,75%]	155 852	48%	318 838	71%
] 3,75% - 4,25%]	139 571	43%	111 061	25%
] 4,25% - 4,75%]	20 770	6%	4 075	1%
] 4,75% - 5,25%]	3 483	1%	1 050	-
Up to 5,25%	4 650	1%	100	-
Total	**324 326**	**100%**	**448 499**	**100%**

Therefore, the asked weighted average rates decreased to range between 3.43% and 3.51% for short-term securities, between 3.70% and 3.89% for medium-term securities and between 4.31% and 4.58% for long-term securities.

The downward trend observed in the asked weighted average rates led to an important decrease in market rates compared to their level of 2008. This decrease reached 30 basis points for short-term securities, 27 basis points for medium-term securities and 131 basis points for long-term securities.

On average, the medium and long-term segments experienced the largest decrease with 52 basis points against 29 basis points for the short segment, due particularly to shortage of securities on the secondary market.

Evolution of the asked weighted average rate between 2008 and 2009



4-3- Treasury financing policy

Given the macroeconomic and financial environment that prevailed in 2009, several factors have influenced the Treasury financing policy this year. The main factors are :

- the achievement of a budget deficit after two consecutive years of surpluses ;

- the stability of borrowing conditions on the money market around the central bank key rate (which has been decreased by 25 bps since April 1st) ;
- the maintaining of the index linkage between banks loans for housing at variable rates and primary market rates which led to the absence of issuances of long term maturities in the auction market.

Given these factors, the Treasury financing policy was characterized during 2009 by :

- the concentration of Treasury issuances on the short-term edge of the yield curve to cover its financing needs (68% of global issuances) ;
- the Treasury willingness to mobilize more medium-term funds in order to limit the decline of the debt portfolio duration ;
- the steady presence, although sometimes symbolic of the Treasury in the auction market, with no unsuccessful auction session against 14 sessions last year and 23 in 2007.
- the recourse to external financing resources to ease the impact of the global economic crisis on the external accounts.
- the launch, for the first time, of the 3 weeks Treasury bills for the purpose of fine cash management.

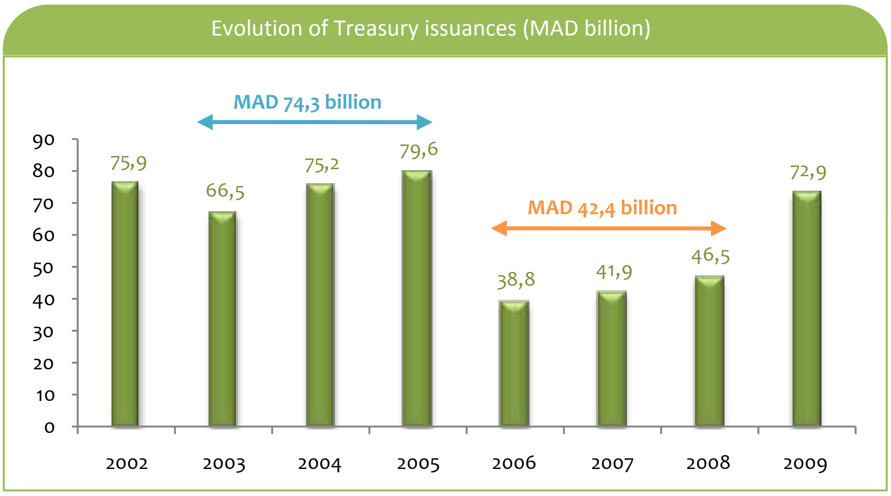
In this context, the Treasury issuances increased during 2009 by 57% compared to an increase of 11% in 2008. Consequently, the bids satisfaction ratio stood at 16% compared to 14% last year and the bid to cover ratio at 6 times while it stood at 7 the previous year.

A- Treasury issuances

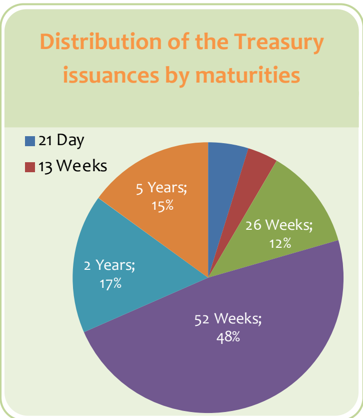
The Treasury issuances on the auction market added up to MAD 72.9 billion compared to MAD 46.5 Billion in 2008 thus increasing by 57%. Besides running a budget deficit in 2009, issuances growth can also be explained by :

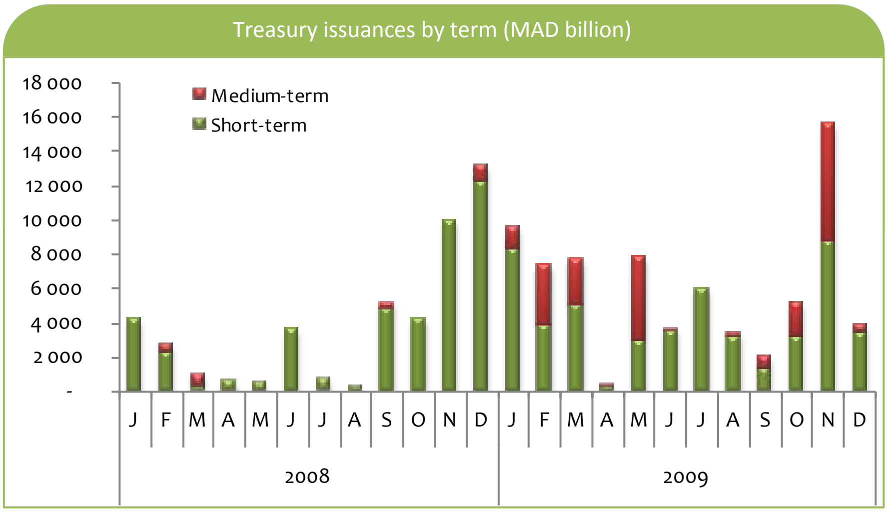
- the increase of redemptions by MAD 13.8 billion compared to their level in 2008 ;
- the decrease of deposits by MAD 433 million at the end of 2009 while they increased by MAD 8.1 billion last year.

The table below shows the amounts auctioned over the past eight years. Unlike the previous three years, the amount auctioned in 2009 increased to get back to almost the same level as the average annual amount auctioned between 2003 and 2005.



Regarding the issuance structure and similarly to the previous year, the Treasury met its requirement needs by issuing exclusively short and medium-term securities. Treasury bills (short term securities) remained predominant in global issuances with a 68% share but less importantly than in 2008 where they represented 95% of total issuances.





The table below shows the monthly auctionned amounts broken down by maturity. The 52 weeks maturity accounted for almost half of the auctioned amount (MAD 34.9 billion), followed by 2 years bonds (17%), 5 years bonds (15%), 26 weeks bond (12%) and 3 and 13 weeks with respectively 5% and 4%.

Moreover, the Treasury issuances were concentrated on the 1st and the 4th quarter of 2009 with 34% each. The second and third quarter shared equally the remained amount (16% each). This distribution of Treasury issuances mirrors the Treasury financing needs that are generally concentrated in the beginning and the end of the year.

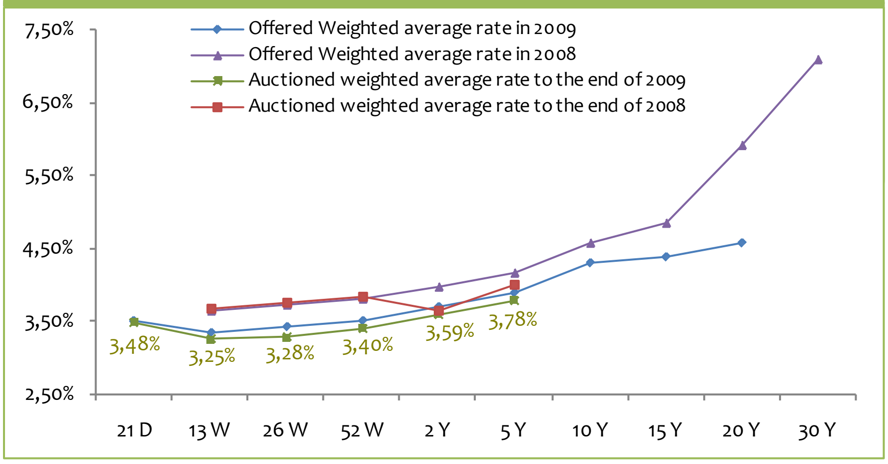
Treasury Issuances structure within the year 2009 (MAD Billion)

	Jan.	Feb.	Mar.	April	May	June	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
21 days			3,5										3,5
13 weeks	0,1		0,15	0,2	0,6		0,3	0,5		0,3	0,5		2,65
26 weeks	2,6	1,6	0,45	0,1		0,18	1	1,3		0,55	1,05		8,83
52 weeks	5,6	2,25	1		2,39	3,35	4,71	1,37	1,3	2,29	7,25	3,4	34,9
2 years	0,8	2,35	0,6		1,9			0,1	0,78	0,74	4,33	0,5	12,09
5 years	0,5	1,2	2	0,1	3	0,1		0,2		1,35	2,49		10,94
10 years													
15 years													
20 years													
30 years													
Total	9,6	7,4	7,7	0,4	7,89	3,63	6,01	3,47	2,08	5,23	15,61	3,9	72,91

B- Yields on primary market

The Treasury benefited from the decline in the yields asked by investors on the auction market particularly for the short and medium-term maturities.

Weighted average yields on primary market (end of 2009)



Indeed, unlike the first quarter when the investors' asked yields remained at the same level as 2008, the Treasury met its requirements needs, for the rest of the year at favorable conditions, thus pulling down yields on short and medium term maturities as compared to their previous year's levels.

Consequently, the short-term yields dropped by 44 bps while those of the medium-term segment went 13.5 bps down compared to end 2008. By maturity, the weighted average yield decreased by 46 bps for 26 weeks T-bills, by 43 bps for 13 and 52 week T-bills and by 6 and 21 bps for 2 and 5 year bonds respectively.

Monthly evolution of weighted average yield on auctioned bonds

	Dec. 08	Jan.09	Feb.09	Mar 09	Apr 09	May 09	June 09	July. 09	Aug 09	Sept. 09	Oct. 09	Nov. 09	Dec. 09
21 days				3.48%									
13 weeks	3.36%	3.65%		3.50%	3.29%	3.26%		3.25%	3.24%		3.24%	3.25%	
26 weeks	3.74%	3.71%	3.66%	3.57%	3.34%		3.34%	3.28%	3.26%		3.28%	3.28%	
52 weeks	3.83%	3.79%	3.75%	3.73%		3.35%	3.35%	3.35%	3.34%	3.29%	3.31%	3.40%	3.40%
2 years	3.65%	3.95%	3.92%	3.84%					3.49%	3.48%	3.53%	3.57%	3.59%
5 years	3.99%	4.07%	4.07%	4.01%	3.78%	3.66%	3.66%		3.68%		3.70%	3.78%	
10 years	3.40%												
15 years	3.68%												
20 years	3.81%												
30 years	3.97%												

Public domestic debt : profile and evolution

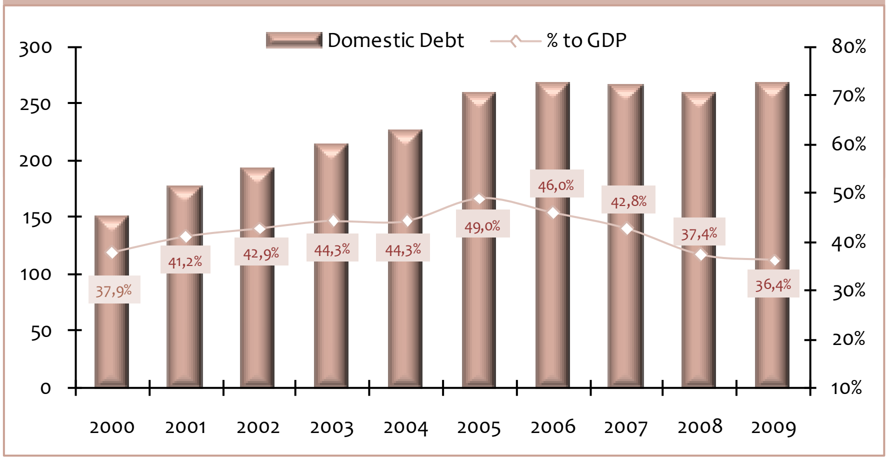
At the end of 2009, the public domestic debt outstanding totaled MAD 278.3 billion while it stood at MAD 266,7 billion in 2008, thus increasing by almost 4%. However, the public domestic debt to GDP ratio decreased by 0.7 points to stand at 38%. The Treasury domestic debt represents 96% of the total public domestic debt outstanding and its ratio to GDP stood at 36.4%.

5-1- Treasury domestic debt

After two consecutive years of decline due to budget surplus, the Treasury domestic debt outstanding increased in 2009 by almost MAD 9 billion, or 3.5%, to reach MAD 266,4 billion compared to MAD 257.5 Billion in 2008.

However, its ratio to GDP has continued its downward trend started since 2006 reaching 36.4% at end 2009, one percentage point of GDP below its level at end 2008.

Treasury domestic debt to GDP ratio



A- Treasury domestic debt profile

Since its creation in 1989, the auction market has become the main source of financing while the other non-marketable domestic sources of financing were being phased out. As a result of that, the auctioned securities represent now 97% of the total domestic debt outstanding.

Distribution of the domestic debt outstanding (MAD Million)

	2008		2009		flow
	Volume	Share	Volume	Share	
Auctions	252 677	98%	257 937	97%	5 260
Other	4 871	2%	8 502	3%	3 632
Total	257 547	100%	266 439	100%	8 892
% to GDP	**37,4%**		**36,4%**		

By residual term, the short and medium-term domestic debt outstanding increased by 25% and 9% respectively. However, the long term debt outstanding decreased by 9%. These trends are due to the concentration of the Treasury new issuances exclusively on the short and medium term.

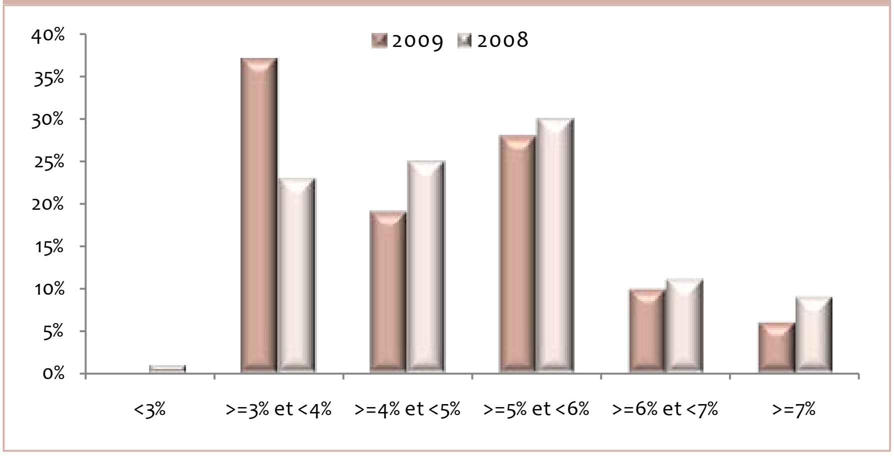
Distribution by residual term (MAD Million)

Residual term	2008		2009		Evolution	
	Volume	**Share**	**Volume**	**Share**	**Volume**	**%**
CT] 0 - 1 an]	61 105	24%	76 102	29%	14 997	25
MT] 1 - 5 ans]	69 143	27%	75 118	28%	5 976	9
LT] 5 - 30ans]	127 300	49%	115 219	43%	-12 081	-9
Total	**257 547**	**100%**	266 439	**100%**	8 992	3,45%

Structure by interest rates

Almost 84% of the Treasury domestic debt outstanding bear interest rates lower than 6%. The share of debt bearing interest rates ranging between 3% and 4% increased compared with its level in 2008 while that ranging between 4% and 7% decreased. This situation can be explained by the overall decrease of yields observed in the auction market during the past years allowing the Treasury to renew its debt at better cost.

Distribution of domestic marketable debt by interest rate interval



B- Marketable debt

During the year 2009, the marketable debt outstanding (debt issued in the auction securities market) increased by MAD 5.3 Billion or 2% to settle at MAD 257.9 Billion.

By maturity, 15 years bonds accumulate the highest amount with a share of 28% of total auctioned debt outstanding. Moreover, the outstanding of three maturities (5, 10 and 15 years bonds) represent almost two thirds of this debt.

Distribution of marketable debt by maturity (MAD Million)

Maturity	Outstanding	Share
13 weeks	800	0,3%
26 weeks	3 900	1,5%
52 weeks	54 246	21,0%
2 years	11 993	4,6%
5 years	29 436	11,4%
10 years	64 589	25,0%
15 years	71 608	27,8%
20 years	18 791	7,3%
30 years	2 575	1,0%
Total	257 937	100%

C- Other debt instruments

The other debt instruments comprises mainly the 1 year socio-economic bonds, the 10 years equipment bonds, the 5 years bonds related to convertible accounts (all the three are non-marketable instruments) and external marketable debt held by residents. During 2009, the outstanding amount of these instruments increased by MAD 4.9 Billion to settle at MAD 8.6 Billion.

D- Treasury domestic debt service

Interest charges

For the second consecutive year, interest and commission charges diminished by MAD 1 Billion or 7% to settle at around MAD 14.5 Billion in 2009. This decline is due to the decrease of the domestic debt outstanding in 2008, the predominance of short term issuances and the reduction of the financing cost on the auction securities market.

Interest and commission charges (MAD Million)

	2008		2009		flow
	Volume	Share	Volume	Share	
Auctioned securities	13 945	90%	12 968	89%	-977
socioéconomic Bonds	126	1%	149	1%	24
Other	1 492	10%	1430	10%	-61
Total	**15 562**		14 548	100%	**-1014**
Short-term	2 647	17%	2 489	17%	-158
Middle-term	2 493	16%	1 895	13%	-598
Long-term	10 421	67%	10 165	70%	-257

Redemptions

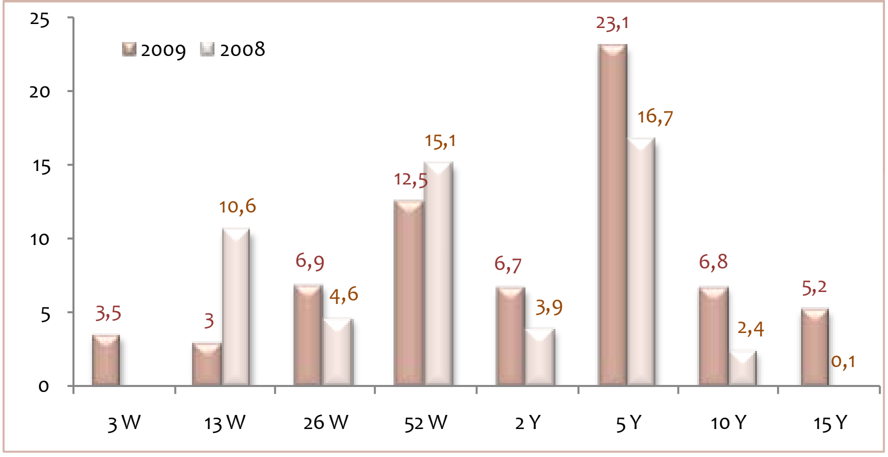
The treasury domestic debt redemptions increased by MAD 13.8 Billion in 2009 to settle at MAD 71.1 Billion, of which MAD 67.6 Billion or 95% concerned auctioned securities.

Evolution of redemptions (MAD Billion)

	2008		2009		Flow
	Volume	Share	Volume	Share	
Auctioned securities	53 418	93%	67 651	95%	14 233
socioéconomic Bonds	3 306	6%	3 463	5%	157
Other	635	1%	3	0%	-632
Total	57 359		71 117		13 758
Short-term	37 540	65%	36 026	51%	-1 513
Middle-term	16 750	29%	23 106	32%	6 357
Long-term	3 069	5%	11 984	17%	8 915

This significant increase of redemptions as compared to 2008 is explained mainly by the increase of redemptions relating to 5, 10 and 15 years bonds.

Principal payments by term (MAB billion)



Regarding interest rates of redeemed debt, almost 83% of is were bearing interest rate lower than 5%.

In addition, during 2009, the weighted average interest rate of redemptions stood at 4.65% while the weighted average interest rate of the new issuances settled at 3.55% meaning a sustainable improvement of interest charges.

Distribution of redemptions by interest rate intervals (MAD Million)

Maturity	Redemptions	Share
< 3 %	3 700	5%
≥ 3 % et < 5%	55 434	78%
≥ 5 % et < 7%	4 627	7%
≥ 7 % et < 9%	**2 175**	**3%**
> 9 %	**5 182**	**7%**
Total	**71 117**	**100%**

E- Net issuances

At the end of 2009, Domestic debt net issuances (issuances net of redemptions) stood at MAD 9 Billion against MAD -1.9 Billion last year. This increase in net issuances is due mainly to the running of a budget deficit equaling 2.2% of GDP after two years of budget surpluses.

The monthly evolution of net issuances were mainly marked by :

- an additional net indebtedness amounting MAD 5.2 Billion during January 2009 ;
- a net indebtedness drop of MAD 8.2 Billion in April ; and
- a net indebtedness increase of MAD 9.7 Billion in November resulting from the high financing needs of the end of the year.

Monthly evolution of Treasury net issuances

	Issuances	Redemptions	Net issuances
January	10 569	5 395	5 174
February	7 543	5 624	1 919
March	8 345	7 807	538
April	705	8 894	-8 189
May	7 997	7 293	704
June	4 520	3 768	752
July	6 540	6 799	-259
August	3 897	3 079	818
September	3 191	4 445	-1 254
October	5 568	5 879	-311
November	15 863	6 144	9 719
December	5 689	6 309	-621
Total	**80 429**	**71 437**	**8 992**

F- Cost and risk indicators

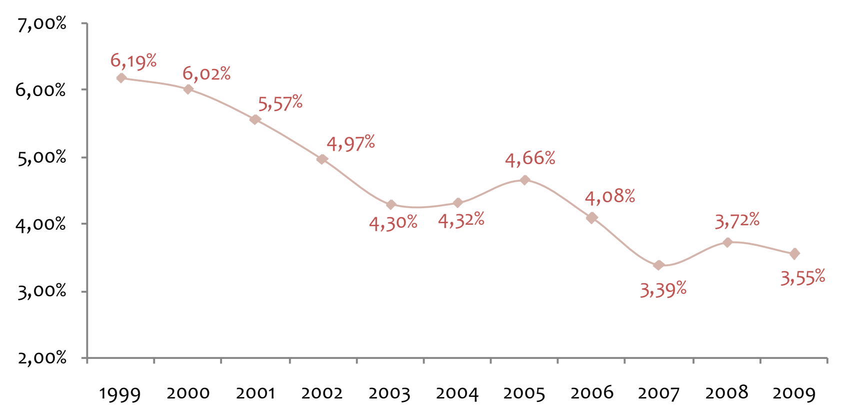
F-1- Cost indicators

The weighted average yield at issuance

During 2009, the weighted average yield at issuance recorded on the auction market decreased by 17 bps to stand at 3.55% against 3.72% In 2008. This decrease can be explained mainly by the downward trend of interest rates observed in the first three quarter of 2009 due to :

- the decision of Bank Al-Maghrib Board, during its meeting of 24 March, 2009 to cut the key rate by 25 basis points to 3.25% in order to stimulate the economic growth ;
- a better execution of the budget enabling the Treasury to cover its financing needs without significant pressure from the market.
- the strong investors’ demand for the Treasury securities.

Evolution of the weighted average rate at issuance

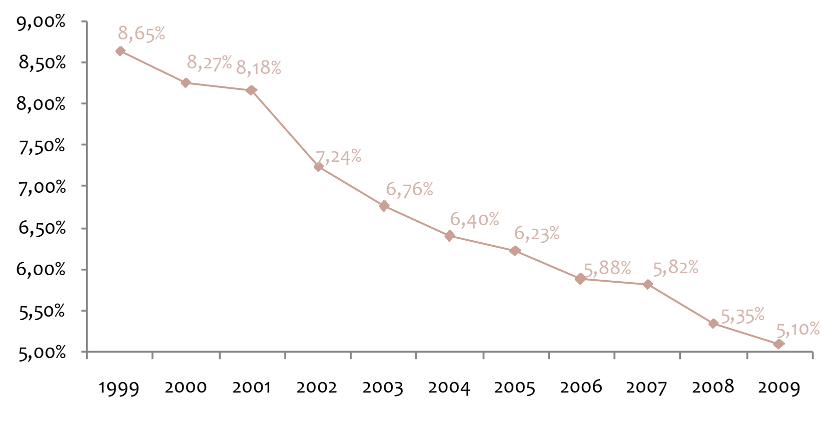


From a term to maturity perspective, the weighted average yield at issuance stood at 3.46% for short-term securities and at 3.72% for medium-term securities against respectively 3.72% and 3.39% in 2008. The increase of the medium-term weighted average rate can be explained by the Treasury decision to raise more on this part of the curve, to curb the decline in the domestic debt portfolio average maturity life while its financing needs have increased during the last quarter of 2009 partially due to the significant short-term public debt redemptions.

The average cost of the debt

The average cost of the debt (excluding deposits in Treasury account) continued its downward trend to stand at 5.10%, 25 bps lower than the 5.35% recorded the previous year. The steady decrease of the debt cost indicator reflects the continuous improvement of the Treasury financing cost on the auction market.

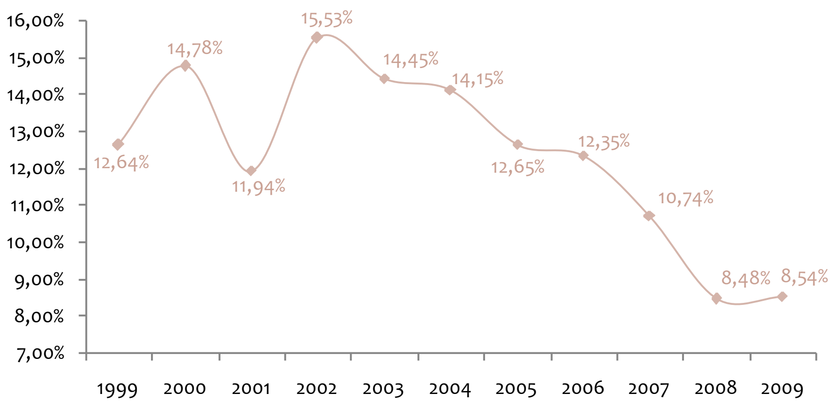
Evolution of the average cost of the debt between 1999 and 2009



Interest payments to fiscal revenue ratio

For the year 2009, the interest payments to fiscal revenue ratio remained stable at 8.5% compared to 2008, thus breaking with the downward trend recorded since 2002. This result reflects the decrease in fiscal revenue observed in 2009 that offset the decline of domestic debt interest payments for the same year.

Evolution of Interest payments to fiscal revenue ratio



F-2- Risk indicators

A- Rollover risk

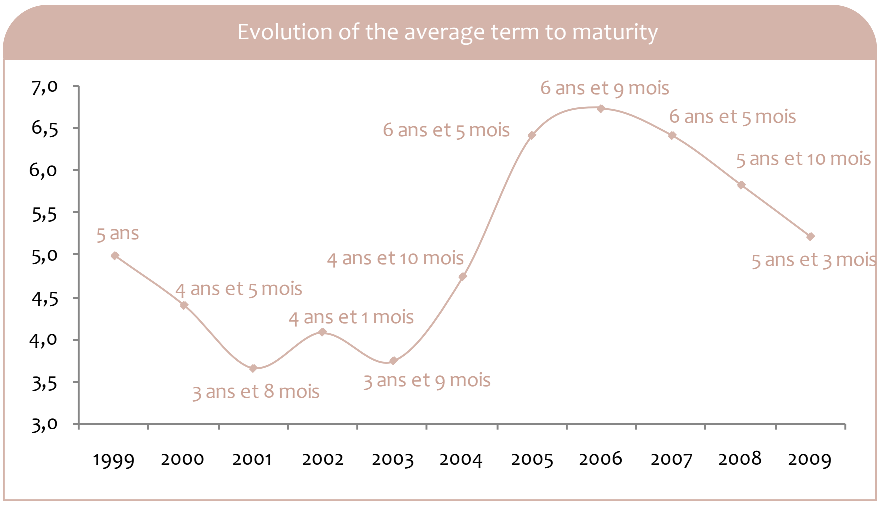
Rollover risk refers to the fact that falling debt could be rolled over (or refinanced) at an unusual higher cost or, in extreme cases, cannot be rolled over at all. It is apprehended using the following two indicators for which setting thresholds allows the Treasury to restrict the debt to be rolled over in the short-term :

The short-term debt share

The short-term domestic debt share increased from 24% at end 2008 to almost 29% at end 2009 but remained below the tolerable ratio of 30%. This increase was expected as there was a concentration of the Treasury issuances, during 2009, on the short-term maturities.

The average term to maturity

Consequently to the increase of the short-tem debt share, the average term to maturity of the domestic debt shortened by 7 months to reach 5years and 3 months at the end of 2009. The strategy carried out by the Treasury during the period 2004-2006, aiming at increasing the average term to maturity of domestic debt, when market conditions were favorable by issuing increasingly on the longer edge of the yield curve, enabled the Treasury to tolerate its decrease during the past three years.



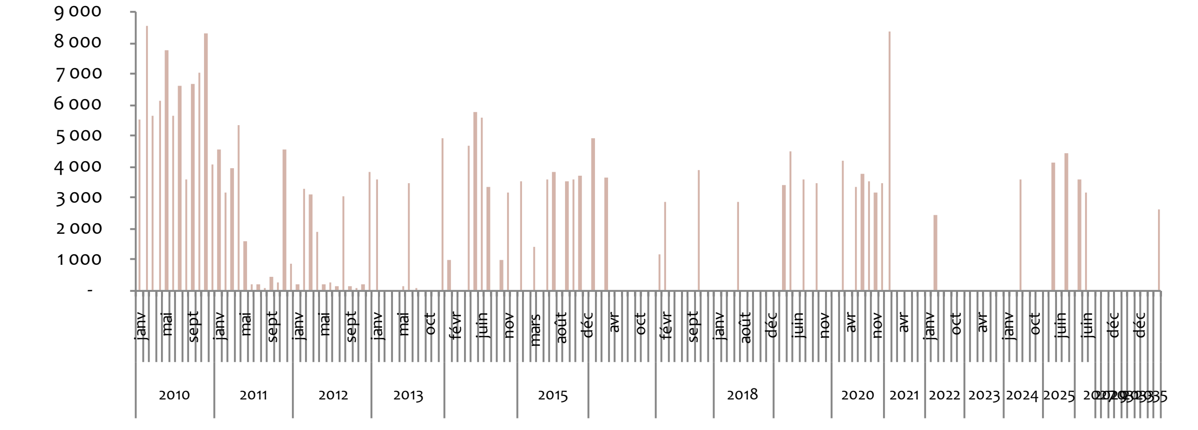
B- Financing or liquidity risk

Debt repayment schedule

The graph bellow refers to the monthly debt repayment schedule. It shows a concentration of redemptions in 2010 due to the large issuance of short-term maturities during 2009.

Beyond 2010, the debt repayment schedule shows a satisfactory distribution except January 2021 when the principal payments exceed MAD 8 Billion. This evolution is a result of the systematic Treasury recourse to reopening of lines with long coupons to smooth the debt repayment schedule.

Domestic debt repayment schedule (MAD Million)



Monthly bid to cover rate

The monthly bid to cover rate remained unchanged in 2009 standing at 7.3, despite the increase of the Treasury financing needs by 38.4% compared to its level observed in 2008.

Monthly bid to cover rate

Month	Treasury financing needs	Volume of bids	bid to cover rate
January	7250	33 334	4.60
February	8 250	35 853	4.35
March	6 750	66 098	9.79
April	1 050	60 133	57.29
May	3 750	57 954	15.45
June	1 050	23 009	2191
July	5 250	22 157	4.22
August	3 250	27 334	8.41
September	2 250	18 089	8.04
October	6 750	25 891	3.84
November	12 250	61 296	5.00
December	3 750	17 352	4.63
Total	**61 600**	**448 499**	**7.28**

5-2- GUARANTEED PUBLIC DOMESTIC DEBT

The guaranteed public domestic debt outstanding increased by MAD 2.6 Billion or 28% to settle at MAD 11.8 Billion at the end of 2009 against MAD 9.2 Billion at 2008 year end.

This increase resulted from the issuance by Société Nationale des Autoroutes du Maroc (National Highways Company) of three guaranteed bonds totaling an amount of MAD 3.4 Billion.

The distribution of the outstanding amount by residual term shows a predominance of long-term debt with a share of 68% of the global outstanding amount against 23% for medium-term debt and 9% for short-term debt.

Guaranteed debt service reached MAD 1.4 Billion at the end of 2009 of which MAD 831 Million for redemptions and MAD 557 Million for interest payments both decreasing respectively by 41% and 4% compared to the amounts paid last year.

The key figures for the guaranteed public domestic debt at the end of 2009 are as follows :

- Its ratio to GDP stood at 1.59% decreasing by 0.22 point of GDP from last year ;
- Its average term to maturity stood at 8 years and 2 months, 1 year and 8 months longer than the previous year ;
- Its average cost settled at 6.06% decreasing by 5 basis points from last year.

Secondary market for Government securities

For the second year in a row, the global transactions of Government securities (outright and repos) on the secondary market decreased moving from MAD 6 213 Billion in 2008 to MAD 5 419 Billion in 2009. This contraction of 13% is mainly due to the significant drop observed on the repos transactions side.

However, secondary market liquidity measured by the turnover rate and the daily average volume of outright transactions has improved.

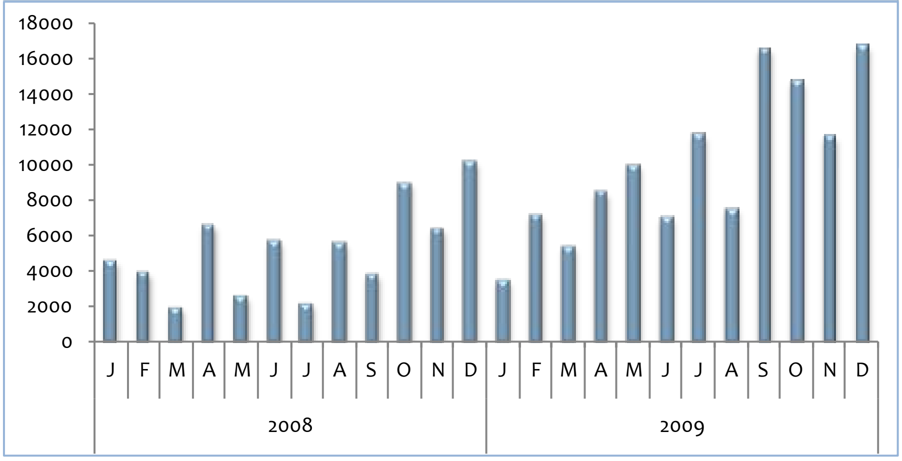
Regarding interest rates, they globally decreased comparing to their level observed in 2008.

6-1- Secondary market activity

Outright transactions

After the decrease observed last year, outright transactions grew remarkably, in 2009, by 64% from MAD 74 Billion in 2008 to MAD 121 Billion impacting positively the market liquidity

Monthly volume of outright transactions (MAD Million)

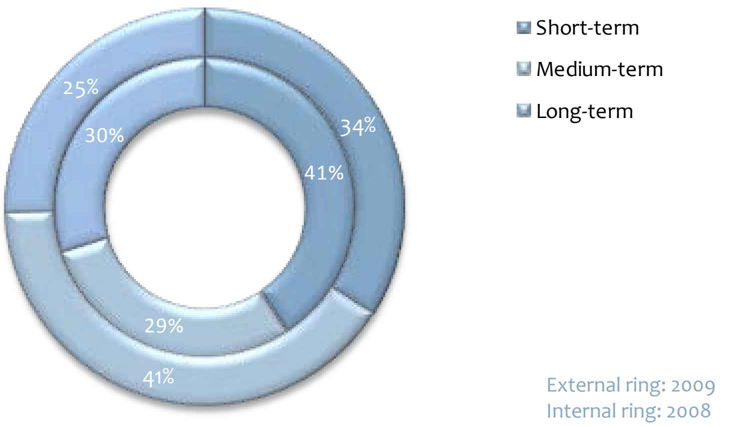


Regarding the distribution by residual term, outright transactions on medium-term securities increased sharply from a 29% share last year to 41% in 2009. This increase is mainly due to a better feeding of the market with new medium-term bonds issued by the Treasury during this year.

The trading on long-term securities continued its downward trend observed since 2007. Its share stood at 25% in 2009 against 30% in 2008, 54% in 2007 and 60% in 2006. This drop is mainly due to the scarcity of new long term bonds issued by the Treasury and the lack of consensus on the relating rate levels.

Although, the share of the traded short-term bonds decreased by 7 points from 41% to 34%, these bonds continue to be extensively exchanged as they still represent almost the third of the market trading.

The distribution by term of the secondary market activity



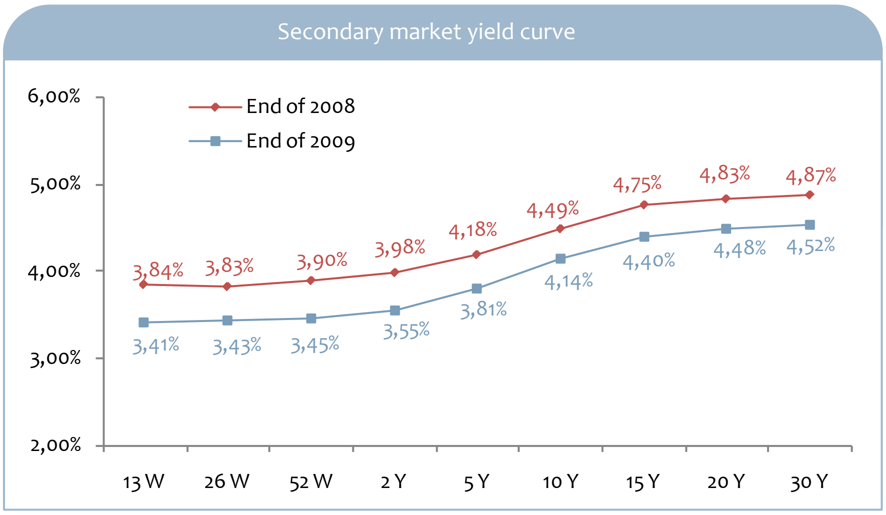
Repo Transactions

The market activity in the secondary market is largely dominated by repo transactions representing almost 98% of the global market transactions. At the end of 2009, their volume stood at MAD 5 298 Billion decreasing by 14% compared to their level observed in 2008.

6-2- Evolution of the secondary market Yields

During 2009, the secondary market yields decreased following the same trend observed on the primary market characterized by the regularity of the Treasury issuances on the short and medium-term maturities and the improvement of the bank financing conditions on the money market thanks to the decision of the central bank to cut its key rate.

Compared to their level observed at 2008 year end, short-term yields dropped significantly with a decrease averaging 42 bps, followed by medium-term yields with a 40 bp decline and long-term yields with a 35 bp contraction.



6-3- Secondary market liquidity indicators

The increase of the secondary market activity has contributed to the improvement of market liquidity. The main indicators used to measure market liquidity are : the turnover rate, the average size of outright transactions and the daily average traded volume.

Turnover rate

The turnover rate, measured by the ratio of the volume of the outright transactions (sell side only) over a full-year period to the outstanding amount of marketable debt increased from 25% in 2008 to 44% in 2009.

The average size of outright transactions

Measured by the ratio of the global volume of outright transactions to the number of these transactions over a full-year period, the average size of outright transactions increased by 36% from MAD 70 Million in 2008 to MAD 95 Million in 2009 reflecting an improvement of the market deepness.

The daily average traded volume

Consequently to the increase of the secondary market activity, the daily average traded volume has almost doubled to reach MAD 476 Million in 2009 against MAD 243 Million in 2008.

17
0 8
3 4

Modernizing debt management : Actions to be implemented in 2010

Over the last two years, the Treasury has initiated several measures in order to develop the domestic market. These measures consist mainly in carrying out prerequisites to undertake an active management of the debt and the Government's cash position.

In 2010, the Treasury intends to continue its efforts to modernize the debt and cash position management tools and further develop the domestic market.

7-1- Actions implemented in 2009

Various actions were implemented during 2009. These actions include the following :

1- **Signing of the convention relative to the Treasury interventions in the money market**

To enable the Treasury to manage the Government's cash position by implementing investment and borrowing transactions in the money market in full respect of the conduct of the central bank monetary policy, consultations between these two institutions have been undertaken to settle the core procedures related to the Treasury interventions in the money market and the responsibilities of each party.

These consultations have resulted in the signing, in July 28, 2009, of an agreement between the Ministry of Economy and Finance and Bank Al-Maghrib, which stipulates the following main principles :

- Information exchange and strengthening of coordination between the Treasury and Bank Al-Maghrib to ensure a better conduct of the Treasury transactions in the money market in the respect of the conduct of the monetary policy.
- Definition of the financial instruments the Treasury could recourse to in the money market : investment and borrowing transactions in both interbank and repo markets as well as issuance of very short-term bonds (1 to 6 weeks bonds) on auctions market to cover exceptional financing needs.

- the remuneration by the Central bank of the credit balance of the Treasury's current account to encourage the Treasury, first, to maintain a buffer cash on its current account in order to comply with the new statutes of Bank Al-Maghrib which prohibits this institution from granting advances (debit balance not allowed) and, second, to recourse to the money market to cover its financing needs or to invest its surplus.

2- Implementation of the electronic auction system

In order to modernize the securities auction process, the Treasury, together with Bank Al-Maghrib, has implemented an electronic auction system. The scope of coverage of this system, initially intended for Treasury securities auctions, has been extended to active debt and cash management.

The Treasury securities auctions module has been effectively launched at July 1st, 2009. Its use enabled :

- the automation of the whole auction process ; and
- the shortening of the delay for releasing the auction results from 24 hours to less than 3 hours. The Treasury aims to further reduce this delay to less than 2 hours by the end of 2010.

Regarding the other modules, those related to the active cash management were implemented in February 2010 while the active debt management modules (buy-back and exchange on Treasury securities) are under test and their implementation is expected for the end of the second quarter of 2010.

3- The selection of a new IT system for the Government debt and cash management

The tender launched by the Treasury to acquire the aforementioned system was awarded to a Moroccan company as an integrator of WALLSTREET SUITE SYSTEM, a well known system already operational in several Central banks and debt agencies around the world.

The implementation of this system, that will bear the whole public debt management process (domestic and external debt) as well as the Government cash management, will take around two years.

Moreover, due to certain transverse features of the debt and cash management processes, Treasury's key partners - TGR (Accounting department) and Budget department - were invited to be part of the project's monitoring committee.

4- Completion of the 1st phase of the technical assistance programme with Agence France Trésor

The Treasury and External Finance Department (TEFD) signed, in April 2008, a technical assistance agreement with Agence France Trésor (AFT) through which the latter accompany TEFD in its project of modernizing domestic debt and cash management and developing the primary and secondary market for Treasury securities. The 1st phase of this partnership was completed in May 11, 2009 and the main achievements concerned the organization of :

- two workshops directed by AFT experts in Rabat. The first one which was held in 21st and 22nd of April 2008 focused on the topic of « improving the Government's cash flow forecasts » and the second one, held from 26th to 29th of May 2009 aimed at sharing with TEFD staff operational aspects relating to debt and cash management as they are practiced within the AFT
- a 3-days visit of an AFT's IT expert to accompany the TEFD during the initial phase of acquiring the new aforementioned IT system ;
- 5 trainings of 3 days each at the AFT offices for TEFD debt managers and computer engineers.

7-2-The main actions planned for 2010

During the year 2010, the Treasury will continue its efforts to modernize the debt and cash management tools and to further develop the domestic market. The main actions to be introduced during this year are the following :

A- Implementation of an active cash management

In order to improve the Government's financial flow forecasts and conduct the active cash management transactions, the Treasury intends to implement various actions during this year.

A-1- Improving the Government's financial flow forecasts

Since 2009, The Treasury has initiated several actions aiming at setting up information exchange channels for the Government's financial flows with its key partners : Accounting, Budget, Tax and Customs departments and with Bank Al-Maghrib.

In 2010, the Treasury will continue its efforts for a better coordination with these partners to collect timely and reliable data relating to the major financial cash inflows and outflows. The more accurate cash flows forecasts will then help the Treasury to optimize its decisions regarding debt issuances and money markets transactions for cash management purposes.

A-2- The starting of the Government cash management transactions

In February 18, 2010, the Treasury inaugurates its interventions in the money market by organizing the first overnight investment operation for an amount of MAD 1.5 Billion. Since then, these transactions are made on a daily basis whenever forecasts indicate a cash surplus greater than the buffer cash amount.

This major step forward in optimizing public moneys has been made possible after achieving a long process, initiated since 2006, of implementing the prerequisites to enable the Treasury to conduct an active cash management. These prerequisites are :

- updating of the legal Framework and definition of the accounting procedures of these transactions ;

- definition of conventional framework to strengthen coordination between the Ministry of Economy and Finance and Bank Al-Maghrib regarding the Treasury intervention in the money market ;
- definition of the risk management framework related to these transactions ;
- implementation of various logistic means, especially the electronic auction system, to conduct these transactions.

B- Strengthening of transparency and issuance regularity in the secondary market

Aware of the importance, for investors, of high degree of visibility about borrowing requirements and financing strategy, the Treasury commits itself to strengthen, during 2010, transparency and issuance regularity in the primary market. The main actions that will be implemented in this area include :

B-1- Shortening of the delay for auction results releases

- ***regarding the release of the Treasury securities auctions and active cash position management results***

Owing to the implementation of the electronic auction system, the Treasury has considerably shortened the delay of releasing results for Government securities issued in the auction market and for overnight investment transactions conducted in the money market. This delay stands respectively at less than 3 hours (instead of 24 hours) and less than 10 minutes. The Treasury aims to further reduce these delays, by the end of 2010, along with the improvement of the Government's financial flows forecasts.

- ***Regarding the announcement of the Treasury financing needs***

The Treasury will announce its monthly gross borrowing needs to the market participants at the first Monday of each month.

B-2-Re-issuance of long-term securities

Since March 2007, the Treasury has abstained from issuing long-term securities. This prolonged absence of the Treasury on the auction market, was justified, on one hand, by the high level of yields asked by investors on these maturities in view of the stability of the Moroccan macroeconomic fundamentals and, on the other hand, by the Treasury worries about the mechanical impact of any yield increase in the auction market on the interest rates applied to the banking loans granted to the economy and specifically to the housing sector as the latter are linked to long-term government securities yields.

However, the lack of the new issuances on the long-term maturities led to a shortage of these securities on the secondary market and deepens the gap between the interest rates level in the primary and secondary markets for these securities.

To end this situation, the Treasury committed itself to reissue during 2010, more long-term securities.

C- THE IMPLEMENTATION OF ACTIONS TO DEVELOP THE MARKET LIQUIDITY

In addition to the actions mentioned above, the Treasury will focus its efforts to further develop the market liquidity through the implementation of a number of important actions.

C-1- The creation of benchmark lines

The benchmark lines are lines with an important size that has the ability to be highly liquid in the market as they face a strong demand from investors.

The creation of these lines aims, firstly, to reduce the number of lines in the market and to focus the investors' demand on a limited number of lines on which the Treasury commits to issue a large amount to meet the investors need.

To choose which maturities must become a benchmark, the Treasury has conducted a large consultation with Primary dealers who expressed a preference for 5 and 10 years securities. The size of these securities will be increased from MAD 5 Billion to an amount ranging between MAD 7 to 10 Billion.

To reach these sizes, the Treasury intends to ensure regular issuances in the auction market and, as their maturity dates approach, to partially buy back and/or exchange them to smooth the debt repayment schedule and thus reduce the rollover risk.

C-2- The implementation of an electronic trading system

Market prices discovery is a key factor to enhance the domestic debt market transparency and contributes to increase its liquidity. These two characteristics are generally used to assess the market development level.

A market is called transparent when all investors can have equal access to the securities prices traded in the market. The dissemination of these prices favors trading and contributes to the creation of a reliable yield curve used by investors to valuate their assets (banks, mutual funds, pension funds, insurance companies…).

The liquidity of the Treasury securities is a key element for market efficiency. It provides investors guarantees to buy and sell securities on the secondary market at any time and under normal conditions. For the government, the market liquidity has a direct impact on its financing cost.

During 2010, the Treasury intends to take all necessary measures to implement an electronic trading system that enables to enhance market transparency while ensuring a large dissemination of the market prices.

In this context, and in parallel to the discussions initiated, during 2009, between the Treasury and the Primary dealers, a Moroccan delegation composed of the main market authorities and the primary dealers (the Treasury, the Casablanca Stock exchange, CDVM, MAROCLEAR) visited Spain to inquire about the trading platforms used in this country and the market models of quotation existing in developed countries.

Thus, two market models were presented to the Moroccan delegation :

- B2B (or Business to Business) which is a closed system with only market makers who are required to post their securities prices to meet their obligation vis a vis the Treasury.
- B2C (or Business to Customers) which gives access to both market makers and end investors as price takers (mutual funds, insurance funds, hedge funds…)

According to the international experience, the Treasury will focus its effort to achieve prerequisites for the implementation of an electronic trading system. The main actions in this area are the following :

1. The choice, in consultation with Primary dealers, of the market model that best meets the Moroccan market context ;
2. Definition of the functioning rules of the system ;
3. Selection of the electronic trading system that meets all the functioning rules already defined.

C-3- Introduction of side measures to facilitate the quotation of Treasury securities

In order to ensure success to the quotation process, several actions will be gradually taken to encourage the Primary dealers to meet, in better conditions, their commitment of quoting government securities while minimizing the risks of securities delivery failure.

The main actions are:

- Enforcement, during 2010, of the Securities Lending Act. This new legal framework should have a positive impact on the market making activity ;
- Initiation of consultations with the main market authorities (BAM, CDVM and Maroclear) and Primary dealers to examine the possibility of introducing an automatic securities lending system. This system should allow Primary dealers to be able to lend and borrow securities automatically via the clearing and settlement system.
- Study of the possibility of introducing a “Repo facility” system. This practice used by many developed debt agencies is a lending facility implemented by the Treasury, as the lender of last resort, to encourage the Primary dealers to perform their market making obligation. The Treasury can temporarily issue the securities that are needed by the primary dealers to avoid a delivery failure. At this regard, the actions to be implemented first are an update of the legal framework to enable the Treasury to issue temporarily the securities for the purpose of enhancing the secondary market liquidity and define together with the Primary dealers, the operational procedures related to these transactions.

Annexes

Domestic debt figures (MAD Million)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Outstanding											
Domestic debt	136 401	149 121	175 611	191 256	211 197	223 616	258 488	265 777	263 833	257 547	266 439
% to GDP	35,0%	37,9%	41,2%	42,9%	44,3%	44,3%	49,0%	46,0%	42,9%	37,4%	36,2%
External debt	123 955	118 646	110 597	92 562	78 924	70 356	6 9041	65 057	65 946	68 259	78 807
% to GDP	31,8%	30,2%	25,9%	20,8%	16,5%	13,9%	13,1%	11,3%	10,7%	9,9%	10,7%
Treasury debt	260356	267767	286208	283818	290121	293972	327529	330834	329779	325 806	345 246
% to GDP	66,8%	68,1%	67,1%	63,7%	60,8%	58,2%	62,1%	57,3%	53,6%	47,3%	46,9%
Breakdown by instrument											
Auctions	94 573	116 359	143 075	169 917	197 100	214 825	251 518	259 954	259 625	252 677	257 937
Retail bonds	7 018	3 985	9 406	2 554	2 873	1 398	1 218	1 029	50	50	50
Conventional borrowings	19 588	17 036	14 148	11 355	7 503	4 763	3 165	1 894	623	-	-
National borrowings	9 535	6 966	4 925	3 852	730	-	-	-	-	-	-
Old bonds	4 290	3 362	2 470	1 633	886	286					-
Others	1 398	1 413	1 588	1 945	2 106	2 344	2 588	2 900	3 534	4 821	8 452
Breakdown by term											
Treasury debt											
Short-term	26 240	33 960	59 052	38 659	60 836	43 808	33 509	42 793	46 619	61 105	76 102
Medium-term	58 389	61 843	63 810	99 468	9 3758	108 776	104 444	84 648	83 685	69 143	75 118
Long-term	51 772	53 318	52 749	53 127	56 602	71 032	120 535	138 336	133 529	127 300	115 219
Domestic debt service											
Principal payments	36 751	39 206	48 138	79 173	54 534	69 650	49 753	36 261	47 133	57 359	71 117
Interest payments	12 068	12 035	13 017	13 722	14 211	14 879	14 980	16 362	16 494	15 562	14548
in % of GDP	3,10%	3,06%	3,05%	3,08%	2,98%	2,95%	2,84%	2,83%	2,68%	2,32%	1,99%
in % of current revenues	12,6%	14,8%	11,9%	15,5%	14,5%	14,1%	12,7%	12,4%	10,7%	8,5%	8,5%
in % to current expenditures	15,6%	14,7%	14,1%	15,2%	14,6%	14,2%	11,8%	13,2%	12,3%	10,0%	10%
Cost and risk indicators											
Average term to maturity*	5 Y	4 Y 5 M	3 Y 8 M	4 Y 1 M	3 Y 9 M	4 Y 10 M	6 Y 5 M	6 Y 9 M	6 Y 5 M	5 Y 10 M	5 Y 3 M
Apparent average cost	8,65%	8,27%	8,18%	7,24%	6,76%	6,40%	6,23%	5,88%	5,82%	5,35%	5,10%
Weighted average rate at issuance	6,19%	6,02%	5,57%	4,97%	4,39%	4,32%	4,66%	4,08%	3,39%	3,72%	3,55%
Share of the short-term debt	19%	23%	34%	20%	29%	20%	13%	18%	18%	24%	29%
Secondary market											
Global volume	489	1152	1888	2473	2775	4423	4595	4307	7128	6213	5419
Outright transactions	76	1091	41	63	68	100	98	124	131	74	121
Repos (MAD Billion)	413	61	1847	2410	2707	4323	4497	4183	6997	6139	5298
Liquidity indicators											
Turnover rate (%)	4	8	11	13	15	21	19	17	27	25	44
Average size of transactions	-	-	-	-	105	126	119	102	74	70	95

*Y : Year M : Month

Outstanding amount of the marketable debt (MAD Million)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total outstanding	94 573	116 359	143 075	169 917	197 100	214 825	251 518	259 954	259625	252 677	257 937
3 weeks											3 500
13 weeks	770	825	550	2 530	700	1 010	-	400	2 180	1 150	800
26 weeks	1 350	3 213	7 252	3 464	5 210	1 153	470	1 600	2 000	1 925	3 900
52 weeks	8 887	12 694	18 330	12 027	17 621	15 892	8 064	4 350	17 128	31 855	54 246
2 years	403	4 499	14 628	25 703	26 942	12 611	4 823	4 437	10 536	6 700	11 993
5 years	37 323	44 619	48 549	58 121	69 154	83 849	83 974	76 020	55 799	41 501	29 436
10 years	27 227	30 914	33 456	42 902	48 521	55 499	76 044	80 896	73 777	71 391	64 589
15 years	18 613	19 573	20 288	25 147	28 927	42 193	66 031	72 890	76 840	76 790	71 608
20 years	-	24	24	24	24	2 619	1 2111	17 361	18 791	18 791	18 791
30 years	-	-	-	-	-	-	-	2 000	2 575	2 575	2 575

Evolution of the Treasury issuances on the auctions market (MAD Million)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total of issuances	30 352	40 312	57 478	75 909	65 929	75 196	79 553	38 754	41 887	46 469	72 911
3 weeks											3 500
13 weeks	970	2 415	3 499	3 572	6 798	2 376	450	700	3 860	9 538	2 650
26 weeks	1 770	4 043	9 344	3 814	9 197	2 145	626	1 900	4 313	4 539	8 827
52 weeks	8 887	13 669	18 330	12 992	17 049	17 545	10 844	4 350	17 128	29 842	34 903
2 years		4 499	10 129	18 654	8 288	4 323	1 400	3 037	6 600	100	11 993
5 years	7 701	11 016	12 919	22 572	14 947	22 395	11 141	4 965	2 350	2 450	11 038
10 years	6 997	3 687	2 542	9 447	5 869	10 553	21 763	9 693	1 682		
15 years	4 028	960	715	4 859	3 780	13 265	23 838	6 859	3 950		
20 years		24				2 595	9 491	5 250	1 430		
30 years								2 000	575		

Weighted average yields at issuance

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual weighted average yield	6,19%	6,02%	5,57%	4,97%	4,30%	4,32%	4,66%	4,08%	3,39%	3,72%	3,55%
3 weeks											3.48%
13 weeks	4,81%	5,29%	4,65%	2,63%	3,40%	2,42%	2,48%	2,56%	3,58%	3,51%	3,28%
26 weeks	5,28%	5,62%	4,87%	2,85%	3,54%	2,65%	2,61%	2,63%	3,48%	3,69%	3,49%
52 weeks	5,21%	5,74%	5,26%	3,75%	3,85%	3,02%	2,88%	2,98%	3,30%	3,78%	3,47%
2 years	-	6,22%	5,88%	4,76%	4,00%	3,44%	3,21%	3,10%	3,27%	3,65%	3,66%
5 years	6,42%	6,22%	6,22%	5,66%	4,83%	4,50%	3,96%	3,75%	3,17%	3,92%	3,82%
10 years	6,96%	6,90%	6,74%	6,20%	5,71%	5,10%	4,78%	4,28%	3,40%	-	-
15 years	7,32%	7,00%	7,10%	6,85%	6,15%	5,69%	5,34%	4,91%	3,65%	-	-
20 years	-	7,70%	-	-	-	6,08%	5,99%	5,20%	3,81%	-	-
30 years	-	-	-	-	-	-	-	3,98%	3,97%	-	-