



Central Bank of Tunisia

THE ECONOMIC SITUATION PERIODICAL

MARCH 2010

N°87

THE INTERNATIONAL ENVIRONMENT

- Upward review of the International Monetary Fund forecasts for the world growth in 2010 : 4.2% compared to 0.6% in recession a year earlier ;
 - Ongoing increase of the inflation rate in the industrialised countries over the first months of 2010 and volatility of commodities prices ;
 - Drop in the euro exchange rate, notably, against the dollar, in the wake of Greece public indebtedness crisis ;
 - Better indexes for the main international stock exchange markets, in line notably with improved economic outlook.
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THE NATIONAL CLIMATE

- Presidential decisions in favour of agricultural and fishing sector ;
 - Recovery of industrial activity in the wake of stronger external demand ;
 - Better indexes for tourism in March 2010 ;
 - Rise of inflation in the first quarter of the current year ;
 - Persisting excess bank liquidity in the first quarter of 2010 and slower progress pace for M3 aggregate over the same period ;
 - Ongoing upward trend for stock indexes and capital market contribution to financing of private investment ;
 - Deficit in the general balance of payments, in the wake of wider current deficit ;
 - Depreciation of the Tunisian dinar against the US dollar and appreciation against the euro.
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INTERNATIONAL ENVIRONMENT

The international environment was marked, in April 2010, by stronger worldwide economic revival, the International Monetary Fund (IMF) having reviewed upward its world economic growth forecasts over the current year. Yet, raising worries with respect to sovereign risk prevailed on the international financial markets, yielding an ongoing volatility of commodities prices, of the exchange rates for the main foreign currencies and the main international stock indexes.

In effect, the IMF reviewed upward its **world growth** forecasts for 2010 : 4.2% vs. 3.9% as per estimates in January and 0.6% in recession over 2009.

This improvement concerned both the **developed countries** (2.3% vs. previous forecasts of 2.1%), notably, the United States (3.1% vs. 2.7%), Japan (1.9% vs. 1.7%) and the **emerging and developing countries** (6.3% vs. 6%), in particular the Asian countries (8.7% vs. 8.4%), Latin America (4% vs. 3.7%) and Central and Eastern Europe (2.8% vs. 2%). Worth of note that the recession rate for the world economy in 2009 was reviewed downward (0.6% vs. 0.8% as per last January forecasts) notably for the United States (-2.4% vs. -2.5%) and Japan (-5.2% vs. -5.3%), whereas it was reviewed upward in the Euro Zone (-4.1% vs. -3.9%). Growth rate in the **emerging and developing countries** was also reviewed upward (2.4% vs. 2.1%), notably India (5.7% vs. 5.6%) and Russia (-7.9% vs. -9%). Worth of note that growth in China came to 8.7% as estimated earlier.

The IMF maintained its initial forecasts for the **Euro Zone** over 2010 (1%) due to a drop in the expected growth pace in Germany and Italy (1.2% and 0.8% respectively compared to previous forecasts of 1.5% and 1%).

As for **employment**, the job market posted a virtual standstill in the industrialised countries with an unemployment rate of 8.6% in February 2010 vs. 8.7% a month before.

This rate reached in particular 9.7% in the united states in March 2010 and this for the third month in a row, 4.9% in Japan in February, a level comparable to that of the previous month and 10% in the Euro Zone in February compared to 9.9% a month earlier.

As for the **world commodities prices**, oil prices posted an increase recently, reaching 87.44 dollar for the barrel of Brent and 86.15 dollars for the light American during 30 April transactions compared to 84.01 dollars and 84.87 dollars respectively in the beginning of the same month. This trend was led by return of air transport activity to its usual pace and consolidation of the world demand, notably, with approach of summer.

Prices of most foodstuff went also down in the wake of higher rate for the dollar. The drop came particularly to 8.5% for wheat, 40.3% for sugar on 22 April 2010 compared to the end of the previous year and 16.1% and 38.4% drop respectively at end March.

However prices for several industrial raw materials went up, notably, for rubber (+42.4% on the same date) and to a lesser degree, cotton (+8.7%) and copper (+4.3%) in line with vigorous industrial activity in the developed countries, notably, automotive industries.

As for **inflation**, household consumer price increase was pursued in most of the industrialised countries, In line with vigorous domestic demand and high level of energy prices. Thus, the inflation rate came, in March 2010, and in terms of annual shift to 2.3% in the United States vs. 2.1% a month before and 1.4% in the Euro Zone vs. 0.9%. In Japan, price drop went on but at a slower pace : -1.1% in February 2010 vs. -1.3% a month before.

As for the **international foreign exchange markets**, the situation was marked by volatile euro against the dollar with a downward trend, in line with persisting worries on the part of investors with respect to public indebtedness crisis in Greece and this despite the concluded agreement between the Euro Zone countries, the European commission and the IMF regarding help to be given to this country. Worth of note that the budget deficit was recently reviewed upward and that moody's agency downgraded Greece sovereign risk. The euro exchange rate came at 1.3264 dollar during 23 April transactions vs. 1.3557 dollar in the second week of the same month.

As **for international stock markets**, the main stock indexes posted an upward trend following improved economic indicators and results at major businesses. On 22 April and compared to the end of the year, the increase was 6.8% for Dow Jones and 11% for Nasdaq in particular, compared to 4.1% and 5.7% respectively at the end of the previous month.

THE NATIONAL CLIMATE

ECONOMIC ACTIVITY : Sustained activity in industry and services and increase of inflation

Over April 2010, **the national economic activity** was marked by recovery of the industrial sector, notably manufacturing industries, except for textile, clothing and leather and footwear, in line with stronger domestic demand, particularly, from the European Union countries. Tourism posted also a relative recovery in March. These results diverge with faster level of inflation following notably adjustment in the prices of some foodstuff and fuel in the wake of an increase in their prices on the world market.

1) AGRICULTURE AND FISHING

The agricultural season is pursued in normal weather conditions in the North of the country, while the regions of the Centre and the South posted scant rainfalls varying, from of the beginning of the season and up to mid April, between 37% of the normal average in the South-East and 105% in the North-East. Contribution of major dams totalled 820 million cubic metres : 57% of the level recorded over the previous season.

This situation affected negatively growth in large-scale farming in so far as only 37% of areas are good for planting, whereas 26% are fairly good and 37% are not good for planting.

Thus, during the 14th national congress of the Tunisian Union for agriculture and fishing held on 16 April 2010, several decisions were taken, notably, to :

- give the possibility for farmers having contracted loan with respect to irrigated water consumption, to reschedule their debt over a no more than five-year period through the payment of a first portion worth at least 5% of the total amount of the claim ;
- work out a scientific study on the different fishing procedures, taking into account all the requirements to safeguard sea wealth ;
- extend the decisions adopted for granting season loans for large scale farming to other agricultural activities by applying the money market rate plus one percentage point to farmers who pay back their loans in the deadlines while extending the effect of this measure from 2011 to 2014 ;
- make general at 40% the premium devoted currently to large scale farming sector for the acquisition of agricultural material to include the other agricultural sectors ;
- finance the first project carried by each professional structure in the framework of the special Fund of agricultural development as long as this structure intervenes in favour of small scale farmers ;
- set up a programme to ensure jobs for 300 executives in different specialities by mutual corporate and agricultural development groupings to boost oversight and supervision of farmers and breeders. This programme will be financed by the job Fund and the Fund to develop competitiveness in agriculture and fishing over a year renewable just once providing that these executives are hired by these structures at the end of the considered period ;
- give young farmers and fishermen holding university diplomas a monthly premium of 150 dinars with respect to mechanisms of the job Fund over the first year of launching the project.

As **for livestock sector, fresh milk** production in the first quarter of the current year totalled some 249 thousand tonnes vs. 244 thousand tonnes in the same period of 2009. **Collected quantities** totalled some 161 thousand tonnes vs. 148 thousand a year earlier, representing 64.7% of production compared to 60.7% in the same period of the previous year. **Red meat** production reached some 24 thousand tonnes.

Fishing and aquaculture production totalled 11.8 thousand tonnes over the first two months of the current year compared to 9.8 thousand tonnes in the same period of 2009. Deep-sea fishing accounted for some 40% of total production : 4.7 thousand tonnes.

As for **trade with abroad, olive oil exports** reached, from the beginning of the current season and up to 10 April, 55 thousand tonnes, 2,280 tonnes of which in processed oil compared to 71 thousand tonnes over the same period of the previous season. Worth of note that export prices improved by some 20%. Exports recorded over the first quarter of the current year accounted for 78.4% of the volume : 43.1 thousand tonnes, down by 17.8% compared to the same period of 2009.

Date exports totalled some 38 thousand tonnes, from the beginning of current season and up to 21 April, worth 127 MTD vs. 33 thousand tonnes and 98 MTD in the same period of the previous season.

Citrus fruit exports from the beginning of the season and up to 22 April 2010 represented some 24 thousand tonnes, of which 22.5 thousand malteses vs. around 21 thousand and 19 thousand tonnes respectively in the same period of last season.

Sea food exports totalled 3.6 thousand tonnes for 34.4 MTD in the first quarter of the current year compared to 5.4 thousand tonnes and 70.7 MTD a year earlier (-33.3% and -51.3% respectively).

Cereals imports up to end March 2010 accounted for some 658 thousand tonnes, for 192 MTD : 46.2% and 23.9% respectively compared to the same period of the previous year. Cereal import prices continued to go down for hard wheat (-30.8% vs. -34.4% at end March 2009) and soft wheat (-30.5% vs. -29.9%) ; whereas prices for barley and corn went up (3.9% and 18% respectively compared to -52% and -33.2% a year earlier).

The balance of food abroad yielded a deficit of 55.5 MTD in the first quarter of the current year, compared to 98 MTD surplus in the same period of 2009 in the wake of 14.4% drop in exports and 22.8% progress in imports. Thus, the rate of coverage regressed from 126.1% to 87.9% from one year to the next.

Domestic market provisioning was abundant and regular, notably for key food products.

2) INDUSTRIAL ACTIVITY

Recovery of the industrial activity was pursued, the **general index of production** having posted 5% progress in the first two months of 2010 in terms of annual drift compared to -10% in the same period the previous year. This is due to gradual progress in manufacturing industries' production (6.7% vs. -14.1% up to end February 2010) and an increase in the production of the **mining sector** (9.1%), after five months of drop, whereas **energy production** continued to go down (-2.4%).

Trend in **manufacturing industries'** production concerned, notably, chemical industries (39% vs. -27.8% up to end February 2009), following an increase in the production of phosphate by-products, mechanical and electrical industries (19.1% vs. -17.8%). Worth of note that these two sectors posted a recovery as of July and November 2009 respectively.

The improvement concerned also, though to a lesser degree, building materials, ceramics and glass industries (3.1%), miscellaneous industries (1.3%) and agrofood industries (0.6%). However, production posted a slight drop in textile, clothing and leather and footwear industries compared to the same period of the previous year (-3.7% vs. -20.3%). Progress in production for the **mining sector** concerned most of the products, excluding phosphate (-5.2%) and in particular iron.

At the level of **foreign trade**, exports of manufacturing industries recovered in the first quarter of 2010, except for sales of agrofood industries which regressed by some 11%, in particular mechanical and electrical industries (33% vs. -16.4% a year earlier), miscellaneous industries (21.1% vs. -2.3%) and leather

and footwear (12.7% vs. -22.6%). The increase concerned to a lesser degree exports of building material, ceramics and glass industries (2.2%), textile and clothing industries (2.1%) and chemical industries (0.2%). The virtual stagnation in sales of chemical industries is attributable to lower prices for phosphate by-products, notably, triple superphosphate (-58%) and phosphoric acid (-38.5%). Worth of note that shipped quantities posted a net improvement.

Influenced by high world prices for fuel, exports of the **energy sector** recovered markedly (20.2% vs. -11.4% in the first quarter of 2009). This concerned, notably, sales of crude oil (25.9%) despite 21% drop in the exported quantities. Imports of this sector posted also the same trend (65.8% vs. -51.8% a year earlier). This led to some 207 MTD deficit in the trade balance of the sector compared to 104 MTD deficit at end February of current year and a surplus of some 48 MTD over the same period of 2009.

Imports of raw materials and semi finished products grew by 27.2% in the first quarter of 2010 due to recovery of industrial activity compared to 18.3% regression a year before.

3) TOURISM

In March 2010, tourism posted a positive trend that concerned the main indicators since foreign tourist entries, overall tourist bednights and tourist receipts in foreign currency grew by 1.8% , 2.6% and 4.9% in annual pace respectively compared to -5%, -8.2% and +2.6% in the same month of 2009.

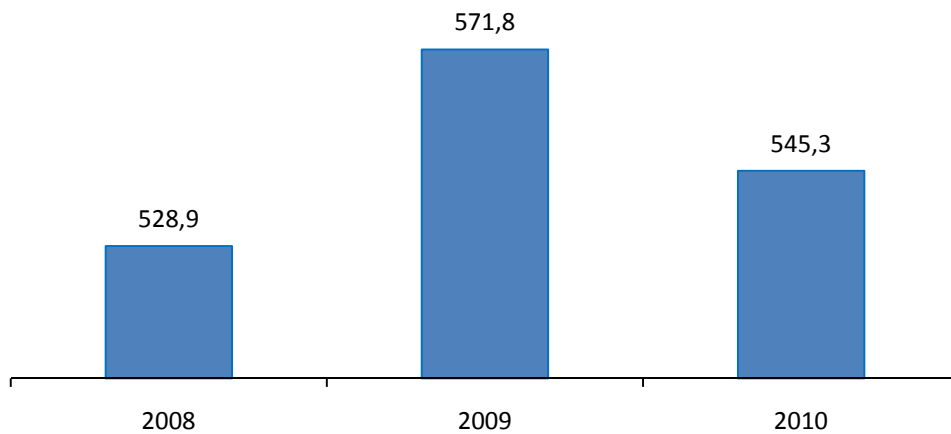
In the first quarter of the current year, the **number of foreign tourists** posted a slight progress of 0.6% vs. 0.9% drop a year earlier, to reach 1.1 million tourists. This trend is attributable particularly to better **European tourist flows** (4.6% vs. -15.3% a year earlier), notably the British (30% vs. -18.4%), the German (3.6% vs. -11.3%) and the French (1.2% vs. -6.5%). However, **Maghreb tourist flows** regressed (-2% vs. 10.1% the previous year), following a drop in the number of Libyan tourists (-6.3% vs. 16.5%), while the number of Algerian tourist posted a significant increase (10.7% vs. -4.8%).

Overall tourists bednights posted 4.6% increase at end March 2010 compared to 7.4% drop in the same period of the previous year. This trend was led by an improvement in most tourist zones i.e Tabarka – Ain Draham (24.2% vs. 4.8% a year earlier), Yasmine – Hammamet (13.4% vs. -13.4%), Tunis – Zaghuan (11.2% vs. 0.7%), Sousse (5.1% vs. -7.1%) and Jerba-Zarzis (4.5% vs. -12.6%); whereas drop in bednights was pursued, notably, in the zones of Nabeul – Hammamet (-2.2% vs. -3%) and Monastir – Skanes (-1.5% vs. -13.2%).

Despite an increase in overall bednights, **the relative rate of occupancy** dropped by 0.9 percentage point compared to 0.6 point a year earlier coming to 28.1%. worth of note that the exploited accommodation capacity went up by 8% to reach some 177 thousand beds. Drop in the rate of occupancy in the zone of Yasmine – Hammamet (-2 points), Mahdia (-4.4 points) and Nabeul – Hammamet (-6.7 points) contrasted with an increase in the zones of Tabarka-Ain Draham (3.1 points), Sousse (1.3 point) and Monastir - Skanes (0.8 point).

Tourist receipts in foreign currency posted 4.6% regression over the first quarter of the current year compared to 8.1% increase a year earlier to reach 545.3 MTD. Receipts accounted for 714 MTD up to the end of the second ten days of April, down by 2.4% vs. 7.2% increase in the same period of the previous year.

**TREND IN TOURIST RECEIPTS IN FOREIGN CURRENCY
IN THE FIRST QUARTER
(IN MTD)**

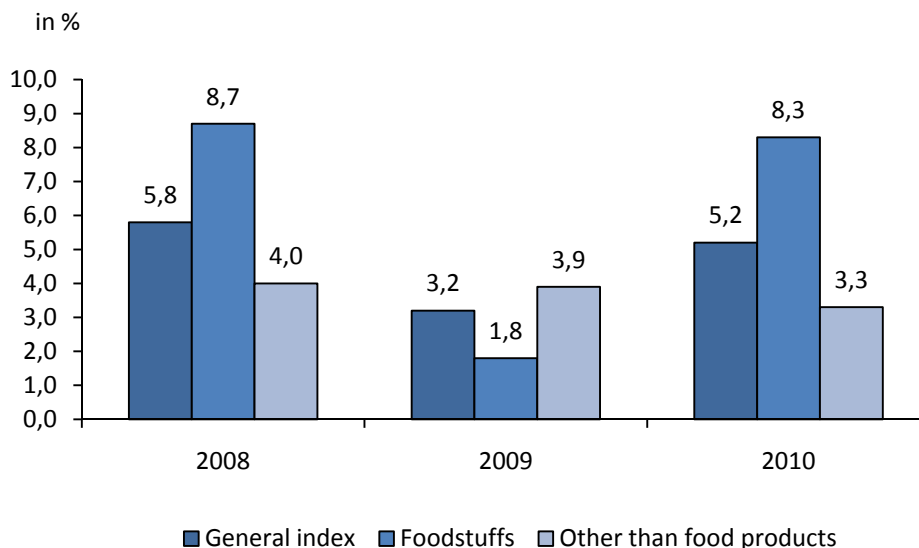


4) CONSUMER PRICES

Stability of the **general index of household consumer prices** was pursued in March 2010 for the second month in a row compared to 0.4% increase in the same month of the previous year. This was, notably, led by lower prices for **clothing** (-0.1%) in the wake of extension of the winter sales season and stable prices for **foodstuff and transport**.

In terms of annual shift, the increase in the **general index of prices** reached 5.2% in March 2010 compared to 5.5% a month before and 3.1% in March 2009. This was led, mainly, by an increase in the prices of **foodstuff** at a faster pace than the previous year (8.2% vs. 1.8% in March 2009), **leisure and culture and clothing** (4.8% for each vs. 4.4% and 1.9% respectively) and, to a lesser degree, **transport prices** (3.2% vs. 3%).

**TREND IN INFLATION (BASE 100 IN 2000)
IN THE FIRST QUARTER**



In terms of monthly averages, the inflation rate came to 5.2% over the first quarter of the current year, compared to 3.2% in the same period of 2009. This trend is, mainly, led by a substantial progress in **foodstuff** prices (8.3% vs. 1.8% at end March 2009) like sugar and candies (27.3% vs. 4.5%), fruits (14.9% vs. -5.7%), meat and poultry (10.3% vs. 3.3%) vegetables (7.6% vs. 1.6%) and oil (7.5% vs. -9.8%) as well as prices for **leisure and culture** (6% vs. 3%), notably, tobacco and cigarettes (9.8% vs 2.3%) and tuition fees (5.2% vs 2.2%) and **clothing** (3.5% vs. 2.7%).

Excluding foodstuff, prices increased at a less rapid pace than a year earlier : 3.3% at end March 2010 vs. 3.9% a year earlier. Excluding **foodstuff and energy**, price index went up by 3.5% vs. 3.7% a year earlier. Worth of note that energy prices posted a slower pace (1.6% vs. 7.3%).

By regime of price fixing, freely set product prices grew at a notably faster pace than the previous year (6% in average vs. 3.2% at end March 2009). Prices for **fixed products** posted the same trend but at a slower pace (3.6% vs.2.9%).

FINANCIAL SYSTEM SITUATION

Ongoing bank liquidity surplus in the first quarter of 2010 and slower progress pace for M3 aggregate over the considered period

I- BANK LIQUIDITY AND REFINANCING OF THE FINANCIAL SYSTEM¹

1) BANK LIQUIDITY

After a slight tightening in the last quarter of 2009, excess liquidity was consolidated again over the first quarter of 2010, influenced by the expansive effect exerted by an increase in the net balance of public administrations and to a lesser degree, in net assets abroad, though its extend was offset by the increase in bills and coins in circulation and in the item "other net factors".

At -89 MTD in average over the considered period, the **net balance of public administration** rose by 337 MTD. Its evolution is, notably, attributable to 387 MTD drop in the balance of the Treasury current account caused, notably, by high level of committed expenditure, in particular, transfer for certain public structures and companies (1,255 MTD) that went, mainly, to social security funds, the Tunisian company of oil activities (ETAP), the cereals Board, Tunisia highways company and public transport companies. To this is added reimbursement of external and domestic debt maturities, notably, an amount of 117 in interest on bonds equivalent to Treasury bonds (BTA).

The expansive effect led by part of this expenditure (excluding reimbursement of external debt having no impact on liquidity) was however lessened by that due to mobilizing of important tax receipts and this concurrently with encashment of 94 MTD in net subscriptions to Treasury bonds, 41 MTD from gas royalties, 30 MTD relative to the remainder from income on State holding in the capital of Gafsa Phosphate Company (CPG) for 2008 accounting year.

Worth of note that the level of the balance of the Treasury current account which posted significant fluctuations over the considered period, varying between a minimum of 25 MTD and a maximum of 936 MTD was corroborated by encashment at early March, of a transfer from the special account of the Tunisian Government in foreign currency for an amount of 100 million US Dollar (138 MTD) coming from the loan granted by IBRD in August 2009 in the framework of the programme of support to integration (PAI). Worth of note that this operation had no impact on liquidity.

Similarly, **net assets abroad**, which came in average at 10,392 MTD in the first quarter of 2010, went up by 15 MTD. Their trend was influenced by 82 MTD drop in the account "Intervention on the money market in foreign currency" with the expansive effect led by a 38 MTD drop in net assets in foreign currency and a 23 MTD increase in the item "currency of authorized intermediaries".

Drop in net assets in foreign currency resulted mainly from reimbursement of 396 MTD in principal of external debt, which was combined with a worsening of the current deficit in the wake of wider trade deficit, in line with import recovery at a more sustained pace than exports over the first quarter of 2010. The above mentioned drop could have been more pronounced if it had not been for mobilizing of significant receipts, notably, from drawings on external borrowings, granted particularly by the Japanese

¹Statistical data are presented in terms of quarterly averages.

Agency for International Cooperation JICA (48 MTD, 22 MTD of which for SNCFT), The French Development Agency AFD (47 MTD for ONAS) and BNP PARIBAS (18 MTD for ETAP) and a foreign direct investment amount of 63 MTD. Worth of note in this regard that loans granted to ONAS and SNCFT were held in "Tunisian Government special account in foreign currency" and had, consequently no impact on liquidity.

However, **bills and coins in circulation** which came at 5,269 MTD, in average over the first quarter of 2010 rose by 101 MTD exerting a commensurate restrictive effect on bank liquidity. Over the considered period, their level fluctuated between a minimum of 5,194 MTD and a maximum of 5,323 MTD, recorded on 20 January and 5 February respectively. This trend was influenced by the olive oil season and the winter season sale of end January.

In considering trend in the main autonomous factors of bank liquidity, **monetary policy operations** in the first quarter of 2010 yielded an average tapping of 877 MTD vs. 870 MTD in the previous quarter. Consequently, **assets in the banks' current accounts** went up by 128 MTD, to reach 918 MTD, reflecting the impact of upward review of the reserve requirement rate decided as per provisions of circular to banks n° 2010-05 of 25 February 2010, into effect as of 1st March 2010.

TREND IN FACTORS OF BANK LIQUIDITY

(Daily averages in MTD)

DESCRIPTION	4 th quart. 2009	1 st quart. 2010	Var. 1 st quart. 2010/ 4 th quart. 2009 (1)
BILLS & COINS IN CIRCULATION	-5,168	-5,269	-101
NET BALANCE OF PUBLIC ADMINISTRATION	-426	-89	+337
OF WHICH : TREASURY CURRENT ACCOUNT BALANCE	-874	-487	+387
NET ASSETS ABROAD	10,377	10,392	+15
OF WHICH : NET ASSETS IN FOREIGN CURRENCY	13,181	13,143	-38
OTHER NET FACTORS	-3,123	-3,239	-116
= (A) TOTAL AUTONOMOUS FACTORS	1,660	1,795	+135
CALLS FOR BIDS	-900	-912	-12
OPEN MARKET OPERATIONS	25	26	+1
PURCHASE AGREEMENT	0	0	0
24-HOUR DEPOSIT STANDING FACILITIES	-27	-48	-21
24-HOUR LOAN STANDING FACILITIES	32	57	+25
= (B) TOTAL MONETARY POLICY OPERATIONS	-870	-877	-7
= (A)+(B) ASSETS IN BANKS' CURRENT ACCOUNT	790	918	+128

(1) The (-) sign indicates a restrictive effect and the (+) sign indicates an expansive effect.

2) MONETARY POLICY OPERATIONS

Facing an ongoing excess liquidity throughout 2009 and its intensification in the beginning of the current year, and in considering recurring inflation, the monetary authorities decided to review upward the reserve requirement rate applied to the outstanding balance of sights deposits, other sums due to the customer, certificate of deposit with an initial duration of less than 3 months and shortage in respecting the liquidity ratio for the month under consideration, up from 7.5% to 10% as of 1st March 2010.

At the operational level, the increase in surplus bank supply at a faster pace than the deficit bank demand, over the first quarter of 2010, led to high excess liquidity on the money market, requiring high intervention by the Central Bank.

At the **interbank level**, transactions went down by 16 MTD, to reach 669 MTD and this despite 21 MTD increase in forward transactions. Worth of note that the latter continue to predominate with 81% share of total.

In the framework of its **monetary policy operations** the issuing institution focused its interventions, mainly, on **negative call for bids operations** for durations going between one week and one month. Overall, an average amount of 912 MTD was mopped up under this form over the first quarter of 2010 compared to 900 MTD a quarter before.

Banks had recourse to the Central Bank to place their liquidity surplus through **24-hour deposit standing facilities** for amounts varying between 82 MTD and 713 MTD, an average of 48 MTD over the considered period. Likewise, certain local banks had recourse to **24-hour loan standing facilities** for amounts going from 10 MTD to 65 MTD, an average of 57 MTD over the considered period.

Open market operations' outstanding balance was maintained at 26 MTD throughout the quarter.

Day-to-day weighted rate on the money market fluctuated between 4.02% and 4.34%. Thus, the money market average rate came at 4.07%, 4.08% and 4.23%, respectively in January, February and March 2010.

The **savings remuneration rate (TRE)** came at 2.25% throughout the quarter.

II- TREND IN FINANCIAL SYSTEM RESOURCES AND THEIR COUNTERPARTS

Counterparts of financial system resources were marked, in the first quarter of 2010, by a drop both in net claims on the State (-2.4% vs. +4.9%) and net claims abroad (-3% vs. +6.2%); while financing to the economy firmed up (3.9% vs. 1.9%). These trends were reflected on M3 money supply which increased at a slower pace than the year before : 1.7% vs. 3.1%. Similarly, this aggregate grew at a slower pace in terms of annual drift (11.7% in March 2010 vs. 14.3% a year earlier).

TREND IN FINANCIAL SYSTEM RESOURCES AND THEIR COUNTERPARTS*

(Figures at end of period in MTD)

DESCRIPTION	MARCH 2010	VARIATION in %	
		MAR.2009 DÉC.2008	MAR.2010 DÉC.2009
M4 AGGREGATE	39,414	2.9	1.5
MONEY SUPPLY (M3)	39,291	3.1	1.7
MONEY SUPPLY (M2)	37,106	3.0	1.6
MONEY (M1)	14,676	1.2	2.6
QUASI-MONEY	22,430	4.2	0.9
M3 – M2	2,185	3.7	4.3
M4 – M3	123	-23.8	-39.7
OTHER RESOURCES	14,038	3.4	2.7
TOTAL RESOURCES=TOTAL COUNTER PARTS	53,452	3.0	1.8
NET CLAIMS ABROAD**	9,346	510.0	-289.0
DOMESTIC LOANS	44,106	2.3	2.9
NET CLAIMS ON THE STATE**	6,578	281.0	-160.0
OF WHICH : - TREASURY BONDS **	2,763	126.0	203.0
- TREASURY CURRENT ACCOUNT **	936	-189.0	540.0
FINANCING TO THE ECONOMY	37,528	1.9	3.9

* Provisional data for 2010.

** For these aggregates, variations are expressed in MTD.

1) MONEY SUPPLY M2

This aggregate grew at a slower pace in the first quarter of 2010 (1.6% vs. 3%) following a considerable slow down in the progress pace of quasi-money ; while available money firmed up.

Available money rose, over the considered period, by 2.6% vs. 1.2% in the first quarter of 2009, mainly, in the wake of faster pace in bank money (4.1% vs. 1.3%) in line with a recovery in the outstanding balance of sight deposits at the postal current account (+14.3% or +144 MTD vs. -10.5% or -103 MTD) and an increase in the outstanding balance of sight deposit at banks at a pace comparable to that of 2009 (+2.7% or +222 MTD vs. +2.8% or 198 MTD). From one month to the next, the latter rose, in March 2010, by 367 MTD vs. 208 MTD a year before.

Quasi-money posted in the first quarter of 2010 a sharp deceleration in its progress pace (0.9% vs. 4.2%) influenced, mainly, by that of certificate of deposit (6.6% or 114 MTD vs. 11.3% or 151 MTD) and by a regression in the outstanding balance of forward deposit and other financial products (-0.2% or -18 MTD vs. +3.6% or +307 MTD). From one month to the next, the latter regressed by 637 MTD following, mainly, a drop in deposit of the Tunisian company of refining industries (STIR), ETAP, social security funds and Gafsa Phosphate Company (CPG). Concurrently, the outstanding balance of certificate of deposit dropped, over the same month by 144 MTD because some certificates subscribed to beforehand by the national fund for health insurance (CNAM), the national fund of social security (CNSS) and some other companies came due.

2) «M3–M2» AGGREGATE

This aggregate grew at a faster pace in the first quarter of 2010 (4.3% vs. 3.7%), influenced by an increase in the outstanding balance of debenture loans and borrowings with more than one year (10.7% vs. 8.6%). This trend reflects the importance of subscription to debenture loans over the considered period which totalled 180 MTD compared to an amount of bonds coming due that was worth 86 MTD.

Bond issues in March 2010 concerned STB (Tunisian Banking Company) : 100 MTD, BTK (Tunisian-Kuwaiti Bank) : 50 MTD, AIL (Arab International Lease) : 15 MTD and TL (Tunisian Leasing) : 15 MTD. These borrowings were subscribed to at variable interest rates that are equal to money market average rate (TMM) + a margin going between 0.5% and 0.8% and fixed interest rate varying between a minimum of 5.125% and a maximum of 5.85%. Corresponding maturities were between 5 and 20 years.

3) NET CLAIMS ABROAD

Over the considered period, net claims abroad dropped by 289 MTD compared to 510 MTD increase in the first quarter of 2009 in the wake of tighter net assets in foreign currency (-366 MTD), lessened by an increase in banks' net commitment abroad (+77 MTD).

Net assets in foreign currency pursued their downward movement for the third straight month, coming to 12,987 MTD in March 2010 and corresponding to 170 days of import vs. 12,245 MTD and 152 days respectively in the same period of 2009. From one month to the next, the latter's drop by 117 MTD is attributable, mainly, to wider current deficit.

4) NET CLAIMS ON THE STATE

State indebtedness vis-à-vis the financial system decreased by 160 MTD in the first quarter of 2010 compared to 281 MTD increase a year before, correlatively with the contrasted effect of recovery in the

balance of the Treasury current account (+540 MTD vs. -189 MTD) and firming up of the outstanding balance of Treasury bonds in banks portfolio (+203 MTD vs. +126 MTD). Compared to its level in February 2010, the balance of the Treasury current account rose by 911 MTD in March of the same year, in the wake of mobilizing of significant tax receipts.

Worth of note that Treasury bond issues totalled 318 MTD at end March 2010, bringing thus the global outstanding balance of Treasury bonds to 6,430 MTD vs. 436 MTD and 5,688 MTD respectively a year before. Subscriptions to Treasury bonds in March of the current year accounted for short term Treasury bonds (73 MTD), limited to 52-week maturities at average weighted rate (TMP) varying between 4.218% and 4.230% and bonds equivalent to Treasury bonds (BTA) : 70 MTD involving the lines March 2013 (32 MTD), March 2016 (26 MTD) and March 2019 (12 MTD) at TMP of 4.471%, 4.740% and 5.161% respectively.

5) FINANCING TO THE ECONOMY

The outstanding balance of financing to the economy rose over the considered period (3.9% vs. 1.9%) in the wake of an increase both in the outstanding balance of loans on ordinary resources (4.1% vs. 1.9%) and portfolio securities (6.8% vs. 8.1%) as well as a slight recovery in the outstanding balance of loans on special resources (+0.7% vs. -1%) ; whereas the outstanding balance of Treasury bills pursued its regression (-39.7% vs. -23.8%).

The increase in loans, net of reimbursement (625 MTD) in March 2010 went, mainly, to some companies operating in the energy and fuel sector, in real estate and agriculture.

As per statistics of the risk base and the file of loans to private individuals and excluding approval and guarantee, the increase in loans granted over the first two months of 2010 went to private individuals (226 MTD vs. 127 MTD in 2009) and the service sector (222 MTD vs. 174 MTD) then to industry (+92 MTD vs. -137 MTD) and agriculture and fishing (12 MTD vs. 26 MTD).

CAPITAL MARKET

Ongoing upward trend for stock indexes and for capital market contribution to financing of private investment

The main events of the first quarter of 2010 consist in :

- recovery for State issues, notably, in the form of short term Treasury bonds and ongoing dynamic activity both on the primary and the secondary markets ;
- introduction of « Assurances SALIM », the insurance company shares on the main market of the stock quotation through firm price bid accounting for 660 thousand nominal shares for 5 dinars the share, with an issuing premium of 10 dinars. The operation was successful with respect to investors with the demand representing 29 times the bid. Negotiation for these shares on the stock market started up on 1st April 2010 ;
- approval of the stock market for admission of shares of the company « Tunis-Re' », an insurance company, on the main market of the stock exchange through public subscription bid of 2 million new shares at 7 dinars the share, of which a 2 dinar - issuing premium. Subscription closed up on 16 April 2010 ;
- write off of shares of Palm Beach Hotels Tunisia « PBHT » company from the main market of the stock quotation and their transfer to the off list as of 1st February 2010. Consequently, the number of listed share remained unchanged at 52 units at end March 2010 ;
- « SOPAT » company disclosure of transfer of its shares from the alternative market to the main market of the stock quotation and of increase of its capital in cash by 1.3 MTD with a division of nominal share from five dinars to one dinar.
- « MONOPRIX » company disclosure of reduction in the nominal value of its shares from 10 dinars to 2 dinars in effect on 3 May 2010 to improve the liquidity of its shares and boost their trading on the stock market ;
- absorption of « STB CAPITAL » by financial management company « SOFIGES », two stock companies, affiliates of STB Group. This merger - absorption operation which increased the capital of "SOFIGES" from 1.5 MTD to 6.5 MTD brought the number of stock brokers to 23 units ;
- capital Market Council (CMF) approval for the creation of a management company, 2 mutual investment funds (FCP) of a mixed type and 3 venture capital mutual investment funds (FCPR), of which INDET fund with 50 MTD, meant for innovation and technological development. Creation of this fund comes in the framework of giving concrete forms to the decision of his Excellency Mr. The President Zine El Abidine Ben Ali on 26 January 2010 relative to the creation of a mutual investment fund to finance small and medium-sized businesses operating in technological content activities.

STOCK ISSUES AND TRANSACTIONS

DESCRIPTION	1 st quart. 2009	4 th quart. 2009	1 st quart. 2010
AMOUNT OF ISSUES	571	504	583
STATE ISSUES	436	270	318
- BTA AND BTZC*	358	213	211
- BTCT**	78	57	107
CORPORATE ISSUES THROUGH PUBLIC CALL FOR SAVINGS	135	234	265
CAPITAL SECURITIES	10	104	35
CLAIM SECURITIES	125	130	230
GLOBAL VOLUME OF TRANSACTIONS	1,163	762	639
STOCK QUOTATION	274	563	520
OFF LIST	7	10	2
REGISTRY OPERATIONS	882	189	117

* Bonds equivalent to Treasury bonds and zero coupon Treasury bonds.

** Short term Treasury bonds.

PRIMARY MARKET

After a slight drop in the last quarter of 2009, dynamic activity revived the primary market in the first quarter of 2010.

State issues pursued their upward tendency for the third quarter in a row thanks to an increase in short-term Treasury bond issues, up by 87.7% compared to the previous quarter. Consequently, these issues totalled 318 MTD at end March 2010 vs. 270 MTD a quarter before.

Capital market contribution to private investment financing was consolidated by 30 MTD compared to its level of the previous quarter, to reach 265 MTD at end March 2010, a volume largely higher than that of the first quarter of 2009 (135 MTD). This financing was, mainly, carried out through recourse to debenture loans (230 MTD) for 2 banks and 4 leasing structures with durations varying between 5 and 20 years and at rates oscillating between TMM + 0.5% and 5.85%.

Le CMF approved the issue of two initiated but not yet signed debenture loans by an industrial company and a leasing structure for an accumulated amount of 30 MTD in the first quarter of 2010.

Issues of capital securities came at 35 MTD vs. 104 MTD a quarter before. These issues concerned capital increase operations by SALIM insurance company (10 MTD) in the framework of its stock listing, and the BNA (national agricultural bank) for 25 MTD.

Capital increase by incorporation of reserves was carried out by two leasing companies (CIL for 5 MTD and Tunisie Leasing for 0.5 MTD).

Net assets of operating mutual funds investing in securities (OPCVM), exclusive of venture capital mutual investment fund (FCPR) totalled 4,678 MTD (4,134 MTD or 88.4% of which held by bond units) at end March 2010 compared to 4,383 MTD at end December 2009, in the wake of start up of subscriptions in bond open-end investment company (SICAV) and 4 mutual investment funds (FCP) of mixed type, bringing thus the number of operating OPVCM to 93 units.

These structures' yield is 0.93% for bond units and 3.26% for mixed units at end March 2010.

SECONDARY MARKET

The secondary market recorded the same dynamic activity observed a quarter before with an ongoing upward trend for stock indicators.

TUNINDEX posted 9.2% in yield over the first quarter of 2010 compared to 5.6% a quarter before. This trend concerned all sectoral indexes with positive yield varying between 0.81% for consumer service index and 40.03% for construction and building material index at end March 2010. Sectoral index of banks and financial services went up by 9.24% and 12.4% respectively.

Daily transactions on the stock quotation maintained their average volume of the previous quarter (8.2 MTD). Yet, capital trading posted 7.6% drop compared to the previous quarter, down from 563 MTD to 520 MTD at end March 2010 (508 MTD of which with respect to capital securities ' transactions) in the wake of a number of trading days that was lower than the previous quarter (64 days vs. 62 days in the first quarter of 2010).

Listed shares performances was pursued with positive yields for 38 shares varying between 1.3% (SOTUMAG) and 90.1% (SIMPAN). Worth of note that 21 other shares posted a drop in their rates : varying between -23.8% (AL KIMIA) and -1.1% (ARTES).

This performance raised stock capitalisation by 9.3% compared to its level in December 2009, to reach 13,363 MTD at end March 2010 : 23.2% of GDP projected for 2010 compared to 16.6% a year earlier.

TREND IN STOCK INDICATORS

(Figures at end of period in MTD unless otherwise indicated)

DESCRIPTION	MARCH 2009	DECEMBER 2009	MARCH 2010
STOCK INDICATORS			
STOCK CAPITALISATION	8,842	12,227	13,363
STOCK CAPITALISATION / GDP (in %)	16.6	22.9	23.2
AVERAGE PRICE EARNING RATIO (PER)	13.7	19	15.6
NUMBER OF LISTED COMPANIES (in units)	50	52	52
MONTHLY LIQUIDITY RATE (in %)	53	44	49
FOREIGN HOLDING RATE (in %)	24.82	21.92	22.28
INDEXES			
TUNINDEX index in points (BASE 1,000 ON 31/12/1997)	3,112.96	4,291.72	4,686.31
TUNINDEX QUARTERLY YIELD (in %)	7.6	5.6	9.2
FCP AND SICAV			
NOMBER OF OPERATING UNITS	77	88	93
NETS ASSETS	3,927	4,383	4,678

The share of foreign investors in this stock capitalisation improved to 22.28% at end March 2010 vs. 21.92% at end 2009 in the wake of admission on the official quotation of 3,750 thousand new shares issued by Attijari Bank with foreign holding in its capital (54.6%).

Foreign acquisition in the first quarter of 2010 accounted for 20.1 MTD for transfers of 33.7 MTD which concerned, essentially, the shares of BT (10.1 MTD) TPR (4.6 MTD), STB (4.6 MTD), Poulina Group Holding (3.5 MTD) and SIAME (3.4 MTD). Worth of note that the balance of net acquisitions of transfers came from -19.4 MTD over the fourth quarter of 2009 to -13.6 MTD.

EXTERNAL PAYMENTS

Deficit of the general balance of payments in the wake of wider current deficit

In the first quarter of 2010, the general balance of payments posted a deficit of 296 MTD compared to 589 MTD in surplus in the same period of 2009, down by 885 MTD attributable to 1,048 MTD widening in the current deficit, to reach 1,294 MTD. Whereas the surplus balance of financial transactions and in capital improved by 163 MTD, up from 835 MTD to 998 MTD from one year to the next.

TREND IN THE MAIN BALANCES OF THE BALANCE OF PAYMENTS

(In MTD)

DESCRIPTION	2008	2009*	3 MONTHS	
			2009	2010*
A-CURRENT PAYMENTS	-2,109	-1,513	-246	-1,294
- MERCHANDISES (FOB)	-4,941	-4,810	-663	-1,733
- SERVICES	+3,257	+3,357	+509	+457
- FACTOR INCOME	-675	-323	-150	-78
- CURRENT TRANSFERS	+250	+263	+58	+60
B - FINANCIAL OPERATIONS AND IN CAPITAL	+4,022	+3,717	+835	+998
- OPERATIONS IN CAPITAL	+97	+194	+28	+30
- PARTICIPATIONS	+3,156	+1,979	+351	+437
- SHORT, MEDIUM AND LONG TERM LOAN-BORROWINGS	+769	+1,544	+456	+531
C-ADJUSTMENT OPERATIONS (NET FLOWS)	+140	-	-	-
GENERAL BALANCE	+2,053	+2,204	+589	-296

* Provisional figures.

I- BALANCE OF CURRENT TRANSACTIONS

The balance of current transactions yielded a deficit of 1,294 MTD in the first quarter of 2010, representing 2.2% of GDP compared to 246 MTD and 0.5% a year earlier.

This trend is, mainly, led by wider trade deficit, which expressed FOB-FOB, went up from 663 MTD to 1,733 MTD from one period to the next. Concurrently, the surplus balance of services was tightened by 52 MTD, to reach 457 MTD. However, the deficit of the balance of factor income regressed by 72 MTD, coming to 78 MTD.

A. BALANCE OF TRADE

Expressed FOB-CIF, the deficit of the balance of trade was widened by 1,168.5 MTD or 119.7%, coming in at 2,144.9 MTD in the first quarter of 2010. Thus, the rate of coverage dropped by 11.5 percentage points, to 71.4% following import rise at a faster pace than exports.

Exports rose by 13.1%, to reach 5,349.3 MTD compared to a drop of 18.8% and 4,728.4 MTD a year earlier, a trend that was influenced by the increase in the sale prices of all products, exclusive of prices of agriculture and agro food industries, which went down by 11.4%.

Imports progressed by 31.4% to reach 7,494.2 MTD compared to a drop of 18.2% and 5,704.8 MTD drop in the same period of last year, an increase that concerned the purchase prices of all the products, excluding mining, phosphate and by - products which recorded a virtual standstill.

The main trends in the balance of trade are as follows :

- The deficit the balance of capital goods was widened by 392.8 MTD or 44.4%, to reach 1,277.3 MTD in the first quarter of 2010 vs. 884.5 MTD a year earlier, leading to a drop in the rate of coverage which regressed from 39.9% to 37.4% from one period to the next. Imports rose at a faster pace than exports (38.7% and 30.1% respectively, coming to 2,040.1 MTD and 762.8 MTD). This trend is, mainly, attributable to higher purchases and sales by the sector of mechanical and electrical industries, down by 39.4% and 33% respectively.
- The balance of raw materials and semi-finished products posted 810 MTD in deficit over the first quarter of 2010 vs. 535.9 MTD a year earlier, a widening attributable to import rise at a more sustained pace than exports : 27.2% and 17.3% respectively, to reach 2,329.3 MTD and 1,519.3 MTD. The rate of overage dropped consequently by 5.5 percentage points, to reach 65.2%.
- The balance of energy posted a deficit of 206.9 MTD vs. 47.5 MTD surplus a year earlier. This trend is led by 65.8% progress in imports, to reach 958.8 MTD following an increase in the prices and in the imported quantities while exports grew by just 20.2% to reach 751.9 MTD exclusively in the wake of higher prices. Correlatively, the rate of coverage went down from 108.2% to 78.4% from one period to the next.
- The balance of food posted 55.5 MTD in deficit in the first quarter of 2010 compared to 97.9 MTD in surplus over the same period of 2009, worsening by 153.4 MTD. This was attributable to import rise by 22.8% to 460.2 MTD, while exports posted 14.4% drop to 404.7 MTD. Thus, the rate of coverage regressed significantly from one period to the next from 126.1% to 87.9%.
- The balance of consumer goods posted a 204.8 MTD in surplus compared to 298.6 MTD a year earlier. The tightening posted from one year to the next is led by import rise by 17.6% while exports grew by just 9.3% to reach 1,705.8 MTD and 1,910.6 MTD respectively. Correlatively, the rate of coverage came down to 112% vs. 120.6% in the first quarter of 2009.

B. BALANCE OF SERVICES AND FACTOR INCOME

1) BALANCE OF SERVICES

At 457 MTD in the first quarter of 2010, the surplus of the balance of services was tightened by 52 MTD or 10.2% compared to that posted over the same period of 2009. Flows going to the tourist sector, the main component at the level of services receipts, dropped in particular by 5.9% to 545 MTD vs. 579 MTD a year earlier.

2) BALANCE OF FACTOR INCOME

The deficit of factor income balance went down markedly from 150 MTD in the first quarter of 2009 to 78 MTD in the same period of 2010. The tightening from one period to the next was led by lower level of expenditure for capital income, down by 7.8% to 647 MTD. Worth of note that outlays for reimbursement of medium and long term debt interest regressed by 16.2% to 178 MTD. Concurrently, receipts with respect to labour income went up by 22 MTD or 4.2% to 544 MTD.

II- BALANCE OF FINANCIAL OPERATIONS AND IN CAPITAL

The surplus balance of financial operations and in capital firmed up further in the first quarter of 2010, amounting to 998 MTD vs. 835 MTD in the same period of 2009.

The main trends recorded are as follows :

- ❖ Better surplus in the balance of medium and long term loan capital which totalled 531 MTD vs. 456 MTD a year earlier. Worth of note that outlays for the reimbursement of medium and long term debt principal went down by 25 MTD compared to the same period of last year, coming to 396 MTD
- ❖ Improved surplus for the balance of foreign investment which went up from 351 MTD to 437 MTD from one period to the next, mainly in the wake of lower level of expenditure with respect to portfolio investment (down by 53.8% to 33 MTD vs. 70 MTD a year before). Concurrently, foreign direct investment receipts increased by 8.9% to reach 476 MTD.

TREND IN THE DINAR EXCHANGE RATE AND FOREIGN EXCHANGE MARKET ACTIVITY IN THE FIRST QUARTER OF 2010 :

Depreciation of the Tunisian dinar against the US dollar and appreciation against the euro

I- TREND IN THE DINAR EXCHANGE RATE

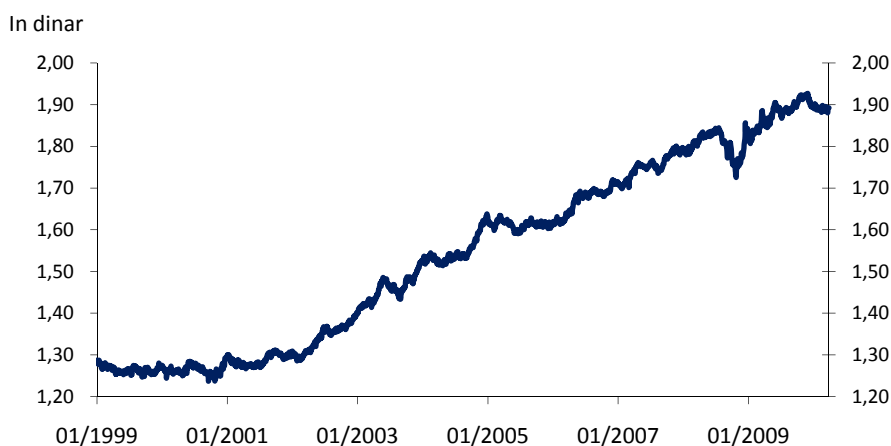
Compared to end 2009 and up to end March 2010, the dinar depreciated, on the interbank market by 6.2% against the US dollar, 5.9% against the Japanese yen and 0.7% against the Moroccan dirham. However, it appreciated by 0.3% against the euro.

TREND IN THE EXCHANGE RATE USD/TND



In the first quarter of 2010 and compared to the same period of last year, the dinar exchange rate on the interbank market posted a depreciation against the euro (2.8%) and the Moroccan dirham (1%). Yet, it appreciated against the US dollar (3.2%) and the Japanese yen (0.7%).

TREND IN THE EXCHANGE RATE EUR/TND



II- TREND IN FOREIGN EXCHANGE MARKET ACTIVITY

A. SPOT MARKET

Transactions on the spot market totalled 11,298 MTD in the first quarter of 2010 compared to 10,468 MTD in the same period of last year, up by 8%.

TREND IN SPOT EXCHANGE TRANSACTIONS

(In MTD)

DESCRIPTION	1 ST QUART. 2009	1 ST QUART. 2010	VARIATION in MTD
CURRENCY AGAINST CURRENCY TRANSACTIONS	6,426	6,852	+426
CURRENCY AGAINST DINAR TRANSACTIONS	4,042	4,446	+404
TOTAL	10,468	11,298	+830

1) CURRENCY / DINAR TRANSACTIONS

Currency / dinar transactions on the foreign exchange market in the first quarter of 2010 amounted to 4,446 MTD vs. 4,042 MTD in the same period of last year (up by 10%).

The share of currency / dinar transactions represented 39% of the global volume of spot exchange transactions : The same level as the same period of 2009.

The share of interbank transactions came to 87% in the first quarter of 2010 compared to 13% for the Central Bank of Tunisia.

Intervention by the Central Bank totalled 559 MTD vs. 279 MTD in the same period of last year, up by 100%. However, transactions on the interbank market increased only slightly by 3%.

TREND IN SPOT EXCHANGE TRANSACTIONS OF CURRENCY AGAINST DINAR

(In MTD)

DESCRIPTION	1 ST QUART. 2009	1 ST QUART. 2010	VARIATION in MTD
TRANSACTIONS WITH THE CENTRAL BANK OF TUNISIA	279	559	+280
INTERBANK MARKET	3,763	3,887	+124
TOTAL	4,042	4,446	+404

2) CURRENCY / CURRENCY TRANSACTIONS

The volume of currency / currency transactions totalled 6,852 MTD in the first quarter of 2010 compared to 6,426 MTD in the same period of 2009, increasing by 7%.

The share of these transactions in overall spot exchange transactions came to 61%.

Transactions with foreign correspondents accounted for 93% of the global volume of transactions.

TREND IN SPOT EXCHANGE TRANSACTIONS FROM ONE FOREIGN CURRENCY TO ANOTHER

(In MTD)

DESCRIPTION	1 ST QUART. 2009	1 ST QUART. 2010	VARIATION in MTD
INTERBANK MARKET	292	506	+214
TRANSACTIONS WITH FOREIGN CORRESPONDENTS	6,134	6,346	+212
TOTAL	6,426	6,852	+426

B. FORWARD MARKET

The volume of forward transactions totalled 1,184 MTD in the first quarter of 2010 compared to 961 MTD in the same period of 2009, up by 23%. The share of transactions for import hedging in the overall volume carried between banks and companies came to 80% vs. 20% for that of export hedging.

Forward sale of currency transactions by Tunisian authorised intermediaries and relative to hedging against the incurred exchange risk by importers posted 285 MTD increase in the first quarter of 2010, coming to 938 MTD. These transactions were mainly, denominated in euro (54%) and in US dollar (45%).

However, forward purchase transactions totalled 235 MTD, down by 34 MTD. The share of transactions denominated in euro came to 51% compared to 46% for the US dollar.

TREND IN FORWARD EXCHANGE TRANSACTIONS

(In MTD)

DESCRIPTION	1 st QUART. 2009	1 st QUART. 2010	VARIATION in MTD
BETWEEN BANKS & COMPANIES	922	1,173	+251
INTERBANK MARKET	39	11	-28
TOTAL	961	1,184	+223

III- SWAP EXCHANGE TRANSACTIONS

The volume of swap exchange operations regressed from 165 MTD over the first quarter of 2009 to 91 MTD in the same period of the current year, down by 45%.

OVERALL TRANSACTIONS CONCERNING FOREIGN CURRENCY/DINAR SWAPS

(In MTD)

DESCRIPTION	1 st QUART. 2009	1 st QUART. 2010	VARIATION in MTD
INTERBANK MARKET	35	32	-3
WITH FOREIGN CORRESPONDENTS	0	59	+59
WITH COMPANIES	130	0	-130
TOTAL	165	91	-74

* Provisional figures.

NEW REGULATING PROVISIONS

1) MODIFICATION OF CONDITIONS FOR THE RESERVE REQUIREMENT

Facing an ongoing excess liquidity on the money market as of March 2008, the BCT raised, on two occasions, the reserve requirement rates to 10% in March 2010 and 12.5% in May of the same year.

Worth of note that additional deposits by banks at the Central Bank with respect to the 2.5% increase in the reserve requirement rate applied to the outstanding balance of sight deposits, other sums due to clients, certificates of deposit with an initial duration of less than three months and shortage with respect to liquidity ratio for the month under consideration are remunerated at a 1% rate a year.

Furthermore, the rate applied to the outstanding balance of certificates of deposits, forward accounts, cash vouchers and other financial products with an initial duration of more than or equal to 3 months but less than 24 months which was not modified in March (1%) was raised as of May 2010, up to 1.5%. This was also the case for the rate of other accounts with the contractual savings duration more than or equal to 3 months but less than 24 months.

The rate applied to the outstanding balance of special savings accounts remained at 1%.

(Cf. Circulars of the BCT to banks n°2010-05 of 25 February 2010 and n°2010-07 of 30 April 2010)

2) INCREASE OF THE PREMIUM GRANTED BY THE FUND TO DEVELOP COMPETITIVENESS IN AGRICULTURE AND FISHING SECTORS

The annual premium given by the Fund to develop competitiveness in agriculture and fishing over five years to contribute to coverage of fees for control and certification of organic production within 70% of these fees (but the global amount should not go beyond 5 thousand dinars) was raised up to 10 thousand dinars for farmers belonging to development grouping in the sector of agriculture and fishing, to mutual agricultural service companies and professional grouping.

Worth of note that this fund gives financial assistance in the form of premiums financing tangible or intangible investments in order to carry out the upgrading operations in the sector of fishing and aquaculture as well as farms.

(Cf. Decree n°2010-153 of 1st February 2010 published in JORT n°11 of 5 February 2010)

3) CREATION OF THE NATIONAL WATER COUNCIL

In the wake of increasing demand for water and weather heating, the national water Council was created to support the Minister of Agriculture, hydraulic resources and fishing in carrying out its assignments in this respect. The later involve mainly proposal of the general principles for mobilising and valorising the use of water resources.

This Council is also in charge of issuing an opinion with respect to strategies and objectives of the country's general hydraulic policy and prospective studies by 2050. It contributes to elaboration of programmes and plans for mobilizing the hydraulic resources of the country and measures to improve their use and durability by valorising processed used waters in agricultural and non agricultural sectors, desalination of saline water and sea water and encouraging their production.

Furthermore, the Council is called to present proposals with respect to working out of a national policy for water conservation through programmes aiming to rationalize water consumption and its valorising as well as processing of specific situations of underground water tables to limit over-usage and fix appropriate means for development of their resources.

The national water council is chaired by the Minister of agriculture, hydraulic resources and fishing and meets at least twice a year. It is made up of 17 members representing several ministries, companies and national organizations.

(cf. Decree n°2010-407 of 9 March 2010 published in JORT n° 21 of 12 March 2010)

MAIN ECONOMIC INDICATORS

(In MTD unless otherwise indicated)

DESCRIPTION	YEAR			VARIATION IN %	
	2008	2009	2010	2009 2008	2010 2009
INDUSTRIAL PRODUCTION INDEX (BASE 100 IN 2000) (1)	132.8	119.5	125.5	-10.0	5.0
OF WHICH : MANUFACTURING INDUSTRIES	140.0	120.2	128.3	-14.1	6.7
BALANCE OF TRADE					
- OVERALL EXPORTS FOB	5,820.9	4,728.4	5,349.3	-18.8	13.1
- OVERALL IMPORTS CIF	6,976.0	5,704.8	7,494.2	-18.2	31.4
- TRADE DEFICIT EXCLUDING ENERGY FOB-CIF (2)	661.6	1,023.9	1,938.0	362.3	914.1
- OVERALL TRADE DEFICIT FOB-CIF (2)	1,155.1	976.4	2,144.9	-178.7	1,168.5
- OVERALL COVERAGE RATE FOB-CIF (%)	83.4	82.9	71.4	-0.5point	-11.5points
INCREASE IN CONSUMER PRICES :					
- SHIFT FROM THE BEGINNING OF THE YEAR (%)	0.6	-0.4	0.4		
- IN TERMS OF MONTHLY AVERAGES (%)	5.8	3.2	5.2		
TOURISM					
- NON RESIDENT ENTRIES (1,000 persons)	1,101	1,091	1,098	-0.9	0.6
- OVERALL BEDNIGHTS (1,000 units)	4,606	4,265	4,463	-7.4	4.6

(1) At end November of each year.

(2) Variations are expressed in millions of dinars.

MAIN MONETARY AND EXTERNAL FINANCE INDICATORS⁽¹⁾

(In MTD unless otherwise indicated)

DESCRIPTION	MARCH		VARIATION IN %	
	2009	2010	MARCH.2009 DEC. 2008	MARCH.2010 DEC. 2009
MAIN MONETARY AGGREGATES OF THE FINANCIAL SYSTEM (2)				
M4 AGGREGATE	35,386	39,414	2.9	1.5
MONEY SUPPLY (M3)	35,191	39,291	3.1	1.7
NET CLAIMS ABROAD (3)	8,686	9,346	510.0	-289.0
DOMESTIC LOANS	39,361	44,106	2.3	2.9
NET CLAIMS ON THE STATE (3)	6,063	6,578	281.0	-160.0
OF WHICH : -TREASURY BONDS (3)	2,194	2,763	126.0	203.0
- TREASURY CURRENT ACCOUNT (3)	208	936	-189.0	540.0
FINANCING OF THE ECONOMY	33,298	37,528	1.9	3.9
EXTERNAL PAYMENT INDICATORS (2)				
TOURIST EARNINGS (4)	579	545	9.5	-5.9
CASH LABOUR INCOME (4)	411	417	14.5	1.5
DEBT SERVICE (4)	633	574	-0.6	-9.3
CURRENT DEFICIT (3) (4)	-246	-1,294	59	-1,048
GENERAL BALANCE OF THE BALANCE OF PAYMENTS (3) (4)	589	-297	445	-886
EXCHANGE RATE (IN DINAR) (5)				
1 US DOLLAR	1.3956	1.4042	6.5	6.6
1 EURO	1.8557	1.8925	0.8	-0.3
1,000 JAPANESE YEN	14.1882	14.9873	-2.2	6.3
1 STERLING POUND	1.9949	2.1096	3.6	-0.4
10 MOROCCAN DIRHAMS	1.6570	1.6726	0.5	0.7

(1) Figures of end of period for monetary statistics and accumulated from the beginning of the year for external payments.

(2) Provisional data.

(3) Variations are expressed in millions of dinars.

(4) Variations compared with the same period of the previous year.

(5) Interbank average market rate of end of period.