



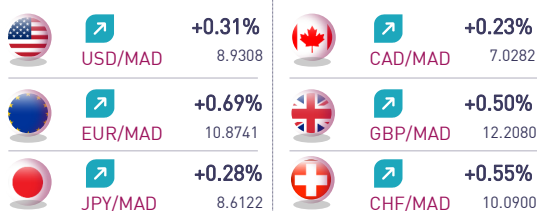
WEEKLY MAD INSIGHTS

CURRENCIES

28 JANUARY
2021

Week from 01/18/2021 to 01/22/2021

WEEKLY VARIATIONS



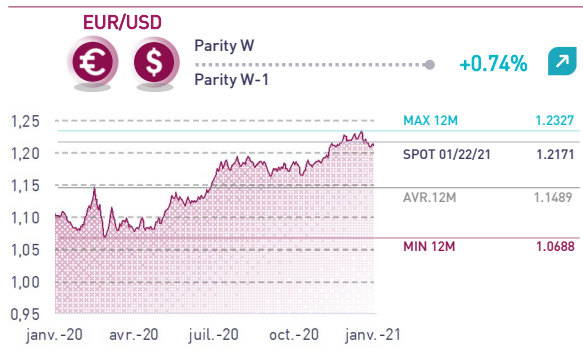
	USD/MAD	EUR/MAD
[Basket ⁽¹⁾ effect]	-0.24%	+0.14%
[Liquidity ⁽²⁾ effect]	+0.55%	+0.55%

(1) Impact of the variation in the EUR/USD parity
(2) Impact of the variation in the liquidity spread (Supply / Demand)

Banks Foreign Exchange position ⁽³⁾W **MAD 5,717 MN**
 Banks Foreign Exchange position W-1 **MAD 6,914 MN**

(3) Calculated over the period from 01/13/2021 to 01/19/2021

INTERNATIONAL HIGHLIGHTS



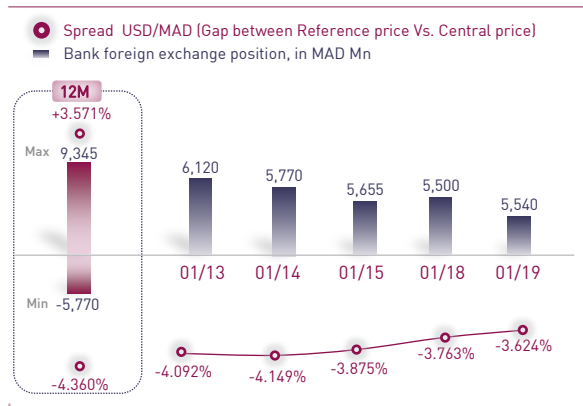
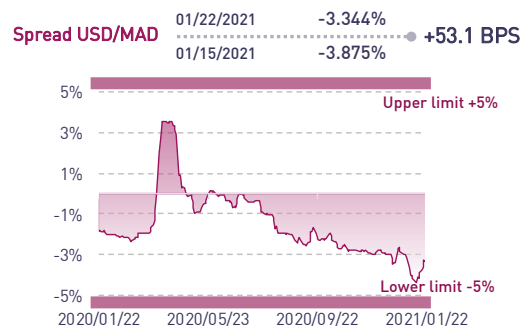
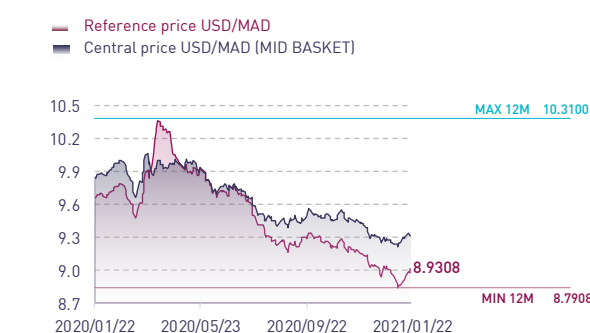
Positive Data coming from Europe

After crossing lower than the 1.21 level last week, the EUR/USD pair appreciated +0.74% to settle at \$ 1.217.

Despite a worrying health situation in Europe leading to the implementation of many new restrictive measures, data related to industrial production, the ZEW and the SME, were generally stable.

For its part, the dollar seems to be penalized by Joe Biden's 100-day program. This program anticipates a sharp increase in expenditure and a widening of the budget deficit within a sustainable low interest rates context.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



The MAD continues its downward trend

The trend observed last week on the Moroccan foreign exchange market continues. In fact, the bank foreign exchange position contracted further to MAD 5.5 Bn, the lowest level since September 2020. This evolution is explained by both the dynamism of import hedging operations and a the stagnation of export flows.

In this context, the reduction of the MAD liquidity spreads, which measures the difference between the MAD central price and the MAD reference price, persists in the foreign exchange market. These shrink to -3.34% against -3.87% a week earlier.

This week, the liquidity effect largely explains the dirham depreciation against the dollar, i.e. from 8.90 to 8.93.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	5.86%	4.85%	7.14%	7.45%	11.36%	5.75%
2 MONTHS	6.10%	4.08%	6.45%	6.28%	12.77%	4.90%
3 MONTHS	5.98%	3.87%	6.83%	6.24%	11.49%	5.83%

Volatility levels favorable to hedging strategies

Taking into account the current level of the MAD volatility and the contraction of the foreign exchange position levels, we anticipate a strong catch-up effect of import flows over the next month.

Thus, we recommend to put into place a hedging strategies against the rising of the USD/ MAD parity.

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WEEKLY MAD INSIGHTS

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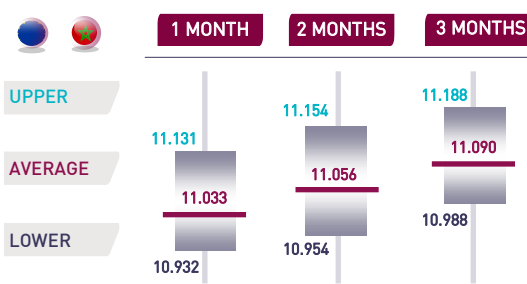
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
MEDIAN		1.22	1.23	1.24	1.25	1.25	1.25	1.25	1.25
AVERAGE	1.2171	1.22	1.23	1.24	1.24	1.25	1.25	1.24	1.25
+HIGH	01/22/2021	1.25	1.30	1.33	1.35	1.31	1.29	1.30	1.30
+LOW		1.19	1.16	1.15	1.14	1.15	1.18	1.18	1.18
FORWARD		1.22	1.22	1.22	1.23	1.24	1.25	1.27	1.29

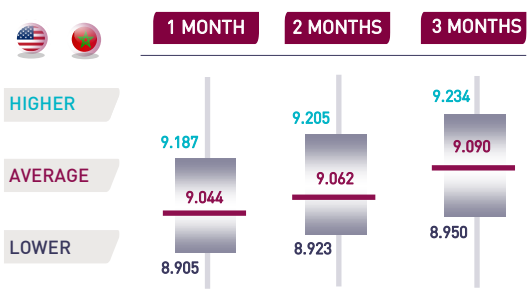
The main international brokers anticipate that the pressure on the dollar will ease over the medium and long term. As a matter of fact, the EUR/USD parity would stabilize around 1.22 in Q1-21 before moving towards 1.24 at the end of 2021. By 2022-2025, the EUR/USD parity would stabilize around 1.25 on average, versus a forecast of 1.26 a week earlier.

The deterioration of the health situation would result in a weakening of the euro zone economies and the United Kingdom. Given this climate of uncertainty, Dollar Demand is likely to weaken further. At the same time, the more accommodating monetary policy of the Fed, unlike that of the ECB, would continue to support the Euro over the medium and long term.

EUR/MAD AND USD/MAD OUTLOOK - AGR



Based on EUR/USD Bloomberg forecast for Q1-20



Based on EUR/USD Bloomberg forecast for Q1-20

Given the depreciation of the dirham during this week, the impact of import flows on the foreign exchange position and the narrowing of liquidity spreads, we anticipate a continuation of the depreciation of the MAD against the dollar and the euro in the short term. Thus, we revised upwards our forecasts for USD/MAD and EUR/MAD parities for 1, 2 and 3 months.

Our USD/MAD parity targets are 9.04, 9.06 and 9.09 at 1, 2 and 3 months horizons respectively, against an initial forecast of 9.02, 9.03 and 9.04 over the same periods. In consequence, the dirham is expected to decrease against the dollar by 1.3%, 1.5% and 1.8% over 1, 2 and 3 months horizons respectively.

At the same time, we are raising for the 1st time the level of the MAD depreciation against the Euro, i.e. beyond the symbolic threshold of MAD 11. Indeed, the EUR/MAD parity target settles at 11.03, 11.06 and 11.09 for 1, 2 and 3 months horizons respectively, against a spot of 10.87 currently. This is equivalent to depreciation levels of 1.5%, 1.7% and 2.0% at 1, 2 and 3 months horizons respectively.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	0.31%	0.69%	0.28%	0.23%	0.50%	0.55%
1 MONTH	-0.37%	-0.76%	-0.66%	0.90%	1.54%	-0.33%
YTD 2021	0.29%	-0.56%	-0.33%	0.54%	0.40%	-0.24%

Prices as of 01/22/2021



APPENDICES

DATA AS OF 22 JANUARY 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024
FORECAST	USD/JPY	103	103	103	102	105	103	102
FORWARD	104	104	104	103	103	103	102	101
FORECAST	USD/CAD	1.27	1.27	1.25	1.25	1.25	1.26	1.27
FORWARD	1.27	1.27	1.27	1.27	1.27	1.27	1.28	1.28
FORECAST	USD/CHF	0.89	0.88	0.88	0.88	0.90	0.91	0.92
FORWARD		0.88	0.88	0.88	0.88	0.87	0.86	0.85
FORECAST	GBP/USD	1.36	1.37	1.38	1.40	1.40	1.43	1.41
FORWARD	1.37	1.37	1.37	1.37	1.37	1.37	1.38	1.38

APPENDIX 2 : MAIN BROKERS FORECASTS FOR THE EUR/USD PARITY

	Date	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2022
Scotiabank	01/21/21	1.23	1.25	1.26	1.26	1.24
Skandinaviska Enskilda Banken	01/21/21	1.23	1.25	1.27	1.27	1.28
Banco Bilbao Vizcaya Argentaria	01/20/21	1.23	1.21	1.22	1.23	1.25
Morgan Stanley	01/20/21	1.20	1.23	1.24	1.25	1.21
PNC Financial	01/19/21	1.23	1.25	1.23	1.22	1.2
Swedbank	01/19/21	1.23	1.25	1.25	1.24	1.23
BNP Paribas	01/18/21	1.22	1.24	1.25	1.25	1.30
Commerzbank	01/15/21	1.20	1.19	1.21	1.23	1.28
Rabobank	01/15/21	1.20	1.22	1.22	1.23	1.18
Silicon Valley Bank	01/14/21	1.22	1.23	1.24	1.25	1.29
DNB	01/12/21	1.20	1.20	1.20	1.20	1.17
Landesbank Baden-Wuerttemberg	01/12/21	1.24	1.25	1.24	1.23	1.25
ABN Amro	01/08/21	1.20	1.22	1.24	1.25	1.30
Alpha Bank	01/05/21	1.20	1.23	1.24	1.25	1.25
United Overseas Bank	01/04/21	1.22	1.23	1.24	1.24	1.26
Maybank Singapore	12/31/20	1.21	1.22	1.24	1.25	1.25
TMS Brokers	12/28/20	1.24	1.24	1.26	1.27	1.30

Data as of 01/22/2021

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