



# WEEKLY MAD INSIGHTS

## CURRENCIES

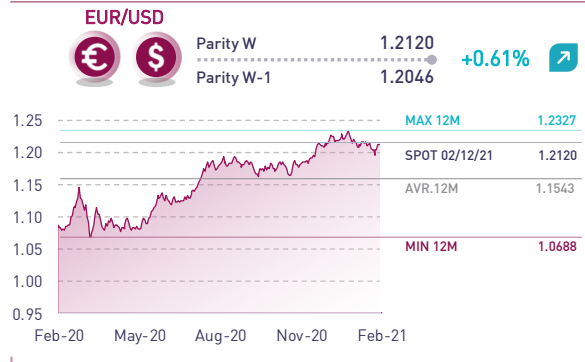
18 FEBRUARY  
2021

Week from 02/08/2021 to 02/12/2021

### WEEKLY VARIATIONS

		-0.41%			+0.08%
USD/MAD	8.9652		CAD/MAD	7.0370	
		+0.67%			+0.38%
EUR/MAD	10.8506		GBP/MAD	12.3610	
		+0.17%			+0.77%
JPY/MAD	8.5367		CHF/MAD	10.0420	

### INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket <sup>(1)</sup> effect	-0.68%	+0.40%
Liquidity <sup>(2)</sup> effect	+0.27%	+0.27%

(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 <sup>(3)</sup> W **MAD 5,563 MN**  
 Banks Foreign Exchange position W-1 **MAD 5,383 MN**

(3) Calculated over the period from 02/03/2021 to 02/09/2021

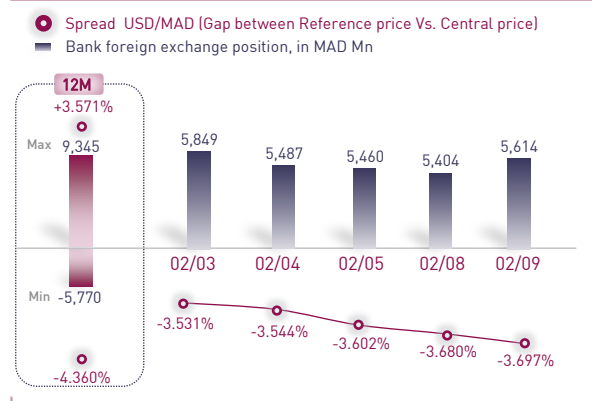
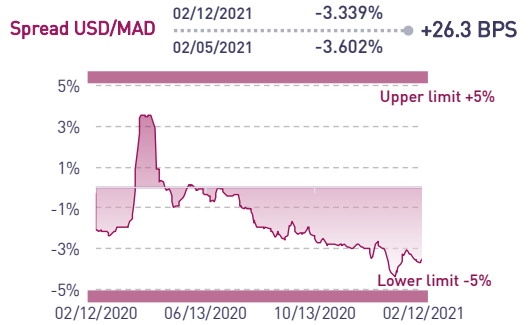
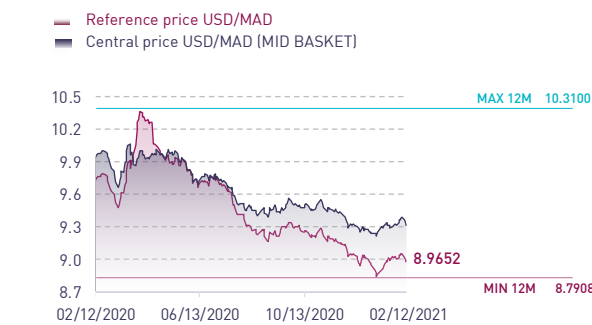
### The dollar is falling..., the euro more resilient

The EUR/USD parity downtrend, observed since the start of 2021, was interrupted this week. In fact, the euro exceeded \$ 1.21 against \$ 1.20 a week earlier.

Relegated to the background due to the health crisis, the risk of Sino-American tensions is now returning to center stage following the recent discussions between the presidents of the two countries.

The dollar drop is also explained by the appearance of the new South African variant in four American states, as well as the unexpected decline in the confidence index of the University of Michigan.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### Slight appreciation of the MAD against the dollar

During this week, the MAD appreciated against the dollar. After breaking above the 9.0 threshold last week, the reference price of the USD/MAD pair stood this week at 8.97.

At the origin of this evolution, a significant basket effect of -0.68% reflecting the depreciation of the dollar against the euro. In a context where the foreign exchange position fluctuates around MAD 5.5 Bn, the market effect is less significant with an impact of +0.27% on the parity.

In the end, the spread between the MAD reference price and central price narrowed by 26.3 BPS to -3.34%.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	4.80%	4.00%	6.62%	7.20%	7.66%	4.99%
2 MONTHS	6.10%	4.21%	6.55%	6.77%	11.40%	5.29%
3 MONTHS	5.49%	3.74%	5.99%	6.16%	11.05%	4.76%

### An increasingly volatile foreign exchange market

Taking into account the MAD high volatility and the liquidity spreads evolution on the foreign exchange market, we recommend that local importers hedge their foreign transactions over a 3-month horizons.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

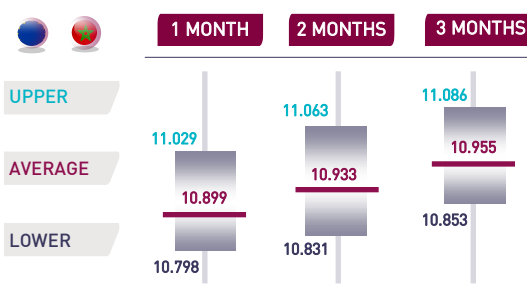
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
<b>MEDIAN</b>		1.21	1.23	1.24	1.25	1.25	1.25	1.21	1.23
<b>AVERAGE</b>	1.2120	1.21	1.22	1.23	1.24	1.24	1.24	1.23	1.24
<b>+HIGH</b>	02/12/2021	1.25	1.30	1.33	1.35	1.31	1.29	1.30	1.30
<b>+LOW</b>		1.18	1.16	1.15	1.14	1.10	1.18	1.18	1.18
<b>FORWARD</b>		1.21	1.22	1.22	1.22	1.23	1.24	1.26	1.28

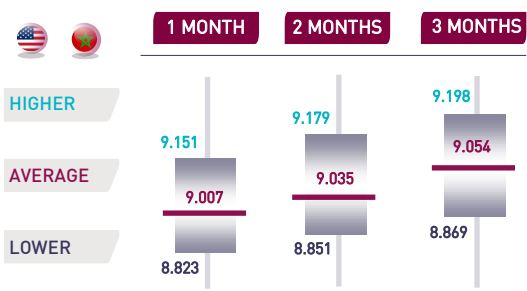
International brokers slightly revised down their forecasts for the EUR/USD parity within the short term. These settle at the current level in Q1-21, i.e. 1.21, instead of the 1.22 forecast last week. Longer-term forecasts are held stable. The EUR/USD parity is expected to move to 1.24 by 2021 and will settle on average at this level during the 2022-2025 period.

Economic divergences between the Atlantic two sides are expected to impact the EUR/USD pair. In fact, the latest IMF forecasts anticipate a contraction of US GDP of -3.5% in 2020 versus a recovery of + 5.1% in 2021. In the euro zone, the recession is more severe, i.e. -7.2 %. However, the 2021 forecast was revised downwards to + 4.2% in 2021. Despite the more worrying figures within the euro zone, investors are anticipating a resilience of the euro from the H2-2021.

### 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

Despite the slight dirham appreciation against the dollar during this week, we are keeping our MAD depreciation scenario unchanged for 1, 2 and 3 month horizon. We anticipate a significant catching-up of import flows over the forecast horizon.

The MAD is expected to depreciate against the dollar and the euro in the 1, 2 and 3 month horizons compared to current prices.

The USD/MAD parity would settle at 9.01, 9.04 and 9.05 at 1, 2 and 3 month horizons, against 8.97 currently. Consequently, the MAD would depreciate against the dollar by 0.5%, 0.8% and 1.0% in 1, 2 and 3 month horizons.

Likewise, the dirham is expected to depreciate against the euro during the same periods, to similar levels. The EUR/MAD parity would stand at 10.90, 10.93 and 10.96 against a current price of 10.85. Depreciation levels would reach 0.4%, 0.8% and 1.0% over 1, 2 and 3 month horizons.

### MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	-0.41%	+0.67%	0.17%	+0.08%	+0.38%	+0.77%
<b>1 MONTH</b>	+1.29%	+0.94%	+0.53%	+1.43%	+2.75%	+0.99%
<b>YTD 2021</b>	+0.68%	-0.77%	-1.20%	+0.67%	+1.66%	-0.71%

Prices as of 02/12/2021



# APPENDICES

DATA AS OF 12 FEBRUARY 2021

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024
<b>FORECAST</b>	USD/JPY	104	104	103	104	106	109	--
<b>FORWARD</b>	105	105	105	105	105	104	103	102
<b>FORECAST</b>	USD/CAD	1.27	1.27	1.25	1.25	1.25	1.28	--
<b>FORWARD</b>	1.27	1.27	1.27	1.27	1.27	1.27	1.28	1.28
<b>FORECAST</b>	USD/CHF	0.89	0.89	0.89	0.89	0.90	0.91	--
<b>FORWARD</b>	0.89	0.89	0.89	0.89	0.88	0.87	0.86	0.85
<b>FORECAST</b>	GBP/USD	1.36	1.37	1.38	1.40	1.42	1.42	--
<b>FORWARD</b>	1.38	1.38	1.39	1.39	1.39	1.39	1.39	1.40

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

	Date	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2022
NAB/BNZ	02/12/21	1.24	1.26	1.28	1.30	1.31
Landesbank Baden-Wuerttemberg	02/09/21	1.21	1.21	1.22	1.23	1.25
Rabobank	02/08/21	1.20	1.21	1.22	1.23	1.19
UniCredit	02/08/21	1.20	1.22	1.24	1.26	1.30
ABN Amro	02/04/21	1.20	1.19	1.17	1.15	1.10
Ebury	02/04/21	1.22	1.23	1.24	1.25	1.27
PNC Financial	02/04/21	1.22	1.25	1.23	1.22	1.20
Cinkciarz.pl	02/03/21	1.19	1.22	1.24	1.21	1.18
Swedbank	02/03/21	1.19	1.22	1.24	1.24	1.22
Alpha Bank	02/02/21	1.20	1.22	1.23	1.25	1.26
ING Financial Markets	02/02/21	1.22	1.25	1.28	1.30	1.25
Australia & New Zealand Banking Group	02/01/21	1.22	1.24	1.26	1.28	1.30
Ballinger & Co.	02/01/21	1.22	1.23	1.24	1.25	1.25
TMS Brokers	01/29/21	1.23	1.24	1.26	1.25	1.27
X-Trade Brokers Dom Maklerski	01/28/21	1.22	1.21	1.19	1.21	1.24
Argentex LLP	01/27/21	1.19	1.20	1.22	1.20	1.15
DNB	01/27/21	1.23	1.22	1.21	1.20	1.17

Data as of 02/12/2021

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