



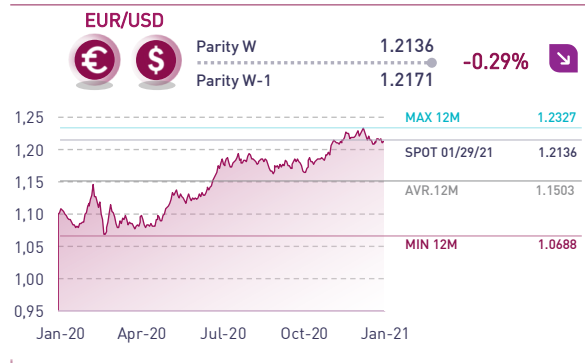
# WEEKLY MAD INSIGHTS

## CURRENCIES

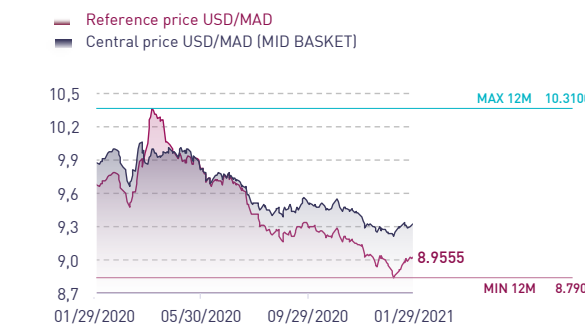
### WEEKLY VARIATIONS

		<b>+0.28%</b>			<b>-0.57%</b>
USD/MAD		8.9555	CAD/MAD		6.9883
		<b>-0.06%</b>			<b>+0.46%</b>
EUR/MAD		10.8675	GBP/MAD		12.2640
		<b>-0.73%</b>			<b>-0.13%</b>
JPY/MAD		8.5494	CHF/MAD		10.0770

### INTERNATIONAL HIGHLIGHTS



### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
[Basket <sup>(1)</sup> effect]	<b>+0.22%</b>	<b>-0.12%</b>
[Liquidity <sup>(2)</sup> effect]	<b>+0.06%</b>	<b>+0.06%</b>

(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	<b>MAD 5,353 MN</b>
Banks Foreign Exchange position W-1	<b>MAD 5,857 MN</b>

(3) Calculated over the period from 01/22/2021 to 01/28/2021

#### A dynamic week under the sign of volatility

The EUR/USD parity remains characterized by a strong volatility, torn between economic indicators reassuring Europeans and a difficult health situation generating fears of additional lockdowns in Europe. In this context, the European currency is holding above \$ 1.21.

Concerns related to the delay in the vaccines supply weighed on risk appetite, overshadowing the positive figures in Europe.

In Q4-20, the French economy contracted to a lower-than-expected pace while that of Germany progressed against all expectations.

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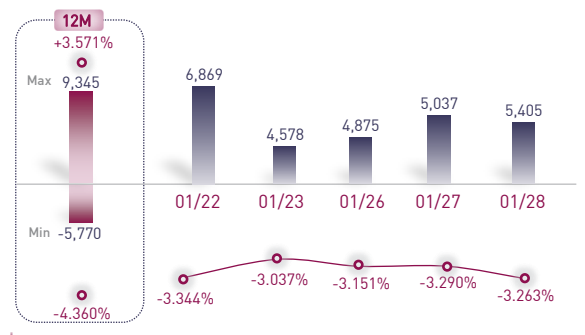
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Spread USD/MAD (Gap between Reference price Vs. Central price)  
Bank foreign exchange position, in MAD Mn



#### The Moroccan forex position at 4 months low

During this week, the foreign exchange position crossed down the threshold of MAD 5 Bn and stood on average at MAD 5.4 Bn against MAD 5.9 Bn a week earlier. This development is explained by a hedging flow of import operations greater than that of export.

Liquidity spreads narrowed further, albeit to a lesser extent than in previous weeks. These spreads reached -3.28%, down 6.1 BPS.

The dirham depreciation against the dollar, observed since the start of 2021, continues. To this end, the USD/MAD parity reached 8.96, up + 0.28%. The basket effect, estimated at 0.22%, explains most of the MAD evolution against 0.06% only for the liquidity effect.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	5.67%	4.86%	7.32%	8.52%	8.92%	5.45%
2 MONTHS	6.23%	4.20%	6.65%	7.02%	12.85%	4.86%
3 MONTHS	5.93%	3.85%	6.52%	6.68%	11.53%	5.63%

#### Volatility levels favorable to hedging

Taking into account the MAD depreciation movement against the dollar initiated since January 2021, we recommend initiating new hedging positions.

The MAD's current volatility levels, combined with an expected catching-up effect in import flows, remain favorable to optional hedging strategies.



# WEEKLY MAD INSIGHTS

## CURRENCIES

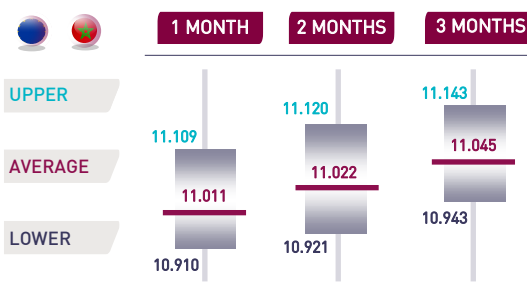
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
<b>MEDIAN</b>		1.22	1.23	1.24	1.25	1.25	1.25	1.23	1.24
<b>AVERAGE</b>	1.2136	1.22	1.23	1.24	1.24	1.25	1.24	1.23	1.24
<b>+HIGH</b>	01/29/2021	1.25	1.30	1.33	1.35	1.30	1.29	1.30	1.30
<b>+LOW</b>		1.19	1.17	1.15	1.16	1.15	1.18	1.18	1.18
<b>FORWARD</b>		1.22	1.22	1.22	1.22	1.23	1.25	1.26	1.28

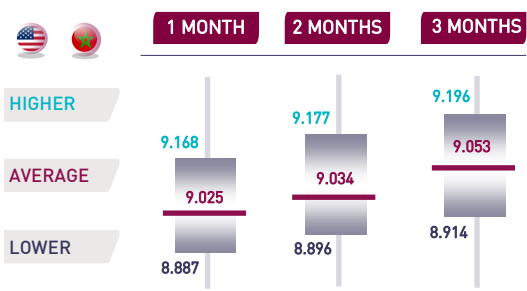
International brokers are keeping their upside expectations for the EUR/USD parity stable. However, the forecasts revised slightly downwards. The EUR/USD parity would evolve around 1.22 in Q1-21, against 1.21 currently, before reaching 1.24 by the end of 2021. It would settle on average at this level during 2022-2025, compared to an initial forecast of 1.25 a week earlier.

Despite better-than-expected economic figures, the European currency remains penalized by weak consumer Demand in Europe. Indeed, it is struggling to recover following the latest restrictions established in France and Germany. Recall that most US states did not renew the restriction measures, limiting the impact on the US economy.

### 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

In addition to : (1) the continued dirham depreciation against the dollar during this week, (2) a restrictive effect on the banks foreign exchange position and (3) the expected narrowing of liquidity spreads, we maintain unchanged our scenario. This concerns, the depreciation of the MAD against the dollar and the euro in 1 , 2 and 3 months horizons.

The USD/MAD parity would move around 9.03 on a 1 and 2 months horizons respectively, before reaching 9.05 on a 3 months horizon, against 8.96 currently. Consequently, the dirham would depreciate against the dollar by 0.8%, 0.9% and 1.1% over the same periods, i.e. lower levels than last week forecasts.

Against the euro, the dirham is expected to depreciate to higher levels. The EUR/MAD parity is expected to reach 11.01, 11.02 and 11.05 at 1, 2 and 3 months horizons, against a current level of 10.87. Depreciation levels would thus reach 1.3%, 1.4% and 1.6% at 1, 2 and 3 months horizons respectively.

### MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	+0.28%	-0.06%	-0.73%	-0.57%	+0.46%	-0.13%
<b>1 MONTH</b>	+0.28%	-0.65%	-0.78%	+0.25%	+1.73%	+0.10%
<b>YTD 2021</b>	+0.57%	-0.62%	-1.05%	-0.03%	+0.86%	-0.37%

Prices as of 01/29/2021



# APPENDICES

DATA AS OF 29 JANUARY 2021

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024
<b>FORECAST</b>	USD/JPY	103	103	103	103	106	108	103
<b>FORWARD</b>	105	105	105	104	104	104	103	102
<b>FORECAST</b>	USD/CAD	1.27	1.27	1.25	1.25	1.25	1.27	1.25
<b>FORWARD</b>	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.29
<b>FORECAST</b>	USD/CHF	0.89	0.89	0.89	0.89	0.90	0.93	0.95
<b>FORWARD</b>	0.89	0.89	0.89	0.88	0.88	0.87	0.86	0.85
<b>FORECAST</b>	GBP/USD	1.36	1.37	1.38	1.40	1.42	1.43	1.43
<b>FORWARD</b>	1.37	1.37	1.37	1.37	1.38	1.38	1.38	1.39

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

	Date	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2022
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
Mouvement Desjardins	01/27/21	1.21	1.23	1.24	1.24	1.23
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	1.20
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

Data as of 01/29/2021

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