



# WEEKLY MAD INSIGHTS

## CURRENCIES

### WEEKLY VARIATIONS

		<b>-0.77%</b>			<b>+0.01%</b>
USD/MAD		8.8961	CAD/MAD		7.0380
		<b>-0.47%</b>			<b>+0.76%</b>
EUR/MAD		10.7999	GBP/MAD		12.4550
		<b>-1.06%</b>			<b>-0.90%</b>
JPY/MAD		8.4459	CHF/MAD		9.9520

### INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
[Basket <sup>(1)</sup> effect]	-0.19%	+0.11%
[Liquidity <sup>(2)</sup> effect]	-0.58%	-0.58%

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

	<b>Banks Foreign Exchange position<sup>(3) W</sup></b>	<b>MAD 5,075MN</b>
	<b>Banks Foreign Exchange position W-1</b>	<b>MAD 5,621 MN</b>

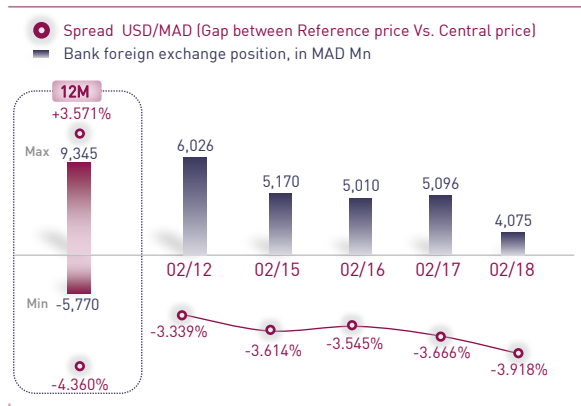
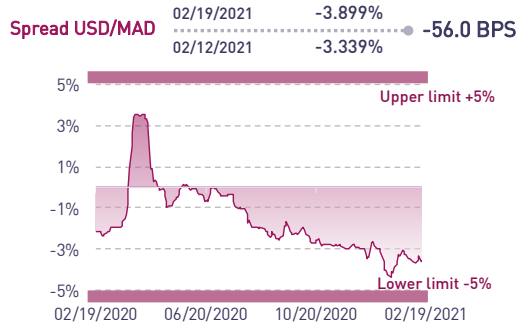
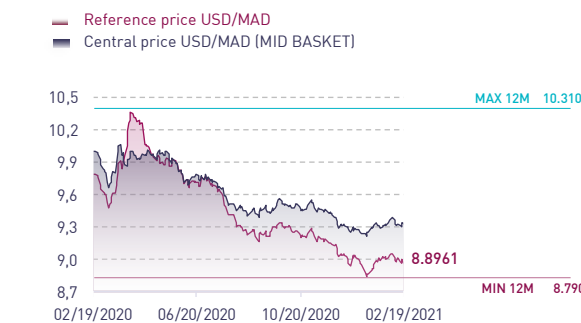
(3) Calculated over the period from 02/12/2021 to 02/18/2021

### A seesaw trend in the dollar

The dollar rose against the euro at the start of the week supported by the publication of US retail sales up +5.3%, before falling again at the end of the week. The EUR/USD parity stands at 1.212, stable in comparison to the previous week.

The dollar remains penalized by the latest US economic figures. Despite the outperformance of the Philadelphia Fed's manufacturing index, activity slowed compared to January. On the one hand, claims for unemployment benefits rose from K 793 to K 861 in one week, and on the other hand, housing starts fell by -6% during the same period.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### The liquidity gap widens to almost -4%

The dirham continued the movement seen last week and appreciated against the dollar by 0.77% to 8.90. Thus, the gap between the MAD reference price and central price widens further by 56 BPS in one week, reaching -3.90%. The dirham appreciation against the euro and the dollar took place despite the contraction of the banks' average foreign exchange position by MAD 546 Mn in one week, to MAD 5.1 Bn. This position fell to MAD 4 Bn at the end of the week due to a sharp import inflows.

The basket effect resulting from the EUR/ USD parity remains limited, the variation of the USD/ MAD parity being explained by a negative market effect of -0.58%.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
<b>1 MONTH</b>	4.99%	4.02%	6.19%	6.83%	7.10%	5.11%
<b>2 MONTHS</b>	6.28%	4.47%	6.67%	6.47%	9.50%	5.65%
<b>3 MONTHS</b>	5.67%	3.97%	6.12%	5.95%	10.83%	5.02%

### Interesting volatility levels

Taking into account a catch up effect of import flows over the next month, we expect a greater "liquidity effect" on the dirham evolution, implying increased volatility of the USD/MAD parity.

We recommend that operators hedge their foreign currency import transactions over a 3-month horizon.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

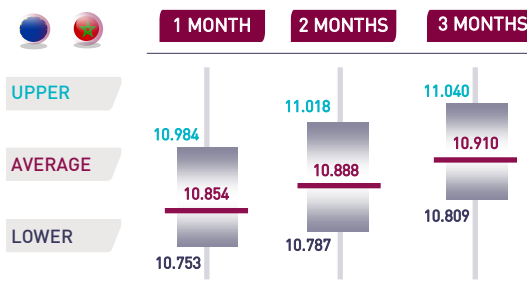
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-21	Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
<b>MEDIAN</b>		1.21	1.22	1.24	1.24	1.25	1.25	1.21	1.23
<b>AVERAGE</b>	1.2119	1.21	1.22	1.23	1.23	1.24	1.23	1.23	1.24
<b>+HIGH</b>	02/19/2021	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	1.17	1.18	1.18
<b>FORWARD</b>		1.21	1.21	1.21	1.22	1.23	1.24	1.26	1.28

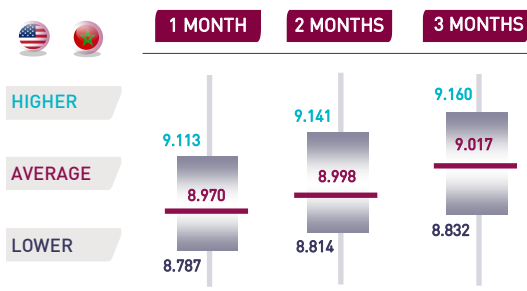
The forecasts of major international brokers regarding the development of the EUR/USD parity remain bullish at similar levels to those recorded last week. This parity would stabilize at 1.21 in Q1-21, in line with the spot price. This would reach 1.23 by the end of 2021 and would fluctuate around this level by 2022-2025.

Long-term accommodative monetary policies on both sides of the Atlantic and the visible progress of vaccination campaigns will improve operators' optimism about a faster-than-expected recovery of the global economy. This situation would support the euro against safe haven currencies like the dollar. Likewise, the dollar remains penalized by inflationary expectations in the United States in connection with the implementation of a large-scale stimulus plan of more than \$ 1,900 Bn. In this sense, recall that US 10-year yields are increasing.

### 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

We maintain our depreciation scenario regarding the MAD on 1, 2 and 3 months. In fact, we are expecting a significant catch up effect in import flows, already initiated during this week. Indeed, the narrowing of the MAD liquidity spread to -3.70% at the start of the week is confirming this scenario.

The MAD is expected to depreciate against the dollar and the euro in the 1.2 and 3 month horizons in comparison to current prices.

The MAD would depreciate against the dollar by 0.8%, 1.1% and 1.4% in 1.2 and 3 month horizons. The USD/ MAD parity would stand at 8.97, 9.00 and 9.02 in 1, 2 and 3 month horizons, against 8.90 currently.

At the same time, the levels of depreciation of the dirham against the euro should reach 0.5%, 0.8% and 1.0% within 1, 2 and 3 months. Therefore, the EUR/MAD pair would stand at 10.85, 10.89 and 10.91 against a current price of 10.80.

### MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	-0.77%	-0.47%	-1.06%	+0.01%	+0.76%	-0.90%
<b>1 MONTH</b>	-0.32%	-0.26%	-1.58%	+0.33%	+2.44%	-1.09%
<b>YTD 2021</b>	-0.10%	-1.24%	-2.25%	+0.68%	+2.43%	-1.60%

Prices as of 02/19/2021



# APPENDICES

DATA AS OF 19 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	110	--
<b>FORWARD</b>	106	106	106	105	105	105	104	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	0.93	--
<b>FORWARD</b>	0.90	0.90	0.89	0.89	0.89	0.88	0.87	0.86
<b>FORECAST</b>	GBP/USD	1.36	1.37	1.38	1.40	1.42	1.42	--
<b>FORWARD</b>	1.40	1.40	1.40	1.40	1.40	1.40	1.41	1.41

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

	Date	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2022
Skandinaviska Enskilda Banken	02/19/21	1.23	1.25	1.26	1.26	1.28
Silicon Valley Bank	02/18/21	1.20	1.22	1.24	1.25	1.29
Swedbank	02/18/21	1.19	1.19	1.21	1.22	1.20
Credit Agricole CIB	02/17/21	1.19	1.20	1.21	1.22	1.25
Nomura Bank International	02/17/21	1.25	1.26	1.27	1.28	1.30
Rabobank	02/17/21	1.20	1.21	1.22	1.22	1.19
TD Securities	02/16/21	1.20	1.24	1.22	1.20	1.26
Commerzbank	02/15/21	1.20	1.19	1.21	1.23	1.28
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
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
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

Data as of 02/19/2021

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