



WEEKLY MAD INSIGHTS

CURRENCIES

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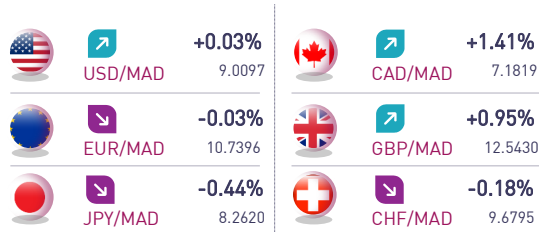


**Attijari
Global Research**

18 | MARCH
2021

Week from 03/08/2021 to 03/12/2021

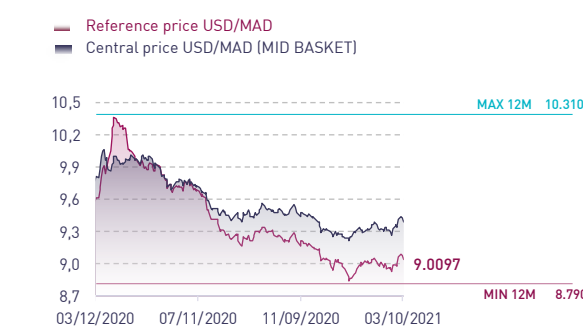
WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
[Basket ⁽¹⁾ effect]	+0.04%	-0.02%
[Liquidity ⁽²⁾ effect]	-0.01%	-0.01%

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

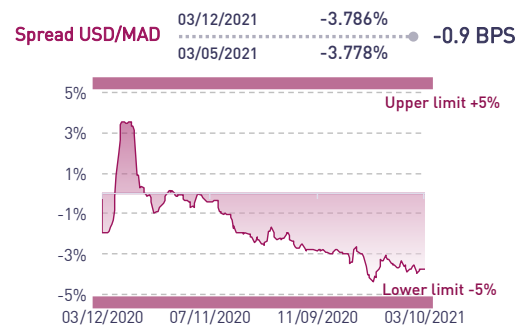
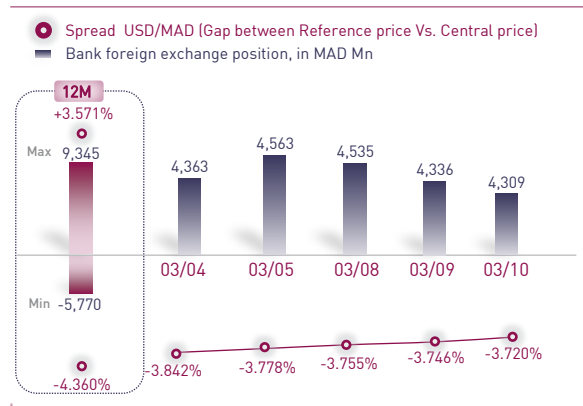
Banks Foreign Exchange position⁽³⁾ W MAD 4.421 MN
Banks Foreign Exchange position W-1 MAD 4,696 MN

(3) Calculated over the period from 03/04/2021 to 03/10/2021

ECB meeting seems to benefit the euro

During this week, the EUR/USD parity recorded an increase of 0.32% to 1.195 at the end of the week against 1,192 a week earlier.

The euro benefited from the ECB meeting. This one has revised upwards its growth forecasts for the Eurozone, while accelerating the pace of its purchases at Q2-21. The EUR/USD parity reached its highest of the week on Thursday at 1.1986 before falling back to 1,1953. However, the European currency remains penalized by the health situation in Europe which was marked by the announcement of new confinements and the suspension of the AstraZeneca vaccine by France, Germany, Italy and Spain.



Slight depreciation of the MAD against the dollar

The MAD recorded this week a slight depreciation of 0.03% against the dollar at 9.01.

On the other hand, the banks' liquidity position stabilized around MAD 4.5 Bn. This orientation is explained by a balance between import/export flows. Under these conditions, the liquidity spread, which represents the spread between the reference price and the MAD central price, stagnated this week at around -3.78%.

The market effect on the MAD was limited, i.e. -0.01% against a EUR/USD basket effect of +0.04% during this week.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	6.31%	4.46%	5.20%	6.17%	7.13%	7.24%
2 MONTHS	5.52%	4.24%	6.25%	6.71%	7.44%	6.46%
3 MONTHS	6.14%	4.29%	6.25%	6.60%	10.20%	6.17%

"Hedging" strategy, a response to volatility

In a volatile environment reducing visibility in the forex market, we recommend that investors opt more for hedging operations.

Today, we note that the EUR/USD parity has more and more visible impact on the MAD fluctuations.



WEEKLY MAD INSIGHTS

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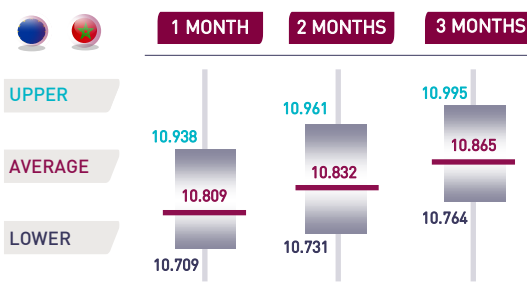
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-21	Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
MEDIAN		1.21	1.22	1.24	1.24	1.25	1.24	1.22	--
AVERAGE	1.1953	1.21	1.22	1.23	1.23	1.24	1.24	1.22	--
+HIGH	03/12/2021	1.26	1.28	1.30	1.30	1.34	1.34	1.25	--
+LOW		1.16	1.14	1.15	1.13	1.10	1.18	1.18	--
FORWARD		1.20	1.20	1.20	1.20	1.21	1.23	1.25	1.28

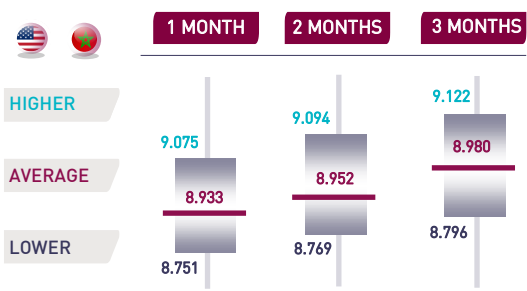
After the ECB's monetary policy meeting, international brokers kept their bullish forecasts for the EUR/USD parity unchanged. Now they are waiting for the next Fed meeting scheduled for next week. Investors wonder about the reaction of the US Central Bank to the latest historic increases in 10-year sovereign yields that have reached 1.6% this week. The EUR/USD consensus forecast expects levels of 1.21 in Q2-21 and 1.23 by the end of the year. By 2023, the target level is 1.24 against 1.22 in 2024.

The implementation of a fiscal stimulus of \$ 1,900 Bn in the United States led to an upward revision of economic projections. At the same time, the ECB raised its growth forecasts for 2021 to + 4.0%. Hopes for a faster-than-expected recovery in the Eurozone would support the euro outperformance in comparison to the dollar in 2021.

EUR/MAD AND USD/MAD OUTLOOK - AGR



Based on EUR/USD Bloomberg forecast for Q2-20



Based on EUR/USD Bloomberg forecast for Q2-20

Taking into account the current liquidity spread levels in the foreign exchange market and also the current EUR/USD parity forecasts, we slightly revised our estimates for the MAD over the short term.

The MAD shows a slight appreciation against the dollar at 1, 2 and 3 month horizons. Against the euro, it would depreciate in the 1, 2 and 3 month horizons compared to its current level.

The MAD would appreciate against the dollar by 0.8%, 0.6% and 0.3% in 1.2 and 3 month horizons. The USD/MAD parity would stand at 8.93, 8.95 and 8.98 at 1, 2 and 3 month horizons, against 9.01 currently.

The MAD depreciation levels against the euro would reach 0.6%, 0.9% and 1.2% over 1, 2 and 3 month horizons. Therefore, the EUR/MAD pair would stand at 10.81, 10.83 and 10.87 against a current price of 10.74.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.03%	-0.03%	-0.44%	+1.41%	+0.95%	-0.18%
1 MONTH	+0.50%	-1.02%	-3.22%	+2.06%	+1.47%	-3.61%
YTD 2021	+1.18%	-1.79%	-4.38%	+2.74%	+3.16%	-4.30%

Prices as of 03/12/2021



APPENDICES

DATA AS OF 12 MARCH 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
FORECAST	USD/JPY	105	105	105	105	109	112	--
FORWARD	109	109	109	109	108	107	105	102
FORECAST	USD/CAD	1.26	1.25	1.25	1.25	1.27	--	--
FORWARD	1.25	1.25	1.25	1.25	1.25	1.26	1.26	1.27
FORECAST	USD/CHF	0.91	0.91	0.90	0.92	0.89	--	--
FORWARD	0.93	0.93	0.92	0.92	0.91	0.90	0.88	0.86
FORECAST	GBP/USD	1.39	1.39	1.41	1.44	1.44	1.45	--
FORWARD	1.39	1.39	1.39	1.39	1.39	1.40	1.40	1.42

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

	Date	Q2-2021	Q3-2021	Q4-2021	2022	2023
Commonwealth Bank of Australia	03/09/21	1.24	1.26	1.28	1.34	1.34
Rabobank	03/05/21	1.21	1.22	1.22	1.18	1.18
Swedbank	03/04/21	1.19	1.23	1.24	1.22	1.20
Landesbank Baden-Wuerttemberg	03/02/21	1.21	1.19	1.18	1.15	1.20
Banco Bilbao Vizcaya Argentaria	03/01/21	1.21	1.22	1.23	1.25	1.29
X-Trade Brokers Dom Maklerski	02/24/21	1.20	1.20	1.20	1.18	1.24
United Overseas Bank	02/19/21	1.23	1.24	1.24	1.26	1.24
NAB/BNZ	02/12/21	1.26	1.28	1.30	1.31	1.25
Mouvement Desjardins	01/27/21	1.23	1.24	1.24	1.23	1.20
BNP Paribas	01/18/21	1.24	1.25	1.25	1.30	1.32
Maybank Singapore	12/31/20	1.22	1.24	1.25	1.25	1.25
Standard Chartered	12/22/20	1.24	1.25	1.26	1.26	1.26
SCB Securities	12/18/20	1.30	1.25	1.28	1.32	1.25
Westpac Banking	12/14/20	1.24	1.25	1.26	1.27	1.25
Barclays	12/03/20	1.16	1.15	1.19	1.15	1.17
Intesa Sanpaolo	12/02/20	1.18	1.17	1.16	1.18	1.20
Raiffeisen	10/09/20	1.19	1.20	1.21	1.22	1.24

Data as of 03/12/2021

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