



WEEKLY MAD INSIGHTS

CURRENCIES

24 MARCH
2021

Week from 03/15/2021 to 03/19/2021

WEEKLY VARIATIONS

		-0.38%			+0.14%
USD/MAD		8.9752	CAD/MAD		7.1922
		-0.57%			-0.40%
EUR/MAD		10.6787	GBP/MAD		12.4930
		-0.23%			-0.13%
JPY/MAD		8.2432	CHF/MAD		9.6674

	USD/MAD	EUR/MAD
[Basket ⁽¹⁾ effect]	+0.12%	-0.07%
[Liquidity ⁽²⁾ effect]	-0.50%	-0.50%

(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 4,401 MN**
 Banks Foreign Exchange position W-1 **MAD 4,421 MN**

(3) Calculated over the period from 03/11/2021 to 03/17/2021

INTERNATIONAL HIGHLIGHTS



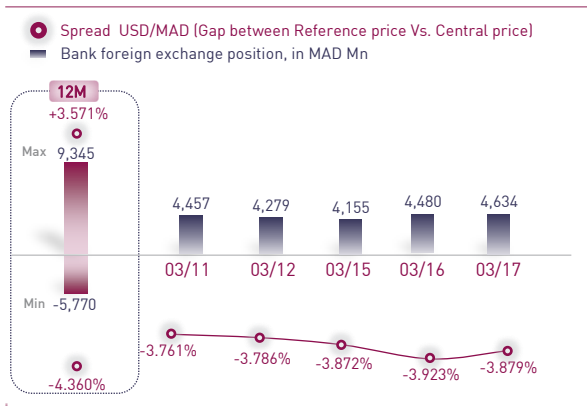
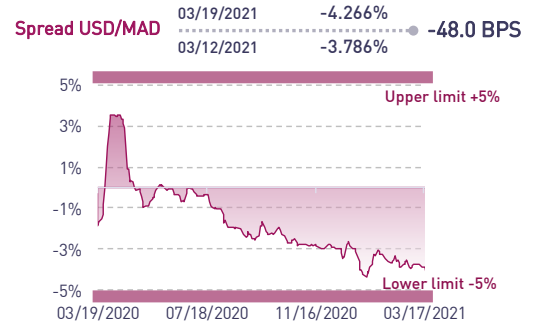
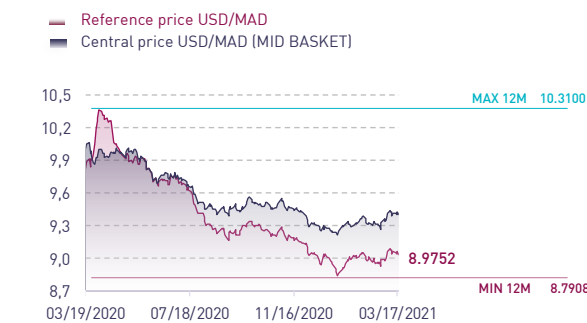
Dollar strengthens despite Fed decisions

At the end of the week, the EUR/USD parity fell by -0.41% to 1.190 against 1.195 a week earlier.

Investors confidence in the US economy recovery is supporting the rise of the dollar, despite the Fed's new forecasts regarding key rates status quo until 2023.

The Philadelphia Fed index reached its 48-year high at 51.8 compared to 23.3 a month earlier. For its part, the euro remains penalized by the visible delay in the deployment of vaccines in Europe. As a reminder, the contamination increase has forced Italy, France and Germany to tighten current health restrictions.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



The liquidity gap at a 2-month low

The liquidity spread between the MAD central price and the reference price widened by 48 BPS in one week to -4.27% Vs -3.79% a week earlier, approaching the lower bound of -5.0%. This could be explained by the operators' expectations regarding the rise of the foreign exchange position due to export transactions.

The MAD appreciated this week by 0.38% against the dollar and 0.57% against the euro to 8.98 and 10.68 respectively. The market effect comes out at a significant level of -0.50% against a basket effect limited to +0.12%.

The average bank foreign exchange position declined to MAD 4.40 Bn Vs. MAD 4.42 Bn a week earlier.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	5.82%	4.49%	4.66%	7.10%	8.50%	7.05%
2 MONTHS	5.31%	4.20%	5.54%	7.00%	7.84%	6.15%
3 MONTHS	6.07%	4.43%	6.12%	6.73%	9.20%	6.22%

The MAD appreciation trend is emerging in the ST

In a context where the market effect is becoming more and more significant with more volatility of the dirham, we recommend that investors continue their hedging strategy over the short term.

The MAD appreciation scenario during the few coming months will encourage exporters in USD to cover their future operations.

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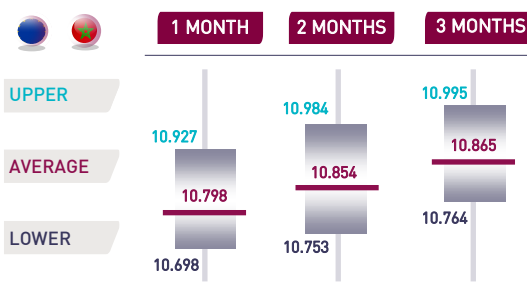
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	T2-21	T3-21	T4-21	T1-22	2022	2023	2024	2025
MÉDIANE		1.21	1.23	1.24	1.24	1.24	1.24	1.22	--
MOYENNE	1.1904 19/03/2021	1.21	1.22	1.23	1.23	1.23	1.24	1.22	--
+HAUT		1.25	1.26	1.37	1.35	1.34	1.34	1.25	--
+BAS		1.16	1.14	1.15	1.13	1.10	1.18	1.18	--
FORWARD		1.19	1.20	1.20	1.20	1.21	1.22	1.25	1.27

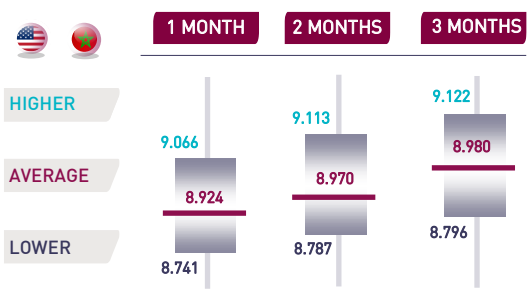
Following the Fed's monetary policy meeting, international brokers slightly revised up their forecasts for the EUR/USD parity. The EUR/USD forecast consensus anticipates levels of 1.21 in Q2-21 and 1.24 by 2021. In 2023, the target level is 1.24 Vs. 1.22 in 2024.

Despite the Fed's decision to end, as of March 31st, the exemption granted to banks in terms of reserve requirements, the institute reiterated its commitment to support the US economy for as long as necessary. At the same time, concerns about inflation fueled by the implementation of the \$ 1.900 Bn tax package for the benefit of US consumers and corporates do not seem to be damaging the outlook for the dollar in MT. For its part, the euro would benefit from the expected recovery of the euro zone following the completion of the vaccination campaign. This positive scenario translated into upward revisions to the ECB's growth forecasts.

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 forex market and the MAD appreciation trend over the past two weeks, we have slightly revised our MAD estimates in the short term.

We expect the dirham to appreciate against the dollar over 1, 2 and 3 month horizons. Against the euro, the MAD would depreciate over 1, 2 and 3 month horizons compared to its current level.

The MAD would appreciate against the dollar by 0.6% and 0.1% in 1 and 2 month horizons. The USD/MAD parity would remain at the same current level over 3 month horizon. This would be at 8.92, 8.97 and 8.98 at 1, 2 and 3 month horizons, against 8.97 currently.

The levels of the dirham depreciation against the euro should reach 1.1%, 1.6% and 1.7% over 1, 2 and 3 months. Therefore, the EUR/MAD pair would stand at 10.80, 10.85 and 10.87 against a current price of 10.68.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.38%	-0.57%	-0.23%	+0.14%	-0.40%	-0.13%
1 MONTH	+0.89%	-1.12%	-2.40%	+2.19%	+0.31%	-2.86%
YTD 2021	+0.79%	-2.34%	-4.60%	+2.89%	+2.75%	-4.42%

Prices as of 03/19/2021



APPENDICES

DATA AS OF 19 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	107	110	112	--
FORWARD	109	109	109	109	108	107	105	102
FORECAST	USD/CAD	1.26	1.25	1.25	1.26	1.27	--	--
FORWARD	1.25	1.25	1.25	1.25	1.25	1.26	1.27	1.27
FORECAST	USD/CHF	0.91	0.91	0.91	0.92	0.93	--	--
FORWARD	0.93	0.93	0.93	0.92	0.91	0.90	0.88	0.86
FORECAST	GBP/USD	1.39	1.39	1.40	1.43	1.44	1.45	--
FORWARD	1.39	1.39	1.39	1.39	1.39	1.39	1.40	1.41

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

	Date	Q2-2021	Q3-2021	Q4-2021	2022	2023
Rabobank	03/19/21	1.21	1.21	1.20	1.17	1.18
Commonwealth Bank of Australia	03/09/21	1.24	1.26	1.28	1.34	1.34
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
X-Trade Brokers Dom Maklerski	02/24/21	1.20	1.20	1.20	1.18	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 03/19/2021

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