



WEEKLY MAD INSIGHTS

CURRENCIES

21 | APRIL
2021

Week from 04/12/2021 to 04/16/2021

WEEKLY VARIATIONS

| | | | | | |
|---------|---------|--------|---------|---------|--------|
| | | -0.43% | | | +0.09% |
| USD/MAD | 8.9343 | | CAD/MAD | 7.1463 | |
| | | +0.36% | | | +0.19% |
| EUR/MAD | 10.7086 | | GBP/MAD | 12.3390 | |
| | | +0.33% | | | +0,31% |
| JPY/MAD | 8.2132 | | CHF/MAD | 9.7249 | |

| | USD/MAD | EUR/MAD |
|---------------------------------|---------|---------|
| Basket ⁽¹⁾ effect | -0.49% | +0.30% |
| Liquidity ⁽²⁾ effect | +0.06% | +0.06% |

(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 1,883 MN |
| | Banks Foreign Exchange position W-1 | MAD 1,847 MN |

(3) Calculated over the period from 04/05/2021 to 04/09/2021

INTERNATIONAL HIGHLIGHTS

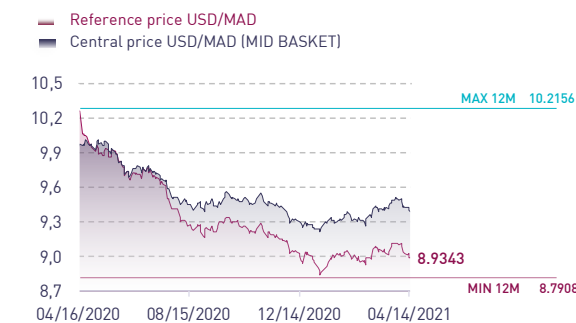


The euro bounces back for the 3rd week in a row

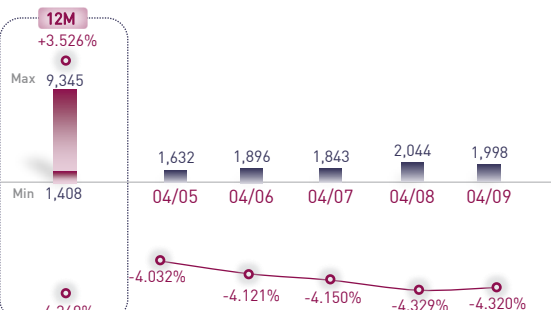
This week, the European currency continued its bullish rally supported by the visible improvement in the health situation within the Eurozone. Therefore, the EUR/USD parity appreciated by +0.71% in one week, going from 1.190 to 1.198.

Investors seem to overshadow positive economic indicators within the US. As a reminder, retail sales exceeded market expectations, consumer spending jumped by + 9.8% in March and finally unemployment benefit claims fell by 200K to 576K, a lowest level since the start of the pandemic.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



Spread USD/MAD (Gap between Reference price Vs. Central price)



As expected, the MAD appreciation continues

During this week, the dirham appreciated against the dollar by +0.43%, in line with our forecasts. Thus, the USD/MAD parity stood at 8.93 against 8.97 a week earlier. In the origin of this evolution, a significant basket effect related to the EUR/USD parity variation of -0.49% versus a positive market effect but limited to +0.06%.

The spread between the MAD reference price and its central price narrows by around 6.0 BPS in one week. This goes from -4.32% to -4.26%. For its part, the average banks foreign exchange position settles around MAD 1.8 Bn, following a visible balance between import and export flows on the Moroccan foreign exchange market.

VOLATILITY INDICATORS

| | USDMAD | EURMAD | JPYMAD | CADMAD | GBPMAD | CHFMAD |
|----------|--------|--------|--------|--------|--------|--------|
| 1 MONTH | 4.05% | 3.41% | 4.42% | 6.65% | 8.05% | 5.27% |
| 2 MONTHS | 5.04% | 3.88% | 4.59% | 6.67% | 7.65% | 6.53% |
| 3 MONTHS | 5.00% | 3.76% | 5.34% | 6.81% | 7.69% | 5.94% |

Guard against the MAD appreciation over the ST

We continue to favor hedging strategies to guard against high levels of MAD's volatility.

Taking into account market liquidity levels, we recommend that exporters hedge their future currency transactions in view of a MAD appreciation over the ST.

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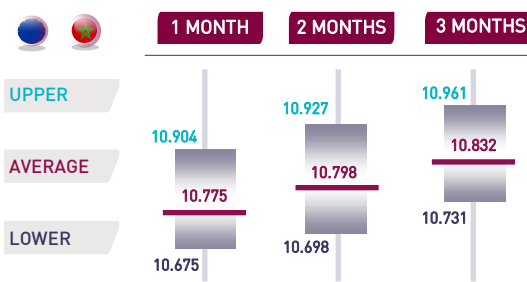
EUR/USD OUTLOOK – BLOOMBERG

| | SPOT | Q2-21 | Q3-21 | Q4-21 | Q1-22 | 2022 | 2023 | 2024 | 2025 |
|----------------|------------|-------|-------|-------|-------|------|------|------|------|
| MEDIAN | | 1.19 | 1.20 | 1.22 | 1.22 | 1.23 | 1.20 | 1.22 | 1.25 |
| AVERAGE | 1.1983 | 1.20 | 1.20 | 1.22 | 1.21 | 1.22 | 1.21 | 1.21 | 1.24 |
| +HIGH | 04/16/2021 | 1.26 | 1.28 | 1.37 | 1.35 | 1.31 | 1.26 | 1.26 | 1.27 |
| +LOW | | 1.16 | 1.14 | 1.14 | 1.13 | 1.10 | 1.16 | 1.14 | 1.18 |
| FORWARD | | 1.20 | 1.20 | 1.20 | 1.21 | 1.22 | 1.23 | 1.25 | 1.27 |

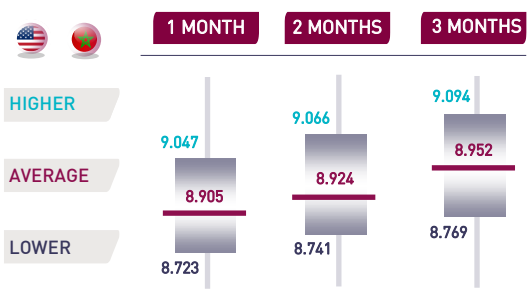
The main international brokers kept unchanged their bullish forecasts for the development of the EUR/USD parity. The forecast consensus anticipates parity levels of 1.20 in Q2 and Q3-21 before moving towards 1.22 at the end of 2021. However, the forecasts revised downwards by 2025 at 1.24 against an initial estimates of 1.26.

Investors are expecting a reassessment of the Fed's decision to keep its rates unchanged by 2023. In fact, the Fed indicated on numerous occasions that it will gradually reduce its stimulus measures as substantial progress is made. Taking into account that 40% of the population received at least the 1st dose of the Covid-19 vaccine, the main objectives of the country would be achieved during Q3-21. According to the Fed, the risks of inflationary pressures on the dollar remain under control.

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 expected improvement in liquidity on the foreign exchange market as well as the latest forecasts for the EUR/USD parity evolution, we anticipate a further MAD appreciation against the dollar within 1 and 2 months against a slight depreciation over 3 months. We therefore slightly revised downwards our forecasts for the 1 and 2 month horizons .

The MAD would appreciate against the dollar by 0.3% and 0.1% in 1 and 2 month horizons. This would depreciate by 0.2% over the next three months compared to a current level of 8.93. The USD/MAD parity would thus be at 8.91, 8.92 and 8.95 over 1, 2 and 3 month horizons, against an initial forecast of 8.91, 8.93 and 8.95.

The dirham depreciation levels against the euro would stand at 0.6%, 0.8% and 1.1% at 1, 2 and 3 month horizons. Consequently, the EUR/MAD parity would reach 10.78, 10.80 and 10.83 against an initial forecast of 10.79, 10.81 and 10.83 over the same periods and against a current price of 10.71.

MAD DASHBOARD (YTD PERFORMANCE)

| | USD/MAD | EUR/MAD | JPY/MAD | CAD/MAD | GBP/MAD | CHF/MAD |
|-----------------|---------|---------|---------|---------|---------|---------|
| 1 WEEK | -0.43% | +0.36% | +0.33% | +0.09% | +0.19% | +0.31% |
| 1 MONTH | -0.57% | -0.22% | -0.23% | -0.86% | -0.86% | +0.14% |
| YTD 2021 | +0.33% | -2.07% | -4.94% | +2.23% | +1.48% | -3.85% |

Prices as of 04/16/2021



APPENDICES

DATA AS OF APRIL 16TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

| | | Q2-21 | Q3-21 | Q4-21 | 2022 | 2023 | 2024 | 2025 |
|-----------------|---------|-------|-------|-------|------|------|------|------|
| FORECAST | USD/JPY | 108 | 108 | 108 | 108 | 111 | 107 | 103 |
| FORWARD | 109 | 109 | 109 | 108 | 108 | 107 | 105 | 103 |
| FORECAST | USD/CAD | 1.26 | 1.25 | 1.24 | 1.25 | 1.25 | 1.24 | 1.24 |
| FORWARD | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.26 | 1.26 | 1.27 |
| FORECAST | USD/CHF | 0.93 | 0.93 | 0.93 | 0.92 | 0.91 | 0.93 | 0.95 |
| FORWARD | 0.92 | 0.92 | 0.92 | 0.91 | 0.90 | 0.89 | 0.87 | 0.86 |
| FORECAST | GBP/USD | 1.39 | 1.40 | 1.40 | 1.44 | 1.44 | 1.42 | 1.39 |
| FORWARD | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.39 | 1.39 | 1.40 |

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

| | Date | Q2-2021 | Q3-2021 | Q4-2021 | 2022 | 2023 |
|---------------------------------|----------|---------|---------|---------|------|------|
| Rabobank | 04/16/21 | 1.18 | 1.18 | 1.18 | 1.17 | 1.18 |
| Maybank Singapore | 04/15/21 | 1.20 | 1.22 | 1.24 | 1.25 | 1.25 |
| Ballinger & Co. | 04/13/21 | 1.20 | 1.23 | 1.24 | 1.23 | 1.21 |
| Banco Bilbao Vizcaya Argentaria | 04/09/21 | 1.19 | 1.20 | 1.22 | 1.23 | 1.29 |
| Standard Chartered | 04/08/21 | 1.17 | 1.17 | 1.20 | 1.26 | 1.26 |
| NAB/BNZ | 04/07/21 | 1.26 | 1.28 | 1.30 | 1.31 | 1.25 |
| ING Financial Markets | 04/06/21 | 1.22 | 1.25 | 1.28 | 1.22 | 1.20 |
| United Overseas Bank | 03/31/21 | 1.18 | 1.19 | 1.20 | 1.18 | 1.16 |
| BNP Paribas | 03/29/21 | 1.18 | 1.20 | 1.23 | 1.18 | 1.32 |
| Swedbank | 03/25/21 | 1.18 | 1.21 | 1.22 | 1.20 | 1.17 |
| Landesbank Baden-Wuerttemberg | 03/24/21 | 1.21 | 1.19 | 1.18 | 1.15 | 1.18 |
| X-Trade Brokers Dom Maklerski | 03/24/21 | 1.17 | 1.16 | 1.18 | 1.18 | 1.24 |
| Mouvement Desjardins | 03/18/21 | 1.20 | 1.21 | 1.22 | 1.19 | 1.20 |
| Commonwealth Bank of Australia | 03/09/21 | 1.24 | 1.26 | 1.28 | 1.34 | 1.34 |
| 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 |

Data as of 04/16/2021

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