



WEEKLY MAD INSIGHTS

CURRENCIES

12 MAY 2021

Week from 05/03/2021 to 05/07/2021

WEEKLY VARIATIONS

		-0.36%			+0.40%
USD/MAD	8.8855		CAD/MAD	7.2928	
		-0.53%			-0.44%
EUR/MAD	10.7159		GBP/MAD	12.3460	
		-0.66%			-0.25%
JPY/MAD	8.1324		CHF/MAD	9.7729	

	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.11%	-0.06%
Liquidity ⁽²⁾ effect	-0.47%	-0.47%

(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 1,920 MN**
 Banks Foreign Exchange position W-1 **MAD 1,085 MN**

(3) Calculated over the period from 04/26/2021 to 04/30/2021

INTERNATIONAL HIGHLIGHTS

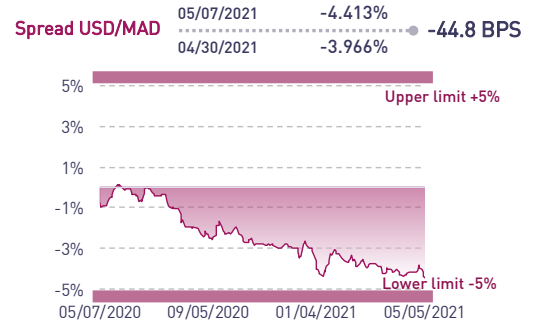
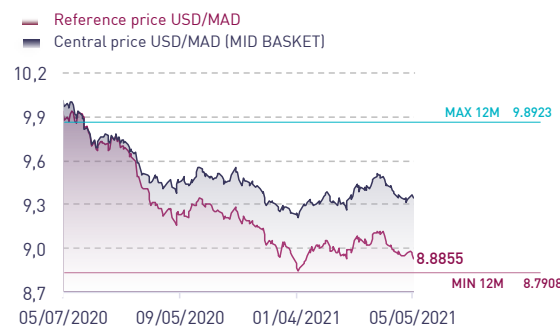


US jobs report penalizes the dollar

During this week, the dollar fell against the euro to its lowest level since the end of February 2021. In more details, the EUR/USD pair went from 1.20 to 1.22, i.e. a weekly evolution of +1.21%.

Indeed, the dollar was penalized by the latest report on the labor market state in the United States. In fact, only 266 K job creations were recorded in April, against a forecast of around 1 million. The unemployment rate within March was also revised to 6.1%, from an initial level of 5.8%.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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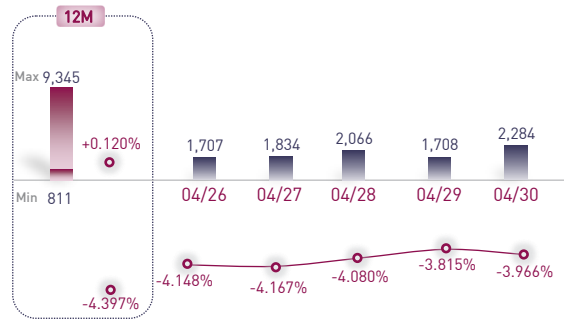
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Spread USD/MAD (Gap between Reference price Vs. Central price)
Bank foreign exchange position, in MAD Mn



The liquidity gap at an all-time low

The liquidity spread between the MAD central price and the reference price widened by 44.8 BPS in one week to -4.41% Vs -3.97%. During the week, it reached -4.48%, thus approaching the lower limit of the fluctuation band of -5.0%.

This could be explained by the operators' expectations regarding the appreciation of the foreign exchange position under the effect of major export transactions.

The MAD has appreciated this week by +0.36% against the dollar and +0.53% against the euro. Thus, the market effect stands at a significant level of -0.47%.

The average bank foreign exchange position continues its upward trend, from MAD 1.1 Bn to MAD 1.9 Bn in one week.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	3.25%	3.50%	5.30%	7.40%	6.33%	4.65%
2 MONTHS	3.80%	3.40%	4.94%	7.14%	7.15%	4.92%
3 MONTHS	4.75%	3.78%	5.22%	6.60%	7.18%	6.00%

Towards an intensification of MAD volatility

MAD hedging strategies take on their full meaning in a context of increased volatility.

In order to limit the basket fluctuation effects on the MAD, we recommend that importing companies in dollars hedge their operations on short term horizons.



WEEKLY MAD INSIGHTS

CURRENCIES

12 | MAY
2021

Week from 05/03/2021 to 05/07/2021

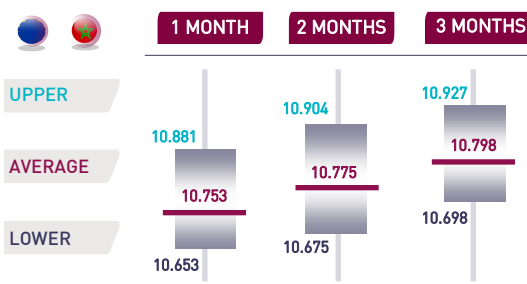
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-21	Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
MEDIAN		1.20	1.21	1.22	1.22	1.23	1.21	1.24	1.26
AVERAGE	1.2166	1.20	1.21	1.21	1.21	1.22	1.22	1.23	1.24
+HIGH	05/07/2021	1.26	1.29	1.33	1.35	1.31	1.26	1.26	1.26
+LOW		1.16	1.15	1.15	1.13	1.10	1.18	1.18	1.18
FORWARD		1.22	1.22	1.22	1.22	1.23	1.24	1.26	1.28

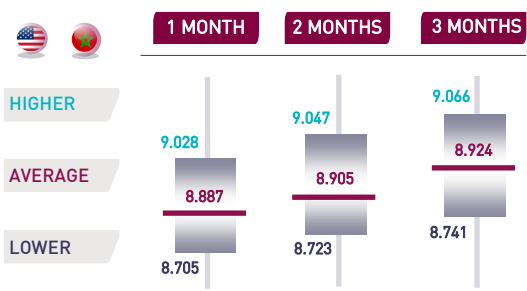
The main international brokers slightly revised downwards their MLT forecasts regarding the evolution of the EUR/USD parity. The consensus is for bearish forecasts until the start of 2022. Indeed, the pair would settle at 1.20 at the end of Q2-21 and reach 1.21 by Q1-22. At the end of 2022, EUR/USD targets a level of 1.22 before moving towards 1.24 by 2025.

The latest employment data in the United States pushes aside the prospect of monetary policy normalization by the Federal Reserve. The easing of inflationary fears seems to put less pressure on the Fed over a possible change of course in its monetary policy over the ST. Under these conditions, downward pressure on the dollar is still relevant.

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

In view of liquidity spreads' significant widening to historic lows as well as liquidity conditions on the foreign exchange market, we revised our forecasts downwards of USD/MAD parity within 1, 2 and 3 month horizons. However, we maintain our expectations for the MAD depreciation against the dollar over the next three months.

In more detail, the MAD would stabilize against the dollar at the current level before depreciating by 0.2% and 0.4% at 2 and 3 month horizons from a current level of 8.89. The USD/MAD parity would thus be at 8.89, 8.91 and 8.92 for 1, 2 and 3 month horizons, against an initial forecast of 8.91, 8.92 and 8.94.

At the same time, the MAD would depreciate by 0.3%, 0.6% and 0.8% over 1, 2 and 3 month horizons. Consequently, the EUR/MAD parity would reach 10.75, 10.78 and 10.80 against an initial forecast of 10.78, 10.80 and 10.82 over the same periods and against a spot price of 10.72.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.36%	-0.53%	-0.66%	+0.40%	-0.44%	-0.25%
1 MONTH	-1.17%	+0.26%	-0.68%	+2.17%	-0.60%	+0.98%
YTD 2021	-0.22%	-2.00%	-5.88%	+4.33%	+1.54%	-3.37%

Prices as of 05/07/2021



APPENDICES

DATA AS OF MAY 07TH, 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	112	104	103
FORWARD	109	109	108	108	108	107	105	103
FORECAST	USD/CAD	1.24	1.24	1.23	1.24	1.25	1.25	1.25
FORWARD	1.22	1.22	1.22	1.22	1.22	1.22	1.23	1.23
FORECAST	USD/CHF	0.92	0.92	0.92	0.92	0.91	0.93	0.95
FORWARD	0.90	0.90	0.90	0.90	0.89	0.88	0.86	0.85
FORECAST	GBP/USD	1.39	1.40	1.40	1.44	1.45	1.39	1.39
FORWARD	1.40	1.40	1.40	1.40	1.40	1.40	1.41	1.42

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

	Date	Q2-2021	Q3-2021	Q4-2021	2022	2023
X-Trade Brokers Dom Maklerski	05/07/21	1.19	1.17	1.18	1.17	1.18
Mouvement Desjardins	04/30/21	1.19	1.17	1.17	1.18	1.24
Landesbank Baden-Wuerttemberg	04/28/21	1.21	1.22	1.22	1.19	1.18
Rabobank	04/27/21	1.21	1.19	1.18	1.15	1.18
Swedbank	04/23/21	1.20	1.22	1.22	1.20	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
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 05/07/2021

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