



WEEKLY MAD INSIGHTS

CURRENCIES

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**Attijari
Global Research**

19 | MAY
2021

Week from 05/10/2021 to 05/14/2021

WEEKLY VARIATIONS

		-0.27%			+0.56%
USD/MAD	8.8616		CAD/MAD	7.3333	
		+0.21%			+1.38%
EUR/MAD	10.7385		GBP/MAD	12.5160	
		+0.18%			+0.20%
JPY/MAD	8.1471		CHF/MAD	9.7929	

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.30%	+0.18%
Liquidity ⁽²⁾ effect	+0.03%	+0.03%

(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 2,084 MN**
 Banks Foreign Exchange position W-1 **MAD 1,217 MN**

(3) Calculated over the period from 04/27/2021 to 05/03/2021

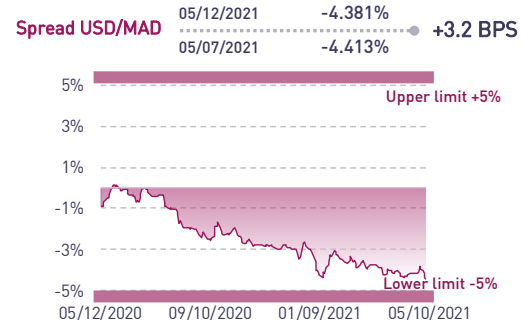
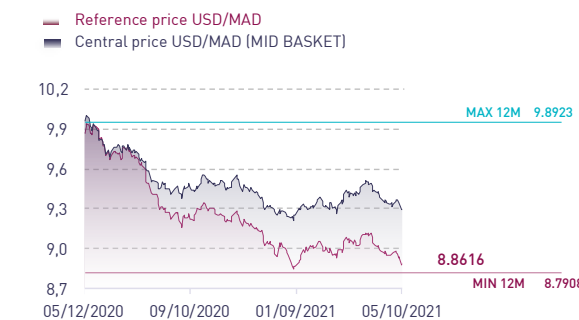
Dollar resists various negative US Data

At the end of this week, the euro fell slightly against the dollar, i.e. -0.21% from 1.217 to 1.214.

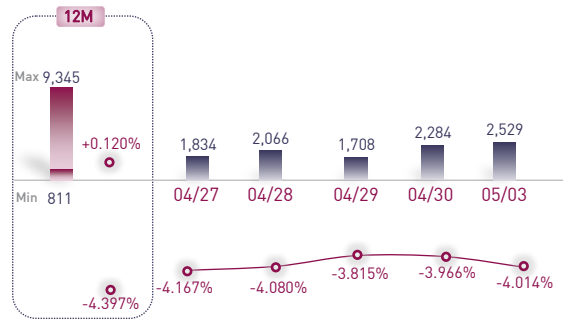
The greenback is recovering this week despite disappointing US economic figures. In fact, investors seem confident toward the strength of the US economy recovery.

In more details, consumer spending stagnated in April after soaring in March. Industrial production slowed and the University of Michigan consumer sentiment index fell to 82.8 from 88.3 recorded in March 2021.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



The MAD appreciation continues

The MAD appreciated this week against the dollar by 0.27%. Thus, the parity USD/MAD reached 8.86 against 8.89 a week earlier. Originally, a basket effect linked to the variation in EUR/USD of -0.30% coupled with a quasi-neutral market effect of +0.03%.

The spread between the MAD reference price and its central price is slightly out of the lower band of -5.0%. This resorted by 3.2 BPS in one week, going from -4.41% to -4.38%.

For its part, the average foreign exchange position of the banks this week risen by more than MAD 800 Mn, going from MAD 1.2 Bn to MAD 2.1 Bn. Originally, an increase in remittances by Moroccans living abroad during the holy month of Ramadan and Eid Al-Fitr.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	3.95%	3.41%	5.14%	6.77%	6.62%	4.66%
2 MONTHS	4.05%	3.47%	4.90%	6.97%	7.62%	5.13%
3 MONTHS	4.90%	3.81%	5.08%	6.65%	7.50%	6.06%

An increasingly apparent lack of visibility

In view of the high level of the MAD volatility against the major currencies, it remains difficult to anticipate its evolution.

In order to limit the currency risk associated with this volatility, we recommend Corporates importing in US dollar to activate hedging operations over the ST horizons.



WEEKLY MAD INSIGHTS

CURRENCIES

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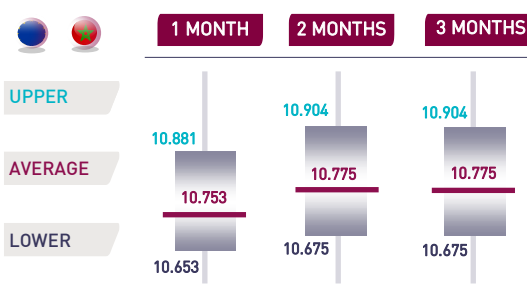
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-21	Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
MEDIAN		1.20	1.21	1.21	1.21	1.23	1.21	1.23	1.25
AVERAGE	1.2141	1.20	1.21	1.21	1.21	1.22	1.21	1.22	1.23
+HIGH	05/14/2021	1.24	1.29	1.33	1.35	1.30	1.26	1.25	1.26
+LOW		1.16	1.17	1.15	1.13	1.10	1.18	1.18	1.18
FORWARD		1.21	1.22	1.22	1.22	1.23	1.24	1.26	1.28

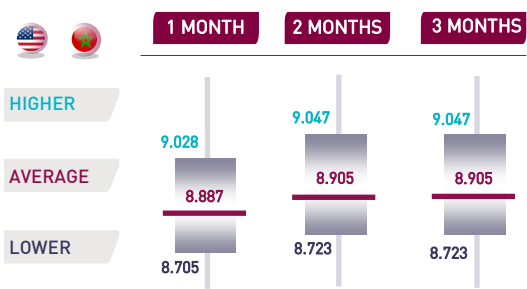
The main international brokers kept their forecasts for the EUR/USD parity unchanged while revising the LT ones slightly downwards. The consensus is bearish until the start of 2022. The pair would settle at 1.20 at the end of Q2-21 and reach 1.21 over Q1-22 horizon. In 2022, EUR/USD targets a level of 1.22. This would evolve towards 1.23 by 2025, against an initial forecast of 1.24.

Investors appear confident regarding the strength of the economic rebound in 2021. Evidenced by the quiet reaction of the markets to the economic figures this week. A strong recovery within the United States would boost growth dynamics in various regions. At the same time, the euro zone countries are starting to ease health restrictions and could reopen airspace this summer. This scenario favors the euro over the MLT horizon.

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

Following the delay of the foreign exchange position release, we kept unchanged our forecasts of the USD/MAD parity for 1 and 2 months. We aligned our 3-month forecasts with those for 2 months. In the end, we anticipate a depreciation of the MAD movement against the dollar over the next 3 months.

The MAD would depreciate against the dollar by 0.3% over 1 month and 0.5% over 2 and 3 months from the current level of 8.86. The USD/MAD parity would be at 8.89, 8.91 and 8.91 at 1, 2 and 3 month horizons.

The MAD would depreciate against the euro by 0.1% over 1 month and 0.3% over 2 and 3 months. The EUR/MAD parity would reach 10.75, 10.78 and 10.78 over the same periods against a spot price of 10.74.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.27%	+0.21%	+0.18%	+0.56%	+1.38%	+0.20%
1 MONTH	-1.09%	+0.67%	-0.56%	+2.65%	+1.52%	+0.98%
YTD 2021	-0.49%	-1.80%	-5.71%	+4.91%	+2.94%	-3.17%

Prices as of 05/12/2021



APPENDICES

DATA AS OF MAY 14TH, 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	109	103
FORWARD	109	109	109	109	109	107	106	104
FORECAST	USD/CAD	1.24	1.24	1.23	1.23	1.21	1.23	1.23
FORWARD	1.21	1.21	1.21	1.21	1.21	1.22	1.22	1.23
FORECAST	USD/CHF	0.92	0.92	0.92	0.93	0.92	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	1.39	1.40	1.43	1.46	1.39	1.39
FORWARD	1.41	1.41	1.41	1.41	1.41	1.41	1.42	1.42

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

	Date	Q2-2021	Q3-2021	Q4-2021	2022	2023
Rabobank	05/14/21	1.19	1.17	1.18	1.17	1.18
Westpac Banking	05/10/21	1.21	1.23	1.23	1.27	1.26
Citigroup	05/07/21	1.21	1.19	1.17	1.15	1.40
X-Trade Brokers Dom Maklerski	04/30/21	1.19	1.17	1.17	1.18	1.24
Mouvement Desjardins	04/28/21	1.21	1.22	1.22	1.19	1.18
Landesbank Baden-Wuerttemberg	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

Data as of 05/14/2021

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