



WEEKLY MAD INSIGHTS

CURRENCIES

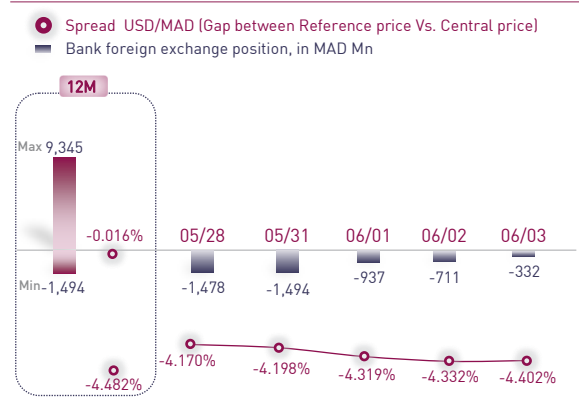
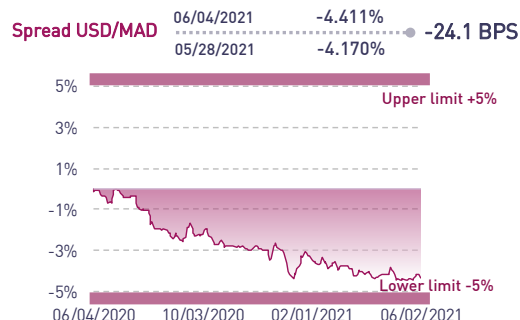
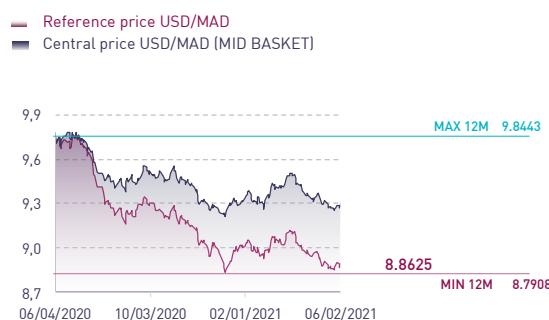
WEEKLY VARIATIONS

		+0.10%			-0.10%
USD/MAD		8.8625	CAD/MAD		7.3063
		-0.46%			-0.29%
EUR/MAD		10.7325	GBP/MAD		12.5130
		-0.06%			-0.43%
JPY/MAD		8.0466	CHF/MAD		9.7972

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	4.78%	2.56%	4.77%	5.88%	6.64%	3.61%
2 MONTHS	4.19%	2.94%	5.06%	6.55%	6.80%	4.21%
3 MONTHS	4.45%	3.14%	4.91%	6.51%	6.97%	4.86%

	USD/MAD	EUR/MAD
[Basket ⁽¹⁾ effect]	+0.35	-0.21%
[Liquidity ⁽²⁾ effect]	-0.25%	-0.25%

(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 -990 MN
	Banks Foreign Exchange position W-1	MAD 857 MN

(3) Calculated over the period from 05/28/2021 to 06/03/2021

The US employment data supports the dollar

The US dollar appreciated this week against all of its benchmarks, including the euro. The EUR/USD parity fell to 1.217 against 1.220 a week earlier.

The encouraging employment report in the United States took over the good performance of the euro zone PMI index. Job creation in the US increased to 559K in May versus 278K in April. Likewise, the unemployment rate fell to 5.8% from 6.1% over the same period. These figures were supported by the decline in unemployment benefit claims from a monthly average of 562K to 428K over the studied period.

Bank foreign exchange position at annual low

During this week, the banks' foreign exchange position fell to its annual low of MAD -1.5 Bn. Originally, the impact of the economic recovery on import flows. For its part, the spread between the MAD reference price and its central price is approaching its lower band and widens by 24.1 BPS to -4.41%.

The dirham is continuing its depreciation movement this week. Thus, the USD/MAD parity evolves by +0.10% to 8.86 against 8.85 a week earlier. This MAD depreciation can be explained more by a basket effect of +0.35% against a market effect of -0.25%.

Continued MAD volatility over the ST

According to our calculations, the MAD's volatility levels against the major benchmark currencies are rising at relatively high thresholds.

In view of the liquidity conditions on the Moroccan foreign exchange market as well as the attractive levels of the MAD, we recommend importers in dollars initiating hedging positions in order to deal with the continued MAD volatility.

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WEEKLY MAD INSIGHTS

CURRENCIES

11 JUNE
2021

Week from 05/31/2021 to 06/04/2021

EUR/USD OUTLOOK – BLOOMBERG

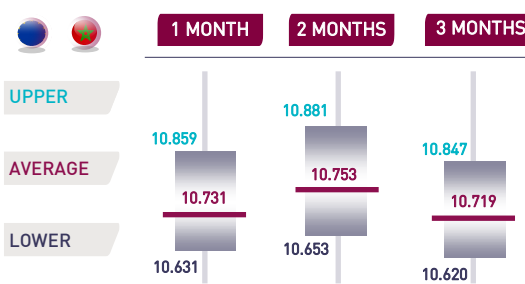
	SPOT	Q2-21	Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
MEDIAN		1.21	1.21	1.21	1.23	1.23	1.22	1.21	--
AVERAGE	1.2167	1.21	1.21	1.21	1.22	1.22	1.22	1.21	--
+HIGH	06/04/2021	1.28	1.30	1.32	1.28	1.31	1.27	1.24	--
+LOW		1.16	1.15	1.13	1.15	1.10	1.16	1.18	--
FORWARD		1.22	1.22	1.22	1.23	1.23	1.24	1.26	1.28

The main international brokers slightly revised down their MLT forecasts for the EUR/USD parity. The consensus is for a bearish outlook until Q1-22. The pair would settle at 1.22 between Q2-22 and the end of 2023, against an initial forecast of 1.23. At the end of 2024, the target level is 1.21.

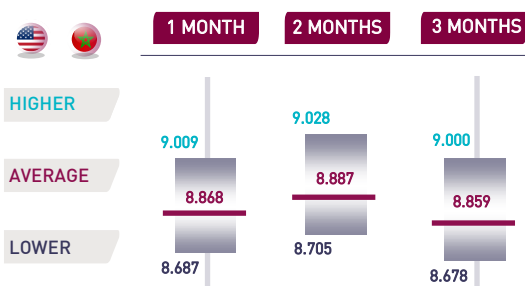
The consensus anticipates the sustainability of the Fed's ultra-accommodative policy over a medium-term horizon, thus exerting downward pressure on the dollar.

In Europe, markets are closely monitoring signals for a rebound in the economy and higher inflation, synonymous with the end of the ECB easing era. Indeed, the OECD raised its growth forecasts in Europe from 3.8% to 4.3% for 2021. Similarly, the PMI index in the euro zone stood at 63.1 in May against 62.8 in April. Consumer prices up 2.0% in May in the euro zone, against 1.6% the previous month, the highest level since October 2018. These elements plead in favor of a positive euro performance over the MT.

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 levels of liquidity spreads at significant lows and in view of the continued MAD depreciation during this week, we maintained our scenario around a MAD depreciation against the dollar. As a reminder, this takes into account, on the one hand, the improvement in liquidity conditions linked to the arrivals of Moroccans living abroad during the summer period, and on the other hand, the impact of planned repatriation operations on the bank foreign exchange position.

The MAD would therefore depreciate against the dollar by 0.1% and 0.3% over 1 and 2 months and stabilize at the current level over 3 months. The USD/MAD parity would thus reach 8.87, 8.89 and 8.86 in 1, 2 and 3 month horizons.

Against the euro, the MAD would hover around the spot rate of 10.73 during the coming month before depreciating by 0.2% over the next 2 months to 10.75. Over the next 3 months, the EUR/MAD parity would reach 10.72, up 0.1% from the current level.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.10%	-0.46%	-0.06%	-0.10%	-0.29%	-0.43%
1 MONTH	-0.69%	+0.04%	-1.56%	+1.05%	+1.21%	+0.27%
YTD 2021	-0.48%	-1.85%	-6.87%	+4.52%	+2.91%	-3.13%

Prices as of 06/04/2021



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APPENDICES

DATA AS OF JUNE 04TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
FORECAST	USD/JPY	109	109	110	110	111	--	--
FORWARD	110	109	109	109	109	108	106	104
FORECAST	USD/CAD	1.22	1.22	1.22	1.21	1.22	--	--
FORWARD	1.21	1.21	1.21	1.21	1.21	1.22	1.22	1.23
FORECAST	USD/CHF	0.91	0.92	0.92	0.93	0.90	--	--
FORWARD	0.90	0.90	0.89	0.89	0.89	0.87	0.86	0.85
FORECAST	GBP/USD	1.42	1.41	1.42	1.43	1.44	--	--
FORWARD	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.43

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

	Date	Q2-2021	Q3-2021	Q4-2021	2022	2023
Intesa Sanpaolo	06/03/21	1.17	1.17	1.19	1.22	1.22
United Overseas Bank	06/03/21	1.24	1.25	1.25	1.25	1.19
BNP Paribas	06/01/21	1.20	1.23	1.22	1.18	1.32
Landesbank Baden-Wuerttemberg	06/01/21	1.19	1.18	1.16	1.15	1.18
Banco Bilbao Vizcaya Argentaria	05/28/21	1.22	1.24	1.24	1.25	1.27
Mouvement Desjardins	05/28/21	1.22	1.21	1.21	1.19	1.18
Rabobank	05/27/21	1.18	1.17	1.18	1.17	1.18
X-Trade Brokers Dom Maklerski	05/27/21	1.20	1.19	1.18	1.18	1.24
Swedbank	05/20/21	1.23	1.24	1.22	1.18	1.16
NAB/BNZ	05/19/21	1.28	1.30	1.32	1.31	1.25
Westpac Banking	05/10/21	1.23	1.23	--	1.27	1.26
Citigroup	05/07/21	1.19	1.17	1.16	1.15	1.40
Maybank Singapore	04/15/21	1.22	1.24	1.25	1.25	1.25
Ballinger & Co.	04/13/21	1.23	1.24	1.25	1.23	1.21
Standard Chartered	04/08/21	1.17	1.20	1.22	1.26	1.26
ING Financial Markets	04/06/21	1.25	1.28	--	1.22	1.20
Commonwealth Bank of Australia	03/09/21	1.26	1.28	1.30	1.34	1.34

Data as of 06/04/2021

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