



WEEKLY MAD INSIGHTS

CURRENCIES

18 JUNE 2021

Week from 06/07/2021 to 06/11/2021

WEEKLY VARIATIONS

		-0.27%			-0.06%
USD/MAD		8.8384	CAD/MAD		7.3020
		+0.01%			+0.04%
EUR/MAD		10.7334	GBP/MAD		12.5180
		+0.33%			+0.61%
JPY/MAD		8.0731	CHF/MAD		9.8577

	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.18%	+0.10%
Liquidity ⁽²⁾ effect	-0.09%	-0.09%

(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 -576 MN**
 Banks Foreign Exchange position W-1 **MAD 1,087 MN**

(3) Calculated over the period from 06/03/2021 to 06/09/2021

INTERNATIONAL HIGHLIGHTS



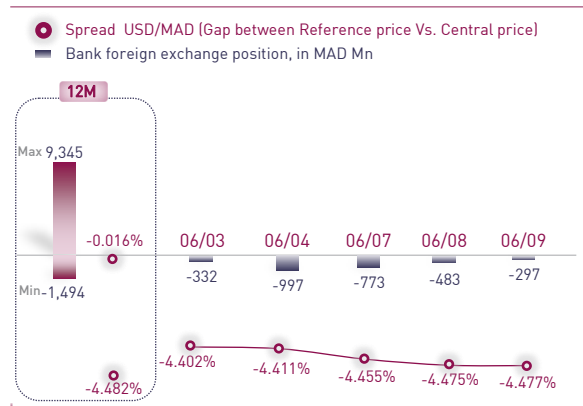
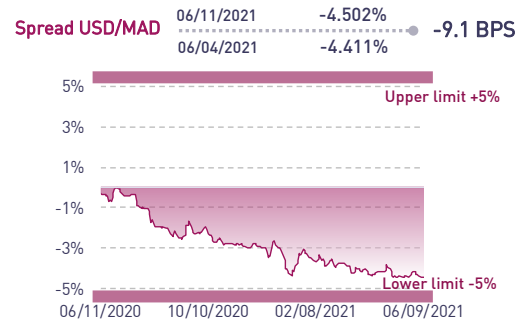
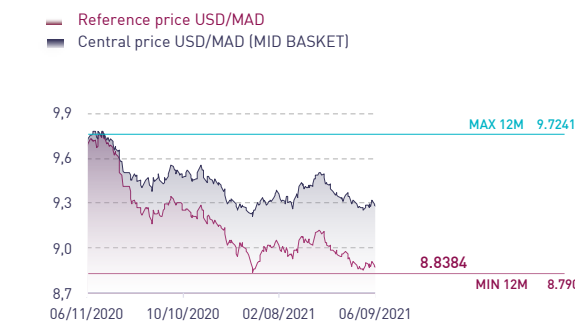
EUR/USD reacts to inflation Data

The EUR/USD pair moved this week from 1.210 to 1.211, down -0.48% in comparison to the last week.

Following the ECB meeting, the euro traded lower against the main currencies. The issuing institution revised upward its inflation and growth projections for 2021 and 2022, while viewing the current price hike as moderate and transitory.

This week was also marked by the release of inflation figures in the United States. In May, it reached +5% year-on-year, i.e. its highest level since August 2008.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



The dirham appreciates against the dollar

The MAD appreciated this week against the dollar, going from 8.86 to 8.84, i.e. a weekly evolution of the parity of -0.27%. In more details, the basket effect is around -0.18% versus a market effect of -0.09%.

Regarding liquidity conditions, the foreign exchange position of banks improved from MAD -1.1 Bn to MAD -0.6 Bn in one week. We are witnessing a significant increase in export flows compared to import flows during this week in connection with the recovery in foreign Demand.

The spread between the MAD benchmark price and its central price is closer to its lower band and widens by 9.1 BPS, from -4.41% to -4.50%.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	4.01%	1.90%	4.82%	4.79%	5.74%	3.22%
2 MONTHS	3.94%	2.80%	4.98%	5.94%	6.26%	3.98%
3 MONTHS	4.08%	3.06%	4.83%	6.28%	7.03%	4.56%

MAD volatility is persistent over the ST

The current increased volatility of the EUR/USD parity and its impact on the MAD variation, confirms our recommendation to adopt hedging strategy over the ST horizons.

In order to secure the margins of import activities, we recommend that importing companies in dollar opt for MAD hedging solutions over a 3-month horizon.

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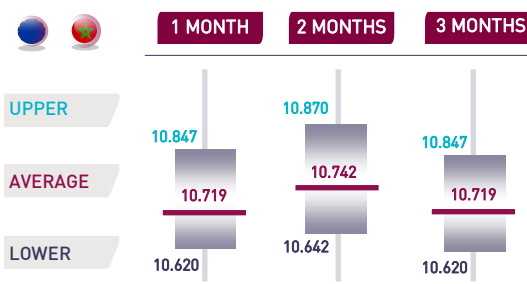
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-21	Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
MEDIAN		1.22	1.22	1.21	1.24	1.23	1.22	1.22	1.25
AVERAGE	1.2109	1.22	1.22	1.22	1.23	1.22	1.22	1.22	1.25
+HIGH	06/11/2021	1.31	1.32	1.38	1.33	1.31	1.27	1.25	1.26
+LOW		1.16	1.15	1.13	1.15	1.10	1.16	1.18	1.25
FORWARD		1.21	1.22	1.22	1.22	1.23	1.24	1.26	1.28

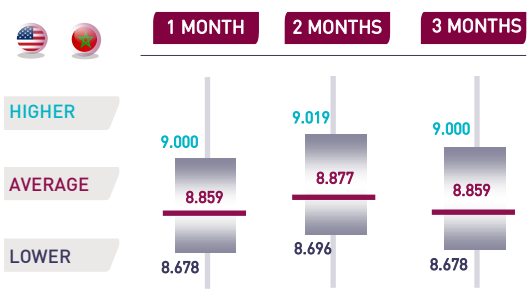
The main international brokers revised upwards their forecasts for the EUR/USD parity. The consensus is for a bullish forecast of 1.22 until Q1-22. The pair would settle at 1.23 in Q2-22 before regaining the level of 1.22 at the end of 2024. By 2025, the target level is 1.25.

Waiting for the Fed's meeting scheduled for this week, the dollar remains penalized by concerns about a larger-than-expected rise in inflation. Nevertheless, the Federal Reserve is convinced of the one-off nature of recent inflationary pressures and would therefore keep its accommodative monetary policy stable until 2023. Like the FED, the ECB remains optimistic and believes that headline inflation will remain lower to its objective over its projection horizon, pending the impact of reopening on the euro zone economy, more particularly on the labor market.

EUR/MAD AND USD/MAD OUTLOOK - AGR



Based on EUR/USD Bloomberg forecast for Q3-20



Based on EUR/USD Bloomberg forecast for Q3-20

Following the resistance of liquidity spreads to the lowest levels since the extension of the dirham fluctuation band in March 2020 and despite the MAD appreciation movement during this week, we maintain the scenario of a MAD decline against the dollar over a 3-month horizon.

We revised downwards our forecasts for 1 and 2 months, due to our anticipation of an improvement in liquidity conditions in connection with larger than expected inflows of currencies during this period.

The MAD would thus depreciate against the dollar by 0.2%, 0.4% and 0.2% in 1, 2 and 3 month horizons. The USD/MAD parity would thus reach 8.86, 8.88 and 8.86 in 1, 2 and 3 month horizons against an initial forecast of 8.87, 8.89 and 8.86 over the same periods.

Against the euro, the MAD would oscillate by +/- 0.1% around the spot rate of 10.73 over the next three months. In fact, the EUR/MAD parity would reach 10.72, 10.74 and 10.72 at 1, 2 and 3 month horizons.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.27%	+0.01%	+0.33%	-0.06%	+0.04%	+0.62%
1 MONTH	+0.04%	-0.16%	-0.81%	+0.02%	+0.14%	+0.62%
YTD 2021	-0.75%	-1.84%	-6.57%	+4.46%	+2.95%	-2.53%

Prices as of 06/11/2021



APPENDICES

DATA AS OF JUNE 11TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
FORECAST	USD/JPY	110	110	110	110	111	109	--
FORWARD	110	110	110	109	109	108	107	105
FORECAST	USD/CAD	1.21	1.22	1.22	1.21	1.22	1.22	--
FORWARD	1.21	1.21	1.21	1.21	1.22	1.22	1.23	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	1.42	1.42	1.44	1.46	1.44	--
FORWARD	1.41	1.41	1.41	1.41	1.41	1.41	1.42	1.43

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

	Date	Q3-2021	Q4-2021	Q1-2022	2022	2023
Rabobank	06/11/21	1.18	1.17	1.18	1.17	1.18
Citigroup	06/10/21	1.21	1.19	1.17	1.16	1.40
ING Financial Markets	06/10/21	1.25	1.28	1.28	1.22	1.20
Maybank Singapore	06/10/21	1.22	1.24	1.25	1.25	1.25
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
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
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
Commonwealth Bank of Australia	03/09/21	1.26	1.28	1.30	1.34	1.34

Data as of 06/11/2021

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