



WEEKLY MAD INSIGHTS

CURRENCIES

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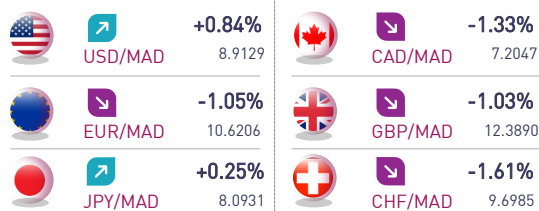
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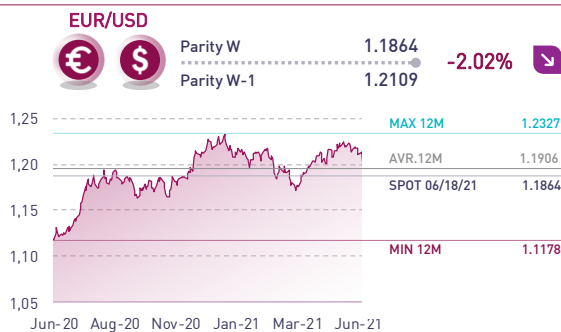
23 JUNE
2021

Week from 06/14/2021 to 06/18/2021

WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.19%	-0.70%
Liquidity ⁽²⁾ effect	-0.35%	-0.35%

(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 -160 MN**
 Banks Foreign Exchange position W-1 **MAD -659 MN**

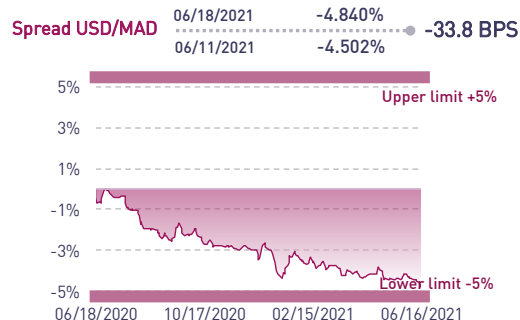
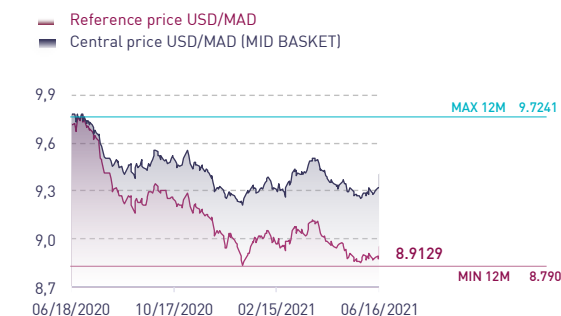
(3) Calculated over the period from 06/09/2021 to 06/15/2021

Fed pushes dollar to 2-month high

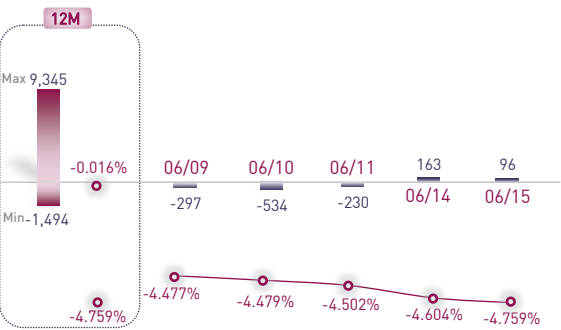
During its meeting this week, the Fed announced its intention to raise interest rates by 2023. This decision was prompted by stronger-than-expected levels of growth and inflation. To this end, growth forecasts were raised for 2021 and 2023. Also, the Federal Reserve estimates that inflation could be both higher and more persistent than expected. Thus, the price index forecast at the end of 2021 was increased by 100 BPS to 3.4%.

The dollar recorded a rise against its major currencies. The EUR/USD parity fell by -2.0% to 1.186 from 1.211 last week, i.e. its lowest level since April 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 liquidity gap at an all-time low

As expected, the dirham depreciated this week against the dollar and the USD/MAD parity rose from 8.84 to 8.91 in one week, an increase of 0.84%. Despite the widening of the liquidity spread between the MAD central price and the reference price by more than 33 BPS to an all-time low (i.e. -4.84%), the market effect remains limited at -0.35%. In this sense, the MAD depreciation is mainly explained by a basket effect of +1.19%, following the high volatility of the EUR/USD parity this week.

The foreign exchange market liquidity was marked by a certain balance in Import/Export operations. To this end, the average bank foreign exchange position improved by around MAD 500 Mn to MAD -160 Mn.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	4.87%	3.18%	5.15%	4.49%	5.74%	4.75%
2 MONTHS	4.65%	3.42%	5.56%	6.01%	6.56%	4.81%
3 MONTHS	4.43%	3.44%	5.17%	6.29%	6.88%	4.99%

An increasing interest in MAD hedging

Following the current high MAD volatility, the relevance of the MAD hedging strategies initiated previously, is confirmed.

Taking into account the difficulty to control the EUR/USD volatility, we strongly recommend that local importers initiate hedging strategies on the MAD on 3-month horizon.



WEEKLY MAD INSIGHTS

CURRENCIES

23 JUNE 2021

Week from 06/14/2021 to 06/18/2021

EUR/USD OUTLOOK – BLOOMBERG

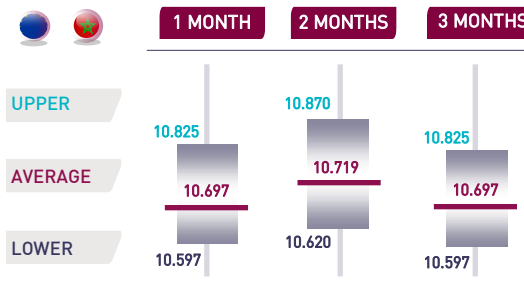
	SPOT	Q3-21	Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
MEDIAN		1.22	1.22	1.22	1.24	1.24	1.23	1.23	1.25
AVERAGE	1.1864	1.22	1.22	1.22	1.23	1.22	1.22	1.22	1.25
+HIGH	06/18/2021	1.31	1.32	1.38	1.33	1.31	1.27	1.25	1.26
+LOW		1.16	1.15	1.13	1.15	1.10	1.16	1.18	1.23
FORWARD		1.19	1.19	1.19	1.19	1.20	1.22	1.24	1.26

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

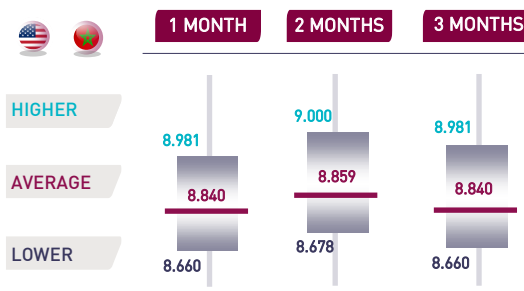
The dollar remains penalized by investor concerns about a large and prolonged rise in inflation in the United States, confirmed by the FED President. He announced a continuous improvement of activity and employment indicators. He adds that the Federal Reserve will take note of the current inflation acceleration in its monetary policy decisions, in particular its key rates and its assets purchase.

For its part, the euro is showing resistance compared to other currencies, particularly the British pound. Its performance was bolstered by the rise in producer prices in Germany and the Eurozone's current account balance, waiting for the release of Eurozone PMI reports expected later this week.

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 widening of liquidity spreads to their historic low and in view of the depreciation of the MAD against the dollar in accordance with our scenario, we have slightly revised our forecasts downwards.

The MAD would appreciate against the dollar at 1, 2 and 3 months horizons. Against the euro, it would depreciate over the same horizons compared to current prices.

The MAD would therefore appreciate against the dollar by 0.8%, 0.6% and 0.8% over 1, 2 and 3 month horizons. The USD/MAD parity would thus reach 8.84, 8.86 and 8.84 in 1, 2 and 3 month horizons against an initial forecast of 8.86, 8.88 and 8.86 over the same periods.

Against the euro, the MAD would depreciate by 0.7%, 0.9% and 0.7% against a spot rate of 10.62 during the next three months. In fact, the EUR/MAD parity would reach 10.70, 10.72 and 10.70 at 1, 2 and 3 month horizons, against an initial forecast of 10.72, 10.74 and 10.72 over the same periods.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.84%	-1.05%	+0.25%	-1.33%	-1.03%	-1.61%
1 MONTH	+1.13%	-1.30%	+0.12%	-1.60%	-0.95%	-1.15%
YTD 2021	+0.09%	-2.88%	-6.33%	+3.07%	+1.89%	-4.11%

Prices as of 06/18/2021



APPENDICES

DATA AS OF JUNE 18TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
FORECAST	USD/JPY	110	109	110	110	110	106	103
FORWARD	110	110	110	110	109	108	106	104
FORECAST	USD/CAD	1.20	1.22	1.22	1.21	1.21	1.19	1.20
FORWARD	1.24	1.24	1.24	1.24	1.25	1.25	1.26	1.26
FORECAST	USD/CHF	0.91	0.92	0.92	0.93	0.90	0.88	0.89
FORWARD	0.92	0.92	0.92	0.92	0.91	0.90	0.88	0.86
FORECAST	GBP/USD	1.42	1.43	1.42	1.45	1.45	1.43	1.41
FORWARD	1.38	1.38	1.38	1.38	1.38	1.38	1.39	1.40

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

	Date	Q3-2021	Q4-2021	Q1-2022	2022	2023
Standard Chartered	06/18/21	1.24	1.26	1.26	1.26	1.26
Westpac Banking	06/15/21	1.23	1.24	1.25	1.27	1.26
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
Ballinger & Co.	04/13/21	1.23	1.24	1.25	1.23	1.21
Commonwealth Bank of Australia	03/09/21	1.26	1.28	1.30	1.34	1.34

Data as of 06/18/2021

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