



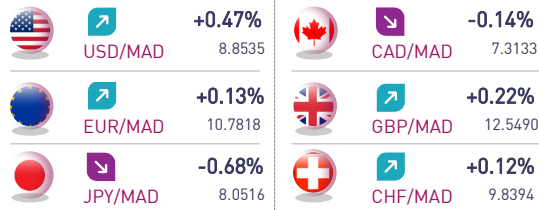
# WEEKLY MAD INSIGHTS

## CURRENCIES

02 | JUNE  
2021

Week from 05/24/2021 to 05/28/2021

### WEEKLY VARIATIONS



	USD/MAD	EUR/MAD
Basket <sup>(1)</sup> effect	<b>+0.22%</b>	<b>-0.12%</b>
Liquidity <sup>(2)</sup> effect	<b>+0.25%</b>	<b>+0.25%</b>

(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 <sup>(3)W</sup> **MAD 2,211 MN**  
 Banks Foreign Exchange position W-1 **MAD 3,399 MN**

(3) Calculated over the period from 05/19/2021 to 05/25/2021

### INTERNATIONAL HIGHLIGHTS



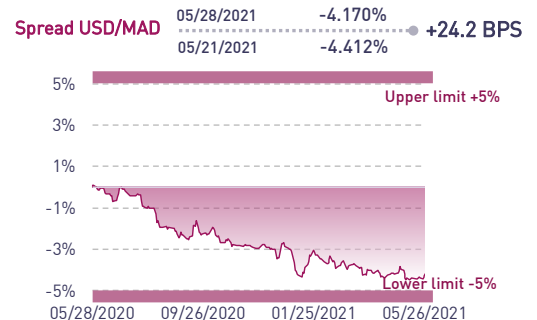
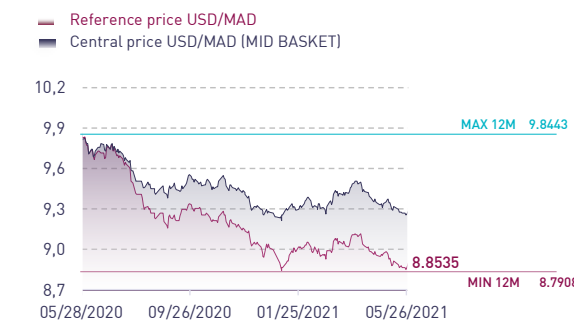
#### The euro supported by positive economic data

The EUR/USD parity approached this week the level of 1.22 to 1.219, up 0.08% from last week.

The dollar's underperformance is justified by the high weekly levels of jobless claims in the United States, which remain above 400K. Also, unexpected declines were recorded in the acquisition of durable goods and housing.

At the opposite, the euro benefited from reassuring figures from the euro zone. To this end, the consumer and business confidence index rose from 111 to 115 pts in May 2021.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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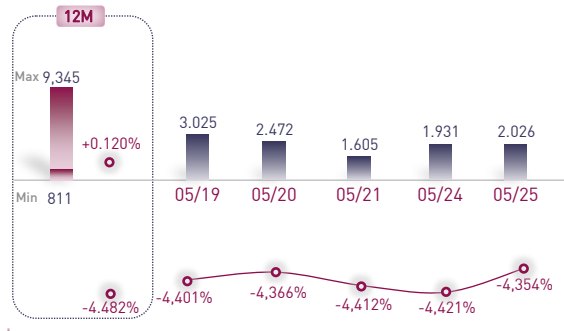
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Spread USD/MAD (Gap between Reference price Vs. Central price)  
 Bank foreign exchange position, in MAD Mn



#### The MAD appreciation trend is reversed

As expected, the MAD depreciates this week against the dollar, going from 8.81 to 8.85. This is a USD/MAD parity evolution of + 0.47%.

At the origin of the MAD depreciation, a basket effect of + 0.22% against a market effect of + 0.25%.

Regarding liquidity conditions, the average foreign exchange position of banks fell from MAD 3.4 Bn to MAD 2.2 Bn in one week. We are witnessing a significant increase in import flows during this week in connection with the activity resumption. The spread between the MAD reference price and its central price moves further away from its lower band and narrows by 24.2 BPS, from -4.41% to -4.17%.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
<b>1 MONTH</b>	4.31%	3.36%	5.15%	6.80%	7.00%	4.59%
<b>2 MONTHS</b>	3.81%	2.91%	5.33%	6.51%	7.01%	4.50%
<b>3 MONTHS</b>	4.30%	3.42%	4.98%	6.66%	7.22%	5.42%

#### Attractive coverage points on the MAD

The MAD volatility against the main reference currencies remains relatively high. It even exceeds 7.0% for the GBP/MAD pair.

In view of the Moroccan foreign exchange market liquidity conditions and the attractive levels of the MAD, we recommend that importers in dollars cover their operations during the coming weeks.



# WEEKLY MAD INSIGHTS

## CURRENCIES

02 | JUNE  
2021

Week from 05/24/2021 to 05/28/2021

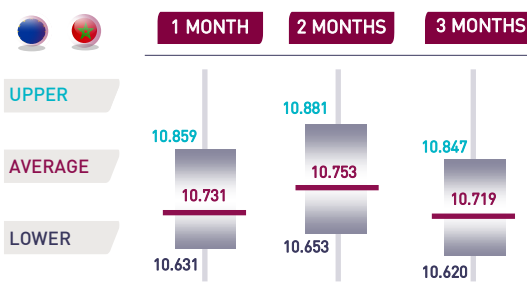
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-21	Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
<b>MEDIAN</b>		1.21	1.21	1.21	1.21	1.24	1.25	--	--
<b>AVERAGE</b>	1.2192	1.21	1.21	1.21	1.21	1.23	1.23	--	--
<b>+HIGH</b>	05/28/2021	1.26	1.28	1.30	1.32	1.31	1.27	--	--
<b>+LOW</b>		1.16	1.17	1.17	1.16	1.15	1.16	--	--
<b>FORWARD</b>		1.22	1.22	1.22	1.23	1.23	1.25	1.26	1.29

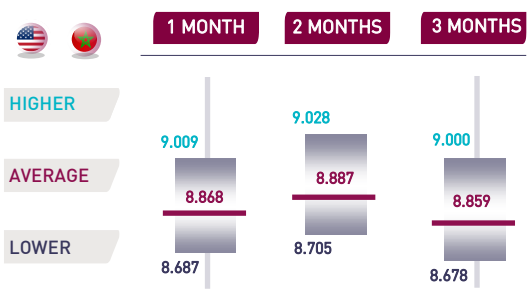
The main international brokers kept their forecasts for the EUR/USD parity stable, while revising those for LT upwards. The consensus is for a bearish forecast until early 2022. The pair would settle around 1.21 between Q2-21 and the end of 2022. At the end of 2022, the target level is 1.23 compared to 1.21 in 2023.

While central banks of the UK and New Zealand hinted at tightening their key rates, all eyes are on the Federal Reserve. Although the latter affirms that any rise in inflation would be transitory, the + 3.1% increase in its consumer price index in April would trigger red flags. Considering the disappointing reports and a slower-than-expected pace of recovery, investors do not expect an imminent tightening of the Fed's monetary policy. This situation generates an underperformance of the dollar over the MLT.

### 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

Given the potential improving of liquidity conditions in the ST, supported by the arrivals of Moroccans living abroad during the summer period, we revised downwards our forecasts for the MAD evolution against the dollar and the euro. In fact, we integrated the dividend repatriation operations abroad planned for the next two months into our scenario. In the end, we expect the dirham to depreciate against the dollar over the next three months.

The MAD would depreciate against the dollar by 0.2%, 0.4% and 0.1% in 1, 2 and 3 month horizons compared to a current level of 8.85. The USD/MAD parity would thus reach 8.87, 8.89 and 8.86 at 1, 2 and 3 month horizons, against an initial forecast of 8.89, 8.91 and 8.91 over the same horizons.

Against the euro, the MAD would appreciate by 0.5%, 0.3% and 0.6% over 1, 2 and 3 month horizons. The EUR/MAD parity would reach 10.73, 10.75 and 10.72 over the same periods against a spot rate of 10.78.

### MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	+0.47%	+0.13%	-0.68%	-0.14%	+0.22%	+0.12%
<b>1 MONTH</b>	-0.66%	+0.24%	-1.61%	+1.68%	+1.46%	+1.02%
<b>YTD 2021</b>	-0.58%	-1.40%	-6.81%	+4.62%	+3.21%	-2.72%

Prices as of 05/28/2021



# APPENDICES

DATA AS OF MAY 28<sup>TH</sup>, 2021

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-21	Q3-21	Q4-21	2022	2023	2024	2025
<b>FORECAST</b>	USD/JPY	109	109	109	110	111	--	--
<b>FORWARD</b>	110	110	110	110	109	108	107	105
<b>FORECAST</b>	USD/CAD	1.23	1.22	1.23	1.23	1.22	1.23	--
<b>FORWARD</b>	1.21	1.21	1.21	1.21	1.21	1.22	1.22	1.23
<b>FORECAST</b>	USD/CHF	0.91	0.92	0.92	0.93	0.90	--	--
<b>FORWARD</b>	0.90	0.90	0.90	0.90	0.89	0.88	0.86	0.85
<b>FORECAST</b>	GBP/USD	1.40	1.40	1.40	1.43	1.42	--	--
<b>FORWARD</b>	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
Banco Bilbao Vizcaya Argentaria	05/28/21	1.21	1.22	1.24	1.25	1.27
Rabobank	05/27/21	1.20	1.18	1.17	1.17	1.18
X-Trade Brokers Dom Maklerski	05/27/21	1.22	1.20	1.19	1.18	1.24
Swedbank	05/20/21	1.21	1.23	1.24	1.18	1.16
NAB/BNZ	05/19/21	1.26	1.28	1.30	1.31	1.25
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
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
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
Standard Chartered	04/08/21	1.17	1.17	1.20	1.26	1.26
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 05/28/2021

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