



WEEKLY MAD INSIGHTS

CURRENCIES

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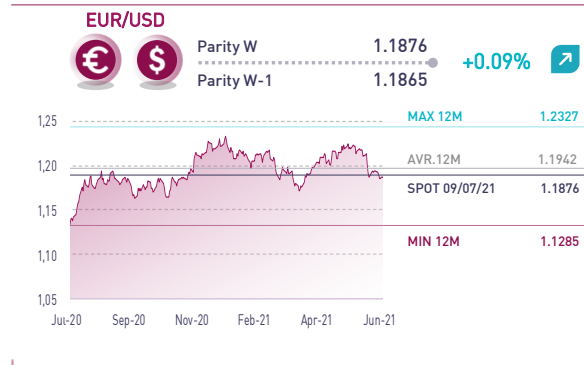
15 JULY 2021

Week from 07/05/2021 to 07/09/2021

WEEKLY VARIATIONS

		-0.16%			-1.00%
USD/MAD		8.9290	CAD/MAD		7.1375
		+0.08%			+0.32%
EUR/MAD		10.5916	GBP/MAD		12.3390
		+1.15%			+0.97%
JPY/MAD		8.1217	CHF/MAD		9.7638

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.15%	+0.09%
Liquidity ⁽²⁾ effect	-0.01%	-0.01%

(1) Impact of the variation in the EUR/USD parity
(2) Impact of the variation in the liquidity spread (Supply / Demand)

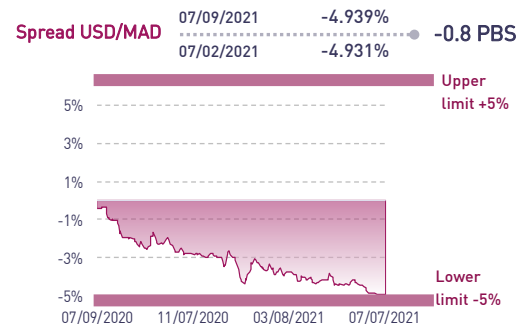
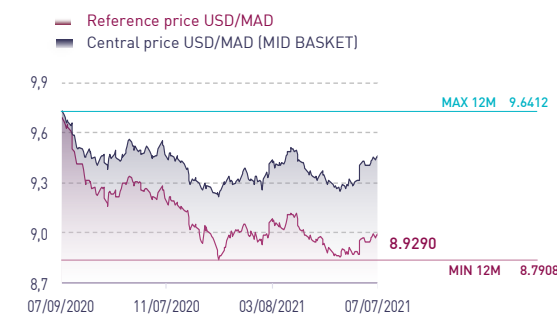
Banks Foreign Exchange position ⁽³⁾	-1,113 MDH
Banks Foreign Exchange position W-1	-2,108 MDH

(3) Calculated over the period from 07/01/2021 to 07/07/2021

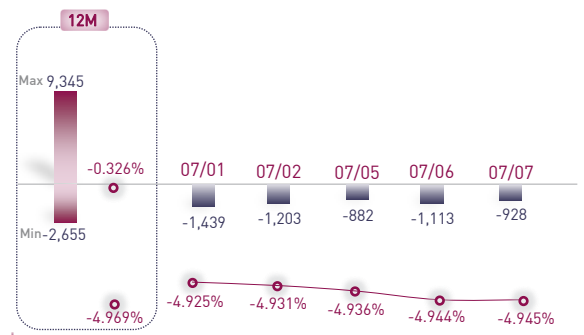
The Fed's words reassure investors

At the end of this week, EUR/USD stabilizes at last week's level of 1.188. As a reminder, it fell below 1.18 during the week, reaching its lowest since April 2021. The FED declared this week that it is maintaining its accommodative monetary policy, reassuring investors. The institution believes that the economy is not fully recovered from the health crisis given the decline of tertiary activity's ISM index to 60.1 in June against a consensus of 63.5. Also, new job vacancies in May were below expectations, stagnating from the previous month at 9.2 million.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



The liquidity gap resists to very low levels

This week was marked by the resistance of the dirham's liquidity spreads to levels close to their historic lows. The spread between the USD/MAD benchmark price and its central price widens slightly by 0.8 BPS in one week to -4.94%.

The bank's currency position improved this week. The latter reached MAD -1.1 Bn, against MAD -2.1 Bn a week earlier. This orientation is largely explained by the inflow of travel receipts during this summer period.

Under these conditions, the MAD is appreciating this week against the dollar. This posted an increase of 0.16%, mainly driven by a basket effect of -0.15%.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MOIS	4.18%	3.04%	7.05%	6.42%	6.05%	5.05%
2 MOIS	4.56%	2.77%	6.15%	5.82%	6.29%	4.57%
3 MOIS	4.12%	2.99%	5.87%	6.32%	6.05%	4.47%

Low dollar rates, favorable to hedging

Faced with the current MAD volatility levels as well as the downward trend of the USD/MAD parity, we advise importing Corporate investors to take advantage of the low dollar rates in order to initiate MAD hedging transactions.

We anticipate a catch-up effect of foreign currency inflows during Q3-21.



WEEKLY MAD INSIGHTS

CURRENCIES

15 JULY 2021

Week from 07/05/2021 to 07/09/2021

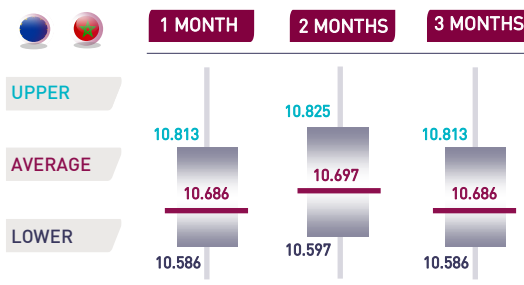
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-21	Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
MEDIAN		1.20	1.20	1.20	1.20	1.21	1.23	1.24	1.25
AVERAGE	1.1876 07/09/2021	1.20	1.21	1.21	1.21	1.21	1.22	1.23	1.24
+HIGH		1.31	1.32	1.38	1.33	1.30	1.30	1.25	1.26
+LOW		1.15	1.13	1.12	1.14	1.14	1.16	1.19	1.21
FORWARD		1.19	1.19	1.19	1.20	1.20	1.22	1.23	1.25

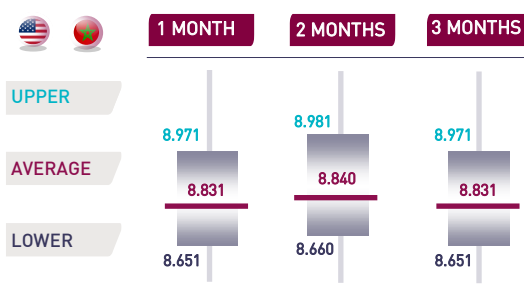
The bullish forecasts for the EUR/USD parity of the main international brokers over the ST were revised slightly downwards. The pair is expected to settle at 1.20 in Q3-21, from an initial forecast of 1.21. It would stabilize around 1.21 by 2022. In addition, an upward adjustment affected LT forecasts. In fact, the euro is expected to trade against the dollar at 1.22 and 1.23 by 2023 and 2024 respectively, against an initial forecast of 1.21 and 1.22 over the same periods. By 2025, the target level is 1.24.

Following its last monetary policy meeting, the ECB announced a strategic change in the inflation target. The latter is now targeting 2% at MT by tolerating both temporary and moderate overruns. This new measure should give it more flexibility in the management of its monetary policy. At the same time, the G20 countries have warned of the risks of a recovery slowdown due to the spread of the Delta variant and the low vaccination rate in many countries. This situation would penalize the euro on the ST.

EUR/MAD AND USD/MAD OUTLOOK - AGR



Based on EUR/USD Bloomberg forecast for Q3-21



Based on EUR/USD Bloomberg forecast for Q3-21

Given the resilience of liquidity spreads at historically low levels, we maintain our expectations for the MAD development unchanged. As last week, the MAD appreciates against the dollar at 1, 2 and 3 month horizons. Against the euro, it would depreciate over the same horizons.

The MAD would appreciate against the dollar by 1.1%, 1.0% and 1.1% in 1, 2 and 3 month horizons. The USD/MAD parity would reach 8.83, 8.84 and 8.83 at 1, 2 and 3 month horizons against a spot price of 8.93.

Against the euro, the MAD would depreciate by 0.9%, 1.0% and 0.9% over the next 3 months against a spot rate of 10.59. EUR/MAD parity would reach 10.69, 10.70 and 10.69 in 1, 2 and 3 month horizons.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.16%	+0.08%	+1.15%	-1.00%	+0.32%	+0.97%
1 MONTH	+1.25%	-1.49%	+0.80%	-2.25%	-1.26%	-0.82%
YTD 2021	+0.27%	-3.14%	-6.00%	+2.11%	+1.48%	-3.46%

Prices as of 07/09/2021



APPENDICES

DATA AS OF JULY 9TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
FORECAST	USD/JPY	110	110	111	111	112	104	103
FORWARD	110	110	110	110	109	108	107	105
FORECAST	USD/CAD	1.23	1.22	1.22	1.22	1.21	1.18	1.18
FORWARD	1.25	1.25	1.25	1.25	1.25	1.26	1.26	1.27
FORECAST	USD/CHF	0.92	0.92	0.93	0.93	0.90	0.90	0.91
FORWARD	0.91	0.91	0.91	0.91	0.90	0.89	0.87	0.86
FORECAST	GBP/USD	1.40	1.41	1.41	1.43	1.42	1.42	1.42
FORWARD	1.38	1.38	1.38	1.38	1.38	1.39	1.39	1.40

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

	Date	Q3-2021	Q4-2021	Q1-2022	2022	2023
Commonwealth Bank of Australia	07/05/21	1.16	1.13	1.12	1.18	1.30
Rabobank	07/02/21	1.19	1.17	1.18	1.17	1.18
Banco Bilbao Vizcaya Argentaria	06/29/21	1.20	1.23	1.24	1.25	1.27
BNP Paribas	06/29/21	1.18	1.17	1.16	1.14	1.32
PNC Financial	06/28/21	1.19	1.18	1.18	1.17	1.16
Swedbank	06/28/21	1.21	1.22	1.20	1.15	1.18
Mouvement Desjardins	06/24/21	1.20	1.20	1.21	1.18	1.19
Landesbank Baden-Wuerttemberg	06/22/21	1.19	1.18	1.16	1.15	1.18
X-Trade Brokers Dom Maklerski	06/18/21	1.19	1.19	1.19	1.19	1.23
Barclays	06/15/21	1.18	1.18	1.17	1.15	1.17
Australia & New Zealand Banking Group	06/10/21	1.22	1.26	1.27	1.30	1.24
Standard Chartered	06/10/21	1.24	1.26	1.26	1.26	1.26
Westpac Banking	06/10/21	1.23	1.24	1.25	1.27	1.26
Citigroup	06/03/21	1.21	1.19	1.17	1.16	1.40
ING Financial Markets	06/03/21	1.25	1.28	1.28	1.22	1.20
Maybank Singapore	05/28/21	1.22	1.24	1.25	1.25	1.25
Intesa Sanpaolo	05/19/21	1.17	1.17	1.19	1.22	1.22

Data as of 07/09/2021

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