



WEEKLY MAD INSIGHTS

CURRENCIES

WEEKLY VARIATIONS

		-0.18%			+0.30%
USD/MAD	8.8968		CAD/MAD	7.2261	
		+0.04%			-0.17%
EUR/MAD	10.6246		GBP/MAD	12.3680	
		-0.75%			+0.03%
JPY/MAD	8.0325		CHF/MAD	9.7010	

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.14%	+0.08%
Liquidity ⁽²⁾ effect	-0.04%	-0.04%

(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 70 MN
	Banks Foreign Exchange position W-1	MAD -617 MN

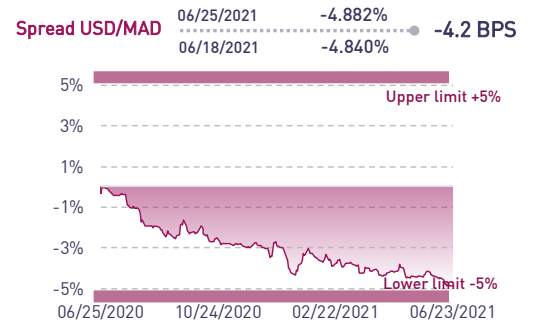
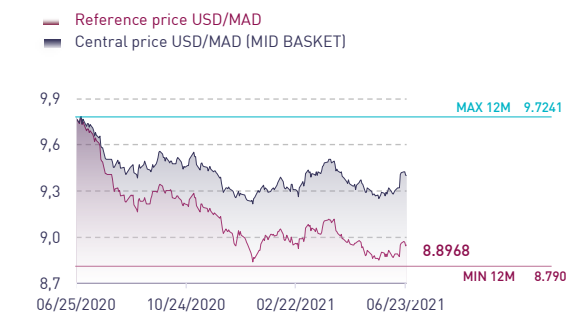
(3) Calculated over the period from 06/11/2021 to 06/17/2021

A visible rebound in the EUR/USD parity

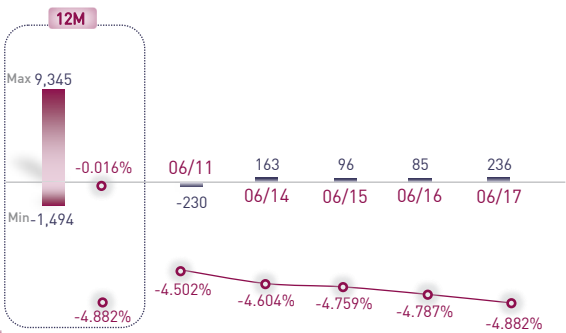
The sharp drop in the EUR/USD parity recorded last week was readjusted this week. The euro appreciates against the dollar by +0.6%, going from 1.186 to 1.194 over the week.

The publication of the euro zone PMI report shows an improvement in economic activity. The index rose to 59.2 in June versus 57.1pts a month earlier. In fact, EU institutions expressed this week their optimism about the economic recovery thanks in part to the imminent deployment of the 'Next Generation EU' recovery plan.

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 spread widens to a historic level

This week's liquidity conditions led to a further widening of the spread between the MAD's reference price and its central price by 4.2 BPS in one week to -4.88%, reaching its all-time low.

Thus, we do not exclude out a BAM intervention in case the lower limit of the band is reached.

Regarding the dirham evolution, it appreciates against the dollar by +0.18% to 8.90. Originally, a basket effect of -0.14% versus -0.04% for the market effect.

The foreign exchange position of the banks is improving to MAD 70 Mn on average. This is explained by the first effects of the "Marhaba" operation on the local banks foreign currencies.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	4.84%	3.18%	5.90%	4.39%	4.96%	4.44%
2 MONTHS	4.58%	3.33%	5.48%	5.94%	6.04%	4.70%
3 MONTHS	4.32%	3.14%	5.45%	6.02%	6.52%	4.80%

Caution is required in the face of the MAD variations

We anticipate a significant flow of foreign currency receipts over the coming weeks. The latter would fuel the volatility of the dirham. These are the travel receipts during this summer period.

We note a keen interest on the part of the importing Corporates for the implementation of MAD hedging strategies over 3-month horizons.

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WEEKLY MAD INSIGHTS

CURRENCIES

30 | JUNE
2021

Week from 06/21/2021 to 06/25/2021

EUR/USD OUTLOOK – BLOOMBERG

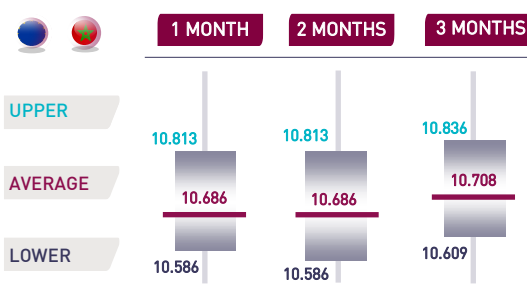
	SPOT	Q3-21	Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
MEDIAN		1.21	1.21	1.21	1.24	1.24	1.23	1.22	1.25
AVERAGE	1.1935	1.21	1.22	1.22	1.22	1.22	1.22	1.22	1.24
+HIGH	06/25/2021	1.31	1.32	1.38	1.33	1.30	1.27	1.25	1.26
+LOW		1.16	1.15	1.13	1.15	1.10	1.17	1.18	1.21
FORWARD		1.20	1.20	1.20	1.20	1.21	1.23	1.24	1.27

The main international brokers slightly adjusted down their forecasts on the ST for the EUR/USD parity. The consensus is for a bullish forecast of 1.21 in Q3-21, against an initial forecast of 1.22. The pair is expected to settle at 1.22 through 2024. By 2025, the target level is 1.24.

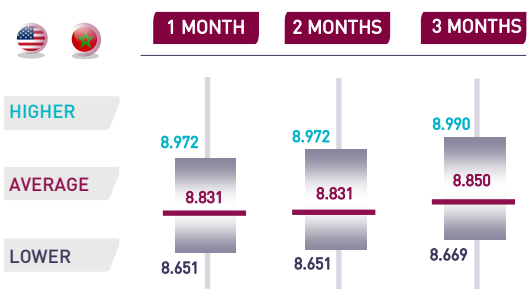
Following the release of the Eurozone PMI reports this week, the post-covid recovery is felt. However, this does not mask the macroeconomic difficulties facing the old continent, sources of the slowdown in the euro rally in the ST. To this end, the ECB would maintain its relief measures.

As a reminder, the ECB seems to be taking the opposite direction from the Federal Reserve. The FED is preparing for a reduction in its asset purchases, or even an earlier-than-expected hike in its key rates in line with inflation concerns over the ST in the United States.

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

Considering the liquidity spreads levels close to the lower band limit and taking into account the MAD appreciation against the dollar, we revised our scenario downwards over the next 2 months. We also adjusted upwards our 3 month forecasts, in connection with the end of the summer season.

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

The MAD would appreciate against the dollar by 0.7%, 0.7% and 0.5% in 1, 2 and 3 month horizons. USD/MAD parity would reach 8.83, 8.83 and 8.85 at 1, 2 and 3 month horizons against an initial forecast of 8.84, 8.86 and 8.84 over the same periods.

Against the euro, the MAD would depreciate by 0.6%, 0.6% and 0.8% against a spot rate of 10.62 during the next three months. In fact, the EUR/MAD parity would reach 10.69, 10.69 and 10.71 over 1, 2 and 3 month horizons, against an initial forecast of 10.70, 10.72 and 10.70 over the same periods.

MAD DASHBOARD (YTD PERFORMANCE)

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.18%	+0.04%	-0.75%	+0.30%	-0.17%	+0.03%
1 MONTH	+1.07%	-1.49%	-0.60%	-1.15%	-0.77%	-1.34%
YTD 2021	-0.09%	-2.84%	-7.04%	+3.37%	+1.72%	-4.08%

Prices as of 06/25/2021



APPENDICES

DATA AS OF JUNE 25TH, 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	104	103
FORWARD	111	111	111	110	110	109	107	105
FORECAST	USD/CAD	1.22	1.22	1.22	1.21	1.19	1.18	1.18
FORWARD	1.23	1.23	1.23	1.23	1.23	1.24	1.24	1.25
FORECAST	USD/CHF	0.91	0.92	0.92	0.93	0.89	0.90	0.91
FORWARD	0.92	0.91	0.91	0.91	0.90	0.89	0.87	0.86
FORECAST	GBP/USD	1.42	1.42	1.42	1.45	1.46	1.42	1.42
FORWARD	1.39	1.39	1.39	1.39	1.39	1.39	1.40	1.41

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

	Date	Q3-2021	Q4-2021	Q1-2022	2022	2023
Barclays	06/24/21	1.18	1.18	1.17	1.15	1.17
Australia & New Zealand Banking Group	06/22/21	1.22	1.26	1.27	1.30	1.24
BNP Paribas	06/22/21	1.18	1.17	1.16	1.14	1.32
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
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

Data as of 06/25/2021

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