



WEEKLY MAD INSIGHTS

CURRENCIES

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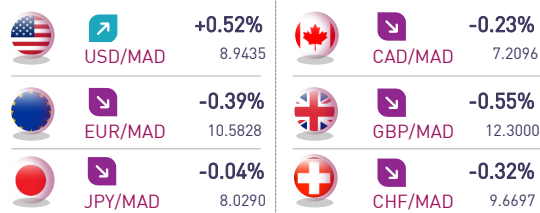


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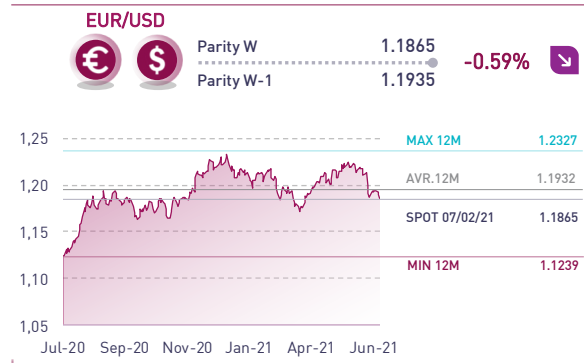
07 JULY
2021

Week from 06/28/2021 to 07/02/2021

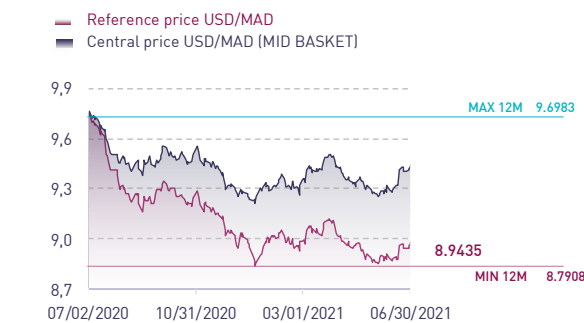
WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
[Basket ⁽¹⁾ effect]	+0.58%	-0.34%
[Liquidity ⁽²⁾ effect]	-0.05%	-0.05%

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

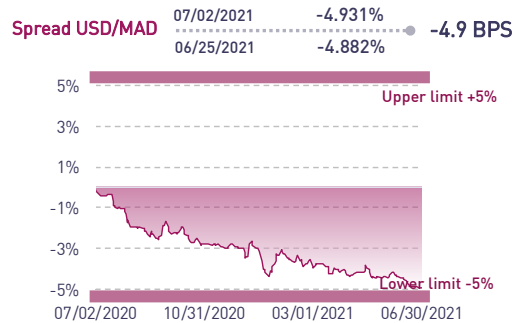
Banks Foreign Exchange position ⁽³⁾W MAD -2,056 MN
Banks Foreign Exchange position W-1 MAD -771 MN

(3) Calculated over the period from 06/23/2021 to 06/29/2021

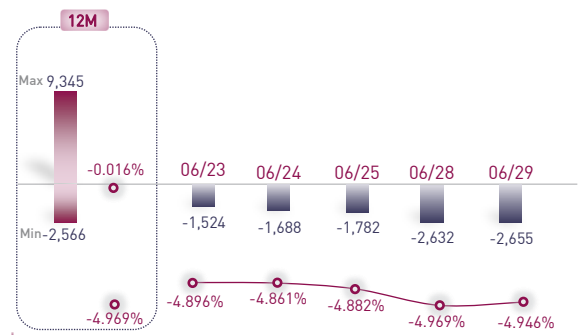
Positive US employment Data

During this week, the dollar appreciates by + 0.6% against the euro. The EUR/USD pair fell to 1.187 against 1.194 a week earlier.

Despite a larger than expected drop in the US PMI index to 60.6, investors focused on encouraging employment data within the country. Weekly jobless claims fell to 364K against a monthly average of 400K. Likewise, non-farm job creation exceeded pre-Covid levels to reach 850K in June, improving by 267K in one month. In the euro zone, the inflation level stabilized at 1.9%.



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



Liquidity gap hits new all-time low

During this week, the dirham depreciates against the dollar by 0.52% to 8.944. Originally, a basket effect of +0.58% resulting from the evolution of the EUR/USD parity, versus a less significant market effect of -0.05%.

The average bank foreign exchange position widened to MAD -2.1 Bn, against MAD -0.8 Bn last week.

This situation is explained by larger import flows than export. The liquidity gap between the MAD reference price and its central price continues its downward trend and reaches a new all-time low, i.e. -4.93%, getting closer to the lower limit of the MAD fluctuation band set at -5%.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	4.64%	3.06%	6.35%	4.43%	5.26%	4.53%
2 MONTHS	4.62%	2.87%	5.80%	5.32%	6.10%	4.29%
3 MONTHS	4.32%	3.10%	5.59%	6.02%	6.39%	4.57%

Towards a clear dynamism of currency flows

Faced with the expected dynamics of inflows/outflows over the next few weeks, the dirham is likely to experience increased volatility.

In this perspective, we recommend importers in USD to hedge their operations at the current MAD levels. These are considered to be among the all-time lowest over a three-month horizon.



WEEKLY MAD INSIGHTS

CURRENCIES

07 | JULY
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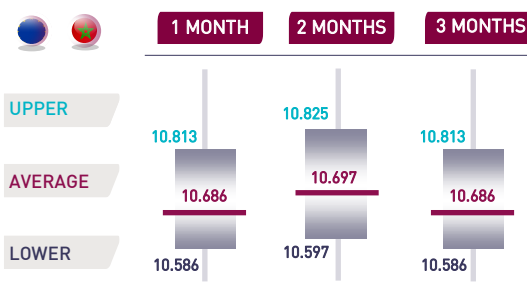
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-21	Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
MEDIAN		1.21	1.21	1.21	1.21	1.22	1.21	1.22	1.25
AVERAGE	1.1865	1.21	1.21	1.21	1.22	1.21	1.21	1.22	1.24
+HIGH	07/02/2021	1.31	1.32	1.38	1.33	1.30	1.26	1.25	1.26
+LOW		1.15	1.15	1.13	1.14	1.10	1.17	1.18	1.21
FORWARD		1.19	1.19	1.19	1.19	1.20	1.21	1.23	1.25

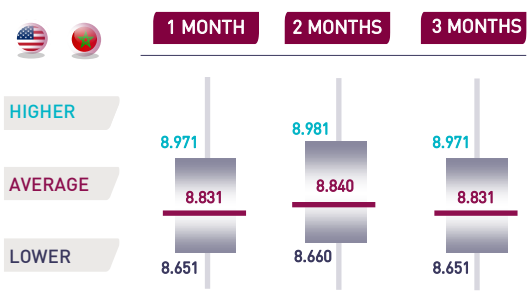
The main international brokers slightly adjusted downwards their bullish forecasts for the EUR/USD parity. The pair is expected to average around 1.21 by 2023. In 2024, the euro is expected to trade at 1.22 against the dollar. By 2025, the target level is 1.24.

There is doubts about the current economic recovery. According to the ECB, the spread of viral mutations of Covid-19 in Europe, in particular the Delta variant, would penalize the upward trend of the euro. In Germany, the latter affected 40% of new cases of contamination. The ECB President also mentioned that improving economic prospects thanks to rapid progress in vaccination campaigns would reduce the likelihood of a return to a critical health situation.

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

In view of the current liquidity spreads, we slightly revised downwards our forecasts on a 2-month horizon while aligning those over a 3-month horizon with those at 1 month.

This summer season would be marked by inflows of foreign currency in the form of travel receipts. Also, the next few weeks could see a less important exit of currency flows in connection with the distribution of dividends in favor of foreign shareholders.

The MAD thus emerges in appreciation against the dollar at 1, 2 and 3 months horizons. Against the euro, it would depreciate over the same horizons.

The MAD would therefore appreciate against the dollar by 1.3%, 1.2% and 1.3% in 1, 2 and 3 month horizons. The USD/MAD parity would thus reach 8.83, 8.84 and 8.83 at 1, 2 and 3 month horizons against an initial forecast of 8.83, 8.83 and 8.85 over the same periods.

Against the euro, the MAD would depreciate by 1.0%, 1.1% and 1.0% against a spot rate of 10.58 during the next three months. In fact, the EUR/MAD parity should reach 10.69, 10.70 and 10.69 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	+0.52%	-0.39%	-0.04%	-0.23%	-0.55%	-0.32%
1 MONTH	+1.14%	-1.65%	-0.25%	-1.47%	-1.50%	-1.35%
YTD 2021	+0.43%	-3.22%	-7.08%	+3.14%	+1.16%	-4.39%

Prices as of 07/02/2021



APPENDICES

DATA AS OF JULY 2ND, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
FORECAST	USD/JPY	110	110	110	111	111	104	103
FORWARD	111	111	111	111	111	109	107	105
FORECAST	USD/CAD	1.22	1.22	1.22	1.21	1.2	1.18	1.18
FORWARD	1.24	1.24	1.24	1.24	1.24	1.25	1.25	1.25
FORECAST	USD/CHF	0.92	0.92	0.93	0.92	0.90	0.90	0.91
FORWARD	0.92	0.92	0.92	0.92	0.91	0.90	0.88	0.86
FORECAST	GBP/USD	1.41	1.42	1.42	1.43	1.45	1.42	1.42
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
BNP Paribas	07/05/21	1.18	1.17	1.16	1.14	1.32
Swedbank	07/02/21	1.21	1.22	1.20	1.15	1.18
Mouvement Desjardins	06/29/21	1.20	1.20	1.21	1.18	1.19
Rabobank	06/29/21	1.19	1.17	1.18	1.17	1.18
Landesbank Baden-Wuerttemberg	06/28/21	1.19	1.18	1.16	1.15	1.18
X-Trade Brokers Dom Maklerski	06/28/21	1.19	1.19	1.19	1.19	1.23
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
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
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
Banco Bilbao Vizcaya Argentaria	05/28/21	1.22	1.24	1.24	1.25	1.27
NAB/BNZ	05/19/21	1.28	1.30	1.32	1.31	1.25

Data as of 07/02/2021

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