



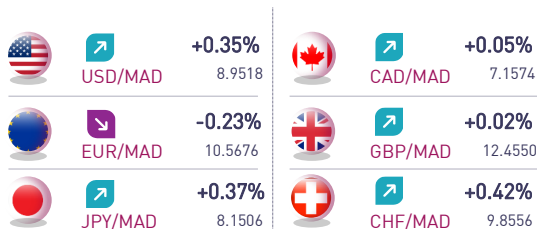
WEEKLY MAD INSIGHTS

CURRENCIES

13 | AUGUST
2021

Week from 08/02/2021 au 08/06/2021

MAIN WEEKLY VARIATIONS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.36%	-0.22%
Market ⁽²⁾ effect	-0.01%	-0.01%

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

	Banks Foreign Exchange position ⁽³⁾ W	4,023 MN
	Banks Foreign Exchange position W-1	1,884 MN

(3) Calculated over the period from 07/27/2021 to 08/03/2021

INTERNATIONAL HIGHLIGHTS

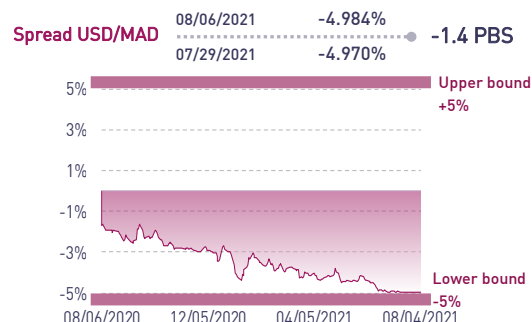
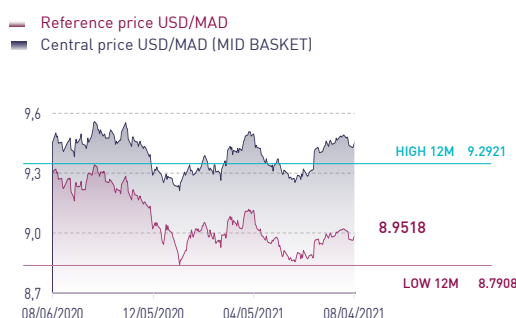


Dollar supported by US employment figures

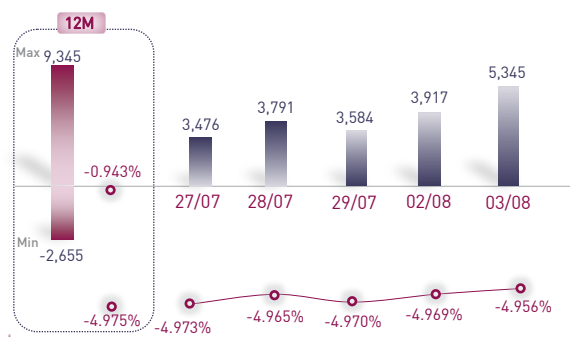
At the end of this week, the euro fell against the dollar by -1.05% compared to last week at 1.176. The EUR/USD pair thus reached its lowest since the beginning of April 2021. The dollar was carried by the positive employment figures. The US economy created 943K non-farm jobs in July, up from 938K in June 2021, higher than expected. To this end, the unemployment rate fell to 5.4%, from 5.9% in June.

The US economy recovery was also confirmed by the rebound of the ISM non-manufacturing PMI index in July to 64.1 from 60.1 a month earlier.

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 foreign exchange position at more than MAD 4 Bn

This week was marked by the continued improvement in the average bank foreign exchange position which exceeded MAD 4 Bn Vs. MAD 1.9 Bn the previous week. This situation is justified by the improvement of the MRE and travel receipts during the summer season.

The large supply of foreign currencies on the foreign exchange market results in the resistance of the MAD liquidity spreads at levels close to the lower limit of its fluctuation band. The spread between the reference price and the central price of the MAD widened slightly from 1.4 BPS in one week to -4.98%. In the end, the MAD depreciates this week against the dollar by 0.35% following a basket effect of + 0.36%.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	2.70%	1.70%	6.19%	10.83%	7.66%	3.85%
2 MONTHS	3.69%	2.56%	6.42%	8.28%	6.80%	4.50%
3 MONTHS	4.15%	2.48%	5.97%	7.47%	6.75%	4.24%

Interesting entry points for coverage

The increased level of volatility of the EUR/USD parity confirms our recommendation to hedge the MAD over the ST horizon. We recommend that dollar exporting companies hedge their dollar-denominated flows over a 3-month horizon.

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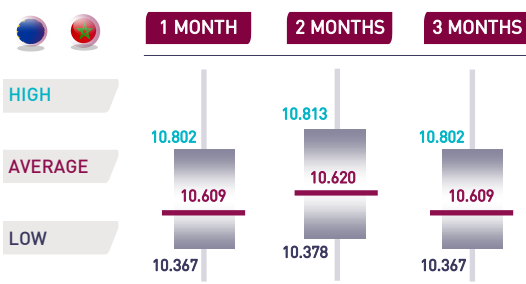
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-21	Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
MEDIAN		1.18	1.19	1.20	1.20	1.21	1.23	1.20	1.25
AVERAGE	1.1762	1.18	1.19	1.19	1.20	1.20	1.21	1.19	1.23
+HIGH	08/06/2021	1.24	1.25	1.25	1.26	1.30	1.30	1.25	1.25
+LOW		1.15	1.13	1.12	1.12	1.12	1.11	1.11	1.16
FORWARD		1.18	1.18	1.18	1.18	1.19	1.20	1.22	1.24

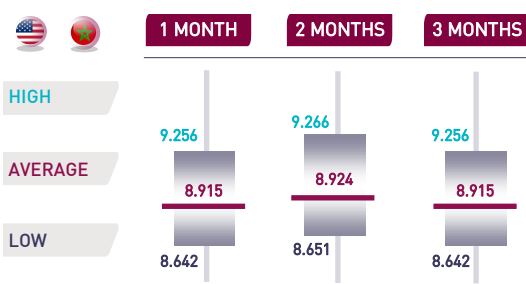
EUR/USD parity's bullish forecasts of the main international brokers were generally maintained during this week. The pair would settle at 1.18 in this quarter before moving to 1.19 in the next quarter. It would stabilize at this level in early 2022 before reaching 1.20 for the rest of the year concerned. The euro is expected to trade against the dollar at 1.21 by 2023. By 2024, the pair would be at 1.19 against an initial forecast of 1.20. In 2025, the target level is 1.23 against 1.22 initially.

Pending the release of US inflation data this week, the consensus forecast is for inflation to exceed 4%. This figure is much higher than inflation in other parts of the world, such as the euro area. This gap supports the hypothesis of a further rally in the US dollar.

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 stable liquidity conditions within the foreign exchange market, we kept our expectations unchanged over our forecast horizon.

The MAD appreciates against the dollar in 1, 2 and 3 month horizons. Against the euro, it would depreciate over the same horizons. The MAD would appreciate against the dollar by 0.4%, 0.3% and 0.4% in 1, 2 and 3 month horizons. The USD/MAD parity would reach 8.91, 8.92 and 8.91 at 1, 2 and 3 month horizons, against a spot price of 8.95.

Against the euro, the MAD would depreciate by 0.4%, 0.5% and 0.4% over the next 3 months against a spot rate of 10.57. The EUR/MAD parity would reach 10.61, 10.62 and 10.61 at 1, 2 and 3 month horizons.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.35%	-0.23%	+0.37%	+0.05%	+0.02%	+0.42%
1 MONTH	+0.14%	-0.15%	+0.95%	-1.09%	+0.59%	+1.74%
YTD 2021	+0.53%	-3.36%	-5.67%	+2.39%	+2.43%	-2.55%

Prices as of 08/06/2021



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APPENDICES

DATA AS OF AUGUST 06TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-21	Q4-21	Q1-22	2022	2023	2024	2025
FORECAST	USD/JPY	110	110	111	112	113	117	--
FORWARD	110	110	110	110	110	109	107	105
FORECAST	USD/CAD	1.24	1.23	1.23	1.23	1.22	1.22	1.23
FORWARD	1.26	1.26	1.26	1.26	1.26	1.27	1.27	1.28
FORECAST	USD/CHF	0.92	0.92	0.93	0.93	0.91	--	--
FORWARD	0.91	0.91	0.91	0.91	0.90	0.89	0.87	0.86
FORECAST	GBP/USD	1.40	1.39	1.40	1.44	1.45	1.41	--
FORWARD	1.39	1.39	1.39	1.39	1.39	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
Banco Bilbao Vizcaya Argentaria	08/06/21	1.18	1.18	1.2	1.24	1.25
Maybank Singapore	08/04/21	1.22	1.24	1.25	1.25	1.25
PNC Financial	08/03/21	1.18	1.18	1.17	1.17	1.16
United Overseas Bank	08/02/21	1.16	1.15	1.14	1.12	1.11
Australia & New Zealand Banking Group	07/30/21	1.18	1.22	1.24	1.25	1.25
Landesbank Baden-Wuerttemberg	07/30/21	1.19	1.18	1.16	1.15	1.18
X-Trade Brokers Dom Maklerski	07/30/21	1.19	1.19	1.19	1.19	1.23
Intesa Sanpaolo	07/27/21	1.16	1.15	1.16	1.21	1.22
NAB/BNZ	07/26/21	1.21	1.23	1.24	1.3	1.24
Westpac Banking	07/26/21	1.21	1.22	1.23	1.21	1.19
Rabobank	07/23/21	1.18	1.17	1.18	1.17	1.18
Mouvement Desjardins	07/20/21	1.19	1.2	1.21	1.18	1.19
Commonwealth Bank of Australia	07/07/21	1.16	1.13	1.12	1.18	1.3
BNP Paribas	07/05/21	1.18	1.17	1.16	1.14	1.32
Swedbank	07/02/21	1.21	1.22	1.2	1.15	1.18
Barclays	06/24/21	1.18	1.18	1.17	1.15	1.17
Standard Chartered	06/18/21	1.24	1.26	1.26	1.26	1.26

Prices as of 08/06/2021

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