



WEEKLY MAD INSIGHTS

CURRENCIES

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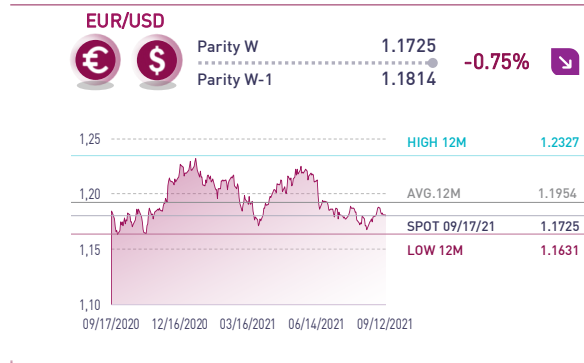
23 SEPTEMBER
2021

Week from 09/13/2021 to 09/17/2021

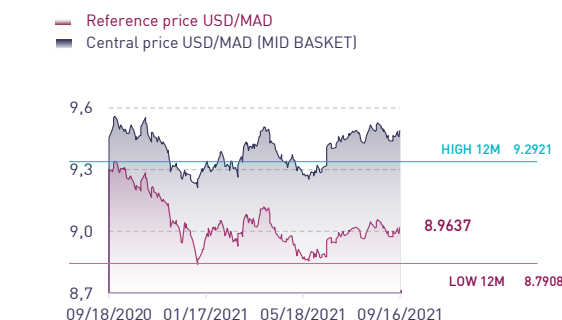
MAIN WEEKLY VARIATIONS

		+0.25%			-0.09%
USD/MAD	8.9637		CAD/MAD	7.0809	
		-0.17%			-0.32%
EUR/MAD	10.5601		GBP/MAD	12.3640	
		+0.21%			-0.84%
JPY/MAD	8.1503		CHF/MAD	9.6633	

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	Basket⁽¹⁾ effect	USD/MAD	EUR/MAD
		+0.27%	-0.15%
	Market⁽²⁾ effect	-0.02%	-0.02%

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

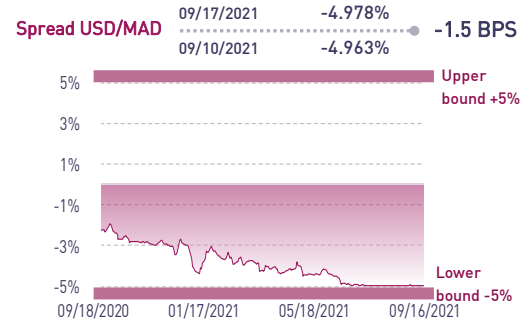
	Banks Foreign Exchange position⁽³⁾ W	9,955 MDH
	Banks Foreign Exchange position W-1	9,481 MDH

(3) Calculated over the period from 09/08/2021 to 09/14/2021

The dollar supported by the economic risk in China

The dollar appreciates against a basket of reference currency carried by its status of safe haven in a context of strong risk aversion. In fact, investors are worried about both the impact of the Delta variant and China's economic issues. Under these conditions, the euro continues to decline and shows a weekly variation of -0.75% to 1.1725.

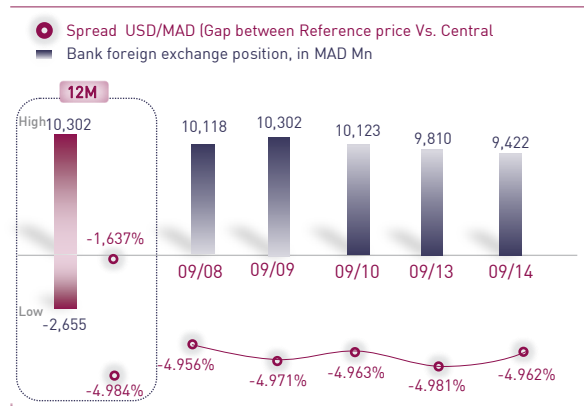
The latest retail sales data support a scenario of reduced Fed asset buybacks before the end of 2021. These amounted to \$ 120 Bn per month since the start of the health crisis in March 2020.



An "exceptional" intervention by BAM

BAM proceeded this week to currency buyback operations on the foreign exchange market in order to reduce the foreign exchange position of Moroccan banks. This stands at annual highs of MAD 9.0 Bn under the effect of significant MRE flows during the summer period. Bank Al Maghrib thus withdraws \$ 670 Mn from the interbank foreign exchange market. Recall that the MAD liquidity spread remains at levels very close to the limit of the lower band at -4.98% this week.

Under the almost exclusive effect of the EUR/USD parity, the dirham depreciates at the end of this week by -0.2% against the dollar.



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	3.22%	2.08%	5.41%	8.24%	4.81%	5.22%
2 MONTHS	3.14%	1.98%	5.86%	9.16%	6.29%	5.48%
3 MONTHS	3.58%	2.44%	6.23%	8.35%	5.96%	5.39%

Towards an increase in currency volatility

Taking into account the long position of Moroccan banks in currencies over ST and the liquidity conditions of the foreign exchange market, we continue to favour the hedging of export transactions in dollars.

Regarding import flows, we recommend to delay and these kind of operations, while waiting to materialize more attractive levels of hedging.



WEEKLY MAD INSIGHTS

CURRENCIES

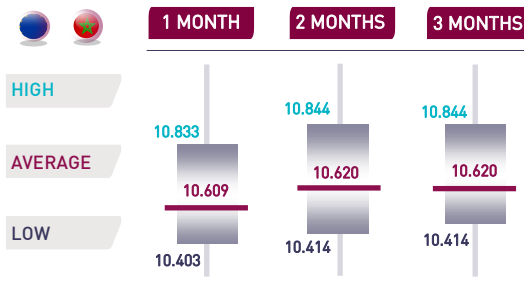
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-21	Q1-22	Q2-22	Q3-22	2022	2023	2024	2025
MEDIAN		1.18	1.18	1.20	1.17	1.19	1.19	1.20	1.25
AVERAGE	1.1725	1.19	1.19	1.19	1.19	1.20	1.20	1.20	1.22
+HIGH	09/17/2021	1.26	1.26	1.26	1.28	1.30	1.26	1.25	1.25
+LOW		1.14	1.13	1.12	1.13	1.13	1.15	1.17	1.16
FORWARD		1.18	1.18	1.18	1.18	1.19	1.20	1.22	1.24

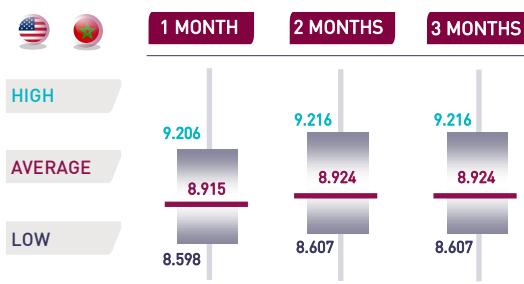
The EUR/USD forecasts of the main international brokers were revised downwards over the SMT and on the LT this week. The pair would stand at 1.19 in Q4-21. A level which would remain unchanged in Q3-22 against 1.20 a week earlier. This would approach 1.20 in 2022 until 2024 against 1.22 a week earlier. In 2025, the target level stands at 1.22 against 1.25 a week earlier.

Market operators' expectations for CMT and LT continue to favour the euro in a context marked by growing concerns about the strength of growth in the United States and China. The lack of visibility on the timing of the Fed's asset buyback program's reduction is mainly related to inflationary concerns. Analyst consensus is that "Tapering" would begin in December 2021. The euro forecast was, however, revised down this week following encouraging US retail sales figures.

EUR/MAD AND USD/MAD OUTLOOK - AGR



Based on EUR/USD Bloomberg forecast for Q4-21



Based on EUR/USD Bloomberg forecast for Q4-21

Given the liquidity conditions on the foreign exchange market, we kept our forecasts for 1 month unchanged and slightly revised upwards our forecasts for the MAD over 3 months. The dirham is expected to trade around 8.92 versus 8.91 initially, over the same horizon.

Compared to the spot rate, 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 0.5%, 0.4% and 0.4% in 1, 2 and 3 month horizons. The USD/MAD parity would reach 8.91, 8.92 and 8.92 at 1, 2 and 3 month horizons, against a spot price of 8.96.

Against the euro, the MAD would depreciate by 0.5%, 0.6% and 0.6% over the next 3 months against a spot rate of 10.56. EUR/MAD parity would reach 10.61, 10.62 and 10.62 in 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	0.25%	-0.17%	0.21%	-0.09%	-0.32%	-0.84%
1 MONTH	-0.07%	0.04%	-0.73%	-0.39%	-0.05%	-1.84%
YTD 2021	0.66%	-3.43%	-5.67%	1.30%	1.69%	-4.46%

Prices as of 09/17/2021



APPENDICES

DATA AS OF SEPTEMBER 20TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
FORECAST	USD/JPY	110	112	112	112	112	107	104
FORWARD	110	110	110	110	109	108	107	105
FORECAST	USD/CAD	1.24	1.24	1.23	1.22	1.22	1.23	1.23
FORWARD	1.28	1.28	1.28	1.28	1.28	1.28	1.29	1.29
FORECAST	USD/CHF	0.92	0.92	0.93	0.92	0.92	0.93	0.92
FORWARD	0.93	0.93	0.93	0.92	0.92	0.91	0.89	0.88
FORECAST	GBP/USD	1.39	1.39	1.41	1.43	1.42	1.41	1.41
FORWARD	1.37	1.37	1.38	1.37	1.37	1.37	1.38	1.38

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

	Date	Q4-2021	Q1-2022	Q2-2022	2022	2023
Intesa Sanpaolo	09/17/21	1.15	1.16	1.19	1.22	1.24
Rabobank	09/17/21	1.17	1.16	1.16	1.17	1.18
Swedbank	09/15/21	1.17	1.17	1.2	1.15	1.15
Barclays	09/14/21	1.18	1.17	1.16	1.15	1.15
PNC Financial	09/14/21	1.18	1.18	1.17	1.17	1.16
Citigroup	09/13/21	1.19	1.17	1.16	1.16	1.4
Westpac Banking	09/13/21	1.23	1.22	1.21	1.21	1.19
Canadian Imperial Bank of Commerce	09/10/21	1.15	1.15	1.17	1.15	1.18
NAB/BNZ	09/06/21	1.23	1.24	1.26	1.3	1.24
Landesbank Baden-Wuerttemberg	09/01/21	1.18	1.16	1.15	1.15	1.18
Australia & New Zealand Banking Group	08/31/21	1.2	1.23	1.25	1.25	1.25
X-Trade Brokers Dom Maklerski	08/31/21	1.18	1.19	1.18	1.19	1.23
Banco Bilbao Vizcaya Argentaria	08/30/21	1.17	1.18	1.2	1.21	1.24
Mouvement Desjardins	08/30/21	1.18	1.19	1.2	1.18	1.19
Standard Chartered	08/20/21	1.26	1.26	1.26	1.26	1.26
BNP Paribas	08/09/21	1.17	1.16	1.15	1.14	1.32
ING Financial Markets	08/09/21	1.23	1.23	1.2	1.15	1.1

Prices as of 09/20/2021

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