



WEEKLY MAD INSIGHTS

CURRENCIES

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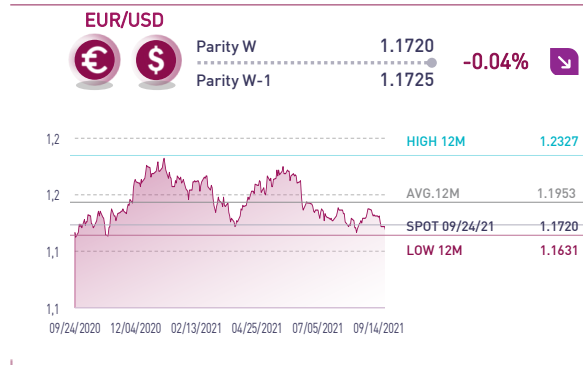
01 | OCTOBER
2021

Week from 09/20/2021 to 09/24/2021

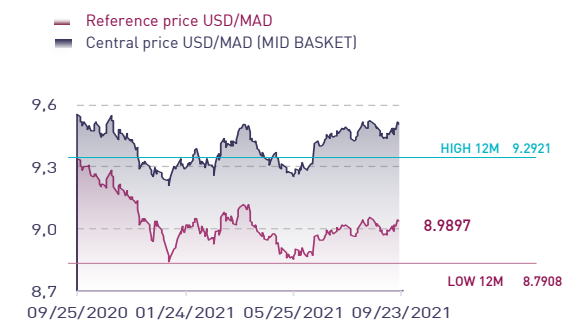
MAIN WEEKLY VARIATIONS

		+0.29%			+0.01%
USD/MAD		8.9897	CAD/MAD		7.0813
		-0.19%			-0.52%
EUR/MAD		10.5404	GBP/MAD		12.3000
		-0.16%			+0.77%
JPY/MAD		8.1370	CHF/MAD		9.7375

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	Basket⁽¹⁾ effect	USD/MAD	EUR/MAD
		+0.30%	-0.18%
	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)

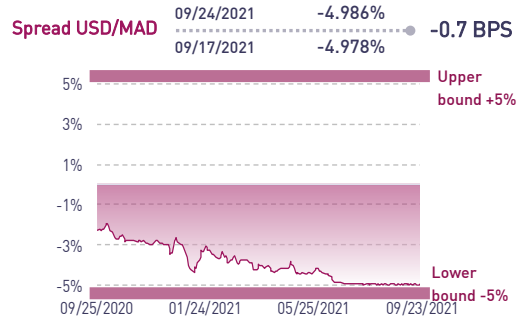
	Banks Foreign Exchange position⁽³⁾ W	6,050 MN
	Banks Foreign Exchange position W-1	9,682 MN

(3) Calculated over the period from 09/16/2021 to 09/22/2021

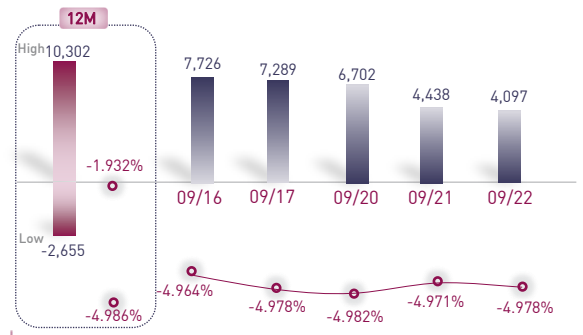
The dollar carried by an imminent "Tapering"

The Euro depreciates this week against the dollar by -0.04% to 1.1720. This is due to the Fed's "tapering" schedule, i.e. an imminent reduction in its asset purchase program starting in November.

The Reserve communicated its intention to begin the tightening of its monetary policy by raising Fed Funds rates by the end of 2022 instead of 2023. The dollar benefits from the disparate orientations between the Fed and the ECB. The latter has not yet revealed its intention to raise its key rates despite the reduction of its PEPP to € 70 Bn / month.



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



A global purchase transaction of \$ 671M by BAM

The Moroccan Central bank intervened in the interbank foreign exchange market for the 1st time since 2018, by carrying out 3 currency buyback operations this week for a total of \$ 671 Mn. These interventions were carried out at advantageous conditions allowing to reduce the long foreign exchange position of the banks to MAD 4 Bn versus 9 billion dirhams last week.

Taking into account operators' expectations regarding import flows, MAD's liquidity spreads remain at levels close to the limit of the band below -4.98%. Under the effect of the EUR / USD parity, the dirham depreciated at the end of this week by -0.3% against the dollar.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	3.25%	2.10%	6.05%	9.07%	5.11%	5.69%
2 MONTHS	3.25%	2.06%	5.72%	7.92%	5.27%	5.77%
3 MONTHS	2.98%	1.88%	6.13%	8.87%	6.17%	5.18%

Exporters called on to hedge the MAD

Taking into account the liquidity conditions, dirham hedging strategies are judicious. We call corporates to hedge their export transactions in dollars.



WEEKLY MAD INSIGHTS

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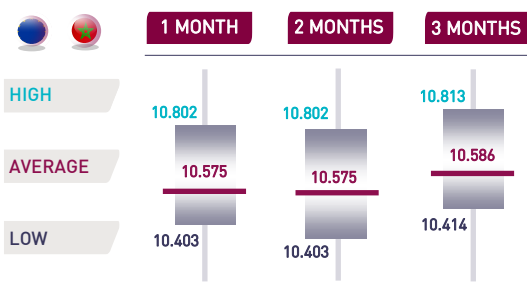
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-21	Q1-22	Q2-22	Q3-22	2022	2023	2024	2025
MEDIAN		1.18	1.18	1.19	1.18	1.19	1.18	1.19	1.22
AVERAGE	1.1720	1.18	1.18	1.19	1.19	1.19	1.19	1.19	1.21
+HIGH	09/24/2021	1.25	1.25	1.26	1.28	1.30	1.25	1.22	1.25
+LOW		1.14	1.13	1.12	1.13	1.12	1.10	1.17	1.16
FORWARD		1.17	1.18	1.18	1.18	1.18	1.20	1.22	1.24

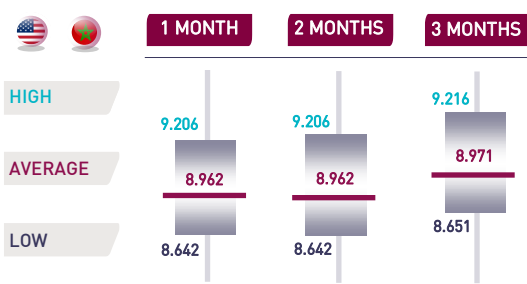
The EUR/USD forecasts of the main international brokers were revised downwards over the SMT and on the LT this week. The pair would stand at 1.18 in Q4-21 through Q1-22 from 1.19 a week earlier. It would evolve around 1.19 in Q2-22 until 2024 instead of 1.20 between 2022 and 2024 a week earlier. In 2025, the target level stands at 1.21 against 1.22 a week earlier.

The expectations of market operators continue to favor the euro in a context marked by growing concerns about the strength of growth in the United States and China. Nevertheless, the pronounced gap between the monetary policies of the FED and the ECB occasionally favors the dollar. While the ECB would begin its reduction in asset repurchases in November 2021, the Fed announces a precise timetable for its "Tapering" as well as its expectations for a hike in key rates by 2023. The "Fed Fund" rate will change to 0.3% in 2022 then to 1% by 2023 and finally to 1.8% in 2024.

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 interbank foreign exchange market as well as the expectations of the EUR/USD pair, we raised our forecasts for the MAD against the USD for 1 month, 2 months and 3 months. The dirham is expected to trade around 8.96 within 1 month and 2 months instead of 8.92 initially. Within 3 months, the MAD would settle at 8.97 against 8.92 initially.

Compared to the current spot rate, the MAD shows a slight appreciation against the dollar at 1, 2 and 3 month horizons. Against the euro, it should depreciate over the same horizons.

The MAD would appreciate against the dollar by 0.3%, 0.3% and 0.2% in 1, 2 and 3 month horizons. The USD/MAD parity would reach 8.96, 8.96 and 8.97 at 1, 2 and 3 month horizons, against a spot price of 8.99.

Against the euro, the MAD should depreciate by 0.3%, 0.3% and 0.4% over the next 3 months against a spot rate of 10.54. The EUR / MAD parity should reach 10.58, 10.58 and 10.59 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	0.29%	-0.19%	-0.16%	0.01%	-0.52%	0.77%
1 MONTH	0.05%	-0.08%	-0.66%	-0.63%	-0.19%	-1.13%
YTD 2021	0.95%	-3.61%	-5.83%	1.30%	1.16%	-3.72%

Prices as of 09/24/2021



APPENDICES

DATA AS OF SEPTEMBER 27TH, 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	113	107	104
FORWARD	111	111	111	110	110	109	107	105
FORECAST	USD/CAD	1.24	1.24	1.23	1.22	1.22	1.23	1.25
FORWARD	1.27	1.27	1.27	1.27	1.27	1.28	1.28	1.28
FORECAST	USD/CHF	0.92	0.92	0.93	0.93	0.92	0.93	0.92
FORWARD	0.92	0.92	0.92	0.92	0.91	0.90	0.89	0.87
FORECAST	GBP/USD	1.39	1.39	1.41	1.43	1.42	1.41	1.41
FORWARD	1.37	1.37	1.37	1.37	1.36	1.36	1.37	1.38

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

	Date	Q4-2021	Q1-2022	T2-2022	2022	2023
Mouvement Desjardins	09/24/21	1.19	1.2	1.19	1.17	1.18
BNP Paribas	09/20/21	1.15	1.14	1.13	1.12	1.1
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
Standard Chartered	08/20/21	1.26	1.26	1.26	1.26	1.26
ING Financial Markets	08/09/21	1.23	1.23	1.2	1.15	1.1

Prices as of 09/27/2021

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