



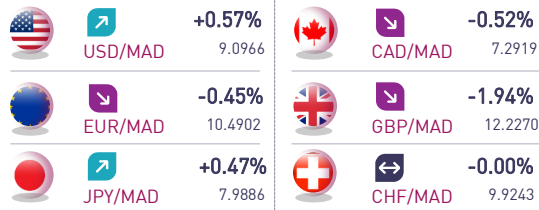
# WEEKLY MAD INSIGHTS

## CURRENCIES

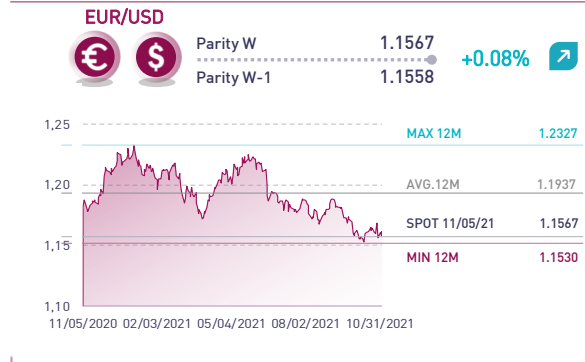
11 | NOVEMBER  
2021

Week from 11/01/2021 to 11/05/2021

### MAIN WEEKLY VARIATIONS



### INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket <sup>(1)</sup> effect	<b>+0.64%</b>	<b>-0.38%</b>
Market <sup>(2)</sup> effect	<b>-0.07%</b>	<b>-0.07%</b>

(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 <sup>(3)</sup> W	<b>1,400 MN</b>
	Banks Foreign Exchange position W-1	<b>329 MN</b>

(3) Calculated over the period from 10/22/2021 to 10/28/2021

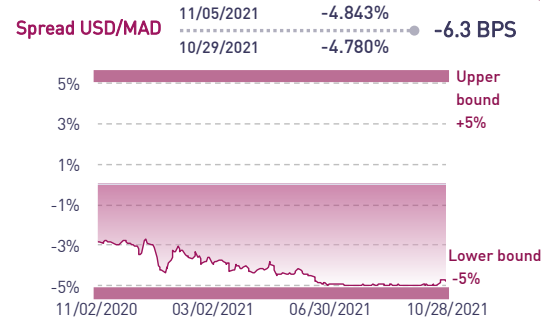
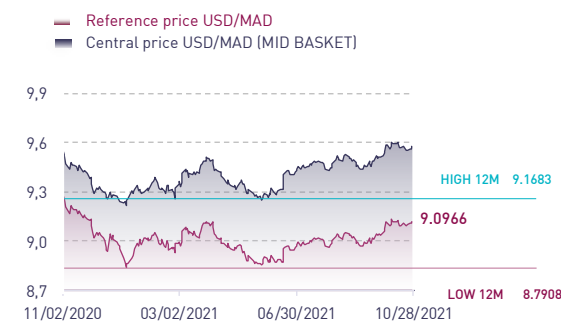
### The Fed will reduce asset purchases by November

The euro traded higher this week against the dollar at 1.157 from 1.156, a weekly performance of + 0.08%.

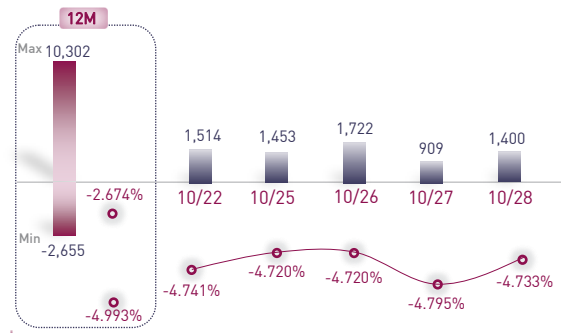
At the FOMC meeting on Wednesday, the Committee decided to begin reducing monthly asset purchases by \$15 Bn by November. Also, it decided to keep its rates unchanged until labor market condition improve, as inflation is expected to be transitory.

In this context, the market expects a suspension full of \$120 Bn in monthly redemptions around mid-2022. The dollar consolidates at levels of 1.157 close to 12-month lows.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



### Foreign exchange position strengthens this week

Moroccan banks do not to subscribe to BAM's currency buyback operations for the second week in a row, following calls for tenders on the interbank foreign exchange market.

This situation is due to the visible decline in the foreign exchange position of banks last week to MAD 329 Mn on a weekly average before strengthening MAD 1.4 Bn driven by significant export flows. MAD liquidity spreads widen by -6 BPS at -4.84%, i.e. the lowest level since H2-21.

Due to a basket effect of + 0.64%, the MAD appreciates this week against the dollar by + 0.57% to 9.10.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHF MAD
<b>1 MONTH</b>	3.23%	2.52%	6.94%	5.70%	8.10%	5.12%
<b>2 MONTHS</b>	3.37%	2.38%	6.98%	7.22%	7.65%	5.65%
<b>3 MONTHS</b>	3.30%	2.28%	6.44%	7.34%	6.68%	5.69%

### The MAD appreciation scenario is confirmed

In a context of high volatility marked by downward pressure on the euro, we recommend reducing the hedging horizon for the dirham.

We recommend hedging export flows in dollars due to the current liquidity conditions of the foreign exchange market and we maintain of our central scenario of MAD appreciation against the dollar.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

11 | NOVEMBER  
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Week from 11/01/2021 to 11/05/2021

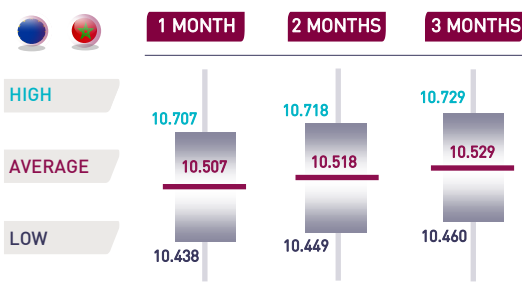
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-21	Q1-22	Q2-22	Q3-22	2022	2023	2024	2025
<b>MEDIAN</b>		1.16	1.16	1.17	1.18	1.17	1.18	1.21	1.21
<b>AVERAGE</b>	1.1567	1.16	1.16	1.17	1.17	1.17	1.19	1.20	1.21
<b>+HIGH</b>	11/05/2021	1.22	1.21	1.23	1.25	1.24	1.25	1.24	1.26
<b>+LOW</b>		1.14	1.12	1.11	1.10	1.10	1.13	1.13	1.12
<b>FORWARD</b>		1.16	1.16	1.16	1.16	1.17	1.18	1.20	1.22

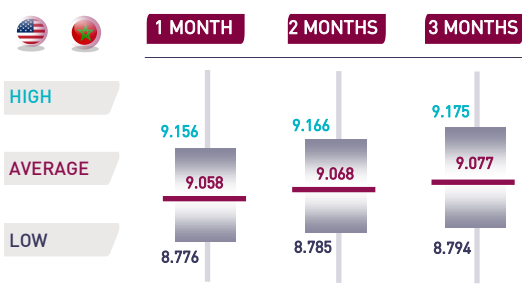
The EUR/USD bullish forecasts of major international brokers were revised downward this week on the ST and upward on the LT. On the ST, the pair is expected to remain stable at 1.16 in Q4-21. In Q1-22, the parity would move to 1.16 against 1.17 initially. The pair would still stabilize at this level by 2022 before moving towards 1.19 in 2023. It would move around 1.20 in 2024 against an initial forecast of 1.18. By 2025, the target level is 1.21 versus 1.20 initially.

The Fed's monetary policy is moving towards gradual normalization following the announcement of the beginning of the reduction in its asset purchases by November. The ECB, meanwhile, postponed its decision on reducing its asset buybacks until December this year. At the same time, the Governor of Banque de France announced that there was no reason to cut ECB rates in 2022. According to analysts' consensus, this shift in monetary policy would favor the dollar over the ST.

### UPWARD REVISION OF OUR FORECAST OVER 1 MONTH, 2 MONTHS AND 3 MONTHS HORIZON



Based on EUR/USD Bloomberg forecast for Q4-21



Based on EUR/USD Bloomberg forecast for Q4-21

Given the evolution of liquidity on the Moroccan foreign exchange market, we adjusted our forecasts upwards for 1, 2 and 3 months.

Compared to the pot rate, the MAD appreciates against the dollar at 1, 2 and 3 month horizons. Against the euro, the MAD should depreciate slightly over the same horizons.

The MAD would appreciate against the dollar by 0.4%, 0.3% and 0.2% in 1, 2 and 3 month horizons. The USD/MAD parity would reach 9.06, 9.07 and 9.08 at 1, 2 and 3 month horizons, against an initial forecast of 9.02, 9.02 and 9.03 on the same horizons and against a price spot of 9.10.

Against the euro, the MAD would depreciate by 0.2%, 0.3% and 0.4% over the next 3 months against a spot rate of 10.54. The EUR/MAD parity would reach 10.51, 10.52 and 10.53 at 1, 2 and 3 month horizons against 10.55, 10.55 and 10.56 initially expected.

### MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	+0.57%	-0.45%	+0.47%	-0.52%	-1.94%	-0.00%
<b>1 MONTH</b>	+0.46%	-0.12%	-1.86%	+1.38%	-0.94%	+1.56%
<b>YTD 2021</b>	+2.15%	-4.07%	-7.54%	+4.32%	+0.56%	-1.88%

Prices as of 11/05/2021



# APPENDICES

DATA AS OF NOVEMBER 8<sup>TH</sup>, 2021

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
<b>FORECAST</b>	USD/JPY	112	113	112	112	113	111	115
<b>FORWARD</b>	113	113	113	113	113	111	109	107
<b>FORECAST</b>	USD/CAD	1.24	1.24	1.24	1.22	1.22	1.24	1.25
<b>FORWARD</b>	1.24	1.24	1.24	1.25	1.25	1.26	1.27	1.27
<b>FORECAST</b>	USD/CHF	0.93	0.94	0.94	0.94	0.94	0.93	0.96
<b>FORWARD</b>	0.91	0.91	0.91	0.90	0.89	0.87	0.86	
<b>FORECAST</b>	GBP/USD	1.37	1.37	1.39	1.40	1.42	1.40	1.40
<b>FORWARD</b>	1.35	1.35	1.35	1.35	1.35	1.34	1.35	1.36

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

	Date	Q4-2021	Q1-2022	Q2-2022	2022	2023
Banco Bilbao Vizcaya Argentaria	11/04/21	1.17	1.18	1.2	1.21	1.24
Landesbank Baden-Wuerttemberg	11/02/21	1.18	1.16	1.15	1.15	1.18
Mouvement Desjardins	10/29/21	1.17	1.18	1.18	1.16	1.2
Rabobank	10/29/21	1.16	1.15	1.14	1.15	1.18
Standard Chartered	10/29/21	1.16	1.17	1.19	1.21	1.21
Swedbank	10/29/21	1.15	1.14	1.13	1.14	1.16
TD Securities	10/29/21	1.15	1.18	1.16	1.18	1.13
Scotiabank	10/28/21	1.15	1.15	1.14	1.12	1.18
X-Trade Brokers Dom Maklerski	10/28/21	1.15	1.14	1.15	1.16	1.18
Westpac Banking	10/26/21	1.19	1.2	1.19	1.18	1.15
Australia & New Zealand Banking Group	10/21/21	1.18	1.2	1.23	1.22	1.22
Handelsbanken	10/14/21	1.22	1.18	1.2	1.16	1.18
PNC Financial	10/13/21	1.17	1.17	1.17	1.17	1.16
ING Financial Markets	10/12/21	1.17	1.15	1.13	1.1	1.15
NAB/BNZ	10/11/21	1.15	1.16	1.17	1.2	1.25
Nomura Bank International	10/08/21	1.15	1.17	1.17	1.22	1.25
United Overseas Bank	09/29/21	1.16	1.15	1.14	1.13	1.11

Prices as of 11/08/2021

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