



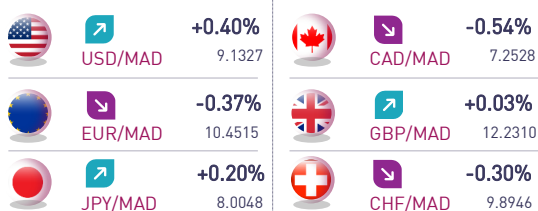
WEEKLY MAD INSIGHTS

CURRENCIES

17 NOVEMBER
2021

Week from 11/08/2021 to 11/12/2021

MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.48%	-0.29%
Market ⁽²⁾ effect	-0.08%	-0.08%

(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	1,919 MN
Banks Foreign Exchange position W-1	1,233 MN

(3) Calculated over the period from 11/03/2021 to 11/09/2021

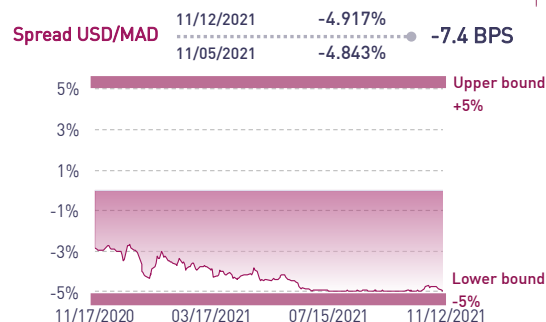
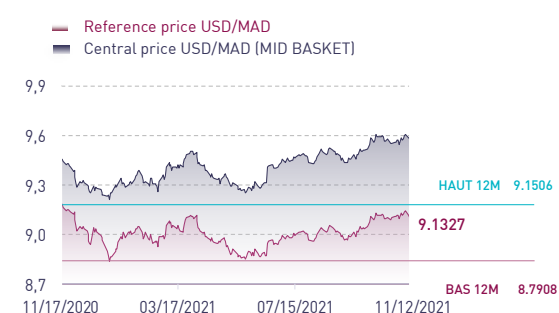
EUR/USD crosses lower the threshold of 1.15

The euro traded lower this week against the dollar at 1.1445 against 1.1567 a week earlier, i.e. a performance of -1,05%.

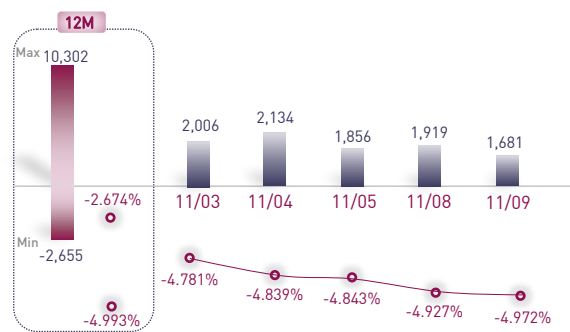
The dollar hit a 16-month high after the publication of the US Consumer Price Index on Wednesday. This index increased by + 6.2% for the month of October year-on-year, its fastest pace observed in the past 3 decades.

This trend in inflation is pushing investors to anticipate a hike in the Fed's interest rates in 2022, marking a visible mismatch with ECB's monetary policy.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



The MAD depreciates against the Dollar

The dirham is depreciating this week against the dollar given the greenback's bullish stance internationally. The basket effect of the USD/MAD parity is positive at +0.48%, offsetting the liquidity effect of -0.08%.

The liquidity spread between the MAD benchmark and its central rate continues to widen this week to -4.92%, one of the lowest levels in H2-21. Originally, the strengthening of the foreign exchange position driven by significant export flows. Bank Al-Maghrib continues its currency purchase operations at MAD 55 Mn from Moroccan banks on the interbank market this week.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	4.04%	2.68%	5.53%	5.16%	8.32%	4.88%
2 MONTHS	3.80%	2.54%	7.02%	7.07%	7.71%	5.55%
3 MONTHS	3.54%	2.34%	6.38%	7.36%	6.81%	5.31%

A dynamic hedging strategy over the ST

In a context of high volatility of the EUR/USD parity marked by new pressures on the euro, we recommend a flexible hedging strategy of the dirham over the ST.

Recall that we maintain our central scenario regarding the appreciation of the MAD against the dollar.

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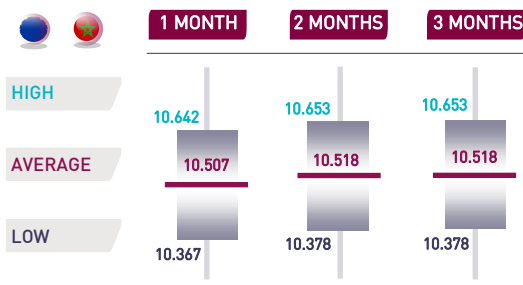
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	T4-21	T1-22	T2-22	T3-22	2022	2023	2024	2025
MEDIAN		1.16	1.16	1.16	1.17	1.17	1.18	1.21	1.21
AVERAGE	1.1445	1.16	1.16	1.17	1.17	1.17	1.18	1.20	1.21
+HIGH	11/12/2021	1.22	1.20	1.23	1.23	1.24	1.25	1.24	1.26
+LOW		1.13	1.12	1.11	1.10	1.10	1.13	1.13	1.12
FORWARD		1.15	1.15	1.15	1.15	1.16	1.17	1.20	1.22

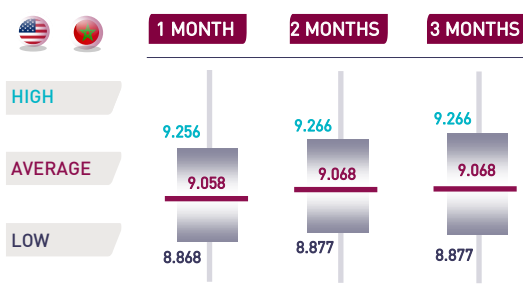
The EUR/USD bullish forecasts of the main international brokers were revised downward this week for 2023. The pair is expected to remain stable at 1.16 from Q4-21 until Q1-22. The pair would move to 1.17 in Q2-22 until the end of 2022 before reaching 1.18 in 2023 from 1.19 initially. This would evolve around 1.20 in 2024. By 2025, the target level remains unchanged at 1.21.

The Fed's monetary policy is moving towards gradual normalization with the start of its reduction in asset purchases in November. Inflation figures, released on Wednesday, anticipate an earlier-than-expected Fed rate hike. The ECB postponed its decision on reducing its asset purchases until December and has yet to rule on the normalization of its monetary policy. This shift would favour, according to the analyst consensus, the dollar over ST.

DOWNWARD REVISION OF OUR FORECAST OVER 3 MONTHS HORIZON



Based on EUR/USD Bloomberg forecast for Q4-21



Based on EUR/USD Bloomberg forecast for Q4-21

Based on the foreign exchange market liquidity, we adjusted our USD/MAD forecasts over the next 3 months.

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

The MAD would appreciate against the dollar by 0.8%, 0.7% and 0.7% in 1, 2 and 3 month horizons. The USD/MAD parity would reach 9.06, 9.07 and 9.07 at 1, 2 and 3 month horizons, against an initial forecast of 9.06, 9.07 and 9.08 on the same horizons and against a price spot of 9.13.

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 10.45. The EUR/MAD parity would reach 10.51, 10.52 and 10.52 at 1, 2 and 3 month horizons against 10.51, 10.52 and 10.53 initially expected.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.40%	-0.37%	+0.20%	-0.54%	+0.03%	-0.30%
1 MONTH	+0.64%	-0.30%	-0.03%	-0.47%	-1.00%	+1.21%
YTD 2021	+2.56%	-4.42%	-7.36%	+3.76%	+0.59%	-2.17%

Prices as of 11/12/2021



APPENDICES

DATA AS OF NOVEMBER 15TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-21	Q1-22	Q2-22	2022	2023	2024	2025
FORECAST	USD/JPY	113	113	113	114	112	111	115
FORWARD	114	114	114	114	113	111	109	107
FORECAST	USD/CAD	1.24	1.24	1.23	1.22	1.22	1.24	1.25
FORWARD	1.26	1.26	1.26	1.26	1.26	1.27	1.28	1.28
FORECAST	USD/CHF	0.93	0.94	0.94	0.94	0.95	0.93	0.96
FORWARD	0.92	0.92	0.92	0.92	0.91	0.89	0.88	0.86
FORECAST	GBP/USD	1.37	1.37	1.39	1.40	1.40	1.40	1.40
FORWARD	1.34	1.34	1.34	1.34	1.33	1.33	1.34	1.35

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

	Date	Q4-2021	Q1-2022	Q2-2022	2022	2023
Morgan Stanley	11/15/21	1.14	1.13	1.12	1.18	1.16
Australia & New Zealand Banking Group	11/08/21	1.18	1.2	1.23	1.22	1.22
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
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

Prices as of 11/15/2021

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