



WEEKLY MAD INSIGHTS

CURRENCIES

03 | NOVEMBER
2021

Week from 10/25/2021 to 10/29/2021

MAIN WEEKLY VARIATIONS

| | | | | | | | |
|--|---------|--------|---------|--|---------|--------|---------|
| | USD/MAD | -0.08% | 9.0452 | | CAD/MAD | -0.21% | 7.3300 |
| | EUR/MAD | -0.02% | 10.5377 | | GBP/MAD | -0.17% | 12.4690 |
| | JPY/MAD | -0.05% | 7.9511 | | CHF/MAD | +0.47% | 9.9245 |

| | | | | | |
|--|------------------------------|---------|--------|---------|--------|
| | Basket ⁽¹⁾ effect | USD/MAD | -0.04% | EUR/MAD | +0.02% |
| | Market ⁽²⁾ effect | | -0.04% | | -0.04% |

(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 | 373 MN |
| | Banks Foreign Exchange position W-1 | 3.090 MN |

(3) Calculated over the period from 10/08/2021 to 10/14/2021

INTERNATIONAL HIGHLIGHTS



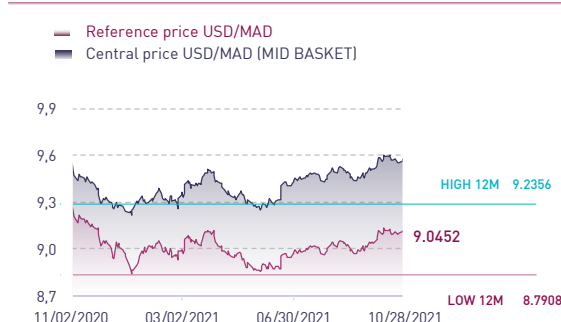
The ECB keeps its monetary policy unchanged

The euro traded lower this week against the dollar at 1.156 from 1.164 a week earlier, a decrease -0.73%.

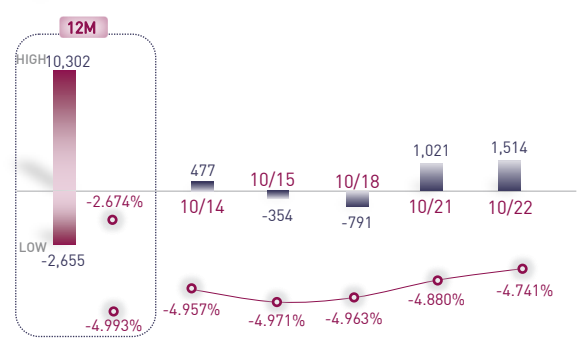
The ECB is assuming higher inflation than expected, but with a prospect of normalization below 2.0% in 2022. In the Eurozone, inflation has reached 4.1% in October over one year against 3.4% in September. It has reached 2.6% in France at the end of October and 3.0% in Germany in 2021.

In this context, the ECB maintains its monetary policy unchanged and postpones its decisions regarding its purchasing program.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



No transaction during the last BAM auction

During the last auction session in the interbank foreign exchange market, Bank AL-Maghrib did not carry out any transactions on the MAD. Originally, the decrease of the bank's foreign exchange position. This posted a decline from 3.1 to MAD 0.37 Bn on a weekly average.

The MAD's liquidity spreads widen by -4 PBS to -4.78%, i.e. one of the highest levels observed during H2-21.

In the end, the MAD appreciates this week against the greenback by 0.08% to 9.05.

VOLATILITY INDICATORS

| | USDMAD | EURMAD | JPYMAD | CADMAD | GBPMAD | CHFMAD |
|----------|--------|--------|--------|--------|--------|--------|
| 1 MONTH | 3.34% | 2.58% | 7.63% | 5.25% | 6.57% | 5.56% |
| 2 MONTHS | 3.30% | 2.35% | 6.90% | 7.16% | 6.26% | 5.65% |
| 3 MONTHS | 3.28% | 2.24% | 6.51% | 7.37% | 5.86% | 5.79% |

High volatility of the EUR/USD parity in sight ...

In a context of high volatility of the EUR/USD parity and taking into account the current liquidity conditions on the local foreign exchange market, we recommend our investors to adopt "flexible" hedging strategies.

To this end, we recommend that exporters initiate hedging operations on the MAD.

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WEEKLY MAD INSIGHTS

CURRENCIES

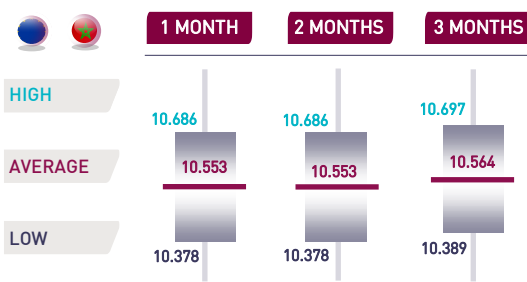
EUR/USD OUTLOOK – BLOOMBERG

| | SPOT | Q4-21 | Q1-22 | Q2-22 | Q3-22 | 2022 | 2023 | 2024 | 2025 |
|----------------|------------|-------|-------|-------|-------|------|------|------|------|
| MEDIAN | | 1.16 | 1.16 | 1.17 | 1.17 | 1.17 | 1.18 | 1.19 | 1.21 |
| AVERAGE | 1.1558 | 1.16 | 1.17 | 1.17 | 1.17 | 1.17 | 1.19 | 1.18 | 1.20 |
| +HIGH | 10/29/2021 | 1.22 | 1.21 | 1.23 | 1.25 | 1.24 | 1.25 | 1.24 | 1.25 |
| +LOW | | 1.14 | 1.12 | 1.11 | 1.10 | 1.10 | 1.11 | 1.11 | 1.12 |
| FORWARD | | 1.16 | 1.16 | 1.16 | 1.17 | 1.17 | 1.19 | 1.20 | 1.22 |

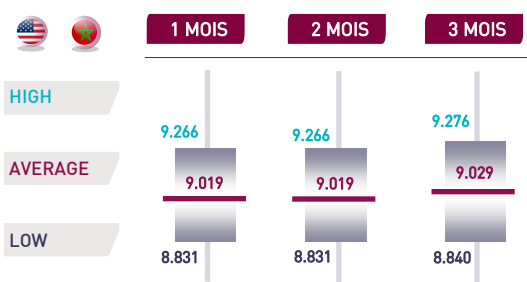
The bullish EUR/USD forecasts of the main international brokers have been revised downwards this week. On the CT, the pair would settle at 1.16 in Q4-21 from 1.17 initially expected. By 2022, the pair should stabilize at 1.17 before moving towards 1.19 in 2023. This should move around 1.18 in 2024 against an initial forecast of 1.20. By 2025, the target level is 1.20 against 1.24 initially.

In view of recent price developments in many European countries, inflation continues to be a matter of concern. The postponement of the ECB decision concerning its timetable for reducing asset purchases reinforces these concerns, penalizing the euro at SMT. On the US side, the Federal Reserve's meeting scheduled for this week is expected to provide more details on the gradual reduction in its massive asset purchases, according to the latest inflation and growth figures. Economic Growth in the US should stand at 2.0% year-on-year for Q3-21, slightly below expectations. Remember that in Q1-21 and Q2-21, GDP growth was + 6.3% and + 6.7% respectively.

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

In view of the evolution of liquidity on the Moroccan foreign exchange market, we adjusted our forecasts for the USD/MAD pair downwards for 1 month. We have aligned those for the next two months at the same level. Within 3 months, our forecasts have been revised upwards slightly.

Compared to the spot rate, the MAD appreciates against the dollar over 1, 2 and 3 month horizons. Against the euro, it should depreciate slightly 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 9.02, 9.02 and 9.03 at 1, 2 and 3 month horizons, against an initial forecast of 9.03, 9.04 and 9.02 on the same horizons and against a price spot of 9.05.

Against the euro, the MAD should depreciate by 0.1%, 0.1% and 0.2% over the next 3 months against a spot rate of 10.54. The EUR/MAD parity would reach 10.55, 10.55 and 10.56 in 1, 2 and 3 month horizons against 10.56, 10.57 and 10.55 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 | -0.08% | -0.02% | -0.05% | -0.21% | -0.17% | +0.47% |
| 1 MONTH | +0.22% | +0.20% | -1.88% | +3.04% | +2.47% | +2.16% |
| YTD 2021 | +1.58% | -3.63% | -7.98% | +4.86% | +2.55% | -1.87% |

Prices as of 10/29/2021



APPENDICES

DATA AS OF NOVEMBER 1ST, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

| | | Q4-21 | Q1-22 | Q2-22 | 2022 | 2023 | 2024 | 2025 |
|-----------------|---------|-------|-------|-------|------|------|------|------|
| FORECAST | USD/JPY | 112 | 112 | 112 | 112 | 113 | 114 | 115 |
| FORWARD | 114 | 114 | 114 | 114 | 113 | 111 | 109 | 107 |
| FORECAST | USD/CAD | 1.24 | 1.24 | 1.24 | 1.22 | 1.22 | 1.25 | 1.25 |
| FORWARD | 1.24 | 1.24 | 1.24 | 1.24 | 1.25 | 1.26 | 1.26 | 1.27 |
| FORECAST | USD/CHF | 0.93 | 0.94 | 0.94 | 0.94 | 0.93 | 0.93 | 0.96 |
| FORWARD | 0.91 | 0.91 | 0.91 | 0.91 | 0.90 | 0.89 | 0.87 | 0.86 |
| FORECAST | GBP/USD | 1.37 | 1.37 | 1.39 | 1.40 | 1.42 | 1.40 | 1.40 |
| FORWARD | 1.37 | 1.37 | 1.37 | 1.37 | 1.36 | 1.36 | 1.36 | 1.37 |

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

| | Date | Q4-2021 | Q1-2022 | Q2-2022 | 2022 | 2023 |
|---------------------------------------|----------|---------|---------|---------|------|------|
| 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 |
| 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 | 1.20 | 1.19 | 1.18 | 1.15 |
| Landesbank Baden-Wuerttemberg | 10/25/21 | 1.18 | 1.16 | 1.15 | 1.15 | 1.18 |
| Australia & New Zealand Banking Group | 10/21/21 | 1.18 | 1.20 | 1.23 | 1.22 | 1.22 |
| Handelsbanken | 10/14/21 | 1.22 | 1.18 | 1.20 | 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 | 1.10 | 1.15 |
| NAB/BNZ | 10/11/21 | 1.15 | 1.16 | 1.17 | 1.20 | 1.25 |
| Nomura Bank International | 10/08/21 | 1.15 | 1.17 | 1.17 | 1.22 | 1.25 |
| Banco Bilbao Vizcaya Argentaria | 10/05/21 | 1.17 | 1.18 | 1.20 | 1.21 | 1.24 |
| United Overseas Bank | 09/29/21 | 1.16 | 1.15 | 1.14 | 1.13 | 1.11 |
| Mouvement Desjardins | 09/24/21 | 1.19 | 1.20 | 1.19 | 1.17 | 1.18 |
| BNP Paribas | 09/20/21 | 1.15 | 1.14 | 1.13 | 1.12 | 1.10 |

Prices as of 11/01/2021

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