



WEEKLY MAD INSIGHTS

CURRENCIES

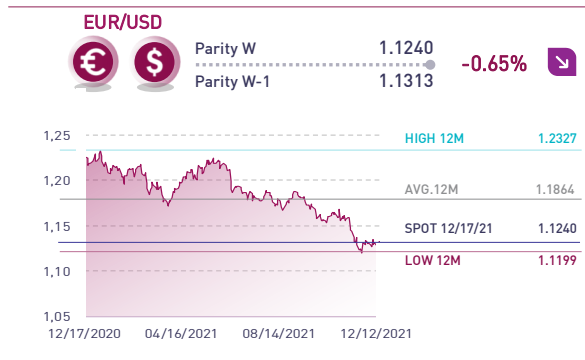
23 DECEMBER
2021

Week from 12/13/2021 to 12/17/2021

MAIN WEEKLY VARIATIONS

		-0.01%			-0.80%
USD/MAD	9.2624		CAD/MAD	7.2312	
		+0.38%			+0.63%
EUR/MAD	10.4813		GBP/MAD	12.3030	
		+0.20%			+0.60%
JPY/MAD	8.1600		CHF/MAD	10.0790	

INTERNATIONAL HIGHLIGHTS



	Basket ⁽¹⁾ effect	USD/MAD -0.24%	EUR/MAD +0.15%
	Market ⁽²⁾ effect	+0.23%	+0.23%

(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	-2,918 MN
	Banks Foreign Exchange position W-1	-2,373 MN

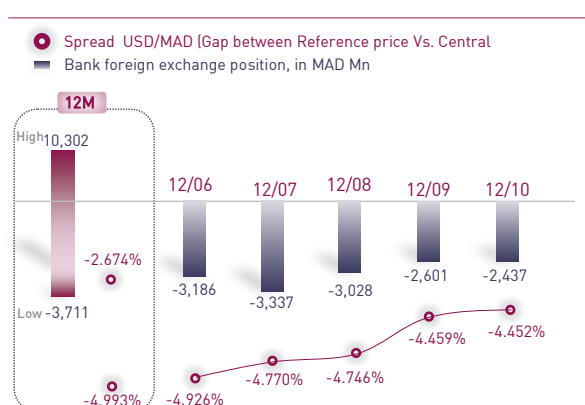
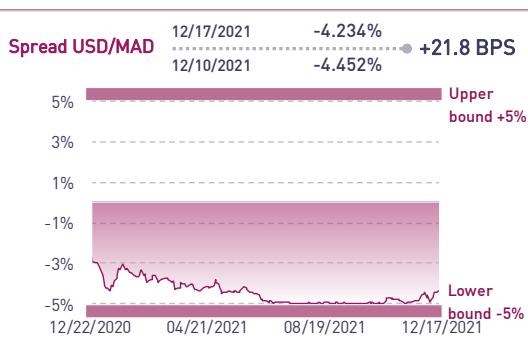
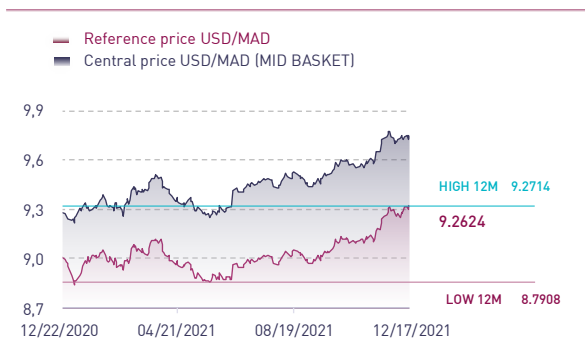
(3) Calculated over the period from 12/06/2021 to 12/10/2021

The Fed tightens its monetary policy as inflation rises

The Euro fell against the Dollar to 1.1240 this week from 1.1313 the week before, a significant underperformance of -0.65%. This represents a 1 month low.

Indeed, several FOMC members are now anticipating 3 interest rate hikes in 2022. The Fed has also confirmed the acceleration of the reduction in asset purchases by \$ 60 Bn per month starting from January 2022 against \$ 30 Bn per month in current December and \$ 15 Bn per month in last November. The Fed intends to deal with high inflation in a context of economic recovery and employment. The ECB, for its part, still considers inflation to be transitory and a rate hike very unlikely in 2022.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



Dirham spread at its highest since June 2021

The liquidity spread of the Dirham, which represents the difference between the reference price of the MAD and its central price, is reduced by 21.8 BPS. This week, the spread stands at -4.23%, a low over the last six months, against -4.45% a week earlier.

Market operators forecast the continuation of the banks' deficit position on the foreign exchange market. This induces a restrictive effect of liquidity on the MAD. This is a significant market effect this week of over +0.23%. This effect was completely offset by an expansive basket effect for the MAD. It stands at -0.24% during the same period. In the end, and taking into account these developments, the Dirham remained almost stable this week against the Dollar at 9.26.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	3.76%	3.81%	7.14%	9.97%	5.33%	6.24%
2 MONTHS	4.01%	3.42%	5.75%	8.18%	7.14%	5.51%
3 MONTHS	3.79%	3.08%	6.99%	8.15%	7.05%	5.62%

The Fed would likely impact the Dirham over MT

The latest Fed monetary tightening as well as expectations of higher US rates and stronger Dollar would likely have an impact on the Dirham in the MT.

Nevertheless, taking into account the liquidity conditions of the foreign exchange market and the high levels of volatility, we recommend hedging the export flows to ST in line with our scenario of appreciation of the Dirham over the next 3 months.

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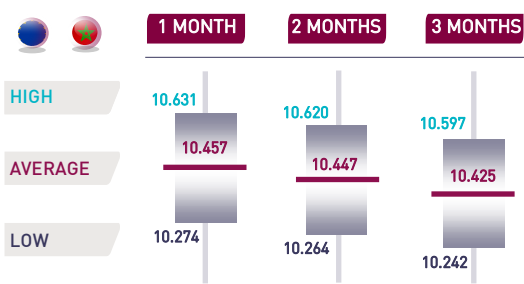
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025	2026
MEDIAN		1.13	1.13	1.15	1.16	1.17	1.20	1.21	1.21
AVERAGE	1.1240	1.13	1.13	1.14	1.15	1.17	1.19	1.21	1.23
+HIGH	12/17/2021	1.18	1.19	1.21	1.23	1.28	1.23	1.26	1.30
+LOW		1.08	1.07	1.06	1.05	1.08	1.11	1.16	1.16
FORWARD		1.13	1.13	1.14	1.14	1.16	1.18	1.20	1.22

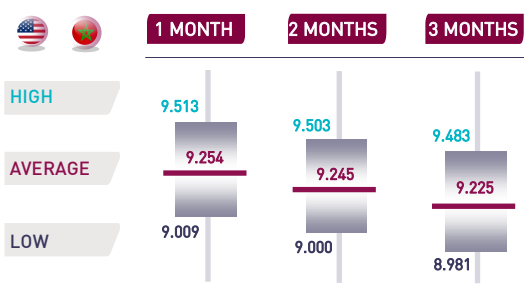
International brokers' EUR / USD forecasts were broadly revised down this week. In Q1-22 the pair would move to 1.13 unchanged. In Q2-22, the pair would move to 1.13 from 1.14 a week earlier, before reaching 1.14 in Q3-22 from 1.15 initially. It would evolve to 1.15 in Q4-22 against 1.16 initially. This would be around 1.17 in 2023 against 1.18 a week earlier, before reaching 1.19 in 2024 against 1.20 initially then 1.21 in 2025 against 1.22 initially. By 2026, the target level is 1.23 against 1.25 the previous week.

The Fed's tightening of monetary policy is confirmed again this week with the publication of the press release from the last FOMC meeting. In the context of a high inflation and solid labor market, the Fed confirms the acceleration of the reduction of its asset purchases. Also, several FOMC members anticipate now 3 rate hikes in 2022. The ECB is still ruling out the scenario of a rate hike in 2022 as it is still considering inflation transitory. Broker consensus for EUR/USD internationally was unchanged at 1.13 this week over ST.

A REVISED SCENARIO ON 1 MONTH AND 2 MONTH HORIZON



Based on EUR/USD Bloomberg forecast for Q1-22



Based on EUR/USD Bloomberg forecast for Q1-22

Given the liquidity conditions of the Dirham, we adjusted our USD / MAD forecasts for 1 and 2 month horizon.

Compared to the current spot rate, the MAD appreciates against the USD at 1, 2 and 3 month horizons.

Against the Euro, the Dirham would appreciate within 1 month, 2 months and 3 months.

The Dirham would appreciate 0.1%, 0.2% and 0.4% over 1, 2 and 3 months. The USD / MAD parity is expected to reach 9.25, 9.24 and 9.23 at 1, 2 and 3 month horizons, compared to an initial forecast of 9.24, 9.24 and 9.23 on the same horizons and against a spot price of 9.26.

Against the Euro, the MAD would appreciate by 0.2%, 0.3% and 0.5% over a 1-month, 2-month and 3-month horizon against a spot price of 10.48. The EUR / MAD parity would reach 10.46, 10.45 and 10.42 at 1, 2 and 3 month horizons against 10.45, 10.44 and 10.42 initially.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.01%	+0.38%	+0.20%	-0.80%	+0.63%	+0.60%
1 MONTH	+0.73%	+0.77%	+1.86%	-1.15%	-0.44%	+2.05%
YTD 2021	+4.02%	-4.15%	-5.56%	+3.45%	+1.18%	-0.35%

Prices as of 12/17/2021



APPENDICES

DATA AS OF DECEMBER 20TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025
FORECAST	USD/JPY	114	115	115	115	115	109	112
FORWARD	114	113	113	113	113	111	109	107
FORECAST	USD/CAD	1.25	1.24	1.24	1.23	1.22	1.26	1.28
FORWARD	1.28	1.28	1.28	1.28	1.29	1.29	1.3	1.3
FORECAST	USD/CHF	0.94	0.94	0.94	0.94	0.94	0.93	0.94
FORWARD	0.92	0.92	0.92	0.91	0.91	0.89	0.88	0.86
FORECAST	GBP/USD	1.34	1.35	1.36	1.38	1.42	1.40	1.41
FORWARD	1.33	1.33	1.33	1.32	1.32	1.32	1.33	1.34

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

	Date	Q1-2022	Q2-2022	Q3-2022	Q4-2022	2023
Rabobank	12/17/21	1.11	1.1	1.12	1.12	1.18
UniCredit	12/16/21	1.12	1.11	1.1	1.1	1.08
Commonwealth Bank of Australia	12/13/21	1.14	1.16	1.18	1.2	1.28
Westpac Banking	12/13/21	1.1	1.08	1.09	1.1	1.14
Landesbank Baden-Wuerttemberg	12/10/21	1.1	1.1	1.13	1.15	1.18
CIMB	12/09/21	1.13	1.11	1.09	1.12	1.1
Credit Agricole CIB	12/07/21	1.14	1.15	1.16	1.18	1.21
Commerzbank	12/03/21	1.1	1.09	1.08	1.08	1.14
Nomura Bank International	12/03/21	1.11	1.14	1.16	1.18	1.22
Australia & New Zealand Banking Group	12/01/21	1.13	1.13	1.14	1.15	1.16
BNP Paribas	12/01/21	1.13	1.12	1.11	1.09	1.09
Standard Chartered	12/01/21	1.17	1.19	1.21	1.21	1.21
Swedbank	12/01/21	1.11	1.12	1.12	1.15	1.17
X-Trade Brokers Dom Maklerski	12/01/21	1.12	1.11	1.13	1.15	1.17
Banco Bilbao Vizcaya Argentaria	11/30/21	1.15	1.17	1.18	1.18	1.2
Mouvement Desjardins	11/29/21	1.12	1.12	1.14	1.16	1.2
Maybank Singapore	11/22/21	1.18	1.17	1.18	1.18	1.22

Prices as of 12/20/2021

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