



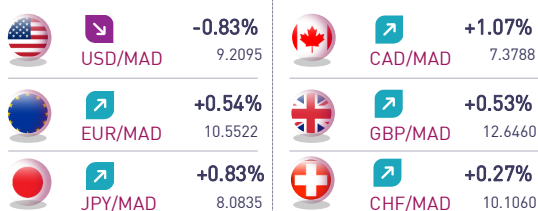
# WEEKLY MAD INSIGHTS

## CURRENCIES

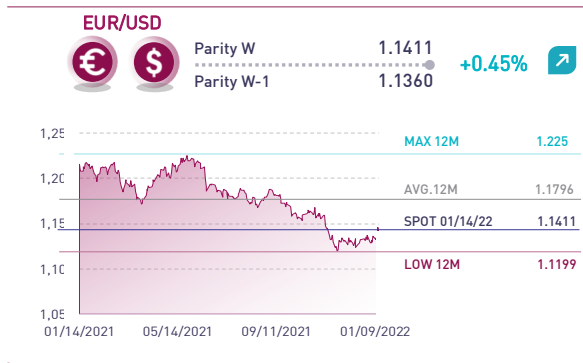
21 | JANUARY  
2022

Week from 01/10/2022 to 01/14/2022

### MAIN WEEKLY VARIATIONS



### INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket <sup>(1)</sup> effect	-0.85%	+0.52%
Market <sup>(2)</sup> effect	+0.02%	+0.02%

(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>-4,471 MN</b>
Banks Foreign Exchange position W-1	<b>-3,864 MN</b>

(3) Calculated over the period from 12/31/2021 to 01/06/2022

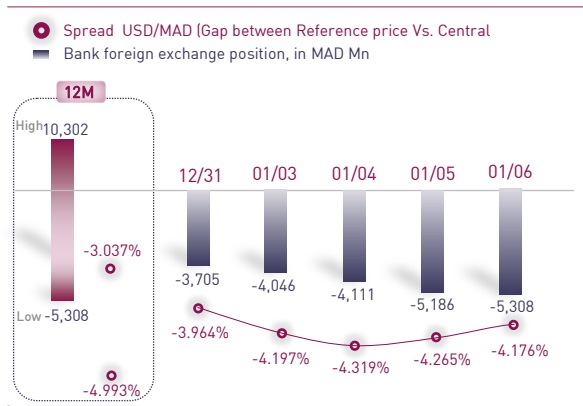
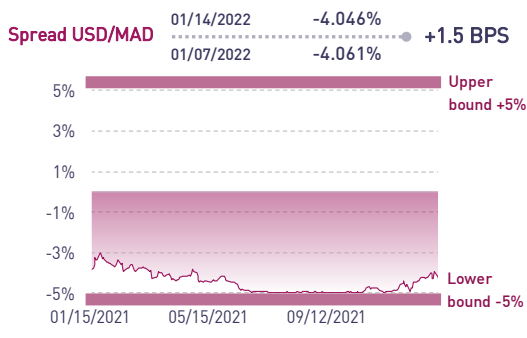
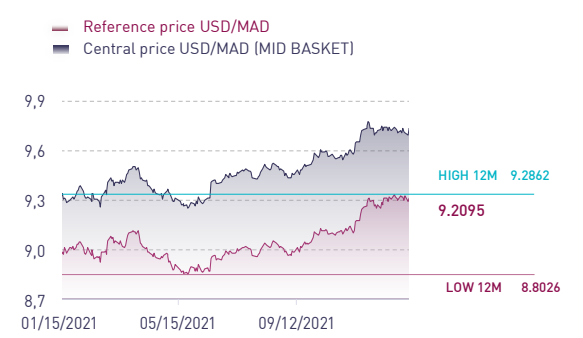
### US inflation in line with investor's expectations

The euro appreciated this week against the dollar by +0.45%, going from 1.1360 to 1.1411.

Despite the release of very high US inflation at 7%, a 40-year high, the greenback has fallen against the single currency. The level of inflation came out in line with expectations, which alleviated fears of further tightening of US monetary policy.

In fact, the Fed had confirmed the normalization of its monetary policy through 3 to 4 interest rate hikes in 2022 and a Fed balance sheet that would stop expanding by the end of March following the reduction in asset purchases.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### Foreign exchange position hits 21-month low

The Dirham appreciated this week against the Dollar at 9.21, i.e. a negative performance of -0.83% of the USD / MAD.

The banks' foreign exchange position widened to MAD -5.3 Bn, its lowest since March 2020, while liquidity spreads remained at their highest since the end of April 2021. These stood at -4, 0%, almost stable compared to the last week.

The evolution of the liquidity conditions of the foreign exchange market had little influence on the Dirham. Indeed, it benefited from a restrictive basket effect of -0.85%.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	4.28%	3.70%	5.80%	7.79%	5.29%	6.68%
2 MONTHS	4.22%	3.81%	6.37%	8.71%	5.52%	6.34%
3 MONTHS	4.19%	3.52%	6.08%	7.79%	6.74%	5.93%

### High risk aversion in the Foreign exchange market

The divergence between the speech of the Fed and the ECB, in relation to economic growth and inflation is behind the high volatility of currencies.

Taking into account the lack of visibility on the sanitary conditions, we recommend that importers hedge the dollar in anticipation of its appreciation over the next 3 months.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

21 | JANUARY  
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Week from 01/10/2022 to 01/14/2022

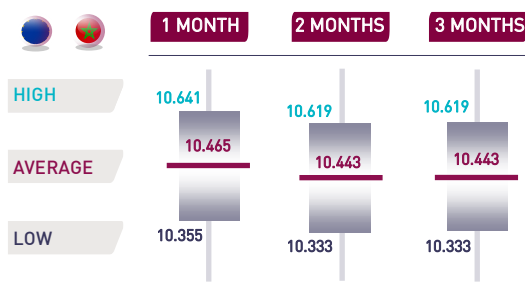
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025	2026
<b>MEDIAN</b>		1.12	1.12	1.13	1.14	1.16	1.20	1.21	1.20
<b>AVERAGE</b>	1.1411	1.12	1.12	1.13	1.13	1.15	1.19	1.21	1.21
<b>+HIGH</b>	01/14/2021	1.17	1.19	1.21	1.21	1.28	1.25	1.26	1.27
<b>+LOW</b>		1.09	1.07	1.06	1.05	1.00	1.08	1.16	1.16
<b>FORWARD</b>		1.14	1.15	1.15	1.15	1.17	1.20	1.22	1.24

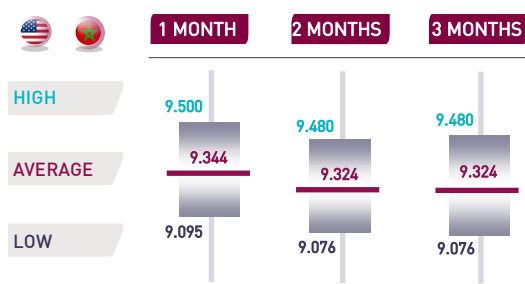
EUR/USD forecasts from international brokers have been revised downwards this week. In Q1-22, the pair would move to 1.12. As of Q2 22, EUR/USD should stabilize at 1.12 against 1.13 a week earlier. The pair would evolve at 1.13 in Q3-22, unchanged then still at 1.13 in Q4-22 against 1.14 initially. By 2023, the target is 1.15, unchanged, before reaching 1.19 in 2024 against 1.21 initially. The pair would then evolve to 1.21 in 2025 against 1.22 initially. By 2026, the target level stands at 1.21 against 1.24 initially.

Despite the spread of the Omicron variant and the recording of the record number of daily Covid cases at more than 1 million cases in the United States, the Fed remains committed to the tightening of its monetary policy in 2022. This orientation would take place through 3 to 4 rate increases in 2022, starting in March to counter inflation. For its part, the ECB continues to support the economy of the Euro zone through an ultra-accommodating policy. This mismatch in terms of vision between the Fed and the ECB further favors the dollar at SMT.

### UPWARD REVIEW OF OUR 1 MONTH, 2 MONTH AND 3 MONTH HORIZON FORECASTS



Based on EUR/USD Bloomberg forecast for Q1-22



Based on EUR/USD Bloomberg forecast for Q1-22

Given the new MAD liquidity forecasts, we revised our 1, 2, and 3-months USD/MAD forecasts upwards.

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

Against the Euro, the Dirham should appreciate on the same horizons.

The Dirham would depreciate by 1.5%, 1.2% and 1.2% over 1, 2 and 3 months. The USD/MAD parity should reach 9.34, 9.32 and 9.32 at horizons of 1, 2 and 3 months against a spot rate of 9.21.

Against the Euro, the MAD would appreciate by 0.8%, 1.0% and 1.0% over the next 1 month, 2 months and 3 months against a spot rate of 10.55.

The EUR/MAD parity should reach 10.47, 10.44 and 10.44 at horizons of 1, 2 and 3 months.

### 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>	-0.83%	+0.54%	+0.83%	+1.07%	+0.53%	+0.27%
<b>1 MONTH</b>	-0.41%	+0.85%	-0.72%	+2.26%	+3.27%	+0.48%
<b>YTD 2021</b>	-0.76%	+0.34%	+0.25%	+1.18%	+0.96%	-0.67%

Prices as of 01/14/2022



# APPENDICES

DATA AS OF JANUARY 18<sup>TH</sup>, 2022

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025
<b>FORECAST</b>	USD/JPY	115	116	116	116	116	109	108
<b>FORWARD</b>	115	115	114	114	114	112	109	107
<b>FORECAST</b>	USD/CAD	1.26	1.25	1.25	1.24	1.23	1.26	1.27
<b>FORWARD</b>	1.25	1.25	1.25	1.25	1.26	1.26	1.27	1.27
<b>FORECAST</b>	USD/CHF	0.93	0.94	0.94	0.94	0.95	0.89	0.90
<b>FORWARD</b>	0.91	0.91	0.91	0.91	0.90	0.88	0.87	0.85
<b>FORECAST</b>	GBP/USD	1.35	1.35	1.36	1.37	1.40	1.42	1.35
<b>FORWARD</b>	1.36	1.36	1.36	1.36	1.36	1.37	1.37	1.38

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

	Date	Q1-2022	Q2-2022	Q3-2022	Q4-2022	2023
Commonwealth Bank of Australia	01/17/22	1.14	1.16	1.18	1.2	1.28
TD Securities	01/17/22	1.09	1.1	1.12	1.14	1.2
United Overseas Bank	01/17/22	1.12	1.11	1.1	1.1	1.08
Commerzbank	01/14/22	1.12	1.1	1.09	1.1	1.16
Rabobank	01/14/22	1.12	1.1	1.12	1.12	1.18
Swedbank	01/14/22	1.13	1.13	1.15	1.17	1.17
Standard Chartered	01/13/22	1.17	1.19	1.21	1.21	1.21
Ebury	01/12/22	1.14	1.15	1.17	1.19	1.22
ING Financial Markets	01/11/22	1.1	1.08	1.08	1.1	1.15
Landesbank Baden-Wuerttemberg	01/11/22	1.1	1.1	1.09	1.08	1.1
PNC Financial	01/07/22	1.12	1.1	1.1	1.1	1.09
BNP Paribas	01/06/22	1.13	1.12	1.11	1.09	1.09
Australia & New Zealand Banking Group	01/05/22	1.13	1.13	1.14	1.15	1.16
X-Trade Brokers Dom Maklerski	01/05/22	1.13	1.11	1.13	1.14	1.16
Morgan Stanley	01/04/22	1.13	1.12	1.15	1.18	1.16
Argentex LLP	12/29/21	1.12	1.11	1.12	1.15	1.19
Banco Bilbao Vizcaya Argentaria	12/28/21	1.14	1.13	1.13	1.13	1.16

Prices as of 01/18/2022

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