



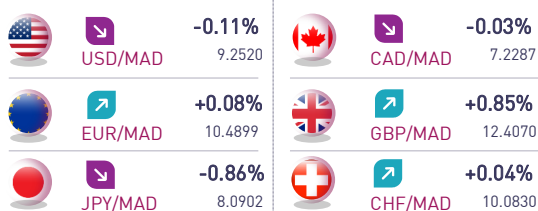
WEEKLY MAD INSIGHTS

CURRENCIES

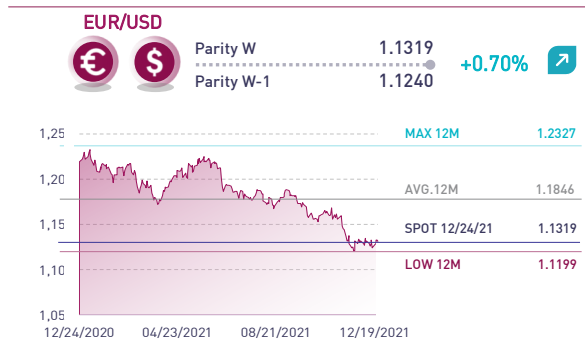
03 | JANUARY
2022

Week from 12/20/2021 to 12/24/2021

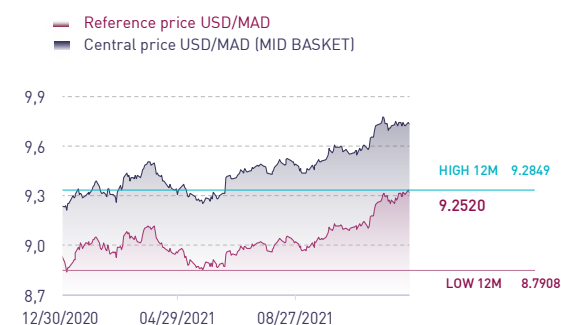
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.12%	+0.07%
Market ⁽²⁾ effect	+0.01%	+0.01%

(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	-2,539 MN
Banks Foreign Exchange position W-1	-2,848 MN

(3) Calculated over the period from 12/10/2021 to 12/16/2021

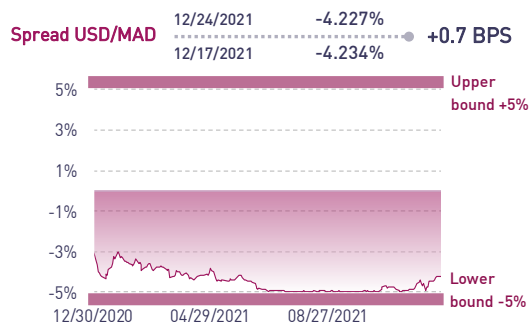
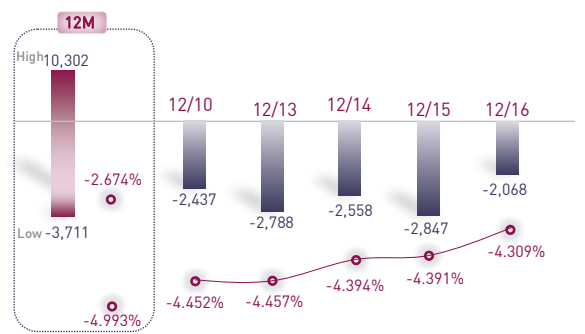
The dollar falls as Omicron variant spreads

The Euro appreciated against the Dollar at 1.1319 this week against 1.1240 the week before, a weekly performance of + 0.70%.

Concerns are emerging about the impact of the Omicron variant on the global economic recovery, and particularly in the United States.

Despite the announcement of the end of its pandemic emergency purchase program (PEPP) in 2022, the ECB will continue to support the economy through its asset purchase program and keeping interest rates close to zero until 2023.

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



Dirham liquidity spread stable this week

The liquidity spread of the dirham, which represents the difference between the reference price of the MAD and its central price, is reduced by +0.7 PBS. It stands this week at -4.23%, a 7-month high, stable from the previous week.

The foreign exchange position of Moroccan banks remains in deficit at -2.5 billion dirhams on average this week. This shortage mainly reflects the increase in import flows linked to an end-of-year seasonality effect.

Taking into account a near-neutral liquidity effect of +0.01% and a negative basket effect of -0.12%, the dirham appreciates significantly by + 0.11% against the dollar this week.

VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	3.68%	3.72%	6.57%	9.85%	6.25%	6.07%
2 MONTHS	3.97%	3.30%	6.00%	8.30%	7.45%	5.33%
3 MONTHS	3.75%	3.09%	6.77%	7.63%	7.17%	5.42%

MAD depreciation expected against the USD in the CT

The Fed's "tapering" as well as expectations of US rate hikes should favor the dollar against the MAD in the short run.

Given the liquidity levels of the foreign exchange market as well as the high levels of volatility, we recommend hedging the import flows to short term in line with our scenario of depreciation of the dirham over the next 3 months.

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WEEKLY MAD INSIGHTS

CURRENCIES

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Week from 12/20/2021 to 12/24/2021

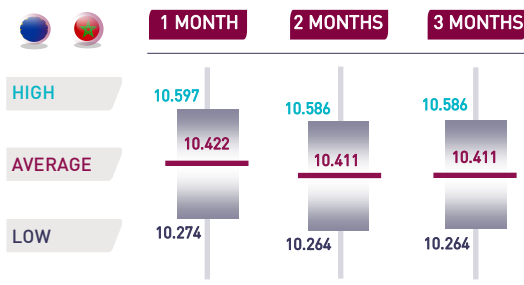
EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025	2026
MEDIAN		1.12	1.13	1.15	1.16	1.17	1.22	1.23	1.24
AVERAGE	1.1319	1.12	1.13	1.14	1.15	1.17	1.21	1.22	1.23
+HIGH	12/24/2021	1.18	1.19	1.21	1.23	1.28	1.25	1.26	1.30
+LOW		1.08	1.07	1.06	1.05	1.00	1.16	1.16	1.16
FORWARD		1.13	1.14	1.14	1.14	1.16	1.18	1.20	1.22

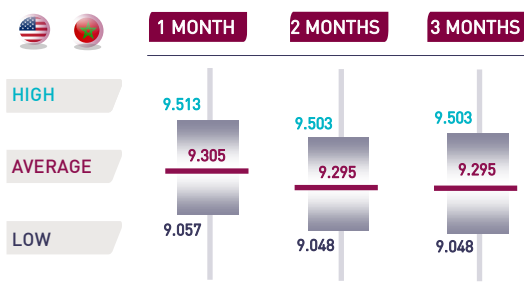
International brokers' EUR / USD forecasts were broadly unchanged this week. In Q1-22, the pair would move to 1.12 against 1.13 a week earlier. In Q2-22 the pair is likely to move to 1.13 unchanged before reaching 1.14 in Q3-22 unchanged. It should evolve to 1.15 in Q4-22 unchanged. The pair would be at 1.17 in 2023, before reaching 1.21 in 2024 against 1.19 a week earlier and 1.22 in 2025 against 1.21 initially. By 2026, the target level is unchanged at 1.23.

As the Omicron variant spreads, concerns about the economic recovery in the US are emerging as the Fed shifts to tighter monetary policy. The ECB still rules out the hypothesis of a rate hike in 2022 and will continue to support the Eurozone economy through its asset purchase program. Despite this, the consensus of brokers on EUR / USD internationally remains favorable to the dollar on the short term.

A REVISED SCENARIO ON 1 MONTH, 2 MONTHS AND 3 MONTHS HORIZONS



Based on EUR/USD Bloomberg forecast for Q1-22



Based on EUR/USD Bloomberg forecast for Q1-22

Given the change in EUR / USD forecasts and the Dirham's liquidity conditions, we have adjusted our USD / MAD forecasts for 1, 2, and 3 months.

Compared to the current spot rate, the MAD depreciates 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 0.6%, 0.5% and 0.5% over 1, 2 and 3 months. The USD / MAD parity is expected to reach 9.31, 9.30 and 9.30 at 1, 2 and 3 month horizons, compared to an initial forecast of 9.25, 9.24 and 9.23 on the same horizons and against a spot price of 9.25.

Against the Euro, the MAD would appreciate by 0.7%, 0.8% and 0.8% over a 1-month, 2-month and 3-month horizon against a spot price of 10.49.

The EUR / MAD parity would reach 10.42, 10.41 and 10.41 at 1, 2 and 3 month horizons against 10.46, 10.45 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	-0.11%	+0.08%	-0.86%	-0.03%	+0.85%	+0.04%
1 MONTH	-0.06%	+1.07%	+0.52%	-0.90%	+0.32%	+1.98%
YTD 2021	+3.90%	-4.07%	-6.37%	+3.41%	+2.04%	-0.31%

Prices as of 12/24/2021



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APPENDICES

DATA AS OF DECEMBER 27TH, 2021

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025
FORECAST	USD/JPY	115	115	115	115	115	109	115
FORWARD	114	114	114	114	114	112	110	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	0.96
FORWARD	0.92	0.92	0.91	0.91	0.91	0.89	0.87	0.86
FORECAST	GBP/USD	1.34	1.35	1.36	1.37	1.40	1.41	1.40
FORWARD	1.34	1.34	1.34	1.34	1.34	1.33	1.34	1.35

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

	Date	Q1-2022	Q2-2022	Q3-2022	Q4-2022	2023
ABN Amro	12/24/21	1.09	1.07	1.06	1.05	1
Mouvement Desjardins	12/23/21	1.13	1.14	1.15	1.16	1.2
Canadian Imperial Bank of Commerce	12/20/21	1.11	1.1	1.1	1.1	1.15
Swedbank	12/20/21	1.11	1.12	1.15	1.17	1.17
Landesbank Baden-Wuerttemberg	12/17/21	1.1	1.1	1.13	1.15	1.18
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
NAB/BNZ	12/13/21	1.1	1.12	1.15	1.17	1.23
Westpac Banking	12/13/21	1.1	1.08	1.09	1.1	1.14
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

Prices as of 12/27/2021

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