



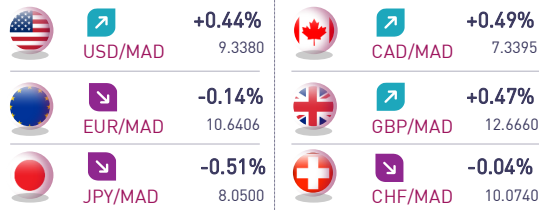
# WEEKLY MAD INSIGHTS

## CURRENCIES

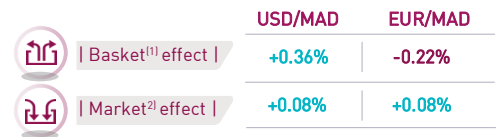
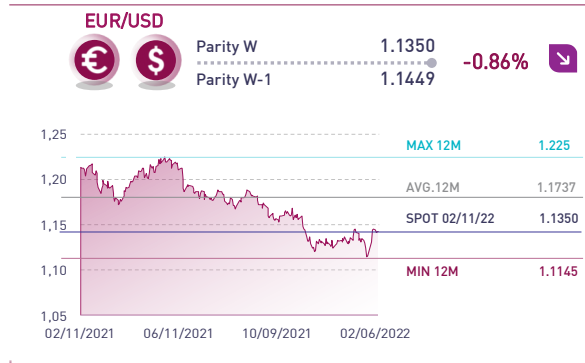
17 FEBRUARY  
2022

Week from 02/07/2022 to 02/11/2022

### MAIN WEEKLY VARIATIONS



### INTERNATIONAL HIGHLIGHTS



(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** **-4,537 MN**  
**Banks Foreign Exchange position W-1** **-4,924 MN**

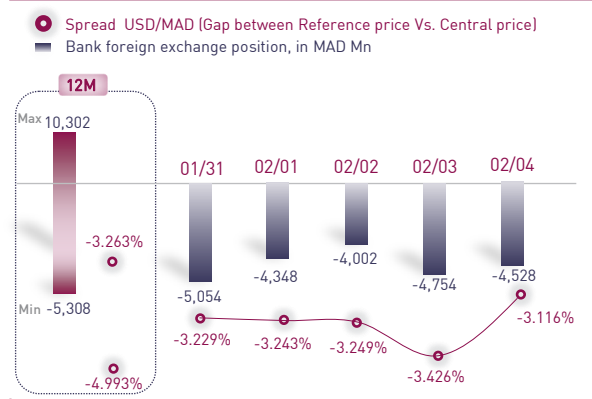
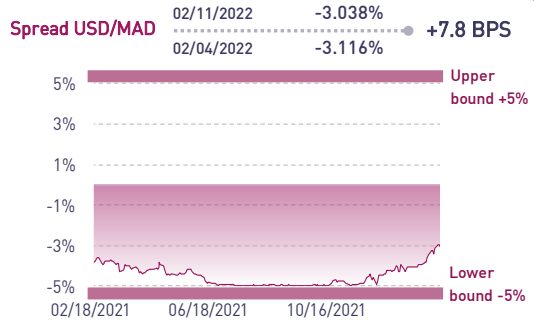
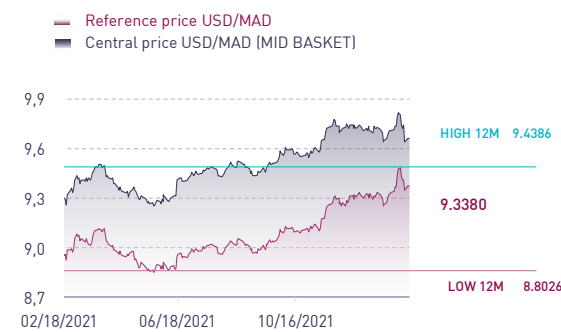
(3) Calculated over the period from 01/31/2022 to 02/04/2022

### US inflation hits a 40 year high in January

The euro lost ground against the dollar this week with a weekly underperformance of -0.86%, falling from 1.1449 to 1.1350.

US inflation in January, released on Thursday, hit a 40-year high of 7.5% year-on-year. This level higher-than-expected, revives expectations of a more rapid tightening of monetary policy by the Fed. It is now very likely that the Fed will proceed with 3 to 4 rate hikes in 2022 with a first hike at the next FOMC in March. The ECB is expected to raise its key rates by December, but this scenario remains uncertain.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### The liquidity of the Dirham continues to deteriorate

The Dirham depreciated this week against the Dollar as the USD/MAD parity increased by +0.44% to 9.34.

The banks' foreign exchange position remains in deficit at MAD -4.5 Bn on a weekly average, i.e. the lowest since March 2020. This is due to increasingly significant import flows at this time of the year. This situation is reflected in liquidity spreads, which are at their highest since January 2021, i.e. -3.0% (+8 BPS) compared to the previous week. The evolution of the USD/MAD exchange rate is explained by a positive basket effect of +0.36% to which is added a positive liquidity effect of +0.08% this week.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
<b>1 MONTH</b>	6.27%	4.83%	5.88%	6.89%	5.33%	6.63%
<b>2 MONTHS</b>	5.17%	4.26%	5.65%	7.42%	5.52%	6.33%
<b>3 MONTHS</b>	4.96%	4.22%	6.07%	8.17%	5.51%	6.22%

### Through a faster US rate hikes...

With record inflation in the US in January 2022, the financial markets are anticipating a faster tightening of the Fed's monetary policy, which is inducing higher volatility of the EUR/USD parity.

Consistent with our scenario of the MAD depreciation in the ST, we recommend that importers hedge the dollar from 1 to 3 months.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

17 FEBRUARY  
2022

Week from 02/07/2022 to 02/11/2022

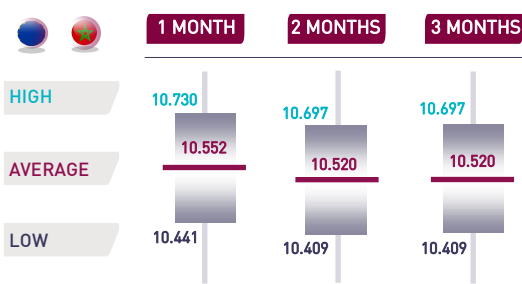
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-22	Q2-22	Q3-22	Q4-22	2023	2024	2025	2026
<b>MEDIAN</b>		1.12	1.13	1.14	1.15	1.18	1.20	1.21	1.20
<b>AVERAGE</b>	1.1350	1.12	1.13	1.14	1.15	1.17	1.19	1.21	1.21
<b>+HIGH</b>	02/11/2022	1.17	1.19	1.21	1.21	1.28	1.25	1.26	1.27
<b>+LOW</b>		1.09	1.08	1.08	1.07	1.05	1.08	1.16	1.16
<b>FORWARD</b>		1.14	1.15	1.15	1.16	1.18	1.19	1.21	1.23

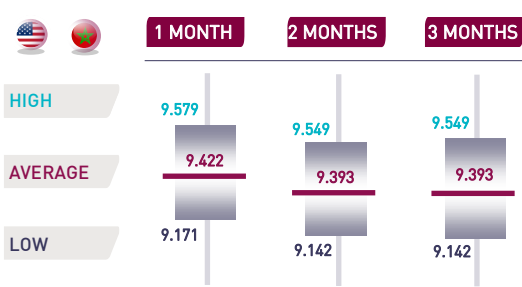
EUR/USD forecasts from international brokers was revised upwards this week. In Q1-22, the pair would evolve at 1.12 unchanged. The pair would evolve at 1.13 in Q2-22 against 1.12 a week earlier then at 1.14 in Q3-22 against 1.13. In Q4-22, the target is 1.15, against 1.14 initially, before reaching 1.17 in 2023, against 1.15 initially. The target level of the pair is 1.19 in 2024 against 1.18 initially and it stands at 1.21 by 2025, unchanged.

The latest US report highlighted record inflation which revived expectations of a faster tightening of the Fed monetary policy. Even if the members of the FOMC seem divided concerning the practical implementation of this orientation, it is now very likely that 3 to 4 rate increases will take place at the end of 2022 with a first increase at the next FOMC meeting in March. The ECB, has still not given a clear indication despite acknowledging that "the situation has changed". However, it could proceed with a first hike by December 2022. This monetary policy mismatch between the Fed and the ECB regarding the timing of the interest rate hike favours the Dollar at ST.

### 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 EUR/USD forecast and MAD liquidity, we revised our 1, 2, and 3 month USD/MAD forecast.

Compared to the spot rate, the MAD is depreciating against the USD at 1, 2 and 3 month horizons. Against the Euro, the Dirham would appreciate on the same horizons.

The Dirham would depreciate by 0.9%, 0.6% and 0.6% over 1, 2 and 3 months. The USD/MAD parity would reach 9.42, 9.39 and 9.39 at horizons of 1, 2 and 3 months against a spot rate of 9.34.

Against the Euro, the MAD would appreciate by 0.8%, 1.1% and 1.1% over 1, 2 and 3 months. The EUR/MAD parity should reach 10.55, 10.52 and 10.52 at horizons 1, 2 and 3 months against a spot rate of 10.64

### 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>	+0.44%	-0.14%	-0.51%	+0.49%	+0.47%	-0.04%
<b>1 MONTH</b>	+0.68%	+1.27%	+0.27%	-0.11%	+0.52%	+0.09%
<b>YTD 2021</b>	+0.62%	+1.18%	-0.17%	+0.64%	+1.12%	-0.98%

Prices as of 02/11/2022



# APPENDICES

DATA AS OF FEBRUARY 14<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	115	116	116	115	109	108
<b>FORWARD</b>	116	116	116	115	114	112	109	106
<b>FORECAST</b>	USD/CAD	1.26	1.26	1.25	1.24	1.23	1.26	1.27
<b>FORWARD</b>	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.28
<b>FORECAST</b>	USD/CHF	0.93	0.93	0.93	0.93	0.93	0.89	0.91
<b>FORWARD</b>	0.93	0.92	0.92	0.92	0.91	0.89	0.88	0.86
<b>FORECAST</b>	GBP/USD	1.35	1.36	1.37	1.38	1.40	1.42	1.40
<b>FORWARD</b>	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.37

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

	Date	Q1-2022	Q2-2022	Q3-2022	Q4-2022	2023
Nomura Bank International	02/14/22	1.15	1.16	1.18	1.2	1.25
ABN Amro	02/11/22	1.12	1.1	1.08	1.07	1.05
TD Securities	02/11/22	1.13	1.16	1.17	1.19	1.23
BNP Paribas	02/10/22	1.15	1.16	1.17	1.18	1.2
Rabobank	02/10/22	1.13	1.11	1.13	1.15	1.18
NAB/BNZ	02/08/22	1.12	1.13	1.15	1.17	1.23
Westpac Banking	02/07/22	1.1	1.08	1.09	1.1	1.14
Commerzbank	02/04/22	1.12	1.14	1.15	1.16	1.12
Canadian Imperial Bank of Commerce	02/02/22	1.12	1.11	1.1	1.1	1.15
Scotiabank	02/02/22	1.12	1.1	1.09	1.08	1.1
UniCredit	02/02/22	1.12	1.11	1.1	1.1	1.08
Banco Bilbao Vizcaya Argentaria	02/01/22	1.13	1.13	1.13	1.13	1.16
Australia & New Zealand Banking Group	01/31/22	1.12	1.14	1.15	1.17	1.19
Argentex LLP	01/31/22	1.12	1.11	1.12	1.15	1.19
Mouvement Desjardins	01/31/22	1.13	1.14	1.15	1.16	1.2
Silicon Valley Bank	01/31/22	1.13	1.14	1.16	1.17	1.18
Swedbank	01/28/22	1.11	1.13	1.14	1.17	1.17

Prices as of 02/14/2022

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