



# WEEKLY MAD INSIGHTS

## CURRENCIES

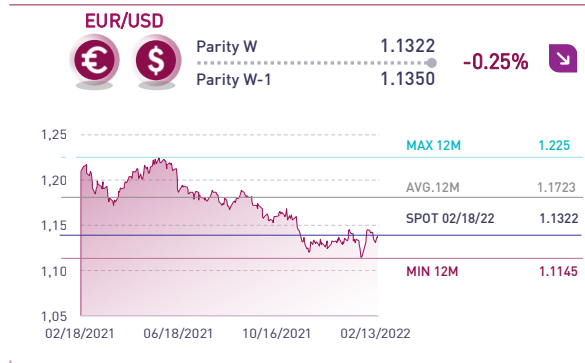
25 FEBRUARY  
2022

Week from 02/14/2022 to 02/18/2022

### MAIN WEEKLY VARIATIONS



### INTERNATIONAL HIGHLIGHTS



|                              | USD/MAD       | EUR/MAD       |
|------------------------------|---------------|---------------|
| Basket <sup>(1)</sup> effect | <b>+0.21%</b> | <b>-0.13%</b> |
| Market <sup>(2)</sup> effect | <b>+0.71%</b> | <b>+0.71%</b> |

(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>-4,233 MN</b> |
| Banks Foreign Exchange position W-1              | <b>-4,831 MN</b> |

(3) Calculated over the period from 02/03/2022 to 02/09/2022

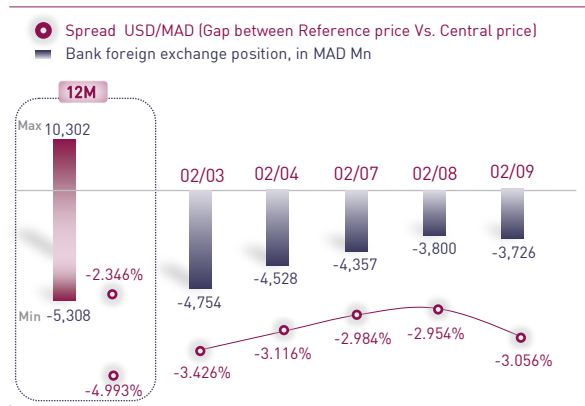
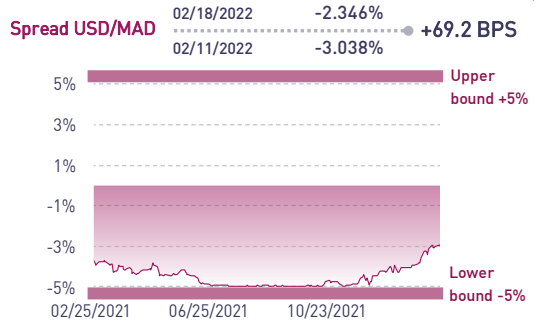
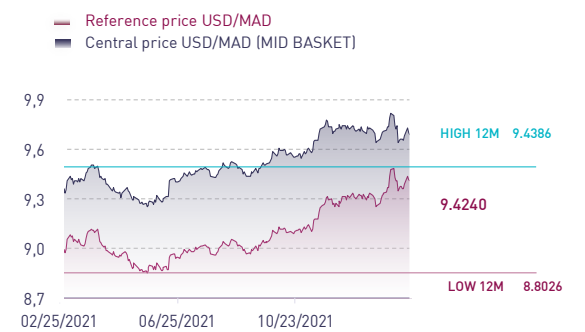
#### The return of risk aversion benefits the Dollar

The euro lost ground against the dollar this week, posting a weekly underperformance of -0.25%, falling from 1.1350 to 1.1322.

Geopolitical tensions between Russia and Western countries over the Ukrainian issue are worrying investors. The return of risk aversion in the markets is benefiting the dollar as a safe haven.

Expectations for ECB and Fed actions in MT remain unchanged. Investors remain uncertain about the process of raising US key rates in 2022.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



#### The USD/MAD pair hits a 7-month high

The depreciation of the Dirham against the Dollar is confirmed this week through a variation of the parity of +0.92% to 9.42.

The MAD thus exceeded the 9.40 threshold for the third time since the start of 2022. This level remains the highest since July 2020. The banks' foreign exchange position remains in deficit at -4.2 billion dirhams on a weekly average, i.e. the lowest since March 2020. Liquidity spreads are at their highest since October 2020, i.e. -2.3% compared to the previous week.

At the origin of the depreciation of the Dirham against the dollar this week: a *basket effect* of +0.21% and a *liquidity effect* of +0.71%.

### VOLATILITY INDICATORS

|                 | USDMAD | EURMAD | JPYMAD | CADMAD | GBPMAD | CFMAD |
|-----------------|--------|--------|--------|--------|--------|-------|
| <b>1 MONTH</b>  | 6.41%  | 4.97%  | 8.21%  | 7.01%  | 5.72%  | 7.03% |
| <b>2 MONTHS</b> | 5.64%  | 4.43%  | 7.15%  | 6.89%  | 5.52%  | 6.64% |
| <b>3 MONTHS</b> | 5.07%  | 4.21%  | 7.16%  | 8.09%  | 5.51%  | 6.53% |

#### Volatility rules currency markets

The tensions between Russia and Ukraine combined with uncertainties about the magnitude of the Fed's rate hikes in March 2022, induce increased volatility in the EUR/USD pair.

Consistent with our scenario of depreciation of the dirham on ST, we recommend that importers favor more hedging strategies on ST.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

25 FEBRUARY  
2022

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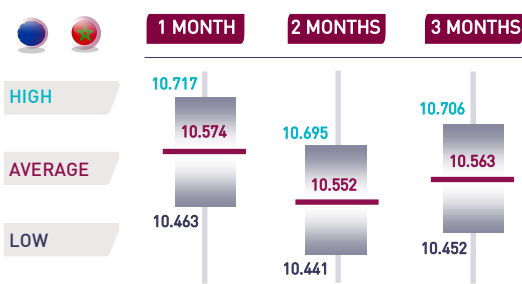
### EUR/USD OUTLOOK – BLOOMBERG

|                | SPOT       | Q1-22 | Q2-22 | Q3-22 | Q4-22 | 2023 | 2024 | 2025 | 2026 |
|----------------|------------|-------|-------|-------|-------|------|------|------|------|
| <b>MEDIAN</b>  |            | 1.12  | 1.13  | 1.15  | 1.16  | 1.18 | 1.21 | 1.24 | 1.20 |
| <b>AVERAGE</b> | 1.1322     | 1.12  | 1.13  | 1.14  | 1.15  | 1.17 | 1.20 | 1.22 | 1.21 |
| <b>+HIGH</b>   | 02/18/2022 | 1.16  | 1.18  | 1.18  | 1.20  | 1.25 | 1.25 | 1.26 | 1.27 |
| <b>+LOW</b>    |            | 1.09  | 1.08  | 1.08  | 1.07  | 1.05 | 1.13 | 1.16 | 1.16 |
| <b>FORWARD</b> |            | 1.13  | 1.14  | 1.14  | 1.15  | 1.17 | 1.19 | 1.20 | 1.22 |

EUR/USD forecasts from international brokers have been broadly stable this week. In Q1-22, the pair would move to 1.12. The pair would settle at 1.13 in Q2-22 and then at 1.14 in Q3-22. In Q4-22, the target is 1.15 before reaching 1.17 in 2023. The target level of the pair is 1.20 in 2024 against 1.19 (a week before) and 1.22 at horizon 2025.

US President Biden's latest speech regarding tensions between Ukraine and Russia has worried investors. In the event of an escalation, sanctions could apply to Russia and inflationary pressures could take place on energy prices internationally. This situation marks a return to risk aversion. As for central banks, monetary policy expectations remain stable in favor of a gradual rise in US rates during 2022. Euro rates, for their part, should remain stable at least until the end of 2022. This discrepancy in monetary policy between the Fed and the ECB regarding the timing of the hike in its interest rates favors the Dollar at ST.

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



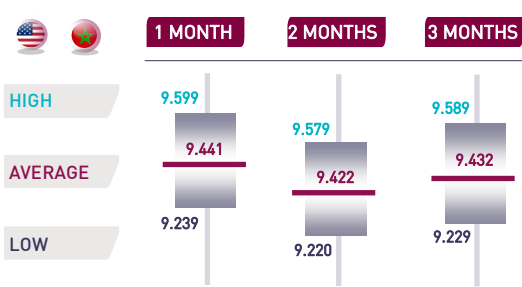
Based on EUR/USD Bloomberg forecast for Q1-22

Given the EUR/USD forecast and MAD liquidity conditions, we have revised our 1, 2, and 3 month forecasts upwards.

Compared to the current 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 0.2%, 0.0% and 0.1% over 1, 2 and 3 months. The USD/MAD parity should reach 9.44, 9.42 and 9.43 at horizons of 1, 2 and 3 months against a spot rate of 9.42.

Against the Euro, the MAD would appreciate by 1.2%, 1.4% and 1.3% over 1, 2 and 3 months. The EUR/MAD parity would reach 10.57, 10.55 and 10.56 at horizons of 1, 2 and 3 months against a spot rate of 10.70.



Based on EUR/USD Bloomberg forecast for Q1-22

### 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>   | +0.92%  | +0.58%  | +1.60%  | +1.07%  | +1.30%  | +1.52%  |
| <b>1 MONTH</b>  | +1.85%  | +1.57%  | +1.39%  | +0.32%  | +1.86%  | +1.15%  |
| <b>YTD 2021</b> | +1.55%  | +1.77%  | +1.43%  | +1.72%  | +2.43%  | +0.52%  |

Prices as of 02/18/2022



# APPENDICES

DATA AS OF FEBRUARY 23<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   | 115  | 108  | 107  |
| <b>FORWARD</b>  | 115     | 115   | 115   | 114   | 114   | 111  | 108  | 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  | 1.28 | 1.28 | 1.28 |
| <b>FORECAST</b> | USD/CHF | 0.93  | 0.93  | 0.93  | 0.93  | 0.93 | 0.91 | 0.95 |
| <b>FORWARD</b>  | 0.92    | 0.92  | 0.92  | 0.91  | 0.91  | 0.89 | 0.87 | 0.86 |
| <b>FORECAST</b> | GBP/USD | 1.35  | 1.36  | 1.37  | 1.38  | 1.40 | 1.43 | 1.42 |
| <b>FORWARD</b>  | 1.36    | 1.36  | 1.36  | 1.36  | 1.36  | 1.36 | 1.36 | 1.36 |

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

|                                    | Date     | Q1-2022 | Q2-2022 | Q3-2022 | Q4-2022 | 2023 |
|------------------------------------|----------|---------|---------|---------|---------|------|
| Axis Bank                          | 02/18/22 | --      | 1.15    | 1.16    | 1.16    | 1.17 |
| Nomura Bank International          | 02/17/22 | 1.15    | 1.16    | 1.18    | 1.2     | 1.25 |
| Swedbank                           | 02/17/22 | 1.12    | 1.14    | 1.16    | 1.18    | 1.2  |
| Maybank Singapore                  | 02/16/22 | 1.12    | 1.14    | 1.16    | 1.18    | 1.2  |
| Landesbank Baden-Wuerttemberg      | 02/15/22 | 1.1     | 1.1     | 1.09    | 1.08    | 1.1  |
| Ebury                              | 02/14/22 | 1.14    | 1.15    | 1.17    | 1.19    | 1.22 |
| 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 |

Prices as of 02/23/2022

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