



WEEKLY MAD INSIGHTS

CURRENCIES

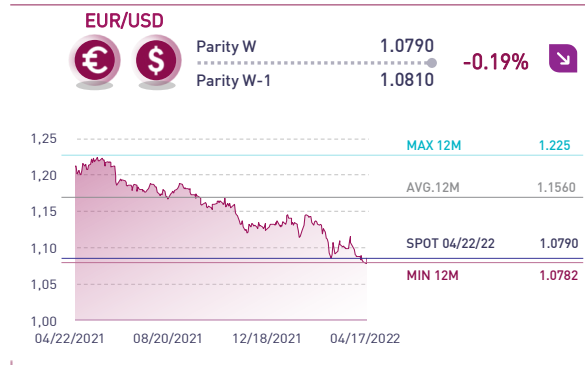
28 APRIL
2022

Week from 04/18/2022 to 04/22/2022

MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.00%	+0.00%
Market ⁽²⁾ effect	+0.27%	+0.27%

(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	-3,382 MN
Banks Foreign Exchange position W-1	-3,060 MN

(3) Calculated over the period from 04/11/2022 to 04/15/2022

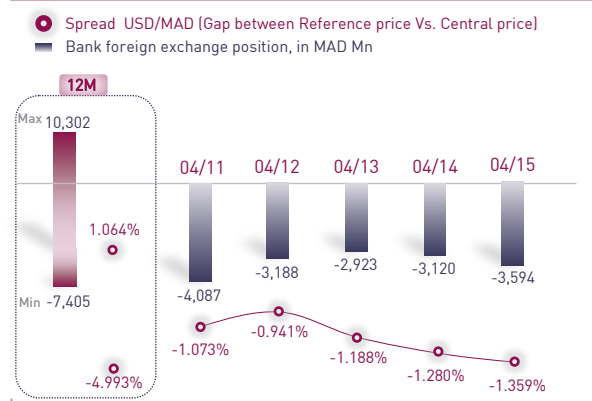
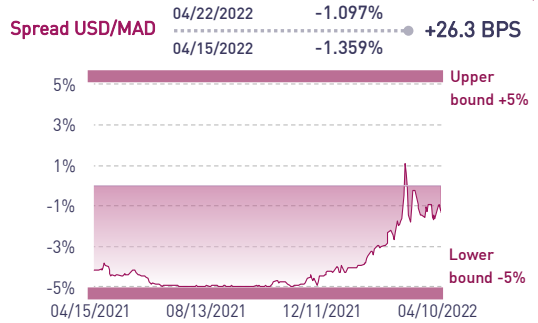
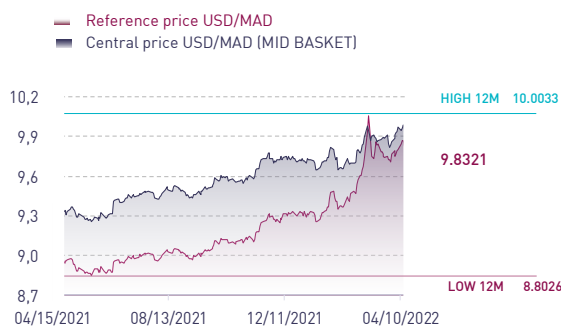
The Fed is heading towards a restrictive monetary policy

The euro depreciated against the dollar by -0.19%, down from 1.0810 to 1.0790, i.e. a 2-year low.

Despite record inflation in the euro zone confirmed at 7.4% during of March, the ECB has still not given a timetable for rate hikes. The latter, however, specified last Thursday that the asset purchase program should end by the 3rd quarter.

As inflation soars to 8.5% in March, the highest since 1981 in the US, Fed Chairman Jerome Powell said that successive rate hikes are necessary to achieve Fed's targets. He also indicated that a 50 bps hike will be proposed at the next FOMC meeting in May.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



The MAD depreciates for the 4th week against the USD

The Dirham is depreciating this week against the EUR and the USD for the 4th week in a row. This is due to a restrictive liquidity effect of the MAD of +0.27% and a neutral basket effect.

The USD/MAD and EUR/MAD parities thus changed by +0.27% this week. The tightening of liquidity on the interbank foreign exchange market led to an increase in MAD liquidity spreads from -1.4% to -1.1% over the week. We further note a decrease in the banks' foreign exchange position. It went from MAD -3.1 bn on a weekly average to MAD -3.4 bn this week.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	5.76%	6.87%	12.79%	6.55%	6.70%	8.50%
2 MONTHS	10.68%	10.54%	15.54%	11.72%	10.63%	11.16%
3 MONTHS	9.54%	9.16%	13.72%	10.45%	9.31%	10.12%

Uncertainty dominates the forex market

The uncertainties around the situation in Ukraine and the next orientations of the ECB are fueling high currency volatility on the foreign exchange market.

Under these conditions, we recommend dollar exporting investors to set up very ST hedging strategies on the MAD.

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EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025	2026
MEDIAN		1.10	1.11	1.13	1.14	1.15	1.20	1.19	1.20
AVERAGE	1.0790	1.10	1.11	1.12	1.13	1.16	1.19	1.19	1.19
+HIGH	04/22/2022	1.14	1.16	1.20	1.20	1.23	1.25	1.27	1.21
+LOW		1.05	1.06	1.05	1.05	1.05	1.09	1.10	1.16
FORWARD		1.07	1.08	1.09	1.10	1.11	1.13	1.15	1.17

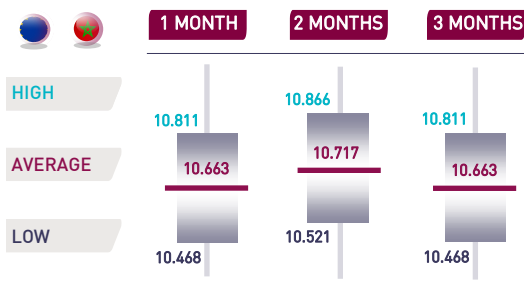
EUR/USD forecasts from international brokers have been stable this week. In Q2-22, the pair would move to 1.10. The pair would settle at 1.11 in Q3-22 and then at 1.12 in Q4-22. In Q1-23, this would change to 1.13. Finally in 2023, the target is 1.16 before reaching 1.19 over a longer horizon during the 2024-2026 period.

The single currency is penalized over the ST by the situation in Ukraine and its impact on global economic growth. During its last monetary policy meeting, the ECB has still not given a clear timetable for raising interest rates despite record inflation of 7.4% in March. The ECB only specified that its Asset Purchase program should end in the Q3 and that a rate hike could take place in 2022.

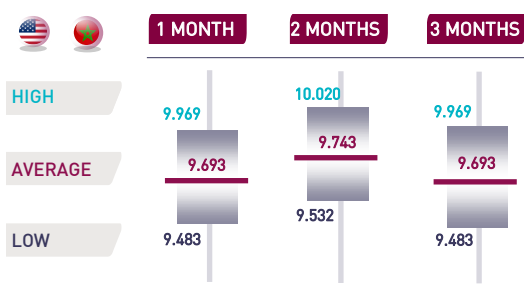
The Fed, for its part, should continue to tighten its monetary policy as inflation soars to 8.5% in March, the highest since 1981. Fed Chairman Jerome Powell has indicated that a 50 bps rate hike is now on the table at the next FOMC meeting in May.

The fragility of growth in Europe and the divergences in the timetable for the normalization of monetary policies between the Fed and the ECB further favor the dollar against the Euro on the ST.

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



Based on EUR/USD Bloomberg forecast for Q2-22



Based on EUR/USD Bloomberg forecast for Q2-22

Given the EUR/USD forecast and MAD liquidity conditions, we have revised our MAD forecast upwards for the next 3 months.

Compared to the spot price, the MAD should appreciate against the USD over 1, 2 and 3 months.

The target levels of the USD/MAD parity stand at 9.69; 9.74 and 9.69 over 1, 2 and 3 month horizons against a spot rate of 9.83.

Against the Euro, the Dirham should depreciate over the same horizons.

The target levels of the EUR/MAD parity stand at 10.66; 10.72 and 10.66 at 1, 2 and 3 month horizons against a spot price 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
1 WEEK	+0.27%	+0.27%	-1.17%	-0.33%	-1.10%	-1.13%
1 MONTH	+1.02%	-0.67%	-4.87%	+0.33%	-1.47%	-1.20%
YTD 2022	+5.94%	+1.14%	-4.99%	+6.35%	+1.18%	+1.15%

Prices as of 04/22/2022



APPENDICES

DATA AS OF APRIL 25TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025
FORECAST	USD/JPY	124	122	120	120	119	116	115
FORWARD	128	128	127	126	125	122	118	114
FORECAST	USD/CAD	1.25	1.25	1.25	1.23	1.23	1.23	1.28
FORWARD	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28
FORECAST	USD/CHF	0.94	0.94	0.94	0.94	0.93	0.93	0.94
FORWARD	0.96	0.96	0.95	0.94	0.94	0.92	0.90	0.88
FORECAST	GBP/USD	1.31	1.33	1.34	1.34	1.37	1.41	1.42
FORWARD	1.27	1.27	1.27	1.27	1.28	1.28	1.29	1.30

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

	Date	Q2-2022	Q3-2022	Q4-2022	Q1-2023	2023
Westpac Banking	04/22/22	1.1	1.11	1.12	1.13	1.15
Swedbank	04/21/22	1.12	1.14	1.15	1.16	1.18
Commonwealth Bank of Australia	04/20/22	1.05	1.08	1.12	1.15	1.15
Rabobank	04/20/22	1.09	1.1	1.1	1.11	1.18
Skandinaviska Enskilda Banken	04/20/22	1.07	1.08	1.09	1.12	1.2
Nomura Bank International	04/14/22	1.08	1.1	1.14	--	1.2
Citigroup	04/13/22	1.08	1.09	1.1	1.1	1.12
Maybank Singapore	04/11/22	1.12	1.13	1.15	1.15	1.2
Banco Bilbao Vizcaya Argentaria	04/08/22	1.08	1.11	1.13	1.14	1.17
Commerzbank	04/08/22	1.12	1.14	1.16	1.15	1.12
ING Financial Markets	04/08/22	1.08	1.08	1.1	1.11	1.15
NAB/BNZ	04/08/22	1.11	1.13	1.15	1.17	1.23
Argentex LLP	04/07/22	1.06	1.09	1.1	1.12	1.15
RBC Capital Markets	04/07/22	1.1	1.09	1.08	1.07	1.09
Alpha Bank	04/06/22	1.11	1.13	1.14	1.15	1.15
Axis Bank	04/04/22	1.15	1.11	1.12	1.13	1.13
Investec	04/04/22	1.12	1.14	1.15	1.16	1.18

Prices as of 04/25/2022

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