



# WEEKLY MAD INSIGHTS

## CURRENCIES

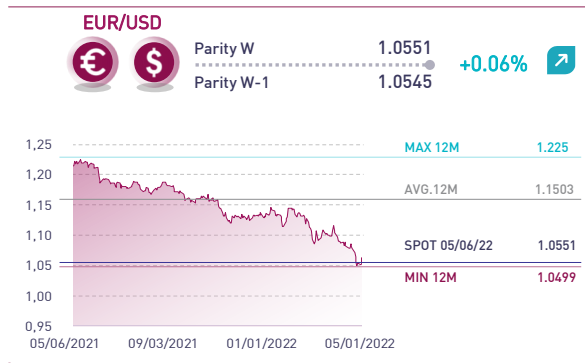
13 MAY 2022

Week from 05/02/2022 to 05/06/2022

### MAIN WEEKLY VARIATIONS

	USD/MAD	-0.03%	9.9908		CAD/MAD	-0.74%	7.7877
	EUR/MAD	+0.27%	10.5613		GBP/MAD	-1.74%	12.3350
	JPY/MAD	-0.36%	7.6587		CHF/MAD	-1.51%	10.1380

### INTERNATIONAL HIGHLIGHTS



	Basket <sup>(1)</sup> effect	USD/MAD	-0.18%	EUR/MAD	+0.12%
	Market <sup>(2)</sup> effect		+0.15%		+0.15%

(1) Impact of the variation of the EUR/USD parity  
(2) Impact of the variation in the liquidity spread (Supply / Demand)

	Banks Foreign Exchange position <sup>(3)</sup> W	-4,076 MN
	Banks Foreign Exchange position W-1	-3,548 MN

(3) Calculated over the period from 04/20/2022 to 04/26/2022

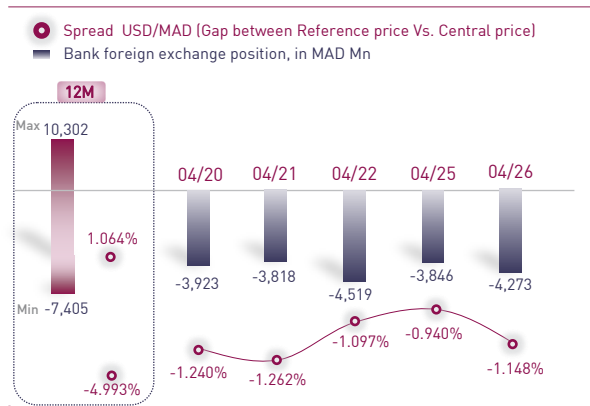
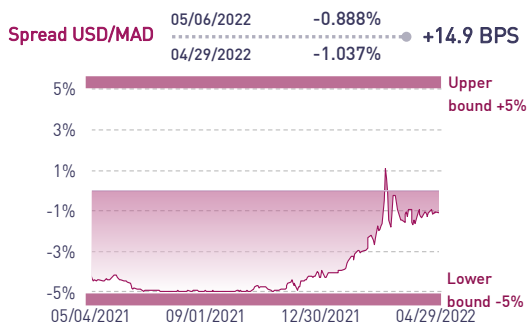
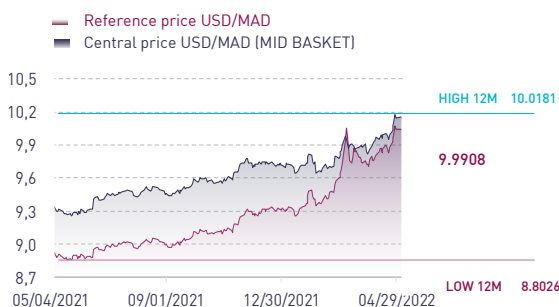
### Fed keeps on tightening its monetary policy in May

The euro rose slightly against the dollar by +0.06%, rising from 1.0545 to 1.0551, i.e. a 5-year low.

At its monthly monetary meeting, the FED decided to raise Fed Funds rates by +50 PBS, the largest increase since 2000. This decision was widely anticipated by the markets and follows the rate hike of +25 BPS last March, the first hike since 2018.

According to Fed Chairman Jerome Powell, the Fed should proceed with further rate hikes with similar magnitudes by the end of 2022 in order to counter the surge of inflation in the United States to 40 year highs.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### USD/MAD stable at 9.99, a 2-year high

The USD/MAD parity is settling this week at 9.99. This is due to a basket effect for the MAD of -0.18% offset by a liquidity effect of +0.15%. The USD depreciated slightly by -0.03% against the dirham over one week but remains at 2-year highs.

Liquidity conditions in the interbank foreign exchange market have tightened this week with MAD liquidity spreads at -0.9% vs -1.0% a week earlier. This situation is explained by higher import flows at this time of the year. The surge in prices of MPs internationally has also contributed to the increase in foreign currency imports and therefore to the appreciation of the Dollar against the Dirham.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	5.83%	5.65%	11.73%	7.35%	7.91%	7.96%
2 MONTHS	10.70%	10.24%	15.73%	11.63%	10.90%	11.02%
3 MONTHS	9.40%	9.10%	14.56%	10.39%	9.92%	10.30%

### MAD under the pressure of the energy bill

As a net oil-importing country, the appreciation of international energy prices increases Morocco's payments in foreign currencies. This situation puts pressure on liquidity conditions and on the MAD at ST.

In the current volatile currency markets, we recommend very ST flexible hedging strategies.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

13 MAY  
2022

Week from 05/02/2022 to 05/06/2022

### EUR/USD OUTLOOK – BLOOMBERG

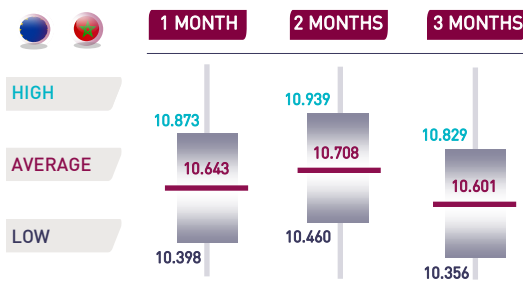
	SPOT	Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025	2026
<b>MEDIAN</b>		1.07	1.09	1.12	1.12	1.15	1.20	1.21	--
<b>AVERAGE</b>	1.0551	1.07	1.09	1.11	1.12	1.15	1.19	1.21	--
<b>+HIGH</b>	05/06/2022	1.13	1.16	1.20	1.20	1.23	1.25	1.27	--
<b>+LOW</b>		1.01	1.01	1.00	1.02	1.09	1.15	1.16	--
<b>FORWARD</b>		1.06	1.06	1.07	1.08	1.09	1.11	1.13	1.15

EUR/USD forecasts from international brokers have been revised downwards this week. In Q2-22, the pair would trade at 1.07 versus 1.08 a week earlier. The pair would settle at 1.09 in Q3-22 against 1.10 initially, then at 1.11 in Q4-22 against 1.12 the previous week. In Q1-23, this would change to 1.12 against 1.13 initially. In 2023, the target is 1.15 instead of 1.16 before reaching 1.19 in 2024 and 1.21 in 2025.

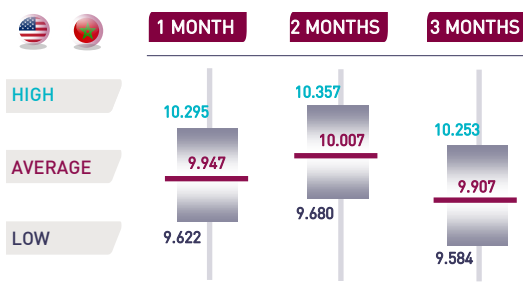
The single currency is penalized on the ST by the situation in Ukraine and its impact on global economic growth. The ECB has still not given a clear timetable for raising interest rates despite record inflation of 7.5% in April. Meanwhile, the Fed is accelerating its monetary policy tightening with a +50 BPS hike last Wednesday following a first hike of +25 BPS last March. Indeed, Jerome Powell has indicated that a rate hike of 50 BPS will be on the table at the next two FOMC meetings.

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.

### 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 the liquidity conditions of the interbank foreign exchange market, we have revised our USD/MAD forecast for the next 3 months.

The MAD should appreciate against the USD over 1 month and depreciate over the next 2 months with greater import flows at this time of year, especially with the increase in the prices of imported products.

The dirham should appreciate within 3 months. This period coincides with travels and workers' remittances hot period.

Recall that Morocco is preparing to host the 2nd operation "Marhaba 2", after a great success during the first edition.

The target levels of the USD/MAD parity stand at 9.94; 10.01 and 9.91 over 1, 2 and 3 month horizons against a spot price of 9.99.

On the other hand, the Dirham should depreciate against the Euro over the same horizons. The target levels of the EUR/MAD parity stand at 10.64; 10.71 and 10.60 over 1, 2 and 3 month horizons against a spot price of 10.56.

### 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>	-0.03%	+0.27%	-0.36%	-0.74%	-1.74%	-1.51%
<b>1 MONTH</b>	+2.84%	-0.48%	-2.35%	+0.13%	-2.99%	-2.69%
<b>YTD 2022</b>	+7.65%	+0.43%	-5.02%	+6.78%	-1.52%	-0.35%

Prices as of 05/06/2022



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# APPENDICES

DATA AS OF MAY 10<sup>TH</sup>, 2022

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025
<b>FORECAST</b>	USD/JPY	128	126	126	125	120	117	115
<b>FORWARD</b>	131	130	130	129	128	124	120	116
<b>FORECAST</b>	USD/CAD	1.26	1.25	1.25	1.24	1.24	1.25	1.29
<b>FORWARD</b>	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
<b>FORECAST</b>	USD/CHF	0.96	0.95	0.94	0.95	0.96	0.92	0.95
<b>FORWARD</b>	1	0.99	0.99	0.98	0.97	0.95	0.93	0.91
<b>FORECAST</b>	GBP/USD	1.28	1.30	1.32	1.32	1.36	1.36	1.40
<b>FORWARD</b>	1.23	1.23	1.23	1.23	1.24	1.25	1.26	1.27

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

	Date	Q2-2022	Q3-2022	Q4-2022	Q1-2023	2023
Argentex LLP	05/10/22	1.06	1.09	1.1	1.12	1.15
Capital Economics	05/06/22	1.04	1.02	1	1.03	1.1
Commerzbank	05/06/22	1.1	1.13	1.16	1.15	1.12
Swedbank	05/06/22	1.08	1.1	1.12	1.14	1.16
Investec	05/05/22	1.06	1.08	1.1	1.12	1.15
RBC Capital Markets	05/05/22	1.06	1.03	1	1.02	1.09
Landesbank Baden-Wuerttemberg	05/04/22	1.03	1.06	1.08	1.09	1.12
Alpha Bank	05/03/22	1.05	1.1	1.12	1.13	1.14
Mouvement Desjardins	05/02/22	1.1	1.12	1.15	1.17	1.2
UniCredit	05/02/22	1.03	1.06	1.08	1.1	1.13
Credit Agricole CIB	04/29/22	1.06	1.08	1.1	1.1	1.15
Nomura Bank International	04/29/22	1.08	1.1	1.14	--	1.2
X-Trade Brokers Dom Maklerski	04/29/22	1.05	1.06	1.07	1.08	1.1
TD Securities	04/28/22	1.08	1.13	1.17	1.2	1.23
Australia & New Zealand Banking Group	04/27/22	1.09	1.1	1.12	1.13	1.16
Emirates NBD	04/27/22	1.09	1.09	1.1	1.12	1.15
Morgan Stanley	04/26/22	1.08	1.11	1.14	1.15	1.17

Prices as of 05/10/2022

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