



WEEKLY MAD INSIGHTS

CURRENCIES

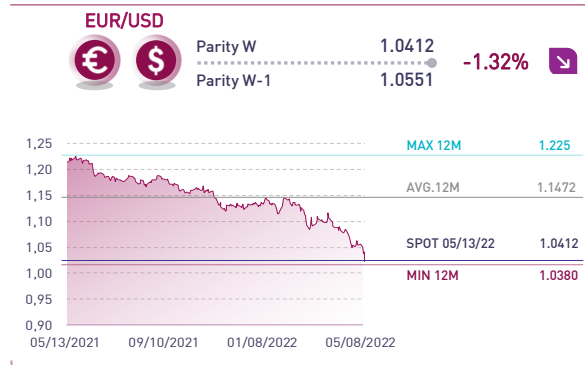
20 | MAY 2022

Week from 05/09/2022 to 05/13/2022

MAIN WEEKLY VARIATIONS

		+1.43%			+0.11%
USD/MAD		10.1338	CAD/MAD		7.7964
		-0.29%			+0.28%
EUR/MAD		10.5310	GBP/MAD		12.3700
		+2.61%			+0.01%
JPY/MAD		7.8587	CHF/MAD		10.1390

INTERNATIONAL HIGHLIGHTS



	Basket⁽¹⁾ effect	+1.03%	-0.69%
	Market⁽²⁾ effect	+0.40%	+0.40%

(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⁽³⁾ W	-2,864 MN
	Banks Foreign Exchange position W-1	-4,174 MN

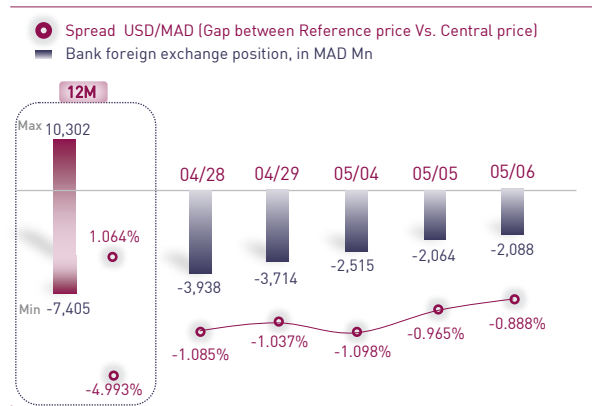
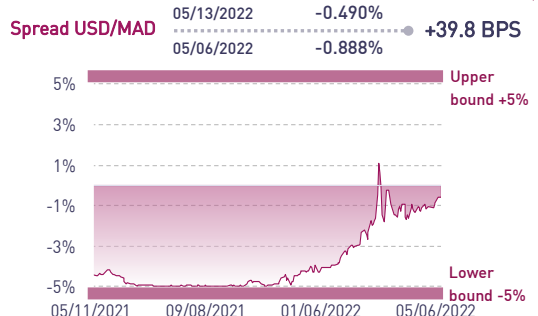
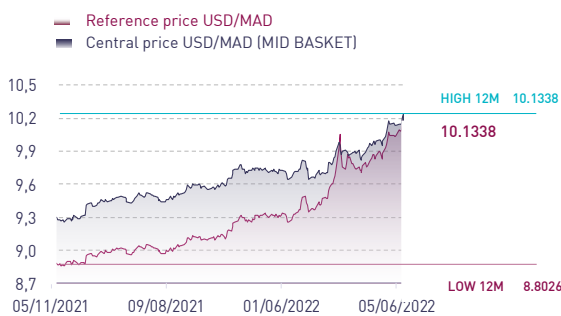
(3) Calculated over the period from 04/28/2022 to 05/06/2022

The Dollar index peaks at a 20-year high

The euro depreciated this week against the dollar by -1.32%, down from 1.0551 to 1.0412, its lowest level since Jan. 2017. The dollar index reached a 20-year high against a basket of foreign currencies, taking advantage of its safe haven status and expectations of rising US interest rates.

After raising key rates by +50 PBS the previous week, the Fed is expected to make two more hikes of +50 PBS at the FOMC meetings in mid-June and at the end of July, according to Fed Chairman Jerome Powell. This orientation of the Fed's monetary policy would continue following the publication of US inflation at 8.3% in April, still at 40-year high.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



The USD/MAD parity exceeds the threshold of 10

The USD/MAD parity is strengthening this week at 10.13. Originally, a significant basket effect for the MAD of +1.03% to which is added a liquidity effect of +0.40%. The dollar thus appreciated by +1.43% against the dirham over one week to its highest since April 2020.

Liquidity conditions on the interbank foreign exchange market have tightened this week with MAD liquidity spreads of -0.5% against -0.9% a week earlier. This situation is explained by higher import flows at this time of the year. The surge in international commodity prices also contributed to the rise in foreign currency imports and therefore to the appreciation of the dollar against the dirham.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	6.43%	4.55%	13.19%	8.10%	8.07%	7.24%
2 MONTHS	6.57%	7.19%	13.48%	8.79%	8.62%	8.33%
3 MONTHS	9.52%	9.17%	15.17%	10.58%	10.02%	10.43%

The summer period should support the MAD

Volatility remains on the foreign exchange market given the strong risk aversion due to the geopolitical context and the monetary policy decisions of the Fed and the ECB.

Given market and liquidity conditions, we recommend that dollar exporters implement hedging strategies over the ST.

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WEEKLY MAD INSIGHTS

CURRENCIES

20 | MAY
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Week from 05/09/2022 to 05/13/2022

EUR/USD OUTLOOK – BLOOMBERG

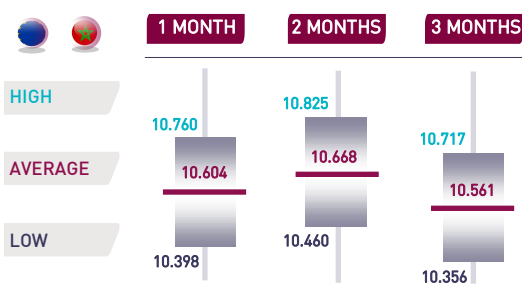
	SPOT	Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025	2026
MEDIAN		1.06	1.08	1.10	1.12	1.15	1.18	1.20	1.20
AVERAGE	1.0412	1.06	1.07	1.09	1.10	1.15	1.18	1.21	1.19
+HIGH	05/13/2022	1.10	1.13	1.17	1.20	1.23	1.24	1.27	1.21
+LOW		1.01	1.00	1.00	1.00	1.09	1.15	1.16	1.16
FORWARD		1.06	1.06	1.07	1.08	1.09	1.11	1.13	1.15

EUR/USD forecasts from international brokers have been revised downwards this week. In Q2-22, the pair would trade at 1.06 versus 1.07 a week earlier. The pair would settle at 1.07 in Q3-22 against 1.09 initially, then at 1.09 in Q4-22 against 1.11 the previous week. In Q1-23, this would change to 1.10 against 1.12 initially. In 2023, the target is 1.15 before reaching 1.18 in 2024 against 1.19 initially, 1.21 in 2025 and 1.19 in 2026.

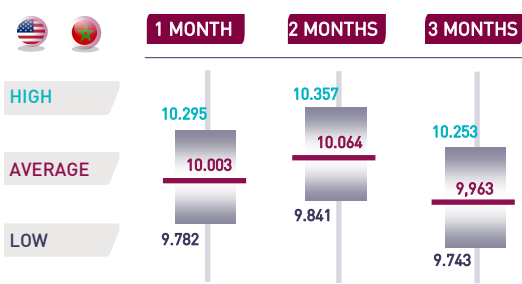
The single currency is penalized over the ST by the situation in Ukraine and its impact on global economic growth. The ECB has still not given a clear timetable for raising interest rates despite record inflation of 7.5% in April. The Fed, for its part, is accelerating the tightening of its monetary policy with an increase of +50 PBS last Wednesday and should proceed with 2 similar increases at the next two FOMC meetings in mid-June and at the end of July according to its Chairman, Jerome Powell. This tightening of the Fed's monetary policy should continue as US inflation settles at 8.3% in April, still at 40-year highs.

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

The MAD should appreciate against the USD over 1-month, 2-month and 3-month horizon. This corresponds to the summer period. It should support the dirham until August with the launch of Operation "Marhaba" and tourist inflow to Morocco.

The target levels of the USD/MAD parity stand at 10.00; 10.06 and 9.96 over 1, 2 and 3 month horizons against a spot price of 10.13.

Against the euro, the dirham should depreciate over the same horizons.

The target levels of the EUR/MAD parity stand at 10.60; 10.67 and 10.56 at 1, 2 and 3 month horizons against a spot price of 10.53.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+1.43%	-0.29%	+2.61%	+0.11%	+0.28%	+0.01%
1 MONTH	+3.21%	-0.93%	+0.74%	+0.49%	-3.08%	-3.50%
YTD 2022	+9.20%	+0.14%	-2.54%	+6.90%	-1.25%	-0.34%

Prices as of 05/13/2022



APPENDICES

DATA AS OF MAY 18TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025
FORECAST	USD/JPY	129	129	128	125	120	116	113
FORWARD	129	129	128	127	126	123	119	115
FORECAST	USD/CAD	1.28	1.26	1.26	1.25	1.24	1.25	1.29
FORWARD	1.28	1.28	1.28	1.28	1.28	1.28	1.29	1.29
FORECAST	USD/CHF	0.98	0.97	0.96	0.96	0.95	0.91	0.91
FORWARD	0.99	0.99	0.98	0.98	0.97	0.95	0.93	0.91
FORECAST	GBP/USD	1.26	1.28	1.29	1.30	1.35	1.36	1.41
FORWARD	1.25	1.25	1.25	1.25	1.25	1.26	1.27	1.28

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

	Date	Q2-2022	Q3-2022	Q4-2022	Q1-2023	2023
ABN Amro	05/17/22	1.07	1.06	1.05	1.06	1.1
Standard Chartered	05/17/22	1.04	1.07	1.1	1.12	1.2
Westpac Banking	05/17/22	1.05	1.07	1.09	1.11	1.15
Ebury	05/16/22	1.06	1.09	1.12	1.14	1.18
Nomura Bank International	05/12/22	1.08	1.1	1.14	--	1.2
Morgan Stanley	05/11/22	1.06	1.03	1.05	1.07	1.11
Rabobank	05/11/22	1.03	1.04	1.07	1.09	1.18
Argentex LLP	05/10/22	1.06	1.09	1.1	1.12	1.15
NAB/BNZ	05/10/22	1.06	1.02	1.01	1.02	1.1
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

Prices as of 05/18/2022

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