



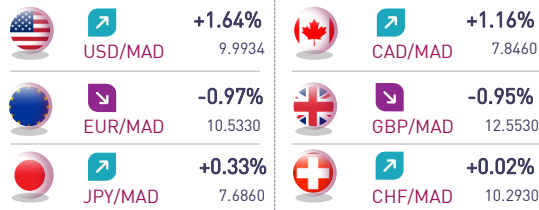
WEEKLY MAD INSIGHTS

CURRENCIES

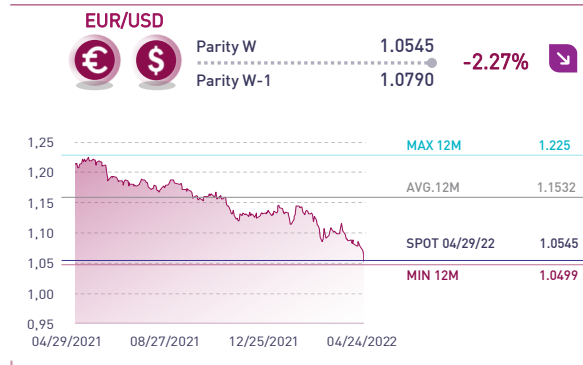
06 | MAY
2022

Week from 04/25/2022 to 04/29/2022

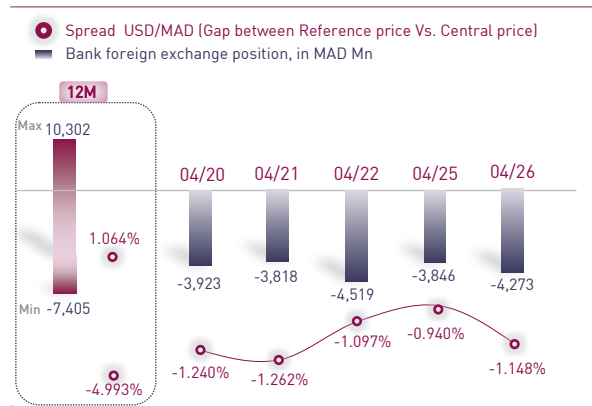
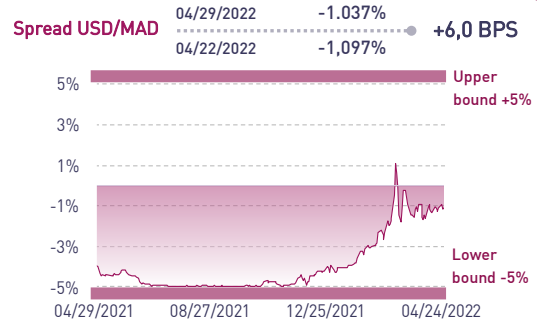
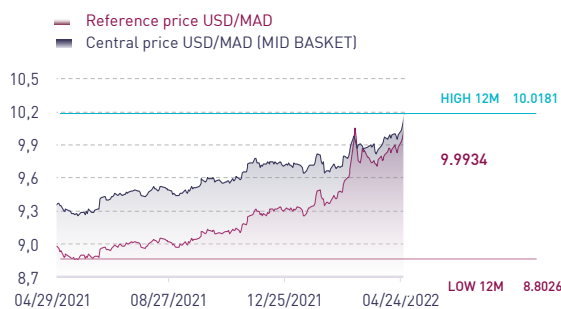
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



USD/MAD parity at its highest since April 2020

The USD/MAD pair crossed the 10 threshold for the first time in 2 years last Thursday before closing the week at 9.99. The dirham depreciates against the USD for the 5th consecutive week. This is due to a restrictive basket effect for the MAD of +1.58% against an almost neutral liquidity effect of 0.06%. The dollar thus appreciated by +1.64%, the strongest weekly increase of the year.

The tightening of liquidity on the interbank foreign exchange market led to an increase in MAD liquidity spreads from -1.1% to -1.0% over the week. We note a drop in the banks' foreign exchange position, down from -3.5 to MAD -4.1 billion on a weekly average.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	6.54%	7.16%	12.38%	7.04%	7.48%	8.03%
2 MONTHS	10.74%	10.17%	16.08%	11.53%	10.72%	11.01%
3 MONTHS	9.60%	9.32%	14.44%	10.35%	9.64%	10.11%

MAD under pressure awaiting 'Marhaba' operation

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

Given the market conditions and low MAD levels, we recommend that dollar exporters implement flexible hedging strategies over the short turn.

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WEEKLY MAD INSIGHTS

CURRENCIES

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EUR/USD OUTLOOK – BLOOMBERG

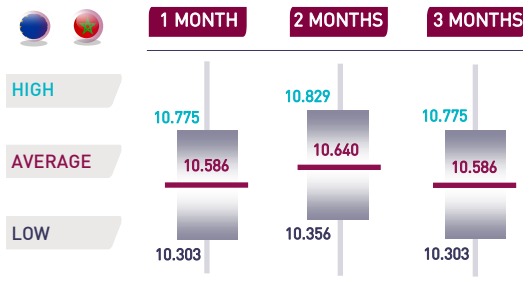
	SPOT	Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025	2026
MEDIAN		1.08	1.10	1.12	1.13	1.15	1.20	1.19	1.20
AVERAGE	1.0545	1.08	1.10	1.12	1.13	1.16	1.19	1.21	1.19
+HIGH	04/29/2022	1.13	1.16	1.20	1.20	1.23	1.25	1.27	1.21
+LOW		1.01	1.01	1.04	1.03	1.09	1.15	1.16	1.16
FORWARD		1.06	1.06	1.07	1.08	1.10	1.12	1.14	1.15

EUR/USD forecasts from international brokers have been stable this week. In Q2-22, the pair would trade at 1.08 versus 1.10 a week earlier. The pair would settle at 1.10 in Q3-22 against 1.11 initially, then at 1.12 in Q4-22. In Q1-23, this would change to 1.13. In 2023, the target is 1.16 before reaching 1.19 in 2024, 1.21 in 2025 against 1.19 a week earlier, then 1.19 in 2026.

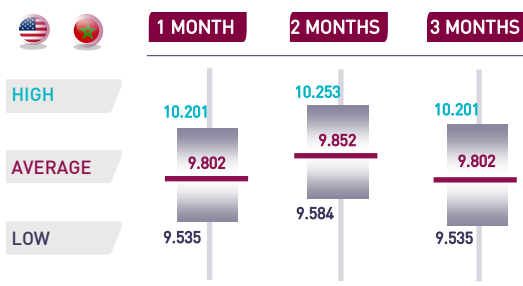
The single currency is penalized on the ST by the situation in Ukraine and its impact on global economic growth. The ECB has still not given a clear timetable for raising interest rates despite record inflation of 7.5% in April. The Fed, meanwhile, should continue to tighten monetary policy. Its Chairman, Jerome Powell, has indicated that a rate hike of 50 PBS 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 still 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 during Q2-22, we have revised our USD/MAD forecast upwards for the next 3 months.

The MAD should appreciate against the USD over 1, 2 and 3 months. This scenario is supported by the launch of the "Marhaba" operation, the impact of which would be visible on the liquidity of the foreign exchange market in Morocco.

The target levels of the USD/MAD parity stand at 9.80; 9.85 and 9.80 over 1, 2 and 3 month horizons against a spot price of 9.99.

Against the Euro, the Dirham should depreciate over the same horizons. The target levels of the EUR/MAD parity stand at 10.59; 10.64 and 10.59 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	+1.64%	-0.97%	+0.33%	+1.16%	-0.95%	+0.02%
1 MONTH	+3.27%	-1.84%	-2.03%	+1.34%	-1.20%	-0.54%
YTD 2022	+7.68%	+0.16%	-4.68%	+7.58%	+0.22%	+1.17%

Prices as of 04/29/2022



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APPENDICES

DATA AS OF MAY 04TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025
FORECAST	USD/JPY	125	125	125	124	119	115	113
FORWARD	130	130	129	128	127	123	119	115
FORECAST	USD/CAD	1.25	1.25	1.25	1.24	1.23	1.23	1.28
FORWARD	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
FORECAST	USD/CHF	0.95	0.94	0.94	0.94	0.95	0.93	0.94
FORWARD	0.98	0.98	0.97	0.96	0.95	0.93	0.91	0.89
FORECAST	GBP/USD	1.29	1.31	1.33	1.34	1.37	1.38	1.41
FORWARD	1.25	1.25	1.25	1.25	1.26	1.26	1.28	1.29

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

	Date	Q2-2022	Q3-2022	Q4-2022	Q1-2023	2023
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
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
Citigroup	04/13/22	1.08	1.09	1.1	1.1	1.12

Prices as of 04/25/2022

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