



WEEKLY MAD INSIGHTS

CURRENCIES

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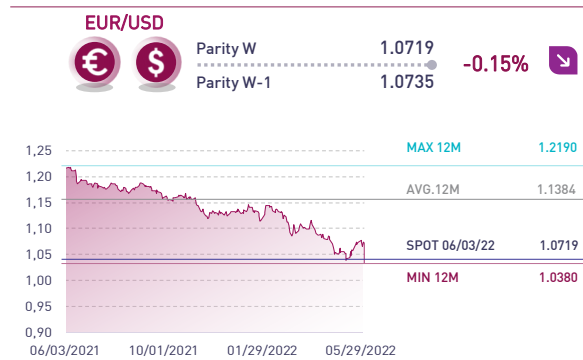
10 | JUNE
2022

Week from 05/30/2022 to 06/03/2022

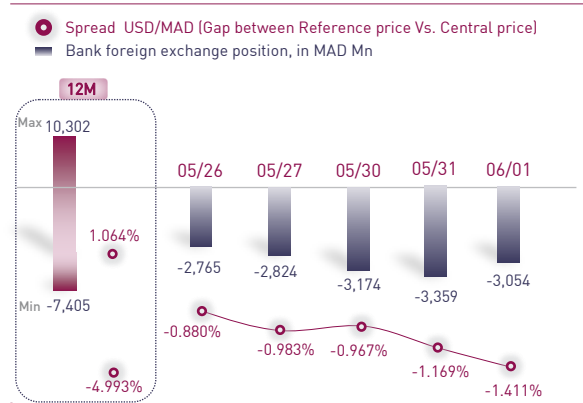
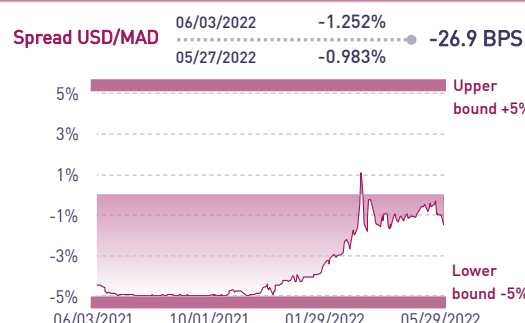
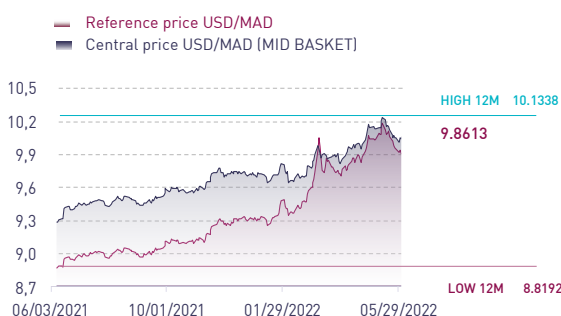
MAIN WEEKLY VARIATIONS

		-0.44%			+0.92%
USD/MAD	9.8613		CAD/MAD	7.8420	
		-0.16%			-0.75%
EUR/MAD	10.5881		GBP/MAD	12.3910	
		-2.89%			-0.46%
JPY/MAD	7.5780		CHF/MAD	10.2810	

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	6.14%	6.21%	12.58%	7.86%	9.42%	12.48%
2 MONTHS	6.49%	6.34%	12.25%	7.19%	8.39%	10.25%
3 MONTHS	9.58%	9.06%	15.01%	10.51%	10.35%	11.54%

	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.17%	+0.11%
Market ⁽²⁾ effect	-0.27%	-0.27%

(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	-3,035 MN
Banks Foreign Exchange position W-1	-3,860 MN

(3) Calculated over the period from 05/26/2022 to 06/01/2022

New concerns around growth in Europe

The euro depreciated this week against the dollar by -0.15%, going from 1.0735 to 1.0719, after 2 weeks of strong appreciation.

Inflation is accelerating in Europe to 8.1% against a forecast of 7.7% in May and 7.4% in April. This new record revives concerns about the ECB's ability to control inflation, which will only come out of negative interest rates from the end of Q3-22.

The Manufacturing PMI index in the Euro Zone came out at 54.6 in May against a level of 55.5 in April. This decline in manufacturing activity is fueling fears about the deceleration of economic growth in the Eurozone.

Improved liquidity supports MAD

The MAD appreciated this week against the USD for the third week in a row thanks to a liquidity effect of -0.27%. This effect contributes more than 60% to the variation of the USD/MAD pair, which depreciated by -0.44% to 9.86 this week.

We note an improvement in liquidity in the foreign exchange market which is reflected in a widening of spreads from -27 PBS to -1.2% against -1.0% a week earlier.

The foreign exchange position of Moroccan banks improved from -3.9 billion dirhams to -3.0 billion dirhams during the week. This clear improvement is due to relatively large export flows.

The MAD well oriented during the summer period

The improvement in the liquidity of the foreign exchange market should continue in the coming weeks, reinforced by the start of the Marhaba campaign, which started on June 5th.

Under these conditions, we remain confident that the dirham will continue to appreciate and we recommend that exporting investors hedge their transactions in dollars.



WEEKLY MAD INSIGHTS

CURRENCIES

10 | JUNE
2022

Week from 05/30/2022 to 06/03/2022

EUR/USD OUTLOOK – BLOOMBERG

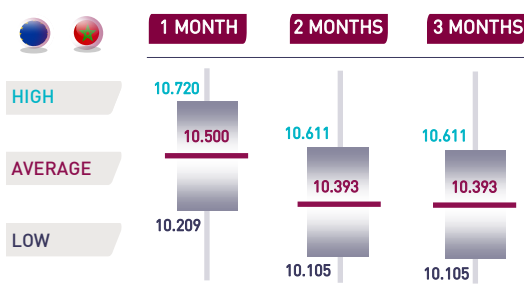
	SPOT	Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025	2026
MEDIAN		1.07	1.09	1.10	1.12	1.15	1.20	1.18	1.20
AVERAGE	1.0719	1.07	1.08	1.10	1.11	1.14	1.18	1.18	1.19
+HIGH	06/03/2022	1.13	1.16	1.17	1.15	1.20	1.23	1.25	1.21
+LOW		1.00	1.00	1.00	1.04	1.07	1.09	1.10	1.16
FORWARD		1.08	1.09	1.09	1.10	1.11	1.12	1.14	1.15

EUR/USD forecasts from international brokers have been broadly stable this week. In Q3-22, the pair would move to 1.07. The pair would settle at 1.08 in Q4-22 against 1.09 a week before, then at 1.10 in Q1-23. In Q2-23, this would change to 1.11. In 2023, the target is 1.14 unchanged before reaching 1.18 by 2024 then 1.18 in 2025 against 1.20 initially. In 2026, the target level is 1.19.

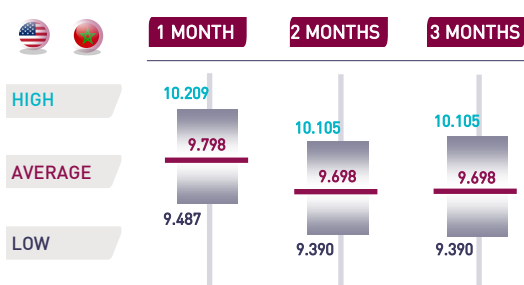
The single currency is penalized on the ST by the slowdown in economic growth in Europe. The latest figure from the Manufacturing PMI index reflects it. At the same time, inflation in the Euro zone reached a new all-time high of 8.1% in May year-on-year, above both forecasts and the level of 7.4% reached in April. This acceleration of inflation in Europe is fueling uncertainty about the ECB's future monetary stance.

The fragility of growth in Europe and the uncertainties of the actions of the Fed and the ECB further favor the dollar against the Euro.

DOWNWARD REVIEW 1-MONTH, 2-MONTH AND 3-MONTH HORIZON FORECASTS



Based on EUR/USD Bloomberg forecast for Q3-22



Based on EUR/USD Bloomberg forecast for Q3-22

Given the EUR/USD forecast and liquidity spreads in the FX market, our USD/MAD forecast has been revised downward over the next 3 months.

The MAD would appreciate against the USD and the EUR over 1, 2 and 3 months, i.e. during the summer period of 2022.

On the sidelines of the start of the "Marhaba" operation on June 5, 2022, we anticipate greater export flows in the form of foreign currency income, thanks to the tourist influx to Morocco. Liquidity conditions should therefore improve on the interbank foreign exchange market.

The target levels of the USD/MAD parity stand at 9.80; 9.70 and 9.70 at 1, 2 and 3 month horizons against a spot rate of 9.86.

Against the Euro, the Dirham should also appreciate on the same horizons. The target levels of the EUR/MAD parity stand at 10.50; 10.39 and 10.39 over 1, 2 and 3 month horizons against a spot price of 10.59.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.44%	-0.16%	-2.89%	+0.92%	-0.75%	-0.46%
1 MONTH	-1.32%	+0.52%	-1.41%	-0.05%	-1.29%	-0.12%
YTD 2022	+6.26%	+0.68%	-6.02%	+7.53%	-1.08%	+1.05%

Prices as of 06/03/2022



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APPENDICES

DATA AS OF JUNE 7TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025
FORECAST	USD/JPY	129	128	126	125	120	117	114
FORWARD	131	131	130	128	127	125	120	116
FORECAST	USD/CAD	1.26	1.26	1.25	1.24	1.24	1.25	1.29
FORWARD	1.25	1.26	1.26	1.26	1.26	1.26	1.26	1.27
FORECAST	USD/CHF	0.98	0.97	0.96	0.95	0.95	0.91	0.91
FORWARD	0.97	0.96	0.95	0.95	0.94	0.93	0.91	0.89
FORECAST	GBP/USD	1.26	1.26	1.28	1.29	1.33	1.35	1.41
FORWARD	1.26	1.26	1.26	1.26	1.26	1.27	1.27	1.28

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

	Date	Q3-2022	Q4-2022	Q1-2023	Q2-2023	2023
Standard Chartered	06/06/22	1,07	1,1	1,12	1,15	1,2
RBC Capital Markets	06/01/22	1,03	1	1,02	1,04	1,09
Commerzbank	05/30/22	1,13	1,16	1,15	1,14	1,12
Wells Fargo	05/25/22	1,06	1,05	1,04	--	--
JPMorgan Chase	05/16/22	1	1,01	1,02	--	--
BNP Paribas	03/31/22	1,13	1,14	1,15	--	1,2
Nomura Bank International	06/07/22	1,08	1,12	--	--	1,18
Alpha Bank	06/03/22	1,11	1,13	1,13	1,15	1,15
Skandinaviska Enskilda Banken	06/03/22	1,02	1,07	1,09	1,11	1,15
Axis Bank	06/01/22	1,11	1,07	1,07	1,08	1,09
Rabobank	06/01/22	1,04	1,06	1,09	1,1	1,18
Australia & New Zealand Banking Group	05/31/22	1,1	1,12	1,13	1,14	1,17
Banco Bilbao Vizcaya Argentaria	05/31/22	1,06	1,1	1,11	--	1,14
United Overseas Bank	05/31/22	1,06	1,05	1,05	1,06	1,07
Investec	05/30/22	1,08	1,1	1,12	1,14	1,15
Morgan Stanley	05/30/22	1,03	1,05	1,07	1,1	1,11
Capital Economics	05/27/22	1,02	1	1,03	--	1,1

In Grey, the main brokers used to calculate the average EURUSD consensus in Q3-22
Prices as of 06/07/2022

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