



WEEKLY MAD INSIGHTS

CURRENCIES

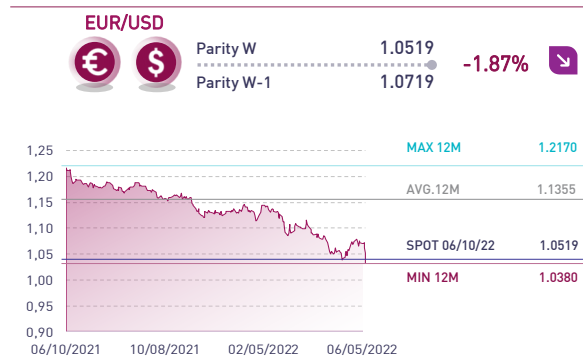
16 JUNE 2022

Week from 06/06/2022 to 06/10/2022

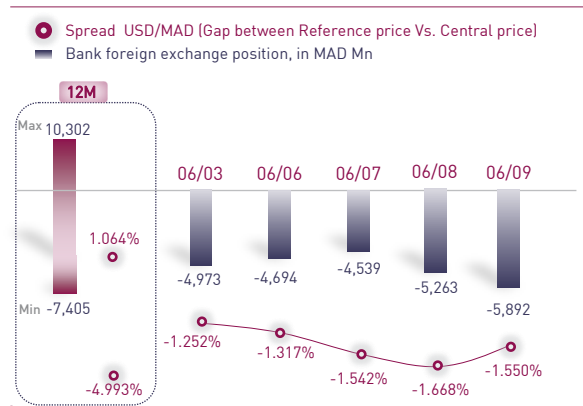
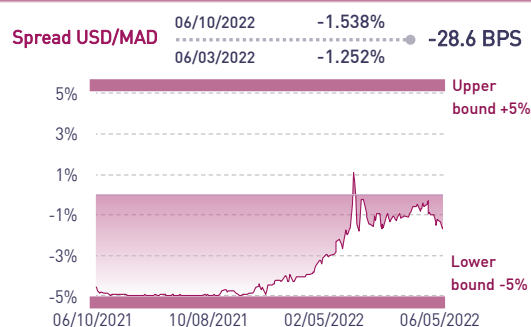
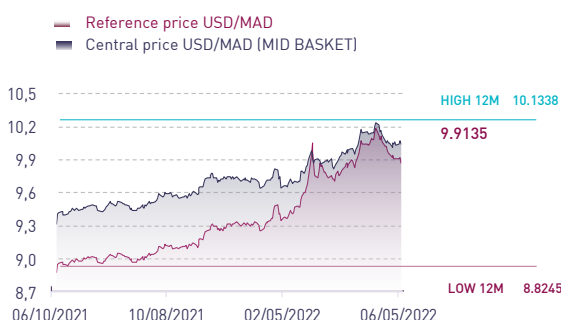
MAIN WEEKLY VARIATIONS

		+0.53%			-0.76%
USD/MAD		9.9135	CAD/MAD		7.7826
		-0.83%			-0.48%
EUR/MAD		10.5004	GBP/MAD		12.3310
		-2.18%			-1.82%
JPY/MAD		7.4131	CHF/MAD		10.0940

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPY MAD	CAD MAD	GBPMAD	CHF MAD
1 MONTH	6.72%	6.46%	14.76%	7.21%	8.21%	12.88%
2 MONTHS	6.76%	6.03%	13.47%	7.38%	8.33%	10.92%
3 MONTHS	7.63%	7.95%	14.06%	8.75%	9.58%	10.94%

	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.82%	-0.54%
Market ⁽²⁾ effect	-0.29%	-0.29%

(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	-5,072 MN
Banks Foreign Exchange position W-1	-3,197 MN

(3) Calculated over the period from 06/03/2022 to 06/09/2022

The euro penalized by the ECB announcements

After a rebound phase in the last 2 weeks of May followed by a consolidation during the 1st week of June, the euro depreciated sharply this week against the dollar by -1.87% from 1.0719 to 1.0519.

This is due to the announcement by the ECB stating a raise of its key rate by 25 PBS in July, followed by a probable increase of 50 PBS in September. A monetary tightening feared by investors because of its negative impact on the indebted countries of the euro zone, particularly Italy.

German and Italian LT yield spreads thus reached historic highs.

The dollar takes on its role as a safe haven

Despite an expansive market effect for the MAD, the latter depreciated this week against the USD after three successive weeks of appreciation. Indeed, the USDMAD pair thus rose by +0.53% to 9.9135.

This is due to a significant basket effect of +0.82% in favor of the USD given the growth of the greenback internationally. The foreign exchange position of banks is widening this week to MAD -5.1 bn against MAD -3.2 bn the previous week (weekly average). This is explained by larger import flows than export flows during the week.

However, liquidity spreads are changing by -0.29% in favor of the Dirham in anticipation of foreign currency inflows during the summer period.

Favorable forecasts for the MAD

The improvement in the liquidity of the foreign exchange market should continue over the next few weeks, reinforced by the start of the Marhaba operation.

Under these conditions, we expect the continued appreciation of the Dirham. Therefore, we recommend that exporters hedge their USD transactions based on current rates.

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WEEKLY MAD INSIGHTS

CURRENCIES

16 JUNE
2022

Week from 06/06/2022 to 06/10/2022

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025	2026
MEDIAN		1.07	1.08	1.10	1.11	1.15	1.17	1.18	1.20
AVERAGE	1.0519	1.07	1.08	1.09	1.11	1.13	1.17	1.18	1.19
+HIGH	06/10/2022	1.13	1.16	1.15	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		1.05	1.06	1.06	1.07	1.08	1.09	1.11	1.12

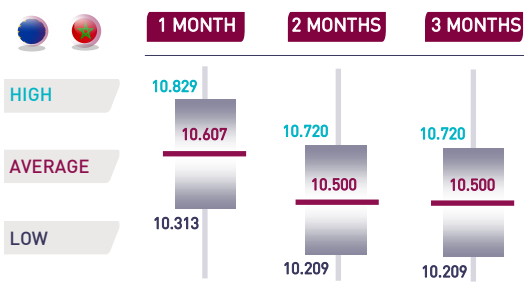
EUR/USD forecasts from international brokers have been broadly stable this week. In Q3-22, the pair would move to 1.07. The pair would settle at 1.08 in Q4-22, then at 1.09 in Q1-23 against 1.10 a week before. In Q2-23, this would change to 1.11. In 2023, the target is 1.13 against 1.14 initially before reaching 1.17 by 2024 against 1.18 the previous week. In 2025 the target is 1.18 and in 2026 the target level is 1.19.

As inflation soars to record highs, the ECB decided last Thursday to end the APP asset purchase program on July 1st and to raise the key rate by 25 PBS at the July meeting, for the 1st time since 2011.

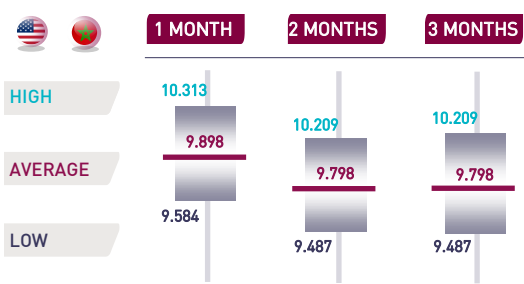
Inflation in the United States continues to accelerate with a new 40-year high of 8.6% in May against a consensus of 8.3%. This speed-up should put more pressure on the Fed to continue raising interest rates in its fight against inflation. Remember that the Fed has already made two rate hikes of 25 and 50 PBS this year. The institution was already considering increases of 50 PBS during the next 2 FOMC meetings.

The fragility of growth in Europe and the divergent timing of monetary tightening by the Fed and the ECB further favor the Dollar against the Euro.

UPWARD 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 forecasts and the liquidity spreads on the foreign exchange market, our USD/MAD forecasts have been revised upwards over the next 3 months.

The MAD would appreciate against the USD over 1, 2 and 3 months, i.e. during the summer period of 2022. On the sidelines of the start of the Marhaba operation in June 2022, we anticipate significant export flows in the form of tourism receipts.

Liquidity conditions should therefore improve on the interbank foreign exchange market. Nevertheless, we remain vigilant as to the evolution of international energy prices and their impact on Morocco's foreign exchange reserves.

The target levels of the USD/MAD parity stand at 9.90; 9.80 and 9.80 at 1, 2 and 3 month horizons against a spot rate of 9.91.

Against the Euro, the Dirham should depreciate over the same horizons. The target levels of the EUR/MAD parity stand at 10.61; 10.50 and 10.50 over 1, 2 and 3 month horizons against a spot rate of 10.50.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.53%	-0.83%	-2.18%	-0.76%	-0.48%	-1.82%
1 MONTH	-1.18%	-0.82%	-3.93%	+0.84%	-0.46%	+0.17%
YTD 2022	+6.82%	-0.15%	-8.07%	+6.71%	-1.56%	-0.79%

Prices as of 06/10/2022



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ANNEXES

DATA AS OF JUNE 14TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025
FORECAST	USD/JPY	129	128	128	127	120	120	114
FORWARD	134	133	132	130	129	126	121	117
FORECAST	USD/CAD	1.26	1.26	1.25	1.25	1.24	1.23	1.28
FORWARD	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
FORECAST	USD/CHF	0.98	0.97	0.97	0.96	0.95	0.91	0.91
FORWARD	1	0.99	0.98	0.97	0.97	0.96	0.94	0.92
FORECAST	GBP/USD	1.25	1.26	1.28	1.29	1.33	1.35	1.41
FORWARD	1.21	1.21	1.22	1.22	1.22	1.22	1.23	1.24

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	06/10/22	1.08	1.12	--	--	1.18
Rabobank	06/10/22	1.04	1.06	1.09	1.1	1.18
Monex USA Corp	06/10/22	1.09	1.1	1.1	1.11	--
Argentex LLP	06/09/22	1.1	1.12	1.13	1.14	1.15
Kshitij Consultancy Services	06/08/22	1.1	1.05	1.1	1.1	--
Klarity FX	06/07/22	1.08	1.1	1.12	1.12	--
Landesbank Baden-Wuerttemberg	06/07/22	1.06	1.08	1.09	1.1	1.12
Sumitomo Mitsui Trust Bank	06/07/22	1.07	1.09	1.12	1.12	--
X-Trade Brokers Dom Maklerski	06/07/22	1.05	1.05	1.06	1.07	1.08
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

In Grey, the main brokers used to calculate the average EURUSD consensus in Q3-22
Prices as of 06/14/2022

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