



WEEKLY MAD INSIGHTS

CURRENCIES

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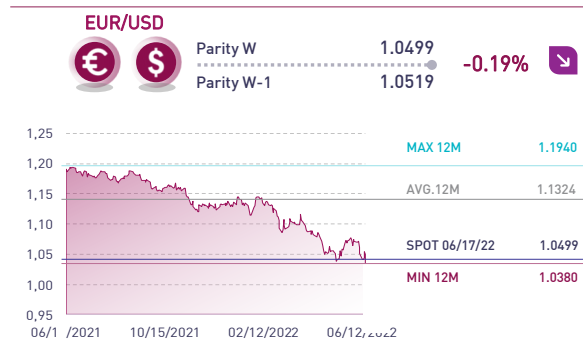
24 JUNE
2022

Week from 06/13/2022 to 06/17/2022

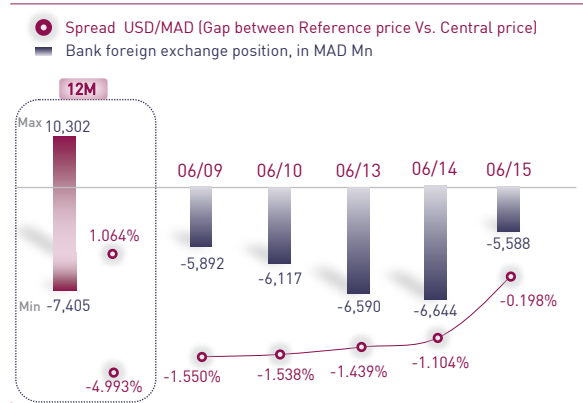
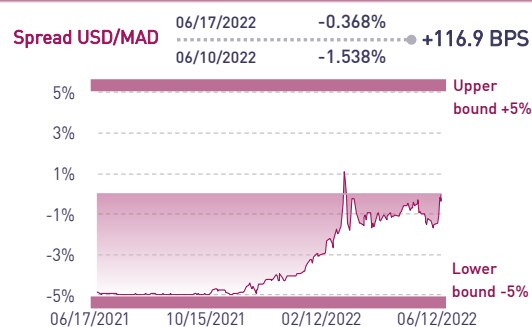
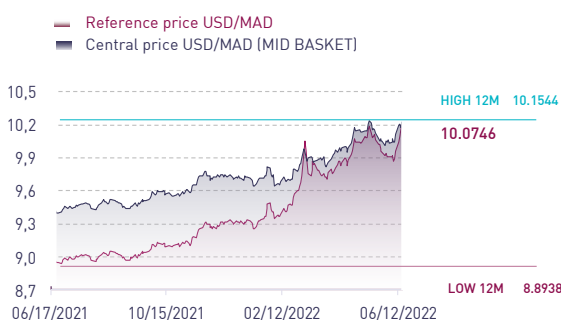
MAIN WEEKLY VARIATIONS

		+1.63%			-0.29%
USD/MAD	10.0746		CAD/MAD	7.7598	
		+0.90%			+0.53%
EUR/MAD	10.5944		GBP/MAD	12.3960	
		+1.13%			+3.51%
JPY/MAD	7.4965		CHF/MAD	10.4480	

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	8.15%	8.04%	16.01%	8.42%	11.04%	15.07%
2 MONTHS	7.70%	6.66%	15.10%	8.28%	9.85%	12.87%
3 MONTHS	7.10%	6.97%	14.26%	7.63%	9.06%	11.53%

	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.44%	-0.29%
Market ⁽²⁾ effect	+1.19%	1.19%

(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	-6,166 MN
Banks Foreign Exchange position W-1	-4,608 MN

(3) Calculated over the period from 06/09/2022 to 06/15/2022

Inflation, a top priority for the Fed

The euro depreciated this week against the dollar by -0.19% from 1.0519 to 1.0499. The single currency hit a low of 1.0416 before recovering to 1.0499 on Friday following the ECB's emergency meeting to act against fragmentation within the Eurozone. The monetary tightening planned by the ECB has raised debt risk in Europe, mainly in Italy.

Following the publication of US inflation at 8.6% in May 2022 above expectations, the Fed confirmed its determination to act against inflation expeditiously. The FOMC has decided to raise the FedFund rate by +75 PBS, the highest increase since 1994.

The rise in US rates penalizes the Dirham

The USD/MAD parity appreciated this week by +1.63% to 10.0746, driven by a double basket and liquidity effect.

On the one hand, there is a rise in the US rates of return which is favorable to the Dollar. On the other hand, we note an acceleration of import flows that is greater than export flows during the week.

The foreign exchange position of banks is widening this week to -6.2 billion dirhams against -4.6 billion dirhams the previous week (weekly average).

MAD liquidity spreads are moving up from -1.54% to -0.37% against the Dirham.

A rise in volatility in the wake of monetary tightening

The markets are experiencing high levels of volatility because of the acceleration of monetary tightening by the major central banks.

Furthermore, we are still anticipating an appreciation movement of the Dirham during the summer period. Therefore, we recommend that exporters hedge their transactions in dollars over a two-month horizon.



WEEKLY MAD INSIGHTS

CURRENCIES

24 JUNE
2022

Week from 06/13/2022 to 06/17/2022

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025	2026
MEDIAN		1.07	1.09	1.10	1.11	1.15	1.17	1.18	1.20
AVERAGE	1.0499	1.06	1.08	1.09	1.11	1.13	1.16	1.18	1.19
+HIGH	06/17/2022	1.13	1.16	1.16	1.16	1.20	1.23	1.25	1.21
+LOW		1.02	1.00	0.99	0.98	1.02	1.06	1.10	1.16
FORWARD		1.06	1.07	1.08	1.08	1.09	1.11	1.12	1.13

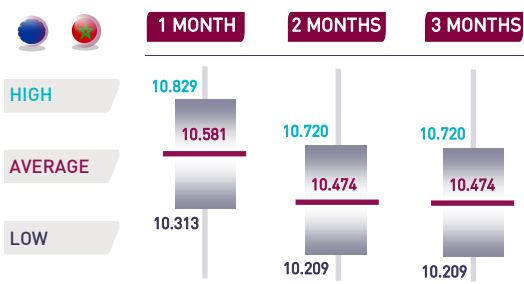
EUR/USD forecasts from international brokers have been broadly stable this week. In Q3-22, the pair would evolve at 1.06 against 1.07 the previous week. The pair would settle at 1.08 in Q4-22 and then at 1.09 in Q1-23. In Q2-23, this would change to 1.11. In 2023, the target is 1.13 before reaching 1.16 by 2024 against 1.17 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 Asset Purchase Program (APP) on July 1 and to raise the key rate by 25 PBS at the July meeting, for the 1st time since 2011.

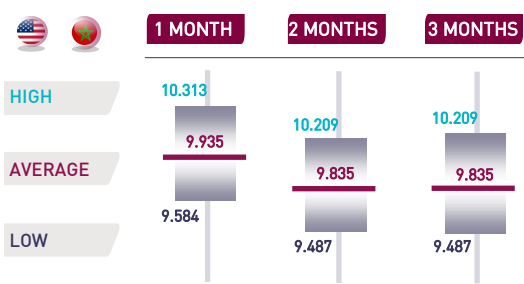
Inflation in the United States continues to accelerate with a new 40-year high of 8.6% in May against a consensus of 8.3%. This acceleration prompted the Fed to raise its key rate by +75 PBS last Wednesday. The Fed plans hikes throughout the 2022E-2023E period until reaching the neutral rate allowing inflation to return to 2%.

The fragility of growth in Europe and the divergence in the 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 9.93; 9.83 and 9.83 at 1, 2 and 3 month horizons against a spot price of 10.07.

Against the Euro, the Dirham should appreciate on the same horizons. The target levels of the EUR/MAD parity stand at 10.58; 10.47 and 10.47 at 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	+1.63%	+0.90%	+1.13%	-0.29%	+0.53%	+3.51%
1 MONTH	+0.37%	+0.31%	-3.38%	-0.89%	-0.92%	+3.61%
YTD 2022	+8.56%	+0.74%	-7.03%	+6.40%	-1.04%	+2.69%

Prices as of 06/17/2022



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APPENDICES

DATA AS OF JUNE 22TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025
FORECAST	USD/JPY	130	128	127	127	122	120	114
FORWARD	136	135	134	132	131	128	124	119
FORECAST	USD/CAD	1.26	1.25	1.25	1.24	1.24	1.24	1.28
FORWARD	1.29	1.29	1.29	1.29	1.29	1.29	1.3	1.3
FORECAST	USD/CHF	0.98	0.97	0.96	0.95	0.95	0.94	0.91
FORWARD	0.96	0.96	0.95	0.94	0.94	0.92	0.91	0.89
FORECAST	GBP/USD	1.24	1.26	1.28	1.30	1.33	1.35	1.41
FORWARD	1.23	1.23	1.23	1.24	1.24	1.24	1.24	1.25

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

	Date	Q3-2022	Q4-2022	Q1-2023	Q2-2023	2023
BNP Paribas	06/20/22	1.09	1.12	1.14	1.16	1.2
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	--	--
Australia & New Zealand Banking Group	06/22/22	1.05	1.1	1.12	1.13	1.16
Commonwealth Bank of Australia	06/20/22	1.03	1.01	0.99	0.98	1.02
Capital Economics	06/20/22	1.02	1	1.03	1.05	1.1
Nomura Bank International	06/20/22	1.08	1.12	--	--	1.18
Rabobank	06/20/22	1.03	1.05	1.08	1.1	1.18
UniCredit	06/20/22	1.03	1.06	1.08	1.1	1.12
Credit Agricole CIB	06/17/22	1.08	1.1	1.1	1.1	1.15
Swedbank	06/16/22	1.05	1.1	1.12	1.14	1.15
Landesbank Baden-Wuerttemberg	06/14/22	1.06	1.08	1.09	1.1	1.12
Argentex LLP	06/09/22	1.1	1.12	1.13	1.14	1.15
X-Trade Brokers Dom Maklerski	06/07/22	1.05	1.05	1.06	1.07	1.08

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-22
Prices as of 06/22/2022

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