



WEEKLY MAD INSIGHTS

CURRENCIES

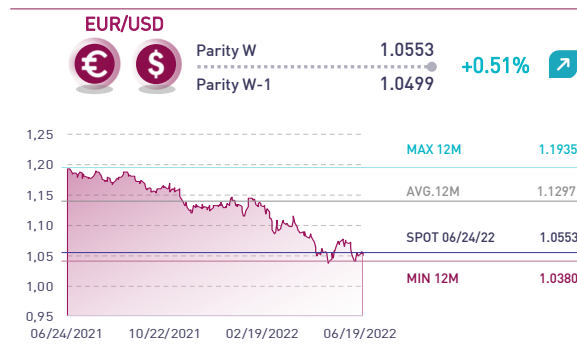
30 JUNE
2022

Week from 06/20/2022 to 06/24/2022

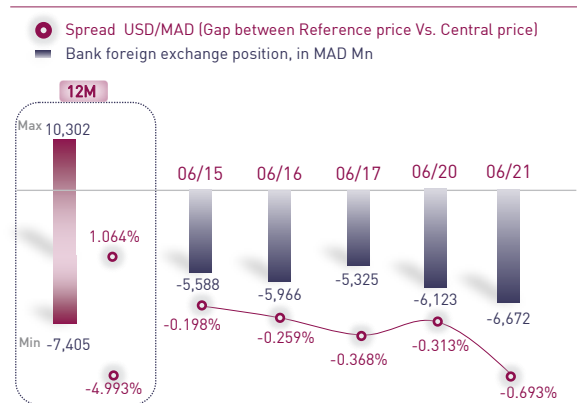
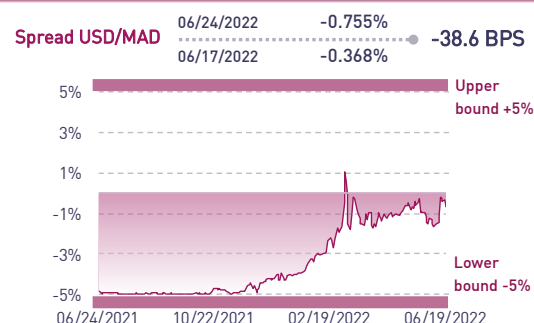
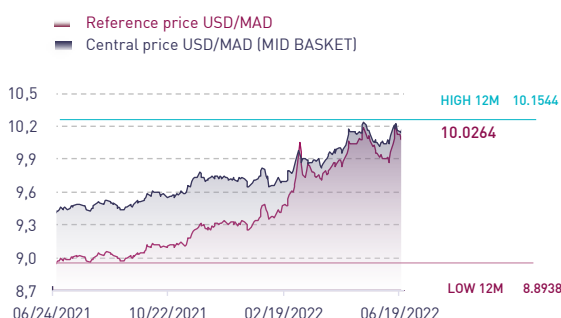
MAIN WEEKLY VARIATIONS

		-0.48%			-0.36%
USD/MAD	10.0264		CAD/MAD	7.7316	
		-0.33%			-0.60%
EUR/MAD	10.5598		GBP/MAD	12.3220	
		-1.01%			+0.22%
JPY/MAD	7.4209		CHF/MAD	10.4710	

INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	7.95%	7.60%	15.32%	8.18%	9.71%	12.82%
2 MONTHS	7.66%	6.65%	15.04%	7.88%	9.88%	13.06%
3 MONTHS	7.08%	6.75%	14.19%	7.48%	8.80%	11.75%

	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.09%	+0.06%
Market ⁽²⁾ effect	-0.39%	-0.39%

(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	-5,935 MN
Banks Foreign Exchange position W-1	-6,101 MN

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

ECB: rate hike for the 1st time since 2011

The euro appreciated against the dollar by +0.51% at the end of this week, rising from 1.0499 to 1.0553. The ECB is set to raise its key rate by +25 PBS in July for the 1st time since 2011.

The determination of the ECB to act against the fragmentation of the Eurozone with appropriate tools has also supported the single currency this week.

Nevertheless, the upward direction of EUR/USD remains uncertain. The Fed decided to raise its rates by +75 PBS in June to [1.50%-1.75%] and is considering successive hikes on the MT. A consensus of 3.4% at the end of 2022E is expected within the FOMC. Note that such a projection has still not been addressed by the ECB.

The foreign exchange position of banks is widening

The USD/MAD parity depreciated this week by -0.48% to 10.0264 penalized by a double basket and liquidity effect. On the one hand, a negative basket effect of -0.09% and a liquidity effect of -0.39%. The latter is linked to the improvement in dirham liquidity spreads in anticipation of the summer period.

The foreign exchange position of banks is widening this week to -6.7 billion dirhams against -1.9 billion dirhams the same period of the previous year. This widening of the exchange position is justified by the increase in imports due to the increase in the price of raw materials, in particular coal, and a historically weak crop campaign.

A time of economic stress

In the wake of inflationary pressures and the acceleration of monetary tightening by central banks, the markets are once again experiencing high volatility.

We still forecast the appreciation of the Dirham during the summer period. We therefore recommend that exporters hedge their operations in dollars over a period of 1 to 2 months.

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WEEKLY MAD INSIGHTS

CURRENCIES

30 | JUNE
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Week from 06/20/2022 to 06/24/2022

EUR/USD OUTLOOK – BLOOMBERG

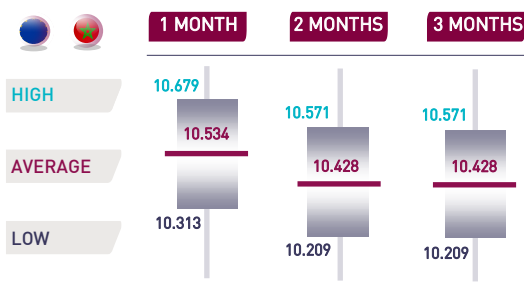
	SPOT	Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025	2026
MEDIAN		1.07	1.09	1.10	1.10	1.15	1.16	1.20	--
AVERAGE	1.0553	1.06	1.08	1.09	1.11	1.13	1.16	1.19	--
+HIGH	06/24/2022	1.11	1.15	1.16	1.17	1.20	1.23	1.25	--
+LOW		1.02	1.00	0.99	0.98	1.02	1.06	1.10	--
FORWARD		1.06	1.07	1.08	1.08	1.09	1.11	1.12	1.13

EUR/USD forecasts from international brokers have been stable this week. In Q3-22, the pair would move to 1.06. 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. In 2025, the target is 1.19 against 1.18 the previous week.

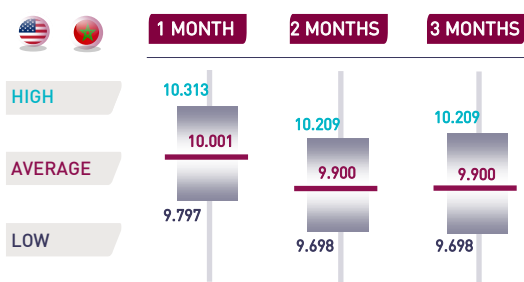
As inflation soars to record levels, the ECB decided last Thursday to complete the APP asset purchase program on July 1 and to raise its key rate by +25 PBS at the July meeting, for the first times since 2011. Inflation in the United States continues to accelerate with a new 40-year high of 8.6% in May against a consensus of 8.3%. This acceleration prompted the Fed to raise the Fed Fund rate by +75 PBS in June to [1.50% -1.75%]. The Fed plans hikes over the 2022E -2023E period until it reaches a target inflation level of 2%.

The weak 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 forecast and the liquidity spreads on the foreign exchange market, our USD/MAD forecast has been revised upwards over the next 3 months.

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

On the sidelines of the start of the Marhaba operation in June 2022, we forecast significant export flows in the form of tourism receipts. Liquidity conditions should therefore improve in 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 10.00; 9.90 and 9.90 over 1, 2 and 3 month horizons against a spot rate of 10.03.

Against the Euro, the Dirham should appreciate on the same horizons. The target levels of the EUR/MAD parity stand at 10.53; 10.43 and 10.43 at 1, 2 and 3 month horizons against a spot price of 10.56.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.48%	-0.33%	-1.01%	-0.36%	-0.60%	+0.22%
1 MONTH	+0.50%	-1.12%	-5.19%	-0.90%	-1.20%	+1.37%
YTD 2022	+8.04%	+0.41%	-7.97%	+6.01%	-1.63%	+2.92%

Prices as of 06/24/2022



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APPENDICES

DATA AS OF JUNE 27TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025
FORECAST FORWARD	USD/JPY 135	131	128	127	127	122	120	113
		134	133	132	130	128	123	119
FORECAST FORWARD	USD/CAD 1.29	1.27	1.26	1.25	1.24	1.24	1.22	--
		1.29	1.29	1.29	1.29	1.29	1.29	1.3
FORECAST FORWARD	USD/CHF 0.95	0.98	0.97	0.96	0.95	0.95	0.93	--
		0.95	0.94	0.93	0.93	0.92	0.90	0.88
FORECAST FORWARD	GBP/USD 1.23	1.24	1.26	1.28	1.28	1.32	1.35	1.41
		1.23	1.23	1.24	1.24	1.24	1.25	1.26

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

	Date	Q3-2022	Q4-2022	Q1-2023	Q2-2023	2023
Commerzbank	24/06/22	1.07	1.1	1.12	1.14	1.14
BNP Paribas	20/06/22	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	01/06/22	1.03	1	1.02	1.04	1.09
Wells Fargo	25/05/22	1.06	1.05	1.04	--	--
JPMorgan Chase	16/05/22	1	1.01	1.02	--	--
Capital Economics	24/06/22	1.02	1	1.03	1.05	1.1
Nomura Bank International	24/06/22	1.08	1.12	--	--	1.18
Rabobank	24/06/22	1.03	1.05	1.07	1.1	1.18
Banco Santander	23/06/22	1.11	1.15	1.16	1.17	--
Australia & New Zealand Banking Group	22/06/22	1.05	1.1	1.12	1.13	1.16
Danske Bank	22/06/22	1.03	1.02	1.01	1	--
DKK Partners	21/06/22	1.07	1.1	--	1.1	--
DNB	21/06/22	1.08	1.09	1.09	1.1	--
Amdocs Development Ltd	20/06/22	1.03	1.05	1.08	--	--
Commonwealth Bank of Australia	20/06/22	1.03	1.01	0.99	0.98	1.02
UniCredit	20/06/22	1.03	1.06	1.08	1.1	1.12

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-22
Prices as of 06/27/2022

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