



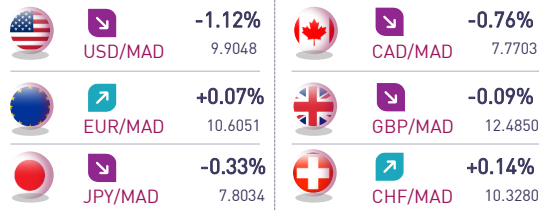
WEEKLY MAD INSIGHTS

CURRENCIES

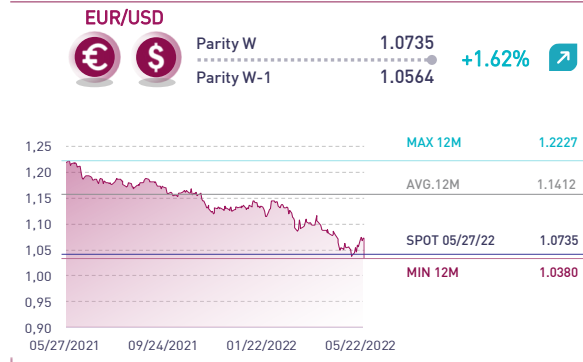
03 | JUNE
2022

Week from 05/23/2022 to 05/27/2022

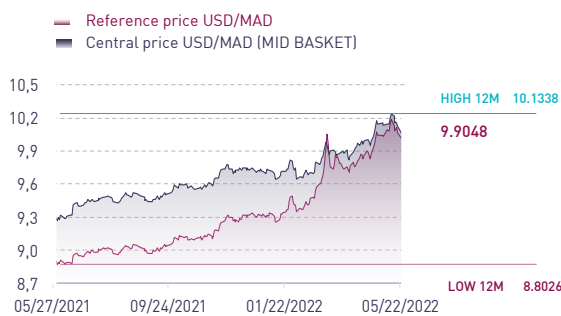
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.71%	+0.48%
Market ⁽²⁾ effect	-0.41%	-0.41%

(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	-3,612 MN
Banks Foreign Exchange position W-1	-2,702 MN

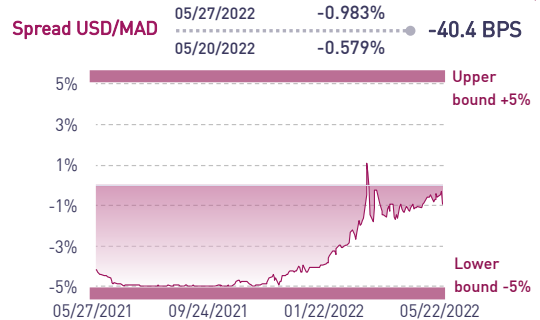
(3) Calculated over the period from 05/20/2022 to 05/26/2022

ECB: A long-awaited rate hike

The single currency appreciated strongly for the second consecutive week against the dollar by +1.62%, rising from 1.0564 to 1.0735.

The ECB should announce hikes in its main key interest rate starting from July in order to counter inflation. The institution's objective is to get its interest rates out of negative territory by the end of the 3rd quarter. The markets are therefore anticipating 4 ECB rate hikes in 2022 and 4 other rate hikes in 2023.

For its part, the Fed would confirm its less accommodating monetary stance while waiting to have more visibility on inflation evolution as well as economic growth.



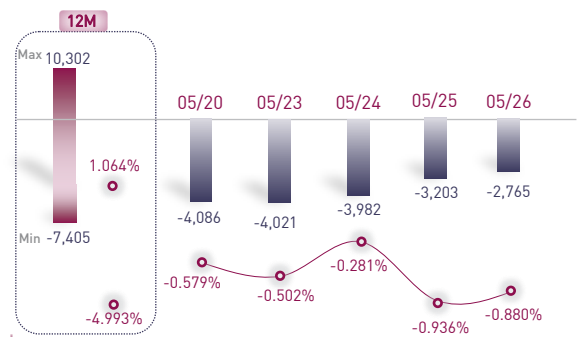
A favorable basket effect, ... MAD below the level of 10

Given the USD decline on the international foreign exchange market as well as the improvement in liquidity conditions in the domestic interbank compartment, we have witnessed a drop in the USD/MAD parity of -1.12% at 9.90.

For its part, the foreign exchange position of Moroccan banks has been reduced from -4.1 to -2.8 billion dirhams from 20 to 26 May. This improvement is due to relatively large export flows.

In the same vein, Operation Marhaba begins under good auspices in 2022. Liquidity spreads thus fell in favor of the MAD from -40 PBS to -1.0% against -0.6% a week earlier.

Spread USD/MAD (Gap between Reference price Vs. Central price)
Bank foreign exchange position, in MAD Mn



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	7.09%	6.06%	13.12%	8.50%	10.60%	12.87%
2 MONTHS	6.62%	6.65%	13.08%	7.60%	8.72%	10.89%
3 MONTHS	9.70%	9.25%	14.97%	10.83%	10.58%	11.84%

A trend reversal is emerging...

Despite high volatility in the foreign exchange market, our forecast for MAD positive move is confirmed this week, further confirming our reading of market liquidity. This latter is expected strengthen during the summer period.

We recommend that exporting investors hedge their foreign currency transactions, mainly in dollars.

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WEEKLY MAD INSIGHTS

CURRENCIES

03 | JUNE
2022

Week from 05/23/2022 to 05/27/2022

EUR/USD OUTLOOK – BLOOMBERG

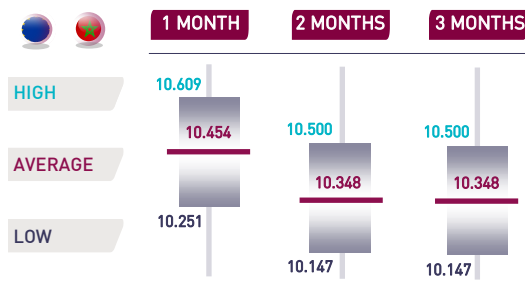
	SPOT	Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025	2026
MEDIAN		1.06	1.08	1.10	1.11	1.15	1.20	1.20	1.20
AVERAGE	1.0735	1.06	1.07	1.09	1.10	1.14	1.19	1.20	1.19
+HIGH	05/27/2022	1.10	1.13	1.16	1.17	1.20	1.23	1.25	1.21
+LOW		1.01	1.00	1.00	1.00	1.09	1.15	1.16	1.16
FORWARD		1.08	1.09	1.09	1.10	1.12	1.13	1.15	1.16

EUR/USD forecasts from international brokers have been stable this week. In Q2-22, the pair would move to 1.06. It would settle at 1.08 in Q3-22 against 1.07 a week before, then at 1.09 in Q4-22. In Q1-23, it would change to 1.10. In 2023, the target is 1.14 against 1.15 initially before reaching 1.19 against 1.18 the previous week in 2024 then 1.20 in 2025 against 1.21 initially. In 2026, the target level is 1.19.

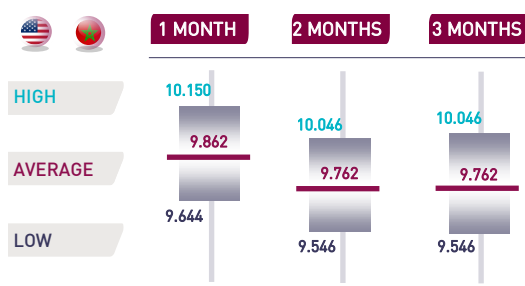
The single currency is penalized on the ST by the slowdown in economic growth in Europe. According to the ECB President, interest rates are expected to rise to ST twice in July and September. The key rate should therefore return to positive thresholds starting Q3 22. The Fed, for its part, gave signals of an easing of its monetary tightening in H2-22 while waiting to have more visibility on inflation impact and economic growth. Recall that US GDP contracted by -1.5% against a forecast of -1.3% during Q1-22.

Overall, 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 favor the Dollar against the Euro on the ST.

OUR 1-MONTH, 2-MONTH AND 3-MONTH HORIZON FORECASTS MAINTAINED



Based on EUR/USD Bloomberg forecast for Q2-22



Based on EUR/USD Bloomberg forecast for Q2-22

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

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

Indeed, we anticipate an improvement in the exchange position during this period. Following the easing of health restrictions, we should see an increase in foreign exchange receipts thanks to the improvement in travel receipts and workers' remittances. These should support more favorable liquidity conditions on the interbank foreign exchange market and strengthen the Dirham until August, in particular thanks to the "Marhaba" operation.

The target levels of the USD/MAD parity stand at 9.86; 9.76 and 9.76 at 1, 2 and 3 month horizons against a spot rate of 9.90.

Against the Euro, the Dirham should also appreciate on the same horizons.

The target levels of the EUR/MAD parity stand at 10.45; 10.35 and 10.35 at 1, 2 and 3 month horizons against a spot rate of 10.61.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-1.12%	+0.07%	-0.33%	-0.76%	-0.09%	+0.14%
1 MONTH	-0.55%	+0.60%	+0.33%	+0.06%	-0.26%	+0.21%
YTD 2022	+6.73%	+0.84%	-3.23%	+6.54%	-0.33%	+1.51%

Prices as of 05/27/2022



APPENDICES

DATA AS OF MAY 31TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-22	Q3-22	Q4-22	Q1-23	2023	2024	2025
FORECAST	USD/JPY	130	129	128	126	120	117	113
FORWARD	128	127	127	126	125	122	118	114
FORECAST	USD/CAD	1.28	1.26	1.26	1.25	1.23	1.24	1.29
FORWARD	1.27	1.27	1.27	1.27	1.27	1.26	1.27	1.27
FORECAST	USD/CHF	0.98	0.98	0.97	0.96	0.95	0.91	0.91
FORWARD	0.96	0.96	0.95	0.94	0.94	0.92	0.90	0.88
FORECAST	GBP/USD	1.25	1.26	1.28	1.29	1.33	1.35	1.40
FORWARD	1.26	1.26	1.27	1.27	1.27	1.28	1.28	1.29

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

	Date	Q2-2022	Q3-2022	Q4-2022	Q1-2023	2023
Australia & New Zealand Banking Group	05/31/22	1.09	1.1	1.12	1.13	1.17
Amdocs Development Ltd	05/30/22	1.1	1.11	1.13	--	--
Commerzbank	05/30/22	1.1	1.13	1.16	1.15	1.12
Investec	05/30/22	1.06	1.08	1.1	1.12	1.15
Morgan Stanley	05/30/22	1.06	1.03	1.05	1.07	1.11
Banco Bilbao Vizcaya Argentaria	05/27/22	1.07	1.06	1.1	1.14	1.17
Capital Economics	05/27/22	1.05	1.02	1	1.03	1.1
Nomura Bank International	05/27/22	1.06	1.08	1.12	--	1.18
TD Securities	05/26/22	1.05	1.08	1.12	1.14	1.18
AFEX	05/25/22	1.03	1.03	1.03	--	--
ING Financial Markets	05/25/22	1.05	1.05	1.08	1.1	1.15
Wells Fargo	05/25/22	1.07	1.06	1.05	1.04	--
Canadian Imperial Bank of Commerce	05/24/22	1.06	1.07	1.08	1.1	1.14
Rabobank	05/23/22	1.03	1.04	1.06	1.09	1.18
Swedbank	05/23/22	1.05	1.07	1.08	1.1	1.15
Skandinaviska Enskilda Banken	05/18/22	1.04	1.02	1.07	1.09	1.15
ABN Amro	05/17/22	1.07	1.06	1.05	1.06	1.1

Prices as of 05/31/2022

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