



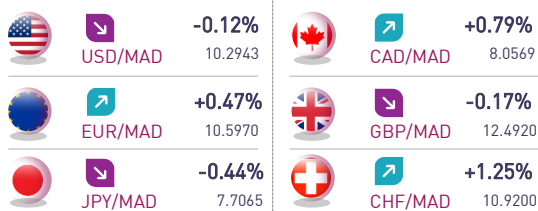
WEEKLY MAD INSIGHTS

CURRENCIES

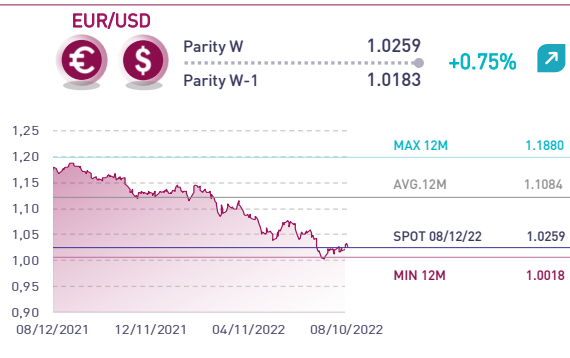
19 | AUGUST
2022

Week from 08/08/2022 to 08/12/2022

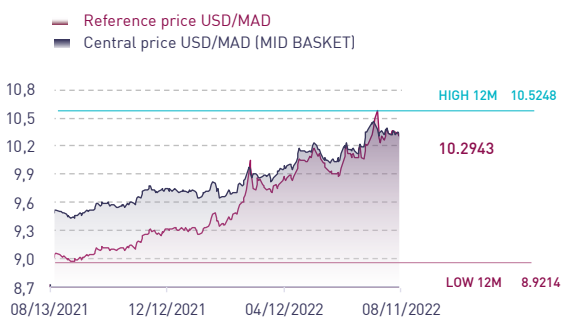
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.35%	+0.24%
Market ⁽²⁾ effect	+0.23%	+0.23%

(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	-4,856 MN
Banks Foreign Exchange position W-1	-5,369 MN

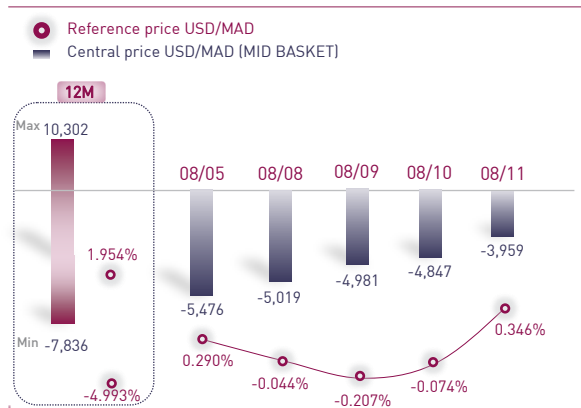
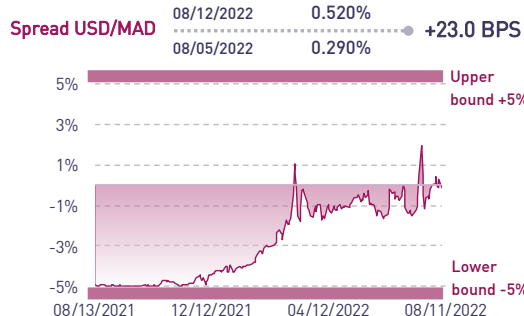
(3) Calculated over the period from 08/05/2022 to 08/11/2022

US inflation slows down in July

The Euro rose sharply against the Dollar this week by +0.75% from 1.0183 to 1.0259. The EUR/USD pair even reached a high of 1.0320 following the US inflation indicator release last Thursday before undergoing a slight correction at the end of the week.

US inflation came out at 8.5% in July against a forecast of 8.7% and a level of 9.1% in June. This slowdown, more significant than expected, is due to the decline in energy prices, particularly gasoline.

The markets are forecasting slower monetary tightening by the Fed. A rate hike of +50 BPS is now more likely than +75 BPS at the next FOMC meeting in September.



The decline of the USD benefits to the MAD

The Dirham appreciated this week against the Dollar thanks to a basket effect of -0.35%. Despite a penalizing market effect for the MAD, the USD/MAD pair fell -0.12% to 10.2943.

The banks' foreign exchange position improved to -MAD 4.9 bn on average weekly against MAD -5.4 bn the previous week. An evolution supported by record workers' remittances in H1-22.

Nevertheless, liquidity conditions on the interbank foreign exchange market seem unfavourable. Liquidity spreads remain positive this week at 0.52% up +23 BPS from the previous week.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	12.22%	13.12%	20.59%	13.89%	15.00%	13.33%
2 MONTHS	11.44%	11.24%	17.94%	11.96%	13.57%	13.68%
3 MONTHS	10.20%	9.93%	17.05%	10.56%	12.08%	13.53%

Currency markets highly volatile

Inflationary pressures continue to weigh on growth prospects in Europe. These fears are rekindling expectations of a recession scenario in and fueling volatility in currency markets, particularly the EUR/USD pair.

To this end, we recommend that exporters in Dollar adopt very ST hedging strategies.

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WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025	2026
MEDIAN		1.02	1.04	1.06	1.08	1.10	1.15	1.13	--
AVERAGE	1.0259	1.02	1.03	1.05	1.07	1.09	1.14	1.13	--
+HIGH	08/12/2022	1.07	1.09	1.11	1.13	1.16	1.20	1.20	--
+LOW		0.95	0.96	0.96	0.95	1.01	1.05	1.07	--
FORWARD		1.03	1.04	1.04	1.05	1.06	1.08	1.10	1.11

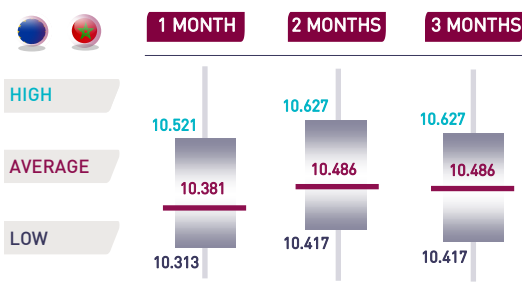
EUR/USD forecasts from international brokers have been stable this week. In Q3-22, the pair would move to 1.02. It would drop to 1.03 in Q4-22, then evolve to 1.05 in Q1-23. In Q2-23, this comes out at 1.07. On an annual basis, the target is 1.09 in 2023, before reaching 1.14 in 2024. In 2025, the target stands at 1.13 unchanged.

US inflation came out at 8.5% vs. 8.7% forecast and 9.1% the previous month. This slowdown led to a downward review of the next US rate hikes expectations to +50 BPS against +75 BPS initially. The markets are thus anticipating a target range of 2.75% - 3.00% in Fed Fund rates at the next FOMC meeting in September.

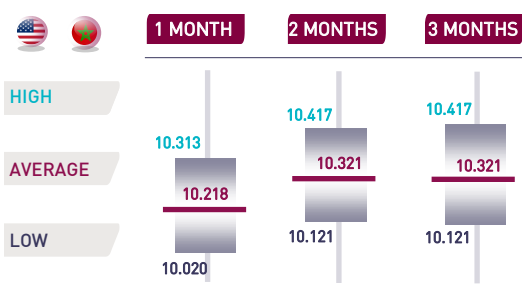
On the Eurozone side, inflation stood at 8.6% in June. The ECB carried out its first rate hike in 11 years, bringing the main ECB policy rate to 0.50% in July.

The single currency remains penalized by the risk of recession in Europe, linked to high inflation and energy supply fears, as well as the divergence in the timing of monetary tightening by the Fed and the ECB.

UPWARD REVIEW OF 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 updated forecasts for the EUR/USD parity and the liquidity conditions on the foreign exchange market, we have reviewed our USD/MAD ST forecasts upwards for the 3rd consecutive week. Against the spot rate, the MAD would appreciate over a 1 month horizon against the USD and depreciate slightly over a 2 and 3 month horizon.

We anticipate the continued improvement in the Moroccan banking market's foreign currency liquidity on ST until mid-September, in line with significant export flows and foreign currency earnings.

The target levels of the USD/MAD parity stand at 10.22, 10.32 and 10.32 at horizons of 1, 2 and 3 months against a spot price of 10.29.

Against the Euro, the MAD would appreciate over the next 1 month, 2 months and 3 months.

The target levels of the EUR/MAD parity stand at 10.38, 10.49 and 10.49 at horizons of 1, 2 and 3 months against a spot price of 10.60.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.12%	+0.47%	-0.44%	+0.79%	-0.17%	+1.25%
1 MONTH	+0.25%	+2.89%	+2.68%	+2.35%	+2.68%	+4.78%
YTD 2022	+10.93%	+0.77%	-4.43%	+10.47%	-0.27%	+7.33%

Prices as of 08/12/2022



APPENDICES

DATA AS OF AUGUST 15TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025
FORECAST	USD/JPY	134	132	130	128	125	120	115
FORWARD	134	133	132	131	129	127	122	118
FORECAST	USD/CAD	1.28	1.29	1.28	1.26	1.25	1.25	--
FORWARD	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28
FORECAST	USD/CHF	0.96	0.96	0.95	0.95	0.95	0.91	--
FORWARD	0.94	0.94	0.93	0.93	0.92	0.90	0.88	0.87
FORECAST	GBP/USD	1.20	1.21	1.23	1.24	1.25	1.33	1.38
FORWARD	1.21	1.21	1.22	1.22	1.22	1.22	1.23	1.23

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

	Date	Q3-2022	Q4-2022	Q1-2023	Q2-2023	2023
Credit Agricole CIB	08/04/22	1.010	1.02	1.03	1.05	1.1
Emirates NBD	07/29/22	1.05	1.070	1.08	1.09	1.12
Wells Fargo	07/26/22	1.000	0.98	0.96	0.97	1.01
Barclays	07/01/22	1.020	1.06	1.08	1.1	1.12
JPMorgan Chase	06/28/22	1.000	1.01	1.02	1.03	--
Banco Bilbao Vizcaya Argentaria	08/12/22	1.03	1.03	1.04	1.05	1.09
Capital Economics	08/12/22	1.02	1	1.02	1.05	1.1
Citigroup	08/12/22	0.99	1.02	1.04	1.06	1.08
Commerzbank	08/12/22	1.000	0.98	0.98	1.02	1.1
Rabobank	08/12/22	0.98	1.04	1.06	1.08	1.18
Polski Instytut Ekonomiczny	08/10/22	1.03	1.04	1.08	1.1	1.11
AFEX	08/08/22	0.96	0.99	0.99	--	--
Canadian Imperial Bank of Commerce	08/05/22	0.99	1	1.03	1.05	1.08
Investec	08/05/22	1.02	1.05	1.06	1.06	1.1
Landesbank Baden-Wuerttemberg	08/05/22	0.98	1	1.01	1.02	1.03
MPS Capital Services	08/05/22	1.03	1.06	1.08	1.11	--
United Overseas Bank	08/05/22	1	1	1.02	1.04	1.06

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-22
Prices as of 08/15/2022

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