



WEEKLY MAD INSIGHTS

CURRENCIES

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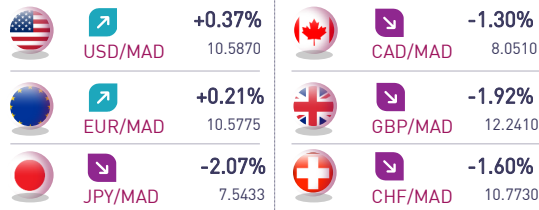


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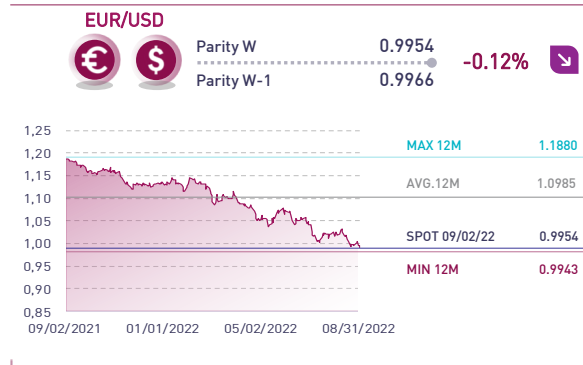
09 SEPTEMBER
2022

Week from 08/29/2022 to 09/02/2022

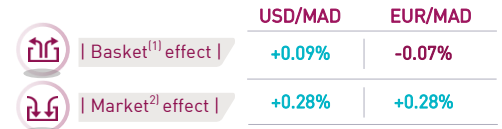
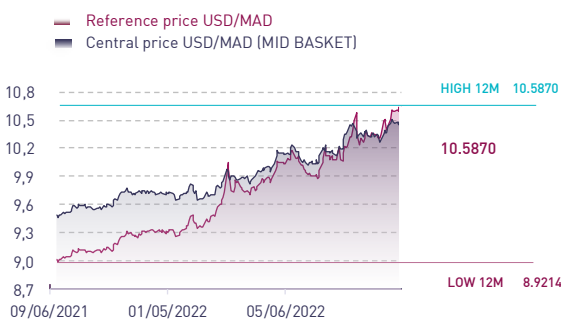
MAIN WEEKLY VARIATIONS



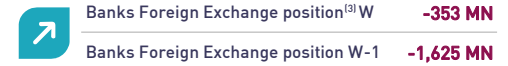
INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



(1) Impact of the variation of the EUR/USD parity
(2) Impact of the variation in the liquidity spread (Supply / Demand)



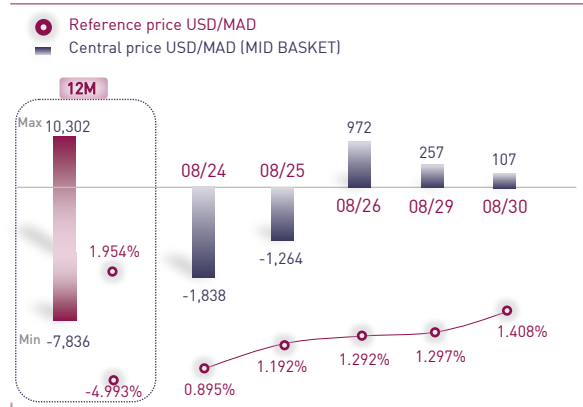
(3) Calculated over the period from 08/24/2022 to 08/30/2022

The Euro under pressure in the wake of the energy crisis

The Euro speeds up its decline below parity against the US Dollar by -0.12%, going from 0.9966 to 0.9954.

The PMI indices for August confirm the contraction of the Euro Zone economy. The announcement of the maintenance of the Nord Stream 1 gas pipeline has revived gas supply fears in several European countries.

Inflation reached 9.1% in Europe against 9.0% expected and 8.9% the previous month. This is a new record which penalizes the Euro and makes the market fear a new monetary tightening of the ECB. Indeed, investors consider that the institution is behind schedule in its fight against inflation.



USD/MAD hits 20-year high

The Dirham depreciated this week against the Dollar because of a double basket-liquidity effect. The USD/MAD pair appreciated by +0.37% to 10.5870 in one week, its highest level seen since 2002.

In more details, the market effect comes out at +0.28% following a tightening of liquidity conditions. The basket effect, meanwhile, stands at +0.09% under the effect of the appreciation of the US Dollar in the FX market.

Despite the improvement in the foreign exchange position, which is moving into positive territory, liquidity spreads show an increase of +28 BPS to 1.57% at the end of this week. Indeed, investors forecast larger import flows at ST than export flows.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	8.66%	8.13%	17.73%	8.71%	11.69%	9.33%
2 MONTHS	11.22%	11.00%	17.78%	11.73%	13.74%	11.55%
3 MONTHS	10.69%	10.06%	16.99%	11.02%	12.83%	12.79%

Energy crisis puts pressure on currencies

Energy supply fears are weighing on growth prospects in Europe following the shutdown of the Nord Stream 1 gas pipeline. This situation is fueling volatility in the EUR/USD pair.

Under these conditions, we advise investors to pursue their strategies of hedging their exchange rate risk on ST horizons.



WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026
MEDIAN		1.00	1.02	1.05	1.07	1.08	1.12	1.15	1.13
AVERAGE	0.9954	1.00	1.01	1.03	1.05	1.07	1.11	1.13	1.13
+HIGH	09/02/2022	1.09	1.11	1.13	1.08	1.16	1.18	1.20	1.20
+LOW		0.90	0.90	0.90	0.93	0.95	1.03	1.07	1.08
FORWARD		1.00	1.01	1.01	1.02	1.02	1.04	1.05	1.06

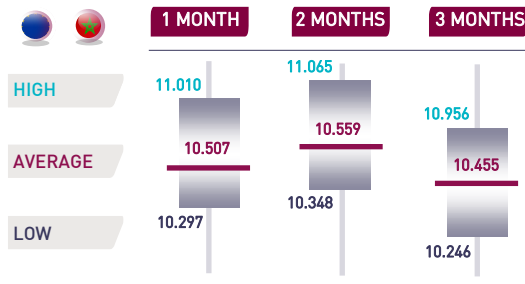
EUR/USD forecasts from international brokers have been revised downwards this week. In Q4-22, the pair would trade at 1.00 versus 1.02 the previous week. This would change to 1.01 in Q1-23 against 1.04 initially. In Q2-23, the pair stands at 1.03 against 1.06 previously. In Q3-23, the pair would reach 1.05. On an annual basis, the target is 1.07 in 2023 against 1.09 initially, before reaching 1.11 in 2024 against 1.13 previously. In 2025 and 2026, the target stands at 1.13 against 1.15 the previous week.

US inflation remains at a 40-year high of 8.5% in July. Despite a slight slowdown, the Fed reaffirms its commitment to monetary tightening, as long as inflation remains above 2%. A 3.00%-3.25% target range for Fed Fund rates is most likely at the next FOMC meeting in September.

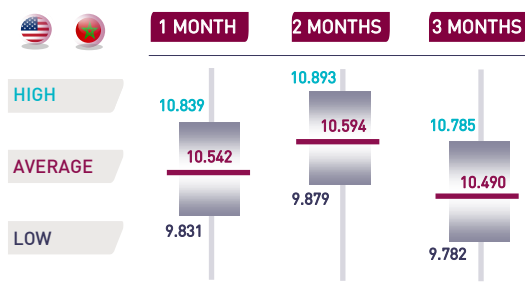
In the Euro Zone, inflation reached a new record of 9.1%. The ECB carried out its first rate hike in 11 years, bringing the main ECB key rate to 0.50% in July.

The Euro, which is consolidating below parity this week, remains penalized mainly by the risk of recession in Europe on the sidelines of the energy crisis.

UPWARD REVIEW OF OUR 1-MONTH, 2-MONTH AND 3-MONTH HORIZON FORECASTS



Based on EUR/USD Bloomberg forecast for Q4-22



Based on EUR/USD Bloomberg forecast for Q4-22

Given the update of the forecasts for the EUR/USD parity and the liquidity conditions on the foreign exchange market, we have reviewed our forecasts for the USD/MAD upwards. Against the spot price, the MAD would appreciate within 1 month, depreciate within 2 months and appreciate within 3 months against the Dollar.

We anticipate the continued improvement in ST of the foreign currency liquidity of the Moroccan banking market until mid-September, in line with the foreign currency workers' remittances. On a 2-month horizon, significant import flows should take over with the rise in dividends in foreign currencies. Within 3 months, import and export flows would be balanced again.

The target levels of the USD/MAD parity stand at 10.54, 10.59 and 10.49 at horizons of 1, 2 and 3 months against a spot price of 10.59.

Against the Euro, the Dirham would appreciate over the next 1 month, 2 months and 3 months. The target levels of the EUR/MAD parity stand at 10.51, 10.56 and 10.46 at horizons of 1, 2 and 3 months against a spot price of 10.58.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.37%	+0.21%	-2.07%	-1.30%	-1.92%	-1.60%
1 MONTH	+2.59%	+0.17%	-4.28%	+0.34%	-2.86%	-0.59%
YTD 2022	+14.08%	+0.58%	-6.45%	+10.39%	-2.28%	+5.89%

Prices as of 09/02/2022



APPENDICES

DATA AS OF SEPTEMBER 6TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-22	Q4-22	Q1-23	Q2-23	2023	2024	2025
FORECAST	USD/JPY	135	131	129	126	125	120	122
FORWARD	1.41	139	137	136	134	133	128	123
FORECAST	USD/CAD	1.3	1.28	1.27	1.27	1.25	1.25	1.28
FORWARD	1.31	1.31	1.31	1.31	1.31	1.31	1.32	1.32
FORECAST	USD/CHF	0.97	0.96	0.96	0.96	0.95	0.96	--
FORWARD	0.98	0.97	0.96	0.96	0.95	0.95	0.92	0.90
FORECAST	GBP/USD	1.16	1.18	1.21	1.20	1.25	1.30	1.32
FORWARD	1.15	1.15	1.15	1.15	1.15	1.15	1.14	1.14

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

	Date	Q3-2022	Q4-2022	Q1-2023	Q2-2023	2023
Commerzbank	09/01/22	0.98	0.98	1.02	1.06	1.1
Standard Chartered	09/01/22	0.97	1.02	1.05	1.08	1.08
Wells Fargo	08/23/22	0.96	0.97	0.98	--	1.02
JPMorgan Chase	08/19/22	0.95	0.98	1.02	--	--
RBC Capital Markets	08/04/22	1	0.97	1	--	1.06
BNP Paribas	06/20/22	1.12	1.14	1.16	--	1.2
Morgan Stanley	09/06/22	0.99	1.01	1.03	1.05	1.08
Alpha Bank	09/05/22	1	1.03	1.05	1.07	1.08
CICC	09/05/22	0.99	1.02	1.04	1.07	--
Polski Instytut Ekonomiczny	09/05/22	1.01	1.03	1.05	1.06	1.07
TD Securities	09/05/22	0.96	1.02	1.05	1.08	1.1
United Overseas Bank	09/05/22	0.97	0.99	1	1.02	1.04
AFEX	09/02/22	0.95	0.97	0.95	--	--
Australia & New Zealand Banking Group	09/02/22	0.98	0.97	1	1.02	1.05
Capital Economics	09/02/22	0.95	0.92	0.9	0.93	0.95
ING Financial Markets	09/02/22	1	1.05	1.07	1.08	1.1
UniCredit	09/02/22	0.99	1.02	1.03	1.05	1.06

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-22
Prices as of 09/06/2022

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