



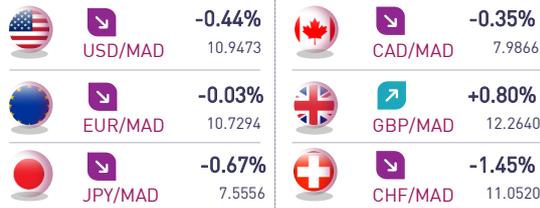
# WEEKLY MAD INSIGHTS

## CURRENCIES

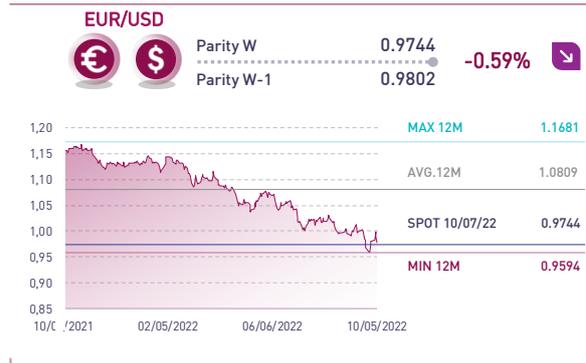
14 | OCTOBER  
2022

Week from 10/03/2022 to 10/07/2022

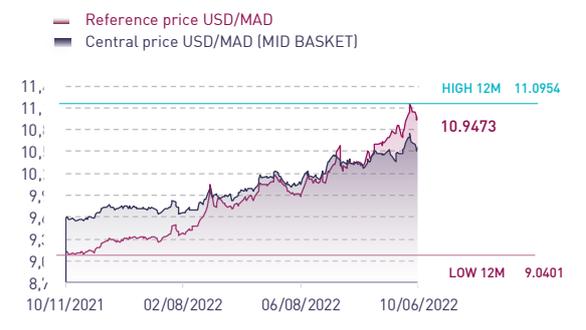
### MAIN WEEKLY VARIATIONS



### INTERNATIONAL HIGHLIGHTS



### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
Basket <sup>(1)</sup> effect	<b>-0.24%</b>	<b>+0.17%</b>
Market <sup>(2)</sup> effect	<b>-0.20%</b>	<b>-0.20%</b>

(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 <sup>(3)</sup> W	<b>-828 MN</b>
	Banks Foreign Exchange position W-1	<b>649 MN</b>

(3) Calculated over the period from 09/26/2022 to 09/30/2022

#### US dollar supported by strong labour market

The euro depreciated this week against the dollar by -0.59% to 0.9744 penalized by the strong US figures.

After the rebound of the euro until the beginning of the week under speculations on an easing of the restrictive monetary policy of the Fed, the single currency finally started to fall again.

The US employment report came out above expectations with job creations of 263K against 250K expected. For its part, the US unemployment rate stands at 3.5% against 3.7% expected. This has returned to pre-Covid levels and gives the Fed leeway in its process of raising interest rates.

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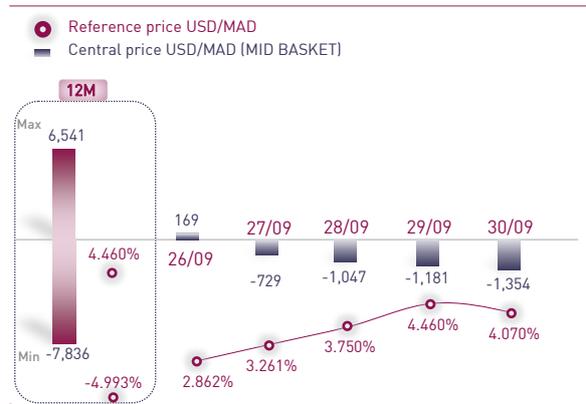
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#### A slight appreciation of the Dirham this week

USD/MAD depreciates -0.44% to 10.95 this week. This is due to a double negative Basket/Market effect of -0.24% and -0.20% respectively.

Furthermore, liquidity conditions on the Moroccan foreign exchange market have deteriorated slightly over the last period. Indeed, the foreign exchange position of Moroccan banks fell back into negative territory at MAD-829 Mn against MAD +649 Mn a week earlier.

For their part, Dirham liquidity spreads fell -21 BPS to 3.86% this week. Nevertheless, the latter remains at historic highs approaching the upper bound of the dirham fluctuation band set at +5.0%.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	11.04%	12.88%	16.38%	12.49%	21.00%	17.99%
2 MONTHS	9.95%	10.56%	15.80%	10.85%	17.08%	14.20%
3 MONTHS	10.90%	11.52%	17.19%	12.09%	16.60%	14.08%

#### US inflation favorable to hedging strategies

US inflation which came out above forecasts for September remains decisive for the hedging strategies of operators on the foreign exchange market.

This is a signal that the Fed would continue to tighten monetary policy until prices show clear signs of deceleration over an extended period.



# WEEKLY MAD INSIGHTS

## CURRENCIES

14 | OCTOBER  
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Week from 10/03/2022 to 10/07/2022

### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026
<b>MEDIAN</b>		0.97	0.99	1.01	1.03	1.05	1.09	1.14	1.10
<b>AVERAGE</b>	0.9744	0.97	0.99	1.01	1.02	1.04	1.10	1.14	1.10
<b>+HIGH</b>	10/07/2022	1.03	1.05	1.06	1.08	1.10	1.18	1.21	1.16
<b>+LOW</b>		0.90	0.90	0.90	0.93	0.95	1.00	1.03	1.06
<b>FORWARD</b>		0.98	0.98	0.99	0.99	1.00	1.01	1.02	1.03

EUR/USD forecasts from international brokers have been revised downwards on LT this week. In Q4-22, the pair would move to 0.97. This would change to 0.99 in Q1-23. In Q2-23, the pair stands at 1.01 and would reach 1.02 in Q3-23 against 1.03 initially. On an annual basis, the target is 1.04 in 2023 against 1.05, before reaching 1.10 in 2024 against 1.11. In 2025, the target comes out at 1.14 and in 2026, it comes out at 1.10 against 1.12 initially.

The US unemployment rate has returned to pre-Covid levels. The strength of the US labour market should encourage the Fed to continue its interest rate hikes. Fed Funds rates are in the 3.00%-3.25% range and a 75 BPS hike is expected at the next FOMC. In the Euro Zone, inflation reached a new record at 10.0% in September. The markets are expecting the continuation of the tightening of the monetary policy of the ECB with a further increase of 75 BPS at the next ECB monetary policy decision, bringing its main key rate to 2.00%.

The shift in the monetary policy tightening timing between the Fed and the ECB favors the dollar on the ST.

### WE MAINTAIN 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 forecasts for the EUR/USD parity and the liquidity conditions on the foreign exchange market, we have maintained our forecasts for the USD/MAD at horizons 1, 2 and 3 months.

Against the spot price, the MAD should depreciate against the USD over 1 and 2 months and appreciate over 3 months.

The target levels of the USD/MAD parity stand at 11.02, 11.02 and 10.86 at horizons of 1, 2 and 3 months against a spot price of 10.95.

Against the euro, the dirham would appreciate over 1 month, 2 months and 3 months.

The target levels of the EUR/MAD parity stand at 10.62, 10.62 and 10.46 at horizons of 1, 2 and 3 months against a spot price of 10.73.

### MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	-0.44%	-0.03%	-0.67%	-0.35%	+0.80%	-1.45%
<b>1 MONTH</b>	+2.83%	+1.81%	+2.73%	-1.23%	+0.71%	+2.26%
<b>YTD 2022</b>	+17.96%	+2.02%	-6.30%	+9.51%	-2.09%	+8.63%

Prices as of 10/07/2022



# APPENDICES

DATA AS OF OCTOBER 12<sup>TH</sup>, 2022

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025
<b>FORECAST</b>	USD/JPY	145	141	138	135	134	123	115
<b>FORWARD</b>	146	144	143	141	139	137	131	125
<b>FORECAST</b>	USD/CAD	1.35	1.33	1.31	1.3	1.28	1.26	1.26
<b>FORWARD</b>	1.38	1.38	1.38	1.38	1.38	1.38	1.37	1.37
<b>FORECAST</b>	USD/CHF	0.99	0.98	0.97	0.95	0.95	0.95	0.90
<b>FORWARD</b>	1	0.99	0.98	0.97	0.96	0.95	0.93	0.91
<b>FORECAST</b>	GBP/USD	1.08	1.11	1.12	1.15	1.17	1.22	1.25
<b>FORWARD</b>	1.11	1.11	1.11	1.11	1.11	1.10	1.09	1.08

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

	Date	Q4-2022	Q1-2023	Q2-2023	Q3-2023	2023
Standard Chartered	10/11/22	0.97	1.02	1.05	1.08	1.08
Commerzbank	10/06/22	0.95	0.98	1	1.02	1.05
RBC Capital Markets	10/06/22	0.97	0.95	0.98	1.02	1.05
Wells Fargo	09/28/22	0.94	0.91	0.91	0.93	0.95
JPMorgan Chase	09/22/22	0.95	0.98	1.02	--	1.03
BNP Paribas	09/15/22	1	1.01	1.02	1.04	1.06
NAB/BNZ	10/12/22	0.96	0.99	1	1.02	1.04
Barclays	10/11/22	0.98	0.98	1	1.03	1.05
Nomura Bank International	10/11/22	0.9	0.9	0.93	--	0.98
Sumitomo Mitsui Trust Bank	10/11/22	1	1.02	1.04	1.06	--
Swedbank	10/11/22	0.97	1.02	1.05	1.05	1.07
CICC	10/10/22	0.96	0.96	1	1.03	--
Capital Economics	10/10/22	0.95	0.92	0.9	0.93	0.95
CIMB	10/07/22	0.98	0.99	1.01	1.03	1.05
AFEX	10/06/22	0.95	1	0.95	--	--
ING Financial Markets	10/06/22	0.92	0.92	0.95	0.98	1.1
Banco Santander	10/06/22	1	1.03	1.05	1.07	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-22  
Prices as of 10/12/2022

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