



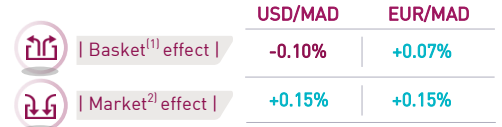
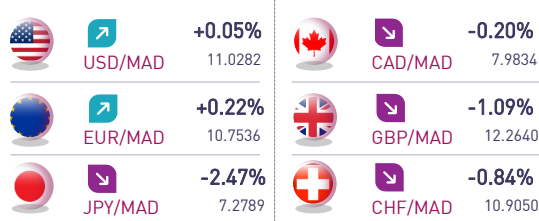
# WEEKLY MAD INSIGHTS

## CURRENCIES

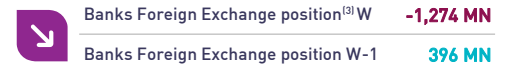
27 OCTOBER  
2022

Week from 10/17/2022 to 10/21/2022

### MAIN WEEKLY VARIATIONS

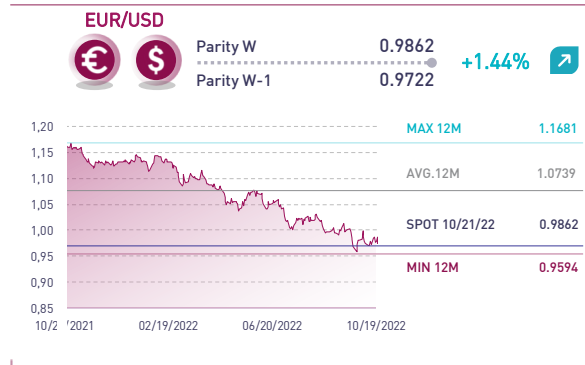


(1) Impact of the variation of the EUR/USD parity  
(2) Impact of the variation in the liquidity spread (Supply / Demand)



(3) Calculated over the period from 10/13/2022 to 10/19/2022

### INTERNATIONAL HIGHLIGHTS



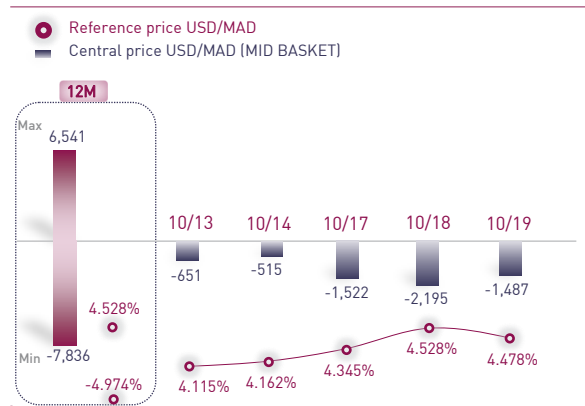
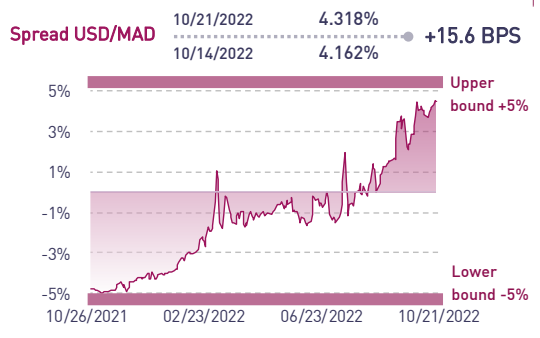
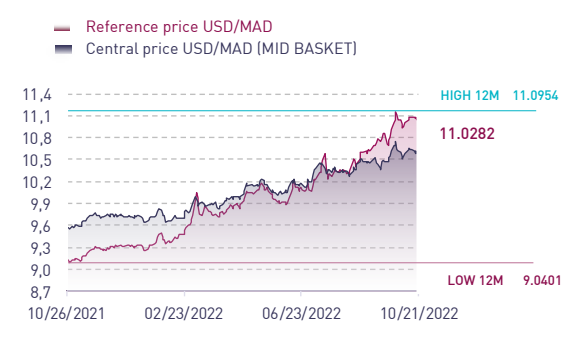
#### The EUR/USD pair stabilizes around 0.98

The single currency appreciated this week against the dollar by +1.44%, rising from 0.9722 to 0.9862.

Indeed, the appointment of a new Prime Minister in the United Kingdom has reassured investors. Economically, he decided in favor of financial stability by canceling the massive tax reduction plan announced 3 weeks earlier. This decision has benefited to the British pound as well as the euro this week.

Despite the downward revision of the Euro Zone inflation to 9.9% in September, it remains well above the MT target of 2%. Markets are still pricing a 75 PBS hike at the next ECB monetary policy meeting.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



#### The dirham remains under pressure

The USD/MAD pair is stabilizing at 11.02 this week with a change of +0.05%. The market effect comes out at +0.15% restrictive for the dirham this period.

The foreign exchange position is back in the negative zone this week, going from 396 MDH to -1.3 MDH on a weekly average. Indeed, import flows remain significant given the impact of the increase in energy prices and the in the volume of hedging transactions.

Liquidity spreads rose +16 PBS to 4.32% this week after hitting a new Tuesday high of 4.53% during the week. These remain close to the upper bound of the MAD fluctuation band set at +5.0% and reflect a significant tightening of MAD liquidity.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
<b>1 MONTH</b>	9.04%	8.30%	10.24%	6.57%	19.18%	12.30%
<b>2 MONTHS</b>	8.96%	9.85%	13.56%	10.56%	16.69%	13.72%
<b>3 MONTHS</b>	9.03%	9.71%	16.24%	10.11%	15.42%	13.06%

#### Strong uncertainties on the foreign exchange market

The persistence of the energy crisis and its inflationary impact weigh on Europe's growth prospects as well as on its currency. Under these conditions, volatility remains very high on the foreign exchange market while monetary tightening is progressing internationally.

In this context of uncertainty, we recommend hedging the MAD with a reduction in maturities.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

27 OCTOBER  
2022

Week from 10/17/2022 to 10/21/2022

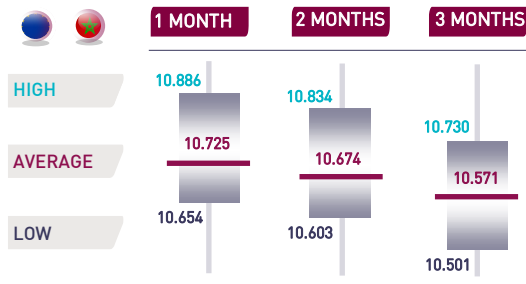
### EUR/USD OUTLOOK – BLOOMBERG

	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	1.12	1.10
<b>AVERAGE</b>	0.9862	0.97	0.98	1.00	1.02	1.04	1.10	1.12	1.10
<b>+HIGH</b>	10/21/2022	1.03	1.04	1.08	1.12	1.10	1.18	1.20	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	0.99	1.00	1.00	1.01	1.03	1.04	1.05

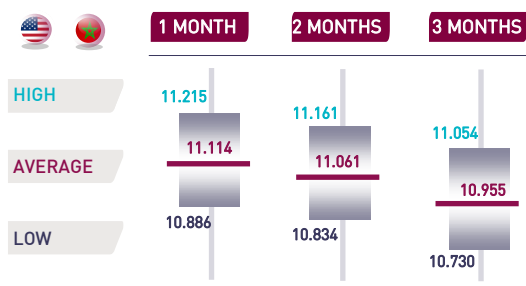
EUR/USD forecasts from international brokers have been broadly stable this week. In Q4-22, the pair would move to 0.97. This would change to 0.98 in Q1-23. In Q2-23, the pair stands at 1.00 and would reach 1.02 in Q3-23 against 1.03 the previous week. On an annual basis, the target is 1.04 in 2023, before reaching 1.10 in 2024. In 2025, the target stands at 1.12 and in 2026, it stands at 1.10 unchanged.

The disclosure of US inflation at 8.2% in September surprised the financial markets, which were expecting a faster slowdown in the increase of prices. The strength of the labour market and the comfortable level of the US unemployment rate would allow the Fed to pursue its monetary tightening to control inflation. A rate hike of 75 BPS is expected at the next FOMC bringing the Fed Fund rate into the 3.75%-4.00% range. In the Euro Zone, inflation reached a new record at 9.9% in September according to the latest figures from Eurostat. The markets forecast the continuation of the tightening of the monetary policy of the ECB with a further increase of 75 BPS at the ECB's next decision, bringing its main key rate to 2.00%. The visible shift in the timing of monetary tightening between the Fed and the ECB favors the dollar on the ST.

### 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 EUR/USD parity forecasts and liquidity conditions on the foreign exchange market, we have revised our USD/MAD forecasts upwards for 1, 2 and 3 months.

Compared to the spot price, the MAD would depreciate against the dollar over 1 and 2 months and appreciate over 3 months. This scenario is supported by the reviewed growth outlook and the slowdown in commodities demand internationally. Indeed, this scenario would imply a reduction in price pressures and a drop in import flows at the domestic level. We forecast a slight appreciation of the dirham over a 3-month horizon.

The target levels of the USD/MAD parity stand at 11.11, 11.06 and 10.96 at horizons of 1, 2 and 3 months against a spot price of 11.03.

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 10.73, 10.67 and 10.57 at horizons of 1, 2 and 3 months against a spot price of 10.75.

### 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>	+0.05%	+0.22%	-2.47%	-0.20%	-1.09%	-0.84%
<b>1 MONTH</b>	+2.92%	+1.19%	-2.12%	-0.35%	+0.96%	-1.85%
<b>YTD 2022</b>	+18.83%	+2.25%	-9.73%	+9.47%	-2.09%	+7.18%

Prices as of 10/21/2022



# APPENDICES

DATA AS OF OCTOBER 26<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	139	135	134	123	119
<b>FORWARD</b>	148	147	145	143	141	139	133	127
<b>FORECAST</b>	USD/CAD	1.37	1.35	1.32	1.3	1.3	1.26	1.26
<b>FORWARD</b>	1.36	1.36	1.36	1.36	1.36	1.35	1.35	1.34
<b>FORECAST</b>	USD/CHF	0.99	0.98	0.97	0.96	0.95	0.95	0.93
<b>FORWARD</b>	1	0.99	0.98	0.97	0.96	0.95	0.92	0.90
<b>FORECAST</b>	GBP/USD	1.08	1.10	1.11	1.14	1.17	1.22	1.25
<b>FORWARD</b>	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.14

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

	Date	Q4-2022	Q1-2023	Q2-2023	Q3-2023	2023
Wells Fargo	10/24/22	0.950	0.92	0.92	0.94	0.96
JPMorgan Chase	10/17/22	0.950	0.9	0.97	1.03	1.03
Standard Chartered	10/11/22	0.970	1.02	1.05	1.08	1.08
Commerzbank	10/06/22	0.950	0.98	1	1.02	1.05
RBC Capital Markets	10/06/22	0.970	0.95	0.98	1.02	1.05
BNP Paribas	09/15/22	1.000	1.01	1.02	1.04	1.06
Rabobank	10/25/22	0.95	0.95	0.99	1.04	1.18
Commonwealth Bank of Australia	10/24/22	0.97	0.93	0.96	0.98	1.01
Capital Economics	10/24/22	0.95	0.92	0.9	0.93	0.95
Skandinaviska Enskilda Banken	10/24/22	0.96	0.97	1.01	1.04	1.08
Swedbank	10/21/22	0.97	0.99	1.02	1.04	1.07
Nomura Bank International	10/20/22	0.9	0.9	0.93	--	0.98
Mizuho Bank	10/19/22	0.97	0.95	0.96	1	--
Danske Bank	10/14/22	0.96	0.95	0.94	0.93	--
Canadian Imperial Bank of Commerce	10/12/22	0.98	1	1.02	1.04	1.06
Jyske Bank	10/12/22	1	1	1.08	1.12	--
NAB/BNZ	10/12/22	0.96	0.99	1	1.02	1.04

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-22  
Prices as of 10/26/2022

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