



# WEEKLY MAD INSIGHTS

## CURRENCIES

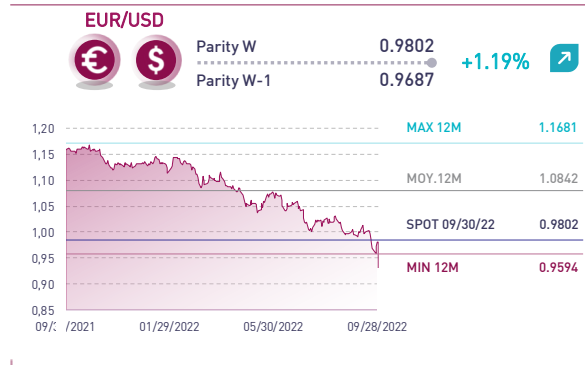
07 | OCTOBER  
2022

Week from 09/26/2022 to 09/30/2022

### MAIN WEEKLY VARIATIONS

		<b>+1.19%</b>			<b>-0.13%</b>
USD/MAD		10.9961	CAD/MAD		8.0146
		<b>+1.20%</b>			<b>+1.30%</b>
EUR/MAD		10.7322	GBP/MAD		12.1670
		<b>+0.01%</b>			<b>+1.36%</b>
JPY/MAD		7.6066	CHF/MAD		11.2150

### INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket <sup>(1)</sup> effect	<b>-0.01%</b>	<b>0.00%</b>
Market <sup>(2)</sup> effect	<b>+1.20%</b>	<b>+1.20%</b>

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

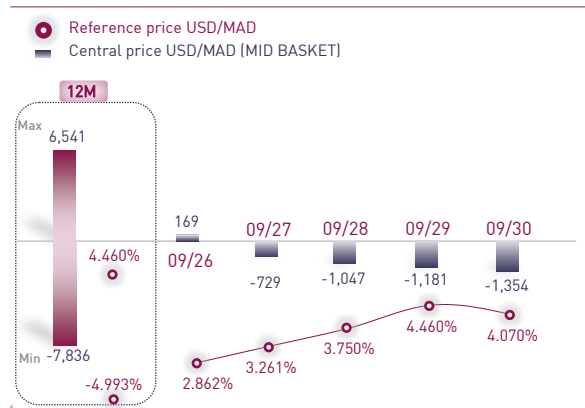
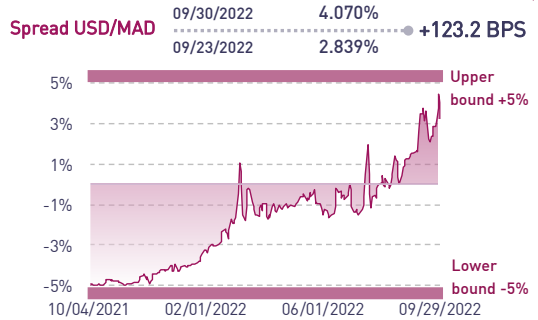
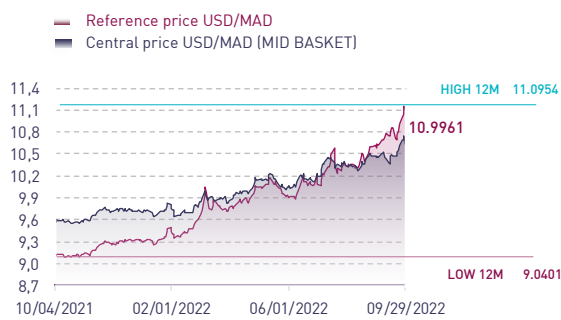
Banks Foreign Exchange position <sup>(3)</sup> W	<b>-828 MN</b>
Banks Foreign Exchange position W-1	<b>649 MN</b>

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

### The euro rebounds but the underlying trend is bearish

The euro rebounds this week by +1.19% to 0.9802 after hitting a new 20-year low at 0.9594 last Tuesday. This is due to the weakening of the dollar following disappointing figures of pending home sales in August. The energy crisis in Europe continues to weigh on the outlook of the EUR/USD exchange rate. Indeed, fears of a recession in Europe are growing as the energy crisis drags on. The rise in prices is accelerating, inflation in the Euro zone reaches a new record at 10.0% in September.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### USD/MAD hits new 20-year high

USD/MAD is up +1.19% to 11.00 this week. This is due to the tightening of liquidity conditions on the Moroccan interbank foreign exchange market. Liquidity spreads appreciated by +123 PBS to 4.07% after reaching a peak of 4.46% during the week, getting close to the upper threshold of the fluctuation band. This level of liquidity spread is a record since the beginning of the flexibilization of the dirham in 2018.

We note significant import flows in the form of hedging transactions. The latter were boosted by the rebound of the euro this week.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	10.42%	12.33%	16.59%	12.82%	20.15%	17.37%
2 MONTHS	9.71%	10.63%	17.61%	10.94%	16.76%	14.10%
3 MONTHS	11.43%	11.80%	17.46%	12.39%	16.69%	14.24%

### The dirham is penalized by hedging transactions

The week was marked by high volatility in the international foreign exchange markets. EUR/USD hit a new 20-year low before rebounding at the end of the week. The outlook remains highly uncertain due to the energy crisis.

Very ST hedging strategies become necessary in such volatile markets for operators whose activity is exposed to FX risk.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

07 | OCTOBER  
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Week from 09/26/2022 to 09/30/2022

### EUR/USD OUTLOOK – BLOOMBERG

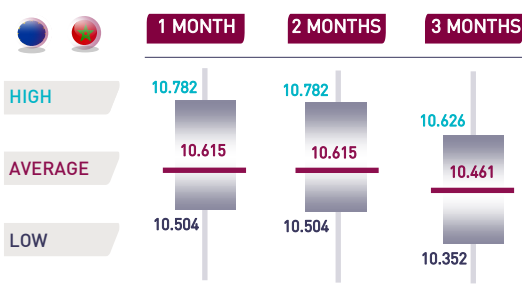
	SPOT	Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026
<b>MEDIAN</b>		0.98	0.99	1.02	1.03	1.05	1.12	1.15	1.11
<b>AVERAGE</b>	0.9802	0.97	0.99	1.01	1.03	1.05	1.11	1.14	1.12
<b>+HIGH</b>	09/30/2022	1.03	1.05	1.07	1.08	1.10	1.18	1.21	1.20
<b>+LOW</b>		0.90	0.90	0.90	0.93	0.95	1.00	1.03	1.06
<b>FORWARD</b>		0.99	1.00	1.00	1.01	1.01	1.03	1.04	1.05

EUR/USD forecasts from international brokers have been revised downwards this week. In Q4-22, the pair would evolve at 0.97 against 0.98 initially forecast. This should change to 0.99 in Q1-23 instead of 1.00 estimated a week earlier. In Q2-23, the pair stands at 1.01 against 1.02 and would reach 1.03 in Q3-23 against 1.04. On an annual basis, the target is 1.05 in 2023 against 1.06, before reaching 1.11 in 2024. In 2025, the target is 1.14 and in 2026, it is 1.12.

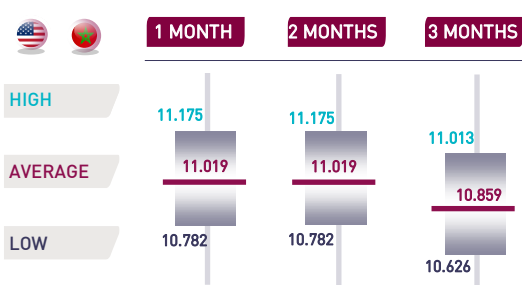
The energy crisis in Europe is worsening. The surge in energy prices has spread to several sectors of the economy and the rise in prices was amplified by the euro depreciation. Note that several Goods, until now produced in Europe, are now being imported. This situation is disrupting Europe's foreign trade and weighing on the euro outlook.

Inflation in the Euro Zone has therefore reached a new record at 10.0% in September and the markets forecast the continuation of the tightening of the monetary policy of the ECB and the FED by the end of the year.

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

*We believe that Bank Al-Maghrib's latest decision to raise its Key Rate by 50 PBS to 2.0% should support the fundamental value of the dirham over the MT.*

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

The target levels of the USD/MAD parity stand at 11.12, 11.12 and 11.01 at horizons of 1, 2 and 3 months against a spot price of 11.00.

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>	+1.19%	+1.20%	+0.01%	-0.13%	+1.30%	+1.36%
<b>1 MONTH</b>	+4.33%	+1.43%	-0.35%	-1.19%	-1.58%	+3.27%
<b>YTD 2022</b>	+18.49%	+2.05%	-5.67%	+9.89%	-2.87%	+10.23%

Prices as of 09/30/2022



# APPENDICES

DATA AS OF OCTOBER 6<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	142	139	135	134	132	120	119
<b>FORWARD</b>	145	143	142	140	138	136	130	125
<b>FORECAST</b>	USD/CAD	1.34	1.32	1.31	1.3	1.28	1.25	1.26
<b>FORWARD</b>	1.37	1.37	1.37	1.36	1.36	1.36	1.36	1.35
<b>FORECAST</b>	USD/CHF	0.99	0.98	0.97	0.96	0.95	0.96	0.90
<b>FORWARD</b>	0.99	0.98	0.97	0.96	0.95	0.94	0.92	0.89
<b>FORECAST</b>	GBP/USD	1.11	1.13	1.15	1.16	1.18	1.25	1.26
<b>FORWARD</b>	1.12	1.13	1.13	1.12	1.12	1.12	1.11	1.10

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

	Date	Q4-2022	Q1-2023	Q2-2023	Q3-2023	2023
Commerzbank	10/06/22	0.95	0.98	1	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
RBC Capital Markets	09/08/22	0.97	0.95	0.98	1.02	1.05
Standard Chartered	09/01/22	0.97	1.02	1.05	1.08	1.08
Amdocs Development Ltd	10/05/22	1	1.04	1.06	--	--
Investec	10/05/22	0.99	1.03	1.06	1.08	1.1
Landesbank Baden-Wuerttemberg	10/05/22	0.93	0.9	0.93	0.95	0.97
Oversea-Chinese Banking Corp	10/05/22	0.99	1.01	1.03	1.03	1.04
Monex Europe Ltd	10/04/22	0.95	1	1.05	1.07	1.1
Monex USA Corp	10/04/22	1.03	1.04	1.05	1.06	1.08
Alpha Bank	10/03/22	0.98	0.99	1	1.02	1.04
Mizuho Bank	10/03/22	0.97	0.95	0.96	1	--
X-Trade Brokers Dom Maklerski	10/03/22	1	1.01	1.02	1.03	1.04
Banco Bilbao Vizcaya Argentaria	09/30/22	0.98	1.02	1.01	1.04	1.06
Ebury	09/30/22	1	1.03	1.06	1.08	1.1

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-22  
Prices as of 10/06/2022

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