



WEEKLY MAD INSIGHTS

CURRENCIES

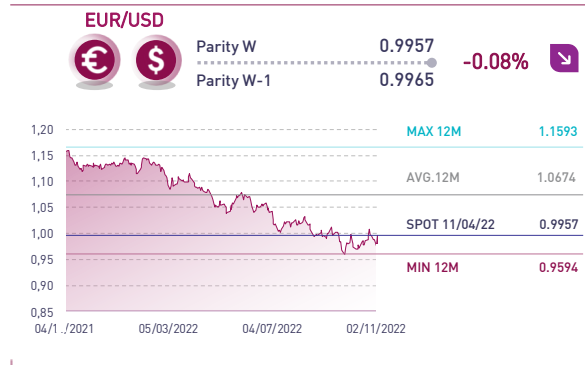
11 | NOVEMBER
2022

Week from 10/31/2022 to 11/04/2022

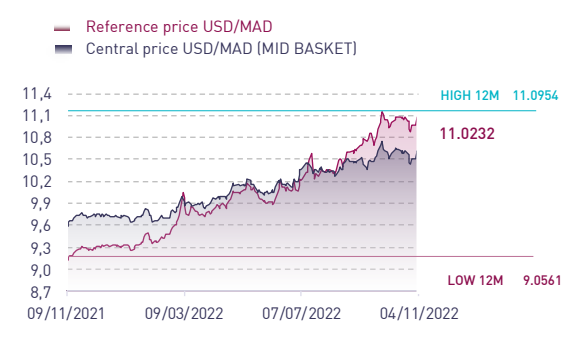
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	+0.86%	-0.61%
Market ⁽²⁾ effect	+0.17%	+0.17%

(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	-1,061 MN
	Banks Foreign Exchange position W-1	-1,057 MN

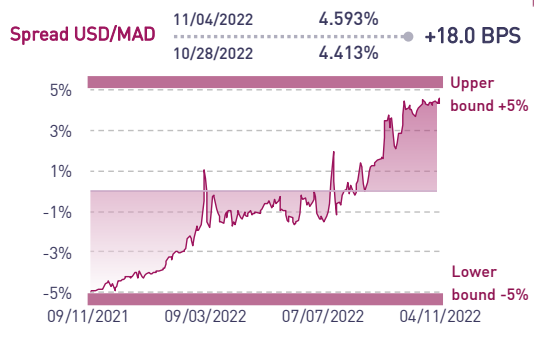
(3) Calculated over the period from 10/28/2022 to 11/03/2022

Fed raises its key rate by 75 BPS

At the end of this week, the euro depreciated against the dollar by -0.08% from 0.9965 to 0.9957.

As expected, the Fed raised its key rate by 75 BPS on Wednesday. As inflation remains at high levels, the Fed confirmed its intention to continue its fight against rising prices. This orientation should maintain the rates' upward trend and support the dollar.

US unemployment figures were not very reassuring this week. The unemployment rate stood at 3.7% in October against 3.5% the previous month. The sustainability of such a scenario would encourage the Fed to slow down its rate hike process sooner than expected.

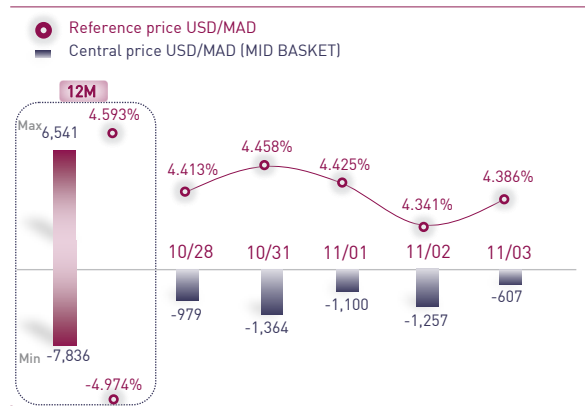


A visible tightening of MAD liquidity

The dollar is back above 11 MAD this week, appreciating by +1.03%. This is due to a double basket/liquidity effect unfavorable to the MAD, i.e. +0.86% and +0.17% respectively.

The exchange position stabilized at MAD -1.1 Bn on a weekly average. Import flows remain significant given the impact of the rise in energy prices and the increase in the volume of hedging transactions.

Liquidity spreads increased by +18 BPS to 4.59% to a new high this week. These are approaching the limit of the MAD fluctuation band set at +5.0% and reflect a visible tightening of MAD liquidity.



VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	8.36%	6.87%	8.57%	8.01%	11.91%	7.24%
2 MONTHS	9.71%	10.21%	13.47%	10.71%	17.17%	13.92%
3 MONTHS	9.37%	9.49%	14.13%	10.10%	15.62%	12.46%

The FX market is dominated by uncertainties

The impact of rate hikes on the global economy is very visible. The IMF has lowered its growth forecast for 2023. Some market investors expect the process of monetary policy tightening to slow down. This induces high volatility on the foreign exchange market.

In this context of uncertainty, we recommend reducing hedging horizons on the MAD.

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EUR/USD OUTLOOK – BLOOMBERG

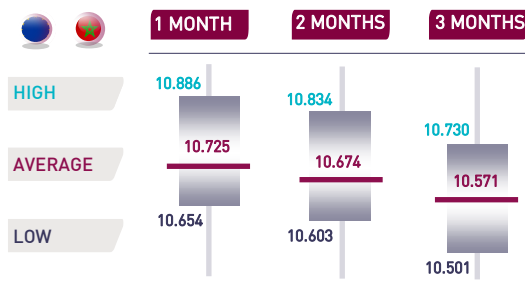
	SPOT	Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026
MEDIAN		0.98	0.99	1.01	1.03	1.05	1.09	1.14	1.08
AVERAGE	0.9957	0.97	0.98	1.00	1.02	1.04	1.09	1.12	1.10
+HIGH	11/04/2022	1.03	1.04	1.08	1.12	1.08	1.15	1.20	1.16
+LOW		0.90	0.90	0.90	0.93	0.95	1.00	1.03	1.06
FORWARD		1.01	1.02	1.02	1.03	1.04	1.05	1.07	1.08

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 1.09 in 2024 against 1.10 a week earlier. In 2025, the target comes out at 1.12 and in 2026, it settles at 1.10 unchanged.

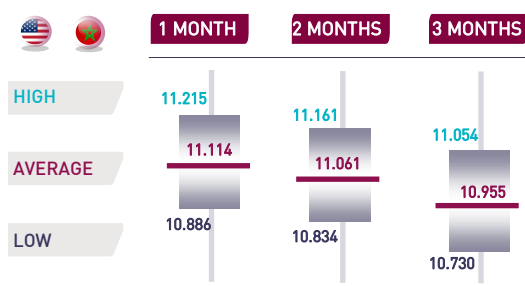
As US inflation stands at 8.2% in September, the Fed decided to raise its key rate by 75 BPS for the 4th time since the beginning of the year. The Fed is still determined to continue monetary tightening to fight against inflation. However, the magnitude of the next rate hikes remains uncertain. The US unemployment rate came out at 3.7% in October, higher than expected, leading the markets to now anticipate a rise of 50 BPS instead of 75 BPS for the next FOMC.

In the Euro Zone, inflation reached a new record at 10.7% in September according to Eurostat estimates. The ECB decided on a further rate hike of 75 BPS, bringing its main key rate to 2.00%. But the visible shift in the timing of monetary tightening between the Fed and the ECB still 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 USD over 1 and 2 months and appreciate over 3 months. Over the next 3 months, our central scenario is based on a drop in demand for commodities on an international scale. This would imply a certain easing of prices and consequently a decrease in the amount of import flows at the national level.

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 11.02.

Against the EUR, the MAD 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 10.81.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+1.03%	-0.44%	+0.97%	+1.06%	-1.75%	-0.04%
1 MONTH	+0.82%	-0.01%	-1.17%	+1.06%	-0.20%	-0.99%
YTD 2022	+18.78%	+2.75%	-7.47%	+11.00%	-1.28%	+7.65%

Prices as of 11/04/2022



APPENDICES

DATA AS OF NOVEMBER 9TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025
FORECAST	USD/JPY	146	143	140	137	135	124	122
FORWARD	145	145	143	141	139	137	130	125
FORECAST	USD/CAD	1.38	1.37	1.34	1.32	1.32	1.26	1.25
FORWARD	1.34	1.34	1.34	1.34	1.33	1.33	1.33	1.32
FORECAST	USD/CHF	0.99	0.99	0.98	0.96	0.96	0.95	0.93
FORWARD	0.98	0.98	0.97	0.96	0.95	0.94	0.91	0.88
FORECAST	GBP/USD	1.11	1.11	1.13	1.16	1.18	1.23	1.25
FORWARD	1.16	1.16	1.16	1.16	1.17	1.17	1.17	1.17

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

	Date	Q4-2022	Q1-2023	Q2-2023	Q3-2023	2023
RBC Capital Markets	11/03/22	0.97	0.95	0.98	1.02	1.05
Wells Fargo	10/24/22	0.95	0.92	0.92	0.94	0.96
JPMorgan Chase	10/17/22	0.95	0.9	0.97	1.03	1.03
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
BNP Paribas	09/15/22	1	1.01	1.02	1.04	1.06
AFEX	11/08/22	1	0.95	0.98	--	--
Argentex LLP	11/08/22	0.99	1.02	1.04	--	1.16
Klarity FX	11/07/22	1.02	1.03	1.04	1.05	--
Westpac Banking	11/07/22	1	1.01	1.02	1.04	1.07
Australia & New Zealand Banking Group	11/04/22	0.97	0.95	0.97	1	1.03
Rabobank	11/04/22	0.95	0.95	0.95	0.95	1.18
Amdocs Development Ltd	11/03/22	1	1.03	1.05	--	--
MUFG	11/03/22	0.95	0.99	1.01	1.02	--
Jyske Bank	11/03/22	1	1	1.08	1.12	--
Skandinaviska Enskilda Banken	11/03/22	0.96	0.97	1.01	1.04	1.08
X-Trade Brokers Dom Maklerski	11/03/22	1	1.01	1.02	1.03	1.04

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-22
Prices as of 11/09/2022

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