



WEEKLY MAD INSIGHTS

CURRENCIES

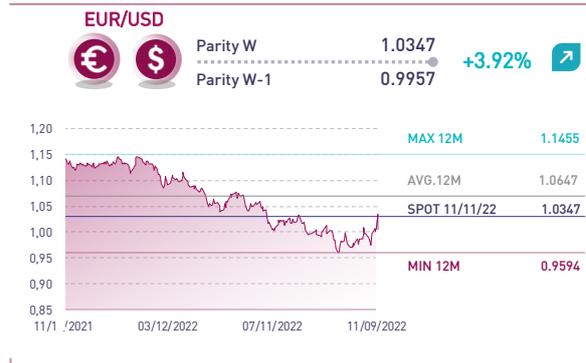
17 NOVEMBER
2022

Week from 11/07/2022 to 11/11/2022

MAIN WEEKLY VARIATIONS

		-2.44%			-0.17%
USD/MAD	10.7543		CAD/MAD	8.0817	
		+2.15%			+2.00%
EUR/MAD	11.0382		GBP/MAD	12.6130	
		+3.04%			+2.22%
JPY/MAD	7.6877		CHF/MAD	11.1950	

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-2.67%	+1.92%
Market ⁽²⁾ effect	+0.23%	+0.23%

(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	-3,102 MN
Banks Foreign Exchange position W-1	-1,061 MN

(3) Calculated over the period from 11/04/2022 to 11/10/2022

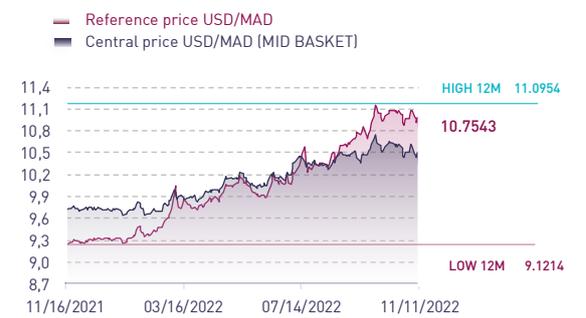
The single currency returns above parity

The euro appreciated strongly this week against the dollar by +3.92%, rising from 0.9957 to 1.0347.

The inflation in the United States for the month of October stands at 7.7% against a forecast of 8.0% and a level of 8.2% the previous month. The deceleration in the rise in prices seems to reassure the financial markets. The latter had to revise the outlook for the Fed's terminal rate.

The consensus now expects a slowdown in the Fed's rate hike process. An appreciation of 50 PBS is widely expected for the next FOMC instead of the 75 BPS ahead of the inflation indicators' release.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



A very favorable basket effect for the dirham

The dollar is back below MAD 11 this week, with an evolution of -2.44%. Originally, a basket effect favorable to the MAD of -2.67%. The liquidity effect came out at +0.23%, detrimental to the MAD.

The foreign exchange position widened to MAD -3.1 Bn on a weekly average against MAD -1.1 Bn a week earlier. Import flows remain significant given the impact of the rise in energy prices and the increase in the volume of hedging transactions.

Liquidity spreads hit a new high at 4.86% on Monday before closing at 4.83% up 24 BPS this week. These spreads very close to the 5.0% limit reflect a significant tightening of MAD liquidity.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	11.16%	9.08%	14.00%	7.79%	13.09%	8.94%
2 MONTHS	11.38%	10.13%	13.19%	9.57%	16.92%	12.53%
3 MONTHS	10.68%	10.17%	15.15%	10.05%	16.08%	12.76%

An inflationary context behind the volatility

Uncertainties related to the evolution of inflation and the pace of monetary tightening of the Fed and the ECB induce high volatility on the foreign exchange market.

In this context, we recommend that Corporates considerably reduce their 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	1.0347	0.98	0.98	1.00	1.02	1.04	1.09	1.12	1.10
+HIGH	11/11/2022	1.03	1.04	1.08	1.12	1.08	1.15	1.20	1.16
+LOW		0.93	0.90	0.90	0.93	0.95	1.00	1.03	1.06
FORWARD		1.04	1.05	1.05	1.06	1.07	1.08	1.09	1.11

EUR/USD forecasts from international brokers have been broadly stable this week. In Q4-22, the pair would evolve at 0.98 against 0.97 the previous week. This would change to 0.98 in Q1-23. In Q2-23, the pair comes out at 1.00 and would reach 1.02 in Q3-23. On an annual basis, the target is 1.04 in 2023, before reaching 1.09 in 2024. In 2025, the target stands at 1.12 and in 2026, it stands at 1.10 unchanged.

US inflation came out at 7.7% in October against a forecast of 8.0% and a level of 8.2% in September. Inflation remains above the MT target of 2% but markets now expect a smaller rate hike at the next FOMC in December. Markets are pricing in a 50 BPS hike that should bring Fed Fund interest rates into the 4.25%-4.50% range by the end of 2022. 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 divergence in the timing of monetary tightening between the Fed and the ECB, still 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.

The consensus for the EUR/USD forecast stands at 0.9650 against a spot price of 1.0347. The basket effect would benefit the dollar over the next 3 months. Liquidity spreads, meanwhile, should gradually decline over the next 3 months due to an expected decline in import flows. A scenario justified by the decline in international demand.

Compared to the spot price, the MAD would depreciate slightly against the dollar within 3 months.

The target levels of the USD/MAD parity stand at 11.11, 11.06 and 10.9% at horizons of 1, 2 and 3 months against a spot price of 10.75.

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 11.04.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-2.44%	+2.15%	+3.04%	-0.17%	+2.00%	+2.22%
1 MONTH	-2.13%	+3.38%	+1.86%	+1.55%	+3.67%	+1.54%
YTD 2022	+15.88%	+4.96%	-4.66%	+10.81%	+0.69%	+10.04%

Prices as of 11/11/2022



APPENDICES

DATA AS OF NOVEMBER 16TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025
FORECAST	USD/JPY	146	142	140	137	132	124	122
FORWARD	139	138	137	135	133	131	126	121
FORECAST	USD/CAD	1.37	1.37	1.35	1.33	1.32	1.26	1.25
FORWARD	1.33	1.33	1.33	1.32	1.32	1.32	1.31	1.31
FORECAST	USD/CHF	0.99	0.99	0.98	0.97	0.96	0.96	0.93
FORWARD	0.94	0.94	0.93	0.92	0.91	0.90	0.88	0.85
FORECAST	GBP/USD	1.12	1.11	1.13	1.16	1.18	1.22	1.25
FORWARD	1.19	1.19	1.19	1.20	1.20	1.20	1.20	1.19

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

	Date	Q4-2022	Q1-2023	Q2-2023	Q3-2023	2023
BNP Paribas	11/15/22	1	1.01	1	1.03	1.06
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
Danske Bank	11/14/22	0.99	0.96	0.95	0.94	--
Monex USA Corp	11/14/22	1.03	1.04	1.05	1.06	1.08
Capital Economics	11/11/22	0.95	0.92	0.9	0.93	0.95
Mizuho Bank	11/11/22	0.99	0.98	1	1.01	--
ABN Amro	11/10/22	1	1.02	1.05	1.07	1.08
Nomura Bank International	11/10/22	0.96	0.98	1	--	1.04
Polski Instytut Ekonomiczny	11/10/22	1	1.01	1.01	1.02	1.02
Skandinaviska Enskilda Banken	11/10/22	0.96	0.97	1.01	1.04	1.08
Sumitomo Mitsui Trust Bank	11/10/22	1	1	1.02	1.04	--
Jyske Bank	11/09/22	1	1	1.08	1.12	--
Oversea-Chinese Banking Corp	11/09/22	0.99	1.01	1.03	1.03	1.04

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-22
Prices as of 11/16/2022

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