



WEEKLY MAD INSIGHTS

CURRENCIES

24 NOVEMBER
2022

Week from 11/14/2022 to 11/18/2022

MAIN WEEKLY VARIATIONS

		-0.31%			-0.76%
USD/MAD		10.7208	CAD/MAD		8.0204
		+0.47%			+0.78%
EUR/MAD		11.0896	GBP/MAD		12.7120
		-0.27%			+0.87%
JPY/MAD		7.6670	CHF/MAD		11.2920

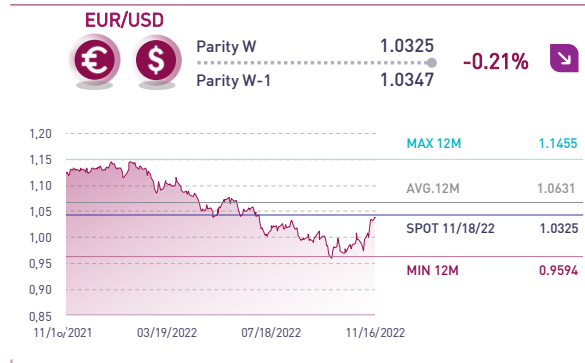
	USD/MAD	EUR/MAD
Basket ⁽¹⁾ effect	-0.46%	+0.32%
Market ⁽²⁾ effect	+0.15%	+0.15%

(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	-3,233 MN
	Banks Foreign Exchange position W-1	-2,369 MN

(3) Calculated over the period from 11/09/2022 to 11/15/2022

INTERNATIONAL HIGHLIGHTS



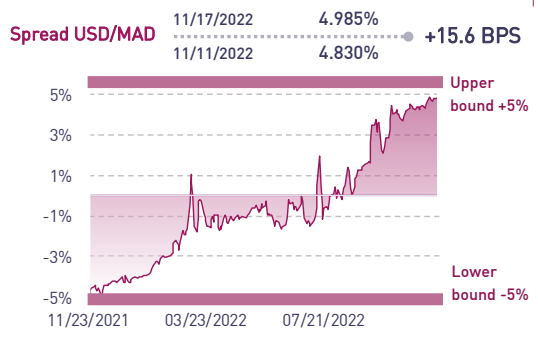
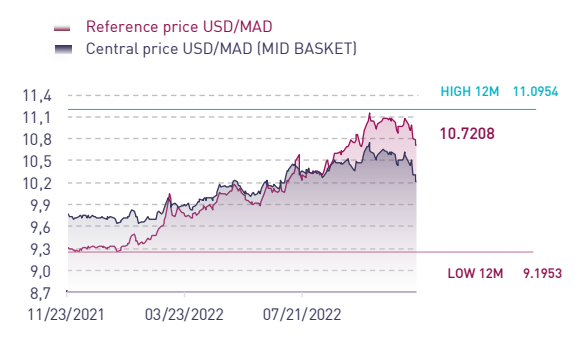
The rise in risk aversion benefits to the dollar

The euro depreciated slightly against the dollar this week by -0.21% from 1.0347 to 1.0325.

US inflation came out at 7.7% for October, slightly weaker than expected. This figure reinforced expectations that the Fed's monetary restriction process would slow down.

The introduction of new anti-covid lockdown measures in China and the evolution of the war between Ukraine and Russia have fueled risk aversion among investors. This context has benefited to safe havens, such as the US dollar.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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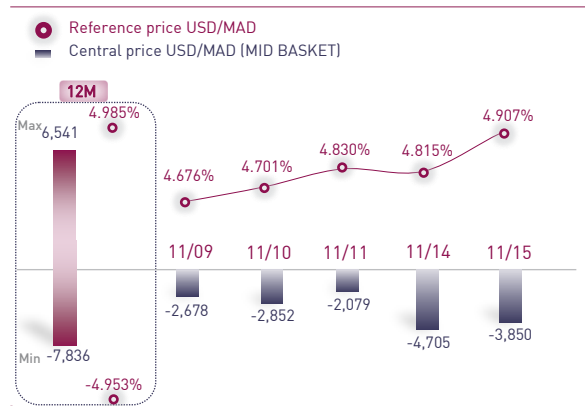
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MAD spreads at the edge of the BAM band

The MAD continues to appreciate against the US dollar for the second week in a row. USD/MAD stands at 10.72, down -0.31% in one week.

The foreign exchange position shows a deficit of MAD -3.2 bn on a weekly average. Import flows are significant due to the impact of the rise in energy product prices and the increase in hedging transactions.

Liquidity spreads hit a new all-time high at 4.99% up 16 BPS this week. These reflect a significant tightening of the MAD's liquidity. This situation could encourage BAM to intervene using FX auctions to sell foreign currencies on the interbank foreign exchange market.

VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	11.43%	9.14%	14.03%	7.98%	11.94%	9.89%
2 MONTHS	11.57%	9.57%	13.14%	8.78%	16.60%	12.46%
3 MONTHS	10.36%	9.98%	14.13%	9.97%	15.79%	12.74%

An FX market dominated by uncertainties

The uncertainties related to the geopolitical context are weighing on growth prospects and therefore induce high volatility on the foreign exchange market.

In this context, we recommend that Corporates considerably reduce their hedging horizons on the MAD.



WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

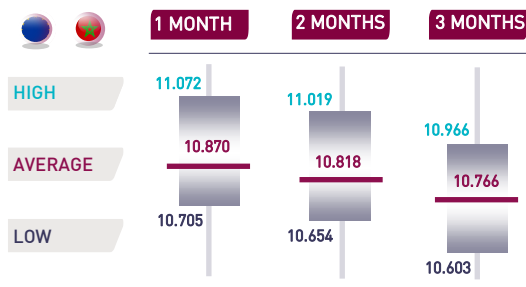
	SPOT	Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026
MEDIAN		0.99	1.00	1.01	1.03	1.05	1.10	1.14	--
AVERAGE	1.0362	0.99	0.99	1.01	1.03	1.05	1.09	1.12	--
+HIGH	11/17/2022	1.07	1.08	1.08	1.12	1.10	1.15	1.20	--
+LOW		0.93	0.90	0.90	0.93	0.95	1.00	1.03	--
FORWARD		1.04	1.05	1.05	1.06	1.07	1.08	1.10	1.11

EUR/USD forecasts from international brokers have been revised upwards this week. In Q4-22, the pair would move at 0.99 against 0.98 the previous week. This would change to 0.99 in Q1-23 against 0.98 initially. In Q2-23, the pair stands at 1.01 against 1.00 the previous week to reach 1.03 in Q3-23 against 1.02 initially. On an annual basis, the target is 1.06 in 2023 against 1.04 previously, before reaching 1.10 in 2024 against 1.09 initially. In 2025, the target comes out at 1.13 against 1.12 and in 2026, it comes out at 1.11 against 1.10 previously.

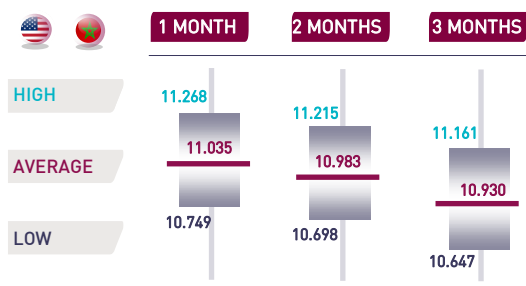
US inflation came out at 7.7% in October against a forecast of 8.0% and a level of 8.2% in September. Inflation remains above the MT target of 2% but markets now expect a smaller rate hike at the next FOMC on December. Markets are pricing in a 50 BPS hike bringing Fed Funds interest rates into the 4.25%-4.50% range by the end of 2022.

In the Euro Zone, inflation reached a new record at 10.6% in October according to the latest figures from Eurostat. The ECB decided on a further rate hike of 75 BPS, bringing its main key rate to 2.00%. The visible divergence in the timing of monetary tightening between the Fed and the ECB, still favors the dollar on the ST.

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

Taking into account the bullish forecasts for the dollar at the ST and a slight improvement in liquidity conditions on the Moroccan foreign exchange market, the MAD would depreciate slightly against the dollar within 3 months. This scenario takes into account an expected decline in import flows due to the expected decline in international demand.

The target levels of the USD/MAD parity stand at 11.04, 10.98 and 10.93 at horizons of 1, 2 and 3 months against a spot price of 10.72.

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

The target levels of the EUR/MAD parity stand at 10.87, 10.82 and 10.77 at horizons of 1, 2 and 3 months against a spot rate of 11.09.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.31%	+0.47%	-0.27%	-0.76%	+0.78%	+0.87%
1 MONTH	-2.84%	+3.12%	+3.37%	+0.40%	+2.01%	+2.50%
YTD 2022	+15.52%	+5.45%	-4.92%	+9.97%	+1.48%	+10.99%

Prices as of 11/17/2022



APPENDICES

DATA AS OF NOVEMBER 23TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025
FORECAST	USD/JPY	145	143	140	136	132	125	122
FORWARD	141	141	139	137	135	133	127	123
FORECAST	USD/CAD	1,36	1,35	1,34	1,32	1,3	1,26	1,28
FORWARD	1,34	1,34	1,34	1,33	1,33	1,33	1,32	1,32
FORECAST	USD/CHF	0,98	0,98	0,96	0,95	0,95	0,94	0,93
FORWARD	0,95	0,95	0,94	0,93	0,92	0,91	0,88	0,86
FORECAST	GBP/USD	1,13	1,14	1,15	1,17	1,20	1,23	1,25
FORWARD	1,19	1,19	1,19	1,19	1,20	1,20	1,20	1,20

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

	Date	Q4-2022	Q1-2023	Q2-2023	Q3-2023	2023
Wells Fargo	11/21/22	1.01	0.98	0.99	1.01	1.03
BNP Paribas	11/17/22	1	1.01	1	1.03	1.06
Standard Chartered	11/15/22	1.03	1.04	1.06	1.09	1.1
RBC Capital Markets	11/03/22	0.97	0.95	0.98	1.02	1.05
JPMorgan Chase	10/17/22	0.95	0.9	0.97	1.03	1.03
Commerzbank	10/06/22	0.95	0.98	1	1.02	1.05
Barclays	11/22/22	0.98	0.98	1	1.03	1.05
NAB/BNZ	11/22/22	1.04	1.06	1.08	1.13	1.15
Morgan Stanley	11/21/22	1	1.02	1.04	1.06	1.08
UniCredit	11/21/22	0.99	1	1.03	1.05	1.07
ING Financial Markets	11/18/22	0.98	0.95	0.98	1	1.1
Nomura Bank International	11/18/22	1.07	1.08	1.08	--	1.1
Rabobank	11/18/22	1	0.95	0.95	0.95	1.18
Swedbank	11/18/22	1.02	1.04	1.06	1.08	1.1
TD Securities	11/16/22	0.98	0.96	0.99	1.01	1.05
Ebury	11/15/22	1.02	1.04	1.06	1.08	1.1
Danske Bank	11/14/22	0.99	0.96	0.95	0.94	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-22
Prices as of 11/23/2022

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