



# WEEKLY MAD INSIGHTS

## CURRENCIES

04 | NOVEMBER  
2022

Week from 10/24/2022 to 10/28/2022

### MAIN WEEKLY VARIATIONS

		-1.07%			+0.34%
USD/MAD	10.9104		CAD/MAD	8.0106	
		+0.93%			+2.63%
EUR/MAD	10.8537		GBP/MAD	12.5860	
		+1.52%			+0.47%
JPY/MAD	7.3894		CHF/MAD	10.9560	

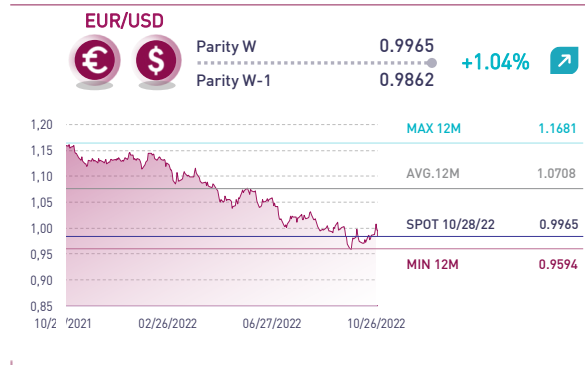
	<b>USD/MAD</b>	<b>EUR/MAD</b>
Basket <sup>(1)</sup> effect	-1.16%	+0.84%
	<b>USD/MAD</b>	<b>EUR/MAD</b>
Market <sup>(2)</sup> effect	+0.09%	+0.09%

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

	<b>Banks Foreign Exchange position<sup>(3)</sup> W</b>	<b>-1,057 MN</b>
	<b>Banks Foreign Exchange position W-1</b>	<b>-1,368 MN</b>

(3) Calculated over the period from 10/21/2022 to 10/27/2022

### INTERNATIONAL HIGHLIGHTS



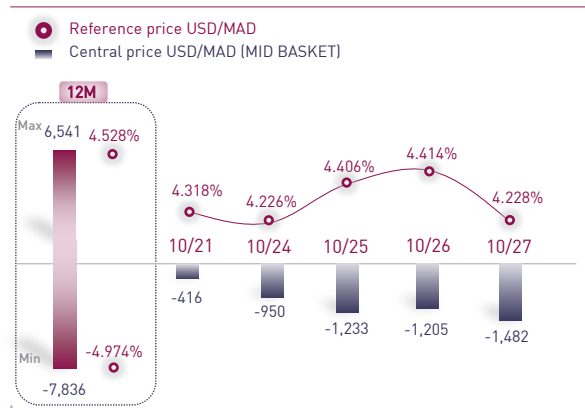
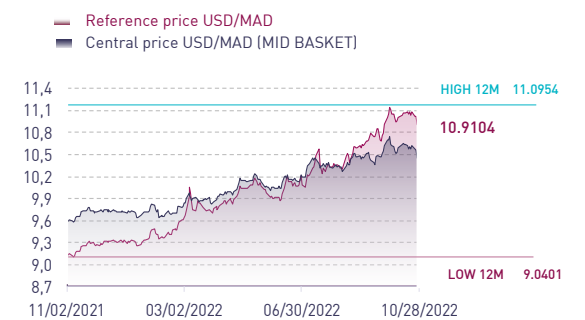
### ECB key rate increase by 75 BPS

The single currency appreciated this week against the dollar by +1.04%, rising from 0.9862 to 0.9965.

As widely anticipated by the financial markets, the ECB has decided to raise its main policy rate by 75 BPS up to 2.00%. In addition, the Fed has hinted that it could reduce the magnitude of Fed Funds rate hikes in the future. We recall that the market consensus anticipates a rise of 75 PBS at the next FOMC.

In this context, the EUR/USD pair exceeded the parity during the week before falling following the speech of the President of the ECB. This prompted the markets to revise the outlook for the ECB's Terminal Rate downwards.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### MAD appreciates following the weakening of the dollar

The USD/MAD pair is depreciating to 10.91 this week, posting a significant decline of -1.07%. While the liquidity effect was almost neutral during this period, most of the change in the MAD is explained by a basket effect of -1.16%. The latter is linked to the weakening of the dollar internationally.

The foreign exchange position stands at -1.1 billion dirhams on a weekly average this week. Originally, significant import flows supported by a positive price effect on commodity prices.

Liquidity spreads increased slightly by +9 PBS to 4.41% this week. These remain close to the limit of the MAD fluctuation band set at +5.0% and reflect a significant tightening of MAD liquidity.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	8.79%	8.33%	8.15%	7.45%	15.87%	8.53%
2 MONTHS	9.45%	10.00%	13.49%	10.56%	17.16%	13.74%
3 MONTHS	9.28%	9.49%	15.68%	9.78%	15.43%	12.39%

### Volatility is fueled by strong uncertainties

The persistence of inflation is weighing on growth prospects in Europe and on the single currency. Volatility remains very high on the foreign exchange market fueled by speculation on the monetary orientations of central banks.

In this context of uncertainty, we recommend giving priority to hedging the MAD at lower maturities.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

04 | NOVEMBER  
2022

Week from 10/24/2022 to 10/28/2022

### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-22	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026
<b>MEDIAN</b>		0.97	0.98	1.00	1.03	1.05	1.09	1.12	1.10
<b>AVERAGE</b>	0.9965	0.97	0.98	1.00	1.02	1.04	1.10	1.12	1.10
<b>+HIGH</b>	10/28/2022	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>		1.00	1.01	1.01	1.02	1.02	1.04	1.06	1.07

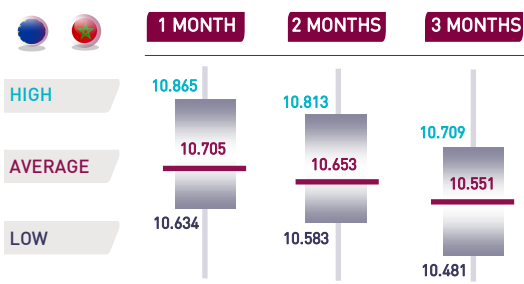
EUR/USD forecasts from international brokers have been stable this week. In Q4-22, the pair would move to 0.97. This would change to 0.98 in Q1-23. In Q2-23, the pair comes out at 1.00 and would reach 1.02 in Q3-23. On an annual basis, the target is 1.04 in 2023, before reaching 1.10 in 2024. The objective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

Inflation in the United States rose to 8.2% in September after peaking at 9.1% in June. The Fed has made 5 increasingly steep rate hikes since the start of the year to bring inflation down. Another rate hike of 75 PBS is widely expected at the next FOMC bringing the Fed Fund rate into the 3.75%-4.00% range.

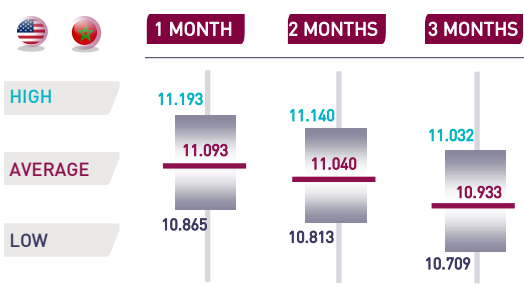
In the Euro Zone, inflation reached a new record of 10.7% in October according to Eurostat estimates. To this end, the markets anticipate the continued tightening of the ECB's monetary policy. The latter proceeded to a further increase of 75 PBS last week, bringing its main key rate to 2.00%.

The visible shift in the timing of monetary tightening between the Fed and the ECB favors a strong dollar.

### DOWNWARD REVIEW OF 1-MONTH, 2-MONTH AND 3-MONTH HORIZON FORECASTS



Based on EUR/USD Bloomberg forecast for Q3-22



Based on EUR/USD Bloomberg forecast for Q3-22

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

Compared to the spot price, the MAD should depreciate against the dollar at horizons of 1 month, 2 months and 3 months. The pressure on the MAD should increase on the ST to gradually ease over the coming months. This scenario is supported by the assumption of a drop in international demand reducing the pressures on the prices of imported energy.

The target levels of the USD/MAD parity stand at 11.09, 11.04 and 10.93 at horizons of 1, 2 and 3 months against a spot price of 10.91.

Against the euro, the dirham should appreciate over 1 month, 2 months and 3 months.

The target levels of the EUR/MAD parity stand at 10.71, 10.65 and 10.55 at horizons of 1, 2 and 3 months against a spot price of 10.85.

### 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>	-1.07%	+0.93%	+1.52%	+0.34%	+2.63%	+0.47%
<b>1 MONTH</b>	-1.67%	+2.35%	-3.61%	-0.52%	+7.19%	-2.31%
<b>YTD 2022</b>	+17.56%	+3.21%	-8.36%	+9.84%	+0.48%	+7.69%

Prices as of 10/28/2022



# APPENDICES

DATA AS OF AUGUST 31<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	132	123	119
<b>FORWARD</b>	148	146	145	143	141	139	133	127
<b>FORECAST</b>	USD/CAD	1.37	1.35	1.32	1.3	1.29	1.26	1.26
<b>FORWARD</b>	1.36	1.36	1.36	1.36	1.35	1.35	1.34	1.33
<b>FORECAST</b>	USD/CHF	0.99	0.99	0.98	0.97	0.96	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	1.09	1.10	1.12	1.14	1.17	1.22	1.25
<b>FORWARD</b>	1.16	1.16	1.16	1.17	1.17	1.17	1.16	1.16

## 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	0.95	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
RBC Capital Markets	10/06/22	0.97	0.95	0.98	1.02	1.05
BNP Paribas	09/15/22	1	1.01	1.02	1.04	1.06
Rabobank	10/31/22	0.95	0.95	0.99	1.04	1.18
Mouvement Desjardins	10/28/22	0.97	0.97	0.99	1.01	1.03
Skandinaviska Enskilda Banken	10/28/22	0.96	0.97	1.01	1.04	1.08
Nomura Bank International	10/27/22	0.9	0.9	0.93	--	0.98
Investec	10/26/22	0.99	1	1.02	1.04	1.05
Landesbank Baden-Wuerttemberg	10/26/22	0.93	0.9	0.93	0.95	0.97
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
Swedbank	10/21/22	0.97	0.99	1.02	1.04	1.07
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	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-22  
Prices as of 10/31/2022

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