



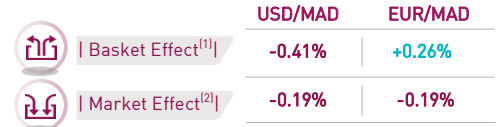
WEEKLY MAD INSIGHTS

CURRENCIES

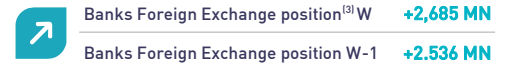
23 DECEMBER
2022

Week from 12/12/2022 to 12/16/2022

MAIN WEEKLY VARIATIONS

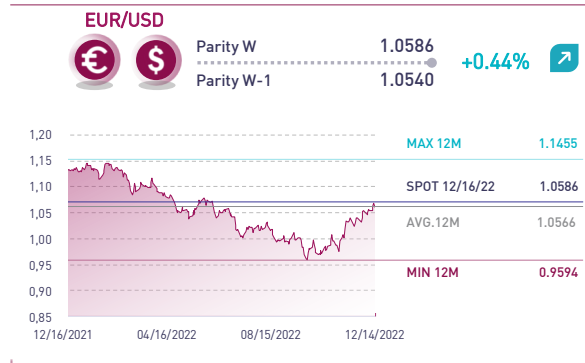


(1) Impact of the variation of the EUR/USD parity
(2) Impact of the variation in the liquidity spread (Supply / Demand)



(3) Calculated over the period from 12/09/2022 to 12/15/2022

INTERNATIONAL HIGHLIGHTS



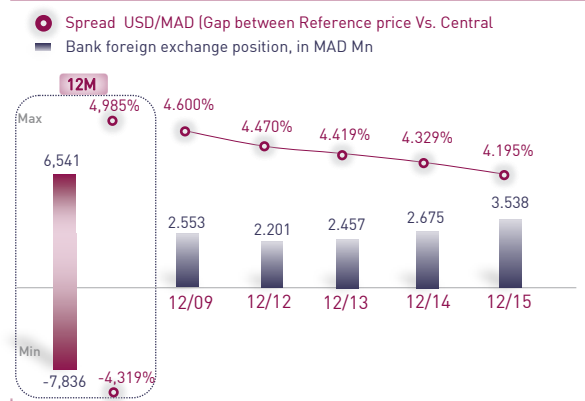
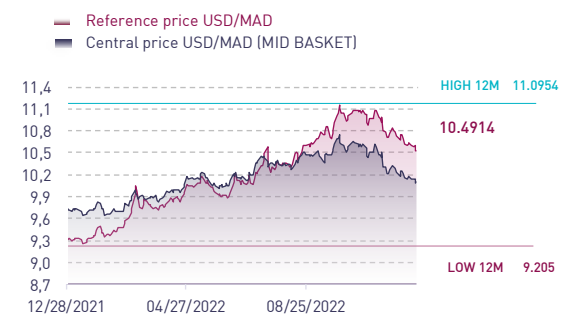
EUR/USD at a 6-month high

The EUR/USD pair appreciated this week by +0.44%, rising from 1.0540 to 1.0586, a 6-month high.

US inflation slowed in November to 7.1% below expectations of 7.3%. After raising its key rate by +75 PBS in its last 4 FOMC meetings, the Fed reduced its pace of rate hikes to +50 PBS for the 1st time in its last meeting of year 2022.

In the Euro Zone, inflation stood at 10.1% in November against 10.6% a month earlier. The ECB decides to slow down its monetary tightening with a rate hike of 50 BPS while anticipating further hikes in 2023.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



Dirham liquidity is improving

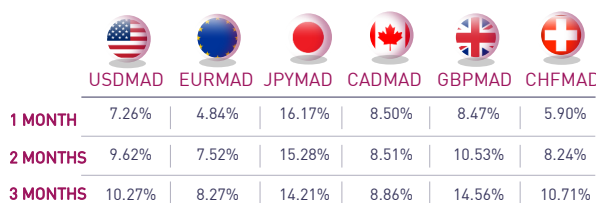
The USD/MAD pair fell for the 6th consecutive week by -0.60% to 10.49 this week. This is a more than 4-month low after hitting a yearly high of 11.1 last September.

This is due to a negative basket effect of -0.41% and a liquidity effect of -0.19% in favor of the MAD.

Liquidity spreads improved this week from 4.60% to 4.40%, a drop of -20 BPS. The latter remain at high levels exceeding the 4.0% threshold at the closest to the upper band of the MAD fluctuation band.

In addition, the banks' foreign exchange position improved to MAD 2.7 bn this week on a weekly average against MAD 2.5 bn dirhams previously.

VOLATILITY INDICATORS



A year-end under the sign of volatility

Uncertainties linked to the geopolitical context and the orientations of international monetary policies are weighing on the economic outlook.

The Fed and the ECB have thus revised their growth projections for 2023E downwards to 0.5%. This induces high volatility on the foreign exchange market.

Consequently, we recommend that Corporates reduce their hedging horizons on the MAD.

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EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026	2027
MEDIAN		1.02	1.04	1.05	1.07	1.10	1.10	1.11	1.10
AVERAGE	1.0586	1.02	1.04	1.05	1.07	1.10	1.12	1.12	1.11
+HIGH	12/16/2022	1.09	1.11	1.15	1.15	1.21	1.23	1.20	1.13
+LOW		0.95	0.95	0.98	1.00	1.00	1.03	1.06	1.10
FORWARD		1.07	1.08	1.08	1.09	1.10	1.11	1.11	1.12

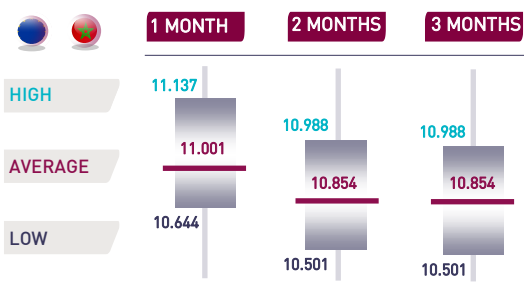
EUR/USD ST forecasts from international brokers have been reviewed upwards this week. The pair would evolve at 1.02 in Q1-23 against 1.01 a week earlier. In Q2-23, the pair comes out at 1.04 against 1.03 initially forecast, to reach 1.05 in Q3-23. On an annual basis, the target is 1.07 in 2023, before reaching 1.10 in 2024 against 1.09 the previous week. The target stands at 1.12 in 2025 and 1.12 in 2026.

US inflation stands at 7.1% in November against 7.3% forecast and 7.7% the previous month. Market expectations of a slowdown in the process of rate hikes are being confirmed. An increase of 50 BPS was decided at the last FOMC of 2022, against 4 previous increases of +75 PBS. Fed Fund interest rates are therefore in the range [4.25%-4.50%].

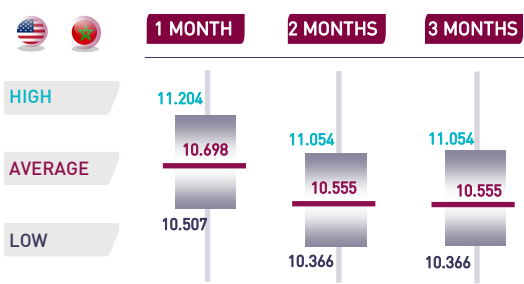
In the Euro Zone, inflation reached 10.1% in November according to Eurostat figures against 10.6% last month. Despite a slight drop, it remains well above the 2% target. The ECB thus decided on a 50 BPS hike at its last monetary policy meeting in 2022, thus bringing its main TD to 2.50%.

In our view, the divergence in monetary tightening timing between the Fed and the ECB favors the dollar over the ST.

DOWNWARD REVIEW OF OUR 1-MONTH HORIZON FORECAST



Based on EUR/USD Bloomberg forecast for Q1-23



Based on EUR/USD Bloomberg forecast for Q1-23

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.

Taking into account the bullish forecasts for the dollar abroad over the ST and an improvement in liquidity conditions on the Moroccan foreign exchange market, the MAD should depreciate slightly against the dollar over the next 1, 2 and 3 months.

We recall that our 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 10.70, 10.56 and 10.56 at horizons of 1, 2 and 3 months against a spot price of 10.49.

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

The target levels of the EUR/MAD parity stand at 11.00, 10.85 and 10.85 at horizons of 1, 2 and 3 months against a spot rate of 11.15.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.60%	+0.07%	-1.23%	-0.94%	-1.16%	-0.22%
1 MONTH	-1.65%	+0.23%	+0.11%	-4.66%	+0.67%	-0.60%
YTD 2022	+13.05%	+6.00%	-5.02%	+5.24%	+2.08%	+10.95%

Prices as of 12/16/2022



APPENDICES

DATA AS OF DECEMBER 21TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-23	Q2-23	Q3-23	Q4-23	2024	2025	2026
FORECAST	USD/JPY	138	135	133	131	126	122	123
FORWARD	131	130	128	126	125	120	116	112
FORECAST	USD/CAD	1.35	1.32	1.33	1.3	1.25	1.3	1.28
FORWARD	1.36	1.36	1.36	1.36	1.35	1.34	1.34	1.33
FORECAST	USD/CHF	0.96	0.95	0.94	0.94	0.95	0.96	0.95
FORWARD	0.93	0.92	0.91	0.90	0.89	0.87	0.85	0.84
FORECAST	GBP/USD	1.16	1.19	1.20	1.22	1.25	1.24	1.25
FORWARD	1.21	1.22	1.22	1.22	1.22	1.21	1.21	1.20

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

	Date	Q1-2023	Q2-2023	Q3-2023	Q4-2023	2024
Standard Chartered	12/19/22	1.04	1.06	1.09	1.1	1.1
Commerzbank	12/16/22	1.06	1.06	1.08	1.1	1.02
Wells Fargo	12/16/22	1.05	1.06	1.08	1.1	--
RBC Capital Markets	12/15/22	1.06	1.04	1.02	1	1.15
JPMorgan Chase	11/23/22	0.95	0.95	1	1	--
BNP Paribas	11/17/22	1.01	1	1.03	1.06	1.1
Rabobank	12/21/22	1.03	0.99	1.03	1.18	1.18
Monex USA Corp	12/20/22	1.04	1.05	1.06	1.08	--
CICC	12/19/22	1.01	1.03	1.06	1.1	--
Australia & New Zealand Banking Group	12/16/22	1.01	1.03	1.05	1.06	1.14
Capital Economics	12/16/22	1	0.95	0.98	1	1.1
Kshitij Consultancy Services	12/15/22	1.09	1.11	1.12	1.15	--
TD Securities	12/14/22	0.96	0.99	1.01	1.05	1.1
AFEX	12/13/22	1	1.06	1.04	--	--
Nomura Bank International	12/12/22	1.04	1.08	1.09	1.1	1.14
Barclays	12/07/22	0.98	1	1.03	1.05	1.07
Credit Agricole CIB	12/07/22	1	1.03	1.06	1.09	1.05

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-23
Prices as of 12/21/2022

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