



WEEKLY MAD INSIGHTS

CURRENCIES

09 | DECEMBER
2022

Week from 11/28/2022 to 12/02/2022

MAIN WEEKLY VARIATIONS



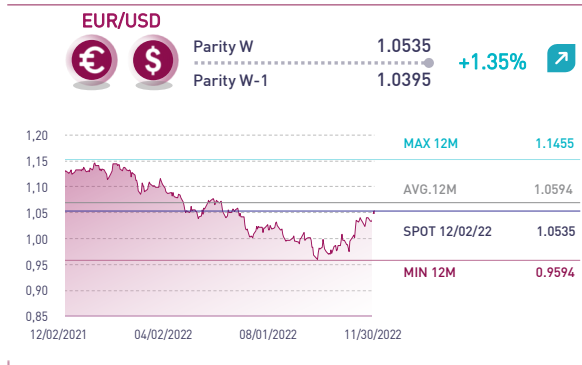
	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	-0.72%	+0.49%
Market Effect ⁽²⁾	-0.36%	-0.36%

(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 **-2,515 MDH**
 Banks Foreign Exchange position W-1 **-3,338 MDH**

(3) Calculated over the period from 11/17/2022 to 11/24/2022

INTERNATIONAL HIGHLIGHTS

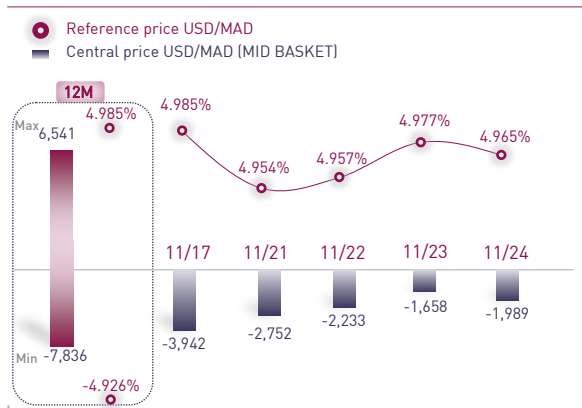
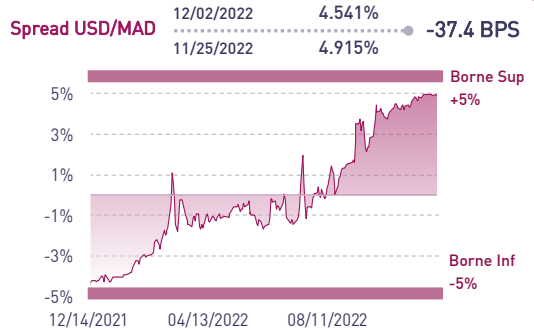
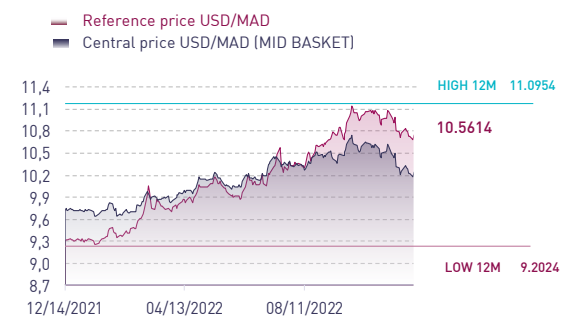


Powell's speech supports the single currency

The Euro appreciated this week against the Dollar by +1.35%, rising from 1.0395 to 1.0535, a 5-month high. After 4 hikes of 75 BPS, the Fed Chairman spoke in favor of a monetary slowdown. This could take place as early as December. Market expectations have thus been confirmed, leading to a net decline in the USD this week.

The US employment figures in November came out better than expected with +263K job creations against a forecast of 200K. The unemployment rate stands at 3.7%, in line with forecasts.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



MAD liquidity spreads are improving

USD/MAD fell for the 4th consecutive week by -1.08% to 10.56 this week, at a 3 month low.

This is due to a negative basket effect of -0.72% following the correction of the Dollar and a liquidity effect of -0.36% in favor of the MAD.

For their part, liquidity spreads improved this week, going from 4.91% to 4.54%, a decline of -37 PBS.

The foreign exchange position shows a deficit of MAD -2.5 bn on a weekly average. Import flows are significant due to the impact of the increase in import prices and the increase in hedging transactions.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHF MAD
1 MONTH	11.71%	9.32%	16.46%	8.02%	11.22%	9.34%
2 MONTHS	9.90%	7.93%	13.67%	7.65%	11.29%	8.70%
3 MONTHS	10.47%	9.83%	14.96%	9.76%	15.23%	12.56%

A volatile FX market in a context of uncertainties

Uncertainties linked to the geopolitical context and to changes in international monetary policies are weighing on the economic outlook. To this end, volatility sets up on the MT.

We recommend that corporate importers reduce their hedging horizons on the MAD to benefit from the correction of the USD.

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EUR/USD OUTLOOK – BLOOMBERG

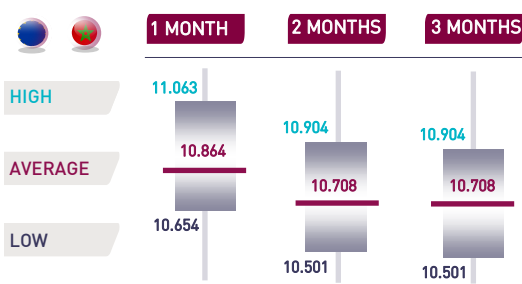
	SPOT	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026	2027
MEDIAN		1.02	1.03	1.05	1.07	1.10	1.12	1.11	--
AVERAGE	1.0535	1.01	1.02	1.04	1.07	1.09	1.12	1.13	--
+HIGH	12/02/2022	1.08	1.11	1.15	1.15	1.21	1.23	1.20	--
+LOW		0.92	0.90	0.93	0.95	1.00	1.03	1.06	--
FORWARD		1.06	1.07	1.07	1.08	1.10	1.11	1.12	1.13

EUR/USD forecasts from international brokers have been revised upwards in the short term this week. The pair would evolve at 1.01 in Q1-23 against 1.00 initially. In Q2-23, the pair stands at 1.02, unchanged, to reach 1.04 in Q3-23 instead of 1.03 the previous week. On an annual basis, the target is 1.07 in 2023 against 1.06 initially, before reaching 1.09 in 2024 against 1.10 previously. In 2025, the target comes out at 1.12 against 1.13 and in 2026, it comes out at 1.13 against 1.11 initially.

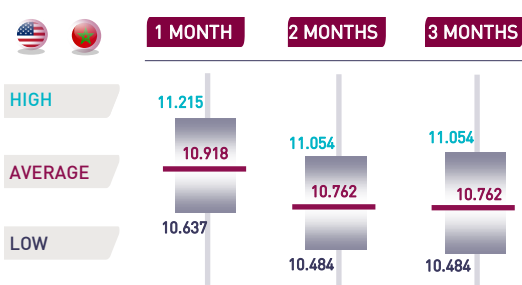
US inflation came out at 7.7% in October above the MT target of 2%. Powell's speech confirmed market expectations that the process of interest rates hikes would slow. An increase of 50 BPS is expected at the next FOMC on December 14, against 4 previous increases of 75 BPS.

In the Euro Zone, inflation reached 10.0% in November (Eurostat estimates) against 10.6% the previous month. Despite a slight decline, inflation remains well above the ECB's target of 2%. Its main key rate is currently at 2.00%.

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



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 revised our USD/MAD forecasts downwards for 1, 2 and 3 months.

Taking into account the bullish forecasts for the Dollar internationally at ST and a slight 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.

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 10.92, 10.76 and 10.76 at horizons of 1, 2 and 3 months against a spot price of 10.56.

Against the Euro, the Dirham should appreciate over 1, 2 and 3 months.

The target levels of the EUR/MAD parity stand at 10.86, 10.71 and 10.71 at horizons of 1, 2 and 3 months against a spot rate of 11.12.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-1.08%	+0.13%	+2.95%	-1.77%	+0.36%	+0.02%
1 MONTH	-3.39%	+2.75%	+5.97%	-2.25%	+3.01%	+3.13%
YTD 2022	+13.80%	+5.77%	-2.20%	+7.75%	+3.51%	+11.17%

Prices as of 12/02/2022



APPENDICES

DATA AS OF DECEMBER 6TH, 2022

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-23	Q2-23	Q3-23	Q4-23	2024	2025	2026
FORECAST	USD/JPY	140	136	135	132	126	122	120
FORWARD	136	134	132	131	129	124	120	116
FORECAST	USD/CAD	1.35	1.33	1.32	1.29	1.26	1.28	1.28
FORWARD	1.35	1.35	1.35	1.34	1.34	1.34	1.33	1.33
FORECAST	USD/CHF	0.97	0.96	0.95	0.94	0.95	0.93	0.91
FORWARD	0.94	0.93	0.92	0.91	0.90	0.87	0.85	0.84
FORECAST	GBP/USD	1.15	1.16	1.18	1.21	1.23	1.25	1.28
FORWARD	1.22	1.23	1.23	1.23	1.23	1.23	1.22	1.22

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

	Date	Q1-2023	Q2-2023	Q3-2023	Q4-2023	2024
Commerzbank	11/25/22	1.04	1.06	1.08	1.1	1.02
JPMorgan Chase	11/23/22	0.95	0.95	1	1	--
Wells Fargo	11/21/22	0.98	0.99	1.01	1.03	--
BNP Paribas	11/17/22	1.01	1	1.03	1.06	1.1
Standard Chartered	11/15/22	1.04	1.06	1.09	1.1	1.1
RBC Capital Markets	11/03/22	0.95	0.98	1.02	1.05	--
Polski Instytut Ekonomiczny	12/06/22	1.05	1.04	1.04	1.04	1.03
Sumitomo Mitsui Trust Bank	12/06/22	1.02	1.04	1.06	1.05	--
ABN Amro	12/05/22	1.02	1.05	1.07	1.08	--
Axis Bank	12/05/22	1	1.05	1.05	1.05	1.05
CICC	12/05/22	1.01	1.03	1.06	1.1	--
Klarity FX	12/05/22	1.04	1.05	1.05	1.07	--
Swedbank	12/05/22	1.05	1.1	1.1	1.12	1.12
Alpha Bank	12/02/22	1.02	1.05	1.06	1.07	--
Australia & New Zealand Banking Group	12/02/22	0.95	0.97	1	1.03	--
Canadian Imperial Bank of Commerce	12/02/22	1	1.02	1.04	1.07	1.1
Investec	12/02/22	1.04	1.06	1.07	1.1	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-23
Prices as of 12/06/2022

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