



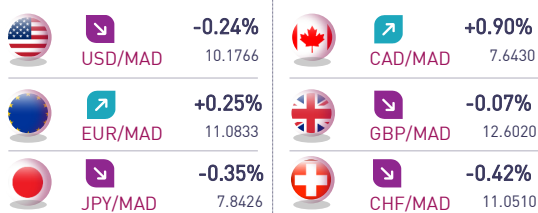
WEEKLY MAD INSIGHTS

CURRENCIES

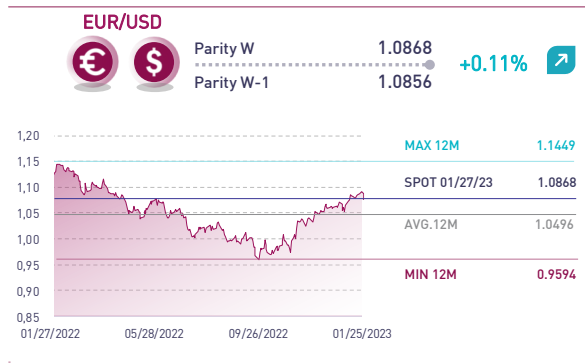
03 | FEBRUARY
2023

Week from 01/23/2023 to 01/27/2023

MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	-0.30%	+0.19%
Market Effect ⁽²⁾	+0.06%	+0.06%

(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	+747 MN
Banks Foreign Exchange position W-1	+1,953 MN

(3) Calculated over the period from 12/23/2022 to 12/30/2022

The euro remains at a 9-month high

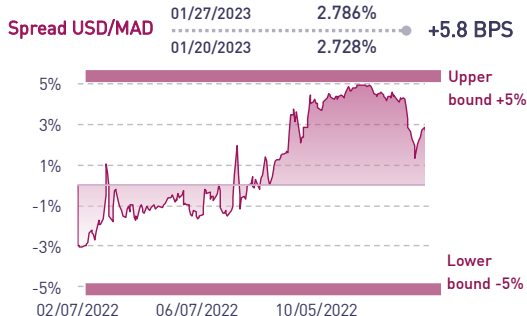
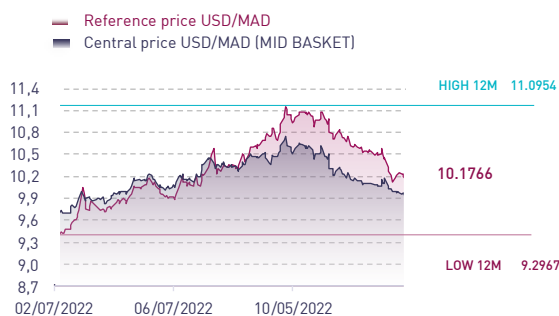
The EUR/USD pair appreciated this week by +0.11% from 1.0856 to 1.0868, a 9-month high.

Markets expect a sharp reduction in the divergence between the monetary policies of the Fed and the ECB in the coming months.

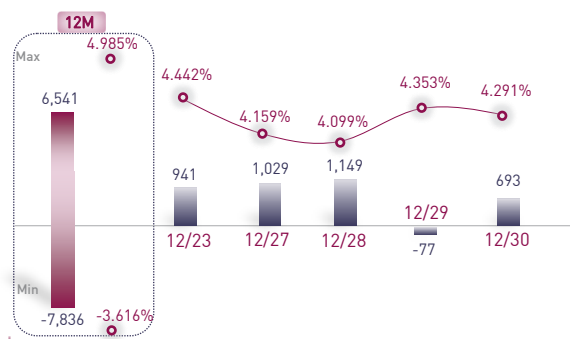
While the President of the ECB recalled that inflation remains at high levels, the ECB is expected to proceed with a rate hike of +50 BPS at its next meeting in February and March.

The Fed, meanwhile, is expected to slow the pace of Fed Funds rate hikes with an expected hike of +25 BPS in February versus +50 BPS in December.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



Spread USD/MAD (Gap between Reference price Vs. Central
 Bank foreign exchange position, in MAD Mn



USD/MAD pair at a 7-month low

The dirham is appreciating this week against the dollar. The USD/MAD pair fell from 10.20 to 10.18, a decrease of -0.24%.

This is due to a basket effect of -0.30% in favor of the MAD which is related to the drop of the dollar internationally. The liquidity effect is weak at +0.06%.

Liquidity spreads remained almost stable at 2.8%. These positive spreads still reflect a depreciation of the dirham against its benchmark basket. The latter moved away from the upper limit of the MAD fluctuation band set at +5%.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	10.06%	7.34%	15.08%	9.77%	11.60%	12.07%
2 MONTHS	8.54%	6.04%	16.75%	9.48%	9.91%	9.61%
3 MONTHS	9.55%	7.23%	16.44%	9.02%	10.36%	9.81%

Interesting hedging points on the dollar

The evolution of the EUR/USD pair remains very sensitive to the economic context evolution and to the decisions of the major central banks.

We recommend that importers in dollars reduce their hedging horizons in order to benefit from the favorable levels of the USD/MAD parity.

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WEEKLY MAD INSIGHTS

CURRENCIES

03 | FEBRUARY
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Week from 01/23/2023 to 01/27/2023

EUR/USD OUTLOOK – BLOOMBERG

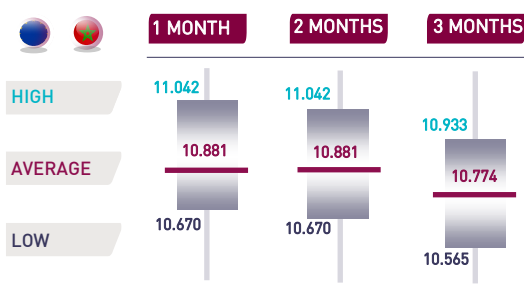
	SPOT	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026	2027
MEDIAN		1.07	1.08	1.10	1.11	1.15	1.14	1.12	1.10
AVERAGE	1.0868	1.06	1.08	1.09	1.10	1.13	1.13	1.14	1.13
+HIGH	01/27/2023	1.11	1.14	1.16	1.19	1.23	1.21	1.20	1.20
+LOW		0.98	0.95	0.98	1.00	1.02	1.03	1.10	1.10
FORWARD		1.09	1.10	1.10	1.10	1.12	1.12	1.13	1.14

EUR/USD ST forecasts from international brokers have been reviewed upwards on the ST this week. The pair would evolve at 1.06 in Q1-23 against 1.05 a week before. In Q2-23, the pair stands at 1.08 against 1.07 the previous week, to reach 1.09 in Q3-23 against 1.08 initially. On an annual basis, the target is 1.10 in 2023 against 1.09 the previous week, before reaching 1.13 in 2024 against 1.12 initially. Over the LT, the target is 1.13 in 2025, 1.14 in 2026 then 1.13 in 2027.

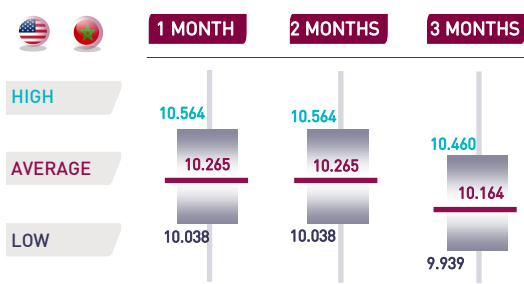
US inflation fell in December 2022 to 6.5% from 7.1% the previous month. The Fed is expected to slow down its rate hike process with only +25 BPS in February 2023E vs. +50 BPS in December bringing Fed Funds rates within the [4.50%-4.75%] range.

In the Euro Zone, inflation reached 9.2% in December 2022 according to the latest Eurostat figures against 10.1% the previous month. Despite this slight drop, it remains at levels well above the 2% target. The ECB is expected to continue its process of raising interest rates, i.e. +50 BPS at its next meeting. Note that the latest forecasts from international economists still seem to favor the dollar on the ST.

DOWNWARD REVIEW OF OUR 1-MONTH, 2-MONTHS AND 3-MONTHS 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 for 1, 2 and 3 months.

International expectations related to the dollar remain slightly bullish relative to the spot rate. For their part, liquidity spreads should stabilize over the 1 and 2 month horizon before falling slightly over the 3 month horizon.

Under these conditions, the target levels of the USD/MAD parity stand at 10.27, 10.27 and 10.16 at horizons of 1, 2 and 3 months against a spot rate of 10.18.

The target levels of the EUR/MAD parity stand at 10.88, 10.88 and 10.77 at horizons of 1, 2 and 3 months against a spot rate of 11.08.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.24%	+0.25%	-0.35%	+0.90%	-0.07%	-0.42%
1 MONTH	-2.56%	-0.49%	+0.11%	-1.01%	+0.10%	-1.86%
YTD 2022	-2.59%	-0.68%	-1.08%	-1.03%	+0.10%	-2.51%

Prices as of 01/27/2023



APPENDICES

DATA AS OF JANUARY 27TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-23	Q2-23	Q3-23	Q4-23	2024	2025	2026
FORECAST	USD/JPY	130	128	126	125	120	116	115
FORWARD	130	129	128	126	124	120	116	112
FORECAST	USD/CAD	1.34	1.32	1.3	1.29	1.25	1.25	1.26
FORWARD	1.34	1.34	1.33	1.33	1.33	1.32	1.32	1.31
FORECAST	USD/CHF	0.93	0.93	0.93	0.92	0.92	0.91	0.91
FORWARD	0.92	0.92	0.91	0.90	0.89	0.87	0.85	0.84
FORECAST	GBP/USD	1.20	1.22	1.24	1.25	1.28	1.29	1.25
FORWARD	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24

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

	Date	Q1-2023	Q2-2023	Q3-2023	Q4-2023	2024
Wells Fargo	01/25/23	1.09	1.1	1.11	1.13	--
Commerzbank	01/20/23	1.06	1.06	1.08	1.1	1.02
Standard Chartered	01/20/23	1.04	1.06	1.09	1.1	1.1
JPMorgan Chase	01/17/23	1.1	1.1	1.08	1.08	--
RBC Capital Markets	12/15/22	1.06	1.04	1.02	1	1.15
BNP Paribas	11/17/22	1.01	1	1.03	1.06	1.1
Argentex LLP	01/26/23	1.07	1.09	1.1	1.13	--
DNB	01/26/23	1.1	1.13	1.16	1.19	--
Klarity FX	01/25/23	1.07	1.09	1.1	1.12	--
Rabobank	01/25/23	1.07	1.04	1.04	1.05	1.18
Banco Bilbao Vizcaya Argentaria	01/24/23	1.07	1.05	1.08	1.11	1.18
Canadian Imperial Bank of Commerce	01/23/23	1.07	1.1	1.11	1.13	1.16
Investec	01/23/23	1.09	1.1	1.12	1.12	1.18
Skandinaviska Enskilda Banken	01/23/23	1.05	1.06	1.07	1.08	1.12
Credit Agricole CIB	01/20/23	1.05	1.07	1.09	1.1	1.05
Cambridge Global Payments	01/20/23	1.08	1.1	1.07	1.12	--
DZ Bank	01/20/23	1.06	1.07	1.09	1.1	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-23
Prices as of 01/27/2023

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