



WEEKLY MAD INSIGHTS

CURRENCIES

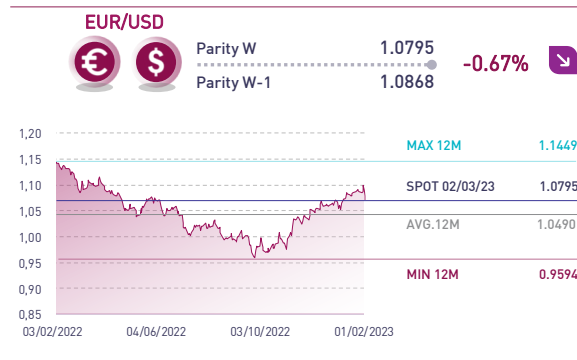
10 FEBRUARY
2023

Week from 01/30/2023 to 02/03/2023

MAIN WEEKLY VARIATIONS

		-0.14%			-0.40%
USD/MAD	10.1621		CAD/MAD	7.6126	
		+0.22%			-1.17%
EUR/MAD	11.1072		GBP/MAD	12.4540	
		+0.85%			+0.69%
JPY/MAD	7.9095		CHF/MAD	11.1270	

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	-0.21%	+0.15%
Market Effect ⁽²⁾	+0.07%	+0.07%

(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

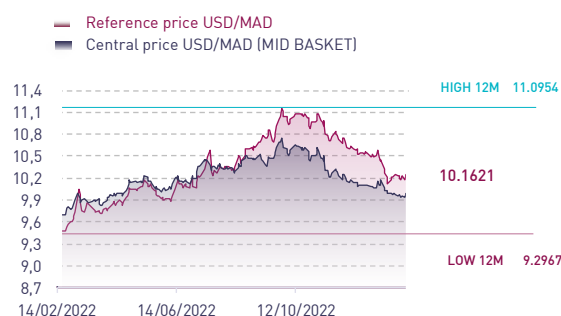
Strong US unemployment figures

The EUR/USD pair depreciated this week by -0.67% from 1.0868 to 1.0795 after reaching a 10-month peak at 1.10.

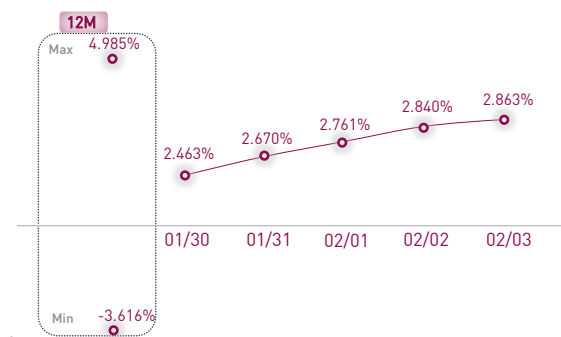
As expected, the Fed raised its key rate by only +25 BPS. Powell signaled that the Fed could proceed with rate cuts as early as this year if inflation falls quickly. A speech that benefits the euro. At the end of the week, the very solid US unemployment figures (i.e. an unemployment rate of 3.4% in January) caused the euro to fall.

The ECB, for its part, increased its main key rate by +50 BPS as expected.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



Continued appreciation of the MAD against the USD

The dirham is appreciating this week against the dollar. The USD/MAD pair fell from 10.18 to 10.16, a decrease of -0.14%.

This is due to a basket effect of -0.21% in favor of the MAD offset by a liquidity effect of +0.07%. Import and export flows are relatively balanced this week.

Liquidity spreads edged up 8 BPS to 2.86%. 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	10.53%	7.66%	13.77%	10.47%	11.34%	12.74%
2 MONTHS	8.35%	5.97%	16.11%	9.16%	9.61%	10.12%
3 MONTHS	9.61%	7.32%	16.41%	8.79%	10.38%	9.96%

Easing of pressures on the USD/MAD parity

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

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

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WEEKLY MAD INSIGHTS

CURRENCIES

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Week from 01/30/2023 to 02/03/2023

EUR/USD OUTLOOK – BLOOMBERG

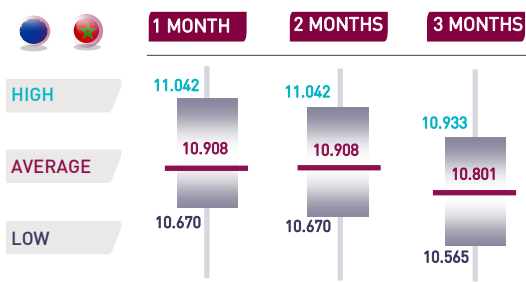
	SPOT	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026	2027
MEDIAN		1.07	1.08	1.10	1.11	1.14	1.12	1.12	1.10
AVERAGE	1.0795	1.07	1.08	1.09	1.10	1.13	1.13	1.14	1.13
+HIGH	02/03/2023	1.11	1.14	1.16	1.19	1.23	1.21	1.20	1.20
+LOW		0.98	0.95	0.98	1.00	1.02	1.03	1.10	1.10
FORWARD		1.09	1.09	1.10	1.10	1.12	1.13	1.13	1.14

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

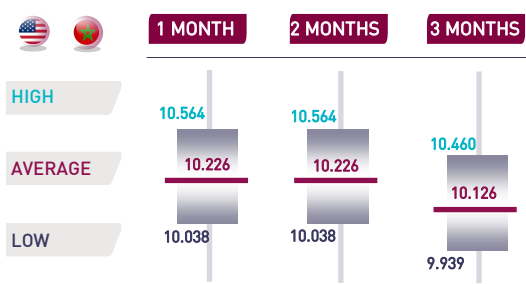
US inflation fell in December 2022 to 6.5% from 7.1% the previous month. As widely expected, the Fed slowed down its rate hike process with only +25 BPS in February 2023 bringing Fed Funds rates into the [4.50%-4.75%] range. Markets are expecting another +25 BPS rise in March before pausing.

In the Euro Zone, inflation fell to 8.5% in January 2023 against 9.2% in December 2022. Despite this drop, it remains well above the 2% target. The ECB raised its main key rate by +50 BPS in February to 3% and is expected to make a similar hike in March.

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

International forecasts related to the dollar remain broadly in line with the spot rate. 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 10.23, 10.23 and 10.13 at horizons of 1, 2 and 3 months against a spot rate of 10.16.

The target levels of the EUR/MAD parity stand at 10.91, 10.91 and 10.80 at horizons of 1, 2 and 3 months against a spot rate of 11.11.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.14%	+0.22%	+0.85%	-0.40%	-1.17%	+0.69%
1 MONTH	-3.56%	+0.12%	-1.92%	-1.47%	-0.83%	-0.88%
YTD 2022	-2.73%	-0.47%	-0.23%	-1.42%	-1.07%	-1.84%

Prices as of 02/03/2023



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APPENDICES

DATA AS OF FEBRUARY 6TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-23	Q2-23	Q3-23	Q4-23	2024	2025	2026
FORECAST FORWARD	USD/JPY 131	130	127	125	125	120	115	115
		130	128	127	125	120	116	113
FORECAST FORWARD	USD/CAD 1.34	1.34	1.32	1.3	1.29	1.25	1.27	1.26
		1.34	1.33	1.33	1.33	1.32	1.32	1.31
FORECAST FORWARD	USD/CHF 0.92	0.93	0.93	0.92	0.92	0.92	0.92	0.91
		0.92	0.91	0.90	0.89	0.87	0.85	0.84
FORECAST FORWARD	GBP/USD 1.21	1.21	1.23	1.24	1.25	1.28	1.28	1.25
		1.21	1.21	1.22	1.22	1.23	1.23	1.23

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

	Date	Q1-2023	Q2-2023	Q3-2023	Q4-2023	2024
RBC Capital Markets	02/02/23	1.1	1.07	1.05	1.03	1.15
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	--
BNP Paribas	11/17/22	1.01	1	1.03	1.06	1.1
Jyske Bank	02/03/23	1.03	1.08	1.12	1.15	--
Mizuho Bank	02/02/23	1.1	1.11	1.12	1.12	--
Monex USA Corp	02/02/23	1.08	1.08	1.09	1.1	1.14
Amdocs Development Ltd	02/01/23	1.08	1.1	1.11	--	--
Prestige Economics LLC	01/31/23	1.1	1.11	1.12	1.14	--
Rabobank	01/31/23	1.07	1.04	1.04	1.05	1.18
CICC	01/30/23	1.08	1.06	1.09	1.13	--
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	--
Banco Bilbao Vizcaya Argentaria	01/24/23	1.07	1.05	1.08	1.11	1.18

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-23
Prices as of 02/06/2023

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