



WEEKLY MAD INSIGHTS

CURRENCIES

Attijari Global Research

Lamyae Oudghiri

Manager
+212 5 22 49 14 18
L.oudghiri@attijari.ma

Walid Kabbaj

Associate
+212 5 22 49 14 82
w.kabbaj@attijari.ma

Nisrine Jamali

Investor relations
+212 5 22 49 14 82
n.jamali@attijari.ma

Capital Market - Trading

Yassine Rafa

05 22 42 87 72 / 06 47 47 48 23
y.rafa@attijariwafa.com

Amine Elhajli

05 22 42 87 09
a.elhajli@attijariwafa.com

Capital Market - Sales

Loubaba Alaoui Mdaghri

06 47 47 48 34
l.alaouim@attijariwafa.com

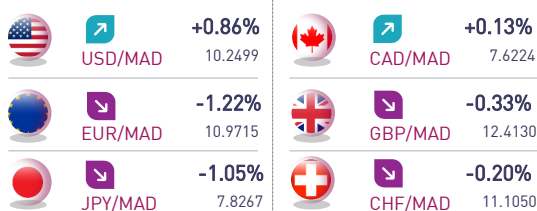


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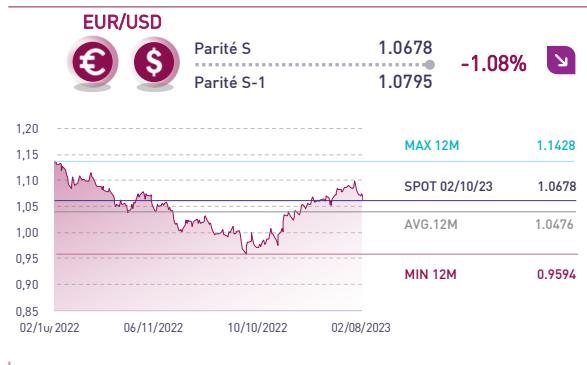
14 FEBRUARY
2023

Week from 02/06/2023 to 02/10/2023

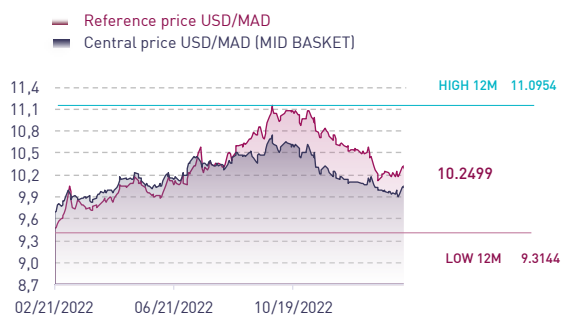
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	+1.26%	-0.82%
Market Effect ⁽²⁾	-0.40%	-0.40%

(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**

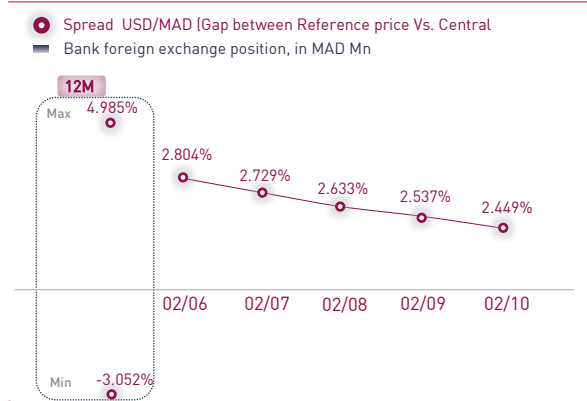
(3) Calculated over the period from 12/23/2022 to 12/30/2022

Fed restrictive monetary policy still relevant

The EUR/USD pair depreciated this week by -1.08%, going from 1.0795 to 1.0678, a 1-month low.

Jerome Powell has confirmed that US inflation is going down, but the fight is still on. Thus, further rate hikes will be necessary. Markets are now expecting two hikes of +25 BPS bringing Fed Funds rates to [5.00% - 5.25%] in May before pausing.

The very positive unemployment figures in the United States have supported the dollar. During January, job creations in the United States reached 517 K against a forecast of 185 K.



A significant basket effect that weighed on the MAD

The dirham is depreciating this week against the dollar. The USD/MAD pair fell from 10.16 to 10.25, an increase of +0.86%.

This is due to a basket effect of +1.26% linked to the strengthening of the dollar internationally against a liquidity effect favorable to the MAD of -0.40%.

Export flows were relatively higher this week. Liquidity spreads thus improved through a variation of -41 BPS to 2.45%. The latter has moved away from the upper limit of the MAD fluctuation band set at +5%.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	8.82%	6.46%	12.22%	9.85%	9.45%	11.49%
2 MONTHS	8.88%	6.27%	16.76%	8.50%	9.93%	10.10%
3 MONTHS	9.45%	6.95%	17.27%	8.49%	9.70%	9.77%

EUR/USD pair under pressure

The EUR/USD evolution remains very sensitive to the release of economic figures and the monetary policies of major central banks.

We recommend that dollar exporters reduce their exposure levels to hedging transactions in a context where the USD/MAD parity should oscillate around its spot rate over the coming two months.



WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

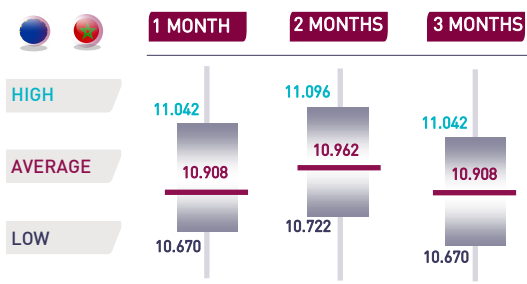
	SPOT	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026	2027
MEDIAN		1.07	1.08	1.10	1.12	1.15	1.15	1.14	1.10
AVERAGE	1.0678	1.07	1.09	1.10	1.11	1.13	1.14	1.15	1.13
+HIGH	02/10/2023	1.13	1.15	1.16	1.19	1.23	1.21	1.20	1.20
+LOW		1.02	1.00	1.02	1.02	1.02	1.03	1.10	1.10
FORWARD		1.07	1.08	1.08	1.09	1.10	1.11	1.12	1.13

Brokers' EUR/USD ST forecasts have been reviewed upwards this week. This would change to 1.07 in Q1-23. In Q2-23, the pair stands at 1.09 against 1.08 a week earlier, to reach 1.10 in Q3-23 against 1.09 initially. On an annual basis, the target is 1.11 in 2023 against 1.10 the previous week, before reaching 1.13 in 2024. In LT, the target is 1.14 in 2025 (against 1.13 initially), to 1.15 in 2026 (against 1.14 a week earlier) then remains unchanged at 1.13 in 2027.

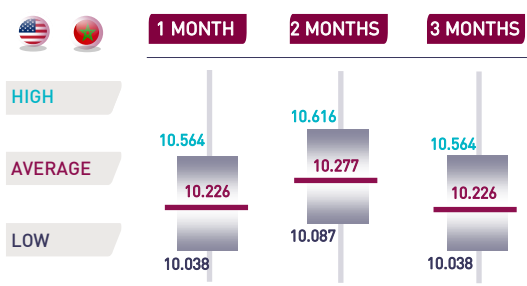
US inflation fell in December 2022 to 6.5% from 7.1% the previous month. As widely expected, the Fed slowed down its rate hike process with only +25 BPS in February 2023 bringing Fed Funds rates into the [4.50%-4.75%] range. Markets expect two further increases of +25 BPS in March and May before pausing.

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 from +50 BPS in February to 3% and is expected to make a similar hike in March.

UPWARD REVIEW OF OUR 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 of the foreign exchange market, we have slightly reviewed our USD/MAD forecasts over 2 and 3 months.

It should be noted that dollar expectations on the ST remain broadly in line with the spot rate.

Under these conditions, the target levels of the USD/MAD parity stand at 10.23, 10.28 and 10.23 at 1, 2 and 3 months horizons against a spot rate of 10.25.

The target levels of the EUR/MAD parity stand at 10.91, 10.96 and 10.91 at 1, 2 and 3 months horizons against a spot rate of 10.97.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.86%	-1.22%	-1.05%	+0.13%	-0.33%	-0.20%
1 MONTH	+0.32%	+0.02%	+1.18%	-0.11%	-0.13%	+0.15%
YTD 2022	-1.89%	-1.68%	-1.28%	-1.29%	-1.40%	-2.03%

Prices as of 02/10/2023



APPENDICES

DATA AS OF FEBRUARY 13TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-23	Q2-23	Q3-23	Q4-23	2024	2025	2026
FORECAST	USD/JPY	130	127	125	125	120	115	115
FORWARD	131	131	129	127	125	120	116	112
FORECAST	USD/CAD	1.33	1.32	1.3	1.29	1.25	1.25	1.24
FORWARD	1.34	1.34	1.33	1.33	1.33	1.32	1.32	1.31
FORECAST	USD/CHF	0.93	0.92	0.92	0.92	0.91	0.90	0.91
FORWARD	0.92	0.92	0.91	0.90	0.89	0.87	0.85	0.84
FORECAST	GBP/USD	1.21	1.23	1.24	1.25	1.28	1.30	1.25
FORWARD	1.21	1.21	1.21	1.21	1.22	1.22	1.22	1.22

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
Capital Economics	02/10/23	1.04	1	1.04	1.08	1.12
Danske Bank	02/10/23	1.05	1.03	1.02	1.02	--
AFEX	02/09/23	1.05	1.1	1.12	--	--
Australia & New Zealand Banking Group	02/07/23	1.09	1.11	1.13	1.14	1.2
MUFG	02/07/23	1.05	1.08	1.1	1.12	--
Banco Bilbao Vizcaya Argentaria	02/07/23	1.07	1.05	1.07	1.1	1.18
Commonwealth Bank of Australia	02/07/23	1.13	1.15	1.11	1.08	1.08
Banco Santander	02/07/23	1.03	1.05	1.07	1.08	--
Sumitomo Mitsui Trust Bank	02/07/23	1.08	1.1	1.12	1.1	--
ING Financial Markets	02/06/23	1.08	1.13	1.15	1.12	1.15
Maybank Singapore	02/06/23	1.1	1.11	1.12	1.13	1.22

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-23
Prices as of 02/13/2023

ATTIJARI GLOBAL RESEARCH

HEAD OF STRATEGY

Taha Jaidi
+212 5 29 03 68 23
t.jaidi@attijari.ma
Casablanca

MANAGER

Lamyae Oudghiri
+212 5 29 03 68 18
l.oudghiri@attijari.ma
Casablanca

SENIOR ASSOCIATE

Mahat Zerhouni
+212 5 29 03 68 16
m.zerhouni@attijari.ma
Casablanca

ASSOCIATE

Walid Kabbaj
+212 5 22 49 14 82
w.kabbaj@attijari.ma
Casablanca

CHIEF ECONOMIST

Abdelaziz Lahlou
+212 5 29 03 68 37
ab.lahlou@attijari.ma
Casablanca

MANAGER

Maria Iraqui
+212 5 29 03 68 01
m.iraqui@attijari.ma
Casablanca

ASSOCIATE

Meryeme Hadi
+212 5 22 49 14 82
m.hadi@attijari.ma
Casablanca

INVESTOR RELATIONS ANALYST

Nisrine Jamali
+212 5 22 49 14 82
n.jamali@attijari.ma
Casablanca

SENIOR ANALYST

Ines Khouaja
+216 31 34 13 10
khouaja.ines@attijaribourse.com.tn
Tunis

FINANCIAL ANALYST

Ulderic Djadjo
+237 681 77 89 40
u.djadjo@attijarisecurities.com
Douala

FINANCIAL ANALYST

Yves André Angaman
+225 07 49 24 60 35
yves.angaman@sib.ci
Abidjan

Equity

BROKERAGE - MOROCCO

Abdellah Alaoui
+212 5 29 03 68 27
a.alaoui@attijari.ma

Rachid Zakaria
+212 5 29 03 68 48
r.zakaria@attijari.ma

Anis Hares
+212 5 29 03 68 34
a.hares@attijari.ma

Alae Yahya
+212 5 29 03 68 15
a.yahya@attijari.ma

Sofia Mohcine
+212 5 22 49 59 52
s.mohcine@wafabourse.com

CUSTODY - MOROCCO

Tarik Loudiyi
+212 5 22 54 42 98
t.loudiyi@attijariwafa.com

WAEMU - CÔTE D'IVOIRE

Mohamed Lemridi
+225 20 21 98 26
mohamed.lemridi@sib.ci

BROKERAGE - TUNISIA

Hichem Ben Romdhane
+225 29 318 965
h.benromdhane@attijaribank.com.tns

CEMAC - CAMEROUN

Felix Dikosso
+237 651 23 51 15
f.dikosso@attijarisecurities.com

Bonds /Forex /Commodities

MOROCCO

Mohammed Hassoun Filali
+212 5 22 42 87 24
m.hassounfilali@attijariwafa.com

Amine Elhajli
+212 5 22 42 87 09
m.elhajli@attijariwafa.com

Loubaba Alaoui Mdaghri
+212 6 47 47 48 34
l.alaouim@attijariwafa.com

Dalal Tahoune
+212 5 22 42 87 07
d.tahoune@attijariwafa.com

EGYPT

Ahmed Darwish
+20 127 755 90 13
ahmed.darwish@attijariwafa.com.eg

TUNISIA

Atef Gabsi
+216 71 80 29 22
gabsi.atef@attijaribank.com.tn

MIDDLE EAST - DUBAÏ

Serge Bahaderian
+971 0 43 77 03 00
sbahaderian@attijari-me.com

WAEMU - CÔTE D'IVOIRE

Abid Halim
+225 20 20 01 55
abid.halim@sib.ci

CEMAC - GABON

Youssef Hansali
+241 01 77 72 42
youssef.hansali@ugb-banque.com

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