



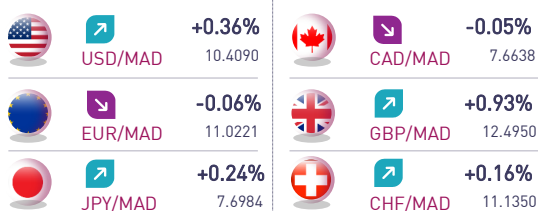
# WEEKLY MAD INSIGHTS

## CURRENCIES

01 | MARCH  
2023

Week from 02/20/2023 to 02/24/2023

### MAIN WEEKLY VARIATIONS



### INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect <sup>(1)</sup>	<b>+0.25%</b>	<b>-0.17%</b>
Market Effect <sup>(2)</sup>	<b>+0.11%</b>	<b>+0.11%</b>

(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 <sup>(3)</sup> W	<b>+747 MN</b>
Banks Foreign Exchange position W-1	<b>+1,953 MN</b>

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

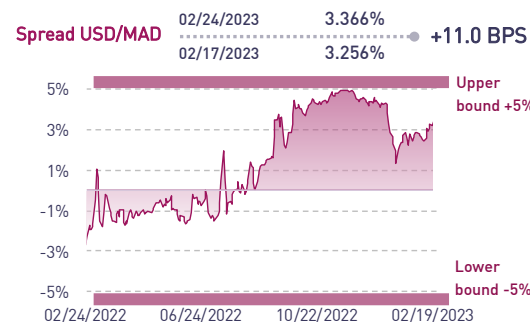
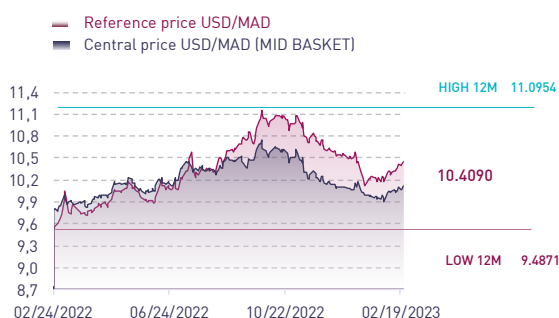
### Visible downward pressure on EUR/USD

The EUR/USD pair depreciated this week by -1.37% from 1.0695 to 1.0548.

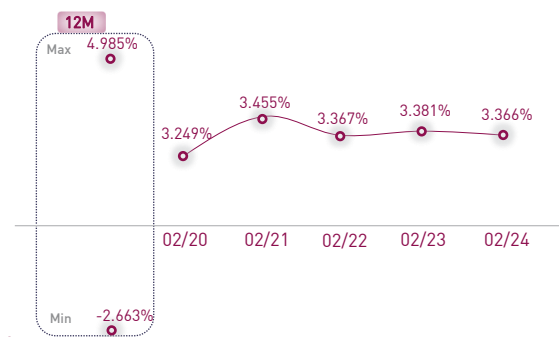
Following the Fed's minutes, FOMC members would have favored a +50 BPS hike in Fed Funds rates instead of +25 BPS hike which was finally decided at the last meeting.

At the end of the week, the Personal Consumption Expenditures index « Core PCE », came out better than expected. US inflation thus remains high, fueling expectations of a tighter than expected monetary policy in the US. This situation should weaken the euro on the ST.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



### Persistent tensions on MAD liquidity

The MAD is depreciating this week against the dollar. The USD/MAD pair rose by +0.36% from 10.37 to 10.41, a 2-month high.

This evolution is due to a basket effect of +0.25% related to a strong dollar combined with a market effect of +0.11% which penalizes the dirham.

Import flows remain relatively high. Dirham liquidity spreads remain high compared to the same period last year when they were negative. These spreads rose +11 BPS this week to 3.37%. The pressures on the MAD are visible given the persistence of the inflationary context internationally.

### VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	6.82%	5.77%	11.16%	8.74%	10.15%	8.00%
2 MONTHS	8.95%	6.51%	13.56%	9.02%	10.89%	10.45%
3 MONTHS	8.18%	5.83%	15.83%	8.97%	10.14%	9.12%

### EUR/USD pair sensitive to economic data

The evolution of the EUR/USD pair remains dependent on the evolution of the economic context and inflation in Europe and the United States.

We recommend that dollar exporters reduce their hedging level in order to benefit from the relative stability of the USD/MAD pair over the next two months.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

01 | MARCH  
2023

Week from 02/20/2023 to 02/24/2023

### EUR/USD OUTLOOK – BLOOMBERG

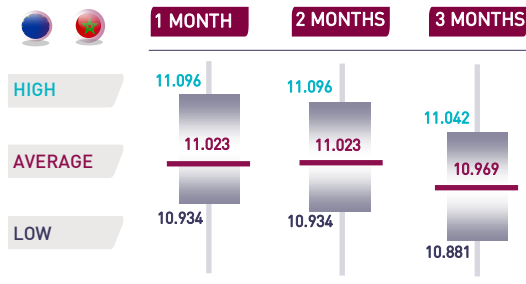
	SPOT	Q1-23	Q2-23	Q3-23	2023	2024	2025	2026	2027
<b>MEDIAN</b>		1.07	1.08	1.10	1.10	1.14	1.15	1.15	--
<b>AVERAGE</b>	1.0548	1.07	1.08	1.09	1.10	1.13	1.13	1.15	--
<b>+HIGH</b>	02/24/2023	1.13	1.15	1.16	1.19	1.20	1.18	1.20	--
<b>+LOW</b>		1.03	1.00	1.02	1.02	1.04	1.03	1.10	--
<b>FORWARD</b>		1.06	1.06	1.07	1.07	1.09	1.10	1.11	1.12

Brokers' forecasts for the EUR/USD parity were reviewed downwards this week. This would change to 1.07 in Q1-23. In Q2-23, the pair stands at 1.08 against 1.09 the previous week, to reach 1.09 in Q3-23 against 1.10 initially. On an annual basis, the target is 1.10 in 2023 against 1.11 previously, before reaching 1.13 in 2024 against 1.14 a week earlier. In LT, the target stands at 1.13 in 2025 against 1.14 initially and at 1.15 in 2026 against 1.13 initially.

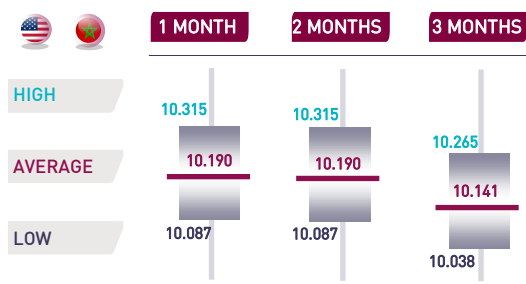
US inflation decreased slightly in January 2023 to 6.4% against a 6.2% forecast and 6.5% level the previous month. Fed Funds rates are in the range [4.50%-4.75%]. Supported by strong economic data and still high levels of inflation, markets expect the Fed to decide at least two further +25 BPS hikes in March and May before pausing.

In the Euro Zone, inflation fell to 8.6% in January 2023 according to the latest Eurostat figures against 9.2% in December 2022. Despite this drop, it remains well above the 2% target. The current ECB key rate level stands at 3%. The ECB is expected to decide a +50 BPS rate hike at its next monetary policy meeting in March.

### WE MAINTAIN OUR 1-MONTH, 2-MONTHS AND 3-MONTHS HORIZON FORECAST



Based on EUR/USD Bloomberg forecast for Q2-23



Based on EUR/USD Bloomberg forecast for Q2-23

Given the forecasts of the EUR/USD parity and the liquidity conditions of the foreign exchange market, we have maintained our USD/MAD forecasts over 1, 2 and 3 months.

EUR/USD forecasts from international brokers have been stable this week. They are in favor of an appreciation of the euro over the next 3 months.

For their part, liquidity spreads should improve slightly over the next 3 months.

Under these conditions, the target levels of the USD/MAD parity stand at 10.19, 10.19 and 10.14 at horizons of 1, 2 and 3 months against a spot rate of 10.41.

The target levels of the EUR/MAD parity stand at 11.02, 11.02 and 10.97 at horizons of 1, 2 and 3 months against a spot rate of 11.02.

### MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 WEEK</b>	+0.36%	-0.06%	+0.24%	-0.05%	+0.93%	+0.16%
<b>1 MONTH</b>	+2.31%	-0.21%	-1.46%	+0.74%	-0.21%	+1.07%
<b>YTD 2023</b>	-0.37%	-1.23%	-2.90%	-0.76%	-0.75%	-1.76%

Prices as of 02/24/2023



# APPENDICES

DATA AS OF FEBRUARY 27<sup>TH</sup>, 2023

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-23	Q2-23	Q3-23	Q4-23	2024	2025	2026
<b>FORECAST</b>	USD/JPY	131	128	126	125	120	118	--
<b>FORWARD</b>	136	136	134	132	130	124	119	115
<b>FORECAST</b>	USD/CAD	1.33	1.32	1.31	1.3	1.26	1.27	--
<b>FORWARD</b>	1.36	1.36	1.36	1.36	1.36	1.35	1.34	1.34
<b>FORECAST</b>	USD/CHF	0.93	0.92	0.92	0.92	0.91	0.95	--
<b>FORWARD</b>	0.94	0.94	0.93	0.92	0.91	0.88	0.86	0.84
<b>FORECAST</b>	GBP/USD	1.21	1.22	1.22	1.23	1.29	1.28	--
<b>FORWARD</b>	1.19	1.19	1.20	1.20	1.20	1.21	1.21	1.21

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

	Date	Q1-2023	Q2-2023	Q3-2023	Q4-2023	2024
Wells Fargo	02/23/23	1.05	1.07	1.08	1.1	--
Standard Chartered	02/22/23	1.05	1.06	1.09	1.12	1.13
Commerzbank	02/17/23	1.06	1.06	1.07	1.08	1.04
BNP Paribas	02/14/23	1.01	1.1	1.12	1.14	1.18
JPMorgan Chase	02/10/23	1.1	1.1	1.08	1.08	--
RBC Capital Markets	02/02/23	1.1	1.07	1.05	1.03	1.15
Rabobank	02/24/23	1.06	1.04	1.04	1.05	1.18
Banco Santander	02/24/23	1.03	1.05	1.07	1.08	--
TD Securities	02/24/23	1.05	1.11	1.12	1.08	1.14
Credit Agricole CIB	02/22/23	1.05	1.07	1.09	1.1	1.05
Landesbank Baden-Wuerttemberg	02/22/23	1.08	1.08	1.09	1.1	1.1
Mouvement Desjardins	02/22/23	1.05	1.05	1.06	1.09	1.15
Polski Instytut Ekonomiczny	02/22/23	1.05	1.05	1.04	1.04	1.04
Skandinaviska Enskilda Banken	02/21/23	1.1	1.11	1.08	1.1	1.14
Kshitij Consultancy Services	02/17/23	1.05	1.07	1.12	1.15	--
PNC Financial	02/17/23	1.05	1.08	1.09	1.1	1.14
Alpha Bank	02/14/23	1.06	1.07	1.06	1.09	1.14

In gray, the main brokers retained to calculate the EURUSD consensus for Q2-23  
Prices as of 02/27/2023

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