



WEEKLY MAD INSIGHTS

CURRENCIES

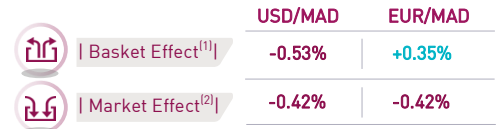
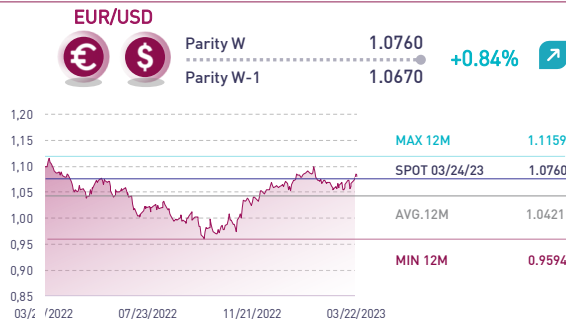
31 | MARCH
2023

Week from 03/20/2023 to 03/24/2023

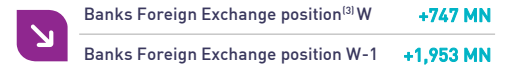
MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



(1) Impact of the variation of the EUR/USD parity
(2) Impact of the variation in the liquidity spread (Supply / Demand)



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

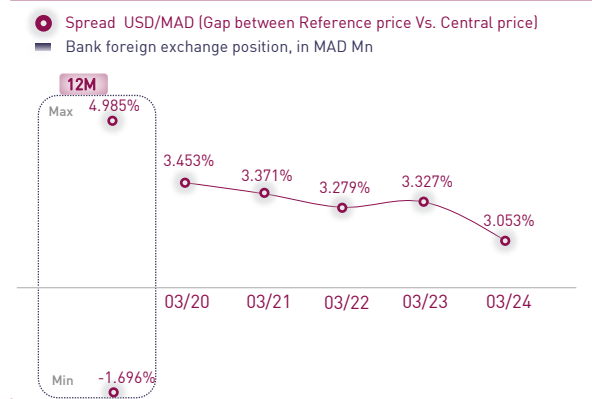
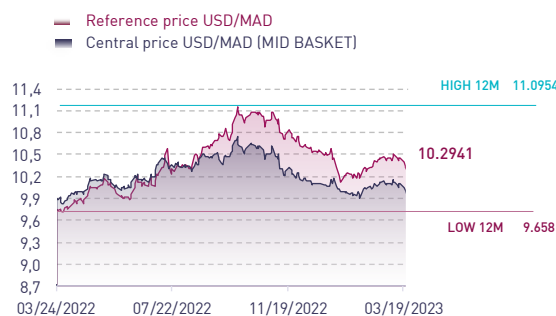
The FED raises Fed Fund rates by +25 PBS

The EUR/USD pair appreciated by +0.84% from 1.0670 to 1.0760.

The euro started the week trending high after the Fed and several other central banks announced coordinated action to increase dollar liquidity in the global financial system. This news reassured the financial markets about the risk of a diffusion of the recent banking crisis.

Moreover, and as expected, the Fed decided on a rate hike of +25 BPS, but could start a pause in its restrictive policy, thus benefiting to the euro.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



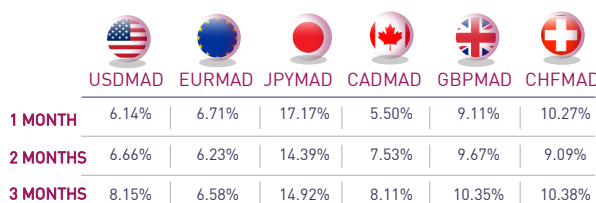
Dirham liquidity spreads ease

The MAD appreciates this week against the dollar. The USD/MAD pair evolved by -0.95% going from 10.39 to 10.29 in one week.

This change is explained by a basket effect of -0.53% related to the fall in the dollar this week and a market effect of -0.42%. The latter reflects an improvement in the liquidity conditions of the dirham.

Dirham liquidity spreads thus fell by -44 BPS this week to 3.05%. In our view, this trend would reflect expectations of lower import flows on the ST.

VOLATILITY INDICATORS



An FX market sensitive to central bank actions

The EUR/USD pair remains mainly sensitive to expectations of Fed and ECB Interest Rate decisions.

We recommend that dollar exporters increase their hedging level against expected dollar volatility in the coming weeks.

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WEEKLY MAD INSIGHTS

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EUR/USD OUTLOOK – BLOOMBERG

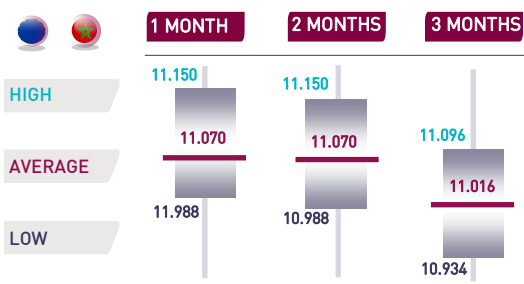
	SPOT	Q2-23	Q3-23	Q4-23	Q1-24	2024	2025	2026	2027
MEDIAN		1.08	1.10	1.12	1.12	1.14	1.15	1.17	1.15
AVERAGE	1.0760	1.08	1.10	1.11	1.11	1.14	1.14	1.16	1.15
+HIGH	03/24/2023	1.15	1.15	1.18	1.16	1.23	1.21	1.20	1.20
+LOW		1.04	1.02	1.02	1.02	1.04	1.03	1.10	1.10
FORWARD		1.08	1.09	1.09	1.09	1.10	1.10	1.11	1.12

Brokers' EUR/USD forecasts have been stable this week. This would change to 1.08 in Q2-23 to reach 1.10 in Q3-23. On an annual basis, the target is 1.11 in 2023. It would move to 1.11 in Q1-24 from 1.12 the previous week, before reaching 1.14 in 2024 and in 2025. In LT, the target is 1.16 in 2026 and 1.15 in 2027.

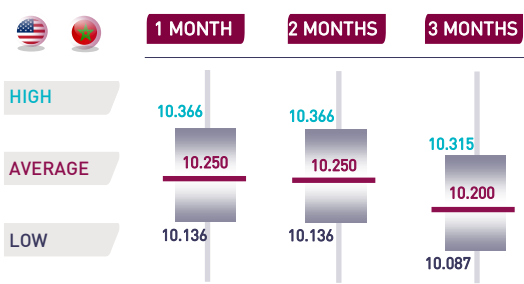
US inflation fell in February 2023 to 6.0% in line with expectations after 6.4% in January. In March, the Fed decided to raise Fed Funds rates by +25 BPS. These are now within the range [4.75%-5.00%]. Financial markets are expecting a pause in H2-2023.

In the euro zone, inflation fell slightly to 8.5% in February 2023 according to the latest Eurostat figures. Despite this drop, it remains well above the 2% target. The ECB has decided to raise its main interest rate to 3.50%, an increase of +50 BPS. ECB President Christine Lagarde affirmed this week her determination to bring inflation back to its target over an MT horizon.

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



Based on EUR/USD Bloomberg forecast for Q2-23



Based on EUR/USD Bloomberg forecast for Q2-23

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

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

According to our forecasts, MAD liquidity spreads should stabilize over a 1- and 2-month horizon and then decline over a 3-month horizon from current levels.

Under these conditions, the target levels of the USD/MAD parity stand at 10.25, 10.25 and 10.20 at horizons of 1, 2 and 3 months against a spot rate of 10.29.

The target levels of the EUR/MAD parity stand at 11.07, 11.07 and 11.02 at horizons of 1, 2 and 3 months against a spot price of 11.05.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.95%	-0.07%	+1.31%	-1.54%	-0.33%	-0.22%
1 MONTH	-1.10%	+0.23%	+2.90%	-2.64%	+0.60%	+0.51%
YTD 2023	-1.47%	-1.00%	-0.08%	-3.38%	-0.15%	-1.26%

Prices as of 03/24/2023



APPENDICES

DATA AS OF MARCH 27TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-23	Q3-23	Q4-23	Q1-24	2024	2025	2026
FORECAST	USD/JPY	130	127	126	125	120	115	--
FORWARD	131	129	127	126	124	121	117	113
FORECAST	USD/CAD	1.34	1.32	1.3	1.29	1.26	1.26	1.26
FORWARD	1.38	1.37	1.37	1.37	1.37	1.37	1.36	1.35
FORECAST	USD/CHF	0.93	0.92	0.91	0.92	0.92	0.92	--
FORWARD	0.92	0.91	0.90	0.90	0.89	0.88	0.86	0.85
FORECAST	GBP/USD	1.22	1.23	1.25	1.26	1.29	1.31	--
FORWARD	1.22	1.22	1.23	1.22	1.22	1.22	1.22	1.21

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

	Date	Q2-2023	Q3-2023	Q4-2023	Q1-2024	2024
Wells Fargo	03/23/23	1.09	1.11	1.13	1.15	--
BNP Paribas	03/17/23	1.1	1.12	1.14	1.15	1.18
Commerzbank	03/10/23	1.06	1.07	1.08	1.1	1.08
Standard Chartered	03/07/23	1.06	1.09	1.12	1.12	1.13
JPMorgan Chase	03/03/23	1.1	1.08	1.08	--	--
RBC Capital Markets	03/02/23	1.07	1.05	1.03	1.03	1.15
Nomura Bank International	03/27/23	1.11	1.11	1.14	1.15	1.18
Rabobank	03/24/23	1.05	1.06	1.07	--	1.18
Australia & New Zealand Banking Group	03/21/23	1.11	1.13	1.14	1.16	1.2
Danske Bank	03/21/23	1.04	1.02	1.02	1.02	--
Axis Bank	03/20/23	1.05	1.08	1.1	1.1	1.09
Skandinaviska Enskilda Banken	03/20/23	1.1	1.08	1.1	1.11	1.14
Kshitij Consultancy Services	03/16/23	1.1	1.11	1.12	1.15	--
Maybank Singapore	03/14/23	1.11	1.12	1.13	1.14	1.22
Monex USA Corp	03/14/23	1.08	1.09	1.1	1.11	1.14
ING Financial Markets	03/13/23	1.1	1.12	1.15	1.15	1.15
Swedbank	03/13/23	1.08	1.1	1.1	1.1	1.12

In gray, the main brokers retained to calculate the EURUSD consensus for Q2-23
Prices as of 03/27/2023

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