



# WEEKLY MAD INSIGHTS

## CURRENCIES

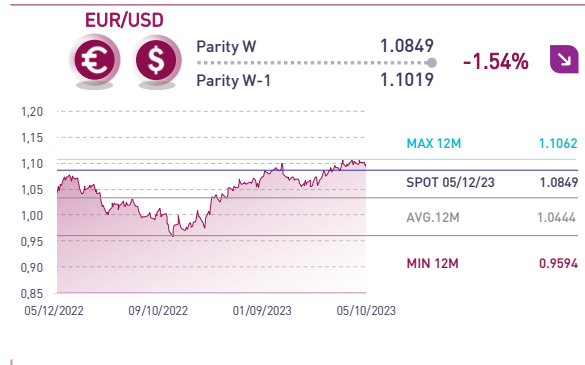
17 | MAY  
2023

Week from 05/08/2023 to 05/12/2023

### MAIN WEEKLY VARIATIONS

		<b>+0.87%</b>			<b>+0.80%</b>
USD/MAD		10.0724	CAD/MAD		7.4660
		<b>-0.23%</b>			<b>+0.23%</b>
EUR/MAD		10.9819	GBP/MAD		12.6260
		<b>+0.48%</b>			<b>+0.62%</b>
JPY/MAD		7.4738	CHF/MAD		11.2720

### INTERNATIONAL HIGHLIGHTS



	<b>Basket Effect<sup>(1)</sup></b>	<b>USD/MAD</b>	<b>EUR/MAD</b>
		<b>+0.67%</b>	<b>-0.43%</b>
	<b>Market Effect<sup>(2)</sup></b>	<b>+0.20%</b>	<b>+0.20%</b>

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

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

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

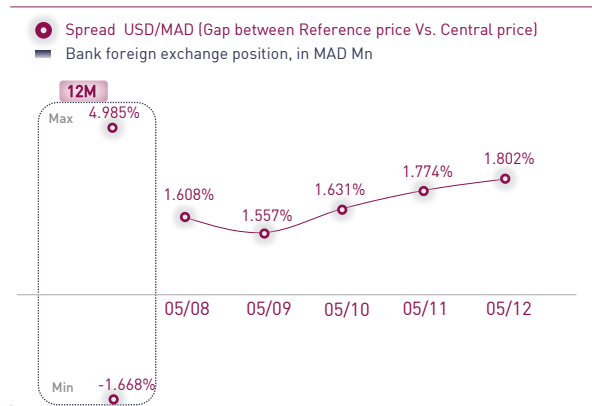
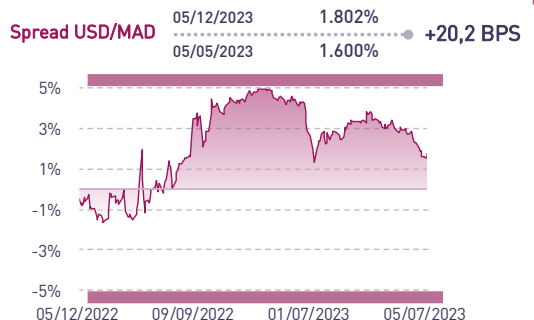
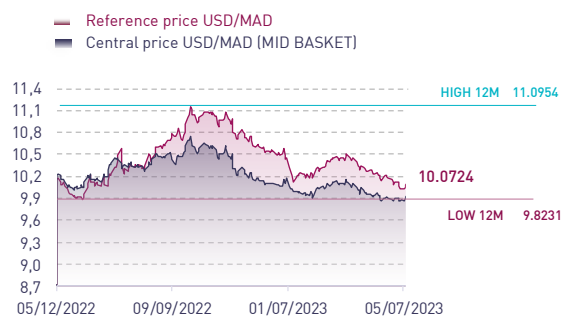
### Risk aversion weighs on the Euro this week

EUR/USD depreciates this week by -1.54% to 1.0849, its lowest since early April.

In the absence of an agreement in the US Congress concerning the raising the US debt ceiling to \$31bn, we are witnessing the return of risk aversion in the financial markets. A situation which benefits to the dollar as a safe haven.

US inflation came out slightly below consensus at 4.9% in April, down from March at 5.0%. A pause in the Fed's monetary tightening is widely expected next June.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### The Dollar goes back above 10 against the MAD

The USD/MAD pair is strengthening this week after a downward trend which began in mid-March. It rose by +0.87% from 9.99 to 10.07.

This change is mainly explained by a basket effect of +0.67% related to the appreciation of the dollar combined with a positive market effect of the USD/MAD pair of +0.20%.

MAD liquidity spreads increased to 1.80% i.e. 20 BPS. According to our estimates, these spreads would follow a downward trend over the coming months. The latter would be supported by MRE receipts and the good performance of tourist receipts during the summer period.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
<b>1 MONTH</b>	5.30%	4.17%	11.60%	9.53%	5.57%	7.58%
<b>2 MONTHS</b>	5.09%	5.20%	15.04%	7.82%	6.18%	8.09%
<b>3 MONTHS</b>	5.34%	5.29%	13.69%	7.79%	8.16%	8.14%

### The return of risk aversion penalizes the MAD

The US government debt issue is the markets' main concern. These concerns seem to benefit to the dollar as a safe haven.

On the sidelines of the summer season, we recommend that exporters consider the scenario of a slight appreciation of the MAD.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

17 | MAY  
2023

Week from 05/08/2023 to 05/12/2023

### EUR/USD OUTLOOK – BLOOMBERG

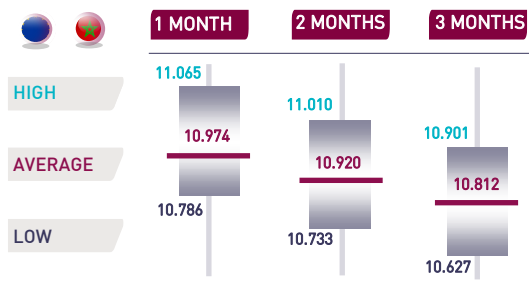
	SPOT	Q2-23	Q3-23	Q4-23	Q1-24	2024	2025	2026	2027
<b>MEDIAN</b>		1.10	1.11	1.12	1.13	1.15	1.16	1.17	1.18
<b>AVERAGE</b>	1.0849	1.10	1.10	1.11	1.13	1.15	1.16	1.17	1.18
<b>+HIGH</b>	05/12/2023	1.14	1.15	1.16	1.18	1.20	1.22	1.23	1.22
<b>+LOW</b>		1.05	1.04	1.00	1.03	1.08	1.10	1.10	1.15
<b>FORWARD</b>		1.09	1.09	1.10	1.10	1.11	1.11	1.12	1.13

Brokers' forecasts for the EUR/USD parity were reviewed slightly upwards this week. These should change to 1.10 in Q2-23 against 1.09 a week earlier to reach 1.10 in Q3-23. On an annual basis, the target is 1.11 in 2023. It would evolve to 1.13 in Q1-24 against 1.12 the previous week before reaching 1.15 in 2024 and in 2025. In LT, the target comes out at 1.16 in 2026 and 1.18 in 2027 against 1.17 initially.

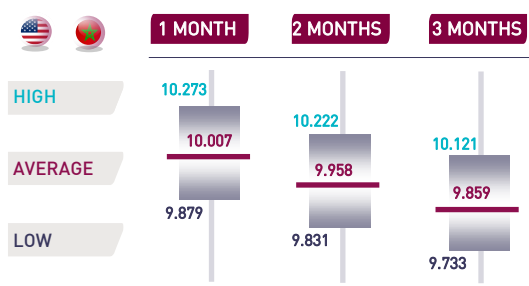
US inflation fell to 4.9% in April from 5.0% in March. After deciding to raise Fed Funds interest rates by +25 BPS in May, the Fed is expected to pause its monetary tightening in June before a probable pivot in H2-23. Fed Funds rates are currently in the [5.00%-5.25%] range.

In the Euro Zone, inflation stood at 7.0% in April after 6.9% in March and 8.5% in February. The ECB decided to raise its main interest rate to 3.75% in May. Nevertheless, the institution considers that inflation still remains high and interest rates are not restrictive enough to bring it back to the MT target of 2%. This situation seems to support the euro on the ST.

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



Based on EUR/USD Bloomberg forecast for Q3-23



Based on EUR/USD Bloomberg forecast for Q3-23

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

EUR/USD forecasts from international brokers have been stable this week. These stand out in favor of a depreciation of the dollar over the next 3 months compared to spot levels.

The MAD liquidity forecast was maintained this week. Spreads are expected to decline over the next 3 months in anticipation of summer season flows.

Under these conditions, the target levels of the USD/MAD parity stand at 10.01, 9.96 and 9.86 at horizons of 1, 2 and 3 months against a spot rate of 10.07.

The target levels of the EUR/MAD parity stand at 10.97, 10.92 and 10.81 at horizons of 1, 2 and 3 months against a spot price of 10.98.

### 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>	+0.87%	-0.23%	+0.48%	+0.80%	+0.23%	+0.62%
<b>1 MONTH</b>	-0.97%	-1.15%	-1.72%	-1.02%	+0.09%	-0.04%
<b>YTD 2023</b>	-3.59%	-1.59%	-5.73%	-3.32%	+0.29%	-0.56%

Prices as of 05/12/2023



# APPENDICES

DATA AS OF MAY 15<sup>TH</sup>, 2023

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q2-23	Q3-23	Q4-23	Q1-24	2024	2025	2026
<b>FORECAST</b>	USD/JPY	130	128	126	125	120	116	118
<b>FORWARD</b>	135	134	133	131	129	125	121	117
<b>FORECAST</b>	USD/CAD	1.34	1.33	1.31	1.3	1.27	1.28	1.27
<b>FORWARD</b>	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
<b>FORECAST</b>	USD/CHF	0.91	0.91	0.91	0.91	0.91	0.89	0.90
<b>FORWARD</b>	0.90	0.89	0.88	0.88	0.87	0.86	0.84	0.83
<b>FORECAST</b>	GBP/USD	1.24	1.25	1.26	1.26	1.28	1.30	1.28
<b>FORWARD</b>	1.25	1.25	1.25	1.25	1.25	1.24	1.23	1.22

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

	Date	Q2-2023	Q3-2023	Q4-2023	Q1-2024	2024
Commerzbank	05/05/23	1.1	1.12	1.14	1.12	1.08
RBC Capital Markets	05/04/23	1.08	1.05	1.04	1.04	1.15
Wells Fargo	04/25/23	1.1	1.12	1.14	1.16	--
Standard Chartered	04/11/23	1.06	1.09	1.12	1.12	1.13
BNP Paribas	03/17/23	1.1	1.12	1.14	1.15	1.18
JPMorgan Chase	03/03/23	1.1	1.08	1.08	--	--
Investec	05/12/23	1.1	1.12	1.14	1.16	1.18
Landesbank Baden-Wuerttemberg	05/12/23	1.12	1.12	1.15	1.16	1.17
Rabobank	05/12/23	1.08	1.06	1.07	1.08	1.18
Australia & New Zealand Banking Group	05/11/23	1.11	1.12	1.14	1.16	1.2
United Overseas Bank	05/11/23	1.11	1.12	1.14	1.16	1.2
Nomura Bank International	05/10/23	1.14	1.15	1.16	1.17	1.18
Sumitomo Mitsui Trust Bank	05/09/23	1.1	1.12	1.1	1.08	--
X-Trade Brokers Dom Maklerski	05/09/23	1.09	1.08	1.06	1.07	1.09
Capital Economics	05/05/23	1.08	1.04	1	1.03	1.12
Amdocs Development Ltd	05/03/23	1.1	1.12	1.13	--	--
Axis Bank	05/02/23	1.05	1.1	1.1	1.09	1.09

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23  
Prices as of 05/15/2023

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