



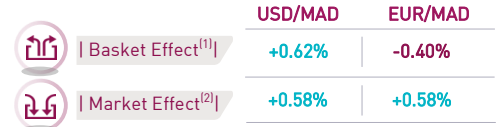
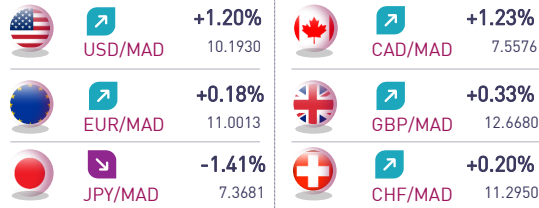
# WEEKLY MAD INSIGHTS

## CURRENCIES

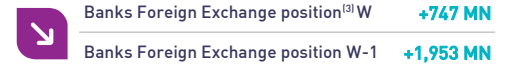
25 | MAY  
2023

Week from 05/15/2023 to 05/19/2023

### MAIN WEEKLY VARIATIONS

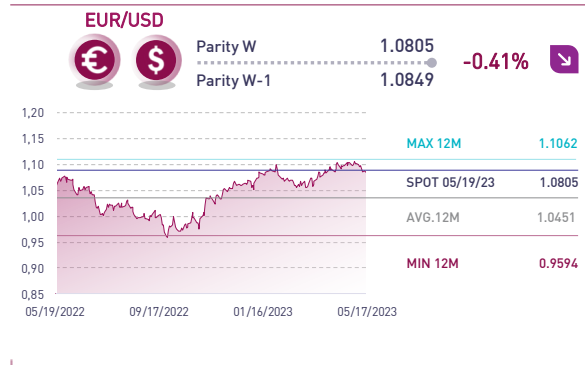


(1) Impact of the variation of the EUR/USD parity  
(2) Impact of the variation in the liquidity spread (Supply / Demand)



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

### INTERNATIONAL HIGHLIGHTS



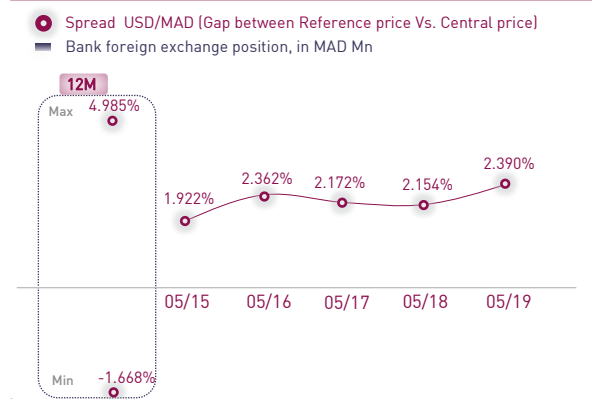
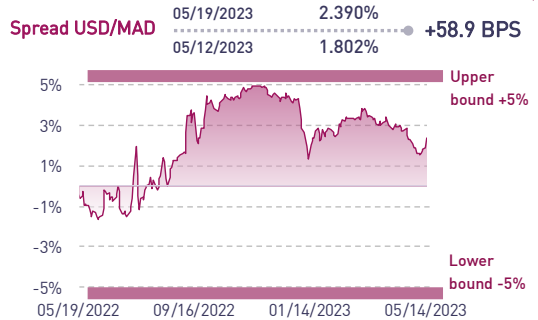
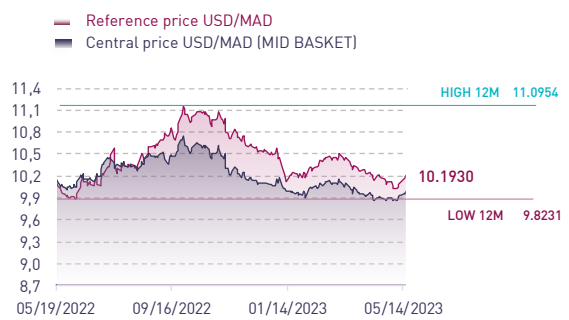
#### The Euro remains under pressure this week

The Euro depreciates for the 2nd consecutive week by -0.41% to 1.0805, its lowest since the end of March.

The Zew economic sentiment index in Germany came out below expectations. The financial markets are anticipating a deterioration of the economic situation over the coming months, partly due to expectations of further rate hikes in the Eurozone.

The lack of an agreement in the US Congress on the US debt ceiling is still fueling investor aversion. Senior Fed officials have spoken in favor of continued monetary tightening even under the scenario of a pause in June.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



#### USD/MAD returns to a 5-week high

The USD strengthens against the MAD for the 2nd consecutive week after a downward trend since mid-March.

The pair rose by +1.20% in a week. This change is explained by a basket effect of +0.62% following the appreciation of the ollar combined with a positive market effect of the USD/MAD pair of +0.58%.

MAD liquidity spreads increased by 59 BPS to 2.39%. Nevertheless, we believe that this increase in liquidity spreads is temporary. The latter are still part of a downward trend supported by workers' remittances and the good performance of tourist receipts during the summer period.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFHMAD
<b>1 MONTH</b>	5.06%	4.38%	12.34%	9.87%	5.77%	7.10%
<b>2 MONTHS</b>	5.28%	5.06%	13.66%	8.04%	5.92%	6.69%
<b>3 MONTHS</b>	5.27%	5.22%	13.74%	7.52%	7.41%	8.16%

#### Towards a slight appreciation of the MAD on the ST

We recommend that exporters hedge on ST horizons as our scenario anticipates a MAD appreciation during the summer period.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

25 | MAY  
2023

Week from 05/15/2023 to 05/19/2023

### EUR/USD OUTLOOK – BLOOMBERG

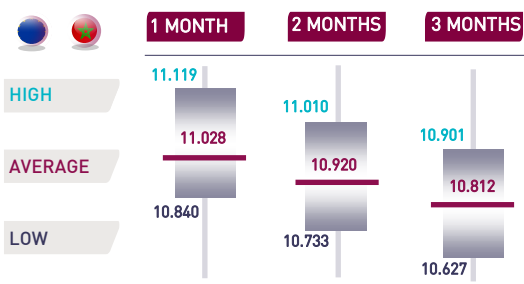
	SPOT	Q2-23	Q3-23	Q4-23	Q1-24	2024	2025	2026	2027
<b>MEDIAN</b>		1.10	1.11	1.12	1.13	1.15	1.16	1.16	1.15
<b>AVERAGE</b>	1.0805	1.10	1.11	1.12	1.13	1.15	1.16	1.16	1.17
<b>+HIGH</b>	05/19/2023	1.15	1.15	1.17	1.20	1.20	1.25	1.23	1.20
<b>+LOW</b>		1.06	1.04	1.00	1.03	1.05	1.10	1.10	1.15
<b>FORWARD</b>		1.08	1.09	1.09	1.09	1.10	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 to reach 1.11 in Q3-23 against 1.10 a week earlier. On an annual basis, the target is 1.12 in 2023 against 1.11 initially. The pair would move at 1.13 in Q1-24 before reaching 1.15 in 2024 and 1.16 in 2025. In LT, the target would stabilize at 1.16 in 2026 against 1.17 the previous week. This should stand at 1.17 in 2027 against 1.18 initially.

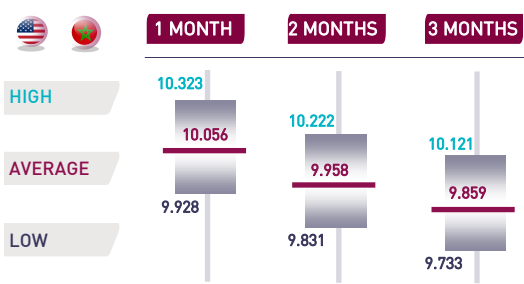
US inflation fell to 4.9% in April from 5.0% in March. After deciding to raise Fed Funds interest rates by 25 PBS in May, the Fed is expected to pause its monetary tightening in June. Fed Funds rates are currently in the [5.00%-5.25%] range.

In the Euro Zone, inflation stood at 7.0% in April after 6.9% in March and 8.5% in February. Under these conditions, the ECB decided to raise its main interest rate to 3.75% in May. Nevertheless, inflation still remains high in the Euro Zone and ECB officials are in favor of continued monetary tightening. This situation seems to support the euro on the ST which would benefit from the gradual reduction of the monetary policy divergence between the Fed and the ECB.

### UPWARD REVIEW OF OUR 1-MONTH HORIZON FORECAST



Based on EUR/USD Bloomberg forecast for Q3-23



Based on EUR/USD Bloomberg forecast for Q3-23

Given the forecasts of the EUR/USD parity and the liquidity conditions of the foreign exchange market, we have reviewed upwards our USD/MAD forecasts for 1 month.

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.

MAD liquidity spreads have been reviewed upwards on a one-month horizon. Nevertheless, they would decrease over the next 3 months in anticipation of the export flows of the summer season.

Under these conditions, the target levels of the USD/MAD parity stand at 10.06, 9.96 and 9.86 at horizons of 1, 2 and 3 months against a spot rate of 10.19.

The target levels of the EUR/MAD parity stand at 11.03, 10.92 and 10.81 at horizons of 1, 2 and 3 months against a spot rate of 11.00.

### 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>	+1.20%	+0.18%	-1.41%	+1.23%	+0.33%	+0.20%
<b>1 MONTH</b>	+0.36%	-0.95%	-2.30%	+0.06%	+0.50%	-0.04%
<b>YTD 2023</b>	-2.44%	-1.41%	-7.06%	-2.13%	+0.63%	-0.35%

Prices as of 05/19/2023



# ANNEXES

DATA AS OF MAY 22<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	131	128	126	124	120	116	120
<b>FORWARD</b>	139	138	136	134	132	128	123	119
<b>FORECAST</b>	USD/CAD	1.34	1.33	1.31	1.3	1.27	1.26	1.26
<b>FORWARD</b>	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.34
<b>FORECAST</b>	USD/CHF	0.91	0.91	0.91	0.91	0.90	0.88	0.88
<b>FORWARD</b>	0.90	0.90	0.89	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	1.30
<b>FORWARD</b>	1.24	1.24	1.25	1.25	1.25	1.24	1.23	1.23

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

	Date	Q2-2023	Q3-2023	Q4-2023	Q1-2024	2024
Standard Chartered	05/17/23	1.06	1.09	1.12	1.12	1.13
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	--
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	--	--
Alpha Bank	05/19/23	1.08	1.1	1.11	1.12	1.15
NAB/BNZ	05/19/23	1.12	1.15	1.17	1.2	1.19
Rabobank	05/19/23	1.08	1.07	1.06	1.07	1.18
Credit Agricole CIB	05/18/23	1.07	1.09	1.1	1.11	1.05
Cinkciarz.pl	05/17/23	1.08	1.1	1.12	1.15	1.17
AFEX	05/16/23	1.12	1.14	1.1	--	--
CICC	05/16/23	1.1	1.11	1.13	1.15	--
Kshitij Consultancy Services	05/16/23	1.09	1.11	1.12	1.17	--
Ebury	05/15/23	1.08	1.1	1.12	1.13	1.15
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

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23  
Prices as of 05/22/2023

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