



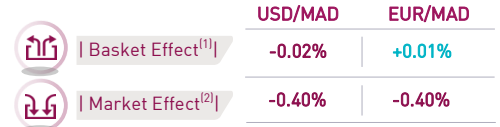
# WEEKLY MAD INSIGHTS

## CURRENCIES

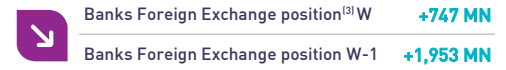
05 | MAY  
2023

Week from 04/24/2023 to 04/28/2023

### MAIN WEEKLY VARIATIONS

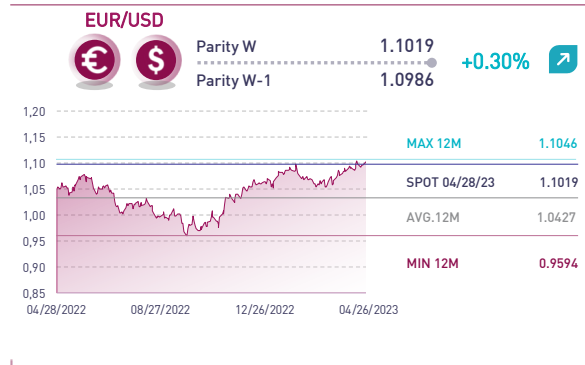


(1) Impact of the variation of the EUR/USD parity  
(2) Impact of the variation in the liquidity spread (Supply / Demand)



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

### INTERNATIONAL HIGHLIGHTS



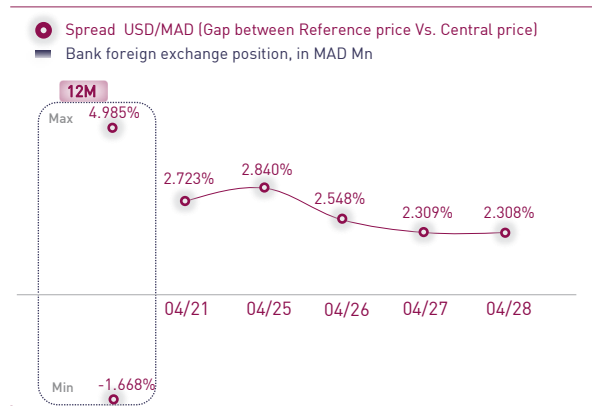
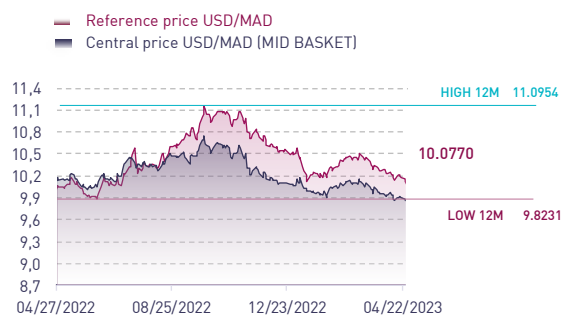
### EUR/USD settles at a 13-month high

The EUR/USD pair rose this week by +0.30% from 1.0986 to 1.1019, i.e. its highest since April 2022.

This appreciation was fueled this week by speculation about a Fed pivot in 2023 on the sidelines of the First Republic Bank bankruptcy.

Therefore, markets anticipate a reversal of the Fed's monetary tightening later this year through interest rate cuts in 2023. Moreover, the slowdown in the US growth in Q1-23 (1.1% vs. 2.6% in Q1-22) have also supported the euro this week.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### Continued improvement of the Dirham liquidity

The MAD is rising again this week against the Dollar. The USD/MAD dropped by -0.42% from 10.12 to 10.08 this week, i.e. a 3-month low.

This increase is mainly explained by a market effect of -0.40% related to the improvement of the MAD liquidity this week. The basket effect relating to this change was insignificant.

Dirham liquidity spreads improved to 2.31%, down -42 PBS. The latter should continue their downward trend on the ST following the expected decline in import flows on the sidelines of the summer season.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	4.33%	4.61%	10.70%	6.90%	6.28%	7.10%
2 MONTHS	5.28%	5.69%	15.02%	6.41%	7.74%	8.55%
3 MONTHS	5.97%	5.60%	13.98%	7.00%	8.51%	8.46%

### Attractive levels of the Dollar for importers

The monetary policy expectations of the major central banks remain the main factor in the evolution of the EUR/USD pair.

On the ST, we recommend that dollar importers take advantage of the relatively low dollar levels by hedging against foreign exchange risk.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

05 | MAY  
2023

Week from 04/24/2023 to 04/28/2023

### EUR/USD OUTLOOK – BLOOMBERG

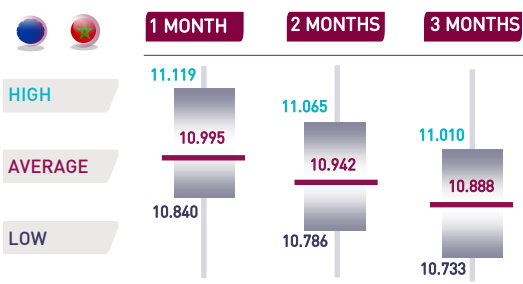
	SPOT	Q2-23	Q3-23	Q4-23	Q1-24	2024	2025	2026	2027
<b>MEDIAN</b>		1.09	1.10	1.12	1.13	1.15	1.15	1.17	1.19
<b>AVERAGE</b>	1.1019	1.09	1.10	1.11	1.12	1.15	1.15	1.16	1.17
<b>+HIGH</b>	04/28/2023	1.14	1.15	1.17	1.20	1.20	1.23	1.22	1.22
<b>+LOW</b>		1.00	1.04	1.03	1.03	1.05	1.10	1.10	1.10
<b>FORWARD</b>		1.10	1.11	1.11	1.12	1.12	1.13	1.14	1.14

Brokers' EUR/USD forecasts have been stable this week. These would change to 1.09 in Q2-23 to reach 1.10 in Q3-23. On an annual basis, the target is 1.11 in 2023. It should evolve to 1.12 in Q1-24 before reaching 1.15 in 2024 and in 2025. In LT, the target is 1.16 in 2026 and 1.17 in 2027.

US inflation slowed faster than expected in March 2023 to 5.0% after 6.0% in February. Fed Funds rates are in the range [4.75%-5.00%]. Markets expect a pause in the Fed's tight monetary policy in 2023, indicating that the Fed is close to its terminal rate ahead of a pivot.

In the Euro Zone, inflation fell to 6.9% in March against 8.5% in February according to the latest figures from Eurostat. Despite this drop, it remains well above the 2% target. For its part, the ECB has decided to raise its main interest rate to 3.50% and will continue to catch up on its lag in terms of monetary tightening compared to the Fed. This scenario seems to support the euro on the ST.

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



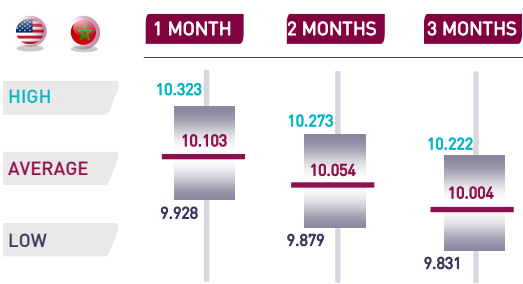
Given the forecasts for the EUR/USD parity and the liquidity conditions of the foreign exchange market, we have reviewed our USD/MAD forecasts downwards for 1, 2 and 3 months.

EUR/USD forecasts from international brokers have been reviewed upwards this week. They nevertheless remain in favor of an appreciation of the dollar over the next 3 months compared to spot levels.

MAD liquidity forecasts have been revised downwards this week. Spreads are expected to decline gradually over the next 3 months in anticipation of summer season flows.

Under these conditions, the target levels of the USD/MAD parity stand at 10.10, 10.05 and 10.00 at horizons of 1, 2 and 3 months against a spot rate of 10.08.

The target levels of the EUR/MAD parity stand at 11.00, 10.94 and 10.89 at horizons of 1, 2 and 3 months against a spot rate of 11.07.



Based on EUR/USD Bloomberg forecast for Q2-23

### 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>	-0.42%	-0.39%	-2.07%	-1.35%	+0.10%	-0.88%
<b>1 MONTH</b>	-1.65%	-0.35%	-5.52%	-1.68%	-0.58%	+0.69%
<b>YTD 2023</b>	-3.55%	-0.81%	-6.59%	-4.45%	-0.25%	-0.80%

Prices as of 04/28/2023



# APPENDICES

DATA AS OF APRIL 25<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	127	125	123	120	115	118
<b>FORWARD</b>	137	136	134	132	131	127	122	118
<b>FORECAST</b>	USD/CAD	1.34	1.33	1.32	1.3	1.27	1.27	1.28
<b>FORWARD</b>	1.35	1.35	1.35	1.35	1.35	1.35	1.34	1.34
<b>FORECAST</b>	USD/CHF	0.91	0.91	0.91	0.91	0.91	0.89	0.91
<b>FORWARD</b>	0.90	0.89	0.88	0.87	0.87	0.85	0.84	0.83
<b>FORECAST</b>	GBP/USD	1.24	1.24	1.26	1.26	1.29	1.30	1.28
<b>FORWARD</b>	1.25	1.25	1.25	1.26	1.25	1.25	1.24	1.23

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

	Date	Q2-2023	Q3-2023	Q4-2023	Q1-2024	2024
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
RBC Capital Markets	04/06/23	1.07	1.05	1.03	1.03	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
JPMorgan Chase	03/03/23	1.1	1.08	1.08	--	--
Mizuho Bank	05/01/23	1.09	1.11	1.12	1.12	--
Prestige Economics LLC	05/01/23	1.09	1.11	1.13	1.15	--
Bank Julius Baer	04/28/23	1.11	1.13	1.14	1.15	1.14
Nomura Bank International	04/28/23	1.14	1.15	1.16	1.17	1.18
Banco Santander	04/28/23	1.07	1.07	1.09	1.1	--
Banco Bilbao Vizcaya Argentaria	04/27/23	1.09	1.1	1.13	1.13	1.18
ING Financial Markets	04/26/23	1.1	1.12	1.15	1.15	1.15
Skandinaviska Enskilda Banken	04/26/23	1.11	1.08	1.1	1.11	1.14
Monex USA Corp	04/26/23	1.08	1.09	1.1	1.11	1.14
ABN Amro	04/25/23	1.08	1.09	1.1	1.12	1.16
DZ Bank	04/24/23	1.1	1.11	1.13	1.15	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q2-23  
Prices as of 05/02/2023

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