



WEEKLY MAD INSIGHTS

CURRENCIES

21 JULY 2023

Week from 03/17/2023 to 07/21/2023

MAIN WEEKLY VARIATIONS

		-1.26%			+0.63%
USD/MAD	9.6822		CAD/MAD	7.3831	
		+1.78%			+1.47%
EUR/MAD	10.8692		GBP/MAD	12.6970	
		+2.13%			+2.94%
JPY/MAD	6.9928		CHF/MAD	11.2730	



Basket Effect⁽¹⁾

USD/MAD

EUR/MAD

-1.84%

+1.20%



Market Effect⁽²⁾

+0.58%

+0.58%

(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⁽³⁾ W

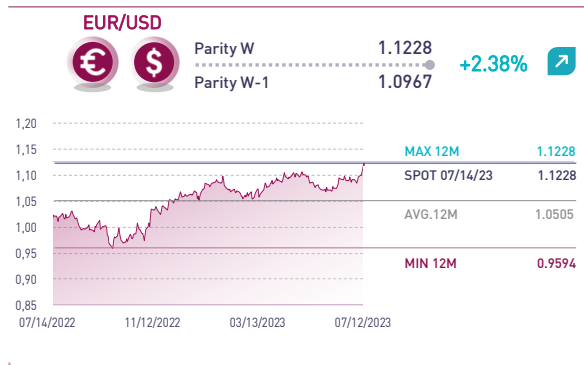
+747 MN

Banks Foreign Exchange position W-1

+1,953 MN

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

INTERNATIONAL HIGHLIGHTS



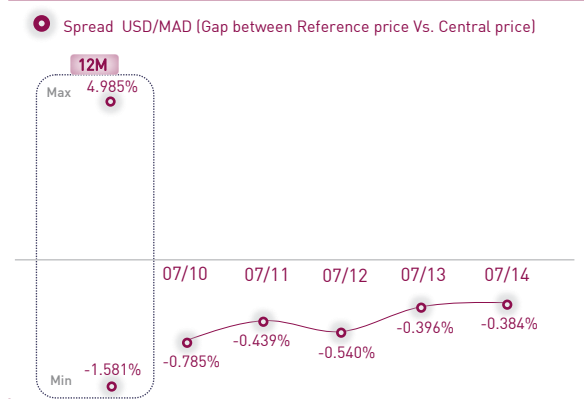
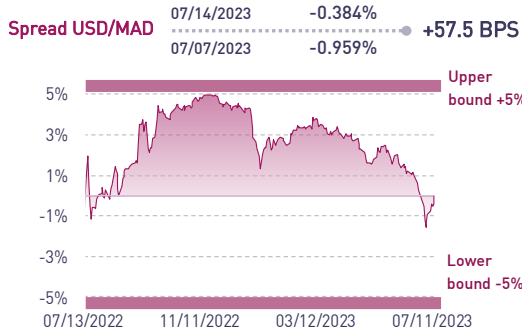
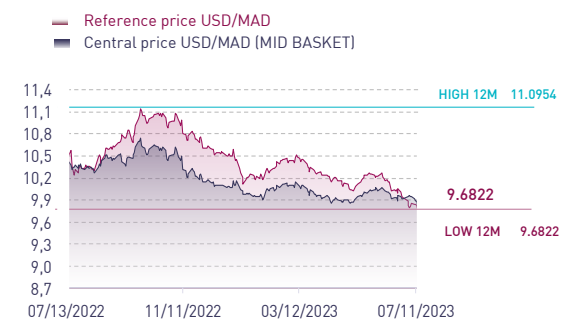
Euro hits a 16-month high after US inflation

The EUR/USD pair appreciated this week by +2.38% from 1.0967 to 1.1228, a 16 months high.

US inflation in June came in below consensus at 3.0%, down from May's level of 4.0%. Similarly, core inflation is below expectations at 4.8% against a forecast of 5.0% and after 5.3% in May.

Although a Fed Funds rate hike of +25 BPS in July is widely expected, markets have reevaluated their Fed monetary policy expectations. They no longer expect a further rate hike before the end of the year.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



USD/MAD at a 15-month low

USD/MAD depreciated for the 3rd consecutive week by -1.26% to 9.68 against 9.81 a week earlier, i.e. a new low since April 2022.

This is due to a negative basket effect of -1.84% related to the depreciation of the Dollar internationally, offset by a positive liquidity effect of +0.58%.

Liquidity spreads increased by +58 BPS from -0.96% to -0.38% this week. Despite this increase, these spreads remained negative throughout the week, supported by the tourist activity inflows workers' remittances characterizing this summer period.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	6.87%	8.06%	12.19%	7.63%	9.13%	9.85%
2 MONTHS	6.10%	6.70%	10.28%	7.44%	8.28%	8.85%
3 MONTHS	5.86%	5.90%	10.80%	8.19%	7.47%	8.15%

An expected recovery of the Dollar on the ST

After a USD/MAD dip of more than 15 months, we now anticipate an upward correction in the parity and we recommend that importers hedge over 1 to 3 months horizons.

To this end, we believe that the appreciation of the Dollar should offset the liquidity effect still in favor of the MAD during the summer period.

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WEEKLY MAD INSIGHTS

CURRENCIES

21 JULY 2023

Week from 07/17/2023 to 07/21/2023

EUR/USD OUTLOOK – BLOOMBERG

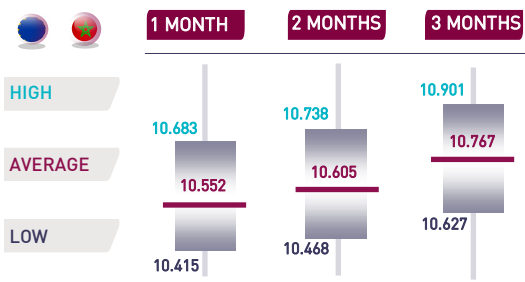
	SPOT	Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026	2027
MEDIAN		1.10	1.12	1.12	1.13	1.15	1.15	1.15	1.15
AVERAGE	1.1228	1.10	1.11	1.12	1.12	1.14	1.16	1.15	1.15
+HIGH	07/14/2023	1.13	1.17	1.20	1.19	1.20	1.23	1.20	1.19
+LOW		1.04	1.00	1.03	1.03	1.05	1.10	1.10	1.13
FORWARD		1.13	1.13	1.14	1.14	1.15	1.16	1.17	1.17

EUR/USD forecasts from brokers have been revised upwards on the ST. The pair would move to 1.10 in Q3-23 against 1.09 a week earlier then to 1.11 in Q4-23. This would stand at 1.12 in Q1-24 against 1.11 initially and then stabilize at 1.12 in Q2-24. On a yearly basis, the target is 1.14 in 2024 and 1.16 in 2025. Over the long run, the pair would move to 1.15 between 2026 and 2027.

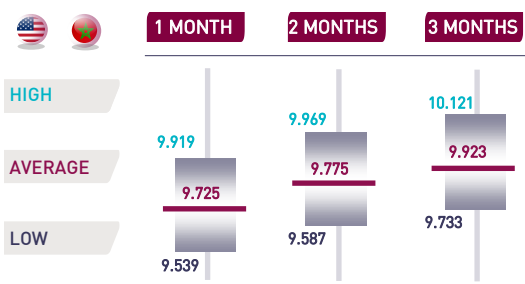
Inflation in the United States continued to fall to 3.0% in June after 4.0% in May. A level below expectations which confirms forecasts as to the end of the Fed's monetary tightening cycle. After an expected increase in July of +25 BPS, bringing Fed Funds rates into the range [5.25% - 5.50%], the markets no longer anticipate any further increases before the end of the year.

In the Euro Zone, inflation fell from 6.1% in May to 5.5% in June. The ECB had decided at its monetary policy meeting in June to raise its main key rate to 3.50%, an increase of +25 BPS. The ECB President confirmed this week her willing to fight inflation to bring it back to its target level. The gradual narrowing of the monetary policy divergence between the Fed and the ECB should benefit the euro over the MLT.

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 on the foreign exchange market, we have maintained our forecasts for 1, 2 and 3 months.

EUR/USD forecasts from brokers have been stable this week. These stand out in favor of a rise in the dollar on a 3-month horizon compared to spot levels.

MAD liquidity spreads should continue to fall upon significant currency flows during the summer season before readjusting from September 2023.

Under these conditions, the target levels of the USD/MAD parity stand at 9.72, 9.77 and 9.92 at horizons of 1, 2 and 3 months against a spot rate of 9.68.

The target levels of the EUR/MAD parity stand at 10.55, 10.61 and 10.77 at horizons of 1, 2 and 3 months against a spot price of 10.87.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-1.26%	+1.78%	+2.13%	+0.63%	+1.47%	+2.94%
1 MONTH	-4.03%	-0.31%	-2.97%	-2.74%	-0.49%	+0.89%
YTD 2023	-7.33%	-2.60%	-11.80%	-4.39%	+0.86%	-0.55%

Prices as of 07/21/2023



APPENDICES

DATA AS OF JULY 14TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026
FORECAST	USD/JPY	138	134	132	128	125	120	120
FORWARD	138	137	135	133	131	128	123	119
FORECAST	USD/CAD	1.32	1.31	1.3	1.29	1.28	1.27	1.27
FORWARD	1.32	1.32	1.31	1.31	1.31	1.31	1.32	1.32
FORECAST	USD/CHF	0.90	0.90	0.89	0.89	0.90	0.89	0.93
FORWARD	0.86	0.85	0.85	0.84	0.83	0.82	0.80	0.79
FORECAST	GBP/USD	1.27	1.27	1.27	1.29	1.30	1.31	1.26
FORWARD	1.31	1.31	1.31	1.31	1.31	1.30	1.28	1.26

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

	Date	Q3-2023	Q4-2023	Q1-2024	Q2-2024	2024
Commerzbank	07/10/23	1.12	1.14	1.12	1.1	1.08
JPMorgan Chase	07/07/23	1.05	1.05	1.08	1.12	--
RBC Capital Markets	07/06/23	1.07	1.04	1.04	1.07	1.15
Standard Chartered	07/05/23	1.09	1.1	1.12	1.13	1.14
Wells Fargo	06/26/23	1.08	1.09	1.11	1.13	--
BNP Paribas	06/13/23	1.1	1.12	1.13	1.15	1.18
Rabobank	07/14/23	1.08	1.06	1.07	1.1	1.18
Swedbank	07/14/23	1.12	1.13	1.13	1.14	1.15
Alpha Bank	07/13/23	1.12	1.15	1.16	1.17	1.18
CIMB	07/13/23	1.11	1.13	1.16	1.18	1.2
Kshitij Consultancy Services	07/13/23	1.11	1.11	1.14	1.14	--
Argentex LLP	07/12/23	1.12	1.14	1.15	1.16	--
Credit Agricole CIB	07/12/23	1.09	1.1	1.11	1.09	1.05
Polski Instytut Ekonomiczny	07/12/23	1.1	1.1	1.11	1.11	1.11
Monex USA Corp	07/12/23	1.11	1.12	1.13	1.13	1.13
Landesbank Baden-Wuerttemberg	07/11/23	1.12	1.15	1.16	1.17	1.17
Sumitomo Mitsui Trust Bank	07/11/23	1.12	1.12	1.1	1.08	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23
Prices as of 07/14/2023

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