



# WEEKLY MAD INSIGHTS

## CURRENCIES

07 JULY 2023

Week from 06/26/2023 to 06/30/2023

### MAIN WEEKLY VARIATIONS

		<b>-1.31%</b>			<b>-1.45%</b>
USD/MAD		9.8798	CAD/MAD		7.4688
		<b>-0.60%</b>			<b>-1.58%</b>
EUR/MAD		10.8174	GBP/MAD		12.5360
		<b>-1.91%</b>			<b>-1.06%</b>
JPY/MAD		6.8548	CHF/MAD		11.0180

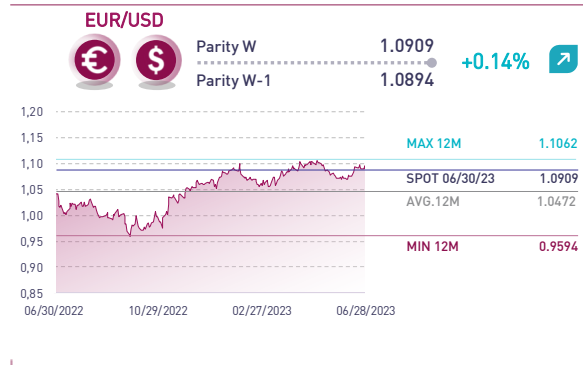
	USD/MAD	EUR/MAD
Basket Effect <sup>(1)</sup>	<b>-0.43%</b>	<b>+0.28%</b>
Market Effect <sup>(2)</sup>	<b>-0.88%</b>	<b>-0.88%</b>

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

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

### INTERNATIONAL HIGHLIGHTS



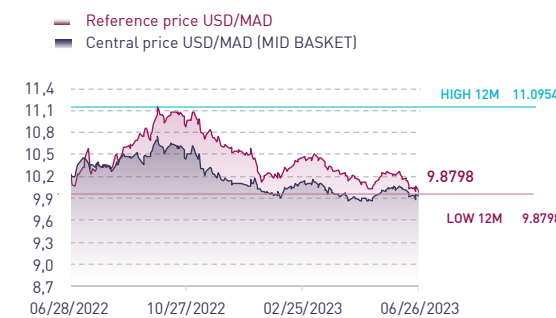
### The ECB supports the Euro as inflation remains high

The EUR/USD pair appreciated this week by +0.14% from 1.0894 to 1.0909.

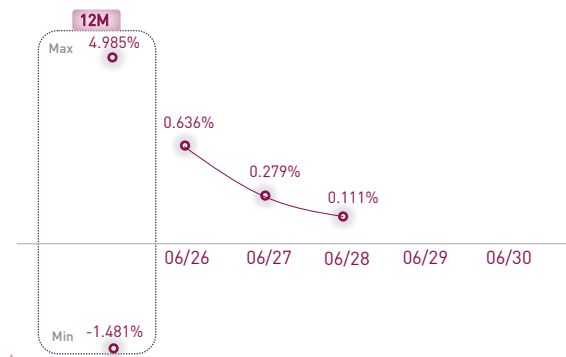
ECB Chair Christine Lagarde said this week that inflation in the Eurozone remains high and that she would keep interest rates in restrictive territory as long as necessary to lower inflation. This speech reinforced expectations of a more restrictive monetary policy from the ECB, which benefited the Euro this week.

Note that inflation in the EZ came out at 5.5% in June against a consensus of 5.6% after 6.1% in May.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### Spread USD/MAD (Gap between Reference price Vs. Central price)



### The Dollar at a 12-month low against the Dirham

The USD/MAD pair depreciated this week by -1.31% to 9.88 from 10.01 a week earlier, a 12-month low.

This evolution is explained by a double effect (basket and liquidity) in favor of the Dirham. The basket effect stands at -0.43% in line with the depreciation of the dollar this week and the liquidity effect stands at -0.88% thanks to the improvement in supply and demand conditions.

The downtrend in MAD liquidity spreads continues through a drop from -89 BPS to +0.11%. With an almost null spread, the value of the dirham is close to that of its reference basket. This trend should be supported by workers' remittances during the summer period.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	6.12%	5.51%	8.68%	8.19%	8.64%	7.52%
2 MONTHS	5.78%	5.00%	10.64%	8.40%	7.31%	7.36%
3 MONTHS	5.25%	4.88%	10.14%	7.96%	6.95%	7.30%

### Continued improvement in the MAD liquidity effect

We recommend that exporters hedge on horizons over the summer period. Indeed, the MAD should appreciate by benefiting from the liquidity effect during this period.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

07 JULY  
2023

Week from 06/26/2023 to 06/30/2023

### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026	2027
<b>MEDIAN</b>		1.10	1.12	1.12	1.14	1.15	1.16	1.17	1.17
<b>AVERAGE</b>	1.0909	1.09	1.11	1.12	1.13	1.15	1.16	1.17	1.17
<b>+HIGH</b>	06/30/2023	1.14	1.18	1.20	1.20	1.22	1.23	1.22	1.22
<b>+LOW</b>		1.04	1.00	1.03	1.03	1.05	1.10	1.10	1.13
<b>FORWARD</b>		1.10	1.10	1.11	1.11	1.12	1.13	1.14	1.15

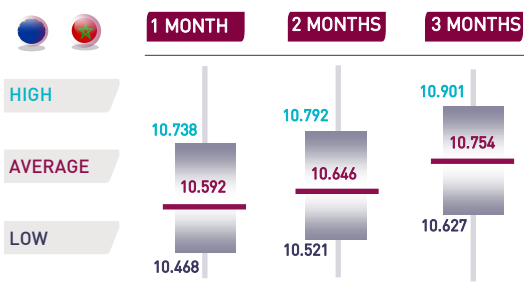
Brokers' EUR/USD forecasts have been broadly stable this week. The EUR/USD pair would evolve at 1.09 in Q3-23 against 1.10 a week earlier. It would reach 1.11 at T4-23 then 1.12 at T1-24. This should stand at 1.13 in Q2 24 against 1.14 initially. On an annual basis, the target is 1.15 in 2024 and 1.16 in 2025 against 1.17 the previous week. Over the LT, the pair would move to 1.17 in 2026, unchanged. It should stabilize at this level in 2027 against 1.16 initially.

Inflation in the United States decreased to 4.0% in May from 4.9%. After pausing its monetary tightening in June, markets widely expect a further +25 BPS rise in July, bringing Fed Funds rates into the range [5.25% - 5.50%]. The Chairman of the Fed said that the Central Bank is moving towards an even more restrictive monetary policy as solid statistics figures support the American economy.

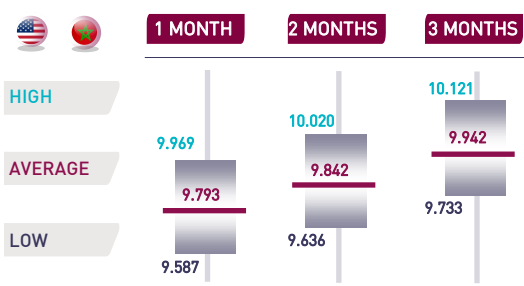
On the Euro Zone side, inflation decreased from 6.1% in May to 5.5% in June. The ECB had decided at its monetary policy meeting in June to raise its main key rate to 3.50%, an increase of +25 PBS.

The gradual narrowing of the monetary policy divergence between the Fed and the ECB should benefit the euro on the Medium and Long Terms.

### DOWNWARD REVIEW OF 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 reviewed our forecasts downwards for 1, 2 and 3 months horizons.

EUR/USD forecasts from brokers have been reviewed upwards 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 have been reviewed lower on the ST this week. The latter should decline in anticipation of the export flows of the summer season before gradually experiencing an upward readjustment.

Under these conditions, the target levels of the USD/MAD parity stand at 9.79, 9.84 and 9.94 at horizons of 1, 2 and 3 months against a spot rate of 9.88.

The target levels of the EUR/MAD parity stand at 10.59, 10.65 and 10.75 at horizons of 1, 2 and 3 months against a spot rate of 10.82.

### 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>	-1.31%	-0.60%	-1.91%	-1.45%	-1.58%	-1.06%
<b>1 MONTH</b>	-3.17%	-1.34%	-6.09%	-0.39%	-0.78%	-2.48%
<b>YTD 2023</b>	-5.44%	-3.06%	-13.54%	-3.28%	-0.42%	-2.80%

Prices as of 06/28/2023



# APPENDICES

DATA AS OF JULY 3<sup>TH</sup>, 2023

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026
<b>FORECAST</b>	USD/JPY	135	132	129	128	125	120	120
<b>FORWARD</b>	145	143	140	138	136	133	128	123
<b>FORECAST</b>	USD/CAD	1.32	1.32	1.3	1.29	1.28	1.28	1.28
<b>FORWARD</b>	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32
<b>FORECAST</b>	USD/CHF	0.90	0.90	0.89	0.89	0.90	0.89	0.92
<b>FORWARD</b>	0.89	0.89	0.88	0.87	0.86	0.85	0.83	0.81
<b>FORECAST</b>	GBP/USD	1.25	1.27	1.27	1.28	1.30	1.31	1.26
<b>FORWARD</b>	1.27	1.27	1.27	1.27	1.27	1.26	1.24	1.23

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

	Date	Q3-2023	Q4-2023	Q1-2024	Q2-2024	2024
Wells Fargo	06/26/23	1.08	1.09	1.11	1.13	--
JPMorgan Chase	06/23/23	1.05	1.05	1.08	1.12	--
Standard Chartered	06/19/23	1.09	1.1	1.12	1.13	1.14
BNP Paribas	06/13/23	1.1	1.12	1.13	1.15	1.18
RBC Capital Markets	06/08/23	1.05	1.04	1.04	1.07	1.15
Commerzbank	05/31/23	1.12	1.14	1.12	1.1	1.08
Amdocs Development Ltd	07/03/23	1.1	1.12	1.13	--	--
Banco Bilbao Vizcaya Argentaria	07/03/23	1.09	1.13	1.15	1.16	1.17
Nomura Bank International	07/03/23	1.12	1.12	1.13	1.14	1.16
Capital Economics	06/30/23	1.04	1	1.03	1.06	1.12
Banco Santander	06/30/23	1.07	1.09	1.1	1.12	--
Cinkciarz.pl	06/29/23	1.1	1.12	1.14	1.16	1.17
Goldhawk Partners Ltd	06/29/23	1.11	1.1	1.08	1.05	1.1
TD Securities	06/29/23	1.1	1.13	1.15	1.15	1.15
Bank Millennium	06/28/23	1.09	1.11	1.11	1.13	--
Mouvement Desjardins	06/27/23	1.07	1.06	1.08	1.11	1.13
Danske Bank	06/26/23	1.07	1.06	1.04	1.03	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23  
Prices as of 07/03/2023

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