



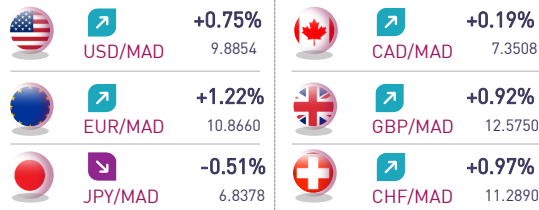
WEEKLY MAD INSIGHTS

CURRENCIES

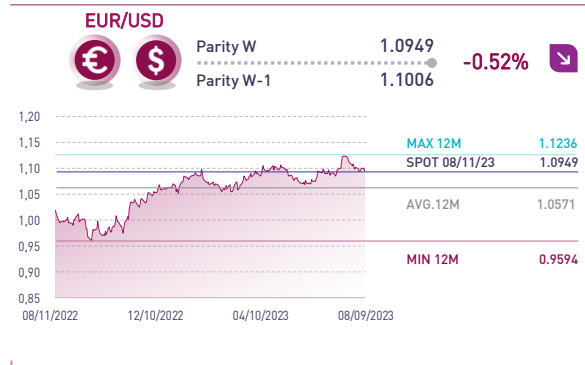
18 | AUGUST
2023

Week from 08/07/2023 to 08/11/2023

MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	-0.28%	+0.19%
Market Effect ⁽²⁾	+1.03%	+1.03%

(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

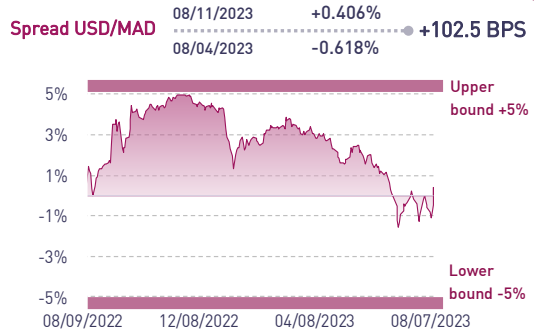
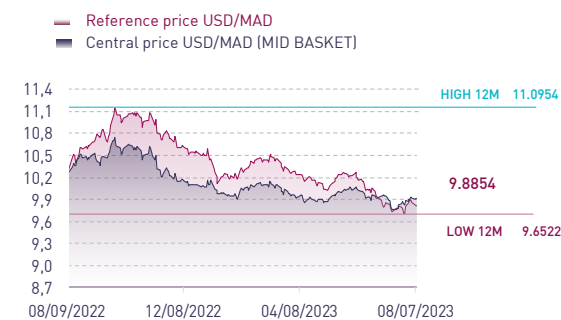
Risk aversion benefits to the dollar this week

The Euro depreciated this week against the Dollar by -0.52% from 1.1006 to 1.0949.

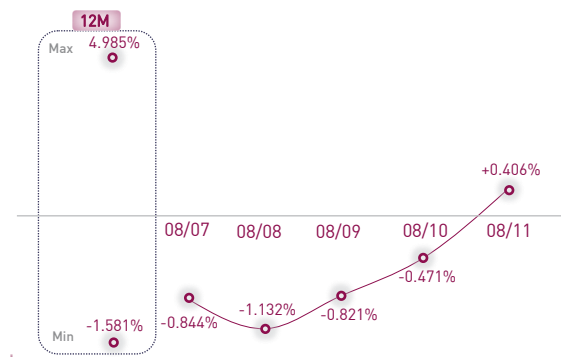
Worrying trade balance data from China fueled risk aversion, benefiting to the dollar as a safe haven. Indeed, Chinese imports and exports posted a double-digit drop in July. Moreover, China went into deflation in July for the first time for the last 2 years.

US inflation, meanwhile, came out close to the consensus at 3.2% in July, after 3.0% in June. The markets therefore widely expect the Fed to pause its monetary tightening process next September.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



An increase in import flows this week

The USD/MAD increased by +0.75% from 9.81 to 9.88. The Dollar thus appreciated for the 2nd consecutive week to reach a high since the end of last June.

This evolution is due to a negative basket effect of -0.28% offset by a significant positive liquidity effect of +1.03%. Liquidity spreads are thus back in positive territory after foreign currency importers have started hedging their transactions with attractive levels of the USD/MAD parity.

Despite this increase, these spreads should continue to fall during the month of August, supported by workers' remittances during the summer period.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	8.47%	8.17%	14.13%	8.73%	10.20%	9.20%
2 MONTHS	7.98%	7.87%	12.60%	8.47%	9.33%	8.82%
3 MONTHS	7.00%	7.02%	11.47%	7.98%	8.70%	8.38%

MAD appreciation expected in August

Given the summer period, we anticipate an appreciation of the MAD on a very ST horizon. The liquidity of the dirham should be supported by the continued good momentum of workers' remittances.

We recommend that exporters hedge over a one-month horizon.

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WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

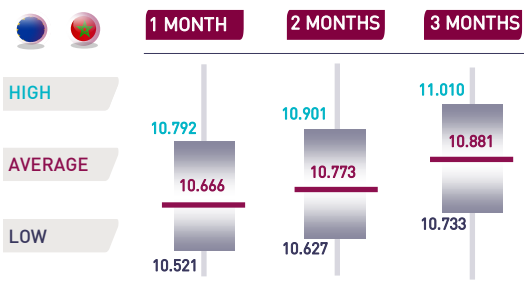
	SPOT	Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026	2027
MEDIAN		1.10	1.12	1.12	1.13	1.15	1.17	--	--
AVERAGE	1.0949	1.10	1.11	1.12	1.13	1.15	1.17	--	--
+HIGH	08/11/2023	1.14	1.17	1.20	1.20	1.22	1.23	--	--
+LOW		1.06	1.00	1.03	1.03	1.05	1.11	--	--
FORWARD		1.09	1.10	1.10	1.11	1.12	1.13	1.14	1.15

EUR/USD forecasts from brokers have been stable this week. The pair would move to 1.10 in Q3-23 and then to 1.11 in Q4-23. This would stand at 1.12 in Q1-24 and 1.13 in Q2-24. On a yearly basis, the target is 1.15 in 2024. Over the LT, the pair would stabilize at 1.17 in 2025.

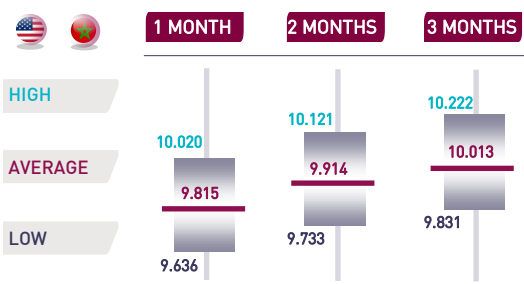
Inflation in the United States stood at 3.2% in July after 3.0% in June. Fed has increased Fed Fund rates by +25 BPS in July, bringing them within the range [5.25% - 5.50%]. Markets now widely expect a pause in Fed monetary tightening in September.

In the Euro Zone, inflation fell from 5.5% in June to 5.3% in July. The ECB decided at its monetary policy meeting in July to raise its key rate to 3.75%, an increase of +25 BPS. Despite inflation still well above the MT target of 2%, the ECB gave no hints of further rate hikes. Indeed, it fears that the continuation of monetary tightening will further alter the economic outlook in the Euro Zone. The gradual reduction of the monetary policy divergence between the Fed and the ECB should benefit to the Euro on the MLT.

UPWARD REVIEW OF OUR 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 USD/MAD forecasts upwards for 2 and 3 months.

EUR/USD forecasts from brokers have been stable this week. These stand out in favor of an appreciation of the Dollar up to 3 months from spot levels.

MAD liquidity spreads would continue to decrease in anticipation of significant export currency flows during the summer season before readjusting upwards from September 2023.

Under these conditions, the target levels of the USD/MAD parity stand at 9.82, 9.91 and 10.01 at 1, 2 and 3 months' horizons against a spot rate of 9.88.

The target levels of the EUR/MAD parity stand at 10.67, 10.77 and 10.88 at 1, 2 and 3 months' horizons 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	+0.75%	+1.22%	-0.51%	+0.19%	+0.92%	+0.97%
1 MONTH	+0.91%	+0.81%	-1.99%	-0.40%	-0.59%	+1.64%
YTD 2023	-5.38%	-2.63%	-13.75%	-4.81%	-0.11%	-0.41%

Prices as of 08/11/2023





APPENDICES

DATA AS OF AUGUST 15TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026
FORECAST	USD/JPY	139	135	132	129	125	120	--
FORWARD	1.45	144	142	140	138	135	129	124
FORECAST	USD/CAD	1.32	1.31	1.3	1.29	1.28	1.27	--
FORWARD	1.35	1.35	1.34	1.34	1.34	1.34	1.34	1.34
FORECAST	USD/CHF	0.88	0.89	0.89	0.89	0.90	0.89	--
FORWARD	0.88	0.88	0.87	0.86	0.85	0.84	0.82	0.80
FORECAST	GBP/USD	1.28	1.27	1.29	1.29	1.31	1.33	--
FORWARD	1.27	1.27	1.27	1.27	1.26	1.26	1.25	1.24

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

	Date	Q3-2023	Q4-2023	Q1-2024	Q2-2024	2024
RBC Capital Markets	08/10/23	1.07	1.04	1.04	1.07	1.15
Wells Fargo	07/25/23	1.09	1.09	1.1	1.12	1.14
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	--
Standard Chartered	07/05/23	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
Nomura Bank International	08/15/23	1.12	1.12	1.13	1.14	1.16
Rabobank	08/11/23	1.09	1.07	1.07	1.09	1.18
Swedbank	08/11/23	1.1	1.1	1.12	1.12	1.14
Mizuho Bank	08/10/23	1.11	1.12	1.11	1.09	--
Sumitomo Mitsui Trust Bank	08/09/23	1.1	1.12	1.1	1.08	--
AFEX	08/08/23	1.12	1.1	1.06	--	--
Woori Bank	08/08/23	1.07	1.08	1.1	1.11	1.13
X-Trade Brokers Dom Maklerski	08/08/23	1.09	1.08	1.08	1.06	1.09
iBanFirst	08/07/23	1.11	1.13	1.15	1.2	1.22
Landesbank Baden-Wuerttemberg	08/07/23	1.12	1.15	1.16	1.17	1.17
Banco Santander	08/07/23	1.07	1.09	1.1	1.12	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23
Prices as of 08/15/2023

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