



# WEEKLY MAD INSIGHTS

## CURRENCIES

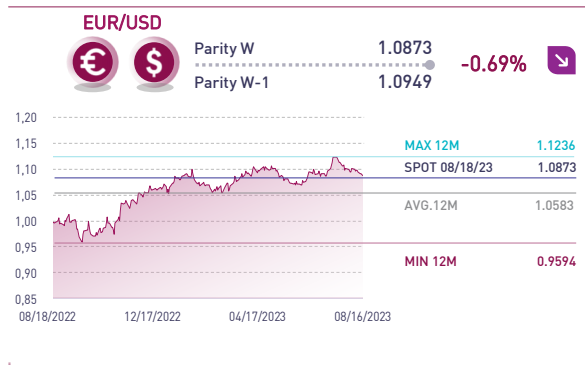
25 | AUGUST  
2023

Week from 08/14/2023 to 08/18/2023

### MAIN WEEKLY VARIATIONS

		<b>+1.05%</b>			<b>+0.30%</b>
USD/MAD		9.9890	CAD/MAD		7.3730
		<b>-0.14%</b>			<b>+0.95%</b>
EUR/MAD		10.8511	GBP/MAD		12.6950
		<b>+0.42%</b>			<b>+0.46%</b>
JPY/MAD		6.8662	CHF/MAD		11.3410

### INTERNATIONAL HIGHLIGHTS



	<b>Basket Effect<sup>(1)</sup></b>	<b>USD/MAD</b>	<b>EUR/MAD</b>
		<b>+0.72%</b>	<b>-0.47%</b>
	<b>Market Effect<sup>(2)</sup></b>	<b>+0.33%</b>	<b>+0.33%</b>

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

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

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

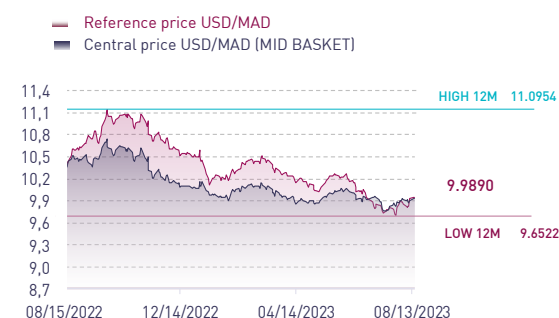
### Economic figures in China worry financial markets

The Euro depreciated this week against the Dollar for the 5th consecutive week, falling from 1.0949 to 1.0873, a drop of -0.69%.

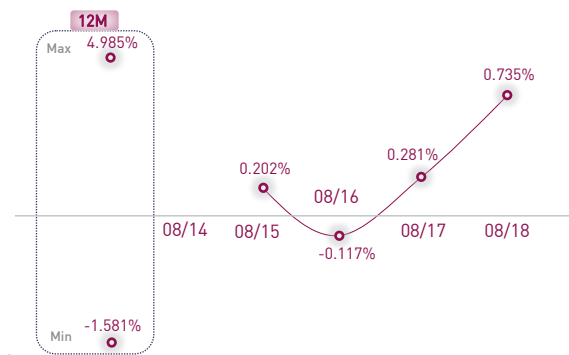
The real estate crisis as well as the disappointing economic figures in China have revived risk aversion and benefited the Dollar, as a safe haven. Indeed, industrial production as well as retail sales in the world's second largest economy slowed in July, raising concerns about global growth.

The FOMC minutes showed that several senior Fed officials are still in favor of continued monetary tightening, thus favoring the Dollar this week.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



### Tightening of Dirham liquidity spreads

The USD/MAD appreciated this week by +1.05% from 9.88 to 9.99. The Dollar thus appreciated for the 3rd consecutive week to reach a high since the end of last June.

This is due to a double positive effect, i.e. a basket effect of +0.72% related to the increase of the Dollar this week and a liquidity effect of +0.33%.

Liquidity spreads have been back in positive territory for 2 weeks. This trend is explained by import flows getting more important than export flows due to the near end of the summer period.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
<b>1 MONTH</b>	8.37%	8.06%	13.48%	8.93%	9.74%	8.35%
<b>2 MONTHS</b>	8.16%	8.03%	12.57%	8.13%	9.20%	9.00%
<b>3 MONTHS</b>	7.23%	7.12%	11.33%	7.97%	8.67%	8.53%

### A depreciation of the MAD in sight on the ST

Given the end of the summer period, we anticipate a depreciation of the MAD on a ST horizon. Tensions on the liquidity of the Dirham could put pressure on the domestic currency during the next 3 months.

We recommend that importers hedge over a horizon of between 1 month and 3 months.

Attijari Global Research

**Lamyae Oudghiri**

Manager  
+212 529 03 68 18  
Loudghiri@attijari.ma

**Walid Kabbaj**

Associate  
+212 522 49 14 82  
w.kabbaj@attijari.ma

**Nisrine Jamali**

Investor relations  
+212 522 49 14 82  
n.jamali@attijari.ma

Capital Market - Trading

**Yassine Rafa**

05 22 42 87 72 / 06 47 47 48 23  
y.rafa@attijariwafa.com

**Amine Elhajli**

05 22 42 87 09  
a.elhajli@attijariwafa.com

Capital Market - Sales

**Loubaba Alaoui Mdaghri**

06 47 47 48 34  
l.lalaouim@attijariwafa.com



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# WEEKLY MAD INSIGHTS

## CURRENCIES

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2023

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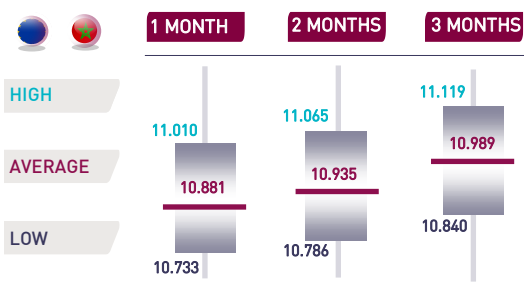
### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026	2027
<b>MEDIAN</b>		1.10	1.12	1.12	1.13	1.15	1.17	1.15	1.15
<b>AVERAGE</b>	1.0873	1.10	1.11	1.12	1.12	1.15	1.17	1.17	1.16
<b>+HIGH</b>	08/18/2023	1.13	1.17	1.20	1.20	1.22	1.23	1.23	1.20
<b>+LOW</b>		1.01	1.00	1.03	1.03	1.05	1.12	1.14	1.14
<b>FORWARD</b>		1.09	1.10	1.10	1.11	1.11	1.13	1.14	1.16

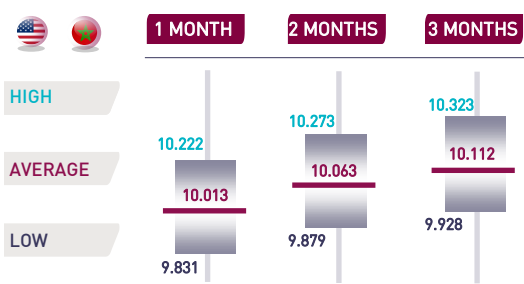
EUR/USD forecasts from brokers have been stable this week. The pair would move to 1.10 in Q3-23 and then to 1.11 in Q4-23. This would stand at 1.12 in Q1-24 to Q2-24 instead of 1.13 a week earlier. On a yearly basis, the target is 1.15 in 2024. Over the LT, the pair would stabilize at 1.17 in 2025 and 2026 and at 1.16 in 2027.

Inflation in the United States stood at 3.2% in July after 3.0% in June. The Fed had increased its key rate by +25 BPS in July, bringing the Fed Funds rates within the range [5.25% - 5.50%]. The FOMC minutes showed that several senior Fed officials are still in favor of further monetary tightening given the persistence of inflationary pressures. Nonetheless, markets are widely expecting 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 PBS. Despite inflation still well above the MT target of 2%, the ECB could stop its monetary tightening cycle. Indeed, it fears that the continuation of the increase in interest rates 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 the Euro on the MLT.

### UPWARD 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 USD/MAD forecasts upwards for 1 month, 2 months and 3 months.

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

MAD liquidity spreads would readjust upwards in anticipation of the return of significant import flows and the near end of the summer season.

Under these conditions, the target levels of the USD/MAD parity stand at 10.01, 10.06 and 10.11 at horizons of 1, 2 and 3 months against a spot rate of 9.99.

The target levels of the EUR/MAD parity stand at 10.88, 10.93 and 10.99 at horizons of 1, 2 and 3 months against a spot price of 10.85.

### 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>	+1.05%	-0.14%	+0.42%	+0.30%	+0.95%	+0.46%
<b>1 MONTH</b>	+2.66%	-0.86%	-2.43%	+0.09%	-0.45%	+0.00%
<b>YTD 2023</b>	-4.39%	-2.76%	-13.39%	-4.52%	+0.84%	+0.05%

Prices as of 08/18/2023



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# APPENDICES

DATA AS OF AUGUST 22<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	140	136	133	130	125	120	--
<b>FORWARD</b>	146	145	143	141	139	136	130	125
<b>FORECAST</b>	USD/CAD	1.33	1.31	1.3	1.29	1.28	1.27	--
<b>FORWARD</b>	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
<b>FORECAST</b>	USD/CHF	0.88	0.89	0.89	0.89	0.89	0.89	--
<b>FORWARD</b>	0.88	0.88	0.87	0.86	0.85	0.84	0.82	0.80
<b>FORECAST</b>	GBP/USD	1.28	1.27	1.28	1.28	1.31	1.33	--
<b>FORWARD</b>	1.27	1.27	1.27	1.27	1.27	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
Standard Chartered	08/22/23	1.09	1.1	1.12	1.13	1.14
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	--
BNP Paribas	06/13/23	1.1	1.12	1.13	1.15	1.18
BMO Capital Markets	08/21/23	1.01	1.12	1.13	1.14	1.15
Credit Agricole CIB	08/21/23	1.09	1.1	1.11	1.09	1.05
Cinkciarz.pl	08/18/23	1.1	1.12	1.14	1.16	1.17
Jyske Bank	08/18/23	1.11	1.13	1.15	1.15	--
Kshitij Consultancy Services	08/18/23	1.1	1.11	1.16	1.12	--
Landesbank Baden-Wuerttemberg	08/18/23	1.12	1.15	1.16	1.17	1.17
Rabobank	08/18/23	1.09	1.07	1.06	1.08	1.18
Klarity FX	08/17/23	1.11	1.11	1.12	1.12	--
Nomura Bank International	08/15/23	1.12	1.12	1.13	1.14	1.16
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	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23  
Prices as of 08/22/2023

# ATTIJARI GLOBAL RESEARCH

## HEAD OF STRATEGY

Taha Jaidi  
+212 5 29 03 68 23  
t.jaidi@attijari.ma  
Casablanca

## MANAGER

Lamyae Oudghiri  
+212 5 29 03 68 18  
l.oudghiri@attijari.ma  
Casablanca

## SENIOR ASSOCIATE

Mahat Zerhouni  
+212 5 29 03 68 16  
m.zerhouni@attijari.ma  
Casablanca

## ASSOCIATE

Walid Kabbaj  
+212 5 22 49 14 82  
w.kabbaj@attijari.ma  
Casablanca

## CHIEF ECONOMIST

Abdelaziz Lahlou  
+212 5 29 03 68 37  
ab.lahlou@attijari.ma  
Casablanca

## MANAGER

Maria Iraqui  
+212 5 29 03 68 01  
m.iraqui@attijari.ma  
Casablanca

## ASSOCIATE

Meryeme Hadi  
+212 5 22 49 14 82  
m.hadi@attijari.ma  
Casablanca

## INVESTOR RELATIONS ANALYST

Nisrine Jamali  
+212 5 22 49 14 82  
n.jamali@attijari.ma  
Casablanca

## FINANCIAL ANALYST

Anass Drif  
+212 5 22 49 14 82  
a.drif@attijari.ma  
Casablanca

## SENIOR ANALYST

Ines Khouaja  
+216 31 34 13 10  
khouaja.ines@attijaribourse.com.tn  
Tunis

## FINANCIAL ANALYST

Ulдерic Djadjo  
+237 681 77 89 40  
u.djadjo@attijarisecurities.com  
Douala

## FINANCIAL ANALYST

Yves André Angaman  
+225 07 49 24 60 35  
yves.angaman@sib.ci  
Abidjan

## Equity

### BROKERAGE - MOROCCO

Abdellah Alaoui  
+212 5 29 03 68 27  
a.alaoui@attijari.ma

Rachid Zakaria  
+212 5 29 03 68 48  
r.zakaria@attijari.ma

Anis Hares  
+212 5 29 03 68 34  
a.hares@attijari.ma

Alae Yahya  
+212 5 29 03 68 15  
a.yahya@attijari.ma

Sofia Mohcine  
+212 5 22 49 59 52  
s.mohcine@wafabourse.com

### CUSTODY - MOROCCO

Tarik Loudiyi  
+212 5 22 54 42 98  
t.loudiyi@attijariwafa.com

### WAEMU - CÔTE D'IVOIRE

Mohamed Lemridi  
+225 20 21 98 26  
mohamed.lemridi@sib.ci

### BROKERAGE - TUNISIA

Hichem Ben Romdhane  
+225 29 318 965  
h.benromdhane@attijaribank.com.tns

### CEMAC - CAMEROUN

Ernest Pouhe  
+237 651 23 51 15  
e.pouhe@attijarisecurities.com

## Bonds /Forex /Commodities

### MOROCCO

Mohammed Hassoun Filali  
+212 5 22 42 87 24  
m.hassounfilali@attijariwafa.com

Amine Elhajli  
+212 5 22 42 87 09  
m.elhajli@attijariwafa.com

Loubaba Alaoui Mdaghri  
+212 6 47 47 48 34  
l.alaouim@attijariwafa.com

Dalal Tahoune  
+212 5 22 42 87 07  
d.tahoune@attijariwafa.com

### EGYPT

Ahmed Darwish  
+20 127 755 90 13  
ahmed.darwish@attijariwafa.com.eg

### TUNISIA

Atef Gabsi  
+216 71 80 29 22  
gabsi.atef@attijaribank.com.tn

### MIDDLE EAST - DUBAI

Serge Bahaderian  
+971 0 43 77 03 00  
sbahaderian@attijari-me.com

### WAEMU - CÔTE D'IVOIRE

Abid Halim  
+225 20 20 01 55  
abid.halim@sib.ci

### CEMAC - GABON

Youssef Hansali  
+241 01 77 72 42  
youssef.hansali@ugb-banque.com

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