



WEEKLY MAD INSIGHTS

CURRENCIES

15 SEPTEMBER
2023

Week from 09/04/2023 to 09/08/2023

MAIN WEEKLY VARIATIONS

		-0.14%			-1.32%
USD/MAD		10.1535	CAD/MAD		7.4319
		-1.43%			-1.70%
EUR/MAD		10.8683	GBP/MAD		12.6700
		-1.52%			-1.11%
JPY/MAD		6.8851	CHF/MAD		11.3920

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	+0.78%	-0.51%
Market Effect ⁽²⁾	-0.92%	-0.92%

(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

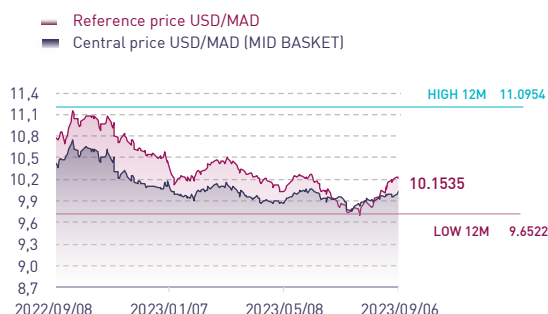
Pressure on the euro continues

The US dollar continues to outperform different currencies, driven by strong US economic data. After the ISM Services index exceeded expectations, new jobless claims also fell to their lowest level since February. The market now anticipates a pause in the Fed's rate hikes at its next monetary policy meeting.

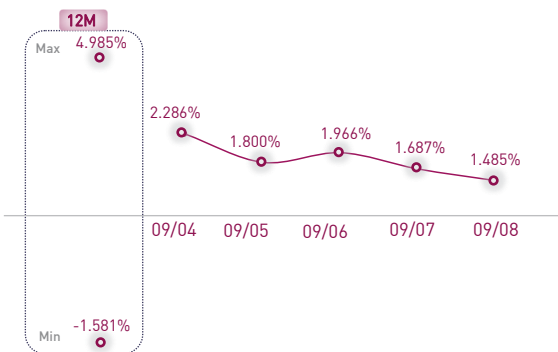
Regarding this week's ECB meeting, the market is currently only pricing in an 8% chance of a rate hike, currently at 4.25%.

Thus, the EUR/USD pair reached 1.070 this week, compared to 1.078 a week earlier.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



USD/MAD falls for the first time in 6 weeks

The upward trend in the USD/MAD parity was interrupted this week with a drop of -0.14% to 10.1535, the first time since the end of July 2023. The market effect stands at +1.90% following an improvement in liquidity conditions on the interbank market during this week. The basket effect, for its part, stands at +0.78% due to the rise of the dollar internationally.

Liquidity spreads show a decrease of -94 BPS to 1.49% at the end of this week. Originally, greater export flows this last week.

VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	7.51%	7.12%	9.77%	7.76%	7.10%	6.97%
2 MONTHS	7.80%	7.34%	12.32%	8.00%	8.75%	8.07%
3 MONTHS	7.78%	7.26%	11.81%	8.02%	8.59%	8.31%

Volatility intensifies in the face of the Euro fall

The week was characterized by high volatility in the international foreign exchange markets. Once again, the Dollar is projected to be the safest asset against euro decline, pending the outcome of the monetary policy meetings of the main Central Banks.

ST hedging strategies are necessary in such a volatile context.

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EUR/USD OUTLOOK – BLOOMBERG

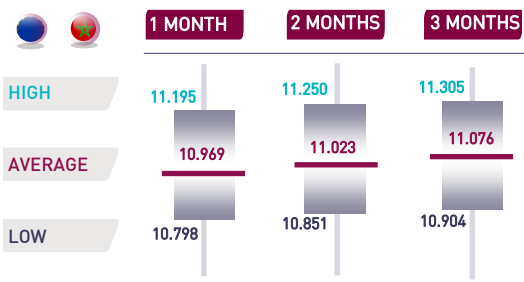
	SPOT	Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026	2027
MEDIAN		1.09	1.10	1.12	1.13	1.14	1.16	1.15	1.15
AVERAGE	1.0700	1.09	1.10	1.11	1.12	1.14	1.16	1.15	1.16
+HIGH	09/08/2023	1.14	1.16	1.17	1.19	1.22	1.25	1.17	1.19
+LOW		1.00	1.03	1.02	1.05	1.05	1.11	1.14	1.14
FORWARD		1.08	1.08	1.09	1.09	1.10	1.11	1.12	1.14

Broker forecasts for the EUR/USD pair were revised downwards this week. The pair would move to 1.09 in Q3-23 against 1.10 a week earlier then to 1.10 in Q4-23 against 1.11 initially. This would stand at 1.11 in Q1-24 compared to 1.12 the previous week and in Q2-24 at 1.12, unchanged. On an annual basis, the target is 1.14 in 2024. At the LT, the pair would hover around 1.16 in 2025, 2026 and 2027.

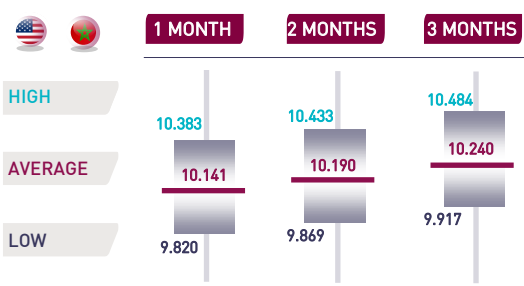
Inflation in the United States stood at 3.2% in July after 3.0% in June. The Fed carried out an increase of +25 BPS in July, bringing the Fed Funds rates to the range [5.25% - 5.50%]. The positive employment figures, combined with better-than-expected economic data, have increased the likelihood of the Fed's stable rate scenario at its next meeting on September 20.

On the other side of the Atlantic, the ECB is expected to meet this Thursday to determine its key rate decision. Given the fragile situation of the Euro Zone economy, the consensus expects the ECB to keep its current Key Rate unchanged. Any action by the ECB is expected to significantly influence the value of the euro over the coming weeks.

SLIGHT 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

Taking into account the EUR/USD forecasts and the liquidity conditions on the foreign exchange market, we have revised our USD/MAD forecasts slightly downward for 1, 2 and 3 months.

Brokers' EUR/USD forecasts are revised downwards this week. These stand out in favor of a depreciation of the Dollar over the next 3 months compared to spot levels.

MAD liquidity spreads should continue to tighten in anticipation of the end of the summer period.

Under these conditions, the target levels of the USD/MAD parity stand at 10.14, 10.19 and 10.24 over 1, 2 and 3 months horizons, against a spot price of 10.15.

The target levels of the EUR/MAD parity are 11.00, 11.02 and 11.08 over 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	-0.14%	-1.43%	-1.52%	-1.32%	-1.70%	-1.11%
1 MONTH	+4.09%	+1.72%	+0.89%	+2.50%	+2.09%	+2.36%
YTD 2023	-2.82%	-2.61%	-13.16%	-3.76%	+0.64%	+0.50%

Prices as of 09/08/2023



APPENDICES

DATA AS OF SEPTEMBER 11TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q3-23	Q4-23	Q1-24	Q2-24	2024	2025	2026
FORECAST	USD/JPY	140	136	134	132	129	120	120
FORWARD	148	145	143	141	139	137	132	127
FORECAST	USD/CAD	1.33	1.32	1.3	1.28	1.28	1.27	1.28
FORWARD	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
FORECAST	USD/CHF	0.89	0.89	0.90	0.89	0.90	0.89	0.88
FORWARD	0.89	0.88	0.87	0.86	0.86	0.85	0.83	0.81
FORECAST	GBP/USD	1.26	1.28	1.28	1.29	1.30	1.30	1.28
FORWARD	1.25	1.25	1.25	1.25	1.25	1.25	1.24	1.23

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

	Date	Q3-2023	Q4-2023	Q1-2024	Q2-2024	2024
RBC Capital Markets	09/07/23	1.04	1.03	1.02	1.12	--
Commerzbank	09/07/23	1.14	1.15	1.15	1.12	--
Standard Chartered	09/06/23	1.10	1.12	1.13	--	--
BNP Paribas	09/05/23	1.10	1.11	1.12	--	--
Wells Fargo	08/25/23	1.07	1.06	1.07	1.09	1.11
JPMorgan Chase	07/07/23	1.05	1.05	1.08	1.12	--
iBanFirst	09/11/23	1.05	1.06	1.10	1.13	1.14
Alpha Bank	09/08/23	1.09	1.11	1.12	1.13	1.15
Jyske Bank	09/08/23	1.13	1.15	1.15	--	--
Sumitomo Mitsui Trust Bank	09/08/23	1.10	1.12	1.10	1.10	--
Klarity FX	09/07/23	1.09	1.10	1.11	1.12	--
MUFG	09/06/23	1.08	1.10	1.12	--	--
AFEX	09/05/23	1.07	1.10	1.12	--	--
BMO Capital Markets	09/05/23	1.12	1.13	1.14	1.14	1.15
Capital Economics	09/05/23	1.00	1.03	1.06	1.09	1.12
United Overseas Bank	09/05/23	1.10	1.12	1.14	1.16	1.18
ABN Amro	09/04/23	1.08	1.07	1.06	1.05	1.05

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23
Prices as of 09/11/2023

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