



WEEKLY MAD INSIGHTS

CURRENCIES

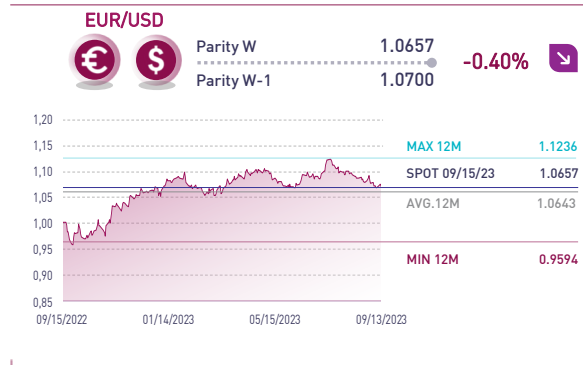
22 SEPTEMBER
2023

Week from 09/11/2023 to 09/15/2023

MAIN WEEKLY VARIATIONS

		+1.08%			+2.16%
USD/MAD		10.2635	CAD/MAD		7.5925
		+0.63%			+0.53%
EUR/MAD		10.9368	GBP/MAD		12.7370
		+0.80%			+0.52%
JPY/MAD		6.9400	CHF/MAD		11.4510

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	+0.27%	-0.18%
Market Effect ⁽²⁾	+0.81%	+0.81%

(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

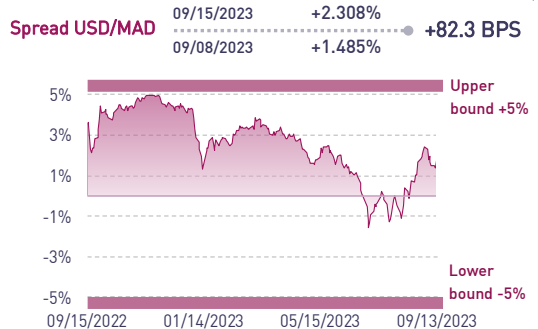
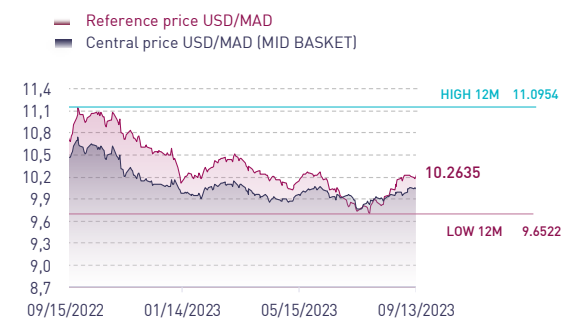
The ECB raises its key rate by +25 BPS

The Euro depreciated this week by -0.40%, down from 1.0700 to 1.0657.

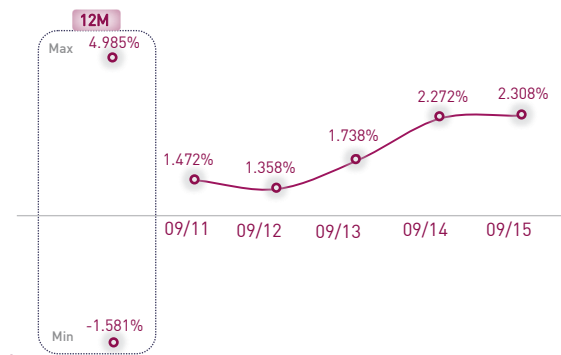
During its monetary policy meeting, the ECB decided this week to increase its 3 key rates by +25 BPS, bringing its deposit facility rate to 4.00%, a record level since the creation of the single currency. In terms of projections, the Central Bank now expects an economic slowdown and slower disinflation on the MT. A situation which weakened the Euro this week.

In the United States, inflation for August stood at 3.7%, slightly above forecasts and up from the previous month's level of 3.2%.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



USD/MAD reaches its highest level since March

The USD/MAD pair is on the rise again and shows an increase of +1.08% to 10.26, a 5 months high.

At the origin of this evolution, a double positive effect. A *market effect* of +0.81% related to the tightening of liquidity on the interbank market and a *basket effect* of +0.27% after the appreciation in the Dollar internationally.

Liquidity spreads increased by +82 BPS to 2.31% at the end of this week. This increase is explained by significant import flows this week.

VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	6.67%	6.30%	9.24%	7.45%	6.76%	6.25%
2 MONTHS	7.45%	7.15%	11.46%	8.46%	8.33%	6.97%
3 MONTHS	7.89%	7.46%	11.76%	8.29%	8.47%	7.99%

The end of monetary tightening cycle ?

After a long series of increases in interest rates, the FED and the ECB seem to be approaching the end of their monetary tightening cycle. This situation fuels volatility in the international foreign exchange market.

Taking our forecasts into account, we recommend exporters to hedge their Dollar operations in foreign currencies over the next 3 months.

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WEEKLY MAD INSIGHTS

CURRENCIES

22 SEPTEMBER
2023

Week from 09/11/2023 to 09/15/2023

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q4-23	Q1-24	Q2-24	Q3-24	2024	2025	2026	2027
MEDIAN		1.09	1.10	1.12	1.13	1.14	1.16	1.15	1.15
AVERAGE	1.0657	1.09	1.10	1.11	1.12	1.13	1.16	1.15	1.16
+HIGH	09/15/2023	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	1.10	1.13	1.14
FORWARD		1.07	1.08	1.08	1.09	1.09	1.11	1.12	1.13

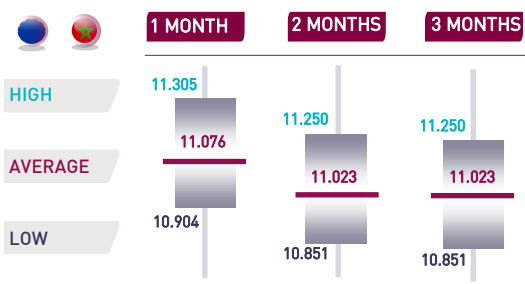
Broker forecasts for the EUR/USD pair have been stable this week. The pair would move to 1.09 in Q4-23 then to 1.10 in Q1-24. This would stand at 1.11 in Q2-24 and 1.12 in Q3-24. On an annual basis, the target is 1.13 in 2024 compared to 1.14 a week earlier. At LT, the pair stands at 1.16 in 2025, 1.15 in 2026 and 1.16 in 2027.

Inflation in the United States stood at 3.7% in August after 3.2% in July. The Fed decided an increase of +25 BPS in July, bringing the Fed Funds rates to the range [5.25% - 5.50%]. For its last monetary policy meeting, the Fed leaned towards the status quo but suggested a final increase in Fed Fund rates by the end of the year.

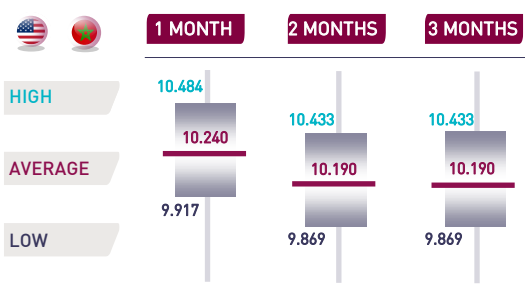
For its part, inflation in EZ stood at 5.3% in August, the same level as in July. This still remains very high, justifying the ECB's decision to increase its key rates by +25 BPS this week, bringing its deposit facility rate to 4.00%. However, the institution announced that this increase would probably be the last and that interest rates are now in sufficiently restrictive territory to bring inflation back to its target level of 2% on the MT in EZ.

The reduction in the Fed-ECB rate divergence should therefore work in favor of the Euro on the MT.

REVIEW OF OUR 1-MONTH AND 3-MONTHS HORIZON FORECAST



Based on EUR/USD Bloomberg forecast for Q4-23



Based on EUR/USD Bloomberg forecast for Q4-23

Taking into account the forecasts of the EUR/USD parity and the liquidity conditions on the foreign exchange market, we have reviewed our USD/MAD forecasts upwards over a 1-month horizon and our USD/MAD forecasts downwards over a 3-month horizon.

EUR/USD forecasts from brokers this week are in favor of a depreciation of the Dollar over 3 months compared to spot levels.

MAD liquidity spreads should continue to tighten over the next month before experiencing a slight easing during the last 2 months of the year.

Under these conditions, the target levels of the USD/MAD parity stand at 10.24, 10.19 and 10.19 over horizons of 1, 2 and 3 months against a spot price of 10.26.

The target levels of the EUR/MAD parity stand at 11.08, 11.02 and 11.02 over 1, 2 and 3 month horizons against a spot price of 10.94.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+1.08%	+0.63%	+0.80%	+2.16%	+0.53%	+0.52%
1 MONTH	+3.70%	+1.07%	+2.04%	+3.50%	+1.30%	+1.40%
YTD 2023	-1.76%	-1.99%	-12.46%	-1.68%	+1.18%	+1.02%

Prices as of 09/15/2023



ANNEXES

DONNÉES ARRÊTÉES AU 19 SEPTEMBRE 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		T4-23	T1-24	T2-24	T3-24	2024	2025	2026
FORECAST	USD/JPY	140	137	134	132	130	121	120
FORWARD	148	145	143	141	139	137	132	127
FORECAST	USD/CAD	1.34	1.32	1.3	1.28	1.28	1.27	1.3
FORWARD	1.35	1.35	1.35	1.34	1.34	1.34	1.34	1.34
FORECAST	USD/CHF	0.89	0.89	0.89	0.89	0.89	0.89	0.89
FORWARD	0.90	0.89	0.88	0.87	0.86	0.86	0.83	0.81
FORECAST	GBP/USD	1.26	1.27	1.28	1.29	1.30	1.30	1.29
FORWARD	1.24	1.24	1.24	1.24	1.24	1.24	1.23	1.23

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

	Date	T4-2023	T1-2024	T2-2024	T3-2024	2024
JPMorgan Chase	09/18/23	1.05	1.05	1.08	1.12	--
BNP Paribas	09/15/23	1.1	1.11	1.12	1.13	1.15
Commerzbank	09/07/23	1.14	1.15	1.15	1.14	1.12
RBC Capital Markets	09/07/23	1.04	1.03	1.02	1.05	1.08
Standard Chartered	09/06/23	1.1	1.12	1.13	1.14	1.14
Wells Fargo	08/25/23	1.06	1.07	1.09	--	1.11
Westpac Banking	09/19/23	1.1	1.11	1.12	1.13	1.14
Kshitij Consultancy Services	09/18/23	1.09	1.13	1.16	--	--
Swedbank	09/18/23	1.06	1.1	1.12	1.12	1.14
Rabobank	09/15/23	1.06	1.07	1.08	--	1.18
X-Trade Brokers Dom Maklerski	09/15/23	1.07	1.06	1.05	1.05	1.06
Ipopema Securities	09/14/23	1.08	1.1	1.13	1.12	1.13
Barclays	09/12/23	1.08	1.08	1.09	1.1	1.11
Polski Instytut Ekonomiczny	09/12/23	1.08	1.09	1.09	1.1	1.1
Canadian Imperial Bank of Commerce	09/11/23	1.05	1.06	1.1	1.13	1.15
iBanFirst	09/11/23	1.05	1.06	1.1	1.13	1.14
Alpha Bank	09/08/23	1.09	1.11	1.12	1.13	1.15

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-23
Prices as of 09/19/2023

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