



WEEKLY MAD INSIGHTS

CURRENCIES

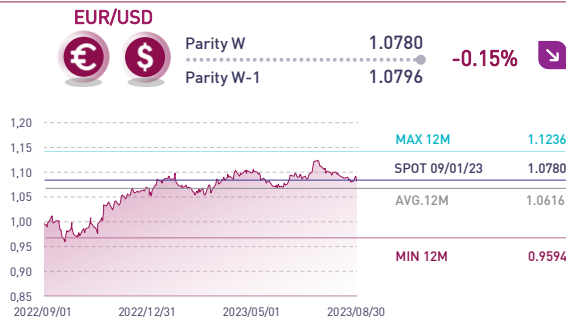
08 | SEPTEMBER
2023

Week from 08/28/2023 to 09/01/2023

MAIN WEEKLY VARIATIONS



INTERNATIONAL HIGHLIGHTS



| | USD/MAD | EUR/MAD |
|------------------------------|---------------|---------------|
| Basket Effect ⁽¹⁾ | -0.21% | +0.14% |
| Market Effect ⁽²⁾ | +0.75% | +0.75% |

(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

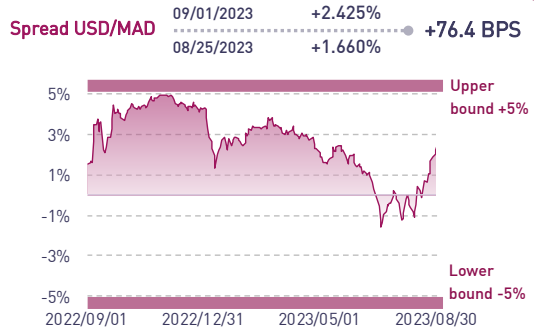
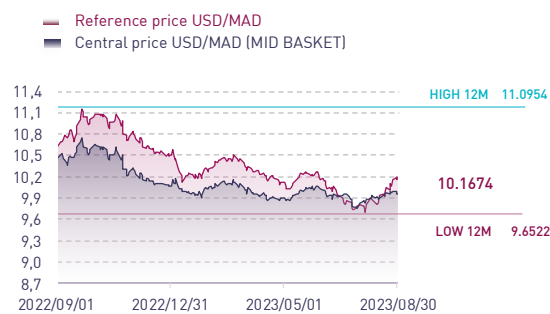
Jobs figures strengthen the dollar

The dollar continues to strengthen this week. Indeed, the EUR/USD pair fell by -0.15% to 1.0780.

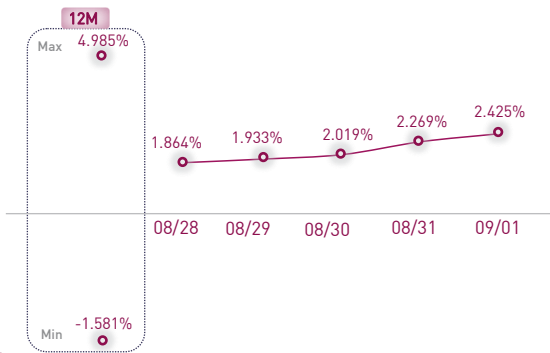
Employment and inflation figures have monopolized international economic news this week. In the USA, new jobs created during August exceeded forecasts to settle at 187K. For its part, the unemployment rate increased to 3.8% compared to 3.5% in July. Finally, the average hourly wage fell from 4.4% to 4.3%, a sign of an easing of inflationary pressures on employment.

In the EZ, the august harmonized consumer price index in Germany increased by 6.4% year-on-year, higher than expected.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



USD/MAD hits 3-month high

The Dirham is depreciating this week against the Dollar following a double basket-liquidity effect. The USD/MAD appreciated by +0.54% to 10.17 in one week, its highest level since the beginning of June 2023.

In detail, the market effect stands at +0.75% following a tightening of liquidity conditions. The basket effect, for its part, stands at -0.21%.

MAD liquidity spreads continue to tighten, going from 1.66% to 2.42% in one week, up 76 PBS. Indeed, the end of the summer period, characterized by a significant flow of workers' remittances, had a negative impact on export flows during this period.

VOLATILITY INDICATORS

| | USD/MAD | EUR/MAD | JPY/MAD | CAD/MAD | GBPMAD | CHF/MAD |
|-----------------|---------|---------|---------|---------|--------|---------|
| 1 MONTH | 8.11% | 6.21% | 8.97% | 7.94% | 6.79% | 7.04% |
| 2 MONTHS | 8.29% | 7.77% | 12.64% | 8.25% | 8.59% | 8.38% |
| 3 MONTHS | 7.94% | 7.07% | 11.94% | 8.31% | 8.61% | 8.18% |

Key Rate decisions fuel volatility

Investors are closely scrutinizing Fed and ECB monetary policy decisions. This situation fuels currency volatility.

At the same time, tensions over the dirham liquidity are increasingly visible. This situation could increase the USD/MAD volatility at ST.

Under these conditions, we advise investors to favor ST hedging horizons.

Attijari Global Research

Lamyae Oudghiri

Manager
+212 5 22 49 14 82
Loudghiri@attijari.ma

Walid Kabbaj

Associate
+212 5 22 49 14 82
w.kabbaj@attijari.ma

Nisrine Jamali

Investor relations
+212 5 22 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.alaouim@attijariwafa.com



Attijari
Global Research



WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

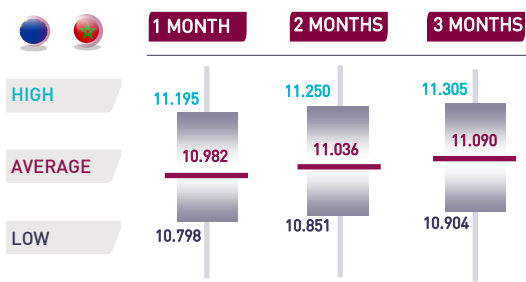
| | SPOT | Q3-23 | Q4-23 | Q1-24 | Q2-24 | 2024 | 2025 | 2026 | 2027 |
|----------------|------------|-------|-------|-------|-------|------|------|------|------|
| MEDIAN | | 1.10 | 1.11 | 1.12 | 1.14 | 1.14 | 1.16 | 1.16 | 1.18 |
| AVERAGE | 1.0780 | 1.10 | 1.11 | 1.12 | 1.12 | 1.14 | 1.16 | 1.17 | 1.17 |
| +HIGH | 09/01/2023 | 1.15 | 1.16 | 1.20 | 1.19 | 1.22 | 1.23 | 1.23 | 1.20 |
| +LOW | | 1.00 | 1.03 | 1.04 | 1.05 | 1.05 | 1.11 | 1.14 | 1.14 |
| FORWARD | | 1.09 | 1.09 | 1.10 | 1.10 | 1.11 | 1.12 | 1.13 | 1.15 |

Broker forecasts for the EUR/USD pair were reviewed upwards this week. The pair would move to 1.10 in Q3-23 against 1.09 a week earlier then to 1.11 in Q4-23 against 1.10 initially. This should stand at 1.12 in Q1-24 against 1.11 the previous week and in Q2-24 at 1.12, unchanged. On an annual basis, the target is 1.14 in 2024. In the LT, the pair would hover around 1.17 in 2025, 2026 and 2027.

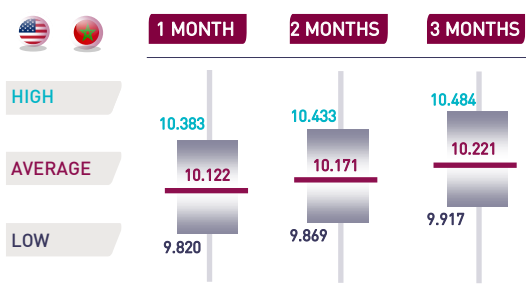
Inflation in the United States stood at 3.2% in July after 3.0% in June. The Fed had hiked +25 BPS in July, bringing Fed Funds rates into the range [5.25% - 5.50%]. The positive employment figures have increased the likelihood of the Fed's rate stability scenario.

In the Euro Zone, Eurostat announced last Thursday that the HCPI had increased by 5.3% year-on-year in August, more than the 5.1% expected by the financial markets. Furthermore, the HCPI increased by 0.6% on a monthly basis, much more than the expected decline of 0.1%. The continued rise in inflation creates a dilemma for the ECB, namely the suspension of its monetary tightening in front of the risk of inflationary pressures comeback.

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

Taking into account the forecasts of the EUR/USD parity and the liquidity conditions on the foreign exchange market, we have reviewed upwards our USD/MAD forecasts for 1, 2 and 3 months.

Brokers' EUR/USD forecasts were maintained unchanged this week. These stand out in favor of a the stability of the Dollar over the next 3 months compared to spot levels.

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

Under these conditions, the target levels of the USD/MAD parity stand at 10.12, 10.17 and 10.22 over 1, 2 and 3 month horizons compared to a spot price of 10.17.

The target levels of the EUR/MAD parity stand at 11.00, 11.04 and 11.09 over 1, 2 and 3 month horizons against a spot price of 11.03.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

| | USD/MAD | EUR/MAD | JPY/MAD | CAD/MAD | GBP/MAD | CHF/MAD |
|-----------------|---------|---------|---------|---------|---------|---------|
| 1 WEEK | +0.54% | +0.89% | +0.94% | +1.10% | +1.01% | +0.85% |
| 1 MONTH | +3.18% | +1.92% | +1.39% | +1.40% | +2.24% | +2.34% |
| YTD 2023 | -2.68% | -1.20% | -11.81% | -2.47% | +2.38% | +1.63% |

Prices as of 09/01/2023



APPENDICES

DATA AS OF SEPTEMBER 4TH, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

| | | Q3-23 | Q4-23 | Q1-24 | Q2-24 | 2024 | 2025 | 2026 |
|-----------------|---------|-------|-------|-------|-------|------|------|------|
| FORECAST | USD/JPY | 140 | 135 | 132 | 130 | 128 | 120 | 120 |
| FORWARD | 146 | 143 | 141 | 139 | 137 | 136 | 130 | 125 |
| FORECAST | USD/CAD | 1.33 | 1.32 | 1.3 | 1.29 | 1.28 | 1.27 | 1.28 |
| FORWARD | 1.36 | 1.36 | 1.35 | 1.35 | 1.35 | 1.35 | 1.35 | 1.35 |
| FORECAST | USD/CHF | 0.89 | 0.89 | 0.90 | 0.89 | 0.90 | 0.89 | 0.88 |
| FORWARD | 0.88 | 0.87 | 0.86 | 0.86 | 0.85 | 0.84 | 0.82 | 0.80 |
| FORECAST | GBP/USD | 1.27 | 1.27 | 1.28 | 1.28 | 1.29 | 1.31 | 1.28 |
| FORWARD | 1.26 | 1.26 | 1.26 | 1.26 | 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 |
|---------------------------------------|----------|---------|---------|---------|---------|------|
| Wells Fargo | 08/25/23 | 1.07 | 1.06 | 1.07 | 1.09 | 1.11 |
| Standard Chartered | 08/22/23 | 1.09 | 1.10 | 1.12 | 1.13 | 1.14 |
| RBC Capital Markets | 08/10/23 | 1.07 | 1.04 | 1.04 | 1.07 | 1.15 |
| Commerzbank | 07/10/23 | 1.12 | 1.14 | 1.12 | 1.10 | 1.08 |
| JPMorgan Chase | 07/07/23 | 1.05 | 1.05 | 1.08 | 1.12 | -- |
| BNP Paribas | 06/13/23 | 1.10 | 1.12 | 1.13 | 1.15 | 1.18 |
| ABN Amro | 09/04/23 | 1.08 | 1.07 | 1.06 | 1.05 | 1.05 |
| Dom Maklerski AFS Sp zoo | 09/04/23 | 1.07 | 1.07 | 1.08 | 1.08 | 1.10 |
| Mizuho Bank | 09/04/23 | 1.11 | 1.10 | 1.08 | 1.07 | -- |
| Amdocs Development Ltd | 09/01/23 | 1.07 | 1.10 | 1.12 | -- | -- |
| Australia & New Zealand Banking Group | 09/01/23 | 1.09 | 1.11 | 1.13 | 1.14 | 1.16 |
| Commonwealth Bank of Australia | 09/01/23 | 1.08 | 1.10 | 1.14 | 1.19 | 1.22 |
| UniCredit | 09/01/23 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
| Woori Bank | 09/01/23 | 1.08 | 1.10 | 1.11 | 1.14 | 1.13 |
| Bank Julius Baer | 08/31/23 | 1.10 | 1.11 | 1.11 | -- | 1.12 |
| Bank of America Merrill Lynch | 08/31/23 | 1.05 | 1.07 | 1.10 | -- | 1.15 |
| Banco Bilbao Vizcaya Argentaria | 08/31/23 | 1.10 | 1.14 | 1.16 | -- | 1.17 |

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23
Prices as of 09/04/2023

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 Djado
+237 681 77 89 40
u.djado@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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