



WEEKLY MAD INSIGHTS

CURRENCIES

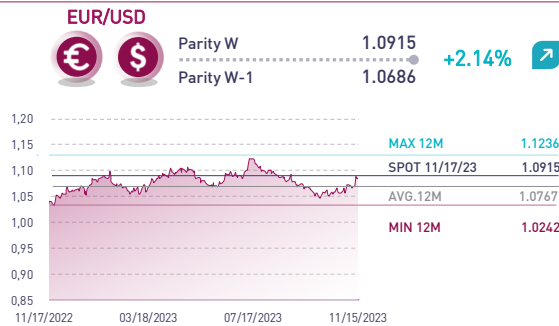
22 NOVEMBER 2023

Week from 11/13/2023 to 11/17/2023

MAIN WEEKLY VARIATIONS

		-0.87%			-0.24%
USD/MAD		10.1567	CAD/MAD		7.3985
		+0.85%			+0.87%
EUR/MAD		11.0413	GBP/MAD		12.6280
		+0.53%			+0.76%
JPY/MAD		6.8006	CHF/MAD		11.4510

INTERNATIONAL HIGHLIGHTS



	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	-1.04%	+0.68%
	USD/MAD	EUR/MAD
Market Effect ⁽²⁾	+0.17%	+0.17%

(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

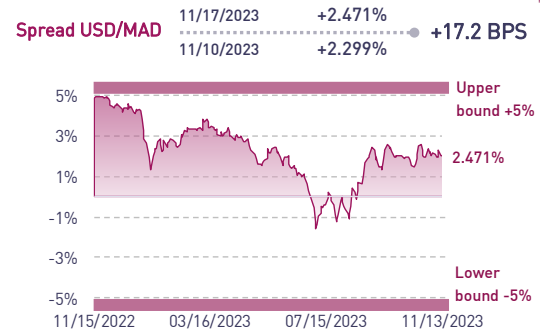
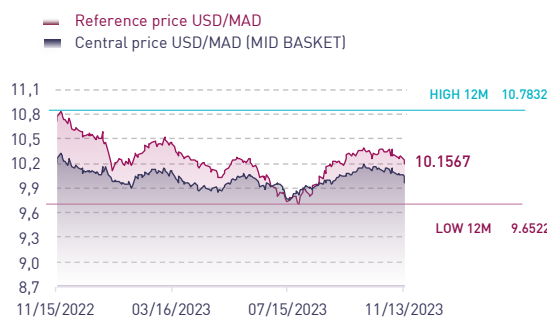
Fed: The end of a monetary tightening cycle ?

The Euro raised this week by +2.14% from 1.0686 to 1.0915, a 2-month high.

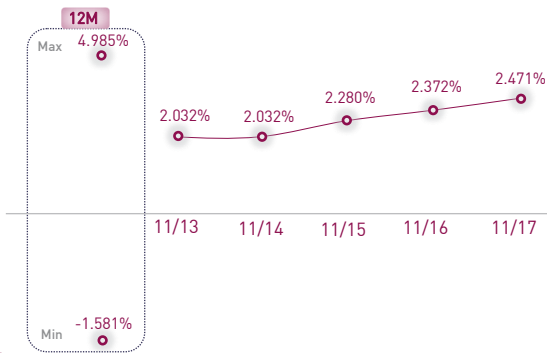
US inflation decreased more than expected in October to 3.2% against a forecast of 3.3% and a level of 3.7% the previous month. These data have led financial markets to review their outlook related to monetary policy. The consensus indicates that the Fed has now reached its target rate, thus ruling out a further interest rate increase.

At the same time, the markets anticipate a rate cut from March 2024, thus contributing to the weakening of the US Dollar this week.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



The USD/MAD pair drops to more than a 2-month low

The USD/MAD pair fell -0.87% this week from 10.25 to 10.16, a 2-month low.

This evolution is explained by a negative *basket effect* of -1.04% related to the weakening of the Dollar this week. The *market effect*, for its part, stands at +0.17%. This situation is mainly explained by the tightening of liquidity conditions on the interbank foreign exchange market in Morocco during the end of the year.

Under these conditions, the dirham liquidity spread levels tightened by +17 BPS (2.30% to 2.47%) under the effect of import flows which weighed on the MAD liquidity this week.

VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	6.26%	5.57%	8.73%	5.96%	6.21%	7.35%
2 MONTHS	5.70%	4.96%	7.53%	5.90%	6.23%	7.19%
3 MONTHS	6.32%	5.31%	8.16%	6.75%	6.51%	6.79%

Bullish forecasts for the US Dollar on the ST

Volatility remains high in the forex market and remains dependent on the upcoming monetary policy decisions of the Fed and the ECB.

The forecasts of international brokers are in favor of an appreciation of the Dollar compared to the Euro over the ST horizon.

To this end, we advise investors to hedge their Dollar operations over 3-month horizons.

Attijari Global Research

Lamyae Oudghiri

Manager
+212 5 22 03 68 18
L.oudghiri@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
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WEEKLY MAD INSIGHTS

CURRENCIES

22 | NOVEMBER
2023

Week from 11/13/2023 to 11/17/2023

EUR/USD OUTLOOK – BLOOMBERG

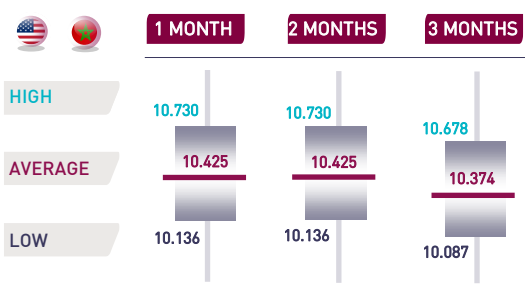
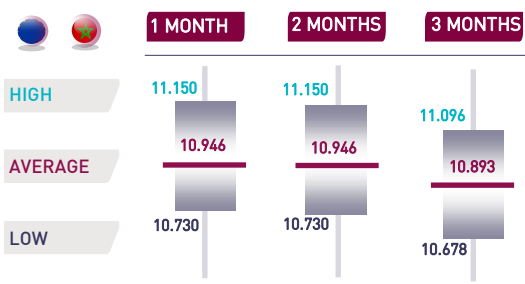
	SPOT	Q4-23	Q1-24	Q2-24	Q3-24	2024	2025	2026	2027
MEDIAN		1.06	1.07	1.09	1.10	1.11	1.14	1.18	1.18
AVERAGE	1.0915	1.06	1.07	1.09	1.10	1.12	1.14	1.18	1.18
+HIGH	11/17/2023	1.10	1.13	1.16	1.19	1.22	1.23	1.22	1.20
+LOW		1.00	1.02	1.00	1.03	1.05	1.06	1.15	1.15
FORWARD		1.10	1.10	1.10	1.11	1.11	1.13	1.15	1.17

Broker forecasts for the EUR/USD pair were reviewed upwards this week in the LT. The pair would move to 1.06 in Q4-23 then to 1.07 in Q1-24. This would stand at 1.09 in Q2-24 then increase to 1.10 in Q3-24. On an annual basis, the target is 1.12 in 2024. At LT, the pair stands at 1.14 in 2025 against 1.15 a week earlier and at 1.18 in 2026 and in 2027 against 1.17 initially.

Inflation in the United States stood at 3.2% in October after 3.7% in September. The FOMC decided to take another pause in its monetary tightening in November after raising the Fed Fund rates to [5.25% - 5.50%]. Following the faster-than-expected drop in inflation, markets are anticipating the end of the Fed's monetary cycle and are no longer anticipating a further rate hike. Furthermore, they anticipate a rate cut starting March 2024.

In EZ, inflation fell to 2.9% in October after 4.3% in September. The ECB maintained its deposit rate at 4.0% in October after deciding 10 hikes since July 2022. The institution said interest rates are now in sufficiently restrictive territory for inflation to converge at target level of 2% on the MT. In our opinion, the reduction in the FED-ECB rate divergence should favor 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

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 are in favor of an appreciation of the Dollar over the next 3 months compared to spot levels.

MAD liquidity spreads should gradually tighten over the 1 and 2 month horizon compared to spot levels due to relatively greater import flows before easing slightly over the 3 month horizon.

Under these conditions, the target levels of the USD/MAD parity stand at 10.42, 10.42 and 10.37 over horizons of 1, 2 and 3 months against a spot price of 10.16.

The target levels of the EUR/MAD parity stand at 10.95, 10.95 and 10.89 over 1, 2 and 3 month horizons against a spot price of 11.04.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.87%	+0.85%	+0.53%	-0.24%	+0.87%	+0.76%
1 MONTH	-0.91%	+1.96%	-0.79%	-1.56%	+1.23%	+0.60%
YTD 2023	-2.79%	-1.06%	-14.22%	-4.19%	+0.31%	+1.02%

Prices as of 11/17/2023



APPENDICES

DATA AS OF NOVEMBER 21ST, 2023

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-23	Q1-24	Q2-24	Q3-24	2024	2025	2026
FORECAST	USD/JPY	148	145	141	138	135	128	128
FORWARD	148	148	145	143	141	140	134	129
FORECAST	USD/CAD	1.36	1.35	1.33	1.32	1.3	1.26	1.28
FORWARD	1.37	1.37	1.37	1.37	1.37	1.37	1.36	1.36
FORECAST	USD/CHF	0.91	0.91	0.90	0.90	0.90	0.90	0.87
FORWARD	0.88	0.88	0.87	0.86	0.86	0.85	0.82	0.80
FORECAST	GBP/USD	1.22	1.23	1.24	1.26	1.27	1.27	1.34
FORWARD	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.26

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

	Date	Q4-2023	Q1-2024	Q2-2024	Q3-2024	2024
Commerzbank	11/14/23	1.06	1.09	1.12	1.1	1.09
RBC Capital Markets	11/09/23	1.04	1.03	1.02	1.05	1.08
Wells Fargo	10/26/23	1.03	1.02	1.02	1.03	1.05
JPMorgan Chase	10/20/23	1	1.03	1.05	1.1	--
BNP Paribas	10/03/23	1.07	1.11	1.12	1.13	1.15
Standard Chartered	09/06/23	1.1	1.12	1.13	1.14	1.14
Capital Economics	11/20/23	1.05	1.06	1.07	1.09	1.1
NAB/BNZ	11/20/23	1.1	1.13	1.16	1.17	1.18
Nomura Bank International	11/20/23	1.02	1.04	1.06	1.08	1.1
Rabobank	11/20/23	1.06	1.05	1.07	1.08	1.18
Danske Bank	11/17/23	1.1	1.08	1.06	1.05	--
Jyske Bank	11/17/23	1.05	1.05	1.09	1.1	1.1
AFEX	11/16/23	1.07	1.03	1	--	--
Cinkciarz.pl	11/16/23	1.09	1.11	1.13	1.15	1.17
Australia & New Zealand Banking Group	11/15/23	1.09	1.11	1.13	1.14	1.16
ING Financial Markets	11/15/23	1.07	1.08	1.1	1.12	1.15
Kshitij Consultancy Services	11/15/23	1.08	1.06	1.07	1.06	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q3-23
Prices as of 11/21/2023

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 - DUBAÏ

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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