



# WEEKLY MAD INSIGHTS

## CURRENCIES

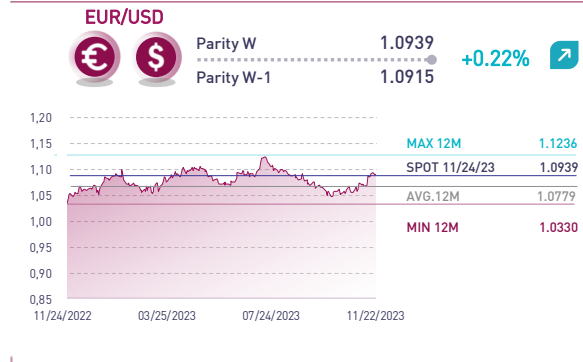
30 | NOVEMBER  
2023

Week from 11/20/2023 to 11/27/2023

### MAIN WEEKLY VARIATIONS

		-0.47%			-0.18%
USD/MAD		10.1092	CAD/MAD		7.3849
		+0.10%			+0.55%
EUR/MAD		11.0302	GBP/MAD		12.6980
		+0.62%			-0.10%
JPY/MAD		6.7584	CHF/MAD		11.4400

### INTERNATIONAL HIGHLIGHTS



	<b>USD/MAD</b>	<b>EUR/MAD</b>
Basket Effect <sup>(1)</sup>	-0.22%	+0.15%
	<b>USD/MAD</b>	<b>EUR/MAD</b>
Market Effect <sup>(2)</sup>	-0.25%	-0.25%

(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

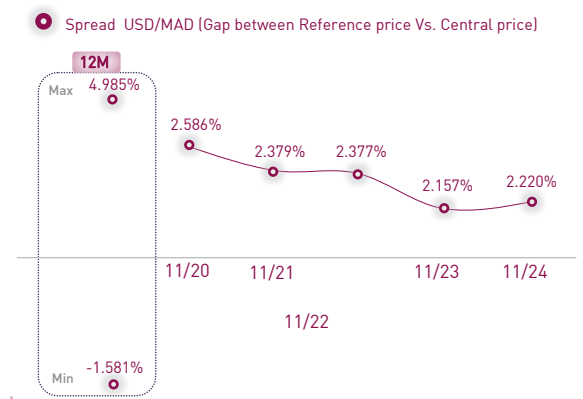
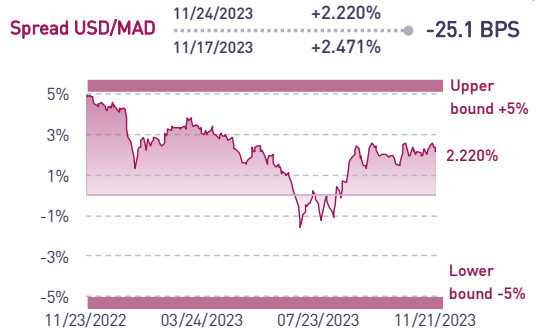
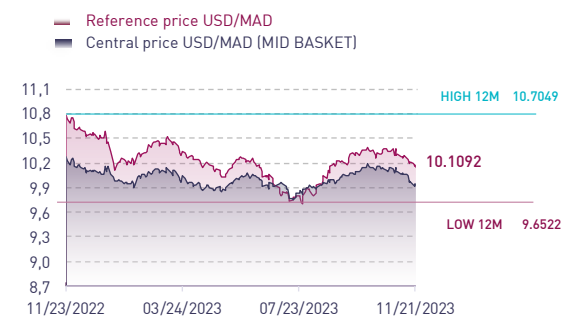
### Towards a plateau in Fed and ECB rates?

The Euro appreciated this week by +0.22%, up from 1.0915 to 1.0939, a peak since August.

The release of the Fed and ECB minutes this week reinforced market expectations regarding the end of a cycle of monetary tightening. ECB officials were keen to rule out the scenario of a rate cut on the ST. Indeed, interest rates in the EZ would be in sufficiently restrictive territory and would remain so until inflation returns to the target level of 2% in the MT.

At the end of the week, the European PMI indices came out above expectations in November, which helped to support the Euro.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### The Dollar at a 3-month low against the Dirham

The USD/MAD pair fell -0.47% this week from 10.16 to 10.11, a 3-month low.

This variation is due to a negative *basket effect* of -0.22% related to the weakening of the Dollar this week. The *market effect*, for its part, came out also negative at -0.25% in favor of the Dirham. This situation could be explained by a temporary easing of liquidity conditions this week on the interbank foreign exchange market in Morocco.

Under these conditions, the levels of Dirham liquidity spreads fell by -25 BPS (2.47% to 2.22%) under the effect of import flows which were less significant than export flows this week.

### VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
<b>1 MONTH</b>	6.18%	5.40%	9.44%	5.48%	5.92%	6.16%
<b>2 MONTHS</b>	5.68%	4.94%	7.69%	5.75%	6.02%	7.02%
<b>3 MONTHS</b>	5.79%	5.27%	7.54%	6.50%	6.29%	6.51%

### Bullish forecasts for the Dollar over the ST

Volatility remains high in the FX market and dependent on the next monetary policy decisions of the Fed and the ECB. International brokers forecasts remain in favorable to the Dollar compared to the Euro on the ST.

To this end, we advise investors to hedge their Dollar transactions over a 3-month horizon.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

30 | NOVEMBER  
2023

Week from 11/20/2023 to 11/27/2023

### EUR/USD OUTLOOK – BLOOMBERG

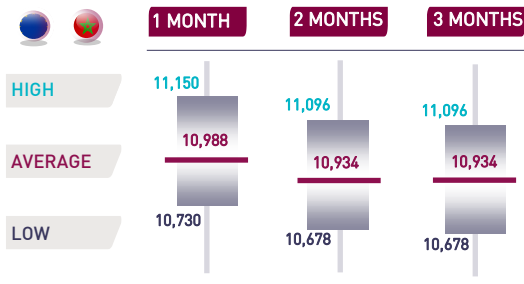
	SPOT	Q4-23	Q1-24	Q2-24	Q3-24	2024	2025	2026	2027
<b>MEDIAN</b>		1.07	1.08	1.09	1.10	1.11	1.14	1.18	1.15
<b>AVERAGE</b>	1.0939	1.07	1.08	1.09	1.10	1.12	1.15	1.18	1.17
<b>+HIGH</b>	11/24/2023	1.11	1.13	1.16	1.19	1.22	1.23	1.22	1.20
<b>+LOW</b>		1.03	1.02	1.00	1.04	1.05	1.06	1.13	1.14
<b>FORWARD</b>		1.10	1.10	1.11	1.11	1.12	1.14	1.15	1.17

Broker forecasts for the EUR/USD pair were reviewed upwards this week. The pair would move to 1.07 in Q4-23 against 1.06 the previous week then to 1.08 in Q1-24 against 1.07 initially. 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 1.15 in 2025 against 1.14 a week earlier, then at 1.18 in 2026 and at 1.17 in 2027 against 1.18 initially.

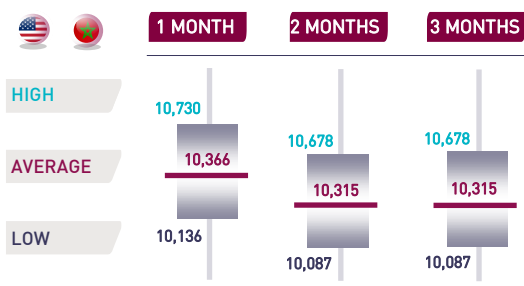
Inflation in the United States stood at 3.2% in October after 3.7% in September. The FOMC decided another pause in its monetary policy tightening in November after raising the Fed Fund rates to [5.25% - 5.50%]. Markets anticipate the end of the Fed's monetary cycle and rule out further rate hikes by the end of the year. 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 rate hikes since July 2022. The institution said interest rates are now in sufficiently restrictive territory for inflation to converge to its target level of 2% on the MT. In our opinion, the reduction in the FED-ECB rate divergence should work in favor of the Euro on the MLT.

### DOWNWARD REVIEW OF OUR 1-MONTH, 2-MONTHS 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 EUR/USD forecasts and the liquidity conditions on the foreign exchange market, we have reviewed downwards our USD/MAD forecasts over 1, 2 and 3 months horizons.

Brokers' EUR/USD forecasts are in favor of a rebound of the Dollar over the next 3 months compared to spot levels.

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

Under these conditions, the target levels of the USD/MAD parity stand at 10.37, 10.32 and 10.32 over horizons of 1, 2 and 3 months against a spot price of 10.11.

The target levels of the EUR/MAD parity stand at 10.99, 10.93 and 10.93 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
<b>1 WEEK</b>	-0.47%	-0.10%	-0.62%	-0.18%	+0.55%	-0.10%
<b>1 MONTH</b>	-1.69%	+0.97%	-1.53%	-1.62%	+1.08%	-0.59%
<b>YTD 2023</b>	-3.24%	-1.16%	-14.75%	-4.37%	+0.87%	+0.93%

Prices as of 11/24/2023



# APPENDICES

DATA AS OF NOVEMBER 29<sup>TH</sup>, 2023

## APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q4-23	Q1-24	Q2-24	Q3-24	2024	2025	2026
<b>FORECAST</b>	USD/JPY	148	145	141	138	135	130	125
<b>FORWARD</b>	148	147	145	143	141	139	134	129
<b>FORECAST</b>	USD/CAD	1.36	1.35	1.33	1.32	1.3	1.27	1.31
<b>FORWARD</b>	1.36	1.36	1.36	1.35	1.35	1.35	1.35	1.34
<b>FORECAST</b>	USD/CHF	0.90	0.90	0.90	0.90	0.90	0.88	0.87
<b>FORWARD</b>	0.88	0.88	0.87	0.86	0.85	0.84	0.82	0.79
<b>FORECAST</b>	GBP/USD	1.23	1.23	1.24	1.26	1.27	1.27	1.37
<b>FORWARD</b>	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27

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

	Date	Q4-2023	Q1-2024	Q2-2024	Q3-2024	2024
Wells Fargo	11/28/23	1.09	1.08	1.08	1.09	1.11
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
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
Australia & New Zealand Banking Group	11/29/23	1.09	1.11	1.13	1.14	1.16
Barclays	11/28/23	1.05	1.05	1.06	1.08	1.09
Goldhawk Partners Ltd	11/27/23	1.04	1.02	1.03	1.04	1.05
Validus Risk Management	11/27/23	1.1	1.13	1.15	1.17	--
X-Trade Brokers Dom Maklerski	11/27/23	1.09	1.09	1.08	1.06	1.08
CICC	11/24/23	1.09	1.07	1.09	1.1	1.12
Jyske Bank	11/24/23	1.05	1.05	1.09	1.1	1.1
Canadian Imperial Bank of Commerce	11/23/23	1.03	1.03	1.05	1.08	1.11
Alpha Bank	11/22/23	1.09	1.1	1.11	1.12	1.13
Nomura Bank International	11/22/23	1.11	1.11	1.12	1.13	1.14
Swedbank	11/22/23	1.08	1.1	1.12	1.12	1.14

In gray, the main brokers retained to calculate the EURUSD consensus for Q4-23  
Prices as of 11/29/2023

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