



WEEKLY MAD INSIGHTS

CURRENCIES

26 JANUARY
2024

Week from 01/15/2024 to 19/01/2024

MAIN WEEKLY VARIATIONS

		+0.17%			-0.70%
USD/MAD	9.9654		CAD/MAD	7.3947	
		-0.65%			-0.48%
EUR/MAD	10.8417		GBP/MAD	12.6370	
		-1.97%			-1.71%
JPY/MAD	6.7275		CHF/MAD	11.4720	

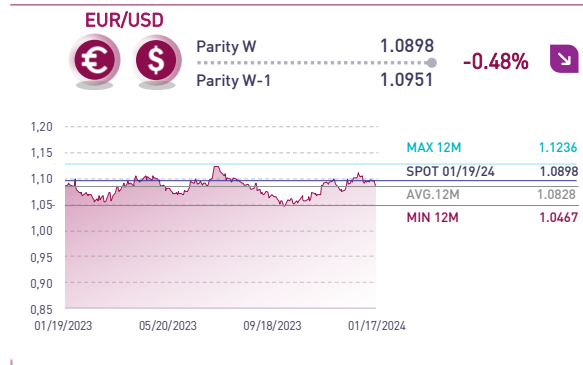
	USD/MAD	EUR/MAD
Basket Effect ⁽¹⁾	+0.50%	-0.32%
Market Effect ⁽²⁾	-0.33%	-0.33%

(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

INTERNATIONAL HIGHLIGHTS



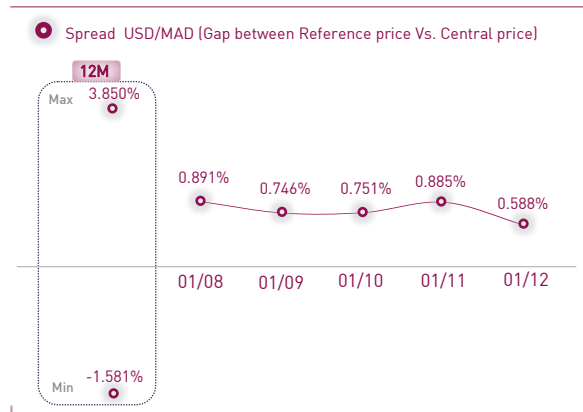
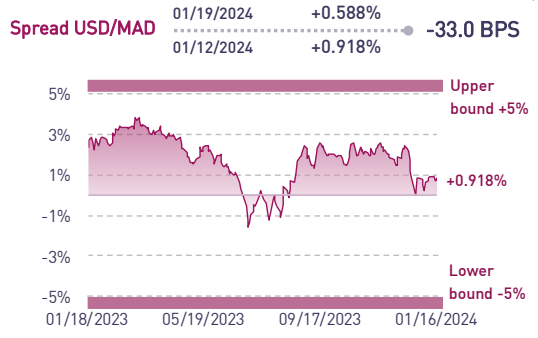
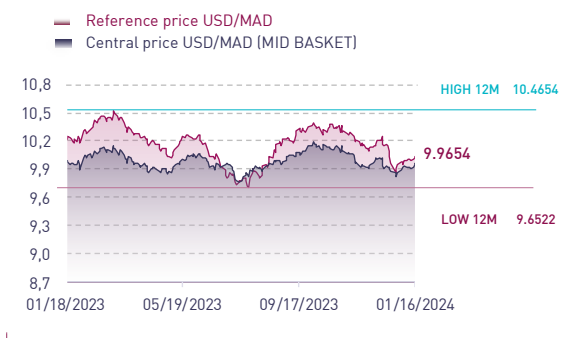
Fed rate cuts expectations decline

The EUR/USD decreases this week by -0.48% from 1.0951 to 1.0898.

A Fed governor spoke this week in favor of a cautiously calibrated and not rushed path for monetary policy in the United States based on inflation data. These new comments have reduced expectations of an aggressive evolution of Fed Funds interest rate cuts during this year, which helped to strengthen the Dollar this week.

For her part, Christine Lagarde, President of the ECB, also underlined the importance of acting with caution as inflation persists.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



Easing of Dirham liquidity spreads

The Dollar appreciated slightly against the Dirham this week to 9.97, a variation of +0.17%.

This evolution is explained by a *basket effect* of +0.50% following the strengthening of the Dollar internationally this week. The *liquidity effect*, for its part, comes out negative at -0.33% in favor of the Dirham.

Liquidity spreads eased this week, going from 0.92% to 0.59%, a decrease of -33 BPS. This is due to import flows less significant than export flows thus supporting Dirham liquidity this week.

VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	7.57%	7.40%	14.12%	5.39%	8.91%	12.88%
2 MONTHS	6.44%	6.27%	14.95%	5.58%	7.48%	9.78%
3 MONTHS	6.37%	6.16%	13.18%	5.76%	7.06%	8.99%

A cautious pivot of the Fed and ECB

The change in monetary policy direction of the Fed and the ECB remains the main factor in EUR/USD orientation.

The main international brokers anticipate an appreciation of the Dollar against the Euro on the ST.

To this end, we advise importers to hedge their Dollar transactions over horizons ranging from 1 to 3 months.

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EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-24	Q2-24	Q3-24	Q4-24	2025	2026	2027	2028
MEDIAN		1.10	1.11	1.11	1.12	1.15	1.16	1.18	1.18
AVERAGE	1.0898	1.09	1.10	1.11	1.12	1.15	1.17	1.18	1.21
+HIGH	01/19/2024	1.13	1.16	1.17	1.18	1.23	1.22	1.22	1.30
+LOW		1.05	1.00	1.03	1.04	1.08	1.12	1.15	1.15
FORWARD		1.09	1.09	1.10	1.10	1.12	1.14	1.15	1.17

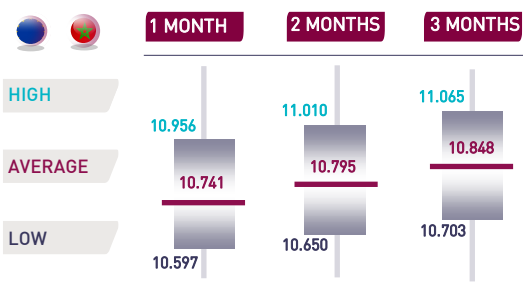
Broker forecasts for the EUR/USD pair were reviewed upwards on the LT this week. The pair would move to 1.09 in Q1-24 then to 1.10 in Q2-24. This would increase to 1.11 in Q3-24 then 1.12 in Q4-24. On an annual basis, the target is 1.15 in 2025. At LT, the pair stands at 1.17 in 2026 compared to 1.16 a week earlier. In 2027, it stands at 1.18 compared to 1.17 initially and in 2028 at 1.21 compared to 1.18 the previous week.

American inflation stood at 3.4% in December after 3.1% in November. The speech by Christophe Waller, one of the Fed governors, in favor of a cautious path of US monetary policy while remaining data dependent, reduced expectations of Fed Fund rates cuts in March.

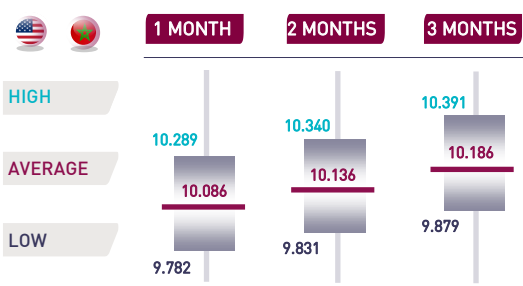
Inflation in the Euro Zone stood at 2.9% in December 2023 after 2.4% the previous month. The President of the ECB is considering interest rate cuts from the summer, but she stressed the importance of acting with caution in these decisions so as not to backtrack as inflationary risks persist.

At MLT, the reduction in the rate divergence between the Fed and the ECB should benefit the euro.

DOWNWARD REVIEW OF OUR 1-MONTH HORIZON FORECAST



Based on EUR/USD Bloomberg forecast for Q1-24



Based on EUR/USD Bloomberg forecast for Q1-24

Given the forecasts for the EUR/USD pair and the liquidity conditions on the foreign exchange market, we have reviewed downwards our forecasts for the USD/MAD pair over the next 1 month.

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

MAD liquidity spreads should stabilize over a 1-month horizon then tighten over a 2-month and 3-month horizon compared to spot levels.

Under these conditions, the target levels of the USD/MAD parity stand at 10.09, 10.14 and 10.19 over horizons of 1, 2 and 3 months against a spot price of 9.97.

The target levels of the EUR/MAD parity stand at 10.74, 10.79 and 10.85 over 1, 2 and 3 month horizons against a spot price of 10.84.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.17%	-0.65%	-1.97%	-0.70%	-0.48%	-1.71%
1 MONTH	-1.27%	-1.78%	-3.52%	-1.94%	-1.46%	-1.56%
YTD 2023	0.73%	-0.94%	-3.62%	-0.92%	+0.38%	-2.80%

Prices as of 01/19/2024



APPENDICES

DATA AS OF JANUARY 22ND, 2024

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-24	Q2-24	Q3-24	Q4-24	2025	2026	2027
FORECAST	USD/JPY	143	140	138	135	130	125	--
FORWARD	148	147	145	143	141	136	131	126
FORECAST	USD/CAD	1.35	1.33	1.32	1.31	1.27	1.27	1.28
FORWARD	1.35	1.35	1.34	1.34	1.34	1.34	1.34	1.33
FORECAST	USD/CHF	0.87	0.88	0.88	0.88	0.88	0.87	0.86
FORWARD	0.87	0.86	0.86	0.85	0.84	0.82	0.79	0.77
FORECAST	GBP/USD	1.26	1.26	1.27	1.28	1.29	1.34	1.34
FORWARD	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.28

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

	Date	Q1-2024	Q2-2024	Q3-2024	Q4-2024	2025
Commerzbank	01/19/24	1.12	1.15	1.14	1.12	1.1
BNP Paribas	12/15/23	1.1	1.12	1.14	1.15	1.18
Wells Fargo	12/15/23	1.07	1.07	1.09	1.1	--
Standard Chartered	12/13/23	1.04	1.05	1.07	1.09	1.11
RBC Capital Markets	11/09/23	1.03	1.02	1.05	1.08	--
JPMorgan Chase	10/20/23	1.03	1.05	1.1	--	--
Bank Julius Baer	01/19/24	1.08	1.08	1.08	1.08	1.13
Rabobank	01/19/24	1.06	1.06	1.07	1.09	1.2
Skandinaviska Enskilda Banken	01/18/24	1.1	1.12	1.13	1.14	1.18
Canadian Imperial Bank of Commerce	01/16/24	1.08	1.1	1.11	1.12	1.16
Danske Bank	01/15/24	1.09	1.07	1.06	1.05	--
Validus Risk Management	01/15/24	1.11	1.13	1.15	1.17	--
Credit Agricole CIB	01/12/24	1.08	1.07	1.06	1.05	1.12
Axis Bank	01/11/24	1.06	1.08	1.08	1.07	1.09
Maybank Singapore	01/10/24	1.1	1.1	1.11	1.11	1.14
Sumitomo Mitsui Trust Bank	01/10/24	1.08	1.09	1.08	1.09	--
TD Securities	01/10/24	1.1	1.13	1.13	1.15	1.18

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-24
Prices as of 01/22/2024

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