



WEEKLY MAD INSIGHTS

CURRENCIES

23 FEBRUARY 2024

Week from 02/12/2024 to 02/16/2024

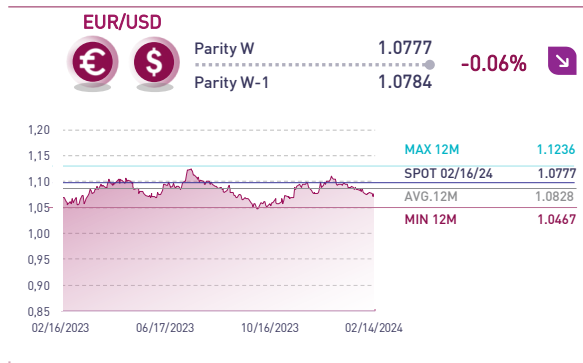
MAIN WEEKLY VARIATIONS

		+0.34%			+0.05%
USD/MAD		10.0707	CAD/MAD		7.4691
		+0.20%			+0.03%
EUR/MAD		10.8402	GBP/MAD		12.6710
		-0.28%			-0.41%
JPY/MAD		6.7008	CHF/MAD		11.4240

	USD/MAD	EUR/MAD
	+0.08%	-0.06%
	+0.26%	+0.26%

(1) Impact of the variation of the EUR/USD parity
(2) Impact of the variation in the liquidity spread (Supply / Demand)

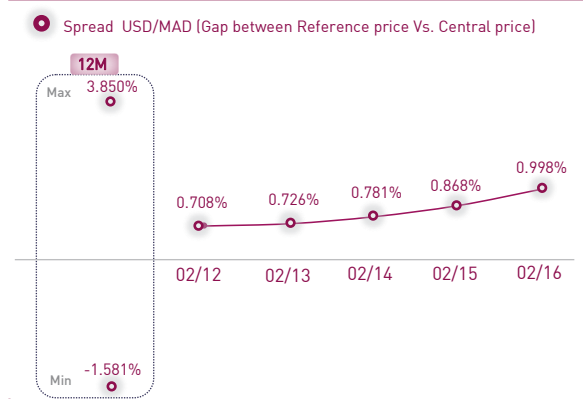
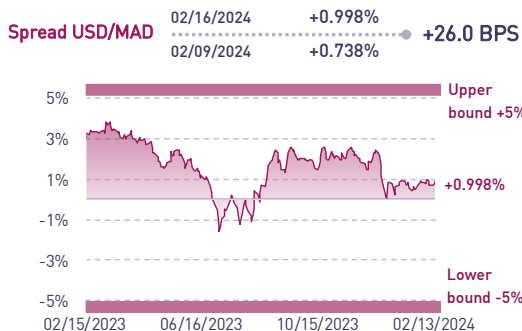
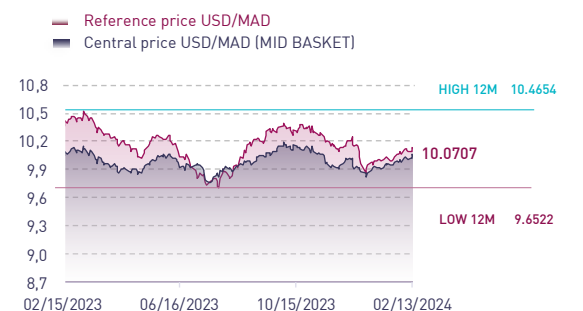
INTERNATIONAL HIGHLIGHTS



US inflation slows less than expected

EUR/USD fell slightly this week by -0.06% to 1.0777. US inflation slows to 3.1% in January after 3.4% in December 2023 and core inflation stabilizes at 3.9%. These levels, above consensus, have led financial markets to lower their Fed Fund rate cuts expectations. A monetary pause is now widely anticipated in March and the scenario of a first rate cut in May has become unlikely, thus favoring the dollar this week.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



USD/MAD at a 2-month high

The Dollar appreciates against the Dirham this week to 10.07 against 10.04 the previous week, a variation of +0.34%.

This evolution is explained by a double positive effect. On the one hand, the contribution of the *basket effect* stands at +0.08% following the strengthening of the Dollar. On the other hand, the *liquidity effect* contributes +0.26% against the Dirham.

Liquidity spreads tighten by +26 BPS this week, to set at 1.00%. This is due to import flows which weighed on the Dirham liquidity this week.

ÉVOLUTION DES INDICATEURS DE VOLATILITÉ

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CFMAD
1 MONTH	3.78%	3.59%	7.45%	5.52%	5.21%	6.54%
2 MONTHS	6.01%	5.73%	11.24%	5.62%	7.42%	9.86%
3 MONTHS	5.68%	5.40%	13.03%	5.51%	6.67%	8.58%

The horizon for the first rate cut remains uncertain

Expectations for monetary easing from the Fed are currently uncertain. Expectations of a first rate cut are being pushed back beyond March and May deadlines.

Main international brokers forecast a slight appreciation of the Dollar compared to the Euro on the ST.

We recommend importers to hedge their Dollar denominated transactions over 2 months to 3 months horizons.

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WEEKLY MAD INSIGHTS

CURRENCIES

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q1-24	Q2-24	Q3-24	Q4-24	2025	2026	2027	2028
MEDIAN		1.08	1.10	1.12	1.12	1.15	1.17	1.20	1.20
AVERAGE	1.0777	1.09	1.10	1.11	1.12	1.16	1.17	1.19	1.21
+HIGH	02/16/2024	1.13	1.16	1.17	1.19	1.24	1.20	1.22	1.30
+LOW		1.05	1.00	1.03	1.04	1.08	1.08	1.15	1.15
FORWARD		1.08	1.08	1.09	1.09	1.11	1.13	1.15	1.17

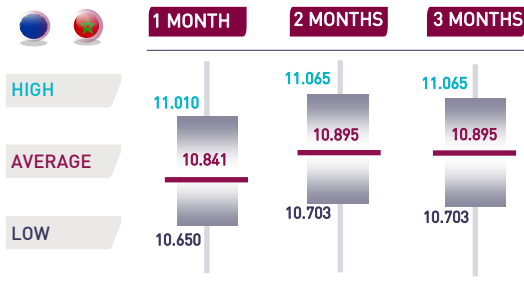
Broker forecasts for the EUR/USD pair were generally stable this week. The pair would move to 1.09 in Q1-24 then to 1.10 in Q2-24. This would increase to 1.11 in Q3-24 then to 1.12 in Q4-24. On an annual basis, the target is 1.16 in 2025 compared to 1.15 a week earlier. At LT, the pair stands at 1.17 in 2026. In 2027, this stands at 1.19 and in 2028 at 1.21 compared to 1.20 initially.

American inflation stood at 3.1% in January after 3.4% the previous month. This level, higher than the consensus set at 2.9%, has led the financial markets to review their expectations. A Fed monetary pause is now widely anticipated in March and expectations for Fed Funds rate reductions have fallen sharply for the month of May.

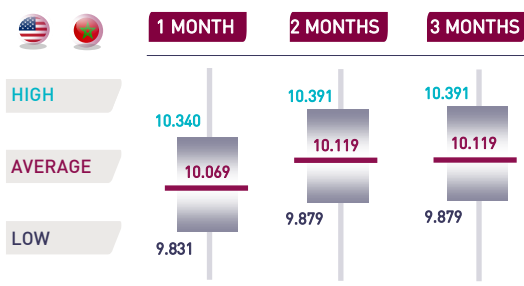
In the Euro Zone, inflation fell to 2.8% in January 2024 after 2.9% the previous month. As widely anticipated, ECB decided on monetary Status Quo in January. The President of the ECB is considering rate cuts to begin by the summer but calls for caution in order to control inflation in a sustainable manner.

At the MLT, the reduction of the rate divergence between Fed and ECB should benefit to the Euro.

UPWARD REVIEW OF OUR 2-MONTHS HORIZON FORECASTS



Based on EUR/USD Bloomberg forecast for Q1-24



Based on EUR/USD Bloomberg forecast for Q1-24

Taking into account the forecasts for the EUR/USD pair and the liquidity conditions on the foreign exchange market, we have reviewed upwards our forecasts for the USD/MAD pair over the next 2 months.

Brokers' EUR/USD forecasts are in favor of a very slight 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 horizons compared to spot levels.

Under these conditions, the target levels of the USD/MAD parity stand at 10.07, 10.12 and 10.12 over horizons of 1, 2 and 3 months against a spot price of 10.07.

The EUR/MAD target levels are 10.84, 10.90 and 10.90 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	+0.34%	+0.20%	-0.28%	+0.05%	+0.03%	-0.41%
1 MONTH	+1.04%	-0.26%	-1.62%	+1.05%	+0.42%	-1.42%
YTD 2023	+1.80%	-0.95%	-4.00%	+0.08%	+0.65%	-3.21%

Prices as of 02/16/2024



APPENDICES

DATA AS OF FEBRUARY 19TH, 2024

APPENDIX 1 : BLOOMBERG FORECASTS FOR TENOR CURRENCIES

		Q1-24	Q2-24	Q3-24	Q4-24	2025	2026	2027
FORECAST	USD/JPY	145	142	140	137	130	126	118
FORWARD	150	149	147	145	143	137	132	127
FORECAST	USD/CAD	1.35	1.34	1.32	1.31	1.27	1.28	1.28
FORWARD	1.35	1.35	1.35	1.34	1.34	1.34	1.34	1.33
FORECAST	USD/CHF	0.87	0.87	0.88	0.88	0.87	0.86	0.88
FORWARD	0.88	0.88	0.87	0.86	0.85	0.82	0.80	0.78
FORECAST	GBP/USD	1.26	1.27	1.28	1.29	1.31	1.35	1.38
FORWARD	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.27

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

	Date	Q1-2024	Q2-2024	Q3-2024	Q4-2024	2025
RBC Capital Markets	02/02/24	1.08	1.06	1.06	1.08	1.18
Wells Fargo	01/22/24	1.09	1.1	1.12	1.13	--
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
Standard Chartered	12/13/23	1.04	1.05	1.07	1.09	1.11
JPMorgan Chase	10/20/23	1.03	1.05	1.1	--	--
Jyske Bank	02/15/24	1.09	1.11	1.13	1.09	--
Citigroup	02/14/24	1.08	1.06	1.03	1.04	1.13
Westpac Banking	02/14/24	1.09	1.11	1.13	1.14	1.17
Danske Bank	02/13/24	1.07	1.06	1.05	1.04	--
Nomura Bank International	02/13/24	1.08	1.1	1.1	1.13	1.15
Skandinaviska Enskilda Banken	02/13/24	1.07	1.1	1.13	1.14	1.18
United Overseas Bank	02/13/24	1.1	1.12	1.14	1.15	1.19
MUFG	02/12/24	1.08	1.1	1.12	1.14	--
Ipopema Securities	02/12/24	1.08	1.13	1.11	1.12	1.13
Amdocs Development Ltd	02/09/24	1.07	1.09	1.11	--	--
Argentex LLP	02/09/24	1.08	1.1	1.12	1.14	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q1-24
Prices as of 02/20/2024

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