



# WEEKLY MAD INSIGHTS

## CURRENCIES

10 MAY 2024

Week from 04/29/2024 to 05/03/2024

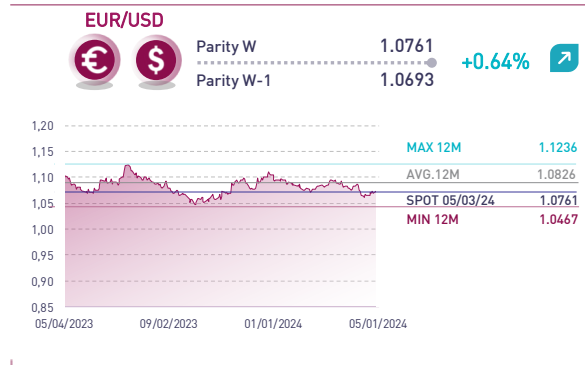
### MAIN WEEKLY VARIATIONS

		-0.54%			-0.51%
USD/MAD		10.0631	CAD/MAD		7.3734
		-0.19%			-0.02%
EUR/MAD		10.8342	GBP/MAD		12.6560
		+2.04%			+0.22%
JPY/MAD		6.5877	CHF/MAD		11.1160

	USD/MAD	EUR/MAD
	-0.21%	+0.14%
	-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)

### INTERNATIONAL HIGHLIGHTS



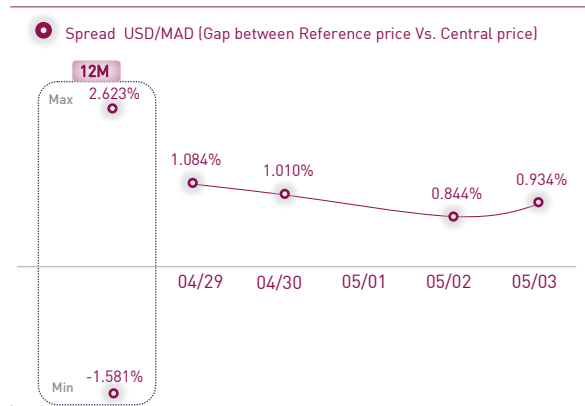
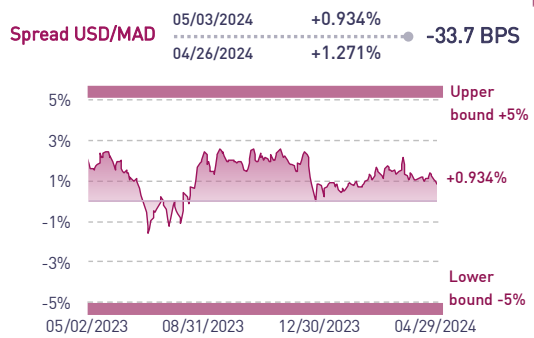
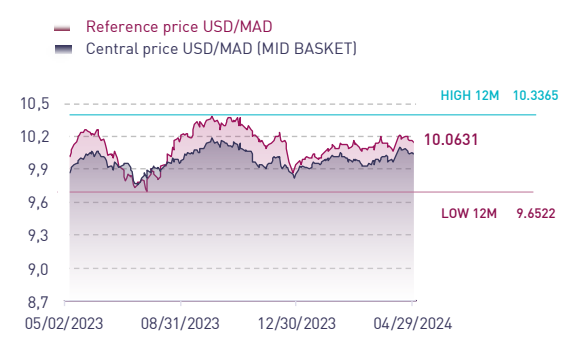
### Key rate: FOMC decides on a monetary pause in May

The EUR/USD appreciated this week by +0.64% from 1.0693 to 1.0761.

As expected, the FOMC decided this week to keep rates in the range [5.25% - 5.50%]. According to Jerome Powell, the Fed will wait as long as necessary to ensure that inflation returns to its target level of 2%. Nevertheless, he said that the institution would react in the event of a weak labor market.

Note that the US unemployment report (NFP) came out less solid than expected at the end of the week. Job creation stood at 175K in April after 315K in March and the unemployment rate stood at 3.9% after 3.8%. In this context, markets reacted with volatility to the disadvantage of the Dollar.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



### Visible improvement in MAD liquidity

The Dollar depreciated against the Dirham this week to 10.06 against 10.12, a variation of -0.54%.

This evolution is explained by a *basket effect* of -0.21% related to the depreciation of the Dollar this week and a *liquidity effect* of -0.33% in favor of the Dirham.

Liquidity spreads ease -34 BPS this week, to a level of 0.93%. This is due to export flows which were greater than those related to imports.

### VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MONTH	5.70%	4.18%	8.96%	4.02%	5.10%	3.89%
2 MONTHS	4.68%	4.21%	7.98%	4.09%	5.21%	4.58%
3 MONTHS	4.30%	3.82%	7.11%	3.75%	4.80%	4.73%

### Fed's next decisions remain uncertain

Control of inflation in the United States does not yet seem to have been achieved. The Fed would be determined to wait as long as necessary before cutting rates. The weakness of the job market in the United States could cause it to react more quickly than expected.

We recommend importers to reduce their hedging horizons on the Dollar.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

10 | MAY  
2024

Week from 04/29/2024 to 05/03/2024

### EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-24	Q3-24	Q4-24	Q1-25	2025	2026	2027	2028
<b>MEDIAN</b>		1.07	1.08	1.09	1.10	1.12	1.13	1.15	1.17
<b>AVERAGE</b>	1.0761	1.07	1.08	1.08	1.10	1.12	1.13	1.14	1.16
<b>+HIGH</b>	05/03/2024	1.13	1.14	1.15	1.18	1.24	1.20	1.20	1.20
<b>+LOW</b>		1.04	1.03	1.00	1.01	1.00	1.04	1.08	1.12
<b>FORWARD</b>		1.08	1.08	1.09	1.09	1.11	1.13	1.15	1.16

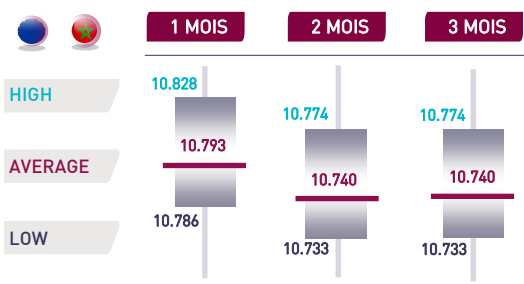
Broker forecasts for the EUR/USD pair were broadly unchanged this week. The pair would move to 1.07. In Q3-24, it would increase to 1.08 and stabilize at this level in Q4-24. It would increase to 1.10 in Q1-25 then to 1.12 in 2025. At the LT, the pair would rise to 1.13 in 2026. In 2027, this would settle at 1.14 and in 2028 at 1.16 compared to 1.15 the previous week.

US inflation rebounded to 3.5% in March after 3.2% in February. Inflation remains high in the United States, which has reduced expectations for interest rate cuts in 2024. A monetary pause by the Fed remains the most expected scenario in June despite a labor market which began to show weakness signs.

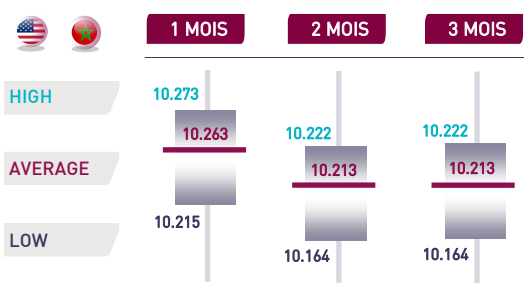
In the Euro Zone, inflation remained stable at 2.4% in April. Markets anticipate a first cut in ECB rates from June, supported by the visible easing of inflationary pressures in the Euro Zone.

On the ST, the ECB could start cutting rates before the Fed, which would explain the lower EUR/USD forecasts. At MLT, the reduction in the rate divergence between the Fed and the ECB would more benefit the Euro .

### WE MAINTAIN OUR 1-MONTH, 2-MONTHS AND 3-MONTHS HORIZON FORECASTS



Based on EUR/USD Bloomberg forecast for Q2-24



Based on EUR/USD Bloomberg forecast for Q2-24

Taking into account the forecasts for the EUR/USD pair and the liquidity conditions on the foreign exchange market, we have maintained our forecasts for the USD/MAD pair.

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

MAD liquidity spreads should tighten over a 1-month horizon then ease over a 2-month and 3-month horizon alongside the start of the summer period.

Under these conditions, the target levels of the USD/MAD parity stand at 10.26, 10.21 and 10.21 over horizons of 1, 2 and 3 months against a spot price of 10.06.

The target levels of the EUR/MAD parity stand at 10.79, 10.74 and 10.74 over 1, 2 and 3 month horizons against a spot price of 10.83.

### 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>	-0.54%	-0.19%	+2.04%	-0.51%	-0.02%	+0.22%
<b>1 MONTH</b>	-0.23%	-0.29%	-0.89%	-0.77%	-0.21%	+0.14%
<b>YTD 2023</b>	+1.72%	-1.01%	-5.62%	-1.21%	+0.53%	-5.82%

Prices as of 05/03/2024



# APPENDICES

DATA AS OF MAY 6<sup>TH</sup>, 2024

## ANNEXE 1 : PRÉVISIONS BLOOMBERG DES PARITÉS DEVISES TENOR

		Q2-24	Q3-24	Q4-24	Q1-25	2025	2026	2027
<b>FORECAST</b>	USD/JPY	152	149	146	143	140	130	122
<b>FORWARD</b>	153	152	150	148	146	141	136	130
<b>FORECAST</b>	USD/CAD	1.37	1.36	1.35	1.34	1.3	1.29	1.28
<b>FORWARD</b>	1.37	1.37	1.36	1.36	1.36	1.35	1.35	1.34
<b>FORECAST</b>	USD/CHF	0.92	0.92	0.92	0.91	0.91	0.89	0.90
<b>FORWARD</b>	0.90	0.90	0.89	0.88	0.87	0.85	0.82	0.80
<b>FORECAST</b>	GBP/USD	1.25	1.26	1.26	1.27	1.29	1.31	1.30
<b>FORWARD</b>	1.25	1.25	1.26	1.26	1.26	1.26	1.26	1.27

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

	Date	Q2-2024	Q3-2024	Q4-2024	Q1-2025	2025
BNP Paribas	04/22/24	1.05	1.05	1.06	1.07	1.1
Commerzbank	04/19/24	1.05	1.04	1.04	1.04	1.05
Wells Fargo	04/19/24	1.05	1.04	1.05	1.06	--
JPMorgan Chase	04/12/24	1.05	1.05	1.09	1.12	--
RBC Capital Markets	03/08/24	1.06	1.06	1.08	1.1	1.18
Standard Chartered	12/13/23	1.05	1.07	1.09	--	1.11
Investec	04/29/24	1.07	1.07	1.08	1.09	1.12
Australia & New Zealand Banking Group	04/26/24	1.13	1.14	1.15	1.16	1.18
BMO Capital Markets	04/26/24	1.08	1.08	1.09	1.1	1.12
Landesbank Baden-Wuerttemberg	04/26/24	1.06	1.04	1.03	1.01	1
Woori Bank	04/26/24	1.05	1.07	1.08	1.09	1.12
ING Financial Markets	04/25/24	1.08	1.1	1.1	1.1	1.1
Ipopema Securities	04/25/24	1.08	1.1	1.11	1.11	1.13
Rabobank	04/22/24	1.06	1.06	1.07	1.09	1.2
UniCredit	04/19/24	1.07	1.08	1.09	1.1	1.12
AFEX	04/18/24	1.05	1.03	1	--	--
Jyske Bank	04/18/24	1.06	1.05	1.07	1.08	--

In gray, the main brokers retained to calculate the EURUSD consensus for Q2-24  
Prices as of 05/06/2024

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