



WEEKLY MAD INSIGHTS

CURRENCIES

16 MAY 2024

Week from 05/06/2024 to 05/10/2024

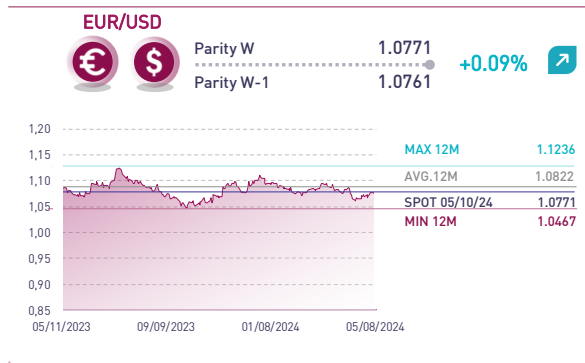
MAIN WEEKLY VARIATIONS

		-0.33%			-0.50%
USD/MAD		10.0302	CAD/MAD		7.3368
		-0.18%			-0.68%
EUR/MAD		10.8147	GBP/MAD		12.5700
		-2.21%			-0.46%
JPY/MAD		6.4418	CHF/MAD		11.0650

	USD/MAD	EUR/MAD
	-0.09%	+0.06%
	-0.24%	-0.24%

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

INTERNATIONAL HIGHLIGHTS



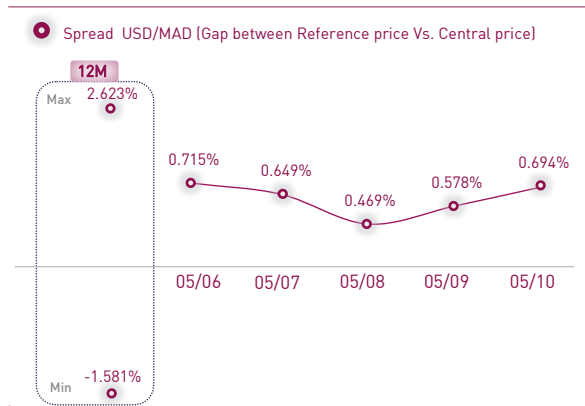
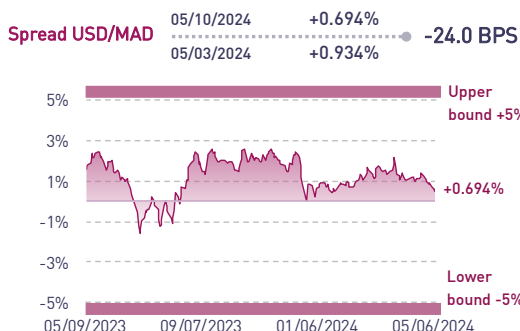
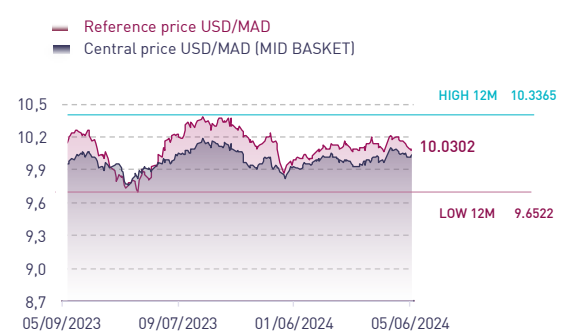
Weakening of the US labor market

The EUR/USD appreciated slightly this week by +0.09% from 1.0761 to 1.0771.

In the United States, unemployment claims stood at 231K this week, above expectations of 212K. These figures seem to confirm the weakness of the American labor market after a disappointing NFP report in April. This data further reinforced expectations of a Fed interest rate cut in September, which supported the EUR/USD pair above the 1.07 threshold this week.

As for the Euro Zone, a first rate cut is still expected in June, notably following statements by the ECB's chief economist, Philip Lane, who is confident about the trajectory of inflation.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



MAD Appreciation thanks to the liquidity effect

The Dollar depreciated against the Dirham this week to 10.03 against 10.06, i.e. a variation of -0.33%.

This evolution is explained by a double negative. On the one hand, a *liquidity effect* of -0.24%, which led to an appreciation of the Dirham against several foreign currencies this week. On the other hand, a *basket effect* of -0.09% due to the weakening of the Dollar this week.

Liquidity spreads eased by -24 BPS this week, to a level of 0.69%. This is due to export flows greater than import flows as the summer period begins.

VOLATILITY INDICATORS

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 MOIS	5.60%	3.61%	9.53%	4.48%	5.35%	3.34%
2 MOIS	4.61%	4.06%	7.86%	3.94%	5.14%	4.05%
3 MOIS	4.23%	3.80%	7.23%	4.05%	4.78%	4.54%

Inflation still uncontrolled in the United States

Fed officials are not yet unanimous on the fact that inflation MT trajectory is under control. To this end, the Fed's next decisions remain uncertain especially given the concerns of the cooling of the labor market in the United States.

We recommend importers not to commit to long maturities in terms of hedging their Dollar transactions.

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WEEKLY MAD INSIGHTS

CURRENCIES

16 | MAY
2024

Week from 05/06/2024 to 05/10/2024

EUR/USD OUTLOOK – BLOOMBERG

	SPOT	Q2-24	Q3-24	Q4-24	Q1-25	2025	2026	2027	2028
MEDIAN		1.07	1.07	1.08	1.10	1.12	1.13	1.10	1.16
AVERAGE	1.0771	1.07	1.07	1.08	1.09	1.11	1.12	1.12	1.13
+HIGH	05/10/2024	1.11	1.13	1.14	1.15	1.18	1.20	1.20	1.20
+LOW		1.04	1.03	1.00	1.01	1.00	1.02	1.02	1.01
FORWARD		1.08	1.08	1.09	1.09	1.11	1.13	1.14	1.16

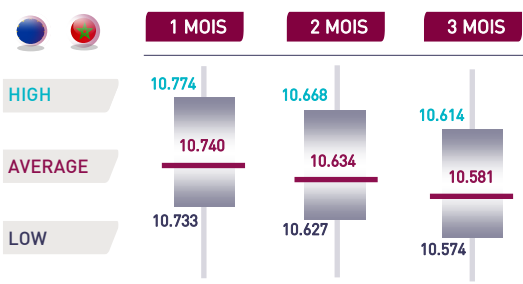
Broker forecasts for the EUR/USD pair were reviewed downwards on the MLT this week. The pair should move to 1.07. It would stabilize at this level in Q3-24 against 1.08 the previous week before increasing to 1.08 in Q4-24. It would increase to 1.09 in Q1-25 against 1.10 then to 1.11 in 2025 against 1.12 the previous week. On the LT, the pair would stand at 1.12 in 2026 compared to 1.13 initially. In 2027, this would stand at 1.12 and in 2028 at 1.13 compared to 1.14 and 1.16 respectively 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 that began to show signs of weakness.

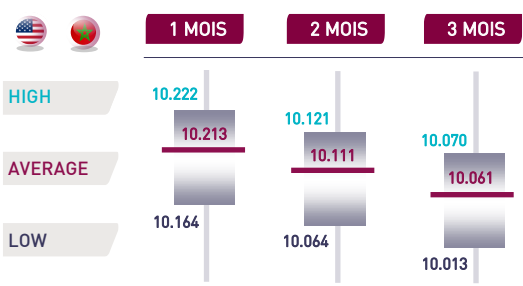
In the Euro Zone, inflation remained stable at 2.4% in April. Financial markets anticipate a first cut in ECB rates from June, supported by the visible easing of inflationary pressures in the Euro Zone.

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

DOWNWARD REVIEW OF 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 reviewed downwards our forecasts for the USD/MAD pair.

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 would 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 10.21, 10.11 and 10.06 over horizons of 1, 2 and 3 months against a spot price of 10.03.

The target levels of the EUR/MAD parity stand at 10.74, 10.63 and 10.58 over 1, 2 and 3 month horizons against a spot price of 10.81.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	-0.33%	-0.18%	-2.21%	-0.50%	-0.68%	-0.46%
1 MONTH	+0.10%	-0.69%	-2.41%	-0.65%	-1.08%	-0.27%
YTD 2023	+1.39%	-1.19%	-7.71%	-1.70%	-0.15%	-6.25%

Prices as of 05/10/2024



APPENDICES

DATA AS OF MAY 13TH, 2024

APPENDIX 1 : BLOOMBERG FORECASTS OF CURRENCY PAIRS TENORS

		Q2-24	Q3-24	Q4-24	Q1-25	2025	2026	2027
FORECAST	USD/JPY	153	152	150	146	141	133	117
FORWARD	156	155	153	151	149	144	138	133
FORECAST	USD/CAD	1.37	1.36	1.35	1.34	1.3	1.29	1.29
FORWARD	1.37	1.37	1.36	1.36	1.36	1.35	1.35	1.34
FORECAST	USD/CHF	0.92	0.92	0.92	0.91	0.90	0.89	0.89
FORWARD	0.91	0.90	0.89	0.88	0.88	0.85	0.82	0.80
FORECAST	GBP/USD	1.25	1.26	1.26	1.27	1.30	1.32	1.32
FORWARD	1.25	1.25	1.25	1.25	1.25	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
ING Financial Markets	05/13/24	1.08	1.1	1.1	1.1	1.1
Maybank Singapore	05/13/24	1.08	1.09	1.1	1.11	1.14
Nomura Bank International	05/13/24	1.06	1.07	1.07	1.1	1.11
Polski Instytut Ekonomiczny	05/13/24	1.07	1.05	1.04	1.03	1.02
Rabobank	05/10/24	1.06	1.06	1.07	1.09	1.2
Westpac Banking	05/10/24	1.08	1.09	1.1	1.11	1.14
Sumitomo Mitsui Trust Bank	05/09/24	1.07	1.08	1.09	1.1	--
Commonwealth Bank of Australia	05/08/24	1.07	1.09	1.11	1.12	1.15
Australia & New Zealand Banking Group	05/07/24	1.08	1.09	1.1	1.12	1.18
Axis Bank	05/07/24	1.08	1.06	1.05	1.07	1.08
Credit Agricole CIB	05/07/24	1.07	1.06	1.05	1.07	1.12

In gray, the main brokers retained to calculate the EURUSD consensus for Q2-24
Prices as of 05/13/2024

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