



# WEEKLY MAD INSIGHTS

## CURRENCIES

24 DECEMBER  
2024

Week from 12/16/2024 to 12/20/2024

### MAIN WEEKLY VARIATIONS

		+0.66%			-0.48%
USD/MAD	10.0620		CAD/MAD	6.9944	
		-0.15%			-0.21%
EUR/MAD	10.4593		GBP/MAD	12.6080	
		-1.54%			+0.52%
JPY/MAD	6.4248		CHF/MAD	11.2490	



I Basket Effect<sup>(1)</sup>

USD/MAD

+0.48%

EUR/MAD

-0.33%



I Market Effect<sup>(2)</sup>

+0.18%

+0.18%

(1) Impact of the variation of the EUR/USD parity

(2) Impact of the variation in the liquidity spread (Supply / Demand)

### INTERNATIONAL HIGHLIGHTS



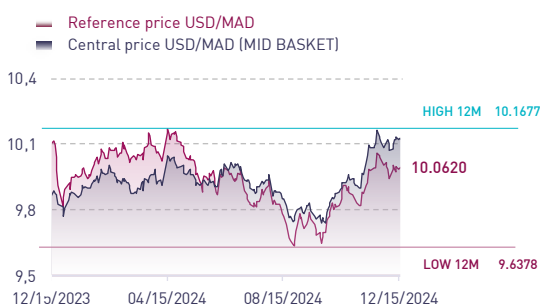
### Key rate : Fed cools 2025 rate cuts expectations

The EUR/USD pair depreciated by -0.68% this week, from 1.0501 to 1.0430.

As expected, the FED decided to cut its rates by -25 BPS in the range [4.25% - 4.50%]. However, the Fed considers that inflation remains high and that future monetary policy decisions will depend on the path of inflation. This less accommodative tone has reduced market expectations for rate cuts in 2025, which has strongly strengthened the Dollar this week. The markets are thus anticipating a pause in January 2025.

At the end of the week, the PCE Core index, reputed to be the Fed's preferred inflation measure, came out at 2.8% in November, stable compared to the previous month.

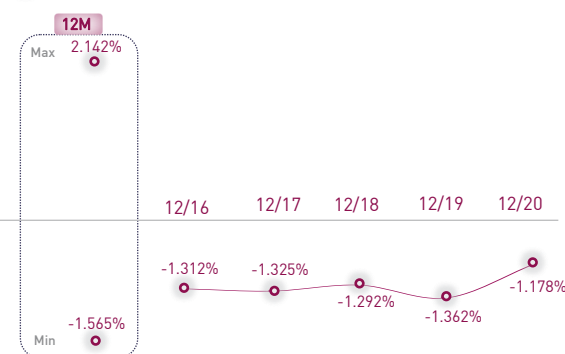
### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



Spread USD/MAD 12/20/2024 -1.1782%  
12/13/2024 -1.352% +17.4 BPS



Spread USD/MAD (Gap between Reference price Vs. Central price)



### The Dollar appreciates thanks to the basket effect

The USD/MAD pair appreciated this week by +0.66%, going from 10.00 to 10.06.

This evolution is due to a double positive effect. The *basket effect* comes out at +0.48% related to the appreciation of the Dollar against the Euro this week. The *market effect*, for its part, also comes out positive this week at +0.18%.

The liquidity spreads of the Dirham have thus improved by +17 BPS to -1.18%. The good performance of export flows has made it possible to maintain these spreads in negative territory. The latter should readjust very slightly upwards over the next 3 months.

### VOLATILITY INDICATORS

	USDMAD	EURMAD	JPYMAD	CADMAD	GBPMAD	CHFMAD
1 MONTH	3.87%	3.97%	10.41%	5.38%	4.52%	5.73%
2 MONTHS	3.80%	3.97%	9.29%	4.84%	4.45%	5.23%
3 MONTHS	3.74%	3.55%	8.95%	4.86%	4.93%	4.90%

### High volatility in an uncertain context

Political uncertainties in Europe and the potential impact of a trade conflict between Europe and the United States after Trump election are expected to fuel volatility in the foreign exchange market.

Given the uncertainties and volatility in the foreign exchange market, we recommend importers to hedge their transactions over a 3-month horizon.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

24 DECEMBER  
2024

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### EUR/USD OUTLOOK – BLOOMBERG

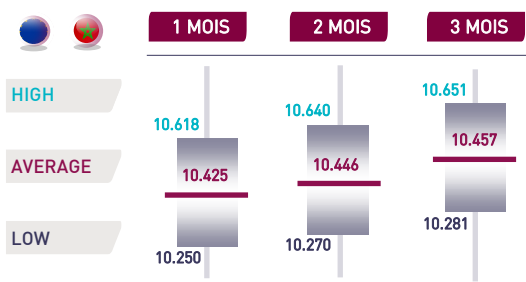
	SPOT	Q1-25	Q2-25	Q3-25	Q4-25	2026	2027	2028	2029
<b>MEDIAN</b>		1.04	1.04	1.05	1.05	1.08	1.08	1.12	1.12
<b>AVERAGE</b>	1.0430	1.04	1.04	1.05	1.06	1.08	1.10	1.12	1.13
<b>+HIGH</b>	12/20/2024	1.09	1.11	1.12	1.14	1.15	1.15	1.15	1.15
<b>+LOW</b>		0.97	0.98	0.96	0.98	1.00	1.08	1.10	1.11
<b>FORWARD</b>		1.04	1.05	1.06	1.06	1.09	1.11	1.13	1.15

Brokers' EUR/USD forecasts were stable this week. The pair is expected to move at 1.04 in Q1-25 through Q2-25. In Q3-25, it would move at 1.05, reaching 1.06 in Q4-25. By 2026, the target is 1.08 and 1.10 in 2027. In 2028-2029, the average target level is 1.13.

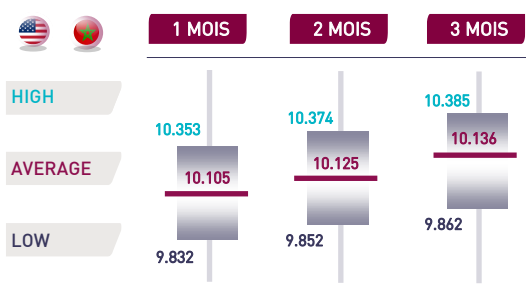
In the United States, inflation rebounded to 2.7% in November after 2.6% in October and 2.4% in September. At the last FOMC meeting of 2024, the Fed considered that inflation remains high compared to the 2% target and that future rate cuts will depend on the trajectory of inflation. FOMC members now anticipate 2 Fed Funds rate cuts of -25 BPS in 2025, 2 cuts of -25 BPS in 2026 and 1 cut of -25 BPS in 2027 to reach a long-term neutral rate of 3.00%. Inflation, for its part, should return to the 2% target by 2027.

In the Eurozone, inflation came out at 2.2% in November after 2.0% in October according to the latest figures from Eurostat. The ECB expects inflation to return to the 2% target by 2026. At its last meeting of the year, it decided to lower its 3 key rates by -25 BPS each. The deposit facility rate thus comes out at 3.00%. Markets anticipate continued monetary easing within a context of economic growth slowdown.

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



Based on EUR/USD Bloomberg forecast for Q1-25



Based on EUR/USD Bloomberg forecast for Q1-25

Given the EUR/USD parity forecasts and the liquidity conditions on the foreign exchange market, we have maintained our forecasts for the USD/MAD pair at 1 month, 2 months and 3 months.

The EUR/USD forecasts of the brokers are in favor of a depreciation of the Euro against the Dollar up to 3 months compared to spot levels.

The MAD liquidity spreads should tighten very slightly at 1 month and then 2 months and 3 months compared to the spot level.

In these conditions, the target levels of the USD/MAD parity stand at 10.11, 10.13 and 10.14 on 1, 2 and 3 month horizons against a spot rate of 10.06.

The target levels of the EUR/MAD parity stand at 10.43; 10.45 and 10.46 at 1, 2 and 3 month horizons against a spot price of 10.46.

### 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>	+0.66%	-0.15%	-1.54%	-0.48%	-0.21%	+0.52%
<b>1 MONTH</b>	+0.72%	-0.79%	+0.16%	-2.08%	-0.34%	-0.32%
<b>YTD 2023</b>	+1.71%	-4.43%	-7.96%	-6.29%	+0.15%	-4.69%

Prices as at 12/20/2024



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## APPENDICES

DATA AS OF DECEMBER 23<sup>RD</sup>, 2024

### APPENDIX 1 : BLOOMBERG FORECASTS OF CURRENCY PAIRS TENORS

		Q1-25	Q2-25	Q3-25	Q4-25	2026	2027	2028
FORECAST FORWARD	USD/JPY 157	150	149	146	145	140	135	126
		155	153	152	150	145	140	135
FORECAST FORWARD	USD/CAD 1.44	1.41	1.41	1.4	1.38	1.36	1.35	1.34
		1.43	1.43	1.42	1.42	1.4	1.38	1.36
FORECAST FORWARD	USD/CHF 0.89	0.90	0.90	0.90	0.90	0.90	0.88	0.88
		0.88	0.88	0.87	0.86	0.82	0.79	0.76
FORECAST FORWARD	GBP/USD 1.25	1.26	1.26	1.27	1.28	1.29	1.31	1.36
		1.25	1.25	1.25	1.25	1.25	1.25	1.26

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

	Date	Q1-2025	Q2-2025	Q3-2025	Q4-2025	2026
RBC Capital Markets	12/18/24	1.02	1.02	1.03	1.05	--
BNP Paribas	12/12/24	1.03	1.02	1.01	1	1
Standard Chartered	12/05/24	1.08	1.07	1.05	1.04	1.04
Wells Fargo	12/04/24	1.02	1	0.99	0.98	--
JPMorgan Chase	12/02/24	0.99	1.03	1.05	1.08	--
Commerzbank	11/15/24	1.05	1.05	1.06	1.07	1.08
Prestige Economics LLC	12/23/24	1.08	1.1	1.12	1.14	--
Danske Bank	12/20/24	1.04	1.02	1.01	1	--
Rabobank	12/20/24	1.02	1	1	1.03	--
Banco Bilbao Vizcaya Argentaria	12/19/24	1.02	1.05	1.08	1.09	1.13
Emirates NBD	12/18/24	1.05	1.04	1.03	1.02	--
CIMB	12/16/24	1.03	1.02	1.01	1	--
Sumitomo Mitsui Trust Bank	12/16/24	1.07	1.09	1.11	1.1	--
Kshitij Consultancy Services	12/13/24	1.07	1.1	1.11	--	1.11
Nomura Bank International	12/13/24	1.03	1.01	1.01	1.03	1.08
Westpac Banking	12/13/24	1.06	1.07	1.08	1.09	1.11
Maybank Singapore	12/12/24	1.03	1.02	1.01	1.01	1.17

In gray, the main brokers selected to compute the EURUSD consensus for Q1-25  
Prices as at 12/23/2024

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