



WEEKLY MAD INSIGHTS

CURRENCIES

03 | JANUARY
2024

Week from 12/23/2024 to 12/27/2024

MAIN WEEKLY VARIATIONS

		+0.24%			+0.13%
USD/MAD		10.0860	CAD/MAD		7.0033
		+0.48%			+0.26%
EUR/MAD		10.5095	GBP/MAD		12.6410
		-0.52%			-0.43%
JPY/MAD		6.3917	CHF/MAD		11.2010



| Basket Effect⁽¹⁾ |

USD/MAD

-0.14%

EUR/MAD

+0.10%



| Market Effect⁽²⁾ |

+0.38%

+0.38%

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

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

INTERNATIONAL HIGHLIGHTS



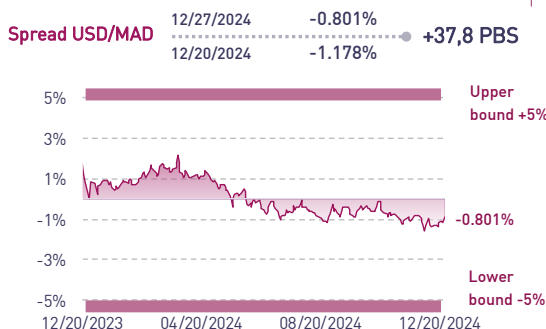
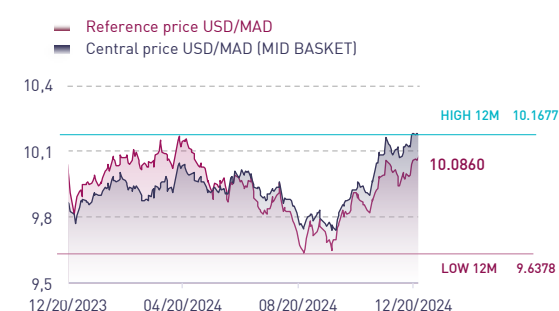
A lull in the markets in the year-end period

The EUR/USD pair has almost stabilized this week around 1.043. Indeed, the European and American foreign exchange markets were calm at the end of the week after the Christmas holidays.

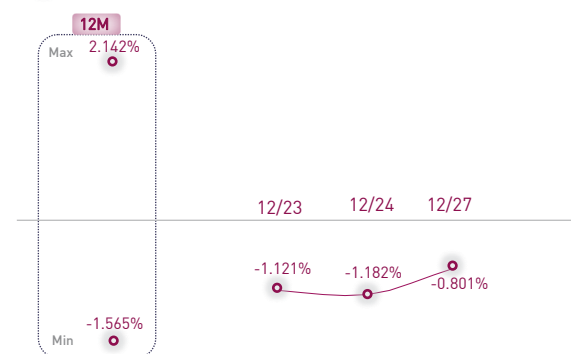
The US Dollar was supported by the restrictive tone of the Fed at the end of the last FOMC of the year, particularly due to the still chronic tensions on the labor market. As a reminder, this meeting ended as widely expected with a -25 BPS rate cut decision in the Fed Funds Rates.

For its part, the Euro remains penalized by political instability in France and Germany, and by a relatively unresilient economic health.

MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



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



A visible tightening of liquidity conditions

The USD/MAD pair appreciated this week by +0.24%, from 10.06 to 10.09.

This variation is due to a double positive effect. The *bas-ket effect* came out negative at -0.14% as the EUR/USD parity was almost stable this week. The *market effect*, for its part, is positive this week at +0.38%.

The liquidity spreads of the Dirham have tightened significantly by +38 BPS from -1.178% to -0.80%. However, the good performance of export flows maintained downward pressure on these spreads to remain 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	3.39%	4.03%	9.23%	3.45%	4.61%	6.04%
2 MONTHS	3.77%	4.06%	8.98%	4.86%	4.40%	5.37%
3 MONTHS	3.65%	3.70%	8.89%	4.84%	4.87%	4.91%

Towards an increased volatility in the FX market

The election of Trump in the United States and the escalation of tensions between Russia and Ukraine are expected to significantly fuel volatility on the foreign exchange market.

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

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EUR/USD OUTLOOK – BLOOMBERG

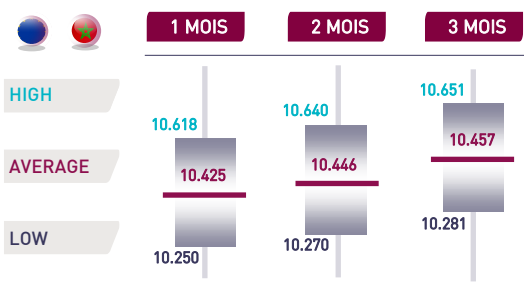
	SPOT	Q1-25	Q2-25	Q3-25	Q4-25	2026	2027	2028	2029
MEDIAN		1.03	1.04	1.05	1.05	1.08	1.08	1.12	1.12
AVERAGE	1.0426 12/27/2024	1.04	1.04	1.05	1.05	1.08	1.10	1.12	1.13
+HIGH		1.09	1.11	1.12	1.14	1.15	1.15	1.15	1.15
+LOW		0.97	0.98	0.96	0.98	1.00	1.08	1.10	1.11
FORWARD		1.05	1.05	1.06	1.06	1.09	1.11	1.13	1.15

Brokers' EUR/USD forecasts were almost stable this week. The pair is expected to move to 1.04 in Q1-25 through Q2-25. In Q3-25, it is expected to move to 1.05 and should remain at this level until the end of 2025, compared to 1.04 initially. By 2026, the target is 1.08 and 1.10 in 2027. In 2028-2029, the average target level is 1.13.

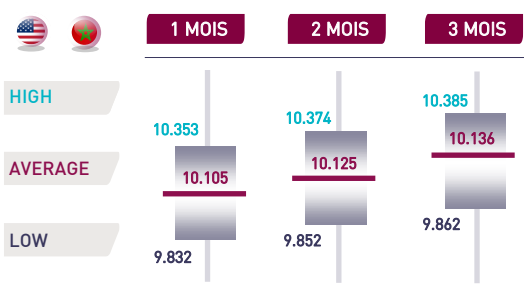
In the United States, inflation rebounded to 2.7% in November after 2.6% in October and 2.4% in September. At the last FOMC meeting of 2024, the Fed considered that inflation remains high compared to the 2% target and that future rate cuts will depend on the path of inflation. FOMC members now anticipate 2 Fed Funds rate cuts of -25 BPS in 2025, 2 cuts of -25 BPS in 2026 and a 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%. Financial markets anticipate a continued monetary easing in a context marked by a slowdown in economic growth.

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 10.09.

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 10.51.

MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

	USD/MAD	EUR/MAD	JPY/MAD	CAD/MAD	GBP/MAD	CHF/MAD
1 WEEK	+0.24%	+0.48%	-0.52%	+0.13%	+0.26%	-0.43%
1 MONTH	+0.59%	-0.34%	-3.34%	-1.84%	+0.02%	-1.37%
YTD 2023	+1.95%	-3.97%	-8.43%	-6.17%	+0.41%	-5.10%

Prices as at 12/27/2024



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APPENDICES

DATA AS OF DECEMBER 30TH, 2024

APPENDIX 1 : BLOOMBERG FORECASTS OF CURRENCY PAIRS TENORS

		Q1-25	Q2-25	Q3-25	Q4-25	2026	2027	2028
FORECAST	USD/JPY	150	149	146	145	140	135	126
FORWARD	158	156	154	153	152	146	141	136
FORECAST	USD/CAD	1.41	1.41	1.4	1.38	1.36	1.35	1.34
FORWARD	1.44	1.44	1.43	1.43	1.42	1.4	1.38	1.36
FORECAST	USD/CHF	0.90	0.90	0.90	0.89	0.90	0.88	0.88
FORWARD	0.90	0.89	0.88	0.87	0.86	0.83	0.80	0.77
FORECAST	GBP/USD	1.26	1.26	1.27	1.28	1.29	1.31	1.36
FORWARD	1.26	1.26	1.26	1.26	1.25	1.25	1.26	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
Goldhawk Partners Ltd	12/30/24	0.97	0.98	1	1.04	1.02
Resona Holdings	12/30/24	1.03	1.05	1.08	1.08	--
Mizuho Bank	12/26/24	1.04	1.03	1.01	0.98	--
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

In gray, the main brokers selected to compute the EURUSD consensus for Q1-25
Prices as at 12/30/2024

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