



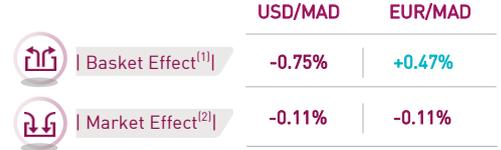
# WEEKLY MAD INSIGHTS

## CURRENCIES

29 | MAY  
2025

Week from 05/19/2025 to 05/23/2025

### MAIN WEEKLY VARIATIONS



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

### INTERNATIONAL HIGHLIGHTS



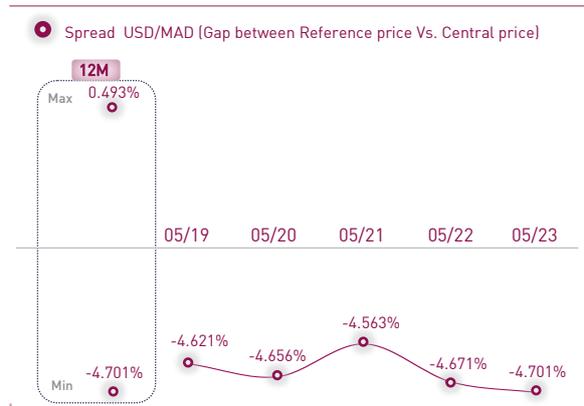
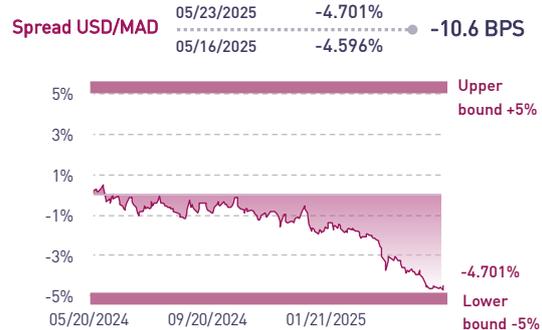
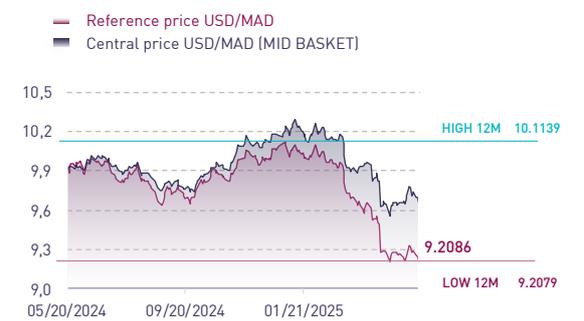
### US sovereign credit rating downgraded

The EUR/USD pair appreciated sharply by +1.78% to 1.1362.

The US Dollar fell significantly this week following Moody's downgrade of the United States' sovereign credit rating from AAA to Aa1. The underlying reason lies in the unsustainable burden of the US public debt, which stands at \$36.2 trillion. Now, all three major rating firms have withdrawn the U.S. AAA rating.

It should be noted that this decision comes as President Trump introduced a new tax bill expected to increase public debt and widen the fiscal deficit by more than \$3 trillion over the next decade, according to estimates by the US Congress.

### MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS



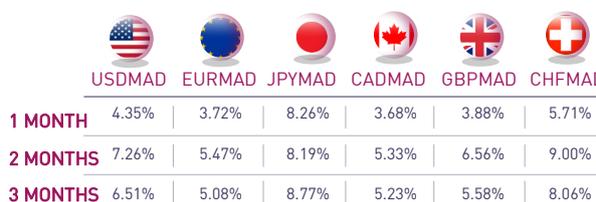
### The US Dollar below 3-year low against MAD

The USD/MAD pair depreciated -0.86% to 9.21 this week, below three-year low.

This evolution was driven by a double negative effect. On the one hand, a *basket effect* of -0.75% related to the Dollar's depreciation this week following Moody's downgrade of the United States' AAA rating. On the other hand, the *market effect* stood at -0.11%.

The Dirham's liquidity spreads thus eased slightly by -11 BPS, still at over three-year lows, at -4.70%, thanks to lower import flows related to the decrease of energy prices. These levels are approaching the lower band of the Dirham's fluctuation band, at -5.0%.

### VOLATILITY INDICATORS



### Uncertainties related to trade tensions

Uncertainties related to trade tensions, particularly between the United States and its main trading partners (China and the EU), persist which fuel concerns about global economic growth and international currencies volatility.

As such, significant currency volatility is expected. We recommend traders to hedge their transactions over time horizons from 1 month to 3 months.

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# WEEKLY MAD INSIGHTS

## CURRENCIES

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### EUR/USD OUTLOOK – BLOOMBERG

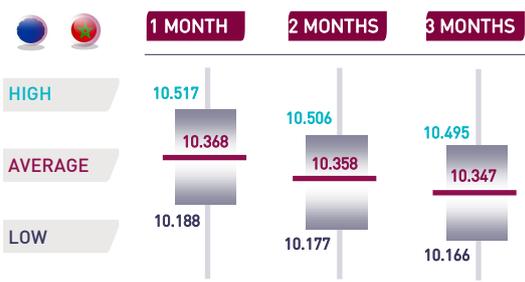
	SPOT	Q2-25	Q3-25	Q4-25	Q1-26	2026	2027	2028	2029
<b>MEDIAN</b>		1.13	1.14	1.15	1.16	1.18	1.20	1.20	1.20
<b>AVERAGE</b>	1.1362 05/23/2025	1.12	1.14	1.14	1.15	1.17	1.18	1.20	1.19
<b>+HIGH</b>		1.18	1.24	1.23	1.25	1.28	1.26	1.32	1.21
<b>+LOW</b>		1.08	1.07	1.06	1.04	1.02	1.12	1.12	1.12
<b>FORWARD</b>		1.14	1.15	1.16	1.16	1.18	1.20	1.22	1.23

Brokers' EUR/USD forecasts were stable this week. The pair is expected to trade at 1.12 in Q2-25 and 1.14 in Q3-25 through Q4-25 before reaching 1.15 in Q1-26. It is expected to reach 1.17 in 2026. Between 2027 and 2028, the pair is expected to reach 1.18 and then 1.20. In 2029, the target is 1.19.

In the United States, inflation fell to 2.3% in April after 2.8% in February and 2.4% in March. In the face of uncertainties related to trade tensions, the Fed decided a monetary pause in May, and Fed Funds rates remain in the range of [4.25% - 4.50%]. Markets have shifted their expectations for the next rate cut until September instead of June. Markets are currently pricing in an overall rate cut of -50 PBS by the end of 2025.

In the Eurozone, inflation stabilized at 2.2% in April. Markets expect at least two ECB rate cuts in 2025, including the next one in June. This is due to the disinflationary outlook that is supported by lower energy prices and the appreciation of the Euro, which makes imports cheaper. Inflation is thus expected to return to the 2% target over the MT. The ECB is now focusing on economic growth, given the negative impact of uncertainties related to trade tensions.

### REVIEW OF OUR 1, 2 AND 3 MONTHS HORIZON FORECASTS



Based on the average EUR/USD consensus of major brokers for Q2-25



Based on the average EUR/USD consensus of major brokers for Q2-25

Given the EUR/USD exchange rate forecast and liquidity conditions in the foreign exchange market, we have reviewed our USD/MAD exchange rate forecasts downwards for the 1-month, 2-month, and 3-month horizons.

Brokers' EUR/USD exchange rate forecasts still favor a depreciation of the Euro against the dollar over the 3-month horizon.

MAD liquidity spreads are expected to tighten very slightly from spot levels over the 1-month horizon and then gradually ease over the 2-month and 3-month horizons, returning to current levels.

Under these conditions, the target levels for the USD/MAD exchange rate are 9.36, 9.35, and 9.34 over the 1-month, 2-month, and 3-month horizons, compared to a spot rate of 9.21.

The target levels for the EUR/MAD exchange rate are 10.37; 10.36 and 10.35 at 1-month, 2-month and 3-month horizons against a spot price of 10.44.

### 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>	-0.86%	+0.36%	+0.93%	+0.28%	+0.61%	+0.59%
<b>1 MONTH</b>	-0.59%	-1.08%	-1.16%	-0.39%	+0.83%	-0.63%
<b>YTD</b>	-8.93%	-0.79%	-0.23%	-5.11%	-2.05%	-0.13%

Prices as of 05/23/2025



# APPENDICES

DATA AS OF MAY 27<sup>TH</sup>, 2025

## APPENDIX 1 : BLOOMBERG FORECASTS OF CURRENCY PAIRS TENORS

		Q2-25	Q3-25	Q4-25	Q1-26	2026	2027	2028
<b>FORECAST</b>	USD/JPY	144	142	140	139	135	130	119
<b>FORWARD</b>	143	142	141	139	138	135	131	127
<b>FORECAST</b>	USD/CAD	1.40	1.39	1.38	1.37	1.36	1.35	1.33
<b>FORWARD</b>	1.37	1.37	1.36	1.36	1.35	1.34	1.33	1.32
<b>FORECAST</b>	USD/CHF	0.83	0.83	0.82	0.82	0.82	0.82	0.84
<b>FORWARD</b>	0.82	0.82	0.81	0.80	0.79	0.77	0.74	0.71
<b>FORECAST</b>	GBP/USD	1.33	1.34	1.35	1.36	1.38	1.38	1.36
<b>FORWARD</b>	1.36	1.36	1.36	1.36	1.36	1.36	1.35	1.35

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

	Date	Q2-2025	Q3-2025	Q4-2025	Q1-2026	2026
BNP Paribas	05/23/25	1.14	1.16	1.18	1.19	1.22
Wells Fargo	05/23/25	1.12	1.12	1.11	1.1	--
Commerzbank	05/16/25	1.08	1.1	1.12	1.13	1.15
JPMorgan Chase	05/16/25	1.15	1.17	1.2	1.22	--
RBC Capital Markets	04/09/25	1.1	1.09	1.1	1.11	1.15
Standard Chartered	03/24/25	1.06	1.05	1.04	1.03	1.04
Maybank Singapore	05/26/25	1.13	1.14	1.15	1.16	1.19
Rabobank	05/23/25	1.11	1.11	1.13	1.14	1.18
Commonwealth Bank of Australia	05/22/25	1.1	1.12	1.15	1.17	1.23
Swedbank	05/22/25	1.15	1.18	1.18	1.2	1.22
Alpha Bank	05/21/25	1.13	1.16	1.18	1.2	1.2
Australia & New Zealand Banking Group	05/21/25	1.12	1.14	1.16	1.16	1.2
Banco Bilbao Vizcaya Argentaria	05/21/25	1.12	1.14	1.16	1.16	1.2
Credit Agricole CIB	05/21/25	1.12	1.13	1.14	1.13	1.1
Citigroup	05/21/25	1.16	1.17	1.19	1.19	1.17
DBS Group	05/21/25	1.12	1.13	1.15	1.16	1.2
AFEX	05/20/25	1.14	1.17	1.15	--	--

In gray, the main brokers selected to compute the EURUSD consensus for Q2-25  
Prices as at 05/27/2025

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