# WEEKLY MAD INSIGHTS

## CURRENCIES

23 JULY 2025

Week from 07/14/2025 to 07/18/2025

## MAIN WEEKLY VARIATIONS

| | | |
|---|---|---|
| USD/MAD | +0.37% | 9.0445 |
| EUR/MAD | -0.04% | 10.5303 |
| JPY/MAD | -0.76% | 6.0880 |
| CAD/MAD | +0.16% | 6.5913 |
| GBP/MAD | -0.25% | 12.1590 |
| CHF/MAD | -0.27% | 11.2830 |

| | USD/MAD | EUR/MAD |
|---|---|---|
| Basket Effect[1] | +0.25% | -0.16% |
| Market Effect[2] | +0.12% | +0.12% |

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

## INTERNATIONAL HIGHLIGHTS

EUR/USD

Parity W 1.1626
Parity W-1 1.1689
-0.54%


### Fed rate cut expectations decline

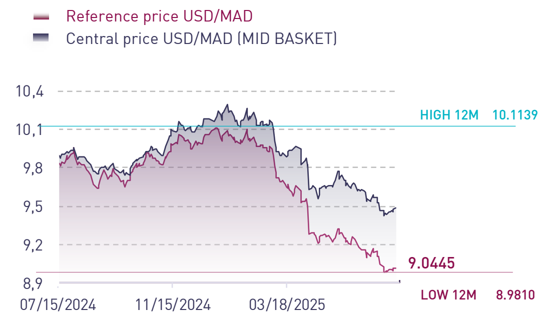
The EUR/USD pair depreciated for the 2nd consecutive week, falling by -0.54% from 1.1689 to 1.1626.

The Dollar's strength is explained by persistent inflation and solid economic data in the United States, which have reduced expectations of a rapid Fed rate cut.

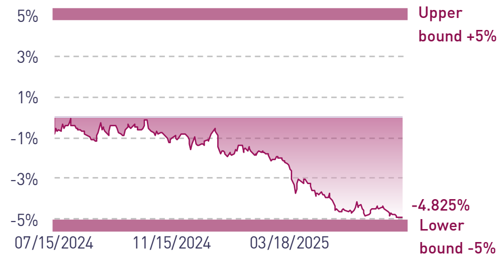
Indeed, the US consumer price index rose to 2.7% in June, after 2.4% in May, and US retail sales rose by +0.6% in June on a monthly basis after a decrease in May. This is explained by the impact of higher tariffs on prices, which is beginning to be felt.

Under these conditions, markets are anticipating 2 Fed Funds rate cuts of -25 BPS each by the end of 2025.

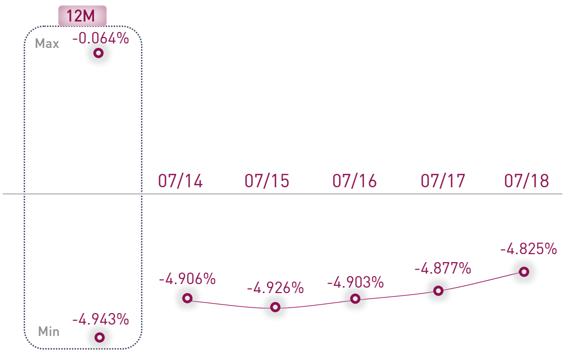
## MAD EVOLUTION AND FOREIGN EXCHANGE MARKET LIQUIDITY INDICATORS




Spread USD/MAD
07/18/2025 -4.825%
07/11/2025 -4.934%
+11.0 BPS




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




### Liquidity spreads at 3-year lows

The USD/MAD appreciated by +0.37%, from 9.01 to 9.04 this week.

This weekly evolution was driven by a double positive effect in favor of the Dollar. On the one hand, a *basket effect* of +0.25% as the Dollar's appreciated against the Euro this week. On the other, a *liquidity effect* of +0.12% as liquidity conditions for the Dirham have tightened this week.

Liquidity spreads thus narrowed by +11 BPS to -4.82%. Despite this change, these levels remain at their lowest levels in more than three years thanks to lower import flows related to the decrease in fuel price.

## VOLATILITY INDICATORS

| | USDMAD | EURMAD | JPYMAD | CADMAD | GBPMAD | CHFMAD |
|---|---|---|---|---|---|---|
| 1 MONTH | 4.29% | 2.29% | 6.39% | 2.74% | 4.12% | 3.82% |
| 2 MONTHS | 4.14% | 3.17% | 6.31% | 3.35% | 3.73% | 4.17% |
| 3 MONTHS | 4.37% | 3.68% | 7.06% | 3.42% | 3.78% | 5.14% |

### A volatility fueled by trade tensions

At the end of the 90-day pause since the announcement of the new tariffs, Trump announced tariffs on imports from several countries starting August 1st, which include a 30% rate on the EU. If trade negotiations fail by this new deadline, these tariffs would be applied.

In this context of high uncertainty, significant volatility is expected in the ST market. We recommend traders to hedge their transactions over time horizons of 1 to 3 months.


Attijari Global Research

**Lamyae Oudghiri**
Head of Market Activities
+212 529 03 68 18
l.oudghiri@attijari.ma

**Walid Kabbaj**
Senior Associate
+212 5 22 49 14 82
w.kabbaj@attijari.ma

**Nisrine Jamali**
Investor relations
+212 5 22 49 14 82
n.jamali@attijari.ma

Capital Market - Trading

**Yassine Rafa**
05 22 42 87 72 / 06 47 47 48 23
y.rafa@attijariwafa.com

**Amine Elhajli**
05 22 42 87 09
a.elhajli@attijariwafa.com

Capital Market - Sales

**Loubaba Alaoui Mdaghri**
06 47 47 48 34
l.alaouim@attijariwafa.com

Attijari Global Research




Sources : Bank Al-Maghrib, AWB Capital Market, AGR Computation & Estimates

WEEKLY

MAD INSIGHTS

CURRENCIES

23 JULY 2025

Week from 07/14/2025 to 07/18/2025

## EUR/USD OUTLOOK – BLOOMBERG

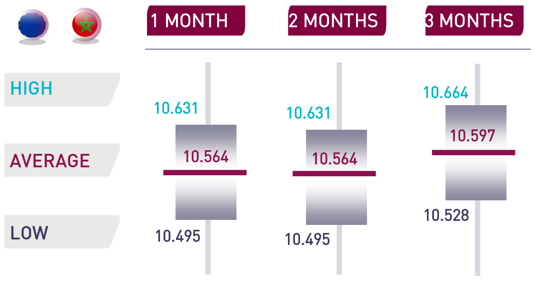
| | SPOT | Q3-25 | Q4-25 | Q1-26 | Q2-26 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|---|---|---|---|
| MEDIAN | 1.1626 07/18/2025 | 1.16 | 1.17 | 1.18 | 1.19 | 1.21 | 1.20 | 1.19 | 1.19 |
| AVERAGE | | 1.17 | 1.17 | 1.19 | 1.19 | 1.20 | 1.20 | 1.21 | 1.19 |
| +HIGH | | 1.24 | 1.23 | 1.25 | 1.26 | 1.28 | 1.30 | 1.30 | 1.20 |
| +LOW | | 1.05 | 1.07 | 1.10 | 1.08 | 1.07 | 1.13 | 1.18 | 1.18 |
| FORWARD | | 1.17 | 1.18 | 1.19 | 1.19 | 1.20 | 1.22 | 1.24 | 1.25 |

Brokers' forecasts for the EUR/USD pair were reviewed upwards this week. The pair is expected to reach 1.17 in Q3-25, up from 1.16 a week earlier. It is expected to stabilize at 1.17 in Q4-25 before rising to 1.19 in Q1-26, up from 1.18 initially. It is expected to remain at 1.19 in Q2-26 before rising to 1.20 in 2026. In 2027, the target level is 1.20, up from 1.19 the previous week. In 2028, the target is 1.21, up from 1.22 initially.

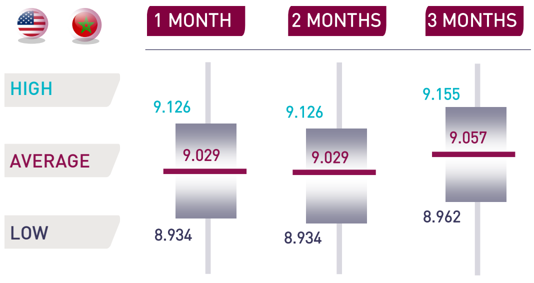
In the United States, inflation stood at 2.7% in June, up from 2.4% in May. In the face of uncertainties surrounding the impact of tariffs, the Fed is expected to maintain Fed Funds rates in the [4.25% - 4.50%] range in July. After the July 9th deadline has expired, new tariffs have been announced for several countries starting August 1st, including a 30% rate on imports from the EU. If trade negotiations fail by August 1st, these tariffs are expected to take effect. In this still uncertain environment, markets are anticipating a cumulative Fed Funds rates cut of -50 BPS by the end of 2025, with an initial rate cut of -25 BPS in September.

In the Eurozone, inflation stood at 2.0% in June, after 1.9% in May. Despite this slight increase, inflation remains in line with the ECB's 2% target. After deciding to cut the deposit facility rate by -25 BPS for the 8th time to 2.00% in June, the ECB is expected to decide a monetary pause in July in the face of uncertainties related to trade tensions. A final ECB rate cut by the end of the year 2025, however, remains likely.

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




Based on the average EUR/USD consensus of major brokers for Q3-25




Based on the average EUR/USD consensus of major brokers for Q3-25

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 favor an appreciation of the Euro against the Dollar over the 3-month horizon.

MAD liquidity spreads are expected to narrow very slightly relative to spot levels over the 1-month and 2-month horizons, then narrow slightly again over the 3-month horizon.

Under these conditions, the target levels for the USD/MAD exchange rate are 9.03; 9.03 and 9.06 over the 1-month, 2-month, and 3-month horizons, compared to a spot rate of 9.04.

The target levels for the EUR/MAD exchange rate are 10.56; 10.56 and 10.60 at 1-month, 2-month and 3-month horizons against a spot level of 10.53.

## MAD YTD PERFORMANCE DASHBOARD IN FRONT OF A REFERENCE BASKET

| | USD/MAD | EUR/MAD | JPY/MAD | CAD/MAD | GBP/MAD | CHF/MAD |
|---|---|---|---|---|---|---|
| 1 WEEK | +0.37% | -0.04% | -0.76% | +0.16% | -0.25% | -0.27% |
| 1 MONTH | -1.16% | -0.01% | -3.64% | -1.59% | -1.28% | +0.76% |
| YTD | -10.55% | +0.11% | -5.69% | -6.26% | -4.12% | +0.91% |

Prices as of 07/18/2025

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Sources : AWB Capital Market, Bloomberg, AGR Computations & Estimates

# APPENDICES

DATA AS OF JULY 22RD, 2025

## APPENDIX 1 : BLOOMBERG FORECASTS OF CURRENCY PAIRS TENORS

| | | Q3-25 | Q4-25 | Q1-26 | Q2-26 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|---|
| FORECAST | USD/JPY | 143 | 140 | 139 | 138 | 135 | 133 | 129 |
| FORWARD | 147 | 146 | 145 | 144 | 142 | 140 | 137 | 133 |
| FORECAST | USD/CAD | 1.37 | 1.36 | 1.35 | 1.35 | 1.33 | 1.34 | 1.33 |
| FORWARD | 1.37 | 1.37 | 1.36 | 1.35 | 1.35 | 1.35 | 1.34 | 1.33 |
| FORECAST | USD/CHF | 0.81 | 0.81 | 0.81 | 0.81 | 0.82 | 0.82 | 0.81 |
| FORWARD | 0.80 | 0.79 | 0.78 | 0.77 | 0.77 | 0.75 | 0.73 | 0.71 |
| FORECAST | GBP/USD | 1.36 | 1.36 | 1.37 | 1.38 | 1.40 | 1.40 | 1.40 |
| FORWARD | 1.35 | 1.35 | 1.35 | 1.35 | 1.35 | 1.35 | 1.35 | 1.34 |

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

| | Date | Q3-2025 | Q4-2025 | Q1-2026 | Q2-2026 | 2026 |
|---|---|---|---|---|---|---|
| Commerzbank | 07/18/25 | 1.18 | 1.2 | 1.22 | 1.24 | 1.25 |
| BNP Paribas | 07/14/25 | 1.18 | 1.2 | 1.22 | 1.23 | 1.25 |
| JPMorgan Chase | 07/11/25 | 1.19 | 1.2 | 1.22 | 1.22 | -- |
| Standard Chartered | 07/02/25 | 1.16 | 1.16 | 1.15 | 1.15 | 1.15 |
| Wells Fargo | 06/18/25 | 1.16 | 1.17 | 1.16 | -- | -- |
| RBC Capital Markets | 06/06/25 | 1.15 | 1.17 | 1.19 | 1.21 | 1.24 |
| Ebury | 07/22/25 | 1.14 | 1.15 | 1.16 | 1.17 | 1.18 |
| iBanFirst | 07/21/25 | 1.2 | 1.2 | 1.25 | 1.25 | 1.25 |
| Klarity FX | 07/21/25 | 1.16 | 1.16 | 1.18 | 1.18 | -- |
| Rabobank | 07/16/25 | 1.15 | 1.16 | 1.18 | 1.19 | 1.21 |
| ING Financial Markets | 07/15/25 | 1.15 | 1.18 | 1.18 | 1.18 | 1.2 |
| DZ Bank | 07/14/25 | 1.16 | 1.16 | 1.18 | 1.2 | -- |
| Landesbank Baden-Wuerttemberg | 07/14/25 | 1.12 | 1.1 | 1.13 | 1.15 | 1.18 |
| ABN Amro | 07/11/25 | 1.15 | 1.15 | 1.17 | 1.2 | 1.25 |
| Monex USA Corp | 07/11/25 | 1.15 | 1.15 | 1.16 | 1.17 | -- |
| AFEX | 07/10/25 | 1.18 | 1.15 | 1.23 | -- | -- |
| Ipopema Securities | 07/10/25 | 1.16 | 1.15 | 1.13 | 1.14 | 1.16 |

In gray, the main brokers selected to calculate the EURUSD consensus for Q3-25
Forecasts as of 07/22/2025



Sources : Bloomberg, AGR Computations & Estimates

# ATTIJARI GLOBAL RESEARCH


**HEAD OF STRATEGY**
Taha Jaidi
+212 5 29 03 68 23
t.jaidi@attijari.ma
Casablanca

**HEAD OF ECONOMY**
Abdelaziz Lahlou
+212 5 29 03 68 37
ab.lahlou@attijari.ma
Casablanca

**HEAD OF MARKET ACTIVITIES**
Lamyae Oudghiri
+212 5 29 03 68 18
l.oudghiri@attijari.ma
Casablanca

**SENIOR MANAGER**
Maria Iraqi
+212 5 29 03 68 01
m.iraqui@attijari.ma
Casablanca

**SENIOR ASSOCIATE**
Mahat Zerhouni
+212 5 29 03 68 16
m.zerhouni@attijari.ma
Casablanca

**SENIOR ASSOCIATE**
Meryeme Hadi
+212 5 22 49 14 82
m.hadi@attijari.ma
Casablanca

**SENIOR ASSOCIATE**
Walid Kabbaj
+212 5 22 49 14 82
w.kabbaj@attijari.ma
Casablanca

**INVESTOR RELATIONS ANALYST**
Nisrine Jamali
+212 5 22 49 14 82
n.jamali@attijari.ma
Casablanca

**FINANCIAL ANALYST**
Anass Drif
+212 5 22 49 14 82
a.drif@attijari.ma
Casablanca

**SENIOR ANALYST**
Inès Khouaja
+216 31 34 13 10
khouaja.ines@attijaribourse.com.tn
Tunis

**FINANCIAL ANALYST**
Ulderic Djadjo
+237 681 77 89 40
u.djadjo@attijarisecurities.com
Douala


## Equity

### BROKERAGE - MOROCCO


Abdellah Alaoui
+212 5 29 03 68 27
a.alaoui@attijari.ma

Rachid Zakaria
+212 5 29 03 68 48
r.zakaria@attijari.ma

Anis Hares
+212 5 29 03 68 34
a.hares@attijari.ma

Alae Yahya
+212 5 29 03 68 15
a.yahya@attijari.ma

Sofia Mohcine
+212 5 29 03 68 21
s.mohcine@attijari.ma

Mehdi Benchekroun
+212 5 29 03 68 14
m.benchekroun@attijari.ma


### AIS - MOROCCO


Tarik Loudiyi
+212 5 22 54 42 98
t.loudiyi@attijariwafa.com


### WAEMU - CÔTE D'IVOIRE


Mohamed Lemridi
+225 20 21 98 26
mohamed.lemridi@sib.ci


### BROKERAGE - TUNISIA


Hichem Ben Romdhane
+225 29 318 965
h.benrhomdane@attijaribank.com.tns


### CEMAC - CAMEROUN


Ernest Pouhe
+237 651 23 51 15
e.pouhe@attijarisecurities.com


## Bonds /Forex /Commodities

### MOROCCO


Mohammed Hassoun Filali
+212 5 22 42 87 24
m.hassounfilali@attijariwafa.com

Amine Elhajli
+212 5 22 42 87 09
m.elhajli@attijariwafa.com

Loubaba Alaoui Mdaghri
+212 6 47 47 48 34
l.alaouim@attijariwafa.com

Dalal Tahoune
+212 5 22 42 87 07
d.tahoune@attijariwafa.com


### EUROPE


Youssef Hansali
+33 1 81 69 79 45
y.hansali@attijariwafa.net


### EGYPT


Ahmed Darwish
+20 127 755 90 13
ahmed.darwish@attijariwafa.com.eg


### TUNISIA


Mehdi Belhabib
+216 71 80 29 22
mehdi.belhabib@attijaribank.com.tn


### MIDDLE EAST - DUBAÏ


Sherif Reda
+971 50 560 8865
sreda@attijari-me.com


### WAEMU - CÔTE D'IVOIRE


Abid Halim
+225 20 20 01 55
abid.halim@sib.ci


### CEMAC - GABON


Atef Gabsi (Gabon)
+241 60 18 60 02
atef.gabsi@ugb-banque.com

Elvira Nomo (Cameroun)
+237 67 27 34 367
e.nomo@attijarisecurities.com


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