

## Currency Outlook

### USDBDT Exchange Rate

Bangladesh's export earnings in the July-February period of the current financial year 2021-22 increased by 30.46% to USD33.84 billion from USD 25.86 billion in the same period of the previous fiscal year due to an outstanding performance by readymade garment products. Export earnings in February 2022 grew by 34.54% year-on-year to USD4.29 billion from USD 3.19 billion in the same month of 2021. The country received \$1.5 billion in remittances in February, which is the lowest in 21 months, 16% lower year-on-year. Compared to January, the remittances fell by 12.2% or about \$208 million as expatriates sent \$1.70 billion in remittances in that month. The textile market in Bangladesh is growing at a faster clip as annual sales have nearly doubled to USD9 billion in a span of five years riding on the production of diversified fabrics and the growing consumption of middle-income people. Over USD 600m garment exports to Russia at risk as various Russian lenders are excluded from the SWIFT system. The country's single-month import payments reached nearly US\$7.7 billion in January 2022, following higher purchase of textile items from the global market to supply buyers' orders properly. The settlement of letters of credit (LCs), generally known as actual import, in terms of value, rose by nearly 7.0 per cent to \$6.41 billion in January - from nearly \$6.0 billion in the previous month. The Asian Development Bank (ADB) will provide USD 297 million worth of loans to mitigate climate change impacts and facilitate water supply in Dhaka city. FX reserve stands at USD 43.9 bio followed by ACU payment of USD 2.2 bio. BB has sold USD 85 bio from reserve in last week.

**Outlook:** BDT is expected to continue depreciating in backdrop of continually rising import payments and keeping in mind competitiveness of exports.

### Global Currencies

#### EURUSD -3.02% weekly change ↓

EUR/USD collapses to as low as the vicinity of 1.0880 on the back of the intense rally in the greenback at the end of the week. In light of the ongoing price action, there is a palpable risk for a deeper decline sooner rather than later. If spot breaches 1.0885 then there are no support levels of significance until the 1.0770 region.

#### GBPUSD -1.34% weekly change ↓

GBP/USD stabilizes in 1.3200-1.3240 range during US trade, still set for big daily drop amid risk-off flows related to the Ukraine crisis and commodity price surge coupled with strong US jobs data weighed on the pair. Technical selling below the 1.3270 area aggravated the bearish pressure around the pair.

#### AUDUSD 1.94% weekly change ↑

AUD/USD is attempting a bounce back towards 0.7400 on receding fears over the Ukrainian nuclear power plant attack. Rallying commodity prices continued benefitting the aussie and remained supportive of the move. Bulls seemed unaffected by sustained USD strength and even shrugged off the risk-off impulse.

#### USDJPY -0.67% weekly change ↓

The USD/JPY finished the week with losses. A dismal market mood weighed on US Treasury yields and the USD/JPY. The pair is upward biased, first resistance level would be around 115.78. Breach of that would expose 116.00.

#### USDCNY 0.03% weekly change ↑

USD/CNY steady at 6.3191 before China's NPC meet starting Saturday. Parliament session likely to unveil economic support measures and new FX regulations may be announced to curb yuan gains. Another FX RRR hike possible as market may be too one-sided.

## Money Market and Interest Rate

### Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	5,670	-25.95%	4.20%	0.43%
Repo	2,439	0.32%	4.45%	0.54%
Term	42	18.38%	6.35%	1.31%

Excess reserve (Excess CRR: un-invested cash) in banking system came down to BDT 321 bio by end of Dec 2021 from BDT 441 bio as of end of Nov 2021. But total liquid asset (excess of min required asset) including excess investment in government treasury securities remained almost similar at BDT 2.17 trio at end of Dec 2021 compared to BDT2.19 trio as of Nov 2021. Market liquidity was up compared to last week due to maturity of T-securities.

**Auction:** Auction for 91D & 364D T-bill held on 07 Mar 2022 and yield decreased by 01bps to 2.14% and increased by 25bps to 3.64% respectively. **Outlook:** Money Market is likely to be moderately liquid in the current month as the auction and maturity volume is almost same in the Treasury auction.

### Interest Rate

Collection of tax revenue, largely import-stage revenue, grew by 15.75% in the first seven months of FY22. NBR collected BDT 1.53-trio tax during the July-January period, up by BDT 208.21 bio than that of the same period last year.

Bangladesh bank has circulated monetary policy for 2<sup>nd</sup> half of current fiscal year. Target for all indicators remain same. But BB has expressed to work with each indicator to monitor the market liquidity and managing inflationary risk. Managing inflation is going to be the Big task. Food inflation facing the poor and the marginalized in Bangladesh is more than twice the official figure since the national statistical agency relies on an old base year that does not reflect reality, said the South Asian Network on Economic Modeling (Sanem). The prices of edible oil rose further and those of onions, beef and fish increased over the week ending Friday. To adjust for the high global oil prices, Bangladesh's energy regulator raised the retail prices of LPG by 12.17% for March trading - the price of the 12kg cylinder is now BDT1,391 (+BDT151 MoM). In just a week since the Russia-Ukraine War, Price increase in international market: Wheat 46% (YOY 107%), LNG 66% (YOY 610%), Crude Oil 31% (YOY 95%), Palm Oil YOY 67%. All these are going to have high pressure on inflation numbers.

The rising trend of commodity prices both in domestic and international market might influence import driven credit growth to move up. According to the central bank's latest statistics, the credit flow rose to 11.07% in January 2022 YOY from 10.68% a month before.

**Outlook:** Interest rate is expected to maintain an upward trajectory owing to USDBDT exchange rate volatility, increased credit demand infused from higher import volume and inflationary pressure in both domestic and international market.

### Capital Market

- BSEC has asked DSE to arrange training and awareness programmes for senior officials of all brokerage houses to avoid unscrupulous incidents, including investors' fund embezzlement occurred in recent times
- On 28 Feb, DSEX lost 163.29 points-billed the highest single-day fall since April 4, 2021. DSEX also had lost 109.23 points in the previous trading session executed Thursday. As a result, the broad index sank 3.92 per cent or 272.52 points in the last couple of sessions.

## Market Synopsis

### Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
03-Nov-21	7 days (BB Bill)	1.95%	1.95%
10-Nov-21	14 Days (BB Bill)	2.46%	2.45%
18-Nov-21	30 Days (BB Bill)	2.65%	2.44%
07-Mar-22	91 Days	2.14%	2.15%
28-Feb-22	182 Days	2.68%	2.68%
07-Mar-22	364 Days	3.64%	3.39%
02-Feb-22	2 Years	4.58%	4.81%
09-Feb-22	5 Years	5.81%	6.50%
16-Feb-22	10 Years	6.48%	7.10%
23-Feb-22	15 Years	7.36%	7.36%
23-Feb-22	20 Years	7.58%	7.67%

### Capital Market

Index	Value	Weekly %	USD LIBOR Tenor	LIBOR
DSEX	6,456.51	-3.29%	1M	0.31014
FTSE 100	6,890.99	-7.99%	2M	N/A
Nikkei 225	25,221.41	-4.74%	3M	0.61014
Dow Jones IA	33,614.80	-1.30%	6M	0.93943
S&P 500	4,328.87	-1.27%	1Y	1.35286

### Commodities

Commodity (unit)	Latest Price	Weekly Change	USD SOFR Tenor	SOFR
Brent Crude Oil (BBL)	118.11	20.61%	Overnight	0.05000
Gold (OZS)	1,987.50	5.29%	1M	0.24395
ICE-US Cotton (LBS)	120.20	-1.87%	3M	0.40935
Soybean (BSH)	1,676.25	5.41%	6M	0.66806
Wheat (BSH)	1348.00	59.91%	1Y	1.03147
Sugar (LBS)	19.35	7.56%	Source	Reuters CME Term SOFR
Palm Oil (Tonne)	1,729.75	8.14%		
Steel (Tonne)	1,175.00	16.34%		

### Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.01%	12.20%	0.90%	5.86%
GDP Annual Growth Rate	5.40%	3.94%	4.00%	5.47%
Policy Repo Rate	4.00%	8.75%	3.70%	4.75%
Government Bond 10Y	6.89%	11.16%	2.84%	6.48%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	8.00%	5.50%	5.80%	0.50%
GDP Growth Rate	7.00%	1.00%	0.30%	1.30%
Unemployment Rate	3.80%	4.10%	6.80%	2.80%
Base Rate	0.25%	0.50%	0.00%	-0.10%
Government Bond 10Y	1.73%	1.25%	0.63%	0.16%

\*10-Year Eurozone Central Government Bond Par Yield Curve

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