

Currency Outlook

USDBDT Exchange Rate

The demand for foreign currency in the interbank market to meet import payment requirements remains significantly high. Bangladesh Bank is continuing to sell USD fund to banks. From Mar 01, 2022 to Mar 16, 2022 the central bank sold USD 300 mio to banks. (BAFEDA). As on 15 Mar 2022, FX reserves stood as USD 44.187 bio, down from 46.016 bio at the end of Feb 2022.

Bangladesh's overall imports jumped by 52.5% in the first seven months of this fiscal year due to higher imports of fuel oil and capital machinery. The settlement of letters of credit (LCs), generally known as actual import, in terms of value, rose by US\$15.66 billion to \$45.48 billion during the July-January period of FY 2021-22 from \$29.82 billion in the same period of the previous FY, according to the central bank's latest statistics. High prices of essential commodities, including petroleum products, in the global market have pushed up the country's overall import payments during the period under review. The import of petroleum products rose by 89.24 per cent to \$4.04 billion during the period under review from \$2.13 billion in the same period of FY'21. The import of capital machinery or industrial equipment used for productions jumped by over 61 per cent to \$3.05 billion during the July-January period of FY'22 from \$1.89 billion in the same period of FY'21. It is expected that the upward trend in imports pressure may relax in the coming months ahead of the holy month of Ramadan.

Outlook: BDT is expected to continue depreciating against USD in the coming days

Global Currencies

EURUSD 1.28% weekly change ▲

EUR/USD falls back to mid-1.10s amid euro profit-taking following strong week & hawkish Fed commentary. From a technical perspective, EUR/USD continues to find support at an uptrend from the earlier monthly lows and if the pair can push above resistance in the 1.1100-1.1130 zone, that could open the door to a run back towards pre-Russia invasion levels at 1.1300.

GBPUSD 1.07% weekly change ▲

GBP/USD stays on the back foot on Friday and declines toward 1.3100 with the dollar continuing to gather strength. GBP/USD was last seen trading below 1.3150. If this level turns into resistance, the next bearish targets are located at 1.3100 and 1.3050.

AUDUSD 1.78% weekly change ▲

The Australian dollar seems unable to confirm above 0.7400 on Friday, although it remains moderately positive, with downside attempts supported above 0.7380. The pair remains 1.5% up on weekly charts, yet the bullish momentum observed in the previous two days seems to have faded.

USDJPY 1.61% weekly change ▲

USD/JPY hits fresh multi-year high, holds above 119.00 amid resurgent USD demand. A softer risk tone could benefit the safe-haven JPY and cap gains amid overbought conditions.

USDCNY 0.35% weekly change ▲

USD/CNY charges up, bulls revived ahead of Biden-Xi call. USD/CNY charges back up to 6.3585, clearing key resistance. Stronger indicator would be a close above 6.3628. That could set it on path toward at 6.4077. Potential for sanctions if China materially supports Russia

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	8,162	-4.12%	2.15%	-0.51%
Repo	2,253	4.86%	1.96%	-0.29%
Term	64	-24.94%	5.43%	0.35%

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 trillion at end of Dec 2021 compared to BDT 2.19 trillion as of Nov 2021. **Auction:** Auction for 5Y T-Bond took place last week and yield increased by 44 bps to 6.25%. Auction for 91D & 364D T-bill held on 21 Mar 2022 and yield increased by 74bps to 2.99% and increased by 61bps to 4.25% 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

Inflation in Bangladesh jumped to 6.17% in Feb'22, the highest in 16 months, driven by soaring costs of foods. The consumers had to spend

6.22% more than a year ago to buy foods in Feb'22. Non-food inflation declined 16 basis points to 6.10% in Feb'22 from the prior month. The previous high of inflation was reported in October 2020 when it stood at 6.44%. Higher prices in the international market, mismatch in supply and demand, and weak market monitoring have fuelled the profiteering tendency among businesses, thus contributing to the unusual price escalation, stated by Executive Director Selim Raihan of The South Asian Network on Economic Modelling (Sanem), the economic think tank.

The government is not willing to increase domestic energy prices right now, although the prices in the international market are in a volatile situation following the ongoing Russia-Ukraine war, State Minister for Power, Energy and Mineral Resources Nasrul Hamid said on Monday.

Government borrowed approx. BDT 186 bio from market during July-21 March of FY22 whereas the amount was BDT 262 bio in similar period of FY21. Lower ADP implementation and increased flow from external side on financial account side lowered the borrowing from banking system. But in last quarter of FY22 government borrowing from banking system is expected to increase.

Outlook: Interest rate is expected to maintain an upward trajectory owing to USDBDT exchange rate volatility, increased credit demand infused from higher

Capital Market

- BSEC has planned to bring third parties or intermediaries under the RJSC to check irregularities in the process of registering companies. The third parties will be engaged under a licensing mechanism to make them accountable
- Share price of BDCOM Online jumped 86 % in two consecutive sessions despite having no undisclosed price sensitive information (PSI). The company topped the chart of top 10 gainers in previous two sessions executed on Dhaka Stock Exchange (DSE).

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%
21-Mar-22	91 Days	2.99%	2.25%
14-Mar-22	182 Days	2.85%	2.68%
21-Mar-22	364 Days	4.25%	3.64%
09-Mar-22	2 Years	4.75%	4.58%
16-Mar-22	5 Years	6.25%	5.81%
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	6,698.04	-1.00%	1M	0.44657
FTSE 100	7,404.73	3.48%	2M	N/A
Nikkei 225	26,827.43	6.62%	3M	0.93400
Dow Jones IA	34,754.93	5.50%	6M	1.28757
S&P 500	4,463.12	6.16%	1Y	1.78643

Commodities

Commodity (unit)	Latest Price	Weekly Change	USD SOFR	
			Tenor	SOFR
Brent Crude Oil (BBL)	116.42	-4.21%	Overnight	0.30000
Gold (OZS)	1,921.09	-3.23%	1M	0.30658
ICE-US Cotton (LBS)	126.86	4.82%	3M	0.51604
Soybean (BSH)	1,668.00	-1.35%	6M	0.84590
Wheat (BSH)	1,063.75	-2.41%	1Y	1.34162
Sugar (LBS)	18.93	-1.61%	Source	Reuters CME Term SOFR
Palm Oil (Tonne)	1,456.75	-17.03%		
Steel (Tonne)	1,134.00	0.80%		

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.07%	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	6.78%	11.65%	2.80%	6.48%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	7.90%	5.50%	5.90%	0.90%
GDP Growth Rate	7.00%	1.00%	0.30%	1.10%
Unemployment Rate	3.80%	3.90%	6.80%	2.80%
Base Rate	0.50%	0.75%	0.00%	-0.10%
Government Bond 10Y	2.15%	1.50%	1.00%	0.22%

*10-Year Eurozone Central Government Bond Par Yield Curve

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