

Currency Outlook

USDBDT Exchange Rate

Remittance inflow dropped by 17.74% year-on-year in 9MFY22 even after the announcement of a higher cash incentive in January by the government to encourage the expatriates to send more money to the country. In 9MFY22, remittance inflow slides to USD 15.3 billion from USD 18.6 billion in the same period of FY21. In Mar'22, the expatriates sent USD 1.86 billion to the country, lower than USD 1.91 billion inflow in the same month last year. At the same time, the demand for dollars from the country's banks has increased due to higher import costs. The country's reserves have already decreased by about \$4 billion. reserves stood at \$44.19 billion, down from \$48 billion in August last year.

In the first seven months of the current fiscal year 2021-22, in July-January, the rate of opening letter of credit (LC) increased by 49%. Export income, however, rose by about 31%. Bangladesh's current-account deficit exceeded the \$10-billion mark during the period under review following the higher import payments alongside lower inflow of remittances. The current-account deficit rose to \$10.06 billion during the July-January period of FY'22 from \$8.18 billion a month ago. It was a \$1.56 billion surplus in the same period of FY'21. The trade gap with the rest of the world increased over 82% or \$8.43 billion to \$18.69 billion during the July-January period of FY 2021-22, from \$10.27 billion in the same period of FY'21, according to the central bank's latest statistics.

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

Global Currencies

EURUSD 0.64% weekly change ↑

EUR/USD stays under bearish pressure and trades deep in negative territory below 1.1050. The dollar continues to gather strength after labor conditions tightened and business activity continued to expand at a robust pace in March. EUR/USD faces immediate resistance at 1.1080.

GBPUSD -0.61% weekly change ↓

GBP/USD came under renewed bearish pressure and extended its slide to the 1.3100 and USD Index stays in positive territory on the back of the upbeat March jobs report and Manufacturing PMI data. 1.3100 aligns as key support and 1.3135 seen as interim resistance.

AUDUSD -0.13% weekly change ↓

The AUD/USD fails to reclaim the 0.7500 mark for the seventh straight trading day. The pair topped around the 0.7500 mark, exposing the AUD/USD to downward pressure. The first support level would be at 0.7478. A sustained break would expose 0.7441.

USDJPY 0.35% weekly change ↑

The USD/JPY recovers after dipping 350-pips in the week, rallying above the 122.00 mark on a buoyant market mood and a strong US dollar. The USD/JPY first resistance would be 123.00. Breach of this would expose 124.00.

USDCNY -0.06% weekly change ↓

USD/CNY climbs to 6.3457; SSEC turns +0.1% from -0.6%. China monetary policy easing appears more necessary. Caixin PMI 48.1 from prev 50.4, worse than expected 50.0. PBOC fix again above forecasts at 6.3509 vs estimate 6.3473. PBOC drains CNY90 bln; month end liquidity boost over.

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	5,257	-7.05%	3.11%	0.87%
Repo	4,206	28.30%	2.50%	0.64%
Term	73	82.19%	6.29%	-0.49%

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. **Auction:** Auction for 15Y & 20Y T-Bond took place last week and yield increased by 26 bps to 7.62% and 17bps to 7.75% respectively. Auction for 91D & 364D T-bill held on 03 Apr 2022 and yield remained increased by 100 bps to 3.99% and 119 bps to 5.44% respectively. **Outlook:** Money Market liquidity is likely to be strained as the current month treasury auction volume is larger than market maturity.

Interest Rate

Bangladesh's total foreign debts snowballed to some US\$65 billion, as of February, enlarging the servicing liability to the external lenders, thus increasing strains on the national budget. In the foreign debts, general government's unpaid loan is \$56.62 billion while the state-owned enterprises' (SoEs) outstanding loan was some \$8.5 billion, latest Economic Relations Division (ERD) statistics show. An analysis shows that the per-capita external debt of Bangladesh people has stood at some \$387 till February this fiscal. The debt rose by 14.95% to \$51.13 billion in FY2020 and by 17.64% to \$60.15 billion in the last FY2021. The government repaid US\$1.34 billion in first eight months of the current fiscal year against its outstanding loans, 12.44% higher than the corresponding period, ERD data show.

BB's continuous USD selling to support USDBDT exchange rate has put pressure in interest rate and Treasury yield curve. Till 31 March in FY22, total BDT 332.06 billion is swept away from market against USD purchases by banks from the central bank. Such pressure on external balance will keep upward push on inflation as well. The Bangladesh Bank has decided to impose ceiling on the non-bank financial institutions' lending rate. The cap on lending rate is expected to be 12%, while deposit rate at 8%. The central bank might issue a circular in this regard soon.

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 all listed companies to provide information about loans sanctioned by banks or other financial institutions against a lien or pledge of shares of their directors and shareholders who hold more than 10% shares of the company. The companies have also been asked to give information about their directors and shareholders who took margin loans from stockbroker or portfolio manager.
- DSE recently held a meeting with Partex Star Group to assess its associated and subsidiary companies' inherent capacity to go public and to motivate the group in offloading the shares of its associated companies in the stock market

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%
04-Apr-22	91 Days	3.99%	2.99%
14-Mar-22	182 Days	2.85%	2.68%
04-Apr-22	364 Days	5.44%	4.25%
09-Mar-22	2 Years	4.75%	4.58%
16-Mar-22	5 Years	6.25%	5.81%
23-Mar-22	10 Years	7.11%	6.48%
30-Mar-22	15 Years	7.62%	7.36%
30-Mar-22	20 Years	7.75%	7.58%

Capital Market

Index	Value	Weekly %	USD LIBOR Tenor	LIBOR
DSEX	6,771.92	0.45%	1M	0.44514
FTSE 100	7,537.90	0.73%	2M	N/A
Nikkei 225	27,665.98	-1.72%	3M	0.96200
Dow Jones IA	34,818.27	-0.12%	6M	1.48914
S&P 500	4,545.86	0.06%	1Y	2.17157

Commodities

Commodity (unit)	Latest Price	Weekly Change	USD SOFR Tenor	SOFR
Brent Crude Oil (BBL)	104.39	-13.48%	Overnight	0.29000
Gold (OZS)	1,924.30	-1.69%	1M	0.29328
ICE-US Cotton (LBS)	134.55	-0.99%	3M	0.67343
Soybean (BSH)	1,582.75	-7.46%	6M	1.07229
Wheat (BSH)	984.50	-10.68%	1Y	1.68443
Sugar (LBS)	19.37	-1.22%	Source	Reuters CME Term SOFR
Palm Oil (Tonne)	1,511.25	-3.82%		
Steel (Tonne)	1,540.00	37.13%		

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.07%	12.20%	0.90%	6.17%
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	6.84%	11.89%	2.82%	7.11%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	7.90%	6.20%	7.50%	0.90%
GDP Growth Rate	7.00%	1.30%	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	2.39%	1.61%	1.26%	0.23%

*10-Year Eurozone Central Government Bond Par Yield Curve

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