

## Currency Outlook

### USDBDT Exchange Rate

Interbank rate remains at USD/BDT 84.80 with transactions taking place up to USD/BDT 84.8015. Interbank market is still liquid and central bank is continuing purchase of USD funds, albeit in less volume, from interbank market. Reserves stand at USD 45.459 bio (as on 17 Jun 2021) which is deemed sufficient to cover upcoming 7 months import payment requirements. While import (both opening and settlement) of capital machineries and petroleum have both decreased, import of consumer goods have risen considerably. Opening and settlement of consumer good LCs have increased 29.17% and 17.55% respectively in Jul-Apr FY21.

Central bank has extended the relaxation of several policies regarding import trade for six more months, until the end of December later this year considering ongoing COVID-19 pandemic. Under the policy support, raw materials, agricultural implements, and chemical fertilizers can be imported for 360 days instead of 180 days under supply or buyer's credit schemes. On the export front, quicker vaccination drive is required to enthruse buyers to come to the country. Air travels between Bangladesh and buyer countries will not become normal if people are not immunized.

**Outlook:** Exchange rate is expected to remain stable with ongoing remittance inflows and satisfactory export volume against rising imports. In the long term, BDT is expected to depreciate gradually against the USD.

### Global Currencies

#### EURUSD 2.05% weekly change ↓

The pair posted its largest weekly decline for 2021. The next support area comes at 1.1840, followed by the 1.1770 price zone. The pair needs to recover above 1.1985, the 50% retracement of the mentioned rally, to have chances of recovering further, eyeing then the 1.2060/70 price zone.

#### GBPUSD 2.18% weekly change ↓

Cable's sharp fall sent momentum on the daily chart to negative territory for the first time since April. Support is at 1.3855, it is followed by 1.3800. Resistance is at 1.3930, then by 1.4010. Above 1.4140 and 1.4220 are eyed.

#### AUDUSD 2.94% weekly change ↓

Demand for the USD soared as equities plunged on US taper expectations, the perfect scenario for a bearish AUD/USD. The pair has an immediate support level at 0.7461. The next relevant level is 0.7395.

#### USDJPY 0.54% weekly change ↑

The overall scope for the pair is for gains above 110.97 peak, which would add to the bullish outlook. Support levels are 109.80 and 109.35, Resistance levels are 110.60 and 110.97.

#### USDCNY 0.86% weekly change ↑

USD/CNY fixed at 6.4361 from previous 6.4298. PBOC seen as not averse to weaker CNY. Simmering China-U.S. tensions weigh on yuan sentiment too. Resistance are at 6.4600 and 6.4680, support are at 6.4380 and 6.4300.

## Money Market and Interest Rate

### Money Market

Similar to previous weeks, money market maintained its high liquidity status. Daily avg. call money transaction increased by 6.21% to BDT 32.67 bio, while the weighted avg. rate decreased by 7 bps to 2.17%. SNDs and repos are the more popular instruments in the market. Daily avg. repo transaction decreased by 1.85% to BDT 22.46 bio, with a weighted avg. rate of 0.76%.

**Treasury Auction:** Auctions for 91D T-bill and 5Y T-bond for BDT 15 bio & 20 bio respectively were held last week. Yield decreased by 20 bps for 91D T-bill and 15 bps for 5Y T-bond. Auction for 182D T-bill (BDT 15 bio) was held this Sunday. Yield decreased by 19 bps to 0.58%.

**Outlook:** Market is expected to remain liquid at least till the end of this year due to lack of alternative investment opportunity in market and further uncertainty due to second wave of the COVID-19 pandemic.

### Interest Rate

Interest spread in banking sector for Apr21 remain almost same as both weighted average lending and deposit rate declined in same magnitude compare to Mar21. Weighted average lending rate in came down to 7.40% from 7.45% and weighted average deposit rate declined to 4.36% from 4.40%. Due to the outbreak of coronavirus and the subsequent economic fallout, the credit disbursement from the banking sector has remained dull though huge amount of liquidity in the banking system has been injected by implementing stimulus packages and the purchase of dollars by BB.

The government's liabilities for 2021-22, are expected to rise marginally, focusing more on foreign liability and reducing domestic liability. Total liability may rise over 6% to BDT 3.4 trillion in FY22 where domestic liabilities are expected to fall by 5.0% to approximately BDT 2.3 trillion. Estimated bank borrowing is BDT 764.5 billion (net), down by over 4.0% than that of the revised estimation of the current fiscal. Besides, the foreign liabilities might stand at approximately BDT 1.2 trillion, up by 38% than the revised estimation which is BDT 857 mio. According to a finance ministry officials, most of the government foreign loan's negotiated rate is 2% which will ultimately reduce government's liability expense.

**Outlook:** Poor credit disbursement and excess surplus liquidity in banking sector are expected to act as major contributors behind the downward interest rate movement for upcoming periods.

### Capital Market

●BSEC issued a directive on standardizing price movement system in which securities regulator has lifted floor prices of all listed securities including newly listed companies.

●The IPO subscription of Baraka Patenga Power has started to raise BDT 2.25 billion under the book-building method. The minimum and maximum amount allowed for subscription for the general public would be BDT 10,000 (or its multiples) and 50,000 respectively. The cut-off price of shares of the company has been fixed at BDT 32 each.

## Market Synopsis

### Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
20-Jun-21	91 Days	0.59%	0.79%
21-Jun-21	182 Days	0.58%	0.77%
14-Jun-21	364 Days	1.30%	1.40%
09-Jun-21	2 Years	2.57%	2.72%
16-Jun-21	5 Years	3.88%	4.03%
19-May-21	10 Years	5.80%	5.73%
27-May-21	15 Years	6.19%	6.25%
27-May-21	20 Years	6.74%	6.71%

### USD LIBOR

1M	2M	3M	6M	1Y
0.0910	0.1185	0.1349	0.1563	0.2401

### Capital Market

Index	Value	Weekly Change
DSEX	6,069.41	0.55%
FTSE 100	7,017.47	-1.63%
Nikkei 225	28,964.08	0.05%
Dow Jones IA	33,290.08	-3.45%
S&P 500	4,166.45	-1.91%

### Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	73.51	1.13%
Gold (OZS)	1,763.34	-6.04%
ICE-US Cotton (LBS)	84.42	-2.97%
Soybean (BSH)	1,396.00	-7.46%
Wheat (BSH)	662.75	-2.64%
Sugar (LBS)	16.43	-6.33%
Palm Oil (Tonne)	867.75	-7.59%
Steel (Tonne)	1,661.00	0.85%

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	4.29%	10.87%	1.30%	5.26%
GDP Annual Growth Rate	1.60%	-0.38%	18.30%	5.24%
Policy Repo Rate	4.00%	7.00%	3.85%	4.75%
Government Bond 10Y	6.01%	9.77%	3.13%	5.80%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	5.00%	2.10%	2.00%	-0.10%
GDP Growth Rate	6.40%	-1.50%	-0.30%	-1.00%
Unemployment Rate	5.80%	4.70%	8.00%	2.80%
Base Rate	0.25%	0.10%	0.00%	-0.10%
Government Bond 10Y	1.44%	0.76%	0.18%	0.07%

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

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For further information please contact:

Treasury & Financial Institutions, BRAC Bank Limited

Phone: +88028801255-60

E-mail: dealing.room@bracbank.com

Bloomberg: BRAC; REUTERS: BRAC; SWIFT: BRAKBDH