

## Currency Outlook

### USDBDT Exchange Rate

Remittance inflow to the country dropped around 25% in Sept to \$1.54 billion compared to Aug, making it the lowest in seven months. The total remittance inflow in the current financial year is USD 5.67Bn compared to USD5.41 Bn during the same period last year. However, the number of Bangladeshi workers who headed to the Middle East countries in search of jobs surged 177% year-on-year in the first eight months of 2022, official figures showed.

Bangladesh's export earnings saw a 6.25% negative growth year-on-year in Sept this year, following a more than 14% growth a month ago. EPB data shows, the country raked in USD3.9 Bn last month. However, the earnings were USD4.16 Bn in the same period last year (2021), said the EPB. However, garment exports to the US rose 54.43% year-on-year in the January-July period to hit USD5.71 Bn as the demand for locally made garment items is growing among American consumers.

Interbank market is still showing huge demand for USD to meet foreign currency payments. July-August period of fiscal 2022-23, the trade deficit stood at USD4.55 Bn, an increase of 6.30% or USD27 Mn compared to USD4.28 Bn in the same period last fiscal. BB sold USD 3380.9 mio to banks from 01 Jul till date. FX reserves currently stand at USD 36.44 bio (28 Sep 22 data)

**Outlook:** In the global markets, if commodity prices continue downward movement and recession hits global economy, USD may depreciate gradually though not in immediate future.

### Global Currencies

#### EURUSD 1.09% weekly change ▲

EUR/USD rises back above 0.9800 amid USD weakness. Although the pair's further upside appears elusive amid the sluggish euro area PMIs and the deepening European energy crisis. Focus shifts to US ISM PMI. 0.9800 aligns as first support before 0.9750 and 0.9700.

#### GBPUSD 2.76% weekly change ▲

GBP/USD is holding gains above 1.1200, off weekly highs. GBP bulls assess the UK government's reversal to scrapping higher income tax rate cuts. On the upside, immediate resistance at 1.1240 ahead of 1.1300. In case buyers managed to flip the latter into support, additional gains toward 1.1450 could be witnessed.

#### AUDUSD -1.98% weekly change ▼

AUD/USD sticks to gains near mid-0.6400s, lacks follow-through ahead of RBA on Tuesday. The AUD/USD pair attracts some dip-buying around the 0.6475 area. The pair is now placed above the 0.6500 psychological mark, though lacks bullish conviction.

#### USDJPY 0.98% weekly change ▲

USD/JPY retreats from over one-week high, slides back below 145.00 mark. Fears of intervention by the Japanese government extend support to the JPY and caps the pair. A softer tone around the US bond yields undermines the USD and attracts sellers at higher levels.

#### USDCNY -0.23% weekly change ▼

USD/CNY held down by intervention jitters; FX rules eyed. Bulls may need to review their bets, pare positions for now. If PBOC intervenes, China could then cut rates. Intervention to strengthen yuan seems unwarranted, too abrupt.

## Money Market and Interest Rate

### Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	5,292.06	44.49%	5.53%	-0.01%
Repo	2,911.75	19.17%	6.41%	0.01%
Term	59.34	-40.62%	7.62%	-0.011%

Excess reserve (Excess CRR: un-invested cash) in banking system increased to BDT 268 bio by end of Jun'22 from BDT 220 bio as of end of May'22. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased to BDT 2.03 trio at end of Jun'22 from BDT 1.89 trio as of May'22.

**Auction:** BDT 25.00 bio (91D) and 15.00 bio (182D) auction held yesterday. 91D remained unchanged and 182D yield increased by 2 bps. Market took BDT 8.38 bio and BDT 9.34 bio from 91D and 182D auction respectively, rest was devolved on BB.

**Outlook:** Money Market is expected to remain moderately tight for uncertainty of repo support from Bangladesh Bank.

### Interest Rate

Bangladesh Bank increased benchmark rate (Repo rate) by 25 basis points to 5.75% on 29 September 2022. This is second time rise in three months' time. But the rate increase will have no impact on the raging inflation due to lack of monetary transmission for the existing rate cap. Private sector credit growth has already reached 14.07% (YOY) in August which has surpassed Bangladesh Bank target of 13.6% by Dec. 2022. Money market liquidity is facing tightening pressures from multiple sides, which includes increases on the borrowing front, slow down on the deposits front, and external side led tightening. Overall, in July, excess liquidity was down 7% MoM to BDT1,900bn (-12% YoY). Foreign debt flow to Bangladesh decreased by 24.4% to USD 864mn in this July-August period, prompted by US rate hikes and BDT depreciation against USD. Bank deposits are also down by BDT58bn in a month to stand at BDT14,653 bn in July. Bangladesh Bank has sold USD 3.4 bio to inter-bank till 29 Sept 2022, which effectively mopped out BDT 326 billion from the banking channel.

**Outlook:** Interest rate expected to remain upward due to the inflationary pressure and foreign exchange crisis.

### Capital Market

- CSE is attempting to launch commodities exchange this year. BSEC Chairman opined that this exchange will lead to stabilizing commodity prices in the local market through integration with the foreign market and contribute to the country's development.
- Board of Directors of Walton Hi-Tech Industries PLC approved 250% cash dividend for the general shareholders and 150% cash dividend for sponsors and directors for financial year 2021-2022.
- Chartered Life Insurance will issue 15 Mn shares in the stock market through an initial public offering (IPO). And 15%, or 2.25 Mn, of the primary shares would be sold to the employees of the company.

## 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%
03-Oct-22	91 Days	6.04%	6.04%
03-Oct-22	182 Days	6.50%	6.48%
26-Sep-22	364 Days	6.83%	6.83%
07-Sep-22	2 Years	7.52%	7.52%
14-Sep-22	5 Years	7.77%	7.81%
21-Sep-22	10 Years	8.10%	8.19%
28-Sep-22	15 Years	8.50%	8.56%
28-Sep-22	20 Years	8.55%	8.65%

### Capital Market

Index	Value
DSEX	6,526.34
FTSE 100	6,893.81
Nikkei 225	26,110.91
Dow Jones IA	28,725.51
S&P 500	3,585.62

### USD LIBOR

Tenor	LIBOR
1M	3.14271
2M	N/A
3M	3.75471
6M	4.23200
1Y	4.78057

### Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	87.96	2.10%
Gold (OZS)	1,661.60	1.13%
ICE-US Cotton (LBS)	93.22	-1.34%
Soybean (BSH)	1,364.75	-4.28%
Wheat (BSH)	921.50	4.68%
Sugar (LBS)	18.42	0.77%
Palm Oil (Tonne)	718.00	-10.59%
Steel (Tonne)	776.00	-3.24%

### USD SOFR

Tenor	SOFR
Overnight	2.96000
1M	3.04205
3M	3.59329
6M	3.99102
1Y	4.26941
Source	Reuters CME Term SOFR

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	7.00%	27.26%	2.50%	7.48%
GDP Annual Growth Rate	13.50%	3.94%	0.40%	7.25 (P) %
Policy Repo Rate	5.90%	15.00%	3.65%	5.75%
Government Bond 10Y	7.44%	12.84%	2.78%	8.10%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	8.30%	9.90%	10.00%	3.00%
GDP Growth Rate	-0.6%	0.2%	0.8%	0.9%
Unemployment Rate	3.70%	3.60%	6.60%	2.50%
Base Rate	3.25%	2.25%	1.25%	-0.10%
Government Bond 10Y	3.78%	4.09%	3.02%	0.24%

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