

# Treasury Weekly



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## Currency Outlook

### USDBDT Exchange Rate

EPB data shows, export earnings posted USD 4.04 bio in Nov 2021. Though export receipts surpassed the USD 3.58 billion target set for November, growth fell by approx. 14.4% MOM in Nov 21 whereas YOY growth in Nov 22 registered 31.25% compared to 60.37% in last month. Bangladesh now ranks third in RMG exports to the US, as it fetched USD 5.7 billion from the destination in 10MCY21, up by 27% YoY. Bangladesh apparel makers have been receiving an additional flow of work orders because of a drastic fall in China's factory outputs fuelled by energy shortages, and pandemic-led supply chain disruptions in Vietnam and Indonesia. Remittance inflow in Nov 21 was USD 1.55 bio, fell by 25.26% YOY, while the amount was 1.65 bio in Oct 21. The increased in export of manpower is expected to add to the remittance flow from March onwards.

Bangladesh's import payments surged by around 54% in the first five months of the current fiscal year compared to previous – indicating a strong and steady economic recovery. Import bills in July-November swelled 53.74% year-on-year to USD 30.3 billion, while the settlement of Letters of Credit (LC) in the corresponding period last year stood at USD 19.72 billion. In the first five months of this fiscal year capital machinery import saw 30% growth, the central bank's latest data show. In the first five months of this fiscal year capital machinery import saw 30% growth, the central bank's latest data show. During the period import growth of intermediate goods was 70%, chemical fertilizer 105%, yarn 103% and drugs and medicines more than 1,000%. Bangladesh Bank is continuing its sale of USD to banks to help them meet FCY payments of essentials and sold USD 234 mio from 01 Dec till 27 Dec 2021. In the interbank market, forwards are trading up to 86.50 (BAFEDA).

**Outlook:** With higher import growth compared to lower growth in export and remittance de-growth, USDBDT rate is expected to remain in uptrend.

### Global Currencies

#### EURUSD 0.71% weekly change ↑

The shared currency losses against the greenback but remains above the 1.1300 figure. the greenback benefits from thin liquidity conditions gaining ground against all G8 currencies. Static resistance seems to have formed at 1.1340 ahead of 1.1360. Supports are located at 1.1310 and 1.1290

#### GBPUSD 1.13% weekly change ↑

GBP/USD consolidates gains above 1.3400 amid thin holiday trading. The GBP/USD pair could accelerate the appreciating move and aim to reclaim the key 1.3500 psychological mark. Support is at 1.3370/75 level and resistance is at 1.3450/60 level.

#### AUDUSD 1.40% weekly change ↑

AUD/USD trades with modest losses around 0.7230 area, just below one-month high. The risk-on mood should help limit any meaningful slide for the perceived riskier aussie. Resistance is at 0.7280/90 level.

#### USDJPY 0.65% weekly change ↑

USD/JPY consolidates recent gains to near one-month high, steady below mid-114.00s. Subdued USD price action capped the upside amid year-end thin liquidity conditions. The fundamental backdrop supports prospects for an extension of the recent move up.

#### USDCNY -0.13% weekly change ↓

USD/CNY fix estimated 6.3683 from prev 6.3651, with damping. Beware even bigger than usual deviation from forecasts. Yuan trade-weighted index has hit new 6-yr high. PBOC said they will keep FX stable to help exporters.

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## 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%
27-Dec-21	91 Days	2.37%	2.40%
20-Dec-21	182 Days	3.24%	3.25%
27-Dec-21	364 Days	3.47%	3.49%
08-Dec-21	2 Years	4.79%	4.80%
15-Dec-21	5 Years	6.55%	6.50%
22-Dec-21	10 Years	7.42%	7.44%
24-Nov-21	15 Years	7.97%	7.20%
24-Nov-21	20 Years	7.99%	7.46%

### Capital Market

Index	Value	Weekly %	Tenor	LIBOR
DSEX	6,629.88	-2.26%	1M	0.10125
FTSE 100	7,372.10	1.41%	2M	0.14938
Nikkei 225	28,782.59	0.83%	3M	0.21788
Dow Jones IA	35,950.56	1.65%	6M	0.34325
S&P 500	4,725.79	2.28%	1Y	0.56713

### Commodities

Commodity (unit)	Latest Price	Weekly Change	Tenor	SOFR
Brent Crude Oil (BBL)	76.14	3.56%	Overnight	0.05
Gold (OZS)	1,808.12	0.58%	1M	0.05141
ICE-US Cotton (LBS)	109.12	1.70%	3M	0.07521
Soybean (BSH)	1,332.00	3.64%	6M	0.17110
Wheat (BSH)	814.75	5.13%	1Y	0.36035
Sugar (LBS)	19.24	0.68%	Source	Reuters , CME Term SOFR Reference Rates
Palm Oil (Tonne)	1,221.25	5.58%		
Steel (Tonne)	1,616.00	-1.88%		

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	4.91%	11.50%	2.30%	5.98%
GDP Annual Growth Rate	8.40%	3.94%	4.90%	5.47%
Policy Repo Rate	4.00%	8.75%	3.80%	4.75%
Government Bond 10Y	6.46%	11.66%	2.83%	7.42%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	6.80%	4.20%	4.90%	0.10%
GDP Growth Rate	2.30%	1.10%	2.20%	-0.90%
Unemployment Rate	4.20%	4.30%	7.30%	2.70%
Base Rate	0.25%	0.25%	0.00%	-0.10%
Government Bond 10Y	1.49%	0.92%	0.10%	0.07%

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

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