

Currency Outlook

USDBDT Exchange Rate

The current-account deficit amounted to more than half a billion dollars – \$552 million – during the past seven months in a downturn from a surplus in the July-December period of the last fiscal year worth US\$56 million. The services net outflow was recorded \$2.641 billion during the period under review. It was just over \$2.0 billion during the same period a year before and \$2.169 billion during July-December of this fiscal year. The financial-account surplus has shrunk relative to the first half of the year, reflecting increased net short-term-credit outflows. Meanwhile, the trade deficit widened to \$11.747 billion during the period, up from \$9.766 billion in the July-December period of this fiscal year. This fast increase is attributed to a 3.3-percent rise in imports to \$38.114 billion during the July-January period.

Despite concerns over the country's dwindling foreign exchange reserves, the remittance inflow has shown a positive trend. Expatriate Bangladeshis sent over \$1.66 billion in remittances during the first 15 days of March in the 2024-25 fiscal year. The amount of inbound remittance in March is expected to cross \$3.0 billion as the country is receiving \$110 million every day in remittance. In recent months, Bangladesh's garment shipments to major markets such as the European Union (EU) and the US have rebounded strongly, but the price per unit has declined. This decline is due to a drop in the prices of raw materials such as cotton, yarn, fabrics, and freight charges.

Outlook: BDT is expected to keep depreciating against USD due to continuing high demand for settlement of foreign currency payments.

Global Currencies

EURUSD 0.43% weekly change ▲

EUR/USD holds below 1.0950, German spending plan and softer US Dollar might support the major pair. Immediate resistance stands at 1.0946, a breakout above this threshold could open the door to 1.0969, followed by the psychologically important 1.1000 mark.

GBPUSD 0.09% weekly change ▲

GBP/USD climbs 0.31%, approaching last week's peak of 1.2987 amid broad-based US Dollar weakness. US Retail Sales miss forecasts; New York Fed manufacturing activity plunges, heightening recession fears and Fed easing expectations. Markets await crucial BoE policy meeting.

AUDUSD 0.29% weekly change ▲

AUD/USD trades with caution below 0.6400 amid Middle East tensions. A push above 0.6408, might open the door to 0.6523, prior to 0.6687. Traders prefer to stay on the sidelines amid intensifying geopolitical risks in the Middle East, reducing the appeal of the higher-yielding Aussie.

USDJPY 0.40% weekly change ▲

USD/JPY sits at two-week high near 149.50 as renewed Middle East geopolitical jitters revive the safe-haven demand for the US Dollar. However, further upside appears elusive amid divergent BoJ-Fed expectations and rising trade tensions.

USDCNY 0.05% weekly change ▲

USD/CNH-Range trading persists but downside vulnerable. Lower USD index, robust China data and fresh stimulus measures weigh. China stocks end nearly flat as consumption measures fail to impress traders.

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	4167.42	-12.46%	10.02%	0.00%
Repo	1861.29	65.39%	10.29%	-0.03%
Term	91.67	221.07%	11.70%	-0.45%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 55.70 bio by end of Jan'25 from BDT 64.57 bio as of end of Dec'24. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased to BDT 5.28 trio at the end of Jan'25 from 5.02 trio at end of Dec'24.

Interest Rate

ADP implementation is slowest in recent years for the political disruption and cautionary spending of interim government. NBR tax revenue collection, though improved by 6.68% monthly on Dec 25, dropped by 0.98% to 296.5 billion during Jul-Dec of FY25. Net sale of Savings certificate is negative 70.13 billion during Jul-Jan FY25, however the figure is expected to improve in coming months due to recent rate hikes on savings certificate. During the Jul- 15th Dec of FY'25, Government borrowed net BDT 699.32 bn from banking system out of which BDT 547.24 bn was repaid to Bangladesh Bank. It is expected that overall ADP implementation will be curtailed in this fiscal year and NBR revenue collection will pick up a bit due to rebound of import and hike on VAT rates. These factors, coupled with expected foreign borrowing, will keep government's borrowing from banking system under check. Repayment to Bangladesh Bank in 2025 is BDT 60.3 bn.

Besides, Bangladesh Bank backtracked from its previous decision of money printing and provided Tk. 22,500 Crore in the form of direct liquidity support to six shariah based banks. It is expected that further direct liquidity support to some banks will take place in coming months. To withdraw some liquidity from banking system, Central Bank floated 30 days BB-Bill in Nov 20, 2024 and 90 and 180 days BB-Bill is introduced in Dec, 24. However, the volume of BB Bill is timid compared to fresh money injection in market. Due to Ramadan, banks are facing liquidity pressure, resulting in higher liquidity support from Central Bank. Total liquidity support of Central Bank to convention bank is increased to Tk. 1018.5 bln compared to Tk. 9979.4 bn at the end of January. The possibility of cut on repo tenor is also impacting interest rate and moving the GSEC yields higher, on fear of much tighter liquidity scenario in coming days.

Outlook: Interest rate is expected to stay at elevated level, however lower government borrowing, slower credit growth and improvement of current account deficit will ultimately cool down interest rate.

Capital Market

- The government has formed a four-member panel to strengthen the Bangladesh Securities and Exchange Commission (BSEC) and develop the country's capital market. The panel will be led by Anisuzzaman Chowdhury, special assistant to the chief adviser, while BSEC Commissioner Farzana Lalarukh will serve as its member-secretary. Other members include Prof M Sadiqu Islam, a faculty member of the finance department at the University of Dhaka, and an additional secretary from the insurance and capital market department of the FID.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
17-Mar-25	91 Days	10.75%	10.35%
17-Mar-25	182 Days	10.90%	10.25%
17-Mar-25	364 Days	11.09%	10.35%
5-Mar-25	2 Years	11.20%	10.98%
12-Mar-25	5 Years	11.48%	10.47%
18-Mar-25	10 Years	12.05%	10.32%
26-Feb-25	15 Years	11.36%	11.92%
26-Feb-24	20 Years	12.05%	12.65%

Capital Market

Index	Value
DSEX	5,226.18
FTSE 100	8,705.23
Nikkei 225	37,984.52
Dow Jones IA	41,581.31
S&P 500	5,614.66

USD SOFR

Tenor	SOFR
Overnight	4.32000
1M	4.31937
3M	4.30469
6M	4.21726
1Y	4.06520
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	70.58	0.31%
Gold (OZS)	2,984.42	2.53%
ICE-US Cotton (LBS)	67.37	1.88%
Soybean (BSH)	1,016.00	0.57%
Wheat (BSH)	527.00	1.31%
Sugar (LBS)	19.19	4.81%
Palm Oil (Tonne)	1,029.93	1.75%
Steel (Tonne)	939.00	1.51%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	3.61%	1.50%	-0.70%	9.32%
GDP Annual Growth Rate	6.20%	2.50%	5.40%	4.22%
Policy Repo Rate	6.25%	12.00%	3.10%	10.00%
Government Bond 10Y	6.74%	12.64%	1.95%	10.32%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	2.80%	3.00%	2.40%	4.00%
GDP Growth Rate	2.30%	0.10%	0.00%	0.60%
Unemployment Rate	4.10%	4.40%	6.20%	2.50%
Base Rate	4.50%	4.50%	2.65%	0.50%
Government Bond 10Y	4.30%	4.64%	3.35%*	1.51%

*10-Year Eurozone Central Government Bond Par Yield Curve

** SMART is Six-Month Moving Average Rate of Treasury Bill

For further information please contact:

Dealing Room, Treasury & Financial Institutions, BRAC Bank PLC

Phone: +88028801257-58 E-mail: dealing.room@bracbank.com