

Currency Outlook

USDBDT Exchange Rate

According to the latest data released by the Bangladesh Bank, the cumulative inflow of short-term foreign loans in the private sector amounted to \$25.8 billion by the end of December 2023. This figure reflects a 31% decrease compared to the previous year's receipt of \$37.25 billion. This led to the widening of the financial account deficit and an increased depletion of the foreign exchange reserve. Bangladesh Bank data showed the country's foreign exchange reserves stood at \$19.94 billion on January 31, according to the International Monetary Fund calculation method, compared with \$17.20 billion on December 31. BB said the gross reserve was \$25.09 billion by the end of January. Forex-strapped banks' demand for US dollar heightens from the start of the calendar year as the central bank fed into them the highest-ever monthly dollop of \$1.60 billion in January.

Country's exports rebounded strongly in January this year by posting an 11.45% year-on-year jump to hit \$5.72 billion. The July-January exports earnings also grew by 2.52% year-on-year to \$33.26 billion, according to data from the Export Promotion Bureau (EPB). Remittances to Bangladesh surged 7.69% year-on-year to \$2.10 billion in January, marking the highest monthly inflow in the past seven months. A government bid begins to borrow \$2.10 billion from the Jeddah-based International Islamic Trade Finance Corporation (ITFC) to foot hefty bills for import of petroleum and liquefied natural gas (LNG) to meet fuel shortfalls.

Outlook: Through country's current account became surplus, BDT may depreciate further against USD due to the pressure in the financial account.

Global Currencies

EURUSD -0.63% weekly change ↓

EUR/USD loses key technical handle after US Jobs Report thumps forecasts. US NFP hits highest level in a year, March rate cut hopes all but buried. The EUR/USD continues to drift into the low side in choppy trading, and the pair is down over 3% from December's swing high into 1.1140.

GBPUSD -0.57% weekly change ↓

The selling pressure in the risk complex gathers extra steam and forces GBP/USD to drop to 1.2650. The downward-sloping trendline is placed from 1.2827 while the horizontal support is plotted at 1.2612.

AUDUSD -0.94% weekly change ↓

AUD/USD falls to 0.6511 after US jobs report beats forecasts, reducing prospects for near-term Fed rate cut. RBA's upcoming decision and future economic data releases to play key roles in determining AUD's trajectory.

USDJPY 0.14% weekly change ↑

USD/JPY soars to new highs after strong US jobs data dampens rate cut hops. The USD/JPY bounces from around the 146.00 handle and prints a new three-day high at 148.58. A hawkish tilt by the BoJ has increased the odds for end the negative interest rates cycle.

USDCNY 0.22% weekly change ↑

USD/CNY suppressed at 7.1792, but may rise again as SSEC slides. China stocks give up early gains, last -0.7%, down 5th day. Further equity selloff may inspire fresh USD/CNY buying. Bulls need to clear key Fibi 23.6% Fibi 7.1949 to advance. But state banks may be ready to defend that technical barrier.

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Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	2770.72	-7.96%	9.39%	-0.71%
Repo	1611.85	6.30%	8.31%	0.19%
Term	42.5	131.79%	11.46%	0.21%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 59.91 bio by end of Sep'23 from BDT 78.21 bio as of end of Aug'23. Total liquid asset (excess of min required asset) including excess investment in government treasury securities decreased to BDT 4.28 trio at then end of Sep'23 from 4.37 trio at end of Aug'23.

Interest Rate

Net sales national savings deposits (NSD) witnessed negative growth of over BDT 60.63 billion year on year. Reserve money with Bangladesh Bank squeezes with a negative growth by 2.0 per cent to BDT 3.7 trillion last December for inflation-control monetary measures. Spending under the Annual Development Program (ADP) has been going slow in the current fiscal year (FY), with implementing agencies having used just 22.48 percent, BDT 617.39bn of its BDT 2746.78bn ADP budget in the first six months of FY24, which was its lowest execution rate in at least the past 13 years.

The Bangladesh Energy Regulatory Commission (BERC) announced a 2.86% increase in the liquefied petroleum gas (LPG) price for February compared to the previous month. The government is going to increase gas imports from the international spot market to meet the growing demand in the early summer beginning from next month.

The government is preparing the next annual budget as contractionary aiming to reduce the inflation rate and restore financial stability, according to an official document. The size of the budget is likely to be BDT8.05 tn, and the expenditure growth is being fixed at 8%, cutting down from 10 to 12% of previous years. At the same time, the GDP (gross domestic product) growth target is also being lowered to 6.9% (7.5% in the current budget). The government concentrates on giving more attention to controlling inflation rather than achieving growth.

Outlook: Interest rate is expected to remain upward due to ongoing uptrend treasury yield curve for government's heavy reliance on bank borrowing and inflationary pressure.

Capital Market

- BSEC has lifted the floor price for three more companies—Anwar Galvanizing, Orion Pharmaceuticals and Renata—amid a rising trend of the key index.
- The stock market managed to stay afloat for eight sessions in a row with turnover crossing Tk 17 billion on Wednesday.
- Grameenphone's profit rebounded in 2023 after two consecutive years of decline, but the company declared 125 percent final cash dividend for the year in what was its lowest pay-out since at least 2015.
- The state-owned Titas Gas is going to issue preference shares worth nearly BDT 2.83 billion against funds received from the government to comply with a three-year-old regulatory order.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
05-Feb-24	91 Days	11.35%	11.35%
05-Feb-24	182 Days	11.40%	11.40%
05-Feb-24	364 Days	11.60%	11.60%
03-Jan-24	2 Years	11.8 0%	11.60%
10-Jan-24	5 Years	11.72%	10.35%
17-Jan-24	10 Years	11.68%	10.82%
24-Jan-24	15 Years	12.07%	11.13%
24-Jan-24	20 Years	12.17%	11.22%

SMART **

Month	SMART
Aug-23	7.14%
Sep-23	7.20%
Oct-23	7.43%
Nov-23	7.72%
Dec-23	8.14%
Jan-24	8.68%

Capital Market

Index	Value
DSEX	6,213.99
FTSE 100	7,615.54
Nikkei 225	36,158.02
Dow Jones IA	38,654.42
S&P 500	4,958.61

USD SOFR

Tenor	SOFR
Overnight	5.32000
1M	5.32211
3M	5.29046
6M	5.09610
1Y	4.69280
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	77.33	-7.44%
Gold (OZS)	2,038.59	1.00%
ICE-US Cotton (LBS)	87.11	3.25%
Soybean (BSH)	1,188.50	-1.72%
Wheat (BSH)	599.75	-0.08%
Sugar (LBS)	23.89	0.50%
Palm Oil (Tonne)	798.30	-6.10%
Steel (Tonne)	967.00	-10.21%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	5.69%	28.30%	-0.30%	9.41%
GDP Annual Growth Rate	7.6%	5.97%	5.20%	6.03%
Policy Repo Rate	6.50%	22.00%	3.45%	8.00%
Government Bond 10Y	7.05%	14.56%	2.44%	11.68%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	3.40%	4.00%	2.80%	2.60%
GDP Growth Rate	3.30%	-0.10%	0.00%	-0.70%
Unemployment Rate	3.70%	4.20%	6.40%	2.40%
Base Rate	5.50%	5.25%	4.50%	-0.10%
Government Bond 10Y	4.02%	3.92%	2.87%*	0.66%

*10-Year Eurozone Central Government Bond Par Yield Curve

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

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