

Currency Outlook

USDBDT Exchange Rate

According to BoP data for July-Jan of the FY24, the deficit in the financial account had climbed to \$7.3 billion until January while the volume of deficit was only 812-million negative in the same period of FY23. The data show gross inflow of FDI having dropped 13.36% to \$2.43 billion by end of January 2024 from \$2.81 billion recorded until previous January. Bangladesh's private-sector foreign borrowings, which is mainly trade credit, seem squeezing, with short-term debt stock having dropped to US\$11.25 billion until last January, as the amount was \$15.83 billion in January 2023. On the flipside, Bangladesh's current account surplus has crossed \$3 billion in the first seven months of FY24, overcoming a deficit of \$4.6 billion in the corresponding period a year earlier. During the period, imports fell by 18%, or \$8 billion, YOY, while exports grew by 2.5%, turning the current account balance into a surplus. The country's trade deficit narrowed down to \$4.6 billion in the July-January of FY24 from \$13.3 billion in the same period a year ago. The country's gross foreign exchange reserves have increased by \$727 million in five days, reaching \$21.3 billion on 06 March, bolstered by robust inward remittances and currency swaps with banks, as stated by central bank officials. Remittance rebound fetched US\$2.16 billion in February-the highest monthly receipt in FY24. On the export front, Bangladesh exported garments worth \$5.19 billion in February 2024, one of the highest for any single month, undergoing a year-on-year growth of 12.04%, according to data from BB.

Outlook: Country's current account became surplus and forex reserve posted green after many days. Though there is still some pressure on the financial account, if current account continues to build up, exchange rate may find stability and may not depreciate further.

Global Currencies

EURUSD 0.92% weekly change ▲

EUR/USD picks up extra upside traction and opens the door to a potential test of the psychological 1.1000 hurdle on the back of increased selling pressure in the Greenback following February's Non-farm Payrolls. 1.0960 aligns as first resistance for EUR/USD ahead of 1.1000 and 1.1035.

GBPUSD 1.64% weekly change ▲

GBP/USD was last seen trading near 1.2850. In December, the pair staged a deep downward correction after meeting resistance at this level. In case GBP/USD manages to clear this hurdle this time around by confirming it as support, 1.2900 could be seen as next resistance before 1.2940.

AUDUSD 1.59% weekly change ▲

The AUD/USD sitting above the 0.6600 figure, has opened the door for further upside, as confirmed by RSI studies at bullish territory. If buyers extend the rally toward 0.6700, that could open the door for testing the January 5 high at 0.6747, before challenging the 0.6800 mark.

USDJPY -2.03% weekly change ▼

The USD/JPY pair continues its losing spell for the fourth trading session on Friday. The asset falls vertically to 147.00 on firm expectations that BoJ may pivot to raising interest rates after keeping them in the negative territory for more than a decade.

USDCNY -0.15% weekly change ▼

USD/CNY subsides to 7.1913 from 7.1946; SSEC +0.1%. UST yields trickling lower again weighing on DXY; 10y 4.081%. Feb CPI forecast +0.4% y/y from -0.8%, may end 4-mth drop. But yuan bearishness may be hard to shake off.

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Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	3196.98	28.23%	8.92%	-0.38%
Repo	2480.59	39.47%	8.36%	-0.04%
Term	41.30	34.36%	10.24%	-0.71%

Excess reserve (Excess CRR: un-invested cash) in banking system increased to BDT 199.66 bio by end of Dec'23 from BDT 54.29 bio as of end of Nov'23. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased to BDT 4.33 trio at then end of Dec'23 from 4.10 trio at end of Nov'23.

Interest Rate

The net sales of national saving certificates dropped 12.87bn in Jan 2024. During July-Jan FY24 period net sales of saving certificates was negative 7.3 bio. Hence, the government is depending heavily on the banking sector for domestic borrowing. Bangladesh Bank data shows that the government's outstanding borrowing from the country's banks, including the BB, reached Tk 4,023bn as of February 15, 2024, up from Tk 3,938bn on June 30, 2023. The government's outstanding loans from commercial banks rose to Tk 2,802bn on February 15 compared with those of Tk 2,396bn on June 30, 2023, according to the BB data. Private sector growth further tumbled to 9.95% in Jan'24 over Jan'23, which was 10.13% YOY in the month of December 2023.

The point-to-point inflation declined slightly to 9.67 per cent in February in Bangladesh over that of 9.86 per cent in January, according to the Bangladesh Bureau of Statistics (BBS) provisional data. The rate of food inflation reached 9.44 per cent in February while that of non-food inflation was recorded at 9.33 per cent compared to 9.56 per cent and 9.42 per cent respectively in January, the BBS figures showed.

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

- Bangladesh Securities and Exchange Commission (BSEC) has granted approval to Techno Drugs Ltd for a BDT 1 Bn initial public offering (IPO) under the book-building system. Asiatic Laboratories will make its share trading debut on DSE and CSE on Wed under the 'N' category.
- The stock market watchdog is formulating guidelines for enlistment of audit firms and auditors that will be allowed to inspect listed companies.
- Stocks of British American Tobacco Bangladesh (BATB) dropped at DSE following the lifting of its floor price yesterday, just as it had occurred for that of Grameenphone on the day before. Stocks of the tobacco company fell 7.5% to Tk 479.8 while that of Grameenphone around 2% to Tk 257. The two companies brought down the DSEX, the key index of the country's prime bourse, by 30 points, of which the BATB accounted for around 26 points
- The Dhaka Stock Exchange (DSE) has decided to reduce its trading sessions by an hour during Ramadan, with the bourse set to close at 1:30pm after opening at 10:00am each day during the month.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
11-Mar-24	91 Days	11.37%	11.40%
11-Mar-24	182 Days	11.40%	11.45%
11-Mar-24	364 Days	11.60%	11.60%
06-Mar-24	2 Years	12.00%	11.80%
13-Mar-24	5 Years	12.05%	11.95%
22-Jan-24	10 Years	12.05%	11.68%
28-Feb-24	15 Years	12.18%	12.07%
28-Feb-24	20 Years	12.27%	12.17%

SMART **

Month	SMART
Sep-23	7.20%
Oct-23	7.43%
Nov-23	7.72%
Dec-23	8.14%
Jan-24	8.68%
Feb-24	9.61%

Capital Market

Index	Value
DSEX	6,112.76
FTSE 100	7,659.74
Nikkei 225	39,688.94
Dow Jones IA	38,722.69
S&P 500	5,123.69

USD SOFR

Tenor	SOFR
Overnight	5.31000
1M	5.31870
3M	5.32084
6M	5.22984
1Y	4.98694
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	82.08	-1.76%
Gold (OZS)	2,177.51	4.52%
ICE-US Cotton (LBS)	95.28	-2.34%
Soybean (BSH)	1,170.50	2.41%
Wheat (BSH)	526.75	-5.94%
Sugar (LBS)	21.15	0.28%
Palm Oil (Tonne)	871.06	4.32%
Steel (Tonne)	814.00	3.83%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	5.10%	23.10%	0.70%	9.67%
GDP Annual Growth Rate	8.40%	-0.17%	5.20%	5.78%
Policy Repo Rate	6.50%	22.00%	3.45%	8.00%
Government Bond 10Y	7.03%	14.21%	2.30%	12.05%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	3.10%	4.00%	2.60%	2.20%
GDP Growth Rate	3.20%	-0.30%	0.00%	-0.10%
Unemployment Rate	3.90%	3.80%	6.40%	2.40%
Base Rate	5.50%	5.25%	4.50%	-0.10%
Government Bond 10Y	4.08%	3.98%	2.90%*	0.74%

*10-Year Eurozone Central Government Bond Par Yield Curve

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

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