

Currency Outlook

USDBDT Exchange Rate

Balance of payments (BoP) reversed into around \$3.4-billion surplus in fiscal year 2025 after three financial years, in early signs of much-needed economic rebound. The major driving force significantly improving the BoP in FY'25 was remittance that grew around 27% to \$30.33 billion from previous year's count of \$23.91 billion. In terms of import, according to the official data, the country bought in goods worth \$64.35 billion in FY'25, which was 1.80% higher over previous fiscal's import figure of \$63.24 billion. However, the surplus in financial account got reduced slightly to \$3.98 billion from \$4.49 billion recorded in FY'24. Inflow of remittances witnessed a year-on-year growth of 13.7 per cent (pc), reaching US\$1,264 million in the first 16 days of August, according to the latest data of Bangladesh Bank (BB) issued today (Sunday). The government has set a high export target of \$63.5 billion for fiscal year (FY) 2025-26, hoping to boost shipments to the United States by capitalising on Bangladesh's favourable position under the new US tariff regime.

Bangladesh Bank (BB) purchased a further US\$176.50 million from commercial banks on Thursday, as part of its ongoing drive to stabilise the foreign-exchange market. Apart from forex-market stabilisation, such intervention by contributes to bolstering the country's foreign-currency reserves. This makes total dollar purchases since 13 July to US\$798.50 million. On the flipside, it is expected that the central bank could also sell US dollars through similar auctions if the greenback continues to appreciate against the taka.

Outlook: With overdue payments significantly cleared and improved remittance and export inflows, exchange rate is expected to remain stable.

Global Currencies

EURUSD 0.50% weekly change ▲

EUR/USD rises 0.50% to 1.1702, shrugging off in-line July US Retail Sales and upward June revision. Market focus on Trump-Putin summit in Anchorage; analysts skeptical about securing Ukraine ceasefire. Market sees EUR/USD reaching 1.21 by year-end if truce achieved.

GBPUSD 0.76% weekly change ▲

The Pound Sterling consolidates around 1.3550 against the US Dollar ahead of the Trump-Zelenskyy meeting at the White House. Traders remain confident that the Fed will cut interest rates in September. Economists expect the UK core CPI to have grown steadily by 3.7%.

AUDUSD -0.31% weekly change ▼

AUD/USD ticks up as the US Dollar struggles to hold hot US PPI-driven gains. The US headline and core PPI grew at a faster pace of 0.9% in July. Australian Unemployment Rate decelerated to 4.2% in July.

USDJPY -0.37% weekly change ▼

The US Dollar's recovery against the Yen has lost steam at 148.50, with all eyes on Ukraine's summit. USD/JPY is lacking a clear bias, with market volatility subdued. Higher hopes of further BoJ tightening have created a JPY-supportive monetary policy divergence.

USDCNY -0.03% weekly change ▼

Slight increase in momentum is likely to lead to US Dollar (USD) trading in a higher range of 7.1800/7.1950. In the longer run, downward momentum is building; for a continued decline, USD must first close below 7.1700.

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	4173.94	-31.21%	9.99%	0.01%
Repo	1461.47	5.33%	10.25%	-0.02%
Term	56.67	-62.64%	11.47%	0.59%

Excess reserve (Excess CRR: un-invested cash) in banking system increased to BDT 78.90 bio by end of Apr'25 from BDT 55.78 bio as of end of Mar'25. Total liquid asset (excess of min required asset) including excess investment in government treasury securities decreased to BDT 5.71 trio at the end of Apr'25 from 5.37 trio at end of Mar'25.

Interest Rate

Government borrowing from the banking system (including BB) stood BDT 995.90 bln on Jul 01- Jun 15 of FY2025, whereas net borrowing from scheduled bank was BDT 768.2 bln. Government borrowing from the Non-banking system stood BDT 395.10 bln on Jul 01- May 30 of FY2025, showing a tremendous growth of 213% from same period of previous financial year. As per provisional data available with the National Board of Revenue (NBR), a total of BDT 3.70 trillion in domestic revenue was mobilized in the outgoing fiscal year showing 2.23% growth YOY. Inflation picked up slightly to 8.55% at the end of Jun, 25 with food inflation of 7.56% and Non-food inflation of 9.38%. Month-to-month inflation increased by 0.07%. BB Governor reiterated his expectation to inflation falling below 6.5% in recent future. Bangladesh July Purchasing Manager Index (PMI) recorded a faster expansion rate at 61.5 primarily driven by growth in services and manufacturing sectors, agricultural sector, however, recorded slower expansion in July, reflecting the lean period and monsoon disruptions. Government unveiled budget for FY2025-26, where targeted borrowing from banking system is BDT 1.04 trln against revised target of BDT 990.0 bln for FY2024-25. The ADP implementation rate fell to a record low of 67.85% in the just-concluded fiscal year 2024-25, the lowest in at least two decades, according to data from the planning ministry's Implementation, Monitoring and Evaluation Division (IMED). Reserve money growth was -0.11% and Broad Money growth was 6.95% on FY2024-25. Private sector credit growth was 6.49% on the same period. Purchase of USD by Central Bank is injecting liquidity in banking system. Driven by improved liquidity and lower inflation expectation, all the GSEC yield showed major downward fall in recent times.

Outlook: We expect interest rates to become stable at current levels for time being, with further downward movement after monetary policy easing, once inflation is within targeted range.

Capital Market

- Net foreign portfolio investment rose by about Tk250 crore in July. (DSE data). Foreigners bought the largest volume of shares in BRAC Bank, Prime Bank, IDLC Finance, Marico, and Uttara Bank.
- The securities regulator has approved the draft of the Bangladesh Securities and Exchange Commission (Margin) Rules, 2025, allowing credits for purchasing 'A' category stocks only. The draft rules also prohibit margin loans to investors having less than BDT 1 million in equity investment.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
18-Aug-25	91 Days	10.14%	10.20%
18-Aug-25	182 Days	10.35%	10.39%
18-Aug-25	364 Days	10.43%	10.50%
06-Aug-25	2 Years	10.26%	11.60%
13-Aug-25	5 Years	10.28%	11.07%
23-Jul-25	10 Years	10.48%	12.35%
30-Jul-25	15 Years	10.48%	12.57%
30-Jul-25	20 Years	10.55%	12.49%

Capital Market

Index	Value
DSEX	5,419.91
FTSE 100	9,134.95
Nikkei 225	43,714.31
Dow Jones IA	44,946.12
S&P 500	6,449.80

USD SOFR

Tenor	SOFR
Overnight	4.34000
1M	4.35325
3M	4.19457
6M	4.03499
1Y	3.80030
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	65.85	-1.11%
Gold (OZS)	3,334.98	-1.87%
ICE-US Cotton (LBS)	66.10	1.19%
Soybean (BSH)	1,022.25	5.74%
Wheat (BSH)	506.50	-1.55%
Sugar (LBS)	16.44	1.17%
Palm Oil (Tonne)	1,071.50	6.65%
Steel (Tonne)	832.00	-0.39%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	1.55%	4.10%	0.40%	8.55%
GDP Annual Growth Rate	7.40%	2.40%	5.20%	3.97%
Policy Repo Rate	5.50%	11.00%	3.00%	10.00%
Government Bond 10Y	6.46%	11.98%	1.77%	10.48%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	2.70%	3.60%	2.00%	3.30%
GDP Growth Rate	3.00%	0.30%	0.10%	0.30%
Unemployment Rate	4.20%	4.70%	6.20%	2.50%
Base Rate	4.50%	4.00%	2.15%	0.50%
Government Bond 10Y	4.29%	4.68%	3.15%*	1.57%

*10-Year Eurozone Central Government Bond Par Yield Curve

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