

## Currency Outlook

### USDBDT Exchange Rate

Opening of LCs for imports has plummeted by around 25% in the first 7 months of FY23, according to central bank data, amid the government's belt-tightening to save dollars and scaled-up monitoring of import prices. However, LC settlement – known as import payments too – in July-January stood at \$46.82 billion, up 2.86% compared to FY22, due to global commodity price hike. The country's forex reserve stood at around \$44 billion in April 2022. As on 15 Feb 2023, the reserve stands at to \$32.603 billion. Central bank sold USD 8.9 bio as on 16 Feb 2023 in FY23 in an effort to support smooth settlement of import obligations and to make fund available for the importers.

Bangladesh's outstanding external debt to gross domestic product (GDP) ratio declined to 13.78% at the end of fiscal 2021-22, compared to 16.9% in the previous fiscal year, mainly due to variations in exchange rates, according to recently released data by the Economic Relations Department (ERD). The outstanding amount stood at \$55.60 billion in FY22, which was supposed to be a record \$59.647 billion. But the amount dropped as the dollar appreciated amid the Russia-Ukraine war and other foreign currencies, including special drawing rights (SDRs), depreciated against the greenback. Bangladesh's outstanding foreign debt was \$50.879 billion as of fiscal 2020-21.

**Outlook:** Though import payments are expected to reduce in coming months, due to fall in remittance flow and surging foreign loan repayment, BDT is

### Global Currencies

#### EURUSD 0.17% weekly change ▲

EUR/USD has managed to stage a rebound and climbed above 1.0650 after having dropped to its weakest level since early January below 1.0620. Following some slightly dovish comments from Fed policymaker Barkin, the US Dollar lost strength and allowed the pair to edge higher.

#### GBPUSD -0.07% weekly change ▼

GBP/USD has reversed its direction and advanced toward 1.2000 in the American session on Friday. The modest retreat witnessed in the US Dollar Index seems to be helping the pair, which stays in negative territory on a weekly basis, edge higher ahead of the weekend.

#### AUDUSD -0.55% weekly change ▼

The AUD/USD pair remains under heavy selling pressure for the third successive day and drops to its lowest level since January 6 heading into the NA session on Friday. The pair is currently placed around the 0.6875 region, down over 0.70% for the day, and seems vulnerable to decline further.

#### USDJPY 2.07% weekly change ▲

The USD/JPY pair gains strong positive traction on the last day of the week and climbs to a nearly two-month high heading into the NA session. The pair is currently placed around the 135.00 psychological mark and seems poised to build on the recent appreciating move witnessed over the past two weeks or so.

#### USDCNY 0.87% weekly change ▲

USD/CNY ratchets higher to 6.8778, inches from 200 DMA 6.8834. Potential breakout higher may pierce Ichimoku cloud 6.8923. Fri close above that barrier will spur bulls toward 7.0000. Risk aversion in full swing as SSEC gives up early 0.2% gain.

## Money Market and Interest Rate

### Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	6,381.18	8.14%	6.03%	-0.19%
Repo	3,961.36	1.12%	6.29%	-0.39%
Term	70.5	9.68%	8.25%	0.31%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 123.58 bio by end of Sep'22 from BDT 129.01 bio as of end of Aug'22. Total liquid asset (excess of min required asset) including excess investment in government treasury securities remained almost same to BDT 2.45 trio at end of Sep'22 from Aug'22. **Auction:** Auctions for 91D & 364D were held on 19th Feb, where the yields decreased by 24bps and 32 bps respectively. BDT 5.6 Bio was devolved on BB. **Outlook:** Liquidity shortage is expected to persist due to uncertainty of BB repo.

### Interest Rate

The government decided to buy 33,600 Million British thermal units (MMBtu) of LNG from JERA, a Japanese energy company, to ensure adequate supply ahead of the coming Ramadan and summer months. Bangladesh's LNG demand over the next two to three years is unlikely to rise significantly beyond the pre-Ukraine crisis level - due to depleting foreign-currency reserves and devaluation of the local currency. The government is expected to maintain coal-fired power generation to minimize power shortage, Institute for Energy Economics and Financial Analysis (IEEFA), a US-based global think-tank, reported in its upcoming Global LNG Outlook 2023-27 on Wednesday.

Due to higher revenue from costly imports and re-categorization and postpone of development projects by government, resulted in a budget surplus of BDT 31.38 billion in July-Oct FY23. Inflation seems to continue to be under pressure. Edible oil has seen a further hike in prices in the last three days as prices of palm and loose soybean oil have again increased by BDT 4.0-7.0 per litre, in a situation when global prices of the two cooking oil varieties have declined notably in the last three months. The government raised the jet fuel price by 5.35 per cent to BDT 118 per litre from the previous rate of BDT 112 per litre last week.

**Outlook:** Interest rate is expected to remain upward due to the pressure on forex reserve and inflation.

### Capital Market

- Dhaka Stock Exchange has been considering bringing changes in the rules of the Alternative Trading Board (ATB) to boost investor participation and attract more companies to offload shares.
- The stock market regulator has approved the draft prospectus of an open-end mutual fund named PLI AML 1st Unit Fund – with an initial target size of BDT 500 million.
- In January, the stock market regulator formed three separate committees to inspect the assets of three fund managers – Race Asset Management, LR Global Bangladesh, and ICB Asset Management. The committees are ordered to submit reports within a month. BSEC is extending time for looking into the assets of mutual funds managed by the Bangladesh RACE Management PC

## Market Synopsis

### Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
20-Feb-23	91 Days	6.60%	6.84%
13-Feb-23	182 Days	7.28%	7.48%
20-Feb-23	364 Days	7.50%	7.82%
02-Feb-23	2 Years	8.13%	8.20%
08-Feb-23	5 Years	8.21%	8.29%
15-Feb-23	10 Years	8.34%	8.33%
25-Jan-22	15 Years	8.65%	8.76%
25-Jan-22	20 Years	8.75%	8.89%

### USD SOFR

Tenor	SOFR
Overnight	4.55000
1M	4.56350
3M	4.81094
6M	5.03513
1Y	5.18677
Source	Refinitiv, CME Term SOFR

### Commodities

Tenor	SOFR	Commodity (unit)	Latest Price	Weekly Change
Overnight	4.55000	Brent Crude Oil (BBL)	83.00	-3.92%
1M	4.56350	Gold (OZS)	1837.44	-1.46%
3M	4.81094	ICE-US Cotton (LBS)	80.25	-5.89%
6M	5.03513	Soybean (BSH)	1527.25	-0.98%
1Y	5.18677	Wheat (BSH)	765.50	-2.61%
Source	Refinitiv, CME Term SOFR	Sugar (LBS)	21.41	-0.79%
		Palm Oil (Tonne)	924.00	5.12%
		Steel (Tonne)	798.00	0.00%

### USD LIBOR

Tenor	LIBOR
1M	4.59129
3M	4.91529
6M	5.24300
1Y	5.64286
Source	Refinitiv

### Capital Market

Tenor	LIBOR	Index	Value
1M	4.59129	DSEX	6,246.21
3M	4.91529	FTSE 100	8,004.36
6M	5.24300	Nikkei 225	27,513.13
1Y	5.64286	Dow Jones IA	33,826.69
Source	Refinitiv	S&P 500	4,079.09

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.52%	27.6%	2.1%	8.71%
GDP Annual Growth Rate	6.30%	3.94%	2.9%	6.50%(P)
Policy Repo Rate	6.5%	17.00%	3.65%	6.00%
Government Bond 10Y	7.39%	15.04%	2.90%	8.34%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	6.40%	10.1%	8.5%	4.00%
GDP Growth Rate	2.90%	0.00%	0.1%	0.2%
Unemployment Rate	3.4%	3.70%	6.6%	2.50%
Base Rate	4.75%	4.00%	3.00%	-0.10%
Government Bond 10Y	3.82%	3.50%	3.19%*	0.50%

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

For further information please contact:

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