

Currency Outlook

USDBDT Exchange Rate

The private sector's short-term foreign debt continues its downtrend with a decline of \$180 million in February alone. The decline is owing to various reasons such as lower demand for slow imports, increased dollar interest rates, concerns over currency devaluation, and disinterest of foreign banks to give out loans. According to Bangladesh Bank data, private sector short-term foreign debt plummeted to \$11.07 billion in February, falling by over \$700 million in the first two months of the year. The foreign aid commitments made to Bangladesh by global lenders surged more than 300 percent year-on-year in the first eight months of the current fiscal year of 2023-24, but disbursement has remained almost flat. In the July-February period, loan commitments from development partners increased to \$7.2 billion, up 304 percent, according to the Economic Relations Division (ERD) of the finance ministry. Around \$6.74 billion came in the form of loans while the remaining \$461.14 million were grants.

Expatriate Bangladeshis have sent \$877.10 million in remittances between 1 and 12 April ahead of Eid, according to the Bangladesh Bank. Bangladesh's apparel exports to the United States plunged by more than 19 per cent in the first two months of this year compared to last year, despite its main competitors China and Vietnam experiencing a positive trend in the market, though in Jul-Mar FY24 export grew by 4.39%. Imports fell by 15.49% in Jul-Feb FY24, which results in a current account surplus of USD 4.7 bio.

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 **Global Currencies**

EURUSD -0.11% weekly change ↓

EUR/USD remains depressed below 1.0800 after soft French inflation data, amid minimal volatility and thin liquidity on Good Friday. The pair barely reacted to US PCE inflation data, with the Greenback shedding some pips. Fed Chair Jerome Powell set to speak ahead of the weekly close.

GBPUSD 0.17% weekly change ↑

GBP/USD trades sideways above 1.2600 amid a widespread holiday restraining action across financial markets. In case GBP/USD closes the day below the 200-day SMA at 1.2590 and starts using this level as resistance, technical sellers could remain interested.

AUDUSD 0.20% weekly change ↑

Australian Dollar remains tepid as market bias leans towards RBA adopting a dovish stance. Australia's central bank may consider cutting interest rates in the second half of 2024. US Dollar strengthens as recent data suggests that the Fed may delay implementing rate cuts shortly.

USDJPY -0.07% weekly change ↓

USD/JPY struggles as BoJ's cautious approach to keep monetary conditions accommodative. Japanese CPI (YoY) rose 2.6% in March, from the previous reading of a 2.5% rise. The strength of the US Dollar is bolstered by hawkish statements from Fed officials.

USDCNY -0.12% weekly change ↓

USD/CNY patted down to 7.2252 from 7.2290; SSEC +1.1%. Chinese stocks rally on fresh economic stimulus hopes. SCMP reports Xi instructing PBOC to buy treasury bonds.

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Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	3488.55	-4.76%	8.79%	0.06%
Repo	2088.18	4.14%	8.19%	-0.01%
Term	35.6	-40.75%	11.57%	0.46%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 51.56 bio by end of Jan'24 from BDT 199.66 bio as of end of Dec'23. Total liquid asset (excess of min required asset) including excess investment in government treasury securities decreased to BDT 4.24 trio at then end of Jan'24 from 4.33 trio at end of Dec'23.

Interest Rate

Bangladesh's economic growth just halved to 3.78% in the October-December period of FY24, which was 7.08% in same period last year, as manufacturing output growth declined sharply owing to reduced domestic consumption and slow export. Services sector growth also reduced to a half during the quarter. Bangladesh's economy is projected to grow 6.1% in FY24, which may go up 6.6% in the next fiscal year. Despite weaker global demand, exports of Bangladesh's traditional low-end garments will continue to grow as exporters use local yarn and fabrics due to the dollar crisis. The point-to-point inflation rose slightly to 9.81% in March compared to 9.67% in February, owing to the rising prices of food and non-food items. The food inflation rate in March stood at 9.87% from 9.44%, while non-food inflation was 9.64% from 9.33% in February. Net sales of savings instruments dropped by more than BDT88.91 billion year on year in the first eight months of the FY24. Government's net domestic borrowing ostensibly decreased deeply by 65% in the first seven months of the current fiscal year, although gross debt could be much higher.

Data from the Bangladesh Bank, show that from July to January, the government net domestic borrowing was BDT 149.1 billion in a decrease by more than 65% from the same period a year earlier, which was BDT 427.17 billion. Credit flow to the private sector remained sluggish for yet another month in February at 9.96% as tight liquidity and a rising interest rate kept both the demand for loans and lending subdued. Bangladesh government's interest payments rose ~26% YoY in the first half of FY24 to ~BDT500bn, due to a spike in borrowing costs on both domestic and external funds. The interest costs for domestic loans increased 13.58% to BDT 423.13bn while the same for foreign credits surged 195.81 percent to BDT 79.10bn.

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

- The stock market witnessed yet another massive setback on Thursday, with the key index of the Dhaka bourse sinking below 5,700-mark for the first time in nearly three years. The market has already been bearish since the removal of the floor price while macroeconomic uncertainties stemming from the recent geopolitical crisis have further dampened investor sentiment. Right from the start of the trading session, panicked investors started to dump their holdings as they could not be hopeful of any turnaround in the market, causing the indices to plunge.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
18-Apr-24	91 Days	11.35%	11.35%
18-Apr-24	182 Days	11.40%	11.40%
18-Apr-24	364 Days	11.50%	11.60%
03-Apr-24	2 Years	12.00%	12.00%
15-Apr-24	5 Years	12.10%	12.05%
17-Apr-24	10 Years	12.15%	12.10%
27-Mar-24	15 Years	12.15%	12.18%
27-Mar-24	20 Years	12.28%	12.27%

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	5,763.77
FTSE 100	7,860.49
Nikkei 225	38,079.70
Dow Jones IA	37,753.31
S&P 500	5,022.21

USD SOFR

Tenor	SOFR
Overnight	5.31000
1M	5.31882
3M	5.32656
6M	5.30154
1Y	5.21009
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	85.43	0.11%
Gold (OZS)	2,164.15	0.40%
ICE-US Cotton (LBS)	91.53	-2.57%
Soybean (BSH)	1,192.50	-0.48%
Wheat (BSH)	554.75	4.97%
Sugar (LBS)	21.85	-1.22%
Palm Oil (Tonne)	884.48	-2.99%
Steel (Tonne)	794.00	0.25%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	4.85%	20.70%	0.10%	9.67%
GDP Annual Growth Rate	8.40%	-0.17%	5.30%	5.78%
Policy Repo Rate	6.50%	22.00%	3.45%	8.00%
Government Bond 10Y	7.19%	14.65%	2.29%	12.15%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	3.50%	3.40%	2.40%	2.80%
GDP Growth Rate	3.40%	-0.30%	0.00%	0.10%
Unemployment Rate	3.80%	3.90%	6.50%	2.60%
Base Rate	5.50%	5.25%	4.50%	0.00%
Government Bond 10Y	4.62%	4.26%	3.05%*	0.87%

*10-Year Eurozone Central Government Bond Par Yield Curve

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

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