

## Currency Outlook

### USDBDT Exchange Rate

Remittance inflows into Bangladesh dropped by about 20.29% to \$1.56 billion month-on-month in Feb 2023, which is attributed to a weaker dollar exchange rate for expatriates' incomes. BB is currently selling USD to banks at 102 BDT per USD. The move is aimed at adjusting the exchange rates gradually in line with the market demand and supply. BAFEDA-ABB directive recommended banks to offer USDBDT 104 for both commercial inward remittances and export proceed encashment, a move that is expected to give a boost to the competitiveness of exports in the international market. Rate for encashment of Wage Earner's remittance remains at 107

Bangladesh's RMG exports have been continuing to beat their strategic targets for the past four months due mainly to a shift of work orders from China as well as high-cost raw material. The apparel exports earned USD 3.94 Bn with a 12.31% year-on-year growth in the single month of February against the target of USD 3.88 Bn (EPB). Both knitwear and woven garments witnessed export growth of 16.94% and 7.45% to USD 2.09 Bn and USD 12.84 Bn, respectively, beating their targets. The overall garment industry saw exports higher than their targets in six of eight months in the ongoing fiscal year (FY23). However, the country's export earnings in February went below the USD 5 Bn mark after three months of staying above that. The earnings in January were USD 5.13 Bn. The figure was USD 5.37 Bn in December and USD 5.09 Bn in November

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

### Global Currencies

**EURUSD 0.82% weekly change** ↑

EUR/USD reversed its course and is set to finish the week with gains of more than 0.80% on a softer USD amidst speculations that the Fed would not hike rates beyond what money market futures expect. A risk-on impulse and falling US bond yields are a headwind for the US Dollar.

**GBPUSD 0.80% weekly change** ↑

GBP/USD rebounded from 1.1930, amid a weaker US Dollar. Higher equity prices in Wall Street and a modest decline in US yields weighed on the Greenback. The pair keeps moving sideways above the 1.2000 mark. Once the pair stabilizes above that level, it could target 1.2050 and 1.2100.

**AUDUSD 0.64% weekly change** ↑

AUD/USD finished the week with solid gains of 0.64%. The US ISM Services PMI was a tick lower than the previous month's data, signaling the US economy is solid. Sentiment remains upbeat, a headwind for the safety of the US Dollar.

**USDJPY -0.44% weekly change** ↓

The USD/JPY slides from 136.70s toward the 136.00 area amidst broad USD weakness even though data cemented the US economy resilience. Upbeat US economic data failed to bolster the US Dollar. USD/JPY will remain bullish above 136.00; otherwise, a retest of 134.00 is on the cards.

**USDCNY -0.71% weekly change** ↓

USD/CNY steady above 6.9000 with support at 6.8977 even as SSEC rises 0.4%, US yields fade a tad. Traders may be awaiting more hints of policy shift. PBOC vows timely adjustments, but no flood-like stimulus. NPC meeting begins Sunday with chance of aggressive GDP target.

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## Money Market and Interest Rate

### Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	6,002.22	-7.22%	6.07%	-0.05%
Repo	4,933.21	0.91%	6.38%	0.15%
Term	16.4	-65.32%	8.17%	-0.41%

Excess reserve (Excess CRR: un-invested cash) in banking system increased to BDT 205.99 bio by end of Dec'22 from BDT 65.91 bio as of end of Nov'22. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased slightly to BDT 2.48 trio at then end of Dec'22 from 2.467 trio at end of Nov'22.

**Auction:** Auction for 91D and 364D were held on 5th March'23 where yields decreased by 20 bps & 11 bps respectively. BDT 183 cr from 91D & BDT 731 cr from 364D was devolved on BB. **Outlook:** Liquidity shortage is expected to persist due to uncertainty of BB repo.

### Interest Rate

The private sector credit growth dropped to 12.62% in January 2023 from 12.89% in December 2022. In November 2022, it was 13.97%. According to experts, the decline is a consequence of a liquidity shortage in Bangladesh's banking sector.

The government hiked power tariff third time in 2023 by 5% to Tk8.25 per unit effective from March 01, 2023. Declined imports due to the dollar crisis-induced import curbs has reflected in the government's revenue collection as import duty dropped year-on-year this January. A slight decrease in the price of goods in the world market is another reason. According to the NBR, YOY import duty collection growth declined to negative 0.53% in January which was 23% in the previous fiscal year. The growth in import duty collection from July to January FY23 - is less than 8% which was over 22% in the same period of FY22. Annual Development Programme (ADP) implementation registered a record low of 28.16% progress in the first seven months of FY23, according to available data. The previous lowest rate of ADP implementation in the July-January period was recorded at 28.45% in FY21.

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

### Capital Market

- BSEC has decided to reintroduce the floor price for 169 companies, which was earlier lifted in Dec last year. At the end of Jul last year, the BSEC set the floor price of every stock to halt the free fall of the market indices amid global economic uncertainties. However, in last Dec the stock market watchdog lifted the floor price for 169 companies in order to bring vibrancy to the market.
- Listed logistics and container supply chain management provider SAIF Powertec has launched a sister concern, Trust Regional Equity, a TREC or brokerage licence holder of DSE
- IPO of Trust Islami Life Insurance is set to open for subscription on April 3 as the company aims to raise BDT 160 million from the capital market under the fixed-price method

## Market Synopsis

### Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
06-Mar-23	91 Days	6.25%	6.45%
27-Feb-23	182 Days	7.10%	7.28%
06-Mar-23	364 Days	7.39%	7.50%
05-Feb-23	2 Years	8.03%	8.13%
08-Feb-23	5 Years	8.20%	8.21%
15-Feb-23	10 Years	8.34%	8.33%
22-Feb-23	15 Years	8.70%	8.65%
22-Feb-23	20 Years	8.80%	8.75%

### USD SOFR

Tenor	SOFR
Overnight	4.55000
1M	4.70788
3M	4.93983
6M	5.20289
1Y	5.40358
Source	Refinitiv, CME Term SOFR

### Commodities

Tenor	SOFR	Commodity (unit)	Latest Price	Weekly
Overnight	4.55000	Brent Crude Oil (BBL)	85.83	3.21%
1M	4.70788	Gold (OZS)	1584.97	2.44%
3M	4.93983	ICE-US Cotton (LBS)	84.37	-0.89%
6M	5.20289	Soybean (BSH)	1530.40	0.09%
1Y	5.40358	Wheat (BSH)	695.60	-1.78%
Source	Refinitiv, CME Term SOFR	Sugar (LBS)	20.92	-1.69%
		Palm Oil (Tonne)	965.00	2.99%
		Steel (Tonne)	1050.00	2.94%

### USD LIBOR

Tenor	LIBOR
1M	4.70914
3M	4.98400
6M	5.31571
1Y	5.69443
Source	Refinitiv

### Capital Market

Tenor	LIBOR	Index	Value
1M	4.70914	DSEX	6,213.74
3M	4.98400	FTSE 100	7,947.11
6M	5.31571	Nikkei 225	27,927.47
1Y	5.69443	Dow Jones IA	33,390.97
Source	Refinitiv	S&P 500	4,045.64

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.52%	31.5%	2.1%	8.71%
GDP Annual Growth Rate	4.4%	3.94%	2.9%	6.50%(P)
Policy Repo Rate	6.5%	20.00%	3.65%	6.00%
Government Bond 10Y	7.42%	15.60%	2.92%	8.34%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	6.40%	10.1%	8.5%	4.3%
GDP Growth Rate	2.7%	0.00%	0.1%	0.2%
Unemployment Rate	3.4%	3.70%	6.7%	2.4%
Base Rate	4.75%	4.00%	3.00%	-0.10%
Government Bond 10Y	3.96%	3.86%	3.46%*	0.50%

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

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