

Currency Outlook

USDBDT Exchange Rate

In the past two months, the central bank has successfully reduced deferred payments from USD 2.5 billion to USD 700 million by paying off USD 1.8 billion in outstanding liabilities for energy and other essential services. As of Oct 8, Bangladesh's foreign exchange reserves stood at USD 19.82 billion as per BPM6 calculations, while the gross reserves reached USD 24.97 billion. BB Governor has assured stability of FX Reserves, mentioning that the central bank's primary goal is to eliminate the remaining debt within the next 2 months, aiming for a debt-free status by Nov-Dec. The central bank is preparing to secure an additional USD 10 billion in loans from various international institutions to bolster the economy.

Bangladesh received \$1.21 billion in inward remittances during the first 14 days of October. Meanwhile, the flow of inward remittances grew over 33% to \$6.54 billion in Q1 of the current fiscal year (FY), 2024-25, from \$4.91 billion in the same period of FY '24. This surge indicates a growing trend of expatriates utilising formal banking channels to send money to Bangladesh. The actual import in terms of settlement of LCs fell by 5.58% to \$16.10 billion during the Jul-Sep period of the FY'25, from \$17.05 billion in the same period of the previous fiscal year, due to political unrest as well as uncertainty associated with post-unrest regime. The opening of fresh LCs, generally known as import orders, dropped by 8.44% to \$15.65 billion in the first three months of this fiscal from \$17.09 billion in the same period of FY'24.

Outlook: Exchange rate is expected to stabilize in the coming days as soon as the overdue payments are reduced.

Global Currencies

EURUSD -0.65% weekly change ↓

EUR/USD trades in positive territory near 1.0850 following a four-day slide. China's stimulus optimism and a broad US Dollar correction help the pair retrace the dovish ECB decision-induced decline. All eyes remain on the Fed-speak.

GBPUSD -0.14% weekly change ↓

GBP/USD is trading at around 1.3050, supported by upbeat UK Retail Sales data and a pullback seen in the US Dollar. On the upside, 1.3090-1.3100 aligns as first resistance area before 1.3130 and 1.3175.

AUDUSD -0.65% weekly change ↓

AUD/USD attracts buyers and draws support from a combination of factors. A positive risk tone and hawkish RBA expectations underpin the Aussie amid a modest USD downtick. Bets for smaller Fed rate cuts should limit the USD losses and cap any meaningful gains for the major.

USDJPY 0.26% weekly change ↑

USD/JPY encounters offers near 150.00 as the US Dollar struggles to extend its upside further. Traders priced out the Fed's larger-than-usual size of 50 bps interest rate cut in November. Japan's National core CPI accelerated to 2.1% in September.

USDCNY 0.49% weekly change ↑

USD/CNY ebbs to 7.1171; dip-buyers eye 38.2% Fibi 7.1068. Should find good bids as US-China yield gap widens again. Solid US data contrasts with slowing China economy. Fed has reason to go slower with rate normalization.

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	3220.2	18.90%	9.55%	0.02%
Repo	857.6575	60.97%	9.32%	-0.01%
Term	134.425	-12.71%	12.25%	0.09%

Excess reserve (Excess CRR: un-invested cash) in banking system increased to BDT 61.52 bio by end of Aug'24 from BDT 58.71 bio as of end of Jul'24. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased to BDT 4.58 trio at the end of Aug'24 from 4.57 trio at end of Jul'24.

Interest Rate

Due to lower revenue collection, government has increased its borrowing from banking channel YOY by 93% in 1st quarter of FY'25. Major reasons are to control inflation by reducing money supply from the economy and repaying the already exceeded overdraft account with central bank. Borrowing amount stood around BDT 450 billion during the mentioned period.

With slower economic activity, private sector credit growth dropped further by 27 bps MoM and reached to 9.86% in Aug. Businessmen are in cautious mode due to political turmoil, fuel crisis, high inflation, and most importantly sharp depreciation of BDT. The existing trend of private-sector growth is expected to continue till contractionary monetary- policy continues. World bank also downsized its growth forecast by 0.4 percentage point for Bangladesh which is 4.00% for current fiscal year. Projection for inflation is still high for 2025 due to unrest and removal of price subsidies. As per Bangladesh bank latest instructions, banks can now borrow from the central bank through repos only one working day in a week, down from the previous practice of borrowing on two working days. This will help central bank to reduce the money supply from economy and tame inflation.

Outlook: Interest rate is expected to maintain current trend due to contractionary policy directives from central bank

Capital Market

- BSEC has authorised both stock exchanges to upgrade Z category stocks to their relevant categories if 80% of the declared dividend is disbursed. According to the DSE, around ten companies have submitted compliance reports after disbursing dividends, following their downgrading to the Z category.
- Global index provider FTSE Russell has recently completed its annual review of the Bangladesh stock market, which led to the exclusion of 60 DSE companies from the FTSE Frontier Index Series. The primary reason for their exclusion in the September review, which analysed Bangladeshi stocks' eligibility to be a part of its global composites, was due to the companies' shares' poor liquidity in the bourses.
- DSE Brokers Association proposed several measures to the Bangladesh Securities and Exchange Commission, including reviewing exchange demutualisation laws, withdrawing the 12% interest on margin loans, and disbur sing interest from consolidated accounts.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
21-Oct-24	91 Days	11.75%	11.48%
21-Oct-24	182 Days	11.90%	11.72%
21-Oct-24	364 Days	11.99%	11.89%
02-Oct-24	2 Years	12.20%	12.25%
09-Oct-24	5 Years	12.30%	12.38%
16-Oct-24	10 Years	12.45%	12.51%
25-Sep-24	15 Years	12.55%	12.66%
25-Sep-24	20 Years	12.65%	12.75%

Capital Market

Index	Value
DSEX	5,149.90
FTSE 100	8,358.25
Nikkei 225	39,042.74
Dow Jones IA	43,275.91
S&P 500	5,864.67

USD SOFR

Tenor	SOFR
Overnight	4.85000
1M	4.75906
3M	4.63163
6M	4.44371
1Y	4.13231
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	73.05	-7.57%
Gold (OZS)	2,720.25	2.42%
ICE-US Cotton (LBS)	70.99	-1.69%
Soybean (BSH)	970.00	-3.53%
Wheat (BSH)	572.75	-4.38%
Sugar (LBS)	22.18	-0.27%
Palm Oil (Tonne)	989.07	-2.59%
Steel (Tonne)	705.00	0.00%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	5.49%	6.90%	0.40%	9.92%
GDP Annual Growth Rate	6.70%	-0.17%	4.60%	5.82%
Policy Repo Rate	6.50%	17.50%	3.35%	9.50%
Government Bond 10Y	6.80%	12.10%	2.08%	12.45%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	2.40%	1.70%	1.70%	2.50%
GDP Growth Rate	3.00%	0.50%	0.20%	0.70%
Unemployment Rate	4.10%	4.00%	6.40%	2.50%
Base Rate	5.00%	5.00%	3.40%	0.25%
Government Bond 10Y	4.08%	4.05%	2.84%*	0.96%

*10-Year Eurozone Central Government Bond Par Yield Curve

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

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