

Currency Outlook

USDBDT Exchange Rate

Current balance-of-payments (BoP) data show signs of Bangladesh's economy picking up with export receipts rising, imports returning to positive growth and a strong rebound in remittances. This has led to a narrower current-account deficit, while both the financial and capital accounts have gained posted surpluses. Latest BoP data, covering the first quarter (Jul-Sep 2024) of the current fiscal, reveal a current-account deficit of US\$127 million, significantly lower than the \$1.829-billion deficit in the same period last year. The financial account posted a surplus of \$560 million in this period, recovering from a deficit of \$1.23 billion a year before. The country's foreign exchange reserves, as per the calculation method of International Monetary Fund stands at USD 20 billion as on 07 Nov 2024.

Bangladesh received remittance of \$655 million in the first 9 days of Nov. In September, remittance inflows reached a fiscal year high of \$2.4048 billion, followed by a slight decline in October, which saw \$2.3951 billion in total remittances. Bangladesh's exports surged 21 percent year on year in October powered by a spike in the shipment of knitwear and woven garments, the key export items of the country. Exports value stood at \$4.13 billion in October this year, up from \$3.42 billion a year ago, according to data by EPB. A latest World Bank financing worth US\$400 million is expected for strengthening financial-safety net and crisis preparedness in Bangladesh. The money will go for bankrolling the Financial Sector Support Project (FSSP) -II. Total tenure of the project will be five years.

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

Global Currencies

EURUSD 0.38% weekly change ↑

EUR/USD loses its traction and declines toward 1.0830 after testing 1.0900. Because Nonfarm Payrolls data for October missed the market expectation, the US Dollar manages to hold its ground. On the downside, initial contention emerges at 1.0760, ahead of the round level at 1.0700.

GBPUSD -0.25% weekly change ↓

GBP/USD declined below 1.2950 as markets ignore the weak labor market data from the US. The pair end the week flat. In case GBP/USD stabilizes above 1.2900, 1.2960 could be seen as next resistance ahead of 1.2980 and 1.3000.

AUDUSD -0.67% weekly change ↓

The Australian Dollar remains tepid against the US Dollar as Australia's mixed PPI data for the third quarter. Expectations of a hawkish stance from the Reserve Bank of Australia continue to support the Aussie Dollar.

USDJPY 0.45% weekly change ↑

The Yen resumes its downtrend losses as the effect of the hawkish comments by BoJ Governor Ueda fades. Investors' cautiousness ahead of the NFP report is pushing the US Dollar higher across the board. Technical indicators show the US Dollar rally losing steam.

USDCNY 0.02% weekly change ↑

US payroll report helps techs turn more bearish. US 2-yr yield US2YT=RR turned lower after hitting a 3-month high earlier. 7.1085/7.1135 is key support, if breaks stop selling may trigger.

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	4283.66	22.19%	9.93%	0.00%
Repo	771.31	4.89%	9.96%	0.51%
Term	51.57	-1.09%	12.44%	0.39%

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

Inflation of October'24 impacted the country massively due to higher food inflation. Overall inflation stood at 10.87% in Oct'24 showing 0.95 percentage points upward change MOM. Food inflation rose to 12.66% points to point basis due to recent floods in the country's northeastern and northwestern regions. Massive impact on food inflation pulled up overall inflation. Non-food inflation dropped by 0.16 percentage points MOM to 9.34% in mentioned period. Country's economists also advised BB to remain in rigid monetary policy purview to rein public spending and tame the inflation. Supply side efficiency through market making rather than price directives will also help to curb the inflation.

Private sector credit growth slowed down to 9.20% in Sep'24 from 9.86% prior month. Political changeovers, overall law & order situation, persistent inflation, uncertainty about investment climate, an increasing lending rate, and lackluster loan recovery etc were weighed on credit growth. Due to this slow growth, banks parking their surplus funds in treasury securities. The government's net borrowing from banking channel reached BDT 164 billion in the July-October period. From this borrowing BB has already repaid BDT 398 billion to BB out of BDT 562.33 billion total borrowing. According to the Metropolitan Chamber of Commerce and Industry (MCCI) in its latest PMI report, Bangladesh Purchasing Managers' Index (PMI) climbed to 55.7 in October. This was a 6-point increase from that in the previous month, signaling a shift back to expansion after three consecutive months of contraction.

Outlook: Interest rate is expected to maintain upward trend due to higher trend of inflation and government borrowing.

Capital Market

- BSEC has decided to fine directors of 10 companies if they do not pay due dividends within deadlines set by the regulator.
- The securities regulator has initiated efforts to lower the capital gains tax for individual investors in a bid to stabilise and strengthen the stock market.
- On his first visit to BSEC after assuming his role as Finance adviser, Salehuddin Ahmed remarked that Emphasis will be placed on implementing immediate solutions and medium to long-term plans to restore investor confidence in the stock market.
- DSE will work to enhance liquidity management in the capital market in the short term by sourcing funds both locally and globally to alleviate investor panic.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
11-Nov-24	91 Days	11.75%	11.75%
11-Nov-24	182 Days	11.90%	11.90%
11-Nov-24	364 Days	11.99%	11.99%
6-Nov-24	2 Years	12.30%	12.20%
9-Oct-24	5 Years	12.30%	12.38%
16-Oct-24	10 Years	12.45%	12.51%
23-Oct-24	15 Years	12.69%	12.55%
30-Oct-24	20 Years	12.79%	12.65%

Capital Market

Index	Value
DSEX	5,265.85
FTSE 100	8,072.39
Nikkei 225	39,500.37
Dow Jones IA	43,988.99
S&P 500	5,995.54

USD SOFR

Tenor	SOFR
Overnight	4.82000
1M	4.61648
3M	4.51617
6M	4.40107
1Y	4.21872
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	73.10	-3.88%
Gold (OZS)	2,735.16	-0.46%
ICE-US Cotton (LBS)	70.17	-0.69%
Soybean (BSH)	982.50	-0.53%
Wheat (BSH)	568.00	-0.18%
Sugar (LBS)	22.07	-0.32%
Palm Oil (Tonne)	1,112.69	6.39%
Steel (Tonne)	714.00	1.42%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	5.49%	7.20%	0.30%	10.87%
GDP Annual Growth Rate	6.70%	-0.17%	4.60%	5.82%
Policy Repo Rate	6.50%	15.00%	3.10%	10.00%
Government Bond 10Y	6.77%	11.98%	2.12%	12.45%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	2.40%	1.70%	2.00%	2.50%
GDP Growth Rate	2.80%	0.50%	0.40%	0.70%
Unemployment Rate	4.10%	4.00%	6.30%	2.40%
Base Rate	4.75%	4.75%	3.40%	0.25%
Government Bond 10Y	4.31%	4.44%	3.07%*	1.01%

*10-Year Eurozone Central Government Bond Par Yield Curve

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

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