

## Currency Outlook

### USDBDT Exchange Rate

Bangladesh Bank is continuing to sell USD to banks to help them meet foreign currency payments. Bangladesh Bank supplied dollars to the market to the tune of \$6.03 billion between July 1 and November 23 in order to help lenders clear import bills. The reserves yesterday stood at \$34.10 billion in contrast to \$45 billion in November last year. Considering adjustment of investment in export development funds and some other areas reserve figures stand at around \$27.5 billion. It is expected the country may manage loans from the IMF in February while the World Bank may provide the fund in the next June-July period.

Remittances decreased 2.03 per cent year-on-year to \$7.19 billion in the first four months of the current fiscal year. However, Global buyers are making fresh inquiries about clothing supplies for the next season. RMG exports grew 5.72% y-o-y to USD 2 bio in the first 20 days of Nov. After Sept, fall shipments saw rebound in October. In October, the clothing exports again made a turnaround with a growth of 3.27 per cent, year on year. Due to the increasing use of local raw materials, Bangladesh's retention value from the shipment of apparel items is rising, highlighting the development of a strong backward linkage industry and less reliance on imported yarn and fabrics.

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

## Global Currencies

### EURUSD 0.78% weekly change ↑

EUR has appreciated rapidly influenced mainly by Fed policies and FOMC minutes last week. Economists at Commerzbank have changed their EUR/USD forecast. The pair is now expected to reach the 1.10 level in the coming year.

### GBPUSD 1.77% weekly change ↑

The pair hovered below 1.2100 due to subdued trading session on low volume conditions spurred by the US Thanksgiving holiday. Failure to hold above 1.2100 exacerbated a fall toward the November 24 low of 1.2049. A break below 1.2000 will exacerbate a fall towards 1.1800.

### AUDUSD 1.20% weekly change ↑

The Australian Dollar surged toward a 2-month high at the end last week as the US Dollar collapsed on the market perception of a change in Federal Reserve policy. The RBA appear to be comfortable that they have inflation under control. The pair is attempting to break resistance at 0.6800

### USDJPY -0.89% weekly change ↓

The Japanese yen fell across the board on Friday, weakened by rising bond yields. The rally of USD/JPY was capped by the 139.50/60 area. Near the end of the week, the pair holds firm above 139.00. It is expected that USD/JPY could be trading at 125-130.

### USDCNY 0.63% weekly change ↑

China's yuan weakened on Friday, as a continuous surge in Covid cases has rekindled traders' concern about the slowing economy, and doubts about whether more monetary easing policies could achieve its goal of stimulating growth. PBOC set the midpoint rate at 7.1339 per U.S. dollar prior to market open, weaker than the previous 7.1201

**Disclaimer:** This report is prepared by Treasury & FI Division, BRAC Bank Ltd. and to be used for information purposes only. It is not, under any circumstances, to be used or considered as an offer to sell, or a solicitation of any offer to buy. Reasonable care has been taken to ensure that the information is not untrue and misleading. BRAC Bank Ltd makes no representation or warranty as to the accuracy or completeness of such information. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

## Money Market and Interest Rate

### Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	3,849.25	-6.54%	5.80%	-0.001%
Repo	5,213.49	-16.23%	7.04%	-0.03%
Term	53.30	23.41%	8.52%	0.34%

Excess reserve (Excess GRR: 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 bio at end of Sep'22 from Aug'22.

**Auction:** Auctions for 91D & 364D were held today with yields increasing by 5 bps & 19 bps respectively.

**Outlook:** Market is expected to remain moderately soft due to the 7 days BB repo support to market.

### Interest Rate

As a part of the move to reintroduce market-driven lending rate, BB plans to lift the limits on interest on credits in phases from the third quarter (Q3) of this fiscal year. The central bank may lift the interest-rate cap on SMEs first, to be followed by working capital and industrial term loan in tandem.

Due to the tightening belt of development expenditure, spending under Annual Development Program (ADP) has declined to 12.21% of the total allocation of government funds compared to 14.24% a year ago. Overall revenue collection for October rose by 10% (MOM) though it is a 5% decrease YOY. On the other hand, Foreign aid commitments decreased by 85% during the July-October period to \$413.81 million, down from \$2.76 billion in the same period of FY22, according to the Economic Relations Division (ERD) data. Foreign aid disbursement has also decreased to \$1.97 billion, a 25% decrease compared to the same period of FY22 of \$2.62 billion, due to the lack of spending capacity of government agencies.

Sharp fall in savings instrument sales, only BDT 3.3bio in July-Sept FY 23 compared to BDT 85.6 bio in same time of FY22 has increased government's dependency on inter-bank borrowing through Treasury securities. From July-November 23, BDT 545 bio is mopped up from market against central bank USD sell, whereas only approx. BDT 270 bio is injected through devolvement of Treasury securities on Bangladesh Bank.

**Outlook:** Interest rate is expected to remain upward due to BB's move for reintroducing market-driven lending rate

### Capital Market

- Amid worries over a recession due to higher interest rates and fresh lockdowns as COVID cases rise in China, investors withdrew \$8.6 billion and \$840 million respectively from U.S. and European equity funds but invested \$470 million in Asian equity funds. (Refinitiv Lipper Data)
- BSEC ordered removal of the 5-minute pre-opening session to prevent any negative impression on investors, created by massive selling pressure during the time.

For further information please contact:

Treasury & Financial Institutions, BRAC Bank Limited

Phone: +88028801255-60

E-mail: dealing.room@bracbank.com

## Market Synopsis

### Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
03-Nov-21	7 days (BB Bill)	1.95%	1.95%
10-Nov-21	14 Days (BB Bill)	2.46%	2.45%
18-Nov-21	30 Days (BB Bill)	2.65%	2.44%
28-Nov-22	91 Days	6.45%	6.40%
21-Nov-22	182 Days	6.71%	6.59%
28-Nov-22	364 Days	7.09%	6.90%
09-Nov-22	2 Years	7.51%	7.45%
16-Nov-22	5 Years	7.85%	7.74%
23-Nov-22	10 Years	8.26%	8.25%
26-Oct-22	15 Years	8.51%	8.50%
26-Oct-22	20 Years	8.61%	8.55%

### Capital Market

Index	Value
DSEX	6,207.73
FTSE 100	7,486.67
Nikkei 225	28,283.03
Dow Jones IA	34,347.03
S&P 500	4,026.12

### USD LIBOR

Tenor	LIBOR
1M	4.05471
3M	4.73386
6M	5.21871
1Y	5.59800

### Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	83.63	-4.55%
Gold (OZS)	1756.14	0.37%
ICE-US Cotton (LBS)	81.34	-4.29%
Soybean (BSH)	1436.25	0.56%
Wheat (BSH)	775.50	-3.45%
Sugar (LBS)	19.33	-3.59%
Palm Oil (Tonne)	907.00	5.56%
Steel (Tonne)	656.00	-1.20%

### USD SOFR

Tenor	SOFR
Overnight	3.79000
1M	4.08070
3M	4.41062
6M	4.71451
1Y	4.93152
Source	Refinitiv, CME Term SOFR

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.77%	26.6%	2.10%	8.91%
GDP Annual Growth Rate	13.50%	3.94%	3.9%	7.25 (P) %
Policy Repo Rate	5.90%	16.00%	3.65%	5.75%
Government Bond 10Y	7.30%	12.97%	2.84%	8.26%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	7.70%	11.1%	10.6%	3.70%
GDP Growth Rate	2.6%	-0.20%	0.2%	-0.3%
Unemployment Rate	3.70%	3.60%	6.60%	2.60%
Base Rate	4.00%	3.00%	2%	-0.10%
Government Bond 10Y	3.69%	3.12%	2.73%	0.25%

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