

## Currency Outlook

### USDBDT Exchange Rate

Bangladesh's foreign currency reserves slipped to USD 33.86 bio following the central bank's sale of USD to banks to meet their foreign currency payment obligations. The country's current account deficit decreased to \$890 million at the end of November from \$3.61 billion in September. In Jul-Sept, Bangladesh's imports grew 11.7 % y-o-y to \$19.34 billion. Bangladesh's export earnings crossed the \$5 bio-mark in Nov 22, for the first time ever. The earnings in the first five months of FY23 grew by 11% compared to the corresponding period of last year (EPB). Bangladesh exported goods worth \$5.09 billion in November, which was 26% higher than the corresponding period of the previous fiscal year (EPB). In the EU region, the growth of apparel shipments from Bangladesh not only surpassed that of China, but also all other major suppliers in the world between January and August this year, according to the latest data from Eurostat.

On the remittance front, remittance inflow to Bangladesh will see a drop of \$1 billion from the \$22 billion the country received last year (World Bank). However, with a \$21-billion inward remittance anticipated, Bangladesh is likely to be the seventh highest recipient of remittance globally this year. WB said the demand for migrant workers from Bangladesh, Pakistan and Sri Lanka remains strong in the Gulf Cooperation Council countries.

**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 1.33% weekly change ↑

Unexpectedly strong US Jobs data led to a fleeting rebound in USD. EUR/USD was flat in late trade and its rebound from Friday's 1.04295 low on EBS toward to a high of 1.0545 put it on course for a bullish close above the 50% Fibon to this year's downtrend at 1.0511. EUR/USD bulls remain confident, suggest a rally towards 1.0800 is likely.

### GBPUSD 1.58% weekly change ↑

Sterling dove from 1.2293 to 1.21365 on NFP report. Friday lows attracted strong buying by the just-cleared 200-DMA at 1.2151 levels. Traders are expecting a close above August and Thursday highs at 1.229/311. Above 1.2300 are the 55-WMA and May high at 1.2494/1.2665.

### AUDUSD 0.78% weekly change ↑

After trading up to 0.6836 overnight then the pair slipped. AUD/USD dived down to 0.6743 but losses faded as buyers emerged. Rising monthly RSI, hold above the 10-DMA are encouraging signs for longs.

### USDJPY -3.46% weekly change ↓

USD/JPY fell 0.5% after a wild ride from 134.73 to 135.98. jobs data triggered a 134.05-5.98 rally as Treasury yields rebounded. Prices fell back, finding some support by the 200-DMA at 134.52. Today was the first day it traded below the 200-DMA since Feb. 2021

### USDCNY -2.47% weekly change ↓

USD/CNH broke November's monthly low & neared 7.0050 ahead of NY's open. USD/CNH rallied and neared 7.0715 but some of those gains eroded. A break below 6.9985/7.000 should trigger stop loss selling. USD/CNH bears are then likely to target September's monthly low.

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## Money Market and Interest Rate

### Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	4,206.22	9.27%	5.79%	-0.011%
Repo	5,280.15	-9.59%	7.21%	0.11%
Term	24.00	-55.01%	7.55%	-0.97%

Excess reserve (Excess CRR: 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 trillion at end of Sep'22 from Aug'22. **Auction:** Auctions for 91D & 182D were held on 4th Dec and yields increased by 15 bps & 29 bps respectively.

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

### Interest Rate

No immediate plan is there for withdrawing the interest-rate caps, says Bangladesh Bank Governor to rule out pleas from some economists and donors.

The government has been empowered to fix or adjust gas and electricity tariffs without conducting any public hearing beforehand, bringing amendment to the Bangladesh Energy Regulatory Commission (BERC) Ordinance 2022. The govt. is also set to allow private sector to import petroleum products and sell directly to retailers in a major move to open up the fuel market under the given situation of fuel shortages and government-level import constraint for dollar crunch. Contract suppliers have refused Bangladesh govt.'s call to increase the supply of LNG to meet a mounting demand. The long-term suppliers have informed the govt. that their volumes of LNG supply would be minimal to Bangladesh in 2023 as of the previous year, amid 'volatile' spot-market prices. Country's two existing long-term LNG suppliers – Qatar's Qatargas and Oman's Oman Trading International (OTI) – have committed to providing a total of 56 LNG cargoes in 2023 – as much its import in the current calendar year, 2022. Global rice prices continue soaring, raising concerns for local importers who are supposed to source 1.4 million tonnes of the staple within December this year amid a rocketing trend of the food-grain prices in the domestic market. The FAO All Rice Price Index, published on Friday, showed the Index reached 114.6 points marking a 2.3% further hike in November last, compared to October.

Needless to say, the fuel shortage and rising global rice prices are posing further threat on our inflation.

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

### Capital Market

- A dozen companies are planning to raise around BDT 7 Bn funds from the capital market through initial public offering (IPO). They intend to go for business expansion with the new capital infusion. Most of the fund raisers are small companies that are trying to recover from pandemic-induced losses
- CSE shareholders approved ABG Limited, a concern of Bashundhara Group, to become a strategic investor of the port city bourse. The investors also approved the sale of 25% CSE shares to ABG Limited at an extraordinary general meeting (EGM) in Chattogram with the bourse Chairman Asif Ibrahim in the chair.

## Market Synopsis

### Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
05-Dec-22	91 Days	6.60%	6.45%
05-Dec-22	182 Days	7.00%	6.71%
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%
30-Nov-22	15 Years	8.72%	8.51%
30-Nov-22	20 Years	8.93%	8.61%

### USD SOFR

Tenor	SOFR
Overnight	3.82000
1M	4.18849
3M	4.43224
6M	4.67061
1Y	4.81458
Source	Refinitiv, CME Term SOFR

### Commodities

Tenor	SOFR	Commodity (unit)	Latest Price	Weekly Change
Overnight	3.82000	Brent Crude Oil (BBL)	85.57	2.32%
1M	4.18849	Gold (OZS)	1797.82	2.37%
3M	4.43224	ICE-US Cotton (LBS)	84.28	3.61%
6M	4.67061	Soybean (BSH)	1438.50	0.16%
1Y	4.81458	Wheat (BSH)	737.25	-4.93%
Source	Refinitiv, CME Term SOFR	Sugar (LBS)	19.48	0.78%
		Palm Oil (Tonne)	891.00	-1.76%
		Steel (Tonne)	672.00	2.44%

### USD LIBOR

Tenor	LIBOR
1M	4.18486
3M	4.73257
6M	5.14914
1Y	5.42943
Source	Refinitiv

### Capital Market

Tenor	LIBOR	Index	Value
1M	4.18486	DSEX	6,245.38
3M	4.73257	FTSE 100	7,556.23
6M	5.14914	Nikkei 225	27,777.90
1Y	5.42943	Dow Jones IA	34,429.88
Source	Refinitiv	S&P 500	4,071.70

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

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	6.77%	23.8%	2.10%	8.91%
GDP Annual Growth Rate	6.30%	3.94%	3.9%	7.25 (P) %
Policy Repo Rate	5.90%	16.00%	3.65%	5.75%
Government Bond 10Y	7.22%	13.57%	2.90%	8.26%

### Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	7.70%	11.1%	10.0%	3.70%
GDP Growth Rate	2.9%	-0.20%	0.2%	-0.3%
Unemployment Rate	3.70%	3.60%	6.50%	2.60%
Base Rate	4.00%	3.00%	2%	-0.10%
Government Bond 10Y	3.49%	3.15%	2.75%	0.25%

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

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