

Currency Outlook

USDBDT Exchange Rate

In an effort to improve, export competitiveness and to help boost foreign currency reserves, Bangladesh Bank is going to offer exporters 210 days to repatriate proceeds - extended from the existing 120 days. The authorities are also going to offer cash incentives to remittances by Bangladeshi peace-keepers serving UN missions and extend the 360-day usance period for imports for another six months. To boost remittances, banks raised the exchange rate for dollars sent by doctors, engineers, lawyers, bankers, nurses and other expatriates holding white collar jobs to Tk 107.00 from previous 100.00.

Despite several measures taken by the central bank, BAFEDA and ABB, Forex reserves continued to face pressures. Early in the week, Bangladesh Bank cleared import bills amounting to USD1.35bn to the Asian Clearing Union (ACU). On Wednesday, the central bank sold USD60mn to banks at BDT97 per USD; this brings the total amount sold in this FY to USD5.47bn. The reserve position stood at USD34.25bn (USD26.3bn if we exclude Export Development Fund). However, a silver lining on the cloud is Bangladesh and the International Monetary Fund (IMF) having reached a staff-level agreement that would see the country receive a total \$4.5 billion in loan support amid global economic uncertainty due to the Russia-Ukraine war.

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 3.92% weekly change ↑

EURUSD finished up in the week close to 4%, spurred by a weak US Dollar. Softer-than-expected US CPI report and consumer inflation expectations rising tumbled the US Dollar. The double-digit inflation level in Germany underpinned the Euro. EURUSD remain upward biased, might test 1.0450 in the short term.

GBPUSD 4.04% weekly change ↑

The Pound continues appreciating and reaches a 2, 1/2-month high at 1.1840. UK GDP contracted less than expected in Q3. The US Dollar remains under pressure on Fed easing hopes. GBPUSD seems to have met interim resistance at 1.1750.

AUDUSD 3.55% weekly change ↑

The Aussie consolidates at six-week highs near 0.6700. Investors are pricing in a softer Fed monetary tightening ahead. China's decision to ease COVID-19 restrictions has contributed to improving sentiment. The AUDUSD's first resistance would be at 0.6701. The break above will expose the 0.6800.

USDJPY -5.32% weekly change ↓

USDJPY still looking for support, drops more than 5% in two days. USDJPY headed a weekly loss of near 900 pips. The October US CPI triggered sharp market moves that favored the yen. The USDJPY is neutral-to-downward biased if the major stays below the 140.80.

USDCNY -1.06% weekly change ↓

USD/CNY dives to 7.1020 from 7.1899; SSEC +2.0% from +1.4%. Longs bail on COVID policy tweak; sellers eye 7.0000 barrier. But shorts must first overcome support 7.0873.

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	6,317.91	20.89%	5.80%	0.001%
Repo	5,643.66	7.39%	6.81%	-0.09%
Term	63.60	47.97%	8.38%	1.73%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 129.01 bio by end of Aug'22 from BDT 268 bio as of end of Jun'22. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased to BDT 2.4 trio at the end of Aug'22 from BDT 2.38 trio as of Jun'22.

Auction: Auctions for 91D and 364D were also held today. Yield was unchanged for 91D. Only BDT 0.55 bio were taken from market for 364D and the yield increased by 7 bps.

Outlook: Market is expected to remain moderately tight due to liquidity wipe out by BB USD sell.

Interest Rate

Bangladesh Bank (BB) has decided to raise the ceiling on the interest rate on consumer loans to 12% (from 9% previously). On the deposits front, the interest rate floor on retail term deposits has been withdrawn. However, this is a verbal information from Bangladesh Bank to the Association of Bankers, Bangladesh, no official notice regarding both the lending and deposit rates, has been issued.

Unpaid bills owed to private power plant operators have now mounted to USD2.5bn as the government has failed to pay their dues since May of the year. This is making it difficult for operators to import furnace oil. PMO directs resuming LNG import in the wake of irregular and inadequate supply of the primary energy to domestic mills and factories. Bangladesh's business bodies have urged the government to import gas from the overheated global market and that they are ready to pay higher for the fuel for the sake of keeping the wheel of production rolling. Overall inflation edged down to 8.91% on a point-to-point basis in October. Food inflation came down to 8.50% in October from 9.08% in the previous month, while non-food inflation rose to 9.58 per cent in October from 9.13% in September. Private sector credit growth also cooled down to 13.93% (YOY) in September FY23.

Outlook: Interest rate is expected to remain upward due to stress in FX reserves and inflationary pressure.

Capital Market

- Foreign investors pulled Tk 871 crore out of DSE in the Aug and Sept 2022, despite having floor price restrictions on all companies. The overseas investors withdrew Tk 582.21 cr Aug and Tk 289.4 cr in Sept. This unprecedented figure is attributed to the overseas investors desire to exit from the country as other developed countries, including the United States, raised interest rate to curb inflationary pressure.
- Bangladesh Bank is expected to issue a circular allowing banks till the end of 2023 to adjust banks' additional investments in the stock market. This was accommodated with a view to keep the market stable by reducing the excess selling pressure and avoiding losses to investors.

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%
14-Nov-22	91 Days	6.14%	6.14%
07-Nov-22	182 Days	6.59%	6.50%
14-Nov-22	364 Days	6.90%	6.83%
09-Nov-22	2 Years	7.51%	7.45%
12-Oct-22	5 Years	7.74%	7.77%
19-Oct-22	10 Years	8.11%	8.10%
26-Oct-22	15 Years	8.51%	8.50%
26-Oct-22	20 Years	8.61%	8.55%

Capital Market

Index	Value
DSEX	6,343.64
FTSE 100	7,318.04
Nikkei 225	28,263.57
Dow Jones IA	33,747.86
S&P 500	3,992.93

USD LIBOR

Tenor	LIBOR
1M	3.85814
2M	N/A
3M	4.55029
6M	5.01129
1Y	5.66643

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	95.99	-2.62%
Gold (OZS)	1770.69	5.38%
ICE-US Cotton (LBS)	88.20	1.46%
Soybean (BSH)	1455.50	0.29%
Wheat (BSH)	813.75	-4.01%
Sugar (LBS)	19.64	4.97%
Palm Oil (Tonne)	906.00	2.84%
Steel (Tonne)	662.00	-2.36%

USD SOFR

Tenor	SOFR
Overnight	3.78
1M	3.79425
3M	4.26531
6M	4.62164
1Y	4.90852
Source	Refinitiv, CME Term SOFR

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	7.41%	26.6%	2.10%	8.91%
GDP Annual Growth Rate	13.50%	3.94%	3.9%	7.25 (P) %
Policy Repo Rate	5.90%	15.00%	3.65%	5.75%
Government Bond 10Y	7.31%	12.92%	2.74%	8.11%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	7.70%	10.1%	10.7%	3.00%
GDP Growth Rate	2.6%	-0.20%	0.2%	0.9%
Unemployment Rate	3.70%	3.50%	6.60%	2.60%
Base Rate	4.00%	3.00%	2%	-0.10%
Government Bond 10Y	3.83%	3.36%	3.17%	0.24%

*10-Year Eurozone Central Government Bond Par Yield Curve