

Currency Outlook

USDBDT Exchange Rate

The inflow of remittance to Bangladesh increased 21% YoY to \$1.93 billion in November, but down 2.42% from the \$1.98 billion registered in October, data from the Bangladesh Bank showed. Bangladesh's imports dropped 24.07% YoY to nearly \$22 billion U in the first four months of the 2023-24 fiscal year compared to \$28.94 in the same period a year earlier. In the July-October period, the BB data showed, Bangladesh's overall import orders also declined by 11.52% year-on-year. Apparel exports grew by 27% to \$4.05 billion in November YoY, 28% higher than October's \$3.16 billion, according to the EPB data.

Due to the rising interest rate of the dollar in the international market and continuous increase in dollar rate, the short-term foreign debt of the private sector fell by \$300 million in October compared to September. According to Bangladesh Bank data, at the end of December 2022, the outstanding short-term foreign loans taken by the country's private sector from various foreign banks and institutions was \$16.42 billion. But within a span of 10 months, it has decreased by nearly \$4.29 billion, of which, \$525 million was paid as interest. Bangladesh received 41% lower equity capital, US\$795 million, from foreign investors in fiscal year (FY) 2022-23 compared to \$1,346 million a year ago as it faces challenges in stabilizing the exchange rate amid shortage of foreign currencies and managing its external accounts comfortably. Total net foreign direct investment also declined nearly 6% YoY to \$3.2 billion.

Outlook: Through country's current account became surplus, BDT may depreciate further against USD due to the pressure in the financial account.

Global Currencies

EURUSD -0.45% weekly change ↓

EUR/USD has maintained a bearish streak. The pair lost its traction and declined toward 1.0800 following a rebound to the 1.0850 area earlier in the day. 1.0820 aligns as a key pivot level for the pair. Eyes on US PMI and Job Openings data.

GBPUSD -0.47% weekly change ↓

GBPUSD continues to struggle hovering around the 1.2600 handle as mixed technical and a strong USD weigh on Cable. The pair slid downwards as the US Dollar Receives a Bid on Rising Haven Demand. US Data and the Dollar Index Likely to Hold the Key to the Direction of GBPUSD this Week.

AUDUSD -1.44% weekly change ↓

The pair remains under some selling pressure now hovering at 0.6560 level. The RBA offered little cues about the future rate-hike path and weighs on the Aussie. The risk-off mood benefits the safe-haven USD and contributes to the intraday decline.

USDJPY 0.10% weekly change ↑

The Japanese Yen attracts some haven flows and reverses a part of its overnight losses against the USD. Dovish Fed expectations keep the USD bulls on the defensive and exert pressure on the USD/JPY pair. USD/JPY could lose further ground and revisit the 146.00 zone in the next few weeks.

USDCNY 0.0% weekly change ↑

USD/CNY pairs remains buoyant, last 7.1466 from Mon close 7.1435. Worries over real estate effect on Chinese economy resurface. Offshore investors selling China stocks again and upbeat Caixin services PMI fails to lift mood

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Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	4266.69	1.59%	8.40%	0.28%
Repo	1569.42	11.94%	7.93%	0.29%
Term	59.50	12.13%	8.48%	-0.13%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 59.91 bio by end of Sep'23 from BDT 78.21 bio as of end of Aug'23. Total liquid asset (excess of min required asset) including excess investment in government treasury securities decreased to BDT 4.28 trio at then end of Sep'23 from 4.37 trio at end of Aug'23.

Interest Rate

According to the BBS, the inflation rate on point-to-point basis decreased by 0.44% to 9.49% in November from 9.93% in October, riding on the falling food-inflation on a point-to-point basis to 10.76% in the month of November from 12.56% in the previous month of October. The inflation on non-food items had also dropped slightly in November to 8.16% from 8.30% in October. After months of downward trend, private-sector-credit growth went up by 0.40% points to 10.09% in October by official count, notwithstanding prevailing liquidity stress in the banking sector. The revenue collection by the three wings of the revenue board, income tax, Value Added Tax (VAT), and Customs Duty, has increased by 14.36% to BDT 1.03 trillion in Q1 FY24 compared to the same period of the previous FY 23.

The benchmark interest rate known as Six-Month Moving Average Rate of Treasury Bill (SMART) increased 29 basis points to 7.72% in November, meaning loans are going to become costlier, as the banking sector tackles a liquidity squeeze amid the central bank's move to make money costlier and reduce inflation. Bangladesh saw its perennial budget deficit widen to BDT 1.98 trillion in the last FY23. Budget implementation also marks a 2.52% decline to 86% from the 88.69% from the previous FY22

Outlook: Interest rate is expected to remain upward due to ongoing uptrend treasury yield curve for government's heavy reliance on bank borrowing and inflationary pressure.

Capital Market

- Fifty-nine companies listed on the Dhaka Stock Exchange (DSE) may be downgraded to "Z" or junk category for non-payment of dividends and failure to hold annual general meetings despite the end of the financial year.
- Foreign companies and individuals' investment dropped 20.8% year-on-year to USD 2.33 Bn in the financial year of 2022-23. It was USD 4.5 Bn in 2018-19, Bangladesh Bank data showed. The decline came although the BSEC held a number of road-shows to attract foreign investors to the stock markets of the country.
- BSEC is amending rules to allow insiders, who have access to non-public, price-sensitive information, to trade shares until two days before the end of the financial year of a firm, instead of the current two months.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
04-Dec-23	91 Days	10.80%	10.35%
04-Dec-23	182 Days	11.00%	10.50%
04-Dec-23	364 Days	11.20%	10.70%
06-Dec-23	2 Years	10.26%	10.90%
15-Nov-23	5 Years	10.99%	10.09%
22-Nov-23	10 Years	11.02%	10.41%
29-Nov-23	15 Years	11.21%	10.55%
29-Nov-23	20 Years	11.26%	10.55%

SMART **

Month	SMART
Jun-23	7.10%
Jul-23	7.10%
Aug-23	7.14%
Sep-23	7.20%
Oct-23	7.43%
Nov-23	7.72%

Capital Market

Index	Value
DSEX	6,233.03
FTSE 100	7,529.35
Nikkei 225	33,431.51
Dow Jones IA	36,245.50
S&P 500	4,594.63

USD SOFR

Tenor	SOFR
Overnight	5.33000
1M	5.34587
3M	5.37523
6M	5.34090
1Y	5.11841
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	78.88	-2.11%
Gold (OZS)	2,070.90	3.44%
ICE-US Cotton (LBS)	78.42	-2.45%
Soybean (BSH)	1,325.00	-0.43%
Wheat (BSH)	577.00	5.15%
Sugar (LBS)	25.09	-7.01%
Palm Oil (Tonne)	828.73	-0.34%
Steel (Tonne)	1,039.00	15.32%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	4.87%	29.20%	-0.2%	9.49%
GDP Annual Growth Rate	7.6%	5.97%	4.90%	7.25%
Policy Repo Rate	6.50%	22.00%	3.45%	7.75%
Government Bond 10Y	7.29%	15.12%	2.68%	11.02%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	3.20%	4.6%	2.40%	3.30%
GDP Growth Rate	5.20%	0.00%	-0.10%	-0.5%
Unemployment Rate	3.90%	4.20%	6.50%	2.50%
Base Rate	5.50%	5.25%	4.50%	-0.10%
Government Bond 10Y	4.21%	4.14%	3.16%*	0.70%

*10-Year Eurozone Central Government Bond Par Yield Curve

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

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