Treasury Weekly

BRAC BANK

আস্থা অবিচল

Issue # 04-2025 | Date:21 May 2025

Currency Outlook

USDBDT Exchange Rate

Bangladesh will receive $3.5 billion in external financing in June, including $1.3 billion from the International Monetary Fund. The remaining amount will come from the Asian Development Bank, the World Bank and the Japan International Cooperation Agency (JICA). The IMF has concluded its fourth review under the loan programme for Bangladesh, paving the way for a combined release of $1.3 billion for the fourth and fifth tranches by June. The funds are expected following a staff-level agreement reached after discussions in Dhaka and Washington in April. The IMF and Bangladesh also agreed on reforms in revenue management and the exchange rate regime.

Under the new market based exchange rate regime, the central bank is allowing the exchange rate of the dollar to be determined by market forces. However, there will be an undisclosed band within which the exchange rate must stay. At the same time, the Bangladesh Bank will continue to intervene in the foreign exchange market by buying and selling dollars. It is a deemed a timely move as the current account deficit is manageable, and our reserves have risen without external support . The dollar rate held steady for the third consecutive day as banks remained cautious in their transactions, following the Bangladesh Bank's directive to adopt a market-based exchange rate in line with IMF conditions. Bangladesh Bank announced that it will form a $500 million fund in order to keep the forex market stable.

Outlook: As overdue payments are gradually getting cleared and with improved remittance and export inflows, exchange rate is expected to remain stable for now.

Global Currencies

EURUSD 0.63% weekly change ↑

EUR/USD rallied toward the 21-DMA Tuesday then turned lower on the session. Today is the second consecutive day that the 21-DMA helped to cap rallies. Resistance near the 1.1300 level is turning out to be formidable. EUR/USD traded back below the down trend line off April's high

GBPUSD 0.49% weekly change ↑

Cable falls to 1.3336 on position adjustments after Ldn am fail pre-1.34. 1.3336 is three pips above last Friday's high. Support points below 1.3333 include 1.3319. Risk reversal bias for GBP call/USD put options rises to 17 year high.

AUDUSD -0.06% weekly change ↓

AUD/USD falls to 0.6408 intra day low on RBA's dovish 25 bps rate cut. 0.6459 was Asia high. Support points include 0.6400 and 0.6388.

USDJPY -0.50% weekly change ↓

USD/JPY once again stabilizes at NY open. Pair partly buoyed by higher Trsy 10-yr yields; broader dollar stays pressured. Japan trade negotiator Akazara to have another US meeting after this week. Pair settles in middle of 21 day Bollinger range after finding support near kijun.

USDCNY 0.14% weekly change ↑

USD/CNH surrenders gains, last 7.2177 from Tues peak 7.2260. Falls back under 200 DMA barrier 7.2227. China, HK stocks cement gains after expected LPR cuts. Dollar buying for offshore corporate dividends may be easing. USDCNH bearish if it ends Tues below 200 DMA, Mon close 7.2140.

Money Market and Interest Rate

Money Market

Item	Avg. Vol. (Cr.)	% Δ (Vol.)	WAR	% Δ (WAR)
Call	3762.67	-16.87%	10.14%	0.07%
Repo	1805.57	-20.54%	10.49%	0.30%
Term	55.00	35.83%	11.61%	-0.36%

Excess reserve (Excess CRR: un-invested cash) in banking system decreased to BDT 55.70 bio by end of Jan'25 from BDT 64.57 bio as of end of Dec'24. Total liquid asset (excess of min required asset) including excess investment in government treasury securities increased to BDT 5.28 trio at the end of Jan'25 from 5.02 trio at end of Dec'24.

Interest Rate

Reserve money showed a strong rebound, with Y-o-Y growth of 12.88% and a M-o-M growth of 7.5%. Broad money growth also showed upward momentum, with Y-O-Y growth of 9.18% at the end of Mar'25. Both Broad money and reserve money growth are above June end Bangladesh Bank target. Tax revenue collection of government recovered significantly in Mar'25. Total tax revenue collection during Jul-Mar, FY25-26 showed a growth of 2.76%, though largely falling behind target. Inflation continues its downward path with the overall inflation rate stood at 9.17% in Apr'25 showing 0.40% growth MOM. Food inflation fall below 9% at 8.63%, however non-food inflation is showing sticky behavior, with Point to Point growth of 9.61%. Both economists and regulators projects inflation to follow down trend as Bangladesh Bank has continued with contractionary monetary policy. IMF also pointed out that their own projections indicate that the inflation will come down to 8.5% by June.

After a multi-year dip of Private Sector credit growth of 6.82% at the end of Feb'25, a recovery is observed at the end of Mar'25 at 7.57%. Both business and banks are taking cautious moves to expand considering the recent mass-uprising and post-uprising uncertainty. Banks prefer to invest more on higher yielding risk free government securities to park their surplus fund and avert further buildups of the NPLs. Country's apex trade body expects this growth to be in green zone as import orders and settlements are rising gradually. LC opening rose by 4.79% to $53.73 billion in the period of Jul-Mar of FY'25 whereas settlement grew by 5.28% to $ 52.34 billion in same period. Yield curve of treasury securities dropped in all tenors so far in this month, riding on lower inflation expectation and segmented liquidity in the banking system.

Outlook: Interest rate is expected to remain downward in upcoming days due to government's prudent actions to keep inflation under control.

Capital Market

- Most listed banks experienced a decline in their core business—net interest income—during the January–March quarter of this year, primarily due to reduced interest earnings from disbursed loans amid an increase in loan rescheduling.
- Some banks may face delisting from Bangladesh's stock exchanges under the Bank Resolution Ordinance 2025, which empowers Bangladesh Bank with sweeping authority to restructure or dissolve financially distressed scheduled banks.

Market Synopsis

Treasury Bill & Bond Yields

Latest Issue Date	Tenor	Latest Yield	Previous Yield
19-May-25	91 Days	11.65%	11.54%
19-May-25	182 Days	11.51%	11.64%
19-May-25	364 Days	11.62%	11.64%
07-May-25	2 Years	11.97%	12.18%
14-May-25	5 Years	12.00%	12.39%
21-May-25	10 Years	11.88%	12.48%
30-Apr-25	15 Years	12.40%	12.28%
30-Apr-25	20 Years	12.51%	12.75%

Capital Market

Index	Value
DSEX	4,811.48
FTSE 100	8,781.12
Nikkei 225	37,404.28
Dow Jones IA	42,677.24
S&P 500	5,940.46

USD SOFR

Tenor	SOFR
Overnight	4.29000
1M	4.32744
3M	4.32626
6M	4.26976
1Y	4.07734
Source	Refinitiv, CME Term SOFR

Commodities

Commodity (unit)	Latest Price	Weekly Change
Brent Crude Oil (BBL)	65.41	2.35%
Gold (OZS)	3,202.28	-3.67%
ICE-US Cotton (LBS)	64.89	-2.58%
Soybean (BSH)	1,050.00	0.57%
Wheat (BSH)	525.00	3.86%
Sugar (LBS)	17.52	-1.46%
Palm Oil (Tonne)	888.16	-0.01%
Steel (Tonne)	895.00	0.56%

Released Economic Data (South Asia & China)

Indicator	India	Pakistan	China	Bangladesh
CPI (YoY)	3.16%	0.30%	-0.10%	9.17%
GDP Annual Growth Rate	6.20%	2.40%	5.40%	4.22%
Policy Repo Rate	6.00%	11.00%	3.00%	10.00%
Government Bond 10Y	6.27%	12.72%	1.67%	11.88%

Released Economic Data (G8 Countries)

Indicator	USA	UK	Eurozone	Japan
CPI (YoY)	2.30%	2.60%	2.20%	3.60%
GDP Growth Rate	-0.30%	0.70%	0.30%	-0.20%
Unemployment Rate	4.20%	4.50%	6.20%	2.50%
Base Rate	4.50%	4.25%	2.40%	0.50%
Government Bond 10Y	4.51%	4.71%	3.08%*	1.53%

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

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

For further information please contact:

Dealing Room, Treasury & Financial Institutions, BRAC Bank PLC

Phone: +88028801257-58 **E-mail:** dealing.room@bracbank.com