

Exchange Rate & Foreign Exchange Market Dynamics



Bangladesh Bank
(The Central Bank of Bangladesh)

Monetary Policy Department
Exchange Rate Analysis Wing

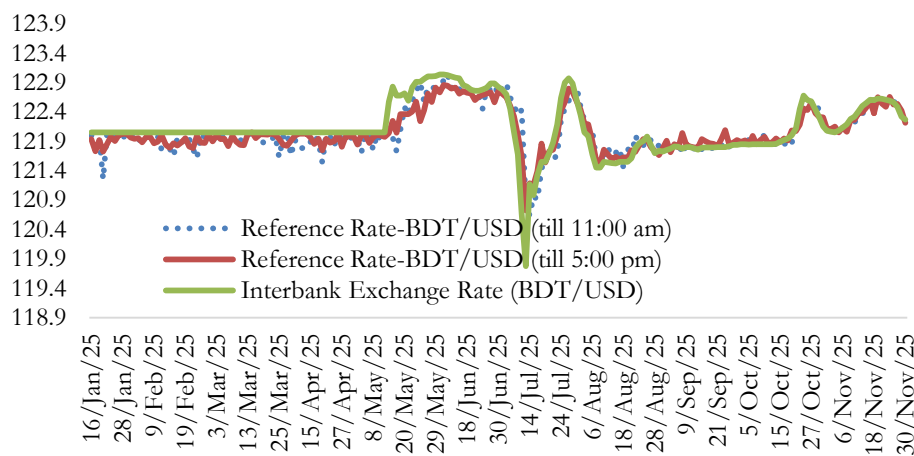
OCTOBER-NOVEMBER 2025

MONTHLY UPDATE

Developments in Exchange Rates

- The exchange rate of Taka (BDT) remained broadly stable with some fluctuations in October-November 2025. This period is characterized by a mild and short-lived initial depreciation emerged from a pickup in government's fuel and fertilizer imports, while the exchange rate appreciated somewhat during the period towards the end of November 2025.
- The interbank spot exchange rate depreciated from 121.80 BDT/USD at the end of September 2025 to 122.58 BDT/USD on 20th November 2025 on the back of a pickup in imports. Then it gradually appreciated and moved to 122.22 BDT/USD at the end of November 2025 with an improvement in foreign exchange liquidity.
- A surplus in the Balance of payment (BoP) driven by the financial account and a pause in reserve-building purchase of foreign currency by Bangladesh Bank since mid-October 2025 together helped boost liquidity in the foreign exchange market in this period.

Chart 1: Trends in Exchange Rates



Source: Bangladesh Bank

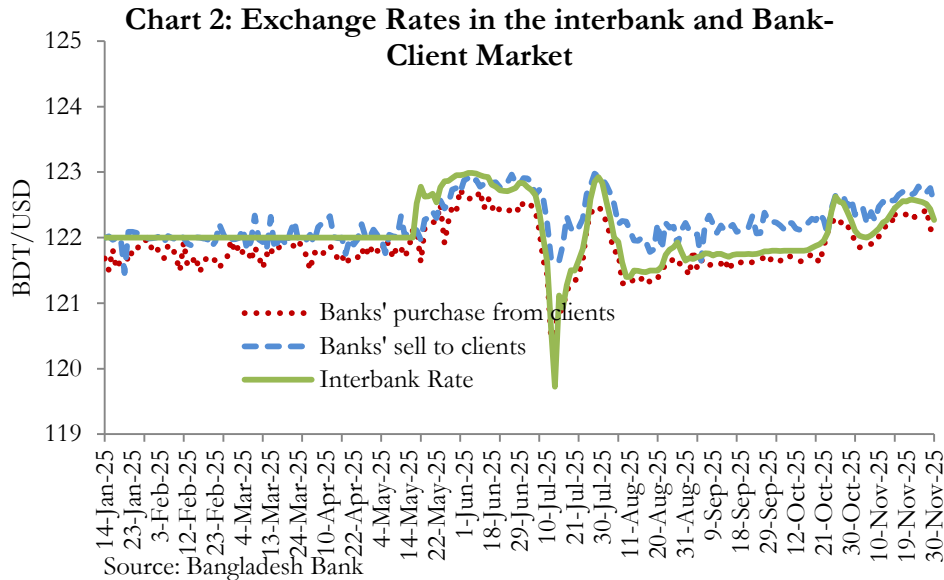
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- The Foreign Exchange Market Spot Reference Exchange Rate (RR)¹ base on transactions till 5:00 pm² also remained broadly stable in October-November 2025 and followed a trajectory similar to the interbank exchange rate with some deviation (Chart 1).

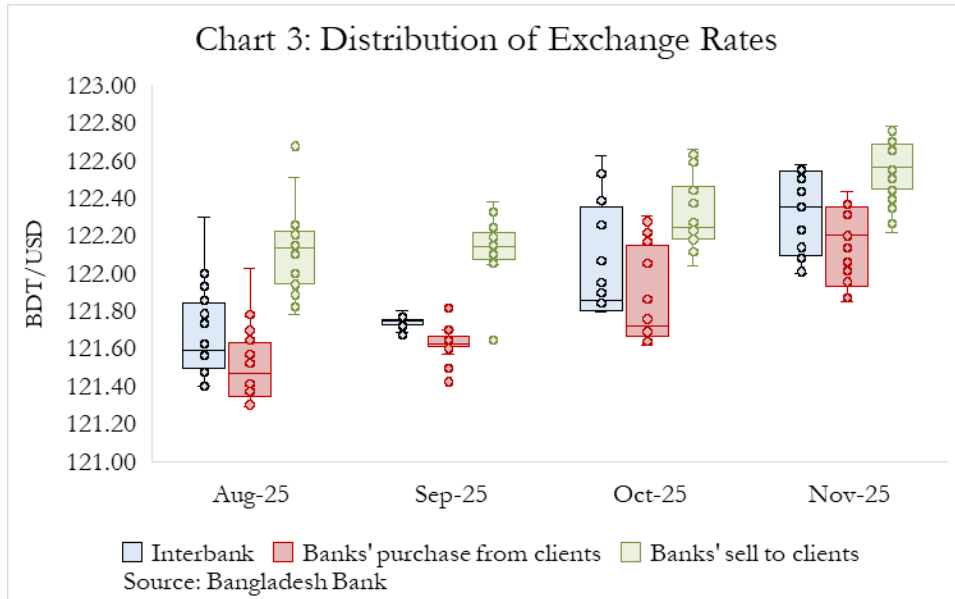


- The fluctuation in the reference exchange rate originated mainly from the exchange rate for selling foreign currencies by banks to their clients (Chart 2), while exchanges rate in the interbank and for banks' purchase from clients witnessed low variability in this period.
- The box plot³ presented in Chart 3 reveals that variability in the exchange rates increased considerably and rates moved within a wider range in October and November 2025 after a period of low variability in September 2025. However, the distribution of exchange rates in November 2025 had been broadly symmetric, while it was skewed to the right in October 2025.

¹ The Foreign Exchange Market Spot Reference Exchange Rate (RR) is defined as a weighted average of freely quoted spot exchange rates in the interbank market and buy-sell of foreign currencies between bank clients and authorized dealer (AD) banks. Bangladesh Bank publishes RR twice in a business day: in the morning using transactions before 11:00 am and in the afternoon using transactions until 5:00 pm.

² In this report, we use reference exchange rate based on transaction till 5:00 pm, as it captures whole day's foreign exchange transactions.

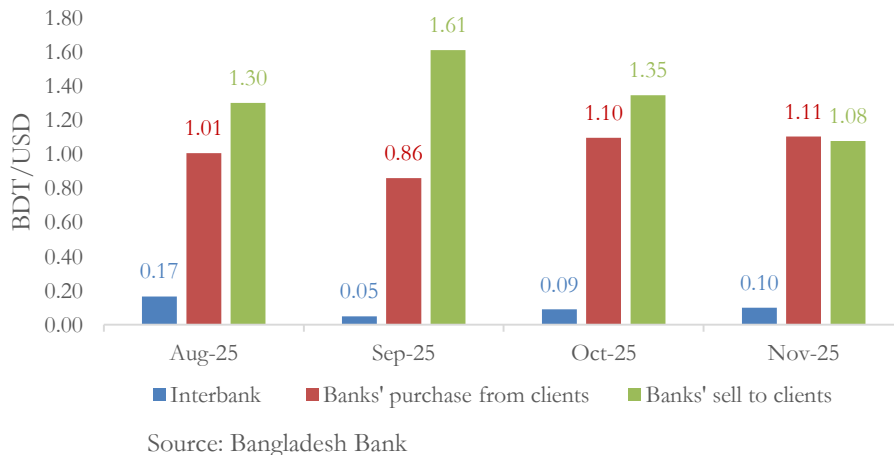
³ A box and whisker plot is a graphical summary of data showing its minimum, first quartile, median, third quartile, and maximum helping to visualize the distribution and spread of values.



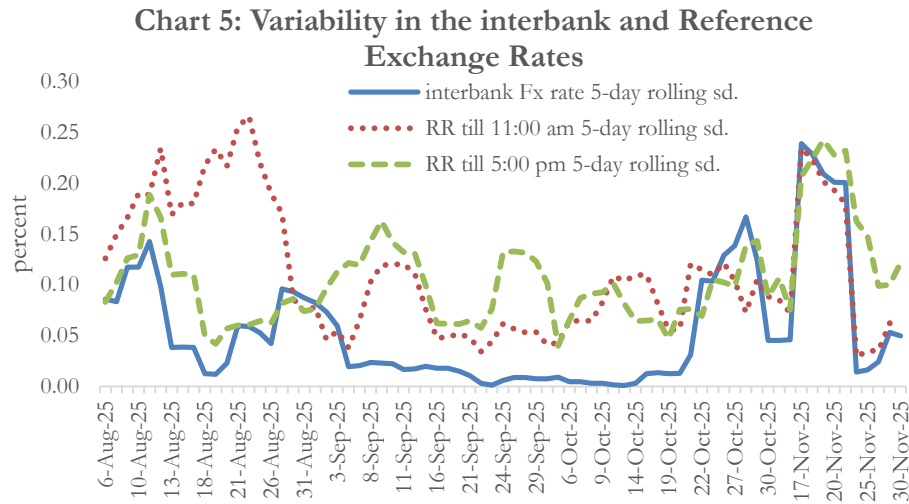
Spread of Exchange Rates

- With the improving foreign exchange liquidity situation, the daily average spread of spot exchange rates, defined as daily maximum minus minimum rate, in the bank’s sell to client market declined significantly to 1.08 BDT/USD in November 2025 from 1.61 BDT/USD in September 2025, while the spread in the interbank spot market and bank purchase from clients market edged up in this period. The daily average exchange rate spread in the interbank market, which is always systematically low, increased to 0.10 BDT/USD in November 2025 from 0.05 BDT/USD in September 2025. At the same time, the spread of the spot exchange rates in the bank purchase from clients market also gradually edged slight up to 1.11 BDT/USD in November 2025 from 0.86 BDT/USD in September 2025.

Chart 4: Daily Average Spread of Spot Exchange Rates
(Spread= day max. - day min.)



Variability of Exchange Rates



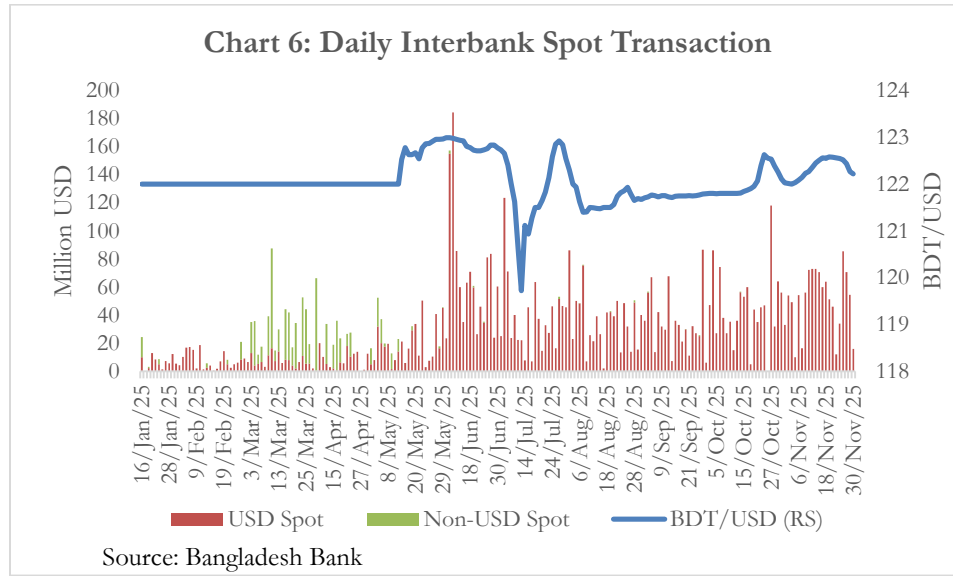
Source: Bangladesh Bank

- The variability⁴ of reference exchange rates and interbank spot exchange rate edged up on average in October and November 2025 (Chart 5), reflecting a greater level of flexibility in exchange rate during this period. However, the flexibility of exchange rate moderated somewhat in last week of November 2025. However, the variability of the reference exchange rate based on transactions till 5:00 pm edged slightly up with some fluctuation, mainly because of variation in the exchange rates for Bank-client foreign exchange transactions.

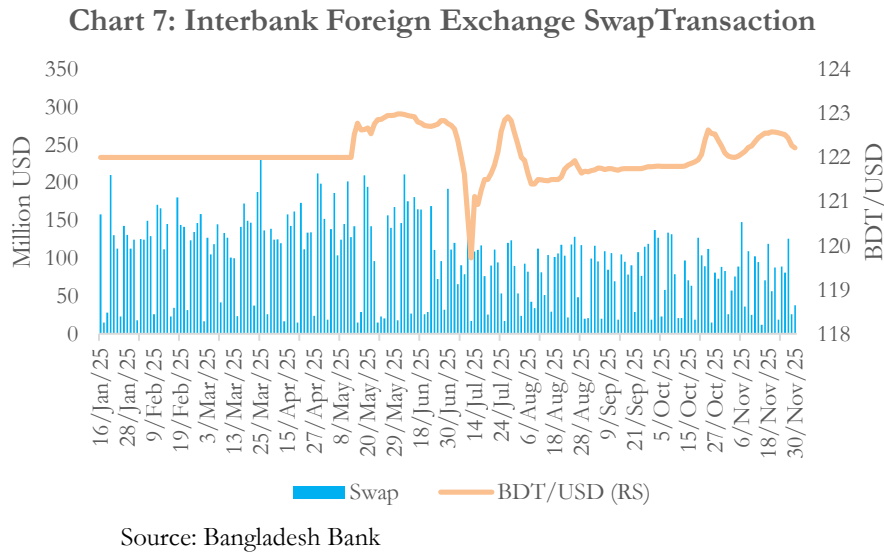
Transaction Volume in the Interbank Foreign Exchange Market

- Interbank foreign exchange transactions in Bangladesh are comprised mainly of spot and swap transactions between authorized dealer (AD) banks, while forward transactions are generally infrequent and tiny in size.
- The daily average interbank spot and swap transaction trended up in October and November 2025, driven by increasing flexibility of exchange rate and an improvement in foreign exchange liquidity situation (Chart 6). Average daily spot transactions increased to USD 50.27 million in November 2025, which was USD 43.43 million in October 2025 and USD 37.86 million in September 2025. Following the same trend, the share of spot transactions in the interbank market rose to 41.47 percent in November 2025, which was 36.81 percent in October 2025 and 31.14 percent in September 2025.

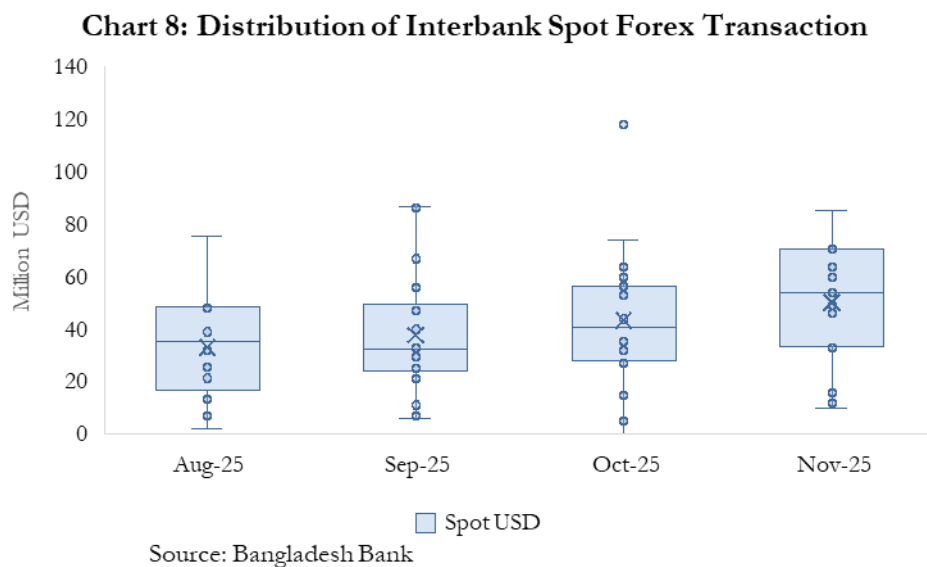
⁴ Variability of exchange rate is defined as 5-day rolling standard deviation of daily return of exchange rate.



- Although swap transaction dominates total interbank foreign exchange transactions, its volume and share declined during the period under review. The average daily swap transaction gradually edged down to USD 70.95 million in November 2025 from USD 83.86 million in September 2025. Similarly, the share of swap transactions decreased to 58.53 percent from 68.86 percent in this period.



Distribution of Spot Foreign Exchange Transactions

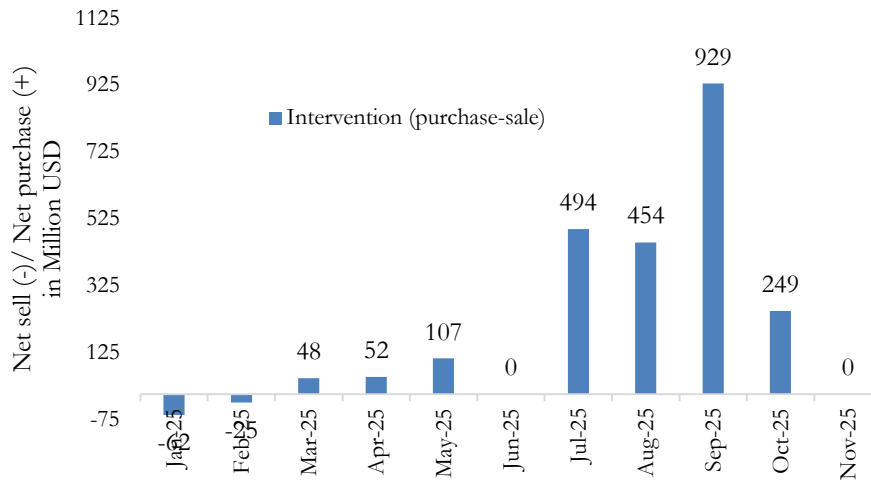


- An increase in exchange rate flexibility and a rise in liquidity in the foreign exchange market led to a rise in interbank spot foreign exchange transaction volume on average in November 2025 with some fluctuation in daily transactions.
- In this month, the volume of daily spot USD transactions ranged from USD 10 million to USD 85.50 million.
- The distribution of daily spot USD transactions in October and November 2025, presented in Chart 8, had been broadly symmetric.
- Interbank spot transactions were entirely in USD. No non-USD spot transactions took place during this period.

Buy and Sell in the Foreign Exchange Market

- Despite an improvement in the BoP, a pickup in imports exerted a mild depreciation pressure on nominal exchange rate during October and early-November 2025, which triggered Bangladesh Bank to put reserve-building intervention on hold in this period. Nonetheless, BB purchased a total of USD 249 million from the foreign exchange market in October 2025, while no intervention took place in November 2025.

Chart 9: BB's Intervention in the FX Spot Market

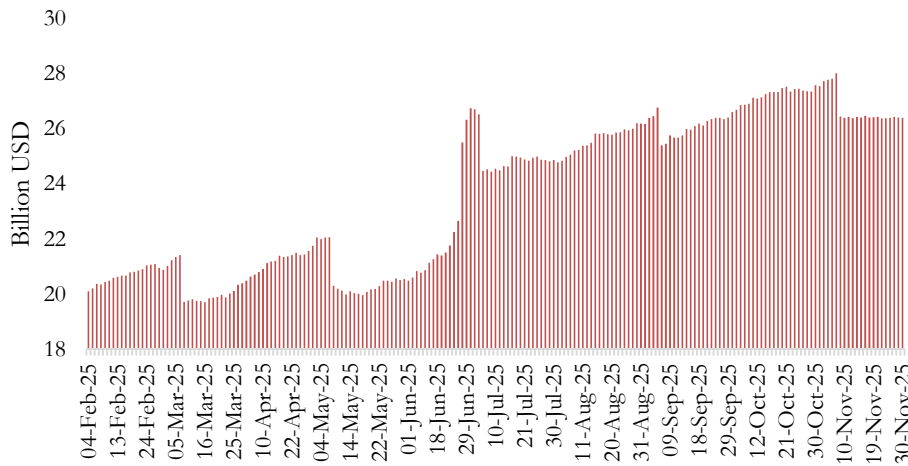


Source: Bangladesh Bank

Foreign Exchange Reserve

- Gross international reserve (BPM 6) reached to a recent high of USD 28.00 billion on 6th November 2025. However, it came down to USD 26.40 billion at the end of November 2025, mainly because of due payment to the Asian Clearing Union (ACU).

Chart 10: Gross Forex Reserve (BPM 6)



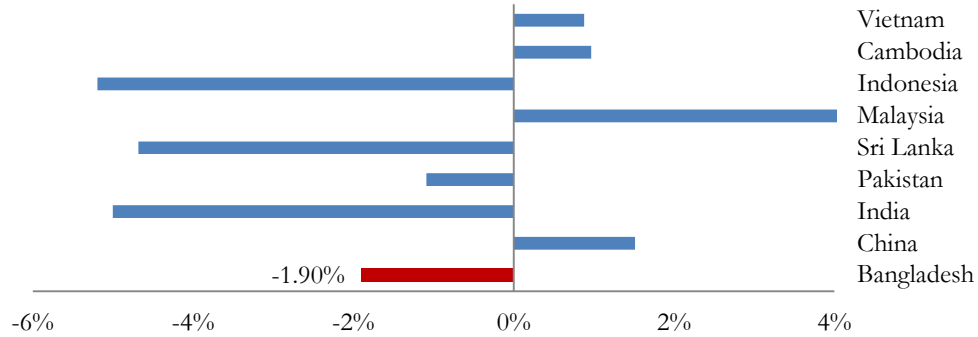
Source: Bangladesh Bank

Depreciation of Exchange Rate

- Although the interbank spot exchange rate depreciated from 121.80 BDT/USD at the end of September 2025 to 122.58 BDT/USD on 20th November 2025 on the back of a pickup in imports, it gradually appreciated and reached to 122.22 BDT/USD at the end of November

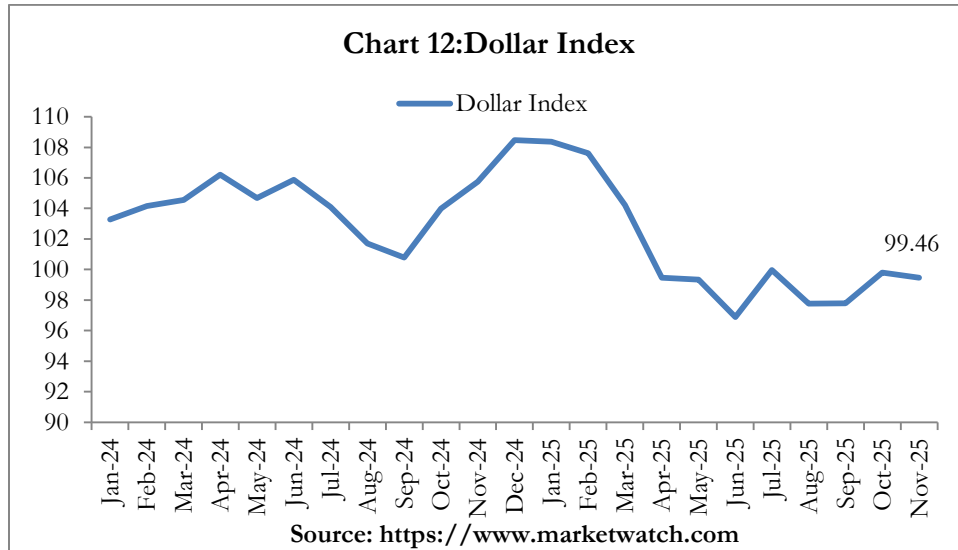
2025 in the face of an increase in foreign exchange liquidity. However, the movement of the exchange rate resulted in a 1.90 percent nominal depreciation vis-à-vis USD in November 2025 on year-on-year basis (Chart 11).

Chart 11: Appreciation (+)/Depreciation(-) of Currencies vis-à-vis USD November 2025 over November 2024 (in %)



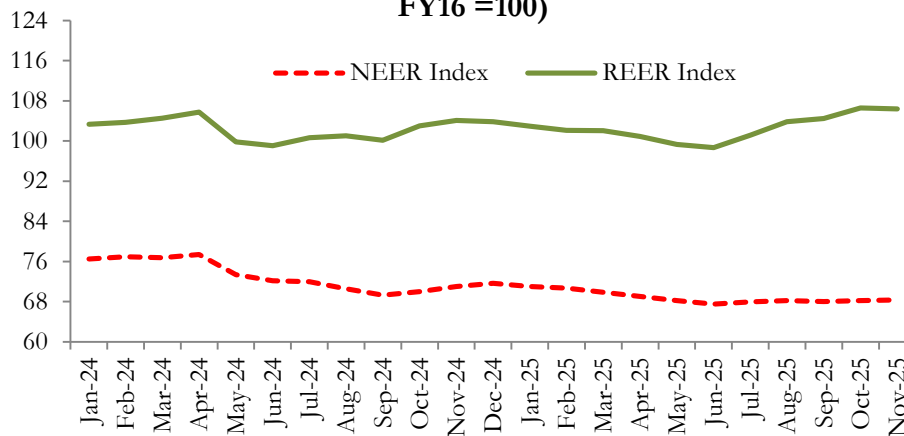
Source: Bangladesh Bank and IFS, IMF, Central Bank of Respective Countries

- After depreciating until June 2025, USD recorded some appreciation against major currencies with fluctuations. Consequently, dollar index increased to 99.46 in November 2025 from 96.88 in June 2025 (Chart 12).



- The value of the nominal effective exchange rate (NEER) index moved to 68.32 in November 2025 with a mild nominal appreciation from 68.04 in September 2025, while it registered 3.96 percent depreciation in November 2025 on year-on-year basis.

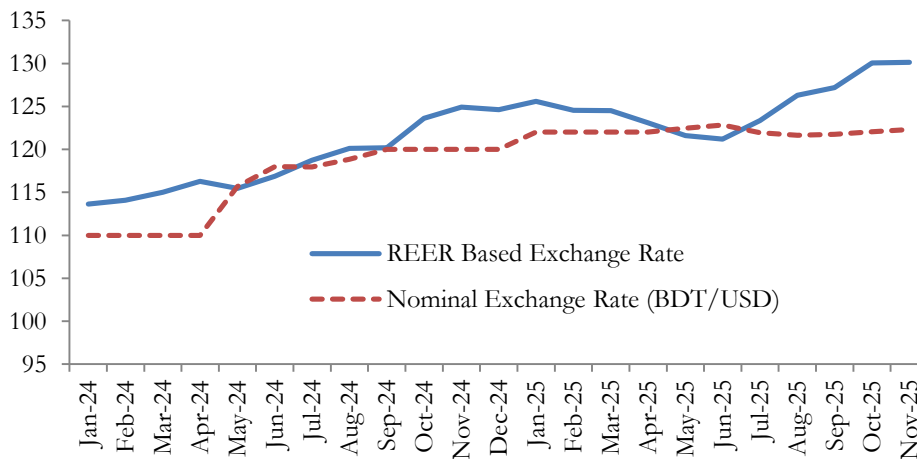
Chart 13: Movement of NEER & REER Index (Base: FY16 =100)



Source: Bangladesh Bank

- Notwithstanding the year-on-year depreciation of NEER, the real effective exchange rate (REER) witnessed a substantial appreciation⁵ due to a larger increase in domestic price level (consumer price index) than major trade partners of Bangladesh. The value of REER index ascended to 106.37 in November 2025 from 104.10 in November 2024.

Chart 14: Nominal vs. REER based Exchange Rate



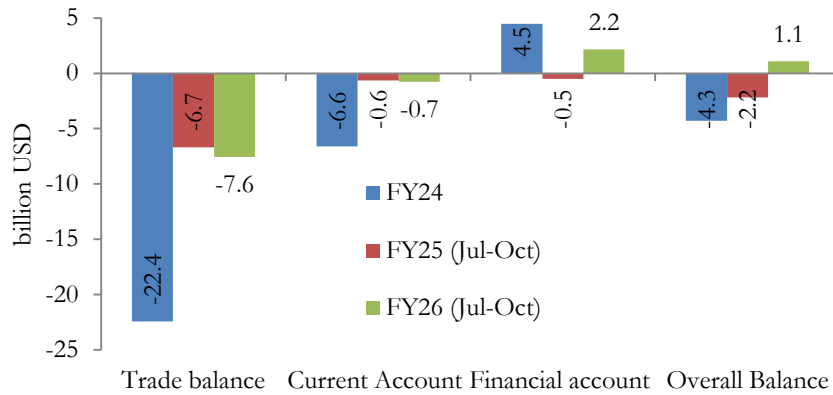
Source: Bangladesh Bank

- As the value of the REER index was larger than 100, the REER-based exchange rate, which provides a sense of equilibrium exchange rate, moved above the nominal exchange rate, suggesting a room for nominal depreciation of BDT (Chart 14).

⁵ An upward movement of the indices reflects appreciation and downward movement reflects depreciation.

Economic Fundamentals

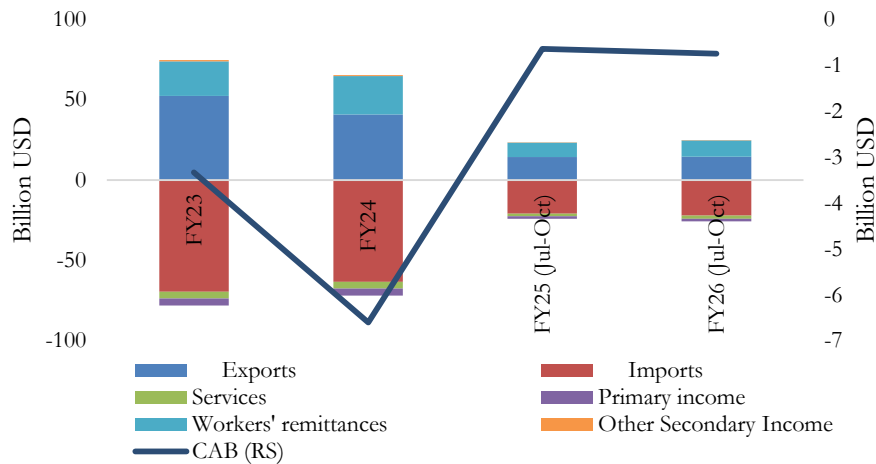
Chart 15: Balance of Payment



Source: Bangladesh Bank

- Driven by a surplus in the financial account, the BoP witnessed a overall surplus of USD 1.09 billion in July-October of FY26 – an improvement over USD 2.19 billion deficit in the same period of FY25.

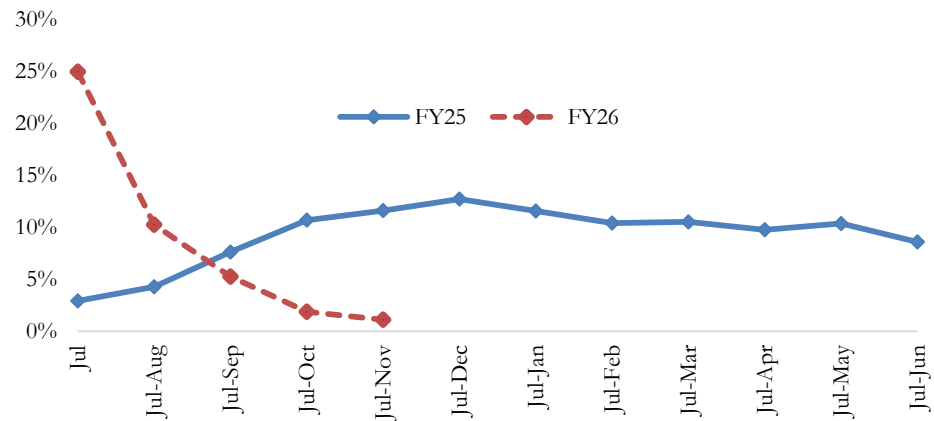
Chart 16: Current Account Balance



Source: Bangladesh Bank

- Despite a strong inflow of remittances, a pickup in imports and slowdown of exports led to a deficit in the current account balance (CAB). The deficit in the CAB widened somewhat to USD 749 million in July-October of FY26 compared to a deficit of USD 640 million in the same period of the previous fiscal year (Chart 15).

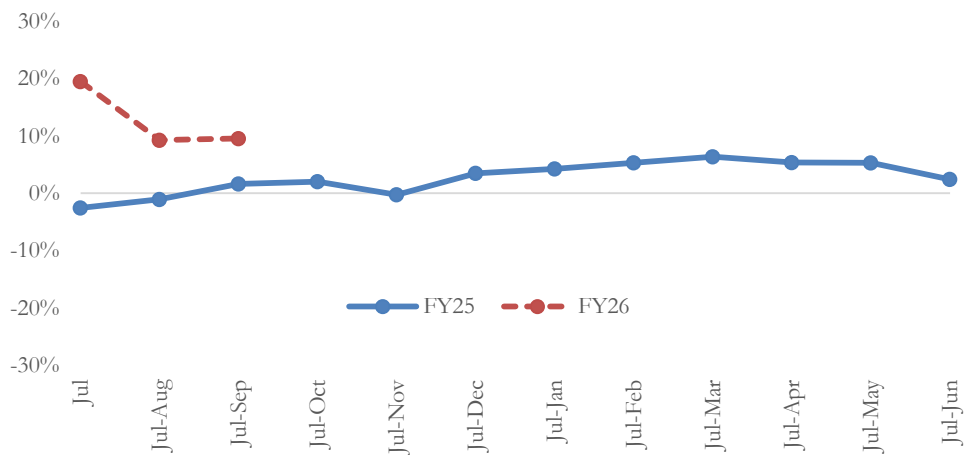
Chart 17: Cumulative Export Growth



Source: Bangladesh Bank

- Export growth moderated to 1.1 percent (y-o-y) in the first-five months of FY26 (July – November 2025), caused by the subdued performance of export of ready-made garments (RMG).

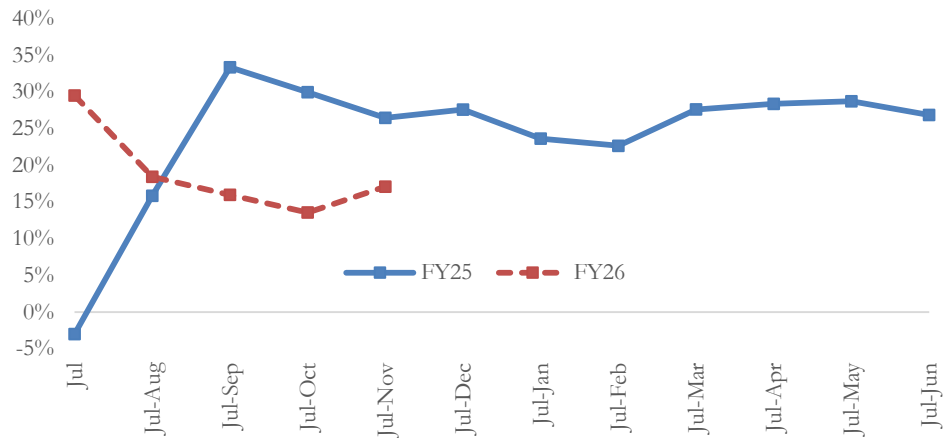
Chart 18: Cumulative Import Growth



Source: Bangladesh Bank

- Import increased by 4.5 percent in July – October of FY26.
- The growth of import was driven mainly by import of fuel, fertilizer, and capital goods.

Chart 19: Cumulative Remittance Growth



Source: Bangladesh Bank

- A steady surge led remittance inflow through official channel to USD 13.04 billion with 17.1 percent growth in July-November of FY26, supported by competitive exchange rate, government's cash incentive, accessible agent banking and mobile financial services (MFS), and steps to restrain money laundering.