

Major Macro Economic Indicators

Indicators	Period	2018-19	2017-18	Growth
GDP Growth Rate (in percentage)	FY 2018-19	8.13*	7.86	
Rate of Inflation				
Twelve Month Average (in percentage)	June	5.47	5.78	-5.4%
Point to Point (in percentage)	June	5.52	5.54	-0.4%
Export (EPB) (US\$ million)	FY 2018-19	40,535.04	36,668.17	10.5%
Import (C&F) (US\$ million)	Jul-May	56,033.50	54,608.10	2.6%
Remittances (US\$ million)	FY 2018-19	16,419.63	14,981.69	9.6%
Current Account Balance (US\$ million)	Jul-May	(5,175.00)	(8,609.00)	39.9%
Foreign Exchange Reserve (US\$ million)	July	32,127.24	32,078.63	0.2%
Interbank Taka-USD Exchange Rate (Average) (BDT/US\$)	June	84.50	83.75	0.9%
Reserve Money (BDT crore)	June	246,187.70	233,743.00	5.3%
Broad Money (BDT crore)	June	1,219,609.30	1,109,980.60	9.9%
Tax Revenue (NBR) (BDT crore)	FY 2018-19	223,892.42	202,312.94	10.7%
Total Domestic Credit (BDT crore)	June	1,145,932.00	1,021,626.60	12.2%
Net Credit to the Govt. Sector	June	112,073.50	94,894.90	18.1%
Credit to the Other Public Sector	June	23,870.20	19,200.10	24.3%
Credit to the Private Sector	June	1,009,988.30	907,531.60	11.3%
Interest Rate on Advances (in percentage)	May	9.51	9.96	-4.5%
Interest Rate on Deposits (in percentage)	May	5.46	5.51	-0.9%
Interest Rate Spread (in percentage)	May	4.05	4.45	-9.0%
Classified Loan to Total Outstanding (in percentage)	March	11.87	10.78	10.1%
Excess Liquidity of the Scheduled Banks[#] (BDT crore)	May	60,549.07	79,649.69	-24.0%
Call Money Rate (weighted average) (in percentage)	June	4.45	2.77	60.6%
Interest Rates on Treasury Securities (in percentage)				
91-Day T-bill	August-19	7.45	1.20	520.8%
182-Day T-bill	August-19	7.84	3.39	131.3%
364-Day T-bill	August-19	7.93	3.44	130.5%
2-Year BGTB	Jul-19	7.94	5.04	57.5%
5-Year BGTB	Jul-19	8.43	7.74	8.9%
10-Year BGTB	Jul-19	8.89	7.00	27.0%
15-Year BGTB	Jul-19	9.28	7.49	23.9%
20-Year BGTB	Jul-19	9.54	8.90	7.2%
Interest Rate on 30-day BB Bill (in percentage)	Mar-18	2.96	2.97	-0.3%
Interest Rates on Repo & Reverse Repo (in percentage)				
Repo (1-3 day)	Jul-19	6.00	6.00	0.0%
Reverse Repo (1-3 day)	Jul-19	4.75	4.75	0.0%
Breakdown of Major Exports				
Woven Garments (US\$ million)	FY 2018-19	17,244.73	15,426.25	11.8%
Knitwear (US\$ mn)	FY 2018-19	16,888.54	15,188.51	11.2%
Breakdown of Import L/C Opening (US\$ million)				
Food grains (Rice & Wheat)	Jul-June	1,397.10	3,609.18	-61.3%
Capital Machinery	Jul-June	4,673.71	6,473.48	-27.8%
Petroleum	Jul-June	4,162.82	3,933.81	5.8%
Industrial Raw Materials	Jul-June	19,515.40	19,824.72	-1.6%
Others	Jul-June	28,005.58	35,579.95	-21.3%
Breakdown of Import L/C Settlement (US\$ million)				
Food grains (Rice & Wheat)	Jul-June	1,449.39	3,004.04	-51.8%
Capital Machinery	Jul-June	4,671.15	5,157.77	-9.4%
Petroleum	Jul-June	3,738.03	3,346.88	11.7%
Industrial Raw Materials	Jul-June	19,064.19	18,224.08	4.6%
Others	Jul-June	25,717.59	21,797.79	18.0%

* Revised GDP Growth Rate; [#] Total liquid assets less required liquidity (SLR)

News in Brief on Major Macro-Economic Indicators

Bangladesh Bank cuts credit growth target for pvt sector but hikes it for govt; Unveils MPS for full fiscal year

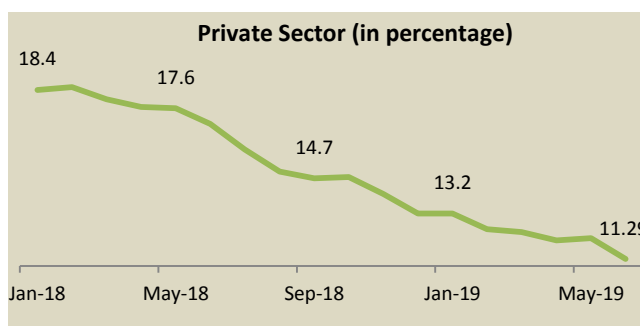
New Age Bd: Aug 01, 2019

- Bangladesh Bank announced for the first time a yearly monetary policy instead of a half-yearly one, lowering drastically the private sector credit growth target while raising sharply the public sector credit growth target for the current financial year.
- The MPS set the private sector credit growth target at 13.2 per cent for the first half (July-December) of FY20 and 14.8 per cent for the full year against the 16.5 per cent growth target set for the previous fiscal year (FY 2018-19).
- The public sector credit growth target was set at 25.2 per cent for the first half and 24.3 per cent for the whole year against the 21.1 per cent growth target set for FY19.
- The monetary policy as 'cautiously accommodative', BB governor said that the projected credit growth targets would be sufficient for achieving gross domestic product growth and inflation targets projected in the national budget for the current FY.
- The MPS will also facilitate the government's budgetary target to keep inflation within 5.5 per cent.

Private sector credit growth hits 6-yr low

New Age Bd: July 25, 2019

- Private sector credit growth hit 6-year low in June this year amid rising liquidity crisis in the country's banking sector due to soaring non-performing loans and poor deposit growth.
- As per the latest Bangladesh Bank data, the private sector credit growth slumped to 11.29 per cent in June, well below the BB target to reach 16.5 per cent credit growth by the month.
- Private sector credit growth was 12.42 per cent, 12.54 per cent and 12.16 per cent in March, April and May this year respectively.
- The public sector credit growth, however, soared to 19.15 per cent in June, against the BB monetary policy target of 10.9.
- BB officials said that the banks squeezed loan disbursement to private sector as they were failing to recover defaulted loans and collecting deposit.



Source: Bangladesh Bank Website.

Credit growth unlikely to rise

The Daily Star; July 30, 2019

- Private sector credit growth, which fell to a six-year low of 11.3 percent last fiscal year, is unlikely to rise in the coming months owing to a liquidity crisis, rising bad loans and the growing incidents of money laundering.
- Besides, businesspeople are also facing barriers to taking up investment plans or expanding existing units because of a lack of electricity supply, bureaucratic red-tape and corruption.
- This means both demand and supply sides are going through a crisis, bringing the private sector credit growth to 11.29 percent in 2018-19 against the target of 16.50 percent.
- The lower credit growth will persist in the current fiscal year as well unless the problems are addressed.

Govt formulates strategy to raise revenue collection

The Daily Star; July 12, 2019

- The government has devised a strategy to ramp up revenue collection by Tk 60,000 crore in the new fiscal year in order to help the National Board of Revenue (NBR) reach its tax mobilisation goal.
- If the new plan is implemented, the targeted revenue can be generated from various sectors in the new fiscal year that began on July 1.
- A new joint working group will be formed with representation from both public and private sectors and additional workforce will be deployed to implement the law.
- The government also has taken an initiative to automate the bonded warehouse facility so that businesspeople can't misuse it to dodge taxes.

- The finance ministry said the government formulated the strategy to collect additional revenue as the tax administration has failed to reach the target in recent years. The tax authority collected Tk 191,958 crore in the first 11 months of the just-concluded fiscal year against a revised goal of Tk 280,000 crore.
- The NBR had to collect Tk 88,105 crore in June if it wanted to hit the target, an uphill task for the administration as it could not mobilise even half of the amount in May.

NBR's revenue collection falls Tk 57,171cr short of FY19 target

New Age Bd; Aug 01, 2019

- Revenue collection by the National Board of Revenue was fallen short by Tk 57,171 crore against the revised target of the recently concluded fiscal year 2018-2019, as tax officials managed to collect Tk 2,23,892 crore with 10.7 per cent year-on-year growth.
- In the previous fiscal of 2018-19, revenue collection grew by 17.9 per cent.
- The government downsized the target of revenue collection to Tk 2,80,063 crore from original target of Tk 2,96,201 crore for the year.
- NBR has taken a number of steps, including installation of electronic fiscal device at shops and expanding income tax and VAT net, to meet the target.

ADB: Bangladesh continues to post high economic growth in 2019-20

Dhaka Tribune; July 14, 2019

- Bangladesh will stand out by growing at record 8% in 2019 and 2020, making it the fastest growing economy in Asia-Pacific.
- This is happening at a time when the global economic outlook remains challenging, and growth is expected to moderate across most of developing Asia at 5.7% in 2019 and 5.6% in 2020.
- The ADB Country Director came up with farm statistics to show how Bangladesh's rice production has increased by around 37% to 36 million metric tons during 2009-2018 period.

ADB lifts growth estimate to 8.1pc

The Daily Star; July 25, 2019

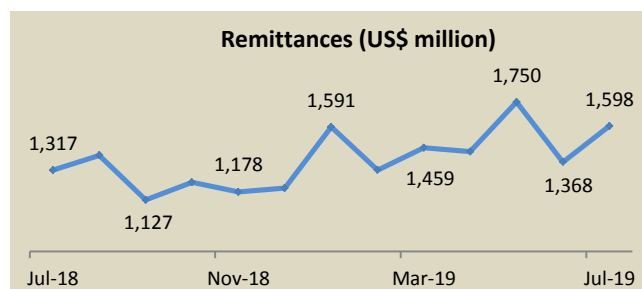
- The Asian Development Bank (ADB) has upgraded Bangladesh's growth estimate for fiscal 2018-19 to what would be the highest in the Asia Pacific region, in what can be viewed as a thumping endorsement for the economy's tremendous momentum.

- The Manila-based multilateral lender now estimates the Bangladesh economy grew by a record 8.1 percent in the just concluded fiscal year, up from its previous forecast of 8 percent.
- The ADB predicts Bangladesh will log in the highest growth in the Asia-Pacific region in 2020 too.

Remittance rises by 21pc in July

New Age Bd; Aug 06, 2019

- Inflow of remittance rose by 21.2 per cent year-on-year in July as expatriates sent home more money before Eid-ul-Azha, one of the biggest festivals of the Muslims.
- Bangladesh Bank data released on Monday showed that the country received \$1.6 billion in remittance in July, the first month of financial year 2019-20, against \$1.32 billion in the same month of last year.
- BB officials said that the country received higher amount of remittance in July.
- The interbank exchange rate of a US dollar increased to Tk 84.5 in recent weeks from Tk 83.9 at the beginning of January this year.



Source: Bangladesh Bank Website.

Forex reserves dip slightly; Big boom in remittances ahead of Eid-ul-Azha

The Financial Express; Aug 06, 2019

- Bangladesh's foreign exchange reserves dipped slightly to US \$32.13 billion as of end of July, Bangladesh Bank (BB) data showed.
- According to the central bank, the country's foreign exchange reserves stood at \$32,127.24 million in July, 2019, compared with \$32,536.86 million in the previous month.
- For a growing economy like Bangladesh, forex reserves equivalent to six months' import bills are considered adequate.
- With the existing reserves, BB officials said Bangladesh is still in a position to pay about seven months' import bills. Bangladesh's foreign exchange reserves crossed the 33-billion-US-dollar mark in June, 2017.

- Meanwhile, millions of Bangladeshis remitted home \$1.56 billion in July, the first month of the current financial year (July 2019-June 2020 fiscal year).

Net NSC sales in July-May surpass FY18 figure

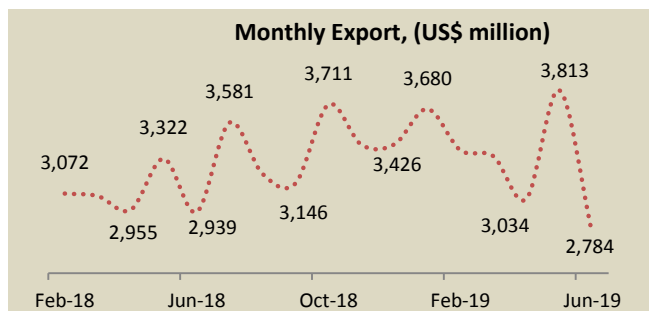
New Age Bd: July 13, 2019

- The net sales of national savings certificates in July-May of the just concluded fiscal year (2018-2019) exceeded the government's total borrowing through the high-cost instruments in the entire FY18, creating a cash crisis in the country's banking sector.
- As per the latest central bank data, the net NSCs sales stood at Tk 46,731.25 crore in the first eleven months of FY19, up Tk 200.95 crore on Tk 46,530.3 crore in FY18.
- The government's net fund collection through NSC sales in July-May of FY19 was Tk 3,367.49 crore or 7.77 per cent higher considering the Tk 43,363.76 crore net NSC sales in the same period in the previous fiscal year.
- High interest rates on the NSCs compared with that on the existing deposit rates in the banks were the major reason for the buying spree of the savings instruments, bankers said.

Export target to be 15pc higher

The Daily Star; July 17, 2019

- The government is likely to set a 15 percent higher export target for this fiscal year as it looks to hit \$60 billion in receipts by 2021, said Commerce Minister Tipu Munshi.
- If the target is achieved Bangladesh's export will be \$46.60 billion, up from \$40.53 billion in the immediate past fiscal year that ended on June 30, according to data from the Export Promotion Bureau (EPB).
- To boost receipts, the government will allow rice export of two lakh tonnes by eligible businesses.
- Around 30 lakh tonnes of potatoes have been surplus this year in Bangladesh. We are also in talks with Malaysia and the Philippines to export potatoes.



Source: Bangladesh Bank Website.

Exporters get a boost

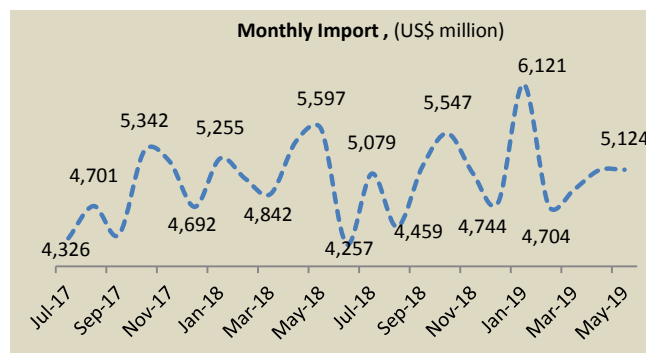
The Daily Star; July 23, 2019

- Exporters will now be able to issue the certificate of origin to enjoy the generalised system of preferences (GSP) facility in the European Union, instead of relying on the Export Promotion Bureau (EPB) for the document.
- This will allow exporters to enjoy the GSP benefit quickly after sending a shipment.
- A certificate of origin is an important international trade document that certifies that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country. It also serves as a declaration by the exporter.

FY19 imports up by 6.0pc

The Financial Express; Aug 03, 2019

- The country's imports grew by more than 6.0 per cent in fiscal year (FY) 2018-19 following higher imports of construction materials as intermediate goods.
- The actual import in terms of settlement of letters of credit (LCs) rose to \$54.64 billion in the July-June period from \$51.53 billion a year before, according to the central bank's latest data.
- The overall import may increase slightly this fiscal year following implementation of mega projects like Rooppur Nuclear Power Plant.
- Actually, imports increased with a decreasing trend in FY '19 mainly due to lower imports of consumer goods, particularly food grains.
- This rising trend in the imports of building materials along with fuel oils may continue this fiscal, the central banker also predicted.



Source: Bangladesh Bank Website.

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