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Major Macro Economic Indicators

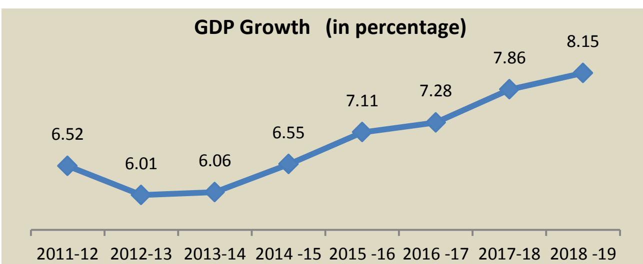
Indicators	Period	2019-20	2018-19	Growth
GDP Growth Rate (in percentage)	FY 2018-19	-	8.15*	
Rate of Inflation				
Twelve Month Average (in percentage)	December	5.59	5.55	0.7%
Point to Point (in percentage)	December	5.75	5.35	7.5%
Export (EPB) (US$ million)	Jul-Jan	22,919.47	24,179.59	-5.2%
Import (C&F) (US$ million)	Jul-Nov	23,996.00	25,327.00	-5.3%
Remittances (US$ million)	Jul-Jan	11,046.46	9,092.56	21.5%
Current Account Balance (US$ million)	Jul-Nov	(1,097.00)	(2,425.00)	54.8%
Foreign Exchange Reserve (US$ million)	January	32,400.76	31,277.69	3.6%
Interbank Taka-USD Exchange Rate (Average) (BDT/US$)	February	84.95	83.95	1.2%
Reserve Money (BDT crore)	December	250,911.90	234,657.90	6.9%
Broad Money (BDT crore)	December	1,294,435.10	1,155,360.40	12.0%
Tax Revenue (NBR) (BDT crore)	Jul-Nov	83,705.26	79,660.55	5.1%
Investment in National Savings Certificates (BDT crore)				
Net sale	Jul-Dec	5,433.20	24,993.54	-78.3%
Total Outstanding	Jul-Dec	291,093.28	262,760.06	10.8%
Total Domestic Credit (BDT crore)	December	1,240,598.00	1,080,350.00	14.8%
Net Credit to the Govt. Sector	December	156,860.80	98,152.10	59.8%
Credit to the Other Public Sector	December	30,585.70	23,346.70	31.0%
Credit to the Private Sector	December	1,053,151.50	958,851.20	9.8%
Interest Rate on Advances (in percentage)	December	9.68	9.49	2.0%
Interest Rate on Deposits (in percentage)	December	5.70	5.26	8.4%
Interest Rate Spread (in percentage)	December	3.98	4.23	-5.9%
Classified Loan to Total Outstanding (in percentage)	September	11.99	11.45	4.7%
Excess Liquidity of the Scheduled Banks# (BDT crore)	December	105,646.00	76,393.10	38.3%
Call Money Rate (weighted average) (in percentage)	January	5.04	4.41	14.3%
Interest Rates on Treasury Securities (in percentage)				
91-Day T-bill	February	6.44	3.10	107.7%
182-Day T-bill	February	7.41	3.30	124.5%
364-Day T-bill	February	7.70	3.90	97.4%
2-Year BGTB	February	7.94	4.98	59.4%
5-Year BGTB	February	8.34	5.99	39.2%
10-Year BGTB	January	9.15	7.63	19.9%
15-Year BGTB	January	9.09	7.68	18.4%
20-Year BGTB	December	9.43	8.44	11.7%
Interest Rate on 30-day BB Bill (in percentage)	Mar-18	2.96	2.97	-0.3%
Interest Rates on Repo & Reverse Repo (in percentage)				
Repo (1-3 day)	January	6.00	6.00	0.0%
Reverse Repo (1-3 day)	January	4.75	4.75	0.0%
Breakdown of Major Exports				
Woven Garments (US$ million)	Jul-Dec	7,818.22	8,432.31	-7.3%
Knitwear (US$ mn)	Jul-Dec	8,205.80	8,652.60	-5.2%
Breakdown of Import L/C Opening (US$ million)	Jul-Aug	9,026.03	10,018.03	-9.9%
Food grains (Rice & Wheat)	Jul-Aug	272.53	260.60	4.6%
Capital Machinery	Jul-Aug	700.48	760.05	-7.8%
Petroleum	Jul-Aug	693.78	804.59	-13.8%
Industrial Raw Materials	Jul-Aug	2,737.78	3,381.18	-19.0%
Others	Jul-Aug	4,621.46	4,811.61	-4.0%
Breakdown of Import L/C Settlement (US$ million)	Jul-Aug	8,467.26	8,524.27	-0.7%
Food grains (Rice & Wheat)	Jul-Aug	183.94	221.18	-16.8%
Capital Machinery	Jul-Aug	688.88	787.08	-12.5%
Petroleum	Jul-Aug	346.57	791.68	-56.2%
Industrial Raw Materials	Jul-Aug	2,908.14	3,110.81	-6.5%
Others	Jul-Aug	4,339.73	3,613.52	20.1%

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

News in Brief on Major Macro-Economic Indicators

Bangladesh economy to grow 7.8pc in FY20: UN
New Age Bd: Jan 19, 2020

- The United Nations projected that Bangladesh's economy would grow by 7.8 per cent in the current fiscal year of 2019-2020, lower than the country's GDP growth of 8.15 per cent in the previous FY 2018-2019.
- Earlier on January 9, the World Bank in its report titled 'Global Economic Prospects, January 2020' also projected a slower pace of gross domestic product (GDP) growth at 7.2 per cent for the FY2020.
- The UN, in its latest World Economic Situation and Prospects report released, also mentioned that Bangladesh's strong dependence on the textiles and garment industry was a major weakness of the economy.
- The drivers of the current economic growth of Bangladesh and some other South Asian countries also exposed significant weaknesses as all of these countries rely heavily on a small number of sectors for their economic development.



Source: Bangladesh Bank Website.

Country backpedals on growth goal
The Financial Express; Feb 05, 2020

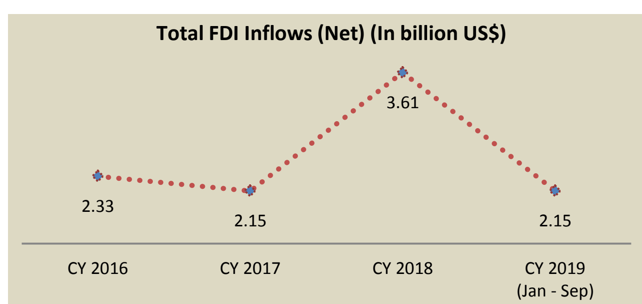
- Bangladesh backtracks from its ambitious economic growth target as it takes a 'conservative approach' amid possible local and global shocks.
- In its next eighth five-year plan (FYP), the government looks to expand gross domestic product (GDP) at an 8.5-per cent rate in the terminal fiscal year 2024-25.
- In the Perspective Plan 2021, it set a target to the economy expand at a 10-per cent rate at the terminal FY 2021.
- The development strategy was framed in 2010.
- Meanwhile, the government has proposed to trim the GDP target in its macroeconomic framework in the next FYP to be implemented between FY 2021 and FY 2025.

WB trims Bangladesh growth forecast; Now projected to grow at 7.2pc this fiscal year
The Daily Star; Jan 10, 2020

- The World Bank has cut its economic growth forecast for Bangladesh by 0.2 percentage points to 7.2 percent for the current fiscal year, but the country is still poised to clock in the highest growth in South Asia.
- The Washington-based multilateral lender, however, kept the growth outlook unchanged at 7.3 percent for the next fiscal year, according to its semi-annual Global Economic Prospects.
- The growth forecasts which are revisions of the projections made in June last year -- still puts Bangladesh as one of the fastest growing nations in the world.
- Bangladesh, the third-largest economy in the region, fared better than India and Pakistan, with growth officially estimated at 8.15 percent in fiscal 2018-19.

FDI stuck in low gear
The Financial Express; Jan 19, 2020

- The declining trend in the net inflows of foreign direct investment, or FDI, in the country sustained until the third quarter of the immediate past calendar year, according to government data.
- The nation witnessed nearly 30 per cent drop in FDI during July-September period of 2019 compared with the previous quarter (April-June).
- The net FDI flow reached US$ 462.20 million during the third quarter of 2019, down from $ 656.10 million during the second quarter of the year.
- If the January-September period of 2019 is considered, the flow fell by 4.93 per cent.
- This means overseas investment went down to $2.15 billion in the first nine months of 2019 from $2.26 billion during the same period in 2018.



Source: Bangladesh Bank Website.

Govt moves to use surplus funds of state organizations

The Daily Star; Jan 15, 2020

- The government placed a bill in parliament with a view to bringing the surplus money held by 61 state agencies to the national exchequer and utilising the funds to implement development projects.
- Finance Minister AHM Mustafa Kamal placed the bill titled “Deposition of Surplus Money of Self-Governed Agencies including Autonomous, Semi-Autonomous and Statutory Government Authorities and Public Non-Financial Corporations to the National Exchequer Bill 2020”.
- The bill was sent to the parliamentary standing committee on finance to examine and report back to the house within seven days.

Govt rests easy as NBR collections rise

The Daily Star; Jan 27, 2020

- Revenue collection edged up in first half of the fiscal year, spurred by improving receipts of value-added tax (VAT) and customs tariffs -- much to the relief of the government that is distressed about the slowing receipts.
- The National Board of Revenue (NBR) logged in Tk 105,161 crore for the months of July and December of last year, up 7.3 per cent year-on-year, according to provisional data.
- At this time in 2018, the NBR’s collection growth was 6.4 per cent.
- It is a somewhat heartening development for the government that is chasing a towering target of Tk 325,600 crore this fiscal year.

H1 tax revenue misses target by a big margin

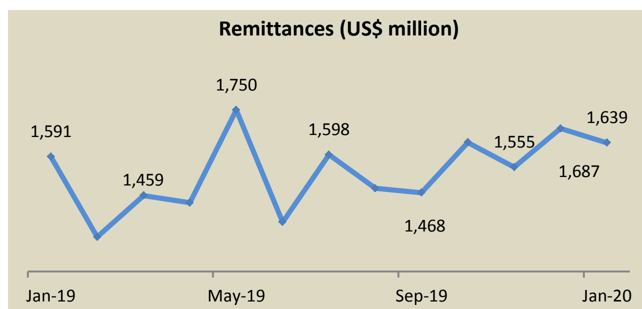
The Financial Express; Jan 27, 2020

- Collection of tax revenue by the National Board of Revenue (NBR) fell short of the target by Tk 315.08 billion in the first half (H1) of the current fiscal year (FY), 2019-20, due to sluggish economic activities, including import slowdown.
- Three wings NBR -- Income Tax, Customs and VAT -- missed their respective targets for July-December period, according to provisional data released.
- Import and export tax revenue faced the highest shortfall of Tk 131.73 billion, followed by Tk 109.05 billion from VAT at local stage and Tk 78 billion from income and travel taxes.
- The aggregate tax revenue collection stood at Tk 1.05 trillion until December against the target of Tk 1.36 trillion set for the period.

Outward funds dwarf inflow of remittances

The Financial Express; Feb 06, 2020

- The outflow of legal and illegal funds surpassing remittances flowing into Bangladesh annually is "a matter of concern," the head of an anti-graft campaign group said.
- "It is clear that more money goes out from the country than that enters Bangladesh," said executive director of the Transparency International, Bangladesh Dr Iftekharuzzaman.
- "The picture is worrying, it deprives Bangladesh and slows down the development process," he said.
- The report titled "Employment of Foreigners in Bangladesh: Challenge of Good Governance and Way Forward" was launched at a news conference in Dhaka.
- According to the report, some $3.15 billion or Tk 264 billion is being illegally remitted from Bangladesh a year while the outward legal remittances will be over $46 million.



Source: Bangladesh Bank Website.

Govt has a new headache. It’s the high interest rates on T-bills and bonds

The Daily Star; Feb 09, 2020

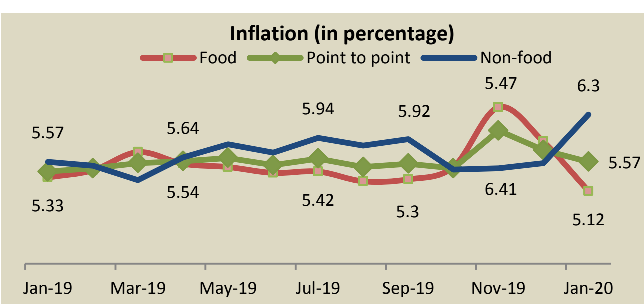
- The interest rate on government Treasury bills and bonds, the main instruments for bank borrowing, doubled in the last one year -- a development that will fuel budgetary expenditure and may discourage private sector credit, both of which are already sources of concern.
- Yields on Treasury bills and bonds have increased by 3 to 5 percentage points in the last year and a half. They now range between 7 to 9 per cent depending on the tenor of the instrument, according to central bank statistics.

- For one-year Treasury bill, the weighted average interest rate was 3.40 per cent in December 2018. A year later it was 8.04 per cent.
- The two-year Bangladesh Government Treasury Bond, another borrowing instrument, had interest rate of 4.33 per cent in December 2018, which soared to 8.80 per cent.
- The high interest rate of Treasury bills and bonds tempted banks to be conducive towards the government's huge bank borrowing demand.

Non-food inflation hits 40-month high in January on house rent hike

New Age Bd: Feb 11, 2020

- The point-to-point inflation declined to 5.57 per cent in January this year from that of 5.75 per cent in December last year due to easing of prices of food items although the non-food inflation hit a 40-month high in January, according to Bangladesh Bureau of Statistics data.
- The point-to-point non-food inflation increased significantly to 6.30 per cent in January, standing at a 40-month high, from that of 5.55 per cent in the previous month due mainly to cost escalation for house rent and education materials in the month, the data released.
- The food inflation, however, declined by 0.76 percentage points to 5.12 per cent in January from that of 5.88 per cent in December as the prices of food items, including vegetables and spices, came down in the month.



Source: Bangladesh Bank Website.

Govt's credit growth target raised for H2; Monetary policy keeps pvt borrowing rate unchanged

The Financial Express; Jan 20, 2020

- Higher borrowing of the government during the first half (H1) of the current fiscal year (FY20) compelled the central bank to revise the growth rate of the borrowing significantly upward for the second half (H2) of the year.
- A meeting of the Bangladesh Bank (BB) monetary policy committee last week made the revision keeping the credit growth rate for the private sector unchanged at 14.80 per cent.
- The growth of net government borrowing had been set at 24.20 per cent for H1 and 24.30 per cent for H2 when the monetary policy statement for FY20 had been issued in July last.
- After the revision, the net government credit growth has been set at 37.70 per cent for H2.

Deficit financing widens by 130pc in four months

The Financial Express; Jan 11, 2020

- The government's deficit financing grew by 130 per cent in the first four months of the current fiscal year compared to that of the same period of last fiscal, driven by a fall in resource mobilisation, according to official documents.
- The Ministry of Finance said the resource gap for the four months amounted to Tk 362 billion (36,200 crore), up from Tk 158 billion recorded in the corresponding period of the last fiscal year.
- The mobilisation of total revenue during the period of July to October last was recorded at Tk 767 billion against the total expenditure of Tk 1,129 billion.
- The revenue collection during the four months was much lower than nearly Tk 787 billion collected in the corresponding period of the fiscal year 2018-19, according to documents seen by the Financial Express.
- The total expenditure during the four months to October 2019 was more than 19 per cent higher than that of the corresponding four months a year earlier.

Receipts from top 20 items dip; Dramatic rise in waivers blamed

The Financial Express; Jan 19, 2020

- Tax collection from top 20 imported items has plummeted by 39 per cent during the first half of the current fiscal year, in a major blow to the revenue target.
- The National Board of Revenue, or NBR, received Tk 34.11 billion in July-December from the key revenue-spinning imports, down by Tk 21.06 billion from the year-earlier period.
- High-speed diesel, crude soybean oil, base-oil, steel-made line pipe, mobile phone, rice, black tea, road tractors for semi-trailers and flat rolled products are among the traditional key sources of tariff collection.

- During the July-December period of the year, the customs wing missed the target by 29 per cent, facing a shortfall of Tk 130.31 billion.

IFC identifies leather, plastic, light engineering for export diversification

Dhaka Tribune: Jan 11, 2020

- The International Finance Corporation (IFC), a member of the World Bank Group, has identified leather and footwear, plastics, and light engineering sectors as potential areas for diversifying the country's export basket, which is currently highly dependent on apparel sector.
- The IFC suggestion came at the launching of a report "Building Competitive Sectors for Export Diversification: Opportunities and Policy Priorities for Bangladesh" at a Dhaka city hotel.
- The IFC and the Policy Research Institute jointly organized the event.
- IFC senior economist M Masrur Reza and IFC private sector specialist Hosna Ferdous Sumi presented the report in which they stressed building supply-side capacity of the industries to gain competitive advantage in export.

Export earnings slump by $1.26b in July-Jan

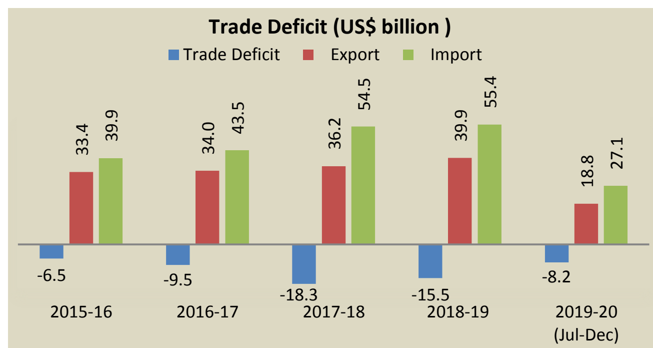
New Age Bd: Feb 04, 2020

- The country's export earnings in the July-January period of the current financial year 2019-20 fell by 5.21 per cent as the earnings again declined in January after a slight rise in December.
- Export earnings in the seven months of FY20 decreased by $1.26 billion to $22.92 billion from $24.18 billion in the same period of last fiscal year, according to the Export Promotion Bureau data released.
- Exporters said that the negative growth in export earnings continued due to declining procurement and offering low prices of products by the buyers as the global economy was recovering at a slow pace.
- They also feared that the negative export earnings growth might continue in the coming months as there was no sign from the buyers of raising prices of readymade garment products although the workers' wages and production cost increased in the country.

Less trade eases current account deficit in H1

The Financial Express; Feb 05, 2020

- Although the country's merchandise trade gap widened, the deficit in current account balance declined significantly in the first half (H1) of the current fiscal year 2019-20.
- The central bank statistics released showed that the trade gap recorded at $8.22 billion in the July-December period of the current fiscal year.
- The trade gap registered a 5.38 per cent increase over the same period of the past fiscal year (FY'19) when it was $7.80 billion.
- Provisional estimation of H1 balance of payments (BoP) also showed that the deficit in services trade stood at $1.65 billion during the period under review. The figure was $1.62 billion during the same period of FY'19.



Source: Bangladesh Bank Website.

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