

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)	May	5.48	5.81	-5.7%
Point to Point (in percentage)	May	5.63	5.57	1.1%
Export (EPB) (US\$ million)	Jul-May	37,750.60	33,728.82	11.9%
Import (C&F) (US\$ million)	Jul-Apr	50,909.10	49,010.80	3.9%
Remittances (US\$ million)	FY 2018-19	16,419.63	14,981.69	9.6%
Current Account Balance (US\$ million)	Jul-Apr	(5,065.00)	(7,793.00)	35.0%
Foreign Exchange Reserve (US\$ million)	June	32,536.86	32,943.46	-1.2%
Interbank Taka-USD Exchange Rate (Average) (BDT/US\$)	June	84.45	83.72	0.9%
Reserve Money (BDT crore)	May	245,672.20	211,041.60	16.4%
Broad Money (BDT crore)	May	1,205,157.60	1,078,297.90	11.8%
Tax Revenue (NBR) (BDT crore)	Jul-May	193,612.98	178,694.17	8.3%
Total Domestic Credit (BDT crore)	May	1,138,408.60	988,907.40	15.1%
Net Credit to the Govt. Sector	May	113,084.70	76,696.70	47.4%
Credit to the Other Public Sector	May	24,405.70	19,807.30	23.2%
Credit to the Private Sector	May	1,000,918.20	892,403.40	12.2%
Interest Rate on Advances (in percentage)	April	9.46	9.89	-4.3%
Interest Rate on Deposits (in percentage)	April	5.42	5.43	-0.2%
Interest Rate Spread (in percentage)	April	4.04	4.46	-9.4%
Classified Loan to Total Outstanding (in percentage)	March	11.87	10.78	10.1%
Excess Liquidity of the Scheduled Banks[#] (BDT crore)	April	66,760.27	72,750.03	-8.2%
Call Money Rate (weighted average) (in percentage)	June	4.54	2.77	63.9%
Interest Rates on Treasury Securities (in percentage)				
91-Day T-bill	July	7.04	2.34	200.9%
182-Day T-bill	July	7.38	3.39	117.7%
364-Day T-bill	July	7.39	3.44	114.8%
2-Year BGTB	July	7.94	5.04	57.5%
5-Year BGTB	June	8.10	6.10	32.8%
10-Year BGTB	June	8.44	7.50	12.5%
15-Year BGTB	June	8.90	8.06	10.4%
20-Year BGTB	June	9.30	8.90	4.5%
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)	June	6.00	6.00	0.0%
Reverse Repo (1-3 day)	June	4.75	4.75	0.0%
Breakdown of Major Exports				
Woven Garments (US\$ million)	Jul-May	16,051.43	14,188.50	13.1%
Knitwear (US\$ mn)	Jul-May	15,682.45	13,940.06	12.5%
Breakdown of Import L/C Opening (US\$ million)				
Food grains (Rice & Wheat)	Jul-Apr	48,951.23	60,728.02	-19.4%
Capital Machinery	Jul-Apr	1,262.63	3,370.65	-62.5%
Petroleum	Jul-Apr	4,013.95	5,644.89	-28.9%
Petroleum	Jul-Apr	3,195.22	2,926.11	9.2%
Industrial Raw Materials	Jul-Apr	16,592.22	16,597.58	0.0%
Others	Jul-Apr	23,887.21	32,188.79	-25.8%
Breakdown of Import L/C Settlement (US\$ million)				
Food grains (Rice & Wheat)	Jul-Apr	45,788.58	42,997.91	6.5%
Food grains (Rice & Wheat)	Jul-Apr	1,229.01	2,699.81	-54.5%
Capital Machinery	Jul-Apr	3,931.62	4,399.38	-10.6%
Petroleum	Jul-Apr	3,223.82	2,590.77	24.4%
Industrial Raw Materials	Jul-Apr	16,289.03	15,089.69	7.9%
Others	Jul-Apr	21,115.10	18,218.26	15.9%

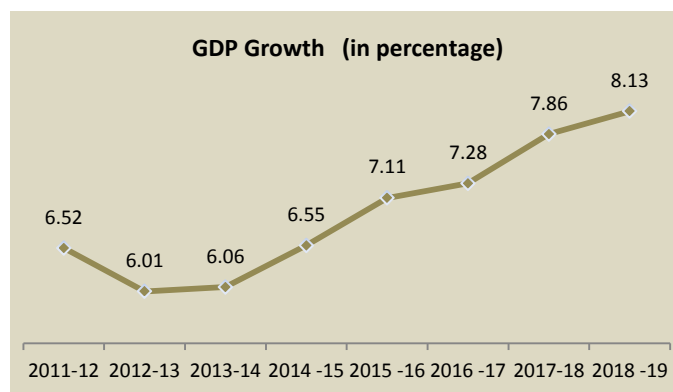
* Revised GDP Growth Rate; [#] Total liquid assets less required liquidity (SLR)

News in Brief on Major Macro-Economic Indicators

Govt aims to raise GDP growth to 10% in FY2023-24

Dhaka Tribune; June 14, 2019

- PM has said her government has planned to increase Bangladesh's GDP growth to 10% in the 2023-24 fiscal year.
- To achieve the double digit GDP rate in FY2023-24, the GDP growth rate in the proposed budget has been projected to be 8.2% for FY2019-20; as the GDP growth rate has been consistently high over the last decade.
- Labelling the national budget of FY2019-20 the biggest ever in Bangladesh's history, Sheikh Hasina said the target of the budget is to implement the election manifesto of her government.
- Her government also aims to create 30 million jobs in the country by 2030.



Source: Bangladesh Bank Website.

Revenue collection target realistic given GDP growth

The Daily Star; July 07, 2019

- “The revenue collection target set for the current fiscal year is achievable but evasion and payment of less than the actual amount of tax keep the collection lower” said by head of NBR.
- “The target we set is achievable given the existing economic activities in the country. But, the problem is that the tendency to pay less or no tax is more intense in our country” NBR Chairman said.
- The NBR has been assigned to collect Tk 325,000 crore in tax this fiscal year and the target is 40 percent higher than the actual collection of fiscal 2018-19.
- The higher target was set considering the accelerating economic activities in the country.

- The economy grew at 8.13 percent last fiscal year and the government has targeted 8.20 percent growth this year.

Macro economy now under considerable pressure

The Financial Express; June 12, 2019

- The country's macro economy is now experiencing considerable pressure not witnessed anytime during the past one decade, the local think-tank CPD observed on Tuesday.
- This is a matter of concern that the economy is under pressure in comparison with any period of the last one decade.
- The country's foreign exchange reserve can now meet only five months' import requirements. A few months back, it was enough to meet up to eight months' requirement.

FICCI for reducing corporate tax, increasing investment to achieve GDP target

Dhaka Tribune; June 14, 2019

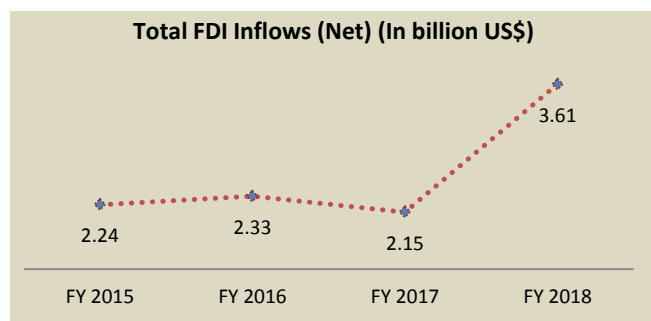
- Foreign Investors' Chamber of Commerce and Industry (FICCI) in a post-budget feedback said that the GDP growth target of 8.2 percent is achievable, provided that GDP-investment ratio increases to the expected level of 32 percent.
- The chamber strongly recommended allowing at least six months for implementation of the new VAT regime. It also called for reducing corporate tax in view of the tax rates prevailing in other countries, which they said, was not considered in the proposed Finance Bill 2019.
- FICCI appreciated that the proposed budget retains the feature of continuity, saying it expects the suggested amendments to accelerate investment, improve business environment and socio-economic condition of the country.

Record FDI in 2018

The Daily Star; June 25, 2019

- Bangladesh received net foreign direct investment (FDI) amounting to \$3.61 billion in 2018, its highest yet thanks to the one-off payment of \$1.47 billion by Japan Tobacco Inc. to purchase Akij Group's tobacco business.

- The inflows are an increase of 67.94 percent from a year earlier, according to the United Nations Conference on Trade and Development (Unctad).
- The power sector attracted the highest amount of FDI of \$1.01 billion, followed by food at \$729.69 million, textile and weaving at \$408.08 million, banking at \$282.54 million, telecommunication at \$219.87 million, leather and leather products at \$110.55 million and trading at \$101.91 million.



Source: Bangladesh Bank Website.

BD fastest economy in Asia-Pacific: ADB

The Financial Express; June 20, 2019

- Bangladesh has achieved the fastest growth in the Asia-Pacific economies comprised of 45 countries, according to the Asian Development Bank (ADB).
- In the outgoing fiscal year of 2018-19, the ADB said, the country attained 7.9 per cent growth which was fastest expansion since 1974.
- The bank predicted that the growth will be 8.0 per cent in the FY2019 and FY2020, terming it a new record.
- "Bangladesh will continue to be the fastest in the Asia-Pacific," the bank said in its Asian Development Outlook (ADO).
- The growth will be moderate across most of developing Asia -- 5.7 per cent in 2019 and 5.6 per cent in 2020 from 6.2 per cent in 2017 and 5.9 per cent in 2018.

ADP execution 94pc in FY'19

The Financial Express; July 10, 2019

- The overall annual development programme (ADP) implementation rate rose to 94 per cent in the fiscal year.
- The government's high spending rate in June propelled execution of the development programme.
- In June alone in FY 2018-19, according to the data, project implementers spent an abnormally higher 26.35 per cent of the total revised ADP outlay.

- However, those executing agencies spent only 6.18 per cent on an average per month over the first 11 months (Jul-May) of the fiscal.
- Against this backdrop, many development experts criticised the practice of abnormally higher ADP spending rate in June only.
- The government should have rather improved the capacity of monthly balanced utilisation of the public money for the quality development of the country,

Savings tools sale set to be double the target

Dhaka Tribune; June 24, 2019

- Net sale of National Savings Certificates (NSC) is likely to be more than double its original target of Tk26,197 crore this fiscal year ending June 30, as per sources at Internal Resources Division (IRD).
- The sale of the instrument is set to cross even the revised target of Tk45,000 crore set for the outgoing financial year, as the government in the first 10 months of the 2019-20 fiscal year already borrowed Tk43,474.42crore from the savings tools.
- Officials at the Directorate of National Savings Certificates have said that the mad rush for the lucrative instruments further intensified soon after the proposed 10% tax at source was announced in the draft budget.
- It seems the sale (of savings certificates) will even overshoot the revised target by Tk6,000 crore to Tk7,000 crore, and be more than double the original estimate.

Savings tools; Govt's July-May net borrowing up 8.0pc

The Financial Express; July 10, 2019

- The government's net borrowing from state-owned savings instruments rose by about 8.0 per cent in the first 11 months of the just-concluded fiscal year compared to the corresponding period of the previous fiscal.
- According to the Department of National Savings (DNS) data, net sales of savings tools in the July-May period of FY 2018-19 stood at Tk 467.31 billion, up from Tk 433.63 billion in the same period of FY 2017-18.
- Sales of savings schemes have surged in recent years due to their higher yield rates.
- Net sales of savings certificates in last 11 months also surpassed the government's revised target set for the FY 2018-19.
- The government revised the target of its net borrowing from savings instruments for FY 2018-19 upward to Tk 450 billion from Tk 261.97 billion.

NSC sales up 11.54pc in April

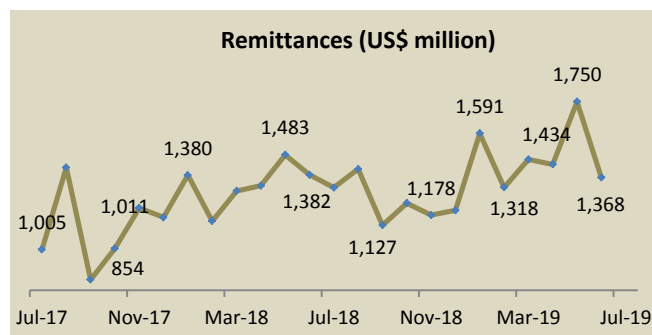
New Age Bd; June 22, 2019

- The net sales of national savings certificates increased by 11.54 per cent year-on-year in April as people went for buying the savings tools ahead of the fiscal year-end to avail themselves of tax rebate.
- The net sales of NSCs rose by Tk 387.1 crore to Tk 3,741.28 crore in April this year from Tk 3,354.18 crore in the same month last year.
- Officials of the central bank said that the NSC purchasing spree was usually seen in the closing few months of a fiscal year.
- Getting tax rebate usually prompts people to purchase NSCs in those few months.

Remittance hits all-time high

The Daily Star; July 03, 2019

- Remittance hit an all-time high of \$16.40 billion in the just concluded fiscal year, lending some breathing space to the central bank as it continues to sell US dollars to maintain the exchange rate.
- The inflows were 9.47 percent higher than in fiscal 2017-18, according to data from the central bank.
- A competitive commission offered by private banks to attract remitters and a depreciating trend of the local currency taka against the US dollar are the main reasons behind the record receipt.
- The interbank exchange rate was Tk 84.50 for a dollar yesterday, up nearly 1 percent from a year earlier.



Source: Bangladesh Bank Website.

Revenue shortfall set to hit record high

Dhaka Tribune; June 12, 2019

- The government is likely to face the highest ever revenue shortfall in the current fiscal as the National Board of Revenue (NBR) could collect only Tk 1,73,422 crore in July-April against Tk 2,80,630 crore revised target set for the fiscal.
- The authorities will need to manage Tk 1,07,208 crore more in the last two months (May and June) of the

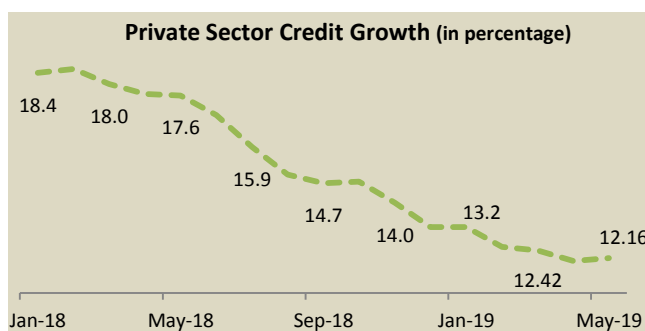
fiscal year 2018-19 to meet the revised target, which means it needs Tk 53,604 crore per month.

- Revenue officials said it was impossible for the NBR to collect such a high amount within such a short time and collecting Tk 53,604 crore per month was unprecedented.
- The revenue collection may stand at Tk 2,20,000 crore till the end of July, keeping a shortfall of about Tk60,000crore. The recent trend of revenue collection also indicates that shortfall will hit the highest ever.

Private credit bucks falling trend

The Daily Star; July 04, 2019

- Private sector credit growth edged up in May after sliding since October last year but it is still well below the central bank's target for the second half of fiscal 2018-19.
- In May, credit growth stood at 12.16 percent, up from 12.07 percent a month earlier.
- But the credit growth is still 4.34 percentage points less than the central bank's target of 16.50 percent for the second half of the just concluded fiscal year.
- The increase is insignificant and there is no possibility to escalate the growth in the upcoming months given the ongoing liquidity crunch in the banking sector.
- In the last two fiscal years, private sector credit growth hovered between 16 percent and 18 percent, only to dip at the turn of fiscal 2018-19.



Source: Bangladesh Bank Website.

Inflation cools in FY'19 after steep increase

The Financial Express; July 10, 2019

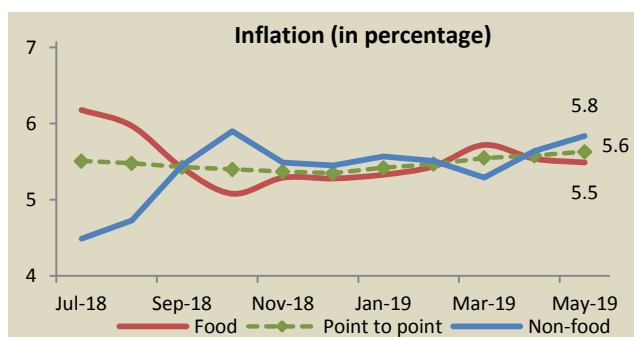
- After a sharp rise, the average inflation rate fell to 5.48 per cent in the just-concluded fiscal year.
- The inflation rate is 0.08 percentage points lower than the government's 5.6 per cent target in 2018-19 fiscal.
- But the average inflation rate in FY'18 was higher at 5.78 per cent.

- BBS data showed food inflation dropped slightly to 5.40 per cent in June from 5.49 per cent a month earlier.

Inflation hits 13-month high

The Daily Star; June 19, 2019

- Inflation hit a 13-month high in May thanks to a sharp increase in prices of non-food items on the occasion of Ramadan, which typically sees a spike in consumption.
- Last month, inflation stood at 5.63 percent after advancing five basis points from April, according to data from the Bangladesh Bureau of Statistics (BBS), which was unveiled yesterday. It was six basis points higher than a year earlier.
- Non-food inflation stood at 5.84 percent, up 20 basis points from the previous month, while food inflation declined five basis points to 5.49 percent.



Source: Bangladesh Bank Website.

Bangladesh Bank keeps injecting dollar to prop up public sector banks

Dhaka Tribune; June 20, 2019

- Bangladesh Bank has continued to inject US dollars in the banking sector to stabilize the volatile forex market.
- The central bank has sold \$2.30 billion to banks as of June 18, this fiscal year, according to the central bank data.
- The inter-bank exchange rate of the US dollar stood at Tk84.50 on June 18, up from Tk80.56 two years earlier, increasing almost by Tk3.94.
- Four state-owned commercial banks are the major clients of US dollar sold by Bangladesh Bank, as the public sector commercial banks alone bought nearly 95% of the total \$2.30 billion.

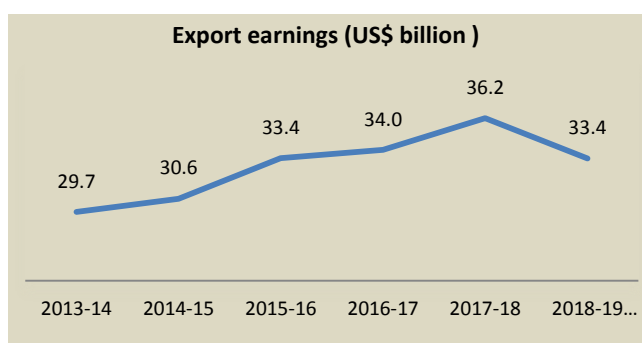
Export earnings hit record \$40.5b in FY19

New Age Bd; July 04, 2019

- The country's export earnings in the just concluded financial year of 2018-19 stood at record \$40.53

billion, growing by 10.54 per cent from \$36.66 billion in the previous fiscal year.

- The amount of export earnings in FY19 was \$1.53 billion higher than the government-set target of \$39 billion for the financial year, according to the provisional data of Export Promotion Bureau.
- EPB officials and garment exporters said that the country's export earnings surpassed the target for FY19, after a disappointing FY18, because of rising export of readymade garment products amid the US-China trade war.
- Export earnings grew by a paltry 5.8 per cent in FY18.



Source: Bangladesh Bank Website.

Govt to set export target at \$44.40bn for FY20

Dhaka Tribune; June 24, 2019

- The government is going to set the export target at \$44.40 billion from exports of goods for FY20, with a 6.76% growth target in export earnings.
- For the outgoing fiscal year, the government had set export target at \$39 billion, where the growth target was 6.36%. Against the target, in the first 11 month of current fiscal year, Bangladesh earned \$37.75 billion, which was \$33.72 billion in the same period last year.
- Export Promotion Bureau (EPB) on Monday discussed the proposed export target with major export stakeholders in apparel, leather and plastic sectors.
- The proposed target will be placed to the commerce ministry by next week and the minister will finally announce the export target for the next fiscal year.

EPB proposes \$44.40b export target for FY '20

The Financial Express; June 30, 2019

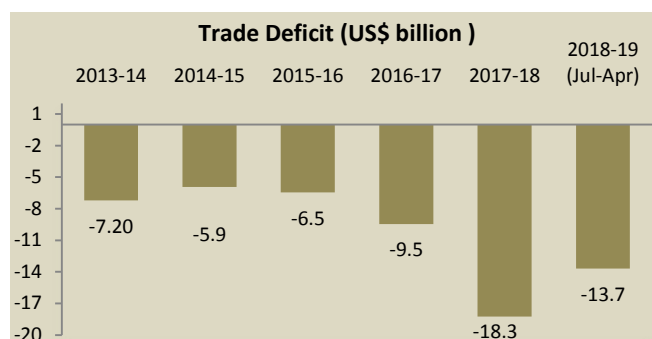
- The Export Promotion Bureau (EPB) has proposed setting a US\$ 44.40 billion export target for fiscal year (FY) 2019-20.
- More than 84 per cent or \$37.42 billion of the proposed export earnings is expected to come from the readymade garment (RMG) sector.

- The EPB has also projected an additional \$6.60 billion in earnings from the services export, raising the next FY's aggregate target to \$51.0 billion.
- The Bureau expects the export receipts to reach \$47.41 billion -- \$41.58 billion from goods and \$5.83 billion from services export -- by the end of the current fiscal year. This would represent a 15.63 per cent increase over that of the previous fiscal.

Trade deficit eases by 14.5pc in July-May

New Age Bd: July 05, 2019

- Country's trade deficit in the July-May period in the financial year of 2018-19 dropped by 14.56 per cent or \$2.5 billion compared with that in the same period of the previous fiscal year due mainly to a moderate growth in export earnings and slowdown in imports.
- Trade deficit eased to \$14.65 billion in the first 11 months of FY19 from \$17.15 billion in the same period of FY18, according to the Bangladesh Bank data.
- Trade deficit was \$13.67 billion in July-April of the current FY19.
- The narrowing trade deficit is a good sign as it would also reduce current account deficit.



Source: Bangladesh Bank Website.

Current account deficit shrinks 35pc to \$5b

The Daily Star; June 24, 2019

- Bangladesh's current account deficit continues to pose risks to macroeconomic stability despite its 35 percent fall in the first 10 months of the outgoing fiscal year.
- The gap stood at \$5 billion between July last year and April this year, according to central bank data.
- The government should explore solutions immediately on how to stop the large deficit in the current account, or else it will face a wide range of crisis to keep the economy stable in the years ahead.
- If the trend is maintained in the remaining two months of the fiscal year, the overall deficit may hit nearly \$8 billion.
- The government has to borrow from external sources to manage the deficit in the current account, which is not a good indication for the economy, said Mansur, also a former economist of the International Monetary Fund.

ILSL Research Team:

Name	Designation
Rezwana Nasreen	Head of Research
Towhidul Islam	Sr. Research Analyst
Kishan Saha	Executive - Research

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