

Major Macro Economic Indicators

Indicators	Period	2019-20	2018-19	Growth
GDP Growth Rate (in percentage)	FY 2018-19	-	8.13*	
Rate of Inflation				
Twelve Month Average (in percentage)	July	5.48	5.78	-5.2%
Point to Point (in percentage)	July	5.62	5.51	2.0%
Export (EPB) (US\$ million)	July	3,887.86	3,581.48	8.6%
Import (C&F) (US\$ million)	FY 2018-19	59,914.70	58,865.30	1.8%
Remittances (US\$ million)	July	1,597.66	1,318.18	21.2%
Current Account Balance (US\$ million)	FY 2018-19	(5,254.00)	(9,567.00)	45.1%
Foreign Exchange Reserve (US\$ million)	August	32,788.11	32,726.62	0.2%
Interbank Taka-USD Exchange Rate (Average) (BDT/US\$)	August	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%
Investment in National Savings Certificates (BDT crore)				
Net sale	FY 2018-19	49,939.48	46,530.30	7.3%
Total Outstanding	FY 2018-19	287,706.00	237,766.52	21.0%
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)	June	9.58	9.95	-3.7%
Interest Rate on Deposits (in percentage)	June	5.43	5.50	-1.3%
Interest Rate Spread (in percentage)	June	4.15	4.45	-6.7%
Classified Loan to Total Outstanding (in percentage)	June	11.69	10.41	12.3%
Excess Liquidity of the Scheduled Banks [#] (BDT crore)	May	60,549.07	79,649.69	-24.0%
Call Money Rate (weighted average) (in percentage)	August	5.07	4.52	12.2%
Interest Rates on Treasury Securities (in percentage)				
91-Day T-bill	September	7.95	2.96	168.6%
182-Day T-bill	September	8.30	3.48	138.5%
364-Day T-bill	September	8.35	3.88	115.2%
2-Year BGTB	August	8.37	3.50	139.1%
5-Year BGTB	August	8.75	4.00	118.8%
10-Year BGTB	August	9.27	7.00	32.4%
15-Year BGTB	August	9.53	7.49	27.2%
20-Year BGTB	August	9.80	8.90	10.1%
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)	August	6.00	6.00	0.0%
Reverse Repo (1-3 day)	August	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	57,754.61	69,421.14	-16.8%
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	54,640.35	51,530.56	6.0%
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%

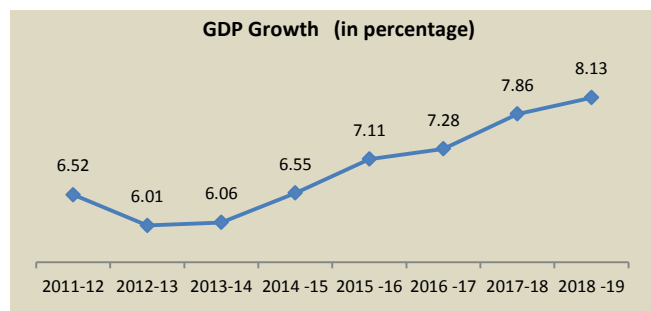
* Revised GDP Growth Rate; [#] Total liquid assets less required liquidity (SLR)

News in Brief on Major Macro-Economic Indicators

IMF projects 7.6pc GDP growth this fiscal year

The Daily Star; August 25, 2019

- The International Monetary Fund (IMF) has projected Bangladesh's economic growth to be 7.6 percent this fiscal year, which is 0.6 percentage points lower than the government's projection of 8.2 percent.
- Yet, the growth rate projected for Bangladesh is the highest in the South Asia region, according to the IMF's South Asian Update, which was released last week.
- "Despite the positive near-term outlook, maintaining the past growth performance will become more challenging in future and will require further increase in investment and upgrading the policymaking practices and institutions," the IMF said.
- India will have the second highest growth in the region at 7.2 percent, followed by Bhutan and Nepal at 6.3 percent and Sri Lanka at 4 percent. Pakistan will have the lowest economic growth in the region at 2.4 percent.



Source: Bangladesh Bank Website.

GDP growth tops 26 countries

The Daily Star; September 03, 2019

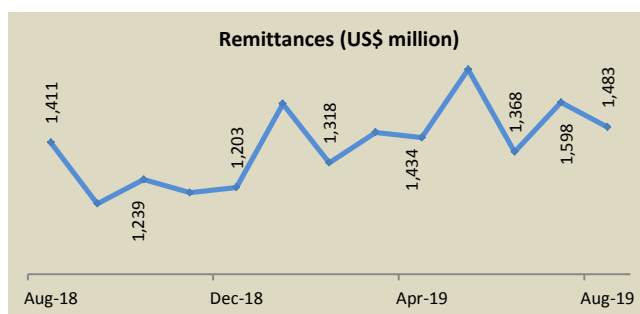
- Bangladesh recorded the highest economic growth among a list of 26 countries in the last 10 years, according to The Spectator Index.
- Since 2009, the country's gross domestic product (GDP) expanded 188 percent at the current prices.
- In the past decade, China's economy grew 177 percent, India 117 percent, Indonesia 90 percent, Malaysia 78 percent, Australia 41 percent and Brazil 17 percent, according to a chart posted on The Spectator Index's Twitter and Instagram accounts.
- The index provides succinct comparative study on matters pertaining to politics, economics, history, military affairs, sports, science and technology.

- The country's GDP size was \$102 billion in 2009. Last year, it stood at \$274 billion on the back of steady economic growth, data from the World Bank showed. The GDP size surpassed the \$300-billion mark in June, government figures showed.

Remittance rises by 5pc in August on cash incentive

New Age Bd: September 03, 2019

- Remittance inflow grew by 5.08 per cent or \$71.79 million in August 2019 over the same period of last year after posting Eid-ul-Azha-centric sharp 21.2 per cent growth in the previous month amid government's move to issue 2 per cent cash incentive.
- Expatriates sent \$1.48 billion in August this year against the transfer of \$1.41 billion in the same month last year, according to a Bangladesh Bank data released.
- Officials of banks said that inward remittance witnessed a slow pace in August compared to the pace in July after the money-sending phase ahead of Eid-ul-Azha expired, since Eid was observed on August 12 this year.
- The country received \$1.6 billion in remittance in July, the first month of the fiscal year 2019-20.



Source: Bangladesh Bank Website.

ADP spending hits five-year high in July

The Daily Star; September 01, 2019

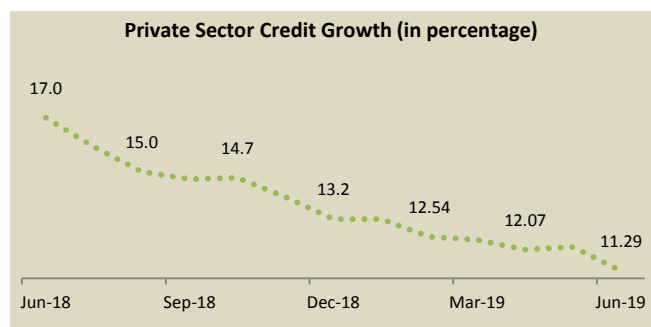
- Development spending witnessed a five-year high in July, the first month in the current fiscal year, thanks to the power division's outstanding performance in implementing the annual development programme (ADP).
- The amount was four times the sum spent in the corresponding month last fiscal year, according to a monthly progress report of the Implementation Monitoring and Evaluation Division (IMED).

- A total of Tk 3,951 crore was spent in July, which accounted for 1.84 percent of the current fiscal year's allocation. In comparison, Tk 1,027 crore was expended in the same month a year ago, which was 0.57 percent of the annual allocation.
- In July in the past five years, the implementation of the ADP had been below 1 percent.

Private sector credit growth hits fresh 6-year low in July

New Age Bd: September 02, 2019

- The descending trend in private sector credit growth has remained unchanged with the growth rate hitting fresh six-year low in July this year amid heavy borrowing from the banking sector by the government, reflecting stagnant private investment state.
- As per the latest Bangladesh Bank data, the private sector credit growth slumped to 11.26 per cent year-on-year in July this year, much lower than the BB's cautious projection for the fiscal year 2019-2020.
- Taking into consideration about the 6 year low credit growth in June this year, 11.29 per cent, the central bank reduced the private sector growth projection to 14.8 per cent for the FY20 after failure to achieving 16.5 per cent growth target in the FY19.
- In June this year, the private sector credit growth was 11.29 per cent, lowest since June, 2013 when it was 11.04 per cent.



Source: Bangladesh Bank Website.

NSC sales dip by 57pc in July due to higher tax

New Age Bd: September 03, 2019

- The net sales of national savings certificates fell by 57.10 per cent or Tk 2,875.57 crore in July, the first month of the current fiscal year (2019-2020), compared with that in the same month in last fiscal year (2018-19) due to an increase in tax on income from the investment in the instruments.
- In July this year, the government sold NSCs worth Tk 6,091.33 crore against repayment of Tk 3,931.15 crore, taking the net sales of the government's borrowing

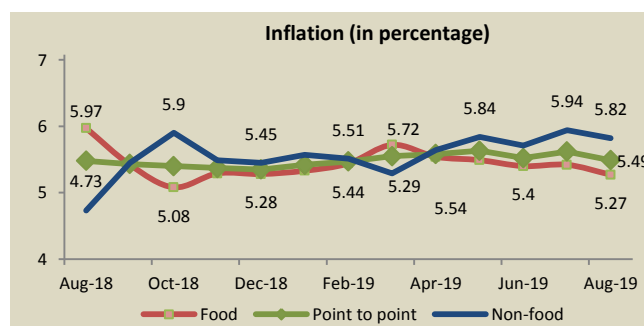
tools to Tk 2,160.17 crore against Tk 5,034.74 crore in the same month last year, according to a report of Department of National Savings.

- Due to the fall in NSC sales and to meet the expenditure, the government borrowed Tk 26,248.52 crore from the banking system in just 51 days of the current fiscal year.
- The government's net borrowing from the banking system in the first 51 days of the current fiscal year (2019-2020) almost touched its net borrowing from the source in the entire last fiscal year (2018-2019).

Inflation edges down in August

The Daily Star; September 04, 2019

- Inflation declined 13 basis points to 5.49 percent in August, helped by the downward movement of both food and non-food prices.
- Last month's rate also bucked the rising trend as inflation had risen 10 basis points to 5.62 percent in the first month of the current fiscal year.
- Food inflation edged down 15 basis points from 5.62 percent in July to 5.49 percent last month while non-food inflation came down to 5.82 percent, down 12 basis points from 5.94 percent a month ago.
- In rural areas inflation dropped to 5.34 percent from 5.48 percent in July. Food and non-food inflation declined to 5.38 percent and 5.25 percent respectively in July.



Source: Bangladesh Bank Website.

FDI in apparel, textile industries

Dhaka Tribune; August 25, 2019

- Bangladesh textile and apparel industries received \$408 million in foreign direct investment (FDI) in 2018, down by \$13 million from the previous year.
- While total FDI in the country saw a 68% rise to \$3.61 billion in the same year, the plunge in overseas investment in textile and apparel sector raised question about its reasons and effectiveness.

- For the last couple of years, FDI in the apparel and textile has been hovering around \$400 million.
- When Bangladesh badly needs to produce high -end products and increase production capacity in the apparel industry, FDI in the area can play an important role in technology transfer from the skilled foreign professionals, economists and trade analysts believe.

Govt's bank borrowing soars for mega projects

The Daily Star; August 27, 2019

- In the wake of low revenue mobilisation last fiscal year, the government has now turned to bank borrowing to meet its financing needs, Bangladesh Bank data shows.
- In the first 51 days of this fiscal year, the government has borrowed Tk 26,248.52 crore from the banking system, which is almost the same as last year's total bank borrowing and half of this year's target.
- The government borrowed Tk 26,446 crore last fiscal year, according to data from the central bank. This fiscal year, the government has set a borrowing target of Tk 47,364 crore from the banking sources.
- The government's borrowing from banking sources usually shoot up at the beginning of a fiscal year to adjust its higher expenditure in the last few months of the previous fiscal year.
- The government's bank borrowing has increased significantly due to its implementation of fast track mega infrastructural projects like Padma Bridge, 1200 MW coal-fired power plant, 2400 MW Rooppur Nuclear Power Plant, 1320 MW Rampal Power project, Karnaphuli Tunnel, floating LNG Terminal and metro rail.

Bangladesh second in export growth: WTO

The Daily Star; August 09, 2019

- Bangladesh has achieved the second highest export growth globally over the past decade (2008-2018) and the highest among South Asian nations thanks to the spiraling apparel shipment, according to World Statistics Review 2019.
- Vietnam, which is also one of the top garment exporters worldwide, topped the list with a 14.6 percent export growth while Bangladesh gained 9.8 percent, according to the flagship annual report of the World Trade Organisation.
- Exports of two giant economies, China and India, grew by 5.7 percent and 5.3 percent respectively. Bangladesh exceeded the export growth of many leading economies like China, India, Brazil and Turkey

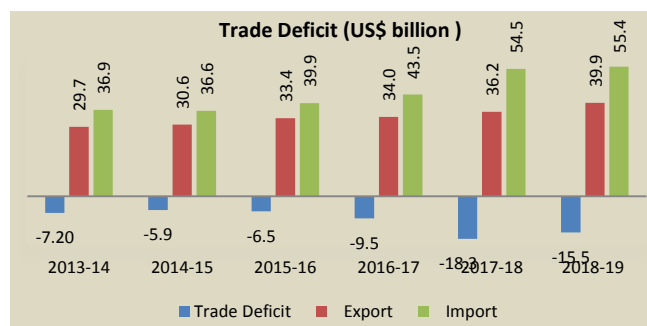
and some developing nations because of the high volume of garment export.

- Bangladesh main-tained the title of second largest garment exporter worldwide grabbing 6.4 percent of the trade while China maintained its dominance occupying 31.3 percent despite a slight decline in the growth in 2018.

Trade deficit shrinks on low imports

The Daily Star; August 20, 2019

- Trade deficit narrowed down to 15 percent last fiscal year thanks to a decline in imports and steady growth of exports, bringing some breathing room for the government for the time being.
- In fiscal 2018-19, trade deficit stood at \$15.94 billion, down from \$18.17 billion a year earlier, according to data from the central bank.
- Despite the declining volume of the trade gap, this is the second largest ever deficit in Bangladesh's history.
- Imports stood at \$55.43 billion last fiscal year, up 1.79 percent year-on-year, while merchandise exports rose 11.49 percent to \$39.94 billion.



Source: Bangladesh Bank Website.



ILSL Research Team:

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

To access research through **Bloomberg** use <ILSL>
ILSL research is also available on **Thomson Reuters** products
and on **FactSet** and **Sentio** platform.
For any Queries: research@ilsibd.com

Disclaimer: This document has been prepared by International Leasing Securities Limited (ILSL) for information only of its clients on the basis of the publicly available information in the market and own research. This document has been prepared for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither ILSL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However all reasonable care has been taken to ensure the accuracy of the contents of this document. ILSL will not take any responsibility for any decisions made by investors based on the information herein.