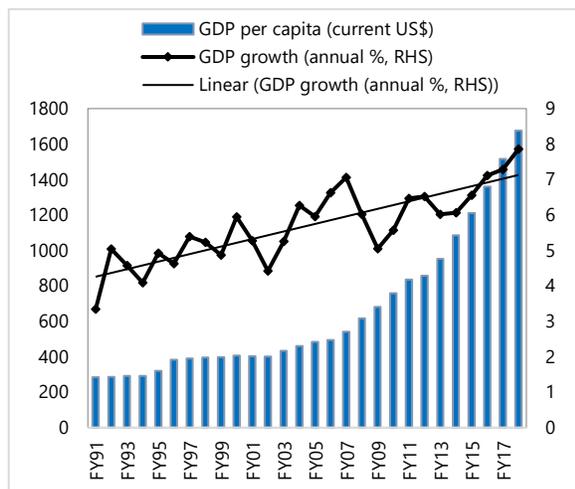# Bangladesh: Selected Indicators
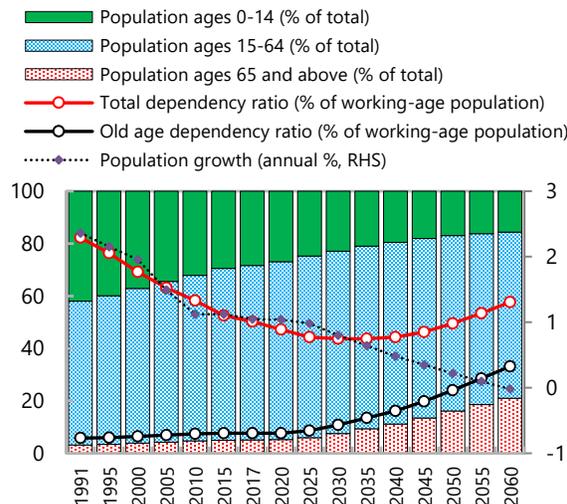
Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.86% outturn in FY18

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY18 (y/y, in percentage points)

Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

Trend of Poverty Reduction and Gini Index 3, 4/
1991-2016

2.4% population growth rate in 1991 declined to 1% in 2017, with population reaching 164.7 million. Old age dependency (ratio of population aged 65+ per 100 population aged 15-64) could double by 2040 from existing level of 7.7%

Trend of Demographic Indicators 2/
1991-2060

ILO estimates 56.5% of population aged 15+ are in labor force in 2017; the female participation rate is only 33.04%

Trend of Labor Force Participation 5/
1991-2017
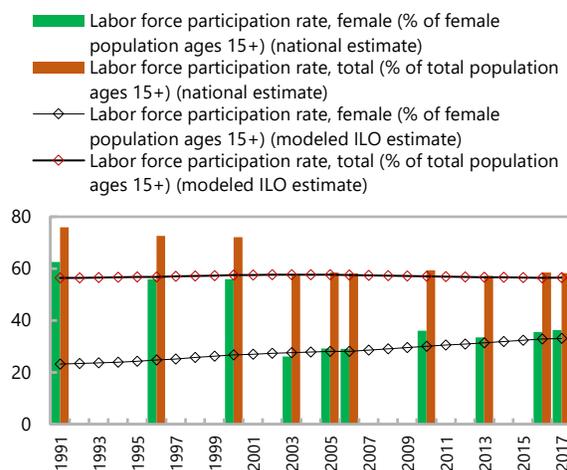
1/ July-Jun period is considered as FY in Bangladesh. For FY18 GDP per capita, national measure is used. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (2017). The population growth rates from year 2020 are five-year average growth projections, say year 2020 data indicates average growth rate in 2015-2020. 3/ National measures of poverty for year 1991 and 1995 are taken, respectively, from Household Expenditure Survey 1991-1992 and Household Expenditure Survey 1995-1996. In national measure, up to 1991 a person having an intake of less than 2,122 kilo-calories daily was considered as absolute poor (upper poverty line), and one having an intake of below 1,805 kilo-calories was considered as hard-core poor. Since 1995, the 'Cost of Basic Needs (CBN)' method has been used. 4/ Gini Index ranges from 0 to 100, higher value shows higher inequality. Gini index of 0 means perfect equality, while an index of 100 indicates perfect inequality. 5/ National estimates of labor force participation rate for 2016 and 2017 are respectively of FY2016 and FY2017.

Sources: Bangladesh Bureau of Statistics (BBS), World Development Indicators (WDI); United Nations, Department of Economic and Social Affairs, Population Division (2017); and IMF staff calculations

Bangladesh: Real Sector Developments

Private consumption and private investment, respectively, contributed 7 and 2.2 percentage points of 7.86 percent real GDP growth in FY18, but 3.6 percentage points negative contribution from net exports slowed down the momentum

Consumption-GDP ratio picked up to 76% in FY18 from 74.7% in FY17, while during this period investment-GDP ratio edged up to 31.3% from 30.5%

Contributions to Real GDP Growth 1/
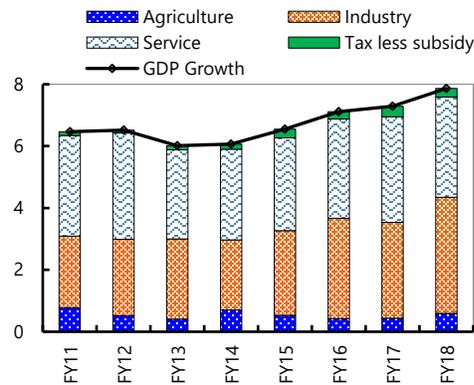FY06-FY18p (y/y, in percentage points)
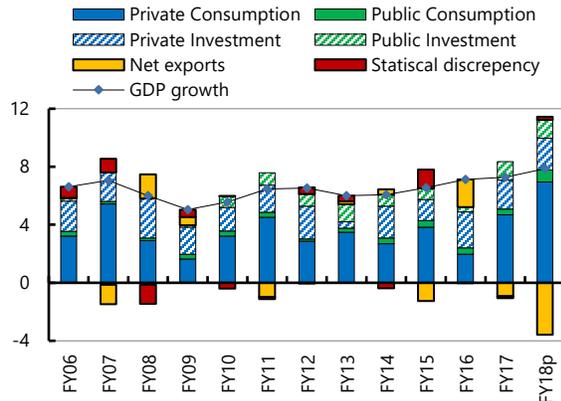
Selected indicators' share in Nominal GDP 1/
FY06-FY18p (in percentage points)
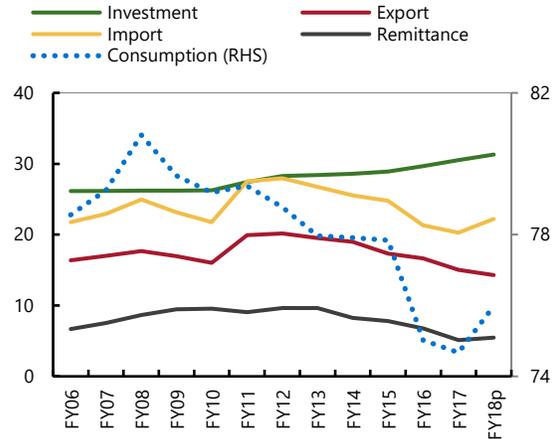
On the production side, manufacturing led industry sector, and service sector, respectively, contributed 3.8 and 3.2 percentage points of 7.86% GDP growth in FY18, followed by 0.6 percentage points contribution from agriculture sector

Sectoral Contributions to Real GDP Growth
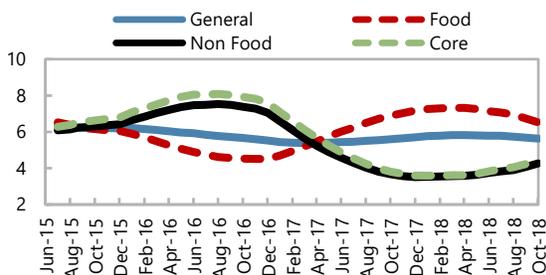FY11-FY18 (y/y, in percentage points)

Sectoral Contributions to Real GDP Growth (Contd.)
FY11-FY18 (y/y, in percentage points)
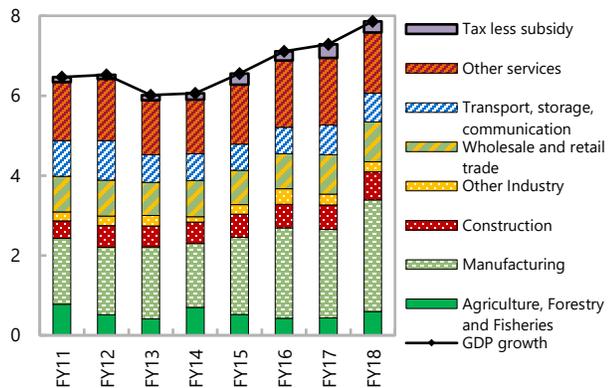
Annual average headline inflation settled at 5.6 percent in Oct 2018, with marginally falling food inflation and slightly increasing non-food and core inflation
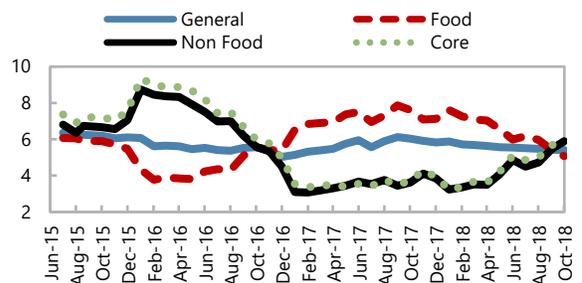
In Oct 2018, y/y non-food and core inflation picked up, respectively, to 5.9% and 6%, while food inflation fell to 5.1%, pulling down headline measure to 5.4%

Twelve Month Average Inflation
Jun 15-Oct 18 (y/y, in percentage points)

Point-to-Point Inflation
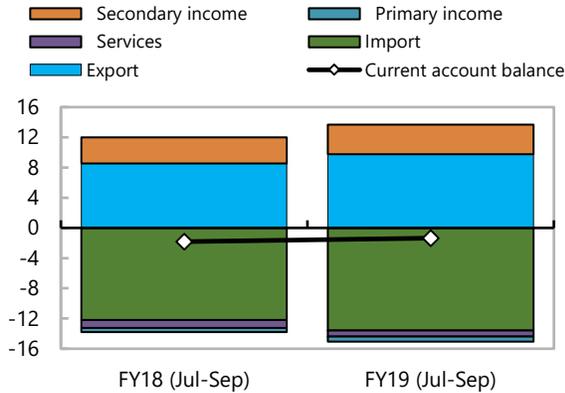Jun 15-Oct 18 (y/y, in percentage points)

1/ FY18p stands for provisional estimate of FY18 by the authorities.
Sources: Bangladesh Bureau of Statistics (BBS), Bangladesh Bank; and IMF staff calculations

2

Bangladesh: External Sector Developments

Current account deficit of USD 1.8 billion in Q1 FY18, slightly narrowed to USD 1.4 billion in Q1 FY19

Current Account Balance Components 1/
FY18 (Jul-Sep)-FY19 (Jul-Sep) (in billion USD)

Capital goods and oil-related products contributed, respectively, 3.7 and 3.1 percentage points to import growth of 11.5 percent in Q1 FY19, while contribution from consumer goods and food imports was negative 4.3 percentage points

Item-wise Contributions to Import Growth 2/
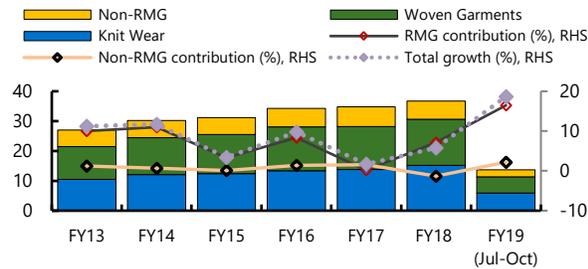FY17-FY19 (Jul-Sep) (y/y growth, in percentage points)

RMGs represented 83% of USD 13.7 billion exports during FY19 (Jul-Oct). RMG exports contributed 16.5 percentage points in total exports growth of 18.7%, while non-RMG exports contributed 2.2 percentage points

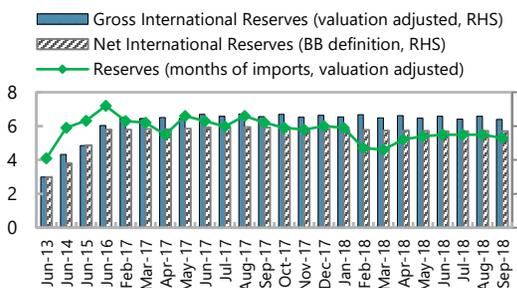### Item-wise Goods Exports
FY13-FY19 (Jul-Oct)
(in billion USD, unless otherwise indicated)

In FY19 (Jul-Oct), y/y remittance inflows increased by 12.2%, amounting to USD 5.1 billion. The GCC countries contributed 59.2% of the inflows, with total share of 34.7 percentage points from the KSA and UAE

Contributions to Workers' Remittances
FY13-FY19 (Jul-Oct)
(in billion USD, unless otherwise indicated)

Import months' coverage decreased to 5.3 months in Sep 2018 from 5.5 months in Aug 2018

International Reserves 3/
Jun 2013-Sep 2018
(In billion USD, unless otherwise indicated)

REER has been appreciating since February 2018, reducing Bangladesh's trade competitiveness
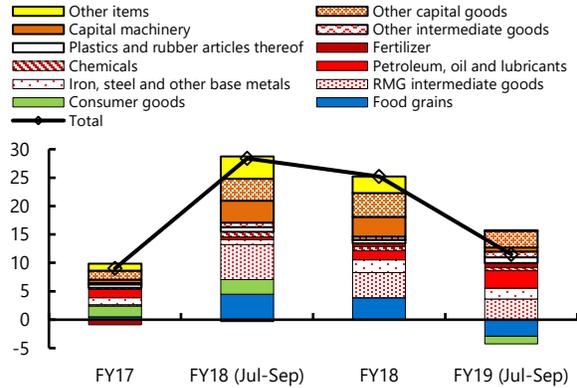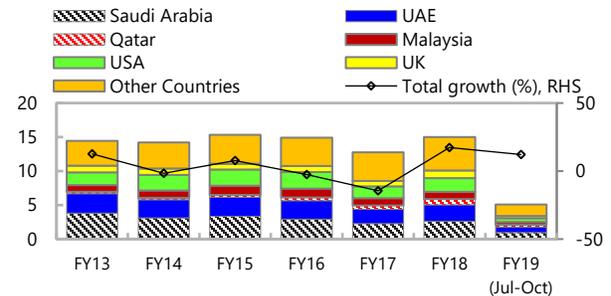
Exchange Rates
Aug 2015-Oct 2018

1/ FY19 (Jul-Sep) BOP data are provisional. 2/ Commodity-wise import data recorded by customs. 3/ Sep 2018 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & deposit with Sonali Bank, UK) minus total liabilities. Total liabilities comprise reserve liabilities in ACU, IMF Trust Fund Account (ECF) and other foreign currency clearing accounts, and deposits of IBRD/IDA, and SDR allocation.
Sources: Bangladesh Bank; IMF; and IMF staff calculations

3

Bangladesh: Fiscal Sector Developments

Revenue-GDP ratio edged down to 10.1% in FY18 from 10.2% in FY17, with 0.2% reduction of customs duties and other revenue-GDP ratio and 0.1% increase in VAT and supplementary duties-GDP ratio

Central Government Revenue
FY11-FY18 (In percent of GDP)
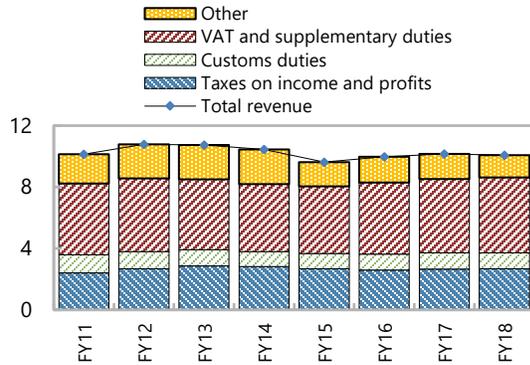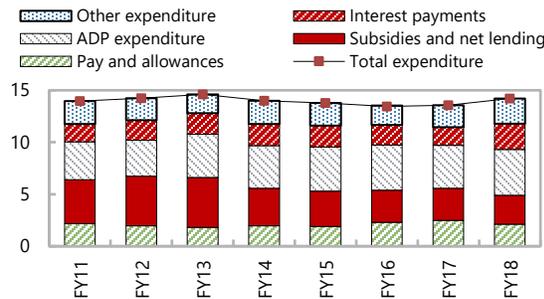
- Other
- VAT and supplementary duties
- Customs duties
- Taxes on income and profits
- Total revenue

Revenue grew by 12.9% in FY18, significantly lower than 29.2% growth target

Contributions to Total Revenue Growth
FY11-FY18 (y/y, in percentage points)

- Other
- VAT and supplementary duties
- Customs duties
- Taxes on income and profits
- Total revenue

Budget execution is 14.2% of GDP in FY18 compared to 13.6% in FY17, with ADP-GDP ratio of 4.4% against 4.1% in FY17. Interest payment-GDP ratio increased to 2.4% in FY18 from 1.7% in FY17

Central Government Expenditure
FY11-FY18 (In percent of GDP)

- Other expenditure
- ADP expenditure
- Pay and allowances
- Interest payments
- Subsidies and net lending
- Total expenditure

Y/Y budget expenditure increased by 19.4% in FY18 against 38.7% target. Interest payments and ADP contributed, respectively, 7.9 and 6.6 percentage points in total growth

Contributions to Total Expenditure Growth
FY11-FY18 (y/y, in percentage points)

- Pay and allowances
- ADP expenditure
- Other expenditure
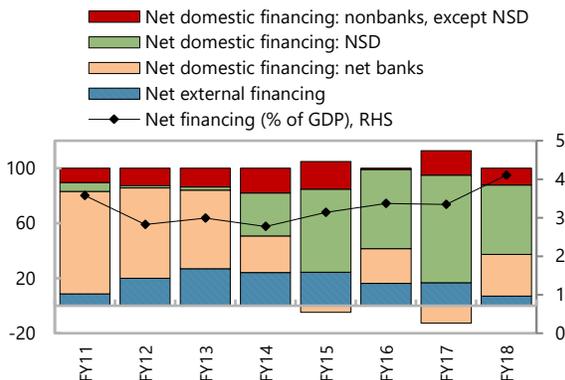- Subsidies and net lending
- Interest payments
- Total expenditure

In FY18, domestic sources financed 93.1% of budget deficit (4.1% of GDP). NSD sales accounted for 50.3% of deficit financing, and banking sector, in net, 30.5%

Fiscal Balance and Sources of Financing
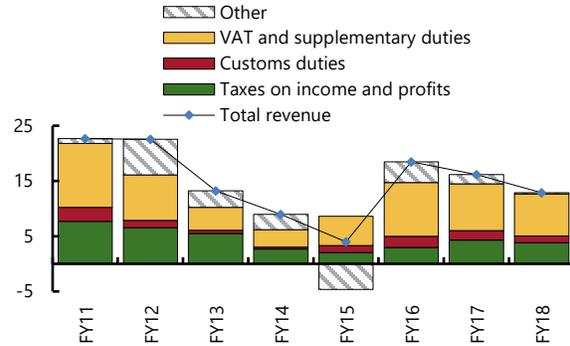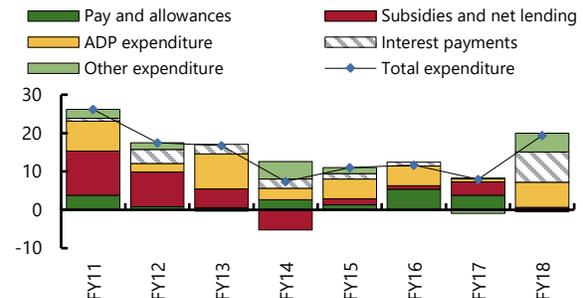#### FY11-FY18
(Percent of net financing, unless otherwise indicated)

- Net domestic financing: nonbanks, except NSD
- Net domestic financing: NSD
- Net domestic financing: net banks
- Net external financing
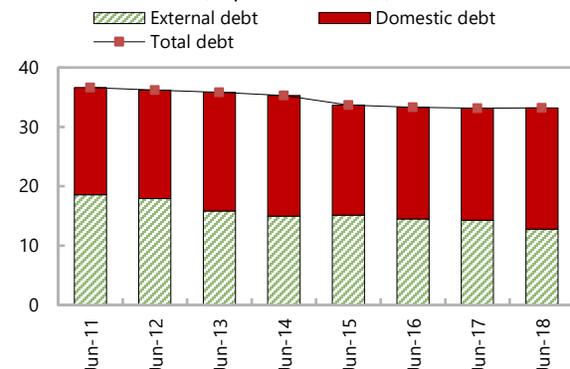- Net financing (% of GDP), RHS

At Jun 2018, central government debt in percent of GDP remains at same level of 33.2% in Jun 2017

Central Government Debt
Jun 2011-Jun 2018
(In percent of GDP)

- External debt
- Domestic debt
- Total debt

Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

4

Bangladesh: Monetary and Financial Market Developments

In Sep 2018, y/y reserve money growth increased to 6.1%, against 1.8% in Aug 2018, respectively, with 0.4 and 1.7 percentage points contribution from net foreign assets and net claims on government

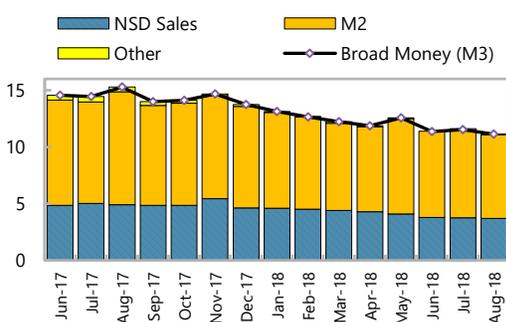### Contributions to Reserve Money Growth
Jun 2017-Sep 2018 (y/y, in percentage points)
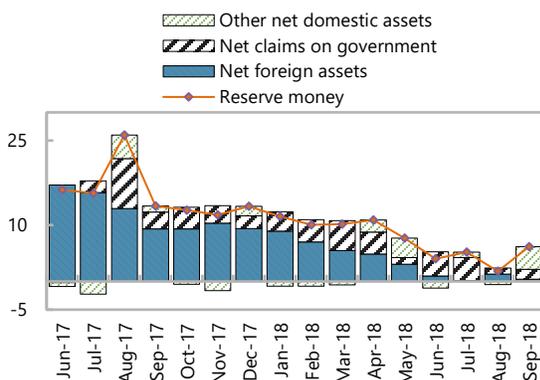
Broad money (M3) growth fell to 11.1% in Aug 2018 from 11.5% in Jul 2018, where M2 and NSD sales accounted for, respectively, 7.4 and 3.7 percentage points
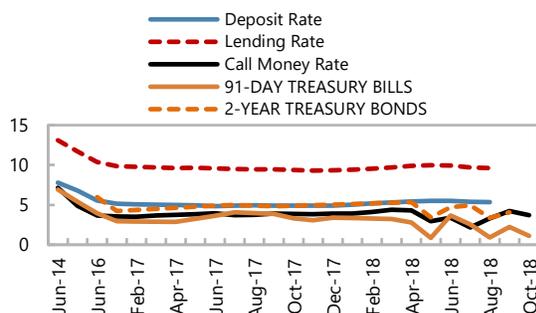
Contributions to Broad Money (M3) Growth
Jun 2017-Aug 2018 (y/y, in percentage points)

A recent tightening in liquidity has led to an increase in financial market rates, which have moderated in Oct 2018
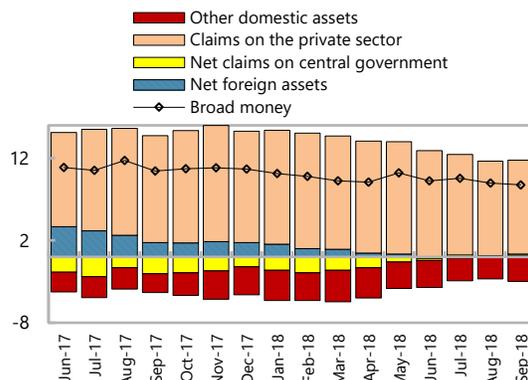
Interest Rates 2/
Jun 2014-Oct 2018 (in percentage points)

Annual broad money (M2) growth in Sep 2018 reached 8.8%, compared with 9% in Aug 2018 with, respectively, 0.2 and 11.4 percentage points contribution from net foreign assets and private sector credit
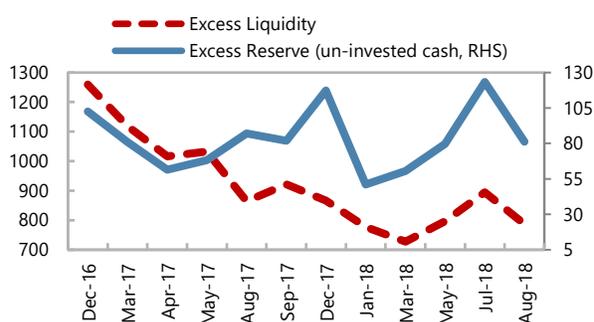
Contributions to Broad Money (M2) Growth
Jun 2017-Sep 2018 (y/y, in percentage points)

At end Aug 2018, excess liquidity amounted to TK. 786.5 billion, accounting for 31% of total liquid assets
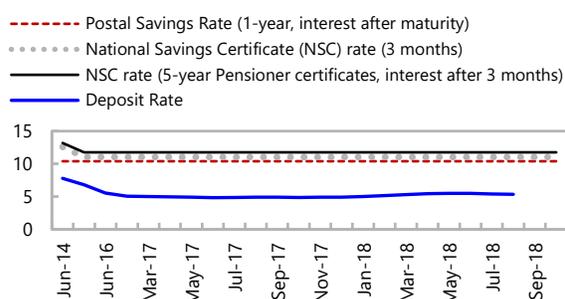
Excess liquidity and Excess Reserves 1/
Dec 2016-Aug 2018 (in billion Taka)

As high as 11.76% return from non-market NSD tools, significantly higher than comparator market instruments, propels their excess demand, impeding financial market development

Postal Savings, NSC and Commercial Banks' Rates
Jun 2014-Oct 2018 (in percentage points)

1/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve) and Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank's Department of Off-Site Supervision. 2/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on Oct 21st, 2018. Sources: Bangladesh Bank; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments... Contd.

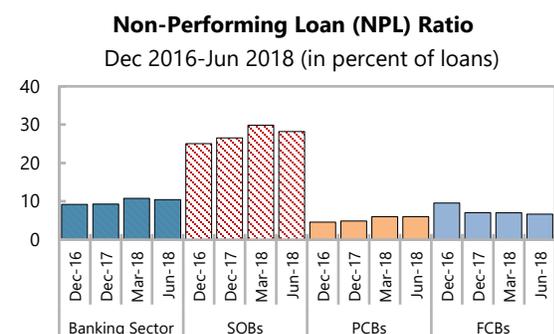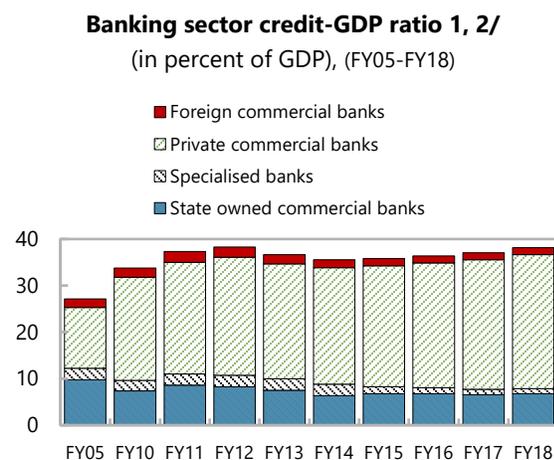*Loan-to deposit ratio marginally increased to 84.6% in Aug 2018 from 84.1% in Jul 2018. During the period, the ratio excluding government deposit increased from 90.2% to 90.8%*

Loan-to-Deposit Ratio
Jun 2014-Aug 2018 (in percentage points)

- Loan-to-deposit ratio
- Loan-to-deposit ratio (excl. govt. deposits)

At end Jun 2018, CAR of the banking industry went down to 10 percent from 10.8 percent in Dec 2017. During the period, CAR of the state-owned banks (SOBs) declined from 5% to 2%- far below regulatory requirement of 10%

Capital Adequacy Ratio
Dec 2016-Jun 2018 (in percentage points)

In Jun 2018, the NPL ratio fell to 10.4% from 10.8% in Mar 2018, with slight fall in case of the SOBs from 29.8% to 28.2%, and for private commercial banks (PCBs) with marginal rise from 6% to 6.1%

Non-Performing Loan (NPL) Ratio
Dec 2016-Jun 2018 (in percent of loans)

Stressed advances-sum of NPLs, rescheduled and restructured loans- account for 19% of outstanding loans in Dec 2017

Stressed Advances
Dec 2012-Dec 2017 (in percent of loans)
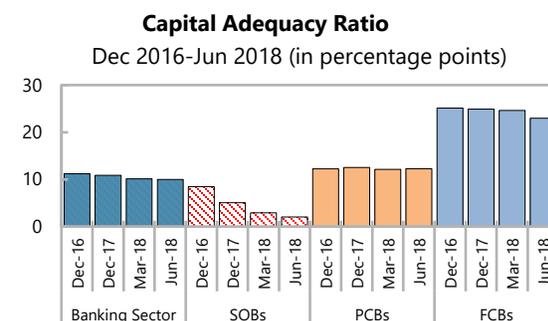
- Stressed Advances
- NPL

Banking sector's outstanding loans-GDP ratio increased from 33.8% in FY10 to 38.1% in FY18, with increasing share of private commercial banks and declining share of state-owned commercial banks

Banking sector credit-GDP ratio 1, 2/
(in percent of GDP), (FY05-FY18)

- Foreign commercial banks
- Private commercial banks
- Specialised banks
- State owned commercial banks

The 3-mma DSE Broad Index dropped by 12.5% in Sep 2018, against the value in Jan 2018, while during this period the 3-mma turnover increased by 19.2%

Dhaka Stock Market Performance
May 2013-Sep 2018
(3-month moving average)

- DSE Broad Index
- Turnover (in billions of Taka, RHS)
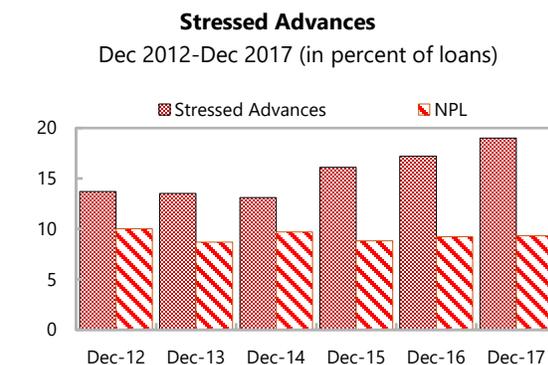- Price Volatility (3 months moving standard deviation, RHS)

1/ The credit data include banks' outstanding loans. Banking industry's total credit-GDP ratio in FY10 and FY17 was respectively, 34.1% and 37.7%, against banking sector's outstanding loans-GDP ratio of, respectively, 33.8% and 37%. 2/ One of the four specialised banks (Sp. Bs) became state-owned commercial bank (SCB) in FY15. Another Sp.B became SCB in FY16.

Sources: Bangladesh Bank; IMF Staff calculations