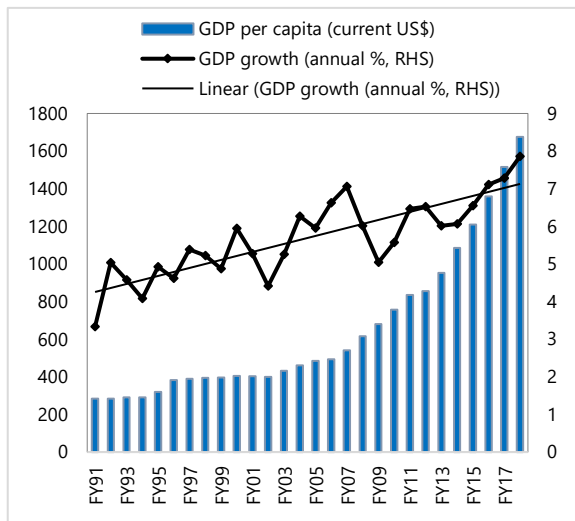


Bangladesh: Selected Indicators

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

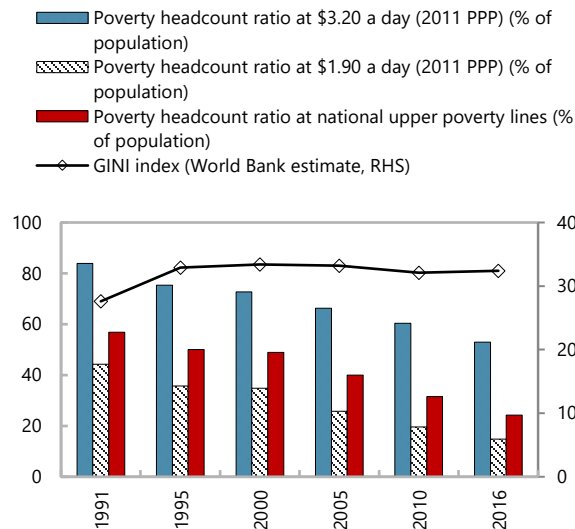
2.4% population growth rate in 1991 declined to 1% in 2017, with population reaching 164.7 million

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

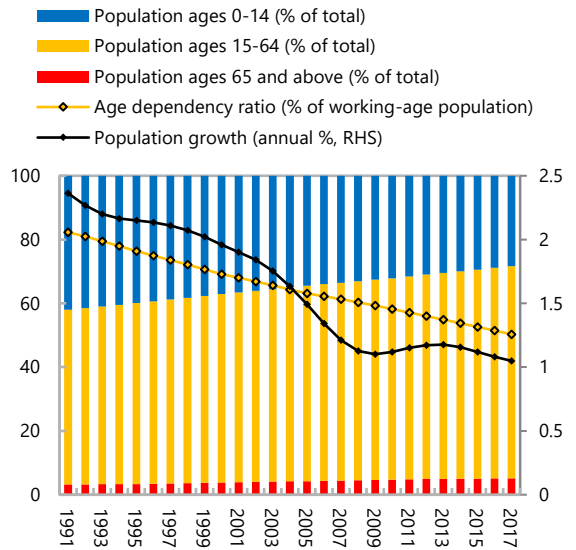


Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

Trend of Poverty Reduction and Gini Index 2, 3/
1991-2016

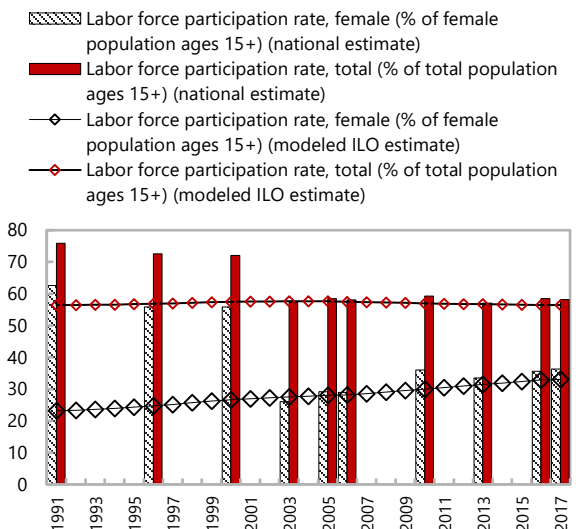


Trend of Demographic Indicators
1991-2017



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 4/
1991-2017



1/ July-June period is considered as FY in Bangladesh. For FY18 GDP per capita, national measure is used. 2/ 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. 3/ 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. 4/ National estimates of labor force participation rate for 2016 and 2017 are respectively of FY2016 and FY2017.

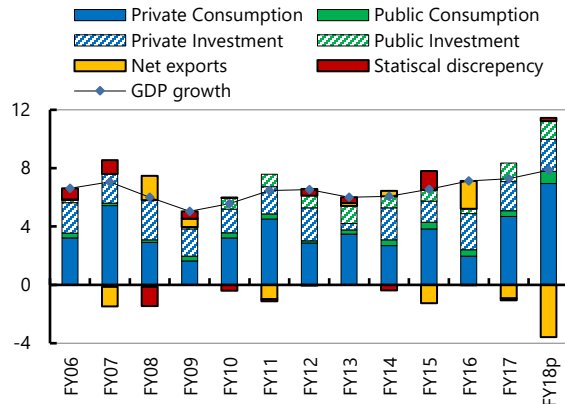
Sources: Bangladesh Bureau of Statistics (BBS), World Development Indicators (WDI); and IMF staff calculations

Bangladesh: Real Sector Developments

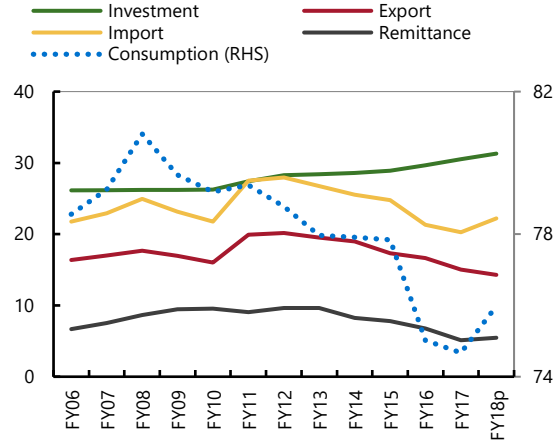
Private consumption and private investment, respectively, contributed 7 and 2.2 percentage points of 7.86 percent real GDP growth in FY18, but 3.6 percentage points negative contribution from net exports slowed down the momentum

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)

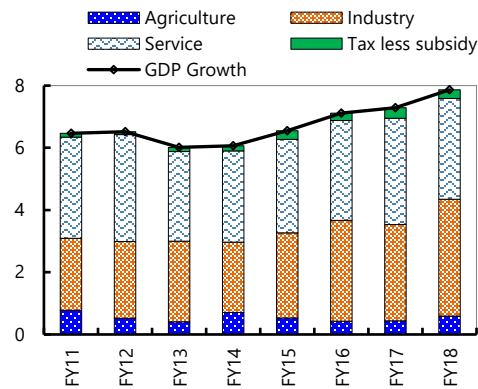


Selected indicators' share in Nominal GDP 1/
FY06-FY18p (in percentage points)

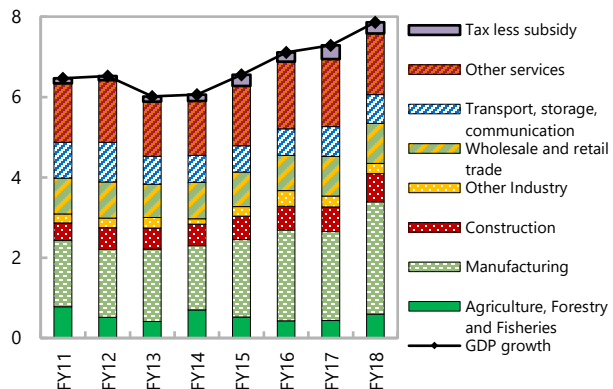


On the production side, manufacturing led industry sector, and service sector, respectively, contributed 3.8 and 3.2 percentage points of 7.86% GDP growth in FY18, followed by 0.6 percentage points contribution from agriculture sector

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



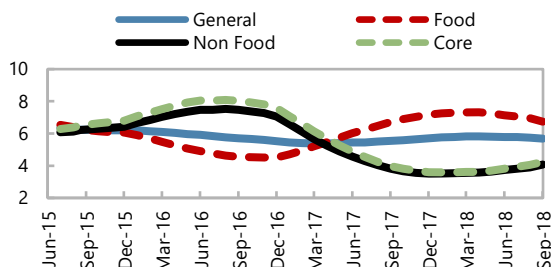
Sectoral Contributions to Real GDP Growth (Contd.)
FY11-FY18 (y/y, in percentage points)



Annual average headline inflation settled at 5.7 percent in Sep 2018, with marginally falling food inflation and slightly increasing non-food and core inflation

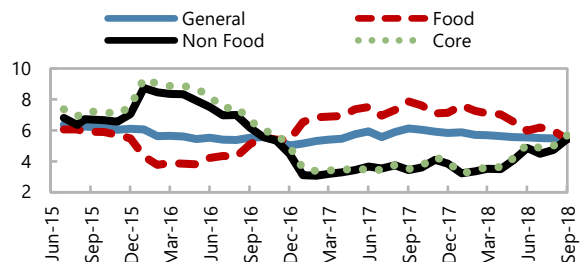
In Sep 2018, y/y non-food and core inflation slightly picked up, respectively, to 5.5% and 5.7%, while food inflation fell to 5.4%, pulling down headline measure to 5.4%

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



Point-to-Point Inflation

Jun 15-Sep 18 (y/y, in percentage points)



1/ FY18p stands for provisional estimate of FY18 by the authorities.

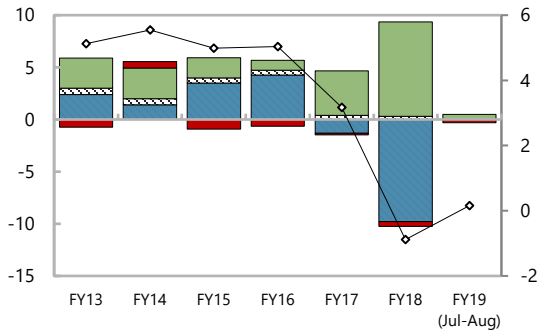
Sources: Bangladesh Bureau of Statistics (BBS), Bangladesh Bank; and IMF staff calculations

Bangladesh: External Sector Developments

From BOP deficit of USD 0.9 billion in FY18, the overall balance turned into USD 0.16 billion surplus in FY19 (Jul-Aug), compared to USD 0.21 billion deficit in FY18 (Jul-Aug)

Balance of Payments Components 1/ FY13-FY19 (Jul-Aug) (in billion USD)

■ Errors and omissions ■ Financial account balance
 Capital account balance ■ Current account balance
—●— Overall balance (RHS)

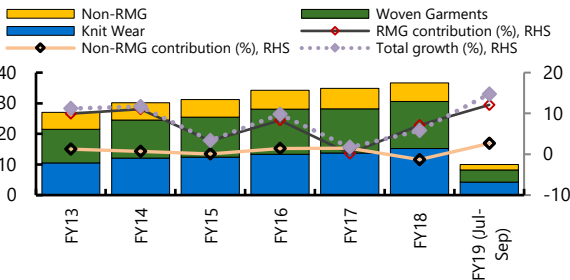


RMGs represented 82.4% of USD 9.9 billion exports during FY19 (Jul-Sep). RMG exports contributed 12.1 percentage points in total exports growth of 14.8%, while non-RMG exports contributed 2.7 percentage points

Item-wise Goods Exports

FY13-FY19 (Jul-Sep)

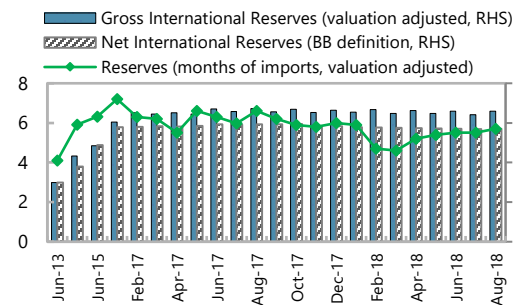
(in billion USD, unless otherwise indicated)



Import months' coverage increased to 5.7 months in Aug 2018 from 5.5 months in Jul 2018

International Reserves 3/ Jun 2013-Aug 2018

(In billion USD, unless otherwise indicated)



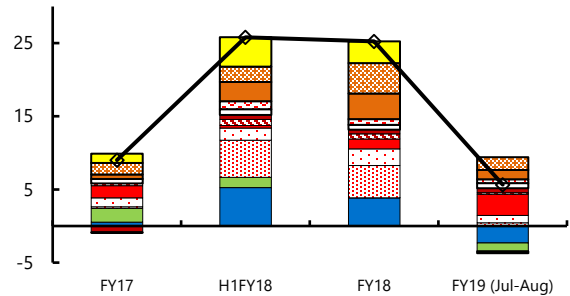
1/ FY19 (Jul-Aug) BOP data are provisional. 2/ Commodity-wise import data recorded by customs. 3/ Aug 2018 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & 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

Capital goods and oil-related products contributed 2.9 percentage points each to import growth of 5.7 percent in FY19 (Jul-Aug), while contribution from consumer goods and food imports was negative 3.4 percentage points

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

■ Other items Other capital goods
■ Capital machinery Other intermediate goods
 Plastics and rubber articles thereof ■ Fertilizer
 Chemicals ■ Petroleum, oil and lubricants
 Iron, steel and other base metals RMG intermediate goods
■ Consumer goods ■ Food grains
—●— Total

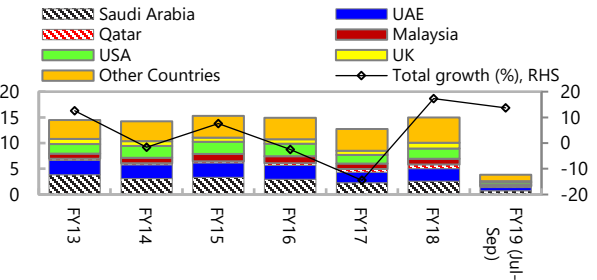


In FY19 (Jul-Sep), y/y remittance inflows increased by 13.7%, amounting to USD 3.9 billion. The GCC countries contributed 59.4% of the inflows, with total share of 34.6 percentage points from the KSA and UAE

Contributions to Workers' Remittances

FY13-FY19 (Jul-Sep)

(in billion USD, unless otherwise indicated)

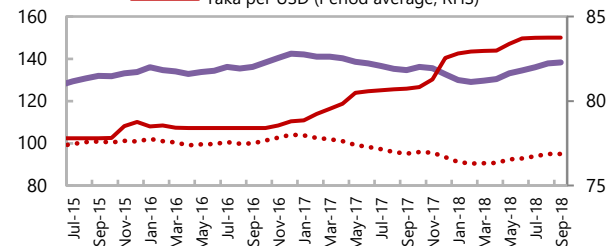


REER has been appreciating since February 2018, reducing Bangladesh's trade competitiveness

Exchange Rates

Jul 2015-Sep 2018

● Nominal Effective Exchange Rate (2010=100)
— Real Effective Exchange Rate (2010=100)
— Taka per USD (Period average, RHS)

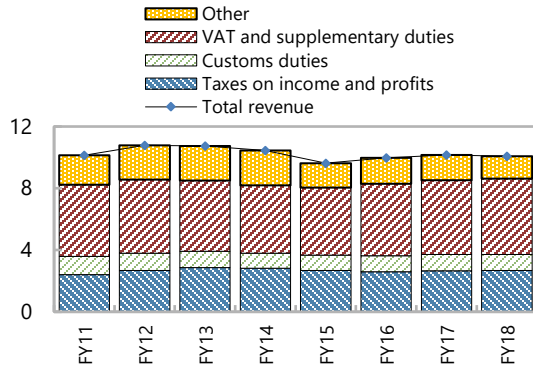


Bangladesh: Fiscal Sector Developments

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

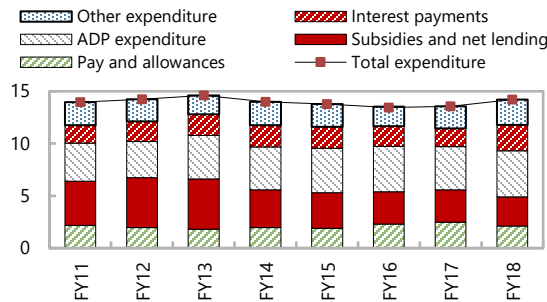
FY11-FY18 (In percent of GDP)



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)

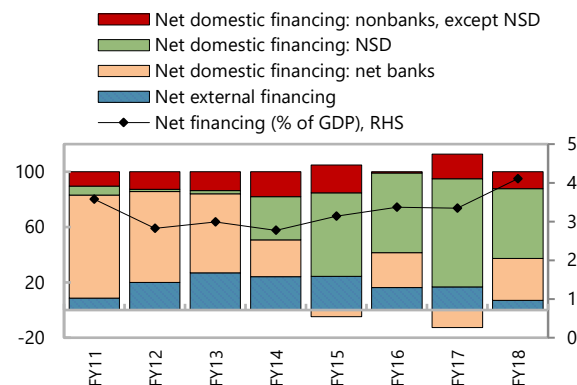


In FY18, domestic sources financed 93.1% of budget deficit (4.1% of GDP). NSD sales accounted for 50.3% of deficit financing, and banking sector, in net, 30.5%

Fiscal Balance and Sources of Financing

FY11-FY18

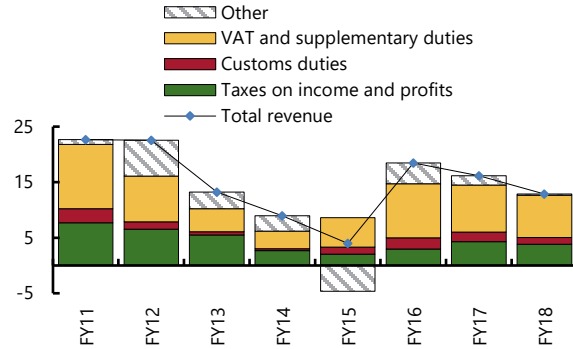
(Percent of net financing, unless otherwise indicated)



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

Contributions to Total Revenue Growth

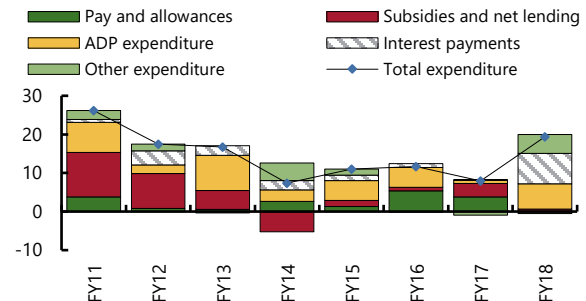
FY11-FY18 (y/y, in percentage points)



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)

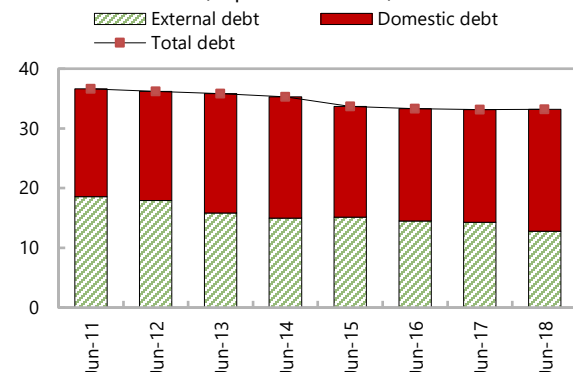


At Jun 2018, central government debt in percent of GDP remains at same level of 33.2% in Jun 2017

Central Government Debt

Jun 2011-Jun 2018

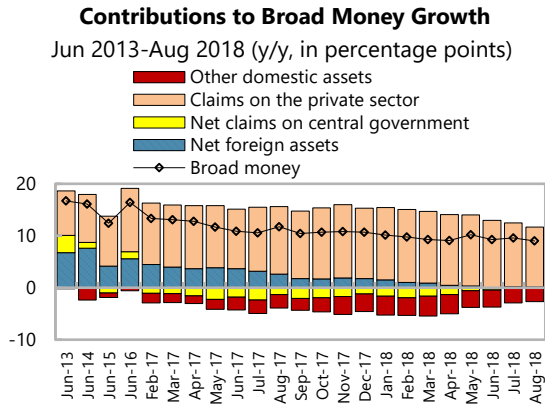
(In percent of GDP)



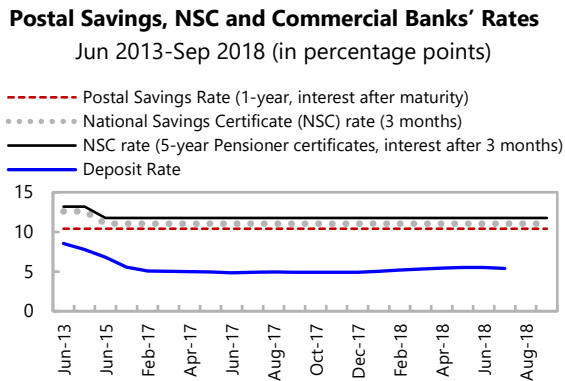
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

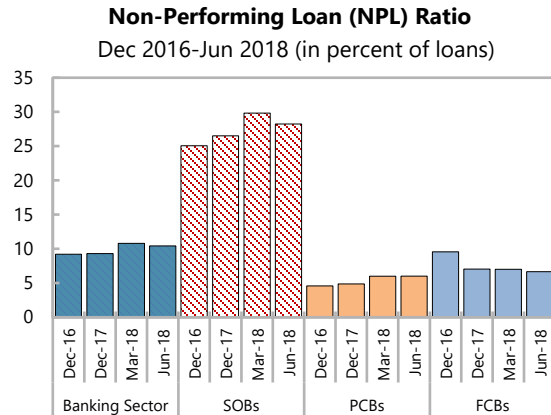
Annual broad money (M2) growth in Aug 2018 accounted for 9%, compared with 9.2% in Jun 2018, respectively, with 0.1 and 11.5 percentage points contribution from net foreign assets and private sector credit



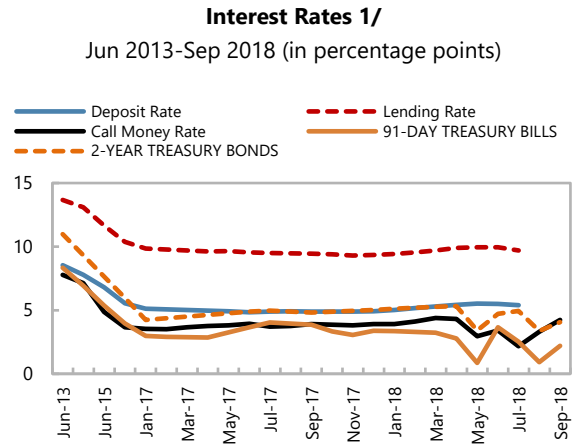
As high as 11.76% return from non-market NSD tools, significantly higher than comparator market instruments, propels their excess demand, impeding financial market development



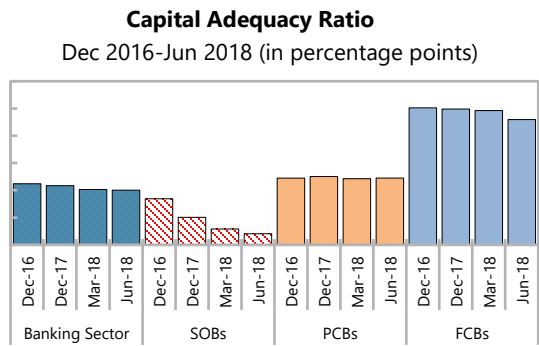
In Jun 2018, the NPL ratio fell to 10.4% from 10.8% in Mar 2018, with slight fall in case of the SOBs from 29.8% to 28.2%, and for private commercial banks (PCBs) with marginal rise from 6% to 6.1%



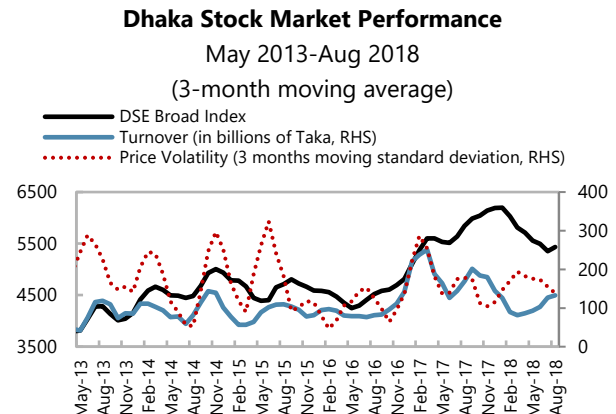
A recent tightening in liquidity has led to an increase in financial market rates



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%



After a steady fall since Jan 2018, the 3-mma DSE Broad Index temporarily picked up in Aug 2018. The 3-mma turnover increased to Taka 132.7 billion in Aug 2018, against Taka 125.8 billion in Jan 2018



1/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on Sept. 24th, 2018.

Sources: Bangladesh Bank; and IMF Staff calculations