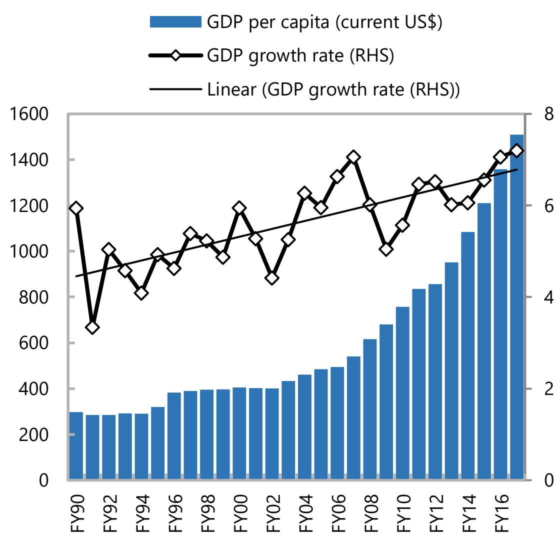
Bangladesh: Selected Indicators

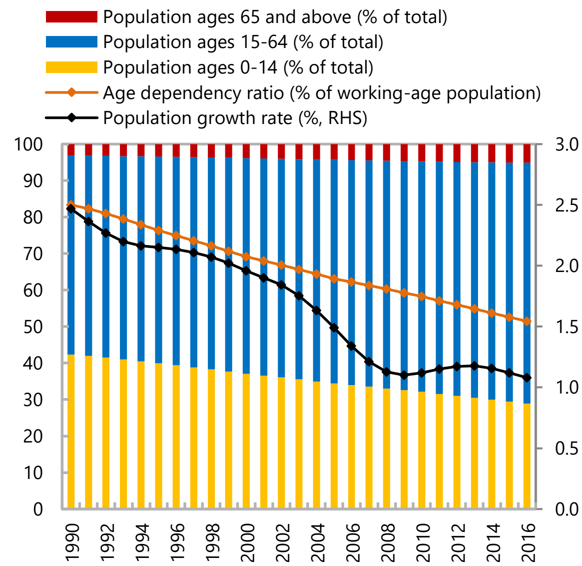
Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.28% outturn in FY17

2.5% population growth rate in 1990 declined to 1.1% in 2016, with population reaching 163 million

Trend of Real GDP Growth and GDP per capita 1/
FY90-FY17 (y/y, in percentage points)



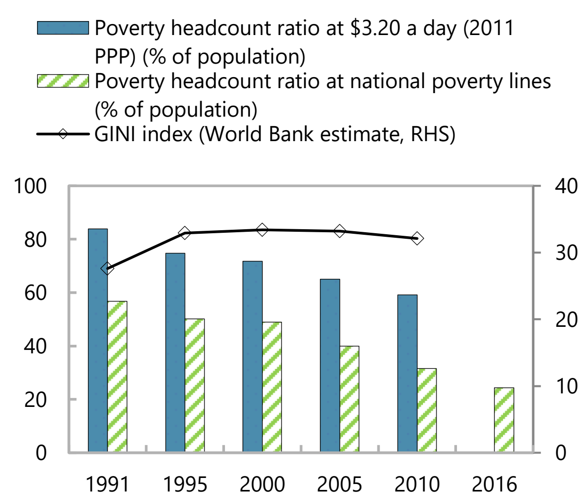
Trend of Demographic Indicators
1990-2016



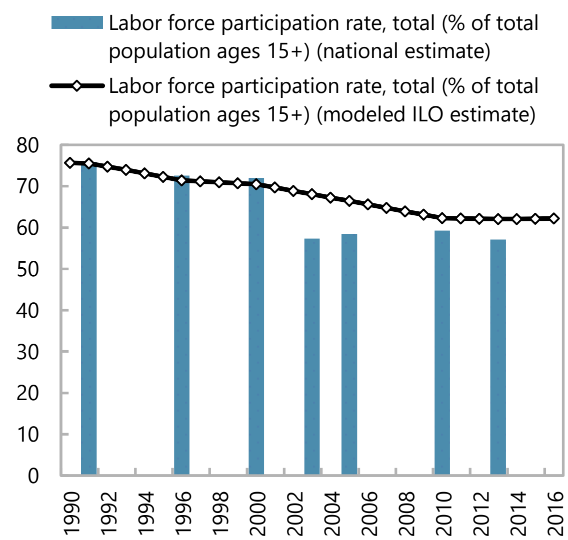
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

ILO estimates 62% of population aged 15+ are in labor force in 2016

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



Trend of Labor Force Participation
1990-2016



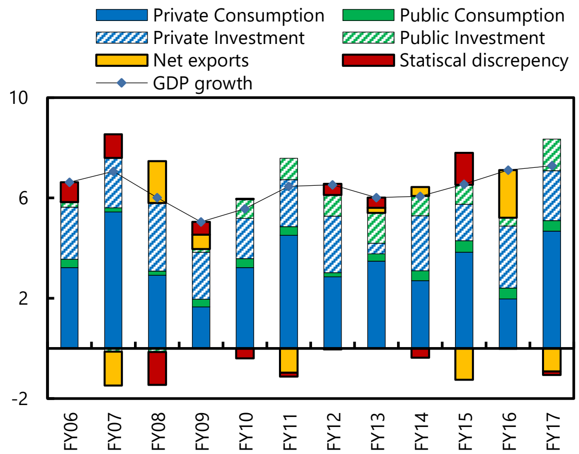
1/ July-Jun period is considered as FY in Bangladesh. 2/ In national measure, up to 1991 a man having intake of less than 2,122 kilo-calories daily was considered as absolute poor, and one having intake of below 1,805 kilo-calories was considered as hard-core poor. Since 1995, the 'Cost of Basic Needs (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.
Sources: Bangladesh Bureau of Statistics (BBS), World Development Indicators (WDI); and IMF staff calculations

Bangladesh: Real Sector Developments

Private consumption contributed about 2/3rd of FY17 GDP growth, while net exports contributed negatively

Contributions to Real GDP Growth

FY06-FY17 (y/y, in percentage points)

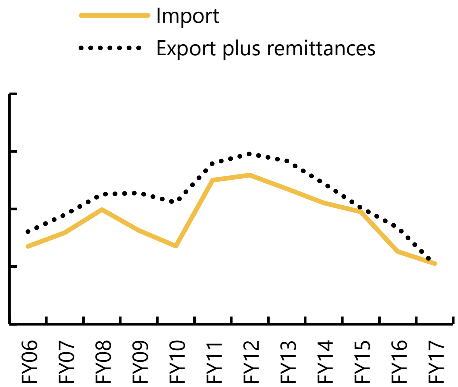


In FY17, export plus remittance-GDP ratio stood at 20.2%, 0.1 percentage point lower than import-GDP ratio, while in FY16 the latter was 2.1 percentage point lower

Selected indicators' share in Nominal GDP

(Base year: FY06)

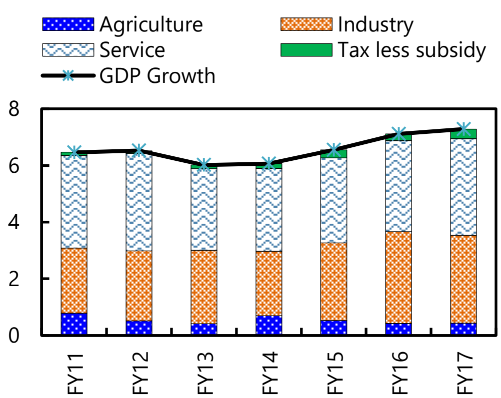
FY06-FY17 (in percentage points)



On the production side, service sector contributed 3.4% of 7.3% GDP growth in FY17, and industry sector 3.1%

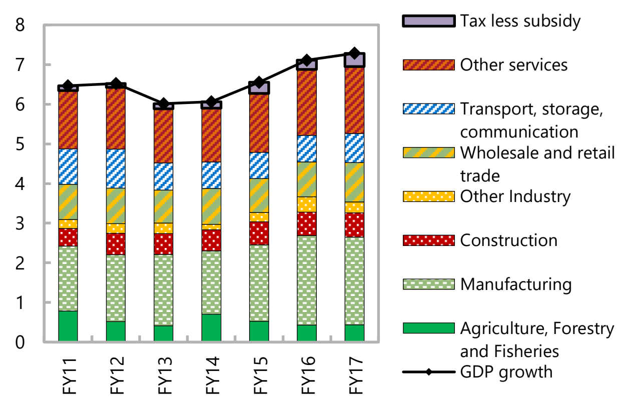
Sectoral Contributions to Real GDP Growth

FY11-FY17 (y/y, in percentage points)



Sectoral Contributions to Real GDP Growth (Contd.)

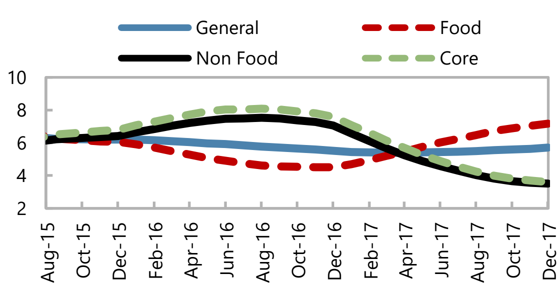
FY11-FY17 (y/y, in percentage points)



Headline inflation of 5.7 percent in Dec 2017 is below H1FY18 upper limit 5.9 percent

Twelve Month Average Inflation

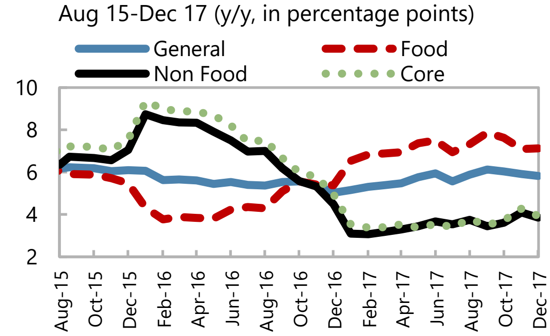
Aug 15-Dec 17 (y/y, in percentage points)



In Dec 2017 y/y inflation of non-food and core items slightly edged down while for food items the rate ticked up a little

Point-to-Point Inflation

Aug 15-Dec 17 (y/y, in percentage points)



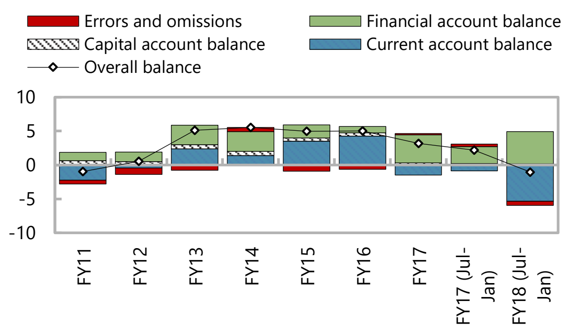
Sources: Bangladesh Bureau of Statistics (BBS), Bangladesh Bank; and IMF staff calculations

Bangladesh: External Sector Developments

In FY18 (Jul-Jan) BOP deficit stands at USD 1 billion, driven by current account deficit of USD 5.3 billion which is mostly met by financial and capital account surplus

Balance of Payments Components

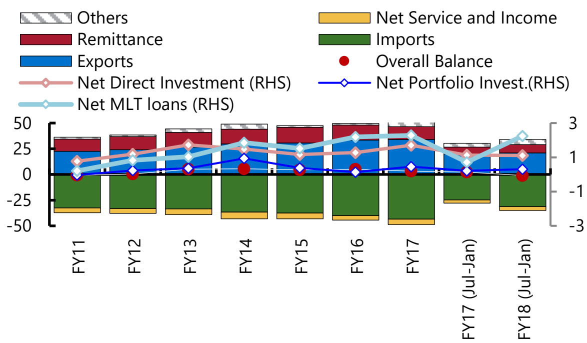
FY11-FY18 (Jul-Jan) (in billion USD)



In FY18 (Jul-Jan) net medium and long-term (MLT) loans and net FDI respectively comprise 47.5%% and 23.3% of financial account, with foreign portfolio investment at very low level

Major Balance of Payments Components

FY11-FY18 (Jul-Jan) (in billion USD) 1/

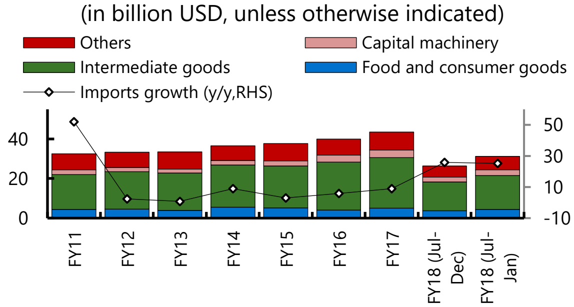


Intermediate goods account for 55.1% of USD 31.2 billion imports during FY18 (Jul-Jan), while food and consumer goods account for 14%, followed by 9.6% for capital machinery

Item-wise Goods Imports

FY11-FY18 (Jul-Jan)

(in billion USD, unless otherwise indicated)

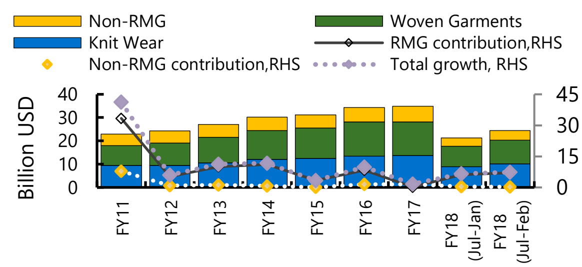


RMGs comprise 83% of USD 24.4 billion export during Jul-Feb of FY18 contributing 7.1% in total growth of 7.4%

Item-wise Goods Export

FY11-FY18 (Jul-Feb)

(in billion USD, unless otherwise indicated)

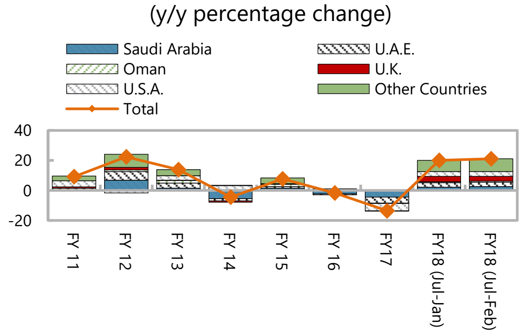


GCC countries account for 53.9% of USD 9.5 billion remittance inflows in FY18 (Jul-Feb) where KSA accounts for 17% of total inflows, followed by 15% from UAE and about 12.4% from USA

Contributions to Workers' Remittances

FY11-FY18 (Jul-Feb) 3/

(y/y percentage change)

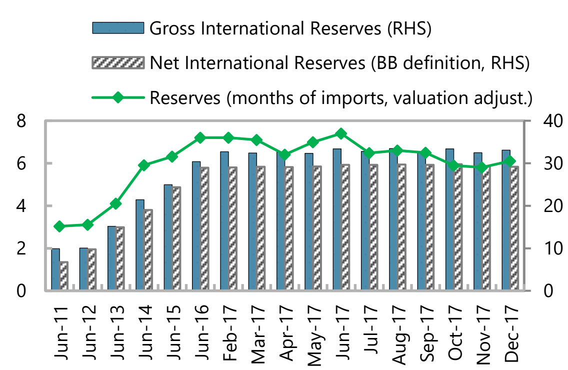


Throughout 2017 FX reserves hovered around USD 33 billion, currently covering 6 months of imports

International Reserves

Jun 2011-Dec 2017 4/

(In billion USD, unless otherwise indicated)



1/ FY18 (Jul-Dec) GDP data is annualized using FY17 actual GDP and IMF staff projected GDP for FY18. 2/Net MLT is difference between medium and long-term (MLT) loans and MLT amortization payments. 3/ For FY18 (Jul-Feb) remittances data are provisional. 4/ 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.

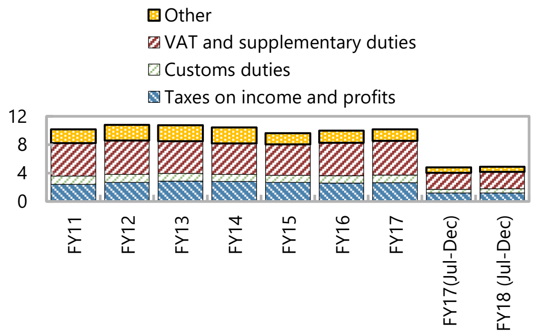
Sources: Bangladesh Bank, Export Promotion Bureau (EPB); and IMF staff calculations

Bangladesh: Fiscal Sector Developments

In H1FY18 revenue-GDP ratio increased to 4.9% compared to 4.8% in H1FY17

Central Government Revenue

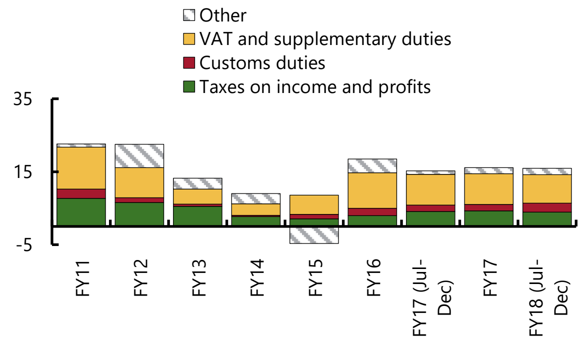
FY11-FY18 (Jul-Dec) (In percent of GDP) 1, 2/



Revenue grew by about 16% in H1FY18, significantly lower than targeted 43% for FY18

Contributions to Total Revenue Generation

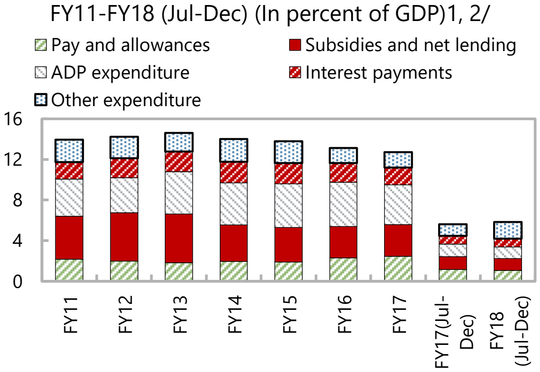
FY11-FY18 (Jul-Dec) (y/y, in percentage points) 1, 2/



Budget execution rose to 5.8% of GDP in H1FY18 compared to 5.6% in H1FY17, with ADP of 1.1% of GDP compared to 1.2% in H1FY17

Central Government Expenditure

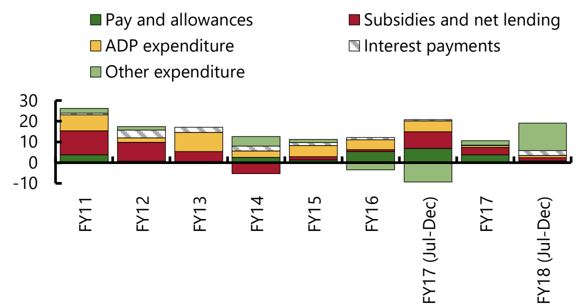
FY11-FY18 (Jul-Dec) (In percent of GDP)1, 2/



19% growth of spending in H1FY18 is significantly lower than targeted 58% for FY18

Contributions to Total Expenditure Growth

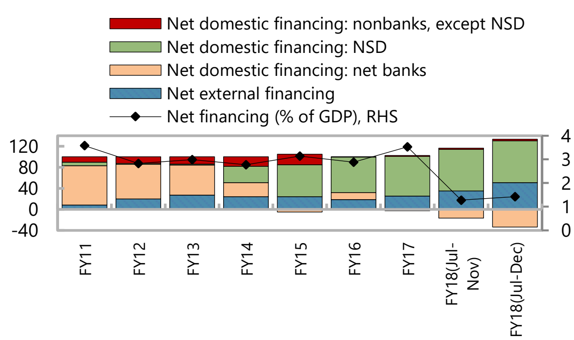
FY11-FY18 (Jul-Dec) (y/y, in percentage points) 1, 2/



In H1FY18, NSD tools contributed 79% of net financing (Taka 300 billion), external sources contributed 51%, while bank borrowing was negative 34%

Fiscal Balance and Sources of Financing

FY11-FY18 (Jul-Dec) (Percent of net financing, unless otherwise indicated) 1,3,4/

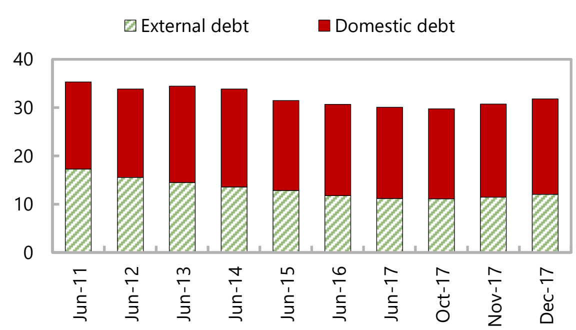


In Dec 2017 central government debt in percent of GDP increased to 31.8% from 29.8% in Oct 2017

Central Govt. Debt

FY11-FY18 (Jul-Dec)

(In percent of GDP) 5/



1/ For period FY17 (Jul-Dec), GDP data is annualized using actual data for FY17; for FY18 (Jul-Nov) and FY18 (Jul-Dec), GDP data are annualized using FY17 actual GDP and IMF staff projected GDP for FY18. 2/ Food receipts amount is subtracted from both total revenue and total expenditure. 3/ Net external financing is net MLT data taken from the Balance of Payments; National Savings Directorate (NSD) tools data and other domestic financing data are taken from Bangladesh Bank. 4/ Net MLT for H1FY18 is Tk. 152.9 billion while in the CGA source it is Tk. 24.2 billion excluding grants. 5/ Central govt. debt data are calculated as per note 3/.

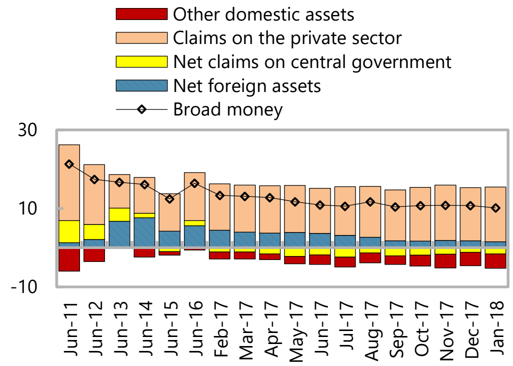
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; Bangladesh Bank; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

Broad money growth in Jan 2018 reached 10.1%, below 13.3% target, with about 13.9% contribution from buoyant private sector credit

Contributions to Broad Money Growth

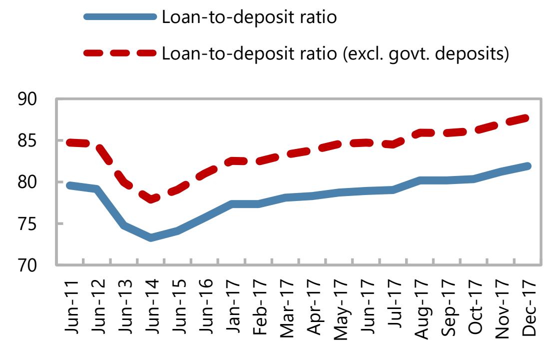
Jun 2011-Jan 2018 (y/y, in percentage points)



To better oversee bank lending, in early 2018 BB asked banks to bring down ADR/IDR gradually within 83.5/ 89 percent limits by end 2018 from earlier 85/ 90 percent

Loan-to-Deposit Ratio

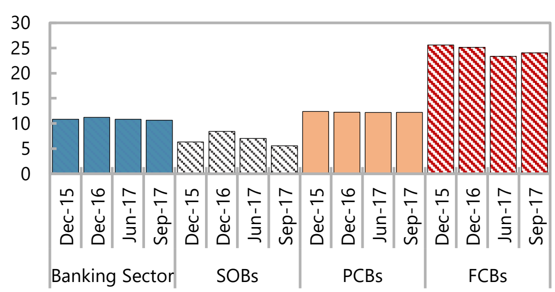
Jun 2011-Dec 2017 (in percentage points))



At end Sep 2017, state owned banks (SOBs) maintained 5.6% CAR- below regulatory requirement of 10%

Capital Adequacy Ratio (CAR)

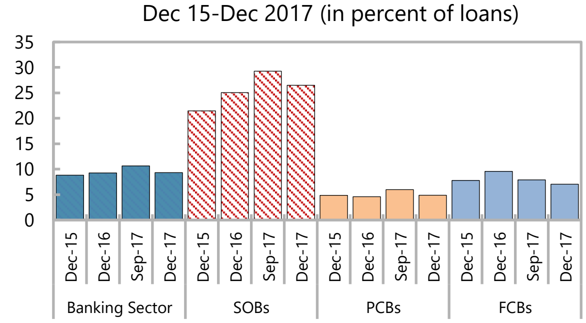
Dec 15-Sep 2017 (in percentage points)



In 2017, the NPL ratio rose to 9.3% compared to 9.2 % in 2016, with rise in case of SOBs from 25.1% to 26.5%, and for private commercial banks (PCBs) from 4.6% to 4.9%

Non-Performing Loan (NPL) Ratio

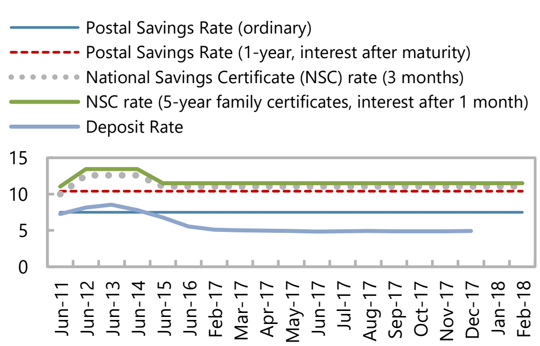
Dec 15-Dec 2017 (in percent of loans)



As high as 11.76%, the return from NSD instruments propels excess demand, placing stress on core liquidity in the banking system

Postal Savings, NSC and Commercial Banks' Rates

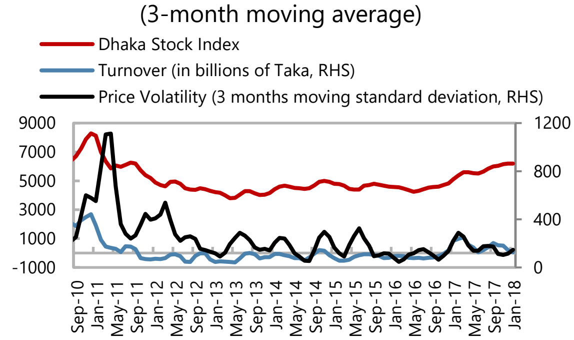
Jun 2011-Feb 2018 (in percentage points)



Market capitalization of country's two stock bourses- Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively, amounts to 19.2% and 15.8% of GDP in FY17. The 3-mma DSE turnover has been falling since Sep 2017

Dhaka Stock Market Performance, Oct 2010-Jan 2018

(3-month moving average)



Sources: Bangladesh Bank; and IMF staff calculations