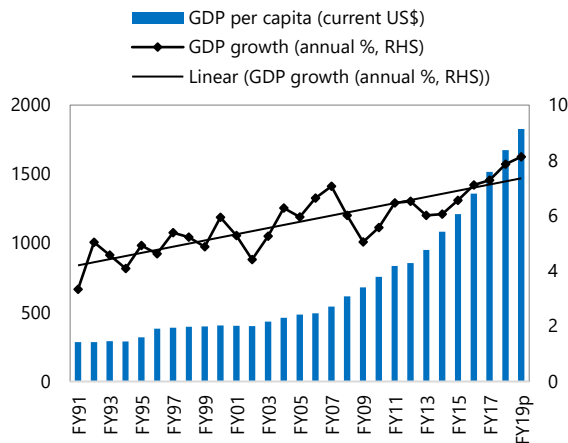


Bangladesh: Selected Indicators

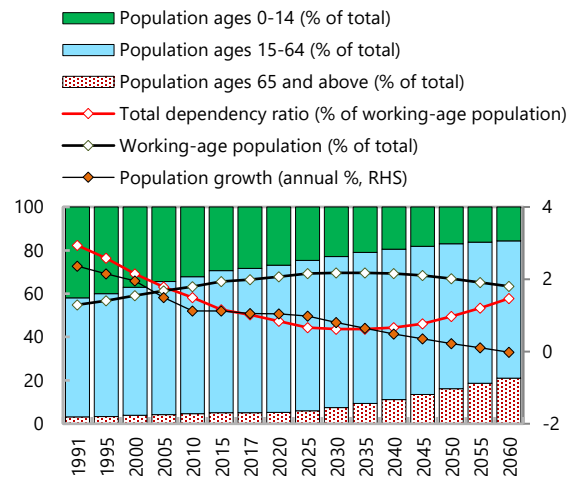
Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.86% outturn in FY18. The provisional estimate of FY19 GDP growth is 8.13%, with per capita GDP of USD 1827

2.4% population growth rate in 1991 declined to 1% in 2017, with population reaching 164.7 million. In 2017, the working-age population (aged 15-64) was 66.5%, while total dependency ratio (population aged below-15 and 65+ per 100 working-age population) was 50.3%

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY19 (y/y, in percentage points)



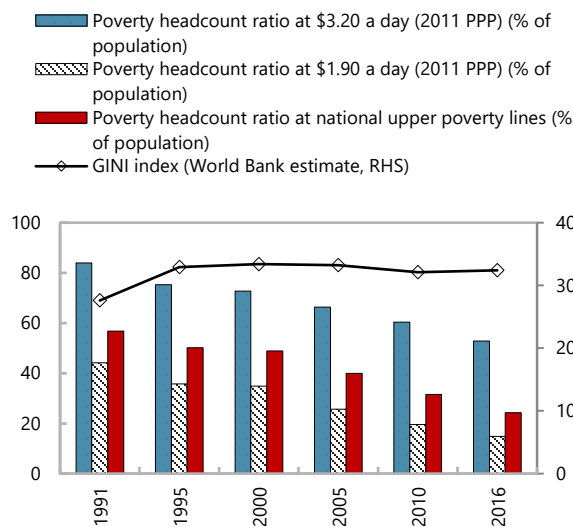
Trend of Demographic Indicators 2/
1991-2060



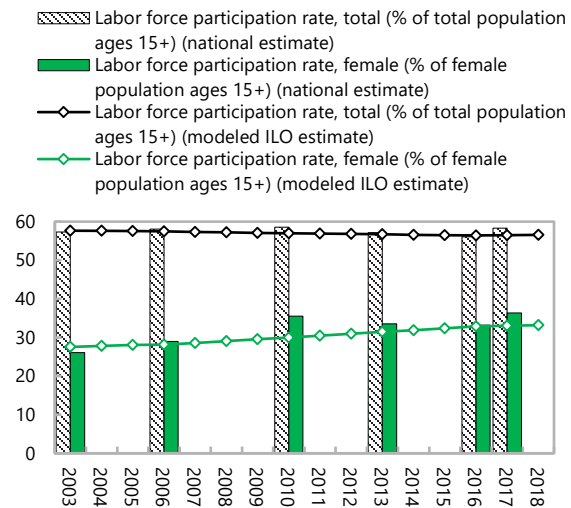
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

ILO estimates 56.6% of population aged 15+ are in labor force in 2018; the female participation rate is only 33.2%

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



Trend of Labor Force Participation 5/
2003-2018



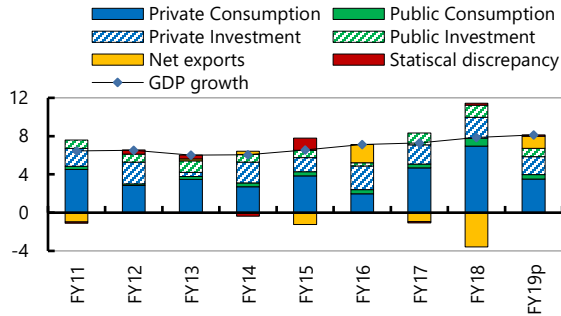
1/ July-June period is considered as fiscal year (FY) in Bangladesh. FY19p stands for provisional estimate of FY19 by the authorities. For FY91- FY17, GDP per capita data are taken from WDI, and for FY18 and FY19, national measures are used. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (2017). The population growth rates from year 2020 are five-year average growth projections, e.g. 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. 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

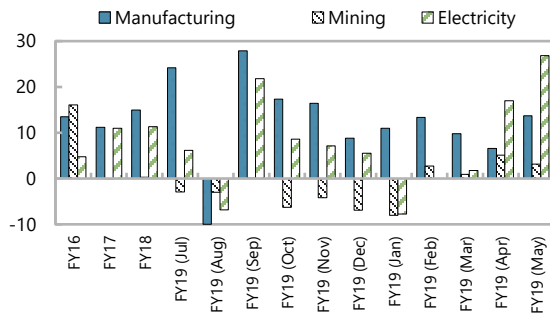
Private consumption and investment, respectively, contribute 3.5 and 1.9 percent to the provisional estimate of 8.13 percent GDP growth in FY19, while public consumption and investment, respectively, contribute 0.5 and 0.9 percent. In FY19, trade deficit came down by 21.8%

Contributions to Real GDP Growth 1/
FY11-FY19 (y/y, in percentage points)



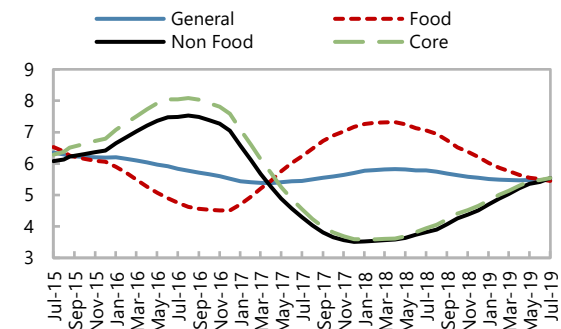
In FY19 May, the y/y growth of quantum index of manufacturing was 13.7%, mining 3.1%, and electricity 26.8%

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 2/
FY16-FY19 (May) (y/y growth, in percentage points)



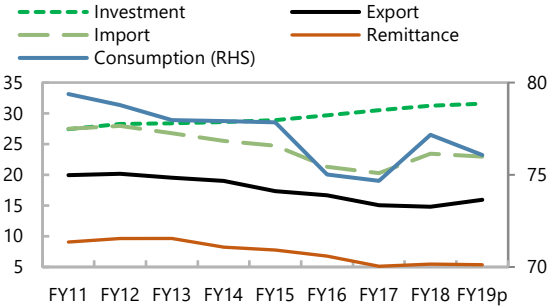
Annual average headline inflation was 5.5 percent in Jul 2019, with steadily falling food inflation, and increasing non-food and core inflation

Twelve Month Average Inflation
Jul 15-Jul 19 (y/y, in percentage points)



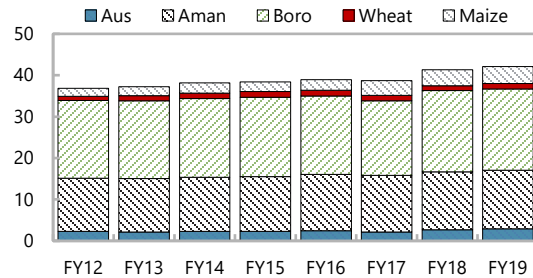
Consumption-GDP ratio is estimated to edge down at 76.1% in FY19 from 77.2% in FY18, while investment-GDP ratio could rise from 31.2% to 31.6%

Selected indicators' share in Nominal GDP 1/
FY11-FY19 (in percentage points)



Rice production target-the sum of Aus, Aman and Boro, is 36.7 MMT for FY19 compared with actual production 36.3 MMT in FY18. Total target for wheat and maize is 5.4 MMT for FY19 against actual outturn 5 MMT in FY18

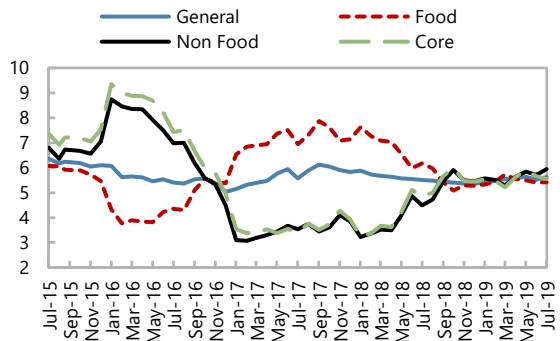
Major Food Grains Production 3/
FY12-FY19 (Million Metric Tons (MMT))



In Jul 2019, y/y food inflation reached 5.4%. Non-food and core inflation, respectively, increased to 5.9% and 5.6%, settling headline measure at 5.6%

Point-to-Point Inflation

Jul 15-Jul 19 (y/y, in percentage points)



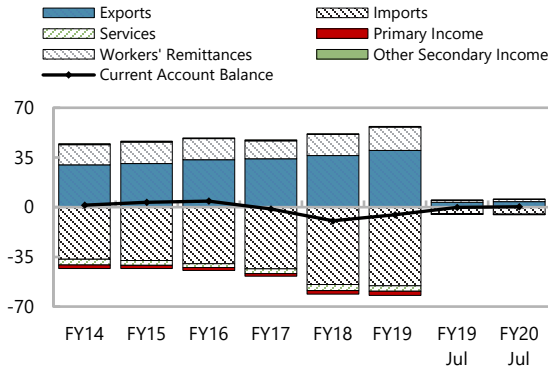
1/ FY19p stands for provisional estimate of FY19 by the authorities. 2/ FY19 data are provisional. 3/ FY19 data are production targets, except for Aus production, which is actual.

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

Bangladesh: External Sector Developments

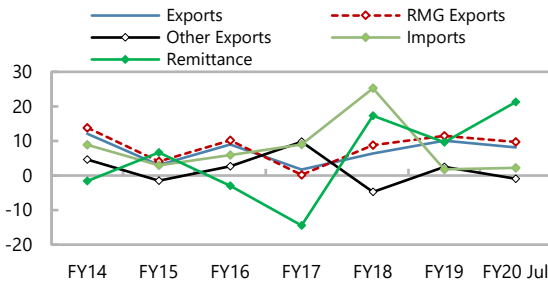
Current account balance yielded a USD 0.24 billion surplus in FY20 Jul, compared to a USD 0.18 billion deficit in FY19 Jul

Current Account Balance Components 1/
FY14-FY20 Jul (in billion USD)



In FY20 Jul, remittances-USD 1.6 billion increased by 21.2%, and exports-USD 3.8 billion grew by 8.1%, while imports-USD 4.8 billion increased by 2.3%

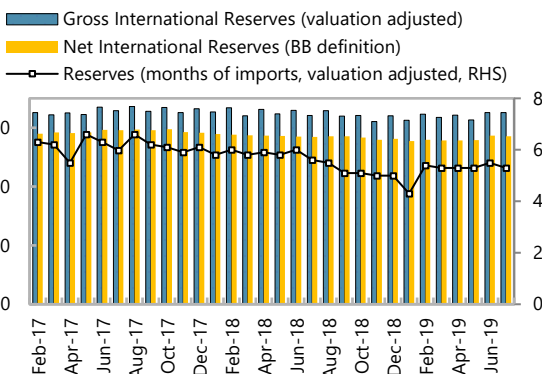
Major Balance of Payments Components 2/
FY14-FY20 Jul (y/y growth, in percentage points)



Import months' coverage decreased from 5.5 months in Jun 2019 to 5.3 months in Jul 2019

International Reserves 3/
Feb 2017-Jul 2019

(In billion USD, unless otherwise indicated)

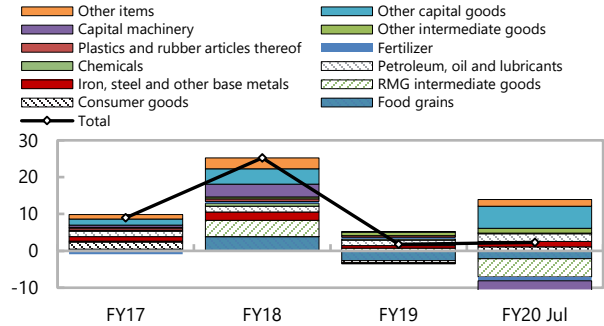


1/ FY20 Jul data are provisional. 2/ Data are recorded by customs. 3/ Jul 2019 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & deposit with Sonali Bank, 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; Export Promotion Bureau (EPB); and IMF staff calculations

Capital goods and oil-related products, respectively, contributed 2.3% and 2.1% to import growth of 2.3% in FY20 Jul, while contribution from food grains and consumer goods was negative 1%

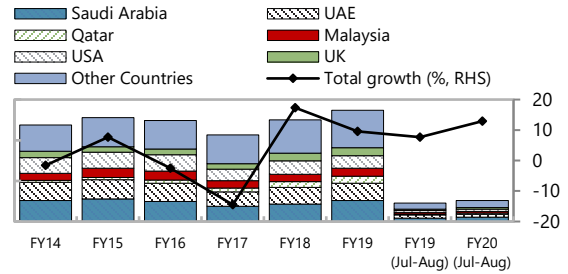
Item-wise Contributions to Import Growth 2/
FY17-FY20 Jul, (y/y growth, in percentage points)



In FY20 (Jul-Aug), y/y remittance inflows increased by 12.9%, amounting to USD 3.1 billion. GCC countries contributed 59.2% of the inflows, with total share of 34.4% from KSA and UAE

Contributions to Workers' Remittances
FY14-FY20 (Jul-Aug)

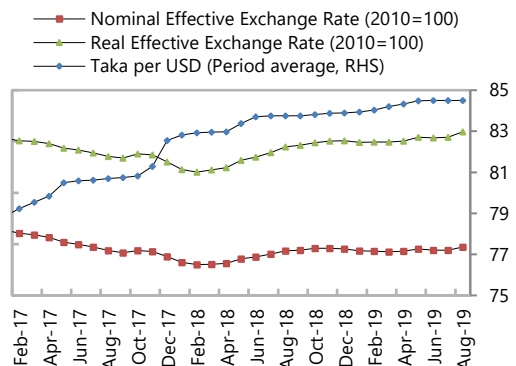
(in billion USD, unless otherwise indicated)



Apart from slight depreciation in Jan 2019, REER has been appreciating since Mar 2018. During this period, Taka/USD exchange rate depreciated slightly from 83 to 84.5

Exchange Rates

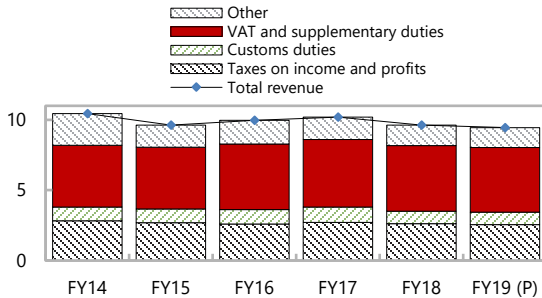
Feb 2017-Aug 2019



Bangladesh: Fiscal Sector Developments

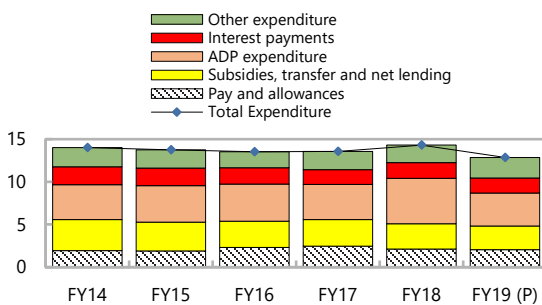
The estimated revenue data of FY19 show that total revenue-GDP ratio reached 9.5% against 9.6% in FY18. In FY19, VAT and supplementary duties-GDP ratio was 4.6% against 4.7% in FY18

Central Government Revenue 1/ FY14-FY19 (In percent of GDP)



The estimated expenditure data of FY19 show that total expenditure-GDP ratio reached 12.9% against 14.3% in FY18. In FY19, annual development program-GDP ratio was 3.9% against 5.3% in FY18

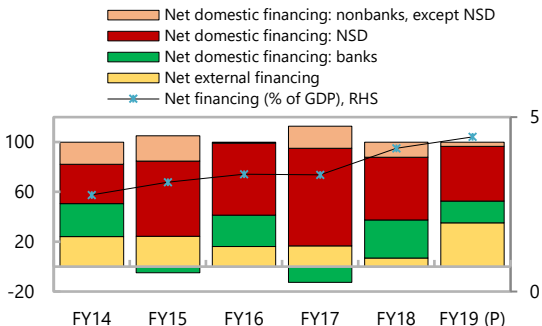
Central Government Expenditure 1/ FY14-FY19 (In percent of GDP)



In FY19, domestic sources financed 64.7% of net financing TK. 1138.6 billion (4.4% of GDP). Net NSD sales accounted for 43.9% of total net financing, while net financing from banking sector was 17.4%

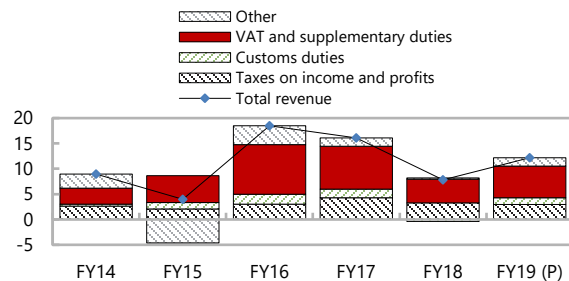
Fiscal Balance and Sources of Financing 1, 2/ FY14-FY19

(Percent of net financing, unless otherwise indicated)



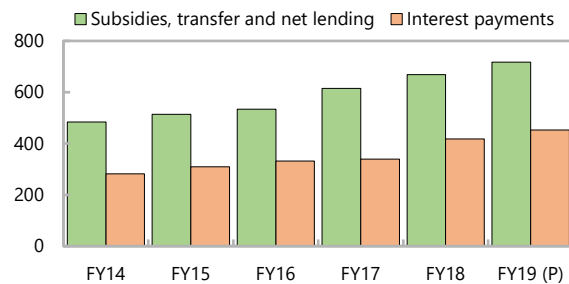
In FY19, y/y growth of total revenue was 12.2%, where VAT and supplementary duties accounted for 6.2%

Contributions to Total Revenue Generation 1/ FY14-FY19 (y/y, in percentage points)



Subsidies, transfer and net lending, and interest payments have been increasing over the past years. Subsidies, transfer and net lending amounted to TK. 716.8 billion in FY19, against TK. 668.5 billion in FY18

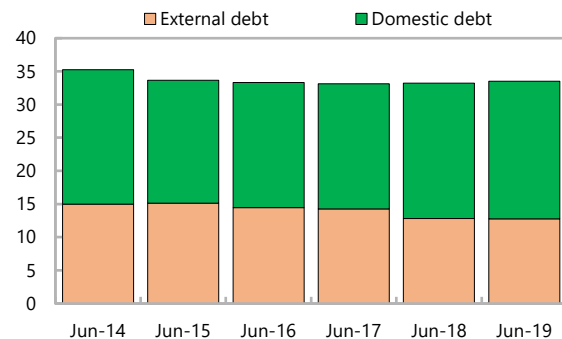
Trend of Subsidies, Transfer and Net Lending, and Interest Payments 1/ FY14-FY19 (In Billion Taka)



At end-June 2019, central government debt in percent of GDP reached 33.5% of GDP, where domestic debt accounted for 20.7%

Central Government Debt 2, 3/ Jun 2014-Jun 2019

(In percent of GDP)



1/ FY19 GDP and fiscal data are provisional. 2/ For FY19, net external financing is net medium and long-term (MLT) loans, which are taken from Balance of Payments, and net domestic financing is financing by banks, National Savings Directorate (NSD) tools, and other non-bank sources, which are taken from Bangladesh Bank. 3/ In June 2019, external debt is identified through net MLT loans, and domestic debt is identified through government borrowings from banks, NSD tools, and other non-bank sources as mentioned in note 2.

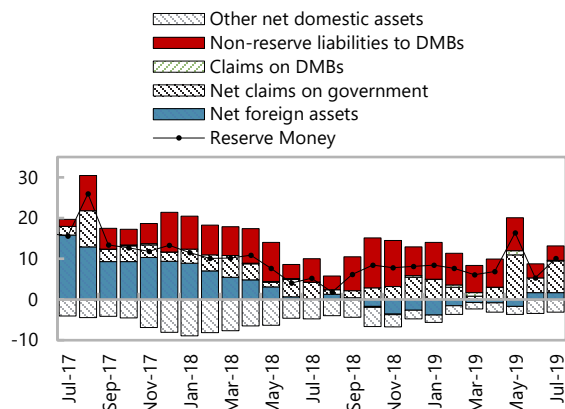
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

In Jul 2019, y/y reserve money growth was 10.1%, against 5.3% in Jun 2019, with 7.8% and 3.5% contributions, respectively, from net claims on government and reduction in non-reserve liabilities to deposit money banks (DMBs)

Contributions to Reserve Money Growth

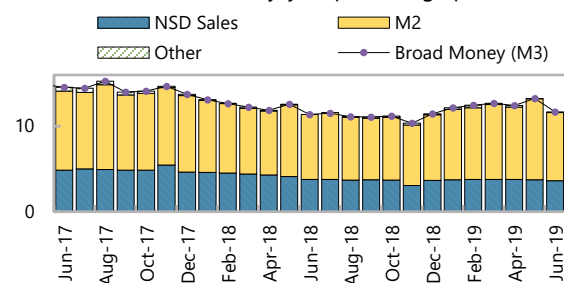
Jul 2017-Jul 2019 (y/y, in percentage points)



In Jun 2019, broad money (M3) growth reached 11.7%, with M2 and NSD sales, respectively, accounting for 8% and 3.6%

Contributions to Broad Money (M3) Growth

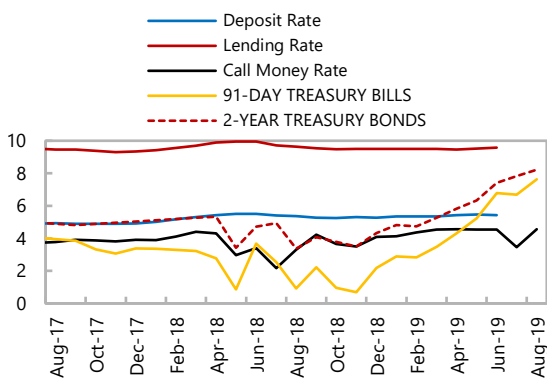
Jun 2017-Jun 2019 (y/y, in percentage points)



Increasing rates of T-Bills/Bonds, and inter-bank call money rate reflect some tightening in the money market

Interest Rates 2/

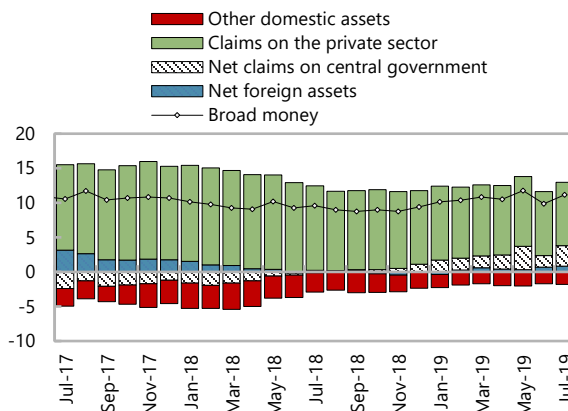
Aug 2017-Aug 2019 (in percentage points)



Annual broad money (M2) growth in Jul 2019 was 11.2%, compared with 9.9% in Jun 2019, with 9.2% and 3% contributions, respectively, from private sector credit and net claims on central government

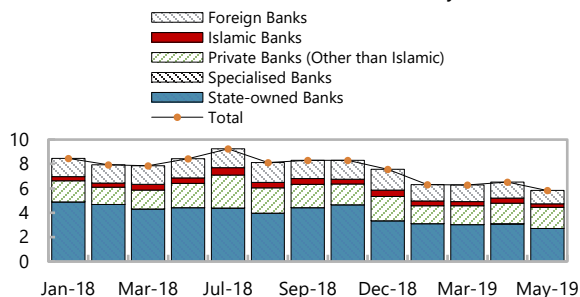
Contributions to Broad Money (M2) Growth

Jul 2017-Jul 2019 (y/y, in percentage points)



In May 2019, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 5.8%, compared with 6.5% in Apr 2019

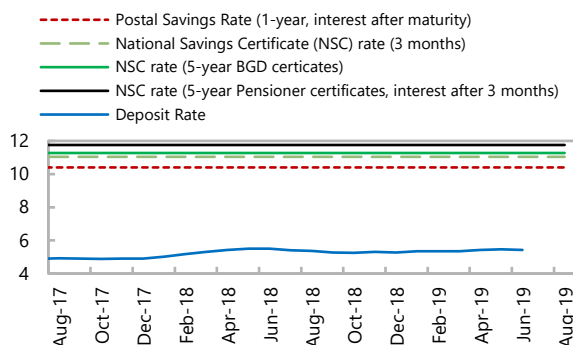
Excess Liquid Assets (as percent of total time and demand liabilities) 1/, Jan 2018-May 2019



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

Postal Savings, NSC and Commercial Banks' Rates

Aug 2017-Aug 2019 (in percentage points)

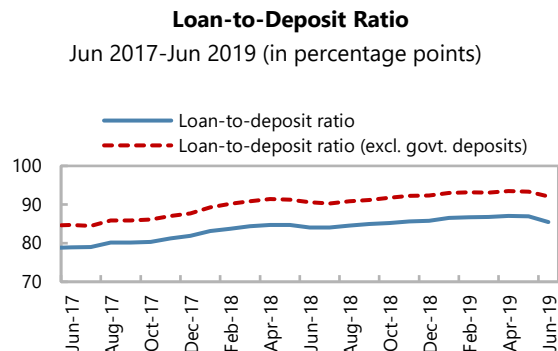


1/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve). Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank's Department of Off-Site Supervision. 2/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on August 19th, 2019.

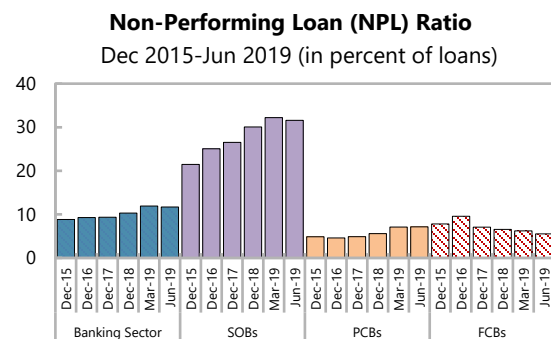
Sources: Bangladesh Bank; and IMF Staff calculations

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

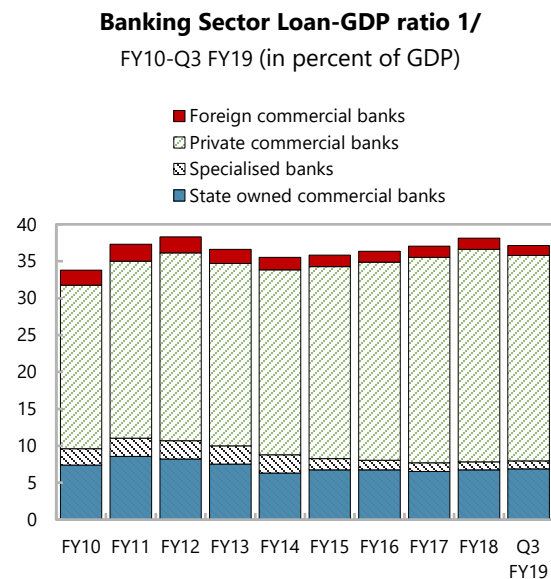
Loan-to deposit ratio marginally decreased to 85.4% in Jun 2019 from 86.9% in May 2019. During the period, the ratio excluding government deposits edged down from 93.3% to 92.1%



In Jun 2019, banking sector's NPL ratio reached 11.7% from 10.3% in Dec 2018. In the case of SOBs, the ratio increased from 30.1% to 31.6%, and for private commercial banks (PCBs), it increased from 5.6% to 7.1%



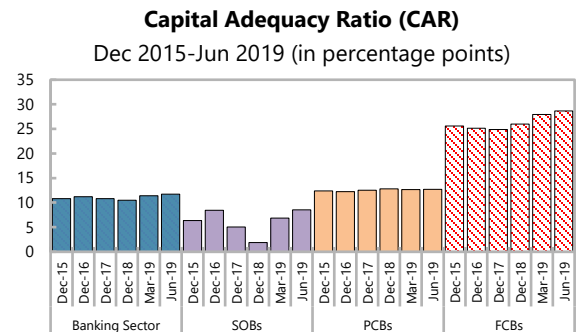
Banking sector's outstanding loans-GDP ratio decreased from 38.1% in FY18 to 37.1% at end-Q3 FY19



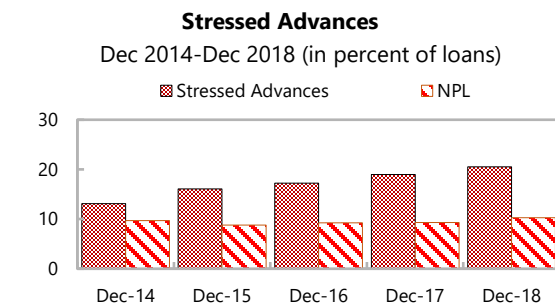
1/ Two of the four specialised banks became state-owned commercial banks in FY15.

Sources: Bangladesh Bank; and IMF Staff calculations

At Jun 2019, CAR of the banking industry reached 11.7 percent, compared with 10.5 percent in Dec 2018. During the period, CAR of the state-owned banks (SOBs) increased from 1.9% to 8.5%, remaining below the regulatory requirement of 10%



Stressed advances in the banking industry-the sum of NPLs, rescheduled and restructured loans- accounted for 20.5% of outstanding loans in Dec 2018



Following a decrease in Apr 2019, the 3-mma DSE Broad Index and price volatility further came down in Jul 2019, while the 3-mma turnover slightly edged up in Jul 2019

