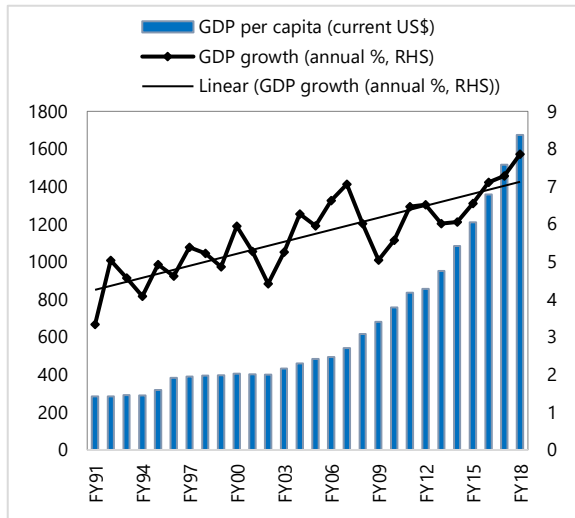## Bangladesh: Selected Indicators

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)

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%

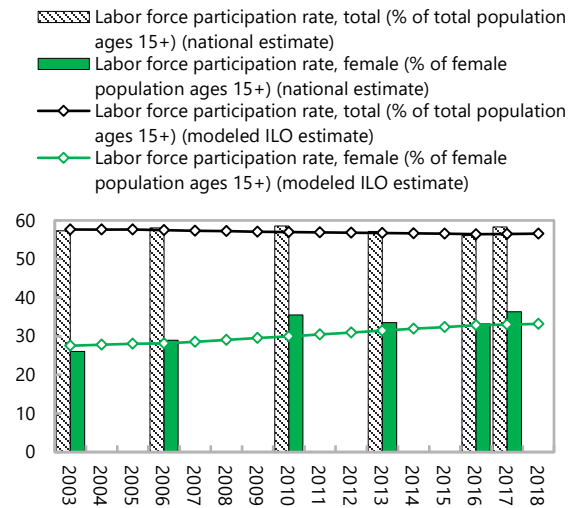### Trend of Demographic Indicators 2/
1991-2060
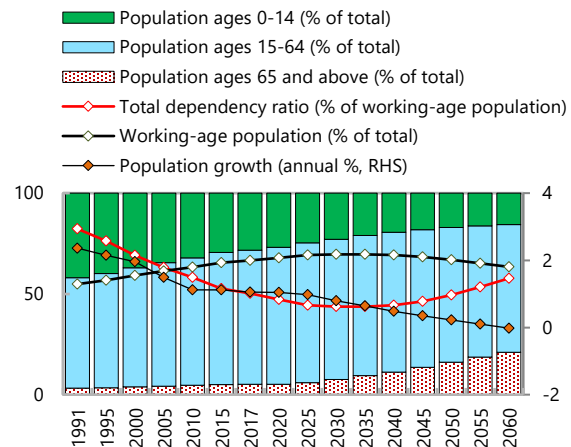
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

Trend of Poverty Reduction and Gini Index 3, 4/
1991-2016
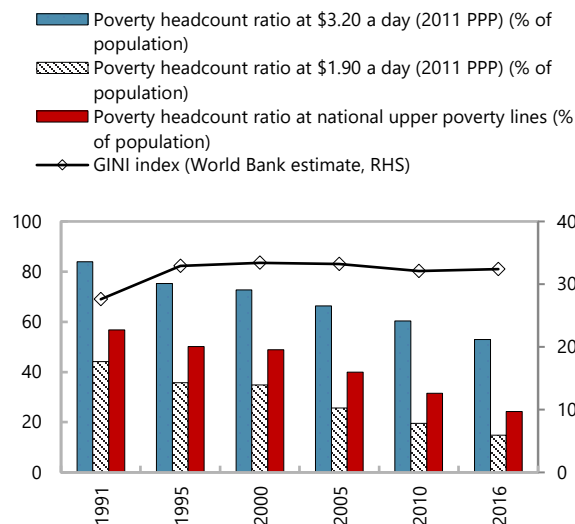
ILO estimates 56.6% of population aged 15+ are in labor force in 2018; the female participation rate is only 33.2%
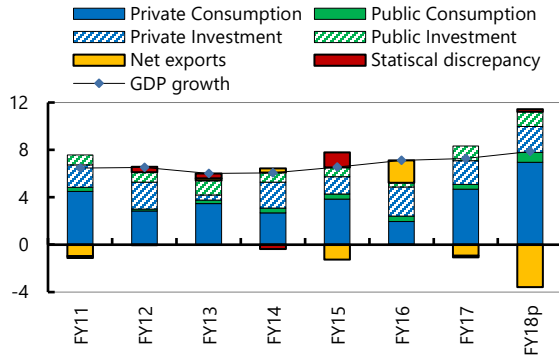
Trend of Labor Force Participation 5/
2003-2018

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, 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

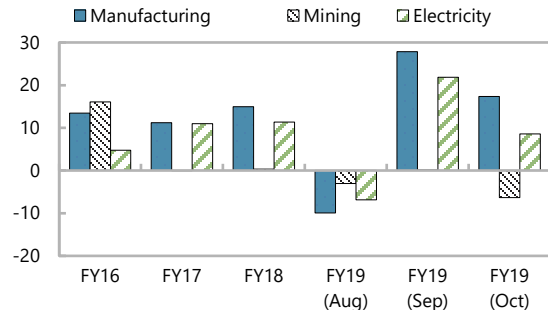# Bangladesh: Real Sector Developments

Private consumption and 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

Contributions to Real GDP Growth 1/
FY11-FY18p (y/y, in percentage points)

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%

Selected indicators' share in Nominal GDP 1/
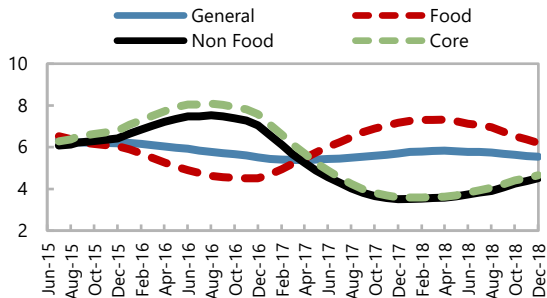FY11-FY18p (in percentage points)

In FY19 (Oct), the quantum indices of manufacturing and electricity, respectively, increased by 17.3 and 8.6 percent compared to FY18 (Oct), while during this period, the y/y growth in mining index was negative 6.3 percent.

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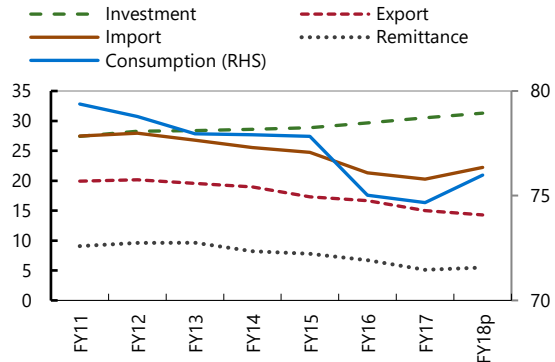FY16-FY19 (Oct) (y/y growth, in percentage points)

Rice production target-the sum of Aus, Aman and Boro, was 35.6 MMT for FY18 compared with actual production 33.8 MMT in FY17. Total target for wheat and maize was 5.1 MMT for FY18 against actual outturn 4.9 MMT in FY17

Major Food Grains Production 3/
FY11-FY18 (Million Metric Tons (MMT))

Annual average headline inflation was 5.6 percent in Dec 2018, with steadily falling food inflation and increasing non-food and core inflation

Twelve Month Average Inflation
Jun 15-Dec 18 (y/y, in percentage points)
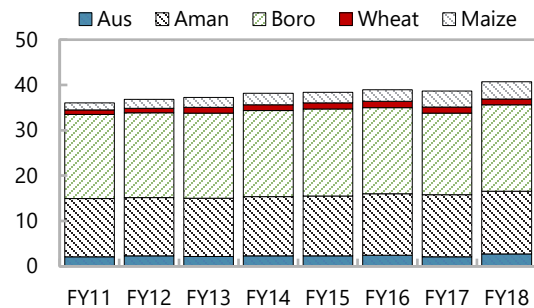
In Dec 2018, y/y food inflation edged down to 5.3%, while non-food and core inflation, respectively, decreased to 5.5% and 5.4%, settling headline measure at 5.4%

Point-to-Point Inflation
Jun 15-Dec 18 (y/y, in percentage points)
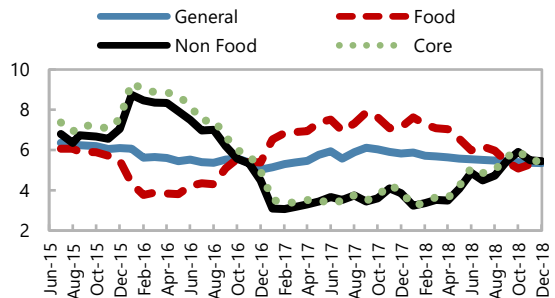
1/ FY18p stands for provisional estimate of FY18 by the authorities. 2/ FY19 data are provisional. 3/ FY18 data are production targets, not actual.
Sources: Bangladesh Bureau of Statistics (BBS); Department of Agriculture Extension, Ministry of Agriculture; Bangladesh Bank; and IMF staff calculations

Bangladesh: External Sector Developments

Current account deficit decreased to USD 2.6 billion in FY19 (Jul-Nov), compared with USD 4.7 billion in the same period of FY18

Current Account Balance Components 1/
FY14-FY19 (Jul-Nov) (in billion USD)
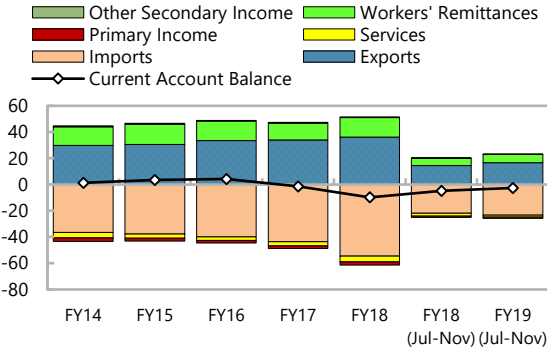
RMGs represented 83.3% of USD 20.5 billion exports during FY19 (Jul-Dec). RMG exports contributed 12.9 percentage points in total exports growth of 14.4%, while non-RMG exports contributed 1.5 percentage points
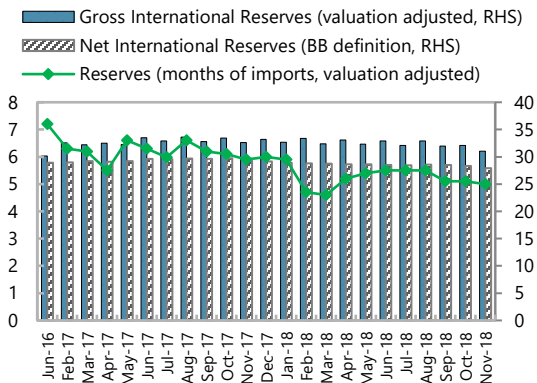
Item-wise Goods Exports 2/
FY14-FY19 (Jul-Dec)
(in billion USD, unless otherwise indicated)
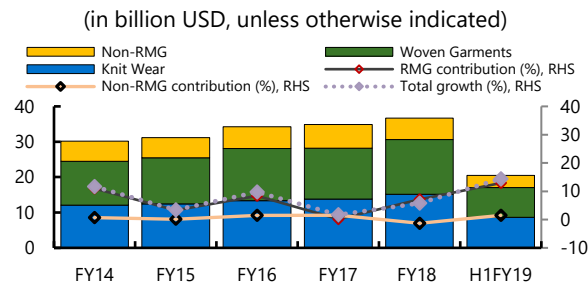
Import months' coverage fell to 5 months in Nov 2018 from 5.1 months in Oct 2018

International Reserves 3/
Jun 2016-Nov 2018
(In billion USD, unless otherwise indicated)

Capital goods and oil-related products, respectively, contributed 2.9 and 2.8 percentage points to import growth of 6.6 percent in FY19 (Jul-Nov), while contribution from food grains and consumer goods imports was negative 4.9 percentage points

Item-wise Contributions to Import Growth 2/
FY17-FY19 (Jul-Nov), (y/y growth, in percentage points)
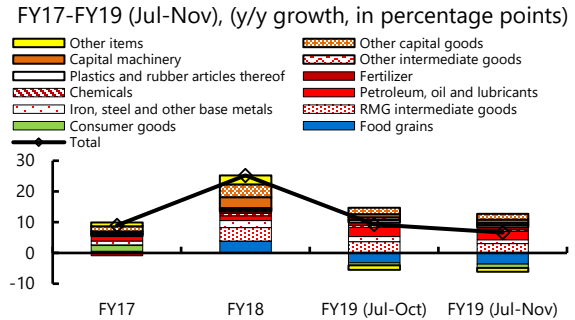
In FY19 (Jul-Dec), y/y remittance inflows increased by 8.1%, amounting to USD 7.5 billion. The GCC countries contributed 58.9% of the inflows, with total share of 34.3 percentage points from the KSA and UAE

Contributions to Workers' Remittances
FY14-FY19 (Jul-Dec)
(in billion USD, unless otherwise indicated)

REER has been appreciating from 129.8 in Mar 2018 to 140 in Dec 2018, reducing Bangladesh's trade competitiveness. During this period, Taka/USD exchange rate depreciated slightly from 83 to 83.9

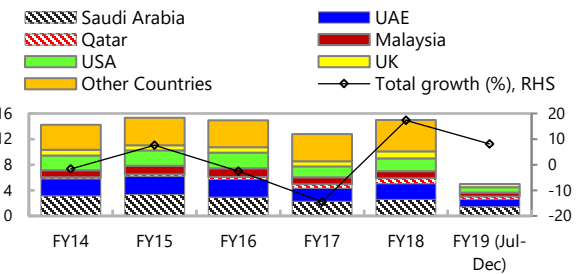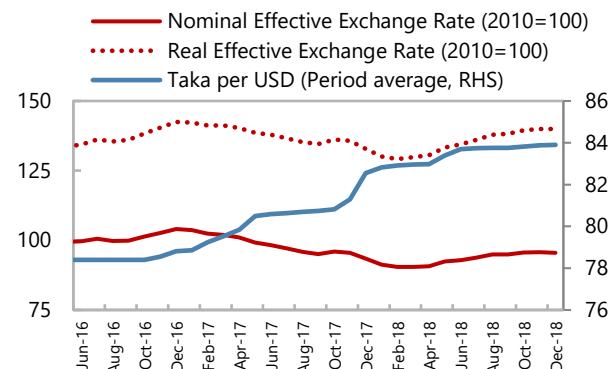### Exchange Rates
Jun 2016-Dec 2018

1/ FY19 (Jul-Nov) BOP data are provisional. 2/ Data are recorded by customs. 3/ Nov 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; Export Promotion Bureau (EPB); and IMF staff calculations
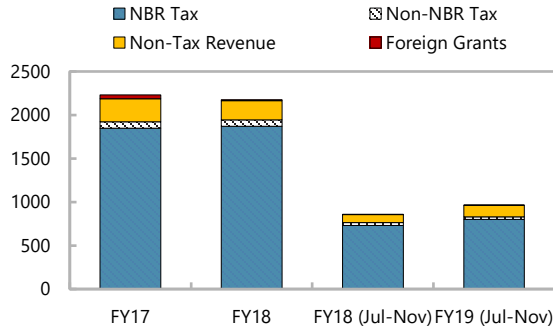
Bangladesh: Fiscal Sector Developments

In FY19 (Jul-Nov) total revenue increased to TK. 962.2 billion compared with TK. 855.7 billion in FY18 (Jul-Nov). The contribution of NBR tax accounted for 83.1% of total revenue outturn in FY19 (Jul-Nov)

Central Government Revenue 1, 2 /
FY17-FY19 (Jul-Nov) (In billion Taka)

Revenue-GDP ratio was 4% in FY19 (Jul-Nov), compared with 4.1% in FY18 (Jul-Nov)
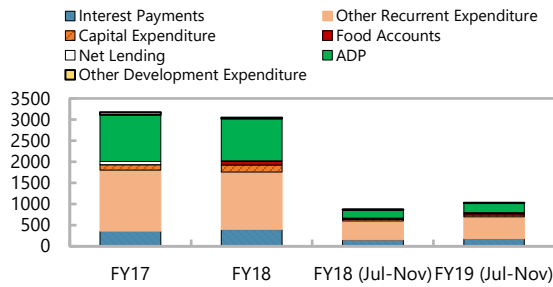
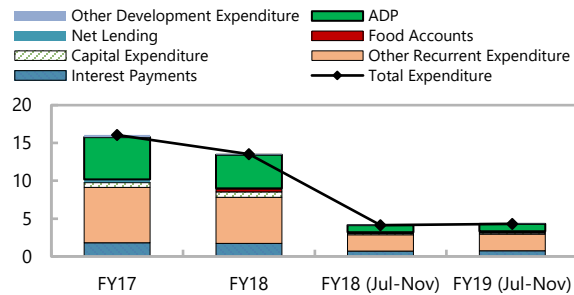**Central Government Revenue 1, 2/**
FY17-FY19 (Jul-Nov) (In percent of GDP)
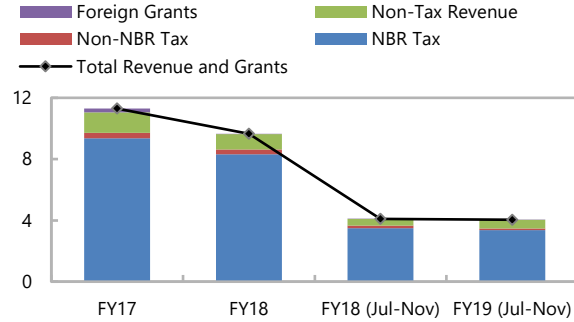
In FY19 (Jul-Nov) total expenditure amounted to TK. 1023.6 billion, compared with TK. 864.2 billion in FY18 (Jul-Nov)

Central Government Expenditure 1, 3/
FY17-FY19 (Jul-Nov) (In billion Taka)

Total expenditure-GDP ratio increased to 4.3% in FY19 (Jul-Nov), against 4.1% in FY18 (Jul-Nov), with marginal increase in ADP spending and food accounts

Central Government Expenditure 1, 3/
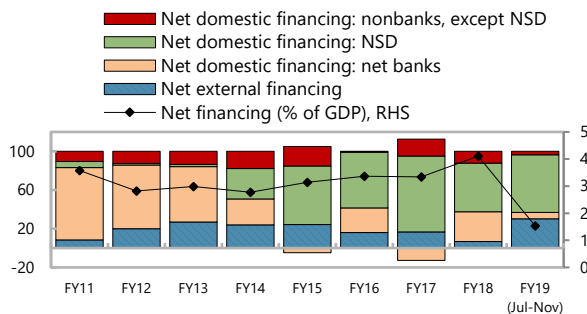FY17-FY19 (Jul-Nov) (In percent of GDP)

In FY19 (Jul-Nov), domestic sources financed 69.8% of net financing TK. 365 billion (1.5% of GDP), where NSD sales accounted for 59.4% of total net financing

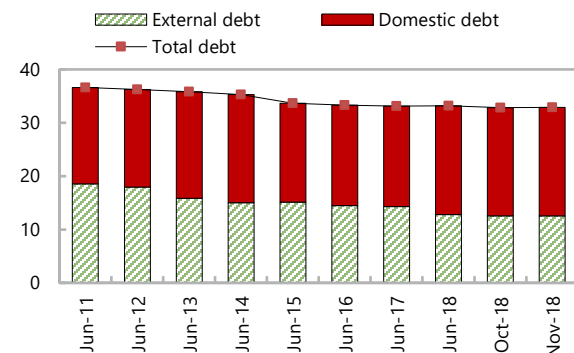**Fiscal Balance and Sources of Financing 1, 4/**
FY11-FY19 (Jul-Nov)
(Percent of net financing, unless otherwise indicated)

At end-Nov 2018, central government debt in percent of GDP slightly increased to 32.9% of GDP from 32.8% in Oct 2018

Central Government Debt 1, 5/
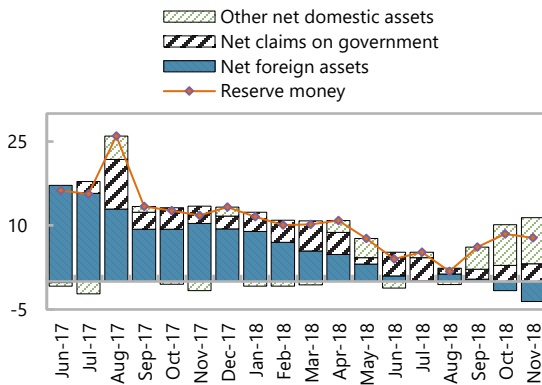Jun 2011-Nov 2018
(In percent of GDP)

1/ FY18 (Jul-Nov) GDP data is annualized using actual GDP for FY17, and actual GDP for FY18. FY19 (Jul-Nov) GDP data is annualized using actual GDP for FY18, and IMF staff projected GDP for FY19. 2/ The revenue data are provisional. 3/ The expenditure data are provisional. 4/ For FY19 (Jul-Nov), net external financing is net medium and long-term (MLT) loans taken from Balance of Payments, and net domestic financing through banks, National Savings Directorate (NSD) tools, and other non-bank sources are taken from Bangladesh Bank. 5/ After June 2018, external debt is identified through net MLT loans taken from Balance of Payments, and domestic debt is identified through government borrowing from banks, NSD tools, and other non-bank sources as mentioned in note 4.

Sources: Finance Division, Ministry of Finance; and IMF Staff calculations

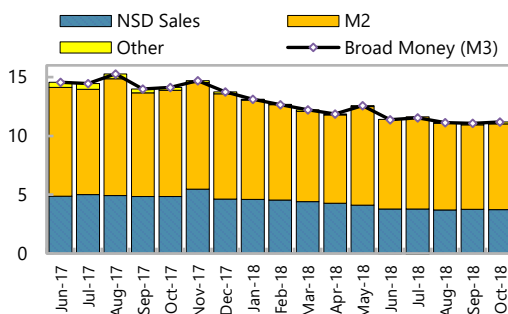# Bangladesh: Monetary and Financial Market Developments

In Nov 2018, y/y reserve money growth was 7.8%, against 8.5% in Oct 2018, respectively, with 3.2 and negative 3.6 percentage points contributions from net claims on government and net foreign assets

Contributions to Reserve Money Growth

Jun 2017-Nov 2018 (y/y, in percentage points)

Annual broad money (M2) growth in Nov 2018 was 8.8%, compared with 9% in Oct 2018 with, respectively, 11.1 and negative 0.5 percentage points contributions from private sector credit and net foreign assets

Contributions to Broad Money (M2) Growth

Jun 2017-Nov 2018 (y/y, in percentage points)

In Oct 2018, broad money (M3) growth was 11.2%, where M2 and NSD sales, respectively, accounted for 7.3 and 3.7 percentage points
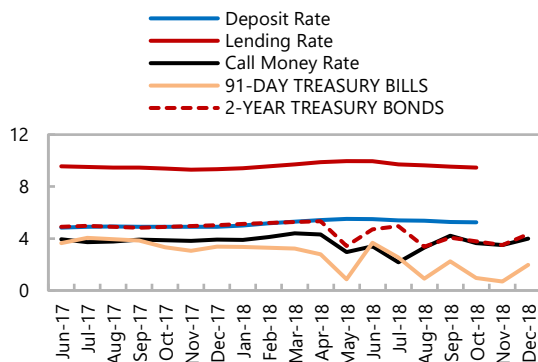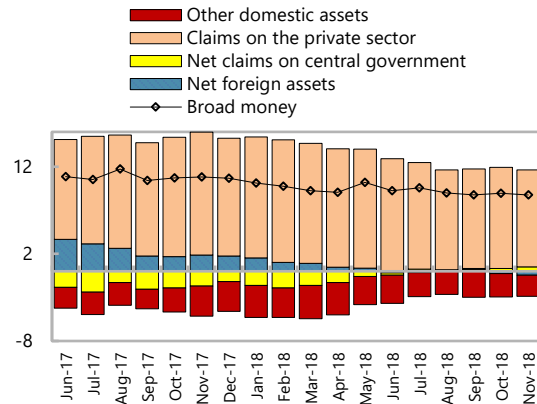
Contributions to Broad Money (M3) Growth

Jun 2017-Oct 2018 (y/y, in percentage points)

At end Oct 2018, excess liquidity amounted to TK. 818.4 billion, accounting for 31.8% of total liquid assets
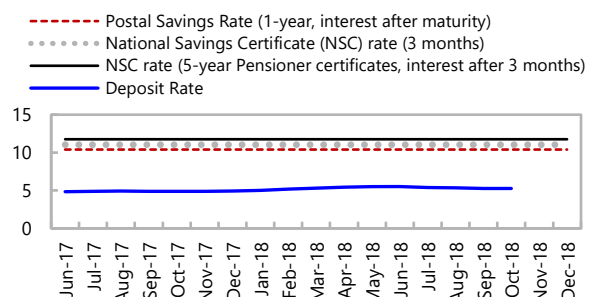
Excess liquidity and Excess Reserves 1/

Mar 2017-Oct 2018 (in billion Taka)

Increased financial prices in Dec 2018 reflected some tightening in the financial system's liquidity

Interest Rates 2/

Jun 2017-Dec 2018 (in percentage points)
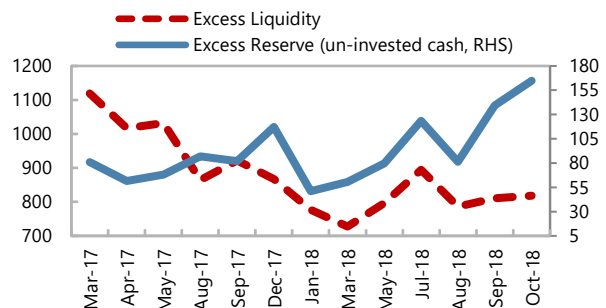
As high as 11.76% return from non-market NSD tools, significantly higher than comparator market instruments, propels their excess demand, impeding financial market development

Postal Savings, NSC and Commercial Banks' Rates

Jun 2017-Dec 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 Dec 20th, 2018.
Sources: Bangladesh Bank; and IMF Staff calculations

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

Loan-to deposit ratio marginally increased to 85.2% in Oct 2018 from 85% in Sep 2018. During the period, the ratio excluding government deposits increased from 91.2% to 91.7%

Loan-to-Deposit Ratio
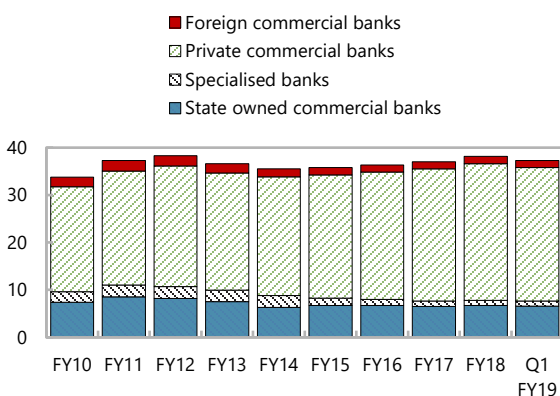
Jun 2016-Oct 2018 (in percentage points)
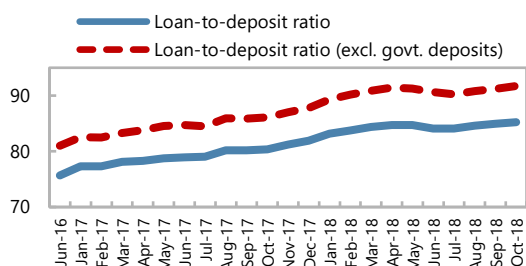
In Sep 2018, banking sector's NPL ratio increased to 11.5% from 10.4% in Jun 2018. In case of the SOBs, the ratio increased from 28.2% to 31.2%, and for private commercial banks (PCBs), it increased from 6% to 6.7%

Non-Performing Loan (NPL) Ratio

Dec 2016-Sep 2018 (in percent of loans)
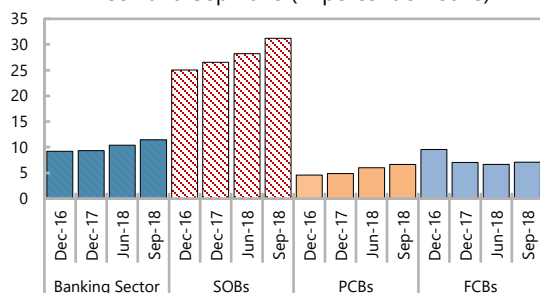
Banking sector's outstanding loans-GDP ratio decreased from 38.1% in FY18 to 37.3% in Q1 FY19

Banking sector credit-GDP ratio 1, 2/

(in percent of GDP), (FY10-Q1 FY19)

At end Sep 2018, CAR of the banking industry was 10.9 percent, compared with 10 percent in Jun 2018. During the period, CAR of the state-owned banks (SOBs) increased from 2% to 6.1%, remaining far below regulatory requirement of 10%

Capital Adequacy Ratio (CAR)

Dec 2016-Sep 2018 (in percentage points)
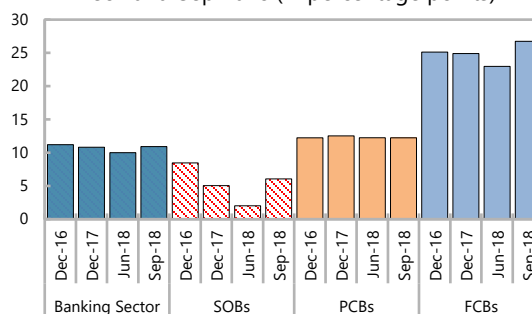
Stressed advances in the banking industry-the sum of NPLs, rescheduled and restructured loans- accounted for 19% of outstanding loans in Dec 2017

Stressed Advances

Dec 2012-Dec 2017 (in percent of loans)

The 3-mma DSE Broad Index and turnover slightly fell in Nov 2018, compared with previous month. During this period, the 3-mma price volatility also came down

Dhaka Stock Market Performance

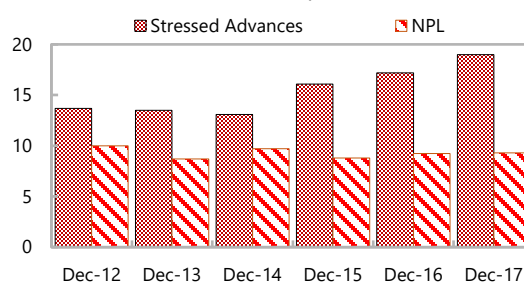Jan 2017-Nov 2018

(3-month moving average)

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; and IMF Staff calculations