## 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*

### Trend of Real GDP Growth and GDP per capita 1/
FY91-FY19 (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%*
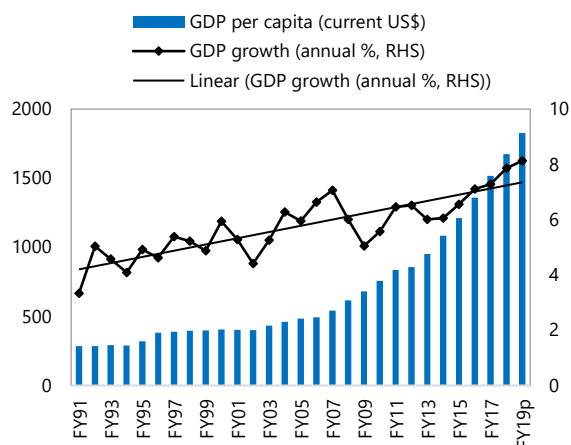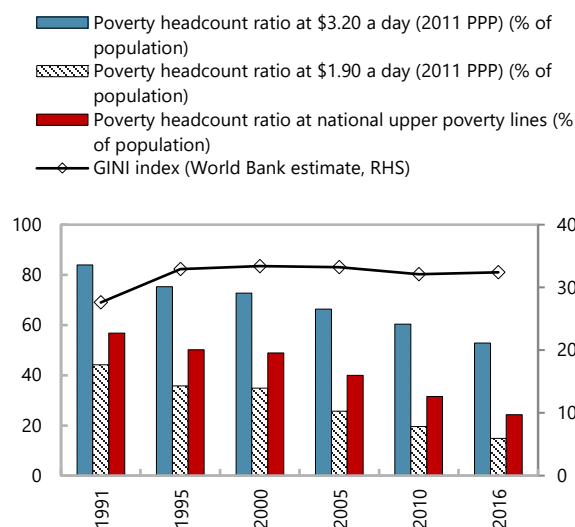
### Trend of Demographic Indicators 2/
1991-2060
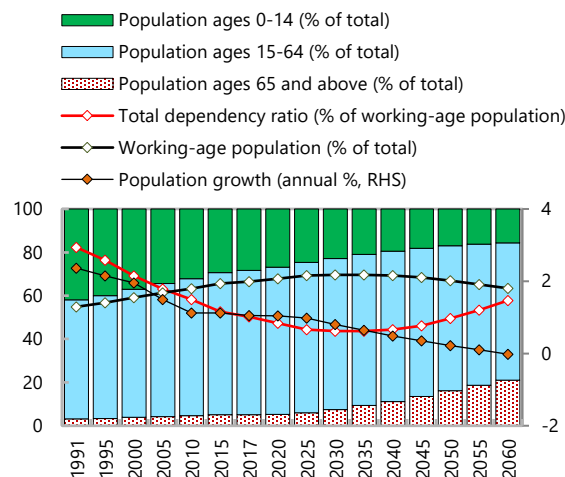


*Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016*

### 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%*
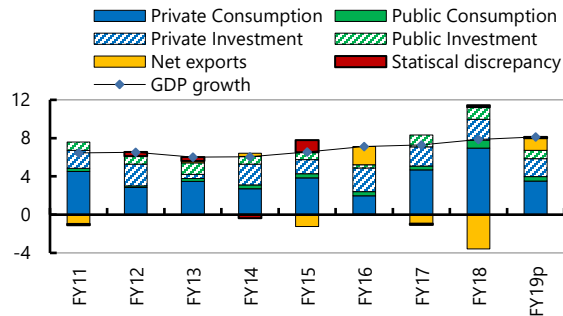
### Trend of Labor Force Participation 5/
2003-2018
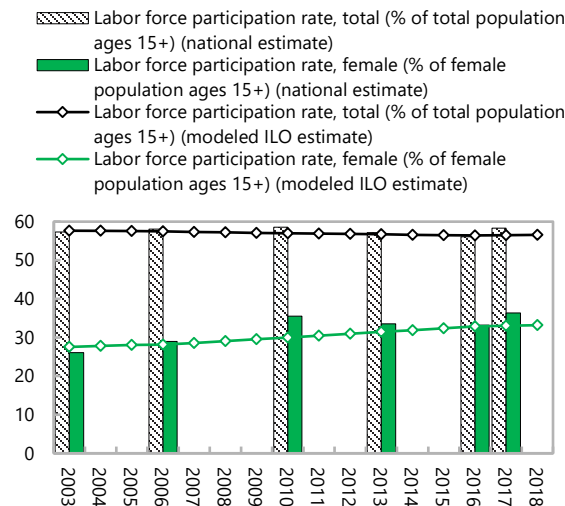


1/ July-Jun period is considered as fiscal year (FY) in Bangladesh. FY19p stands for provisional estimate of FY19 by the authorities. For FY91- FY17, GDP per capita data are taken from WDI, and for FY18 and FY19, national measures are used. 2/ Projection data from year 2020 are taken from United Nations, 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
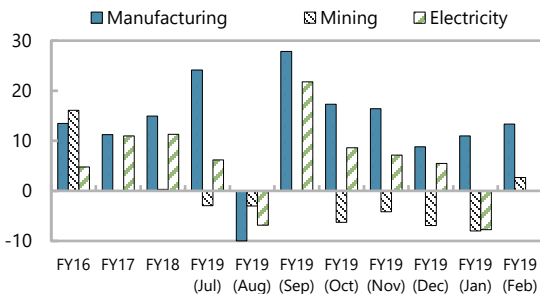
# Bangladesh: Real Sector Developments

*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-FY19p (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/**
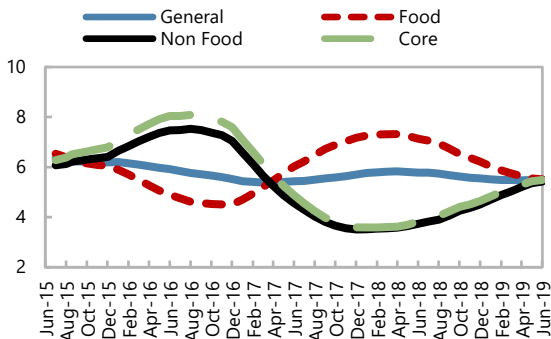FY11-FY19p (in percentage points)



*In FY19 (Feb), the y/y growth of quantum index of manufacturing was 13.4%, for mining 2.7 percent, while for electricity, there was no growth*

**Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 2/**
FY16-FY19 (Feb) (y/y growth, 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/**
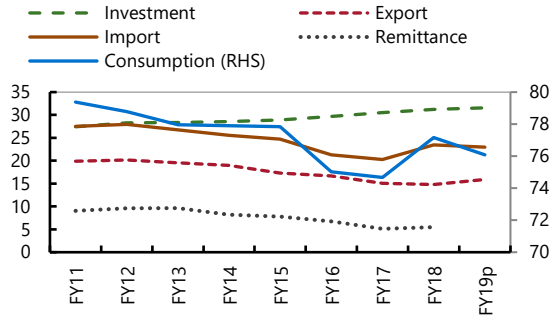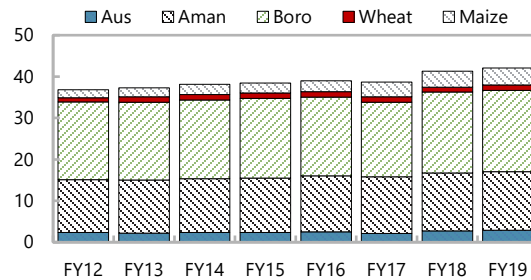FY12-FY19 (Million Metric Tons (MMT))



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

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



*In June 2019, y/y food inflation edged down to 5.4%. Both of non-food and core inflation decreased to 5.7%, resulting in a headline measure of 5.5%*

**Point-to-Point Inflation**
Jun 15-Jun 19 (y/y, in percentage points)
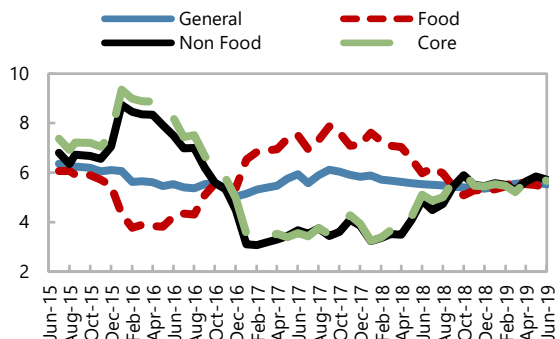


1/ FY19p stands for provisional estimate of FY19 by the authorities. 2/ FY19 data are provisional. 3/ FY19 data are production targets, except for Aus production, which is actual.

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 deficit decreased to USD 5.2 billion in FY19 (Jul-May), compared with USD 8.6 billion in the same period of FY18*

**Current Account Balance Components 1/**
FY14-FY19 (Jul-May) (in billion USD)
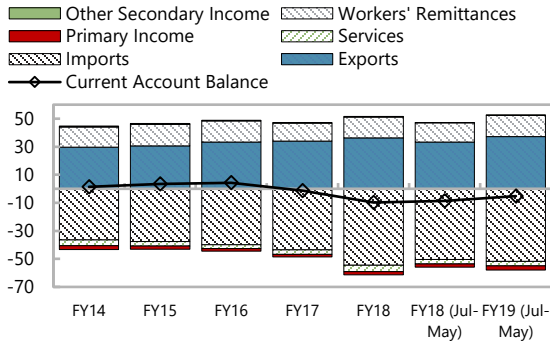


*RMGs represented 84.2% of USD 40.5 billion exports during FY19. RMG exports contributed 9.6% to total exports growth of 10.5%, while non-RMG exports contributed 1%*
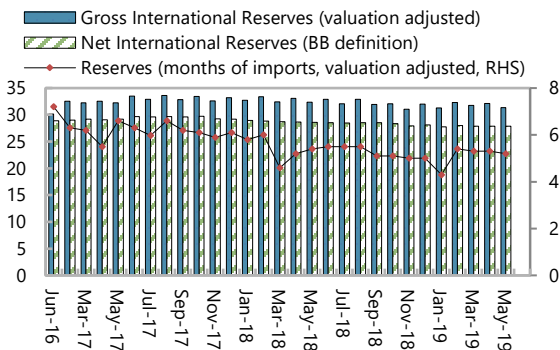
**Item-wise Goods Exports 2/**
FY14-FY19
(in billion USD, unless otherwise indicated)
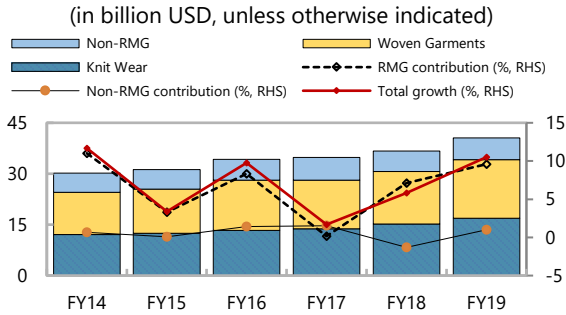


*Import months' coverage decreased from 5.3 months in Apr 2019 to 5.2 months in May 2019*

**International Reserves 3/**
**Jun 2016-May 2019**
(In billion USD, unless otherwise indicated)



*Capital goods and oil-related products, respectively, contributed 0.6% and 1.6% to import growth of 2.6% in FY19 (Jul-May), while contribution from food grains and consumer goods was negative 3.1%*

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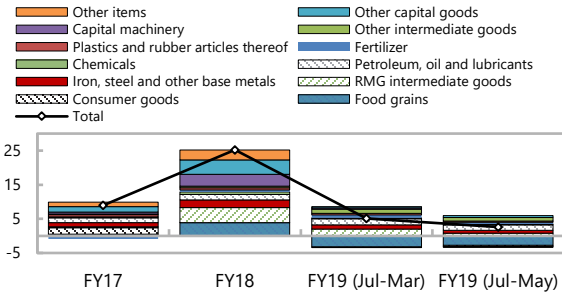


*In FY20 (Jul), y/y remittance inflows increased by 21.2%, amounting to USD 1.6 billion. GCC countries contributed 60.3% of the inflows, with total share of 35.6% from KSA and UAE*

**Contributions to Workers' Remittances**
FY14-FY20 (Jul)
(in billion USD, unless otherwise indicated)
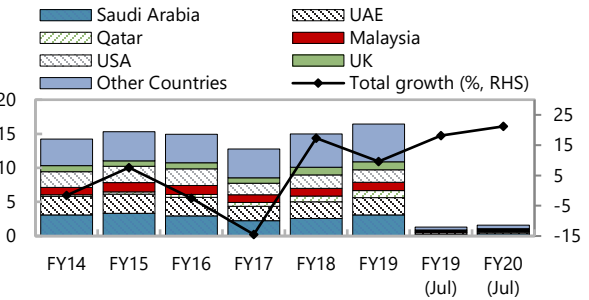


*Apart from slight depreciation in Jan 2019, REER has been appreciating since Mar 2018. During this period, Taka/USD exchange rate depreciated slightly from 83 to 84.5*

**Exchange Rates**
Feb 2016-Jun 2019



1/ FY19 (Jul-May) data are provisional. 2/ Data are recorded by customs. 3/ May 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

# 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*

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

### Central Government Revenue 1/
FY14-FY19 (P) (In percent of GDP)
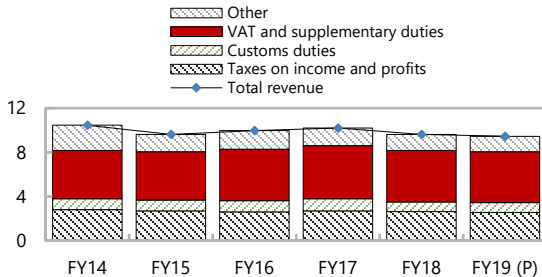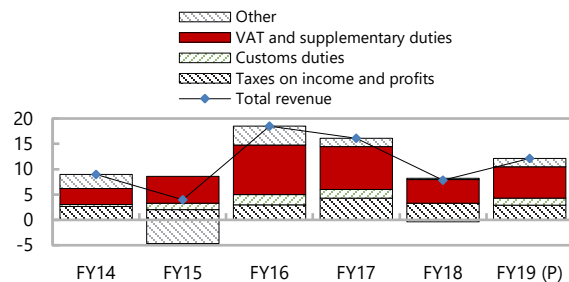
Legend:
- Other
- VAT and supplementary duties
- Customs duties
- Taxes on income and profits
- Total revenue

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

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

*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*

*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*

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

Legend:
- Other expenditure
- Interest payments
- ADP expenditure
- Subsidies, transfer and net lending
- Pay and allowances
- Total Expenditure
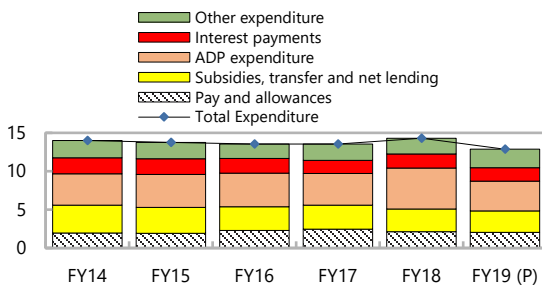
### Trend of Subsidies, Transfer and Net Lending, and Interest Payments 1/
(FY14-FY19 (P)) (In Billion Taka)

Legend:
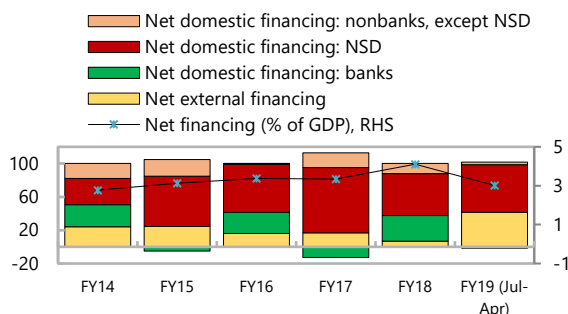- Subsidies, transfer and net lending
- Interest payments
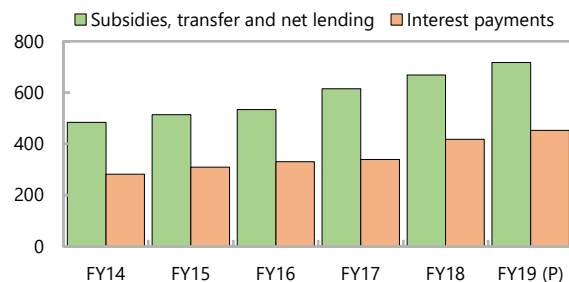
*In FY19 (Jul-Apr), domestic sources financed 58.6% of net financing TK. 758 billion (3% of GDP). Net NSD sales accounted for 57.4% of total net financing, while net financing from banking sector was negative TK. 12.6 billion*
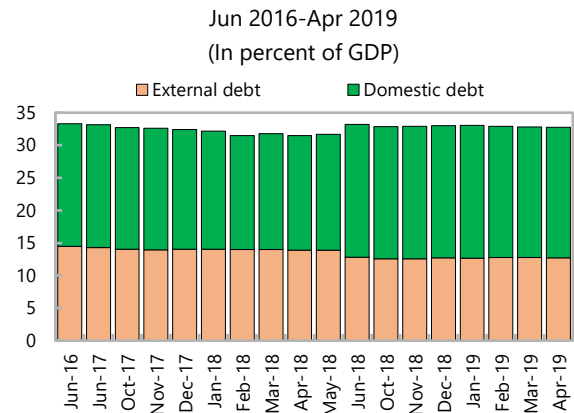
*At end-Apr 2019, central government debt in percent of GDP reached 32.7% of GDP*

### Fiscal Balance and Sources of Financing 2, 3/
FY14-FY19 (Jul-Apr)
(Percent of net financing, unless otherwise indicated)

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

### Central Government Debt 3, 4/
Jun 2016-Apr 2019
(In percent of GDP)

Legend:
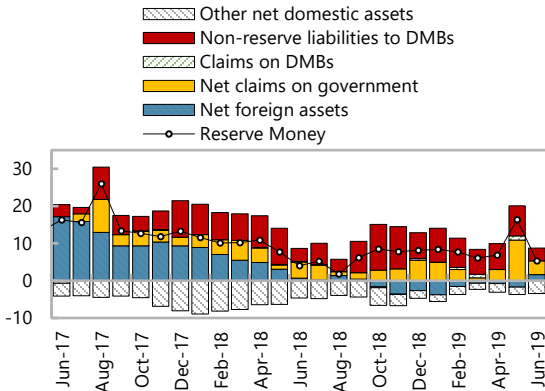- External debt
- Domestic debt

1/ FY19 (P) stands for the provisional fiscal data of FY19, where the data of June-the end month of FY are estimated. 2/ FY19 (Jul-Apr) GDP data is annualized using actual GDP for FY18, and IMF staff projected GDP for FY19. 3/ For FY19 (Jul-Apr), 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. 4/ 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 3.
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

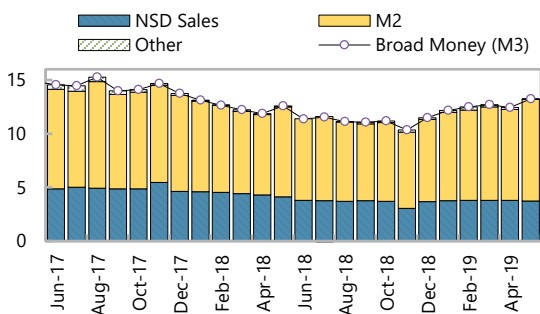# Bangladesh: Monetary and Financial Market Developments

*In Jun 2019, y/y reserve money growth was 5.3%, against 16.4% in May 2019, with 3.7% and 3.4% contributions, respectively, from net claims on government and reduction in non-reserve liabilities to DMBs*

### Contributions to Reserve Money Growth 1/
Jun 2017-Jun 2019 (y/y, in percentage points)

Legend:
- Other net domestic assets
- Non-reserve liabilities to DMBs
- Claims on DMBs
- Net claims on government
- Net foreign assets
- Reserve Money



*Annual broad money (M2) growth in Jun 2019 was 9.9%, compared with 11.8% in May 2019, with 9.2% and 1.5% contributions, respectively, from private sector credit and net claims on central government*

### Contributions to Broad Money (M2) Growth
Jun 2017-Jun 2019 (y/y, in percentage points)

Legend:
- Other domestic assets
- Claims on the private sector
- Net claims on central government
- Net foreign assets
- Broad money



*In May 2019, broad money (M3) growth reached 13.2%, with M2 and NSD sales, respectively, accounting for 9.5% and 3.7%*

### Contributions to Broad Money (M3) Growth
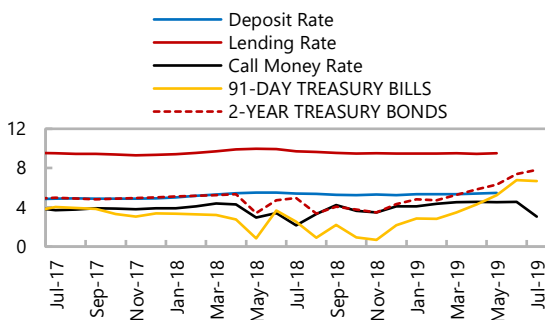Jun 2017-May 2019 (y/y, in percentage points)

Legend:
- NSD Sales
- M2
- Other
- Broad Money (M3)
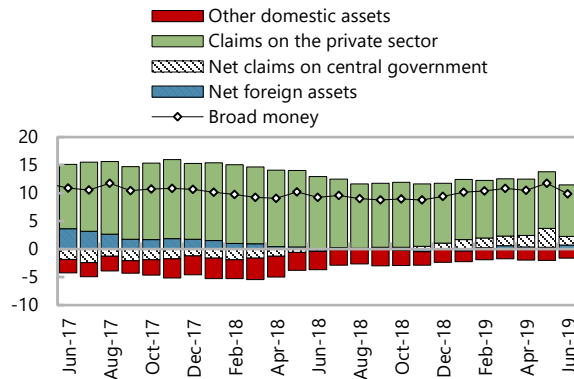


*In May 2019, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 5.8%, compared with 6.5% in Apr 2019*

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

Legend:
- Foreign Banks
- Islamic Banks
- Private Banks (Other than Islamic)
- Specialised Banks
- State-owned Banks
- Total



*Increasing rates of T-Bills/Bonds, and inter-bank call money rates, since Nov 2018, somewhat moderated recently*

### Interest Rates 2/
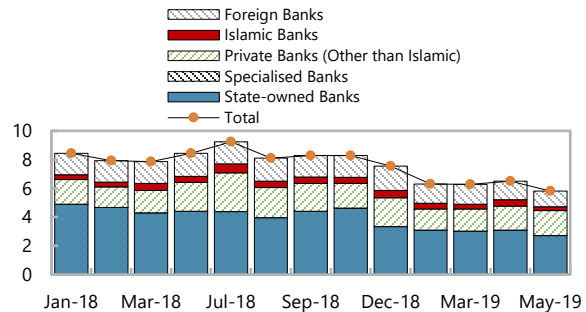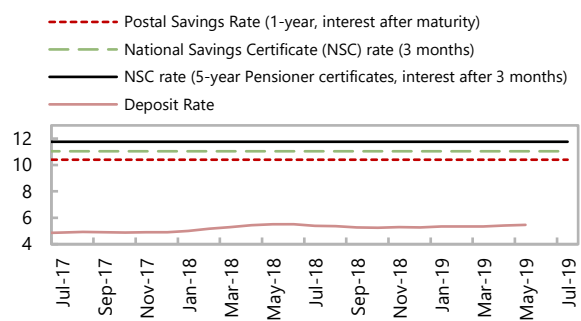Jul 2017-Jul 2019 (in percentage points)

Legend:
- Deposit Rate
- Lending Rate
- Call Money Rate
- 91-DAY TREASURY BILLS
- 2-YEAR TREASURY BONDS



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

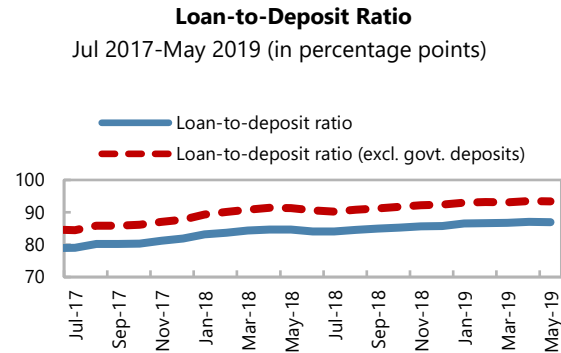### Postal Savings, NSC and Commercial Banks' Rates
Jul 2017-Jul 2019 (in percentage points)

Legend:
- Postal Savings Rate (1-year, interest after maturity)
- National Savings Certificate (NSC) rate (3 months)
- NSC rate (5-year Pensioner certificates, interest after 3 months)
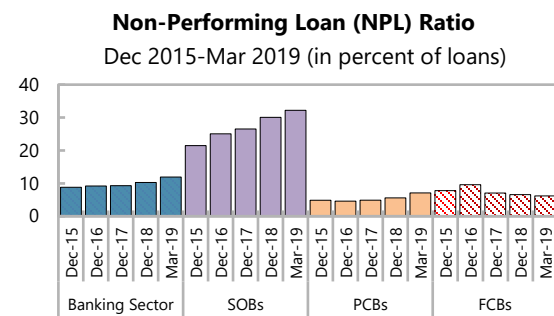- Deposit Rate



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 July 23rd, 2019.
Sources: Bangladesh Bank; and IMF Staff calculations

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

*Loan-to deposit ratio marginally decreased to 86.9% in May 2019 from 87.1% in Apr 2019. During the period, the ratio excluding government deposits edged down from 93.5% to 93.3%*

**Loan-to-Deposit Ratio**

Jul 2017-May 2019 (in percentage points)



*At Mar 2019, CAR of the banking industry reached 11.4 percent, compared with 10.5 percent in Dec 2018. During the period, CAR of the state-owned banks (SOBs) increased from 1.9% to 6.9%, remaining below the regulatory requirement of 10%*

**Capital Adequacy Ratio (CAR)**
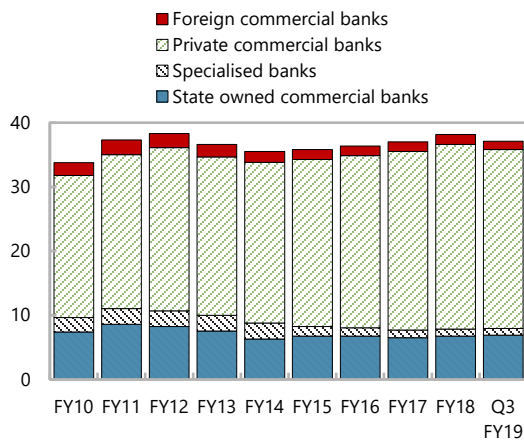
Dec 2015-Mar 2019 (in percentage points)



*In Mar 2019, banking sector's NPL ratio increased to 11.9% from 10.3% in Dec 2018. In the case of SOBs, the ratio increased from 30.1% to 32.2%, and for private commercial banks (PCBs), it increased from 5.6% to 7.1%*
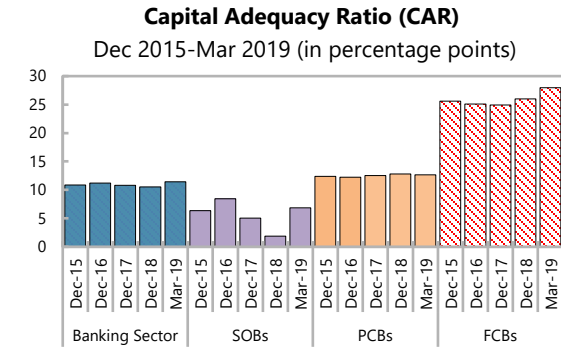
**Non-Performing Loan (NPL) Ratio**

Dec 2015-Mar 2019 (in percent of loans)



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

**Stressed Advances**

Dec 2014-Dec 2018 (in percent of loans)



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

**Banking Sector Loan-GDP ratio 1, 2/**

(in percent of GDP), (FY10-Q3FY19)



*Following a decrease in Apr 2019, the 3-mma DSE Broad Index, turnover and price volatility further came down in May 2019*

**Dhaka Stock Market Performance**
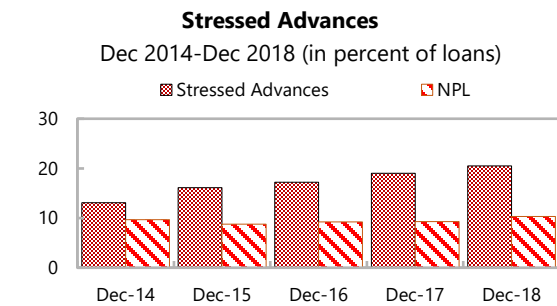
Jan 2017-May 2019

(3-month moving average)



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

Sources: Bangladesh Bank; and IMF Staff calculations

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