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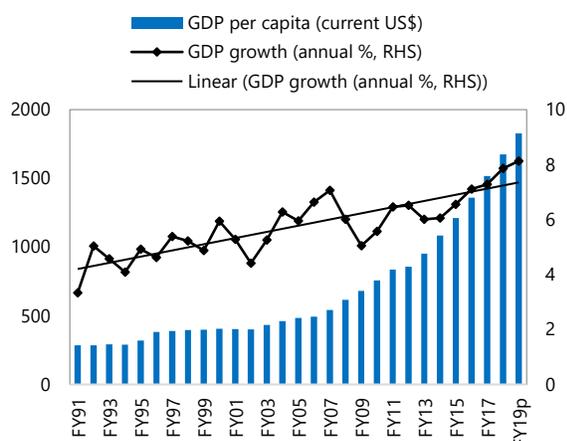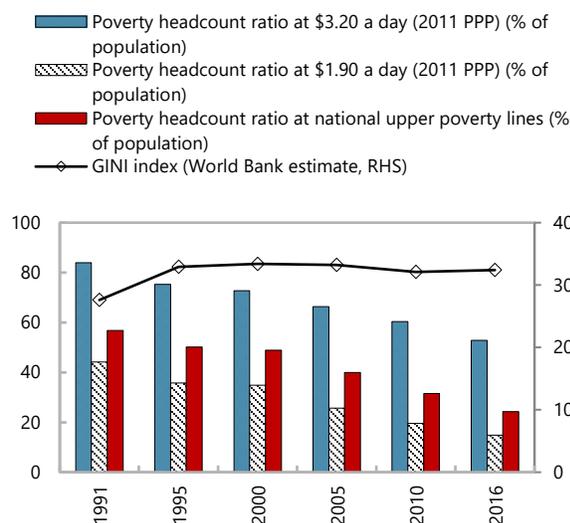
Trend of Demographic Indicators 2/
1991-2060
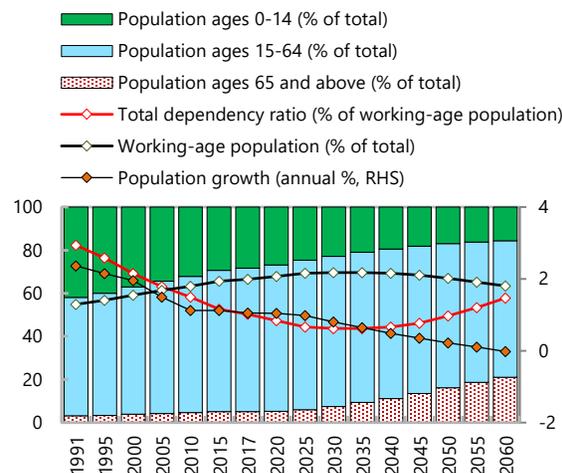
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

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
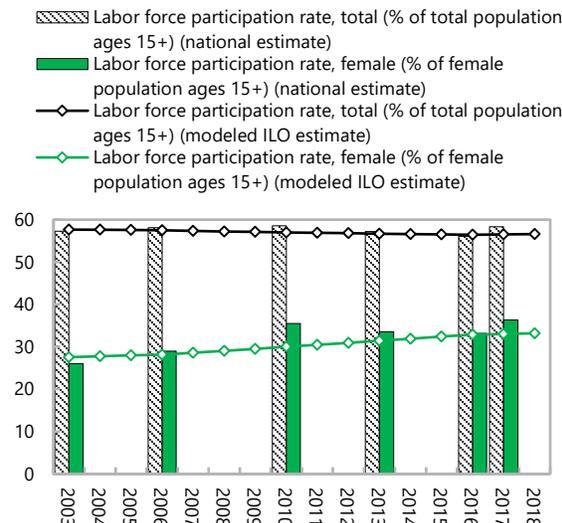
1/ July-Jun period is considered as fiscal year (FY) in Bangladesh. FY19p stands for provisional estimate of FY19 by the authorities. For FY91- FY17, GDP per capita data are taken from WDI, and for FY18 and FY19, national measures are used. 2/ Projection data from year 2020 are taken from United Nations, 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/
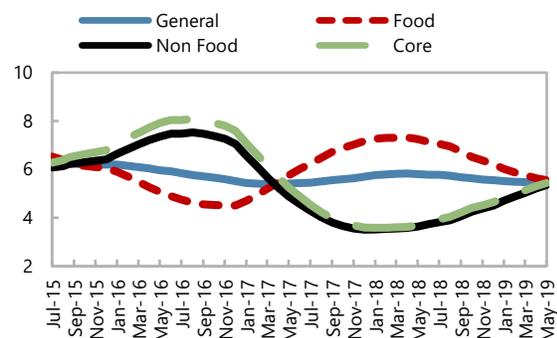
FY11-FY19p (y/y, in percentage points)
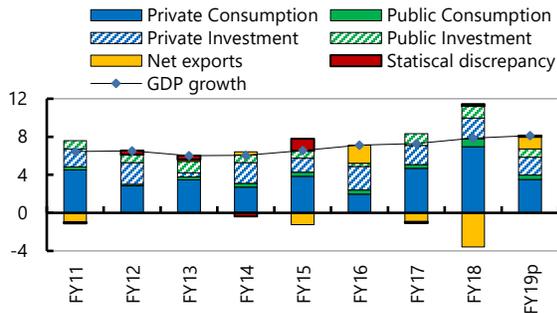
In FY19 (Feb), the y/y growth of quantum index of manufacturing was 13.4%, for mining 2.7 percent, while for electricity, there was no growth

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 2/

FY16-FY19 (Feb) (y/y growth, in percentage points)
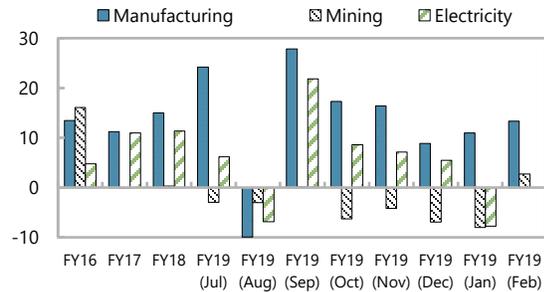
Annual average headline inflation was 5.5 percent in May 2019, with steadily falling food inflation, and increasing non-food and core inflation

Twelve Month Average Inflation

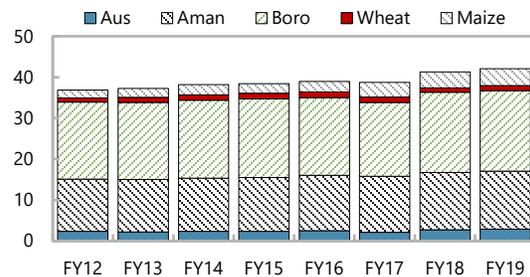Jul 15-May 19 (y/y, in percentage points)

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-FY19p (in percentage points)
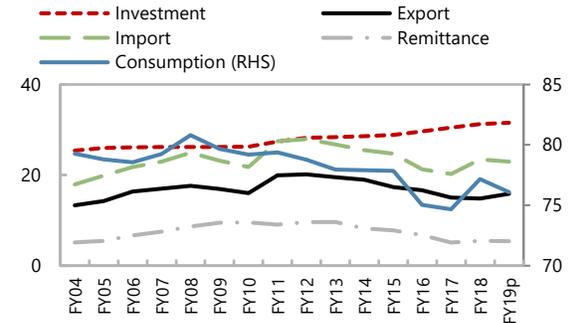
Rice production target-the sum of Aus, Aman and Boro, is 36.7 MMT for FY19 compared with actual production 36.3 MMT in FY18. Total target for wheat and maize is 5.4 MMT for FY19 against actual outturn 5 MMT in FY18

Major Food Grains Production 3/

FY12-FY19 (Million Metric Tons (MMT))

In May 2019, y/y food inflation edged down to 5.5%, while non-food and core inflation, respectively, increased to 5.8% and 5.9%, resulting in a headline measure of 5.6%

Point-to-Point Inflation
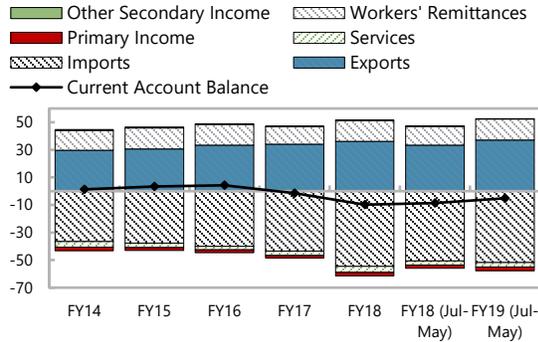
Jul 15-May 19 (y/y, in percentage points)
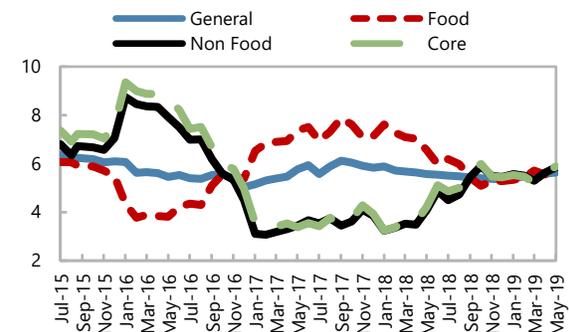
1/ FY19p stands for provisional estimate of FY19 by the authorities. 2/ FY19 data are provisional. 3/ FY19 data are production targets, except for Aus production, which is actual.

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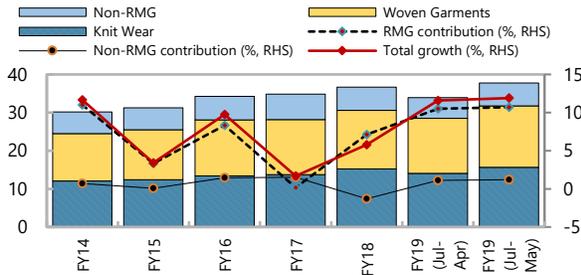
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Bangladesh: External Sector Developments

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)

Legend:
- Other Secondary Income
- Primary Income
- Imports
- Workers' Remittances
- Services
- Exports
- Current Account Balance

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)

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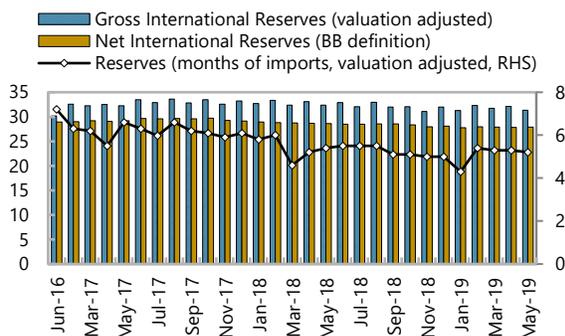- RMG intermediate goods
- Food grains

RMGs represented 84.1% of USD 37.8 billion exports during FY19 (Jul-May). RMG exports contributed 10.7% to total exports growth of 11.9%, while non-RMG exports contributed 1.2%

Item-wise Goods Exports 2/
FY14-FY19 (Jul-May)
(in billion USD, unless otherwise indicated)

Legend:
- Non-RMG
- Knit Wear
- Non-RMG contribution (%, RHS)
- Woven Garments
- RMG contribution (%, RHS)
- Total growth (%, RHS)

In FY19, y/y remittance inflows increased by 9.6%, amounting to USD 16.4 billion. GCC countries contributed 59% of the inflows, with total share of 34.4% from KSA and UAE

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

Legend:
- Saudi Arabia
- Qatar
- USA
- Other Countries
- UAE
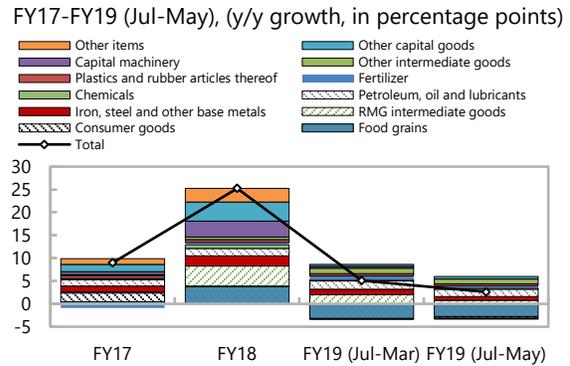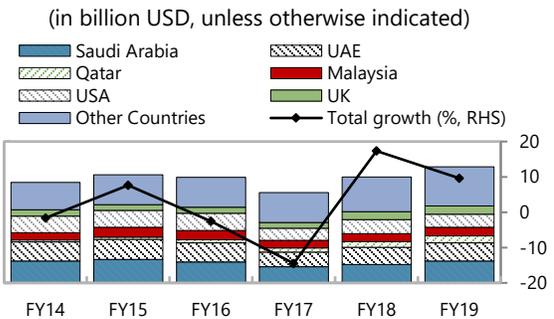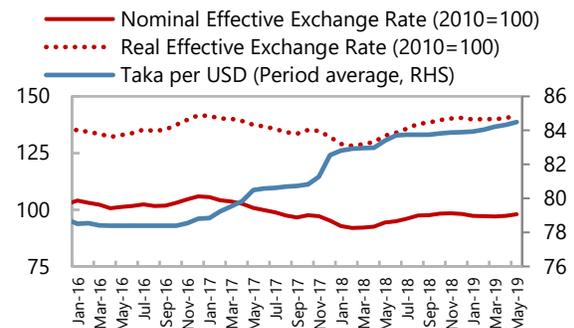- Malaysia
- UK
- Total growth (%, RHS)

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)

Legend:
- Gross International Reserves (valuation adjusted)
- Net International Reserves (BB definition)
- Reserves (months of imports, valuation adjusted, RHS)

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
Jan 2016-May 2019

Legend:
- Nominal Effective Exchange Rate (2010=100)
- Real Effective Exchange Rate (2010=100)
- Taka per USD (Period average, RHS)

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

During FY19 (Jul-Apr), total revenue-GDP ratio was 7.9% against 9.6% in FY18. During this period, VAT and supplementary duties-GDP ratio was 3.9% against 4.7% in FY18

Central Government Revenue 1, 2/
FY14-FY19 (Jul-Apr) (In percent of GDP)
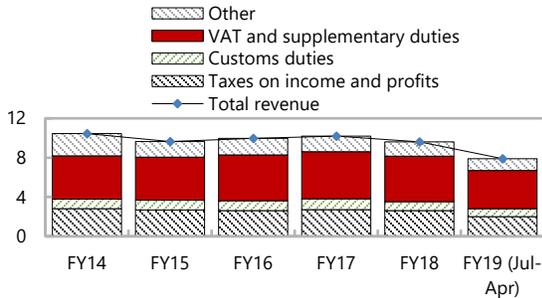
During FY19 (Jul-Apr), y/y growth of total revenue was 12.7%, where VAT and supplementary duties accounted for 6.8%

Contributions to Total Revenue Generation 1/
FY14-FY19 (Jul-Apr) (y/y, in percentage points)
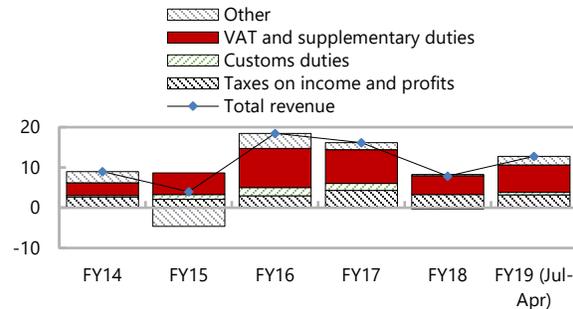
During FY19 (Jul-Apr), total expenditure-GDP ratio was 9.9% against 14.3% in FY18. During this period, annual development program-GDP ratio was 2.2% against 5.3% in FY18

Central Government Expenditure 1, 2/
FY14-FY19 (Jul-Apr) (In percent of GDP)
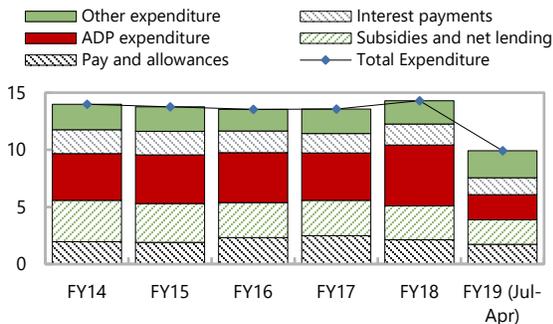
Subsidies and net lending, and interest payments have been increasing over the past years. Subsidies and net lending amounted to TK. 537.6 billion in FY19 (Jul-Apr), against TK. 453.5 billion in FY18 (Jul-Apr)

Trend of Subsidies and Net Lending, and Interest Payments 1/
(FY14-FY19 (Jul-Apr)) (In Billion Taka)
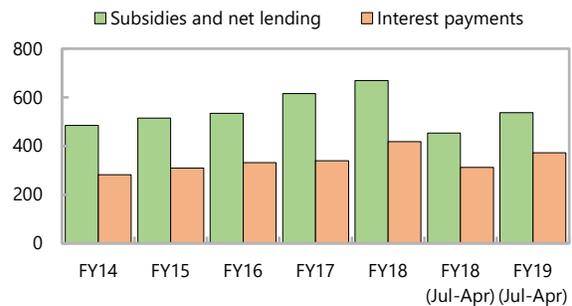
In FY19 (Jul-Apr), domestic sources financed 58.6% of net financing TK. 758 billion (3% of GDP). Net NSD sales accounted for 57.4% of total net financing, while net financing from banking sector was negative TK. 12.6 billion

Fiscal Balance and Sources of Financing 1, 2, 3/
FY14-FY19 (Jul-Apr)
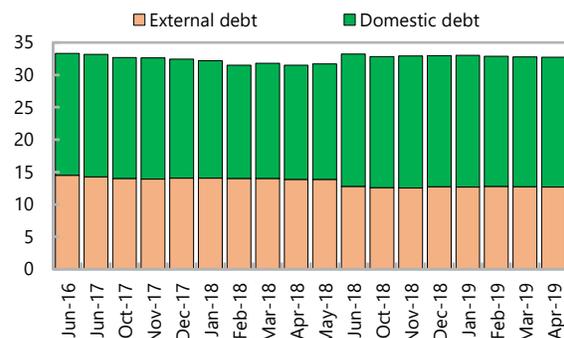(Percent of net financing, unless otherwise indicated)
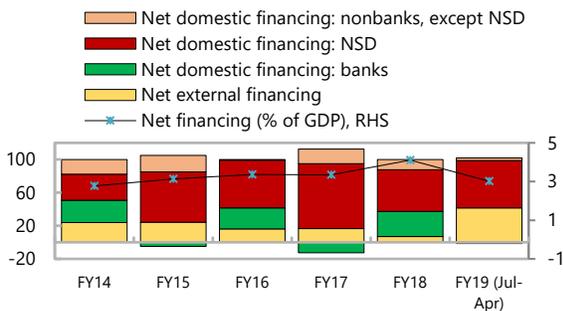
At end-Apr 2019, central government debt in percent of GDP reached 32.7% of GDP

Central Government Debt 1, 2, 4/
Jun 2016-Apr 2019
(In percent of GDP)

1/ FY19 (Jul-Apr) data are provisional. 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 2.
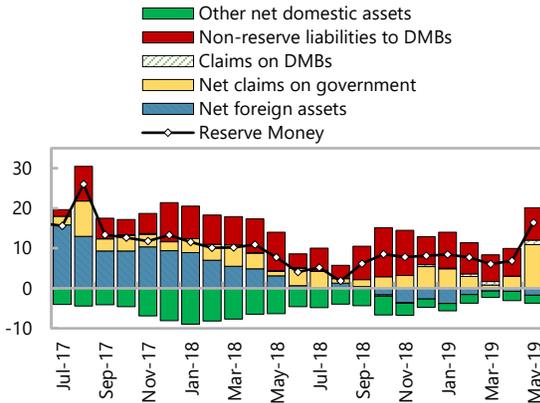
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

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Bangladesh: Monetary and Financial Market Developments

In May 2019, y/y reserve money growth was 16.4%, against 6.9% in Apr 2019, with 10.9% and 8.1% contributions, respectively, from net claims on government and reduction in non-reserve liabilities to DMBs

Contributions to Reserve Money Growth

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

Annual broad money (M2) growth in May 2019 was 11.8%, compared with 10.5% in Apr 2019, with 10.1% and 3.4% contributions, respectively, from private sector credit and net claims on central government

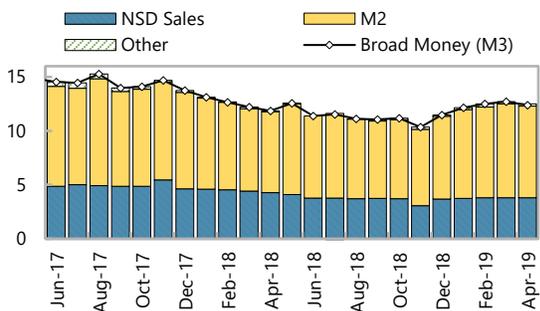**Contributions to Broad Money (M2) Growth**

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

In Apr 2019, broad money (M3) growth reached 12.4%, with M2 and NSD sales, respectively, accounting for 8.5% and 3.8%
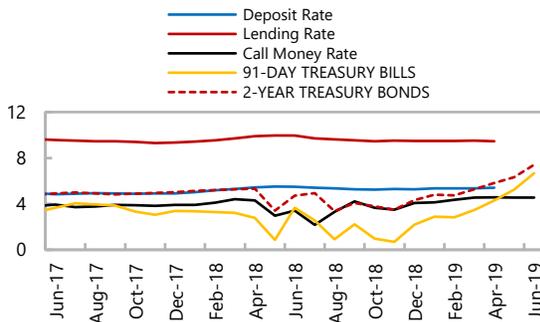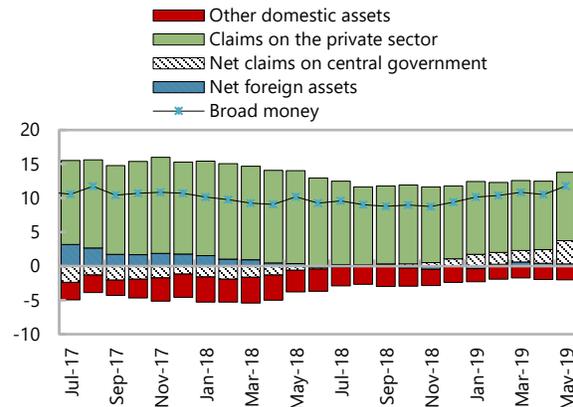
Contributions to Broad Money (M3) Growth

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

In Apr 2019, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 6.5%, compared with 6.3% in Mar 2019

Excess Liquid Assets (as percent of total time and demand liabilities) 1/, Dec 2017-Apr 2019

Increasing rates of T-Bills/Bonds, and inter-bank call money rates since Nov 2018 point to some liquidity tightening

Interest Rates 2/

Jun 2017-Jun 2019 (in percentage points)
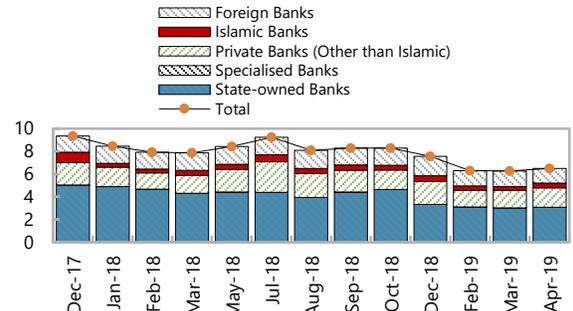
As high as 11.76% return from non-market NSD tools propels their excess demand, impeding financial market development

**Postal Savings, NSC and Commercial Banks' Rates**

Jun 2017-Jun 2019 (in percentage points)
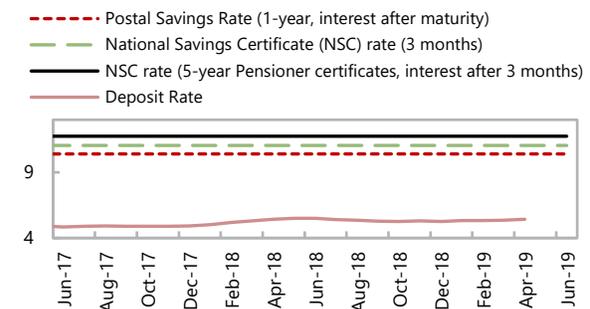
1/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve) and Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank's Department of Off-Site Supervision. 2/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on June 20th, 2019.
Sources: Bangladesh Bank; and IMF Staff calculations

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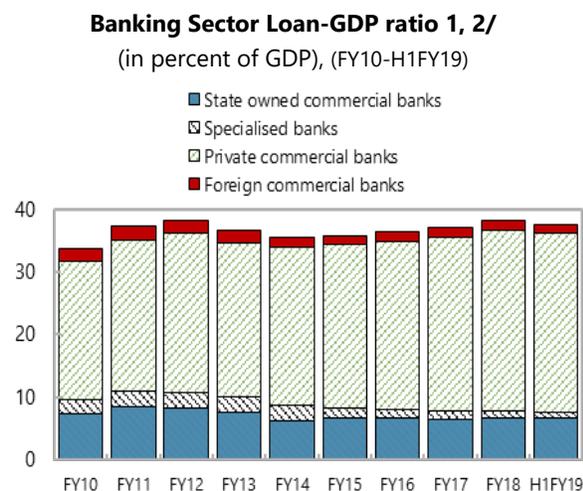## Bangladesh: Monetary and Financial Market Developments... Contd.

Loan-to deposit ratio steadily increased to 87.1% in Apr 2019 from 84.1% in Jun 2018. During the period, the ratio excluding government deposits increased from 90.6% to 93.5%

Loan-to-Deposit Ratio
Jun 2017-Apr 2019 (in percentage points)
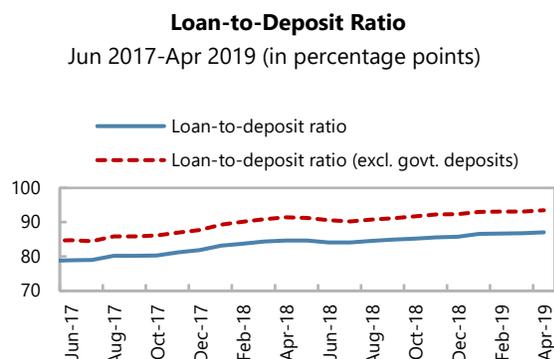
In Mar 2019, banking sector's NPL ratio increased to 11.9% from 10.3% in Dec 2018. In the case of SOBs, the ratio increased from 30.1% to 32.2%, and for private commercial banks (PCBs), it increased from 5.6% to 7.1%

Non-Performing Loan (NPL) Ratio 1/
Dec 2015-Mar 2019 (in percent of loans)
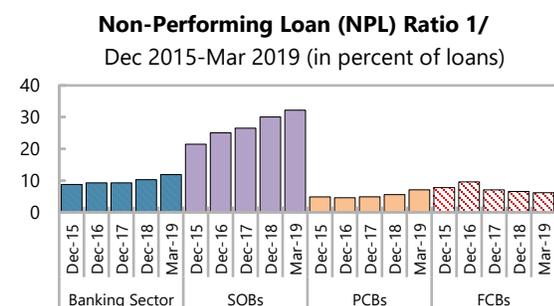
Banking sector's outstanding loans-GDP ratio decreased from 38.1% in FY18 to 37.6% at end-H1FY19

Banking Sector Loan-GDP ratio 1, 2/
(in percent of GDP), (FY10-H1FY19)

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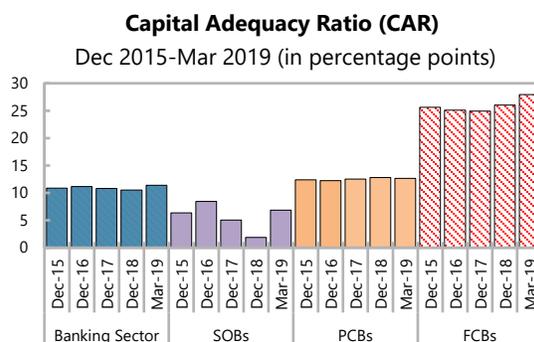
Stressed advances in the banking industry-the sum of NPLs, rescheduled and restructured loans- accounted for 20.5% of outstanding loans in Dec 2018

Stressed Advances
Dec 2014-Dec 2018 (in percent of loans)

Following an increase since Dec 2018, the 3-mma DSE Broad Index turnover and price volatility came down in Apr 2019

Dhaka Stock Market Performance
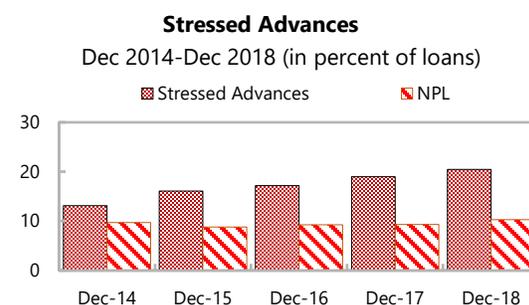Jun 2017-Apr 2019
(3-month moving average)

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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