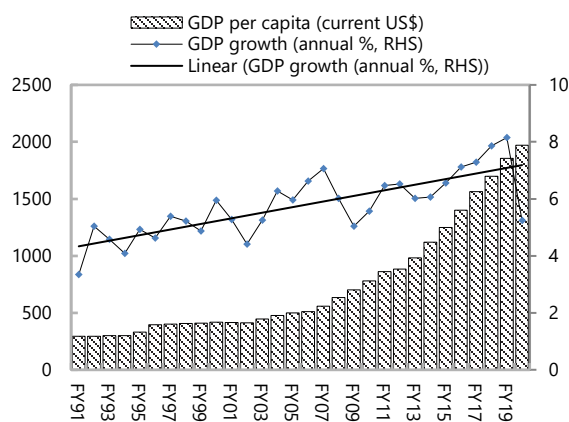


Bangladesh: Selected Indicators

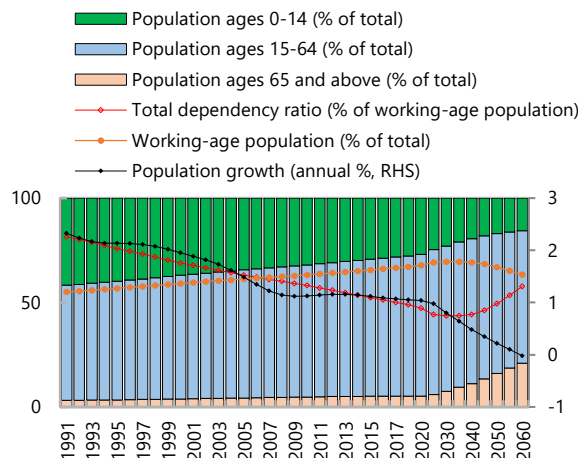
The COVID-19 pandemic adversely affected Bangladesh economy, with preliminary estimate showing a decline of GDP growth to 5.2 percent in FY20, from over 8 percent in FY19. In FY20, GDP per capita rose to USD 1970 from USD 1856 in 2019

At end-June 2019, annual population growth rate was 1.2%, with population reaching 165.6 million. In 2018, the working-age population (ages 15-64) was 67.1%, while total dependency ratio (population ages below-15 and 65+ per 100 working-age population) was 49%

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY20 (y/y, in percent)



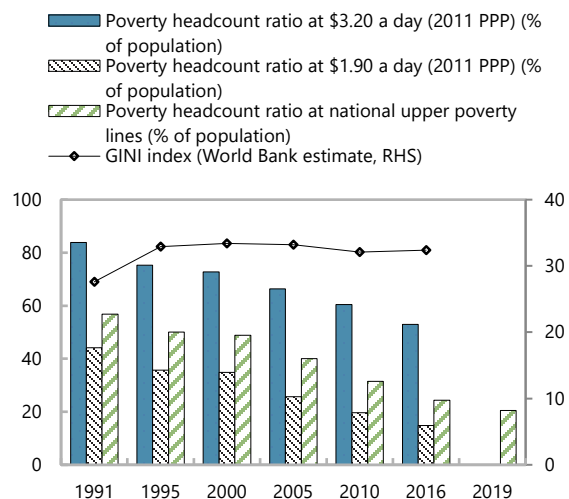
Trend of Demographic Indicators 2/
1991-2060



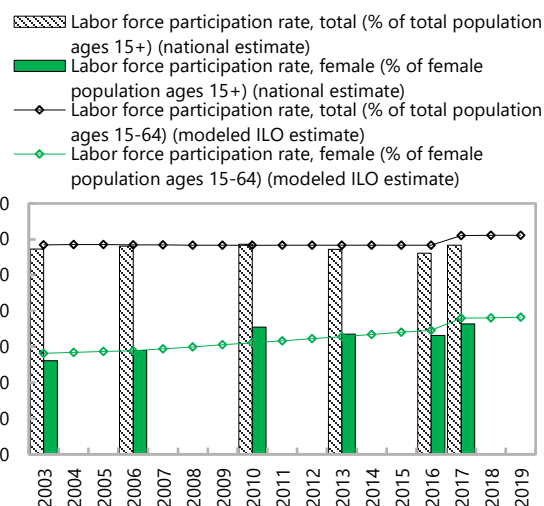
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to an estimated 20.5% at end-June 2019

ILO estimates 61.1% of working-age population are in labor force in 2019; the female participation rate is only 38.3%

Trend of Poverty Reduction and Gini Index 3, 4/
1991-2019



Trend of Labor Force Participation 5/
2003-2019



1/ July-June period is considered as fiscal year (FY) in Bangladesh. GDP per capita data are based on calendar year, taken from the WDI. 2020 GDP per capita is the national estimate for FY20. 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. 2019 data is as on end of June 2019. 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.

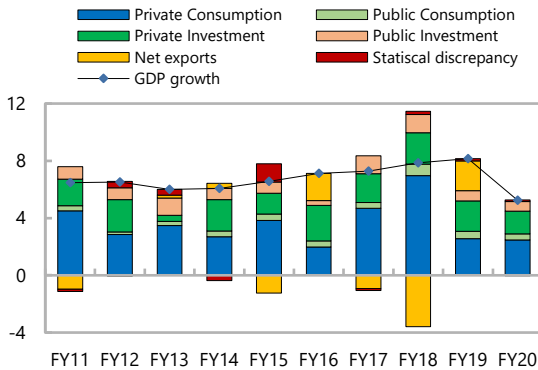
Sources: Bangladesh Bureau of Statistics (BBS); World Development Indicators (WDI); United Nations, Department of Economic and Social Affairs, Population Division (2017); and IMF staff calculations

Bangladesh: Real Sector Developments

Private consumption and investment, respectively, contributed 2.5 and 1.6 percentage points to 5.2 percent GDP growth in FY20, while public consumption and investment, respectively, contributed 0.4 and 0.7 percentage points

Contributions to Real GDP Growth

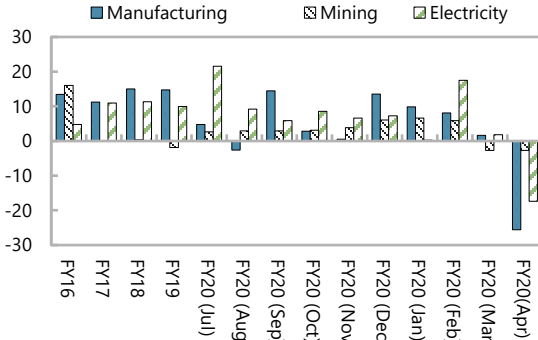
FY11-FY20 (y/y, in percentage points)



In FY20 April, the y/y growth of the quantum index of manufacturing was negative 25.6%, mining negative 2.7%, and electricity negative 17.4%

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 1/

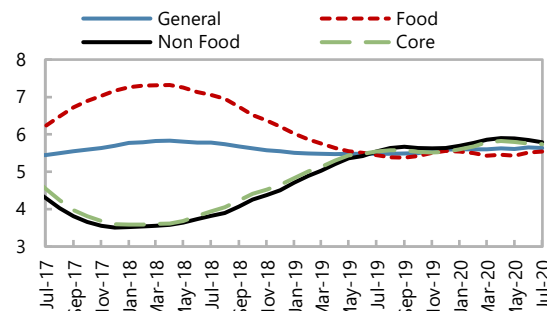
FY16-FY20 (Apr) (y/y growth, in percent)



Annual average headline inflation remained 5.6% in July 2020, with food inflation increasing slightly to 5.5%, and non-food and core inflation edging down, respectively, to 5.8% and 5.7%

Twelve Month Average Inflation

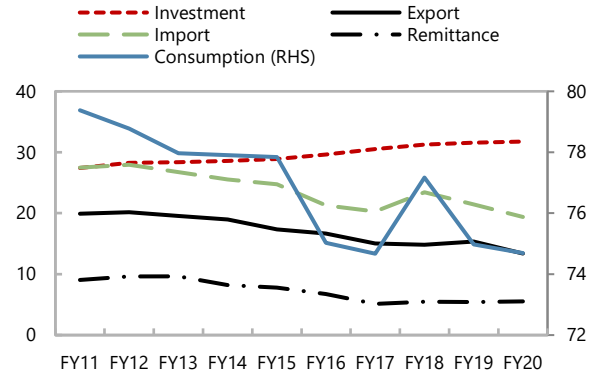
Jul 17-Jul 20 (y/y, in percent)



Consumption-GDP ratio fell slightly to 74.7% in FY20 from 75% in FY19, while investment-GDP ratio edged up from 31.6% to 31.8%

Selected indicators' Share in Nominal GDP

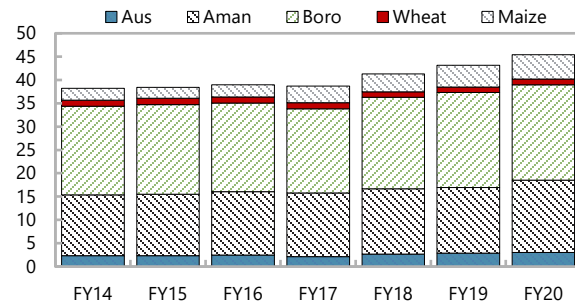
FY11-FY20 (in percent)



Rice production target-the sum of Aus, Aman and Boro, is 38.9 MMT for FY20 compared with actual production of 37.3 MMT in FY19. Total target for wheat and maize is 6.5 MMT for FY20 against actual outturn of 5.9 MMT in FY19

Major Food Grains Production 2/

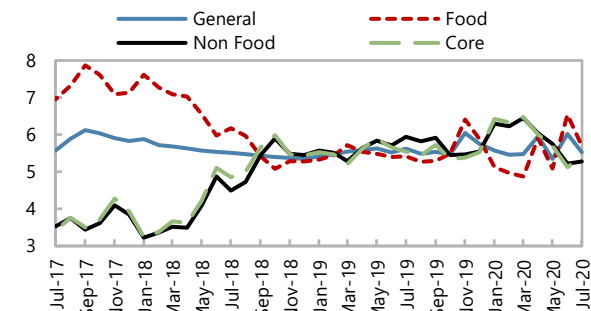
FY14-FY20 (Million Metric Tons (MMT))



In July 2020, headline inflation fell to 5.5% from 6% in June 2020. Food inflation decreased to 5.7%, while non-food and core inflation, respectively, increased to 5.3% and 5.4%.

Point-to-Point Inflation

Jul 17-Jul 20 (y/y, in percent)



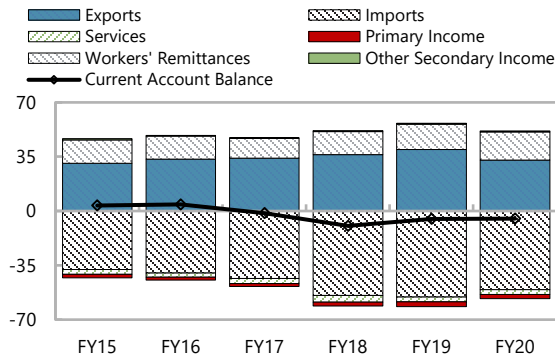
1/ FY20 data are provisional. 2/ FY20 Aus, Aman and wheat data are actual, while Boro and Maize data are the production targets.

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

Bangladesh: External Sector Developments

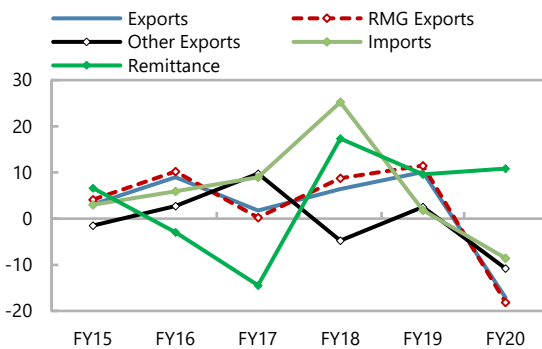
The FY20 current account deficit fell to USD 4.8 billion, compared to a USD 5.1 billion deficit in FY19.

Current Account Balance Components 1/
FY15-FY20 (in billion USD)



In FY20, remittances rose by 10.9% to USD 18.2 billion, Exports decreased by 17.1%, while imports decreased by 8.6%

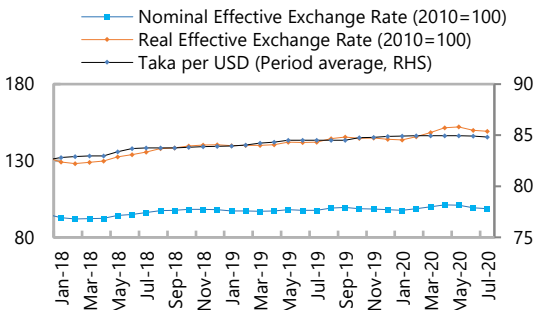
Major Balance of Payments Components 3/
FY15-FY20 (y/y growth, in percent)



Following an upward trend since early 2018, REER recently edged down from 152.1 in May 2020 to 149.2 in July 2020. During Jan 2018-Jul 2020, the Taka/USD nominal exchange rate depreciated from 82.8 to 84.8

Exchange Rates

Jan 2018-Jul 2020

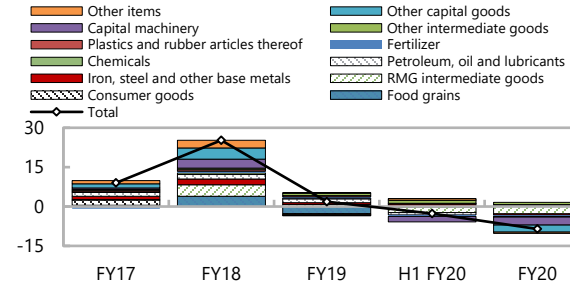


1/ FY20 data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ Jun 2020 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, 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 negative 5.8 and negative 0.1 percentage points to import decline of 8.6% in FY20, while contribution from food grains and consumer goods was 0.5 percentage points

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

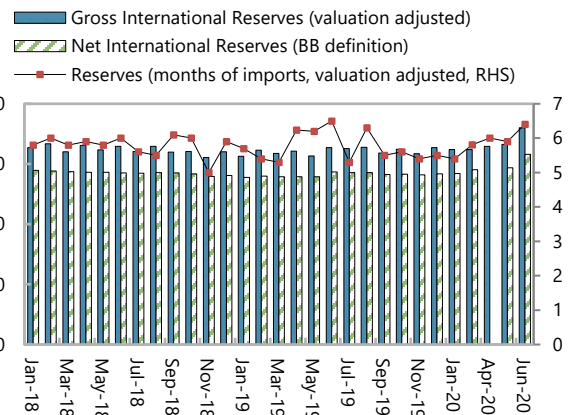


International reserves and reserve coverage continued to increase, with gross reserves reaching 6.4 months of prospective imports in June 2020.

International Reserves 4/

Jan 2018-Jun 2020

(In billion USD, unless otherwise indicated)

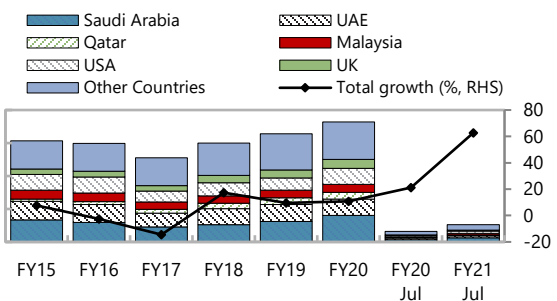


In FY21 July, y/y remittance inflows increased by 62.7%, amounting to USD 2.6 billion. GCC countries contributed 56.9% of the inflows

Contributions to Workers' Remittances

FY15-FY21 Jul

(in billion USD, unless otherwise indicated)

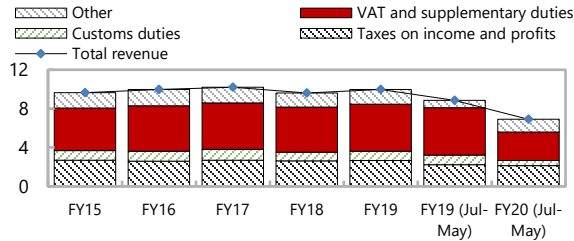


Bangladesh: Fiscal Sector Developments

Total revenue-GDP ratio reached 6.9% in FY20 (Jul-May), against 8.9% in FY19 (Jul-May). During this period, the VAT and supplementary duties-GDP ratio came down from 4.9% to 2.9%

Central Government Revenue 1/

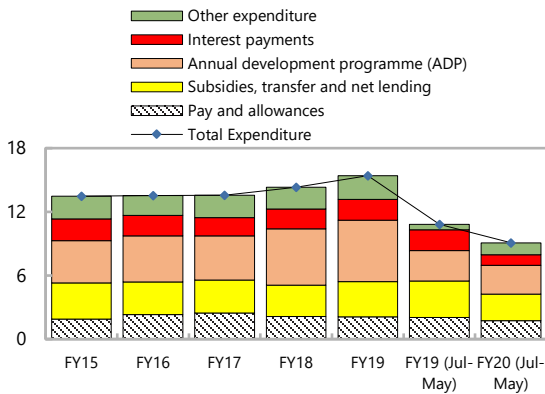
FY15-FY20 (Jul-May) (In percent of GDP)



Total expenditure-GDP ratio fell to 9.1% in FY20 (Jul-May), against 10.8% in FY19 (Jul-May). During this period, ADP-GDP ratio decreased from 2.9% to 2.7%

Central Government Expenditure 1/

FY15-FY20 (Jul-May) (In percent of GDP)

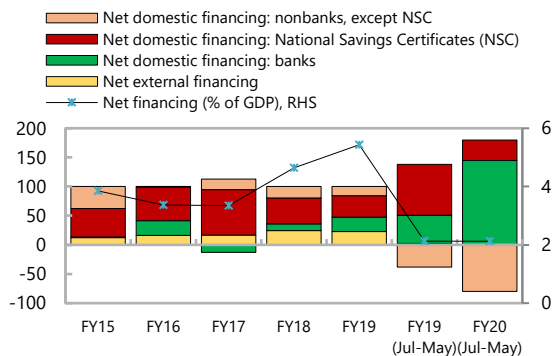


In FY20 (Jul-May), preliminary data show that domestic sources financed 99.6% of net deficit financing of TK. 589.4 billion. Net financing from the banking sector reached 144.2% and net NSC sales 35% of net financing, offset partly by negative nonbank financing.

Fiscal Balance and Sources of Financing 1/

FY15-FY20 (Jul-May)

(Percent of net financing, unless otherwise indicated)



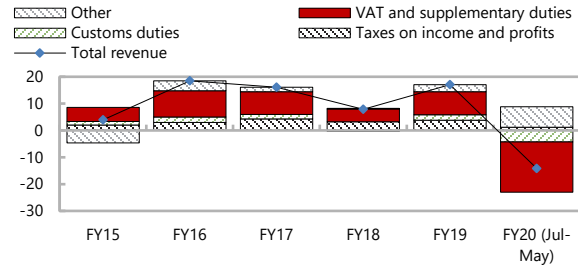
1/ FY20 GDP and fiscal data are provisional. FY20 (Jul-May) GDP data is annualized using actual GDP for FY19, and the provisional real GDP growth of 5.2% in FY20.

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

In FY20 (Jul-May), y/y growth of total revenue was negative 14.2%, where VAT and supplementary duties accounted for negative 18.7 percentage points, and customs duties negative 4.3 percentage points

Contributions to Total Revenue Generation 1/

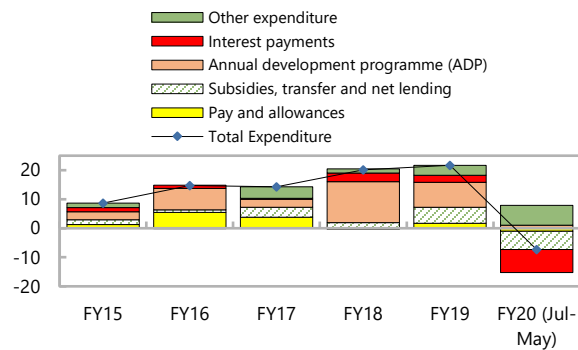
FY15-FY20 (Jul-May) (y/y, in percentage points)



In FY20 (Jul-May), total expenditure fell by 7.3% (y/y), with ADP expenditure contributing 1.1 percentage points, interest payments negative 8 percentage points, and subsidies, transfer, and net lending negative 6.2 percentage points

Contributions to central government's expenditure growth 1/

FY15-FY20 (Jul-May) (y/y, in percentage points)

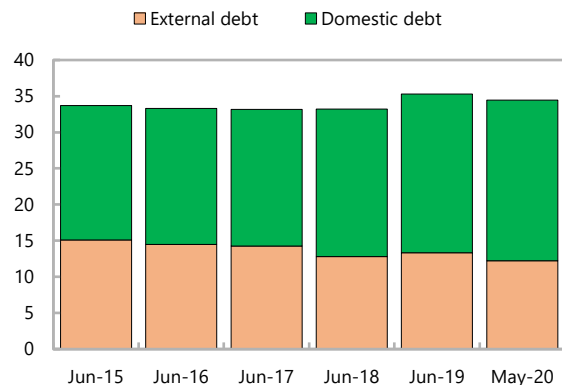


At end-May 2020, central government debt reached 34.5 percent of GDP, down from 35.3 percent of GDP at end-June 2019

Central Government Debt 1/

Jun 2015-May 2020

(In percent of GDP)

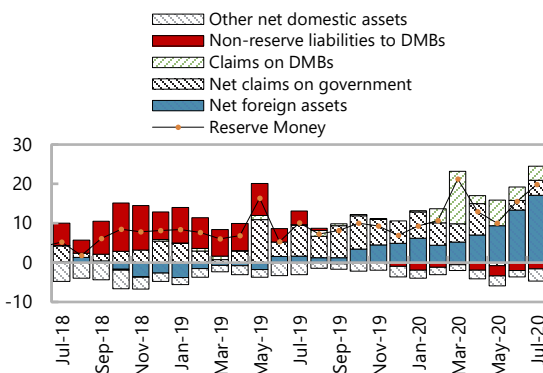


Bangladesh: Monetary and Financial Market Developments

In July 2020, y/y reserve money growth was 19.9%, against 15.6% in June 2020, driven mainly by increasing net foreign assets

Contributions to Reserve Money Growth

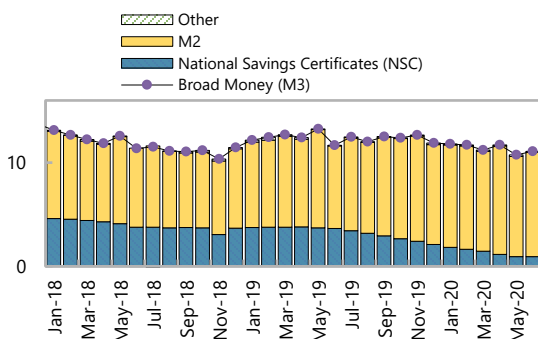
Jul 2018-Jul 2020 (y/y, in percentage points)



In June 2020, broad money (M3) growth reached 11.1%, with M2 and NSC sales, respectively, accounting for 10.1 and 0.9 percentage points

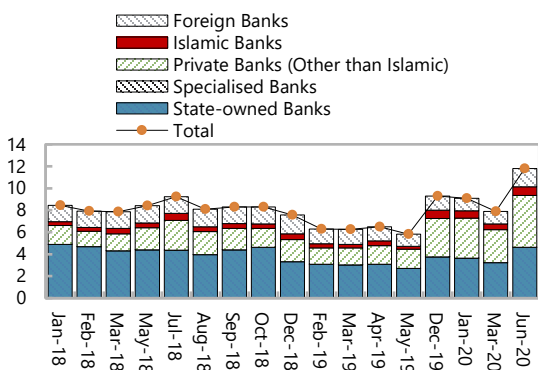
Contributions to Broad Money (M3) Growth

Jan 2018-Jun 2020 (y/y, in percentage points)



In June 2020, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 11.8%, compared with 7.9% in March 2020

Excess Liquid Assets (as percent of total time and demand liabilities) 1/, Jan 2018-Jun 2020



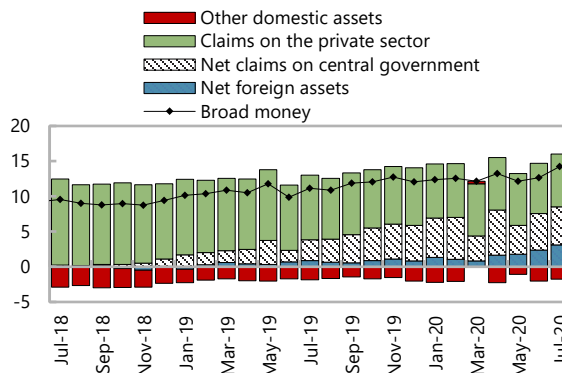
1/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve). Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank's Department of Off-Site Supervision.

Sources: Bangladesh Bank; and IMF Staff calculations

Broad money (M2) growth in July 2020 accelerated to 14.3% from, 12.6% in June, with, respectively, 7.5 and 5.4 percentage points contributions from private sector credit and net claims on central government

Contributions to Broad Money (M2) Growth

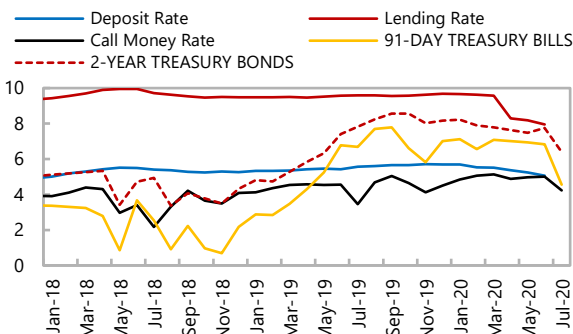
Jul 2018-Jul 2020 (y/y, in percentage points)



Interest rates have been declining in recent months, reflect some easing in the money market

Interest Rates

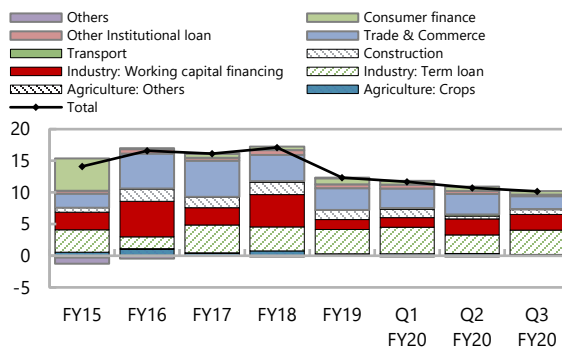
Jan 2018-Jul 2020 (in percentage points)



Growth of bank advances to the private sector came down from 12.4% at the end of FY19 to 10.2% at end-Q3 FY20

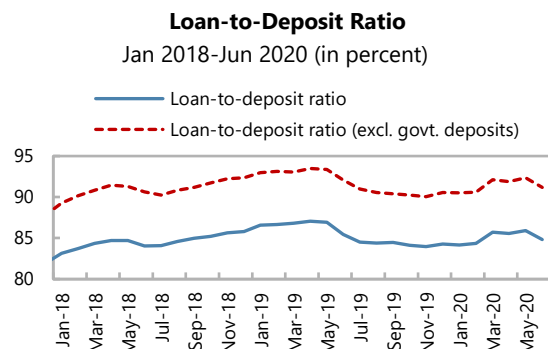
Economic Purpose-wise Contributions to Bank Advances' Growth (Private Sector)

FY15-Q3 FY20 (y/y, in percentage point)

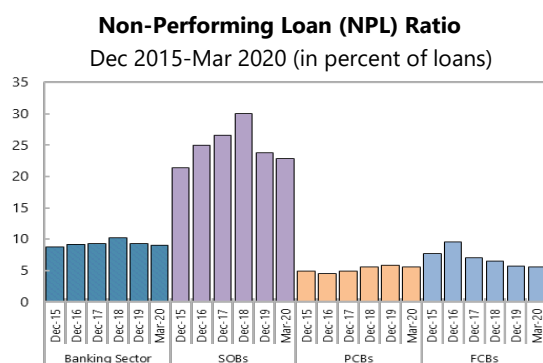


Bangladesh: Monetary and Financial Market Developments... Contd.

The loan-to-deposit ratio declined from 85.9% in May 2020 to 84.8% in June 2020. During the period, the ratio excluding government deposits decreased from 92.3% to 91.2%

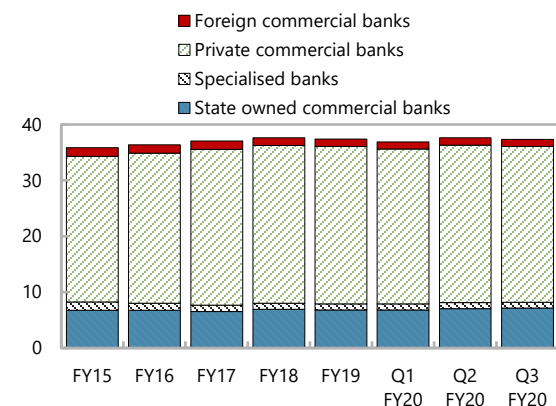


In March 2020, banking sector's NPL ratio fell to 9% from 9.3% in December 2019. In SOBs, the ratio came down from 23.9% to 22.8%, and in private commercial banks (PCBs) from 5.8% to 5.6%



Banking sector advance-GDP ratio reached 37.4% at end-Q3 FY20, unchanged from end-FY19 and slightly below 37.6% at end-FY18

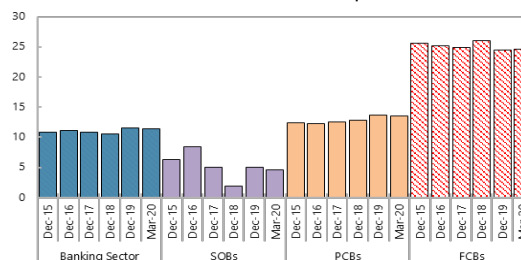
Banking Sector Advance-GDP ratio 1/
FY15- Q3 FY20 (in percent of GDP)



1/ Q3 FY20 data are provisional. Two of the four specialised banks became state-owned commercial banks in FY15. 2/ Due to the COVID-19 pandemic, in Apr 2020 there was no stock market transaction.
Sources: Bangladesh Bank; and IMF Staff calculations

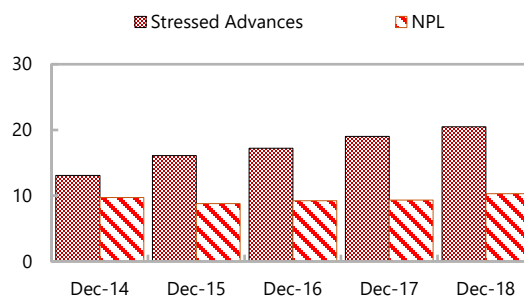
At March 2020, CAR of the banking industry fell slightly (?) to 11.4 percent. CAR of the state-owned banks (SOBs) decreased to 4.6% in March 2020 from 5% in December 2019, remaining below the regulatory requirement of 10%

Capital Adequacy Ratio (CAR)
Dec 2015-Mar 2020 (in percent)



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)



The 3-mma DSE Broad index has been falling since Apr 2019

Dhaka Stock Market Performance 2/

Jan 2018-Jul 2020
(3-month moving average)

