

Major Macro Economic Indicators

Indicators	Period	2019-20	2018-19	Growth
GDP Growth Rate (in percentage)	FY 2018-19	-	8.13*	
Rate of Inflation				
Twelve Month Average (in percentage)	October	5.50	5.63	-2.3%
Point to Point (in percentage)	October	5.47	5.40	1.3%
Export (EPB) (US\$ million)	Jul-Oct	12,721.22	13,651.78	-6.8%
Import (C&F) (US\$ million)	Jul-Aug	9,320.00	9,538.00	-2.3%
Remittances (US\$ million)	Jul-Oct	6,154.22	5,108.00	20.5%
Current Account Balance (US\$ million)	Jul-Aug	313.00	(7.00)	4571.4%
Foreign Exchange Reserve (US\$ million)	October	32,434.73	32,077.96	1.1%
Interbank Taka-USD Exchange Rate (Average) (BDT/US\$)	October	84.75	83.85	1.1%
Reserve Money (BDT crore)	September	247,188.00	228,487.20	8.2%
Broad Money (BDT crore)	September	1,251,880.90	1,118,894.30	11.9%
Tax Revenue (NBR) (BDT crore)	Jul-Aug	29,620.39	28,661.12	3.3%
Investment in National Savings Certificates (BDT crore)				
Net sale	Jul-Aug	3,659.54	9,057.25	-59.6%
Total Outstanding	Jul-Aug	289,911.04	246,823.76	17.5%
Total Domestic Credit (BDT crore)	September	1,183,225.40	1,034,072.80	14.4%
Net Credit to the Govt. Sector	September	140,781.60	95,695.10	47.1%
Credit to the Other Public Sector	September	25,747.00	19,632.10	31.1%
Credit to the Private Sector	September	1,016,696.80	918,745.60	10.7%
Interest Rate on Advances (in percentage)	September	9.56	9.54	0.2%
Interest Rate on Deposits (in percentage)	September	5.65	5.27	7.2%
Interest Rate Spread (in percentage)	September	3.91	4.27	-8.4%
Classified Loan to Total Outstanding (in percentage)	June	11.69	10.41	12.3%
Excess Liquidity of the Scheduled Banks [#] (BDT crore)	May	60,549.07	79,649.69	-24.0%
Call Money Rate (weighted average) (in percentage)	October	3.61	3.32	8.7%
Interest Rates on Treasury Securities (in percentage)				
91-Day T-bill	October	5.78	1.40	312.9%
182-Day T-bill	October	7.01	2.25	211.6%
364-Day T-bill	October	7.51	3.02	148.7%
2-Year BGTB	October	8.23	4.50	82.9%
5-Year BGTB	October	8.90	5.45	63.3%
10-Year BGTB	October	9.05	6.95	30.2%
15-Year BGTB	October	9.25	7.20	28.5%
20-Year BGTB	October	9.49	7.97	19.1%
Interest Rate on 30-day BB Bill (in percentage)	Mar-18	2.96	2.97	-0.3%
Interest Rates on Repo & Reverse Repo (in percentage)				
Repo (1-3 day)	October	6.00	6.00	0.0%
Reverse Repo (1-3 day)	October	4.75	4.75	0.0%
Breakdown of Major Exports				
Woven Garments (US\$ million)	Jul-Sep	3,887.34	3,984.82	-2.4%
Knitwear (US\$ mn)	Jul-Sep	4,170.22	4,206.86	-0.9%
Breakdown of Import L/C Opening (US\$ million)				
Food grains (Rice & Wheat)	Jul-Aug	9,026.03	10,018.03	-9.9%
Food grains (Rice & Wheat)	Jul-Aug	272.53	260.60	4.6%
Capital Machinery	Jul-Aug	700.48	760.05	-7.8%
Petroleum	Jul-Aug	693.78	804.59	-13.8%
Industrial Raw Materials	Jul-Aug	2,737.78	3,381.18	-19.0%
Others	Jul-Aug	4,621.46	4,811.61	-4.0%
Breakdown of Import L/C Settlement (US\$ million)				
Food grains (Rice & Wheat)	Jul-Aug	8,467.26	8,524.27	-0.7%
Food grains (Rice & Wheat)	Jul-Aug	183.94	221.18	-16.8%
Capital Machinery	Jul-Aug	688.88	787.08	-12.5%
Petroleum	Jul-Aug	346.57	791.68	-56.2%
Industrial Raw Materials	Jul-Aug	2,908.14	3,110.81	-6.5%
Others	Jul-Aug	4,339.73	3,613.52	20.1%

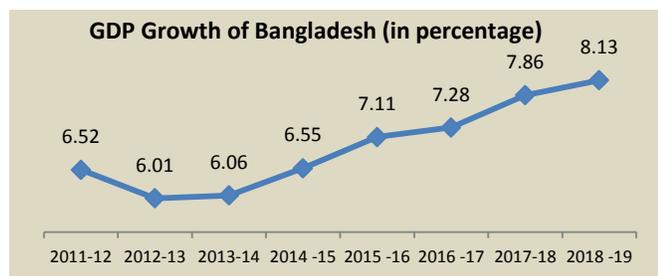
* Revised GDP Growth Rate; [#] Total liquid assets less required liquidity (SLR)

News in Brief on Major Macro-Economic Indicators

IMF projects 7.8pc growth

The Financial Express; Oct 16, 2019

- The International Monetary Fund (IMF) has forecasted a 7.8 per cent economic growth for Bangladesh in 2019.
- The October 2019 version of the World Economic Outlook (WEO), released on Tuesday morning in Washington DC, unveiled the projection. The title of the outlook is 'Global Manufacturing Downturn, Rising Trade Barriers.'
- The IMF also projected that the gross domestic product (GDP) growth of Bangladesh will be slower, at the rate of 7.4 per cent and 7.3 per cent in 2020 and 2024 respectively.
- Bangladesh estimates annual GDP growth on the basis of its financial year (July-June). The Washington-based global monetary watchdog, however, projects the GDP growth on calendar year basis.
- Earlier, the IMF estimated the country's GDP growth at 7.6 per cent for the ongoing fiscal year (FY), 2019-20, in its latest staff report on Article IV Consultation Mission of Bangladesh. It was 8.0 per cent for FY 19.



Source: Bangladesh Bank Website.

Bangladesh second in South Asia in GDP growth: WB

The Daily Star; Oct 14, 2019

- The Bangladesh economy is forecasted to achieve the second highest growth rate this fiscal year in South Asia, the World Bank said.
- Bangladesh's gross domestic product is projected to grow at 7.2 per cent this fiscal year and 7.3 per cent the following year, according to the latest edition of the 'South Asia Economic Focus, Making (De)centralisation Work'.
- Bhutan topped the list with an estimated 7.4 per cent growth this fiscal year.
- The outlook is clouded by rising financial sector vulnerability, but the economy is likely to maintain

growth above 7 percent, supported by a robust macroeconomic framework, political stability and strong public investments.

Savings certificates: Automation cuts sales 60pc

The Financial Express; Oct 26, 2019

- With sales sliding by nearly 60 per cent, the government measures intended to contain transactions of savings instruments have started making an impact.
- The sales of four popular savings instruments during the July-September period last was Tk 90 billion, a 59.4 per cent decline over the same period a year earlier.
- The sales during July-September in 2018 accounted for Tk 222.56 billion, according to the Department of National Savings (DNS).
- As part of restricting sales of national saving certificates, the government is currently making a database of the buyers of the tools.
- One has to submit multiple documents, including e-TIN to buy the borrowing instruments.
- Besides, national identity cards, bank accounts, mobile numbers and cheque transaction are also mandatory while investing in the risk-free instruments.

FDI increases by 50.73 percent in FY 2018-19

The Daily Star; Oct 21, 2019

- The Foreign Direct Investment (FDI) reached \$3.89 billion during the 2018-19 fiscal, which is 50.73 percent higher than that of the previous fiscal.
- It was revealed in an annual report on activities of the ministries and divisions during the 2018-19 fiscal.
- As many as \$ 333.32 million FDI came to BEPZA during the FY 2018-19 while employment for 19,548 Bangladeshis had been generated in the EPZs under the jurisdiction of BEPZA.
- Bangladeshi expatriates sent remittance of \$16.42 billion whereas 6,59,129 Bangladeshi labourers got jobs abroad during the same period, according to the report.

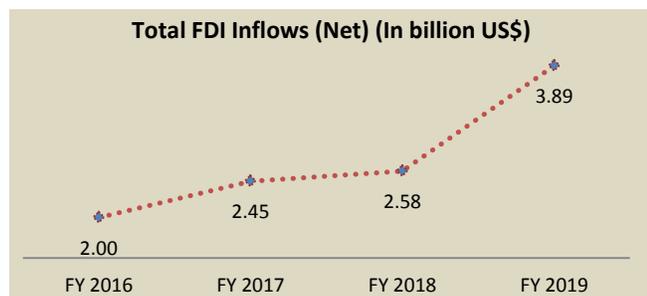
FDI grows by 20% in six months

New Age Bd: Oct 19, 2019

- Government reform initiatives cited as reasons foreign direct investment (FDI) in the country rose by 19.47% to \$1.7 billion in the first half of 2019, which

businesspeople and experts have attributed to government initiatives to improve ease of doing business.

- According to Bangladesh Bank (BB) data, during January-June period of the current year, net inflow of overseas investment stood at \$1.70 billion, up by 19.47%, which was \$1.41 billion in the same period last year.
- Of the total investment, equity capital was \$409 million, intra-company loan \$611.35 million and reinvestment \$671 million.
- In 2018, Bangladesh received a record \$3.61 billion in FDIs, up by 67.94% of what it was in 2017.
- Businesspeople and economists cited government initiatives to attract investment and improve ease of doing business and regulatory reforms as reasons for the rise in foreign investments.



Source: Bangladesh Bank Website.

BB resumes dollar sale to banks; \$40m sold so far in Oct to buoy taka

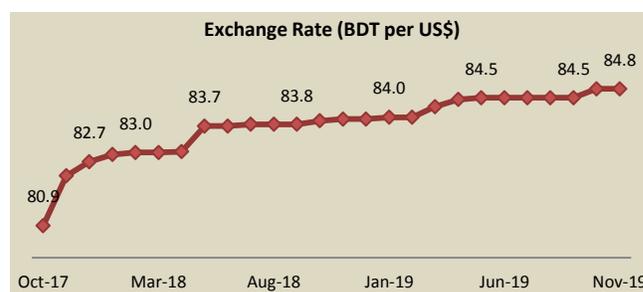
The Financial Express; Oct 19, 2019

- The central bank has restarted providing foreign exchange (forex) support to banks through selling the US dollars to them in October after one month's interval to keep the market stable, officials said.
- As part of the move, the Bangladesh Bank (BB) has sold US\$40 million to different commercial banks so far this month to meet the growing demand for the greenback in the forex market.
- Of the amount, \$10 million was sold on (October 16 and 17), and the remaining \$30 million was sold on October 07, according to the latest official figures.
- "We've sold \$10 million in two days of this week to a state-owned commercial bank (SoCB) at market rate to help it settle import payment obligations, particularly for fuel oils and capital machinery for power plants," a senior official of the BB said.
- The US dollar was quoted at Tk 84.70 each in the inter-bank forex market, unchanged from the previous level, according to the market operators.

Bangladesh Bank lets taka devaluation after 5 months as exports fall

New Age Bd: Oct 14, 2019

- The Bangladesh Bank has started allowing devaluation of the taka against the US dollar after a five-month lull to support exporters as the country's export earnings witnessed a fall in July-September this fiscal year (2019-20) amid a slowdown in the global economy.
- As per the Bangladesh Bank data, the interbank exchange rate of the dollar increased to Tk 84.7 on 13th October, rising in two phases from Tk 84.5 on October this year.
- The rate was stable at 84.5 since May 3, 2019.
- The taka was devalued against the US dollar, injection of the US dollar in the country's local market was lenient, which indicated that the devaluation was intentional, said BB officials.

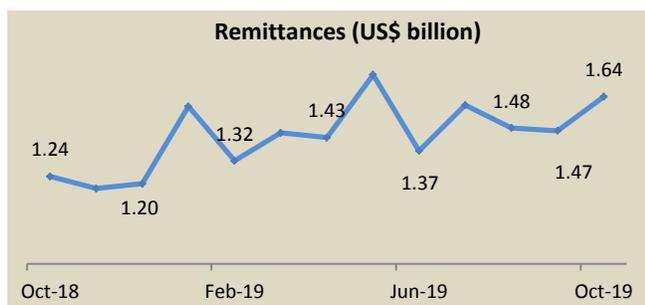


Source: Bangladesh Bank Website.

Remittance inflow increases by 20% in first 4 months of FY2019-20

Dhaka Tribune: Nov 09, 2019

- According to its data, the country received \$1.59 billion in July, \$1.44 billion in August, \$1.47 billion in September and \$1.63 billion in October of the FY2019-20.
- Expatriate Bangladeshis sent \$6.15 billion remittances in the first four months of the current FY2019-20, which is 20.48% higher than the corresponding period of the preceding year, according to Bangladesh Bank data.
- The country received \$5.10 billion remittances during July-October period in FY2018-19.
- "The flow of remittances into the country shows upward trend in the current FY2019-20 as the government has taken effective measures, including two percent cash incentive, to streamline the legal channel for encouraging non-resident Bangladeshis (NRBs) to send money to the country," said Bangladesh Bank Spokesperson M Serajul Islam, reports BSS.



Source: Bangladesh Bank Website.

ADP execution drops in Q1

The Financial Express; Oct 16, 2019

- The Annual Development Programme (ADP) implementation rate fallen to 8.06 per cent in the first quarter (Q1) of the current fiscal year (FY) 2019-20.
- During the same period (July-September) of FY 2018-19, different ministries and agencies executed 8.25 per cent of ADP.
- According to Implementation Monitoring and Evaluation Division (IMED), project executors spent only Tk 173.44 billion, 8.06 per cent of the total Tk 2.15-trillion ADP in Q1 of FY '20.
- But the implementers spent Tk 149.27 billion or 8.25 per cent of the Tk 1.80-trillion ADP during the same period of last fiscal.

ADB aid pledge to hit \$1.7b this year

The Financial Express; Nov 01, 2019

- The Asian Development Bank (ADB) will boost its aid commitment to Bangladesh this year, prodded by its growth potential while helping the country reach its next stage.
- "We're enthusiastic about the prospect of Bangladesh," Diwesh N. Sharan, deputy director general of the Bank's South Asian Department, told the FE in an interview at his office in Manila.
- In the fiscal year 2019, the country's economy expanded at a rapid pace of 8.13 per cent, labeled by the ADB as the highest in the Asia-Pacific region.
- This year's aid commitment will be US\$1.7 billion, a big increase from the level in 2016 when the Asian lender committed \$690 million in loans to Bangladesh, he said.

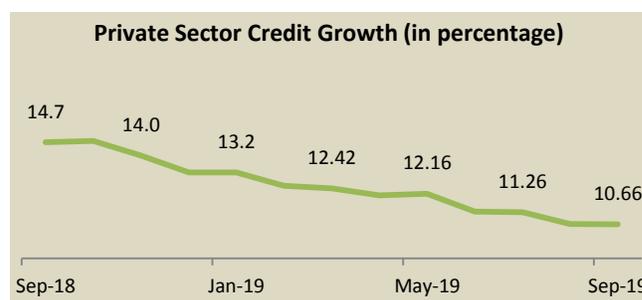
Pvt sector credit growth sinks to nine-year low

Dhaka Tribune: Oct 29, 2019

- Private sector credit growth sank to a nine-year low in September this fiscal year, which experts blame on slow deposit growth leading to liquidity crisis, high

government borrowing, cautious lending and slow import growth.

- In the month, the private sector credit growth dropped to 10.66%, the lowest after September 2010, when it was 6.09%, according to the Bangladesh Bank data.
- In the first three months (July-September) of this fiscal year, the growth remained far below the central bank's curtailed estimation, 14.8%, for the current fiscal year.
- Most of the banks were lending cautiously because they were now under pressure to adjust the advance-deposit ratio (ADR) by September 30 as per the central bank's instruction, said Pubali Bank Managing Director MA Halim Chowdhury.



Source: Bangladesh Bank Website.

Govt targets big cut in port lead time

The Financial Express; Oct 21, 2019

- The government has set a target to cut the time for completing import and export procedures to two days and one day respectively by 2022 under the National Single Window (NSW) project.
- Currently, it takes eight days for clearing the imported goods and five days for forwarding export items through different customs ports.
- Some 39 agencies, both public and private, would be interconnected with an integrated portal to deliver speedy services to the exporters and importers under the project.
- The National Board of Revenue (NBR) is implementing the NSW project with support from Bangladesh Investment Climate Fund (BICF II) being implemented by the IFC and funded by the DFID.

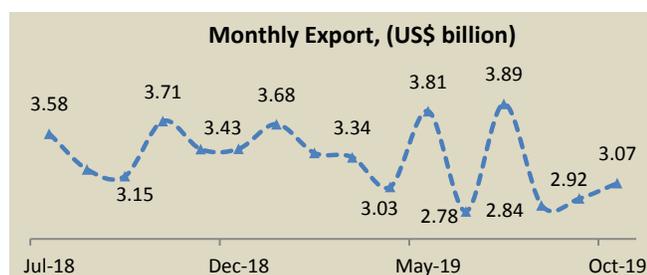
July-Oct export receipts drop by 6.8pc

The Financial Express; Nov 06, 2019

- The country's export earnings declined by 6.82 per cent during the July-October period of the current fiscal year, compared to the corresponding period of the last fiscal year (FY).
- The aggregate export earnings for the first four months of FY 2019-20 stood at US\$ 12.72 billion, which also fell

short of the strategic target of nearly \$14.33 billion, according to the Export Promotion Bureau (EPB) data.

- Earnings from the merchandise export during this period were recorded at \$13.65 billion.
- The export earnings for the month of October 2019 reached \$3.07 billion, registering a decline of 17 per cent, compared to the same month of 2018, the EPB data show.
- Such a drop in export receipts during the July-October period resulted from the decline in the export value of readymade garment (RMG) products, the country's top foreign currency earning sector, the EPB figures revealed.



Source: Bangladesh Bank Website.

Source tax on exports cut by three-fourths

The Financial Express; Oct 22, 2019

- The government reduced the source tax on export proceeds for all sectors from 1.0 per cent to 0.25 per cent to help the export-oriented sector stay competitive.
- The National Board of Revenue has issued a regulatory order in this connection.
- Exporters will not be able to adjust or get refund of the source tax paid at a rate of 1.0 per cent between July 1 and October 20, 2019, according to the order.
- The reduced source tax rate will be valid until June 30, 2020.
- Income tax officials said the source tax has been reduced following demand from the export-oriented sectors, including the Bangladesh Garment Manufacturers and Exporters Association.

Meeting budget deficit; Govt focuses more on bank borrowing

The Financial Express; Oct 29, 2019

- The government borrowed nearly Tk 280 billion from the country's banking system in more than 100 days of the current fiscal year (FY) to meet the budget deficit, partially.
- A falling trend in sales of national savings certificates along with a shortfall in revenue collection has led to

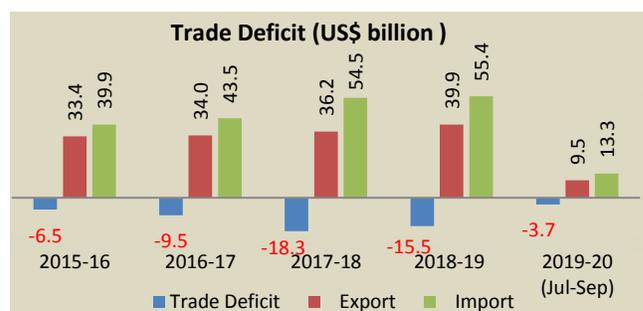
higher bank borrowing by the government during the period under review, officials said.

- Meanwhile, the government's aggregate net bank borrowing stood at Tk 276.34 billion, which was more than 58 per cent of the total target, as of October 21 of FY 2019-2020, according to a Bangladesh Bank (BB)'s confidential report.
- Of the total, the government borrowed Tk 256.88 billion from the scheduled banks using treasury bills (T-bills) and bonds, and the remainder Tk 19.46 billion from the central bank.
- "The government's higher bank borrowing may continue in the coming months if the falling trend in sales of national savings instruments persists," a senior official familiar with the government debt-management activities told the FE.
- In the first quarter of this fiscal year, sales of four popular savings instruments was Tk 90 billion, a 59.4 per cent decline compared to that of the same period a year earlier.

Trade deficit shrinks in first quarter

The Daily Star; Nov 08, 2019

- Trade deficit narrowed slightly in the first quarter of the fiscal year as both exports and imports declined, a development that can be construed as symptoms of an economic slowdown.
- Between the months of July and September, trade deficit, a situation when imports exceed exports, stood at \$3.71 billion, down 3.50 percent year-on-year, according to data from the central bank.
- During the period, imports declined 2.55 percent from a year earlier to \$13.25 billion and exports 2.18 percent to \$9.53 billion.
- Along with trade deficit, current account deficit also decreased 48.48 percent year-on-year to \$678 million in the first quarter of fiscal 2019-20.
- The overall balance, the most important indicator of the external sector, showed a frustrating performance in the first quarter as the balance in the capital and financial accounts decreased rapidly.



Source: Bangladesh Bank Website.

BD economy still least competitive

The Financial Express; Oct 10, 2019

- Bangladesh has slipped two spots, dropping to the 105th as competitive economy in an index produced by the World Economic Forum (WEF).
- Last year, Bangladesh ranked the 103rd out of 140 countries, scoring 52.1.
- The country's competitiveness has declined in 10 out of 12 pillars, according to the report unveiled by the Centre for Policy Dialogue.
- The country has done well in only two pillars-product market and health-though the overall score of Bangladesh has remained unchanged at 52.1 in 2019 like in the last year.
- The country's position is 109th for institutions; 114th for infrastructure; 108th for ICT adoption; 95th for macroeconomic stability; 93rd for health; 117th for skills; 119th for product market; 121st for labour market; 106th for financial system; 36th for market size; 121st for business dynamism; and 105th for innovation.

Reform of laws on to improve Doing Business ranking

The Daily Star; Oct 25, 2019

- The government has taken on an initiative to carry out legal and other reforms to bring down Bangladesh's ranking in the World Bank's ease of doing business to double-digit from 168th position this year.
- As part of the strategy, the government is focusing on accelerating reforms of various laws such as Companies Act, Bankruptcy Act, Arbitration Act and Imarat Nirman Bidhimala (building construction rule).
- It has also taken steps to formulate Secured Transaction Bill, establish of commercial dispute resolution court, and introduce efficient inspection systems for border compliance by developing risk-profiles of businesses, said the Bangladesh Investment Development Authority (BIDA) in a press conference at the Prime Minister's Office (PMO).
- The event was organised to share Bangladesh's improvement in the rankings this year. The country advanced 8 steps to 168th position this year.

Business confidence rises in H2 but feared to fall in next half

New Age Bd: Oct 29, 2019

- Confidence of the country's businesses is expected to improve slightly in the second half of the year 2019 compared with that in the same period of 2018 due mainly to improvement in employment situation, licence and permit, telecommunication, electricity and gas supply and improvement in finance from other sources except the banking sector, according to a survey.
- The level of business confidence, however, is feared to fall in the first half of 2020 due to volatile exchange rate, high inflationary expectation, unreliable banking sector with high interest rate, corruption, unofficial cost of business, syndicate and policy uncertainty, the survey said.
- Business Initiative Leading Development (BUILD), an initiative of Metropolitan Chamber of Commerce and Industry, Dhaka Chamber of Commerce and Industry and Chittagong Chamber of Commerce and Industry, carried out the survey titled '4th Bangladesh Business Confidence Survey 2019'.

ILSL Research Team:

Name	Designation
Rezwana Nasreen	Head of Research
Towhidul Islam	Sr. Research Analyst
Kishan Saha	Executive - Research

To access research through **Bloomberg** use <ILSL>
ILSL research is also available on **Thomson Reuters** products
and on **FactSet** and **Sentio** platform.
For any Queries: research@ilsibd.com

Disclaimer: This document has been prepared by International Leasing Securities Limited (ILSL) for information only of its clients on the basis of the publicly available information in the market and own research. This document has been prepared for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither ILSL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However all reasonable care has been taken to ensure the accuracy of the contents of this document. ILSL will not take any responsibility for any decisions made by investors based on the information herein.