

## Major Macro Economic Indicators

Indicators	Period	2019-20	2018-19	Growth
<b>GDP Growth Rate</b> (in percentage)	FY 2018-19	-	8.13*	
<b>Rate of Inflation</b>				
Twelve Month Average (in percentage)	August	5.48	5.74	-4.5%
Point to Point (in percentage)	August	5.49	5.48	0.2%
<b>Export</b> (EPB) (US\$ million)	Jul-Aug	6,732.17	6,795.02	-0.9%
<b>Import</b> (C&F) (US\$ million)	July	5,195.00	5,079.00	2.3%
<b>Remittances</b> (US\$ million)	Jul-Sep	4,510.86	3,868.89	16.6%
<b>Current Account Balance</b> (US\$ million)	July	240.00	(179.00)	234.1%
<b>Foreign Exchange Reserve</b> (US\$ million)	October	31,965.31	31,952.77	0.0%
<b>Interbank Taka-USD Exchange Rate</b> (Average) (BDT/US\$)	October	84.50	83.80	0.8%
<b>Reserve Money</b> (BDT crore)	August	251,388.00	234,370.80	7.3%
<b>Broad Money</b> (BDT crore)	August	1,246,305.30	1,123,954.10	10.9%
<b>Tax Revenue (NBR)</b> (BDT crore)	July	15,437.13	13,712.60	12.6%
<b>Investment in National Savings Certificates</b> (BDT crore)				
Net sale	July	2,160.17	5,035.74	-57.1%
Total Outstanding	July	287,706.00	242,802.26	18.5%
<b>Total Domestic Credit</b> (BDT crore)	August	1,170,178.30	1,031,284.80	13.5%
Net Credit to the Govt. Sector	August	138,377.70	101,692.00	36.1%
Credit to the Other Public Sector	August	24,402.60	19,426.80	25.6%
Credit to the Private Sector	August	1,007,398.00	910,166.00	10.7%
<b>Interest Rate on Advances</b> (in percentage)	June	9.59	9.71	-1.2%
<b>Interest Rate on Deposits</b> (in percentage)	June	5.56	5.40	3.0%
<b>Interest Rate Spread</b> (in percentage)	June	4.03	4.31	-6.5%
<b>Classified Loan to Total Outstanding</b> (in percentage)	June	11.69	10.41	12.3%
<b>Excess Liquidity of the Scheduled Banks</b> <sup>#</sup> (BDT crore)	May	60,549.07	79,649.69	-24.0%
<b>Call Money Rate</b> (weighted average) (in percentage)	October	5.01	3.93	27.5%
<b>Interest Rates on Treasury Securities</b> (in percentage)				
91-Day T-bill	September	7.25	2.84	155.3%
182-Day T-bill	September	7.93	3.48	127.9%
364-Day T-bill	September	8.60	3.88	121.6%
2-Year BGTB	September	8.60	4.50	91.1%
5-Year BGTB	September	9.23	5.45	69.4%
10-Year BGTB	September	9.27	6.95	33.4%
15-Year BGTB	September	9.53	7.20	32.4%
20-Year BGTB	September	9.78	7.97	22.7%
<b>Interest Rate on 30-day BB Bill</b> (in percentage)	Mar-18	2.96	2.97	-0.3%
<b>Interest Rates on Repo &amp; Reverse Repo</b> (in percentage)				
Repo (1-3 day)	September	6.00	6.00	0.0%
Reverse Repo (1-3 day)	September	4.75	4.75	0.0%
<b>Breakdown of Major Exports</b>				
Woven Garments (US\$ million)	Jul-Aug	2,795.64	2,822.29	-0.9%
Knitwear (US\$ mn)	Jul-Aug	2,920.85	2,912.87	0.3%
<b>Breakdown of Import L/C Opening</b> (US\$ million)				
Food grains (Rice & Wheat)	Jul-June	170.86	67.59	152.8%
Capital Machinery	Jul-June	421.00	353.50	19.1%
Petroleum	Jul-June	294.42	263.70	11.6%
Industrial Raw Materials	Jul-June	1,464.09	1,805.34	-18.9%
Others	Jul-June	2,338.26	2,574.96	-9.2%
<b>Breakdown of Import L/C Settlement</b> (US\$ million)				
Food grains (Rice & Wheat)	Jul-June	93.47	156.37	-40.2%
Capital Machinery	Jul-June	323.75	408.68	-20.8%
Petroleum	Jul-June	186.75	492.96	-62.1%
Industrial Raw Materials	Jul-June	1,571.89	1,673.01	-6.0%
Others	Jul-June	2,395.13	1,955.44	22.5%

\* Revised GDP Growth Rate; <sup>#</sup> Total liquid assets less required liquidity (SLR)

## News in Brief on Major Macro-Economic Indicators

### Economic growth in Asia-Pacific in FY '20

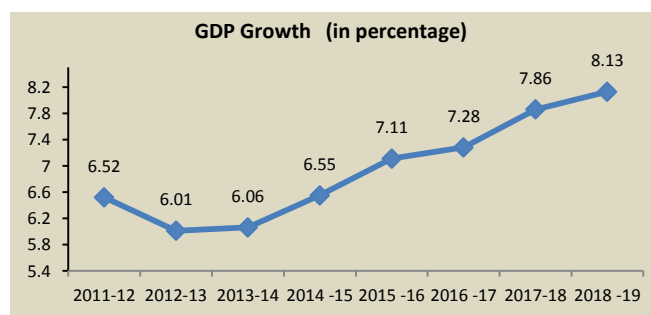
The Financial Express; Sep 26, 2019

- The Asian Development Bank (ADB) expects the Bangladesh economy to grow at 8.0 per cent during the current fiscal.
- The growth will be the highest in the Asia-Pacific region.
- "Bangladesh has emerged as one of the main forces in the Asia-Pacific region to improve the economic growth of this region," said ADB country director in Bangladesh Manmohan Parkash.
- The growth rate has surpassed even that of India and China, he said.
- According to the report, Bangladesh has the highest growth prospect during the fiscal year 2020 too as the growth forecast for India and China has been lowered to 7.2 per cent and 5.4 per cent respectively.

### IMF projects GDP growth rate at 7.6pc

The Financial Express; Sep 19, 2019

- The International Monetary Fund (IMF) projected that the economy of Bangladesh would grow 7.6 per cent in fiscal year (FY) 2019-20.
- The IMF projected the GDP growth rate at 8.0 per cent for FY 2018-19, according to the IMF's latest Staff Report on Article IV Consultation of Bangladesh released on Wednesday.
- The Washington-based global monetary watchdog also projected that Bangladesh's inflation, as measured by the consumers' price index (CPI), rose to 5.6 per cent in the FY '20 on annual average basis from 5.5 per cent of the previous fiscal.
- Meanwhile, the current account deficit is projected to be around 2.0 per cent of GDP, according to the IMF near-term outlook.



Source: Bangladesh Bank Website.

### Bangladesh can borrow more from abroad; The country has a low debt-GDP ratio

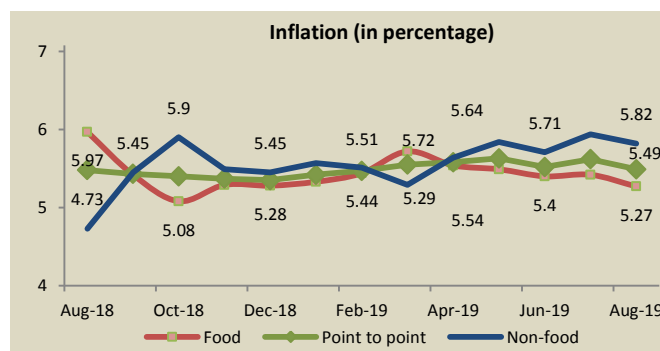
The Daily Star; Sep 25, 2019

- The country has scope to bankroll its infrastructure projects through external borrowing as it has a very low debt to gross domestic product ratio, said International Monetary Fund recently.
- Bangladesh has a low risk of external debt distress and a low overall risk of debt distress.
- In fiscal 2017-18, public debt in Bangladesh stood at \$91 billion, which is about 34 per cent of the GDP. The majority of public debt is domestic and denominated in local currency.
- In fiscal 2017-18, domestic debt was 56 per cent of the total public and publicly guaranteed debt (PPG) stock.

### MCCI fears 6.0pc inflation in Sept

The Financial Express; Sep 05, 2019

- A spike in inflationary pressure is projected for September on the back of a rising trend in the prices of key commodities in the international market.
- Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) predicted the overall point-to-point inflation close to 6.0 per cent at the end of this month.
- However, Bangladesh Bureau of Statistics (BBS) earlier estimated the overall inflation at 5.52 per cent for June 2019.
- MCCI has drawn this picture of inflation in its latest publication styled 'Review of Economic Situation in Bangladesh April-June 2019' issued.
- In the fortnight ending July 2019, MCCI said, the price of parboiled Indian rice (5.0 per cent broken) rose by 1.6 per cent to \$375 per tonne.



Source: Bangladesh Bank Website.

### Foreign loan fuels bank liquidity; BB paper questions rationale of govt borrowing at higher rate through savings certificates

The Financial Express; Oct 04, 2019

- The growth of liquidity in the country's banking system is positively linked with the change in foreign credit flow, according to a study conducted by some researchers of the Bangladesh Bank (BB).
- The study also finds that the difference between real return of savings certificates rate and real bank deposit rate negatively influences liquidity in the banking sector.
- Real rates of return of savings certificates and bank deposits are derived after adjusting nominal rates with inflation rates.
- A working paper of the central bank - 'The implication of foreign credit and higher savings certificate rate on banks' liquidity in Bangladesh' - rigorously examined the liquidity situation in the country's banking system using different econometric tools.
- According to the BB statistics, total outstanding foreign credit or external debt of the country stood at US\$ 55.16 billion at the end of December 2018, which was \$50.31 billion at the end of December 2017. Thus net inflow of external debt stood at \$4.85 billion last year.

### Higher FDI flow linked to growth momentum

The Financial Express; Oct 02, 2019

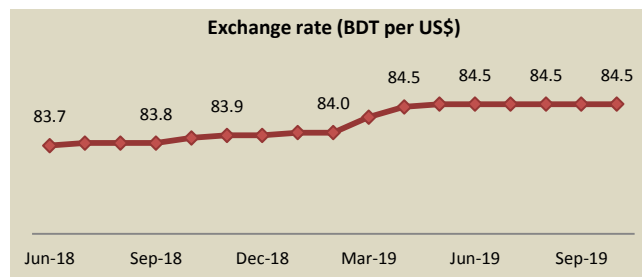
- Bangladesh needs to strengthen its capital market so that entrepreneurs remain dependent less on financial institutions for funds, said Graham Wrigley, Chairman of CDC Group Plc, the UK government's investment arm.
- "As one of the top achievers of high GDP growth, Bangladesh has drawn the attention of global investors," he told the FE on Tuesday.
- Foreign Direct Investment (FDI) in Bangladesh is equivalent to only around 1.0 per cent of GDP which needs to be enhanced to keep this growth momentum on track, he noted.

### Taka weakens as demand for dollar soars

The Financial Express; Oct 04, 2019

- The exchange rate of Bangladesh Taka depreciated significantly against the US dollar accelerated by the higher demand for the greenback to settle import bills.
- The local currency lost its value by 15 poisha in the inter-bank foreign exchange market after nearly four months, according to market operators.

- The US dollar was quoted at Tk 84.65 each in the inter-bank forex market on the day against Tk 84.50 of the previous working day, they said.
- Besides, the local currency depreciated by a maximum 25 poisha against the US dollar at the customer level for settling import payment obligations.
- The exchange rate of the US dollar rose to a maximum of Tk 84.75 each for sale of Bill for Collection from a maximum Tk 84.50 of the previous high.



Source: Bangladesh Bank Website.

### Dev spending soars 52pc in Jul-Aug

The Daily Star; Sep 30, 2019

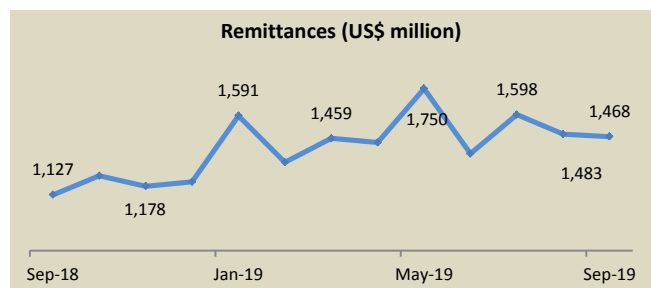
- Development spending was around 52.42 higher in the first two months of the current fiscal year thanks to the power division's outstanding performance in implementing the annual development programme (ADP).
- From July to August, the ADP-implementing entities were able to utilise Tk 9,626 crore while it was Tk 6,318 crore in the corresponding period last fiscal year.
- Power division alone utilised Tk 3,382 crore, which is around one third of the total expenditure and 11.83 percent of its total allocation of Tk 28,583 crore for the current fiscal year.
- The ADP's total outlay is Tk 215,114 crore, of which 4.48 percent has been spent during the first two months, according to a monthly progress report of the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.

### Remittance soars 16.54pc in Q1

The Daily Star; Oct 02, 2019

- Remittance increased 16.54 percent year-on-year to \$4.51 billion in the first quarter of the fiscal year thanks to a government move that provides 2 percent cash subsidy to remitters for sending money through official channels.
- As per a central bank notice, for amounts of up to \$1,500 expatriates will receive 2 percent cash incentive directly to their accounts without any verification from this fiscal year.

- For amounts of upwards of \$1,500, sources of income and other documents will have to be presented.
- For instance, the inflows in August were \$1.44 billion, which climbed up to \$1.47 billion the following month – up 28.95 percent year-on-year, according to data from the Bangladesh Bank.



Source: Bangladesh Bank Website.

### Aug private sector credit growth falls; Revised ADR rules, falling import blamed

The Financial Express; Oct 01, 2019

- Private credit growth decelerated further in August as some banks had to prepare for complying with the central bank's revised advance-deposit ratio rules.
- Lower import growth also pushed down the private sector credit growth last month.
- However, expected the credit growth to pick up slightly in September as the central bank had backtracked from its previous decision on slashing the ADR to facilitate the bankers to invest more needed to give the current fiscal's growth a boost.
- The sector's credit growth came down to 10.68 per cent in August 2019 on a year-on-year basis from 11.26 per cent a month earlier, according to the Bangladesh Bank's latest statistics.
- This growth was 2.52 percentage points lower than the central bank's target of 13.20 per cent for the first half (1H) of fiscal year 2020.

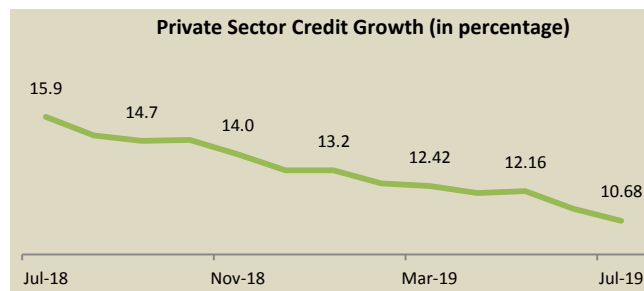
### Pvt sector credit growth hits 9-year low

New Age Bd: Oct 03, 2019

- The private sector credit growth hit a nine-year low in August this fiscal year (2019-2020) amid liquidity crisis in the banking sector along with the advance deposit ratio adjustment-centric cautiousness of a section of the banks.
- In August, the private sector credit growth dropped to 10.68 per cent, the lowest after September, 2010, when it was 6.09 per cent, according to the Bangladesh Bank data available.
- In the first two months (July-August) of FY20, the growth rate remained far below than the central

bank's curtailed estimation — 14.8 per cent — for the current fiscal year.

- The private sector credit growth was 11.26 per cent year-on-year in July of the current fiscal year. The growth rate in July was the lowest after June, 2013 when it was 11.04 per cent.



Source: Bangladesh Bank Website.

### Government set to cut export source tax to 0.25pc

New Age Bd: Oct 04, 2019

- The government is likely to cut the source tax on export proceeds for all businesses including readymade garment sector to 0.25 per cent from 1 per cent for the current fiscal year of 2019-2020.
- Officials of the National of Board of Revenue said that they had been advised by the government policymakers to prepare a summary paper for the prime minister's approval to cut export source tax to 0.25 per cent.
- The source tax on export proceeds was raised in the budget for FY20 to 1 per cent as the reduced tax rate of 0.25-0.6 per cent for different sectors given for FY 2018-2019 expired in June this year.
- The government in January this year cut source tax on garment exports to 0.25 per cent for FY19 after cutting it to 0.6 per cent from 1 per cent in September, 2018.

### Overall import may grow moderately in the coming months of the FY'20'

The Financial Express; Sep 13, 2019

- Country's overall import dropped by more than 2.0 per cent in the first month of the current fiscal year (FY) 2019-20 following announcement of the national budget, officials said.
- The settlement of letters of credit (LCs), generally known as actual import, came down to US\$ 4.57 billion in July of this fiscal year from \$ 4.69 billion during the same period of the previous fiscal, according to the central bank's latest statistics.
- Talking to the FE, a senior official of the Bangladesh Bank (BB) said import normally falls after announcement of the national budget.

- "Most of the businessmen usually maintained a 'go-slow' policy in the months of May and June mainly due to the national budget," the central banker said while explaining the lower growth in imports.



Source: Bangladesh Bank Website.

### August manpower export hits year's low

The Financial Express; Sep 13, 2019

- The number of outbound workers hit eight-month low in August due to suspension of recruitment by some major markets, official data showed.
- Only 32,272 Bangladeshis found jobs abroad in August this year, according to figures revealed by the Bureau of Manpower Employment and Training (BMET).
- The August figure is the lowest in last eight months of this year.
- On the other hand, a total of 417,084 workers found jobs in the eight months of this year. The number of outflow was 500,356 in the same period of 2018.
- Sector insiders said a good number of destinations like the United Arab Emirates, Malaysia, Kuwait and Bahrain, remained close since long.

### Goods export earnings drop in July-Sept

The Financial Express; Oct 07, 2019

- The country's export earnings from goods during the first three months of the current fiscal year (FY), 2019-20, fell by nearly 3.0 per cent to \$9.64 billion, compared to the same period of last fiscal.
- The figure for July-September of FY '19 was \$9.94 billion.
- Also, the overall earnings in the last three months fell short of target by 11.05 per cent, according to the Export Promotion Bureau (EPB) data.
- The data also show that the export earnings in September 2019 alone declined 7.30 per cent to \$2.91 billion from \$3.14 billion in the same month a year ago.
- The September earnings also fell short of the monthly target by 7.78 per cent.
- Exporters and officials attributed the negative growth of overall exports to poor performance of major items,

including readymade garment (RMG), leather and leather products, home textile, frozen and live fish and agricultural products, which accounted for about 92 per cent of the total earnings.

### Bangladesh's export to grow 8pc this year

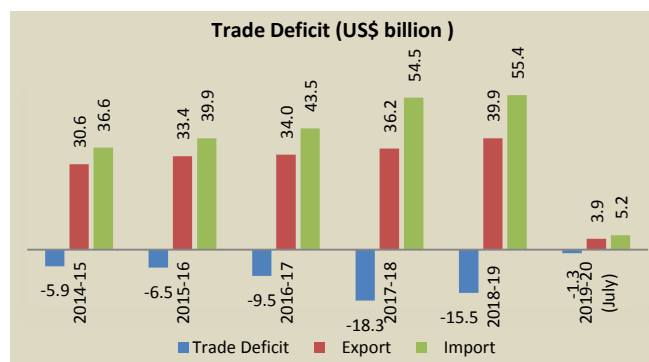
The Daily Star; Oct 01, 2019

- Bangladesh's exports will grow by 8 percent in 2019 and 7 percent next year, according to an analysis by the Hongkong and Shanghai Banking Corporation Limited (HSBC).
- The projection is some way off the 10.55 percent clocked in fiscal 2018-19.
- "Bangladesh's outlook for exports has remained bright despite the global trade tensions," said Douglas Lippoldt, chief trade economist of the HSBC.
- He made the comments during an economic and trade outlook event the international trade bank organised for clients and regulators in Dhaka recently.
- Lippoldt shared his insights from the latest HSBC Global Research report, "Asian Trade Prospects – Navigating turbulent seas", published in August.

### July trade deficit eases by 15.6pc

New Age Bd; September 17, 2019

- Country's trade deficit dropped by 15.6 per cent or \$181 million in July, the first month of the current fiscal year, compared with that in the same month of last fiscal year due mainly to a dismal state of imports.
- As per the Bangladesh Bank data released on Monday, the country's trade deficit decreased to \$979 million in July of FY 2019-20 against \$1.16 billion in the same month of FY 2018-19.
- The fall in trade deficit in July this fiscal was the continuation of the trend observed in last fiscal.
- In FY19, trade deficit fell by 14.76 per cent to \$15.49 billion from the record \$18.18 billion deficit in FY18.



Source: Bangladesh Bank Website.

**ADP execution slightly rises in July-Aug**

New Age Bd: September 18, 2019

- Implementation of the annual development programme inched up to 4.48 per cent in two months (July-August) of the current fiscal year 2019-2020 against 3.49 per cent in the same period of the FY 2018-2019.
- The government's ADP implementation agencies including ministries and divisions could spend Tk 9,626 crore in July-August of FY20, up Tk 3,308 crore on the same period of FY19, according to the Implementation Monitoring and Evaluation Division of the planning ministry.
- A total of 58 ADP implementing agencies executed 5.19 per cent of ADP in July-August of the FY 2017-2018.
- The total allocation for the ADP for FY20 is Tk 2,15,114 crore including Tk 12,393 crore to be spent from the own fund of state-owned enterprises.
- Of the total outlay, Tk 1,30,921 crore or 60.86 per cent will come from the government fund while Tk 71,800 crore or 33.38 per cent will come from foreign sources.

**Local govts can finance only 14pc of their spend**

The Daily Star; Sep 09, 2019

- Local government institutions generate only 14 percent of their expenditures and rely on the central government for the rest, Ahsan H Mansur, executive director of the Policy Research Institute, said.
- "Neither do they have the ability to generate resources nor does the central government assist them, which tells us a lot about how we are treating our local government institutions," he said.
- "Our government is only concerned about itself. They do not take into account the constitutional mandate for strengthening the local government institutions too," he said.
- Local government institutions should be given the authority to collect and spend money in a transparent manner so that they can deliver better government services to the people, analysts said at the closing day of the two-day event.

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