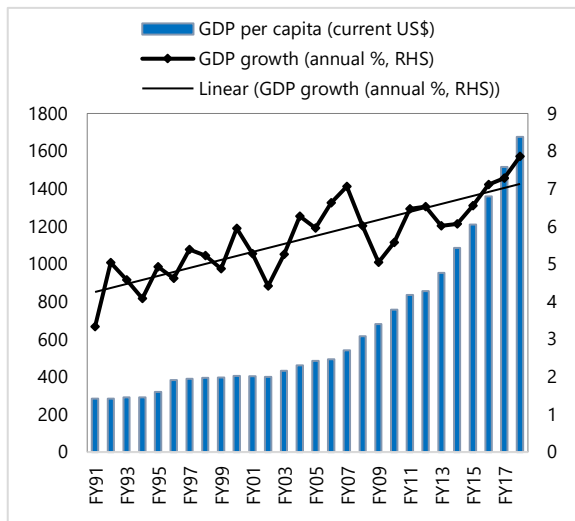


Bangladesh: Selected Indicators

Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.86% outturn in FY18

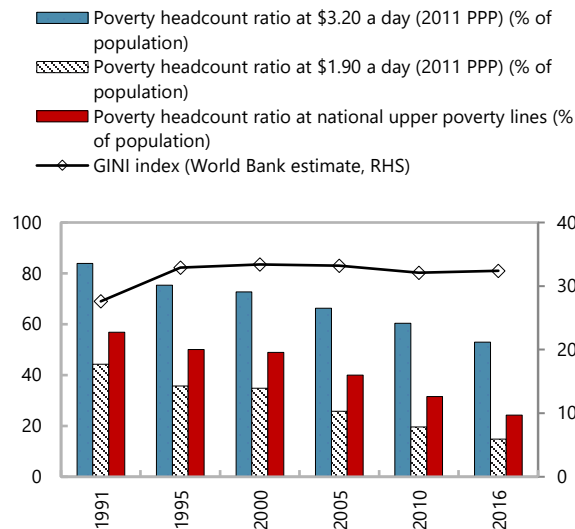
2.4% population growth rate in 1991 declined to 1% in 2017, with population reaching 164.7 million

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY18 (y/y, in percentage points)

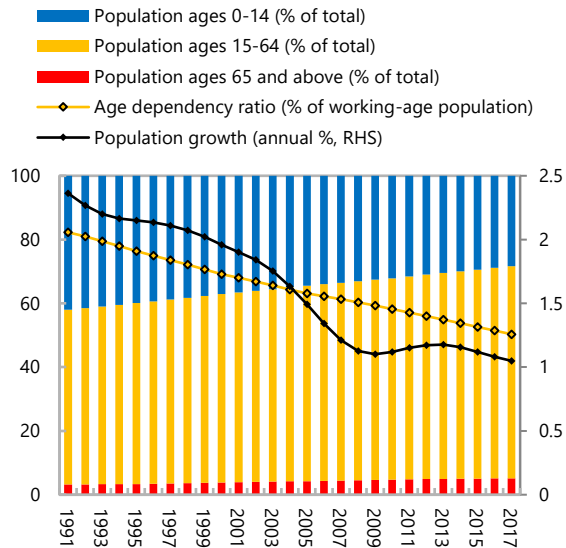


Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

Trend of Poverty Reduction and Gini Index 2, 3/
1991-2016

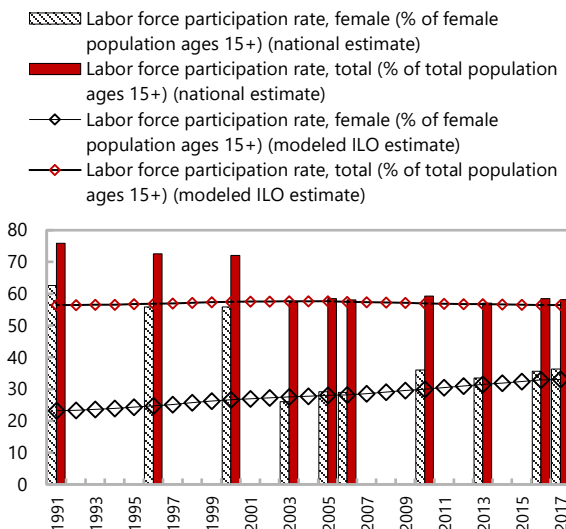


Trend of Demographic Indicators
1991-2017



ILO estimates 56.5% of population aged 15+ are in labor force in 2017; the female participation rate is only 33.04%

Trend of Labor Force Participation 4/
1991-2017



1/ July-June period is considered as FY in Bangladesh. For FY18 GDP per capita, national measure is used. 2/ 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. 3/ Gini Index ranges from 0 to 100, higher value shows higher inequality. Gini index of 0 means perfect equality, while an index of 100 indicates perfect inequality. 4/ National estimates of labor force participation rate for 2016 and 2017 are respectively of FY2016 and FY2017.

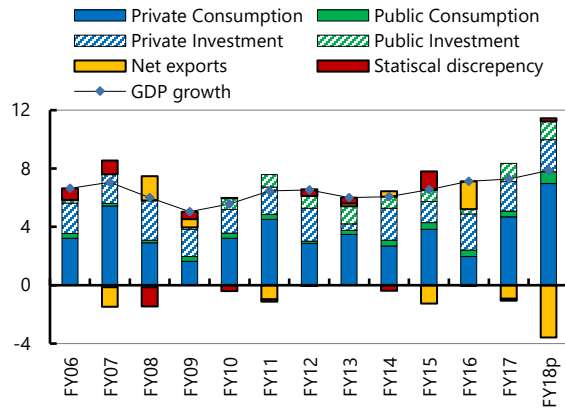
Sources: Bangladesh Bureau of Statistics (BBS), World Development Indicators (WDI); and IMF staff calculations

Bangladesh: Real Sector Developments

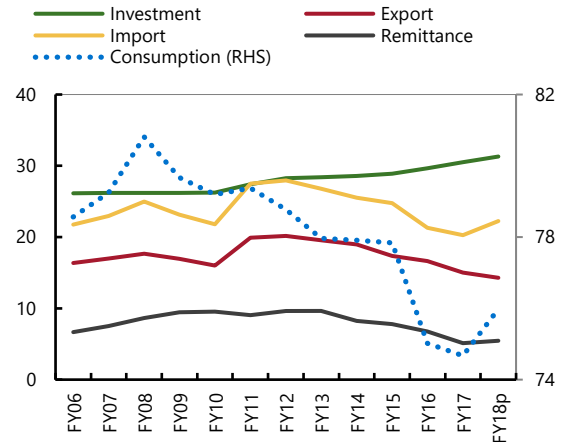
Private consumption and private investment, respectively, contributed 7 percent and 2.2 percent of 7.86 percent real GDP growth in FY18, but 3.6 percent negative net exports growth slowed down the momentum

Consumption-GDP ratio picked up to 76% in FY18 from 74.7% in FY17, while during this period investment-GDP ratio edged up to 31.3% from 30.5%

Contributions to Real GDP Growth 1/
FY06-FY18p (y/y, in percentage points)

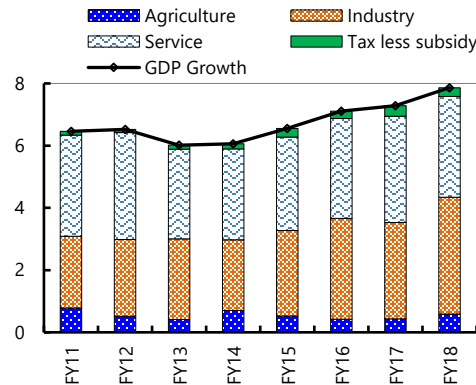


Selected indicators' share in Nominal GDP 1/
FY06-FY18p (in percentage points)

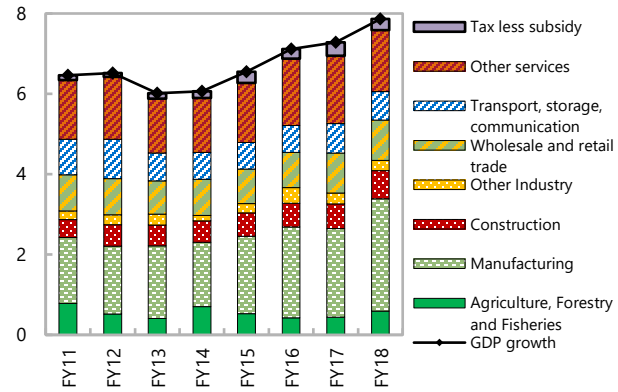


On the production side, manufacturing led industry sector contributed 3.8% of 7.86% GDP growth in FY18, and service sector 3.2%, followed by 0.6% contribution from agriculture sector

Sectoral Contributions to Real GDP Growth
FY11-FY18 (y/y, in percentage points)



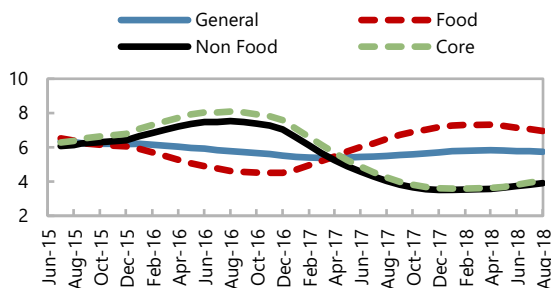
Sectoral Contributions to Real GDP Growth (Contd.)
FY11-FY18 (y/y, in percentage points)



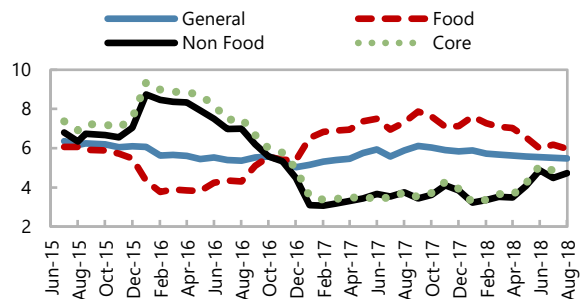
Annual average headline inflation stays below H1FY19 target upper limit of 5.8 percent, amounting to 5.7 percent in August compared with 5.8 percent in July

In Aug 2018, y/y non-food and core inflation slightly picked up, respectively, to 4.7% and 5%, while food inflation marginally fell to 6%, pulling down headline measure to 5.5%

Twelve Month Average Inflation
Jun 15-Aug 18 (y/y, in percentage points)



Point-to-Point Inflation
Jun 15-Aug 18 (y/y, in percentage points)



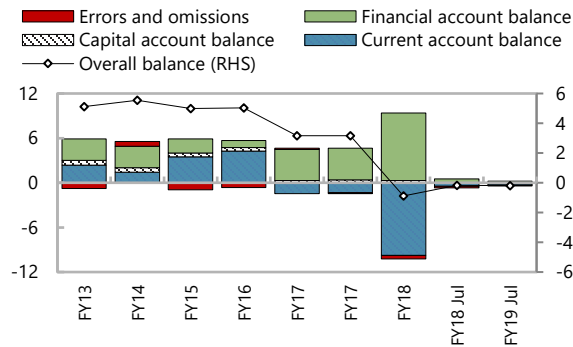
1/ FY18p stands for provisional estimate of FY18 by the authorities.

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

Bangladesh: External Sector Developments

In FY18, BOP deficit reached USD 0.9 billion (0.3% of GDP). In FY19 Jul, the deficit is about USD 0.2 billion, slightly higher than FY18 Jul

Balance of Payments Components 1/
FY13-FY19 Jul (in billion US)



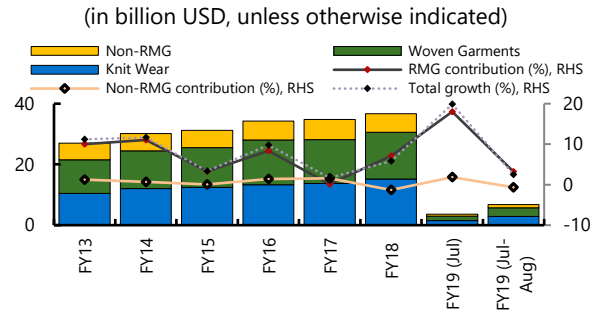
In FY19 Jul, y/y import growth was 17.4%, accounting for total imports of USD 5.1 billion. In total import growth, intermediate goods and capital goods, respectively, contributed 14.9% and 6%, followed by negative 2.3% contribution from food grains and consumer goods imports

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



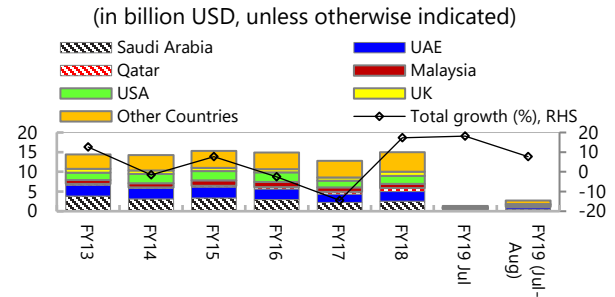
RMGs represented 84.4% of USD 6.8 billion exports during FY19 (Jul-Aug). RMG exports contributed 3.2% in total exports growth of 2.5%, while non-RMG exports contributed negative 0.7%

Item-wise Goods Exports
FY13-FY19 (Jul-Aug)



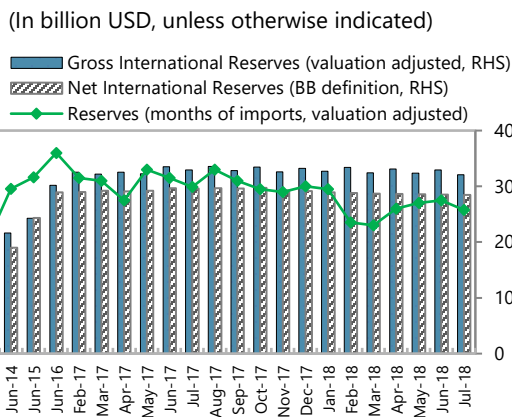
In FY19 (Jul-Aug), remittance inflows of USD 2.7 billion increased by 7.7% compared to the same period in FY18. The GCC countries, with large share from the KSA and UAE, contributed about 60% of the remittance inflows

Contributions to Workers' Remittances
FY13-FY19 (Jul-Aug)



Import months' coverage fell to 5.2 months in Jul 2018 from 5.5 months in Jun 2018

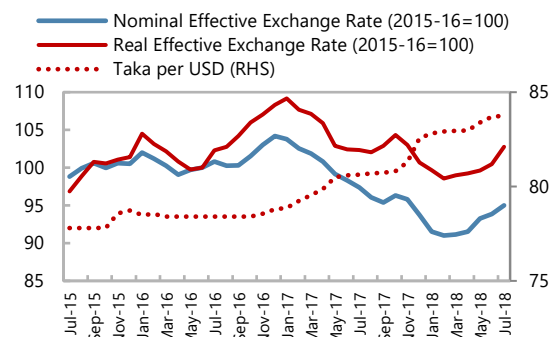
International Reserves 3/
Jun 2013-Jul 2018



REER has been increasing since February 2018, reducing Bangladesh's trade competitiveness

Exchange Rates

Jul 2015-Jul 2018



1/ FY18 and FY19 Jul BOP data are provisional. 2/ Commodity-wise import data recorded by customs. 3/ Jul 2018 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; IMF; and IMF staff calculations

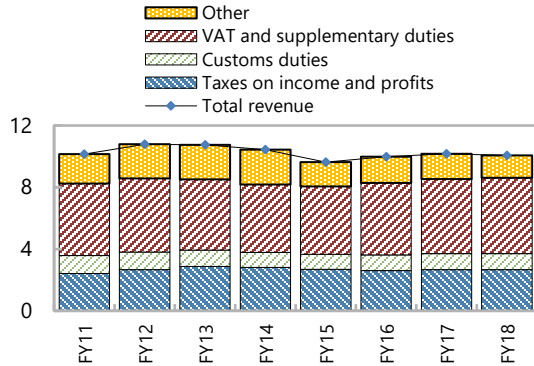
Bangladesh: Fiscal Sector Developments

Revenue-GDP ratio edged down to 10.1% in FY18 from 10.2% in FY17, with 0.2% reduction of customs duties and other revenue-GDP ratio and 0.1% increase in VAT and supplementary duties-GDP ratio

Revenue grew by 12.9% in FY18, significantly lower than 29.2% growth target

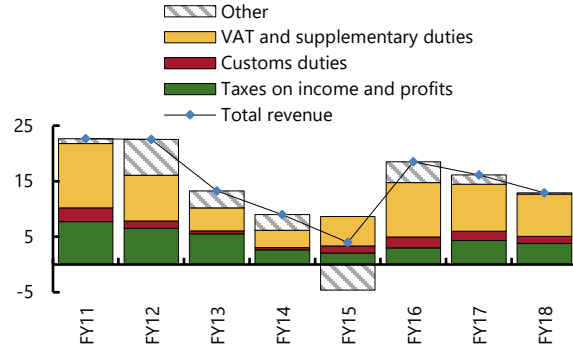
Central Government Revenue

FY11-FY18 (In percent of GDP)



Contributions to Total Revenue Generation

FY11-FY18 (y/y, in percentage points)

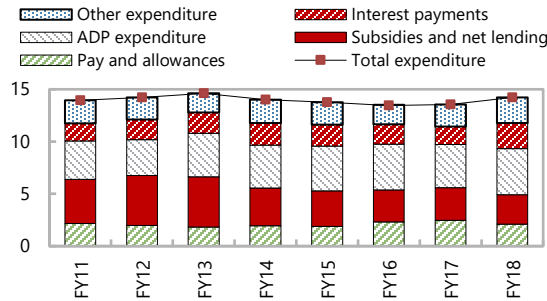


Budget execution is 14.2% of GDP in FY18 compared to 13.6% in FY17, with ADP-GDP ratio of 4.4% against 6.6% target. Interest payment-GDP ratio increased to 2.4% in FY18 from 1.7% in FY17

Y/Y budget expenditure increased by 19.4% in FY18 against 38.7% target. Interest payments and ADP contributed, respectively, 7.9% and 6.6% in total growth

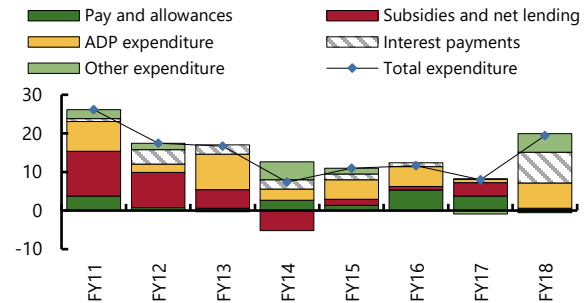
Central Government Expenditure

FY11-FY18 (In percent of GDP)



Contributions to Total Expenditure Growth

FY11-FY18 (y/y, in percentage points)



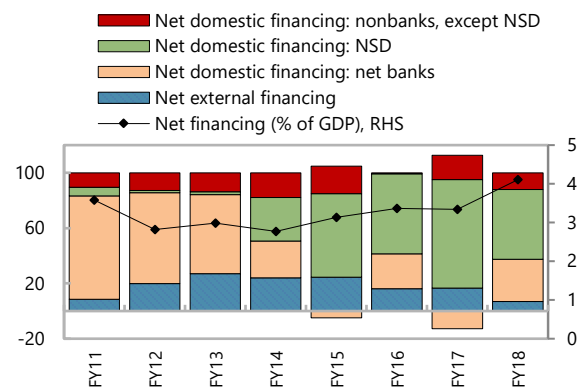
In FY18, domestic sources financed 93.1% of budget deficit (4.1% of GDP). NSD sales accounted for 50.3% of deficit financing, and banking sector, in net, 30.5%

At Jun 2018, central government debt in percent of GDP remains at same level of 33.2% in Jun 2017

Fiscal Balance and Sources of Financing

FY11-FY18

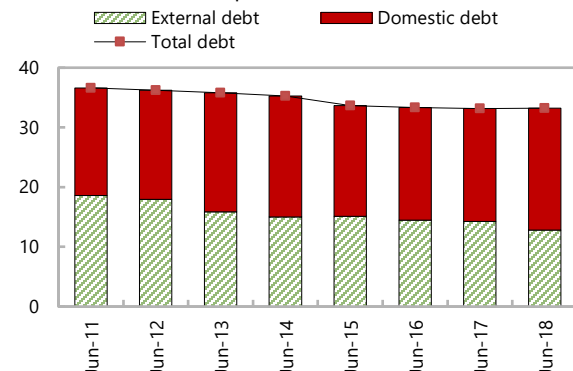
(Percent of net financing, unless otherwise indicated)



Central Government Debt

Jun 2011-Jun 2018

(In percent of GDP)

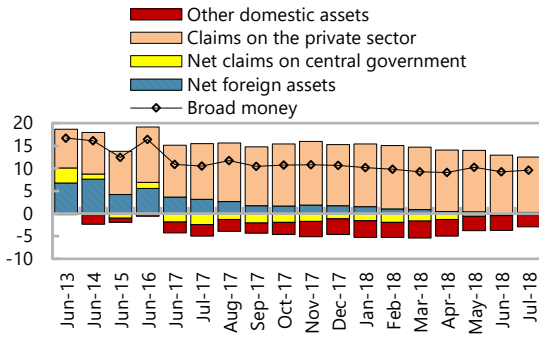


Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

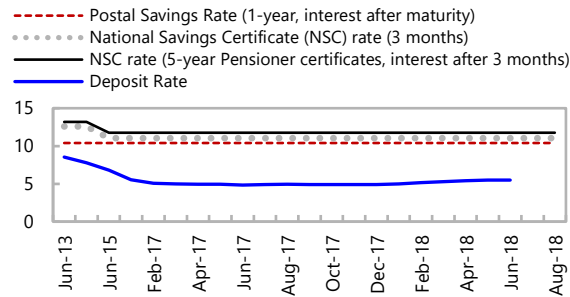
Annual broad money (M2) growth in Jul 2018 accounted for 9.6%, compared with 9.2% in Jun 2018, with 12.2% contribution from private sector credit, and 2.9% negative contribution from net foreign and other domestic assets

Contributions to Broad Money Growth
Jun 2013-Jul 2018 (y/y, in percentage points)



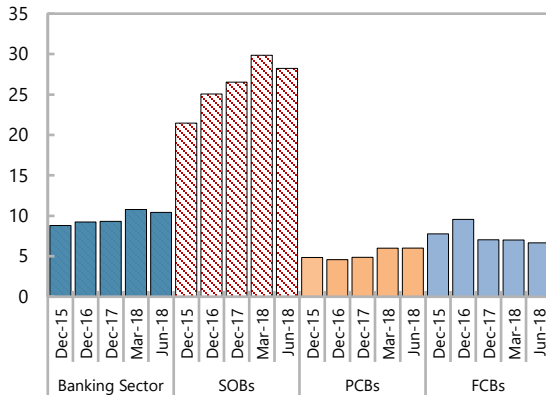
As high as 11.76%, the return from NSD instruments propels excess demand, placing stress on core liquidity in the banking system

Postal Savings, NSC and Commercial Banks' Rates
Jun 2013-Aug 2018 (in percentage points)



In Jun 2018, the NPL ratio fell to 10.4% from 10.8% in Mar 2018, with slight fall in case of the SOBs from 29.8% to 28.2%, and for private commercial banks (PCBs) with marginal rise from 6% to 6.1%

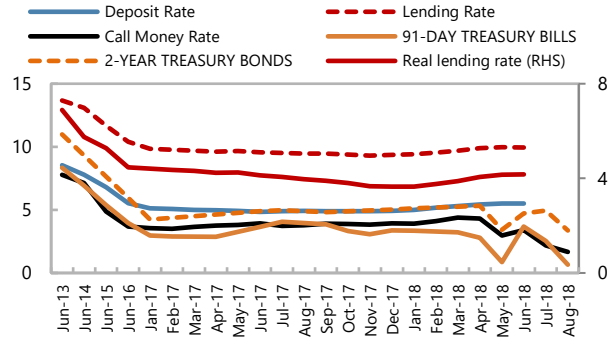
Non-Performing Loan (NPL) Ratio
Dec 2015-Jun 2018 (in percent of loans)



High credit market segmentation, and underperforming secondary market leave banking sector real lending rate far above the financial market benchmark

Interest Rates 1/

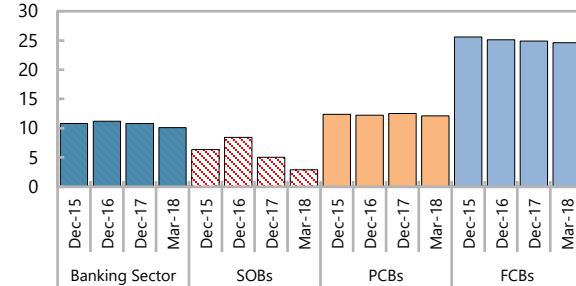
Jun 2013-Aug 2018 (in percentage points)



At end Mar 2018, CAR of the banking industry went down to 10.1 percent from earlier 10.8 percent. CAR of the state-owned banks (SOBs) stood at low 2.9%- far below regulatory requirement of 10%

Capital Adequacy Ratio

Dec 2015-Mar 2018 (in percentage points)

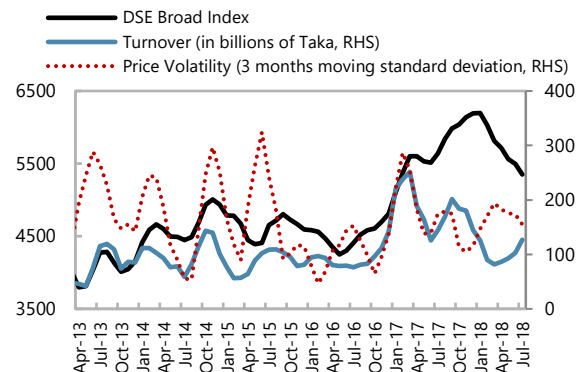


The 3-mma DSE Broad Index has been falling since Jan 2018, while the 3-mma turnover has been rising since Mar 2018

Dhaka Stock Market Performance

Apr 2013-Jul 2018

(3-month moving average)



1/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on August 12th, 2018.

Sources: Bangladesh Bank; and IMF Staff calculations