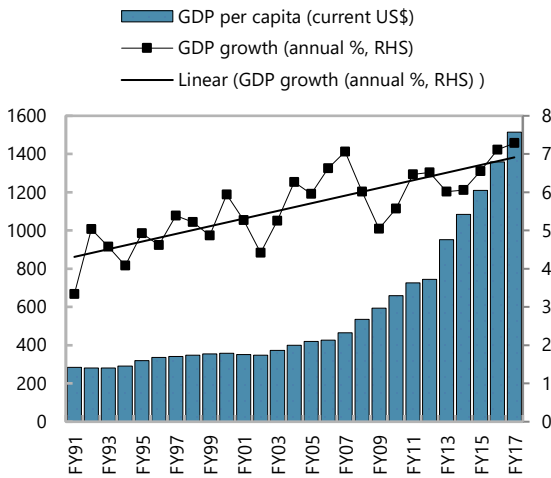


Bangladesh: Selected Indicators

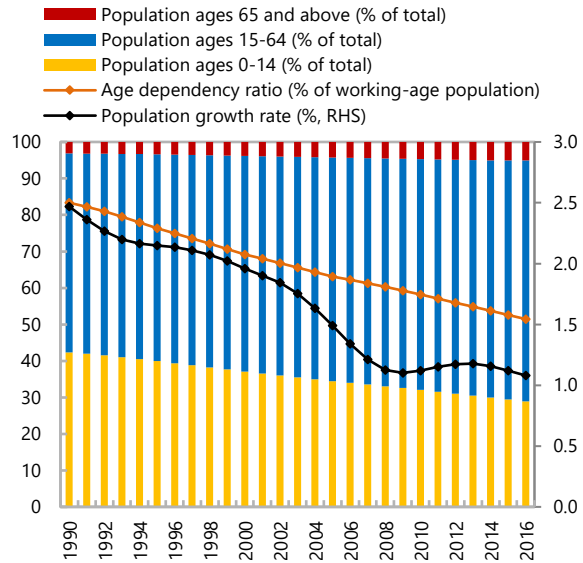
Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.28% outturn in FY17

2.5% population growth rate in 1990 declined to 1.1% in 2016, with population reaching 163 million

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY17 (y/y, in percentage points)



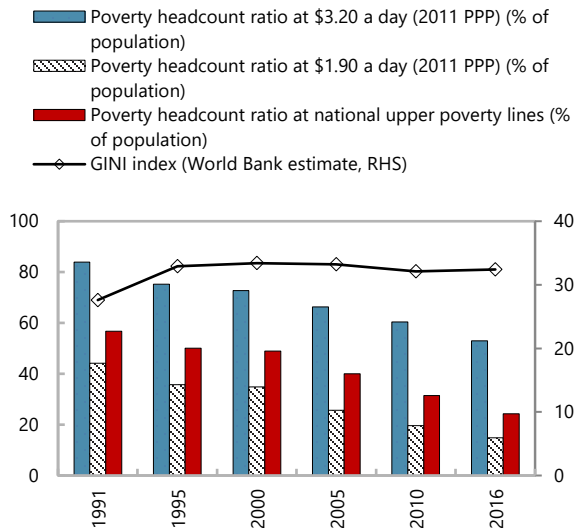
Trend of Demographic Indicators
1990-2016



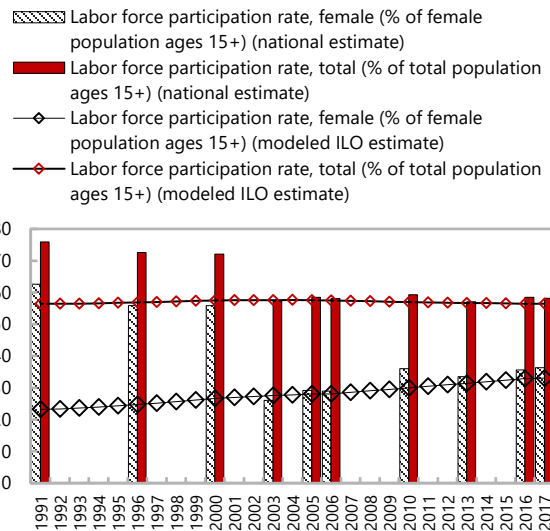
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

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

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



Trend of Labor Force Participation 4/
1991-2017



1/ July-Jun period is considered as FY in Bangladesh. In calculating GDP per capita, population data is taken from the WDI. To calculate FY17 WDI population data, FY17 national population growth rate 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

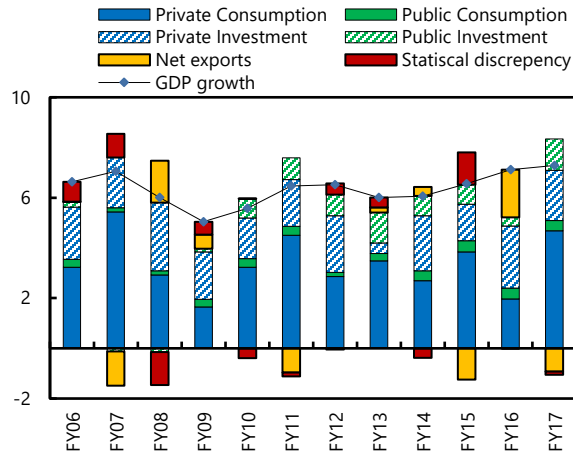
Bangladesh: Real Sector Developments

Private consumption contributed about 2/3rd of FY17 GDP growth, while worsening net exports weakened the momentum

Consumption-GDP ratio fell from 80.81% in FY08 to 74.67% in FY17, while during this period investment-GDP ratio edged up from 26.2% to 30.51%.

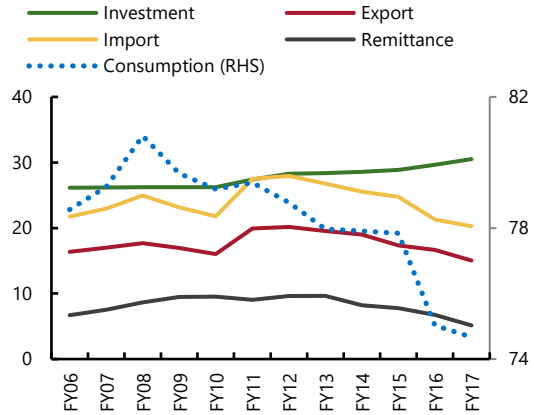
Contributions to Real GDP Growth

FY06-FY17 (y/y, in percentage points)



Selected indicators' share in Nominal GDP

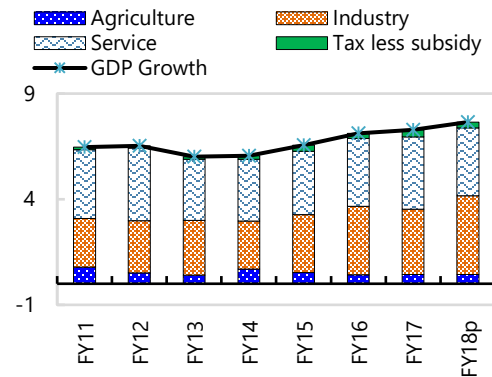
FY06-FY17 (in percentage points)



On the production side, service sector contributed 3.41 percentage points of 7.28% GDP growth in FY17, and industry sector 3.1 percentage points. Authorities' provisional estimate of 7.65% GDP growth in FY18 stems from higher contribution from manufacturing led industrial sector.

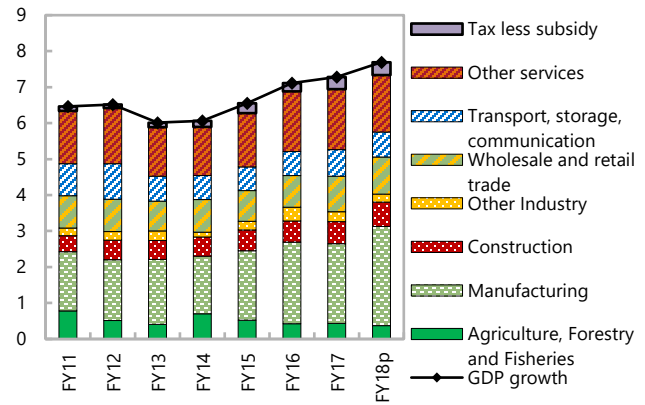
Sectoral Contributions to Real GDP Growth 1/

FY11-FY18p (y/y, in percentage points)



Sectoral Contributions to Real GDP Growth (Contd.) 1/

FY11-FY18p (y/y, in percentage points)

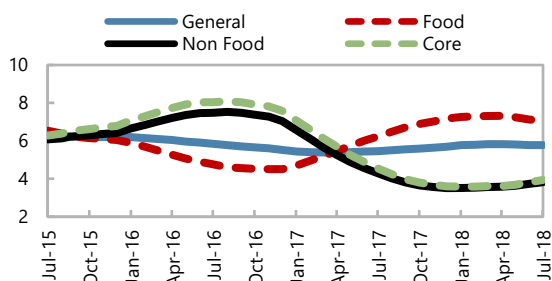


Headline inflation stays slightly below H1FY19 target upper limit of 5.8 percent, amounting to 5.78 percent in Jul

In Jul 2018, y/y food inflation ticked up, while headline inflation, including non-food and core items, edged down

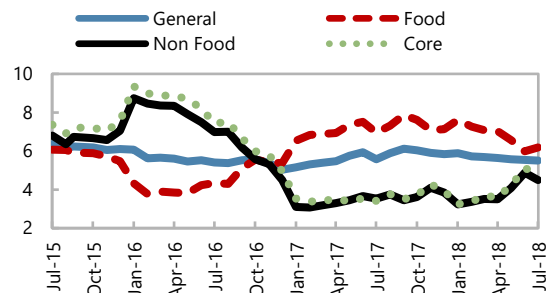
Twelve Month Average Inflation

Jul 15-Jul 18 (y/y, in percentage points)



Point-to-Point Inflation

Jul 15-Jul 18 (y/y, in percentage points)



1/ FY18p stands for provisional estimate by the authorities.

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

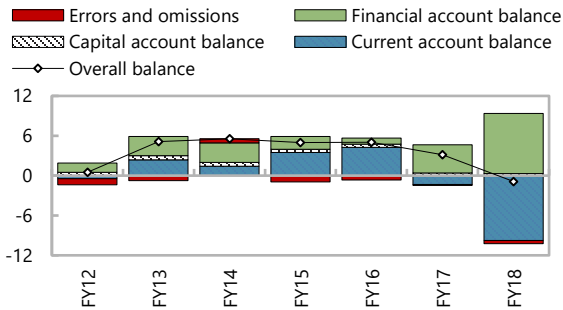
Bangladesh: External Sector Developments

In FY18, BOP deficit reached USD 0.89 billion, driven by current account (CA) deficit of USD 9.8 billion. 95.8% of CA deficit is met by financial and capital account surplus

Balance of Payments Components 1/

FY12-FY18

(in billion USD, unless otherwise mentioned)

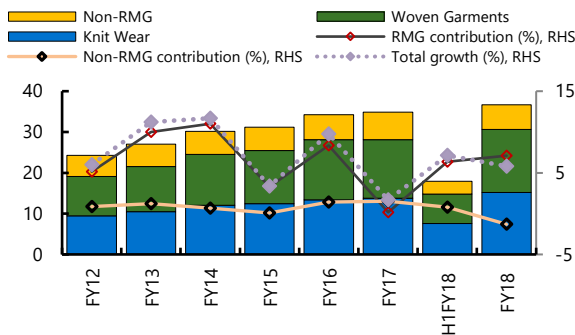


RMGs represented 83.5% of USD 36.7 billion exports during FY18, growing faster than non-RMG items. They contributed 7.1% of total export growth of 5.8%. Non-RMG items contributed -1.3%

Item-wise Goods Export

FY12-FY18

(in billion USD, unless otherwise indicated)

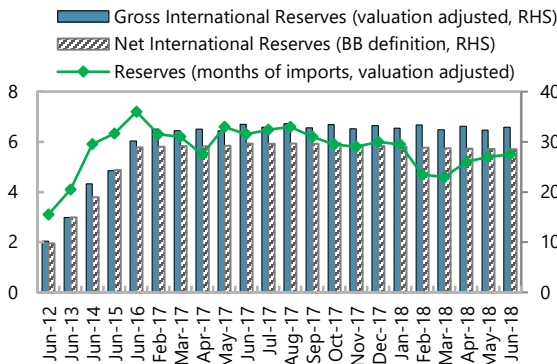


Import months' coverage increased to 5.5 months in Jun 2018 from 4.6 months in Mar 2018

International Reserves 3/

Jun 2012-Jun 2018

(In billion USD, unless otherwise indicated)



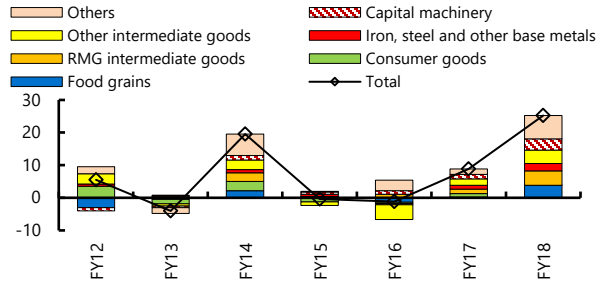
1/ FY18 BOP data are provisional. 2/ Commodity-wise import data recorded by customs. 3/ Jun 2018 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & deposit 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. 4/ Jun 2018 and Jul 2018 REER data are estimated. Sources: Bangladesh Bank; and IMF staff calculations

Intermediate goods contributed 10.7% in total imports growth of 25.2%, while food grains contributed 3.9%, followed by 3.5% contribution from capital machinery imports

Item-wise Contributions to Import Growth 2/

FY12-FY18

(y/y growth, in percentage points)

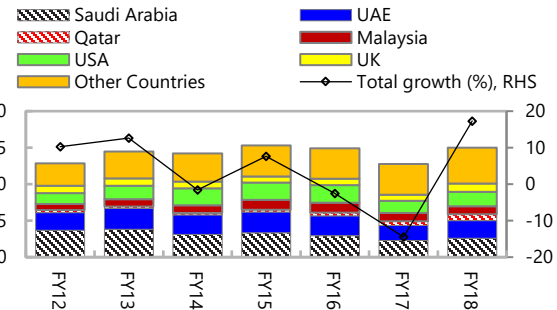


In FY18, remittance inflows of USD 14.98 billion increased by 17.3% compared to the previous year. Saudi Arabia, UAE, Qatar, UK and USA contributed 12% of the total increase, and other countries 5.3%

Contributions to Workers' Remittances

FY12-FY18

(in billion USD, unless otherwise indicated)



Price competitiveness helped contain further depreciation of REER, given Taka has depreciated by about six unit against USD over last three years

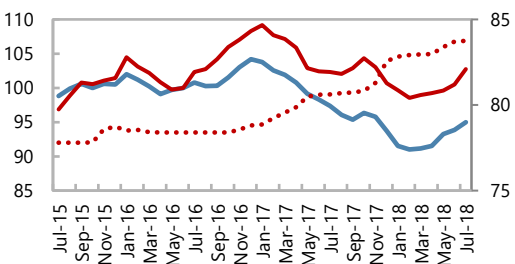
Exchange Rates 4/

Jul 2015-Jul 2018

Nominal Effective Exchange Rate (2015-16=100)

Real Effective Exchange Rate (2015-16=100)

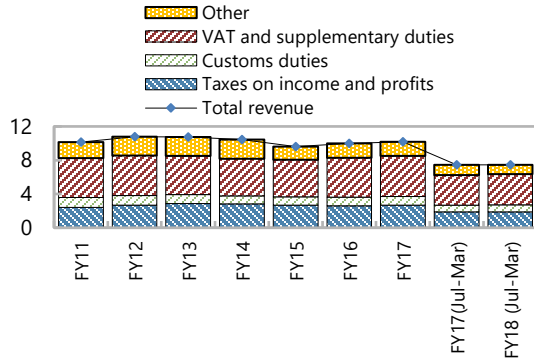
Taka per USD (RHS)



Bangladesh: Fiscal Sector Developments

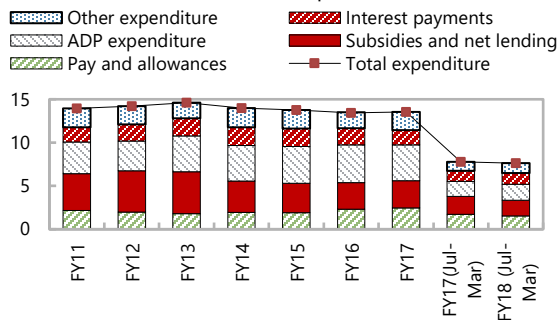
In FY18 (Jul-Mar), revenue-GDP ratio stands at 7.5%, same as that of FY17(Jul-Mar)

Central Government Revenue 1/
FY11-FY18 (Jul-Mar) (In percent of GDP)



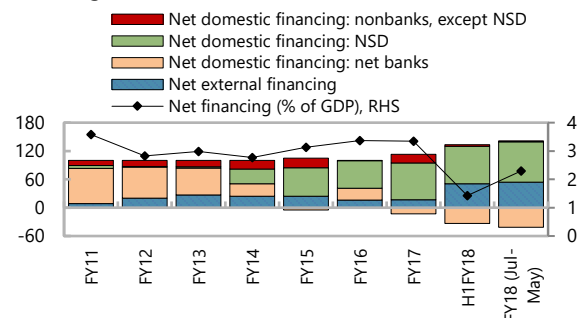
Budget execution is 7.6% of GDP in FY18 (Jul-Mar) compared to 7.8% in the same period of FY17, with ADP of 1.82% of GDP compared to 1.75% in the same period of FY17

Central Government Expenditure 1/
FY11-FY18 (Jul-Mar) (In percent of GDP)



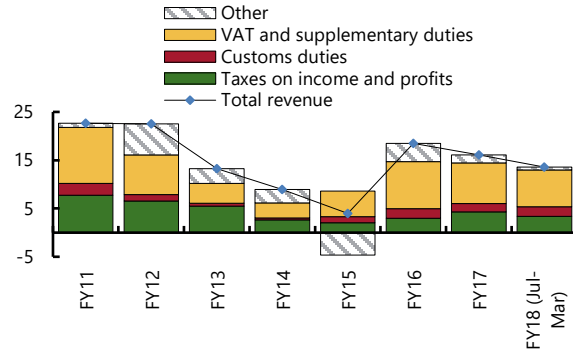
In FY18 (Jul-May), NSD sales of TK. 433.6 billion contributed 85.3% of net financing (2.3% of GDP), external sources contributed 54%, while bank borrowing was negative 41.6%

Fiscal Balance and Sources of Financing 1, 2/
FY11-FY18 (Jul-May) (Percent of net financing, unless otherwise indicated)



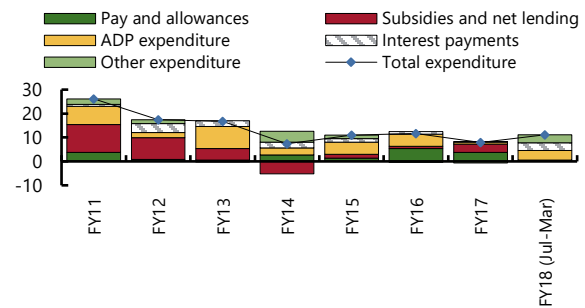
Revenue grew by 13.6% in FY18 (Jul-Mar), significantly lower than revised target 29.2% for FY18

Contributions to Total Revenue Generation 1/
FY11-FY18 (Jul-Mar) (y/y, in percentage points)



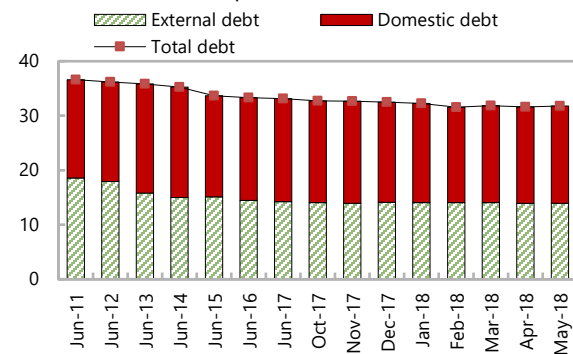
11.1% growth of spending in FY18 (Jul-Mar) is significantly lower than revised target 38.7% for FY18

Contributions to Total Expenditure Growth 1/
FY11-FY18 (Jul-Mar) (y/y, in percentage points)



At May 2018, central government debt in percent of GDP stands at 31.8%, compared to 33.2% in Jun 2017

Central Govt. Debt 3/
Jun 2011-May 2018
(In percent of GDP)



1/ FY17 (Jul-Mar) GDP data is annualized using actual GDP for FY17; GDP data for H1FY18, FY18 (Jul-Mar) and FY18 (Jul-May) are annualized using FY17 actual GDP and IMF staff projected GDP for FY18. 2/ For H1FY18 and FY18 (Jul-May), net external financing is net medium and long-term (MLT) loans taken from Balance of Payments, and bank, National Savings Directorate (NSD) tools, and other non-bank financing data are taken from Bangladesh Bank. 3/ After June 2017, external debt is identified only through net MLT loans taken from Balance of Payments, and domestic debt is identified through government borrowing from bank and non-bank sources as mentioned in note 2.

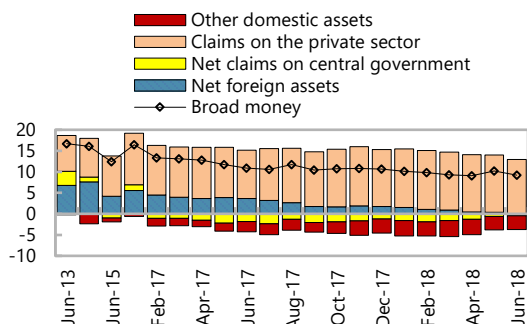
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; Bangladesh Bank; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

Broad money growth in Jun 2018 accounted for 9.2%, below 13.3% target, with 12.9 percentage points contribution from buoyant private sector credit

Contributions to Broad Money Growth

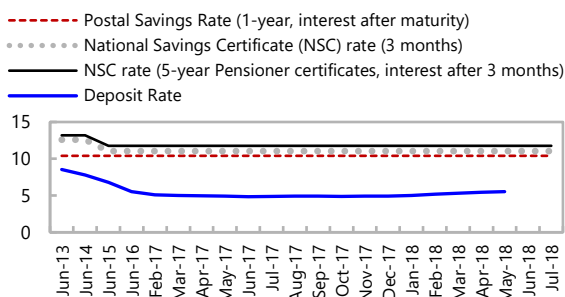
Jun 2013-Jun 2018 (y/y, in percentage points)



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

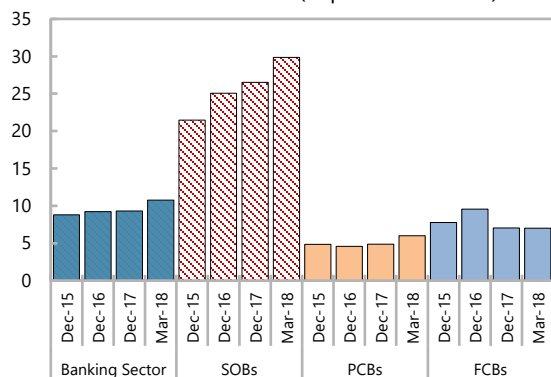
Jun 2013-Jun 2018 (in percentage points)



In Mar 2018, the NPL ratio rose to 10.8% from 9.3% in Dec 2017, with rise in case of SOBs from 26.5% to 29.8%, and for private commercial banks (PCBs) from 4.9% to 6%

Non-Performing Loan (NPL) Ratio

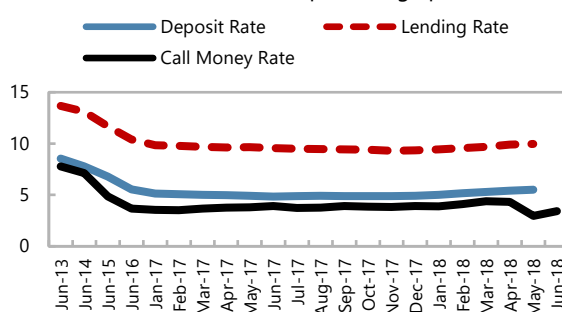
Dec 2015-Mar 2018 (in percent of loans)



High return from zero risk and non-binding non-bank saving tools, and high credit market segmentation put upward pressure on lending rate

Lending Rate, Deposit Rate and Call Money Rate

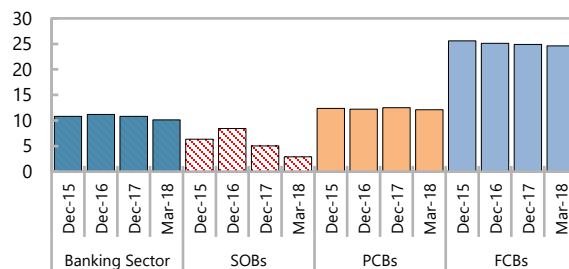
Jun 2013-Jun 2018 (in percentage points)



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)

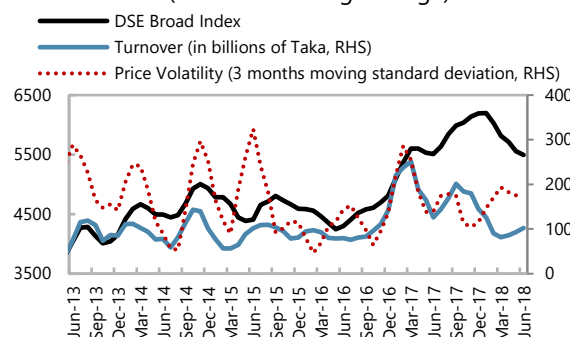


Market capitalization of country's stock bourses- Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively, amounts to 19.2% and 15.8% of GDP in FY17. The 3-mma DSE Broad Index has been falling since Jan 2018

Dhaka Stock Market Performance

Jun 2013-Jun 2018

(3-month moving average)



Sources: Bangladesh Bank; and IMF Staff calculations