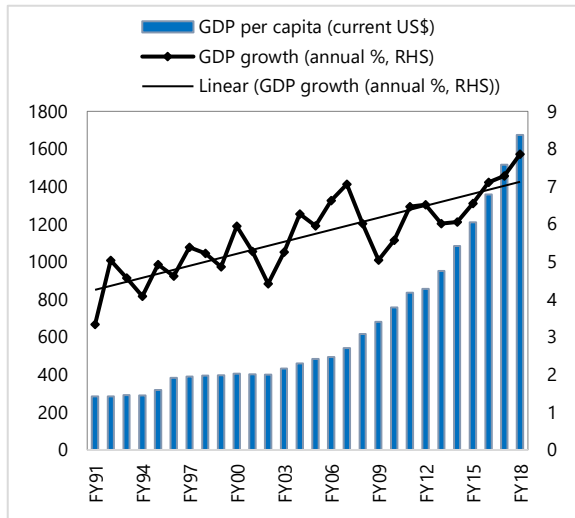


Bangladesh: Selected Indicators

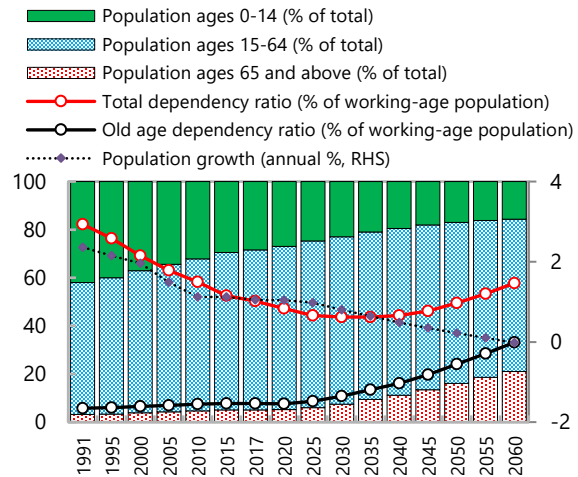
Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.86% outturn in FY18

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



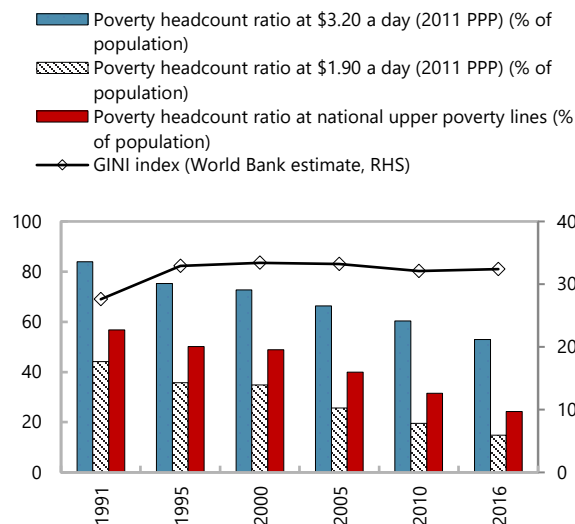
2.4% population growth rate in 1991 declined to 1% in 2017, with population reaching 164.7 million. Old age dependency (ratio of population aged 65+ per 100 population aged 15-64) could double by 2040 from existing level of 7.7%

Trend of Demographic Indicators 2/
1991-2060



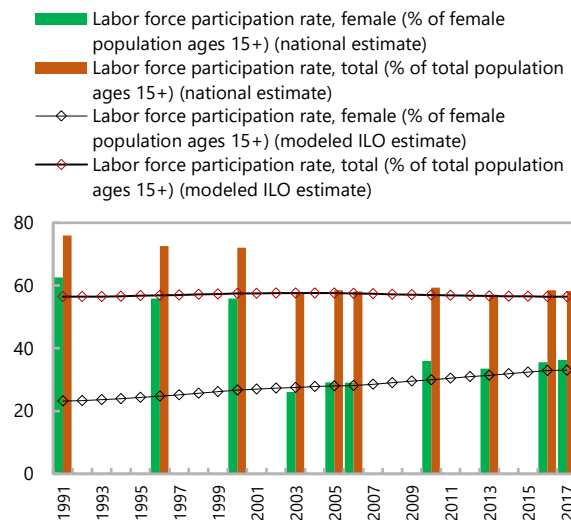
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

Trend of Poverty Reduction and Gini Index 3, 4/
1991-2016



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

Trend of Labor Force Participation 5/
1991-2017



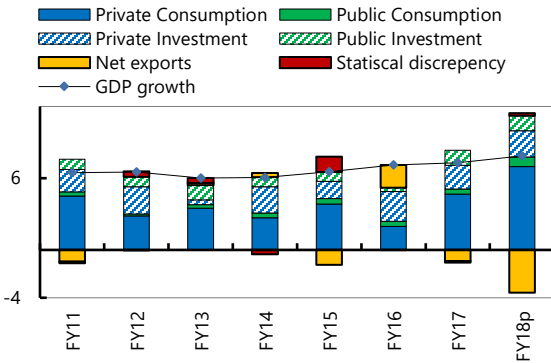
1/ July-June period is considered as FY in Bangladesh. For FY18 GDP per capita, national measure is used. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (2017). The population growth rates from year 2020 are five-year average growth projections, say 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. 4/ 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. 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

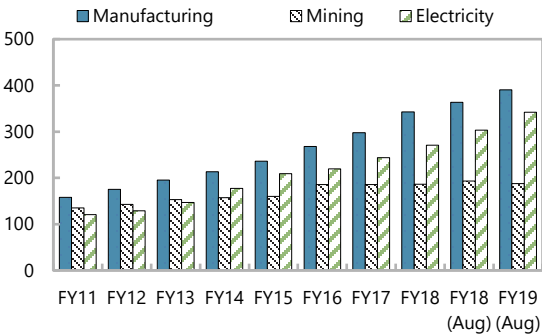
Private consumption and private investment, respectively, contributed 7 and 2.2 percentage points of 7.86 percent real GDP growth in FY18, but 3.6 percentage points negative contribution from net exports slowed down the momentum

Contributions to Real GDP Growth 1/
FY11-FY18p (y/y, in percentage points)



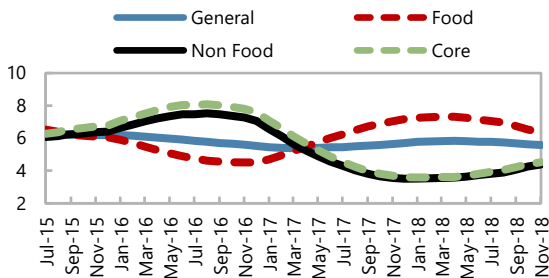
In FY19 (Aug), the quantum index of mining slightly fell to 187.9 compared with 193.2 in FY18 (Aug), while the indices of manufacturing and electricity increased, respectively, to 390.4 and 341.7 from 363.2 and 303

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 2/
FY11-FY19 (Aug) (Base: 2005-06= 100)



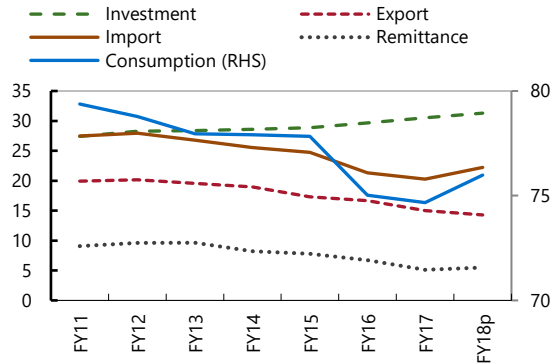
Annual average headline inflation was 5.6 percent in Nov 2018, with marginally falling food inflation and slightly increasing non-food and core inflation

Twelve Month Average Inflation
Jul 15-Nov 18 (y/y, in percentage points)



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%

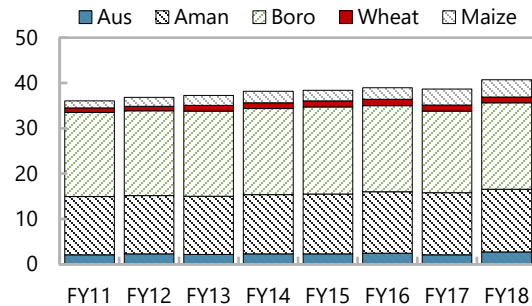
Selected indicators' share in Nominal GDP 1/
FY11-FY18p (in percentage points)



Rice production target- the sum of Aus, Aman and Boro, was 35.6 MMT for FY18, compared to actual production 33.8 MMT in FY17. Total target for wheat and maize was 5.1 MMT against actual production 4.9 MMT in FY17

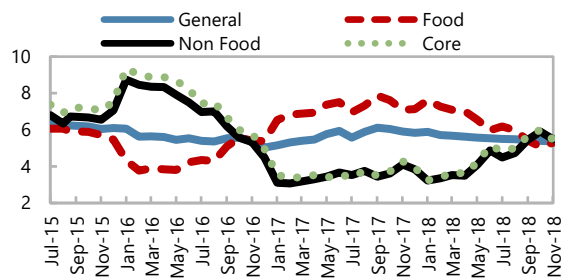
Major Food Grains Production 3/

FY11-FY18 (Million Metric Tons (MMT))



In Nov 2018, y/y food inflation increased to 5.3%, while both non-food and core inflation fell to 5.5%, settling headline measure at 5.4%

Point-to-Point Inflation
Jul 15-Nov 18 (y/y, in percentage points)

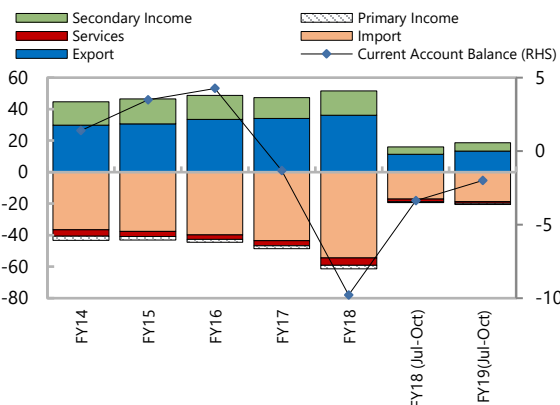


1/ FY18p stands for provisional estimate of FY18 by the authorities. 2/ FY19 (Aug) data are provisional. 3/ FY18 data are production targets, not actual. Sources: Bangladesh Bureau of Statistics (BBS); Department of Agriculture Extension, Ministry of Agriculture; Bangladesh Bank; and IMF staff calculations

Bangladesh: External Sector Developments

Current account deficit significantly decreased to USD 2 billion in FY19 (Jul-Oct), compared to USD 3.4 billion in the same period of FY18

Current Account Balance Components 1/
FY14-FY19 (Jul-Oct) (in billion USD)

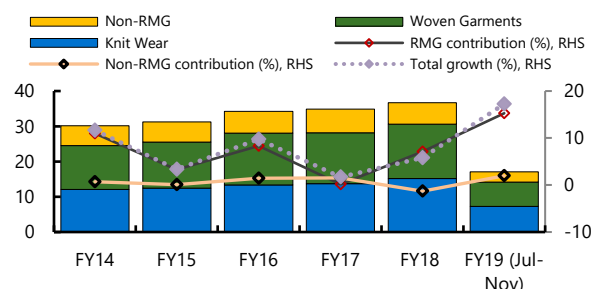


RMGs represented 83.1% of USD 17.1 billion exports during FY19 (Jul-Nov). RMG exports contributed 15.2 percentage points in total exports growth of 17.2%, while non-RMG exports contributed 2 percentage points

Item-wise Goods Exports 4/

FY14-FY19 (Jul-Nov)

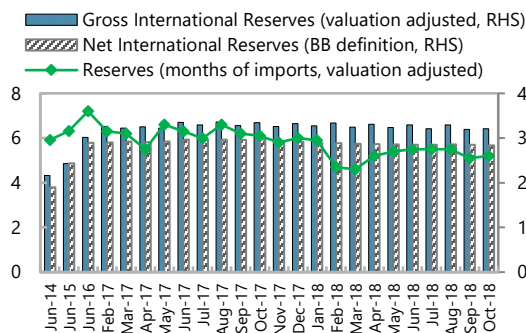
(in billion USD, unless otherwise indicated)



Import months' coverage increased to 5.2 months in Oct 2018 from 5.1 months in Sep 2018

International Reserves 3/
Jun 2014-Oct 2018

(In billion USD, unless otherwise indicated)



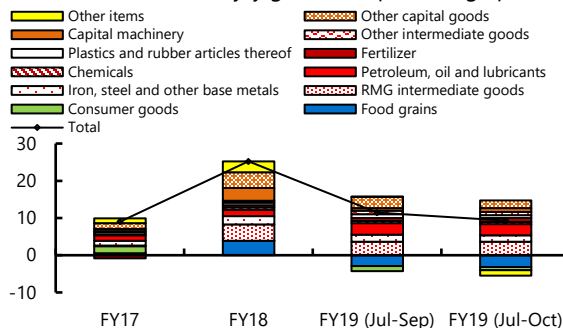
1/ FY19 (Jul-Oct) BOP data are provisional. 2/ Commodity-wise import data recorded by customs. 3/ Oct 2018 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & 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

Capital goods and oil-related products contributed, respectively, 3.1 and 3 percentage points to import growth of 9.3 percent in FY19 (Jul-Oct), while contribution from consumer goods and food imports was negative 4 percentage points

Item-wise Contributions to Import Growth 2/

FY17-FY19 (Jul-Oct), (y/y growth, in percentage points)

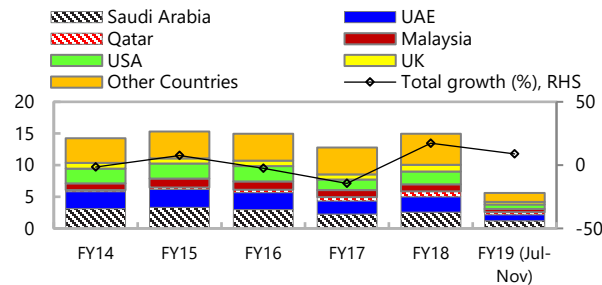


In FY19 (Jul-Nov), y/y remittance inflows increased by 9%, amounting to USD 6.3 billion. The GCC countries contributed 59.2% of the inflows, with total share of 34.6 percentage points from the KSA and UAE

Contributions to Workers' Remittances

FY14-FY19 (Jul-Nov)

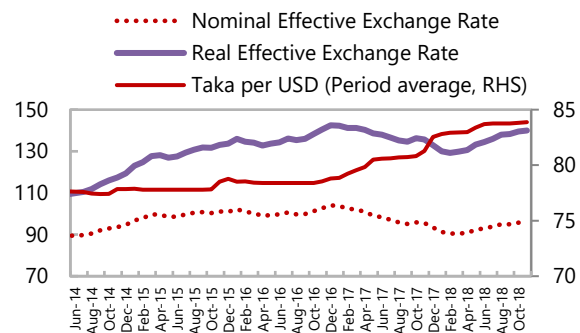
(in billion USD, unless otherwise indicated)



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

Exchange Rates

Jun 2014-Nov 2018

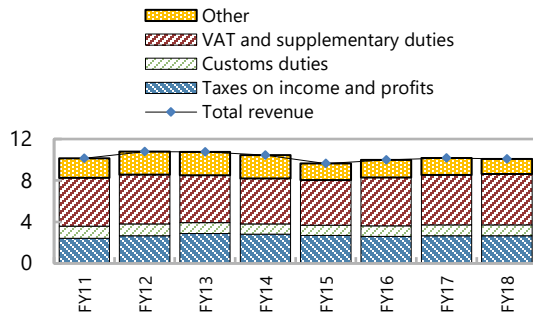


Bangladesh: Fiscal Sector Developments

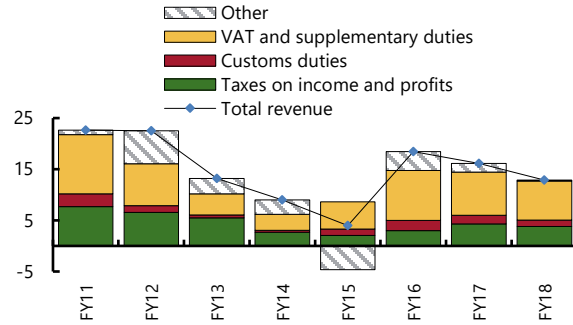
Revenue-GDP ratio edged down to 10.1% in FY18 from 10.2% in FY17, with 0.2% reduction of customs duties and other revenue-GDP ratio and 0.1% increase in VAT and supplementary duties-GDP ratio

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

Central Government Revenue
FY11-FY18 (In percent of GDP)



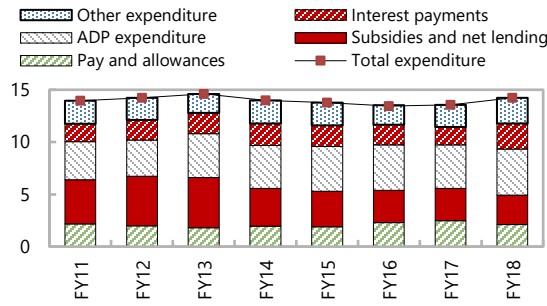
Contributions to Total Revenue Growth
FY11-FY18 (y/y, in percentage points)



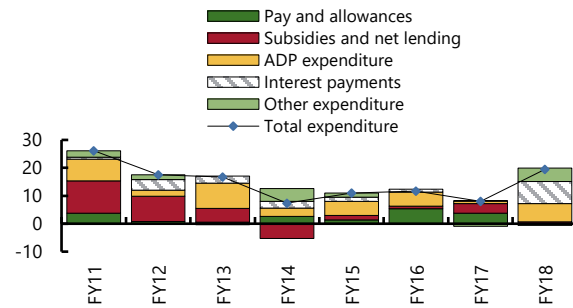
Budget execution is 14.2% of GDP in FY18 compared to 13.6% in FY17, with ADP-GDP ratio of 4.4% against 4.1% in FY17. Interest payment-GDP ratio increased to 2.4% in FY18 from 1.7% in FY17

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 percentage points in total growth

Central Government Expenditure
FY11-FY18 (In percent of GDP)



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

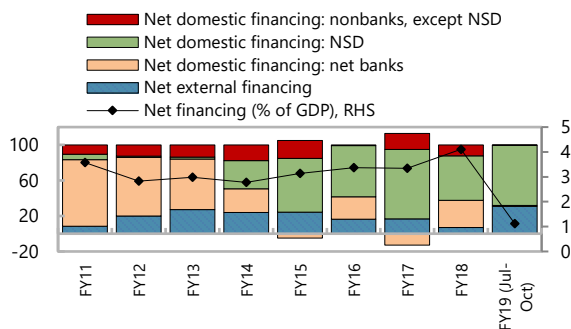


In FY19 (Jul-Oct), domestic sources financed 69.4% of budget deficit TK. 263.3 billion (1.1% of GDP), where net NSD sales of TK.178.3 billion accounted for 67.7% percentage points

At Oct 2018, central government debt in percent of GDP slightly fell to 32.8% of GDP from 33.2% in Jun 2018

Fiscal Balance and Sources of Financing 1, 2/
FY11-FY19 (Jul-Oct)

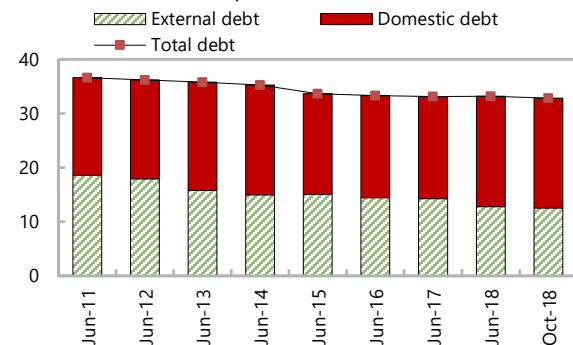
(Percent of net financing, unless otherwise indicated)



Central Government Debt 1, 2/

Jun 2011-Oct 2018

(In percent of GDP)



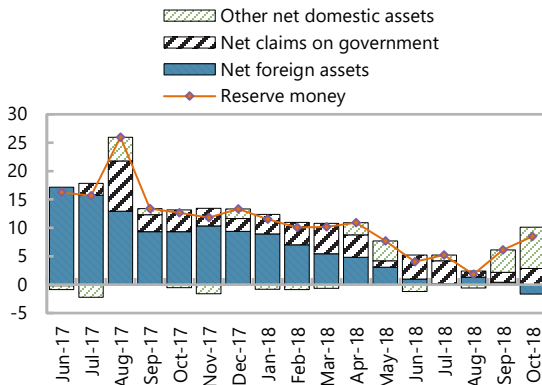
1/ FY19 (Jul-Oct) GDP data is annualized using actual GDP for FY18, and IMF staff projected GDP for FY19. 2/ For FY19 (Jul-Oct), net external financing is net medium and long-term (MLT) loans taken from Balance of Payments, and bank, National Savings Directorate (NSD) tools, and other non-bank financing data are taken from Bangladesh Bank. 3/ After June 2018, 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; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

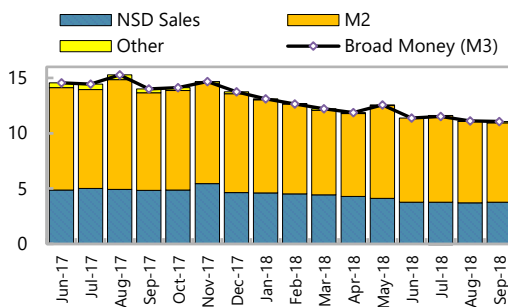
In Oct 2018, y/y reserve money growth increased to 8.5%, against 6.1% in Sep 2018, respectively, with negative 1.7 and 2.9 percentage points contribution from net foreign assets and net claims on government

Contributions to Reserve Money Growth
Jun 2017-Oct 2018 (y/y, in percentage points)



In Sep 2018, broad money (M3) growth was 11.1%, where M2 and NSD sales accounted for, respectively, 7.2 and 3.8 percentage points

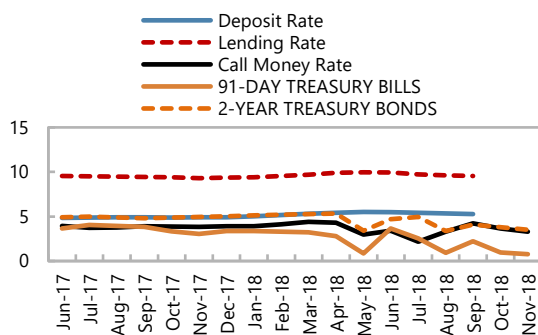
Contributions to Broad Money (M3) Growth
Jun 2017-Sep 2018 (y/y, in percentage points)



Sufficient liquidity in the financial system helped moderate financial prices in recent months

Interest Rates 2/

Jun 2017-Nov 2018 (in percentage points)

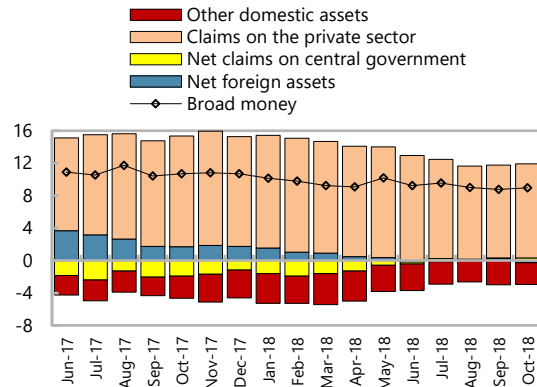


1/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve) and Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank's Department of Off-Site Supervision. 2/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on Nov 12th, 2018.

Sources: Bangladesh Bank; and IMF Staff calculations

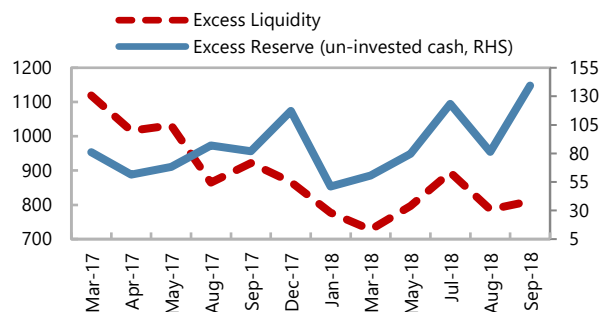
Annual broad money (M2) growth in Oct 2018 reached 9%, compared with 8.8% in Sep 2018 with, respectively, negative 0.3 and 11.6 percentage points contribution from net foreign assets and private sector credit

Contributions to Broad Money (M2) Growth
Jun 2017-Oct 2018 (y/y, in percentage points)



At end Sep 2018, excess liquidity amounted to TK. 810.9 billion, accounting for 31.6% of total liquid assets

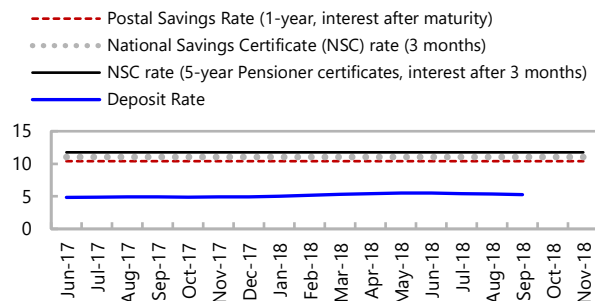
Excess liquidity and Excess Reserves 1/
Mar 2017-Sep 2018 (in billion Taka)



As high as 11.76% return from non-market NSD tools, significantly higher than comparator market instruments, propels their excess demand, impeding financial market development

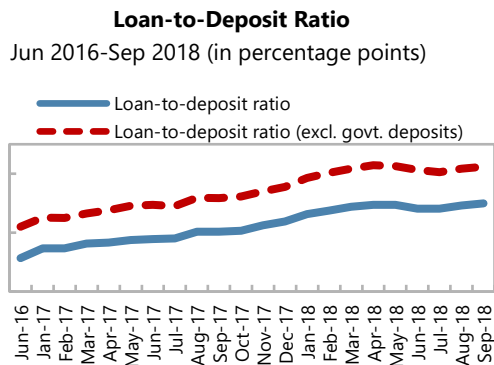
Postal Savings, NSC and Commercial Banks' Rates

Jun 2017-Nov 2018 (in percentage points)

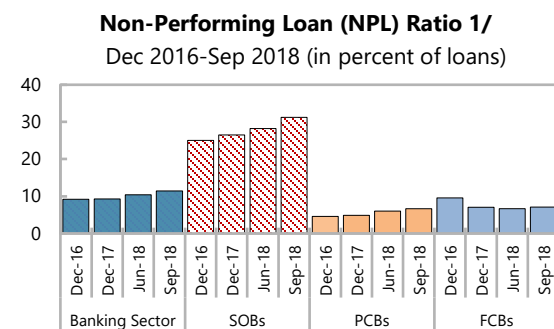


Bangladesh: Monetary and Financial Market Developments... Contd.

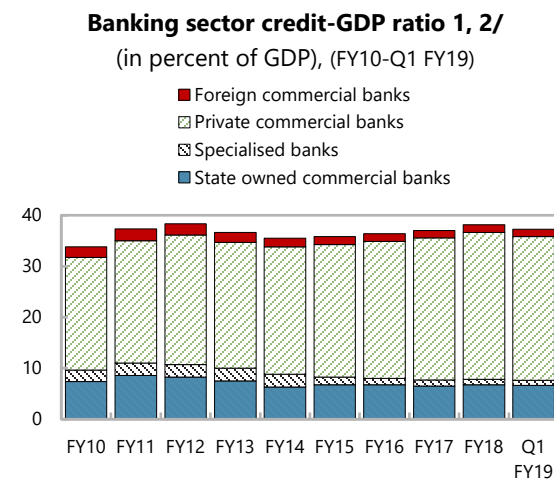
Loan-to deposit ratio marginally increased to 85% in Sep 2018 from 84.6% in Aug 2018. During the period, the ratio excluding government deposit increased from 90.8% to 91.2%



In Sep 2018, banking sector's NPL ratio increased to 11.5% from 10.4% in Jun 2018. In case of the SOBs, the ratio increased to 31.2% from 28.2%, and for private commercial banks (PCBs), it increased from 6% to 6.7%



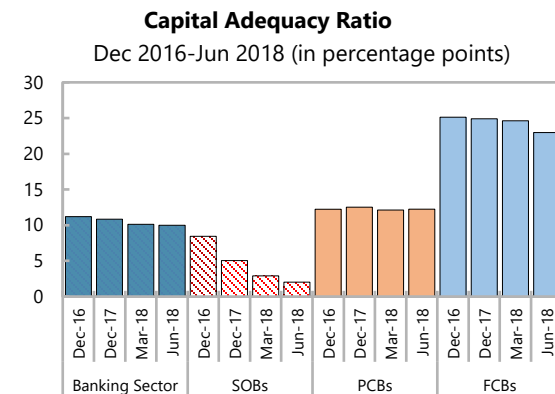
Banking sector's outstanding loans-GDP ratio decreased from 38.1% in FY18 to 37.3% in Q1 FY19



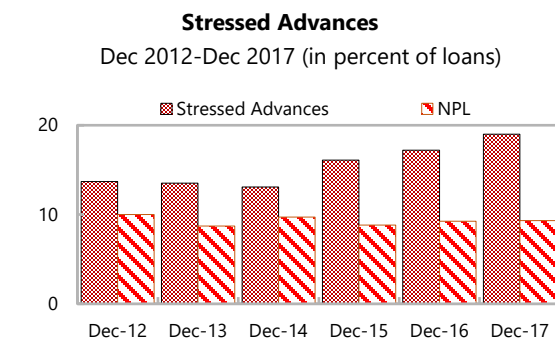
1/ The credit data include banks' outstanding loans. Banking industry's total credit-GDP ratio in FY10 and FY17 was respectively, 34.1% and 37.7%, against banking sector's outstanding loans-GDP ratio of, respectively, 33.8% and 37%. 2/ One of the four specialised banks (Sp. Bs) became state-owned commercial bank (SCB) in FY15. Another Sp.B became SCB in FY16.

Sources: Bangladesh Bank; IMF Staff calculations

At end Jun 2018, CAR of the banking industry went down to 10 percent from 10.8 percent in Dec 2017. During the period, CAR of the state-owned banks (SOBs) declined from 5% to 2%- far below regulatory requirement of 10%



Stressed advances-sum of NPLs, rescheduled and restructured loans- account for 19% of outstanding loans in Dec 2017



The 3-mma DSE Broad Index and turnover slightly fell in Oct 2018, compared with previous month. During this period, the 3-mma price volatility increased markedly

