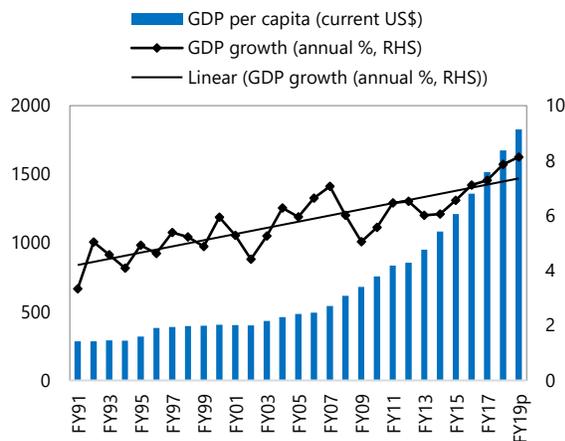


### Bangladesh: Selected Indicators

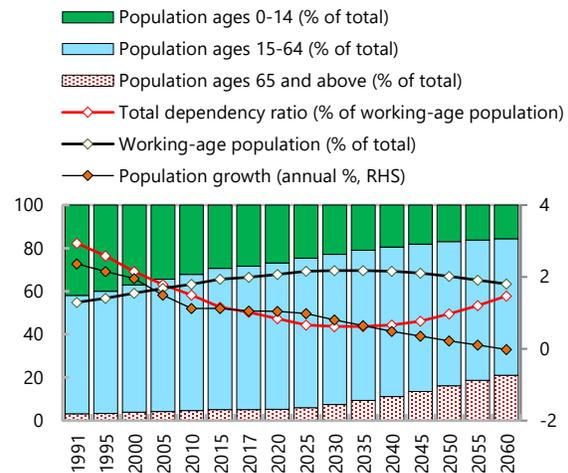
Bangladesh economy maintained an average annual growth rate of six percent plus over the last decade, with 7.86% outturn in FY18. The provisional estimate of FY19 GDP growth is 8.13%, with per capita GDP of USD 1827

2.4% population growth rate in 1991 declined to 1% in 2017, with population reaching 164.7 million. In 2017, the working-age population (aged 15-64) was 66.5%, while total dependency ratio (population aged below-15 and 65+ per 100 working-age population) was 50.3%

**Trend of Real GDP Growth and GDP per capita 1/**  
FY91-FY19 (y/y, in percentage points)



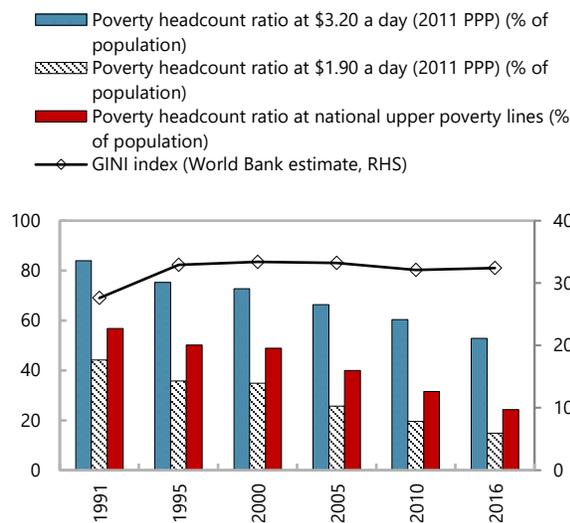
**Trend of Demographic Indicators 2/**  
1991-2060



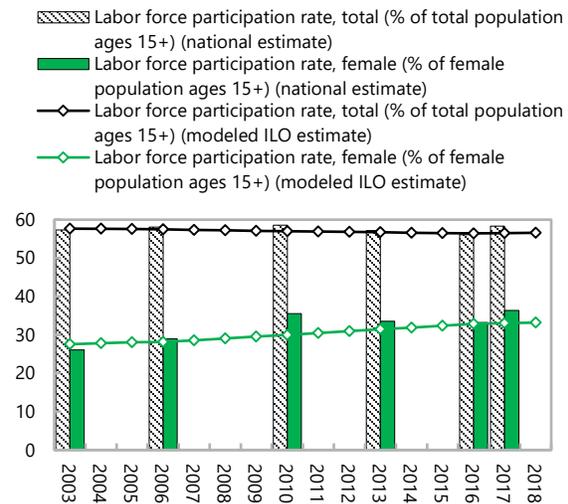
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to 24% in 2016

ILO estimates 56.6% of population aged 15+ are in labor force in 2018; the female participation rate is only 33.2%

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



**Trend of Labor Force Participation 5/**  
2003-2018



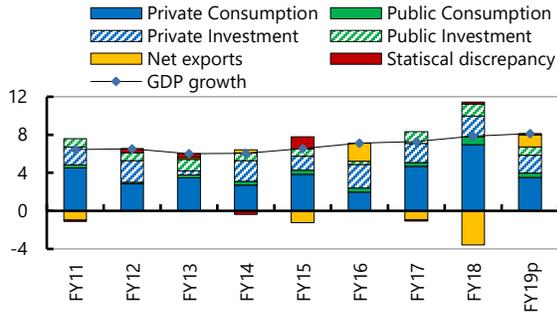
1/ July-June period is considered as fiscal year (FY) in Bangladesh. FY19p stands for provisional estimate of FY19 by the authorities. For FY91- FY17, GDP per capita data are taken from WDI, and for FY18 and FY19, national measures are used. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (2017). The population growth rates from year 2020 are five-year average growth projections, e.g. 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. 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

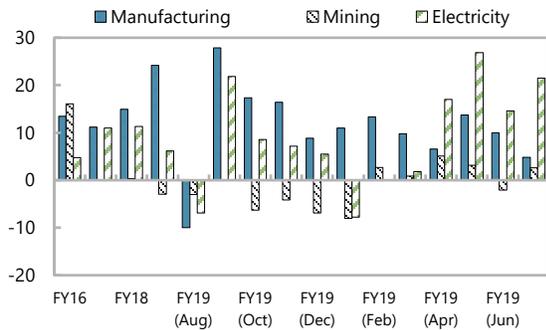
Private consumption and investment, respectively, contribute 3.5 and 1.9 percent to the provisional estimate of 8.13 percent GDP growth in FY19, while public consumption and investment, respectively, contribute 0.5 and 0.9 percent. In FY19, trade deficit came down by 21.8%

**Contributions to Real GDP Growth 1/**  
FY11-FY19 (y/y, in percentage points)



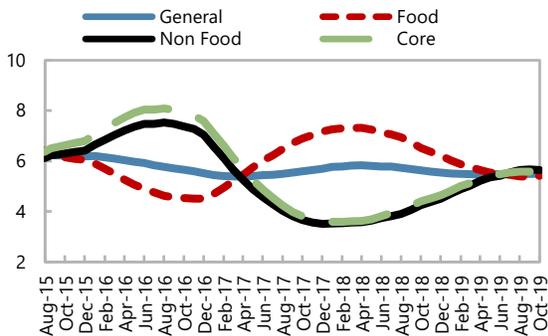
In FY19 Jul, the y/y growth of quantum index of manufacturing was 4.8%, mining 2.6%, and electricity 21.5%

**Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 2/**  
FY16-FY19 (Jul) (y/y growth, in percentage points)



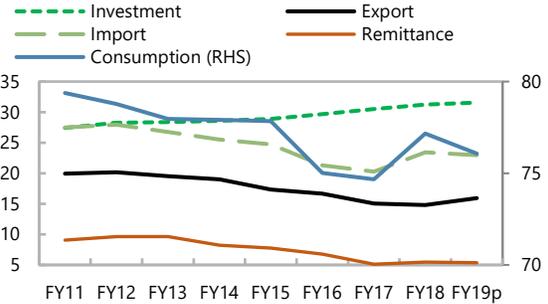
Annual average headline inflation was 5.5% in Oct 2019, with food inflation of 5.4%, and non-food inflation of 5.6%

**Twelve Month Average Inflation**  
Aug 15-Oct 19 (y/y, in percentage points)



Consumption-GDP ratio is estimated to edge down at 76.1% in FY19 from 77.2% in FY18, while investment-GDP ratio could rise from 31.2% to 31.6%

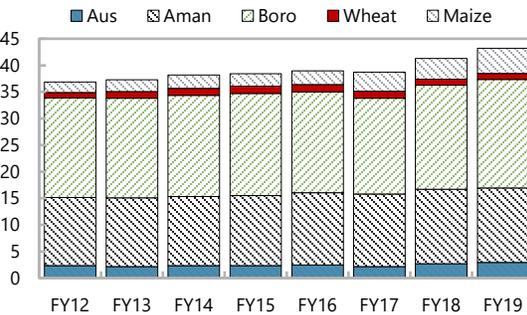
**Selected indicators' share in Nominal GDP 1/**  
FY11-FY19 (in percentage points)



Total rice production- Aus, Aman and Boro, was 37.3 MMT in FY19 compared to 36.3 MMT in FY18. Total production of wheat and maize was 5.9 MMT in FY19 against 5 MMT in FY18

### Major Food Grains Production

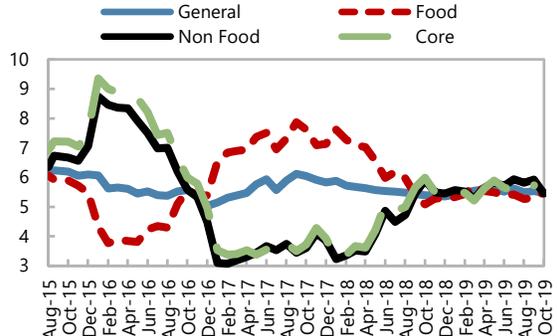
FY12-FY19 (Million Metric Tons (MMT))



In Oct 2019, y/y food inflation edged up to 5.5% from 5.3% in Sep 2019. Non-food decreased to 5.5% from 5.9% in Sep 2019, settling headline measure at 5.5%

### Point-to-Point Inflation

Aug 15-Oct 19 (y/y, in percentage points)



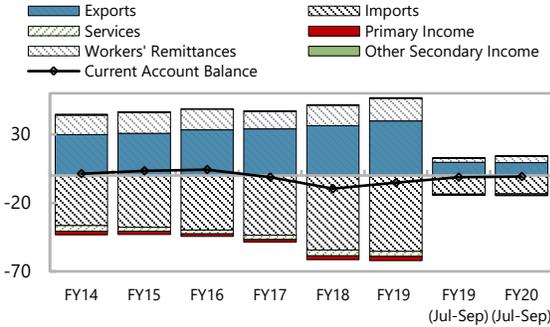
1/ FY19p stands for provisional estimate of FY19 by the authorities. 2/ FY19 data are provisional.

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

## Bangladesh: External Sector Developments

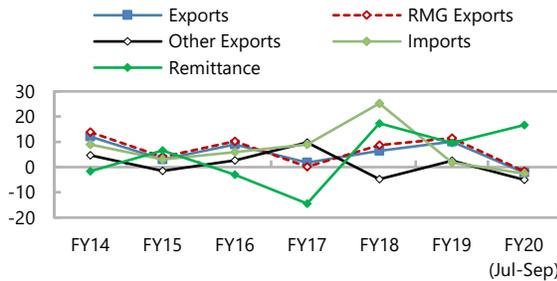
Current account balance yielded a USD 0.7 billion deficit in FY20 (Jul-Sep), compared to a USD 1.3 billion deficit in FY19 (Jul-Sep)

**Current Account Balance Components 1/**  
FY14-FY20 (Jul-Sep) (in billion USD)



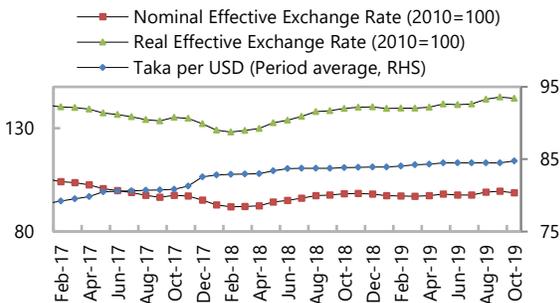
In FY20 (Jul-Sep), remittances-USD 4.5 billion increased by 16.7%, and exports-USD 9.5 billion decreased by 2.2%, while imports-USD 13.3 billion decreased by 2.6%

**Major Balance of Payments Components 3/**  
FY14-FY20 (Jul-Sep) (y/y growth, in percentage points)



Apart from slight depreciation in Jan 2019, REER has been appreciating since Mar 2018. During this period, Taka/USD nominal exchange rate depreciated slightly from 83 to 84.8

**Exchange Rates**  
Feb 2017-Oct 2019

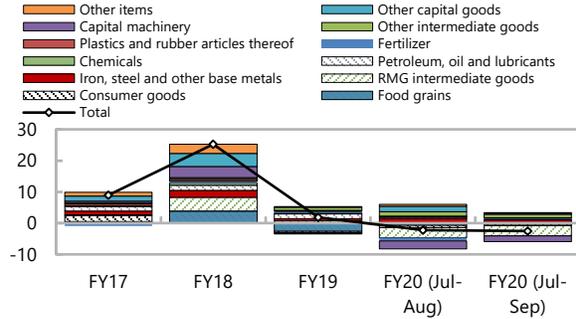


1/ FY20 (Jul-Sep) data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ Sep 2019 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali 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; Export Promotion Bureau (EPB); and IMF staff calculations

In FY20 (Jul-Sep), import growth was negative 2.5%, where RMG intermediate goods and capital goods, respectively, contributed negative 3.2% and negative 1.6%. The contribution from food grains and consumer goods was negative 0.9%

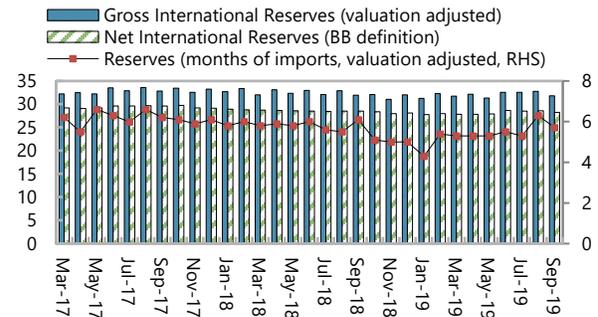
**Item-wise Contributions to Import Growth 2/**  
FY17-FY20 (Jul-Sep), (y/y growth, in percentage points)



Import months' coverage decreased from 6.3 months in Aug 2019 to 5.7 months in Sep 2019

**International Reserves 4/**  
Mar 2017-Sep 2019

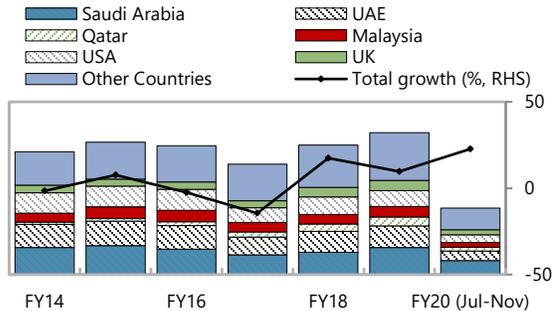
(In billion USD, unless otherwise indicated)



In FY20 (Jul-Nov), y/y remittance inflows increased by 22.7%, amounting to USD 7.7 billion. GCC countries contributed 58.3% of the inflows, where KSA and UAE, respectively, accounted for 21% and 14.3%

**Contributions to Workers' Remittances**  
FY14-FY20 (Jul-Nov)

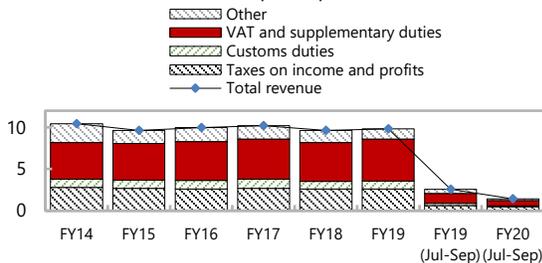
(in billion USD, unless otherwise indicated)



## Bangladesh: Fiscal Sector Developments

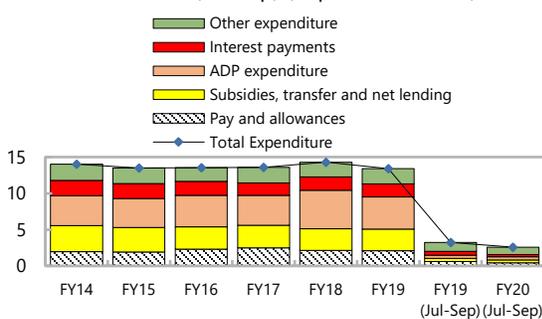
In FY19, total revenue-GDP ratio reached 9.8% against 9.6% in FY18. During this period, VAT and supplementary duties-GDP ratio increased from 4.7% to 5%. In FY20 (Jul-Sep), total revenue-GDP ratio was 1.4% against 2.6% in FY19 (Jul-Sep). During this period, VAT and supplementary duties-GDP ratio came down from 1.2% to 0.6%

**Central Government Revenue 1/  
FY14-FY20 (Jul-Sep) (In percent of GDP)**



Total expenditure-GDP ratio reached 13.4% in FY19 against 14.3% in FY18. In FY19, annual development program (ADP)-GDP ratio was 4.4% against 5.3% in FY18. In FY20 (Jul-Sep), total expenditure-GDP ratio decreased to 2.6% from 3.2% in FY19 (Jul-Sep). During this period, ADP execution remained same at 0.4% of GDP

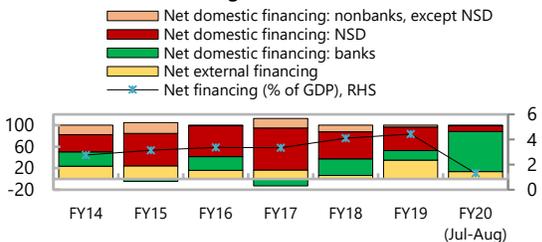
**Central Government Expenditure 1/  
FY14-FY20 (Jul-Sep) (In percent of GDP)**



In FY19, net financing was 4.4% of GDP. NSD tools financed 43.9% of total financing in FY19. In FY20 (Jul-Aug), domestic sources financed 86.1% of net financing TK. 343.1 billion. During this period, net NSD sales accounted for 10.7% of total net financing, while net financing from banking sector was 74.3%

**Fiscal Balance and Sources of Financing 1, 2/  
FY14-FY20 (Jul-Aug)**

(Percent of net financing, unless otherwise indicated)

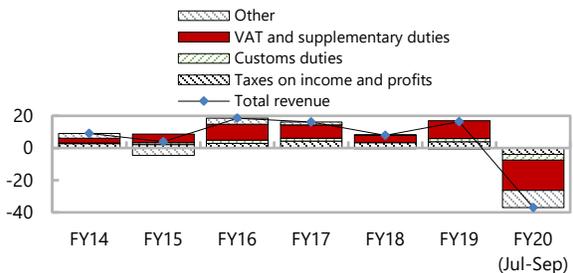


1/ FY19 GDP and fiscal data are provisional. FY20 (Jul-Aug) GDP data is annualized using actual GDP for FY19, and IMF staff projected GDP for FY20. 2/ For FY19 and FY20 (Jul-Aug), net external financing is net medium and long-term (MLT) loans, which are taken from Balance of Payments, and net domestic financing is financing by banks, National Savings Directorate (NSD) tools, and other non-bank sources, which are taken from Bangladesh Bank. 3/ In Jun 2019 and Aug 2019, external debt is identified through net MLT loans, and domestic debt is identified through government borrowings from banks, NSD tools, and other non-bank sources as mentioned in note 2.

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

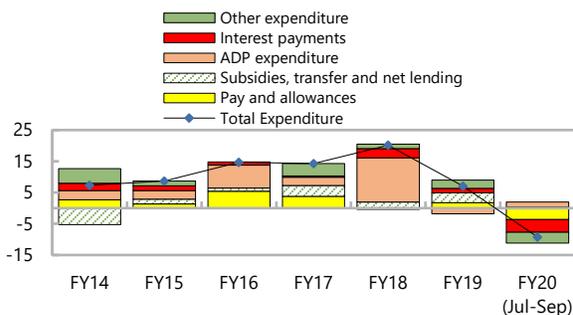
In FY19, y/y growth of total revenue was 16.4%, where VAT and supplementary duties accounted for 11.1%. In FY20 (Jul-Sep), total revenue growth was negative 37.1%, where VAT and supplementary duties contributed negative 18.9%

**Contributions to Total Revenue Generation 1/  
FY14-FY20 (Jul-Sep) (y/y, in percentage points)**



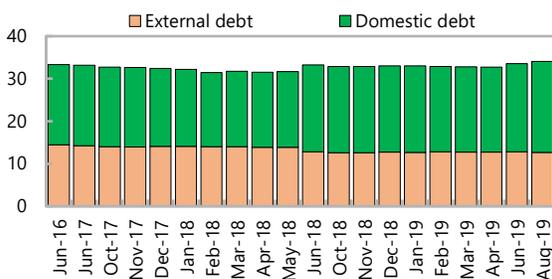
In FY19, y/y growth of central government expenditure was 7.1%, where ADP expenditure contributed negative 1.9% while subsidies, transfer and net lending contributed 3.2%. In FY20 (Jul-Sep), central government expenditure growth was negative 9.2%, where ADP expenditure contributed 1.7%

**Contributions to central government's expenditure growth 1/  
FY14-FY20 (Jul-Sep) (y/y, in percentage points)**



At end-Jun 2019, central government debt in percent of GDP reached 33.5% against 33.2% in Jun 2018. It reached 34.1% at end-Aug 2019, where domestic debt accounted for 21.4%

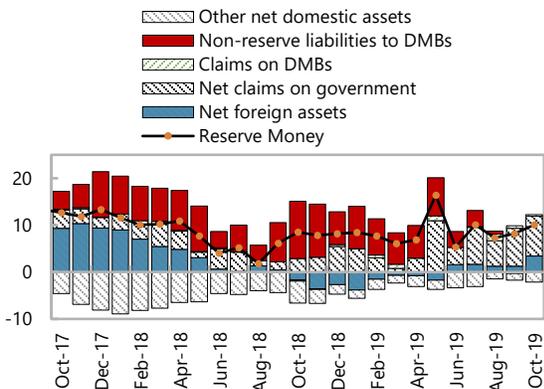
**Central Government Debt 2, 3/  
Jun 2016-Aug 2019  
(In percent of GDP)**



## Bangladesh: Monetary and Financial Market Developments

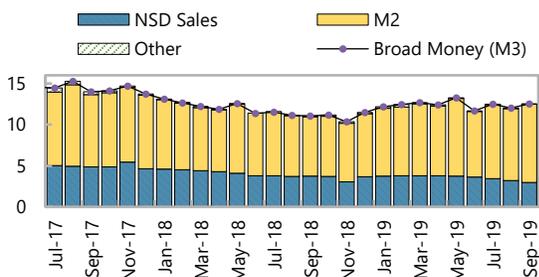
In Oct 2019, y/y reserve money growth was 10.1%, against 8.2% in Sep 2019, with 8.5% and 3.4% contributions, respectively, from net claims on government and net foreign assets

**Contributions to Reserve Money Growth**  
Oct 2017-Oct 2019 (y/y, in percentage points)



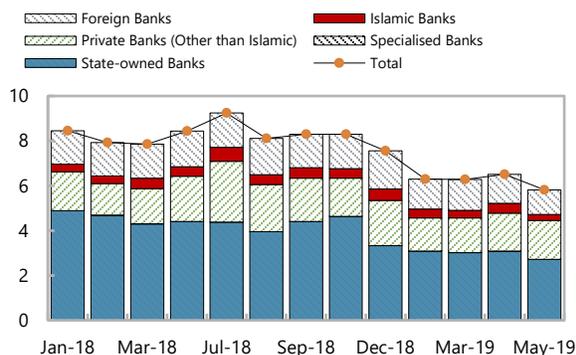
In Sep 2019, annual broad money (M3) growth reached 12.5%, with M2 and NSD sales, respectively, accounting for 9.5% and 3%

**Contributions to Broad Money (M3) Growth**  
Jul 2017-Sep 2019 (y/y, in percentage points)



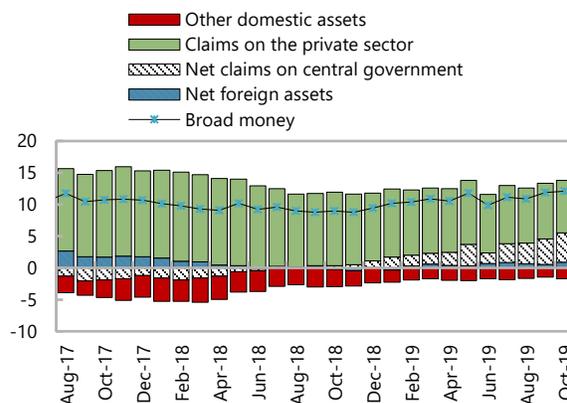
In May 2019, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 5.8%, compared with 6.5% in Apr 2019

**Excess Liquid Assets (as percent of total time and demand liabilities) 2/, Jan 2018-May 2019**



Annual broad money (M2) growth in Oct 2019 was 12.1%, compared with 11.9% in Sep 2019, with 8.3% and 4.6% contributions, respectively, from private sector credit and net claims on central government

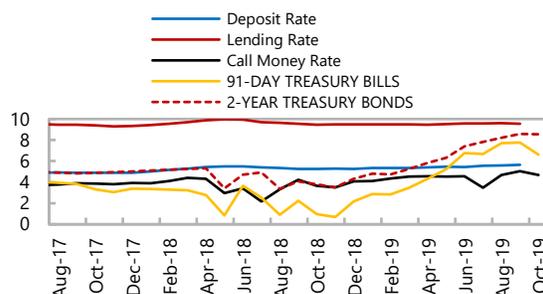
**Contributions to Broad Money (M2) Growth**  
Aug 2017-Oct 2019 (y/y, in percentage points)



Rates of T-Bills/Bonds, and inter-bank call money rate edged down recently, reflecting some easing in the money market

### Interest Rates 1/

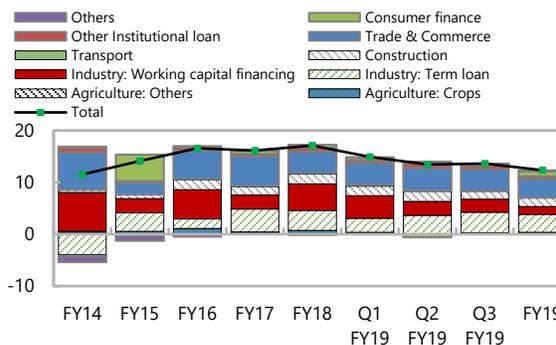
Aug 2017-Oct 2019 (in percentage points)



Growth of bank advances to the private sector came down from 17.1% in FY18 to 12.4% in FY19

### Economic Purpose-wise Contributions to Bank Advances' Growth (Private Sector)

FY14-FY19 (y/y, in percentage point)



1/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on October 29<sup>th</sup>, 2019. 2/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve). 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.

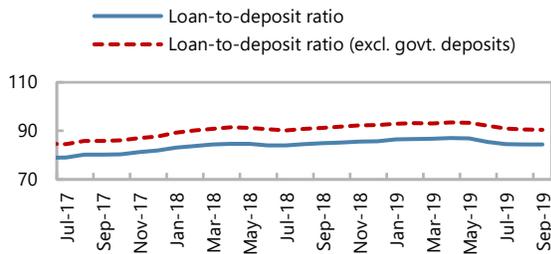
Sources: Bangladesh Bank; and IMF Staff calculations

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

Loan-to-deposit ratio decreased to 84.5% in Sep 2019 from 87.1% in Apr 2019. During the period, the ratio excluding government deposits came down from 93.5% to 90.4%

### Loan-to-Deposit Ratio

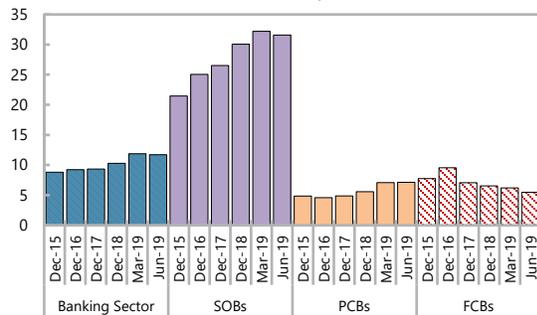
Jul 2017-Sep 2019 (in percentage points)



In Jun 2019, banking sector's NPL ratio reached 11.7% from 10.3% in Dec 2018. In the case of SOBs, the ratio increased from 30.1% to 31.6%, and for private commercial banks (PCBs), it increased from 5.6% to 7.1%

### Non-Performing Loan (NPL) Ratio

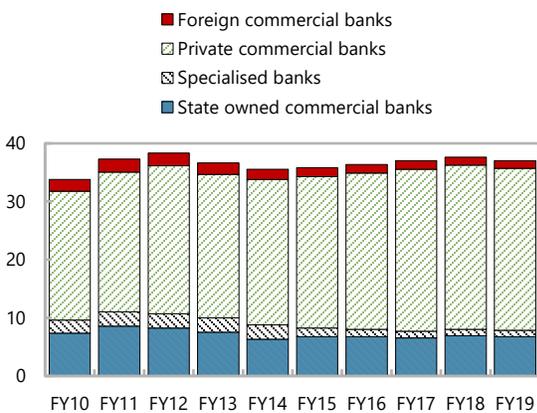
Dec 2015-Jun 2019 (in percent of loans)



Banking sector's advance-GDP ratio reached 37% at end-FY19 against 37.6% at end-FY18

### Banking Sector Advance-GDP ratio 1/

FY10- FY19 (in percent of GDP)



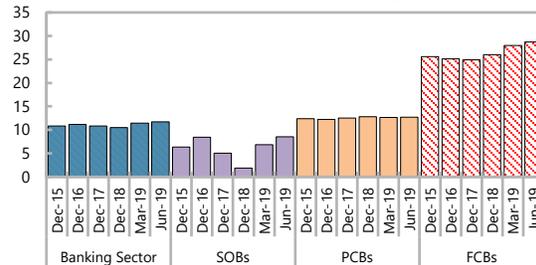
1/ FY19 data are provisional. Two of the four specialised banks became state-owned commercial banks in FY15.

Sources: Bangladesh Bank; and IMF Staff calculations

At Jun 2019, CAR of the banking industry reached 11.7 percent, compared with 10.5 percent in Dec 2018. During the period, CAR of the state-owned banks (SOBs) increased from 1.9% to 8.5%, reflecting a waiver of provisioning, and remaining below the regulatory requirement of 10%

### Capital Adequacy Ratio (CAR)

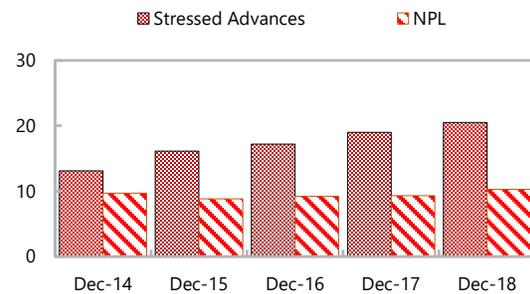
Dec 2015-Jun 2019 (in percentage points)



Stressed advances in the banking industry-the sum of NPLs, rescheduled and restructured loans- accounted for 20.5% of outstanding loans in Dec 2018

### Stressed Advances

Dec 2014-Dec 2018 (in percent of loans)



The 3-mma DSE Broad index has been falling since Apr 2019, reaching the lowest in Sep 2019

### Dhaka Stock Market Performance

Jul 2017-Sep 2019  
(3-month moving average)

