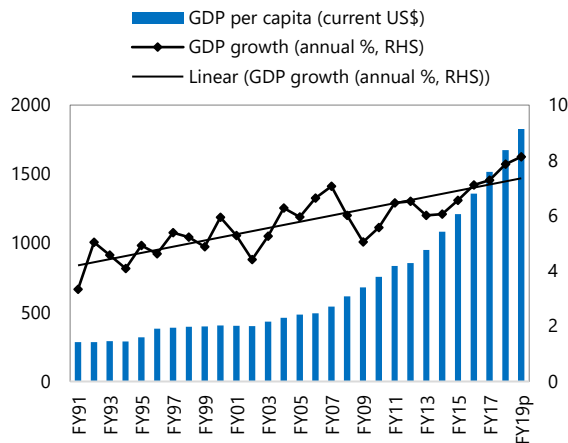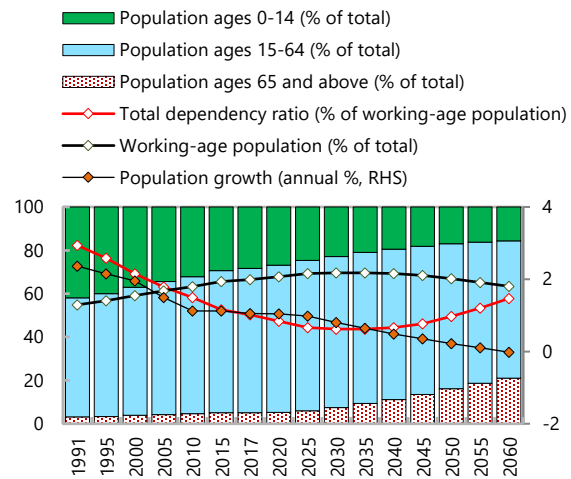## Bangladesh: Selected Indicators

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

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY19 (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 3, 4/
1991-2016

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 Demographic Indicators 2/
1991-2060

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

Trend of Labor Force Participation 5/
2003-2018
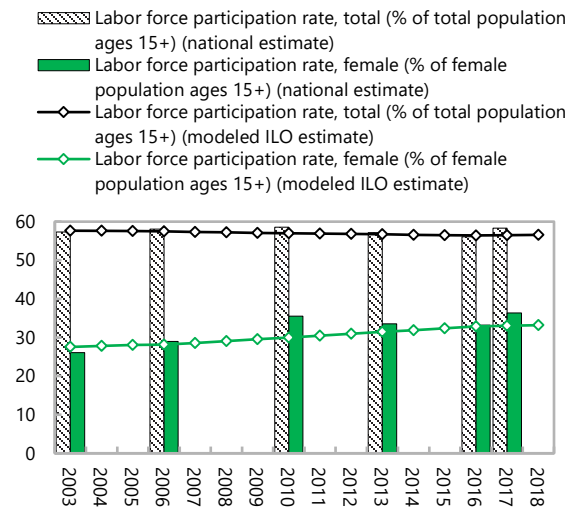
1/ July-Jun period is considered as fiscal year (FY) in Bangladesh. FY19p stands for provisional estimate of FY19 by the authorities. For FY91- FY17, GDP per capita data are taken from WDI, and for FY18 and FY19, national measures are used. 2/ Projection data from year 2020 are taken from United Nations, 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/
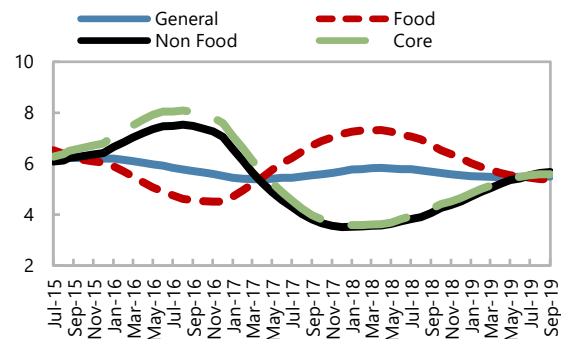
FY11-FY19 (y/y, in percentage points)
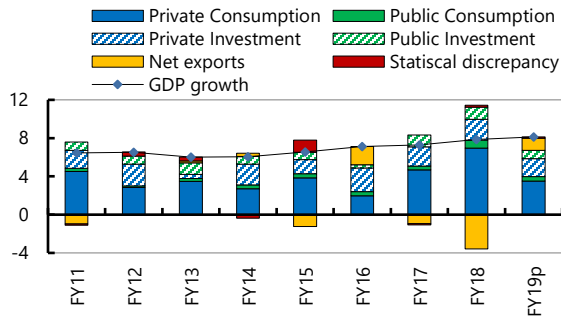
In FY19 Jun, the y/y growth of quantum index of manufacturing was 10.1%, mining -2.1%, and electricity 14.6%

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 2/

FY16-FY19 (Jun) (y/y growth, in percentage points)
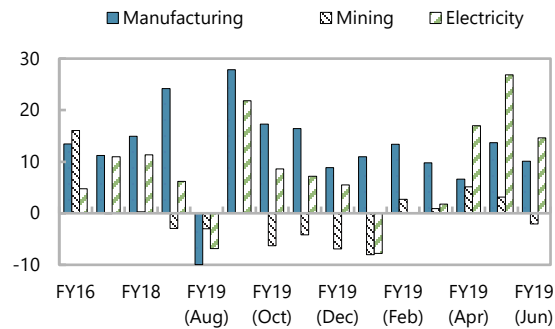
Annual average headline inflation was 5.5 percent in Sep 2019, with falling food inflation, and increasing non-food and core inflation

Twelve Month Average Inflation
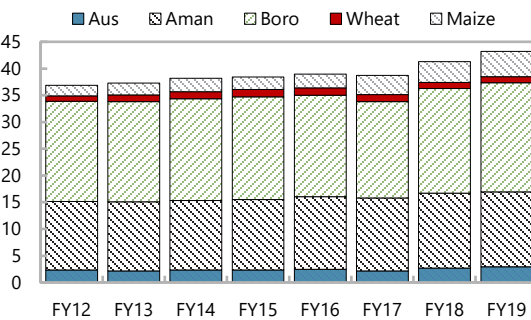
Jul 15-Sep 19 (y/y, in percentage points)

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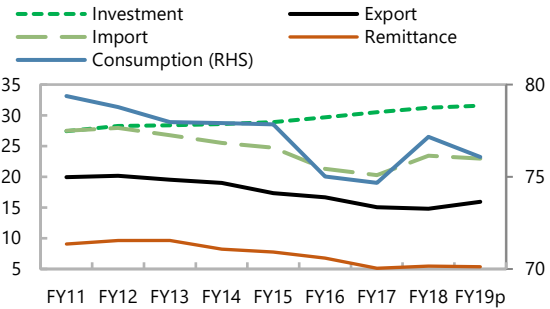
Total rice production- Aus, Aman and Boro, was 37.3 MMT in FY19 compared to 36.3 MMT in FY18. Total production of wheat and maize was 5.9 MMT in FY19 against 5 MMT in FY18
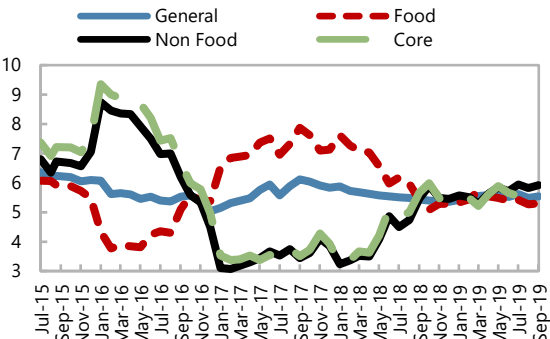
Major Food Grains Production

FY12-FY19 (Million Metric Tons (MMT))

In Sep 2019, y/y food inflation edged up to 5.3%. Non-food and core inflation, respectively, increased to 5.9% and 5.7%, settling headline measure at 5.5%

Point-to-Point Inflation
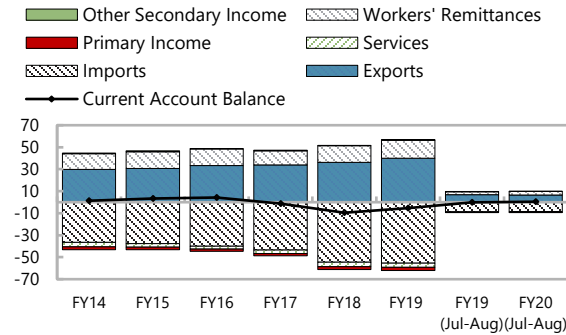
Jul 15-Sep 19 (y/y, in percentage points)

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 0.3 billion surplus in FY20 (Jul-Aug), compared to a USD 0.01 billion deficit in FY19 (Jul-Aug)

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

Legend:
- Other Secondary Income
- Primary Income
- Imports
- Current Account Balance
- Workers' Remittances
- Services
- Exports

In FY20 (Jul-Aug), remittances-USD 3.0 billion increased by 11.5%, and exports-USD 6.6 billion decreased by 1.1%, while imports-USD 8.6 billion decreased by 2.3%
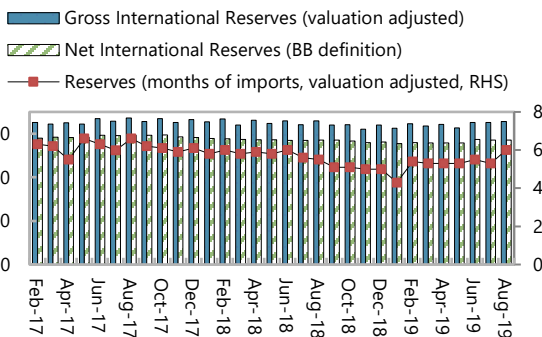
Major Balance of Payments Components 3/
FY14-FY20 (Jul-Aug) (y/y growth, in percentage points)

Legend:
- Exports
- Other Exports
- Remittance
- RMG Exports
- Imports
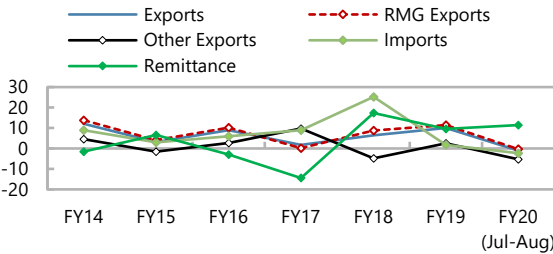
Import months' coverage increased from 5.3 months in Jul 2019 to 6 months in Aug 2019

International Reserves 4/
Feb 2017-Aug 2019
(In billion USD, unless otherwise indicated)

Legend:
- Gross International Reserves (valuation adjusted)
- Net International Reserves (BB definition)
- Reserves (months of imports, valuation adjusted, RHS)

Capital goods and oil-related products, respectively, contributed negative 0.8%, and 0.4% to import growth of negative 2.3% in FY20 (Jul-Aug), while contribution from food grains and consumer goods was negative 1.4%

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

Legend:
- Other items
- Capital machinery
- Plastics and rubber articles thereof
- Chemicals
- Iron, steel and other base metals
- Consumer goods
- Other capital goods
- Other intermediate goods
- Fertilizer
- Petroleum, oil and lubricants
- RMG intermediate goods
- Food grains
- Total

In FY20 (Jul-Sep), y/y remittance inflows increased by 17%, amounting to USD 4.5 billion. GCC countries contributed 59.2% of the inflows, with total share of 34.8% from KSA and UAE

Contributions to Workers' Remittances
FY14-FY20 (Jul-Sep)
(in billion USD, unless otherwise indicated)

Legend:
- Saudi Arabia
- Qatar
- USA
- Other Countries
- UAE
- Malaysia
- UK
- Total growth (%, RHS)

Apart from slight depreciation in Jan 2019, REER has been appreciating since Mar 2018. During this period, Taka/USD exchange rate depreciated slightly from 83 to 84.5

Exchange Rates
Jan 2017-Sep 2019

Legend:
- Nominal Effective Exchange Rate (2010=100)
- Real Effective Exchange Rate (2010=100)
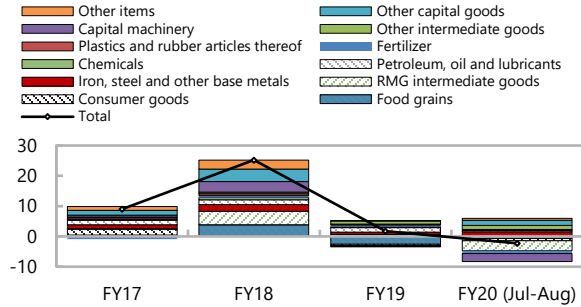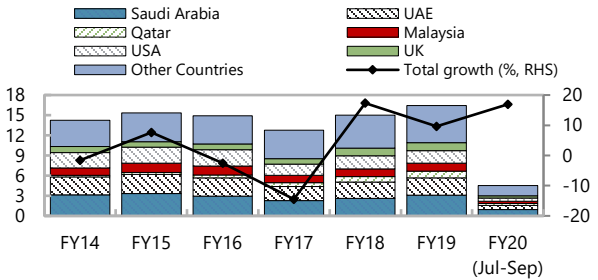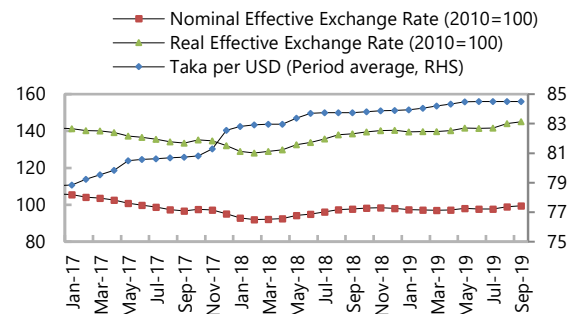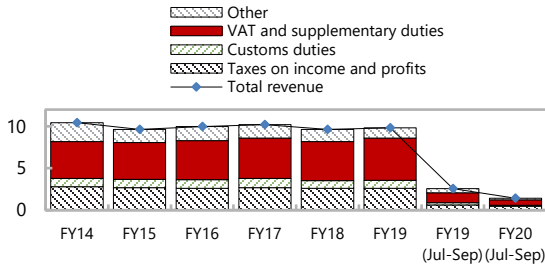- Taka per USD (Period average, RHS)

1/ FY20 (Jul-Aug) data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ Aug 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

3

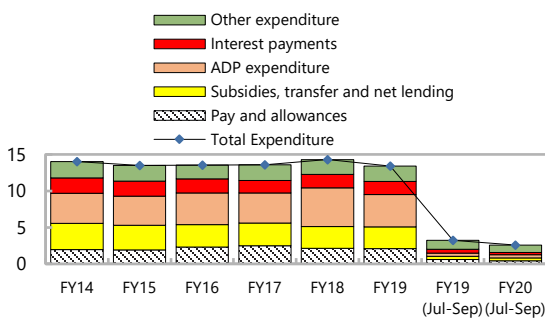# Bangladesh: Fiscal Sector Developments

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%

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%

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

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

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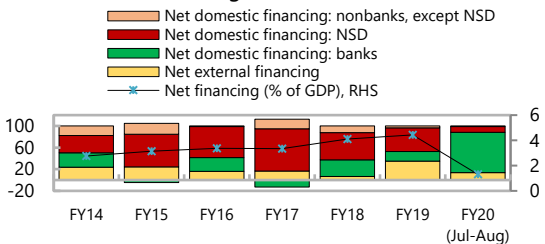
In FY19, y/y growth of central government expenditure was 7.1%, where ADP expenditure contributed negative 1.9% while subsidies, transfer and net lending contributed 3.2%. In FY20 (Jul-Sep), central government expenditure growth was negative 9.2%, where ADP expenditure contributed 1.7%

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

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

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%

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%

Fiscal Balance and Sources of Financing 1, 2/
FY14-FY20 (Jul-Aug)
(Percent of net financing, unless otherwise indicated)

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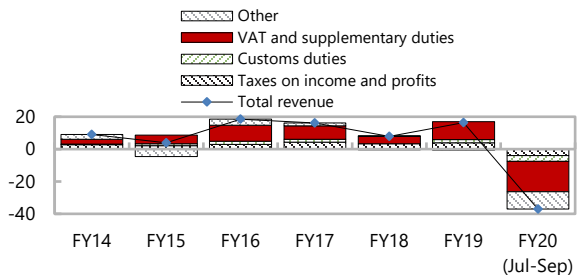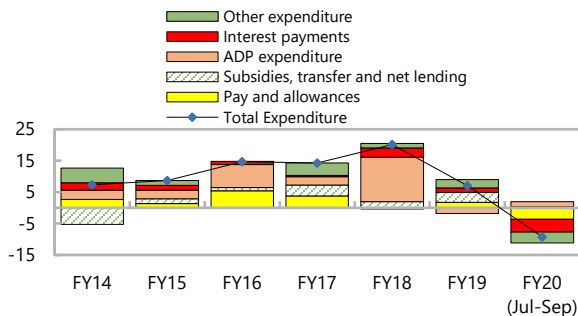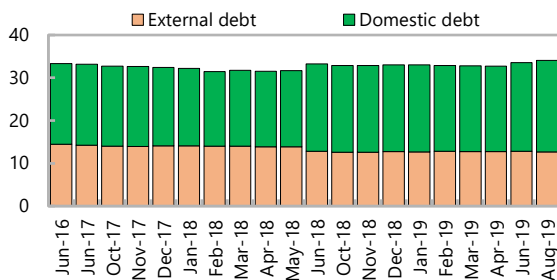Jun 2016-Aug 2019
(In percent of GDP)

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
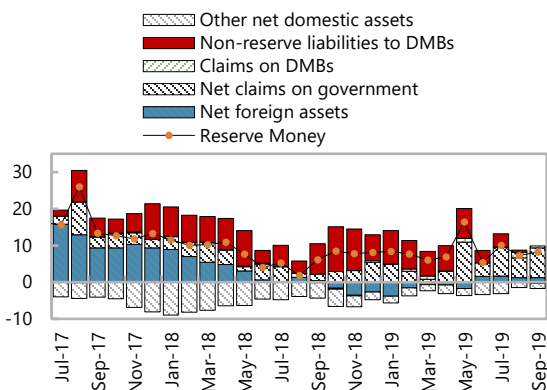
Bangladesh: Monetary and Financial Market Developments

In Sep 2019, y/y reserve money growth was 8.2%, against 7.3% in Aug 2019, with 8.1% and 1.3% contributions, respectively, from net claims on government and net foreign assets
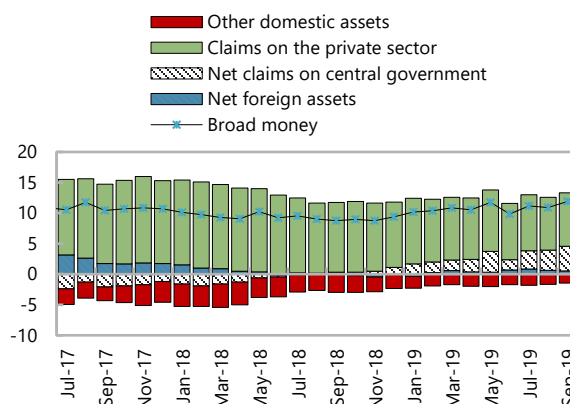
Annual broad money (M2) growth in Sep 2019 was 11.9%, compared with 10.9% in Aug 2019, with 8.8% and 4% contributions, respectively, from private sector credit and net claims on central government

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

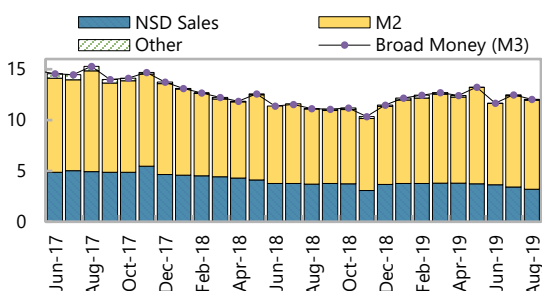### Contributions to Broad Money (M2) Growth
Jul 2017-Sep 2019 (y/y, in percentage points)

In Aug 2019, broad money (M3) growth reached 12%, with M2 and NSD sales, respectively, accounting for 8.8% and 3.2%
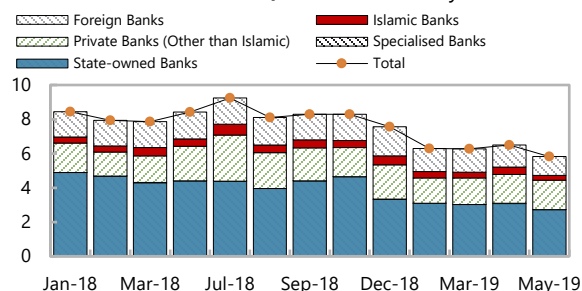
In May 2019, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 5.8%, compared with 6.5% in Apr 2019

Contributions to Broad Money (M3) Growth
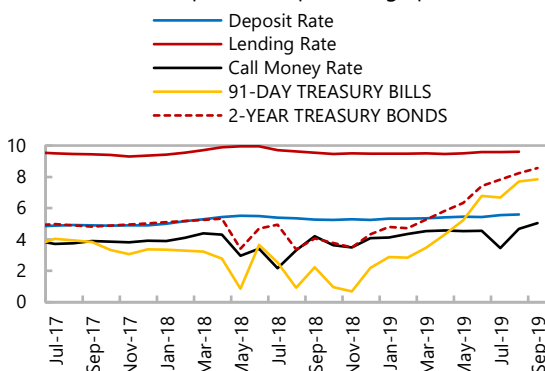Jun 2017-Aug 2019 (y/y, in percentage points)

Excess Liquid Assets (as percent of total time and demand liabilities) 1/, Jan 2018-May 2019

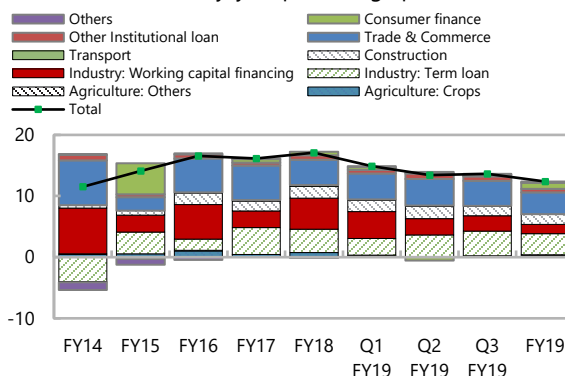*Increasing rates of T-Bills/Bonds, and inter-bank call money rate reflect some tightening in the money market*

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

Interest Rates 2/
Jul 2017-Sep 2019 (in percentage points)

Economic Purpose-wise Contributions to Bank Advances' Growth (Private Sector)
FY14-FY19 (y/y, in percentage point)

1/ 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. 2/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on September 23rd, 2019.
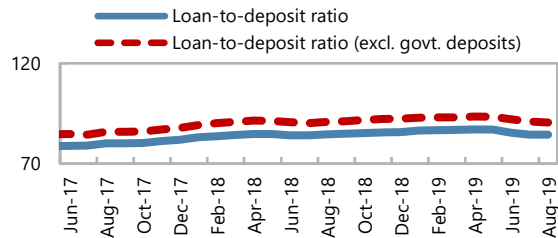Sources: Bangladesh Bank; and IMF Staff calculations

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

Loan-to deposit ratio marginally decreased to 84.4% in Aug 2019 from 87.1% in Apr 2019. During the period, the ratio excluding government deposits came down from 93.5% to 90.6%
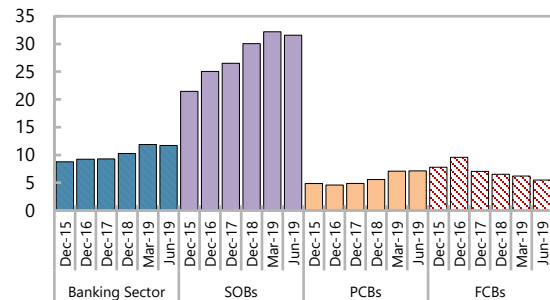
Loan-to-Deposit Ratio

Jun 2017-Aug 2019 (in percentage points)

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)

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%
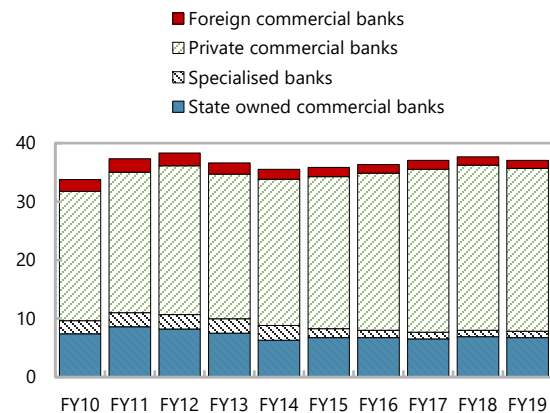
Non-Performing Loan (NPL) Ratio

Dec 2015-Jun 2019 (in percent of loans)

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)

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)

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

Dhaka Stock Market Performance

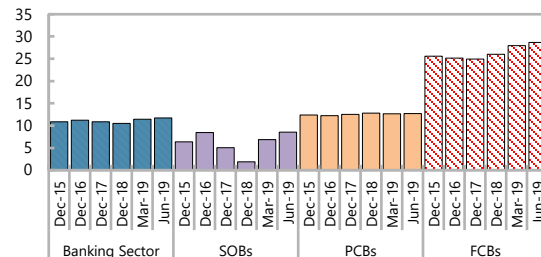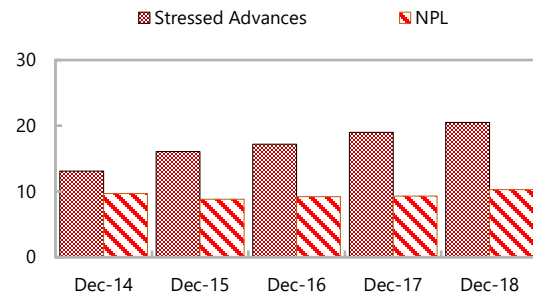Jul 2017-Sep 2019

(3-month moving average)

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