## Bangladesh: Selected Indicators

GDP growth (official) is estimated to decline to 5.2 percent in FY20, from over 8 percent in FY19, reflecting the onset of pandemic in Q4, however, GDP per capita is estimated to grow, by 6.2 percent, reaching USD1970 in FY20.

Trend of Real GDP Growth and GDP per capita 1/
FY91-FY20 (y/y, in percent)

The annual population has grown by 1.2 percent reaching 165.6 million by end-June 2019. In 2018, the working-age population (ages 15-64) marginally increased from 66.6 to 67.1 percent, while total dependency ratio decreased from 50 to 49 percent.
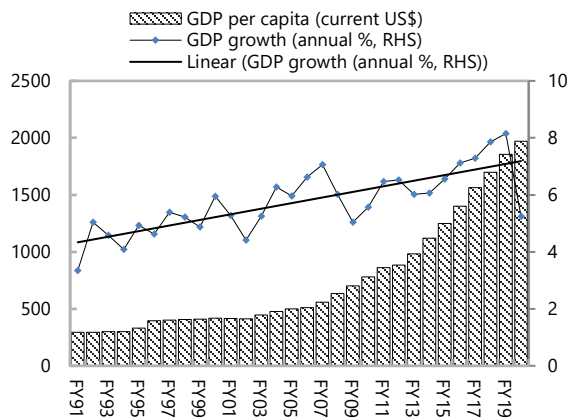
Trend of Demographic Indicators 2/
1991-2060
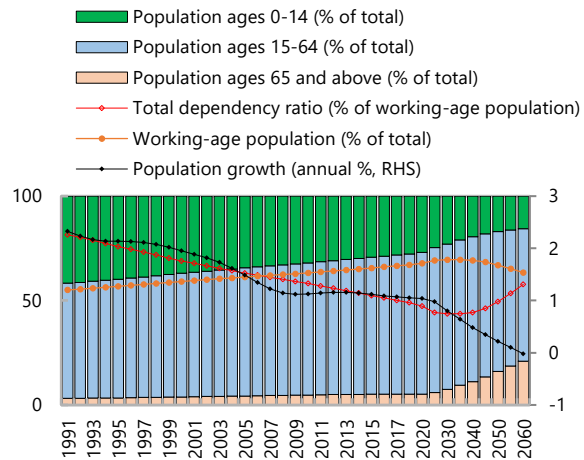
Income poverty incidence (national measure-upper poverty line) has decreased from 57 percent (1991) to 20.5 percent (preliminary) at end-June 2019.

Trend of Poverty Reduction and Gini Index 3, 4/
1991-2019

ILO estimates that 61.1 percent (in 2019) of the working-age population is in the labor force and the female participation rate is about 38.3 percent.
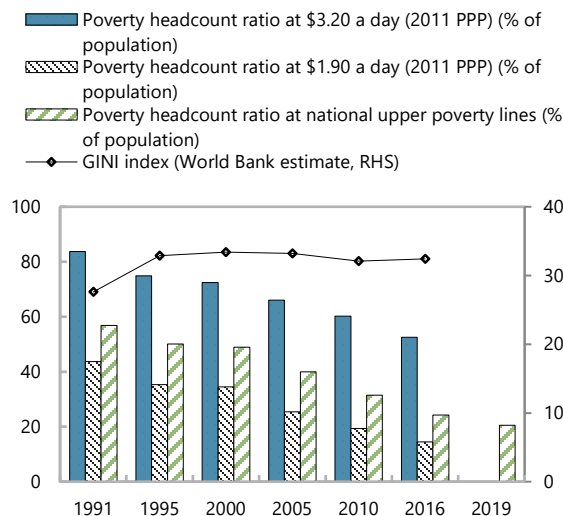
Trend of Labor Force Participation 5/
2003-2019
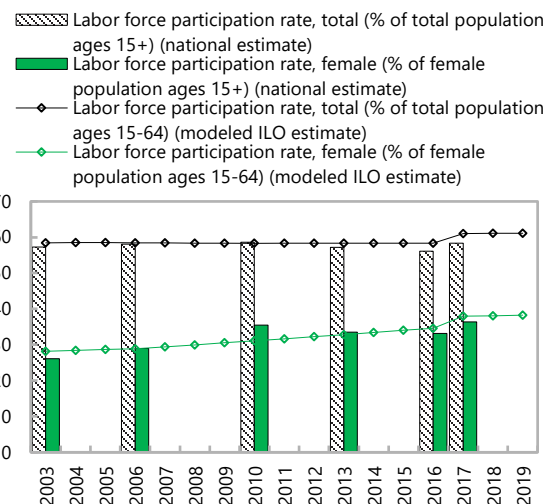
1/ The fiscal year (FY) in Bangladesh covers July-Jun. GDP per capita data are based on calendar year, taken from the WDI. 2020 GDP per capita is the national estimate for FY20. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (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. 2019 data is as on end of June 2019. 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.
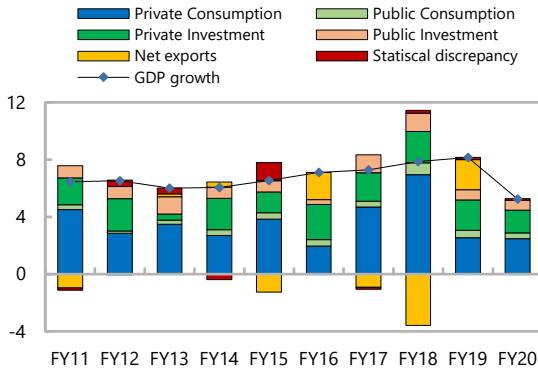
Sources: Bangladesh Bureau of Statistics (BBS); World Development Indicators (WDI); United Nations, Department of Economic and Social Affairs, Population Division (2017); and IMF staff calculations

Bangladesh: Real Sector Developments

Private consumption and investment contributed 2.5 and 1.6 percentage points, and public consumption and investment contributed 0.4 and 0.7 percentage points, respectively, to the real GDP growth in FY20.
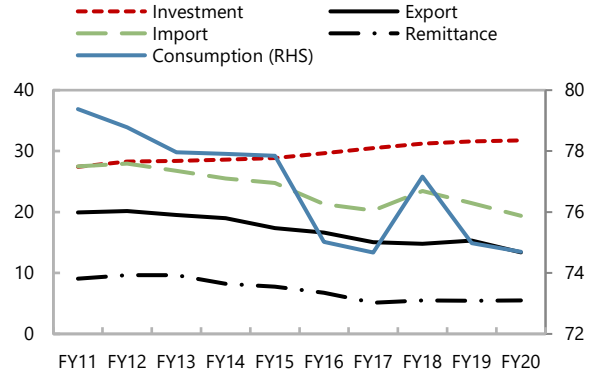
Contributions to Real GDP Growth
FY11-FY20 (y/y, in percentage points)

Compared with FY20, the y/y growth of the quantum index of mining highlights a pickup in the activity in the first quarter in the sector.

Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 1/
FY17-FY21 (Sep) (y/y growth, in percent)

Annual average headline inflation, in Dec 2020, remained same as 5.7 percent in Nov 2020.

Twelve Month Average Inflation
Jan 2018-Dec 2020 (y/y, in percent)

Consumption-GDP ratio, in FY20, ratio fell slightly to 74.7 percent from 75 percent in FY19, while the investment-GDP ratio edged up from 31.6 percent to 31.8 percent.
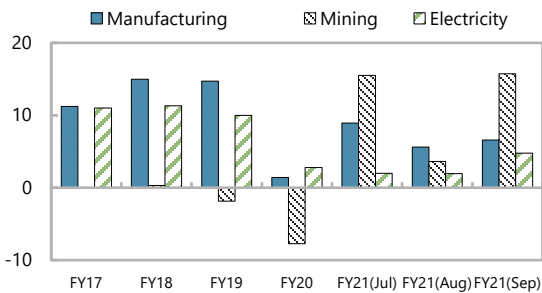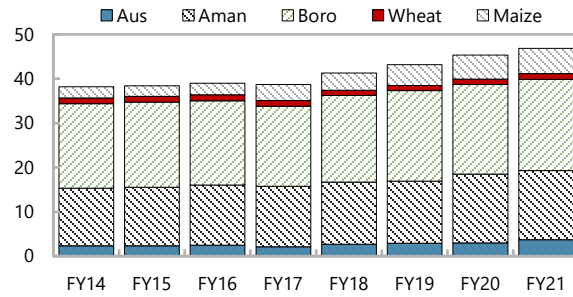
Selected indicators' Share in Nominal GDP
FY11-FY20 (in percent)

Rice production target, in FY21, was set at 39.8 MMT reflecting the actual production in FY20 (38.7 MMT). Total target for wheat and maize, in FY21, was set at 7 MMT reflecting the outturn of 6.7 MMT in FY20.
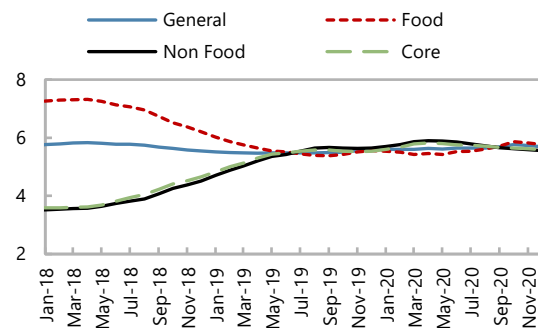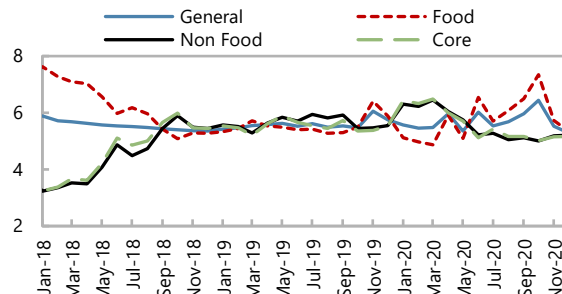
Major Food Grains Production 2/
FY14-FY21 (Million Metric Tons (MMT))

Headline inflation, in Dec 2020, decreased to 5.3 percent from 5.5 percent in Nov 2020. During the same period, food inflation decreased to 5.3 percent from 5.7 percent, while non-food inflation remained same as 5.2 percent.

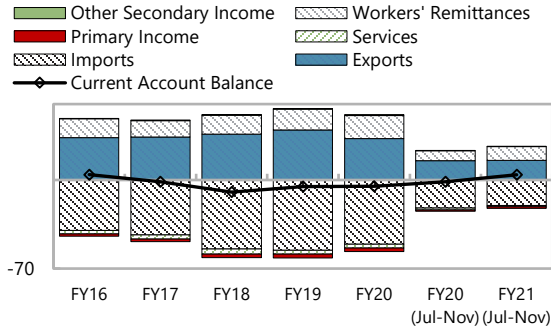**Point-to-Point Inflation**
Jan 2018-Dec 2020 (y/y, in percent)

1/ FY21 data are provisional. 2/ FY21 Aus data is actual, while Aman, Boro, wheat and Maize data are the production targets.
Sources: Bangladesh Bureau of Statistics (BBS); Department of Agriculture Extension, Ministry of Agriculture; Bangladesh Bank; and IMF staff calculations

2

Bangladesh: External Sector Developments

Current account balance, in FY21(Jul-Nov), substantially increased to a USD 4.1 billion surplus, compared with the USD 1.4 billion deficit in FY20 (Jul-Nov).

Current Account Balance Components 1/
FY16-FY21(Jul-Nov) (in billion USD)

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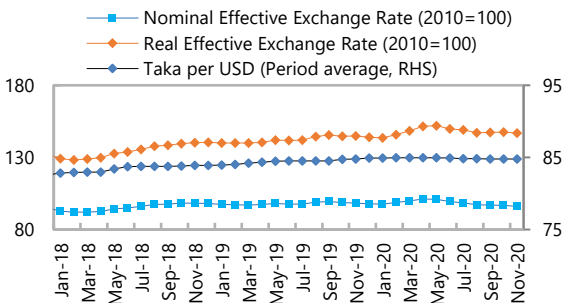- Exports
- Current Account Balance

Remittances, y/y in FY21(Jul-Nov), grew significantly by 41.2 percent. Export growth was tepid (0.9 percent) while imports witnessed a large decline (8.8 percent) over the same period.

Major Balance of Payments Components 3/
FY16-FY21(Jul-Nov) (y/y growth, in percent)

Legend:
- Exports
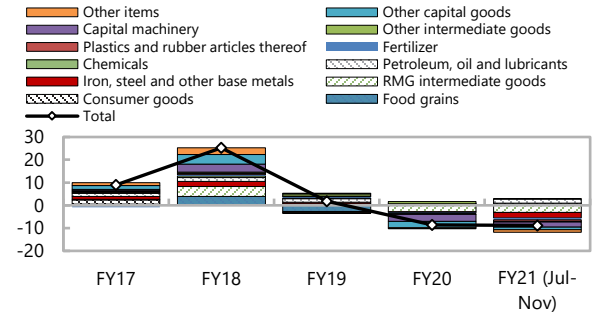- RMG Exports
- Other Exports
- Imports
- Remittance
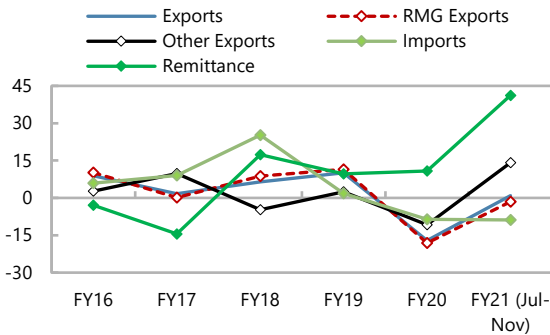
Trade competitiveness has somewhat improved, in recent months, mostly reflecting the depreciation of the Taka relative to the currency basket of Bangladesh's trading partners.

Exchange Rates
Jan 2018-Nov 2020

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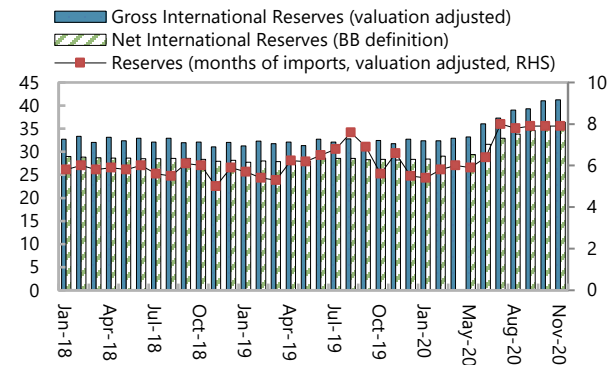- Taka per USD (Period average, RHS)

Capital goods contributed negatively (3.3 percentage points) while oil-related products, and food grains and consumer goods contributed positively (1.9 and 0.9 percentage points respectively) to the overall decline in imports (8.8 percent) in FY21(Jul-Nov).

Item-wise Contributions to Import Growth 2/
FY17-FY21(Jul-Nov), (y/y growth, in percentage points)

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

Mostly reflecting the surge in remittances and the decline in import payments, keeping international reserve coverage at 7.9 months of prospective imports since Sep 2020.

International Reserves 4/
Jan 2018-Nov 2020
(In billion USD, unless otherwise indicated)

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

GCC countries, in FY21 (Jul-Dec), contributed 55.8 percent of USD 12.9 billion remittance inflows, of which flows from Saudi Arabia and the UAE accounted for 34.3 percent.

Contributions to Workers' Remittances
FY16-FY21(Jul-Dec)
(in billion USD, unless otherwise indicated)

Legend:
- Saudi Arabia
- UAE
- Qatar
- Malaysia
- USA
- UK
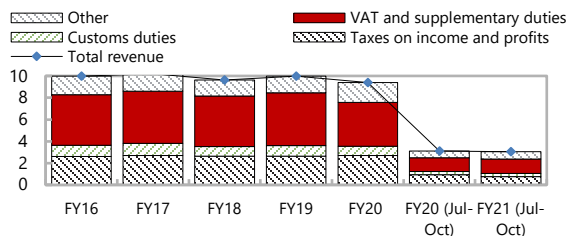- Other Countries
- Total growth (%, RHS)
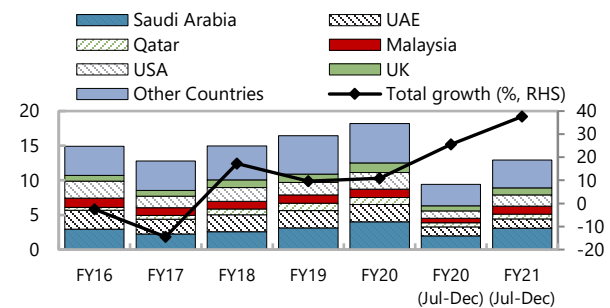
1/ FY21(Jul-Nov) data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ Nov 2020 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali 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

Bangladesh: Fiscal Sector Developments 1/

Total revenue-GDP ratio, in FY20, declined to 9.4 percent from 10 percent in FY19. Total revenue-GDP ratio, in FY21 (Jul-Oct), was at 3 percent compared with 3.1 percent in FY20 (Jul-Oct). VAT and the supplementary duties-GDP ratio, during the same period, remained same as 1.3 percent.
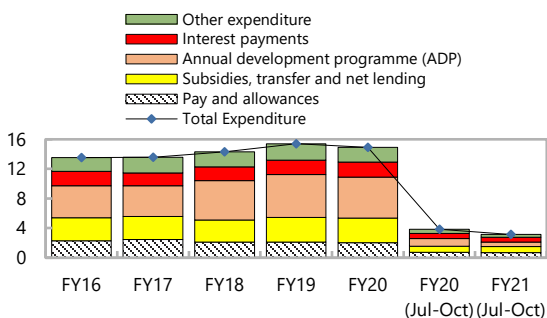
Central Government Revenue
FY16-FY21 (Jul-Oct) (In percent of GDP)

Total revenue, in FY20, grew by 3.7 percent (y/y) where VAT and supplementary duties contributed negatively (4.3 percentage points). Total revenues, in FY21 (Jul-Oct), have increased by 8.1 percent (y/y) and the increase in the growth in VAT and the supplementary duties has had the largest impact (by 5.9 percentage points).

Contributions to Total Revenue Generation
FY16-FY21 (Jul-Oct) (y/y, in percentage points)

Total expenditure-GDP ratio, in FY20, declined to 14.9 percent from 15.4 percent in FY19. Total expenditure-GDP ratio, in FY21 (Jul-Oct), decreased to 3.1 percent from 3.8 percent. During the same period, ADP execution decreased from 1 percent to 0.6 percent of GDP.

Central Government Expenditure
FY16-FY21 (Jul-Oct) (In percent of GDP)

Total expenditure, in FY20, increased by 6.5 percent (y/y), with ADP expenditure contributing 1.9 percentage points. Total expenditure, in FY21 (Jul-Oct), declined by 9.8 percent (y/y), where ADP expenditure contributed negative 9.4 percentage points.

Contributions to central government's expenditure growth
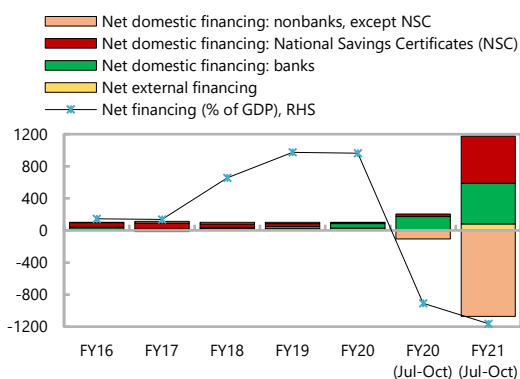FY16-FY21 (Jul-Oct) (y/y, in percentage points)

Preliminary data show that net deficit financing, in FY20, was 5.4 percent of GDP. Domestic sources, in the current FY, have financed 19.6 percent of net financing (TK. 27.6 billion) as of end-Oct 2020.

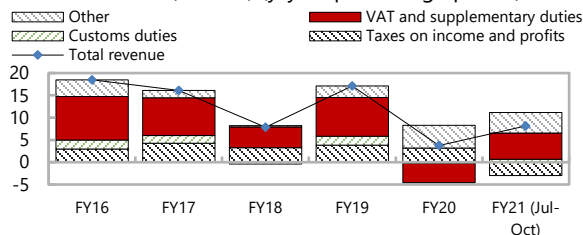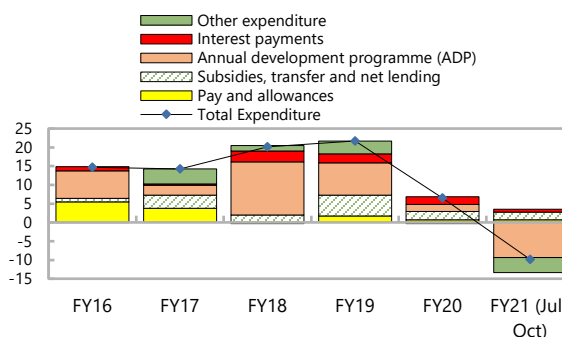**Fiscal Balance and Sources of Financing**
FY16-FY21 (Jul-Oct)
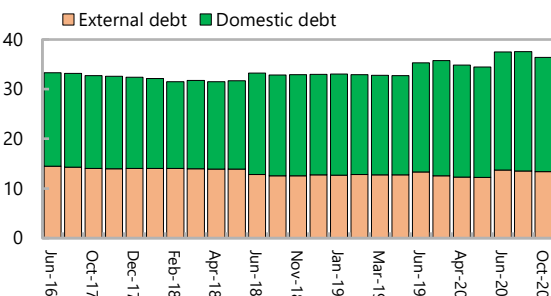(Percent of net financing, unless otherwise indicated)

Total central government debt, at end-Jun 2020, reached 37.5 percent of GDP from 35.3 percent of GDP at end-Jun 2019. It reached 36.4 percent at end-Oct 2020, where domestic debt accounted for roughly two thirds of the total central government debt.

Central Government Debt
Jun 2016-Oct 2020
(In percent of GDP)

1/ FY20 and FY21 fiscal data are provisional. FY21 (Jul-Oct) GDP data is annualized using provisional GDP of FY20, and IMF staff projected GDP for FY21.
Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

Bangladesh: Monetary and Financial Market Developments

Reserve money, at end-Nov 2020, grew by 20.7 percent (y/y) compared with 15.2 percent (y/y) in Oct 2020, mainly driven by increasing net foreign assets.
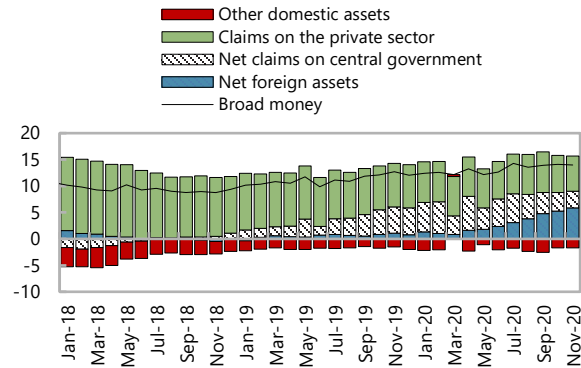
Contributions to Reserve Money Growth
Jan 2018-Nov 2020 (y/y, in percentage points)
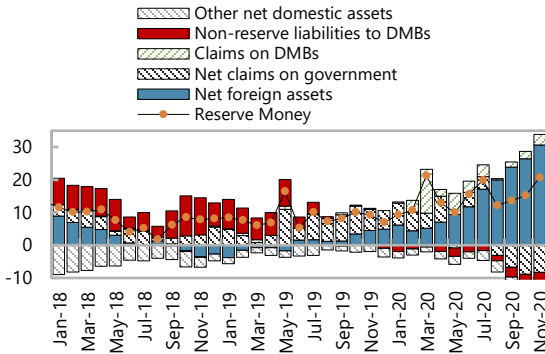
Broad money (M2), at end-Nov 2020, grew by 14 percent with private sector credit and net foreign assets contributing 6.7 and 5.9 percentage points, respectively, to this growth.

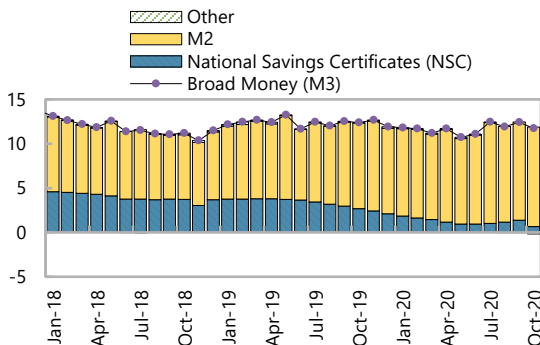### Contributions to Broad Money (M2) Growth
Jan 2018-Nov 2020 (y/y, in percentage points)

Broad money (M3) growth reached 11.7 percent, in Oct 2020, with M2 and NSC sales accounting for 11.3 and 0.6 percentage points respectively.
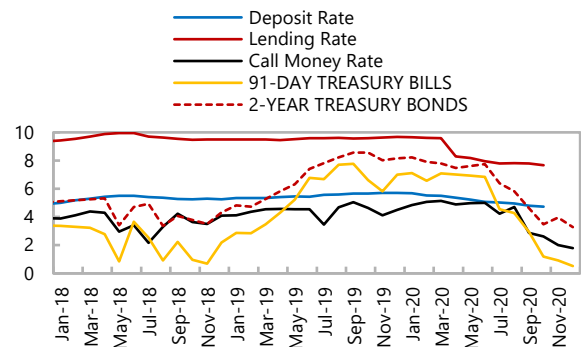
Contributions to Broad Money (M3) Growth
Jan 2018-Oct 2020 (y/y, in percentage points)

*Interest rates have been declining since April 2020, reflecting an easing in the money market.*

Interest Rates 1/
Jan 2018-Dec 2020 (in percentage points)

Excess liquid assets (as percent of total demand and time liabilities in the industry), in Oct 2020, reached 14.6 percent compared with 7.9 percent in March 2020.
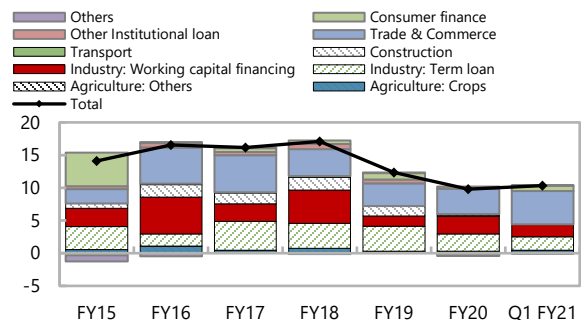
Excess Liquid Assets (as percent of total time and demand liabilities) 2/, Jan 2018-Oct 2020
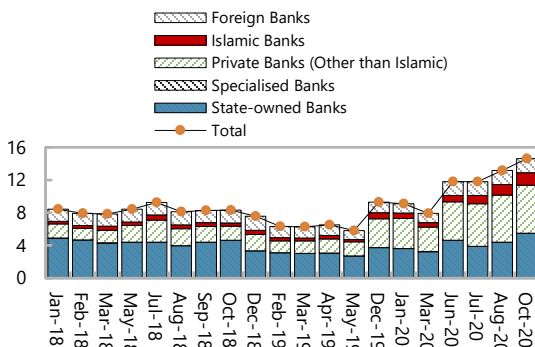
Growth of bank advances to the private sector, in FY20, edged up from 9.8 percent to 10.3 percent in Q1 FY21 mostly driven by advances to trade and commerce.

Economic Purpose-wise Contributions to Bank Advances' Growth (Private Sector)
FY15-Q1 FY21 (y/y, in percentage point)

1/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on December 24th, 2020. 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.

The loan-to-deposit ratio, in Oct 2020, declined to 81.7 percent from 85.9 percent in May 2020. During the period, the ratio (excluding government deposits) decreased from 92.3 percent to 87.5 percent.

Loan-to-Deposit Ratio
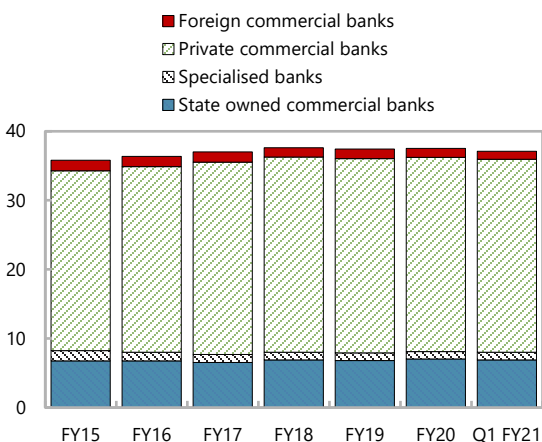
Jan 2018-Oct 2020 (in percent)
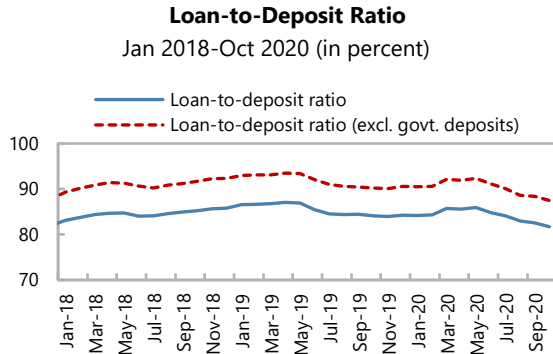
Banking sector's NPL ratio, in Sep 2020, decreased to 8.9 percent from 9.3 percent in Dec 2019. In SOBs, the ratio has down to 22.5 percent (from 23.9 percent), and to 5.6 percent (from 5.8 percent) in the case of private commercial banks (PCBs).

Non-Performing Loan (NPL) Ratio

Dec 2016-Sep 2020 (in percent of loans)
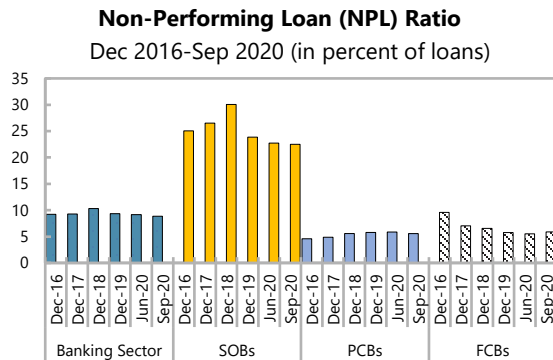
Banking sector advance-GDP ratio, at end-Q1 FY21, reached 37.1 percent slightly lower than the 37.5 percent at end-FY20.

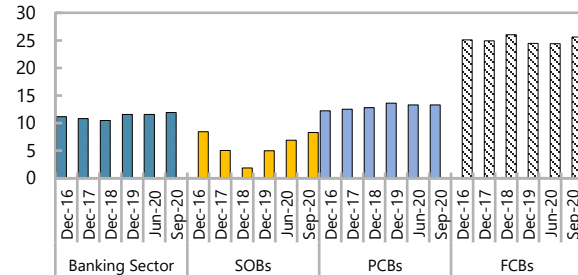**Banking Sector Advance-GDP ratio 1, 2/**

FY15- Q1 FY21 (in percent of GDP)

CAR of the banking industry, at Sep 2020, reached 11.9 percent from 11.6 percent in Dec 2019. CAR of the state-owned banks (SOBs), in Sep 2020, increased to 8.3 percent from 5 percent in Dec 2019 remaining below the regulatory requirement of 10 percent.

Capital Adequacy Ratio (CAR)

Dec 2016-Sep 2020 (in percent)

Stressed advances in the banking industry (sum of NPLs, rescheduled and restructured loans), at end-Dec 2018, accounted for 20.5 percent of outstanding loans.

Stressed Advances

Dec 2014-Dec 2018 (in percent of loans)
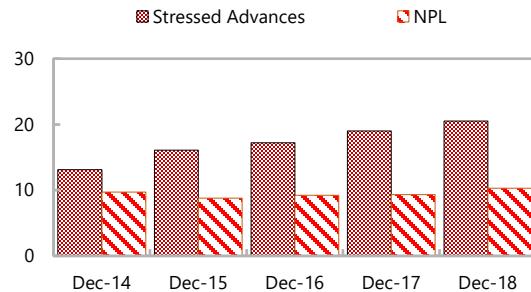
Following a steady decline since Mar 2019, the 3-mma DSE Broad index had picked up since Jun 2020. However, more recently, this has trended down in the current FY.

Dhaka Stock Market Performance 3/

Jan 2018-Nov 2020

(3-month moving average)

1/ Two of the four specialised banks became state-owned commercial banks in FY15. 2/ Q1 FY21 GDP data is annualized using provisional GDP of FY20, and IMF staff projected GDP for FY21. 3/ Due to the COVID-19 pandemic, in Apr 2020 there was no stock market transaction.
Sources: Bangladesh Bank; and IMF Staff calculations