

Monthly Macro Update

(Dated on 11th July, 2019)

Major Economic Indicators	GDP	Inflation	Investment as % of GDP
Target for FY '20	8.20%	5.50%	32.80%

Monthly Commentary on Selected Economic Indicators

According to Asian Development Bank (ADB), Bangladesh has achieved the fastest growth in the Asia-Pacific economies comprised of 45 countries. The bank has also said in its Asian Development Outlook (ADO) that the nation achieved 7.9% growth in the FY 2018, the fastest expansion since 1974. ADB has acknowledged the growth drivers such as higher public investment, sturdier consumption demand, stimulation in exports, better power supply and higher growth in private sector credit. Besides, recently IMF said that Bangladesh has thrived in nurturing a vibrant and fast-growing economy with significant poverty reduction and the country's economic growth endures to be strong.

- Country's point-to-point inflation stood at 5.52% in July '19 compared to 5.63% in May '19 decelerated by plunging food & non-food inflation in June. Food Inflation stood at 5.40% & Non-food Inflation stood at 5.71% in June from 5.49% & 5.84% in May respectively.
- According to BB, the public sector credit growth stood at 42.47% in May (YOY) compared to 28.59% in April (YOY). Besides, Net sales of National Savings Certificate declined by 9.43% in April for the 3rd consecutive-month and stood at 37,412.8 mn. The sales receipts in July-April '19 stood at BDT 434,744.8 mn against the target of BDT 261,970.0 mn for the year ending in June.
- Private sector credit growth unconfined from the trap of 57-month low growth trajectory and stood at 12.16% in May which is still far below from the Bangladesh Bank's goal to attain 16.50% growth in the H2 of the FY '19. A slow growth in deposits collection along with huge provisioning requirement against non-performing loans responsible for weakening liquidity situation in the country's banking sector. Besides, recent downturn in Call money rate & Inter Bank Repo Rate (3.14% & 1.97% as on 10th July '19 from 4.54% & 4.82% as on 30th June '19 respectively) indicates that the prevailing liquidity situation may improve gradually.
- Export earnings were recorded at USD 40.53 bn having 10.55% up-surge in FY '19 backed by 11.49% earnings growth of RMG sector though export earnings went down 5.27% YoY to USD 2.78 bn in May '19. Besides, total Import was USD 51.85 bn having 2.62% growth in 11 months of FY '19 whereas Import has decreased 8.44% (YOY) in May '19.
- BDT has remained unchanged against Dollar at 84.50 at the end of June compared to May. On the other hand, the Country received USD 16.42 bn remittances during FY 2018-19 having 9.60% YOY growth.
- The net foreign investment in DSE fell to BDT 1,837.0 mn negative in FY '19 which is lowest since FY '12. The foreign investors were muddled by the continuous falling trend in the market and the haphazard environment in the financial market accelerated the negative foreign investment in FY '19.

Inflation (P-P)

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
General (%)	5.54	5.51	5.48	5.43	5.40	5.37	5.35	5.42	5.47	5.55	5.58	5.63	5.52
Food (%)	5.98	6.18	5.97	5.42	5.08	5.29	5.28	5.33	5.44	5.72	5.54	5.49	5.40
Non-food (%)	4.87	4.49	4.73	5.45	5.9	5.49	5.45	5.57	5.51	5.29	5.64	5.84	5.71

Domestic Fiscal

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
Tax Revenue (NBR) Earnings (USD mn)	2,203	2,139	3,216	1,600	1,793	2,078	1,940	2,064	2,181	2,237	1,988	2,361	2,323
Net Foreign Aid (USD mn)	232	294	1,353	140	353	164	365	354	932	266	740	285	276
Net Sale of NSC (USD mn)	40	39	38	60	48	52	53	46	40	72	55	49	44

Money & Banking

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Call Money Rate (%)	2.77	1.65	4.34	4.02	3.32	3.81	4.61	4.47	4.53	4.54	4.53	4.55	4.54
Inter Bank Repo Rate (%)	2.37	0.70	4.52	3.17	1.43	2.08	5.19	4.12	5.51	6.27	6.13	5.75	4.82
Lending Rate (%)	9.95	9.71	9.63	9.54	9.47	9.42	9.49	9.49	9.49	9.50	9.46	9.51	
Deposit Rate (%)	5.50	5.40	5.36	5.27	5.25	5.30	5.26	5.34	5.34	5.35	5.42	5.46	
Spread	4.45	4.31	4.27	4.27	4.22	4.20	4.23	4.15	4.15	4.15	4.04	4.05	
Monthly Deposit (USD mn)	2,877.92	(80.90)	261.40	872.19	1,062.84	674.35	2,180.05	(100.24)	570.09	1,100.23	269.35		
Monthly Credit (USD mn)	2,721.47	199.65	900.55	1,173.67	1,584.48	1,669.00	1,706.79	845.61	701.18	1,172.93	750.18		
Excess Liquidity (USD mn)	-	10,684.34	9,391.54	9,682.13	9,760.73	-	9,105.26	8,057.50	7,596.18	7,626.01	7,905.30		
Private Credit (USD mn)	108,373	107,638	108,677	109,701	111,192	112,371	114,285	114,807	115,312	116,283	116,984	118,452	
Public credit (USD mn)	13,622	13,930	14,462	13,770	13,822	14,229	14,481	14,655	13,882	13,837	13,851	16,271	
Domestic credit (USD mn)	121,995	121,568	123,138	123,471	125,014	126,600	128,766	129,462	129,193	130,120	130,835	134,723	
Classified Loan (%) - Quarterly	10.41			11.45			10.30			11.87			

External Sector

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Export fob (USD mn)	2,939	3,581	3,214	3,146	3,711	3,422	3,426	3,680	3,383	3,340	3,034	3,813	2,780
Import fob (USD mn)	3,939	4,700	4,125	4,774	5,132	4,701	4,391	5,663	4,353	4,528	4,738	4,742	
Trade Gap (USD mn)	(1,000)	(1,119)	(912)	(1,628)	(1,421)	(1,279)	(965)	(1,983)	(970)	(1,188)	(1,704)	(929)	
Remittance (USD mn)	1,382	1,318	1,411	1,140	1,239	1,178	1,203	1,591	1,318	1,459	1,434	1,756	1,368
Remittance Growth (%)	-6.83%	-4.60%	7.06%	-19.23%	8.73%	-4.91%	2.09%	32.25%	-17.17%	10.70%	-1.69%	22.44%	-22.07%
Exchange Rate (BDT/USD)	83.75	83.75	83.75	83.75	83.85	83.90	83.90	83.95	84.15	84.25	84.45	84.50	84.50
Foreign Ex. Reserve (USD mn)	33,173	32,079	32,925	31,956	32,078	31,188	32,016	31,235	32,234	31,787	32,123	31,266	32,537

Capital Market

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Index (DSEX)	5,405	5,303	5,601	5,369	5,284	5,281	5,386	5,821	5,712	5,492	5,203	5,378	5,422
Total Monthly Turnover (USD mn)	1,151	2,230	1,373	1,768	1,453	1,391	1,038	2,662	1,637	1,115	827	913	905