

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

World Bank has projected GDP growth rates of 7.2% for FY 2019-20 and 7.3% for FY 2020-21 in its global economic prospects. According to World Economic League Table, a British Think Tank, Bangladesh will become the 25th largest economy by 2034, up by 15th place from its current position of 40th largest economy. Demographic dividend and rising per capita income will play the key role in the growth of Bangladesh's economy in that period. Although, many concerned parties have remained apprehensive about the impact of Coronavirus in Bangladesh's economy, Global Rating Agency Moody stated that Bangladesh's economic growth will be not affected by more than 0.1% if China's GDP falls by 1% as Bangladesh's export to China is not a significant amount.

- Country's point-to-point inflation declined in January 2020 to 5.57% as against 5.75% in corresponding month, December 2019 due to decrease in food inflation which stood at 5.12% in January from that of 5.88% in December 2019. However, inflation still sat above the central bank's 5.5 percent target limit in this month riding on the back of Non-Food inflation which spiked to 6.30% in January driven by increased expenses in rent and transport.
- The central bank has revised the government's borrowing target to 37.7% from 24.3% for the period January-June of FY20. Recent data exhibited that, the public sector credit growth mounted at 54.28% (YoY) in December compared to 51.10% (YoY) in November. Public sector credit stood at USD 22.07 bn having 3.91% growth (MoM) in December. Besides, net sales of National Savings Certificate slumped by a massive 227% de growth (MoM) in December and stood at a negative balance of USD 47 mn. Total outstanding of NSCs stood at USD 34,287 mn in December.
- Private sector credit growth plunged further at the end of the first half of 2019-20. In December, private sector credit growth stood at 9.83% (YoY), reflecting a contractionary state of the country's economy caused by sluggish domestic demand and declining export quarries. As the government policy of capping the borrowing rate at 9% is supposed to take effect in April 2020, private investment may witness a rise followed by the implementation of the policy.
- Export earnings were recorded at USD 3.62 bn while having a 1.70% (YoY) degrowth in January. Export is expected to rise in up-coming months preceded by corona virus outbreak in China riding on apparel export increase to US which is one major destination for Chinese apparel products. Besides, total import was USD 4.86 bn in December compared to USD 4.06 bn in November.
- BDT has remain unchanged against Dollar at 84.90 in the end of January. However, Fitch's forecasts a weaken exchange rate by the end of the current year to BDT 86 and BDT 88 against US dollar respectively by next year. Moreover, the Country received USD 1,639 mn remittances having 2.88% degrowth (MoM) in January. Remittance may erode further due to lowering oil price in OPEC countries as Middle East accounts for 57% of Bangladesh's total remittance inflows.
- Dhaka Stock Exchange's net foreign investment remained negative in January this year for the last 11 months due mainly to low market trust among investors, gloomy economic reports and volatile financial sector. Net foreign investment dropped to negative Tk 128 crore in January this year after registering a negative balance of Tk 16.2 crore in December last year. However, BB on February 10 declared special fund for banks to invest in capital market which brought back market momentum and upsurged the benchmark index by 369.25 points.

Inflation (P-P)

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
General (%)	5.42	5.47	5.55	5.58	5.63	5.52	5.62	5.49	5.54	5.47	6.05	5.75	5.57
Food (%)	5.33	5.44	5.72	5.54	5.49	5.40	5.42	5.27	5.30	5.49	6.41	5.88	5.12
Non-food (%)	5.57	5.51	5.29	5.64	5.84	5.71	5.94	5.82	5.92	5.45	5.47	5.55	6.30

Domestic Fiscal

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Tax Revenue (NBR) Earnings (USD mn)	2,185	2,237	1,987	2,368	2,323	2,432	3,583	1,824	1,679	2,109	2,086	2,194	2,508
Net Foreign Aid (USD mn)	932	266	740	285	276	236	906	263	306	19	400	111	982
Net Sale of NSC (USD mn)	397	715	547	490	443	385	380	256	261	117	97	38	(48)

Money & Banking

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Call Money Rate (%)	4.47	4.53	4.54	4.53	4.55	4.54	4.46	5.07	5.02	3.61	3.93	5.07	5.04
Inter Bank Repo Rate (%)	4.12	5.51	6.27	6.13	5.75	4.82	3.45	5.98	5.59	2.54	3.04	4.80	5.87
Lending Rate (%)	9.49	9.49	9.50	9.46	9.51	9.58	9.59	9.60	9.56	9.58	9.63	9.68	-
Deposit Rate (%)	5.34	5.34	5.35	5.42	5.46	5.43	5.56	5.60	5.65	5.66	5.71	5.70	-
Spread	4.15	4.15	4.15	4.04	4.05	4.15	4.03	4.00	3.91	3.92	3.92	3.98	-
Monthly Deposit (USD mn)	(100)	570	1,100	269	1,699	3,016	760	1,112	1,433	1,536	1,560	2,163	-
Monthly Credit (USD mn)	846	701	1,173	750	2,167	1,913	1,253	939	1,432	1,687	2,387	-	-
Excess Liquidity (USD mn)	8,058	7,596	7,626	7,905	7,166	10,250	-	-	-	-	-	12,444	-
Private Credit (USD mn)	114,807	115,312	116,283	116,984	118,452	119,557	118,694	119,219	120,319	121,057	122,148	124,046	-
Public credit (USD mn)	14,655	13,882	13,837	13,851	16,271	16,169	18,270	19,264	19,708	20,473	21,272	22,079	-
Domestic credit (USD mn)	129,462	129,193	130,120	130,835	134,723	135,726	136,965	138,483	140,027	141,530	143,420	146,125	-
Classified Loan (%) -Quarterly	10.3	-	-	11.9	-	-	11.7	-	-	12.0	-	-	-

External Sector

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Export fob (USD mn)	3,680	3,383	3,340	3,034	3,813	2,784	3,888	2,840	2,916	3,073	3,056	3,525	3,617
Import fob (USD mn)	5,663	4,353	4,528	4,738	4,742	3,592	4,806	3,816	4,628	4,885	4,063	4,866	-
Current Account Balance-YTD (USD mn)	(4,337)	(4,270)	(4,234)	(5,065)	(5,175)	(5,254)	240	313	(765)	(1,304)	(1,359)	(1,347)	-
BOP-YTD (Overall Balance) (USD mn)	(975)	(499)	(329)	(590)	(682)	12	124	139	(204)	(229.00)	(307)	27	-
Remittance (USD mn)	1,591	1,318	1,459	1,434	1,756	1,368	1,598	1,483	1,468	1,640	1,555	1,687	1,639
Remittance Growth % (MoM)	32.25%	-17.17%	10.70%	-1.69%	22.44%	-22.07%	16.77%	-7.19%	-0.97%	11.66%	-5.15%	8.48%	-2.88%
Exchange Rate (BDT/USD)	83.95	84.15	84.25	84.45	84.50	84.50	84.50	84.50	84.50	84.75	84.80	84.90	84.90
Foreign Ex. Reserve (USD mn)	31,235	32,234	31,787	32,123	31,266	32,537	32,127	32,775	31,833	32,435	31,729	32,688	32,401

Capital Market

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Index (DSEX)	5,821	5,712	5,492	5,203	5,378	5,422	5,139	5,096	4,948	4,683	4,731	4,453	4,470
Total Turnover (USD mn)	2,662	1,637	1,115	827	913	905	1,059	875	1,005	828	874	789	951