

Bangladesh Bank **Quarterly**

October-December, 2017
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Bangladesh Bank **Q u a r t e r l y**

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Economic and Financial Developments

Executive Summary

The growth momentum in economic activities remained robust in Q2FY18, aided by strong private sector credit growth and export, a surge in remittance inflows, and higher import demand for investment. On the supply side, the buoyancy was led by the industry sector, while the service sector seemed to have maintained its recent trend path in the absence of any major weather-related and political shocks. Finally, the agriculture sector regained its momentum as it recovered from the flood-related shocks and helped moderate food price increases.

Headline CPI inflation (point-to-point) decelerated to 5.8 percent in Q2 from 6.1 percent in Q1FY18, due to falling food inflation. Food inflation declined in November 2017 and remained unchanged in December 2017. On the other hand, non-food inflation continued its moderation during the quarter under review.

Among the money market indicators, reserve money grew by 13.3 percent in Q2FY18, largely in line with the programmed path for the first-half of FY18. Growth in private sector credit continued its rising trend and reached 18.1 percent in December 2017. The large share of credit went to the industry, trade, and commerce sectors. Despite strong private sector credit, broad money (M2) growth decelerated to 10.7 percent in Q2FY18, driven by the negative growth of government's credit from the banking system and declining net foreign assets in the banking system.

Banking sector performance indicators, such as asset quality, capital to risk-weighted-asset ratio (CRAR), and profitability, witnessed some improvements in the Q2FY18. However, the banking system faced some liquidity pressures, as credit growth exceeded deposit growth and the net sale of foreign exchange absorbed some liquidity.

Despite robust remittance inflows, strong import growth (23.6 percent in Q2FY18)- fueled by capital machinery and food imports - against a 7.7 percent growth in exports resulted in a wider current account deficit in Q2FY18. Reflecting the market forces, nominal exchange rate depreciated as Bangladesh Bank smoothed out large fluctuations. Real effective exchange rate also depreciated, aided by nominal exchange rate movements and the relative shifts among the major currencies (US dollars vis-à-vis Euro).

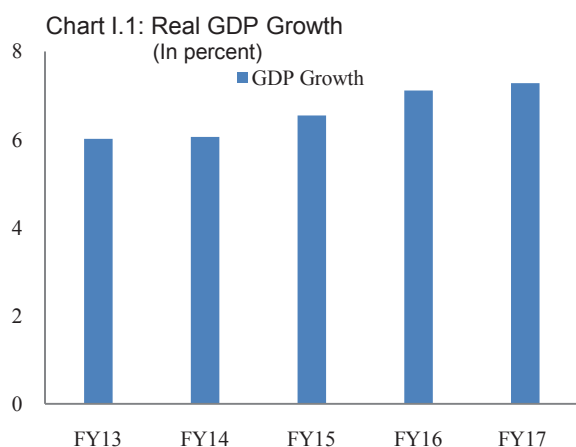
The rising trend in overall fiscal expenditure and annual development program over moderate growth in revenue collection led to a wider fiscal deficit in Q2FY18. Deficit financing, as in the recent past, relied mostly on borrowing from the nonbank and foreign sources. Capital market witnessed a mixed trend during Q2FY18. The DSE broad index (DSEX) reached 6244.5 at the end of December 2017 from 6092.8 at the end of September 2017, an increase of 2.4 percent. However, the market turnover declined by 28.3 percent during the quarter.

Looking ahead, supported by both domestic and external demand, output growth is expected to be strong. Headline inflation may moderate in the last quarter of FY18 from favorable agricultural production. Strong credit growth, wider current account deficits, and inflationary risks, however, warrant continued prudent management of macro-financial stability.

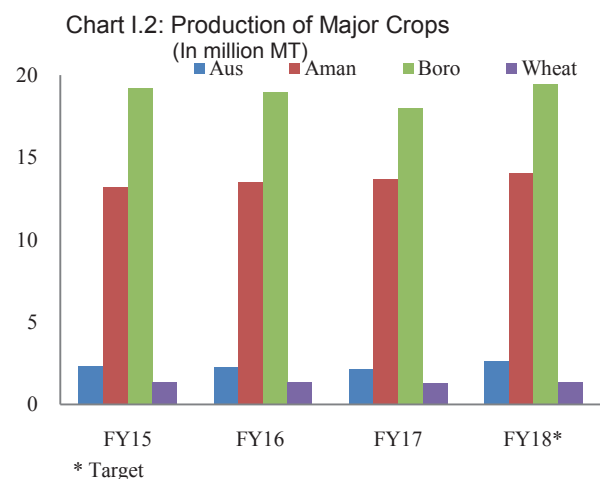
I. Developments in the Real Economy

1.1 Economic activities remained strong in Q2FY18, aided by buoyant domestic and external demand. Strong private sector credit growth, a surge in remittance inflows, and higher exports due to the stronger-than-expected recovery in the advanced economies supported domestic demand. On the supply side, the growth impulse came largely from the industry sector, as the agriculture and service sectors benefitted from the absence of any major weather-related and political shocks.

1.2 The aman rice, the second largest crop in Bangladesh, is harvested in the second quarter of the fiscal year. Although the final aman production data have not been finalized yet, based on the Department of Agriculture Extension information, the crop was cultivated on 5.7 million hectares of land, slightly higher than its target. In the absence of any weather-related shocks, aman production is expected to have met its target. Moreover, stable rice prices in the domestic market also suggest good aman harvest. Overall agricultural activities rebounded in Q2 in the aftermath of the floods, as reflected in higher agricultural credit disbursement (53.8 percent q/q growth) in Q2 compared to the previous quarter.

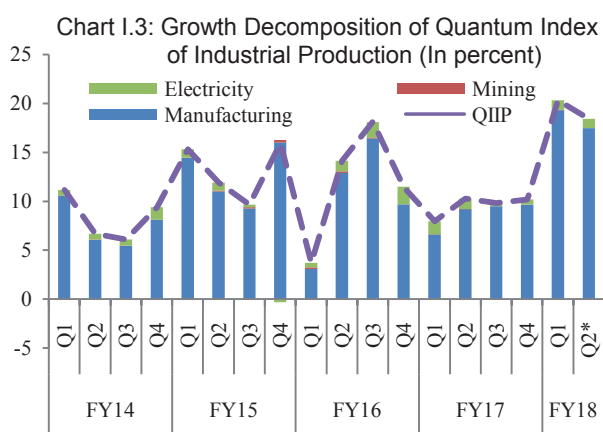


Source: Bangladesh Bureau of Statistics (BBS)



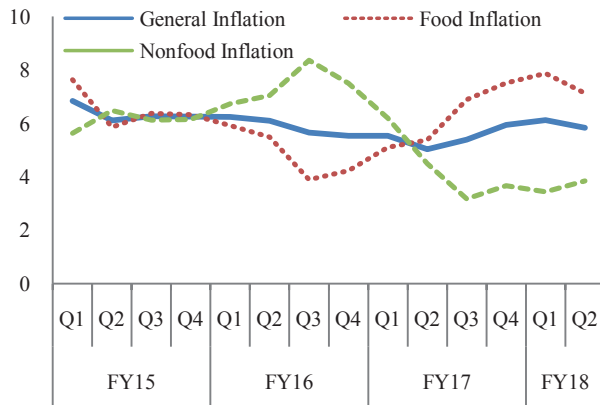
* Target
Sources: Department of Agricultural Extension, Ministry of Agriculture; and BBS

1.3 Robust activities in the industry sector continued in Q2FY18, as suggested by the strong growth in Quantum Index of Industrial Production (QIIP) and credit to the industry sector. The decomposition of QIIP shows that manufacturing output drove the QIIP growth dynamics. Large- and medium-scale manufacturing output data available through November 2017 showed a strong growth of 19.1 percent, helped by domestic demand, increasing exports and improving electricity supply. Growth largely came from food (57.2 percent) and leather products (69.4 percent) and pharmaceuticals (39.5 percent). However, manufacturing of textile, and apparel



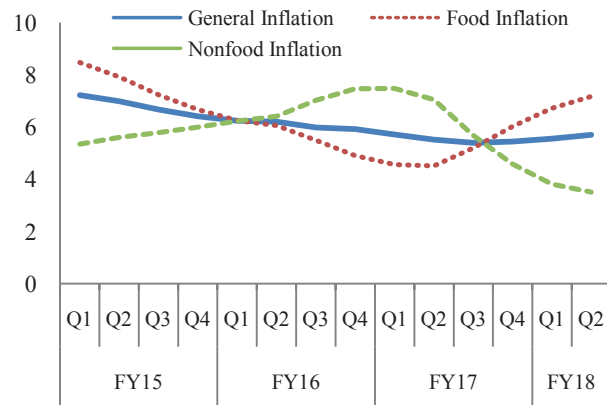
Sources: BBS and Staff Calculation
* October and November 2017

Chart II.1: 12-Month Point-to-Point CPI Inflation (In percent)



Source: Bangladesh Bureau of Statistics

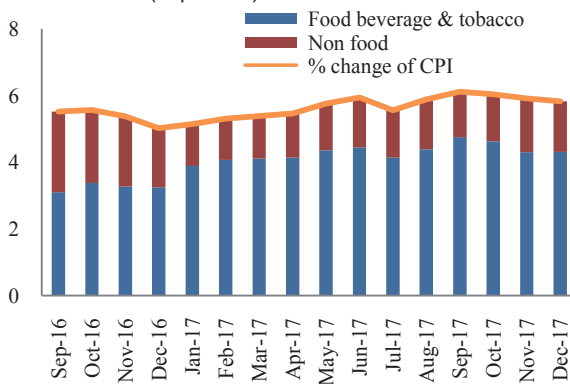
Chart II.2: 12-Month Average CPI Inflation (In percent)



Source: Bangladesh Bureau of Statistics

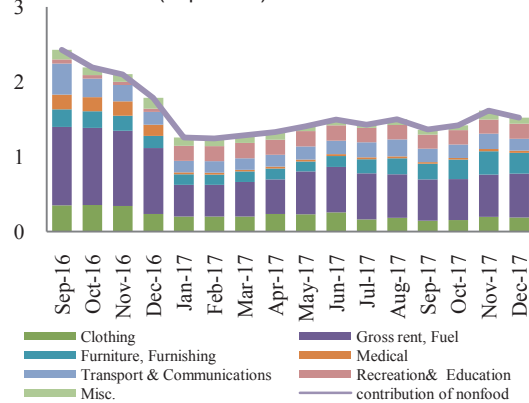
2.3 Higher rice prices contributed to the inflation dynamics. In Bangladesh, rice constitutes around one-fifth in the national CPI basket and is therefore an important driver of inflation and inflation expectations. In December 2017, 58 percent of the rural and 50 percent of the urban inflation came from rice price hikes.

Chart II.3: Decomposition of Headline Inflation (In percent)



Source: Bangladesh Bureau of Statistics

Chart II.4: Decomposition of Nonfood Inflation (In percent)

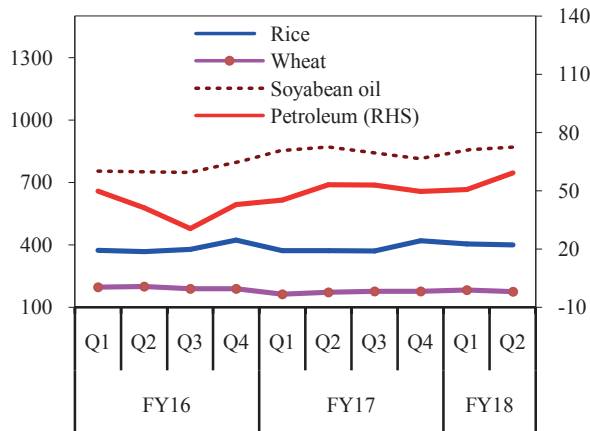


Source: Bangladesh Bureau of Statistics

2.4 Global inflation rose in December 2017, reflecting stronger economic activities and tightening labor markets in the advanced and emerging economies and higher commodity prices, particularly that of oil. That said, food prices remained relatively stable, minimizing inflationary risks in food-importing countries.

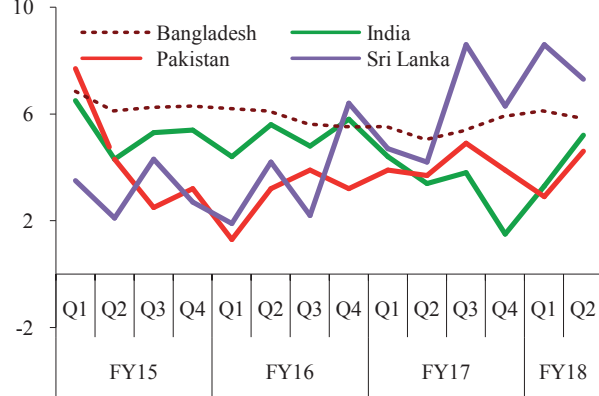
2.5 In Q2FY18, the South Asian inflation performance was mixed. Bangladesh and Sri Lanka have managed to bring down their inflation, although inflation in Sri Lanka still remains elevated. On the other hand, inflation in India and Pakistan increased markedly from their recent lows.

Chart II.5: Global Commodity Prices
(In USD per Mt and USD per Barrel)



Source: World Bank

Chart II.6 : Inflation in South Asia
(Year-on-year, In percent)



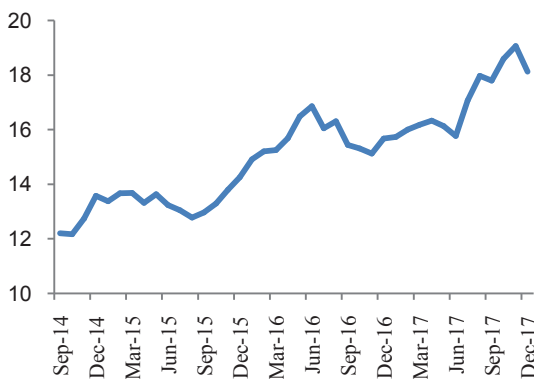
Sources: Central Banks and Statistics Department of respective Countries

2.6 Looking ahead, in 2018, oil prices are expected to remain elevated as global economic activities are likely to be strong. On the domestic front, higher food inflation increases the risk of second-round effects on non-food inflation and may raise inflation expectations, although favorable agriculture production will likely moderate the risks of any second-round effects. In addition, inflationary risks are higher from an upturn in private credit growth and exchange rate pass-through effects of global prices on local prices, although moderate growth of broad money will likely ensure that monetary factors do not complicate inflationary risks.

III. Money and Credit Market Developments

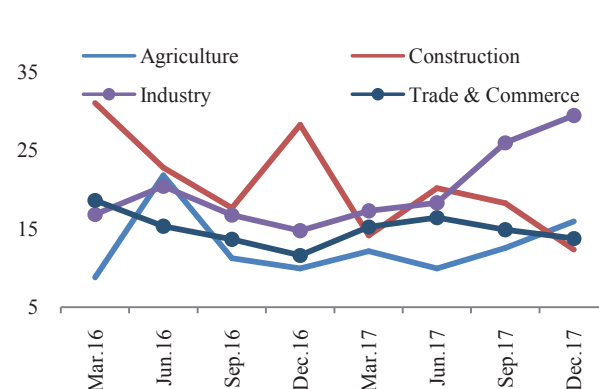
3.1 Private sector credit growth continued its rising trend during Q2FY18 (Chart III.1), reaching 18.1 percent (y/y) in Q2FY18, exceeding the monetary program target of 16.2 percent for H1FY18. Sector-wise credit data show that a larger share of credit (about 41 percent) went to the industrial sector and the trade and commerce sector (about 34 percent) (Table I.9).

Chart III.1: Private sector credit growth
(In percent)



Source: Bangladesh Bank

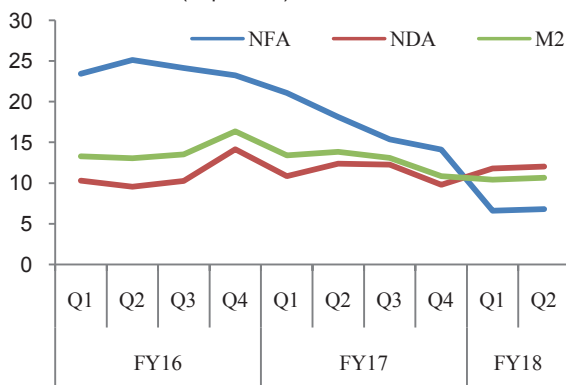
Chart III.2: Growth of Economic Purpose-wise Private Credit (In percent)



Source: Bangladesh Bank

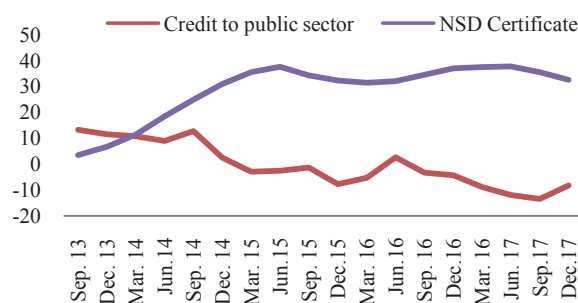
3.2 Broad money (M2) growth remained modest at 10.7 percent (y/y) in Q2FY18, remaining within the monetary policy target of 13.9 percent for H1FY18. Trends in M2 growth show that its growth has remained below 11.0 percent for the past three quarters, down from 13.0 percent in the previous years. The slowdown in M2 growth can be attributed to a slower growth in deposit and Net Foreign Asset (NFA) (6.8 percent in Q2FY18, down from 14.0 percent in FY17). A widening trade deficit from strong imports largely contributed to the deceleration in NFA growth (Chart III.3). Net domestic asset of M2 grew by 12.1 percent during the quarter under review due to higher growth in private sector credit. Among the subcomponents of M2, currency outside banks and demand deposits grew by 14.1 percent and 14.6 percent, respectively, during the quarter from a year ago. Time deposits, which constitute about 78.0 percent of M2, grew by 9.7 percent in December 2017 from the level of December 2016 (Table III.2).

Chart III.3: Trends in Growth of M2, NFA and NDA (In percent)



Source: Bangladesh Bank

Chart III.4: Growth of public sector credit and outstanding NSD certificate (In percent)

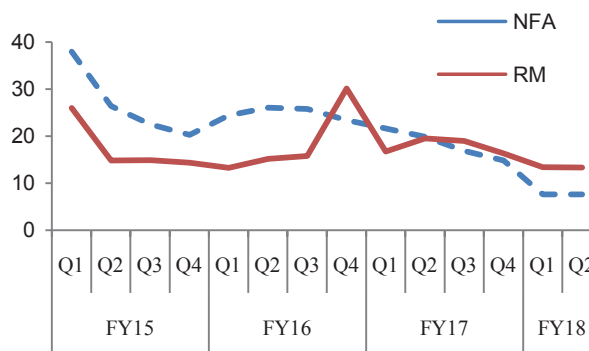


Sources: Bangladesh Bank and National Savings Directorate

3.3 Public sector credit continued to decline during Q2FY19, though at a lower pace. As in the recent past, this dynamics reflected the more-than-planned sales of NSD certificates as the government primarily relied on this higher cost method of budget deficit financing (Chart III.4).

3.4 Reserve money (RM) growth of 13.3 percent was nearly in line with the monetary program for H1FY18, gradually declining from 19.5 percent at the end of Q2FY17, and can be expected to come down within the monetary targets in the upcoming quarters. NFA growth has come down to single digit in recent quarters, contributing to the RM dynamics (Chart III.5)

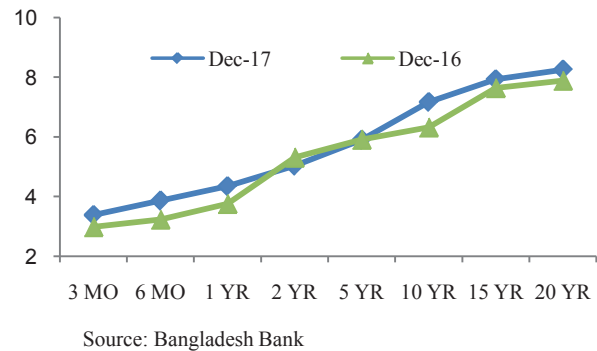
Chart III.5: Growth rates of NFA and Reserve Money (In percent)



Source: Bangladesh Bank

3.5 The yield curve steepened slightly in December 2017 from a year ago (Chart III.6 and III.7). The 91-day and 182-day treasury bill yields were steady at 3.4 and 3.9 percent respectively in December 2017 from 3.9 and 4.0, respectively, in September 2017. During the same period, the yield on 364-day treasury bills increased slightly to 4.4 from 4.3. The rates of Bangladesh Bank bills (7-day, 14-day and 30-day) remained largely unchanged in Q2FY18 (Table III.3). Yields on the longer-term government Treasury bonds (2-year, 5-year, 10-year etc.) rose modestly in Q2FY18.

Chart III.6: Weighted average yield of accepted Government Treasury Bills & Bonds (In percent)



3.6 Although credit growth far exceeded deposit growth during Q2FY18, call money rate, at 3.9 percent, remained around the same level of September 2017. Spread between the lending and the deposit rates was 4.4 percent in December 2017, down from 4.6 percent in September 2017 (Chart III.8 and Chart III.9).

Chart III.7: Yield on T-Bills (In percent)

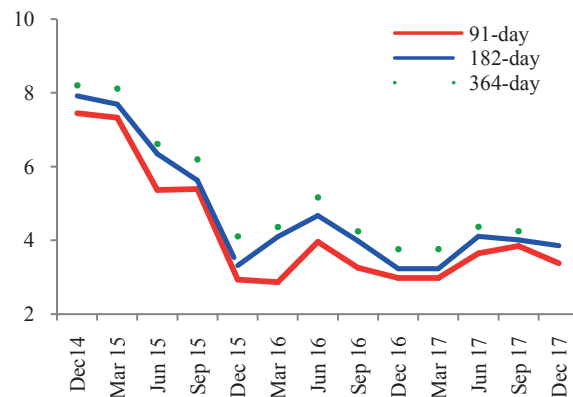
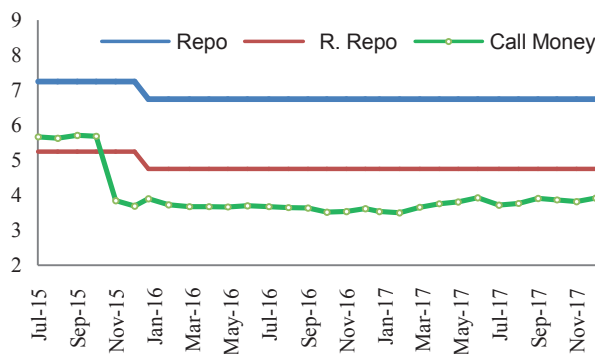
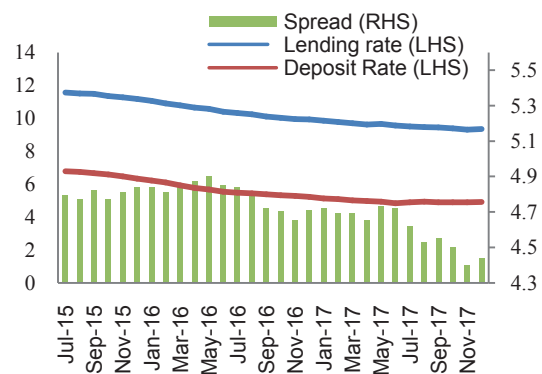


Chart III.8: Policy Rates & Call Money Rate (In percent)



Source: Bangladesh Bank

Chart III.9: Lending-Deposit Rates & Spread (In percent)

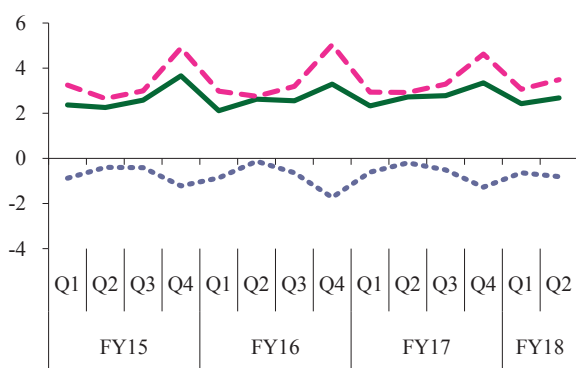


Source: Bangladesh Bank

IV. Fiscal Developments

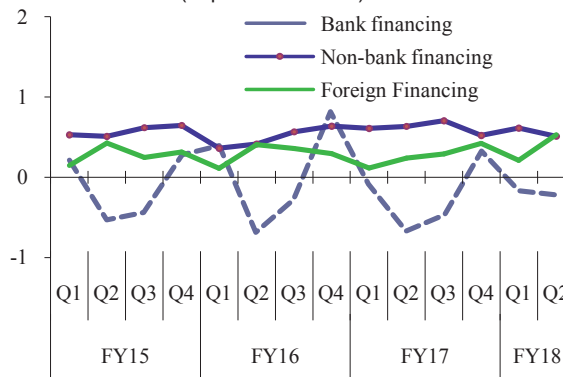
4.1 The improvement in fiscal performance continued during Q2 FY18, as reflected in the revenue collection, expenditure along with Annual Development Program (ADP) spending, and fiscal deficit financing. Overall fiscal deficit edged up during the quarter under review due to the faster growth of expenditure over revenue collection. The entire amount of deficit financing was met from non-bank and foreign sources during Q2 as well as H1FY18.

Chart IV.1: Trend in Government Revenue and Expenditure (In percent of GDP)



Sources: Bangladesh Bank; National Board of Revenue

Chart IV.2: Financing of Budget Deficit (In percent of GDP)



Sources: Bangladesh Bank; National Board of Revenue

4.2 The performance in revenue collection in Q2FY18 benefitted from strong economic activities. The overall revenue collection grew by 11.8 percent in Q2FY18 compared to the corresponding period of the last fiscal year. NBR tax revenue collection in the second quarter of the current fiscal year rose by 13.5 percent against Q2 FY17. The leading contributors to total revenue were value added tax (14.4 percent), customs duties (19.2 percent), and income tax (9.0 percent). The non-tax revenues also posted a modest recovery during the quarter. Total revenue collection during H1FY18 was 39.4 percent of annual target.

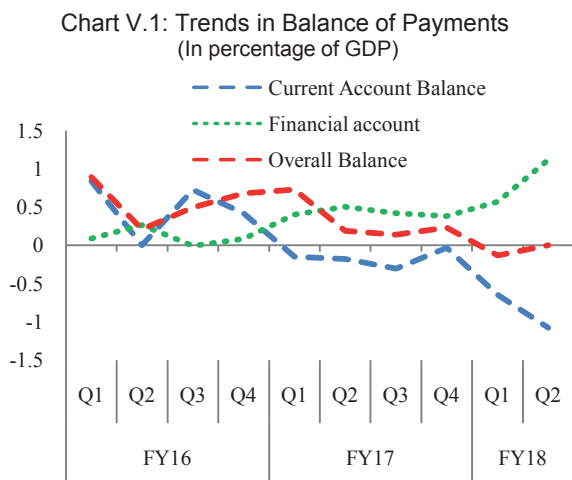
4.3 The consolidated fiscal spending picked up largely due to higher current expenditure in Q2FY18. The overall expenditure grew by 36.0 percent compared to the corresponding quarter of FY17. Of the total expenditure, current spending rose sharply by 55.0 percent to BTD 424.1 billion and ADP expenditure increased by 21.1 percent to BTD 275.8 billion during Q2FY18 over Q2FY17.

4.4 The fiscal deficit increased due to higher growth in expenditure over revenue collection in the quarter. The deficit reached BDT 182.1 billion during Q2FY18, equivalent to 0.8 percent of GDP, which was about 17.1 percent of the annual target for FY18.

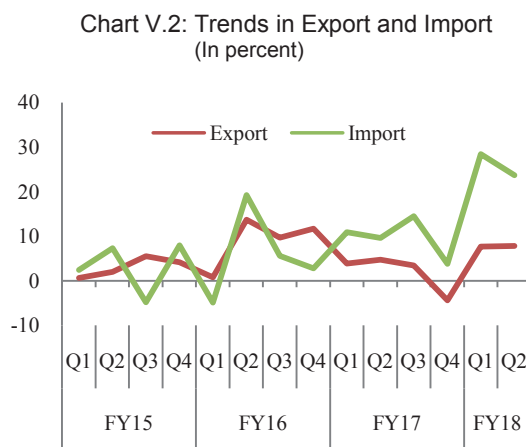
4.5 The entire deficit financing was met from nonbank and foreign sources during Q2FY18, but the extent of financing from nonbank sources declined in Q2 compared to Q1FY18. Of the total deficit financing, 35 percent of the total fiscal deficit was financed from domestic sources, which amounted to BDT 64.4 billion (0.3 percent of GDP) in Q2FY18, much higher than that in Q2FY17. The foreign financing has contributed to about 65 percent of total financing during Q2FY18, which was 151 percent higher than that of Q2FY17.

V. External Developments

5.1 In Q2FY18, the current account deficit widened significantly reflecting large trade deficits from strong imports, which more than offset the improvements in remittance inflows and export growth. Stronger financial account helped finance the current account deficit and moderate any sharp decline in overall balance.



Source: Bangladesh Bank



Sources: Export Promotion Bureau; Bangladesh Bank

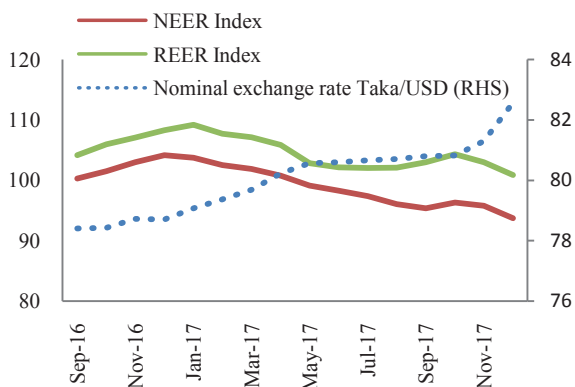
5.2 The primary income account balance declined due to interest payments on increasing foreign debt and contributed to the widening of the current account deficit. Remittance inflows rebounded by 21.3 percent during the quarter under review, which offset about 70 percent of trade deficit in current account.

5.3 Import growth picked up sharply to 25.8 percent in H1FY18, widening the trade and current account deficits in Q2FY18. The higher import growth stemmed mainly from higher food import along with investment-related intermediate and capital goods. Export growth also rose (7.9 percent) in Q2FY18 compared to Q2FY17, supported by higher RMG export earnings (8.3 percent).

5.4 Capital and financial inflows grew by almost 105.15 percent in Q2FY18 as compared to Q2FY17, which financed about 93.4 percent of current account deficit. Net inflows of FDI continued to increase in Q2FY18 since Q4FY17.

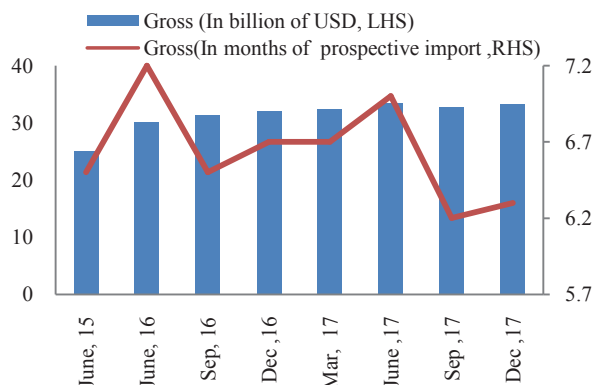
5.5 Larger current account deficits resulted in pressures in the foreign exchange markets and, in line with the market forces, nominal exchange rate depreciation by 2.5 percent in H1FY18. To avoid excessive volatilities in the relatively thin foreign exchange markets, Bangladesh bank sold USD 0.9 billion during Q2FY18. However, foreign exchange reserve (USD 33.2 billion) was sufficient to cover around 6 month of imports at the end of December 2017. Given the recent depreciation of Taka against US Dollar and the shifts in major currencies, NEER and REER depreciated in Q2FY18 by 10.98 and 7.05 percent (y/y), supporting export competitiveness.

Chart V.3: Exchange Rates
(NEER and REER Index:2015-16=100)



Source: Bangladesh Bank

Chart V.4: International Reserve
(In billions of USD and months of import)



Source: Bangladesh Bank

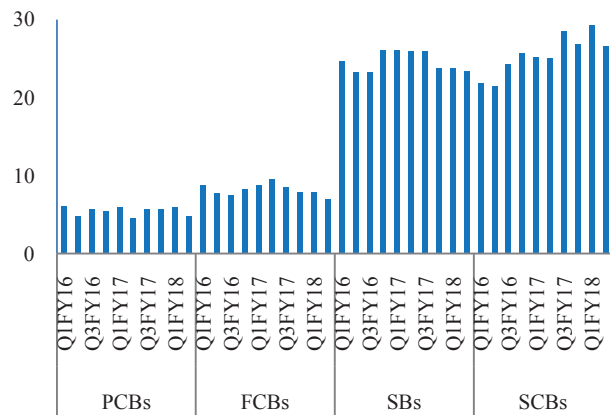
5.6 Looking ahead, strong growth of export and remittance inflows are expected to moderate the current account deficit and exchange rate pressures. Capital and financial inflows are likely to support the overall balance.

VI. Banking Sector Performance

6.1 Banking sector performance indicators showed some improvements in Q2FY18, as reflected in non-performing loan, liquidity condition, risk weighted asset ratio and profitability. During Q2FY18, overall NPL edged down, facilitated by domestic private commercial banks' management of their assets. Bank's profitability remained stable, return on equity (ROE) increased modestly, although return on asset (ROA) remained unchanged.

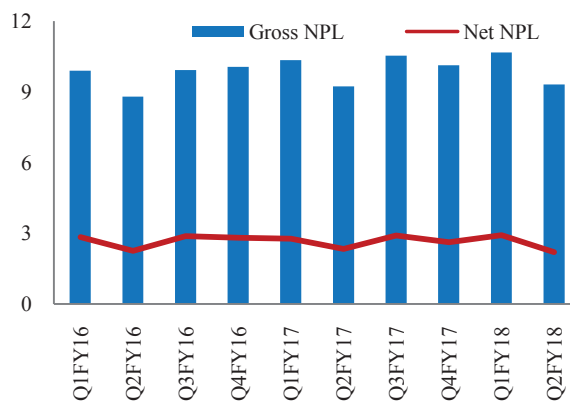
6.2 Gross NPL for private commercial banks (PCBs) declined from 6.0 percent in Q1FY18 to 4.9 percent in Q2FY18 and provisioning remained adequate (Table VI.1 and Chart VI.1). NPLs in SCBs remained elevated at 26.5 percent in December 2017, despite some recent progress (Table 6.1). The system-wide net NPL went down by 0.7 percentage point during this quarter to 9.3 percent (Table VI.2 and Chart VI.2).

Chart VI.1: Ratio of Gross NPLs to Total Loans (In percent)



Source: Bangladesh Bank

Chart VI.2: Ratio of Gross NPLs and Net NPL to Total Loans (In percent)



Source: Bangladesh Bank

6.3 CRAR for private commercial banks continued its upward trend and remained well capitalized in Q2FY18. Although capital positions of SCBs have declined modestly, the overall capital position of the banking system edged up and remained stable at end-December 2017 (Chart VI.3 and Table VI.3).

6.4 Profitability indicators of the banking sector showed improvement in 2017. ROE for private commercial banks increased from 11.09 percent in 2016 to 12.01 percent in 2017, aided by higher credit growth. ROE for SCBs turned positive to 3.45 percent in 2017, from the negative territories over the last three years (Table VI.4).

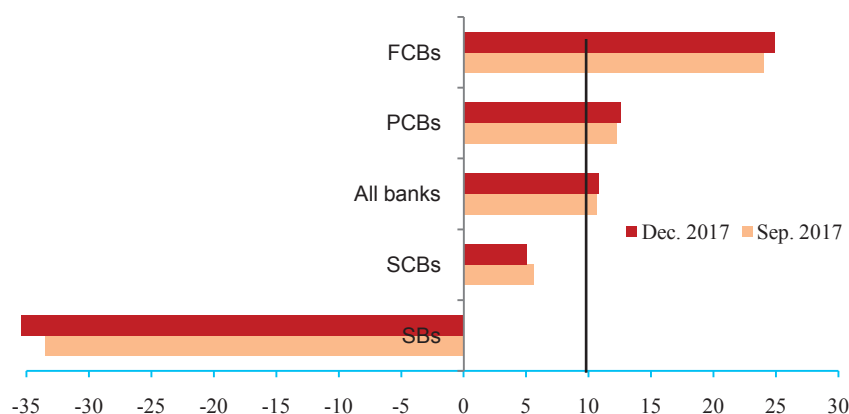
Table 6.1: Classified Loan and Provision Maintained by Bank Groups

(In billion of BDT)

Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q3 FY17	Total classified loan	357.2	56.8	297.3	22.8	734.1
	Required provision	200.7	27.8	174.4	16.3	419.2
	Provision maintained	135.9	28.4	185.7	16.9	366.9
	Excess(+)/shortfall(-)	-64.7	0.5	11.3	0.6	-52.3
Q4 FY17	Total classified loan	345.8	55.2	317.3	23.2	741.5
	Required provision	205.3	27.8	186.1	17.1	436.4
	Provision maintained	131.7	28.8	196.3	17.7	374.5
	Excess(+)/shortfall(-)	-73.6	0.9	10.2	0.6	-61.9
Q1 FY18	Total classified loan	385.2	55.2	339.7	23.0	803.1
	Required provision	220.9	27.8	197.4	16.9	463.1
	Provision maintained	145.3	28.8	208.2	17.5	399.7
	Excess(+)/shortfall(-)	-75.7	0.9	10.8	0.5	-63.4
Q2 FY18	Total classified loan	373.3	54.3	294.0	21.5	743.0
	Required provision	216.9	26.1	184.3	15.6	443.0
	Provision maintained	134.3	26.2	198.2	16.5	375.3
	Excess(+)/shortfall(-)	-82.6	0.1	13.9	0.9	-67.7

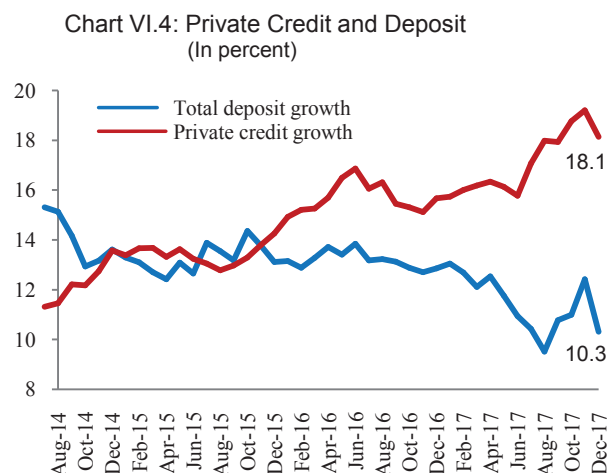
Source: Bangladesh Bank

Chart VI.3: Capital to Risk Weighted Assets Ratio (CRAR)
(In percent)



Source: Bangladesh Bank

6.5 Private sector credit growth, at 18.1 percent in December 2017, remains around a five-year high, exceeding the deposit growth, hovering around 10-11 percent (Chart VI.4). Although system-wide advance to deposit ratio (ADR) has remained below the maximum regulatory ceiling, ADRs in a few of the PCBs indicate some exuberance in lending (Table 6.2).



Source: Bangladesh Bank

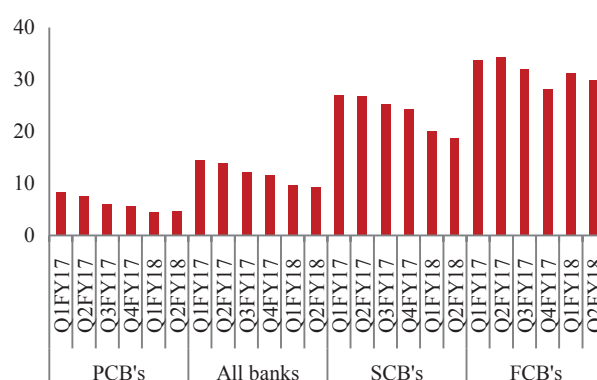
Table 6.2: Deposit and Advance Position of Scheduled Banks (end of the month)

Bank groups	Year-on- year growth of deposit, % (excluding interbank)		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Dec. 17	Sep. 17	Dec. 17	Sep. 17	Dec. 17	Sep. 17
SCBs	6.5%	7.0%	12.7%	9.8%	54.6%	52.4%
SBs	10.3%	8.5%	6.0%	4.7%	77.3%	78.3%
PCBs	12.6%	12.4%	19.9%	21.3%	84.7%	84.5%
FCBs	8.1%	10.3%	21.6%	13.8%	69.7%	65.0%
All	10.6%	10.7%	18.1%	18.1%	75.9%	74.8%

Source: Bangladesh Bank

6.6 Overall liquidity has steadily moderated during the last three quarters, but liquidity condition in the banking system remained broadly stable in Q2FY18 (Table 6.3). Excess liquidity, the excess of SLR as percent of total demand and time liabilities (TDTL), has moderated in recent months (Chart VI.5), suggesting the need for adhering to a prudent asset-liability management and aligning the credit growth in line with the deposit growth.

Chart VI.5: Excess of SLR as % of TDTL



Source: Staff calculation

Table 6.3: Liquidity Position of the Scheduled Banks

(In billion of BDT)

Bank groups	CRR			SLR		
	CRR requirement	Balance with BB in local currency	Excess(+)/shortfall (-) in reserve	SLR	SLR eligible liquid assets of banks**	Excess(+)/shortfall (-) of SLR
1	2	3	4=3-2	5	6	7=6-5
As of end-December, 2017						
SCBs	172.6	178.8	6.2	341.9	844.0	502.1
SBs*	17.4	18.0	0.6	0.0	0.0	0.0
PCBs (other than Islamic)	290.2	303.8	13.5	580.5	786.5	206.0
Private Banks (Islamic)	132.4	207.4	75.0	112.1	213.1	101.0
FCBs	27.6	37.5	9.9	53.8	178.6	124.8
All	640.3	745.5	105.2	1088.3	2022.1	933.8
As of end-September, 2017						
SCBs	170.3	180.7	10.4	337.3	866.7	529.4
SBs*	17.1	17.2	0.0	0.0	0.0	0.0
PCBs (other than Islamic)	282.8	280.8	-2.0	565.7	779.6	213.9
Private Banks (Islamic)	118.3	186.4	68.2	108.4	181.4	73.0
FCBs	26.3	30.9	4.6	51.5	184.0	132.5
All	614.9	696.0	81.1	1062.9	2011.7	948.9

Source: Bangladesh Bank

* SLR does not apply to specialized banks as exempted by the Government.

**includes cash in tills, balance with BB in foreign currency, balance with Sonali Bank as an agent of BB, unencumbered approved securities and excess reserve (column 4)

Note: According to the circular No-MPD-02, 2013 with effect from February 01, 2014 SLR has been calculated separately (excluded CRR of 6.5%) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

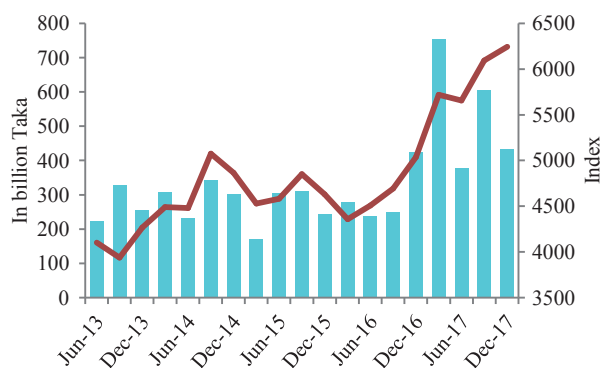
6.7 While banking sector performance indicators show some modest improvements during Q2FY18, ensuring quality credit to productive sector for achieving higher growth and maintaining adequate provisioning against the backdrop of shifting liquidity conditions would be important for financial stability.

VII. Capital Market Developments

7.1 The performance of the capital market witnessed a mixed trend during Q2FY18, as reflected in price indices, market capitalization, price earnings ratio, and turnover. The price index continued its rally since March 2016 while the turnover declined during Q2FY18.

7.2 The key indicators of the capital market, the DSE broad index (DSEX) and DSE-30 index reached their recent highs (6244.5 and 2283.2) in Q2FY18. The DSEX index was 2.5 percent and 24.0 percent higher than in September 2017 and December 2016, respectively. DSE-30 index rose

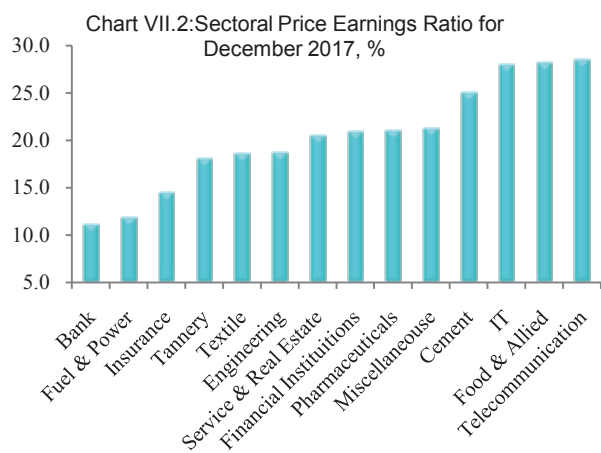
Chart VII.1: Trends in DSEX Index and Turnover



Source: DSE Monthly Review, Various Issues

by 4.8 percent and 26.1 percent from September 2017 and December 2016 respectively. During Q2 FY18, market capitalization of the DSE expanded by 4.3 percent and 28.5 percent from September 2017 and December 2016 respectively (Chart VII.1 and Table VII.1).

7.3 The overall price-earnings (PE) ratio of the DSE increased during Q2FY18. The average price earnings ratio edged up to 17.3 in December 2017 from 16.5 at the end of September 2017. Sector-wise PE data show that the banking sector's PE score was the lowest position while that of the Telecommunication sector was the highest (Chart VII.2) in Q2FY18.



Source: DSE Monthly Review, December 2017

7.4 During Q2FY18, the value of issued equity and debt increased by 2.6 percent as five new companies were listed in the capital market. Thus the number of listed securities increased to 348 at the end of Q2FY18. Market liquidity as measured by the Turnover Velocity Ratio (TVR)¹ dropped to 47.2 percent in Q2FY18 from 68.8 percent in Q1FY18 (Chart VII.1).

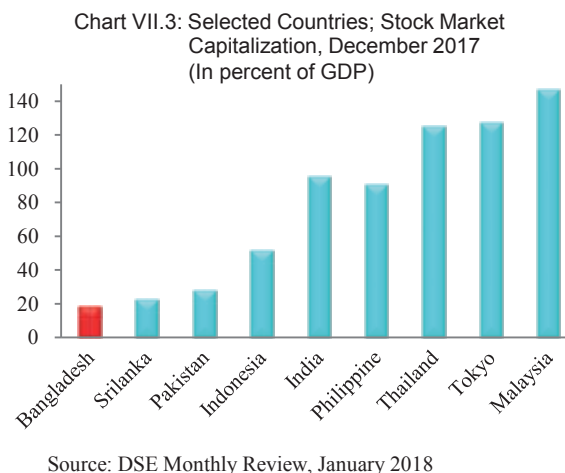
7.5 The sector-wise data of the DSE show that market capitalization expanded in the major sectors (Bank, Engineering, Food and allied products, Pharmaceuticals and Chemicals, Textile, Insurance, Cement industry, Telecommunication, and Miscellaneous) during Q2FY18 (Table VII.2). These sectors contributed more than 80 percent of total market capitalization. All the other sectors (Financial institutions, Fuel and power, Service and Real estate, and Paper and printing) declined during Q2FY18. The contribution of the banking sector remains stable around 20 percent in Q2FY18.

7.6 Growth of total turnover by foreign and non-resident Bangladeshi continued to increase but net investment marginally reduced during Q2FY18 as some investors locked in their profits. During Q2FY18 investment by the foreign and non-resident Bangladeshi investors' marginally reduced to BDT 14.8 billion from BDT 16.2 billion in Q1FY18 while increasing share sales to BDT 15.4 billion from BDT 12.1 billion in Q1FY18. As a result, net investment of foreign and non-resident Bangladeshis decreased to BDT -0.7 billion in Q2FY18 as compared to BDT 4.1 billion in Q1FY18.

¹TVR= (Turnover during the Quarter/Quarter-end Market capitalization)*4.

Country	Price Earnings Ratio	Dividend Yield
Bangladesh	17.28	3.23
India	24.67	1.16
Sri Lanka	10.60	1.31
Thailand	19.50	2.17
Hong Kong	17.00	-
China	18.02	-

Source: DSE, Monthly Review, December 2017.



7.7 Cross-country data on price earnings (PE) ratios (as of December 2017) show that Bangladesh has moderate PE ratio among the South and the East Asian countries while dividend yield of Bangladesh is the highest among these countries (Table 7.1). Market capitalization in Bangladesh remains low at around 20 percent of GDP.

7.8 In this quarterly, we also present some findings from two ongoing analytical projects in Bangladesh Bank that would help the macro surveillance agenda of the economy. The first one focuses on estimating a housing price index for Bangladesh, which has direct implications for domestic demand and financial stability. The second box discusses some initial estimates of the output gap, which serves as an important input during the monetary policy formulation.

Boxes

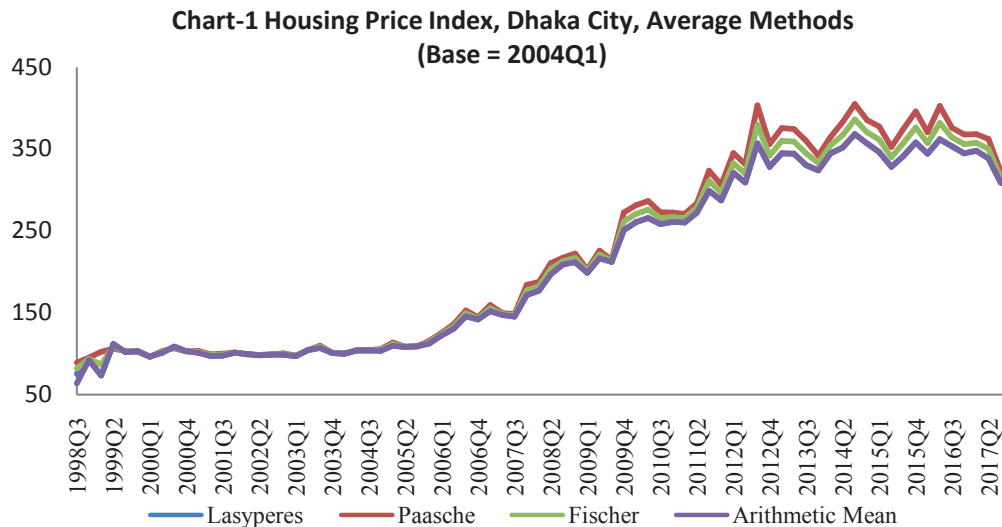
Box-1

Estimating a Housing Price Index¹

Real estate prices have important implications for macro-financial stability. Real estate is generally the predominant form of collateral used in the financial system in most developing and emerging market economies. Its price therefore serves as a key input to macro-prudential and other financial sector policies. It is also used as a leading indicator of financial stability risk buildup during periods of high credit growth and asset bubbles. The importance of tracking real estate prices is therefore well appreciated by the policymakers and regulators all over the world.

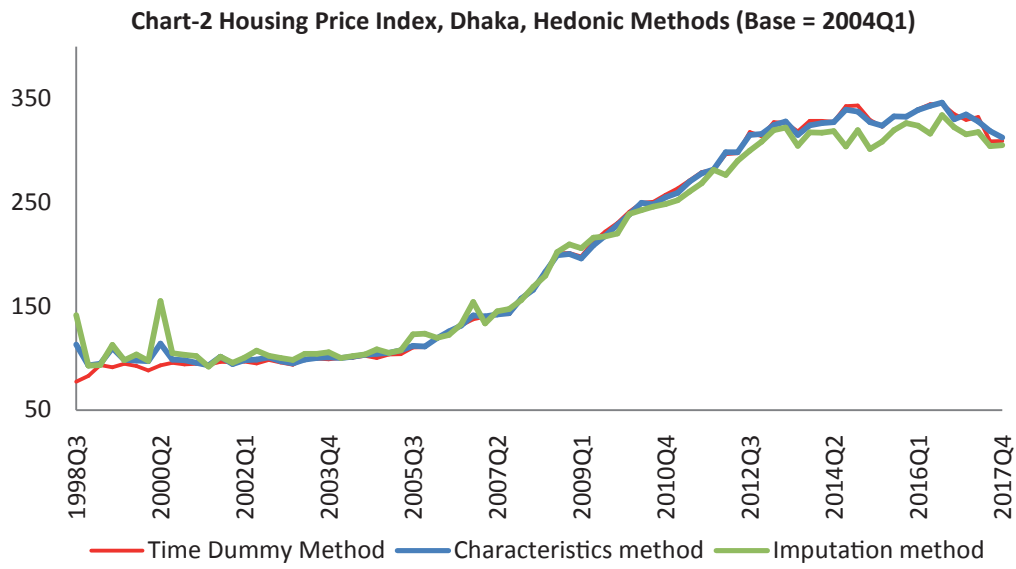
Real estate sector in Bangladesh has expanded rapidly over the last decade, supporting investment, growth, and job creation. Real estate also constitutes a large part of household balance sheet. In recent years, financial institutions are increasing their mortgage and other real estate-related lending. Therefore, fluctuations in house prices have macro implications through private consumption, residential investment, and credit allocation of the financial systems. In this context, it is important to get a reliable estimate of house price movements.

In order to gauge the price movement in the real estate market, Bangladesh Bank has undertaken a study to construct a housing price index (HPI). The study uses secondary data (1998Q3-2017Q4) from the mortgage lending by Delta Brac Housing Corporations Limited (DBH). The weighted average price index is calculated by using various methods: Laspeyres, Paasche, and Fischer weighted average methods and the hedonic regression method (Chart 1 and 2).



Source: Delta Brac Housing Corporations Limited; Authors' calculation.

¹The study has been led by a team comprising of Mst. Nurnaher Begum, Deputy General Manager of Research Department, Mohammad Shahriar Siddiqui, Deputy General Manager of Financial Stability Department, and Sadia Sultana Deputy Director of Monetary Policy Department, Bangladesh Bank, respectively.



Source: Delta Brac Housing Corporations Limited; Authors' calculation.

Chart 1 and Chart 2 show the HPIs for Dhaka city using various estimation techniques. The HPI is quite robust to various methodologies and the price movements reveal that prices increased rapidly during 2006-12 and then moved largely sideways in recent years.

Box-2

Estimating Output Gap in Bangladesh^{2,3}

Output gap, the difference between actual output and potential output, is commonly used to measure the business cycle position of an economy. Potential output is generally defined as the amount of output that can be produced with maximum level of resource utilization or full employment level without creating any upward inflationary pressure. In the short run, actual output may deviate from the potential level due to shocks.

Macroeconomic stabilization policies are mainly aimed at minimizing business cycle fluctuations. Output gap contains important information about near-term inflationary pressure. Positive output gap (when actual output is higher than the potential) implies that the economy is overheating because of excess aggregate demand in the economy, creating inflationary pressures. On the fiscal side, output gap helps forecast the budget balance. Government revenue heavily depends on income which fluctuates with business cycle. On the other hand, the bulk of the government expenditure is largely unaffected by the business cycle (except social security expenses). Consequently, budget balance tends to improve during economic boom and worsen during recession. Both monetary and fiscal policy reaction functions therefore take into account the current cyclical position of the economy and the success of these policies crucially hinges upon the correct identification of current output gap.

Unfortunately, neither potential output nor output gap is directly observable and hence need to be estimated. Although a plethora of studies on output gap is found in the context of advanced economies, existing literature is relatively small for developing and emerging market economies. There has been very limited work on the potential output in Bangladesh. This note summarizes a preliminary estimate of the output gap in Bangladesh based on the data for 1982-2017.

Two popular method of estimating potential output and output gap are: first, extracting the trend and the cycle from actual output by using pure statistical methods (e.g. filtering); and, second, projecting the underlying drivers of output (e.g. labor, capital and productivity). In this exercise, we estimate potential output and output gap for Bangladesh using various statistical methods: (i) Hodrick-Prescott (HP) filter, (ii) Band Pass (BP) filter, (iii) Univariate Unobserved Component (UC) model and (iv) Multivariate Unobserved Component (MUC) model. The choice of methods is partly dictated by data availability. The HP and BP filters are univariate methods. The univariate statistical methods decompose actual output into a trend (generally considered as potential output) and residual series (output gap) using information available solely in actual output. In case of HP filter, the variation in the derived trend component depends on the size of the smoothing parameter (λ). A higher value of λ generates a smoother trend (potential output) and, hence, more volatile output gap. For annual data, we use three alternative values for λ , such as 100, 30 and 6.25 in this paper, suggested by Backus and Kehoe (1992), Ravn and Uhlig (2002) and Boije (2004), respectively. Both the HP and BP filters suffer from the “end-sample bias”. To tackle this problem we have extended the sample period upto 2022 by adding five-year-ahead forecasts of real GDP published in IMF’s World Economic Outlook, October 2017.

The Unobserved Component model estimates unobserved or latent variable (e.g. potential output and output gap) using the information available in observed variable (e.g. actual output) assuming a structure of relationship among the observed and unobserved variables. Once the model is specified in the state space form it can be estimated using Kalman filter. The Unobserved Component model can be used in both univariate and multivariate contexts. In the univariate setting, Kalman filter estimates potential output and output gap based on the information available only in actual output. A simple UC model that has been used in this paper has following state space representation:

²The note has been prepared by Khan Md. Saidjada, Joint Director, Chief Economist's Unit, Bangladesh Bank

³A detailed version of this paper will be available in the "Monetary Policy Review", 2018 (forthcoming), Bangladesh Bank

$$y_t = \bar{y}_t + \hat{y}_t \quad \text{(Measurement Equation)(1)}$$

$$\hat{y}_t = \gamma \hat{y}_{t-1} + \varepsilon_t \quad \text{(State Equation)(2)}$$

$$\bar{y}_t = g_t + \bar{y}_{t-1} + \eta_t \quad \text{(State Equation)(3)}$$

where y_t , \hat{y}_t , \bar{y}_t and g_t are actual output, output gap, potential output and long-run output growth respectively.

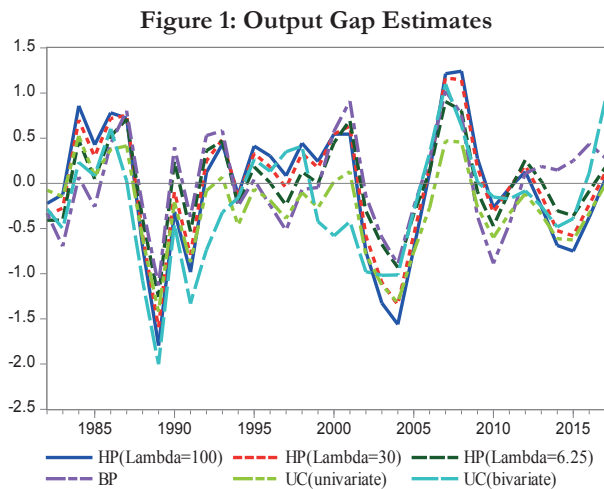
On the other hand, MUC model includes additional economic variable and/or theoretical relationship which acts as supplemental sources of information for estimating output gap. For example, inclusion of inflation in the model helps identify output gap more accurately through the Phillips curve relationship. Consequently, MUC model gives more reliable estimate of output gap than univariate estimate. In this paper, the following Phillips curve equation has been added to the above state equations:

$$\pi_t = \alpha \pi_{t-1} + \beta \pi^e + \delta \pi_t^* + \theta \hat{y}_{t-1} + \varepsilon_t^\pi \quad \text{(State Equation)(4)}$$

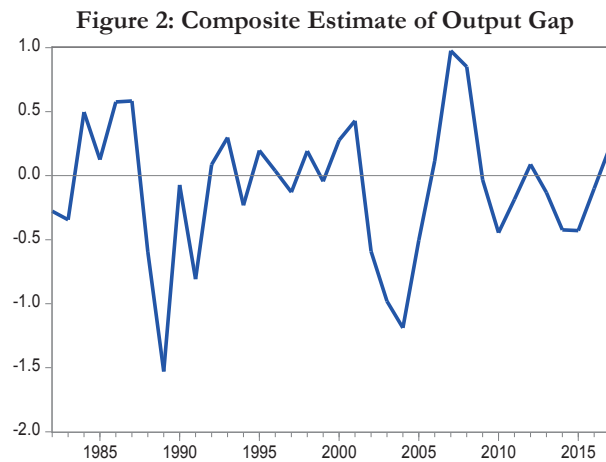
where inflation in current period depends on inflation in previous period (π_{t-1}), inflation expectation (π^e), global commodity price inflation (π_t^*) and lagged output gap (\hat{y}_{t-1}). In this equation, global commodity price inflation (π_t^*) controls the impact of foreign inflation on domestic inflation.

Estimation results are presented in Figure 1. Although the output gap estimates vary considerably depending on the methods and specifications, they are strongly correlated. All estimates consistently point to a moderate negative output gap around 2015 which close afterwards (except the BP filter that suggests the existence of positive output gap since 2013). A composite estimate of output gaps has been formed combining all estimates using principle component analysis (Figure 2). This composite estimate points to some positive output gap in 2017.

The concept of output gap has important policy implications since positive output gap indicates the need for cautious monetary policy. That said, given data limitations, the estimate of output gap needs to be weighed in along with other macro indicators of capacity utilization while forming a views on the phase of the economy. Since the BP filter based output gap has negative contemporaneous correlated with inflation, it has not been considered in the construction of composite output gap.



Source: Author's Calculation



Source: Author's Calculation

Tables

Table I.1: Macroeconomic Framework: Key Economic Indicators

Indicators	FY12	FY13	FY14	FY15	FY16	FY17
	Growth in percent					
Real GDP	6.52	6.01	6.06	6.55	7.17	7.28
GDP deflator	8.06	7.18	5.70	5.80	6.80	5.30
CPI Inflation (average)	8.69	6.78	7.35	6.41	5.50	5.94
CPI Inflation (point to point)	5.54	8.05	6.97	6.25	5.90	5.44
	In percent of GDP					
Gross domestic investment	28.26	28.39	28.58	28.89	29.65	30.27
Total revenue	11.10	110.10	11.20	10.90	10.50	11.10
Tax	9.00	9.10	9.00	9.00	9.00	9.40
Nontax	1.80	1.70	1.90	1.50	1.20	1.40
Total expenditure	14.00	14.00	13.80	13.80	13.90	13.70
Current expenditure	7.40	6.80	7.00	8.00	7.50	7.10
Annual Development Program	3.60	4.40	4.40	4.70	5.00	5.20
Other expenditure (residual)	2.10	2.80	2.40	1.10	1.40	1.40
Overall balance (excluding grants)	-2.90	-2.90	-2.60	-2.90	-3.40	-2.60
Financing (net)	-2.90	-2.90	-2.60	-2.90	-3.40	-2.60
Domestic financing	2.00	1.70	1.50	1.80	2.20	1.50
Banking System	1.80	1.50	0.50	-0.50	0.20	-0.90
Non-bank	0.20	0.20	1.10	2.30	2.00	2.50
	Growth in percent					
Money and credit						
Private sector credit	19.72	10.85	12.29	13.19	16.56	15.66
Broad money (M2)	17.39	16.71	16.08	12.42	16.43	10.88
	Growth in percent					
External Sector						
Exports, f.o.b.	6.20	10.74	12.00	3.10	8.90	1.70
Imports, f.o.b.	2.40	0.80	8.90	3.00	5.90	9.00
	As percent of GDP					
Current account balance	-0.35	1.55	0.81	1.79	1.93	-0.61
Overall balance	0.38	3.33	3.17	2.24	2.28	1.31
	In million of U.S. dollars					
Exports, f.o.b.	23989	26566	29765	30697	33441	34019
Imports, f.o.b.	33309	33576	36571	37662	39901	43491
Gross official reserves	10364	15315	21309	25021	30176	33407
In terms of month of imports	3.2	4.6	5.8	6.5	7.2	6.6
<u>Memorandum items:</u>						
Nominal GDP (in billion Taka)	10552.0	11989.2	13436.7	15158.0	17328.6	19758.2

Source: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics.

Table I.2: Real GDP Growth by Sectors

Sectors	FY12	FY13	FY14	FY15	FY16	FY17
1 Agriculture	3.01 (17.38)	2.46 (16.78)	4.37 (16.50)	3.33 (16.00)	2.79 (15.35)	2.97 (14.74)
a) Agriculture and forestry	2.41	1.47	3.81	2.45	1.79	1.96
i) Crops and horticulture	1.75	0.59	3.78	1.83	0.88	0.96
ii) Animal farmings	2.68	2.74	2.83	3.08	3.19	3.31
iii) Forest and related services	5.96	5.04	5.01	5.08	5.12	5.6
b) Fishing	5.26	6.18	6.36	6.38	6.11	6.23
2 Industry	9.94 (28.08)	9.64 (29.00)	8.16 (29.55)	9.67 (30.42)	11.09 (31.54)	10.22 (32.42)
a) Mining and quarrying	6.93	9.35	4.68	9.6	12.84	8.89
b) Manufacturing	9.96	10.31	8.77	10.31	11.69	10.97
i) Large & medium scale	10.76	10.65	9.32	10.7	12.26	11.2
ii) Small scale	6.58	8.81	6.33	8.54	9.06	9.82
c) Power, gas and water supply	10.58	8.99	4.54	6.22	13.33	8.46
d) Construction	8.42	8.04	8.08	8.6	8.56	8.77
3 Service	6.72 (54.54)	5.51 (54.22)	5.62 (53.95)	5.80 (53.58)	6.25 (53.12)	6.69 (52.85)
a) Wholesale and retail trade	6.70	6.18	6.73	6.35	6.50	7.37
b) Hotel and restaurants	6.39	6.49	6.70	6.83	6.98	7.13
c) Transport , storage & communications	9.15	6.27	6.05	5.96	6.08	6.76
d) Financial intermediations	14.76	9.11	7.27	7.78	7.74	9.12
e) Real estate, renting and business activity	3.92	4.04	4.25	4.40	4.47	4.8
f) Public administration and defence	7.53	6.53	6.89	9.82	11.43	9.15
g) Education	7.75	6.30	7.26	8.01	11.71	11.35
h) Health and social works	3.81	4.76	5.06	5.18	7.54	7.63
i) Community , social and personal service	3.25	3.25	3.27	3.28	3.30	3.62
GDP (at constant market price)	6.52	6.01	6.06	6.55	7.11	7.28

Source : Bangladesh Bureau of Statistics

Figures within the parentheses indicate the percentage share of total producer price GDP at constant

Table I.3: Nominal GDP by Sectors
(In Billion of Taka)

Sectors	FY12	FY13	FY14	FY15	FY16	FY17
1 Agriculture	1707.1	1857.5	2062.8	2240.8	2433.9	2650.3
a) Agriculture and forestry	1388.8	1487.6	1639.7	1765.0	1903.1	2054.0
i) Crops and horticulture	1009.0	1067.9	1179.0	1261.2	1343.2	1437.0
ii) Animal farmings	230.0	253.6	276.7	298.8	331.7	360.3
iii) Forest and related services	149.8	166.1	184.0	204.9	228.3	256.7
b) Fishing	318.3	369.9	423.1	475.8	530.8	596.3
2 Industry	2670.7	3154.0	3535.3	4067.1	4738.7	5483.1
a) Mining and quarrying	166.5	194.6	210.8	238.8	285.8	341.3
b) Manufacturing	1679.3	1971.3	2232.2	2544.8	2951.1	3418.3
i) Large & medium scale	1344.0	1584.5	1803.8	2059.9	2401.6	2792.2
ii) Small scale	335.3	386.8	428.4	484.9	549.5	626.1
c) Power, gas and water supply	141.9	163.8	184.0	198.7	238.3	262.4
d) Construction	683.0	824.3	908.3	1084.8	1263.5	1461.1
3 Service	5608.6	6401.1	7206.9	8142.0	9300.5	10565.9
a) Wholesale and retail trade	1374.0	1545.8	1725.8	1925.9	2142.6	2439.6
b) Hotel and restaurants	97.6	112.6	130.3	149.3	170.6	193.2
c) Transport , storage & communications	1127.0	1242.8	1343.2	1500.3	1691.6	1870.8
d) Financial intermediations	363.2	4222.4	485.6	557.6	636.0	732.0
e) Real estate, renting and business activity	687.1	788.2	912.3	1060.6	1237.4	1445.4
f) Public administration and defence	335.0	376.8	447.3	506.7	667.1	784.4
g) Education	250.5	284.3	327.7	376.2	465.1	568.6
h) Health and social works	201.3	238.7	269.2	301.4	347.6	389.9
i) Community , social and personal service	1172.9	1389.5	1565.5	1764.0	1942.5	2142.1
GDP at current market price	10552.0	11989.2	13436.7	15158.0	17328.6	19758.2

Source: Bangladesh Bureau of Statistics

Table I.4 : Crop-wise Agricultural Production

Crops	Actual for FY16		Actual for FY17		Actual/Target for FY18	
	Area	Production	Area	Production	Area	Production
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)
Aus	10.3	24.7	9.4	21.3	10.8	27.1*
Aman	56.5	135.6	55.8	136.6	56.2	138.6
Boro	48.0	190.0	44.8	180.1	47.3	190.4
Total Rice	114.7	350.2	110.0	338.0	114.7	355.6
Wheat	4.9	13.6	4.2	13.1	4.0	12.8
Maize	3.7	25.7	4.3	35.8	4.6	38.2
Total Cereal	123.3	389.5	118.5	386.9	123.4	406.6
Jute	7.3	13.6	7.4	14.8	7.4	14.84*
Potato	5.0	103.0	5.0	102.2	5.0	100.0
Vegetables	8.3	152.6	8.5	160.4	8.7	162.6
Moong	2.1	2.3	3.2	2.1	2.3	2.5
Mosur	2.5	2.7	2.7	3.6	2.7	3.6
Gram	0.1	0.1	0.0	0.1	0.7	0.8
Mustard	5.8	7.0	5.5	7.1	5.6	7.2
Onion	2.2	21.3	2.1	21.5	2.1	21.6

Sources: Bangladesh Bureau of Statistics and Department of Agriculture Extension, Ministry of Agriculture.

* Actual production

Table I.5 : Quantum Index of Medium and Large-scale Manufacturing Industries, Mining and Electricity**Base: 2005-06**

	FY15				FY16				FY17				FY18	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2*
Manufacturing	242.1	226.3	251.1	262.5	252.7	244.1	273.8	290.3	268.5	283.9	302.1	321.0	325.9	338.1
Mining	159.3	166.6	198.3	191.7	182.2	186.0	187.1	185.9	182.5	188.3	185.3	185.8	187.4	185.2
Electricity	211.1	169.4	194.7	199.0	223.8	207.7	206.1	250.7	261.8	227.2	216.4	268.1	291.7	257.1

Source: Bangladesh Bureau of Statistics

*up to November 2017

Tables I.6 : Quantum Index of Medium and Large-scale Manufacturing Industries by Major Industries**Base: 2005-06**

	Weight	FY16				FY17				FY18	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2*
General Index	100.00	250.2	244.1	273.8	268.3	268.5	283.9	302.1	321.0	325.9	338.1
Food products	10.84	393.0	374.8	371.5	364.7	367.0	340.0	375.0	416.3	481.1	534.6
Beverage	0.34	209.1	313.9	312.8	231.9	275.6	214.7	228.7	311.4	303.7	207.3
Tobacco product	2.92	127.0	134.2	115.7	146.4	129.5	139.0	145.6	144.2	134.1	198.3
Textile	14.07	120.0	129.5	134.9	152.4	132.4	180.7	172.6	187.9	179.7	190.4
Wearing apparel	34.84	309.9	291.5	351.9	318.3	323.5	341.0	351.7	358.6	357.4	362.7
Leather and related product	4.40	118.0	106.8	131.3	120.9	152.6	167.9	206.1	249.9	274.4	284.4
Wood and product of wood and cork	0.33	293.5	297.8	304.7	308.3	317.4	324.5	328.0	331.2	334.6	337.1
Paper and paper products	0.33	179.9	180.3	180.7	185.7	183.0	183.5	183.9	184.2	184.6	184.9
Printing and reproduction of recorded media	1.83	145.8	146.8	148.1	148.4	153.5	154.9	156.6	157.5	158.7	160.4
Coke and refined petroleum product	1.25	92.1	103.3	114.4	282.3	186.6	186.0	186.1	172.3	108.9	75.0
Chemical and chemical product	3.67	81.0	92.1	111.2	84.3	94.2	100.6	112.5	108.9	109.1	112.1
Pharmaceuticals and medicinal chemical	8.23	316.7	305.6	297.8	354.3	375.3	371.9	419.0	525.0	544.0	518.7
Rubber and plastic products	1.56	316.0	322.9	351.2	352.1	365.0	346.1	361.0	367.1	388.9	411.9
Other non-metallic mineral product	7.12	211.3	243.3	287.6	282.3	272.7	330.4	386.8	377.5	342.8	379.6
Basic metal	3.15	194.7	165.2	263.2	203.8	178.9	163.7	174.2	179.4	179.5	185.0
Fabricated metal product	2.32	191.2	193.2	199.7	219.6	224.1	234.6	259.4	266.0	264.8	282.3
Computer, electronic and optical product	0.15	159.5	181.5	288.3	324.1	229.9	224.0	270.7	254.7	189.2	154.7
Electrical equipments	0.73	185.0	196.6	218.0	241.5	294.1	379.9	365.2	331.9	392.2	278.0
Machinery and equipment	0.18	234.5	258.5	298.8	327.3	344.4	370.0	454.5	456.5	503.4	513.5
Motor vehicles and trailers	0.13	352.3	300.7	312.4	318.3	715.8	679.3	346.5	496.4	202.4	268.6
Other transport equipment	0.73	627.8	580.5	606.4	607.6	477.9	550.5	633.7	578.0	565.7	612.6
Furniture	0.88	130.9	128.9	130.1	131.2	146.1	150.9	152.0	156.8	167.4	205.6

Source: Bangladesh Bureau of Statistics

*up to November 2017

Table I.7 : Cargo Handled by Chittagong Port
(In Thousand Metric Tons)

	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Quantity (In thousand metric ton)								
Export	5971.6	6709.8	1509.4	1828.7	1746.2	1625.4	1713.9	1827.1
Import	58324.8	66464.3	14478	17715	17748.6	16522.3	16702.0	20323.1
Total	64296.4	73174.0	15987	19544	19494.8	18147.6	18415.9	22150.2
Growth (in percent)¹								
Export	2.3	12.4	6.9	28.4	12.1	3.1	13.5	-0.1
Import	19.2	14.0	21.7	21.2	9.2	6.2	15.4	14.7
Total	17.4	13.8	20.1	21.8	9.5	5.9	15.2	13.3

Source: Chittagong Port Authority.

1/ Quarterly growth rate refers to growth over the same quarter of previous year.

Table I.8 : Trends in Private Sector Credit

Institutions	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding (in billion Taka)								
Banks	6697.4	7760.6	6801.4	7170.2	7386.4	7760.6	8012.3	8470.2
Non-banks	529.1	581.7	528.6	546.2	557.6	581.7	596.0	602.3
Microfinance institutions	372.0	463.3	376.9	406.4	435.7	463.3	465.65	555.6
Total	7598.5	8805.6	7706.9	8122.8	8379.7	8805.6	9073.9	9628.1
Growth (in percent)¹								
Banks	16.6	15.9	15.3	15.6	16.1	15.9	17.8	18.1
Non-banks	21.3	9.9	16.5	13.6	11.1	9.9	12.7	10.3
Microfinance institutions	27.2	24.5	25.1	26.6	26.3	24.5	23.5	36.7
Total	17.4	15.9	15.9	15.9	16.2	15.9	17.7	18.5

Source: Bangladesh Bank ; Grameen Bank, BRAC, ASA and Proshika.

1/ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table I.9. : Bank Advances (Private Sector) by Economic Purposes

Sectors	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding (in billion Taka)								
a. Agriculture	326.8	354.5	320.9	325.5	340.7	359.2	361.2	377.3
<i>Of which : Crops</i>	299.5	325.4	294.3	296.5	311.8	325.1	335.4	348.5
<i>Others</i>	27.3	29.0	26.6	29.0	28.9	34.1	25.7	28.7
b. Industry	2327.7	2763.4	2368.2	2456.0	2555.3	2753.4	2983.5	3179.0
<i>Of which: Term Loan (Other than working capital finance)</i>	1046.6	1316.0	1102.2	1165.0	1207.2	1281.8	1383.0	1470.1
<i>Working capital financing(Excluding import & export Finance)</i>	1280.0	1447.4	1266.0	1290.9	1348.2	1471.6	1600.5	1708.9
c. Construction	540.5	640.6	562.6	621.6	622.8	649.5	665.3	698.3
d. Transport	47.1	54.4	47.2	50.7	52.3	50.9	56.8	57.5
e. Trade&Commerce	2188.8	2537.5	2204.1	2380.6	2425.6	2548.4	2531.7	2708.7
f.Other Institutional loan	127.7	155.8	127.1	143.4	143.7	162.7	173.5	189.0
g. Consumer finance	532.0	568.4	524.7	559.7	573.7	556.7	565.6	579.6
h. Miscellaneous	44.2	50.5	49.8	52.7	53.6	50.5	31.5	40.1
Grand Total :	6134.8	7125.0	6204.6	6590.2	6767.6	7130.8	7369.1	7829.4
Growth (in percent)								
a. Agriculture	26.97	8.48	11.27	9.93	12.15	9.91	12.56	15.91
<i>Of which : Crops</i>	23.57	8.65	14.07	10.39	11.76	8.55	13.97	17.54
<i>Others</i>	19.05	6.23	-12.50	5.45	16.53	24.91	-3.38	-1.03
b. Industry	21.12	18.72	16.76	14.74	17.27	18.29	25.98	29.44
<i>Of which: Term Loan (Other than working capital finance)</i>	13.92	25.74	14.49	11.36	15.85	22.47	25.48	26.19
<i>Working capital financing(Excluding import & export Finance)</i>	28.07	13.08	18.82	17.97	18.58	14.97	26.42	32.38
c. Construction	22.46	18.52	17.62	28.27	14.13	20.17	18.25	12.34
d. Transport	12.56	15.50	11.58	16.02	0.77	8.07	20.34	13.41
e. Trade&Commerce	15.22	15.93	13.63	11.61	15.25	16.43	14.86	13.78
f.Other Institutional loan	26.83	22.00	30.09	37.09	18.66	27.41	36.51	31.80
g. Consumer finance	2.93	6.84	12.74	14.15	15.29	4.64	7.79	3.56
h. Miscellaneous	-36.36	14.25	38.33	51.00	22.65	14.25	-36.75	-23.91
Grand Total :	16.69	16.14	15.42	15.06	15.74	16.24	18.77	18.80

Source: Statistics department, Bangladesh Bank.

Table I.10: Trends in Agricultural Credit

	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Programme/Target (July-June)	164.0	175.5	175.5	175.5	175.5	175.5	204.0	204.0
Total disbursement (In billion Taka)	176.5	210.0	34.0	65.3	58.8	51.9	42.4	65.2
Crop	87.0	100.6	15.5	34.0	29.4	21.7	18.9	33.9
Irrigation	1.1	1.5	0.3	0.3	0.5	0.3	0.3	0.5
Agricultural equipment	1.5	1.5	0.2	0.7	0.3	0.4	0.3	0.6
Live-stock	26.1	30.6	6.0	7.8	8.3	8.5	7.9	9.0
Fisheries	19.9	24.3	4.1	7.5	7.1	5.6	5.6	6.6
Grain storage & marketing	1.1	1.1	0.2	0.3	0.2	0.4	0.2	0.4
Poverty alleviation	15.6	18.8	3.3	6.0	5.7	4.0	2.4	5.8
Others	24.2	31.7	5.0	8.3	7.3	11.1	6.8	8.3
Total recovery (In billion Taka)	170.6	188.4	35.4	54.5	49.7	48.8	45.6	55.7
Total overdue	56.8	67.1	62.2	64.3	64.6	67.1	65.0	65.3
Outstanding (In billion Taka)	344.8	390.5	345.5	359.0	371.3	390.5	389.5	401.5
Overdue as percent of outstanding	16.5	17.2	18.0	17.9	17.4	17.2	16.7	16.3
Growth in percent ¹								
Total disbursement	0.5	19.0	6.1	17.7	44.9	7.3	24.6	-0.2
Total recovery	20.9	10.5	13.6	2.7	17.8	10.5	28.8	2.2

Source: Agricultural Credit Department, Bangladesh Bank.

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table : I.11 Micro- Credit Operations of Grameen Bank and Large NGOs

Institutions	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
1. Total disbursement (In billion Taka)	657.9	781.6	153.9	201.1	213.2	213.4	199.1	242.7
i) Grameen Bank	173.9	208.1	41.4	53.2	56.6	56.9	54.4	66.8
ii) BRAC	227.7	266.5	55.9	68.3	71.1	71.2	68.3	82.6
iii) ASA	253.5	305	56.9	78.8	84.8	84.5	75.6	92.6
iv) Proshika	2.8	2.2	0	0.7	0.7	0.8	0.7	0.8
2. Total recovery	586.4	724.8	155.1	181.8	191.8	196.1	200.1	225.9
i) Grameen Bank	153.6	182.7	38.8	46.7	48.9	48.3	45.6	59.7
ii) BRAC	225.9	272.6	61.6	67.0	70.7	73.3	76.8	80.8
iii) ASA	204.2	267.3	54.6	67.5	71.5	73.7	76.9	84.7
iv) Proshika	2.8	2.2	0	0.7	0.7	0.8	0.8	0.8
3. Loans outstanding	372.0	463.3	376.9	406.4	435.7	463.3	465.6	555.6
4. Loans overdue	6.0	7.0	5.9	5.9	6.4	7.0	8.0	25.7
5. Overdue as percent of outstanding	1.6	1.5	1.6	1.5	1.5	1.5	1.7	4.6

Source: Grameen Bank, BRAC, ASA and Proshika.

Table I.12 : Term Lending by Banks and NBFIs

Lender	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Disbursement (in billion Taka)								
SOBs	29.31	38.50	6.86	10.34	16.56	4.74	10.07	5.46
PCBs	496.76	465.32	96.04	141.05	114.92	113.31	119.33	140.48
Foreign banks	22.04	13.55	3.72	5.18	2.64	2.00	2.15	6.02
Specialized banks	7.57	10.79	0.09	4.34	3.61	2.75	2.89	1.43
Non-bank financial institutions	99.71	93.38	23.74	34.83	20.10	14.71	23.22	25.43
Total	655.39	621.55	130.45	195.75	157.83	137.52	157.66	178.8
Recovery (in billion Taka)								
SOBs	25.28	40.42	8.42	9.85	8.73	13.42	7.34	13.2
PCBs	353.50	391.41	92.95	100.32	112.43	85.71	126.04	148.4
Foreign banks	22.47	11.72	2.18	3.85	3.29	2.40	2.96	4.6
Specialized banks	17.44	9.12	0.34	2.34	5.14	1.30	2.33	2.3
Non-bank financial institutions	63.56	68.26	20.34	20.42	15.88	11.63	16.47	17.9
Total	482.25	520.94	124.23	136.79	145.47	114.45	155.14	186.4
Outstanding (in billion Taka)								
SOBs	253.25	331.10	314.73	273.82	276.43	331.10	343.52	364.1
PCBs	917.16	112.24	928.82	978.60	1034.60	112.24	1154.04	1201.2
Foreign banks	30.70	22.69	22.52	23.71	22.79	22.69	22.82	24.4
Specialized banks	65.66	15.17	14.41	71.00	70.19	15.17	15.87	15.2
Non-bank financial institutions	194.24	218.48	196.68	207.85	208.27	218.48	222.27	245.2
Total :	1461.02	1709.88	1477.16	1554.99	1612.29	1709.88	1758.52	1850.2
Growth in Percent¹								
Disbursement								
SOBs	-4.87	28.95	-5.62	16.81	162.61	-31.11	46.70	-47.16
PCBs	7.32	-6.33	6.47	5.42	-22.65	-8.76	24.26	-0.41
Foreign banks	35.21	-38.52	-20.88	-21.03	-49.06	-64.15	-42.10	16.06
Specialized banks	-27.85	51.82	-97.08	83.41	259.79	160.43	3037.17	-67.09
Non-bank financial institutions	28.93	-6.34	9.54	30.90	-6.87	-50.70	-2.18	-27.00
All Banks and NBFIs	9.63	-5.16	2.72	9.86	-13.59	-79.02	20.86	-8.65
Recovery								
SOBs	9.83	52.16	33.56	37.20	103.63	-46.92	-12.83	33.50
PCBs	-1.17	10.73	8.17	10.97	27.32	-75.75	35.60	47.92
Foreign banks	19.62	-47.86	-57.52	-13.25	-53.94	-89.34	35.54	20.62
Specialized banks	-26.70	-36.48	-82.03	-9.55	-1.93	-92.57	584.85	-3.54
Non-bank financial institutions	21.93	7.40	77.42	37.64	-18.13	-81.70	-18.99	-12.42
All Banks and NBFIs	1.44	8.02	12.19	14.51	16.97	-76.27	24.88	36.26
Outstanding								
SOBs	12.27	30.74	40.88	16.50	11.04	30.74	9.15	32.99
PCBs	18.49	-87.76	22.85	18.78	17.78	-87.76	24.25	22.75
Foreign banks	72.81	-26.08	-18.94	18.51	-24.56	-26.08	1.33	2.99
Specialized banks	31.88	-76.89	-72.22	-6.46	-3.01	-76.89	10.18	-78.65
Non-bank financial institutions	18.25	12.48	11.92	10.10	8.76	12.48	13.01	17.96
All Banks and NBFIs	18.64	17.03	19.62	15.73	13.43	17.03	19.05	18.98

Source: SME & Special Programmes Department, Bangladesh Bank

1/ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table II.1 : Trend in Inflation
(Base : 2005-06=100)

Period	General	Food	Non-food	General	Food	Non-food
	12 Month point to point			12 Month Average		
2015						
January	6.04	6.07	6.01	6.87	7.68	5.64
February	6.14	6.11	6.20	6.76	7.45	5.71
March	6.27	6.37	6.12	6.66	7.24	5.78
April	6.32	6.48	6.08	6.57	7.03	5.85
May	6.19	6.23	6.14	6.46	6.81	5.94
June	6.25	6.32	6.15	6.41	6.68	5.99
July	6.36	6.07	6.8	6.35	6.53	6.08
August	6.17	6.06	6.35	6.29	6.39	6.13
September	6.24	5.92	6.73	6.24	6.25	6.22
October	6.19	5.89	6.67	6.21	6.15	6.30
November	6.05	5.72	6.56	6.20	6.09	6.36
December	6.10	5.48	7.05	6.19	6.05	6.41
2016						
January	6.07	4.33	8.74	5.99	5.90	6.65
February	5.62	3.77	8.46	5.99	5.70	6.84
March	5.65	3.89	8.36	5.98	5.49	7.03
April	5.61	3.84	8.34	6.04	5.27	7.21
May	5.45	3.81	7.92	5.98	5.07	7.36
June	5.53	4.23	7.50	5.92	4.90	7.47
July	5.40	4.35	6.98	5.84	4.76	7.48
August	5.37	4.30	7.00	5.77	4.62	7.53
September	5.53	5.10	6.19	5.71	4.56	7.48
October	5.57	5.56	5.58	5.66	4.53	7.38
November	5.38	5.41	5.33	5.60	4.51	7.27
December	5.03	5.38	4.49	5.51	4.51	7.05
2017						
January	5.15	6.53	3.10	5.44	4.70	6.57
February	5.31	6.84	3.07	5.41	4.95	6.11
March	5.39	6.89	3.18	5.39	5.20	5.67
April	5.47	6.94	3.30	5.38	5.46	5.25
May	5.76	7.37	3.44	5.41	5.75	4.89
June	5.94	7.51	3.67	5.44	6.02	4.58
July	5.57	6.95	3.53	5.45	6.23	4.29
August	5.89	7.32	3.75	5.50	6.48	4.03
September	6.12	7.87	3.44	5.55	6.72	3.81
October	6.04	7.62	3.61	5.59	6.89	3.65
November	5.91	7.09	4.1	5.64	7.03	3.56
December	5.83	7.13	3.85	5.70	7.17	3.50

Source: Bangladesh Bureau of Statistics (BBS)

Note: Food include food, beverage & tobacco.

Table II.2 : Commodity Prices in the International Market

	FY16*	FY17*	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Rice (US\$/M.T) Thailand (Milled,5% broken)	380.3	384.0	413.7	369.0	371.3	419.7	404.0	400.7
Wheat (US\$/M.T)	188.5	172.2	161.1	164.3	177.0	176.8	183.8	175.1
Soyabean oil (US\$/M.T)	565.7	845.4	810.3	881.7	839.7	815.0	857.3	871.3
Sugar (US cents/pound) World	0.3	0.4	0.5	0.4	0.4	0.3	0.3	0.3
Crude Petroleum (Dubai) (US\$/Barrel)	41.5	50.2	43.4	47.9	52.9	49.7	50.6	59.2

Source: World Bank

*Quarterly average.

**Table II.3 : Inflation in South Asian Countries
(Point to Point)**

Country	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Bangladesh	5.53	5.94	5.50	5.03	5.39	5.94	6.12	5.83
India	5.80	1.50	4.40	3.40	3.90	1.50	3.30	5.20
Pakistan	3.20	3.90	3.90	3.70	4.90	3.90	3.90	4.60
Sri Lanka	6.40	6.30	4.70	4.20	8.60	6.30	8.60	7.30

Source: Respective Central Banks.

Note: Quarterly data indicate end quarter data

Table III.I : Movements in Reserve Money

	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding (in billion Taka)								
1. Net foreign assets of BB	2189.0	2513.3	2330.7	2355.4	2423.7	2513.3	2508.1	2535.0
2. Net domestic assets of BB	-257.0	-266.7	-432.6	-440.4	-497.6	-266.7	-355.5	-365.1
a) Claims on public sector	153.9	151.36	29.9	68.0	16.3	151.4	88.5	114.0
i) Claims on govt (net)	133.7	129.8	10	48.7	-2.2	129.8	66.9	92.4
ii) Claims on other public sector	20.2	21.578	19.9	19.3	18.5	21.6	21.5	21.6
b) Claim on private sector	49.7	49.788	48.3	49.2	48.7	49.8	48.4	49.9
c) Claims on banks	60.2	50.6	52.3	48.9	51.4	50.6	52.8	49.2
d) Other items (net)	-520.8	-518.4	-563.1	-606.5	-613.9	-518.4	-545.2	-578.2
3. Currency issued	1323.1	1512.6	1282.5	1233.6	1244.7	1512.6	1441.3	1406.9
i) Currency outside banks	1220.7	1375.3	1181.3	1131.5	1141.1	1375.3	1328.2	1291.3
ii) Cash in tills	102.3	137.3	101.2	102.0	103.6	137.3	113.1	115.6
4. Deposits of banks with BB	609.0	734.0	615.6	681.4	681.4	734.0	711.3	763.0
5. Reserve money (RM)	1932.0	2246.6	1898.1	1915	1926.1	2246.6	2152.6	2169.8
6. Money multiplier (M2/RM)	4.7	4.5	4.9	5.0	5.0	4.5	4.8	4.9
Growth (in percent)								
1. Net foreign assets of BB	23.39	14.81	21.64	19.86	16.85	14.81	7.61	7.60
2. Net domestic assets of BB	-11.11	3.77	49.38	-21.30	-9.30	3.77	17.80	17.10
a) Claims on public sector	418.18	-1.65	-207.17	661.20	-75.85	-1.65	195.99	67.70
i) Claims on govt (net)	1549.60	-2.92	-120.33	246.70	-104.66	-2.92	569.00	89.60
ii) Claims on other public sector	-6.52	6.82	-6.57	-8.53	-8.87	6.82	8.04	12.10
b)i) Claim on private sector	6.98	0.18	2.77	0.61	1.25	0.18	0.21	1.30
ii) Claims on Banks	6.38	-15.95	-13.41	-17.82	-3.93	-15.95	0.96	0.70
3. Currency issued	34.80	14.33	14.10	21.76	18.50	14.33	12.38	14.00
4. Deposits of banks with BB	21.01	20.53	22.51	15.69	19.86	20.53	15.55	12.00
5. Reserve money (RM)	30.12	16.28	16.69	19.53	18.98	16.28	13.41	13.30
6. Money multiplier (M2/RM)	-10.58	-4.71	-2.97	-4.42	-5.13	-4.71	-2.04	-2.00

Source: Statistics Department, Bangladesh Bank.

Table III.2 : Movements in Broad Money

	FY16	FY17	FY17				FY18	
			Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding (in billion Taka)								
1. Net foreign assets	2331.4	2660.0	2467.5	2472.5	2541.5	2660.0	2630.5	2640.2
2. Net domestic assets	6832.4	7500.8	6847.8	7068.1	7106.8	7500.8	7656.5	7919.9
a) Domestic credit	8012.8	8906.7	8097.1	8320.4	8452.4	8906.7	9133.4	9525.3
i) Credit to public sector	1302.7	1146.1	1295.8	1150.2	1066.0	1146.1	1121.2	1055.1
Credit to govt. (net)	1142.2	973.3	1136.6	986.4	903.1	973.3	944.4	872.7
Credit to other public sector	160.5	172.8	159.1	163.8	162.9	172.8	176.8	182.5
ii) Credit to private sector	6710.1	7760.6	6801.4	7170.2	7386.4	7760.6	8012.3	8470.2
b) Other items (net)	-1180.4	-1406.0	-1249.4	-1252.3	-1345.6	-1406	-1476.9	-1605.5
3. Narrow Money	2124.3	2400.8	2013.9	2044.5	2026.1	2400.8	2313.2	2337.7
a) Currency outside banks	1220.7	1375.3	1181.3	1131.5	1141.1	1375.3	1328.2	1291.3
b) Demand deposits	903.6	1025.5	832.6	912.9	885	1025.5	985.0	1046.4
4. Time deposits	7039.5	7760	7301.3	7496.1	7622.1	7760	7973.8	8222.3
5. Broad money	9163.8	10161	9315.2	9540.5	9648.2	10160.8	10287.0	10560.1
Growth (in percent)								
1. Net foreign assets	23.21	14.09	21.09	18.12	15.35	14.09	6.61	6.78
2. Net domestic assets	14.18	9.78	10.86	12.41	12.30	9.78	11.81	12.05
Domestic credit	14.22	11.16	11.89	12.34	12.18	11.16	12.80	14.48
i) Credit to public sector	2.63	-12.02	-3.27	-4.26	-8.93	-12.02	-13.47	-8.26
Credit to govt. (net)	3.59	-14.79	-3.82	-4.69	-9.49	-14.79	-16.91	-11.53
Credit to other public sector	-3.72	7.66	0.82	-1.62	-5.67	7.66	11.13	11.40
ii) Credit to private sector	16.78	15.66	15.34	15.55	16.06	15.66	17.80	18.13
3. Narrow money	32.10	13.02	16.63	21.47	18.14	13.02	14.86	14.35
4. Time deposits	12.31	10.24	12.54	11.92	11.81	10.24	9.21	9.69
5. Broad money	16.35	10.88	13.40	13.83	13.09	10.88	10.43	10.69

Source: Statistics Department, Bangladesh Bank.

Table III.3: Interest Rates Developments

Instruments	Dec.15	Mar. 16	Jun.16	Sep. 16	Dec.16	Mar. 17	Jun. 17	Sep.17	Dec.17
T - Bills									
91 - day	2.94	2.87	3.96	3.26	2.98	...	3.65	3.85	3.38
182 - day	3.32	...	4.67	3.99	3.23	...	4.11	4.01	3.86
364 - day	4.11	...	5.17	4.25	3.76	...	4.37	4.25	4.35
BGTB						...			
2 - year	4.86	4.97	5.97	5.31	4.90	4.82	5.03
5 - year	5.04	5.92	6.51	...	5.91	...	5.68	5.68	5.90
10 - year	7.23	6.64	7.29	...	6.32	...	6.74	6.91	7.17
15-year	7.87	7.57	7.97	7.69	7.64	...	7.66	7.71	7.93
20-year	8.97	7.97	8.41	8.17	7.89	...	8.00	8.02	8.25
Repo									
1-3 day	7.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Reverse Repo									
1-3 day	5.25	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Bangladesh Banks Bills*									
07-Day			2.96	2.97	2.97	2.97	2.98	2.98	2.98
14-Day			2.98	2.97	2.98	2.98	2.98	2.98	2.98
30-Day	3.38	2.90	2.96	2.96	2.97	2.97	2.96	2.97	2.97
Call Money Rate	3.69	3.64	3.71	3.64	3.62	3.65	3.93	3.91	3.92
Lending Rate									
All Banks	11.18	10.78	10.30	10.16	9.86	9.70	9.56	9.45	9.35
SOBs	10.08	9.93	9.00	8.87	8.57	8.80	8.66	8.47	8.38
SPBs	9.62	9.48	8.73	8.88	8.86	9.07	9.10	8.69	8.72
PCBs	11.65	11.14	10.79	10.60	10.31	10.03	9.79	9.78	9.67
FCBs	9.74	9.53	8.93	9.40	8.32	8.03	7.86	7.99	8.19
Deposits Rate									
All Banks	6.34	5.92	5.39	5.23	5.01	5.01	4.84	4.90	4.91
SOBs	6.38	6.07	5.21	5.09	4.83	4.79	4.47	4.46	4.36
SPBs	7.84	7.46	7.13	6.39	6.46	5.70	5.98	5.95	5.90
PCBs	6.26	6.05	5.64	5.48	5.24	5.30	4.94	5.25	5.29
FCBs	2.59	2.19	1.87	1.78	1.78	1.65	1.66	1.66	1.67
NSD Certificate									
3 - year	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04	11.04
5 - year	11.76	11.76	11.76	11.76	11.76	11.76	11.76	11.76	11.76

Source: Monetary Policy Department and Statistics Department, Bangladesh Bank

* = The introduction of 07 Day and 14 Day BB Bill took place w.e.f. 06 April, 2016.

Table III.4: Outstanding Stocks of Treasury Bills, Bonds and NSD Certificates

(In billion of Taka)

Instruments	Sep. 15	Dec.15	Mar. 16	Jun.16	Sep. 16	Dec.16	Mar. 17	Jun. 17	Sep.17	Dec.17
Bangladesh Banks Bills										
07-Day	-	-	-	27.8	163.6	200.8	138.4	48.4	109.7	92.7
14-Day	-	-	-	161.4	58.4	84.8	136.4	129.7	90.3	72.3
30-Day	26.0	231.3	353.5	74.6	56.5	73.1	56.3	4.7	12.1	11.0
T - Bills										
91 - day	111.0	75.0	49.0	117.3	107.3	83.0	50.0	79.3	70.0	63.0
182 - day	91.5	85.0	41.0	81.1	97.6	73.1	53.0	78.5	89.0	57.0
364 - day	176.3	144.3	127.0	129.5	99.5	106.5	109.5	87.7	90.0	83.0
BGTB										
2 - year	100.6	95.6	90.1	98.1	95.1	86.6	80.1	89.5	88.0	88.0
5 - year	330.2	329.7	322.7	331.7	335.2	332.2	323.7	312.7	313.2	306.7
10 - year	461.4	470.9	473.8	491.0	497.5	498.2	492.9	498.5	506.5	512.5
15-year	168.2	174.7	176.7	191.7	194.7	200.7	203.7	208.7	213.7	221.7
20-year	141.4	147.9	150.4	164.9	167.9	173.9	176.9	181.9	186.9	192.9
Sub Total	1580.6	1523.1	1430.6	1605.1	1594.6	1554.0	1489.7	1536.8	1557.2	1524.7
NSD Certificate	1118.1	1184.4	1283.2	1388.2	1504.7	1622.9	1764.7	1912.4	2039.3	2150.6
Total	2698.7	2707.4	2713.8	2993.3	3099.3	3177.0	3254.4	3449.2	3596.5	3675.3

Sources: Monetary Policy Department, Bangladesh Bank, National Savings Directorates.

Table IV.1 : Government Fiscal Operations
(In billion of Taka)

	FY16	FY17	FY17				FY18		
			Q1 ^E	Q2 ^E	Q3 ^E	Q4 ^E	Budget	Q1 ^E	Q2 ^E
Revenue	1822.2	2179.0	454.5	532.1	539.8	652.6	2879.9	538.7	594.7
a) NBR Tax revenue	1555.1	1850.0	364.4	437.6	464.0	584.1	2481.9	437.5	496.7
i) VAT	554.4	662.0	139.4	164.0	171.1	187.5	912.5	165.5	187.6
ii) Customs duties	180.2	211.4	44.2	52.7	56.7	57.9	316.7	56.3	62.8
iii) Income tax	535.7	627.3	106.9	135.2	142.8	242.4	851.8	127.1	147.4
iv) Others	284.9	349.3	73.9	85.7	93.4	96.3	400.9	88.5	98.9
b) Non- NBR tax revenue	56.4	62.1	13.1	14.2	15.8	19.0	86.2	22.2	15.6
c) Non- tax revenue	210.7	266.8	77.0	80.3	60.0	49.5	311.8	79.0	82.4
Expenditure	2409.3	2691.4	575.2	571.2	642.6	902.5	4002.7	682.7	776.8
a) Current	1301.1	1391.4	412.3	273.5	361.5	344.1	2071.4	445.1	424.1
b) ADP	869.7	1022.0	107.9	227.7	203.1	483.4	1533.3	167.6	275.8
c) Others	238.5	278.0	55.0	70.0	78.0	75.0	398.0	70.0	77.0
Budget Deficit	-587.1	-512.4	-120.7	-39.1	-102.8	-249.9	-1067.7	-144.0	-182.1
Financing	587.1	512.4	120.7	39.1	102.8	249.9	1067.7	144.0	182.1
a) Domestic financing	384.9	303.8	98.7	-7.8	45.8	167.1	603.5	97.3	64.4
i) Bank financing	43.3	-178.6	-20.2	-131.9	-91.9	65.4	282.0	-37.7	-49.2
ii) Non-bank financing	341.7	482.4	118.9	124.2	137.7	101.6	321.5	135.0	113.6
b) Foreign financing*	202.1	208.6	22.0	46.8	57.0	82.8	464.2	46.7	117.7
In Percentage of Annual GDP									
Revenue	10.52	11.14	2.32	2.72	2.76	3.34	12.95	2.42	2.67
a) NBR Tax revenue	8.97	9.46	1.86	2.24	2.37	2.99	11.16	1.97	2.23
i) VAT	3.20	3.38	0.71	0.84	0.87	0.96	4.10	0.74	0.84
ii) Customs duties	1.04	1.08	0.23	0.27	0.29	0.30	1.42	0.25	0.28
iii) Income tax	3.09	3.21	0.55	0.69	0.73	1.24	3.83	0.57	0.66
iv) Others	1.64	1.79	0.38	0.44	0.48	0.49	1.80	0.40	0.44
b) Non-NBR tax revenue	0.33	0.32	0.07	0.07	0.08	0.10	0.39	0.10	0.07
c) Non tax revenue	1.22	1.36	0.39	0.41	0.31	0.25	1.40	0.36	0.37
Expenditure	13.90	13.76	2.94	2.92	3.29	4.61	18.00	3.07	3.49
a) Current	7.51	7.11	2.11	1.40	1.85	1.76	9.32	2.00	1.91
b) ADP	5.02	5.23	0.55	1.16	1.04	2.47	6.90	0.75	1.24
c) Others	1.38	1.42	0.28	0.36	0.40	0.38	1.79	0.31	0.35
Budget Deficit	-3.39	-2.62	-0.62	-0.20	-0.53	-1.28	-4.80	-0.65	-0.82
Financing	3.39	2.62	0.62	0.20	0.53	1.28	4.80	0.65	0.82
a) Domestic financing	2.22	1.55	0.50	-0.04	0.23	0.85	2.71	0.44	0.29
i) Bank financing	0.25	-0.91	-0.10	-0.67	-0.47	0.33	1.27	-0.17	-0.22
ii) Non-bank financing	1.97	2.47	0.61	0.63	0.70	0.52	1.45	0.61	0.51
b) Foreign financing	1.17	1.07	0.11	0.24	0.29	0.42	2.09	0.21	0.53
Memorandum item									
GDP at current market price	17328.6	19560.6	19560.6	19560.6	19560.6	19560.6	22236.0	22236.0	22236.0

Sources: Budget Summary, Ministry of Finance; National Board of Revenue; Bangladesh Bureau of Statistics; Bangladesh Bank.

* = include grants, E=Estimated

Table V.1: Balance of Payments

(In million of USD)

Item	FY16	FY17 ^P	FY17 ^P				FY18 ^P	
			Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^P	Q ₁ ^R	Q ₂ ^P
Current Account Balance	4262	-1480	539	-1082	-855	-82	-1791	-2976
Trade balance	-6460	-9472	-1564	-2947	-2527	-2434	-3650	-4978
Export f.o.b.	33441	34019	7938	8471	8921	8689	8549	9137
Import f.o.b.	39901	43491	9502	11418	11448	11123	12199	14115
Services	-2708	-3284	-761	-803	-886	-834	-1026	-1256
Credit	3523	3621	866	939	918	898	1008	1051
Debit	6231	6905	1627	1742	1804	1732	2034	2307
Primary Income	-1915	-2007	-540	-405	-535	-527	-555	-450
Credit	74	82	16	13	22	31	25	26
Debit	1989	2089	556	418	557	558	580	476
Secondary Income	15345	13283	3404	3073	3093	3713	3440	3708
Official Transfers	67	44	13	14	2	15	12	27
Private Transfers	15287	13239	3391	3059	3091	3698	3428	3681
Of which : workers' remittances	14717	12591	3193	2880	2983	3535	3307	3484
Capital & Financial Account	1408	4493	928	1553	966	1046	1640	3186
Capital account	464	314	60	117	22	115	64	98
Capital transfers	464	314	60	117	22	115	64	98
Financial account	944	4179	868	1436	944	931	1576	3088
Foreign direct investment (Gross Inflows)	2502	2985	706	1035	620	624	770	985
Of which: FDI net inflow	1285	1706	439	574	427	266	490	540
Portfolio investment	139	458	5	179	128	146	66	143
Of which : workers' remittances	215	179	53	41	45	40	81	60
Other investment	-480	2015	424	683	389	519	1020	2405
Medium and long-term (MLT) loans	3033	3174	428	692	899	1155	781	1636
MLT amortization payments	849	895	220	227	237	211	279	253
Other long term loans	-110	-193	-78	-81	-20	-14	31	11
Other short term loans	-435	992	431	296	26	239	417	239
Trade credit	-2101	-1185	-52	-254	-272	-607	-250	54
DMBs and NBDCs	-18	122	-85	257	-7	-43	320	718
Assets	347	178	-118	-257	66	487	-43	-310
Liabilities	329	300	-203	0	59	444	277	408
Net Errors & Omissions	-634	156	330	-3	222	-393	-209	-204
Overall Balance	5036	3169	1797	468	333	571	-360	6
Reserve Assets	-5036	-3169	-1797	-468	-333	-571	360	-6
Bangladesh Bank	-5036	-3169	-1797	-468	-333	-571	360	-6
Assets	5322	3208	1213	1048	-68	1015	-824	393
Liabilities	286	39	-584	580	-401	444	-464	387
Memorandum Items								
Gross official reserves	30176	33407	31386	32092	32369	33407	32817	33227
In months of imports of goods & services	7.80	8.00	8.50	7.30	7.30	7.80	6.92	6.07
Export growth (in percent) ¹	8.90	1.70	3.90	4.70	3.40	-4.40	7.70	7.86
Import growth (in percent) ¹	5.90	9.00	8.40	8.00	16.70	3.40	28.38	23.62
Remittances growth (in percent) ¹	-2.50	-14.50	-17.50	-17.80	-15.30	-7.70	4.37	21.33

Source: Statistics Department, Bangladesh Bank.

R=Revised, P=Provisional.

¹/ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table V.2: Trends in the Commodity Composition of Exports
(In million of USD)

Items	FY16	FY17 ^P	FY17 ^P				FY18 ^P	
			Q ₁ ^R	Q ₂ ^R	Q ₃ ^P	Q ₄ ^P	Q1 ^R	Q ₂ ^P
1. Raw jute	173.2	167.8	49.6	53.6	39.2	25.4	32.2	50.6
2. Jute goods	746.4	794.6	154.9	214.4	219.3	206.0	204.0	287.3
3. Tea	1.8	4.4	0.6	0.8	2.1	0.9	0.7	1.1
4. Leather	277.9	232.6	67.1	68.1	65.9	31.6	46.5	51.1
5. Frozen shrimps and fish	519.5	490.0	131.3	147.4	137.7	73.5	163.5	135.5
6. Woven garments	14738.7	14392.6	3265.1	3631.0	3889.2	3607.3	3397.2	3780.4
7. Knitwear products	13355.4	13757.3	3400.8	3412.8	3330.0	3613.8	3747.0	3848.3
8. Fertilizer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Terry towels	47.8	44.3	8.8	11.7	12.1	11.7	9.0	12.1
10. Others	4396.5	4951.5	1000.6	1102.4	538.7	2309.8	1062.9	1086.9
Total exports	34257.2	34835.1	8078.8	8642.3	8234.1	9879.9	8662.7	9253.3
Of which: exports from EPZ	5439.3	5213.6	1158.6	1285.1	1367.7	1402.2	1379.2	1438.0
Total exports (adjusted)	33441.0	34019.0	7938.0	8471.0	8921.0	8689.0	8549.0	9137.0

Source: Export Promotion Bureau, Bangladesh.

R=Revised, P= Provisional .

Table V.3 : Trends in the Commodity Composition of Imports
(In million of USD)

Items	FY16	FY17 ^P	FY17 ^P				FY18 ^P	
			Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^P	Q1 ^P	Q ₂ ^R
A. Food Grains	1061.8	1286.4	268.6	347.7	319.9	350.2	730.0	1071.0
1. Rice	112.2	89.3	3.2	8.7	24.8	52.6	447.1	537.6
2. Wheat	949.0	1197.1	265.4	339.0	2951.0	297.6	282.9	533.4
B. Other Food Items	3001.9	3808.0	717.9	896.5	1071.6	1122.0	983.7	945.3
3. Milk & cream	216.0	253.6	47.5	61.1	68.3	76.7	56.1	81.0
4. Spices	199.6	268.9	61.9	60.8	72.7	73.5	74.6	58.9
5. Edible oil	1450.0	1625.6	281.8	414.0	454.8	475.0	439.0	458.0
6. Pulses (all sorts)	479.9	671.4	87.0	154.8	195.2	234.4	69.6	68.5
7. Sugar	656.4	988.5	239.7	205.8	280.6	262.4	344.4	278.9
C. Consumer & Intermediate Goods	24202.1	25563.2	5783.9	6418.3	6717.3	6643.7	6803.9	7756.5
8. Clinker	573.9	643.8	121.0	150.7	179.0	193.1	143.0	155.9
9. Crude petroleum	385.8	477.6	122.2	107.5	143.2	104.7	67.4	141.0
10. POL	2275.4	2897.6	694.5	806.2	659.2	737.7	739.0	865.1
11. Oil seeds	534.1	432.4	77.8	68.6	113.1	172.9	168.0	134.1
12. Chemicals	1853.1	1975.5	459.5	494.8	520.9	500.3	559.8	577.5
13. Pharmaceutical products	237.2	245.6	50.8	62.4	67.4	65.0	47.4	81.0
14. Fertilizer	1116.9	737.4	240.7	246.8	113.1	92.9	207.0	417.4
15. Dyeing and tanning materials	586.7	606.7	147.5	147.2	157.2	154.8	171.2	170.7
16. Plastics and rubber articles thereof	1951.1	2220.3	487.2	542.6	601.2	589.3	583.3	629.4
17. Raw cotton	2244.9	2528.9	454.7	480.6	843.3	750.3	820.7	683.1
18. Yarn	1968.7	1971.8	464.8	421.6	523.7	561.7	541.6	480.8
19. Textile and articles thereof	6220.5	6038.0	1315.3	1643.3	1475.2	1604.2	1478.6	1859.7
20. Staple fibre	1018.1	1016.6	222.2	265.6	264.1	264.7	243.3	313.4
21. Iron, steel & other base metals	3235.7	3771.0	925.7	980.4	1012.8	852.1	1033.6	1247.4
D. Capital Goods & Others	9999.0	10945.4	2392.9	3131.7	2810.0	2610.8	3267.3	3325.8
22. Capital machinery	3555.5	3816.8	893.2	946.9	1048.7	928.0	1289.3	1148.2
23. Others Capital goods	6443.5	7128.6	1499.7	2184.8	1761.3	1682.8	1978.0	2177.6
E. Others n.i.e	4857.7	5402.2	1106.1	1546.2	1455.0	1294.9	1399.5	2157.9
Grand Total c.i.f.(A+B+C+D+E)	43122.5	47005.2	10269.4	12340.4	12373.8	12021.6	13184.4	15256.5
Of which Import by EPZ	3286.9	3190.7	695.5	794.0	863.7	837.5	832.3	949.2
Grand Total f.o.b.(adjusted)	39901.0	43491.0	9502.0	11418.0	11448.0	11123.0	12199.0	14115.0

Source: Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR)

R=Revised, P= Provisional.

Table V.4: Country-wise Workers' Remittances
(In million of USD)

Countries	FY16	FY17 ^P	FY17 ^P				FY18 ^P	
			Q ₁ ^R	Q ₂ ^P	Q ₃ ^P	Q ₄ ^P	Q1 ^R	Q ₂ ^P
Gulf Region	8542.4	7304.8	1852.0	1703.5	1699.9	2049.4	1874.9	2032.2
1. Saudi Arabia	2960.1	2267.2	603.6	541.0	515.1	607.5	592.0	609.4
2. UAE	2714.9	2093.5	554.7	468.9	474.2	595.7	514.7	623.5
3. Qatar	431.6	576.0	134.3	135.9	137.3	168.5	164.1	174.7
4. Oman	911.4	897.7	229.6	201.9	215.2	251.0	229.8	221.2
5. Kuwait	1037.8	1033.3	245.8	259.0	243.3	285.2	250.7	276.3
6. Bahrain	486.6	437.1	84.0	96.8	114.8	141.5	123.7	127.1
Euro Region	889.2	840.0	175.2	167.1	257.4	240.3	266.0	250.9
7. UK	863.3	808.2	168.9	159.7	250.3	229.3	258.0	240.7
8. Germany	25.9	31.8	6.3	7.4	7.1	11.0	8.1	10.2
Asia Pacific Region	1746.4	1427.5	414.8	348.4	303.7	360.6	318.8	345.1
9. Singapore	387.2	301.0	87.5	74.5	65.6	73.4	73.2	72.6
10. Japan	22.1	22.9	5.8	4.5	5.8	6.8	6.4	7.3
11. Malaysia	1337.1	1103.6	321.5	269.4	232.3	280.4	239.2	265.2
Rest of the World	3753.1	3197.2	802.8	702.0	766.7	925.7	931.3	913.1
12. USA	2424.4	1688.9	430.1	379.6	389.2	490.1	481.1	481.0
13. Others n.i.e.	1328.7	1508.3	372.7	322.5	377.5	435.6	450.2	432.0
Total	14931.1	12769.6	3244.8	2921.1	3027.7	3576.0	3391.0	3541.3

Source: Statistics Department, Bangladesh Bank.

P= Provisional . R=Revised

Table V.5: Major Destination-wise RMG Related Exports
(In million of USD)

	FY16	FY17 ^P	FY17 ^P				FY18 ^P	
			Q ₁ ^R	Q ₂ ^P	Q ₃ ^P	Q ₄ ^P	Q1 ^P	Q ₂ ^R
Exports of RMG	28094.10	28149.90	6665.90	7043.80	7219.20	7221.00	7144.20	7628.80
European Countries	18112.10	18735.30	4394.20	4740.60	4808.20	4792.30	4753.80	5206.50
USA	5624.90	5204.00	1263.20	1294.10	1280.60	1366.10	1306.40	1293.90
Other Countries	4357.10	4210.60	1008.50	1009.10	1130.40	1062.60	1084.00	1128.40
Woven Garments	14738.70	14392.60	3265.10	3631.00	3889.20	3607.30	3397.20	3780.40
European Countries	8286.80	8410.40	1853.00	2131.30	2347.80	2078.30	1944.80	2250.80
USA	4228.60	3901.90	921.60	983.20	993.70	1003.40	938.90	944.00
Other Countries	2223.30	2080.50	490.50	516.70	547.70	525.60	513.50	585.60
Knitwear Products	13355.40	13757.30	3400.80	3412.80	3330.00	3613.70	3747.00	3848.30
European Countries	9825.30	10325.10	2541.20	2609.50	2460.40	2714.00	2809.00	2955.70
USA	1396.30	1302.10	341.60	310.90	286.90	362.70	367.50	349.90
Other Countries	2133.80	2130.10	518.00	492.40	582.70	537.00	570.50	542.80
Growth (in percent)¹								
Exports of RMG	10.21	0.20	3.52	5.19	-1.17	-5.66	7.18	8.31
European Countries	11.06	3.44	10.89	10.21	0.44	-5.31	8.18	9.83
USA	6.37	-7.48	-12.05	-6.05	-4.29	-7.28	3.42	-0.02
Other Countries	11.86	-3.36	-3.07	-0.83	-4.14	-5.13	7.49	11.82
Woven Garments	12.81	-2.35	2.38	3.32	-4.26	-9.20	4.05	4.11
European Countries	17.33	1.49	12.67	10.50	-2.52	-9.83	4.95	5.62
USA	6.49	-7.73	-9.52	-7.55	-4.41	-9.36	1.88	-3.99
Other Countries	9.47	-6.42	-6.73	-1.05	-10.81	-6.33	4.69	13.33
Knitwear Products	7.47	3.01	4.64	7.26	2.70	-1.83	10.18	12.76
European Countries	6.27	5.09	9.63	9.98	3.43	-1.52	10.54	13.27
USA	6.01	-6.75	-18.20	-0.96	-3.89	-0.98	7.58	12.54
Other Countries	14.47	-0.17	0.68	-0.59	3.11	-3.92	10.14	10.24

Source: Compiled by Statistics Department of Bangladesh Bank using the data of EPB

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

P= Provisional . R=Revised

Table V.6: Export Performance for July-December FY 2017-18
(In million of USD)

	Export target for July-Dec. 2017-18	Export performance for July - Dec. 2017-18	% Change of export performance over export target	Export performance for July-Dec. 2016-17	% Change of export performance July-Dec.2017- 18 Over July- Dec. 2016-17
All Products (A+B)	17875.00	17916.02	0.23	16721.05	7.15
A. Primary Commodities:	529.58	622.82	17.61	550.53	13.13
Frozen Food	255.02	312.46	22.52	291.56	7.17
Agricultural Products	274.56	310.36	13.04	258.97	19.84
B. Manufactured Commodities:	17345.42	17293.20	-0.30	16170.52	6.94
Cement salt stone etc.	5.48	6.16	12.41	3.72	65.59
Ores, Slag and Ash	2.86	1.41	-50.70	2.90	-51.38
Petroleum bi Products	119.17	22.27	-81.31	108.77	-79.53
Chemical products	74.84	68.54	-8.42	66.84	2.54
Plastic, Melamine Products	70.55	46.63	-33.91	64.33	-27.51
Rubber	16.68	10.77	-35.43	9.72	10.80
Leather & Leather products (including leather footwear)	657.80	620.27	-5.71	627.86	-1.21
Wood and Wood Products	3.24	2.08	-35.80	2.52	-17.46
Handicrafts	7.63	7.85	2.88	7.26	8.13
Pulp	0.00	0.00	0.00	0.00	0.00
Paper and Paper Products	28.60	36.79	28.64	26.18	40.53
Printed Materials	0.43	0.29	-32.56	0.43	-32.56
Silk	0.00	0.00	0.00	0.01	0.01
Wool and woollen Products	0.19	0.01	-94.74	0.18	-94.44
Cotton and Cotton Products	58.63	64.74	10.42	50.97	27.02
Jute and Jute Goods	502.88	574.06	14.15	472.57	21.48
Man Made Filaments and Staple Fibres	49.10	46.85	-4.58	49.85	-6.02
Carpet	8.58	8.01	-6.64	8.05	-0.50
Specialized Textiles	52.43	48.35	-7.78	48.27	0.17
Knitwear	7197.67	7595.27	5.52	6813.58	11.47
Woven Garments	7178.60	7177.52	-0.02	6896.12	4.08
Home Textile	419.47	407.73	-2.80	352.57	15.65
Other Footwear (excluding leather footwear)	128.70	130.06	1.06	120.28	8.13
Headgear/Cap	106.82	95.76	-10.35	89.86	6.57
Umbrella Waking Sticks	0.02	0.00	-100.00	0.03	-100.00
Wigs and Human Hair	10.70	10.95	2.34	7.85	39.49
Building Materials	0.38	0.62	63.16	0.32	93.75
Ceramic Products	20.50	19.68	-4.00	19.65	0.15
Glass and Glass ware	1.43	0.80	-44.06	0.90	-11.11
Engineering Products	417.56	159.41	-61.82	236.29	-32.54
Ships, boats & floating structures	61.97	30.35	-51.02	5.45	456.88
Other Manufactured Products	142.52	99.97	-29.86	77.19	29.51

Source: Export Promotion Bureau, Bangladesh.

Table V.7 Exchange Rate Movements
(Taka per Currencies)

Period	US Dollar		U.K. Pound Sterling		EURO		Japanese Yen	
	Period Average	End Period	Period Average	End Period	Period Average	End Period	Period Average	End Period
2011-12	79.10	81.82	125.28	128.20	105.78	103.45	1.01	1.02
2012-13	79.93	77.77	125.45	118.24	103.37	101.19	0.92	0.78
2013-14	77.72	77.63	126.4	132.24	105.46	105.96	0.77	0.77
2014-15	77.67	77.81	122.41	122.42	93.46	87.43	0.68	0.63
2015-16	78.27	78.40	116.14	105.25	86.88	87.21	0.67	0.76
2016-17	79.13	80.60	100.38	104.82	86.26	92.21	0.73	0.72
July	78.40	78.40	103.18	103.73	86.75	87.60	0.75	0.77
August	78.40	78.40	102.71	102.57	87.84	87.36	0.77	0.76
September	78.40	78.40	103.10	101.68	87.87	87.98	0.77	0.78
October	78.40	78.42	97.03	95.55	86.56	86.15	0.76	0.75
November	78.54	78.72	97.69	98.32	84.84	83.83	0.73	0.70
December	78.80	78.70	98.37	97.11	83.10	82.76	0.68	0.67
January	78.86	79.07	97.34	98.72	83.77	84.56	0.69	0.69
February	79.24	79.37	98.97	98.76	84.40	84.03	0.70	0.70
March	79.54	79.67	98.16	99.99	85.01	84.86	0.70	0.72
April	79.84	80.23	100.80	103.90	85.48	87.43	0.73	0.72
May	80.49	80.56	104.05	103.59	88.97	90.11	0.72	0.73
June	80.59	80.60	103.12	104.82	90.51	92.21	0.73	0.72
2017-18								
July	80.63	80.66	104.80	105.95	92.83	94.79	0.72	0.73
August	80.69	80.70	104.69	104.31	95.37	95.90	0.73	0.73
September	80.74	80.80	107.21	108.17	96.14	94.90	0.73	0.72
October	80.82	80.86	106.82	106.82	95.10	94.21	0.72	0.71
November	81.26	82.30	107.45	110.35	95.33	97.50	0.72	0.74
December	82.55	82.70	110.59	111.76	97.69	99.22	0.73	0.73

Source: Statistics Department, Bangladesh Bank.

Note : Mid value of the buying and selling rates of the commercial Banks.

Table V.8 Trends in Foreign Aid
(In million of USD)

	FY16	FY17 ^P	FY17 ^P				FY18 ^P	
			Q ₁ ^R	Q ₂ ^R	Q ₃ ^P	Q ₄ ^P	Q1 ^P	Q2 ^R
a. Grants (i+ii)	530.6	357.6	73.3	131.1	23.4	129.8	76.4	123.9
i) Food Aid	31.9	19.9	8.4	5.3	0.0	6.2	7.2	19.3
ii) Project Aid	498.7	337.7	64.9	125.8	23.4	123.6	69.2	104.7
b. Loans (MLT)	3033.1	3173.9	472.6	647.2	899.4	1154.7	780.7	1636.2
A. Total (a+b)	3563.7	3531.5	545.9	778.3	922.8	1284.5	857.1	1760.2
B. Amortization(1+2)	1051.0	1111.9	276.9	273.4	305.5	256.1	355.9	273.4
1) Principal	848.9	894.8	220.2	226.9	236.5	211.2	278.9	226.9
2) Interest	202.1	217.1	56.7	46.5	69.0	44.9	77.0	46.5
C. Net Foreign Financing (A-1)	2714.7	2636.7	325.7	551.4	686.3	1073.3	578.2	1533.3

Source: ERD, Ministry of Finance; Statistics Department, Bangladesh Bank

R=Revised , P= Provisional .

Table V.9 Sectorwise comparative statement of the Opening and Settlement of Import LCs
(In million of USD)

	FY17				FY18 ^P			
	Q1		Q2		Q1		Q2	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	1441.2	941.8	1609.5	1446.4	2862.49	1721.18	1907.21	2111.19
Industrial raw materials	3795.6	4035.3	4262.73	4007.08	4404.86	4214.44	4872.11	4467.35
Intermediate goods	825.3	765.6	1185.5	1065.1	1116.87	899.16	1154.93	1015.98
Petroleum and petroleum products	599.1	498.2	663.2	659.1	1024.08	597.77	586.81	793.43
Capital machinery	1036.8	1808.4	1411.4	1059.3	1320.85	1286.97	1973.89	1246.20
Machinery for misc. industries	1241.5	1257.4	1255.6	1088.7	1750.90	1219.55	1571.90	1250.64
Others	1833.0	2303.3	1862.6	1653.2	2223.11	1887.55	13464.42	1949.13
Total	10772.4	11609.9	12250.5	10978.9	14703.16	11826.62	25531.27	12833.92
<i>of which back to back</i>	1942.2	1921.8	1815.7	1687.9	2021.40	1869.99	2107.13	1846.10
Growth in percent (y-o-y)								
Consumer goods	23.62	-12.58	39.17	15.18	98.62	82.76	18.50	45.96
Industrial raw materials	-3.62	11.32	-0.34	-0.82	16.05	4.44	14.30	11.49
Intermediate goods	12.32	-1.25	21.98	19.45	35.33	17.45	-2.58	-4.61
Petroleum and petroleum products	3.37	-17.17	10.27	-21.39	70.95	19.99	-11.52	20.38
Capital machinery	18.44	120.39	-7.22	22.15	27.40	-28.83	39.85	17.64
Machinery for misc. industries	17.68	1.58	30.47	14.29	41.03	-3.01	25.20	14.87
Others	28.20	28.77	3.73	7.93	21.28	-18.05	622.89	17.90
Total	10.16	16.97	8.55	5.79	36.49	1.87	108.41	16.90
<i>of which back to back</i>	4.29	14.53	2.05	-0.89	4.08	-2.70	16.05	9.37

Source: Foreign Exchange Operation Department, Bangladesh Bank.

P= Provision

Table VI.1 : Gross NPL Ratios by Type of Banks
(In percent)

Type of Banks	2015*	2016*	2016				2017			
			Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
State Owned Commercial Banks ^{1,2}	21.46	25.05	24.27	25.74	25.16	25.05	28.56	26.84	29.25	26.52
Specialised Banks	23.24	26.02	23.24	26.14	26.14	26.02	26.02	23.79	23.79	23.39
Private Commercial Banks	4.85	4.58	5.75	5.44	5.90	4.58	5.68	5.77	5.97	4.87
Foreign Commercial Banks	7.77	9.56	7.51	8.33	8.85	9.56	8.57	7.89	7.89	7.04
All Banks	8.79	9.23	9.92	10.06	10.34	9.23	10.53	10.13	10.67	9.31

Source: Banking Regulation and Policy Department, Bangladesh Bank.

* Indicates end December data.

1/ Since January 2015 State Owned Banks include BASIC Bank Limited.

2/Since June 2015 State Owned Banks include BDBL.

Table VI.2 : Net NPL Ratios by Type of Banks
(In percent)

Type of Banks	2015*	2016*	2016				2017			
			Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
State Owned Commercial Banks ^{1,2}	9.22	11.06	11.65	11.76	11.68	11.06	13.17	11.56	13.16	11.15
Specialised Banks	6.92	10.48	6.92	10.81	10.81	10.48	10.48	8.75	8.57	9.69
Private Commercial Banks	0.57	0.14	0.86	0.58	0.75	0.14	0.58	0.66	0.77	0.20
Foreign Commercial Banks	0.20	1.91	-0.33	0.90	1.31	1.91	1.21	0.90	0.91	0.71
All Banks	2.26	2.33	2.88	2.81	2.77	2.33	2.90	2.62	2.92	2.20

Source: Banking Regulation and Policy Department, Bangladesh Bank.

* Indicates end December data.

1/ Since January 2015 State Owned Banks include BASIC Bank Limited.

2/Since June 2015 State Owned Banks include BDBL.

Table VI.3: Capital to Risk Weighted Asset Ratios by Types of Banks
(In percent)

Type of Banks	2015*	2016*	2016				2017			
			Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
State Owned Commercial Banks ^{1,2}	6.35	5.86	6.50	5.75	5.62	5.86	5.92	6.99	5.56	5.04
Specialised banks	-31.95	-33.67	-32.87	-34.73	-32.90	-33.67	-35.23	-32.76	-33.49	-35.45
Private Commercial Banks	12.38	12.36	11.96	11.91	11.83	12.36	12.22	12.18	12.20	12.52
Foreign Commercial Banks	25.60	25.37	25.99	23.80	24.15	25.37	23.91	23.34	24.03	24.90
All Banks	10.84	10.80	10.62	10.34	10.31	10.80	10.68	10.86	10.65	10.83

Source: Department of Off-site supervision, Bangladesh Bank.

* Indicates end December data.

1/ Since January 2015 State Owned Banks include BASIC Bank Limited.

2/Since June 2015 State Owned Banks include BDBL.

Table VI.4 : Profitability Ratios by Type of Banks
(In percent)

Type of Banks	Return on Assets (ROA)				Return on Equity (ROE)			
	2014	2015	2016	2017 ^P	2014	2015	2016	2017 ^P
State Owned Commercial Banks	-0.55	-0.04	-0.16	0.21	-13.46	-1.47	-6.02	3.45
Specialised Banks	-0.68	-1.15	-2.80	-3.49	-5.97	-5.79	-6.94	-17.19
Private Commercial Banks	0.99	1.00	1.03	0.89	10.26	10.75	11.09	12.01
Foreign Commercial Banks	3.38	2.92	2.56	2.24	17.67	14.59	13.08	11.31
All Banks	0.64	0.77	0.68	0.67	8.09	10.51	9.42	9.60

Source: Department of Off- site supervision, Bangladesh Bank.

P= Provisional.

1/ Since January 2015 State Owned Banks include BASIC Bank Limited.

2/ Since June 2015 State Owned Banks include BDBL.

Table VII.1: Indication of Capital Market Developments

	FY16	FY17	FY17				FY18	
			Q1	Q2	Q3	Q4	Q1	Q2
Number of listed securities¹	338.00	342.00	338.00	339.00	341.00	342.00	343.00	348.00
Issued equity and debt (billion Taka)	578.60	616.90	582.80	596.70	603.96	616.90	629.46	645.57
Market capitalization (billion Taka)	2615.05	3240.00	2708.70	2856.10	3246.40	3240.00	3517.40	3670.16
Turnover (billion Taka)	1072.44	1805.10	248.90	424.90	754.10	377.20	604.63	433.50
DSE broad index ²	4507.58	5656.05	4695.19	5036.05	5719.61	5656.05	6092.84	6244.52
DSE -30 index	1770.82	2083.80	1778.70	1810.90	2090.76	2083.80	2177.62	2283.23
Growth (in percent)³								
Number of listed securities	1.20	1.18	0.90	0.30	0.59	1.18	1.48	2.65
Issued equity and debt	6.49	6.62	6.31	7.03	7.28	6.62	8.01	8.19
Market capitalization	-3.23	23.90	-3.37	9.50	30.91	23.90	29.86	28.50
Turnover	-22.27	58.59	-20.05	74.58	169.44	58.59	142.92	2.02
DSE broad index	-1.65	25.48	-3.23	8.78	31.26	25.48	29.77	24.00
DSE -30 index	0.08	17.67	-3.75	3.45	26.79	17.67	22.43	26.08

Source: Dhaka Stock Exchange

¹ Include debenture but exclude govt. bond.

² DSE broad index and DSE 30 index start from January 28, 2013.

³ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table VII.2 Group-wise Market Capitalisation of Dhaka Stock Exchange
(In billion of Taka)

Name of Group	FY16	FY17	FY17				FY18	
			Q1	Q2	Q3	Q4	Q1	Q2
Banks	395.6	560.6	441.8	484.1	594.1	560.6	723.7	752.6
Financial Institutions	145.7	233.8	153.2	161.0	251.6	233.8	252.2	244.0
Mutual Funds	30.3	42.5	31.2	35.1	40.9	42.5	43.0	42.3
Engineering	155.3	190.6	172.3	179.1	197.5	190.6	199.9	208.1
Food & Allied Product	244.1	247.2	226.3	234.1	224.8	247.2	255.7	285.6
Fuel and Power	351.3	404.9	361.9	360.3	388.9	404.9	385.0	372.8
Jute Industry	0.8	1.5	1.1	1.0	1.2	1.5	1.8	1.9
Textile Industry	81.8	126.3	87.0	104.9	122.6	126.3	119.9	121.7
Pharmaceuticals and Chemicals	434.1	501.8	426.8	433.7	485.9	501.8	512.1	530.7
Paper and Printing	1.5	1.9	1.6	1.6	1.6	1.9	2.4	1.9
Services and Real Estate	18.3	25.3	18.8	22.7	26.8	25.3	24.3	23.5
Cement Industry	148.7	131.4	151.3	157.0	147.2	131.4	128.1	138.5
Insurance	71.4	86.5	74.8	84.6	92.3	86.5	92.9	94.3
Telecommunication	362.1	484.8	384.8	403.2	468.6	484.8	579.7	652.7
Miscellaneous	167.5	194.3	169.2	187.2	195.8	194.3	190.3	192.1
Corporate Bond	5.9	6.0	6.0	5.9	6.0	6.0	5.9	6.0
Total Market Capitalisation	2614.5	3239.5	2708.1	2855.5	3245.8	3239.5	3516.8	3668.7
Growth Rate¹	-3.0	23.9	-3.4	9.5	30.9	23.9	29.9	28.5

Source: Dhaka Stock Exchange.

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

Annexure

Chronology of Major Policy Announcements: October-December, 2017

<p>FEPD Circular Letter No. 15 8 October, 2017</p> <p>Arrangement to collect payment against foreign payment instruments.</p>	<p>To facilitate smooth repatriation of wage earners' remittances, banks are directed to accept emolument like retirement benefits, death benefits, insurance payments etc through normal banking channel with different types of instruments like cheque, foreign demand draft, etc. In case of incapability for some valid reasons beneficiaries should be informed in written form with a copy to Bangladesh Bank.</p>
<p>FEPD Circular No. 36 9 October, 2017</p> <p>Inclusion of export oriented jute products manufacturing industry in Green Transformation Fund.</p>	<p>Manufacturers of export oriented jute products can also avail of foreign currency loans from Green Transformation Fund (GFT) for importing capital machinery & other accessories along with eligible textile & leather product exporters.</p>
<p>FEPD Circular No. 37 15 October, 2017</p> <p>Import and Export of currency notes.</p>	<p>From now, one can carry Bangladeshi Taka ten thousand in cash instead of previous Taka five thousand on arrival to or departure from Bangladesh.</p>
<p>ACD Circular No. 03 22 October, 2017</p> <p>Target for Disbursement of Agricultural & Rural Credit and its Implementation for all Private Commercial & Foreign Banks</p>	<p>Bangladesh Bank has revised the provision for loans and advances in agriculture and rural sector based on the demand for credit at the field level, ability and efficiency to disburse credit in this sector, total loans and advances of the bank and the target for the previous year for all private and foreign commercial banks.</p>
<p>SMESPD Circular Letter No. 03 30 October, 2017</p> <p>Grace Period for the Entrepreneurs' of Cottage, Micro & Small industry sector for the sanction of current loans and recovery for Short, Medium & Long Term Loans</p>	<p>Based on the banker customer relationship banks and non-bank financial institutions are directed to provided three months grace period against one year tenure loan and 3-6 months grace period for medium and long term loans in the cottage, micro & small entrepreneurs specially the women entrepreneurs. In this regards the grace periods should be treated as an extra tenure of loans.</p>

<p>FEPD Circular Letter No. 16 01 November, 2017 Long Term Financing Facility (LTFF) under the Financial Sector Support Project (FSSP)</p>	<p>Bangladesh Bank (BB) has revised the interest rate for the Long Term Financing Facility (LTFF) regarding the Financial Sector Support Project (FSSP). Now banks would pay interest at a rate between 2.0 percent and 3.0 percent in excess of LIBOR (London Inter Bank Offered Rate) for the tenures of five to ten years.</p>
<p>PSD Circular No. 06 05 November, 2017 Instructions Regarding Mobile Financial Services</p>	<p>Customers of Mobile Financial Services (MFS) can maintain outstanding balance of maximum Taka three lakhs in their mobile financial account from the beginning of 2018.</p>
<p>BRPD Circular No. 16 06 November, 2017 Code of Conduct for Banks & Non-Bank Financial Institutions</p>	<p>Banks and Non-bank financial institutions (NBFIs) must have to prepare their own code of conduct in line with the Bangladesh bank issued Code of Conduct. Banks and non-bank financial institutions (NBFIs) are instructed to follow the Code of Conduct from January 2018.</p>
<p>FID Circular No. 01 15 November, 2017 Refinance fund for development of cottage, micro, small & medium Industries.</p>	<p>A refinance scheme equivalent to USD 240.0 million has been formed with the financial support of Asian Development Bank and the People's Republic of Bangladesh to enhance the financial services to cottage, micro, small & medium Industries.</p>
<p>FEPD Circular No. 40 15 November, 2017 Family Remittance facility for foreign nationals who are resident in and have income in Bangladesh.</p>	<p>Foreign nationals who are resident in and have income in Bangladesh are permitted to make monthly remittances to the country of their domicile out of their current savings up to 75% of their net income as per declaration by them in the prescribed application form.</p>

<p>FEPD Circular No. 42 29 November, 2017</p> <p>Application of Bangladesh Investment Development Authority Act, 2016 for remittance on account of payment of royalty, fees for technical knowledge or technical assistance and franchise fees</p>	<p>Authorized Dealers shall be observed the following instruction before execution to outward remit payments of royalty, technical knowhow or technical assistance fees, operational services fees, and marketing commission etc.</p> <ol style="list-style-type: none"> a. Ensure that the authority for remittances as per approval letter issued by Bangladesh Investment Development Authority (BIDA) b. Satisfied that applicable taxes payable on remittable amounts have duly been deducted and paid. c. Satisfy the genuineness of the relevant documents and immediately contact with BIDA in case of any doubt. d. To preserve customer-wise documents for eventual examination by Bangladesh Bank inspection team and shall report the transactions to Bangladesh Bank.
<p>FEPD Circular No. 18 16 November, 2017</p> <p>Matching of Bill of Entry (ies)/ Certified invoice(S)</p>	<p>It has been decided that Authorized Dealer (ADs) on behalf of importers who has failed to submit the bill of entry/certified invoices within stipulated or the allowed extended period may open new LCs as the tune of up to USD 200 or equivalent to other foreign currencies without prior approval of Bangladesh Bank.</p>
<p>SFD Circular Letter No. 6 30 November, 2017</p> <p>Regarding expenditure for training to develop the efficiency of wage-earners and opening & maintenance of wage-earners' bank account under Corporate Social Responsibility activities to increase the foreign remittance.</p>	<p>In order to increase the foreign remittance inflow, all scheduled banks are directed to allocate expenditure for the purpose of training to develop the efficiency of wage-earners and opening & maintenance of wage-earners bank account under Corporate Social Responsibility (CSR).</p>

<p>BRPD Circular Letter No. 11 10 December, 2017</p> <p>Refinance fund for agro-processing, small enterprise, renewable energy and environment-friendly ventures for the Islamic Banks and Financial Institutions.</p>	<p>Bangladesh Bank has revised Islamic Refinance Fund Account which has been formed for agro-processors, small enterprise, renewable energy and environment-friendly ventures. Islamic banks and Financial Institutions (FIs) can invest the fund for one year instead three months. The fund will return to the Bangladesh Bank every year including profit in the cumulative installments.</p>
<p>DMD Circular No. 04 27 December, 2017</p> <p>Active participation of all Authorized Dealer (ADs) Branches of Scheduled Banks regarding issue/re-issue of WEDB, USDIB & USDPB.</p>	<p>In order to easing investment of foreign remittance in WEDB/DPB/DIB, All Authorized Dealer (ADs) Branches of Scheduled Banks are advised to take necessary steps for active participation to issue or re-issue of WEDB, USDIB & USDPB.</p>
<p>FEPD Circular No. 43 14 December, 2017</p> <p>Collection of Demurrage, Detention, Handling or equivalent charges by the foreign shipping lines/ their agents as</p>	<p>In view of scope of wider sources of fund in Bangladesh, it has now been decided that these charges shall be considered for calculation of remittable surplus of foreign shipping lines/their agents working in Bangladesh subject to deduction of taxes and commission. Accordingly the quarterly returns of foreign shipping lines/their agents will be submitted to Bangladesh Bank</p>

Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of this publication. Comments and suggestions may be sent to:
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