

## The Monetary Policy Review

In an attempt to upgrade the capacity for research and policy analysis at Bangladesh Bank (BB), the Central Bank of Bangladesh, the Policy Analysis Unit (PAU) has been set up within the Bank's Research Department to spearhead research on all aspects of macroeconomics including monetary policy and central banking. In particular, PAU has been entrusted with the task of preparing the bi-annual flagship publications, such as the *Monetary Policy Review* (MPR) and the *Financial Sector Review* (FSR) as well as the Bangladesh Bank Quarterly (BBQ), Policy Notes and Working Papers on a regular basis. The principal goal of PAU activities is to provide sound policy advice to BB senior management.

The *Monetary Policy Review* is designed to present a brief but comprehensive view of the recent developments in the monetary as well as the macro-economy of the country. In this context MPR's goals include the following.

- Improve the understanding of monetary policy stance of BB in maintaining low and stable inflation underpinned by the highest sustainable output growth;
- Communicate with all of the stakeholders regarding major developments in monetary, fiscal and exchange rate issues;
- Provide a near-term macroeconomic outlook considering various aspects of the policy transmission channels based on its analysis and assessment of the real, monetary, fiscal and external sectors;
- Inform the public on all aspects of the monetary sector and its interaction with the public and private sector developments. Timely dissemination of such information would improve awareness and encourage discussion of issues concerning monetary policy with a view to improving the transparency, accountability and credibility of the central bank in providing future policy guidelines.

BB welcomes comments and suggestions on the material contained in the MPR.

Policy Analysis Unit  
Research Department  
Bangladesh Bank

# Policy Analysis Unit (PAU)

## Monetary Policy Review\*

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## List of Acronyms

ACU	Asian Clearing Union
ADB	Asian Development Bank
ADP	Annual Development Programme
AMP	Annual Monetary Program
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BBQ	Bangladesh Bank Quarterly
BDT	Bangladesh Taka
BGMEA	Bangladesh Garments Manufacturing and Exporters Association
BGTB	Bangladesh Government Treasury Bond
BIDS	Bangladesh Institute of Development Studies
BOI	Board of Investment
BOP	Balance of Payment
BPC	Bangladesh Petroleum Corporation
BSE	Bombay Stock Exchange
CAB	Current Account Balance
CLSE	Colombo Stock Exchange
CPD	Centre for Policy Dialogue
CRR	Cash Reserve Ratio
CSE	Chittagong Stock Exchange
CT	Current Transfers
DD	Demand Deposit
DDR	Demographic Dependency Ratio
DESCO	Dhaka Electric Supply Company
DFI	Dynamic Factor Inflation
DMB	Deposit Money Bank
DSE	Dhaka Stock Exchange
ECB	European Central Bank
EDR	Economic Dependency Ratio
EPB	Export Promotion Bureau
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
FSR	Financial Sector Review
GFCF	Gross Fixed Capital Formation
GIR	Gross International Reserve
GOB	Government of Bangladesh
GSP	Generalized System of Preference
IPO	Initial Public Offering
KSE	Karachi Stock Exchange
LDC	Least Developed Country
LFS	Labour Force Survey
MDG	Millennium Development Goal
MFA	Multi Fiber Agreement
MFIs	Micro Finance Institutions

## List of Acronyms

MMT	Million Metric Tons
MOA	Ministry of Agriculture
MOF	Ministry of Finance
MPR	Monetary Policy Review
MPS	Monetary Policy Statement
MTMF	Medium Term Macroeconomic Framework
NBFIs	Non Bank Financial Institutions
NBR	National Board of Revenue
NCB	Nationalized Commercial Bank
NDA	Net Domestic Asset
NFA	Net Factor Asset
NFI	Net Factor Income
NSAPR	National Strategy for Accelerated Poverty Reduction
NSD	National Savings Directorate
OECD	Organization for Economic Cooperation and Development
OMO	Open Market Operation
OPEC	Organization of the Petroleum Exporting Countries
PAU	Policy Analysis Unit
PCBs	Private Commercial Banks
POL	Petroleum, Oil and Lubricants
RM	Reserve Money
RMG	Ready Made Garment
REER	Real Effective Exchange Rate
RMSE	Root Mean Square Error
ROW	Rest of the World
SEC	Securities and Exchange Commission
SLR	Statutory Liquidity Ratio
SOE	State Owned Enterprise
TD	Time Deposit
TRIP	Trade-Related Aspect of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
USD	US Dollar
VAT	Value Added Tax
WTO	World Trade Organization