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Content

Annexure – 1 (Tables)

List of Abbreviations

ACD	Agricultural Credit Department
ADP	Annual Development Program
ADR	Advance-deposit Ratio
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
BFIU	Bangladesh Financial Intelligence Unit
BoP	Balance of Payments
BPM6	Balance of Payments Manual-6
BRPD	Banking Regulation and Policy Department
BSEC	Bangladesh Securities and Exchange Commission
CAB	Current Account Balance
CMSME	Cottage, Micro, Small and Medium Enterprise
CPI	Consumer Price Index
CRAR	Capital to Risk-weighted Asset Ratio
CRR	Cash Reserve Requirement
DAE	Department of Agricultural Extension
DFIM	Department of Financial Institutions and Markets
DMBs	Deposit Money Banks
DSE	Dhaka Stock Exchange
DSEX	DSE Broad Index
ECL	Expected Credit Loss
EUR	Euro
FC	Foreign Currency
FCBs	Foreign Commercial Banks
FDI	Foreign Direct Investment
FEPD	Foreign Exchange Policy Department
FY	Fiscal Year
GBP	Pound Sterling
GDP	Gross Domestic Products
IFRS	International Financial Reporting Standards
IIP	Index of Industrial Production
IPFF II	Investment Promotion and Financing Facility II
IRC	Interest Rate Corridor
MLT	Medium and Long Term Loans
MPD	Monetary Policy Department
MoU	Memorandum of Understandings
MPS	Monetary Policy Statement
MSCI	Morgan Stanley Capital International
MT	Metric Ton
NBFIs	Non-bank Financial Institutions
NBR	National Board of Revenue
NEER	Nominal Effective Exchange Rate
NFA	Net Foreign Assets
NPLs	Non Performing Loans
NRBs	Non Resident Bangladeshis
PCBs	Private Commercial Banks
P/E	Price -Earnings
POL	Petroleum, Oil and Lubricants
PPI	Producers price Index
PSD	Payment Systems Department
P-t-P	Point-to-Point
QIIP	Quarterly Index of Industrial Production
Q-o-Q	Quarter on Quarter
RBS	Risk-Based Supervision
REER	Real Effective Exchange Rate
RHS	Right Hand Side
RMG	Ready-made Garments
ROA	Return on Assets
ROE	Return on Equity
SBs	Specialized Banks
SCBs	State-owned Commercial Banks
SDF	Standing Deposit Facility
SLF	Standing Lending Facility
SLR	Statutory Liquidity Ratio
TDTL	Total Demand and Time Liabilities
TVR	Turnover Velocity Ratio
UAE	United Arab Emirates
USA	United States of America
USD	United States Dollar
UK	United Kingdom
WEO	World Economic Outlook
Y-o-y	Year on year
JPY	Japanese Yen
LC	Letter of Credit
LHS	Left Hand Side
M2	Broad Money

Economic and Financial Development

Executive Summary

The Bangladesh economy broadly remained stable in Q1FY26, supported by steady economic activity, easing inflationary pressures, exchange rate stability, and a resilient external position. Prudent monetary tightening and strengthening fiscal discipline helped stabilize the macroeconomic environment. However, vulnerabilities in the banking sector persisted, underscoring the need for continued policy vigilance and reforms.

The pace of economic activity rebounded strongly, with the quarterly GDP growth accelerating to 4.50 percent in Q1FY26 from 2.47 percent in the previous quarter. Growth was driven mainly by a strong recovery in the industrial sector, led by construction, mining and quarrying, and manufacturing, alongside a solid performance in services. The agriculture sector experienced a moderate growth of 2.30 percent compared to 3.02 percent recorded in Q4FY25. Looking ahead, agricultural growth is expected to continue steadily, subject to continued benign weather, and industrial momentum is likely to persist, supported by improved domestic demand and stronger export competitiveness.

Inflationary pressures continued to ease in Q1FY26, albeit at a slower pace, underpinned by prudent, sustained monetary tightening. The point-to-point headline inflation marginally declined from 8.48 percent in June 2025 to 8.36 percent in September 2025, while core inflation fell from 8.95 percent in June 2025 to 8.04 percent in September 2025. In contrast, food inflation edged up, driven mainly by higher meat and rice prices. Real wages continued to decline, reflecting both a drop in the nominal wage index and a relatively slower pace of inflation easing. Overall, the price outlook remains optimistic, supported by favorable agricultural production, a stable exchange rate, and softer global commodity prices.

Bangladesh Bank maintained a contractionary monetary stance, keeping the policy rate unchanged at 10 percent. It, however, tweaked the interest rate corridor, slashing the Standing Deposit Facility (SDF) rate to 8.00 percent from 8.50 percent, while maintaining the Standing Lending Facility (SLF) at 11.50 percent. The weighted-average call money and interbank repo rates declined, staying close to the repo rate of 10 percent during Q1FY26. Yields on treasury bills and bonds across maturities declined sharply in September 2025, reflecting banks' excess liquidity invested in these instruments amid subdued private-sector credit demand.

Fiscal consolidation gained momentum, with the overall revenue collection increasing by 17.77 percent in Q1FY26 from Q1FY25, driven mainly by strong growth in supplementary duties and income taxes. In contrast, the total expenditure increased by 9.94 percent in Q1FY26 from BDT 955.98 billion in Q1FY25. The fiscal surplus stood at BDT 125.63 billion in Q1FY26, representing a 147.84 percent increase from BDT 50.69 billion recorded in Q1FY25. During this quarter, both domestic and foreign financing recorded negative net flows, indicating that the government incurred net loan repayments rather than new borrowing.

The external sector exhibited mixed dynamics but was broadly stable in Q1FY26. A wider trade deficit of USD 5.7 billion led to a modest current account shortfall of USD 0.597 billion, partly offset by steady remittance inflows. At the same time, continued access to external financing supported a surplus in the financial account. Medium- and long-term (MLT) loans of USD 1.0 billion net during the quarter, the financial account recorded a net inflow of USD 1.7 billion, an improvement over the previous quarter. Remarkably, following the introduction of the market-based exchange rate, the USD/BDT exchange rate remained broadly stable, fluctuating between BDT 122.62 and BDT 121.80 in Q1FY26. Gross official reserves declined marginally to USD 31.43 billion (USD 26.60 billion under BPM6) from USD 31.77 billion (USD 26.74 billion under BPM6) at the end of June 2025, mainly reflecting valuation effects and a reduction in foreign liabilities. Overall, the near-term external outlook remains stable, supported by stable exchange rate, resilient export performance, steady remittance inflows, and sustained access to external financing.

The banking sector witnessed an untoward deterioration in asset quality, weighing on banks' profitability and capital bases. Non-performing loans (NPLs) reached unprecedented levels in Q1FY26, both in volume and as a share of total loans, with the gross NPL ratio rising to 35.73 percent by September 2025. The sector's profitability declined in Q4FY25, with return on assets (ROA) worsening to -0.58 percent from -0.18 percent in Q3FY25, and return on equity (ROE) dropping to -16.11 percent from -3.99 percent in Q3FY25. Renewed depositor confidence, steady advances amid cautious lending, and tighter monetary policy collectively contributed to a decline in the advance-deposit ratio, reflected in the comfortable liquidity position. BB and the interim government are implementing various reforms and policy measures that are likely to establish a more resilient and robust banking system in Bangladesh.

The capital market showcased a robust performance in Q1FY26 by any reckoning. Both the DSE broad index (DSEX) and DSE-30 index registered substantial appreciations of 11.93 percent and 14.64 percent, respectively, during Q1FY26. Market capitalization at the Dhaka Stock Exchange (DSE) rose sharply in Q1FY26, signaling improving market sentiment and a concomitant surge in investor engagement. Moreover, the DSE's overall price-earnings (P/E) ratio rose to 10.38 at the end of Q1FY26, up from 9.34 at the end of Q4FY25, with considerable heterogeneity across industries. Recent initiatives, including revisions to public issue rules, amendments to margin regulations, and reforms to the Capital Market Stabilization Fund (CMSF), collectively underscore the Bangladesh Securities and Exchange Commission's (BSEC) ongoing efforts to advance the capital market.

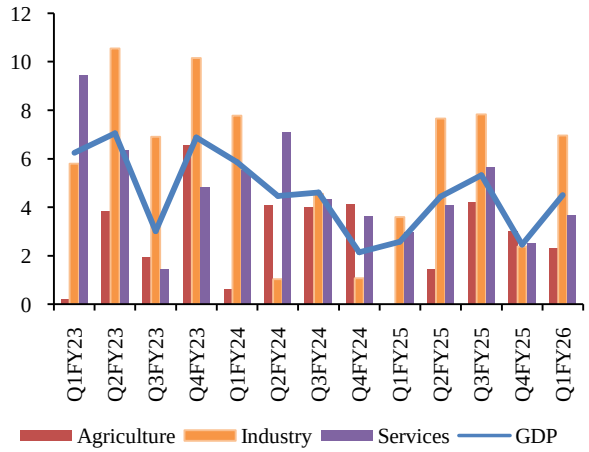
Overall, the economy has navigated the structural shocks relatively well, with macroeconomic stability largely restored. The near-term outlook for the economy remains optimistic, underpinned by steady growth prospects, declining inflation, stable exchange rates, and a broadly stable external position. The confluence of tighter monetary policy, favourable agricultural harvests, declining global commodity prices, and exchange-rate stability is expected to help keep inflation under control in the coming months. Nonetheless, downside risks persist, including the election-related political development, global trade tensions, and the growth trade-offs associated with a tight policy mix, warranting continued vigilance and timely policy action.

I. Real Economy

I.1 Economic activity rebounded in the first quarter of FY26. According to the latest data published by the Bangladesh Bureau of Statistics (BBS), the quarterly GDP growth rate increased to 4.50 percent in Q1FY26 from 2.47 percent in the previous quarter and 2.58 percent in the same quarter of the previous year (Chart I.1). During Q1FY26, the industry and service sectors exhibited a relatively stronger performance, while the agriculture sector demonstrated moderate growth. The yearly real GDP growth in Bangladesh has been declining gradually, reaching 3.97 percent in FY25 (Chart I.2).

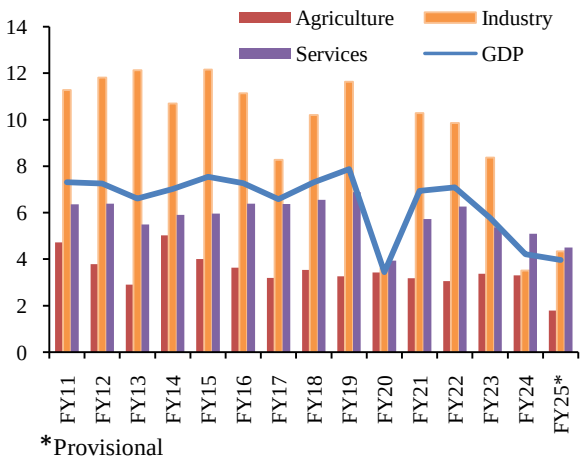
Chart I.1: Sectoral Growth Rate of Real GDP

(in percent)



Source: Bangladesh Bureau of Statistics (BBS).

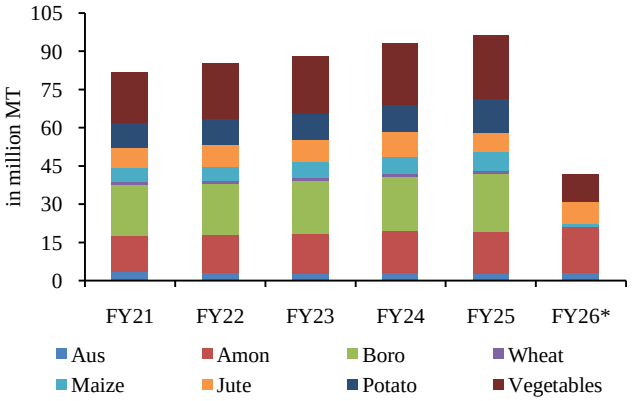
Chart I.2: Annual GDP growth by Sectors (in percent**)**



Source: Bangladesh Bureau of Statistics (BBS).

I.2 In Q1FY26, the agriculture sector experienced a moderate growth of 2.30 percent compared to 3.02 percent recorded in Q4FY25. However, this growth was higher than that of the 0.60 percent deceleration of agriculture sector during Q1FY25. Total credit disbursement to the agriculture sector increased by 31.45 percent during the quarter against a 26.82 percent reduction in credit disbursement in the same quarter of the previous year (Annexure – 1, Table I.10). Moreover, the outstanding advances to this sector grew by 6.6 percent during Q1FY26, higher than a 2.31 percent decline in Q1FY25. Meanwhile, the Department of Agricultural Extension (DAE) has set the annual target for the production of some agricultural commodities in FY26. Accordingly, the target production of *Aus* and *Amon* rice is set at

Chart I.3: Production of Major Crops



*Production Target except Boro, Whaet and Potato

Source: Department of Agricultural Extension (DAE)

3.2 and 18.2 million MT in 10.85 and 59.58 lac hectare arable lands, respectively. Additionally, the targets of producing vegetables, jute and maize are set at 11.0, 8.6 and 0.86 million MT in FY26, respectively (Chart I.3). On the other hand, the targets of producing *Boro* rice, wheat and potato are not set yet.

I.3 The industry sector demonstrated a strong and overall recovery in Q1FY26. Industry sector growth increased by 6.97 percent in Q1FY26 compared to 2.38 percent growth in the previous quarter and 3.59 percent growth in the corresponding quarter of the previous year. This growth was supported by strong performance of construction, mining and quarrying, and manufacturing sub-sectors, achieving 12.41, 6.89 and 6.17 percent growth, respectively. On the other hand, the electricity, gas and water supply sub-sector witnessed a deceleration of 10.7 percent during this period. The Quantum Index of Industrial Production (QIIP) increased by 6.95 percent in Q1FY26, compared to 1.65 percent growth in Q1FY25 and 3.57 percent growth in Q4FY25 (Annexure – 1, Table I.5).

The General Index of Large-Scale Manufacturing (LSM) Industries achieved a higher growth of 7.8 percent in Q1FY26, while the index experienced a decline of 2.9 percent in Q1FY25 and 10.1 percent in Q4FY25. This growth was contributed largely by the remarkable growth of most of the manufacturing sectors except leather, chemical, and machinery products. Specifically, motor vehicles, and basic metal contributed most to the large manufacturing industry growth with a growth of 32.0 and 31.3 percent, respectively (Chart I.4).

Chart I.4: Heat Map for Large; Medium, Small, Micro; and Cottage Scale Manufacturing Output Growth (In percent)

	Large Scale	FY25				FY26	SMMs Scale	FY25				FY26	Cottage Scale	FY25				FY26
	Weight	Q1	Q2	Q3	Q4	Q1	Weight	Q1	Q2	Q3	Q4	Q1	Weight	Q1	Q2	Q3	Q4	Q1
General Index of Manufacturing	100	-2.9	6.5	6.1	-10.1	7.8	100	-0.2	4.4	6.6	3.4	5.6	100	2.5	8.7	10.2	6.3	5.7
Food products	4.0	15.1	7.8	15.2	-1.0	10.2	24.9	15.8	2.6	0.0	-8.2	4.0	21.6	-2.8	2.0	-1.3	0.7	5.4
Beverage	1.2	-42.1	23.4	6.2	3.3	9.6	0.8	22.5	15.9	2.4	-15.5	8.6	0.0	26.5	4.9	0.3	-11.1	-8.4
Tobacco product	3.7	0.1	-6.5	7.0	7.3	17.8	0.1	0.1	-3.7	-0.1	2.9	20.2	0.2	-26.2	-8.3	11.8	5.3	31.5
Textile	11.6	-15.4	7.2	15.5	-4.3	1.0	10.0	-1.8	2.4	8.0	4.0	3.9	9.6	-17.9	-5.0	-14.1	-19.8	1.4
Wearing apparel	61.0	3.8	9.0	3.7	-19.2	7.2	16.6	-10.3	1.2	1.5	2.5	5.0	3.8	2.8	7.3	7.2	4.2	6.2
Leather and related product	0.8	-21.7	-13.8	3.7	-22.6	-12.3	3.7	9.0	19.2	22.1	16.6	20.5	2.5	3.6	5.5	14.0	13.4	6.6
Wood and product of wood and cork	0.0	3.7	24.2	12.2	13.2	6.1	0.3	-15.0	6.3	7.5	4.6	8.7	6.3	18.8	10.9	3.2	0.5	-6.8
Paper and paper products	0.4	-1.7	-15.7	-7.8	14.0	6.5	0.8	-19.8	-3.9	-2.0	7.8	9.3	0.5	6.4	5.6	6.0	5.7	-3.9
Printing and recorded media	0.1	7.7	22.9	13.4	7.1	5.0	0.4	5.1	7.5	8.4	14.5	8.4	2.5	1.5	13.9	9.2	6.2	6.2
Coke and refined petroleum product	0.1	3.2	121.3	16.7	-4.6	4.5	0.1	9.2	15.1	17.3	-6.9	8.4	0.0	16.9	30.9	23.0	9.4	-3.9
Chemical and chemical product	1.3	-0.5	-8.4	1.6	0.3	-8.5	0.4	11.1	8.4	7.7	6.0	0.9	0.0	6.4	3.1	3.3	3.7	0.3
Pharmaceuticals products	3.0	-3.5	10.5	15.8	1.0	3.2	0.6	6.1	18.7	14.4	23.0	48.3	0.1	-7.2	-2.9	-3.3	-1.5	2.8
Rubber and plastic products	0.4	-7.3	19.1	1.7	-2.3	0.3	19.9	0.2	8.4	11.9	10.6	7.1	0.5	5.7	5.5	1.7	7.6	8.6
Non-metallic mineral product	4.3	-28.8	-10.3	3.1	-0.7	18.9	10.7	-7.4	3.1	12.0	6.2	2.3	2.2	12.7	0.5	-6.1	-10.0	15.3
Basic metal	0.7	-11.8	-8.3	-16.1	-2.2	31.3	5.1	-2.6	1.1	2.6	1.5	7.4	0.0	-12.8	-14.8	-11.0	-6.3	11.9
Fabricated metal product	0.6	3.5	5.5	5.0	3.5	5.2	0.6	8.8	12.3	13.7	10.8	3.1	12.4	7.7	16.8	17.4	17.9	11.0
Computer and electronic products	0.5	28.5	6.1	-0.9	5.8	4.0	0.8	-7.3	1.9	15.8	24.5	6.5	0.1	-18.4	0.6	10.6	11.0	4.6
Electrical equipments	1.2	11.8	25.4	7.8	12.7	-1.6	1.1	6.1	8.3	9.0	2.4	-8.1	0.1	-9.5	-10.7	-2.4	4.9	7.5
Machinery and equipments	0.0	34.2	35.9	27.5	-2.2	-7.3	0.4	46.2	58.8	58.7	50.2	14.4	0.6	2.7	-15.3	-20.8	-3.0	3.5
Motor vehicles and trailers	0.0	11.2	4.4	12.6	10.4	32.0	0.2	-4.9	-3.0	-1.7	-0.8	-4.4	0.5	-0.2	20.7	-2.2	-10.9	-5.2
Transport equipment	4.2	13.7	14.7	28.7	32.9	15.9	0.4	13.2	14.4	17.7	31.3	2.5	1.7	-2.0	9.4	9.0	5.8	5.2
Furniture	0.5	-9.1	7.0	2.6	5.2	-1.0	1.3	5.4	14.2	16.2	12.1	6.7	18.0	6.9	10.7	19.0	5.4	12.9
Other Manufacturing	0.1	7.9	4.4	-2.5	4.4	4.7							15.0	-2.7	12.0	18.9	11.0	-0.3
Repair and installation of machinery and equipment													1.76	6.6	5.3	7.3	8.2	11.9

-5– 0 0– 5 5–10 10– 15 ≥15

Red areas indicate low growth and increasing orders of green represents higher and higher growth

Source: BB staff's calculation based on BBS data.

The Index of Small, Medium, and Micro (SMM) industry recorded a growth of 5.6 percent in Q1FY26, as compared to a 0.2 percent drop in Q1FY25. This increase was facilitated mainly by most of the manufacturing sectors. Particularly, pharmaceutical products recorded the highest growth of 48.3 percent and leather products, and tobacco products recorded a growth of 20.5 and 20.2 percent, respectively. However, electrical equipments, and motor vehicles experienced negative growth throughout the quarter under consideration (Chart I.4).

The Index of Cottage Industry achieved a growth of 5.7 percent in Q1FY26, higher than the growth of 2.5 percent in Q1FY25, but lower than the growth of 6.3 percent in Q4FY25. Among the cottage industry, tobacco product reported the highest growth of 31.5 percent during this quarter, while beverage, wood products, motor vehicles, paper products, and coke and refined petroleum products recorded a negative growth during this period (Chart I.4).

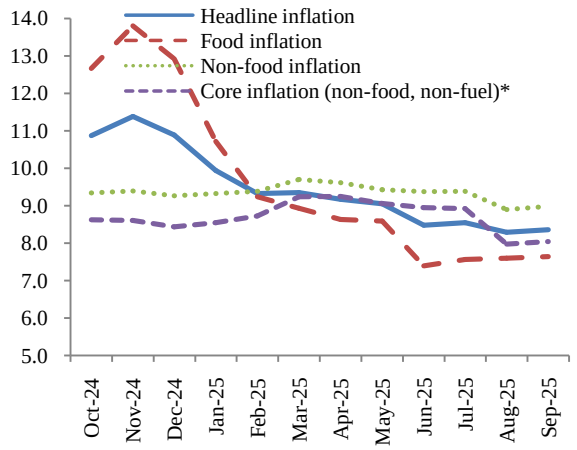
I.4 The service sector performance improved during Q1FY26. This sector experienced a growth of 3.67 percent during the period under review compared to 2.51 percent growth in Q4FY25 and 2.96 percent growth in Q1FY25. Most of the sub-sectors of services achieved higher growth except financial and insurance activities, and real estate, professional administrative and administrative and support services activities. Although service sector achieved a higher growth, banks' advances to the private sector by economic purposes (representing the sub-sectors of services) declined to 7.72 percent in Q1FY26, compared to 10.19 percent growth in Q1FY25. Among the sub-sectors, credit for consumer finance, and trade and commerce experienced moderate growth, while credit to the transport sector experienced a negative growth during the quarter under review (Annexure – 1, Table I.9).

I.5 Looking ahead, the agriculture growth is anticipated to expand steadily in the upcoming quarters if favorable weather conditions persist. The recovery in the industry sector is also likely to continue, driven by improving domestic demand and strengthened export competitiveness against peer countries amid the US tariff restrictions. Moreover, the persistent reduction in inflationary pressure, resilient growth in remittance inflow, and a steady build-up of foreign exchange reserves point to a promising future for the economy. At this stage, Bangladesh economy is going through wide-ranging reforms initiated by the current interim government, which will have medium- and long-term impacts across all economic sectors. However, smooth political transitions before and after the upcoming general elections in February 2026 will also be crucial for economic activity to continue.

II. Price

2.1 Inflationary pressures continued to ease in Q1FY26—an outcome largely attributed to ongoing monetary tightening. However, the rate of easing was very slow, and the inflation still remained above the desired level, which necessitates the continuation of the current monetary tightening in the near-term. Point-to-point headline inflation slightly decreased from 8.48 percent in June 2025 to 8.36 percent in September 2025 (Chart II.1). Similarly, the 12-month average headline inflation rate dropped from 10.03 percent in June 2025 to 9.45 percent in September 2025 (Chart II.2). Moreover, the point to point core inflation rate which excludes volatile components from CPI baskets dropped from 8.95 percent in June 2025 to 8.04 percent in September 2025 (Chart II.1).

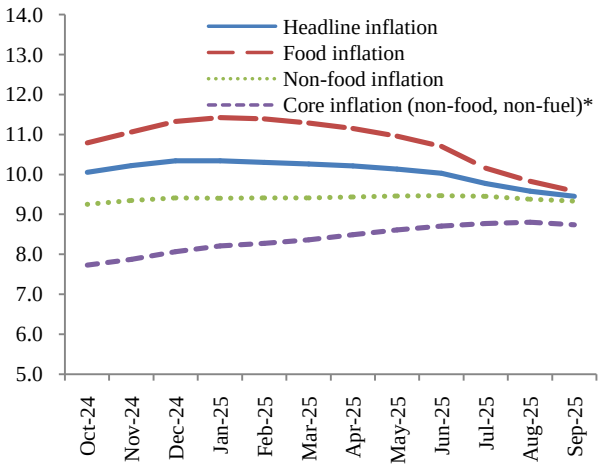
Chart II.1: Point-to-Point CPI Inflation (in percent)



Source: Bangladesh Bureau of Statistics (BBS).

*Core inflation is calculated by the Research Department of Bangladesh Bank excluding food and fuel based on BBS data.

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



Source: Bangladesh Bureau of Statistics (BBS).

*Core inflation is calculated by the Research Department of Bangladesh Bank excluding food and fuel based on BBS data.

2.2 After following a declining trend since December 2025, point-to-point food inflation began to rise gradually during Q1FY26, driven mainly by higher meat prices and stubborn rice prices. In Q1FY26, point-to-point food inflation reached 7.64 percent in September 2025, up from 7.39 percent in June 2025. Although overall food inflation increased, price movements varied across different items of the food basket. Inflation rates for meat rose sharply—from 0.1 percent in June 2025 to 6.6 percent in September 2025, partly due to the lower base price of meat in September 2024 and increased demand stemming from the substitution effect, as reduced vegetable supply pushed consumers toward meat.

For similar reasons, the inflation rate for milk, cheese and eggs also increased, climbing from 3.6 percent in June 2025 to 7.2 percent in September 2025, mainly reflecting both lower base prices (especially for eggs) and higher consumer substitution toward these items. As noted earlier, vegetable inflation reached -0.6 percent in September 2025 from -2.8 percent in June 2025, primarily attributed to the lagged impact of heavy rainfall in July and August 2025, which damaged vegetable fields and constrained supply.

Additionally, despite the government permitting rice imports, the price of this staple food remained relatively sticky, inflation staying above 14 percent. This rigidity is partly attributed to the minimal price differential between Bangladeshi and Indian markets in September 2025.

Conversely, the prices of several essential food items declined during Q1FY26. Notably, inflation for fish experienced a decline from 12.9 percent in June 2025 to 11.6 percent in September 2025, mainly due to ample supply from haor and wetland regions. Similarly, fruit inflation declined significantly—from 17.8 percent in June 2025 to 8.8 percent in September 2025 (Chart II.3).

Chart II.3: Point-to-point Inflation Heat Map (in percent)

	Weight	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
General Index	100.0	9.9	10.9	11.4	10.9	9.9	9.3	9.4	9.2	9.1	8.5	8.5	8.3	8.4
Food and Nonalcoholic Beverages	44.9	10.4	12.7	13.8	12.9	10.7	9.2	8.9	8.6	8.6	7.4	7.6	7.6	7.6
I. Food	44.2	10.4	12.7	13.8	12.9	10.7	9.2	8.9	8.7	8.7	7.4	7.4	7.5	7.5
(a) Bread and Cereals:	12.3	7.8	10.0	9.3	10.8	13.1	11.9	11.2	12.5	12.5	13.9	14.0	13.0	12.2
Rice	10.8	8.0	10.6	9.8	11.8	14.7	13.5	12.6	14.3	14.2	15.5	16.1	15.2	14.2
(b) Meat	5.5	0.9	1.5	12.8	16.7	17.4	13.8	3.2	-1.7	-1.3	0.1	0.9	4.6	6.6
(c) Fish (fresh) & dry fish	8.3	11.3	11.5	12.9	11.6	13.9	14.4	13.0	13.3	13.1	12.9	15.9	11.2	11.6
(d) Milk, cheese, and eggs	2.4	4.9	5.0	11.7	7.6	3.1	1.8	5.8	4.5	6.3	3.6	0.3	2.6	7.2
(e) Oils and fats	2.1	-2.0	-0.2	2.6	5.5	5.4	5.4	8.9	15.5	15.8	11.8	11.7	12.7	12.8
(f) Fruits	2.2	16.1	16.0	21.0	17.7	18.3	18.3	20.3	19.5	21.3	17.8	16.4	15.4	8.8
(g) Vegetables	7.7	22.7	30.4	27.9	21.5	5.0	1.6	7.4	5.7	3.8	-2.8	-3.7	-0.1	-0.6
(h) Sugar, jam, honey, chocolate and confectionery	0.9	6.5	8.5	6.6	5.4	8.2	4.3	3.2	5.8	7.2	7.4	9.5	8.2	9.1
(i) Salt, spices, and culinary herbs	2.8	11.4	9.6	3.9	6.1	4.2	2.1	2.7	4.1	5.0	4.6	5.6	5.2	5.5
2. Non-alcoholic beverages	0.7	4.8	2.5	0.7	3.8	4.4	3.7	3.1	3.0	3.0	3.6	3.8	0.3	2.7
3. Alcoholic Beverages, Tobacco and Narcotics	2.6	15.2	15.6	16.8	17.1	26.9	26.0	23.4	22.3	21.5	17.6	13.4	12.6	12.6
Non Food	52.5	9.5	9.3	9.4	9.3	9.3	9.4	9.7	9.6	9.4	9.4	9.4	8.9	9.0
I. Clothing and Footwear	6.1	8.6	8.6	9.0	9.7	10.2	10.3	14.7	14.8	15.4	15.4	15.8	13.9	13.9
II. Housing, Water, Electricity, Gas, and Other Fuels	15.2	10.0	9.4	9.6	9.7	9.0	8.7	8.2	7.8	7.4	7.7	7.8	7.6	7.6
III. Furnishings, Household Equipment, and Routine Maintenance of the House	3.8	8.2	8.0	7.1	7.0	7.6	8.2	8.5	8.4	8.8	8.8	9.3	8.1	7.8
IV. Health	4.3	13.3	10.9	10.5	5.2	4.2	4.3	4.8	4.8	4.8	4.2	4.1	3.8	3.9
V. Transportation	9.4	6.2	5.6	5.7	6.1	6.1	6.1	6.7	6.8	6.6	6.4	7.1	6.8	6.3
VI. Communication	2.3	8.6	9.8	10.0	9.7	9.2	9.5	9.7	9.7	7.8	7.8	7.9	7.7	7.8
VII. Recreation and Culture	1.5	7.8	7.9	7.7	7.9	6.6	6.8	7.7	7.9	7.8	8.3	8.9	8.5	8.1
VIII. Education	3.8	6.8	7.5	8.1	9.1	8.9	9.0	9.0	9.2	8.2	8.4	8.6	9.0	8.7
IX. Restaurants and Hotels	2.2	9.8	10.7	11.0	12.1	11.5	12.0	12.0	12.0	11.0	11.1	10.5	9.7	11.0
X. Miscellaneous Goods and Services	3.8	13.9	15.8	14.8	14.8	12.8	13.6	12.3	12.5	13.8	15.2	15.2	15.0	16.9

≥10	8-10	6-8	4-6	2-4	0-2	≤0

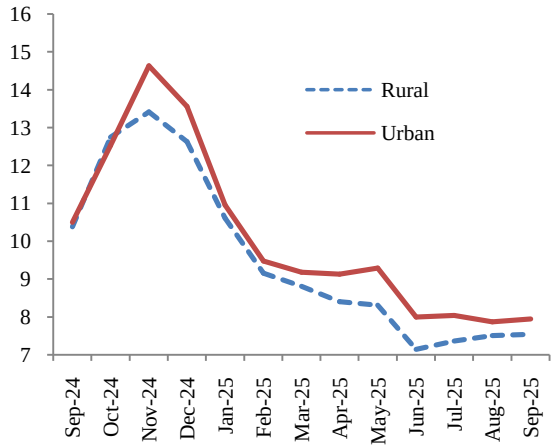
Note: Red areas indicate higher inflation, and increasing order of colour from green to red represents higher and higher inflation.
Source: BB staff's calculation based on BBS data.

2.3 In September 2025, point-to-point non-food inflation continued to ease, mainly due to the lagged effects of the fuel price reduction in June 2025 and Bangladesh Bank's ongoing monetary tightening measures. Non-food inflation dropped from 9.37 percent in June 2025 to 8.98 percent in September 2025. While overall non-food inflation saw a notable decrease, price changes varied across categories. Inflation for clothing and footwear recorded a notable decline—dropping to 13.9 percent in September 2025 from 15.4 percent in June 2025—partly due to reduced consumer demand following the Eid-ul-Adha festival. Similarly, inflation rates for housing, water, electricity, gas, and other fuels slightly edged down from 7.7 percent in June 2025 to 7.6 percent in September 2025. On the other hand, Inflation for education and other goods and services increased, rising from 8.4 percent and 15.2 percent in June 2025 to 8.7 percent and 16.9 percent in September 2025, respectively (Chart II.3).

2.4 At the end of Q1FY26, the scenario of food inflation varied across rural and urban areas. While food inflation in urban areas dropped slightly from 7.99 percent in June 2025 to 7.94 percent in September 2025, rural food inflation grew from 7.14 percent to 7.54 percent over the same period. This divergence suggests that, during supply shortages, the cost of moving commodities through the supply chain is higher in rural areas than in urban centres (Chart II.4). For the similar reason, non-food inflation

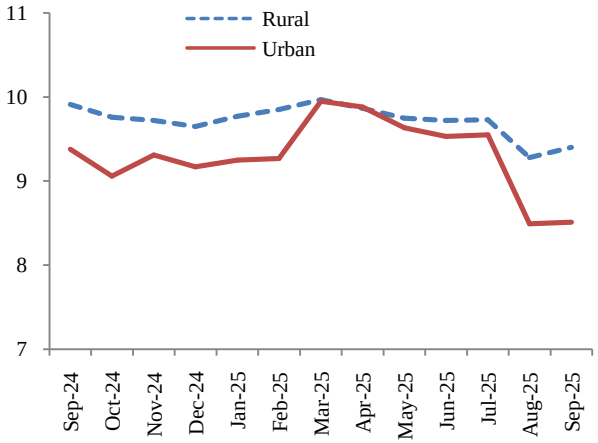
deceased unevenly across regions. By September 2025, non-food inflation rate in rural regions fell by 32 basis points from June 2025, reaching 9.40 percent in September 2025. In contrast, non-food inflation in urban areas dropped more sharply by 102 basis points to 8.51 percent during the same period (Chart II.5).

Chart II.4: Food Inflation (Point-to-point)



Source: Bangladesh Bureau of Statistics.

Chart II.5: Non-food Inflation (Point-to-point)

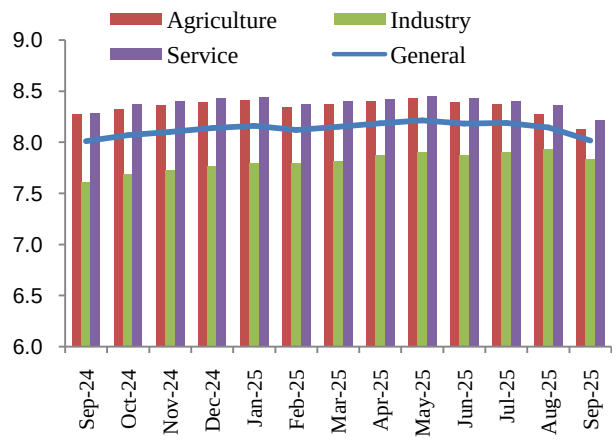


Source: Bangladesh Bureau of Statistics.

2.5 At the end of Q1FY26, nominal wage index growth dropped from 8.18 percent in June 2025 to 8.02 percent in September 2025. All three main sectors experienced a slowdown in nominal wage index growth during this period, with the agriculture sector recording the largest decline. This suggests a partial loss of jobs in rural agriculture, as vegetable production was hampered by the lagged impact of heavy rainfall in July and August 2025. Sector-wise, nominal wage index growth in agriculture fell from 8.40 percent in June 2025 to 8.13 percent September 2025, in industry from 7.87 percent to 7.83 percent, and in services from 8.43 percent to 8.22 percent over the same period (Chart II.6). The fall in the nominal wage growth, combined with the decline in the inflation rate resulted in a drop in the growth of the real wage rate, as nominal wage growth continued to lag behind inflation.

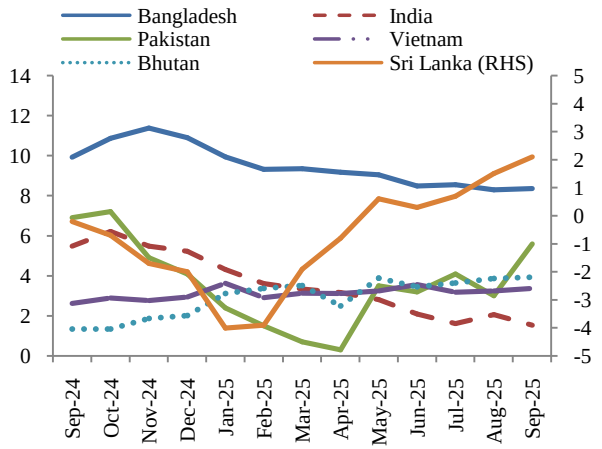
2.6 In the first quarter of FY26, inflation trends across selected comparable economies displayed notable divergence. India's headline inflation dropped significantly to 1.5 percent in September 2025 from 2.1 percent in June 2025 — the lowest since January 2019—mainly due to a decline in food inflation as improved weather boosted the production of pulses and vegetables. Conversely, Pakistan's inflation rate increased from 3.2 percent in June 2025 to 5.6 percent in September 2025, primarily driven by the lagged impact of a fuel price hike in July 2025 and heavy monsoon rains and flooding, which caused crop damage and disrupted supply chains, pushing up the cost of essential goods. Similarly, Sri Lanka's headline inflation rose from 0.3 percent in June 2025 to 2.1 percent in September 2025, mostly due to non-food inflation turning positive, partly reflecting higher gasoil prices. While Bhutan's inflation rate increased from 3.5 percent in June 2025 to 3.9 percent in September 2025, Vietnam's inflation eased from 3.6 percent to 3.4 percent over the same period (Chart II.7).

Chart II.6 Wage Rate (In percent, p–t-p)



Source: Bangladesh Bureau of Statistics.

Chart II.7 Inflation in Peer Countries (In percent)



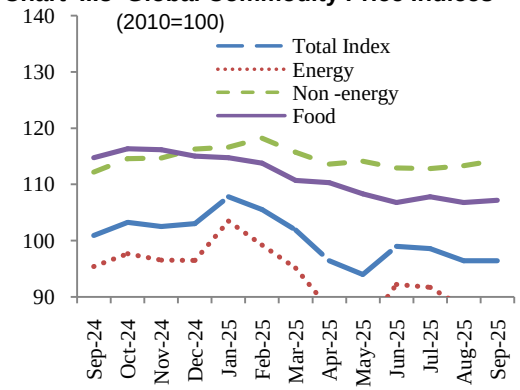
Source: Bangladesh Bureau of Statistics.

2.7 In Q1FY26, the global commodity price index continued its decreasing trend, mostly driven by falling energy prices. In September 2025, the index fell by 4.46 percent (y-o-y), reaching 96.4, down from 99.0 in June 2025 (Chart II.8). In addition, the energy price index dropped to 87.6 in September 2025 from 92.2 in June 2025, mostly because of a decrease in the price of crude petroleum. Moreover, in September 2025, crude oil prices fell by 7.74 percent (y-o-y), primarily attributed to an oversupplied market and sluggish global output growth (Table II.2 in Annexure). On the other hand, the non-energy commodity price index rose to 114.3 in September 2025 from 112.9 in June 2025, mainly reflecting increase in the prices of several food items (Chart II.8). The food commodity price index rose from 106.8 in June 2025 to 107.2 in September 2025, driven mainly by higher edible oil prices. Specifically, soybean oil and palm oil prices increased by 7.06 percent and 5.49 percent (y-o-y), respectively, in September 2025.

Meanwhile, prices of some key food commodities declined during the same period. In September 2025, rice, wheat and sugar prices in the international markets decreased by 35.5 percent, 5.6 percent, and 21.3 percent (y-o-y), respectively. (Table II.2 in Annexure).

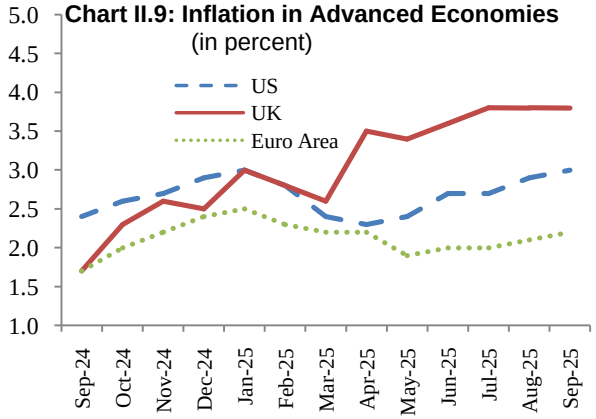
2.8 During Q1FY26, inflation trends in advanced economies followed broadly a similar pattern. Over the quarter, inflation rates increased in the United States, the United Kingdom, and the Euro Area (Chart II.9). In the United States, CPI inflation inched up to 3.0 percent in September 2025 from 2.7 percent in June 2025, mainly reflecting stronger demand driven by policy rate cuts and supply constraints stemming from a spike in energy prices. Similarly, the UK's CPI headline inflation increased to 3.8 percent in September 2025 from 3.6 percent in June 2025. This uptick was primarily due to monetary easing, which typically boosted demand, along with elevated gasoil prices that directly increased transportation costs. In a same vein, the Euro area's headline CPI inflation rate rose from 2.0 percent in June 2025 to 2.2 percent in September 2025, largely due to the lagged effects of monetary easing and a sharp depreciation of the euro against the US dollar.

Chart II.8 Global Commodity Price Indices



Source: World Bank Commodities Price Data (The Pink Sheet)

Chart II.9: Inflation in Advanced Economies



Sources: Respective Central Banks and Statistics Departments

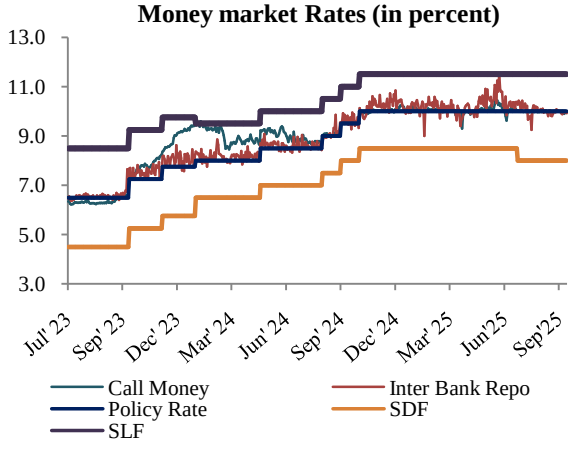
2.9 In the first quarter of FY26, inflationary pressures in Bangladesh continued to ease, thanks to a tight monetary policy and proactive measures taken by the government. Bangladesh Bank, along with other government agencies, has made significant efforts to control inflation and provide support to the lower-income group. For example, the withdrawal of LC margin requirements for imports of rice, onions, dates, sugar, pulses, and edible oil, along with TCB's truck-sale operations, is expected to further reduce the prices of essential commodities. In addition, favourable Aman rice and winter vegetable production, exchange rate stability, rising foreign exchange reserves, and easing global commodity prices are likely to help contain inflation. Bangladesh Bank is anticipated to gradually reverse its contractionary monetary policy stance once inflation shows a consistent downward trend.

III. Money and Credit Markets

3.1 Bangladesh Bank maintained its contractionary monetary policy stance in Q1FY26, primarily to mitigate inflationary pressures and uphold macroeconomic stability. Key initiatives included reducing the Standing Deposit Facility (SDF) rate while keeping policy and SLF rates unchanged. Consequently, call money and interbank repo rates declined, converging toward the policy rate. This monetary stance precipitated a decline in yields on government securities and bonds in September 2025, thereby ending a two-year upward trajectory, as banks allocated surplus liquidity to these instruments amid subdued private-sector credit demand. Marginal upticks in both average lending and deposit rates were recorded; nevertheless, banks experienced a pronounced build-up of excess liquidity, driven by increasing deposits and continued tepid lending activity. Growth in reserve money entered positive territory, bolstered by declining claims on the government and the banking sector. Broad money expansion exceeded expectations, driven by robust deposit growth and substantial remittance inflows. In contrast, private-sector credit growth stagnated at a multi-year low, reflecting persistently low investment demand amid elevated interest rates and the ongoing political environment.

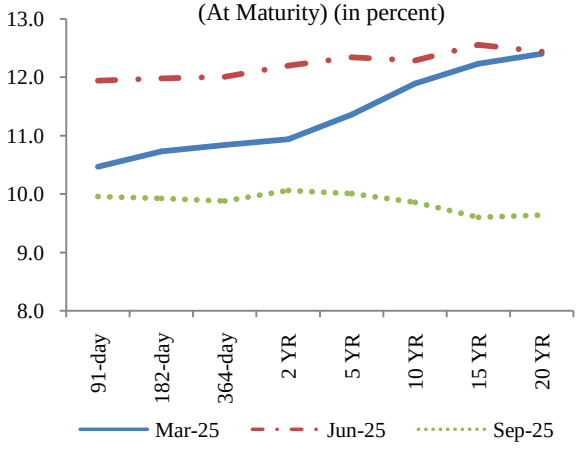
3.2 Within this analytical framework, although Bangladesh Bank continued its contractionary monetary policy stance in Q1FY26, it also expanded the lower threshold of the interest rate corridor. As a result, this policy may more accurately be described as quasi-accommodative, since it led to a clear increase in excess liquidity throughout the financial sector. Throughout the period, BB reduced the SDF rate to 8.00 percent from 8.50 percent, while maintaining both the policy rate and the SLF at 10.00 percent and 11.50 percent (Chart III.1). Since October 27, 2024, BB made no further changes to the policy rate or SLF. (Chart III.1). The policy's effectiveness was seen in the drop of the weighted average call money and interbank repo rates, which fell to 9.96 percent and 9.92 percent in September 2025 from 10.14 percent and 10.37 percent in June 2025, respectively. These rates stayed close to the repo rate of 10.00 percent during Q1FY26.

Chart III.1: Movements in Policy rate and Money market Rates (in percent)



Source: Bangladesh Bank

Chart III.2: Yields of Government Securities (At Maturity) (in percent)

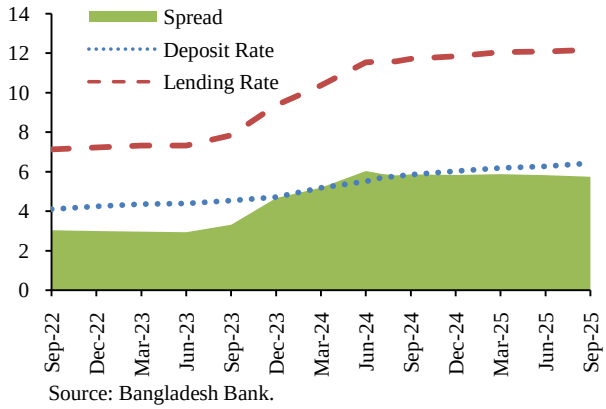


Source: Bangladesh Bank

3.3 Yields on government securities and bonds experienced a marked decline in September 2025, there by reversing an almost biennial upward trajectory that had already begun in July 2025. With the exception of the 2-year and 5-year bonds, yields across all categories of government securities and long-term bonds descended beneath the prevailing policy rate in September 2025. This downward trend was primarily driven by banks that have invested excess liquidity in government securities amid subdued private sector credit demand. Notably, in September 2025, yields on 91-day, 182-day, and 364-day treasury bills contracted from 11.94, 11.98, and 12.01 percent in June 2025 to 9.96, 9.93, and 9.88 percent, respectively. Analogously, yields on 2-year and 5-year treasury bonds declined from 12.20 and 12.34 percent in June 2025 to 10.06 and 10.01 percent in September 2025, respectively. During the same period, yields on 10-year, 15-year, and 20-year treasury bonds attenuated from 12.28, 12.56, and 12.44 percent to 9.86, 9.60, and 9.64 percent, respectively (Chart III.2). The deployment of monetary policy instruments to maintain the yields of government securities in close proximity to the policy rate or confined within the designated interest rate corridor, via the mechanism of monetary transmission, may yield salutary outcomes for the macroeconomy or banking sector in the near term.

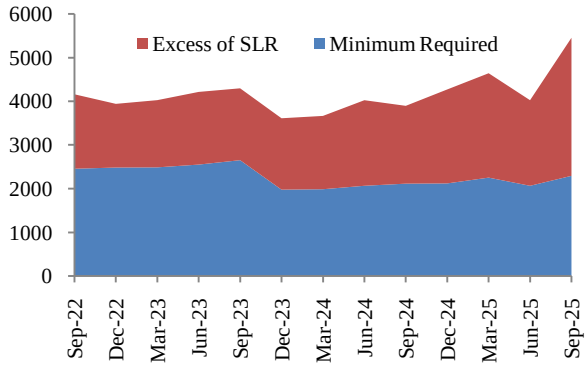
3.4 It may, at first glance, appear paradoxical that the weighted average lending rate rose marginally from 12.08 percent in June 2025 to 12.16 percent in September 2025, despite the attenuation of private-sector credit demand. Primarily, this could be because borrowing has become more expensive for banks due to a fully market-driven interest rate structure and ongoing monetary tightening. Concurrently, the weighted average deposit rate rose marginally from 6.26 percent to 6.42 percent during the same period, as banks increased deposit rates to boost liquidity inflows and safeguard stable funding amid elevated borrowing costs. Both deposits and lending showed an upward trend during Q1FY26, though their growth rates remained modest. The slight narrowing of the interest rate spread during Q1FY26 indicates that banks are raising deposit rates more to support liquidity mobilization (Chart III.3).

Chart III.3: Interest Rate on Deposits and Lending (in percent)



Source: Bangladesh Bank.

Chart III.4: Liquidity (In billion BDT)

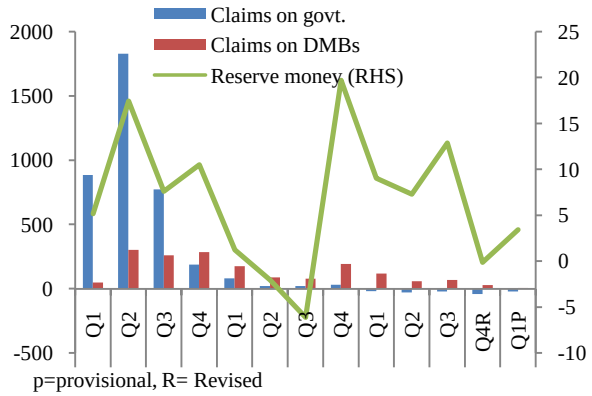


Source: Bangladesh Bank.

3.5 Overall banking sector liquidity surged at the end of September 2025, with excess liquidity rising 77.41 percent year over year. This upswing was driven mainly by higher deposit inflows and sluggish lending. Specifically, by the end of September 2025, deposits outpaced last year's levels, while

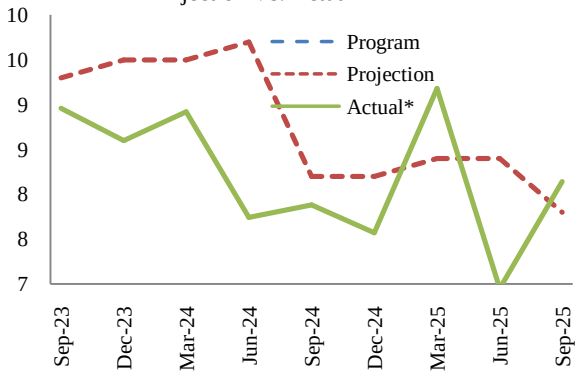
muted private-sector loan demand, record-low credit growth, rising rates, and rising non-performing loans kept banks wary. Consequently, many banks parked funds instead of extending new loans, amplifying excess liquidity. Reflecting these trends, liquidity climbed from BDT 4023.04 billion at the end of June 2025 to BDT 5454.69 billion at the end of September 2025. During the same period, minimum required liquidity increased from BDT 2064.80 billion at the end of June 2025 to BDT 2292.22 billion at the end of September 2025, while surplus SLR vaulted from BDT 1958.24 billion to BDT 3159.46 billion (Chart III.4).

Chart: III.5: Growth of RM, Claims on Govt., and DMBs (in percent)



p=provisional, R= Revised
Source: Bangladesh Bank.

Chart III.6: Broad Money (M2) Growth (%): Prjection Vs. Actual



Source: Bangladesh Bank

3.6 The trajectory of reserve money growth witnessed a pronounced inflection at the end of Q1FY26, transitioning from a marginally negative (y-o-y) rate of 0.11 percent at the end of Q4FY25 to a positive 3.44 percent. This precipitous acceleration can be predominantly attributed to a substantial 22.29 percent (y-o-y) contraction in BB's claims on the government. There was also a notable drop in BB's DMB claims, which went from 27.52 percent (y-o-y) at the end of Q4FY25 to 5.81 percent (y-o-y) at the end of Q1FY26 (Chart III.5).BB's net domestic assets (NDA) contracted, driven by the contractionary monetary policy stance. NDA fell from a negative growth of 28.56 percent at the end of Q4FY25 to a negative growth of 40.06 percent (y-o-y) at the end of Q1FY26. BB's net foreign assets (NFA), on the other hand, increased significantly over the same period, going from 19.31 percent to 30.41 percent (y-o-y). Additionally, the currency-deposit ratio decreased slightly, from 3.78 at the end of Q4FY25 to 3.58 at the end of Q1FY26, indicating a move away from cash holdings and toward deposit-based transactions. The impact of BB's monetary tightening on the dynamics of the money supply was further demonstrated by the substantial slowdown in currency issuance growth, which fell from 1.99 percent at the end of Q4FY25 to negative growth of 2.42 percent (y-o-y) at the end of Q1FY26.

3.7 Broad money growth accelerated at the end of Q1FY26, driven by several interrelated factors. Firstly, the robust expansion of bank deposits reflects increased savings and a higher public propensity to hold financial assets in the formal banking sector. This trend was further supported by heightened public confidence in the banking industry, likely resulting from recent political developments that fostered

greater stability and trust. Secondly, sustained remittance inflows from abroad contributed significantly to the banking system's liquidity, as these funds are typically deposited and circulated within domestic financial institutions, thereby expanding the money supply. Thirdly, the growth in broad money (M2) was strongly influenced by a substantial increase in the banking system's NFA, which rose by 19.35 percent (y-o-y) at the end of Q1FY26, compared to 8.51 percent (y-o-y) at the end of Q4FY25. The expansion of NFA indicates an accumulation of foreign currency assets, often stemming from higher export earnings and remittance inflows, which are converted into local currency and thus boost the domestic money supply. As a result, broad money (M2) registered an 8.14 percent (y-o-y) increase at the end of Q1FY26, surpassing both the Bangladesh Bank's projected growth rate of 7.8 percent for the period up to December 2025 and the actual growth rate of 6.95 percent at the end of Q4FY25 (Chart III.6). In contrast, NDA experienced a modest contraction, declining by 6.45 percent (y-o-y) at the end of Q1FY26 from 6.69 percent at the end of Q4FY25 (Chart III.7). Overall, the increase in broad money was predominantly driven by external sector developments and reinforced by positive domestic sentiment and behaviours.

Chart III.7: Growth of M2, NDA, and NFA (in percent)

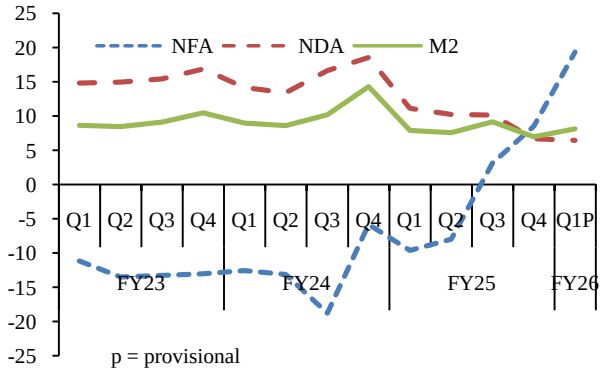
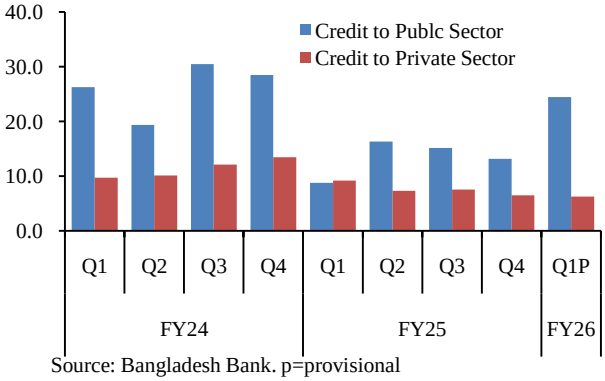


Chart III.8: Growth of Credit to Public and Private Sector (in percent)



Source: Bangladesh Bank. p=provisional

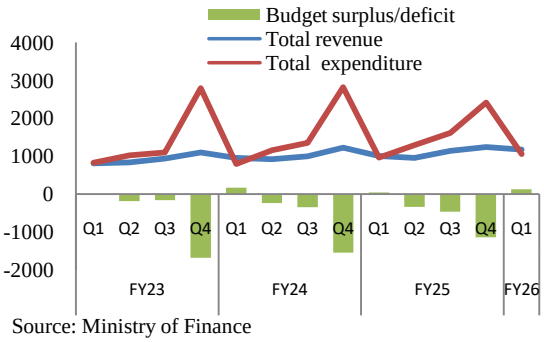
3.8 Private sector credit growth reached a multi-year low of 6.29 percent (y-o-y) at the end of Q1FY26, marginally declining from 6.49 percent at the end of Q4FY25 and falling short of the BB's target of 7.2 percent set for up to December 2025. This growth reflects diminished investment appetite, driven by elevated interest rates, the ongoing political environment ahead of the 2026 general election, and cautious bank lending, despite certain positive macroeconomic indicators, including increases in exports and remittance inflows. Conversely, public sector credit growth accelerated markedly, rising from 13.15 percent (y-o-y) at the end of Q4FY25 to 24.45 percent at the end of Q1FY26 (Chart III.8).

3.9 Looking ahead, the near-term outlook for Bangladesh's money and credit markets is marked by a delicate balance among controlling inflation, managing liquidity, and stimulating private-sector credit growth. Bangladesh Bank's contractionary monetary policy is expected to remain in place due to persistent inflationary pressures. The surge in excess liquidity, coupled with ongoing political environment, suggests that the banking sector will likely maintain a cautious lending posture. Consequently, overall economic growth may encounter significant challenges, with public sector credit projected to remain the principal catalyst for credit growth in the foreseeable future

IV. Fiscal Sector

4.1 The fiscal balance exhibited a surplus in Q1FY26 as revenue collection exceeded expenditure. On a year-on-year basis, government revenue also increased more than expenditure in Q1FY26 compared with Q1FY25, resulting in a budget surplus (Chart IV.1, Annexure Table IV.1). In Q1FY26, total revenue, expenditure, and financing accounted for 8.49 percent, 7.59 percent, and −0.99 percent of FY26 GDP, respectively.

Chart IV1: Trends in Revenue, Expenditure and Budget Deficit
(In billion Taka)

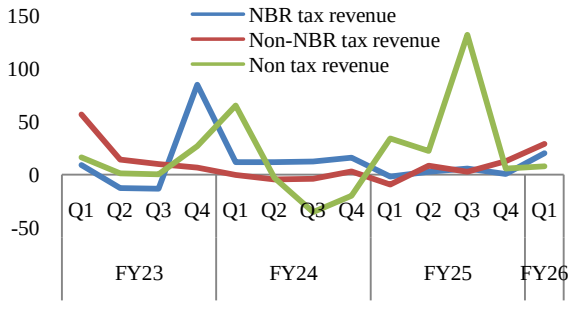


Source: Ministry of Finance

4.2 Overall revenue collection increased by 17.77 percent to nearly BDT 1,176.52 billion in Q1FY26 from BDT 998.99 billion in Q1FY25, driven mainly by strong growth in supplementary duties and income taxes. NBR tax revenue—accounting for approximately 76 percent of total revenue collection—recorded a year-on-year growth of 20.59 percent in Q1FY26. Non-tax revenue, which contributed 22.03 percent of total revenue collection, increased modestly by 8.15 percent in Q1FY26 as compared to Q1FY25. Meanwhile, non-NBR tax revenue, despite being the smallest contributor, recorded a significant year-on-year increase of 29.75 percent over the same period (Chart IV.2).

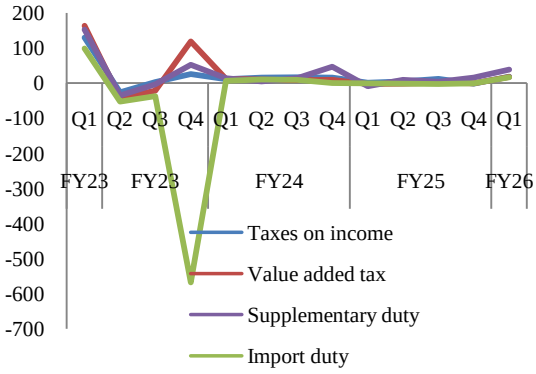
Within NBR tax revenue, supplementary duty increased by 38.30 percent on a year-on-year basis, while all other components—excluding other taxes—also recorded notable growth in Q1FY26 relative to Q1FY25 (Chart IV.3). Total revenue collection (excluding foreign grants) rose to 20.86 percent of the FY26 budgeted target in Q1FY26, up from 19.29 percent of the FY25 budgeted target achieved in Q1FY25. These developments indicate that ongoing structural reforms within the NBR are contributing positively to revenue mobilization.

Chart IV.2: Revenue by Type
(year-on-year growth, in percent)



Source: Ministry of Finance

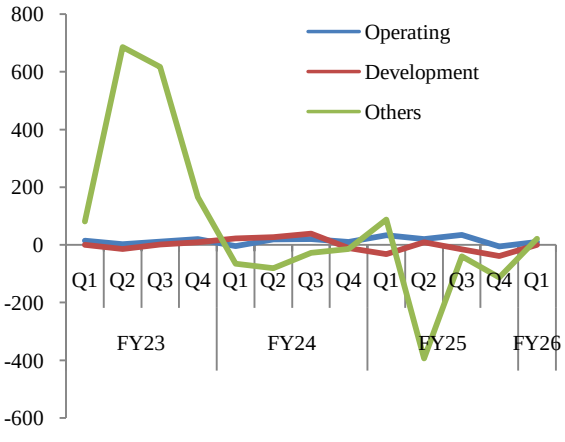
Chart IV.3: : NBR Tax Revenue By Source
(year-on-year growth, in percent)



Source: Ministry of Finance

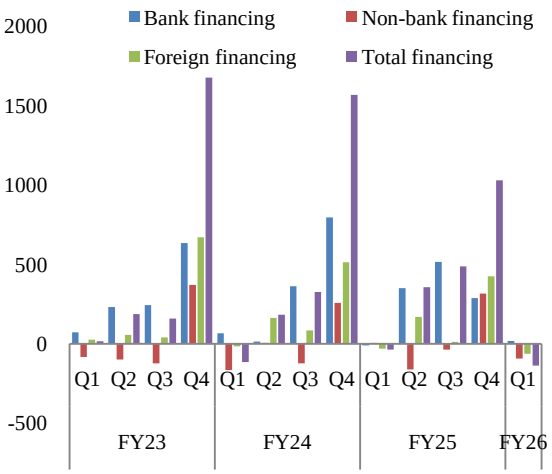
4.3 The total expenditure increased by 9.94 percent to BDT 1051.00 billion in Q1FY26 from BDT 955.98 billion in Q1FY25. In Q1FY26, the operating expenditure increased by 11.06 percent, while the development expenditure declined by 1.99 percent (Chart IV.4). ADP declined by 2.29 percent during this period under review compared to the corresponding period of the previous year. The total amount spent in the Q1FY26 was approximately 13.30 percent of the FY26 budget of BDT 7899.54 billion. The government executed 17.13 percent of the operating expenditure target and 4.58 percent of the ADP spending target during Q1FY26.

Chart IV.4: Government Expenditure By Type
(year-on-year growth, in percent)



Source: Ministry of Finance

Chart IV.5: Sources of Financing of Budget Deficit
(In billion Taka)



Source: Ministry of Finance

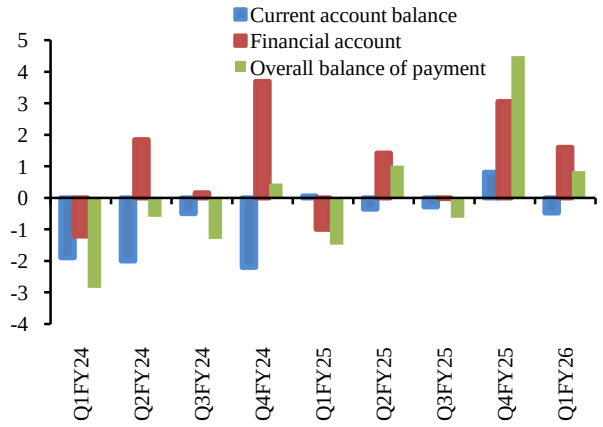
4.4 The fiscal surplus widened during the quarter under review compared with Q1FY25, primarily reflecting a significant increase in revenue. The fiscal surplus stood at BDT 125.63 billion in Q1FY26, representing a 147.84 percent increase from BDT 50.69 billion recorded in Q1FY25. During this quarter, both domestic and foreign financing registered negative net flows, indicating that the government engaged in net loan repayments rather than new borrowing.

4.5 Bangladesh's low tax-to-GDP ratio underscores the need for urgent tax and institutional reforms to broaden the tax base and strengthen compliance. While revenue collection has improved through automation and NBR restructuring, sustained fiscal and financial sector reforms, a tight policy mix, and prudent expenditure management are essential to ensure macroeconomic stability and control inflation.

V. External Sector

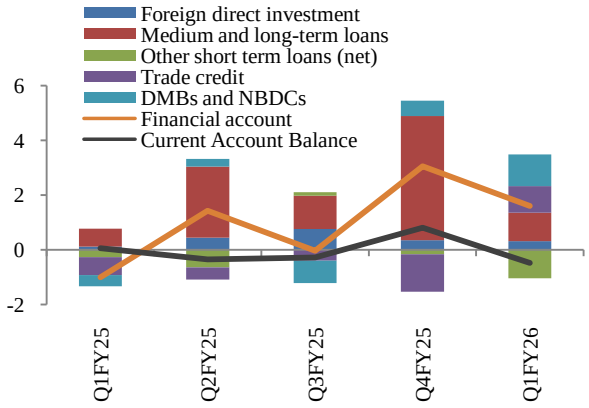
5.1 Bangladesh's external sector has faced pressure in Q1FY26, with the current account balance shifting from surplus to deficit, driven by a wider trade deficit amid elevated external payment obligations—particularly import payments and interest on external debt. Remittance inflows, however, continued to be robust, providing a partial offset. On the financial account, sizeable net inflows were supported by foreign direct investment and medium- and long-term borrowing, whereas portfolio investment remained subdued. Despite a positive balance of payments position during the quarter, gross official reserves marginally declined, primarily reflecting valuation effects and reductions in foreign liabilities of the Bangladesh Bank. However, reserve adequacy remained at a comfortable level, supporting the exchange rate stability under market-based exchange rate systems.

Chart V.1: Trends in the Balance of Payments
(in billion USD)



Source: Bangladesh Bank.

Chart V.2 : Current and Financial Account Balance (in billion USD)



Source: Bangladesh Bank

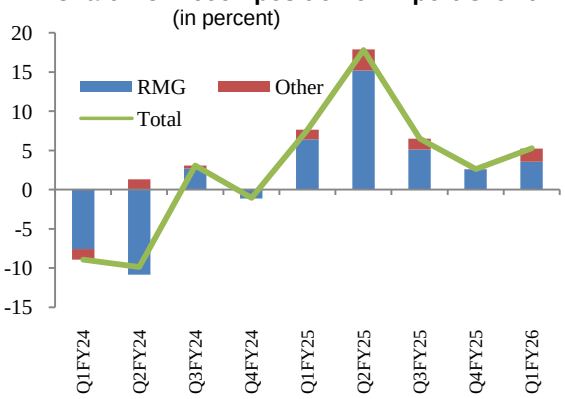
5.2 The current account shifted to a deficit in Q1 FY26, primarily reflecting a wider trade deficit compared with the previous quarter. The deficit amounted to USD 597 million, reversing a surplus of USD 806 million in Q4 FY25. The deterioration was driven mainly by an expansion of the trade deficit to USD 5.7 billion, from USD 5.0 billion in the preceding quarter. Export earnings increased modestly to USD 11.1 billion, supported by readymade garment exports, while imports rose more sharply to USD 16.8 billion, reflecting higher demand for intermediate and capital goods. The services account remained in deficit at USD 1.4 billion, and the primary income deficit widened to USD 1.3 billion, largely due to higher interest payments on external debt. In contrast, secondary income inflows remained strong at USD 7.8 billion, with workers' remittances (USD 7.6 billion) continuing to provide significant support and partially offsetting current account pressures (Chart V.1, Table V.1 in Annexure 1).

5.3 The financial account registered a net inflow of USD 1.7 billion, an improvement over the previous quarter. This was driven mainly by other investment inflows, particularly medium- and long-term (MLT) loans, which amounted to USD 1.0 billion net during the quarter. Foreign direct investment

(FDI) recorded a net inflow of USD 320 million, indicating continued investor interest, although the level remained modest relative to financing requirements. Portfolio investment flows stayed negative (–USD 42 million), reflecting global financial market uncertainty and cautious investor sentiment toward emerging markets. Consequently, the overall balance of payments posted a surplus of USD 853 million in Q1FY26, narrowed down significantly from a surplus of USD 4493 million in Q4FY25.

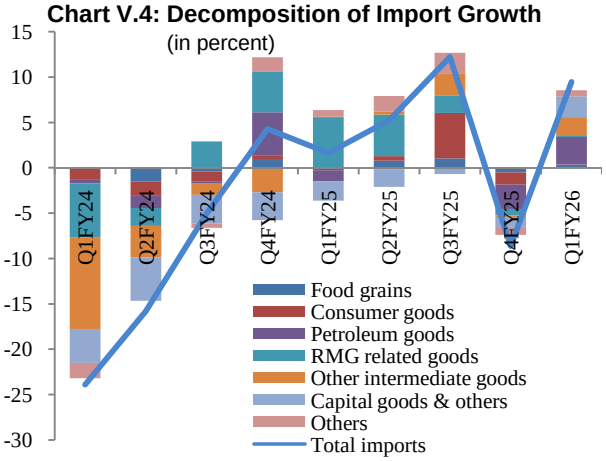
5.4 Despite heightened global trade tensions arising from the US tariff hike, Bangladesh maintained stable export performance in Q1FY26 compared with both Q1FY25 and Q4FY25, supported by improved RMG export receipts from major destination countries. As the largest single-country destination for RMG exports, the USA continued to play a key role in sustaining overall export earnings during the quarter. Total export earnings (f.o.b.) increased by 5.1 percent to USD 11.1 billion in Q1FY26, compared with 5.0 percent growth to USD 10.55 billion in Q1FY25 and 2.4 percent growth to USD 10.10 billion in Q4FY25. The growth was driven mainly by the RMG sector, which accounted for USD 9.93 billion in Q1FY26, up from USD 9.51 billion in Q1FY26. RMG export earnings from the USA amounted to USD 2.00 billion, while Germany and the UK contributed USD 1.12 billion and USD 1.21 billion in Q1FY26, respectively (Chart V.3 and Table V.3 in Annexure 1).

Chart V.3: Decomposition of Export Growth



Source: BB's staff calculation based on EPB data.

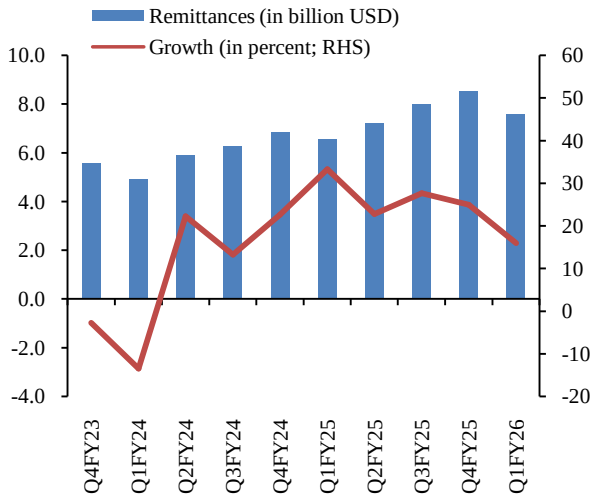
Chart V.4: Decomposition of Import Growth



Source: BB's staff calculation based on NBR data.

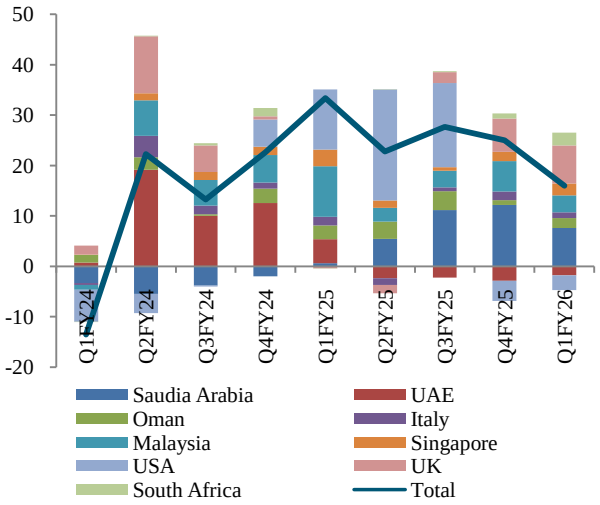
5.5 Import payment (f.o.b.) registered robust growth in Q1FY26, surpassing both Q1FY25 and Q4FY25 levels. Total Import payments rose by 10.6 percent to USD 16.80 billion in Q1FY26, compared to 0.9 percent growth to USD 15.19 billion in Q1FY25 and a 9.0 percent decline to USD 15.05 billion in Q4FY25. The expansion in Q1FY26 was primarily driven by higher imports of petroleum products, other intermediate goods, and capital goods. In contribution terms, petroleum products accounted for 3.01 percent, other intermediate goods 2.08 percent, and capital goods & others 2.30 percent to total import growth (Chart V.4 and Table V.4 in Annexure 1).

Chart V.5: Remittance Inflows



Source: Bangladesh Bank.

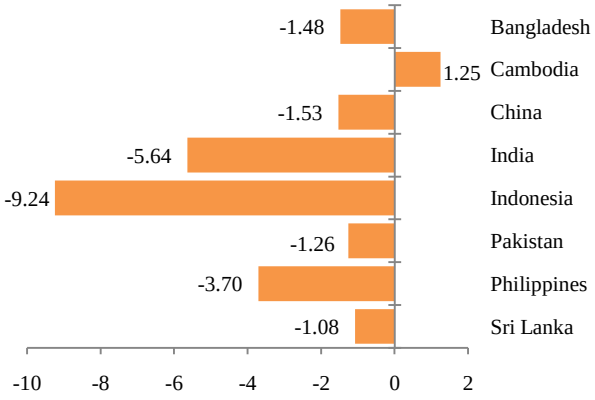
Chart V.6: Decomposition of Country wise Remittance growth (in percent)



Source: BB's staff calculation based on BB's data.

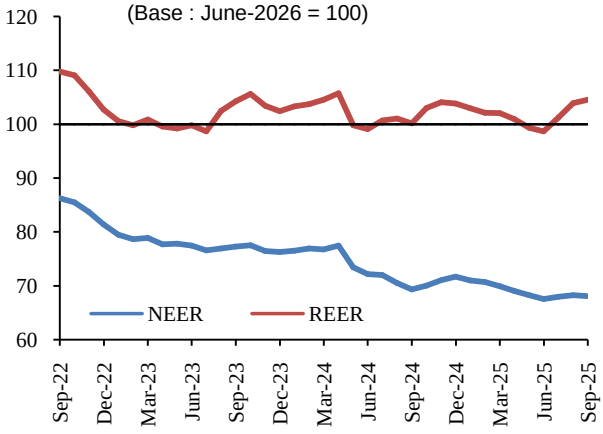
5.6 During Q1FY26, workers' remittances played an important role in offsetting pressures from the trade deficit, averaging USD 2.53 billion per month and totalling USD 7.59 billion for the quarter. This was slightly lower than the previous quarter (Q4FY25), which recorded USD 8.54 billion, associated with the two major festivals, Eid-ul-Fitr and Eid-ul-Adha. However, compared to the same quarter of the previous year, remittances grew by 16.0 percent, up from USD 6.54 billion in Q1FY25. Saudi Arabia remained the largest contributor to total remittance growth in Q1FY26, with notable contributions also coming from the UK, South Africa, and Singapore (Chart V.5, V.6, and Table V.6, Annexure 1).

Chart V.7: Peer Countries' Currency Appreciation/ Depreciation (+/-) against US dollar
(September 2024 to September 2025)



Source: International Financial Statistics, IMF.

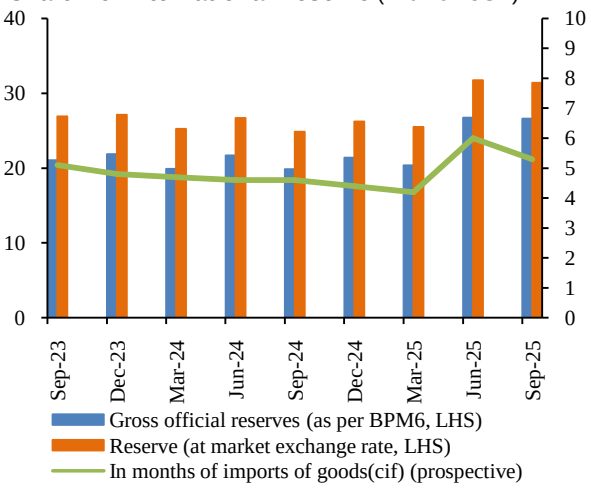
Chart V.8: Effective Exchange Rate Indices
(Base : June-2026 = 100)



Source: Bangladesh Bank.

5.7 Exchange rate of BDT against USD remained broadly stable, fluctuating between BDT 122.62 and BDT 121.80 in Q1FY26. Following the introduction of the market-based exchange rate, this stability was reflected by comparatively lower depreciation than selected peer countries, except Pakistan and Sri Lanka (Chart V.7)., The Nominal Effective Exchange Rate (NEER) index, which measures the BDT's value relative to major trading partners, declined to 68.04 at end-September 2025 from 69.31 at end-September 2024, indicating a marginal improvement in Bangladesh's trade competitiveness. However, when adjusted for inflation in major trading partners, the Real Effective Exchange Rate (REER) index increased to 104.53 from 100.17 over the same period (Chart V.8), suggesting a modest overvaluation of the BDT driven by higher domestic inflation relative to its trading partners.

Chart V.9: International Reserve (in billion USD)



Source: Bangladesh Bank.

During Q1FY26, BB did not sell any USD but purchased USD 1.88 billion to support a stable market-based exchange rate. At the end of September 2025, the gross official reserve stood at USD 31.43 billion (USD 26.60 billion as per BMP6), slightly lower than USD 31.77 billion (USD 26.74 billion as per BMP6) at the end of June 2025, primarily due to valuation effects and reductions in foreign liabilities. These reserves cover 5.3 months of imports, indicating that reserve adequacy remained at a comfortable level.

Table 5.1: Total External Debt of Bangladesh (in billion USD)

Period	2022-23	2023-24*	2024-25**
External Debt	97.69	104.07	113.20
Long Term Debt	81.68	89.24	98.84
Short Term Debt	16.01	14.83	14.36
Public Sector Debt	75.43	83.47	93.42
Long Term Debt	73.08	80.04	89.11
Short Term Debt	2.35	3.43	4.31
Private Sector Debt	22.26	20.60	19.78
Long Term Debt	8.60	9.20	9.72
Short Term Debt	13.66	11.40	10.06
Memo Items			
Growth in External Debt (%)	*2.80*	*6.50*	*8.80*
External Debt to GDP (%)	*23.00*	*23.10*	*24.50*
Short term External Debt to Total Debt (%)	*16.40*	*14.30*	*12.70*
Long term External Debt to Total Debt (%)	*83.60*	*85.70*	*87.30*
Public Sector Debt to Total Debt (%)	*77.20*	*80.20*	*82.50*
Private Sector Debt to Total Debt (%)	*22.80*	*19.80*	*17.50*

Source: ERD, Ministry of Finance, Bangladesh Bank, Note: *Revised, ** Provisional

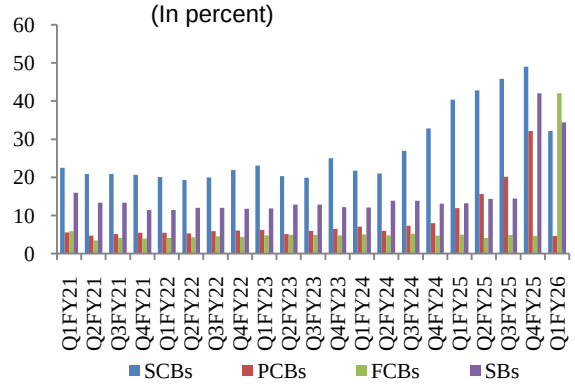
5.8 Bangladesh's external debt position remained well-structured and sustainable, supported by a high share of long-term financing and a manageable debt-to-GDP ratio. Total external debt reached USD 113.20 billion in FY25; accounting for 24.5 percent of GDP, up modestly from 23.1 percent in FY24. Long-term debt continues to dominate the portfolio, representing 87.3 percent of total external debt, while short-term debt declined to 12.7 percent, reducing rollover pressures. Public sector obligations remain the major component at 82.5 percent of total debt, reaching USD 93.42 billion, whereas private sector debt accounted for 17.5 percent, largely due to lower short-term liabilities. Overall, the external debt profile reflects prudent borrowing practices, with a gradual shift toward long-term, public sector financing that supports debt sustainability and minimizes external vulnerabilities.

5.9 The near-term outlook for Bangladesh's external sector remains broadly stable, supported by a stable exchange rate, resilient export performance, steady remittance inflows, and continued access to external financing. Although the current account balance may remain under pressure due to elevated import demand and external payment obligations, a significant share of recent import growth reflects higher imports of raw materials and capital goods, which are expected to support export production. Export demand—particularly for readymade garments—has remained resilient, with shipments to the US market largely unaffected by the recent tariff hike, while Bangladesh's cost competitiveness relative to peer economies may support trade diversion gains over the medium term. Workers' remittances are expected to remain strong, providing an important buffer to the external position, and gross official reserves remain at a comfortable level despite sizable external debt repayments in recent periods. Investment flows have remained subdued amid cautious investor sentiment ahead of the national election, with activity expected to strengthen gradually following the transition to an elected government, although global financial market volatility and external debt servicing obligations remain key risks.

VI. Banking Sector

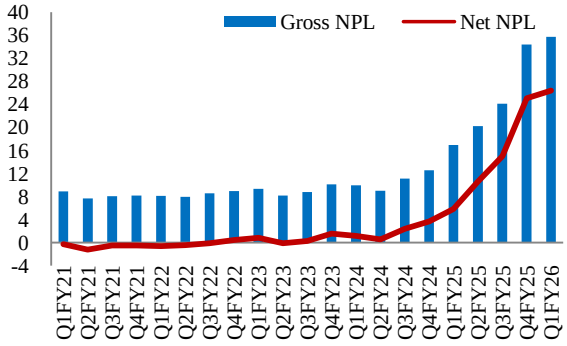
6.1 The banking sector in Bangladesh remained under strain. The untoward deterioration in asset quality—unseen in decades—weighed on banks' profitability and eroded their capital bases. However, supported by a rebound in deposit growth, the sector's overall liquidity turned favorable. Looking forward, the BB's policy support for scrupulous borrowers and banks' intensified recovery drives are likely to limit the rise of NPLs.

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)



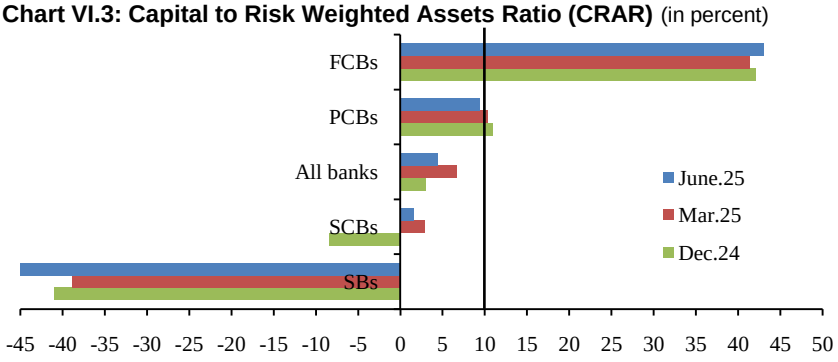
Source: Bangladesh Bank

6.2 Non-performing loans (NPLs) continued to rise in Q1FY26, reaching unprecedented levels both in volume and as a share of total loans, characterised the sector's asset quality. The gross NPL ratio rose to 35.73 percent by September 2025, up from 24.13 percent six months earlier. With a quantum leap of more than Taka 2.24 trillion in just the last six months, the total volume of NPLs reached the ever-highest Taka 6.44 trillion in September 2025. The recent surge in non-performing loans (NPLs) was mostly caused by stricter loan classification regulations that, effective from 1 April 2025, treat unpaid payments as past due as of the next day, in accordance with global standards. The rise in NPL ratios across both state-owned and private commercial banks drove the sector's NPL ratio was driven by (Chart VI.1). The net NPL ratio also rose by 11.40 percentage points in last six months, reaching 26.40 percent at the end of Q1FY26 (Chart VI.2), reflecting a significant widening of provision shortfall (Table 6.1).

6.3 While the banking system's overall capital to risk-weighted assets ratio (CRAR) increased to 4.47 percent in Q4FY25 from 3.08 percent at the end of 2024, it is still below the Basel III minimum requirement. In Q3FY25, the sector recorded a significant turnaround in CRAR, reaching 6.74 percent. This marked increase in the ratio broadly reflects the much lower regulatory adjustment/deduction applicable to the common equity tier 1 capital in the quarter ending March 2025. The primary cause of this overall increase in CRAR in Q4FY25 may be identified as the Tier-1 capital to risk-weighted asset ratio, a crucial measure of a bank's health, which rose from 0.48 percent at the end of Q2FY24 to 2.26 percent at the end of Q3FY25. At the end of Q4FY25, the CRAR for SCBs was 1.61 percent, a considerable improvement from -8.42 percent at the end of Q2FY25, and that for Islamic Shariah-Based PCBs was -0.95 percent at the end of Q4FY25 from -4.95 percent at the end of Q2FY25. The deficit-turned-surplus position in total regulatory capital primarily led these higher CRARs for the SCBs. The

CRAR for PCB decreased from 10.98 percent at the end of Q2FY25 to 9.48 percent by the end of Q4FY25, marking a shortfall in regulatory capital. (Table VI.3 in Annexure-1 and Chart VI.3).

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



Source: Bangladesh Bank.

6.4 The banking sector's profitability declined moderately in Q4FY25. A near tripling of the bad debt provisions associated with rising non-performing loans, resulting in an almost six-fold decline in net profit after provision and tax in June 2025 as compared to March 2025, primarily shaped the profitability indicators during the quarter under review. The return on assets (ROA) remained negative, worsening to -0.58 percent in Q4FY25 from -0.18 percent in Q3FY25. The return on equity (ROE) also stayed negative, dropping to -16.11 percent in Q4FY25 from -3.99 in Q3FY25 due to a decrease in net profit after provision and tax (NPAPT). A drop in net interest margin (NIM) highlighted a decline in the efficiency of generating income from interest-earning assets relative to interest-bearing liabilities.

Table 6.1: Comparative Position of Classified Loan and Provision Maintained (in billion BDT)

Quarters	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q1FY25	Total classified loan	1261.11	58.13	1498.06	32.45	2849.77
	Required provision	812.92	28.38	948.51	26.09	1815.91
	Provision maintained	410.88	30.72	790.19	30.72	1262.13
	Excess(+)/ shortfall(-)	-402.04	2.33	158.31	4.23	-553.78
Q2FY25	Total classified loan	1366.19	64.32	2000.15	26.99	3457.65
	Required provision	742.18	28.28	1362.37	22.25	2155.08
	Provision maintained	162.52	30.84	873.53	26.88	1093.77
	Excess(+)/ shortfall(-)	-579.66	2.56	-488.83	4.63	-1061.31
Q3FY25	Total classified loan	1464.07	64.94	2641.95	32.38	4203.34
	Required provision	933.83	28.41	1765.56	23.21	2751.02
	Provision maintained	293.86	30.90	692.16	27.54	1044.47
	Excess(+)/ shortfall(-)	-639.96	2.49	-1073.40	4.33	-1706.55
Q4FY25	Total classified loan	1561.76	192.90	4297.71	31.09	6083.46
	Required provision	1025.81	136.45	3280.87	23.48	4466.61
	Provision maintained	315.54	134.07	792.64	27.15	1269.41
	Excess(+)/ shortfall(-)	-710.27	-2.38	-2488.22	3.67	-3197.20
Q1FY26	Total classified loan	1587.92	192.98	4631.86	32.39	6445.15
	Required provision	1067.78	136.96	3517.40	23.84	4745.98
	Provision maintained	320.14	134.36	821.44	27.71	1303.66
	Excess(+)/ shortfall(-)	-747.63	-2.59	-2701.46	3.87	-3447.82

Source: Bangladesh Bank.

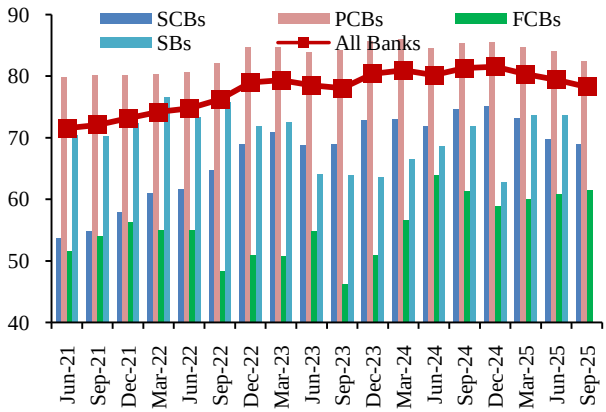
6.5 After a brief decline, year-on-year deposit growth rebounded in Q1FY26 to 10.62 percent from 7.64 percent in Q4FY25, indicating renewed depositor confidence. A gradual easing of inflationary pressure apparently halted dissaving by households and businesses, leading to strong inflows into time and savings deposits. Advance growth remained steady, reflecting banks' cautious lending amid high NPLs and tighter monetary policy. As a result, the advance-deposit ratio (ADR) declined to 78.28 percent in September 2025, indicating a comfortable liquidity position (Table 6.2 and Chart VI.4).

Table 6.2: Deposit and Advance Position of Scheduled Banks (in percent)

Bank groups	Year-on- year growth of deposit, % (excluding interbank)		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Jun. 25	Sept.25	Jun.25	Sept.25	Jun.25	Sept.25
SCBs	5.86	11.03	2.37	2.82	69.73	68.96
PCBs	8.48	11.17	7.23	7.18	84.05	82.53
FCBs	2.75	-0.74	-3.54	-2.76	60.84	61.47
SBs	10.32	11.87	12.64	9.49	73.76	73.62
All	7.64	10.62	6.00	6.02	79.42	78.28

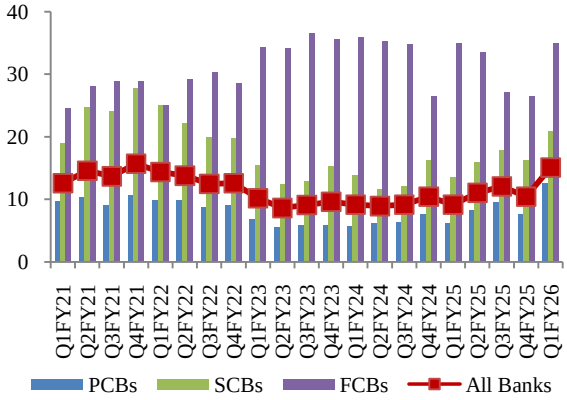
Source: Bangladesh Bank.

Chart VI.4: Advance Deposit Ratio (In percent)



Source: Bangladesh Bank

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



Source: Bangladesh Bank, Staffs Calculation

6.6 The sector's liquidity improved, as shown by higher excess Statutory Liquidity Ratio (SLR) balances and excess SLR as a percentage of demand and time liabilities (TDTL). This improvement resulted from weaker credit demand, cautious lending, and a greater preference for risk-free government securities with attractive yields amid low private credit growth. By holding more liquid assets, banks are better positioned to manage short-term obligations and absorb shocks. However, slow investment activities may negatively impact the real sector in the coming quarters (Table 6.3 and Chart VI.5).

Table 6.3: Liquidity Position of the Scheduled Banks (in billion BDT)

	CRR			SLR		
Bank groups	Required	Maintained	Excess	Required Liquidity	SLR eligible liquid assets of banks**	Excess(+)/ shortfall (-) of SLR
1	2	3	4	5	6	7
	As of end September, 2025					
SCBs	195.07	208.54	15.57	628.75	1643.50	1014.80
SBs*	23.21	23.14	0.26	0.00	0.00	0.00
PCBs (other than Islamic)	388.00	377.01	22.87	1291.34	2991.87	1700.50
Private Banks (Islamic)	182.40	172.79	35.54	251.68	365.56	113.9
FCBs	34.49	57.17	23.12	120.46	450.72	330.3
All	823.20	838.65	97.35	2292.20	5451.70	3159.46
	As of end June, 2025					
SCBs	174.80	208.47	37.00	565.25	1273.0	707.7
SBs*	19.77	16.90	0.20	0.00	0.00	0.00
PCBs (other than Islamic)	336.32	404.60	72.10	1105.39	1974.97	869.6
Private Banks (Islamic)	171.53	241.51	67.11	236.82	349.83	113.0
FCBs	37.58	51.42	16.89	157.34	425.28	267.9
All	740.0	922.90	193.29	2064.8	4023.0	1958.24

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 PLC as an agent of BB, unencumbered approved securities and excess reserve (column 4).

Note: According to Circular No-MPD-02, 2013 with effect from February 1, 2014, SLR has been calculated separately (excluding CRR) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

According to Circular No. MPD-03, April 9, 2020, the CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020.

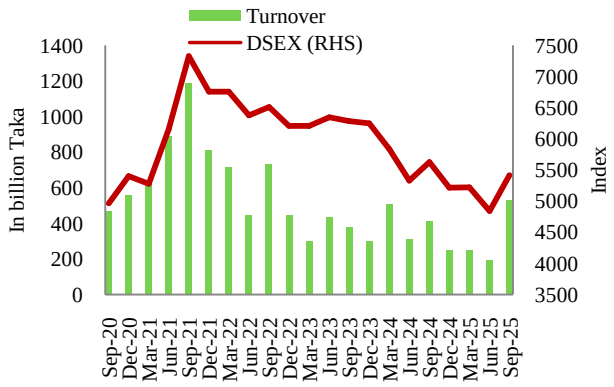
6.7 The banking sector remains in a fragile state, with deep-rooted fundamental and governance issues, reflected in key performance indicators. A significant departure from good governance in some ailing banks during the past political regime continually exposed the sector's vulnerabilities, primarily reflected in worsening asset quality. Other key indicators naturally weakened as a consequence.

Prompted by these challenges, BB and the interim government introduced measures such as merging ailing Shariah-based banks into a well-capitalized entity under the Bank Resolution Ordinance 2025 and approving the Deposit Protection Ordinance 2025. On the supervisory side, BB plans to implement Risk-Based Supervision (RBS) by January 1, 2026, aiming for qualitative transformation in banking oversight. Furthermore, BB is taking opinions from the stakeholders regarding the new rescheduling policy to make it more aligned with the requirements of the Basel Committee on Banking Supervision (BCBS) guidelines. In addition, a new Expected Credit Loss (ECL)-based provisioning system is expected to foster credit discipline and curb further NPL growth. Together, these reforms and policy measures are designed to establish a more resilient and robust banking system in Bangladesh.

VII. Capital Markets

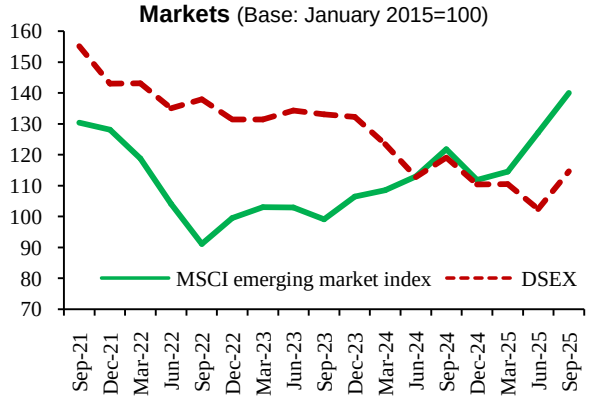
7.1 The performance of Bangladesh's capital market strengthened in Q1FY26, marking an improvement over Q4FY25. The ascendancy of major indices, a substantial augmentation in market capitalization, an appreciable elevation in the price–earnings ratio, and a pronounced surge in turnover collectively reflect a reinvigoration of market momentum (Chart VII.1). Furthermore, the Morgan Stanley Capital International (MSCI) index, which tracks the global emerging market, consistently displayed an upward trajectory throughout the quarter, mirroring the positive momentum of the DSE Broad Index (DSEX) (Chart VII.2)[1].

Chart VII.1: Trends in DSEX Index and Turnover



Source:DSE Monthly Review,Various Issues

Chart VII.2: Synchronization of DSEX with Global Markets (Base: January 2015=100)



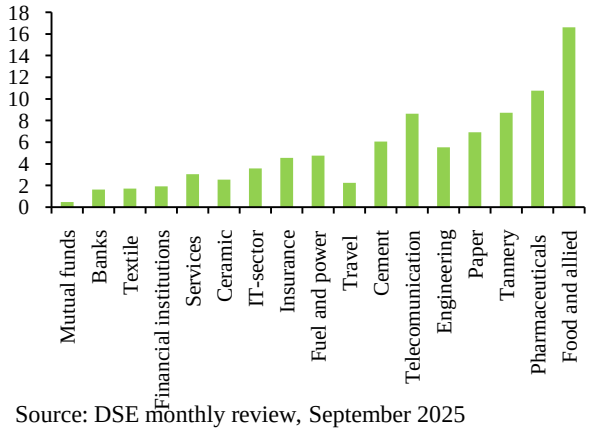
Source: DSE and www.msci.com

7.2 Both the DSE broad index (DSEX) and DSE-30 index registered substantial appreciations of 11.93 percent and 14.64 percent, respectively, during Q1FY26 compared to Q4FY25 (Table VII.1, Annexure-1). Moreover, sector-specific ratios of market capitalization to paid-up capital reflect the continued dominance of the food and allied sector, which peaked in September 2025 at 16.6—a sign of persistent investor preference and pronounced sectoral robustness (Chart VII.3). Conversely, the mutual fund sector persistently exhibited the lowest valuation profile, maintaining a ratio of 0.5 consistent with its position in June 2025.

7.3 Market capitalization at the Dhaka Stock Exchange (DSE) exhibited a pronounced augmentation in Q1FY26, increasing to BDT 3650.27 billion from BDT 3324.11 billion, as recorded at the end of Q4FY25. This substantial increase is indicative of improving market sentiment and a concomitant resurgence in investor engagement. The banking sector maintained its dominant position, accounting for 19.30 percent of total market capitalization, while the jute industry accounted for the smallest share, contributing just 0.09 percent in Q1FY26 (Table VII.2 in Annexure-1). Furthermore, compared to selected peer economies, Bangladesh registered a slight increment in the ratio of market capitalization to gross domestic product (GDP), advancing to 6.53 percent in August 2025 from 5.74 percent in June 2025 (Chart VII.4).

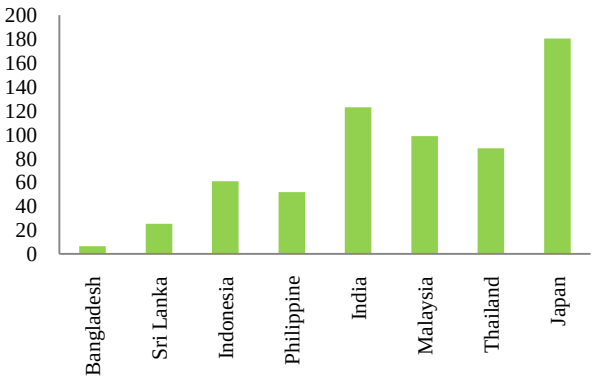
[1]The government bonds are excluded from market capitalization, issued capital, and turnover

Chart VII.3: Ratio of M.Cap. to Paid-up Capital across Major Sectors, September 2025



Source: DSE monthly review, September 2025

Chart VII.4: Selected Countries; Stock Market Capitalization, August 2025
(In percent of GDP)



Source : DSE Monthly Review, September 2025

7.4 The DSE's overall price-earnings (P/E) ratio rose to 10.38 at the end of Q1FY26, up from 9.34 at the end of Q4FY25. Sectoral P/E data revealed considerable heterogeneity across industries. The fuel and power sector had the lowest P/E score during Q1FY26. At the same time, the tannery sector reached its peak ratio of 24.7 (Chart VII.5). As of June 2025, comparative international data demonstrated that Bangladesh maintained a relatively subdued P/E ratio of 10.38—surpassing Sri Lanka's 9.59, yet remaining markedly below India's high ratio of 23.08 (Table 7.1).

Chart VII.5: Heat Map for Sectoral Price Earnings Ratio of DSE

Sectors	Share of Total M.cap Sep-25	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Bank	19.3	9.7	9.8	9.5	8.0	7.8	7.7	7.8	7.2	7.3	6.4	6.3	5.9	6.4	6.3	6.3	5.6	6.8
Financial instituitions	2.9	31.1	23.8	21.9	20.4	20.3	18.9	18.8	21.3	21.3	12.1	15.5	14.1	15.3	12.0	11.6	10.6	12.5
Engineering	8.0	26.9	17.6	17.1	17.1	19.1	20.4	20.6	21.0	20.8	31.2	19.8	15.0	12.1	10.7	15.3	10.2	10.7
Food & allied	7.2	32.3	31.4	22.6	21.1	20.5	21.1	18.6	19.1	19.1	24.9	14.4	14.0	14.8	14.0	12.8	15.3	20.5
Fuel & power	8.5	16.1	11.7	12.2	11.7	11.3	12.2	13.1	13.3	13.3	17.3	9.2	8.7	8.5	4.9	5.9	5.7	6.3
Textile	3.5	30.2	22.5	24.1	22.3	22.8	16.6	15.8	16.7	18.1	23.4	16.0	13.9	13.4	11.8	10.4	9.6	12.0
Pharmaceuticals	15.8	24.9	19.8	20.1	19.5	20.4	17.9	17.5	17.7	17.5	17.3	13.3	13.6	12.3	11.3	10.7	10.3	11.0
Service & real estate	0.6	35.2	25.9	22.7	21.3	27.2	20.1	22.2	21.7	21.2	20.4	18.0	17.8	14.4	10.4	10.2	8.9	12.3
Cement	2.7	39.9	21.4	17.2	16.5	17.2	15.7	20.9	19.6	19.5	40.3	12.6	10.1	13.2	14.0	13.7	10.2	13.6
IT	0.0	37.5	34.6	35.0	28.4	32.3	30.7	35.1	34.1	32.4	24.0	22.0	19.2	17.6	18.1	16.9	15.3	18.0
Tannery	0.1	87.4	89.9	84.0	61.5	55.1	34.7	35.2	35.8	34.1	14.5	24.1	20.6	17.8	35.9	40.3	10.6	24.7
Insurance	3.8	28.0	28.1	24.0	19.5	16.9	17.2	16.6	18.3	21.2	38.1	16.7	13.9	12.8	13.2	12.3	11.2	13.1
Telecommunication	16.0	19.3	16.9	16.1	15.6	15.4	15.1	15.1	16.9	16.9	14.1	12.7	8.0	12.7	13.0	13.2	17.5	14.7
Miscellaneous	6.2	57.6	23.2	23.0	21.7	23.0	11.8	11.8	12.2	11.9	23.8	38.3	31.6	27.4	17.3	18.6	16.5	16.5

≤ 15 ≥ 25

Note: Green areas indicate low price-earning ratio, and increasing order of colour from green to red represents higher and higher price-earning ratio.

Sources: DSE monthly review, various issues

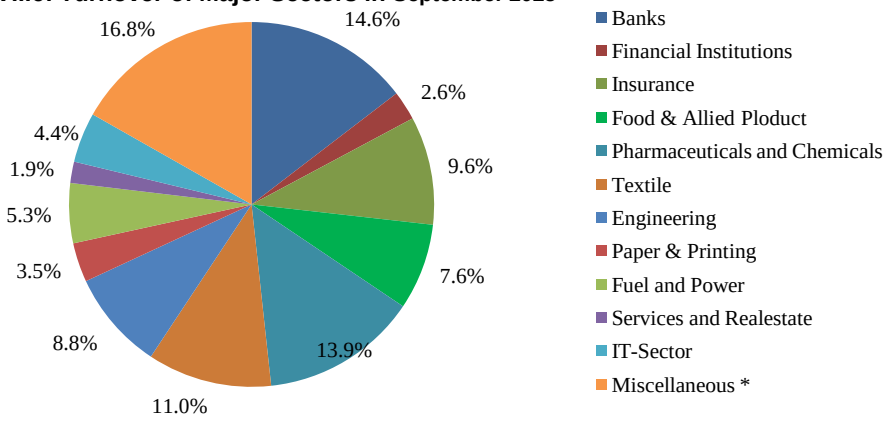
Table 7.1: Selected Countries: Price-Earnings Ratio as of September, 2025

Countries	Price Earnings Ratio
Bangladesh	10.38
India	23.08
Sri Lanka	9.59
Thailand	13.64
Hong Kong	15. 41
China	11.05

Source: DSE monthly review, September 2025.

7.5 The DSE witnessed a noticeable increase in total turnover during Q1FY26 as compared to Q4FY25. The value of issued capital rose by 0.05 percent to BDT 1033.3 billion in the first quarter of FY26 from BDT 1032.8 billion in Q4FY25. However, total turnover registered a substantial increase of 174.26 percent, surging to BDT 532.1 billion in Q1FY26 from BDT 194.0 billion in Q4FY25 (Table VII.1, Annexure-1). According to sector-specific turnover data, the banking sector accounted for 15 percent of total turnover during Q1FY26 (Chart VII.6). Moreover, the turnover velocity ratio (TVR), an established measure of market liquidity, demonstrated a marked ascent, rising from 23.34 percent in Q4FY25 to 58.30 percent in Q1FY26.

Chart VII.6: Turnover of Major Sectors in September 2025



Source: Dhaka Stock Exchange

* Ceramic, tannery, jute, cement, mutual funds, telecommunication, travel and leisure, corporate bonds are also included in miscellaneous part of this pie-diagram.

7.6 During Q1FY26, Bangladesh's capital market displayed several encouraging signs of stabilization, despite persistent challenges at the outset of FY26, including political uncertainty, liquidity constraints, regulatory bottlenecks, concerns over market integrity, and broader macroeconomic pressures. Besides, the maintenance of exchange rate stability, coupled with robust increases in export revenues and sustained remittance inflows, collectively reinforced market confidence. Recent ongoing initiatives, including revisions to public issue rules, amendments to margin regulations, and some reforms to the Capital Market Stabilization Fund (CMSF) collectively underscore the Bangladesh Securities and Exchange Commission's (BSEC) ongoing endeavours to advance the capital market.

Annexure-1 (Tables)

Table I.1: Macroeconomic Framework: Key Economic Indicators

(Growth in percent, unless otherwise indicated)

Indicators	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25[P]
Real GDP (base 2015-16)	7.32	7.88	3.45	6.94	7.10	5.78	4.22	3.97
GDP deflator	5.81	3.65	3.85	4.12	5.05	6.90	6.88	6.75
CPI Inflation (average)	5.78	5.48	5.65	5.56	6.15	9.02	9.73	10.03
CPI inflation (point to point)	5.54	5.71	6.02	5.64	7.56	9.74	9.72	8.48
Money and credit								
Private sector credit	16.94	11.32	8.61	8.35	13.66	10.57	9.84	6.49
Broad money (M2)	9.24	9.88	12.64	13.60	9.43	10.48	7.74	6.95
External sector								
Exports, f.o.b.	6.66	9.10	-18.89	14.89	33.45	-11.94	-5.89	7.72
Imports, f.o.b.	25.23	1.80	-8.57	19.71	35.95	-14.24	-10.61	1.75
	in percent of GDP							
Gross domestic savings	26.45	26.88	27.08	25.34	25.22	25.76	23.96	23.25
Gross domestic investment	31.82	32.21	31.31	31.02	32.05	30.95	30.70	29.38
Total revenue	9.83	10.73	10.98	8.78	8.64	8.17	8.18	---
Tax	8.80	9.81	9.87	7.36	7.76	7.30	7.38	---
Nontax	1.03	0.92	1.10	1.28	0.88	0.87	0.79	---
Total expenditure	14.08	14.99	15.82	12.50	12.71	12.79	12.04	---
Current expenditure	7.98	9.04	9.31	6.96	6.95	8.24	8.05	---
Annual development program	5.82	5.66	6.08	4.87	5.13	4.28	3.77	---
Other expenditure (residual)	0.27	0.30	0.42	0.67	0.63	-0.03	-0.03	---
Overall balance (including grants)	-4.08	-4.14	-4.73	-3.72	-4.07	-4.56	-3.76	---
Financing (net) (a+b)	4.25	4.27	4.73	3.72	4.07	4.54	3.78	---
a. Domestic financing	2.50	2.67	3.07	2.38	2.24	2.78	2.27	---
Banking system	0.75	1.05	2.60	1.13	1.56	2.63	2.48	---
Non-bank	1.75	1.62	0.47	1.25	0.68	0.15	-0.21	---
b. Foreign financing	1.57	1.60	1.66	1.34	1.84	1.76	1.51	---
Current account balance	-2.98	-1.45	-1.26	-0.91	-4.02	-2.57	-1.47	0.03
Overall balance	-0.27	0.05	0.85	2.23	-1.16	-1.82	-0.95	0.74
Broad money (M2)	42.06	41.32	43.33	44.22	43.01	42.02	40.64	39.16
Broad money (M3)	52.05	51.98	53.74	54.64	52.82	50.63	48.13	45.98
Deposit (DD+TD)	36.69	36.07	37.25	38.26	37.04	35.51	34.83	33.81
Private sector credit	34.39	34.23	34.61	33.68	34.02	33.27	32.81	31.47
				in billion USD				
Exports, f.o.b.	36.29	39.60	32.12	36.90	49.25	43.36	40.81	43.96
Imports, f.o.b.	54.46	55.44	50.69	60.68	82.50	70.75	63.24	64.35
Gross official reserves	32.94	32.72	36.04	46.39	41.83	31.20	26.71	31.77
Gross official reserves (as per BPM6)	---	---	---	---	33.39	24.75	21.69	26.74
In terms of month of imports	6.0	6.0	6.1	6.2	6.7	5.0	4.8	5.6
Memorandum items:								
Nominal GDP (in billion taka)	**26,392**	**29,514**	**31,705**	**35,302**	**39,717**	**44,908**	**50,027**	**55528**
Nominal GDP (in billion USD)	**321**	**351**	**374**	**416**	**460**	**452**	**450**	**462**

Sources: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics; P= Provisional.

'---'=Data not available.

Table I.2 (a): Nominal GDP by Sectors

(in billion BDT)

Sectors	FY20	FY21	FY22	FY23	FY24	FY25[P]
Agriculture	**3,804**	**4,107**	**4,455**	**4,942**	**5,585**	**6,268**
Agriculture, forestry and fishing	3,804	4,107	4,455	4,942	5,585	6,268
a) Crops & horticulture	1,861	1,996	2,154	2,395	2,748	3,057
b) Animal Farmings	597	633	674	737	819	910
c) Forest and related services	504	559	637	713	796	886
d) Fishing	842	918	990	1,096	1,222	1,415
Industry	**10,435**	**11,761**	**13,472**	**15,536**	**17,058**	**18,775**
Mining and quarrying	552	591	589	702	738	784
a) Natural gas and crude petroleum	116	117	115	121	123	119
b) Other mining & coal	436	474	474	582	615	665
Manufacturing	6,531	7,497	8,644	10,033	10,952	12,284
a) Large Industry	3,180	3,574	4,229	4,866	5,203	5,951
b) Small, Medium and Micro Industry	2,087	2,490	2,736	3,193	3,526	3,867
c) Cottage Industry	1,263	1,433	1,680	1,974	2,223	2,466
Electricity, gas, steam and air conditioning supply	445	449	504	553	596	667
a) Electricity	369	371	421	466	505	570
b) Gas	76	78	84	87	91	98
Water supply; sewerage, waste management and remediation activities	28	30	38	44	47	52
Construction	2,879	3,195	3,696	4,203	4,724	4,988
Services	**16,332**	**18,110**	**20,271**	**22,954**	**25,722**	**28,889**
Wholesale and retail trade; repair of motor vehicles and motorcycles	4,458	4,977	5,671	6,474	7,304	8,149
Transportation and storage	2,323	2,562	2,853	3,241	3,596	4,013
a) Land Transport	2,039	2,269	2,534	2,901	3,216	3,603
b) Water transport	166	175	184	191	208	223
c) Air transport	23	23	24	28	30	33
d) Warehousing and support activities	82	81	94	104	121	132
e) Postal and courier activities	13	14	16	18	19	21
Accommodation and food service activities	360	399	445	512	597	703
Information and communication	351	384	414	473	502	544
Financial and insurance activities	1,032	1,153	1,295	1,448	1,608	1,799
a) Monetary intermediation (Banks)	880	985	1,109	1,239	1,375	1,537
b) Insurance	89	96	106	116	129	143
c) Other financial auxiliaries	63	72	81	92	104	119
Real estate activities	2,880	3,130	3,402	3,734	4,090	4,474
Professional, scientific and technical activities	57	63	69	84	99	120
Administrative and support service activities	230	271	311	375	446	546
Public administration and defence; compulsory social security	1,070	1,170	1,274	1,473	1,615	1,795
Education	856	956	1,095	1,260	1,473	1,737
Human health and social work activities	1,015	1,185	1,382	1,615	1,862	2,174
Arts, entertainment and recreation	48	53	61	69	80	92
Other service activities	1,652	1,807	1,999	2,196	2,452	2,743
Total GVA at current basic price	**30,570**	**33,978**	**38,198**	**43,431**	**48,365**	**53,932**
Tax less subsidy	1,134	1,324	1,519	1,478	1,662	1595
GDP at current market price	**31,705**	**35,302**	**39,717**	**44,908**	**50,027**	**55528**
Growth rate	**7.42**	**11.35**	**12.51**	**13.07**	**11.40**	**11.00**

Source: Bangladesh Bureau of Statistics; P=Provisional.

Table I.2 (b): Nominal GDP by Expenditure Categories

(in billion BDT)

Sectors	FY22	FY23	FY24	FY25[P]
A. Domestic demand	**42427**	**47240**	**53400**	**58933**
1) Consumption	29699	33340	38042	42620
a) Private	27435	30796	35086	39401
b) General Govt.	2263	2544	2956	3218
2) Investment	12728	13900	15358	16313
a) Private	9737	10861	11985	12484
b) Public	2992	3039	3374	3830
B. Resource balance	**-3184**	**-2097**	**-2929**	**-2951**
a) Exports	5116	5909	5233	6309
b) Imports	8300	8005	8163	9260
Gross Domestic Expenditure (GDE)	**39243**	**45143**	**50471**	**55982**
Gross Domestic Product (GDP)	**39717**	**44908**	**50027**	**55528**
Statistical Discrepancy	474	-235	-444	-455
Net factor income from abroad	1573	1792	2154	3104
Gross National Income at m.p.	41291	46701	52181	58631
Net current transfers from abroad	65	87	76	96
Gross Disposable National Income	41356	46788	52257	58727
Gross Domestic saving	10018	11568	11985	12908
Gross National saving	11657	13448	14216	16107
Current Account Balance	-1545	-217	-699	248
Memo items: (% of GDP)				
1) Consumption	**74.78**	**74.24**	**76.04**	**76.75**
a) Private	69.08	68.58	70.13	70.96
b) General Govt.	5.70	5.67	5.91	5.80
2) Investment	**32.05**	**30.95**	**30.70**	**29.38**
a) Private	24.52	24.18	23.96	22.48
b) Public	7.53	6.77	6.74	6.90
Exports of goods & services	12.88	13.16	10.46	11.36
Imports of goods & services	20.90	17.83	16.32	16.68
Gross Domestic saving	**25.22**	**25.76**	**23.96**	**23.25**
Gross National saving	**29.35**	**29.95**	**28.42**	**29.01**
Statistical Discrepancy	**1.19**	**-0.52**	**-0.89**	**-0.82**

Source: Bangladesh Bureau of Statistics; P=Provisional.

Table I.2 (c): Real GDP by Sectors (Base: 2015-16)

(in billion BDT)

Sectors	FY20	FY21	FY22	FY23	FY24	FY25[P]
Agriculture	**3,190**	**3,291**	**3,391**	**3,506**	**3,621**	**3,686**
Agriculture, forestry and fishing	3,190	3,291	3,391	3,506	3,621	3,686
a) Crops & horticulture	1,519	1,554	1,595	1,645	1,711	1,704
b) Animal Farmings	524	540	557	574	592	611
c) Forest and related services	454	477	501	527	553	581
d) Fishing	691	720	739	759	765	790
Industry	**8,900**	**9,816**	**10,783**	**11,685**	**12,095**	**12,620**
Mining and quarrying	488	519	514	579	572	578
a) Natural gas and crude petroleum	109	109	104	100	94	88
b) Other mining & coal	379	410	410	479	479	490
Manufacturing	5,707	6,368	7,094	7,725	7,969	8,422
a) Large Industry	2,911	3,220	3,725	4,037	4,078	4,330
b) Small, Medium and Micro Industry	1,793	2,042	2,141	2,337	2,446	2,566
c) Cottage Industry	1,003	1,106	1,228	1,351	1,445	1,526
Electricity, gas, steam and air conditioning supply	310	340	361	370	373	391
a) Electricity	246	275	296	306	311	331
b) Gas	64	65	65	63	62	60
Water supply; sewerage, waste management and remediation activities	24	26	28	31	32	34
Construction	2,371	2,563	2,786	2,981	3,148	3,194
Services	**13,384**	**14,151**	**15,036**	**15,844**	**16,650**	**17,401**
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,814	4,106	4,453	4,737	5,010	5,228
Transportation and storage	1,949	2,027	2,144	2,262	2,378	2,482
a) Land Transport	1,707	1,787	1,896	2,012	2,118	2,220
b) Water transport	136	138	140	137	138	137
c) Air transport	22	22	23	25	26	27
d) Warehousing and support activities	72	69	74	76	84	85
e) Postal and courier activities	11	11	11	12	12	12
Accommodation and food service activities	285	298	314	333	351	371
Information and communication	329	352	369	392	408	420
Financial and insurance activities	831	879	931	954	966	981
a) Monetary intermediation (Banks)	709	751	797	817	826	838
b) Insurance	71	74	76	77	77	78
c) Other financial auxiliaries	51	55	58	61	63	65
Real estate activities	2,211	2,287	2,371	2,459	2,545	2,634
Professional, scientific and technical activities	46	48	50	54	58	62
Administrative and support service activities	188	199	211	227	247	271
Public administration and defence; compulsory social security	906	961	1,008	1,079	1,139	1,214
Education	689	729	787	830	885	951
Human health and social work activities	817	904	993	1,065	1,163	1,237
Arts, entertainment and recreation	37	39	41	44	47	50
Other service activities	1,282	1,322	1,364	1,408	1,453	1,499
Total GVA at constant basic price	**25,474**	**27,258**	**29,211**	**31,035**	**32,367**	**33,707**
Tax less subsidy	1,027	1,082	1,141	1,069	1,093	1,083
GDP at constant price	**26,501**	**28,339**	**30,351**	**32,104**	**33,460**	**34,790**
Growth rate	**3.45**	**6.94**	**7.10**	**5.78**	**4.22**	**3.97**

Source: Bangladesh Bureau of Statistics; P=Provisional.

Table I.2 (d): Real GDP Growth by Sectors (Base: 2015-16)

(in percent)

Sectors	FY20	FY21	FY22	FY23	FY24	FY25[p]
Agriculture	**3.42**	**3.17**	**3.05**	**3.37**	**3.30**	**1.79**
Agriculture, forestry and fishing	3.42	3.17	3.05	3.37	3.30	1.79
a) Crops & horticulture	2.50	2.29	2.61	3.15	4.00	-0.39
b) Animal Farmings	3.19	2.94	3.10	3.17	3.07	3.19
c) Forest and related services	5.34	4.98	5.08	5.13	4.99	5.04
d) Fishing	4.40	4.11	2.64	2.80	0.79	3.24
Industry	**3.61**	**10.29**	**9.86**	**8.37**	**3.51**	**4.34**
Mining and quarrying	3.16	6.49	-1.12	12.73	-1.15	1.03
a) Natural gas and crude petroleum	-4.47	0.32	-4.67	-4.18	-5.98	-6.14
b) Other mining & coal	5.58	8.26	-0.17	17.02	-0.14	2.44
Manufacturing	1.68	11.59	11.41	8.89	3.16	5.68
a) Large Industry	0.41	10.61	15.68	8.38	1.02	6.17
b) Small, Medium and Micro Industry	2.69	13.89	4.84	9.15	4.66	4.92
c) Cottage Industry	3.67	10.27	11.12	10.01	6.92	5.62
Electricity, gas, steam and air conditioning supply	0.67	9.54	6.15	2.46	0.98	4.79
a) Electricity	1.87	11.65	7.75	3.40	1.55	6.32
b) Gas	-3.68	1.46	-0.61	-1.84	-1.78	-2.85
Water supply; sewerage, waste management and remediation activities	2.18	6.64	9.54	8.88	3.95	6.01
Construction	9.13	8.08	8.71	6.98	5.63	1.46
Services	**3.93**	**5.73**	**6.26**	**5.37**	**5.09**	**4.51**
Wholesale and retail trade; repair of motor vehicles and motorcycles	3.21	7.64	8.46	6.38	5.77	4.35
Transportation and storage	1.73	4.04	5.75	5.49	5.14	4.37
a) Land Transport	1.74	4.68	6.08	6.10	5.29	4.81
b) Water transport	0.75	1.80	1.22	-2.16	0.59	-0.43
c) Air transport	1.30	-2.00	3.84	8.21	6.15	3.16
d) Warehousing and support activities	3.42	-4.99	7.43	3.54	9.43	2.04
e) Postal and courier activities	2.06	3.34	1.76	3.77	2.53	0.37
Accommodation and food service activities	1.69	4.53	5.37	5.84	5.60	5.69
Information and communication	6.57	7.11	4.79	6.35	4.06	2.91
Financial and insurance activities	4.72	5.82	5.87	2.55	1.21	1.53
a) Monetary intermediation (Banks)	4.94	5.96	6.09	2.55	1.09	1.48
b) Insurance	2.16	3.22	3.14	1.08	1.09	0.48
c) Other financial auxiliaries	5.38	7.48	6.48	4.39	2.91	3.48
Real estate activities	3.68	3.42	3.70	3.68	3.50	3.49
Professional, scientific and technical activities	3.38	5.09	4.25	8.80	7.64	6.23
Administrative and support service activities	6.33	6.02	6.01	7.51	8.86	9.62
Public administration and defence; compulsory social security	5.49	6.05	4.91	7.03	5.58	6.60
Education	5.33	5.81	7.87	5.53	6.56	7.53
Human health and social work activities	10.70	10.60	9.88	7.22	9.27	6.38
Arts, entertainment and recreation	5.43	5.76	6.07	6.34	6.42	6.68
Other service activities	3.06	3.08	3.19	3.24	3.14	3.20
Total GVA at constant basic price	**3.76**	**7.00**	**7.17**	**6.25**	**4.29**	**4.14**
Tax less subsidy	-3.65	5.33	5.43	-6.26	2.24	-0.90
GDP at constant price	**3.45**	**6.94**	**7.10**	**5.78**	**4.22**	**3.97**

Source: Bangladesh Bureau of Statistics; P=Provisional.

Table I.2 (e): Real GDP by Expenditure Categories (Base: 2015-16)

(in billion BDT)

Sectors	FY22	FY23	FY24	FY25[P]
A. Domestic demand	**32264**	**33046**	**34815**	**36117**
1) Consumption	22038	22593	24021	25132
a) Private	20234	20635	21872	22914
b) General Govt.	1804	1958	2149	2218
2) Investment	10227	10453	10794	10984
a) Private	7820	8047	8394	8406
b) Public	2406	2406	2400	2579
B. Resource balance	**-2433**	**-1499**	**-1959**	**-1849**
a) Exports	3910	4224	3500	3953
b) Imports	6343	5723	5460	5802
Gross Domestic Expenditure (GDE)	**29831**	**31547**	**32856**	**34268**
Gross Domestic Product (GDP)	**30351**	**32104**	**33460**	**34790**
Statistical Discrepancy	520	557	604	522
Net factor income from abroad	1202	1281	1441	1945
Gross National Income at m.p.	31554	33386	34901	36735
Net current transfers from abroad	50	63	51	60
Gross Disposable National Income	31604	33448	34952	36795
Growth in percent				
Household final consumption expenditure	7.48	1.98	5.99	4.77
General govt. final consumption expenditure	6.24	8.54	9.77	3.21
Gross capital formation	11.65	2.21	3.27	1.76
Exports of goods and services	29.39	8.03	-17.13	12.93
Imports of goods and services	31.18	-9.77	-4.60	6.27

Source: Bangladesh Bureau of Statistics; P=Provisional.

Table I.2 (f): Per capita GDP and GNI at Current Prices

Sectors	FY22	FY23	FY24	FY25[P]
GDP (billion BDT)	39717	44908	50027	55528
GNI (billion BDT)	41291	46701	52181	58631
NNI (billion BDT)	37890	42846	47907	53866
Population (million)	171	171	172	173
Per capita GDP (BDT)	231861	262868	291547	321254
Per capita GNI (BDT)	241047	273360	304102	339211
Per capita NNI (BDT)	221196	250799	279196	311640
GDP (million USD)	460219	451534	450461	461628
GNI (million USD)	478451	469556	469859	487431
Per capita GDP (USD)	2687	2643	2625	2671
Per capita GNI (USD)	2793	2749	2738	2820

Source: Bangladesh Bureau of Statistics; P=Provisional.

Table I.3 (a): Quarterly Nominal GDP by Sectors

(in billion BDT)

Sectors	FY24		FY25[R]				FY26[P]
	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Agriculture	**1,176**	**1,690**	**1,309**	**1,731**	**1,327**	**1,869**	**1,437**
Agriculture, forestry and fishing	1,176	1,690	1,309	1,731	1,327	1,869	1,437
Industry	**4,590**	**4,182**	**4,143**	**4,771**	**5,200**	**4,554**	**4,675**
a) Mining and quarrying	115	220	248	175	123	250	292
b) Manufacturing	2,938	2,677	2,770	3,094	3,299	2,935	3,119
c) Electricity, gas and water supply	135	191	195	163	163	173	171
d) Construction	1,403	1,095	930	1,339	1,615	1,196	1,092
Services	**6,473**	**6,955**	**6,635**	**7,140**	**7,368**	**7,684**	**7,366**
a) Wholesale and retail trade; repair of motor vehicles and motorcycles	1,800	1,952	1,919	2,231	2,124	2,195	2,163
b) Transportation, Accommodation and Food Service, information and communication	1,193	1,215	1,217	1,294	1,337	1,348	1,356
c) Financial and insurance activities	407	418	427	445	458	469	471
d) Real estate, professional, and administrative and support service activities	1,194	1,221	1,232	1,250	1,302	1,327	1,325
e) Public administration, health and education	1,223	1,476	1,206	1,273	1,407	1,596	1,341
f) Art, recreation, and others service activities	657	672	634	647	740	749	711
GVA at basic price	**12,239**	**12,827**	**12,087**	**13,643**	**13,895**	**14,107**	**13,477**
Tax less subsidy	431	350	314	318	316	210	376
GDP at current market price	**12,670**	**13,177**	**12,401**	**13,960**	**14,211**	**14,316**	**13,853**
Growth Rate	**10.82**	**8.79**	**7.80**	**10.13**	**12.16**	**8.65**	**11.71**

Source: Bangladesh Bureau of Statistics; P=Provisional, R= Revised.

T*a*ble I.3 (b): Quarterly Real GDP by Sectors (Base: 2015-16)

(in billion BDT)

Sectors	FY24		FY25[R]				FY26[P]
	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Agriculture	**770**	**1074**	**786**	**1001**	**802**	**1107**	**804**
Agriculture, forestry and fishing	770	1074	786	1001	802	1107	804
Industry	**3282**	**2937**	2931	3281	3539	3007	3135
a) Mining and quarrying	97	179	189	132	93	177	202
b) Manufacturing	2171	1946	1957	2151	2324	2011	2078
c) Electricity, gas and water supply	84	117	117	96	96	100	104
d) Construction	930	696	668	902	1026	718	751
Services	**4143**	**4406**	**4088**	**4300**	**4376**	**4517**	**4238**
a) Wholesale and retail trade; repair of motor vehicles and motorcycles	1227	1308	1221	1381	1318	1348	1277
b) Transportation, Accommodation and Food Service, information and communication	787	799	786	815	826	831	819
c) Financial and insurance activities	243	245	238	241	249	252	242
d) Real estates, professional, and administrative and support service activities	714	727	729	732	741	750	742
e) Public administration, health and education	788	935	750	771	837	932	783
f) Art, recreation, and others service activities	384	392	363	361	407	404	375
Total GVA at constant basic price	**8194**	**8417**	**7805**	**8582**	**8718**	**8630**	**8177**
Tax less subsidy	314	157	288	283	243	156	281
GDP at constant price	**8508**	**8574**	**8093**	**8864**	**8961**	**8786**	**8458**
Growth rate	**4.62**	**2.14**	**2.58**	**4.44**	**5.33**	**2.47**	**4.50**

Source: Bangladesh Bureau of Statistics; P=Provisional, R= Revised.

Table I.3 (c): Quarterly Real GDP Growth by Sectors (Base: 2015-16)

(in percent)

Sectors	FY24		FY25[R]				FY26[P]
	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Agriculture	**4.02**	**4.11**	**-0.60**	**1.45**	**4.19**	**3.02**	**2.30**
Agriculture, forestry and fishing	4.02	4.11	-0.60	1.45	4.19	3.02	2.3
Industry	**4.55**	**1.08**	**3.59**	**7.66**	**7.84**	**2.38**	**6.97**
a) Mining and quarrying	-43.84	16.63	10.34	4.79	-3.61	-0.96	6.89
b) Manufacturing	7.76	0.30	3.56	9.59	7.05	3.37	6.17
c) Electricity, gas and water supply	-6.43	9.99	3.70	4.70	14.09	-14.16	-10.70
d) Construction	7.87	-1.49	1.90	4.04	10.31	3.22	12.41
Services	**4.31**	**3.61**	**2.96**	**4.09**	**5.64**	**2.51**	**3.67**
a) Wholesale and retail trade; repair of motor vehicles and motorcycles	5.85	1.76	2.62	7.41	7.40	3.02	4.59
b) Transportation, Accommodation and Food Service, information and communication	4.63	4.25	1.72	4.66	4.95	3.96	4.14
c) Financial and insurance activities	1.27	0.40	0.55	0.02	2.63	2.88	1.66
d) Real estates, professional, and administrative and support service activities	4.20	3.52	3.82	3.43	3.67	3.22	1.79
e) Public administration, health and education	4.92	5.46	5.65	2.21	6.22	-0.38	4.29
f) Art, recreation, and others service activities	-0.07	6.62	1.39	-0.95	5.82	3.15	3.36
GVA at basic price	**4.38**	**2.78**	**2.83**	**5.11**	**6.39**	**2.53**	**4.77**
GDP at constant price	**4.62**	**2.14**	**2.58**	**4.44**	**5.33**	**2.47**	**4.50**

Source: Bangladesh Bureau of Statistics; P=Provisional, R= Revised.

Table I.4: Crop-wise Agricultural Production

	Target for FY25		Actual for FY25		Target for FY26		Actual for FY26	
Crops	Area (Lac Hectare)	Production (Lac M. Ton)	Area (Lac Hectare)	Production (Lac M. Ton)	Area (Lac Hectare)	Production (Lac M. Ton)	Area (Lac Hectare)	Production (Lac M. Ton)
Aus	13.07	38.37	9.59	27.93	10.85	32.23	…	…
Aman	59.67	178.74	56.12	165.15	59.57	181.75	…	…
Boro	50.69	226.02	50.46	226.08	…	…	…	…
Total rice	**123.43**	**443.13**	**116.17**	**419.16**	70.43	213.98	…	…
Wheat	3.15	12.14	2.87	11.11		…	…	…
Maize	6.46	69.78	6.78	73.97	1.02	8.62	…	…
Total cereal	**133.05**	**525.05**	**125.83**	**504.24**	71.45	222.60	…	…
Jute	7.67	101.83	6.93	78.65	7.06	86.38	7.02	80.38
Gram	0.02	0.03	0.02	0.02			…	…
Moong	2.30	3.07	2.28	2.79	0.14	0.20	…	…
Mosur	1.15	1.69	1.07	1.55	…	…	…	…
Mustard	11.65	17.26	10.40	15.34	…	…	…	…
Onion	2.60	39.66	2.93	44.49	0.10	1.74	…	…
Potato	4.67	113.88	5.25	129.91	…	…	…	…
Vegetables	11.69	246.30	11.88	250.74	5.86	109.71	5.69	…

Source: Bangladesh Bureau of Statistics and Department of Agriculture Extension, Ministry of Agriculture.
'---' = Data not available.

Table I.5: Quantum Index of Medium and Large-scale Manufacturing Industries, Mining, and Electricity
(Base year: 2015-16)

			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Manufacturing	206.0	217.3	221.8	201.5	200.9	221.7	238.2	208.9	215.1
Mining	77.6	75.5	75.3	75.7	78.4	74.6	71.0	70.9	68.6
Electricity	177.1	192.1	145.0	216.9	206.4	165.3	168.0	224.3	226.1
				growth in percent (y-o-y)					
Manufacturing	3.35	5.50	6.86	2.90	1.42	8.92	7.39	3.69	7.05
Mining	-5.34	-2.69	-5.50	-2.41	-3.82	-6.94	-5.67	-6.31	-12.60
Electricity	1.66	8.49	-4.42	12.48	8.70	7.72	15.83	3.40	9.57

Source: Bangladesh Bureau of Statistics.

Tables I.6 (a): Quantum Index of Large-scale Manufacturing Industries by Major Groups

(Base year: 2015-16)

	Weight	FY24		FY25				FY26[P]
		Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
General index	100.0	225.8	212.4	198.5	218.6	239.4	190.9	214.1
Food products	4.00	191.6	139.0	130.7	179.9	220.7	137.6	144.0
Beverages	1.23	184.8	200.7	249.4	239.4	196.3	207.3	273.4
Tobacco products	3.72	270.1	270.0	164.1	231.4	289.1	289.7	193.3
Textile	11.59	173.3	199.8	185.5	190.5	200.1	191.3	187.3
Wearing apparel	61.00	228.4	204.8	192.1	214.0	236.8	165.6	205.9
Leather and related products	0.81	215.1	192.8	174.3	176.1	223.1	149.3	152.9
Wood and products of wood and cork	0.03	116.0	116.9	130.5	138.2	130.1	132.3	138.5
Paper and paper products	0.44	133.8	133.6	153.9	121.6	123.4	152.3	164.0
Printing and reproduction of recorded media	0.10	148.3	166.8	166.2	179.8	168.2	178.6	174.6
Coke and refined petroleum products	0.12	452.3	754.5	148.9	145.8	527.9	719.7	155.6
Chemicals and chemical products	1.29	129.7	120.3	148.4	119.2	131.7	120.6	135.7
Pharmaceuticals and medicinal chemical	3.05	288.1	284.7	318.2	344.2	333.7	287.5	328.4
Rubber and plastic products	0.45	152.1	138.6	184.1	189.3	154.7	135.5	184.7
Other non-metallic mineral products	4.25	426.5	373.9	319.7	362.8	439.8	371.4	380.0
Basic metal	0.72	497.6	493.3	315.7	391.4	417.6	482.6	414.6
Fabricated metal products	0.65	132.1	133.8	132.3	131.8	138.8	138.5	139.2
Computer, electronic and optical product	0.54	156.1	151.8	149.6	148.7	154.7	160.6	155.7
Electrical equipment	1.18	170.0	149.3	165.5	194.8	183.3	168.3	162.8
Machinery and equipment	0.01	144.8	172.5	181.3	179.4	184.7	168.8	168.0
Motor vehicles and trailers	0.01	180.8	190.6	209.4	197.5	203.5	210.4	276.4
Other transport equipment	4.16	139.5	199.0	240.8	210.2	179.6	264.4	279.0
Furniture	0.51	146.8	139.2	157.2	160.4	150.6	146.4	155.7
Other manufacturing	0.12	137.2	140.4	132.4	133.1	133.8	146.6	138.7

Source: Bangladesh Bureau of Statistics.

P= Provisional.

Tables I.6 (b): Quantum Index of Small, Medium & Micro-scale Manufacturing Industries by Major Groups

(Base year: 2015-16)

	Weight	FY24		FY25				FY26[P]
		Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
General index	100.0	230.3	228.5	203.0	227.7	245.3	236.3	214.4
Food products	24.85	174.9	186.5	146.8	163.7	174.9	171.2	152.7
Beverages	0.76	149.6	244.5	214.8	162.6	153.3	206.6	233.2
Tobacco products	0.13	178.2	176.1	168.1	184.3	178.0	181.1	202.1
Textile	9.99	174.2	165.3	174.2	182.9	188.1	172.0	181.0
Wearing apparel	16.58	301.3	297.5	246.8	284.5	305.7	304.8	259.3
Leather and related products	3.73	135.7	137.3	124.6	157.8	165.7	160.2	150.1
Wood and products of wood and cork	0.27	117.3	118.3	113.9	123.2	126.1	123.7	123.7
Paper and paper products	0.77	176.5	153.1	143.9	162.3	173.0	165.1	157.3
Printing and reproduction of recorded media	0.36	106.9	104.4	103.6	111.9	115.9	119.6	112.3
Coke and refined petroleum products	0.12	152.7	152.7	146.6	181.9	179.2	142.2	159.0
Chemicals and chemical products	0.41	104.2	98.9	107.9	111.6	112.3	104.8	108.9
Pharmaceuticals and medicinal chemical	0.63	209.1	234.2	207.2	220.8	239.1	288.0	307.2
Rubber and plastic products	19.92	287.1	290.4	255.8	284.5	321.1	321.1	274.0
Other non-metallic mineral products	10.69	250.6	216.7	210.0	245.9	280.6	230.1	214.8
Basic metal	5.14	338.7	320.3	294.1	359.3	347.5	325.2	315.8
Fabricated metal products	0.59	149.5	151.0	149.7	168.1	170.0	167.2	154.3
Computer, electronic and optical product	0.76	95.5	89.1	105.8	109.7	110.6	111.0	112.6
Electrical equipment	1.12	193.8	182.1	281.3	204.7	211.2	186.4	258.3
Machinery and equipment	0.36	73.8	77.2	106.1	107.7	117.1	115.9	121.4
Motor vehicles and trailers	0.20	109.3	103.5	107.3	110.3	107.4	102.6	102.6
Other transport equipment	0.42	100.9	93.2	116.4	121.5	118.8	122.3	119.3
Furniture	1.34	150.5	161.0	172.5	182.2	174.9	180.5	184.1
Other manufacturing	0.86	---	---	---	---	121.4	130.9	142.9

Source: Bangladesh Bureau of Statistics. '---'= Data not Available.

P= Provisional.

Tables I.6 (c): Quantum Index of Cottage-scale Manufacturing Industries by Major Groups

(Base year: 2015-16)

	Weight	FY24		FY25				FY26[P]
		Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
General index	100.0	201.9	205.6	207.8	215.5	222.4	218.5	219.7
Food products	21.64	222.0	223.8	225.8	222.0	219.1	225.3	238.0
Beverages	0.05	141.5	188.3	157.5	149.5	141.9	167.3	144.2
Tobacco products	0.21	141.9	146.0	194.6	142.9	158.7	153.6	255.9
Textile	9.62	173.3	184.3	129.9	155.5	148.9	147.9	131.7
Wearing apparel	3.78	173.3	184.3	194.2	175.6	185.7	192.1	206.3
Leather and related products	2.51	138.1	136.7	126.5	152.1	157.4	155.0	134.9
Wood and products of wood and cork	6.26	190.8	200.1	182.1	195.2	197.0	201.1	169.6
Paper and paper products	0.50	143.4	148.3	138.2	148.7	152.0	156.8	132.8
Printing and reproduction of recorded media	2.49	205.4	211.7	212.2	223.5	224.3	224.9	225.4
Coke and refined petroleum products	0.04	208.7	214.0	242.6	245.4	256.7	234.0	233.2
Chemicals and chemical products	0.01	136.9	138.0	131.6	145.2	141.4	143.2	132.0
Pharmaceuticals and medicinal chemical	0.13	185.8	199.9	221.4	210.0	179.6	196.9	227.6
Rubber and plastic products	0.50	276.3	287.9	277.4	276.9	281.1	309.8	301.2
Other non-metallic mineral products	2.19	206.7	211.3	193.5	191.0	194.2	190.1	223.2
Basic metal	0.02	179.1	172.3	162.0	155.8	159.4	161.4	181.2
Fabricated metal products	12.37	187.9	194.5	199.6	213.8	220.7	229.3	221.6
Computer, electronic and optical product	0.06	123.0	126.9	127.4	124.0	136.0	140.8	133.2
Electrical equipment	0.06	152.8	151.2	146.7	135.4	149.2	158.6	157.8
Machinery and equipment	0.56	137.2	133.6	134.6	118.7	108.7	129.6	139.4
Motor vehicles and trailers	0.54	149.8	158.0	138.0	161.6	146.5	140.8	130.8
Other transport equipment	1.70	145.9	148.2	132.2	150.9	159.1	156.9	139.1
Furniture	18.01	207.1	210.7	215.3	232.0	246.5	222.1	243.0
Other manufacturing	15.01	261.8	263.5	283.3	291.8	311.1	292.5	282.4
Repair and installation of machinery and equipment	1.76	120.8	121.6	123.4	123.0	129.6	131.5	138.1

Source: Bangladesh Bureau of Statistics.

P= Provisional.

Table I.7: Cargo Handled by Chattogram Port

(in thousands metric tons)

			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Export	7,462	8,163	1,883	1,903	1,995	2,037	2,154	1,978	2,361
Import	115,781	122,561	29,566	29,690	26,913	29,996	34,019	31,634	30,559
Total	123,244	130,725	31,449	31,593	28,908	32,032	36,173	33,612	32,920
growth in percent (y-o-y)									
Export	-0.58	9.39	7.95	-4.09	7.27	12.20	14.35	3.92	18.32
Import	5.54	5.86	6.40	4.13	-5.86	7.37	15.06	6.55	13.55
Total	5.15	6.07	6.49	3.59	-5.06	7.67	15.02	6.39	13.88

Source: Chattogram Port Authority.

Table I.8: Trends in Private Sector Credit

(in billion BDT)

Institutions			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3^R	Q_4^R	Q_1^P
Outstanding									
Banks[1]	16,412	17,477	15,985	16,412	16,522	16,853	17,193	17,477	17,561
Non-banks[2]	746	770	744	746	738	760	769	770	…
Microfinance institutions[3]	1,064	1,095	1,079	1,064	1,031	1,079	1,097	1,095	1,110
Total	**18,222**	**19,342**	**17,808**	**18,222**	**18,291**	**18,692**	**19,059**	**19,342**	**18,671**
growth in percent (y-o-y)									
Banks	9.83	6.49	10.49	9.83	9.20	7.30	7.56	6.49	6.29
Non-banks	2.99	3.23	4.51	2.99	1.28	3.44	3.32	3.23	…
Microfinance institutions	3.06	2.96	5.90	3.06	0.24	2.09	1.68	2.96	7.67
Total	**9.12**	**6.15**	**9.93**	**9.12**	**8.31**	**6.82**	**7.02**	**6.15**	**6.37**

Sources: [1]Monetary Policy Department; [2]Department of Financial Institutions and Markets, Bangladesh Bank;
[3]The data cover 10 microfinance institutions as shown in Table I.11.
P = Provisional, R= Revised.

… = Not Available.

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

(in billion BDT)

Sectors			FY24			FY25			FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Outstanding									
a. Agriculture	689	714	685	689	672	702	680	714	716
Crops	646	665	643	646	624	654	632	665	667
Others	43	49	42	43	47	49	48	49	49
b. Industry	6,634	7,227	6,363	6,634	6,839	7,078	7,214	7,227	7,498
Term loan	3,411	3,813	3,285	3,411	3,568	3,766	3,859	3,813	3,949
Working capital financing	3,224	3,414	3,077	3,224	3,271	3,313	3,354	3,414	3,549
c. Construction	1,230	1,215	1,258	1,230	1,187	1,248	1,227	1,215	1,267
d. Transport	69	68	67	69	68	68	69	68	65
e. Trade and commerce	5,031	5,465	4,924	5,031	5,150	5,337	5,508	5,465	5,455
f. Other institutional loan	325	325	329	325	308	347	334	325	323
g. Consumer finance	1,369	1,726	1,360	1,369	1,396	1,448	1,474	1,726	1,503
h. Miscellaneous	120	91	112	120	84	95	95	91	89
Grand total	**15,467**	**16,831**	**15,098**	**15,467**	**15,703**	**16,324**	**16,601**	**16,831**	**16,916**
growth in percent (y-o-y)									
a. Agriculture	1.32	3.65	4.32	1.32	-2.31	-4.61	-0.73	3.65	6.60
Crops	3.31	2.97	7.29	3.31	-1.44	-6.19	-1.78	2.97	6.83
Others	-21.23	13.83	-26.80	-21.23	-12.59	23.33	15.46	13.83	3.45
b. Industry	15.52	8.94	14.84	15.52	16.17	16.39	13.37	8.94	9.64
Term loan	16.83	11.80	16.95	16.83	19.23	24.42	17.47	11.80	10.69
Working capital financing	14.17	5.92	12.66	14.17	13.01	8.43	9.00	5.92	8.50
c. Construction	6.59	-1.25	8.45	6.59	-1.07	1.62	-2.46	-1.25	6.72
d. Transport	1.55	-1.52	-0.63	1.55	-2.35	3.31	2.52	-1.52	-5.04
e. Trade and commerce	8.77	8.61	8.40	8.77	10.20	6.95	11.85	8.61	5.92
f. Other institutional loan	-2.02	0.02	-1.51	-2.02	-7.20	4.43	1.33	0.02	4.88
g. Consumer finance	4.18	26.09	12.48	4.18	6.97	9.01	8.41	26.09	7.68
h. Miscellaneous	26.77	-24.14	22.22	26.77	-13.77	-8.66	-14.79	-24.14	6.40
Grand total	**10.40**	**8.82**	**11.00**	**10.40**	**10.19**	**9.80**	**9.95**	**8.82**	**7.72**
share in percent									
a. Agriculture	4.45	4.24	4.54	4.45	4.28	4.30	4.10	4.24	4.23
Crops	4.17	3.95	4.26	4.17	3.98	4.01	3.81	3.95	3.94
Others	0.28	0.29	0.28	0.28	0.30	0.30	0.29	0.29	0.29
b. Industry	42.89	42.94	42.14	42.89	43.67	43.36	43.45	42.94	44.32
Term loan	22.05	22.65	21.76	22.05	22.72	23.07	23.25	22.65	23.35
Working capital financing	20.84	20.29	20.38	20.84	20.94	20.29	20.21	20.29	20.98
c. Construction	7.95	7.22	8.33	7.95	7.53	7.64	7.39	7.22	7.49
d. Transport	0.45	0.41	0.45	0.45	0.44	0.42	0.42	0.41	0.38
e. Trade and commerce	32.53	32.47	32.61	32.53	32.72	32.69	33.18	32.47	32.25
f. Other institutional loan	2.10	1.93	2.18	2.10	1.94	2.13	2.01	1.93	1.91
g. Consumer finance	8.85	10.26	9.01	8.85	8.89	8.87	8.88	10.26	8.89
h. Miscellaneous	0.78	0.54	0.74	0.78	0.54	0.58	0.57	0.54	0.53
Grand total	**100.0**	**100.00**	**100.0**	**100.0**	**100.0**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Statistics Department, Bangladesh Bank.

Table I.9 (a): Performance Indicators of NBFIs

(in billion BDT)

Sectors			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Loans and advances of NBFIs (outstanding in private sector)									
a. Agriculture	7.3	6.5	6.9	7.3	7.1	6.4	7.0	7.3	6.5
Crops	6.7	6.0	5.9	6.7	6.5	5.8	6.5	6.8	6.0
Others	0.6	0.5	1.0	0.6	0.6	0.6	0.5	0.5	0.5
b. Industry	310.0	336.4	305.7	310.0	309.9	323.9	329.8	330.6	336.4
Term loan	253.5	281.9	252.2	253.5	257.0	273.2	279.5	279.7	281.9
Working capital financing	51.4	51.3	47.9	51.4	48.4	45.8	46.4	47.2	51.3
Factoring	5.0	3.2	5.6	5.0	4.5	4.9	3.9	3.7	3.2
c. Construction	93.9	100.0	87.7	93.9	90.5	94.0	95.7	98.1	100.0
d. Transport	15.7	14.6	16.7	15.7	17.8	16.9	16.3	15.9	14.6
e. Trade and commerce	163.5	156.7	169.9	163.5	160.3	157.2	156.8	156.1	156.7
f. Other institutional loan	49.1	58.8	49.7	49.1	48.4	54.2	57.3	57.9	58.8
g. Consumer finance	107.8	104.1	107.5	107.8	106.5	107.4	106.0	104.8	104.1
h. Miscellaneous	1.0	0.1	0.2	1.0	0.2	0.1	0.1	0.1	0.1
Total loans and advances	**748.3**	**777.0**	**744.3**	**748.3**	**740.6**	**760.0**	**768.9**	**770.9**	**777.0**
Fixed deposits	465.4	478.9	429.2	465.4	464.0	465.4	478.7	478.9	487.4
Recurring deposits	7.6	8.5	8.5	7.6	8.4	8.6	8.1	8.5	9.0
Special purpose deposits	5.6	8.3	5.1	5.6	5.4	5.6	7.2	8.3	8.7
Restricted (blocked) deposits	0.4	2.1	0.4	0.4	0.6	0.6	0.8	2.1	2.1
Total deposits	**479.1**	**497.7**	**443.0**	**479.1**	**478.4**	**480.3**	**494.9**	**497.7**	**507.2**
Deposit rate	9.83	10.68	9.19	9.83	10.24	10.51	10.61	10.68	10.65
Advances rate	12.79	13.89	12.16	12.79	13.47	13.72	13.79	13.89	13.86
Spread	2.96	3.21	2.97	2.96	3.23	3.21	3.18	3.21	3.21
growth in percent (y-o-y)									
a. Agriculture	31.12	0.08	21.87	31.12	28.22	-1.87	1.73	0.08	-8.57
Crops	44.15	2.48	26.64	44.15	42.89	5.12	10.32	2.48	-7.39
Others	-32.31	-24.79	-1.02	-32.31	-38.74	-41.62	-51.03	-24.79	-21.11
b. Industry	7.94	6.66	9.43	7.94	5.92	9.03	7.87	6.66	8.56
Term loan	9.76	10.33	13.19	9.76	8.02	13.36	10.82	10.33	9.70
Working capital financing	2.75	-8.20	-5.52	2.75	-1.74	-7.72	-3.20	-8.20	6.10
Factoring	-18.46	-26.10	-4.12	-18.46	-16.89	-24.38	-30.04	-26.10	-29.83
c. Construction	-6.01	4.49	-10.97	-6.01	-12.89	-10.30	9.21	4.49	10.48
d. Transport	-7.99	1.81	-3.14	-7.99	4.35	1.62	-2.59	1.81	-18.16
e. Trade and commerce	-2.53	-4.52	1.86	-2.53	-4.82	-3.07	-7.69	-4.52	-2.24
f. Other institutional loan	6.19	17.93	7.27	6.19	1.18	17.52	15.26	17.93	21.42
g. Consumer finance	8.69	-2.76	12.83	8.69	10.19	10.84	-1.44	-2.76	-2.26
h. Miscellaneous	305.47	-91.82	-89.21	305.47	-23.10	-98.53	-55.84	-91.82	-54.32
Total loans and advances	**3.48**	**3.03**	**4.68**	**3.48**	**1.15**	**3.20**	**3.32**	**3.03**	**4.92**

Source: Statistics Department, Bangladesh Bank.

Table I.10: Trends in Agricultural Credit

(in billion BDT)

			FY24			FY25			FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Program/Target (July-June)	**350.0**	**380.0**	**350.0**	**350.0**	**380.0**	**380.0**	**380.0**	**380.0**	**390.0**
Total disbursement	**371.5**	**373.3**	**83.5**	**104.8**	**64.6**	**98.0**	**86.0**	**124.7**	**84.9**
Crop	164.6	179.0	37.7	44.1	27.7	48.5	40.6	62.2	39.1
Irrigation	2.0	2.1	0.5	0.3	0.2	1.0	0.3	0.5	0.3
Agricultural equipment	2.1	2.3	0.5	0.5	0.3	1.1	0.4	0.5	0.4
Live-stock & Poultry Firm	89.8	90.4	20.0	24.9	16.3	22.9	21.8	29.3	23.5
Fisheries	55.0	54.5	12.2	16.6	11.5	13.3	12.5	17.3	12.1
Grain storage & marketing	2.0	1.2	0.6	0.6	0.2	0.4	0.3	0.3	0.1
Poverty alleviation	21.5	14.6	3.6	6.7	2.6	3.4	3.9	4.7	3.9
Others	34.6	29.2	8.2	11.3	5.8	7.3	6.2	9.9	5.4
Total recovery	**355.7**	**380.3**	**76.3**	**101.6**	**92.1**	**99.1**	**83.2**	**105.8**	**105.4**
Total overdue	**93.7**	**216.3**	**101.8**	**93.7**	**117.5**	**116.0**	**101.0**	**216.3**	**221.2**
Outstanding	**581.2**	**602.3**	**565.7**	**581.2**	**549.3**	**560.2**	**569.7**	**603.7**	**595**
Overdue as percent of outstanding	16.12	35.91	17.99	16.12	21.40	20.71	17.72	35.91	37.18
	growth in percent								
Total disbursement	13.17	0.46	12.01	20.36	-26.82	3.15	3.03	18.96	31.45
Total recovery	7.76	6.90	-2.05	15.60	14.92	1.45	9.07	4.16	14.48

Source: Agricultural Credit Department, Bangladesh Bank.

Table I.11: Microcredit Operations of Large NGOs

(in billion BDT)

Institutions			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
1. Total disbursement	**1755.4**	**1766.5**	**461.2**	**401.1**	**375.6**	**490.3**	**476.9**	**423.6**	**468.2**
i) Grameen Bank	246.8	248.0	66.1	53.2	55.4	66.5	67.1	59.0	69.2
ii) BRAC	704.5	721.1	184.7	162.3	145.4	201.1	197.7	176.9	188.2
iii) ASA	505.9	462.0	130.9	112.4	102.9	135.5	121.7	101.9	113.4
iv) Proshika	23.9	23.2	6.4	5.5	5.8	6.2	5.7	5.6	6.0
v) TMSS	94.8	103.6	26.3	22.4	22.9	26.9	28.2	25.6	29.7
vi) RDRS Bangladesh	22.9	24.8	5.9	5.6	5.7	6.4	6.5	6.2	6.8
vii) CARITAS Bangladesh	8.9	8.4	2.2	1.9	2.0	2.2	2.2	2.0	2.2
viii) Jagoroni Chakra Foundation(JCF)	50.3	66.7	12.5	15.1	13.5	16.7	17.9	18.7	19.2
ix) Society for Social Services	69.4	81.0	18.6	16.1	17.0	20.8	22.4	20.8	26.4
x) Shakti Foundation	28.0	27.4	7.6	6.5	5.1	8.0	7.4	7.0	7.0
2. Total recovery	**1809.0**	**1770.4**	**454.1**	**442.7**	**431.7**	**464.6**	**448.8**	**425.3**	**455.0**
i) Grameen Bank	242.3	246.0	63.3	52.5	58.1	65.8	64.6	57.5	68.8
ii) BRAC	751.2	748.6	186.7	198.0	187.6	193.4	187.0	180.6	184.4
iii) ASA	533.9	465.8	133.4	122.0	115.9	127.7	119.2	103.0	113.4
iv) Proshika	24.5	23.5	6.0	5.6	6.1	6.3	5.9	5.2	5.7
v) TMSS	88.4	97.5	21.9	22.1	21.9	25.8	24.4	25.3	26.7
vi) RDRS Bangladesh	21.4	23.6	5.5	5.3	5.5	6.0	6.0	6.1	6.4
vii) CARITAS Bangladesh	8.8	8.2	2.2	2.0	2.0	2.1	2.1	2.0	2.2
viii) Jagoroni Chakra Foundation(JCF)	43.8	54.1	11.1	11.6	12.1	12.9	14.0	15.1	16.5
ix) Society for Social Services	68.6	76.0	17.5	16.7	16.2	17.8	19.1	23.0	23.4
x) Shakti Foundation	26.1	27.2	6.6	6.9	6.3	6.7	6.7	7.5	7.5
3. Loans outstanding	**1063.8**	**1095.4**	**1078.9**	**1063.8**	**1030.6**	**1078.7**	**1097.0**	**1095.4**	**1109.7**
4. Loans overdue	**55.0**	**74.5**	**53.9**	**55.0**	**66.1**	**68.5**	**76.1**	**74.5**	**79.9**
5. Overdue as percent of outstanding	5.17	6.80	5.00	5.17	6.41	6.35	6.94	6.8	7.2

Source: Research Department, Bangladesh Bank.

Table I.12: Microcredit Operations of MFIs

(in billion BDT)

Indicators	FY23	FY24	FY25	FY23		FY24		FY25	
				July-Dec 22	Jan-Jun 23	July-Dec 23	Jan-Jun 24	July-Dec 24	Jan-Jun 25
Total disbursement	2493.0	2638.2	2789.4	1137.9	1355.1	1211.2	1427.0	1326.2	1463.2
Total recovery	2112.4	2617.1	2653.6	937.1	1175.4	1177.9	1439.1	1295.9	1357.7
Loans outstanding	1504.2	1562.8	1747.9	1402.7	1504.2	1536.7	1562.8	1645.2	1747.9
Loans overdue	153.9	162.1	163.8	135.5	153.9	158.0	162.1	159.6	163.8
Overdue as percent of outstanding	10.23	10.37	9.37	9.66	10.23	10.28	10.37	9.70	9.37

Source: Microcredit Regulatory Authority.

Table I.13: Industrial Term Lending by Banks and NBFCs

(in billion BDT)

Institutions	FY24	FY25	FY24		FY25				FY26
			Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Disbursement									
SOBs	42.99	67.03	6.64	8.48	12.90	22.87	17.18	14.09	12.51
Specialized banks	6.18	9.92	1.27	2.68	2.17	2.77	2.40	2.58	2.75
PCBs	791.46	852.26	180.90	186.49	197.79	273.49	168.67	212.32	215.62
Foreign banks	46.75	42.17	11.80	10.08	8.60	11.70	7.90	13.98	16.84
Non-bank financial corporations	63.31	56.21	23.45	9.30	8.01	23.40	13.86	10.63	11.27
All Banks and NBFCs	**950.69**	**1,027.60**	**224.06**	**217.04**	**229.47**	**334.22**	**210.00**	**253.59**	**258.98**
Recovery									
SOBs	68.22	65.46	21.79	17.08	13.30	18.41	17.66	16.09	14.86
Specialized banks	6.78	10.21	0.99	1.86	1.96	4.79	1.60	1.86	2.57
PCBs	838.58	962.67	180.70	179.16	183.38	295.68	237.50	246.10	260.48
Foreign banks	27.90	34.63	8.01	6.67	6.41	12.86	7.60	7.76	11.31
Non-bank financial corporations	74.48	77.34	19.06	21.76	15.97	18.47	19.29	23.56	22.93
All Banks and NBFCs	**1,015.96**	**1,150.31**	**230.54**	**226.53**	**221.01**	**350.22**	**283.66**	**295.37**	**312.15**
Overdue									
SOBs	213.57	216.01	174.23	213.57	220.59	207.28	207.92	216.01	219.69
Specialized banks	3.55	5.00	3.32	3.55	3.75	4.09	4.26	5.00	5.27
PCBs	384.43	601.71	355.35	384.43	455.66	481.12	561.72	601.71	689.17
Foreign banks	4.00	4.90	3.95	4.00	4.19	4.22	4.26	4.90	5.32
Non-bank financial corporations	50.51	63.56	46.24	50.51	52.42	53.51	62.44	63.42	67.13
All Banks and NBFCs	**656.06**	**891.19**	**583.09**	**656.06**	**736.62**	**750.21**	**840.59**	**891.05**	**986.57**
Outstanding									
SOBs	705.60	751.87	704.75	705.60	729.99	738.74	744.81	751.87	757.42
Specialized banks	1.73	5.57	3.96	1.73	5.17	5.19	5.23	5.57	4.21
PCBs	2,670.35	3,013.96	2,550.50	2,670.35	2,802.85	2,983.08	3,070.97	3013.96	3149.20
Foreign banks	**55.69**	77.15	53.26	55.69	56.98	72.93	71.81	77.15	81.62
Non-bank financial corporations	253.52	280.51	252.19	253.52	256.95	273.22	279.47	279.70	281.88
All Banks and NBFCs	**3,686.90**	**4,129.06**	**3,564.65**	**3,686.90**	**3,851.93**	**4,073.16**	**4,172.29**	**4,128.25**	**4,274.33**
Classified									
SOBs	247.42	317.98	209.50	247.42	257.74	279.77	296.80	317.98	587.44
Specialized banks	1.80	2.17	1.26	1.80	1.93	2.02	1.77	2.17	2.83
PCBs	310.85	928.98	261.62	310.85	392.37	441.29	585.73	928.98	1,051.23
Foreign banks	3.73	7.01	4.99	3.73	4.40	4.11	6.95	7.01	7.87
Non-bank financial corporations	---	---	---	---	---	---	---	---	---
All Banks and NBFCs*	**563.80**	**1,256.14**	**477.36**	**563.80**	**656.44**	**727.19**	**891.25**	**1,256.14**	**1,649.36**

Source: Statistics Department, Bangladesh Bank. *= Excluding NBFCs, '---'= Data not Available.

Table II.1: Trend in Inflation

(Base year: 2021-22=100)

Period	Point-to-point			12-Month average		
	General	Food	Non-food	General	Food	Non-food
2023						
January	8.57	7.76	9.84	7.92	7.92	7.92
February	8.78	8.13	9.82	8.14	8.08	8.23
March	9.33	9.09	9.72	8.39	8.31	8.53
April	9.24	8.84	9.72	8.64	8.53	8.81
May	9.94	9.24	9.96	8.84	8.61	9.13
June	9.74	9.73	9.60	9.02	8.73	9.39
July	9.69	9.76	9.47	9.20	8.84	9.64
August	9.92	12.54	7.95	9.24	9.08	9.55
September	9.63	12.37	7.82	9.29	9.37	9.44
October	9.93	12.56	8.30	9.37	9.73	9.33
November	9.49	10.76	8.16	9.42	9.95	9.17
December	9.41	9.58	8.52	9.48	10.08	9.05
2024						
January	9.86	9.56	9.42	9.59	10.22	9.02
February	9.67	9.44	9.33	9.66	10.32	8.98
March	9.81	9.87	9.64	9.69	10.37	8.98
April	9.74	10.22	9.34	9.73	10.52	8.78
May	9.89	10.76	9.19	9.73	10.63	8.74
June	9.72	10.42	9.15	9.73	10.67	8.72
July	11.66	14.10	9.68	9.90	11.02	8.88
August	10.49	11.36	9.74	9.95	10.93	9.03
September	9.92	10.40	9.50	9.97	10.76	9.17
October	10.87	12.66	9.34	10.05	10.79	9.25
November	11.38	13.80	9.39	10.22	11.06	9.35
December	10.89	12.92	9.26	10.34	11.33	9.41
2025						
January	9.94	10.72	9.32	10.34	11.42	9.40
February	9.32	9.24	9.38	10.30	11.39	9.41
March	9.35	8.93	9.70	10.26	11.29	9.41
April	9.17	8.63	9.61	10.21	11.15	9.44
May	9.05	8.59	9.42	10.13	10.96	9.46
June	8.48	7.39	9.37	10.03	10.70	9.47
July	8.55	7.56	9.38	9.77	10.16	9.45
August	8.29	7.60	8.90	9.58	9.83	9.38
September	8.36	7.64	8.98	9.45	9.58	9.33

Source: Bangladesh Bureau of Statistics (BBS).

Note: a) Food includes food, beverage & tobacco. b) The data before April 2023 used 2005-06 as base year

Table II.2: Commodity Prices in the International Markets

	FY24		FY25				FY26
	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Rice (USD/MT)	632.3	617.3	586.3	517.7	446.7	421.7	380.3
Wheat (USD/MT)	240.8	237.2	214.6	230.9	233.9	219.4	206.0
Soybean oil (USD/MT)	987.9	1087.3	1093.7	1188.6	1069.3	1150.0	1238.0
Sugar (USD /kg)	0.49	0.43	0.43	0.45	0.41	0.39	0.4
Crude Petroleum (Dubai) (USD/Barrel)	81.6	85.0	78.4	73.6	75.6	66.1	68.3
Palm Oil (USD/MT)	881.6	889.5	937.2	1145.2	1068.8	945.7	1013.3

Source: World Bank. Notes: MT=Metric Ton;

Table II.3: Inflation in South Asia

(point-to-point)

Countries			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Bangladesh	9.72	8.48	9.81	9.72	9.92	10.89	9.35	8.48	8.36
Bhutan	1.84	3.45	4.99	1.84	1.35	2.02	3.52	3.45	3.93
India	5.08	2.10	4.85	5.08	5.49	5.22	3.34	2.10	1.54
Pakistan	12.60	3.20	20.70	12.60	6.90	4.10	0.70	3.20	5.60
Sri Lanka	2.40	0.30	2.50	2.40	-0.20	-2.0	-1.90	0.30	2.10
Vietnam	4.34	3.57	3.97	4.34	2.63	2.94	3.13	3.57	3.38

Source: Central banks and statistics departments of respective countries.
Note: Quarterly data indicate end quarter.

Table III.1: Movements in Reserve Money

(in billion BDT)

			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4^R	Q_1^p
Outstanding									
1. Net foreign assets of BB	2,458	2,939	2,269	2,458	2,317	2,358	2,403	2,932	3,021
2. Net domestic assets of BB	1,679	1,193	1,299	1,679	1,436	1,637	1,625	1,199	861
a) Claims on public sector	1,501	926	1,320	1,501	1,076	969	1,073	926	881
i) Claims on govt. (net)	1,459	854	1,278	1,459	1,038	900	1,001	854	807
ii) Claims on other public sector	42	72	42	42	38	69	71	72	74
b) Claim on private sector	88	93	85	88	93	94	93	93	93
c) Claims on DMBs	1,701	2,168	1,191	1,701	1,641	1,981	1,987	2,169	1,736
d) Other items (net)	-1,612	-1,994	-1,297	-1,612	-1,374	-1,406	-1,528	-1,989	-1,849
3. Currency issued	3,203	3,267	2,912	3,203	3,110	3,049	3,212	3,267	3,035
i) Currency outside banks	2,904	2,965	2,612	2,904	2,836	2,764	2,964	2,965	2,747
ii) Cash in tills	299	302	300	299	275	286	247	302	288
4. Deposits of banks with BB	933	865	656	933	643	946	816	865	847
5. Reserve money (RM)	4,136	4,132	3,568	4,136	3,753	3,995	4,027	4,132	3,882
6. Money multiplier (M2/RM)	4.92	5.26	5.43	4.92	5.40	5.14	5.25	5.26	5.64
growth in percent (y-o-y)									
1. Net foreign assets of BB	-14.5	19.3	-19.5	-14.5	-10.5	-5.0	5.9	19.3	30.4
2. Net domestic assets of BB	74.7	-28.6	104.3	74.7	68.4	31.9	25.1	-28.6	-40.1
a) Claims on public sector	-6.9	-38.3	14.4	-6.9	-19.1	-26.0	-18.7	-38.3	-18.2
i) Claims on govt. (net)	-7.3	-41.5	14.3	-7.3	-19.5	-29.0	-21.7	-41.5	-22.3
ii) Claims on other public sector	8.1	70.1	15.5	8.1	-3.6	64.3	70.4	70.1	94.8
b) Claim on private sector	19.5	5.6	18.6	19.5	19.9	12.35	8.5	5.6	-0.1
c) Claims on DMBs	175.1	27.5	104.9	175.1	117.6	58.9	66.9	27.5	5.8
3. Currency issued	2.7	2.0	4.4	2.7	12.2	9.0	10.3	2.0	-2.4
4. Deposits of banks with BB	30.3	-7.35	-1.6	30.3	-4.0	2.1	24.35	-7.35	31.83
5. Reserve money (RM)	7.8	-0.1	3.2	7.8	9.0	7.3	12.9	-0.1	3.4

Source: Statistics Department, Bangladesh Bank.

P = Provisional, R= Revised.

Table III.2: Movements in Broad Money

(in billion BDT)

			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4^R	Q_1^P
Outstanding									
1. Net foreign assets	2,911	3,166	2,594	2,911	2,651	2,553	2,675	3,159	3,164
2. Net domestic assets	17,421	18,581	16,778	17,421	17,601	17,984	18,476	18,587	18,736
a) Domestic credit	21,155	22,840	20,364	21,155	21,063	21,512	22,235	22,844	23,212
Credit to public sector	4,743	5,364	4,379	4,743	4,541	4,659	5,042	5,367	5,651
Credit to govt. (net)	4,249	4,879	3,904	4,249	4,068	4,156	4,542	4,882	5,176
Credit to other public sector	494	485	475	494	472	503	500	485	475
Credit to private sector	16,412	17,477	15,985	16,412	16,522	16,853	17,193	17,477	17,561
b) Other items (net)	-3,734	-4260	-3,586	-3,734	-3462	-3528	-3760	-4256	-4476
3. Narrow Money	5,009	5,102	4,554	5,009	4,765	4,749	4,895	5,102	4,709
a) Currency outside banks	2,904	2,965	2,612	2,904	2,836	2,764	2,964	2,965	2,747
b) Demand deposits	2,105	2,137	1,942	2,105	1,929	1,985.48	1,931	2,137	1,962
4. Time deposits	15,323	16,645	14,819	15,323	15,487	15,788	16,256	16,645	17,191
5. Broad money	20,332	21,746	19,372	20,332	20,251	20,537	21,151	21,746	21,900
growth in percent (y-o-y)									
1. Net foreign assets	-8.08	8.51	-16.06	-8.08	-9.62	-8.00	3.12	8.51	19.35
2. Net domestic assets	10.93	6.69	14.17	10.93	11.12	10.22	10.12	6.69	6.45
a) Domestic credit	9.80	7.98	12.14	9.80	9.10	9.13	9.19	7.98	10.20
Credit to public sector	9.66	13.15	18.63	9.66	8.75	16.32	15.14	13.15	24.45
Credit to govt. (net)	9.69	14.90	20.29	9.69	9.68	18.18	16.34	14.90	27.22
Credit to other public sector	9.42	-1.88	6.57	9.42	1.39	2.94	5.26	-1.88	0.58
Credit to private sector	9.84	6.49	10.49	9.84	9.20	7.30	7.56	6.49	6.29
3. Narrow money	1.84	1.84	4.62	1.84	8.28	5.13	7.50	1.84	-1.17
4. Time deposits	9.82	8.62	10.31	9.82	7.75	8.33	9.70	8.62	11.00
5. Broad money	7.74	6.95	8.92	7.74	7.88	7.57	9.18	6.95	8.14

Source: Statistics Department, Bangladesh Bank.
P = Provisional, R= Revised.

Table III.3: Interest Rates Developments

Instruments	Sep.23	Dec.23	Mar.24	Jun.24	Sep.24	Dec.24	Mar.25	Jun.25	Sep.25
T - bills									
91 - day	7.24	10.89	11.33	11.64	11.48	11.51	10.47	11.94	9.96
182 - day	7.40	11.09	11.38	11.80	11.74	11.87	10.73	11.98	9.93
364 - day	7.97	11.28	11.59	12.00	11.88	11.97	10.84	12.01	9.88
BGTB									
2 - year	8.65	8.69	11.90	12.25	12.21	12.26	10.94	12.20	10.06
5 - year	8.99	10.35	12.02	12.43	12.36	12.36	11.36	12.34	10.01
10 - year	9.20	10.46	12.09	12.59	12.52	12.41	11.89	12.28	9.86
15-year	9.49	11.06	12.14	12.70	12.49	12.65	12.23	12.56	9.60
20-year	9.76	11.16	12.24	12.79	12.69	12.25	12.40	12.44	9.64
Policy Rate	6.50	7.75	8.00	8.50	9.50	10.00	10.00	10.00	10..00
SDF Rate	4.50	5.75	6.50	7.00	8.00	8.50	8.50	8.50	8.00
SLF Rate	8.50	9.75	9.50	10.00	11.00	11.50	11.50	11.50	11.50
Call money rate	6.41	8.84	8.75	9.08	9.14	10.08	10.01	10.14	9.97
Lending rate									
All banks	7.84	9.32	10.54	11.70	11.92	12.05	12.20	12.33	12.44
State owned banks	6.80	9.11	10.38	10.59	10.73	11.07	11.13	11.47	11.49
Private banks	8.17	9.39	10.60	12.03	12.27	12.34	12.52	12.63	12.72
(a) Domestic	8.18	9.40	10.62	12.08	12.31	12.41	12.60	12.69	12.79
(b) Foreign	7.87	9.16	10.23	10.91	11.04	10.64	10.72	11.00	10.95
Specialized banks	6.62	8.80	9.93	10.73	11.15	11.22	11.07	10.36	11.50
Islamic banks	7.83	8.87	10.20	11.77	12.02	12.18	12.55	12.80	12.82
Deposits rate									
All banks	4.55	4.74	5.20	5.52	5.88	6.04	6.24	6.31	6.46
State owned banks	4.45	4.64	4.89	4.88	5.16	5.35	5.46	5.63	5.82
Private banks	4.52	4.72	5.26	5.69	6.07	6.22	6.44	6.50	6.62
(a) Domestic	4.76	4.97	5.53	5.96	6.36	6.52	6.75	6.80	6.90
(b) Foreign	1.26	1.23	1.30	1.45	1.61	1.72	1.78	1.80	1.97
Specialized banks	5.96	6.07	6.35	6.70	7.17	7.19	7.50	7.11	7.67
Islamic banks	5.21	5.29	5.99	6.45	6.85	6.98	7.33	7.36	7.22
National savings certificate									
5 – year Bangladesh sanchayapatra[a]	11.28	11.28	11.28	11.28	11.28	11.28	12.40	12.40	11.83
3 – year sanchayapatra (3 months profit based sanchayapatra)[b]	11.04	11.04	11.04	11.04	11.04	11.04	12.30	12.30	11.82
5 – year pensioner sanchayapatra[c]	11.76	11.76	11.76	11.76	11.76	11.76	12.55	12.55	11.98
5 – year paribar sanchayapatra[d]	11.52	11.52	11.52	11.52	11.52	11.52	12.50	12.50	11.93

Sources: Monetary Policy Department and Statistics Department, Bangladesh Bank; Department of National Savings;
… = No auction;
[a]The interest rates are 11.83%& 11.80% for upto Tk 7.5 lac & above 7.5 lac, respectively.
[b]The interest rates are 11.82% & 11.77% for upto Tk 7.5 lac & above 7.5 lac, respectively.
[c]The interest rates are 11.98% & 11.80% for upto Tk 7.5 lac & above7.5 lac, respectively.
[d]The interest rates are 11.93% & 11.80% for upto Tk 7.5 lac & above 7.5 lac, respectively.
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Table III.4: Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates
(in billion BDT)

Instruments	Sep.23	Dec.23	Mar.24	Jun.24	Sep.24	Dec.24	Mar.25	Jun.25	Sep.25
Bangladesh Bank Bills									
30-day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90-day	0.0	0.0	0.0	0.0	0.0	17.8	12.3	12.5	0.0
T - bills									
91 - day	352.9	357.4	521.2	639.0	767.9	513.1	416.0	476.8	320.0
182 - day	418.3	280.1	163.3	146.5	264.7	433.8	457.3	512.4	530.1
364 - day	724.7	724.7	727.5	632.2	522.1	685.5	730.4	896.7	885.7
Sub total	**1495.8**	**1362.1**	**1412.0**	**1417.7**	**1554.7**	**1632.4**	**1603.7**	**1885.9**	**1735.9**
BGTB									
2 - year	482.0	479.7	494.2	541.0	388.0	660.6	675.6	740.6	716.0
5 - year	1037.5	1037.1	1055.2	1072.4	1146.2	1206.3	1286.3	1320.8	1,345.8
10 - year	1146.0	1160.8	1202.0	1251.6	1318.1	1376.7	1486.7	1571.1	1607.1
15-year	549.7	555.9	567.6	598.5	619.2	647.8	689.8	727.5	753.3
20-year	543.4	553.5	580.7	614.8	658.6	698.6	743.6	784.9	814.9
FRTB (3- Year)	…	…	0.00	0.00	0.00	12.30	26.18	41.18	56.18
Sub Total (T-Bills+BGTBs)	**5254.5**	**5149.2**	**5311.5**	**5496.0**	**5684.7**	**6222.2**	**6485.5**	**7030.7**	**6972.9**
National savings certificate	3594.4	3546.4	3481.6	3395.8	3479.1	3373.4	3308.9	3335.2	3354.6
Total (excluding BB bills and FRTB)	**8848.9**	**8695.6**	**8793.1**	**8891.8**	**9163.8**	**9595.6**	**9794.4**	**10365.8**	**10327.5**

Sources: Monetary Policy Department, Bangladesh Bank; Department of National Savings. '…'= Not Available.

Table IV.1: Government Fiscal Operations

(in billion BDT)

Items			FY25						FY26
	FY25[RB]	FY25[A]	Q_1	Q_2	Q_3	Q_4	FY26[B]	FY26[A]	Q_1
Total revenue and foreign grants	**5224**	**4385**	**1007**	**956**	**1144**	**1278**	**5690**	**1177**	**1177**
Total revenue	**5180**	**4337**	**999**	**954**	**1140**	**1244**	**5640**	**1177**	**1177**
a) NBR tax revenue	4635	3684	742	849	963	1130	4990	894	894
i) Taxes on income	1690	1270	233	287	345	405	1820	275	275
ii) Value added tax	1786	1384	306	326	335	416	1885	361	361
iii) Supplementary duty	604	571	99	128	143	201	682	137	137
iv) Export duty	1		0				1	0	0
v) Import duty	478	383	94	94	95	100	514	110	110
vi) Excise duty	51	53	4	8	36	6	61	6	6
vii) Other taxes	25	23	5	6	10	2	26	6	6
b) Non- NBR tax revenue	145	82	18	20	21	23	190	23	23
c) Non- tax revenue	400	572	240	85	156	90	460	259	259
Foreign grants	44	48	8	2	3	35	50	0	0
Total expenditure	**7440**	**6279**	**956**	**1295**	**1611**	**2416**	**7900**	**1051**	**1051**
a) Operating expenditure	5042	4731.54	816	1037	1286	1592	5290	906	906
i) Pay and allowances	792	694	158	160	229	147	841	170	170
ii) Goods and services	459	404	47	76	93	188	512	55	55
iii) Interest payments	1215	1334	413	202	336	382	1220	320	320
iv) Subsidies, incentives and current transfers	2344	2135	189	571	597	777	2352	354	354
v) Acquisitions of assets and works	182	159	7	29	25	97	217	6	6
vi) Investment in shares and equities	49	7	0	1	5	1	148	1	1
vii) Foreign financial assets	0	0	0	0	0	0	0	0	0
b) Development expenditure	2316	1516.91	108	302	304	803	2456	106	106
i) ADP	2160	1437	108	286	290	753	2300	105	105
ii) Non-ADP	109	49	0	7	13	29	103	0	0
iii) Development program finance from revenue	47	31	0	9	1	21	53	1	1
c) Others	82	30	32	-44	21	21	153	39	39
Budget surplus/deficit (including grants)	-2216	-1894	51	-339	-467	-1138	-2210	126	126
Financing	**2216**	**1837**	**-36**	**357**	**488**	**1029**	**2210**	**-137**	**-137**
a) Domestic financing	1170	1264	-5	188	477	604	1250	-75	-75
i) Bank financing	990	1142	-11	349	514	289	1040	19	19
ii) Non-bank financing	180	122	5	-162	-38	316	210	-93	-93
b) Foreign financing	1046	573	-31	169	11	424	960	-62	-62

Table IV.1: Government Fiscal Operations (Contd.)

(in percentage of GDP)

Items	FY25[RB]	FY25[A]	FY25				FY26[B]	FY26[A]	FY26
			Q_1	Q_2	Q_3	Q_4			Q_1
Total revenue and foreign grants	9.41	7.90	8.12	6.85	8.05	8.93	9.11	8.49	8.49
Total revenue	9.33	7.81	8.06	6.83	8.03	8.69	9.03	8.49	8.49
a) NBR tax revenue	8.35	6.63	5.98	6.08	6.78	7.89	7.99	6.46	6.46
i) Taxes on income	3.04	2.29	1.88	2.06	2.43	2.83	2.91	1.99	1.99
ii) Value added tax	3.22	2.49	2.47	2.34	2.36	2.91	3.02	2.61	2.61
iii) Supplementary duty	1.09	1.03	0.80	0.91	1.01	1.41	1.09	0.99	0.99
iv) Export duty	0.86	0.69	0.76	0.67	0.67	0.70	0.00	0.00	0.00
v) Import duty	0.09	0.10	0.04	0.06	0.25	0.04	0.82	0.79	0.79
vi) Excise duty	0.04	0.04	0.04	0.04	0.07	0.01	0.10	0.04	0.04
vii) Other taxes	0.26	0.15	0.14	0.14	0.15	0.16	0.04	0.04	0.04
b) Non- NBR tax revenue	0.72	1.03	1.93	0.61	1.10	0.63	0.30	0.17	0.17
c) Non- tax revenue	0.08	0.09	0.06	0.02	0.02	0.24	9.11	8.49	8.49
Foreign grants	9.41	7.90	8.12	6.85	8.05	8.93	0.74	1.87	1.87
Total expenditure	13.40	11.31	7.71	9.28	11.34	16.88	12.65	7.59	7.59
a) Operating expenditure	9.08	8.52	6.58	7.43	9.05	11.12	8.47	6.54	6.54
i) Pay and allowances	1.43	1.25	1.28	1.14	1.61	1.03	1.35	1.23	1.23
ii) Goods and services	0.83	0.73	0.38	0.54	0.66	1.31	0.82	0.40	0.40
iii) Interest payments	2.19	2.40	3.33	1.44	2.37	2.67	1.95	2.31	2.31
iv) Subsidies, incentives and current transfers	4.22	3.84	1.53	4.09	4.20	5.43	3.77	2.56	2.56
v) Acquisitions of assets and works	0.33	0.29	0.06	0.21	0.18	0.68	0.35	0.04	0.04
vi) Investment in shares and equities	0.09	0.01	0.00	0.00	0.04	0.00	0.24	0.00	0.00
vii) Foreign financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Development expenditure	4.17	2.73	0.87	2.16	2.14	5.61	3.93	0.77	0.77
i) ADP	3.89	2.59	0.87	2.05	2.04	5.26	3.68	0.76	0.76
ii) Non-ADP	0.20	0.09	0.00	0.05	0.09	0.20	0.17	0.00	0.00
iii) Development program finance from revenue	0.08	0.06	0.00	0.06	0.01	0.15	0.08	0.00	0.00
c) Others	0.15	0.05	0.26	-0.32	0.15	0.15	0.25	0.28	0.28
Budget surplus/deficit (including grants)	-3.99	-3.41	0.41	-2.43	-3.29	-7.95	-3.54	0.91	0.91
Financing	3.99	3.31	-0.29	2.56	3.43	7.19	3.54	-0.99	-0.99
a) Domestic financing	2.11	2.28	-0.04	1.34	3.36	4.22	2.00	-0.54	-0.54
i) Bank financing	1.78	2.06	-0.09	2.50	3.62	2.02	1.67	0.13	0.13
ii) Non-bank financing	0.32	0.22	0.04	-1.16	-0.26	2.21	0.34	-0.67	-0.67
b) Foreign financing	1.88	1.03	-0.25	1.21	0.08	2.96	1.54	-0.45	-0.45
GDP at current market price	**55528**	**55528**	**12401**	**13960**	**14211**	**14316**	**62446**	**13853**	**13853**

Source: Budget in Brief, Ministry of Finance and Monthly Fiscal Report, Ministry of Finance.

RB=Revised Budget, A= Actual (Q_1+Q_2+Q_3+Q_4), B= Budget.

Table V.1: Balance of Payments

(in million USD)

			FY24[R]			FY25[R]			FY26[P]
	FY24[R]	FY25[R]	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current account balance	**-6602**	**-139**	**-502**	**-2202**	**6**	**-525**	**-359**	**739**	**-597**
Trade balance	-22433	-20399	-4571	-6678	-4639	-5124	-5683	-4953	-5714
Export f.o.b.	40,807	43,965	10,829	9,861	10,553	11,773	11,540	10,100	11,085
of which: readymade garments	36,130	39,346	9,732	8,837	9,512	10,369	10,349	9,116	9,925
Import f.o.b.	63,240	64,364	15,400	16,539	15,191	16,897	17,223	15,053	16,800
Services	-4241	-5682	-1089	-1398	-964	-1454	-1500	-1764	-1368
Credit	6,285	6,791	1,534	1,620	1,617	1,900	1,641	1,632	1,709
Debit	10,526	12,473	2,623	3,018	2,582	3,354	3,141	3,396	3,076
Primary income	-4326	-5043	-1222	-1108	-1104	-1353	-1323	-1263	-1269
Credit	2232	2494	519	687	723	546	644	581	617
Debit	6,558	7,537	1,741	1,795	1,827	1,899	1,968	1,844	1,886
Secondary income	24,398	30,985	6,380	6,982	6,713	7,406	8,146	8,720	7,754
Official transfers	86	77	19	44	27	15	14	21	12
Private transfers	24,312	30,909	6,361	6,938	6,686	7,391	8,132	8,698	7,742
of which : workers' remittances	23,912	30,329	6,275	6,838	6,542	7,234	8,009	8,544	7,585
Capital & financial account	5,191	3,915	259	4,183	(601)	1,342	95	3,079	1,754
Capital account	719	376	127	432	156	61	50	110	93
Capital transfers	719	376	127	432	156	61	50	110	93
Financial account	4472	3539	132	3751	-757	1282	46	2968	1660
Foreign Direct Investment (net)	1410	1668	387	276	114	440	763	352	320
Portfolio investment	-343	-138	-66	-85	5	-57	-53	-33	-42
Other investment	3405	2009	-189	3560	-876	900	-664	2649	1382
Net aid flows	7,902	6,460	1,086	3,885	63	1,937	411	4,049	147
Medium and long-term (MLT) loans	9,922	9,012	1,643	4,397	664	2,598	1,214	4,536	1,038
MLT amortization payments	2,020	2,553	557	512	601	661	803	487	891
Other long term loans (net)	209	-321	114	-344	146	-101	-84	-283	51
Other short term loans (net)	-1619	-678	-507	177	-127	-538	127	-140	-1014
Trade credit	-1828	-3145	-442	335	-530	-710	-372	-1534	1038
DMBs and NBDCs	-1259	-307	-440	-493	-428	311	-746	556	1160
Assets	494	-633	207	828	-465	-342	1243	-1069	-409
Liabilities	-765	-940	-233	335	-893	-31	497	-513	751
Net errors and omissions	-2889	-383	-1060	-1524	-891	201	-368	675	-304
Overall balance	**-4300**	**3393**	**-1303**	**457**	**-1486**	**1018**	**-632**	**4493**	**853**
Reserve assets	**4300**	**-3393**	**1303**	**-457**	**1486**	**-1018**	**632**	**-4493**	**-853**
Bangladesh Bank	4300	-3393	1303	-457	1486	-1018	632	-4493	-853
Assets	-2901	4152	-1888	1958	-2273	1917	-1372	5880	-307
Liabilities	1399	759	-585	1501	-788	899	-740	1387	-1159

Table V.1: Balance of Payments (Contd.)

(in million USD)

			FY24[R]			FY25[R]			FY26[P]
	FY24[R]	FY25[R]	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Memorandum items									
Gross official reserves	26,714	31,772	25,232	26,714	24,863	26,215	25,512	31,772	31,427
Gross official reserves (As per BPM6)	21,686	26,740	19,913	21,686	19,861	21,395	20,370	26,740	26,604
In months of imports of goods & services	4.3	5.0	4.2	4.1	4.2	3.9	3.8	5.2	4.7
In months of imports of goods (cif)	4.8	5.6	4.7	4.6	4.6	4.4	4.2	6.0	5.3
Export growth (in percent)	-5.9	7.7	2.1	-3.3	5.0	17.0	6.6	2.4	5.0
Import growth (in percent)	-10.6	1.8	-4.5	3.6	0.9	4.0	11.8	-9.0	10.6
Remittances growth (in percent)	10.7	26.8	13.2	22.6	33.3	22.8	27.6	25.0	16.0

Source: Statistics Department, Bangladesh Bank.
P=Provisional, R= Revised.

Table V.2: Trends in the Commodity Composition of Exports

(in million USD)

Items			FY24[R]			FY25[R]			FY26[P]
	FY24[R]	FY25[R]	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
1. Raw jute	161.3	148.5	41.6	43.1	34.5	46.8	26.7	40.5	26.8
2. Jute goods	764.1	761.3	201.0	151.0	172.2	208.6	205.5	175.0	189.2
3. Tea	3.4	4.1	1.1	0.7	1.5	1.0	0.9	0.7	1.0
4. Leather	143.3	128.3	35.4	36.4	27.5	35.0	36.9	28.9	31.2
5. Frozen shrimps and fish	326.2	389.1	72.3	62.9	89.5	128.7	84.8	86.2	109.9
6. Woven garments	16,862.4	18,184.3	4,804.4	4,089.2	4,164.5	4,882.1	5,040.4	4,097.3	4,370.9
7. Knitwear products	19,268.0	21,161.8	4,927.6	4,748.0	5,347.5	5,487.1	5,308.9	5,018.3	5,554.2
8. Terry towels	24.2	20.8	6.2	5.7	4.5	6.2	5.7	4.5	5.9
9. Others	6,922.0	7,501.9	1,792.4	1,692.4	1,817.0	2,080.6	1,942.4	1,662.0	1,982.1
Total exports	44,475	48,300	11,882	10,829	11,659	12,876	12,652	11,113	12,271
of which: exports from EPZ	5,679	6,872	1,505	1,488	1,672	1,795	1,760	1,646	1,898
Total exports (adjusted)	40,807	43,965	10,829	9,861	10,553	11,773	11,540	10,100	11,085

Source: Statistics Department, Bangladesh Bank.
P=Provisional, R= Revised.

Table V.3: Major Destination-wise RMG Related Exports

(in million USD)

Country			FY24			FY25			FY26[P]
Country			FY24			FY25			FY26[P]
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
USA	6,624	7,547	1,626	1,728	1,852	1,990	1,895	1,810	2,002
Germany	4,520	4,950	1,273	1,085	1,162	1,306	1,332	1,150	1119
UK	4,197	4,349	1,193	973	1,142	1,023	1,189	995	1,214
France	2,024	2,156	508	538	482	608	556	511	470
Spain	3,376	3,399	934	790	867	832	952	748	1,005
Italy	1,461	1,539	388	355	320	451	401	367	334
Belgium	518	550	133	147	140	154	108	147	128
Netherlands	1,721	2,088	479	418	511	545	548	484	546
Canada	1,159	1,302	272	326	296	345	322	338	335
Sub-total	**25,600**	**27,880**	**6,806**	**6,360**	**6,773**	**7,256**	**7,302**	**6,549**	7,154
Others	10,530	11,466	2,926	2,477	2,739	3,114	3,047	2,566	2,771
Total	**36,130**	**39,346**	**9,732**	**8,837**	**9,512**	**10,369**	**10,349**	**9,116**	**9,925**
			share in percent						
USA	18.33	19.18	16.71	19.56	19.47	19.19	18.31	19.85	20.17
Germany	12.51	12.58	13.08	12.28	12.21	12.60	12.87	12.62	11.28
UK	11.61	11.05	12.26	11.01	12.01	9.87	11.49	10.91	12.24
France	5.60	5.48	5.22	6.08	5.07	5.86	5.37	5.60	4.74
Spain	9.34	8.64	9.59	8.93	9.11	8.03	9.20	8.20	10.13
Italy	4.04	3.91	3.99	4.02	3.36	4.35	3.87	4.03	3.37
Belgium	1.43	1.40	1.37	1.66	1.48	1.49	1.04	1.61	1.29
Netherlands	4.76	5.31	4.93	4.73	5.38	5.26	5.29	5.31	5.50
Canada	3.21	3.31	2.80	3.69	3.12	3.33	3.11	3.71	3.38
Sub-total	**70.86**	**70.86**	**69.94**	**71.97**	**71.20**	**69.97**	**70.56**	**71.85**	72.08
Others	29.14	29.14	30.06	28.03	28.80	30.03	29.44	28.15	27.92
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Statistics Department, Bangladesh Bank.

P= Provisional.

Table V.4: Trends in the Commodity Composition of Imports

(in million USD)

			FY24		FY25				FY26[P]
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
A. Food grains	**2,058**	**2,306**	**580**	**711**	**392**	**491**	**796**	**628**	426
1. Rice	25	682	7	9	2	79	411	190	148
2. Wheat	2,033	1,624	573	702	390	411	384	438	278
B. Consumer goods	4,928	**5,681**	**1,208**	**1,405**	**1,101**	**1,271**	**2,068**	**1,240**	**1,106**
3. Milk & cream	395	458	84	116	106	82	119	151	164
4. Spices	481	459	136	145	123	105	119	112	98
5. Edible oil	2,193	2,715	436	616	492	604	967	651	572
6. Pulses (all sorts)	704	946	238	263	207	199	455	85	71
7. Sugar	1,155	1,103	314	265	174	281	408	240	202
C. Intermediate goods	**40,303**	**41,405**	**9,748**	**10,610**	**10,075**	**11,200**	**10,429**	**9,701**	**11,073**
Petroleum goods	**6,128**	**5,138**	**1,195**	**1,801**	**1,409**	**1,498**	**1,181**	**1,050**	**2,056**
8. Crude petroleum	944	625	145	219	211	159	146	109	234
9. POL	5,184	4,513	1,050	1,582	1,198	1,339	1,035	941	1,822
RMG related goods	**16,779**	**18,443**	**4,252**	**4,591**	**4,471**	**4,954**	**4,551**	**4,467**	**4,489**
10. Raw cotton	3,610	3,456	943	1,026	956	822	841	837	850
11. Yarn	3,221	3,619	800	898	877	917	942	883	900
12. Textile and articles thereof	7,722	8,959	1,935	2,127	2,062	2,507	2,179	2,211	2,166
13. Staple fibre	1,392	1,532	372	326	350	479	376	328	352
14. Dyeing and tanning materials	834	877	203	214	228	228	212	209	220
Other intermediate goods	**17,396**	**17,825**	**4,301**	**4,218**	**4,195**	**4,748**	**4,697**	**4,184**	**4,528**
15. Clinker	939	873	267	224	182	214	245	232	225
16. Oil seeds	1,188	1,079	310	393	165	260	421	233	232
17. Chemicals	3,313	3,603	813	845	937	953	830	882	965
18. Pharmaceutical products	335	435	82	84	109	106	124	97	114
19. Fertilizer	2,698	2,620	851	393	447	844	957	372	554
20. Plastics and rubber articles thereof	2,965	3,410	729	783	861	868	830	851	856
21. Iron, steel & other base metals	5,958	5,805	1,249	1,496	1,495	1,503	1,291	1,517	1,582
D. Capital goods & others	**10,635**	**9,549**	**2,488**	**2,539**	**2,462**	**2,378**	**2,378**	**2,331**	**2,851**
22. Capital machinery	3,483	2,819	788	637	796	647	729	646	993
23. Others capital goods	7,153	6,730	1,700	1,903	1,666	1,731	1,649	1,685	1,858
E. Others	**8,801**	**9,413**	**2,198**	**2,243**	**2,140**	**2,640**	**2,534**	**2,099**	**2,249**
Grand total c.i.f.(A+B+C+D+E)	**66,725**	**68,354**	**16,222**	**17,508**	**16,171**	**17,980**	**18,205**	**15,999**	**17,705**
Of which import by EPZ	3,706	4,308	989	999	983	1,170	1,092	1,063	1,113
Grand total f.o.b.(adjusted)	**63,240**	**64,364**	**15,400**	**16,539**	**15,191**	**16,897**	**17,223**	**15,053**	**16,800**

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

P = Provisional.

Table V.5: Sector wise Comparative Statement of the Opening and Settlement of Import LCs

(in million USD)

Items	FY25								FY26	
	Q_1		Q_2		Q_3		Q_4		Q_1	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	1,339	1,398	1,917	1,661	2,070	1,944	1,464	1,748	1,608	1,327
Intermediate goods	1,039	1,151	1,055	1,046	1,277	1,234	948	1,005	1,066	950
Industrial raw materials	5,934	5,826	6,541	6,022	6,082	6,137	4,937	5,787	6,420	5,779
Capital machinery	377	499	502	555	457	469	370	480	493	438
Machinery for misc. industries	568	589	518	592	649	506	659	618	767	698
Petroleum and petroleum products	2,153	2,418	2,358	2,475	2,414	2,529	2,534	2,506	2,236	2,292
Others	4,787	4,720	5,677	5,196	5,819	5,334	5,095	5,381	5,652	5,335
Total	**16,197**	**16,601**	**18,568**	**17,547**	**18,768**	**18,152**	**16,007**	**17,526**	**18,242**	**16,819**
of which back to back	2,977	2,505	2,801	2,628	2,693	2,788	1,972	2,599	2,746	2,546
	growth in percent (y-o-y)									
Consumer goods	-7.97	-16.24	11.81	5.77	6.96	22.05	-1.38	-7.51	20.15	-5.07
Intermediate goods	-5.94	-13.14	-8.21	-14.73	9.37	6.50	-19.77	-11.79	2.55	-17.48
Industrial raw materials	10.06	10.11	10.90	12.85	-4.42	7.18	-15.46	4.95	8.18	-0.81
Capital machinery	-43.77	-23.16	-27.27	-30.80	-14.59	-30.78	-27.26	-9.10	30.96	-12.10
Machinery for misc. industries	-16.33	-0.02	-0.55	-5.64	23.99	-6.32	8.22	9.65	35.16	18.50
Petroleum and petroleum products	-20.38	0.08	8.69	-0.56	5.68	21.35	9.26	10.99	3.87	-5.22
Others	1.13	0.97	21.08	8.90	16.46	18.64	-10.21	6.37	18.05	13.04
Total	**-3.23**	**-0.08**	**10.32**	**4.30**	**5.41**	**11.54**	**-9.14**	**3.38**	**12.63**	**1.32**
of which back to back	22.56	20.10	24.76	27.17	-2.92	16.74	-13.88	11.77	-7.75	1.61

Source: Foreign Exchange Operation Department, Bangladesh Bank.

Table V.6: Country-wise Workers' Remittances

(in million USD)

Countries			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Gulf region	**11,783**	**13,657**	**2,990**	**3,431**	**3,041**	**3,059**	**3,506**	**4,051**	**3,444**
Saudi Arabia	2,741	4,264	542	774	859	864	1,047	1,494	1,234
UAE	4,634	4,168	1,304	1,330	1,032	995	1,093	1,048	884
Qatar	1,150	1,205	311	312	265	269	314	357	322
Oman	1,122	1,635	252	424	328	368	437	502	435
Kuwait	1,497	1,624	387	395	359	381	462	422	367
Bahrain	639	761	195	197	198	182	153	229	201
Euro region	**2,235**	**2,529**	**575**	**546**	**637**	**566**	**621**	**705**	**762**
Italy	1,462	1,653	346	353	426	354	398	474	513
France	358	336	105	90	87	66	88	95	105
Greece	145	185	40	35	45	55	39	46	58
Germany	125	181	38	33	38	44	57	42	35
Others Euro region	145	175	45	36	42	46	40	48	52
Asia Pacific region	**2,549**	**4,523**	**667**	**696**	**1,012**	**1,020**	**1,050**	**1,460**	**1,329**
Malaysia	1,744	2,805	460	516	620	646	629	910	817
Singapore	632	980	192	199	202	216	239	324	328
South Korea	116	227	39	36	41	44	58	85	69
Australia	116	177	32	35	45	36	45	51	47
Japan	77	106	21	15	39	23	21	23	26
Others Asia Pacific region	145	229	37	58	66	55	59	68	42
Rest of the world	**7,367**	**9,600**	**1,992**	**2,164**	**1,853**	**2,589**	**2,831**	**2,328**	**2,051**
USA	2,962	4,733	818	1,018	921	1,575	1,445	793	627
UK	2,793	3,169	774	649	566	634	966	1,003	929
South Africa	308	403	76	88	67	81	92	163	154
Canada	143	224	41	46	60	49	57	58	42
Mauritius	164	144	27	22	39	35	31	38	25
Others countries	962	928	193	178	201	216	240	272	274
Total	**23,912**	**30,329**	**6,275**	**6,838**	**6,542**	**7,234**	**8,008**	**8,544**	**7,585**

Note: Euro Region is a geographic area consists of 19 countries that have fully incorporated the euro as their national currency.
Source: Statistics Department, Bangladesh Bank.

Table V.7: Exchange Rate Movements

(BDT 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
2022-23								
December	98.85	99.00	120.33	119.34	104.49	105.55	0.73	0.74
January	99.89	100.00	122.17	123.52	107.60	108.46	0.77	0.77
February	100.96	101.00	122.06	121.85	108.17	107.15	0.76	0.74
March	101.96	102.00	123.70	125.59	109.15	110.62	0.76	0.77
April	102.92	103.00	127.89	129.51	112.65	113.53	0.77	0.76
May	104.39	104.50	130.33	129.73	113.54	112.18	0.76	0.75
June	105.88	106.00	133.63	134.75	114.58	115.44	0.75	0.74
2023-24								
July	108.76	109.00	140.08	140.08	120.23	120.07	0.77	0.77
August	109.46	109.50	139.17	139.28	119.48	119.64	0.76	0.75
September	109.97	110.25	136.57	134.04	117.67	116.56	0.74	0.74
October	110.49	110.50	134.52	134.47	116.70	117.30	0.74	0.74
November	110.88	110.50	137.61	140.28	119.79	121.22	0.74	0.75
December	110.15	110.00	139.41	140.04	120.89	121.41	0.76	0.78
January	110.00	110.00	139.75	139.69	120.08	119.26	0.75	0.75
February	110.00	110.00	138.93	139.29	118.67	119.22	0.74	0.73
March	110.00	110.00	139.89	138.87	119.63	118.74	0.73	0.73
April	110.00	110.00	137.87	138.19	118.19	117.93	0.72	0.70
May	115.03	117.70	145.31	149.58	124.30	127.14	0.74	0.75
June	117.94	118.00	150.13	149.20	127.14	126.44	0.75	0.73
2024-25								
July	117.93	118.00	151.78	151.46	127.95	127.62	0.75	0.77
August	118.73	120.00	153.59	158.30	130.85	133.45	0.81	0.83
September	120.00	120.00	158.38	160.49	133.14	133.96	0.84	0.84
October	120.00	120.00	156.84	155.55	130.93	130.27	0.80	0.78
November	120.00	120.00	153.08	152.15	127.66	126.79	0.78	0.79
December	120.00	120.00	151.79	150.62	125.71	124.89	0.78	0.77
January	121.93	122.00	150.78	151.91	126.28	127.13	0.78	0.79
February	122.00	122.00	152.87	154.62	127.07	127.91	0.80	0.82
March	122.00	122.00	157.35	157.98	131.60	131.78	0.82	0.81
April	122.00	122.00	160.00	163.57	136.51	138.90	0.84	0.86
May	122.34	122.90	163.53	165.59	138.02	138.79	0.85	0.85
June	122.87	122.78	166.30	168.39	141.10	143.89	0.85	0.85
2025-26								
July	121.96	122.62	164.83	162.32	142.67	139.85	0.83	0.82
August	121.72	121.64	163.65	164.27	141.71	142.15	0.83	0.83
September	121.74	121.80	164.45	163.55	142.86	142.83	0.82	0.82

Source: Statistics Department, Bangladesh Bank.

Table V.8: Trends in Foreign Aid

(in million USD)

			FY24			FY25			FY26[p]
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
a. Grants (i+ii)	803	455	145	476	182	75	63	133	110
i) Food aid	30	50	9	11	15	10	10	15	10
ii) Project aid	773	405	137	465	167	65	53	118	100
b. Loans (MLT)	9,480	8,114	1,422	4,176	664	2,598	1,214	3,638	1,038
A. Total (a+b)	**10,283**	**8,568**	**1,568**	**4,652**	**846**	**2,674**	**1,277**	**3,771**	**1,149**
B. Amortization(1+2)	**3372**	**4,087**	**1,004**	**800**	**1,127**	**855**	**1,230**	**875**	**1,280**
1) Principal	2,022	2,595	591	505	686	549	777	584	817
2) Interest	1,350	1,492	413	295	441	307	453	291	463
C. Net foreign financing (A-1)	**8,262**	**5,973**	**977**	**4,147**	**161**	**2,125**	**500**	**3,187**	332

Source: Statistics Department, Bangladesh Bank

Table VI.1: Gross NPL Ratios by Type of Banks

(in percent)

Type of banks	2023		2024				2025		
	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State owned commercial banks	21.70	20.99	26.97	32.77	40.35	42.83	45.79	48.97	49.65
Specialized banks	12.10	13.87	13.88	13.11	13.21	14.37	14.47	42.05	41.95
Private commercial banks	7.04	5.93	7.28	7.94	11.88	15.60	20.16	32.15	33.75
Foreign commercial banks	5.07	4.82	5.20	4.74	4.99	4.13	4.83	4.64	4.92
All banks	**9.93**	**9.00**	**11.11**	**12.56**	**16.93**	**20.20**	**24.13**	**34.40**	**35.73**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table VI.2: Net NPL Ratios by Type of Banks

(in percent)

Type of banks	2023		2024				2025		
	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State owned commercial banks	6.85	6.21	13.00	18.32	22.71	32.86	32.67	35.59	36.08
Specialized banks	0.92	1.68	1.53	1.14	1.22	2.98	3.11	11.64	11.78
Private commercial banks	-0.03	-0.72	0.17	0.77	2.85	6.19	12.39	24.55	26.13
Foreign commercial banks	-0.04	-0.41	-0.13	-0.50	-0.48	-0.63	0.08	-0.07	-0.26
All banks	**1.22**	**0.59**	**2.44**	**3.68**	**5.89**	**10.57**	**15.00**	**25.08**	**26.40**

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table VI.3: Capital to Risk Weighted Asset Ratios by Types of Banks

(in percent)

Type of banks	2023			2024				2025	
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
State owned commercial banks	6.76	6.03	6.13	5.80	5.44	-2.48	-8.42	2.90	1.61
Specialized banks	-37.79	-38.91	-40.90	-43.84	-41.31	-42.2	-41.02	-38.88	-86.72
Private commercial banks	12.81	12.82	13.48	12.49	12.29	9.38	10.98	10.32	5.47
Foreign commercial banks	32.91	35.72	37.30	38.93	39.46	43.67	42.09	41.32	43.03
All banks	**11.19**	**11.08**	**11.64**	**10.85**	**10.64**	**6.86**	**3.08**	**6.74**	**4.47**

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

Table VI.4: Profitability Ratios by Type of Banks

(in percent)

	Return on Assets (ROA)*					Return on Equity (ROE)*				
Type of Banks	2024			2025		2024			2025	
	Jun.	Sep.	Dec.	Mar.	Jun.	Jun.	Sep.	Dec.	Mar.	Jun.
State Owned Commercial Banks	-0.37	-0.25	-0.37	-0.51	-0.55	-11.40	-7.21	-12.20	-18.80	-22.94
Specialized Banks	-2.54	-3.31	-2.35	-2.59	-11.96	-10.08	-12.84	-9.17	-10.23	-27.49
Private Commercial Banks	0.48	0.39	0.51	-0.30	-0.55	8.75	7.22	9.43	-6.11	-13.28
Foreign Commercial Banks	4.08	4.56	4.30	4.07	4.06	19.33	21.09	19.09	18.02	17.34
All Banks	**0.40**	**0.38**	**0.43**	**-0.18**	**-0.58**	**7.85**	7.42	8.70	-3.99	-16.11

Source: Department of Off - site Supervision, Bangladesh Bank; *=All are annualized except the quarter of December.

Table VII.1: Indicators of Capital Market Developments

			FY24		FY25				FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Number of listed securities[1]	420	421	420	420	421	421	421	421	421
Issued capital (billion Taka)[1]	1016.1	1032.8	999.1	1016.1	1017.6	1018.7	1018.3	1032.8	1033.3
Market capitalization (billion Taka)[1]	3668.2	3324.1	3948.5	3668.2	3908.7	3617.3	3547.0	3324.1	3650.3
Turnover (billion Taka)[1]	310.2	194.0	508.6	310.2	415.3	249.6	247.7	194.0	532.1
DSE broad index *	5328.4	4838.4	5829.7	5328.4	5624.5	5216.4	5219.2	4838.4	5415.8
DSE-30 index *	1909.6	1816.0	2021.3	1909.6	2053.4	1939.7	1914.7	1816.0	2081.8
growth in percent (y-o-y)[2]									
Number of listed securities	2.2	0.2	2.7	2.2	2.4	1.9	0.2	0.2	0.0
Issued equity and debt	4.9	1.6	4.9	4.9	4.6	4.2	1.9	1.6	1.5
Market capitalization	-19.7	-9.4	-12.0	-19.7	-14.0	-20.3	-10.2	-9.4	-6.6
Turnover	-28.6	-37.5	70.9	-28.6	9.0	-16.0	-51.3	-37.5	28.1
DSE broad index	-16.0	-9.2	-6.1	-16.0	-10.5	-16.5	-10.5	-9.2	-3.7
DSE -30 index	-12.9	-4.9	-8.5	-12.9	-4.1	-7.4	-5.3	-4.9	1.4

Source: Dhaka Stock Exchange; [1]Include debenture but exclude govt. bond, [2] Quarterly growth rate refers growth over the same quarter of the previous year, * DSE broad index and DSE 30 index start from January 28, 2013.

Table VII.2: Group-wise Market Capitalisation of Dhaka Stock Exchange

(in billion BDT)

Name of group			FY24			FY25			FY26
	FY24	FY25	Q_3	Q_4	Q_1	Q_2	Q_3	Q_4	Q_1
Banks	615.0	633.5	677.9	615.0	758.2	676.4	675.6	633.5	704.5
Financial institutions	109.4	89.6	125.2	109.4	119.2	113.2	104.1	89.6	104.6
Mutual funds	31.2	28.3	34.0	31.2	28.3	27.7	28.8	28.3	26.5
Engineering	352.2	254.1	379.1	352.2	325.6	281.7	279.2	254.1	290.6
Food and allied product	295.7	262.5	330.5	295.7	338.9	314.3	288.6	262.5	263.3
Fuel and power	328.9	283.9	338.9	328.9	313.9	293.7	287.6	283.9	308.8
Jute industry	3.6	2.4	4.2	3.6	4.1	3.2	2.7	2.4	3.2
Textile industry	125.8	105.1	142.2	125.8	120.2	113.9	118.2	105.1	127.7
Pharmaceuticals and chemicals	607.8	523.1	636.6	607.8	583.2	560.3	553.4	523.1	578.3
Paper and printing	31.5	17.8	41.3	31.5	22.8	18.1	21.0	17.8	25.1
Services and real estate	23.4	15.8	24.1	23.4	18.6	17.5	18.3	15.8	22.2
Cement industry	110.9	85.8	117.7	110.9	110.9	93.3	84.9	85.8	98.3
Insurance	141.8	111.2	156.9	141.8	137.5	127.8	121.6	111.2	140.5
Telecommunication	476.9	562.5	488.2	476.9	644.2	608.1	594.5	562.5	584.3
Miscellaneous[1]	371.8	315.4	408.6	371.8	347.1	334.1	335.5	315.4	335.9
Corporate bond	42.3	33.3	43.1	42.3	35.9	34.1	33.1	33.3	36.5
Total market capitalisation	**3668**	**3324**	**3949**	**3668**	**3909**	**3617**	**3547**	**3324**	**3650**

Source: Dhaka Stock Exchange.

[1] Ceramic, Tannery, Travel and Leisure,IT-Sector are also included in Miscellaneous part of this Table.

Annexure-2

Major Policy Announcement: July-September, 2025

FEPD Circular No. 25: July 02, 2025 Term lending in Taka to foreign owned/controlled companies	To facilitate local borrowings by foreign-owned/controlled companies, BB has revised the allowable debt-equity ratio for those companies engaged in manufacturing or service activities for at least three years to access Taka term loans for expansion or BMRE (Balancing, Modernisation, Rehabilitation and Expansion). The debt-equity ratio is enhanced from 50:50 to 60:40.
FEPD Circular No. 26: July 02, 2025 Policy on the issuance, operation and renewal of limited money changers	BB issued a circular for limited money changer licenses for scheduled bank branches/booths, hotels, gift shops, and similar establishments. BB also specified application procedures, eligibility, operational scope, renewal, and responsibilities etc., among others.
FEPD Circular No. 27: July 03, 2025 Access to finance against funds held in OBUs as collateral	Offshore Banking Units (OBUs) can accept foreign currency deposits from non-resident individuals and foreign-owned enterprises. To facilitate financing activities, BB has decided that OBUs may allow foreign currency deposits of non-resident account holders to be used by Domestic Banking Units (DBUs) as collateral against financing to resident companies, firms, and individuals.
SMESPD Circular No. 02: July 09, 2025 Master Circular on Start-up Financing	To strengthen and develop the start-up ecosystem in Bangladesh, a master circular has been issued providing an equity investment facility alongside traditional loans/investments in accordance with prescribed procedures.
FEPD Circular Letter No. 26: July 13, 2025 Application of 'Uniform Rules for Collections' for documentary collection.	Banks are required to comply with UCP 600 rules for the issuance of import and export Letters of Credit (LCs). Besides LCs, they may use alternative payment methods such as cash in advance, documentary collection, or open account for permissible trade transactions. While executing admissible import or export transactions under sales contracts on a documentary collection basis, ADs are advised to observe the latest version of the Uniform Rules for Collections (URC) published by the International Chamber of Commerce.
MPD Circular No. 02: July 15, 2025 Re-fixation of Interest Rate Corridor (IRC)	Under the monetary framework to support the Call Money Market and manage liquidity, BB has revised the lower bound of the Interest Rate Corridor, reducing the Standing Deposit Facility (SDF) rate by 50 basis points to 8.00 percent from 8.50 percent. The Standing Lending Facility (SLF) rate and the overnight repo rate remained unchanged at 11.50 percent and 10.00 percent, respectively.

DMD Circular Letter No. 13: August 04, 2025 Regarding Sukuk Allotment Quota	BB has revised quotas for sukuk allocation, setting at 80 percent for Shariah-based banks, finance companies, insurance companies and **I**slamic branches/windows of conventional banks. 5 percent will be allocated for **c**onventional banks, finance companies, and insurance companies**,** while 15 percent for individual investors, provident funds, deposit insurance, investment companies, corporate organisations, gratuity funds, and mutual funds. Allocations will be made proportionately if bids exceed category limits, and any shortfall in one category will be redistributed to others based on their bid proportions.
BRPD Circular Letter No. 18: August 19, 2025 Guidelines on Internal Credit Risk Rating System.	To maintain business momentum and facilitate access to necessary bank loans or investments, banks may, under certain conditions, approve or adjust (renew, extend, or reduce) loan or investment limits even when a borrower's Internal Credit Risk Rating (ICRR) is marked unacceptable under the ICRRS guidelines. Such decisions require approval from the bank's Board of Directors.
ACD Circular Letter No. 02: August 28, 2025 Refinance scheme of Taka 1000.00 Crore for increasing production of wheat and maize.	BB has instructed extending the tenure of the refinancing scheme of BDT 1,000 crore from June 2025 to June 2027 to enhance wheat and maize production.
FEPD Circular Letter No. 28: August 31, 2025 Outward remittances for internet services.	BB has clarified that Authorised Dealers (ADs) may remit service charges payable abroad for internet services delivered within Bangladesh, in addition to remitting payments for bandwidth service imports by Bangladesh-incorporated entities. All other instructions remain unchanged, and banks must inform their concerned clients accordingly.
BRPD Circular Letter No. 20: September 09, 2025 Refinance Scheme for Digital Nano Loan.	BB has extended the tenure of its refinancing scheme for digital nano loan facilities until June 30, 2028, in a move aimed at expanding financial inclusion and encouraging marginalised communities to adopt digital transactions. The fund was later increased to Tk 500 crore but has now been revised back to Tk 100 crore.
BRPD Circular No. 07: September 16, 2025 Policy support for restructuring the business and financial condition of the affected borrowers.	BB has issued a circular to provide policy support to promising yet affected borrower institutions so they can restructure their business and financial operations, return to viable and profitable levels, and thereby ensure loan recovery. The circular provides detailed guidelines on eligibility for policy support, the nature of support, facilities for rescheduling and restructuring, exit options, and the application process.

DMD Circular Letter No. 14: September 22 , 2025 Assured Liquidity Support for Primary Dealers	To maintain consistency in the interest rate framework of the money market and to ensure the full transmission of monetary policy, it has been instructed to roll back the assured liquidity support (ALS) provided by the BB to Primary Dealer (PD) banks from December 2025. During October 2025, PD banks will only be able to access ALS against treasury bills/bonds purchased within last two months from the date the ALS is provided. During November 2025, the scope of ALS facility will be available against the treasury bills/bonds that were bought within last one month from the date the ALS is provided. From 1 December 2025, the ALS facility will be discontinued.
FEPD Circular No. 35: September 23 , 2025 Advance payment against imports	To simplify trade transactions, BB has revised advance payment limits, raising the ceiling from USD 10,000 to USD 20,000 without **a** repayment guarantee and from USD 25,000 to USD 50,000 for payments made from Exporters' Retention Quota (ERQ) accounts.
FEPD Circular Letter No. 31: September 25 , 2025 Receipts of advance remittances against exports	To enhance support for exporters' operational needs, the guidelines for receiving advance remittances against exports have been revised. Key changes include requirements for an irrevocable LC or contract, a proven export track record, and the ability to fulfil the order. The advance must be interest-free, and exports must be completed within one year. In case of non-execution, ADs may refund the advance using funds from the Exporters' Retention Quota (ERQ) account first and the remainder from Taka accounts. ADs are advised to notify exporter-customers of these updates.
FEPD Circular No. 36: September 25 , 2025 Cash incentive against export of frozen shrimps and other fishes	According to the new directive on cash incentives for the export of frozen shrimp and other fish, export proceeds must be repatriated from the same country to which the goods were exported. However, if the proceeds are repatriated from another country, cash incentives may still be provided, subject to certain conditions.
CIB Circular No. 01: September 29 , 2025 Regarding reporting of private sector external debt (including suppliers' credit) information to the CIB database	For the purpose of external debt monitoring and risk assessment, BB has made it mandatory for all banks and financial institutions to report private sector foreign loans, including suppliers' credit, to the central bank's Credit Information Bureau (CIB) database. Besides, all foreign loan information must be reported in the approved foreign currency. Additionally, the outstanding and overdue amounts must be reported in the equivalent of US dollars. Data up to October 2025 and all subsequent loan information must be reported every month starting November 1, 2025. Any new loan, adjustment, or change must be reported to the CIB database in 'Real Time', as stated in the directive

Annexure-3 (Policy Note)

The Inflation-Uncertainty Nexus in Bangladesh

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Abstract

This study examines the relationship between inflation and inflation uncertainty in Bangladesh, a timely issue given the country's recent experience with high inflation. Using monthly data from July 1994 to June 2025, the analysis applies GARCH and EGARCH models to estimate inflation uncertainty and assess the causal relationship between inflation and inflation uncertainty. The findings indicate that inflation has a positive and statistically significant effect on inflation uncertainty. In line with that, Granger causality tests reveal a unidirectional causal relationship between obtained inflation and inflation uncertainty. Unlike the previous studies, this study investigates the Time-Varying Granger Causality (TVGC) test for heterogeneous causal relationship between inflation and inflation uncertainty over the period as suggested by Baum et al. (2022). The results underscore the significance of inflation uncertainty in formulating the monetary policy for price stability in Bangladesh.

JEL Classification: E31, D81, C32.

Keywords: Inflation, inflation uncertainty, GARCH, EGARCH, Granger Causality, Time-varying Granger Causality.

Introduction

Inflation is a vital economic phenomenon that reflects the general increase in the prices of goods and services within an economy. In Bangladesh, like in many emerging economies, inflation has been a persistent concern. However, inflation is not just about price increases; it also creates uncertainty about future price movements, which complicates economic decision-making. This inflation-uncertainty nexus—how inflation itself fuels uncertainty and how uncertainty, in turn, affects economic behavior—has significant implications for economic stability. According to Friedman (1977), higher inflation leads to greater inflation uncertainty, which distorts the price mechanism and results in a loss of economic welfare. Similarly, Ball (1992) argues that high inflation introduces uncertainty regarding future monetary policy, as it generates doubt about how policymakers will respond. Additionally, Cukierman and Meltzer (1986) assert that when monetary policymakers operate with discretion and asymmetric information, ambiguity regarding their preferences creates a credibility problem. This leads to the public anticipating higher inflation, despite no corresponding increase in economic output. It emphasises the need for credibility and transparency in monetary policy. This research aims to explore how inflation and

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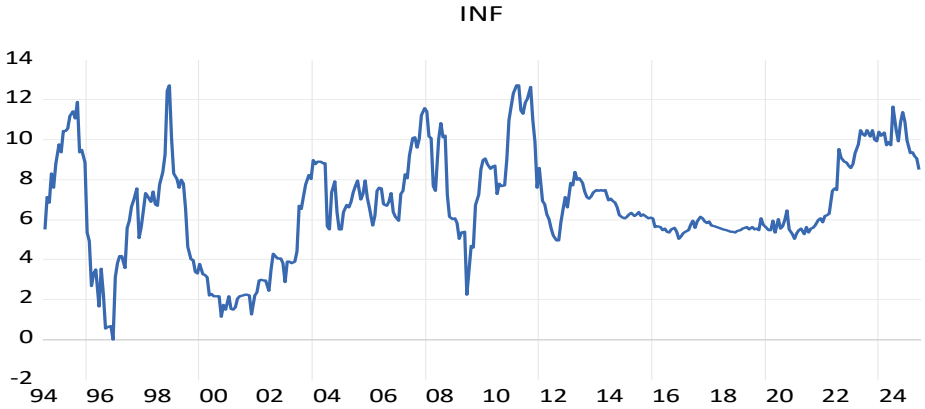
inflation uncertainty interact in Bangladesh's economy and to assess the broader economic implications of this relationship.

In recent years, high inflation has emerged as a significant challenge for Bangladesh, posing serious risks to the stability of the economy. Addressing inflation is critical to stabilising monetary policy and ensuring sustainable economic growth. In this study, we utilise monthly time series data on inflation in Bangladesh spanning from 1994 to 2025. The inflation variable (INF) is plotted in Figure 1, providing a visual representation of its fluctuations over the study period. This data serves as the basis for the empirical analysis, aiming to explore the dynamics of inflation and its potential impact on macroeconomic stability in Bangladesh.

Figure 1



The remainder of this paper is structured as follows: Section 2 presents the literature review, Section 3 describes the model specification in this study, Section 4 represents the data and estimation, Section 5 estimates the time-varying causality (TVC) tests, while Section 6 concludes by discussing the implications of the findings.

2. Literature Review

The relationship between inflation and inflation uncertainty has been widely studied, with numerous theories and empirical studies offering insights into how inflation affects economic stability. While much of the existing research has focused on developed economies, there is a notable gap in literature concerning developing countries like Bangladesh, where inflation dynamics and policy responses may differ significantly. Golob (1994) examines the relationship between inflation levels and the uncertainty surrounding future inflation. His findings suggest that higher inflation tends to increase inflation uncertainty, thereby complicating economic decision-making. This reinforces the notion that effectively managing inflation is critical to reduce economic unpredictability. In a similar vein, Javed et al. (2012) investigate the relationship between inflation and inflation uncertainty in Pakistan. Using ARMA-GARCH models and the Granger-causality tests the study analyses several decades of data to determine the direction of causality and the persistence of inflation volatility. The results support the Friedman-Ball hypothesis, indicating that higher inflation leads to increased inflation uncertainty. However, they find no evidence to suggest that inflation uncertainty significantly influences inflation rates, in contrast to the Cukierman and Meltzer (1986) hypothesis. This study highlights the importance of controlling inflation to mitigate economic uncertainty and provides valuable insights for monetary policy in emerging economies. Numerous studies have affirmed the Friedman-Ball hypothesis, suggesting that higher inflation increases inflation uncertainty. Brunner and Hess

(1993) and Grier and Perry (1998) offer evidence supporting this hypothesis for G7 countries using ARCH and GARCH models, respectively. Similar results have been found in emerging markets, including Turkey (Nas and Perry, 2000; Neyapti and Kaya, 2000) and countries such as Jordan, the Philippines, and Turkey (Ozdemir and Fisunoglu, 2008).

In contrast, other research has provided evidence supporting alternative hypotheses. Baillie et al. (1996) support the Cukierman-Meltzer hypothesis in the UK, suggesting that inflation uncertainty influences inflation. Golob (1994) finds that inflation uncertainty has a positive impact on inflation in the United States, while Ricketts and Rose (1995) observe an increase in inflation uncertainty during periods of high inflation in Canada. However, findings within the US context remain mixed, with Grier et al. (2004) and Karanasos et al. (2004) reporting conflicting effects of inflation uncertainty on inflation. Additionally, studies examining the Devereux and Holland hypotheses reflect the complexity of this relationship across different economies (Fountas et al., 2006; Karanasos and Stefanie, 2008; Thornton, 2007). Collectively, these studies highlight the link between inflation and inflation uncertainty across both developed and developing economies.

In the case of Bangladesh, Lateef et al. (2020) examine four South Asian countries and find that higher inflation increases inflation uncertainty, thereby supporting the Friedman-Ball hypothesis. They emphasise the critical role of stable and credible monetary policy in reducing inflation volatility. Similarly, Hossain (2015) investigates the relationship between inflation volatility, economic growth, and monetary policy in Bangladesh. His study concludes that high inflation volatility adversely affects economic growth, further highlighting the need for consistent and credible monetary policy to stabilise inflation and foster long-term economic development.

Most of the empirical studies on the inflation-inflation uncertainty relationship have adopted a two-stage approach. In the first stage, the GARCH-type models are applied to construct a measure of inflation uncertainty. In the second stage, Granger causality tests are used to explore the direction of the relationship between inflation and inflation uncertainty. According to Fountas and Karanasos (2007), the majority of these studies provide significant support for the hypotheses of Friedman (1977) and Ball (1992), while the hypothesis of Cukierman and Meltzer (1986) receives less empirical backing. The choice of measures used to represent inflation uncertainty—especially in studies utilizing monthly data—plays a crucial role in shaping the observed relationship between inflation and inflation uncertainty (Albulescu et al., 2019; Fountas, 2001).

Most research on the inflation-inflation uncertainty relationship has focused on developed economies, with limited attention given to developing economies like Bangladesh. This gap is significant, as Bangladesh's unique economic structure and inflation dynamics may differ from those of developed markets. Examining this relationship in Bangladesh is crucial for targeted policy recommendations and enhancing understanding of inflation dynamics in emerging economies. This study aims to fill this gap by investigating inflation uncertainty in Bangladesh, contributing to the broader literature on inflation in developing countries.

3. Model Specification

The key variables used in the study are inflation and inflation uncertainty. The data are analysed by applying ARCH, GARCH, and EGARCH models. This paper tests for Heteroscedasticity

using the method proposed by Brown and Forsythe (1974), which determines whether the variance of the data differs across different time periods. The methodology employed in this paper closely mirrors that of Lateef et al. (2020) and Ananzeh (2015).To check the stationarity of the data, the Augmented Dickey-Fuller (ADF) test is employed. The Autoregressive Conditional Heteroscedasticity (ARCH) model, proposed by Engle (1982), laid the foundation for extensive research on modeling conditional volatility in empirical data. The Generalized Autoregressive Conditional Heteroscedasticity (GARCH) model, also introduced by Engle, extends the ARCH model to better capture volatility clustering and persistence in time series data. These models are used to detect the presence of ARCH/GARCH effects. The ARCH model consists of two main components: the mean equation and the variance equation. In this study, the conditional variance equation is estimated to examine the dynamic behavior of inflation volatility over time.

Mean equation: $\mathrm{INF_t}=\mu+\sum_{j=1}^{p}\theta_j\mathrm{INF_{t-j}}+\varepsilon_t$

$\varepsilon_t\sim D(0,\delta_t)$

$\mathrm{INF_t}$ is the inflation and it simply an AR (p) process.

Here,

- INF_t is the inflation rate at time (t).
- μ is the constant or intercept of the model. It represents the long-run average inflation level.
- θ_j are the coefficients for the lags of the inflation series (i.e., the past inflation values). θ_j represents how much past values of inflation (INF_{t-j}) affect the current value of inflation.
- INF_{t-j} is the inflation rate at time of (t-j), which is the value of inflation from (j) periods ago.
- ε_t is the error term or residual at time (t). It represents the random shock or disturbance in the inflation rate at time (t)), and ideally, it should have zero mean and a certain variance.

Variance equation: $\delta_t=\omega_\circ+\sum_{j=1}^{q}\alpha_j\varepsilon_{t-j}^2$

Here,

δ_t indicates the variance.

α_j are the coefficients that determine how much past squared error terms (the shocks) affect the current volatility.

ε_{t-j}^2 is the squared error term from (j) periods ago.

Inflation Uncertainty

In 1986, Bollerslev solely developed GARCH model. In this model the conditional variance is dependent on the previous lag and the squared residual terms of the lags. The complete general equation used for the inflation uncertainty series δ_t is given below.

$$\delta_t = \omega_\circ + \sum_{j=1}^{p} \beta_i \delta_{t-i} + \sum_{j=1}^{q} \alpha_j \varepsilon_{t-j}^2$$

Here,

- δ_t indicates conditional variance at time (t).
- $\omega_\circ$is constant, representing the baseline level of volatility.
- $\beta_i$are the coefficients for the lagged conditional variances. They capture the persistence of volatility over time.
- δ_{t-i}denotes the lagged values of the conditional variance. This term captures the impact of past volatility on current volatility.
- α_j is the coefficient for the lagged squared residuals ε_{t-j}^2, which capture the effect of past shocks (inflation disturbances) on current volatility.
- $\varepsilon_{t-j}^2$is the squared residuals from past periods. These represent the shocks or disturbances in inflation that influence future volatility.

The exponential generalized Autoregressive conditional Heteroskedasticity proposed by Nelson in 1991 and is used to the model of inflation Uncertainty. It does not impose the non-negativity constraints on the parameters by modeling the logarithm of the conditional variance as compared to conventional GARCH models The EGARCH model is used to test the asymmetries in the terms of negative and positive shocks.

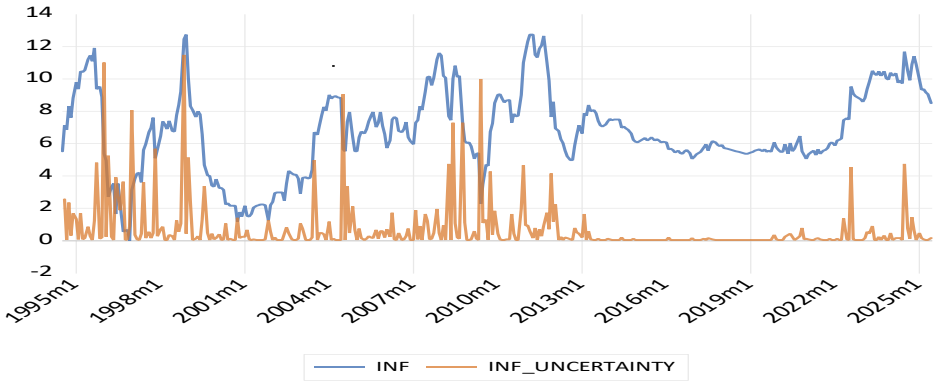
The variance equation of this model is given below:

$$\ln(\delta_t) = \omega_o + \sum_{j=1}^{p} \beta_i \ln(\delta_{t-i}) + \sum_{j=1}^{q} \alpha_j \left| \varepsilon_{t-j} \right/ \sqrt{\delta_{t-j}} + \sum_{j=1}^{q} \gamma_j \varepsilon_{t-j} \Big/ \sqrt{\delta_{t-j}}$$

Hence the estimated parameters are ω, β, α and γ. When γ is non-zero, the impact of inflation on inflation uncertainty is asymmetric. But when γ becomes positive, then increased inflation indicates more inflation uncertainty.

This model is particularly useful for modeling inflation uncertainty, as it provides a more accurate depiction of how volatility and shocks interact in economic time series, especially in the presence of asymmetric effects.

Figure 2



A plot of inflation uncertainty series and their inflation rates is presented together in Figure 2. Figure 2 illustrates the series for both inflation and inflation uncertainty. The graph demonstrates a clear positive relationship between the magnitude of inflation and the level of uncertainty, where periods of elevated inflation are accompanied by increased uncertainty. Additionally, the graph reveals a significant degree of persistence in inflation uncertainty over time, which aligns with the characteristics of the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model, suggesting that past volatility has a substantial influence on current uncertainty. The Granger Causality test is proposed by Granger in 1969. This test is used to check the existence of the causality between the inflation and inflation uncertainty. This technique is used to test for forecasting of one variable on the other.

4. Data and Estimation

Before estimating the mean and GARCH equations, we need to determine the stationarity for the inflation series. The results of Augmented Dickey-Fuller test indicate that Bangladesh's inflation is stationary at the level I(0) at the 1%, 5%, and 10% significance levels.

The ARCH model is used to measure the volatility of inflation and the EGARCH model is used to measure the effect in asymmetric shocks of variance on inflation. The following Table-1 showed the conditional mean and variance equations designed for Bangladesh. The ARCH and GARCH models are ranked by minimising the Akaike Information Criterion (AIC) and Schwarz Bayesian Criterion (SBC). Models with the lowest AIC and SBC values are considered the best fit, effectively explaining heteroscedasticity. The ARCH model is applied and one by one the best fitted model is obtained on the basis of AIC and SBC. The AR (1) process is used to test the autoregressive order of inflation of mean equation series. The EGARCH model is used to test the asymmetries in the terms of positive and negative shocks of inflation uncertainty.

Table 1: The estimation coefficient of inflation in the case of Bangladesh

Mean Equation												
	ARCH (1)				GARCH(1,1)				EGARCH(1,1)			
Variables	Coefficient	SE	Z-statistics	p-value	Coefficient	SE	Z-statistics	p-value	Coefficient	SE	Z-statistics	p-value
Constant	6.758	0.833	8.108	0.000	5.595	0.474	11.801	0.000	5.721	0.456	12.524	0.000
INF(-1)	0.949	0.013	68.170	0.000	0.948	0.013	73.086	0.000	0.947	0.012	76.668	0.000
Variance Equation												
	ARCH (1)				GARCH(1,1)				EGARCH(1,1)			
	Coefficient	SE	Z-statistics	p-value	Coefficient	SE	Z-statistics	p-value	Coefficient	SE	Z-statistics	p-value
ω	0.605	0.032	18.719	0.000	0.002	0.001	2.907	0.004	-0.189	0.028	-6.628	0.000
∝	0.073	0.073	0.054	0.000	0.149	0.023	6.578	0.000	0.240	0.038	6.235	0.000
β					0.873	0.015	57.805	0.000	0.088	0.021	4.185	0.000
γ					-	-	-	-	0.983	0.004	225.289	0.000
AIC	2.422				2.050				2.028			
SBC	2.464				2.103				2.092			

The minimum values of the AIC and SBC suggest the GARCH (1, 1) effects are present of the series in inflation because the value of β is positive and significant. In EGARCH the value of the $\gamma = 0.983$ show that the presence of asymmetric information and also it is non zero. The value of γ is positive and significant, it shows that positive shocks to inflation and create more inflation uncertainty.

The performances of the GARCH model proposed by Bollerslev (1986) which constitute the most widely employed GARCH-type models in the relevant literature to generate inflation uncertainty. The outcomes, presented in Table 1, EGARCH type model perform significantly better than the GARCH type models considered for Bangladeshi data examined.

Table 2: Granger Causality Test

Equation	Chi-Square Statistic	Degrees of Freedom (df)	p-value (Prob > chi2)	Decision
H_0: Inflation does not Granger Cause Inflation uncertainty	6.5432	2	0.038	Reject H_0: Inflation Granger causes Inflation uncertainty
H_0: Inflation uncertainty does not Granger Cause Inflation	4.2947	2	0.117	Fail to reject H_0:Inflation uncertainty does not Granger Cause Inflation

For estimating the strong relation in this stage, in this paper Granger causality test has done. Then, the Granger causality test results show that- Inflation Granger-causes inflation uncertainty: The p-value of 0.038 indicates a significant relationship, meaning past inflation values can help predict inflation uncertainty. However, inflation uncertainty does not Granger-cause inflation: The p-value of 0.117 is not statistically significant, suggesting that past inflation uncertainty does not help predict inflation (Table 2).

5. Time varying causality

To explore the study further, we apply the time-varying Granger causality test developed by Shi et al. (2020) and advocated by Baum et al. (2022). The results reveal clear evidence of unidirectional, heterogeneous, time-varying Granger causality between inflation and inflation uncertainty throughout the majority of the study period across all the economies included in the analysis.

This study employs the TVC test to examine the direction, strength, and duration of the causality between inflation (INF) and inflation uncertainty (INF_uncertainty), highlighting the heterogeneous nature of causal relationships over time. Following Granger (1996), who emphasised the importance of accounting for structural changes in econometric models, this study utilises three algorithms to identify when and how causality evolves over the sample period. The first, the Forward (FE) window causality test (Thoma, 1994), uses a fixed starting point and equally sized subsamples to track causal links. The second, the Rolling (RO) window causality test (Swanson, 1998; Balcilar and Ozdemir, 2013), shifts the window forward with each observation to capture time-varying structural changes. Finally, the Recursive Evolving (RE) window method (Shi et al., 2018) combines the FE approach with a sliding window to run regressions over subsamples, generating Wald test statistics for the entire sample, excluding the smallest window sizes. These algorithms provide a sequence of test statistics to assess dynamic causality.

The time-varying Granger-causality results using the FE, RO, and RE algorithms also support the full sample findings (Table 3). The full-sample and time-varying results (Table 3) show that the FE window fails to reject causality from INF to INF_uncertainty, but both the RO and RE windows reject the null hypothesis at the 5% and 1% levels of the empirical distribution of the bootstrap test statistics, indicating robust causality from INF to INF_uncertainty. Causality in the opposite direction, from INF_uncertainty to INF, appears to be weak both at the 5% level and 1% level applying RO and RE windows. Furthermore, in this case, the FE window still shows no evidence of causality. Therefore, it provides evidence of Granger causality between INF and INF_uncertainty.

The results from the second-stage time-varying causality (TVC) test are displayed in Figure 3. The solid line represents the maximum Wald test statistics, which illustrate how causality varies over time. In contrast, the dotted and dashed lines show the critical values at the 5% and 10% significance levels, respectively, derived from the bootstrap method. To establish a statistically

Table 3 Wald tests for Granger Causality

Direction of causality	Max Wald FE	Max Wald RO	Max Wald RE
INF→INF_Uncertainty	7.631	40.169	40.310
	(7.916)	(7.809)	(8.098)
	[10.682]	[10.530]	[10.682]
INF_Uncertainty→ INF	2.156	15.612	15.696
	(6.622)	(7.626)	(7.626)
	[10.249]	[12.643]	[12.643]

Note: The underlying model is a bi-variate VAR(2) model estimated with a trend. The minimum window size is set at 72 observations. The values in parentheses and brackets report the 95th and 99th percentiles of the empirical distribution of the bootstrap test statistics, respectively. The Wald test statistics are based on 199 replications, and robust to heteroskedasticity.

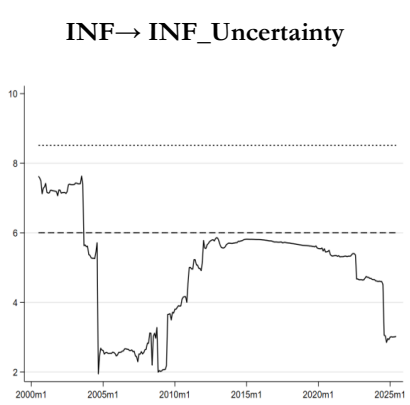
significant causal relationship, the solid line must lie above the dotted line (5% critical value) or the dashed line (10% critical value). When the solid line falls below both of these thresholds, it indicates the absence of causality at the 5% or 10% levels during the corresponding period. These visualisations also identify when causality begins, ends, and how its strength changes over time. The results confirm substantial heterogeneity across the FE, RO, and RE approaches: while RO and RE detect dynamic causal links, the FE window fails to capture causality, especially in the later part of the sample (Figures 3a and 3d).

Two major episodes of strong causality running from INF to INF_uncertainty emerge in the RO and RE results: 2003–2005 and late 2010–2025 (Figures 3b and 3c). The prolonged inflation and uncertainty in Bangladesh during 2010–2025 are driven by a mix of global cost-push shocks,

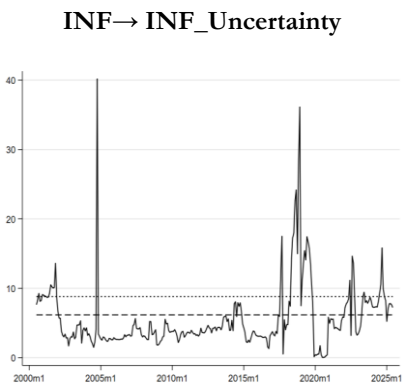
including rising fuel, food, and raw material prices, first worsened by the COVID-19 pandemic and later exacerbated by the Russia-Ukraine conflict. These external pressures, combined with a foreign exchange crisis that devalued the Taka, increased import costs, and domestic weaknesses like inefficient supply chains and market manipulation, led to persistently high inflation. Initially accommodative monetary policy also heightened demand, undermining confidence in price stability. This evolving causality mirrors the findings of Eroglu and Yeter (2023), who documented similar patterns in Turkey, with sensitivity to structural breaks over time.

On the other hand, weaker evidence of time-varying causality from INF_uncertainty to INF is observed during 2003-2005 and again after 2022 (see: Figures 3e and 3f). These periods show less pronounced causality, indicating that the relationship from INF_uncertainty to INF was weaker during these times.

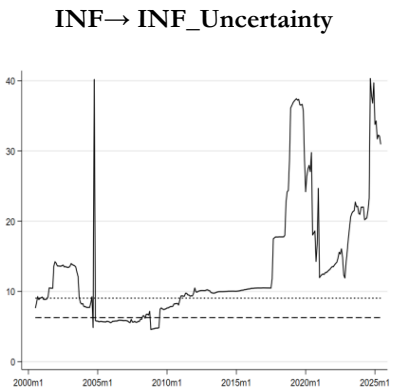
Figure 3: TVC Test between Inflation (INF) and Inflation Uncertainty (INF_uncertainty)



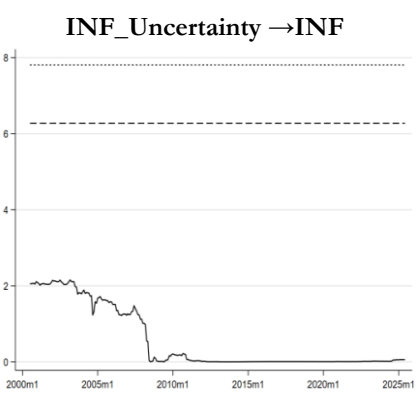
a) Forward window



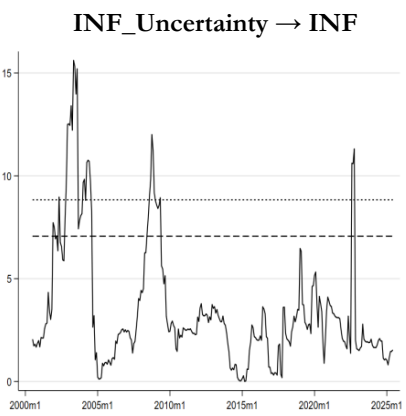
b) Rolling window



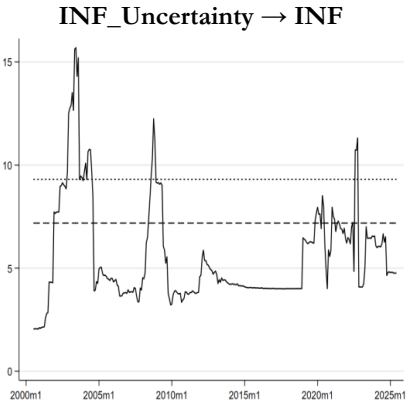
c) Recursive window



d) Forward window



e) Rolling window



f) Recursive window

6. Conclusion

This study investigates the causal relationship between inflation and inflation uncertainty in Bangladesh. The traditional Granger causality test indicates unidirectional effect from inflation to inflation uncertainty, while the time-varying causality (TVC) analysis reveals heterogeneous and shock-dependent causal patterns. Notably, the strength of this relationship intensifies during periods of economic disruption, highlighting the sensitivity of inflation dynamics to structural breaks and external shocks.

These findings suggest that policymakers can use the evolving causality between inflation and inflation uncertainty to better assess the effectiveness and spillover of monetary policy across different periods. Overall, inflation and inflation uncertainty as joint indicators of macroeconomic stability can be integrated into regular monitoring and decision-making frameworks. Treating these two measures as a joint indicator will allow for earlier detection of macroeconomic instability, more timely monetary policy adjustments, and improved communication of policy intentions. This approach can strengthen the overall monetary policy framework, enhance investor confidence for long-term planning, and support broader macroeconomic stability. However, the study has caveats; it excludes key supply-side determinants of inflation and focuses solely on Bangladesh. Future research involving multiple countries with varying inflation regimes and structural features could offer valuable comparative insights.

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