Bangladesh

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BB-
Short-Term IDR	B

Local Currency

Long-Term IDR	BB-
Country Ceiling	BB-

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency Rating	Stable

Financial Data

Bangladesh

(USDbn)	2015
GDP	207.2
GDP per head (USD 000)	1.3
Population (m)	160.5
International reserves	27.5
Net external debt (% GDP)	2.3
Central government total debt (% GDP)	33.7
CG foreign-currency debt	26.0
CG domestically issued debt (BDTbn)	3,064.5

Related Research

APAC Sovereign Overview 1Q16 (April 2016)

APAC Chart of the Month (March 2016)

Global Economic Outlook (March 2016)

Bangladesh (September 2015)

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Key Rating Drivers

Strong Fundamentals, Weak Governance: Fitch Ratings' affirmation of Bangladesh's ratings and Stable Outlook balances the country's strong foreign-currency earnings, and high and stable real GDP growth, against significant political risk caused by a deep divide between the main parties and weak banking-sector health, marked by high NPLs and poor bank governance.

Foreign Reserves Reach Record: Strong remittances and garments exports, two main pillars of Bangladesh's economy, have held up fairly well. Its exports have only been slightly hit so far by the global trade slowdown, but external conditions – marked by weak trade and low oil prices – may damp foreign demand for Bangladeshi exports and workers. These inflows, combined with Bangladesh Bank's currency interventions to keep the taka relatively stable against the dollar, have led to a build-up of reserves to a record USD28.3bn in March 2016.

Growth Remains Fast: Bangladesh's real GDP growth had been relatively high and stable in recent years, even amidst political strife and natural disasters. We expect growth to reach 6.7% in the fiscal year to 30 June 2016 (FY16) and 6.8% in FY17 (official forecasts: 7.1% and 7.2% respectively). Increased purchasing power from public-sector wage hikes and monetary easing in January 2016 would support this growth, in our view. Bangladesh's macroeconomic record has been bolstered by its successful completion in 2016 of its arrangement with the IMF.

Strife Subsides, Polarisation Remains: The return of relative calm since 1Q15 is positive from an economic perspective, but political risk still weighs on the credit profile. The risk of recurring widespread violence is significant, especially in the run up to parliamentary elections that are to be held by January 2019. The main risk to Bangladesh is that political turmoil or acts of terror deter foreign investors and buyers, especially of ready-made garments, from doing business in the country, thereby inflicting long-term harm to the economy.

Government Revenue Lags Peers: Its general government debt of 33.7% of GDP in FY15 compares well with the median of 'BB' sovereigns of 42.5%. Still, the government's revenue intake of 9.8% of GDP is extremely low, implying it has limited fiscal space to boost badly needed infrastructure development. The intake is the second-lowest of 113 rated sovereigns after Nigeria. Implementation of the new value-added tax (VAT) seems key in strengthening revenues, although the impact will depend on the imposed rate and degree of compliance.

Rating Sensitivities

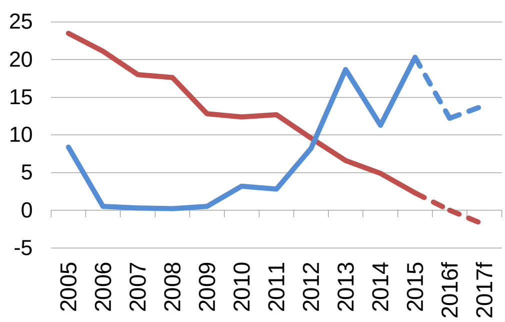
Improved Governance: Better governance would be credit positive as that would strengthen the business climate, and could improve the health of the banking sector.

Higher GDP Growth: Sustained stronger real growth that brings the GDP per-capita more in line with that of peers, would be credit positive; this could be, for instance, supported by a political environment that is more conducive for economic activity. A protracted and substantial disruption of economic activity caused by political turmoil would be credit negative.

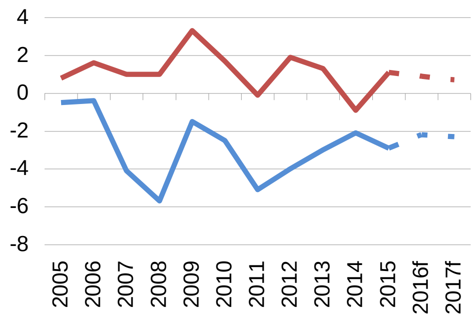
Fiscal Deterioration: A greater-than-expected weakening in banking-sector asset quality, prompting a need for major government support, or other developments that cause public finances to deteriorate to an extent that causes the government debt-to-GDP ratio to rise significantly would be negative for Bangladesh's credit.

Peer Comparison

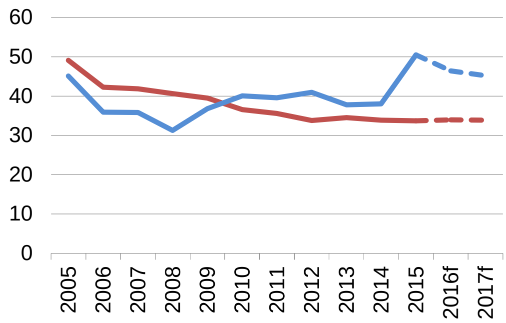
Net External Debt
% of GDP



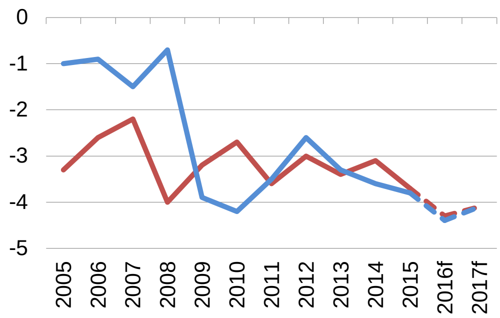
Current Account Balance
% of GDP



General Government Debt
% of GDP

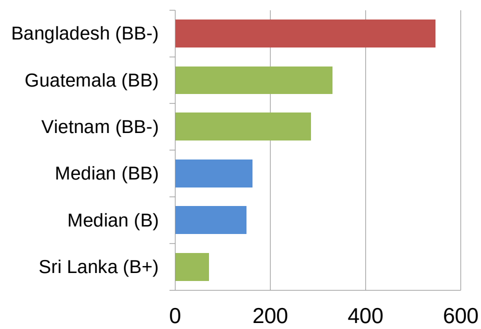


General Government Balance
% of GDP

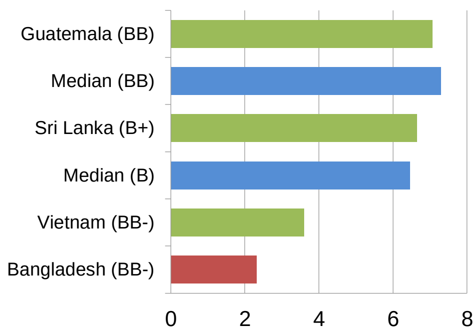


Bangladesh Medians

International Liquidity Ratio, 2016
%



GDP per capita Income, 2015e
At market exchange rates, USA=100



Related Criteria

Sovereign Rating Criteria (August 2014)
Country Ceilings (August 2015)

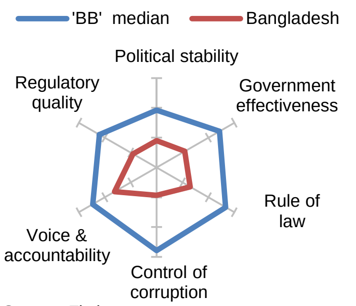
Peer Group

Rating	Country
BB	Bolivia
	Croatia
	Guatemala
	Paraguay
BB-	**Bangladesh**
	Georgia
	Nigeria
	Seychelles
	Tunisia
	Vietnam
B+	Angola
	Armenia
	Cote d'Ivoire
	Cyprus
	Dominican Republic
	El Salvador
	Gabon
	Kenya
	Lesotho
	Nicaragua
	Rwanda
	Serbia
	Sri Lanka
	Suriname
	Uganda

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
29 Aug 14	BB-	BB-

Figure 1
Governance Indicators
Percentile rank



Source: Fitch

Rating Factors

Summary: Strengths and Weaknesses

Rating factor	Macroeconomic	Public finances	External finances	Structural issues
Status	Strength	Neutral	Strength	Weakness
Trend	Stable	Stable	Stable	Stable

Note: Relative to 'BB' category
Source: Fitch

Strengths

- Bangladesh's international official reserves levels compare favourably with that of peers (6.8 months of CXP cover in 2015 compared with the 'BB' median of 4.3 months), and net external debt is also lower.
- Real GDP growth is relatively high and stable: GDP growth averaged 6.3% over the past five years compared with a 'BB' peer median of 4.0%. Bangladesh's growth proved resilient to a number of severe shocks, including political crises and natural disasters.
- Bangladesh enjoys a demographic dividend in that a large and young population combined with a low wage structure have generated large and resilient foreign inflows in the form remittances, and through ready-made garments exports.
- Bangladesh has a clean recent external-debt repayment record, which stands out from its 'BB' peers. Its public debt level was too low to benefit from the multilateral debt relief initiatives in the 2000s, while the country continues to benefits from strong bilateral and multilateral financial support.

Weaknesses

- Political risk is high. Bangladesh ranks in the 17th percentile on the World Bank indicator for political stability and absence of violence and terrorism, much lower than peers but has improved from being in the eighth percentile a year ago.
- The banking sector's balance sheets and governance are weak, illustrated by some high profile scams that occurred in recent years. The central bank has taken some measures to improve the governance of the banking sector.
- Governance and the business environment are generally weak. Bangladesh ranks 139 out of 168 countries in the corruption perception index of Transparency International and scores low for Ease of Doing Business indicators (ranking 174 out of 189 countries). Infrastructure is generally underdeveloped.
- Bangladesh is still underdeveloped, as illustrated by low per capita GDP (USD1,291) and a low ranking in the UN's Human Development Index (142 out of 188 countries). Nonetheless, major improvements have taken place over the past decade on a number of social metrics and the World Bank in July 2015 announced that Bangladesh reached lower middle-income status.

Local Currency Rating

Bangladesh's Local-Currency Issuer Default Rating (IDR) is the same as its Foreign-Currency IDR. Fitch believes that the chances of the government prioritising domestic over foreign repayments are small.

Country Ceiling

Fitch assesses Bangladesh's Country Ceiling, which captures transfer and convertibility risk, to be aligned with its Foreign-Currency Long-Term IDR at 'BB–'. The taka is convertible for current account transactions, but capital account restrictions are in place.

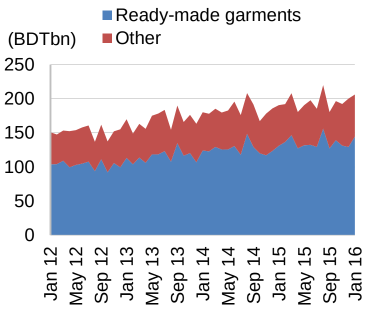
Figure 2

Strengths and Weaknesses: Comparative Analysis

2015	Bangladesh[g] BB-	BB Median[a]	B Median[a]	Guatemala BB	Vietnam BB-	Sri Lanka B+
Macroeconomic performance and policies						
Real GDP (5yr average % change)	6.3	4.0	4.3	3.8	5.9	6.1
Volatility of GDP (10yr rolling SD)	0.6	2.3	2.7	1.6	0.7	2.0
Consumer prices (5yr average)	7.7	4.6	4.4	4.0	7.8	5.1
Volatility of CPI (10yr rolling SD)	1.3	2.8	3.2	2.8	6.7	6.4
Unemployment rate (%)	4.5	9.3	11.8	3.0	2.5	5.0
Type of exchange rate regime	Stabilised	n.a.	n.a.	Managed float	Crawling peg	Managed float
Dollarisation ratio (% of bank deposits)	1.8	38.4	31.1	17.5	-	16.5
REER volatility (10yr rolling SD)	5.4	4.9	5.7	3.2	8.7	7.6
Structural features						
GDP per capita (USD, mkt exchange rates)	1,291	4,087	3,625	3,933	2,051	3,667
GNI per capita (PPP, USD, latest)	3,340	10,581	7,720	7,260	5,350	10,270
GDP (USDbn)	207.2	n.a.	n.a.	64.0	191.8	79.1
Human development index (percentile, latest)	23.6	52.9	31.1	33.3	35.4	61.2
Governance indicator (percentile, latest)[b]	22.5	44.7	31.8	29.0	36.8	44.7
Broad money (% GDP)	48.8	56.7	43.5	47.8	134.2	40.5
Default record (year cured)[c]	-	n.a.	n.a.	1989	1998	-
Ease of doing business (percentile, latest)	8.0	50.6	37.3	57.5	52.7	43.7
Trade openness (avg. of CXR + CXP % GDP)	24.0	50.7	49.7	33.3	94.9	31.6
Gross domestic savings (% GDP)	22.2	18.0	13.8	4.7	26.1	21.0
Gross domestic investment (% GDP)	28.9	22.3	24.8	13.3	25.2	29.9
Private credit (% GDP)	35.6	49.7	31.9	35.1	109.7	30.2
Bank systemic risk indicators[d]	n.a./1	n.a.	n.a.	bb/1	b/1	b/1
Bank system capital ratio (% assets)	10.3	14.2	16.2	13.9	13.3	15.2
Foreign bank ownership (% assets)	6.1	31.9	43.5	25.0	10.9	20.3
Public bank ownership (% assets)	32.0	24.4	22.4	1.1	46.6	44.4
External finances						
Current account balance + net FDI (% GDP)	2.1	0.1	-2.7	2.1	4.9	-1.0
Current account balance (% GDP)	1.1	-2.3	-7.3	-0.3	0.5	-2.2
Net external debt (% GDP)	2.3	12.2	24.0	-0.8	9.9	47.2
Gross external debt (% CXR)	73.3	116.6	135.1	81.1	42.8	194.5
Gross sovereign external debt (% GXD)	77.3	45.7	60.2	43.6	59.8	62.7
Sovereign net foreign assets (% GDP)	-0.5	-2.9	-13.5	2.0	-10.9	-28.0
Ext. interest service ratio (% CXR)	1.1	2.9	2.6	3.1	0.9	5.3
Ext. debt service ratio (% CXR)	3.8	11.4	11.5	8.8	3.2	15.6
Foreign exchange reserves (months of CXP)	6.8	4.3	3.6	4.4	2.0	3.4
Liquidity ratio (latest)[e]	546.6	157.4	173.6	334.1	285.1	70.9
Share of currency in global reserves (%)	0	n.a.	n.a.	0	0	0
Commodity export dependence (% CXR, latest)	4.5	19.1	27.5	31.0	27.3	14.4
Sovereign net foreign currency debt (% GDP)	-0.7	2.0	13.3	-1.4	8.5	25.7
Public finances[f]						
Budget balance (% GDP)	-3.7	-3.8	-4.5	-1.5	-6.0	-7.0
Primary balance (% GDP)	-1.6	-1.9	-2.2	0.1	-4.0	-2.5
Gross debt (% revenue)	344.3	184.9	224.1	202.8	228.1	582.1
Gross debt (% GDP)	33.7	42.5	54.1	21.8	50.5	75.7
Net debt (% GDP)	28.7	33.6	46.7	16.1	48.3	74.6
Foreign currency debt (% total debt)	37.3	53.5	70.2	49.1	48.2	46.2
Interest payments (% revenue)	20.9	8.4	7.4	14.4	9.0	34.6
Revenues and grants (% GDP)	9.8	26.6	24.7	10.8	22.1	13.0
Volatility of revenues/GDP ratio	7.2	5.5	8.2	6.1	8.3	14.1
Central govt. debt maturities (% GDP)	0.7	4.1	6.0	1.4	3.9	16.6

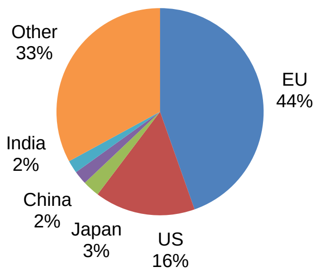
[a] Medians based on three-year centred averages
[b] Composite of six World Bank Governance Indicators used in the Sovereign Rating Model; Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence
[c] Bangladesh has not restructured any loans through the Paris Club
[d] Bank systemic indicator, which equates to a weighted average Viability Rating; and macro prudential indicator, with 1 'low' systemic risk through to 3 'high'
[e] Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year
[f] General government unless stated; central government for Bangladesh
[g] For Bangladesh, the macroeconomic performance and public finance data relate to fiscal years, while structural features and external finances relate to calendar years
Note: Acronyms used: Consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI)
Source: Fitch

Figure 3
Bangladesh: Exports
Monthly data



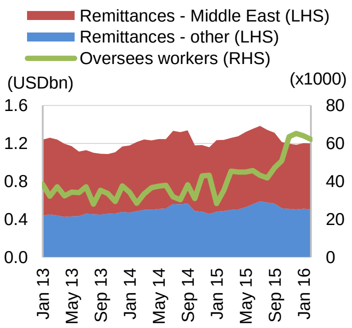
Source: CEIC and Bangladesh Bank

Figure 4
Export Destinations



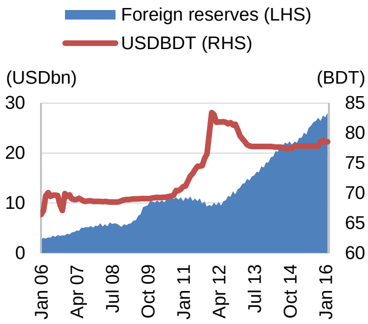
Source: Bangladesh Bank and Fitch

Figure 5
Remittances Bangladesh
Gross inflows and workers abroad



Source: CEIC and Bangladesh Bank

Figure 6
Foreign Exchange
Monthly data



Source: CEIC and Bangladesh Bank

Key Credit Developments

Bangladesh Little Affected So Far by Weak External Environment

The Bangladeshi ready-made garments (RMG) sector, providing about 80% of total exports and generating USD25bn a year (12% of GDP), has continued to do well, despite world trade growth being sluggish.[1] Bangladeshi exports are so far hardly affected by the economic slowdown in China and a number of other emerging economies. The country's export model is barely dependent on commodities and 72% of Bangladesh's exports have advanced economies as final destination. On the other hand, limited diversification from the RMG sector implies a risk in the event of a shock, for instance, related to reputational risk. Demand for Bangladeshi products could, for instance, be affected by another event linked to factory safety that brings Bangladeshi working conditions into question.

Remittances from overseas workers, the other principal element supporting Bangladesh's external balances and domestic consumer spending, have so far proved relatively stable. The USD15.3bn (7.4% of GDP) inflow of remittances in FY15 was much higher than the USD3bn of mainly project-related foreign aid. Risks to remittances seem related to external rather than idiosyncratic Bangladeshi factors. Policies and general perception in host countries concerning Bangladeshi workers can suddenly change and significantly affect demand. Lower demand for workers in the Middle East, providing 58% of total remittances and severely affected by low oil revenues, may cause less employment in sectors like construction. This risk has, so far, not materialised, as the number of Bangladeshi workers abroad has dramatically increased in recent quarters, mainly due to more hiring in Oman, Qatar and Saudi Arabia, in particular, of women for domestic jobs.

Bangladesh Bank's interventions in the exchange market had resulted in a stable currency versus the dollar and a strong rise in foreign reserves to a record high USD28.3bn in March 2016. The reserve coverage of 6.8 months of CXP compares favourably against the 'BB' median of 4.3 months, but intervention has also caused the real effective exchange rate to appreciate. With only 16% of its exports going to the US, this has led to some loss in its competeveness. At the same time, Bangladeshi companies continue to pay relatively low wages compared with overseas competitors, and are able to deliver relatively large orders. IMF's latest Article IV report concluded that there is no clear evidence that the taka is misaligned with economic fundamentals or of a lack of competitiveness of Bangladeshi exports, pointing to continued strong world export shares and the absence of an import boom.

The recent heist in which USD101m of Bangladesh Bank's reserves were stolen, with only a small part recovered to date, does not affect Bangladesh's reserve adequacy, in our view. Changes in Bangladesh Bank's leadership after the theft may affect policies, such as those that enhance governance in the banking sector.

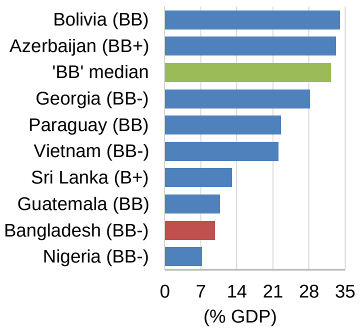
Comfortable Government Debt Level, but Weak Banking Sector a Risk

The fiscal deficit averaged 3.4% in the past five years, with actual government spending substantially lower than initial budget targets. This has allowed for a comfortable general government debt level of 33.7% of GDP in FY15. In FY16, Fitch expects the fiscal deficit to rise to 4.3% of GDP, but lower than the budgeted 5.0% of GDP, due to an increase in the government wage bill by about 1% of GDP after a 100% wage increase. The subsidy bill is close to 1% of GDP, including cash transfers to state-owned enterprises (SOEs). Tax collections have fallen short of budget targets so far this fiscal year, but this will be offset to some extent by lower expenditures due to reduced fuel subsidies given international oil prices and lower capital-spending than initially planned in the budget.

[1] In April 2016, the World Trade Organisation adjusted its forecast of global trade volume growth to 2.8% in 2016, the same as in 2015, from its previous forecast of 3.9%.

Financial risks to the sovereign relate to banking, in particular, given the sector's overall poor asset quality, weak capitalisation and mandatory priority sector lending; still, the small size of the banking sector, with loans of just 35.6% of GDP, would moderate the impact. The government has budgeted BDT50bn in FY16 to recapitalise public-sector banks, but more support is probably needed in the coming years. The share of NPLs came down to 8.8% in 4Q15, from 9.9% a quarter earlier, partly as a result of the authorities' loan-restructuring policies. The capital adequacy ratio (CAR) rose to 10.8% for the sector, compared with 10.5% in 3Q15. The balance sheets of the state-owned commercial banks are particularly weak with an average CAR of 6.4%, well below the 10% required by Bangladesh Bank, and an NPL ratio of 21.5%. Weak governance standards in the state-owned banks have reduced the productivity of lending and contributed to a number of scams. The government says it has no current plans to privatise state banks or SOEs.

Figure 7
Government Revenue

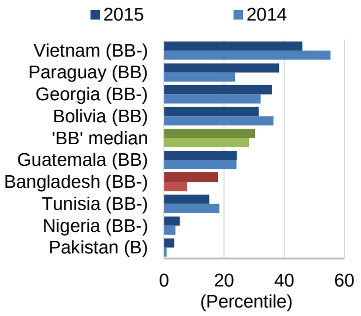


Source: National authorities and Fitch

The government guaranteed USD941m of external SOE debt as of end-June 2015, while SOEs owe BDT111bn in net domestic liabilities to the banking system. State-owned Bangladesh Petroleum Corporation, loss-making until mid-2014, had generated a profit of BDT34.6bn in FY15, and the government expects it to also make a profit in FY16 as a result of low international oil prices.

The government revenue intake was very low at 9.8% of GDP in FY15, implying it has limited fiscal space to boost infrastructure development. Revenues actually fell for two consecutive years, striking for a non-oil exporting country. The government tries to strengthen tax offices by recruiting more tax officers and broadening the tax base by increasing automation (e-TIN) that would make enforcement easier and get more people inside the income tax net (0.5% of the population currently pays income tax). Implementation of a new VAT from July 2016 could contribute significantly to stronger revenues in the coming years, depending on details like the imposed tax rate and products covered. The National Board of Revenue has said it will also prepare a new income-tax law, which it aims to start enforcing from July 2017.

Figure 8
Political Stability
World Bank indicator



Source: World bank and Fitch

Political Uncertainty Remains High, but Violence Has Diminished

Peace returned to the streets after two bouts of severe political turmoil in 1Q15 and 1Q14. Controversial parliamentary elections in January 2014, boycotted by the main opposition party, instigated political violence, as did its anniversary in January 2015. More than 100 people died in 1Q15 as a result and some economic activities were disrupted, as non-stop blockades and general strikes led to blocked roads and closed schools in parts of central Dhaka. Transports of exports to the harbour in Chittagong, 260 kilometres south-east of the capital, were attacked.

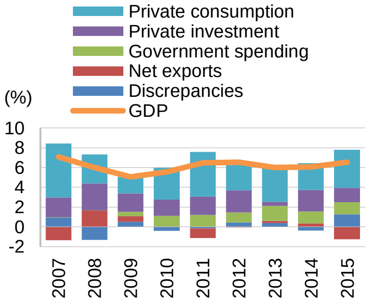
There are no indications of a return of widespread political violence and disruptions in the near term, but the deep polarisation between the two main political parties, the ruling Bangladesh Awami League and the main opposition party Bangladesh Nationalist Party (BNP), implies prevailing and high uncertainty. The leader of the opposition, former Prime Minister Khaleda Zia, was charged with instigating a deadly petrol bomb attack on a bus during an anti-government protest in 2015. She was granted bail in April 2016, but developments in the legal proceedings may spark renewed tensions.

The deeper structural risk to Bangladesh from the outbreaks of political violence and terrorism is the potential impact this could have on long-term foreign investment decision-making and procurement. There is not much evidence of large buyers leaving Bangladesh, but political uncertainty may deter investors from making investments with a longer time-horizon than two to three years. This may be less of an issue for the garments sector compared with, for instance, the infrastructure sector. Bangladesh received net FDI inflows of USD2.2bn in 2015, a significant increase from USD1.4bn in 2014, but still low compared with peers such as Vietnam. The textiles sector received most FDI (20%), followed by the natural-gas and petroleum (15%) and banking (14%) sectors.

Figure 9

Real GDP Growth

Contributions

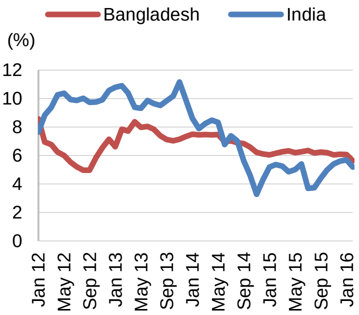


Source: CEIC and Bangladesh Bureau of Statistics

Figure 10

Consumer Price Inflation

Monthly data



Source: BBS and CEIC

GDP Growth Remains High, But Risks Cloud Outlook

Official data from the Bangladesh Bureau of Statistics (BBS) show an increase in real GDP growth to 6.6% in FY15, from 6.1% in FY14, even though the political turmoil caused some disruption in economic activity. Estimates of the negative impact the turmoil had on economic activity range from 0.5% of GDP (Centre for Policy Dialogue) to 1% (World Bank). One reason for the GDP data holding up well is a decision by factories to move work shifts to nights and weekends, while the World Bank also says it believes the BBS methodology does not adequately capture losses related to the disruptions.

Fitch expects GDP growth to slightly rise to 6.7% in FY16, and 6.8% in FY18, as private credit growth has accelerated to 14.8% in January 2016, consumers' purchasing power is pushed up by wage increases and the policy rate was cut by 50bp in January 2015. At the same time, higher growth seems constrained by infrastructure bottlenecks and continued political uncertainty in the medium term. The growth outlook is, moreover, subject to substantial risks, given the uncertainties related to exports and remittances.

Inflation is stable but high, having averaged 6.4% in FY15, close to the central bank's CPI target of 6.5%. In the first eight months of FY16, inflation averaged 6.1%, close to the target of 6.2% set for the entire fiscal year. Moderating inflation was helped by a decline in global food and oil prices and good harvests in 2015, while higher minimum wages in the public and textile sector are likely to cause upward pressure on that rate, as will the introduction of the new VAT in the medium term.

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

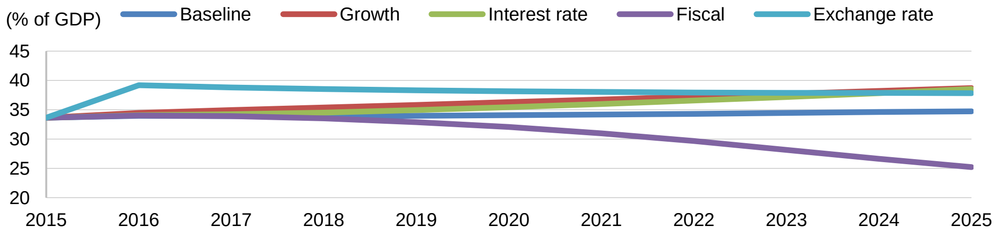
Public Debt Dynamics

Gross General Government Debt will remain stable at 34% of GDP, according to Fitch's baseline scenario. The main risk to debt sustainability would be a higher marginal interest rate or lower real GDP growth than expected. Gradual reduction of the primary budget deficit to zero by FY24 would substantially bring down GGGD.

Debt Dynamics – Fitch's Baseline Assumptions

	FY15	FY16	FY17	FY18	FY19	FY20	FY24
Gross general government debt (% GDP)	33.7	34.0	33.9	33.9	34.0	34.1	34.6
Primary balance (% of GDP)	-1.6	-2.2	-1.9	-2.0	-2.0	-2.0	-2.0
Real GDP growth (%)	6.6	6.7	6.8	6.5	6.5	6.5	6.5
Avg. nominal effective interest rate (%)	5.8	5.8	5.9	6.0	6.2	6.3	6.8
Local currency/USD (annual avg.)	77.95	78.65	79.00	79.08	78.84	78.61	77.67
GDP deflator (%)	5.9	6.0	6.2	6.0	5.8	5.7	5.5

Sensitivity Analysis
Gross general government debt



Source: Fitch

Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	GDP growth averaging 5.0%
Interest rate	Marginal interest rate 100bp higher
Fiscal	Annual fiscal consolidation of 0.3pp from FY17 to zero primary balance in FY24
Exchange rate	40% devaluation at end-2016

Forecast Summary

	2011	2012	2013	2014	2015	2016f	2017f
Macroeconomic indicators and policy[a]							
Real GDP growth (%)	6.5	6.5	6.0	6.1	6.6	6.7	6.8
Unemployment (%)	4.5	4.5	4.3	4.5	4.5	4.4	4.3
Consumer prices (annual average % change)	9.1	8.7	6.8	7.4	6.4	6.5	6.8
Short-term interest rate (bank policy annual avg.) (%)	-	5.7	7.5	7.3	7.3	6.8	6.8
General government balance (% of GDP)	-3.6	-3.0	-3.4	-3.1	-3.7	-4.3	-4.1
General government debt (% of GDP)	35.6	33.8	34.5	33.9	33.7	34.0	33.9
BDT per USD (annual average)	74.15	81.86	78.10	77.64	77.95	78.65	79.00
Real effective exchange rate (2000 = 100)	100.0	100.6	110.1	114.4	130.4	138.2	146.5
Real private sector credit growth (%)	15.3	10.1	3.8	4.6	6.4	7.5	7.7
External finance[b]							
Current account balance (% of GDP)	-0.1	1.9	1.3	-0.9	1.1	0.9	0.7
Current account balance plus net FDI (% of GDP)	0.6	2.8	2.1	0.4	2.1	1.9	1.6
Net external debt (% of GDP)	12.7	9.6	6.6	4.9	2.3	0.0	-1.9
Net external debt (% of CXR)	42.3	31.0	23.0	18.6	9.5	-0.1	-8.3
Official international reserves including gold (USDbn)	9.2	12.8	18.1	22.3	27.5	33.3	39.3
Official international reserves (months of CXP cover)	2.8	3.8	4.9	5.3	6.8	8.0	8.8
External interest service (% of CXR)	0.9	0.8	1.1	0.9	1.1	1.1	1.1
Gross external financing requirement (% int. reserves)	12.1	-15.0	-4.3	16.9	-3.6	-2.6	-1.0
Real GDP growth (%)							
US	1.6	2.2	1.5	2.4	2.4	2.1	2.1
China	9.5	7.7	7.7	7.3	6.9	6.2	6.0
Eurozone	1.7	-0.9	-0.3	0.9	1.5	1.5	1.6
World	3.4	2.5	2.4	2.5	2.3	2.2	2.6
Oil (USD/barrel)	111.0	112.0	108.8	98.9	53.0	35.0	45.0

[a] Fiscal years (2011 = FY2010-2011)
[b] Calendar years
Source: Fitch

Figure 11

Fiscal Accounts Summary (Fiscal Years)

(% of GDP)	2012	2013	2014	2015	2016f	2017f
General government						
Revenue	**11.2**	**11.2**	**10.9**	**9.8**	**10.1**	**10.5**
Expenditure	**14.2**	**14.6**	**14.0**	**13.5**	**14.4**	**14.6**
O/w interest payments	1.9	2.0	2.0	2.0	2.1	2.2
Primary balance	-1.0	-1.4	-1.1	-1.6	-2.2	-1.9
Overall balance	**-3.0**	**-3.4**	**-3.1**	**-3.7**	**-4.3**	**-4.1**
General government debt	**33.8**	**34.5**	**33.9**	**33.7**	**34.0**	**33.9**
% of general government revenue	300.8	306.9	310.2	344.3	335.2	323.0
Central government deposits	3.8	4.7	5.5	5.0	4.4	3.9
Net general government debt	30.1	29.8	28.4	28.7	29.6	30.0
Central government						
Revenue	**11.2**	**11.2**	**10.9**	**9.8**	**10.1**	**10.5**
O/w grants	0.5	0.4	0.5	0.2	0.3	0.3
Expenditure and net lending	**14.2**	**14.6**	**14.0**	**13.5**	**14.4**	**14.6**
O/w current expenditure and transfers	8.4	8.3	8.2	7.9	8.9	9.1
- Interest	1.9	2.0	2.0	2.0	2.1	2.2
O/w capital expenditure	5.8	6.3	5.8	5.6	5.5	5.5
Current balance	2.9	2.9	2.7	1.9	1.2	1.4
Primary balance	-1.0	-1.4	-1.1	-1.6	-2.2	-1.9
Overall balance	**-3.0**	**-3.4**	**-3.1**	**-3.7**	**-4.3**	**-4.1**
Central government debt	33.8	34.5	33.9	33.7	34.0	33.9
% of central government revenues	-	-	-	344.3	335.2	323.0
Central government debt (BDTbn)	**3,568.9**	**4,132.0**	**4,551.0**	**5,105.8**	**5,820.5**	**6,591.6**
By residency of holder						
Domestic	1,719.9	2,258.1	2,517.6	3,064.5	3,760.7	4,522.7
Foreign	1,849.1	1,874.0	2,033.3	2,041.3	2,059.7	2,068.9
By currency denomination						
Local currency	1,719.9	2,258.1	2,517.6	3,064.5	3,760.7	4,522.7
Foreign currency	1,849.1	1,874.0	2,033.3	2,041.3	2,059.7	2,068.9
In USD equivalent (eop exchange rate)	23.2	24.1	26.1	26.0	26.1	26.1
Average maturity (years)	21.5	21.5	21.5	21.5	21.5	21.5
Memo						
Nominal GDP (BDTbn)	10,552.0	11,989.2	13,436.7	15,158.0	17,144.0	19,445.0

Source: Ministry of Finance and Fitch estimates and forecasts

Figure 12

External Debt and Assets

(USDbn)	2010	2011	2012	2013	2014	2015
Gross external debt	**28.8**	**30.0**	**30.4**	**33.7**	**36.2**	**37.2**
% of GDP	23.5	22.6	22.1	20.7	19.6	18.0
% of CXR	86.0	75.1	71.5	72.8	74.0	73.3
By maturity						
Medium- and long-term	26.0	26.9	26.7	30.0	33.7	34.8
Short -term	2.8	3.1	3.7	3.7	2.4	2.5
% of total debt	9.7	10.3	12.3	11.0	6.7	6.7
By debtor						
Sovereign	**24.6**	**25.0**	**24.3**	**26.3**	**28.6**	**28.8**
Monetary authorities	2.1	1.9	1.8	2.3	2.4	2.6
General government	22.5	23.1	22.6	24.0	26.2	26.2
O/w central government	22.5	23.1	22.6	24.0	26.2	26.2
Banks	**0.7**	**0.8**	**0.8**	**1.0**	**1.1**	**1.3**
Other sectors	**3.5**	**4.2**	**5.3**	**6.4**	**6.5**	**7.2**
Gross external assets (non-equity)	**13.7**	**13.1**	**17.2**	**23.0**	**27.1**	**32.4**
International reserves, incl. gold	11.2	9.2	12.8	18.1	22.3	27.5
Other sovereign assets nes	0.0	0.0	0.0	0.1	0.1	0.1
Deposit money banks' foreign assets	1.7	1.7	2.3	2.3	2.5	2.6
Other sector foreign assets	0.8	2.2	2.3	2.7	2.3	2.3
Net external debt	**15.1**	**16.9**	**13.2**	**10.7**	**9.1**	**4.8**
% of GDP	12.4	12.7	9.6	6.6	4.9	2.3
Net sovereign external debt	13.4	15.8	11.6	8.1	6.2	1.0
Net bank external debt	-1.0	-0.9	-1.3	-1.2	-1.3	-1.1
Net other external debt	2.7	2.0	3.0	3.7	4.2	4.9
Net international investment position	**-22.0**	**-23.3**	**-21.3**	**-19.2**	**-19.3**	**-15.3**
% of GDP	-17.9	-17.6	-15.4	-11.8	-10.5	-7.4
Sovereign net foreign assets	**-13.4**	**-15.8**	**-11.6**	**-8.1**	**-6.2**	**-1.0**
% of GDP	-10.9	-11.9	-8.4	-5.0	-3.4	-0.5
Debt service (principal & interest)	**1.1**	**1.6**	**1.5**	**2.0**	**1.8**	**2.0**
Debt service (% of CXR)	3.4	3.9	3.6	4.3	3.8	3.8
Interest (% of CXR)	1.0	0.9	0.8	1.1	0.9	1.1
Liquidity ratio (%)	349.4	285.8	226.9	254.0	357.1	546.6
Net sovereign FX debt (% of GDP)	8.9	8.9	7.6	3.7	2.0	-0.7
Memo						
Nominal GDP	122.5	132.4	137.7	162.8	184.1	207.2
Inter-company loans	0.9	1.1	1.3	1.9	2.1	2.4

Source: Central Bank, IMF, World Bank and Fitch estimates and forecasts

Figure 13

External Debt Service Schedule on Medium- and Long-Term Debt at April 2016 (Fiscal Years)

(USDbn)	2014	2015	2016	2017	2018	2019	2020+
Sovereign: Total debt service	**1.3**	**1.1**	**1.2**	**1.4**	**1.4**	**1.3**	**20.8**
Amortisation	1.1	0.9	1.0	1.2	1.2	1.1	19.4
Official bilateral	0.2	0.2	0.2	0.2	0.2	0.2	3.7
Multilateral	0.9	0.7	0.8	1.0	1.0	0.9	15.7
O/w IMF	0.0	0.0	0.0	0.0	0.1	0.1	0.7
Other	-	-	-	-	-	-	-
Bonds placed in foreign markets	-	-	-	-	-	-	-
Interest	0.2	0.2	0.2	0.2	0.2	0.2	1.4
Non-sovereign public sector	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Source: Ministry of Finance and Fitch

Figure 14

Balance of Payments

(USDbn)	2012	2013	2014	2015	2016f	2017f
Current account balance	**2.6**	**2.1**	**-1.7**	**2.2**	**2.1**	**1.7**
% of GDP	1.9	1.3	-0.9	1.1	0.9	0.7
% of CXR	6.1	4.4	-3.4	4.4	4.0	3.1
Trade balance	**-7.3**	**-6.4**	**-10.2**	**-5.7**	**-5.0**	**-4.6**
Exports, fob	24.9	28.6	29.9	31.8	33.7	36.4
Imports, fob	32.2	35.0	40.1	37.5	38.7	41.0
Services, net	**-2.9**	**-3.6**	**-4.4**	**-4.9**	**-5.3**	**-5.5**
Services, credit	2.7	3.0	3.2	3.2	3.3	3.5
Services, debit	5.6	6.6	7.6	8.2	8.5	9.0
Income, net	**-1.8**	**-2.5**	**-2.7**	**-2.7**	**-2.9**	**-3.1**
Income, credit	0.2	0.1	0.1	0.1	0.1	0.2
Income, debit	2.0	2.6	2.8	2.8	3.0	3.3
O/w: Interest payments	0.4	0.5	0.5	0.5	0.6	0.6
Current transfers, net	**14.5**	**14.5**	**15.6**	**15.6**	**15.2**	**14.9**
Capital and financial accounts						
Non-debt-creating inflows (net)	1.7	2.2	2.4	2.8	2.8	2.8
O/w equity FDI	1.0	1.2	1.7	1.9	2.0	2.0
O/w portfolio equity	0.1	0.2	0.3	0.3	0.4	0.4
O/w other flows	0.5	0.7	0.4	0.6	0.4	0.4
Change in reserves	3.5	5.6	4.6	5.4	5.7	6.0
Gross external financing requirement	-1.4	-0.6	3.1	-0.8	-0.7	-0.3
Stock of international reserves, incl. gold	12.8	18.1	22.3	27.5	33.3	39.3

Source: IMF and Fitch estimates and forecasts

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