



Bangladesh Bank

Head Office
Motijheel, Dhaka
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Monetary Policy Department

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Minutes for the 8th meeting of Monetary Policy Committee (MPC)

The eighth meeting of the Monetary Policy Committee (MPC) was held on May 08, 2025, chaired by Dr. Ahsan H. Mansur, Governor of Bangladesh Bank. The meeting was attended by the members — Dr. Md. Habibur Rahman, Deputy Governor of Bangladesh Bank; Dr. Sadiq Ahmed, Economist; Dr. A.K. Enamul Haque, Director General of the Bangladesh Institute of Development Studies (BIDS); Professor Masuda Yasmeen, Chairman of the Department of Economics, University of Dhaka; and Dr. Md. Ezazul Islam, Executive Director (Grade-1) of the Monetary Policy Department, Bangladesh Bank. Additionally, Mahmud Salahuddin Naser, Member Secretary of the MPC and Director of the Monetary Policy Department, was also in attendance.

02. The MPC reviewed the current macroeconomic situation, challenges and outlook from both domestic and global perspectives. Key areas of discussion included inflation trends and outlook, economic activity and growth prospects, lagged effects relevant to policy rate calibration, recent developments in financial markets, and the performance of the external sector. The Committee also evaluated liquidity support measures for banks, with particular attention to cash flow constraints in both conventional and Islamic banks. Additional considerations included trends in interest rate, foreign exchange reserves, and the spot Reference Exchange Rate (RR) in the FX market. Based on this comprehensive review, the MPC collectively assessed that although challenges remain including the recovery of GDP growth and investment, the Bangladesh economic stabilization is in a phase of recovery.

03. The MPC noted that both the food and non-food inflation have demonstrated a gradual easing after remaining persistently high for an extended period. According to the latest available data, the headline inflation stood at 9.17 percent in April 2025, down from 9.71 percent in June 2024. Moreover, food inflation declined to 8.63 percent in April 2025, compared to 10.42 percent in June 2024. Conversely, non-food inflation was 9.61 percent in April 2025, up from 9.14 percent in June 2024.

The MPC noted that the observed decline in headline inflation was primarily a result of policy measures implemented by the Government. These measures were bolstered by a steady supply of monsoon vegetables, declining global commodity prices, and exchange rate stability. The MPC believes that optimal Boro paddy production in *Haor area* will further support to lower inflation

in the near term. In light of this, the MPC emphasized that maintaining the current policy rate is essential to bring down inflation below 8 percent by June 2025.

04. Regarding good governance in bank, the Chair highlighted that Bangladesh Bank (BB) has finalized the Banking Resolution act, 2025, aimed at empowering the central bank to intervene decisively in failing banks to maintain financial stability. The Chair also underscored the country's macroeconomic stability, citing a steady exchange rate and a progressively strengthening balance of payments position. He further noted that foreign exchange reserves are on a gradual upward trajectory, driven by robust remittance inflows and strengthened fiscal discipline. MPC members emphasized the need to adopt a market based exchange rate and to reach agreement with the IMF on the outstanding 4th and 5th tranche release.

05. The MPC also reviewed the outcomes of the Quarterly Projection Model (QPM), which guided the discussion on the monetary conditions based on real interest rate and exchange rate gaps. The QPM suggests maintaining the current monetary policy stance for the 3rd quarter of FY25.

Resolution

After reviewing the current and evolving macroeconomic conditions, with a particular focus on April 2025 inflation data and the near term inflation outlook, the MPC decided to:

- Keep the policy rate unchanged at 10.0 percent. Consequently, the SDF and SLF rates will remain at 8.5 percent and 11.5 percent, respectively.

06. The contractionary measures will be continued until the desired level of inflation is achieved.

Sd/-

(Dr. Ahsan H. Mansur)
Governor
Bangladesh Bank