



Bangladesh Bank

Head Office
Motijheel, Dhaka
Bangladesh.

Monetary Policy Department

Date: 20 July, 2025

Minutes for the 9th meeting of Monetary Policy Committee (MPC)

The ninth meeting of the Monetary Policy Committee (MPC) was held on July 17, 2025, chaired by Dr. Ahsan H. Mansur, Governor of Bangladesh Bank (BB). The meeting was attended by the members— Dr. Md. Habibur Rahman, Deputy Governor, Bangladesh Bank; Dr. Md. Akhtar Hossain, Chief Economist, Bangladesh Bank; Dr. Sadiq Ahmed, Economist; Dr. A.K. Enamul Haque, Director General, Bangladesh Institute of Development Studies (BIDS); Professor Masuda Yasmeen, Chairman, Department of Economics, University of Dhaka; and Dr. Md. Ezazul Islam, Executive Director (Grade-1), Monetary Policy Department, Bangladesh Bank. Additionally, Mahmud Salahuddin Naser, Member Secretary of the MPC and Director, Monetary Policy Department, was also in attendance.

02. The MPC reviewed the prevailing macroeconomic conditions, key challenges, and medium-term outlook from both domestic and global perspectives. Discussions encompassed inflation trends, reserve build-up, exchange rate stability, remittance, export, import, balance of payment, real sector activity, policy measures to streamline Open Market Operations (OMOs), and recent financial market developments. The Committee assessed the outcomes of Bangladesh Bank's decisive liquidity support to ailing banks and evaluated the effectiveness of liquidity sterilization through BB bills. The Committee also extensively reviewed interest and exchange rate dynamics, foreign exchange reserve accumulation, and underlying factors. For vibrancy in the money market, the Committee endorsed the 50 basis point downward adjustment of the Standing Deposit Facility Rate (SDF), which is consistent with the monetary policy stances. Based on this assessment, the MPC concluded that— despite signs of gradually easing inflation and continued stability in the foreign exchange market— prevailing geopolitical tensions and the anticipated risk of flooding warranted maintaining the existing policy stance to safeguard macro-financial stability.

03. The MPC observed a gradual easing in both food and non-food inflation after a prolonged period of persistently high levels. According to the latest available data, the headline inflation stood at 8.48 percent in June 2025, down from 9.72 percent in June 2024. Food inflation declined to 7.39 percent in June 2025, compared to 10.42 percent in June 2024. Conversely, non-food inflation was 9.37 percent in June 2025, up from 9.14 percent in June 2024.

The MPC observed that the recent decline in headline inflation was largely attributable to coordinated policy measures undertaken by both the Bangladesh Bank and the Government. These efforts were complemented by a stable supply of monsoon vegetables, easing global commodity prices, and relative exchange rate stability. The Committee expressed deep concern over the meteorological department's forecast of prolonged rainfall, which could disrupt the food supply

chain, as well as the recent tariff measures imposed by the United States, which may trigger retaliatory trade actions by partner countries. In view of these factors, the MPC underscored the importance of maintaining the current policy rate to anchor inflation expectations and steer inflation below the 7 percent.

04. In May 2025, BB moved towards more flexible exchange rate regime aiming to enhance stability in the foreign exchange market. The MPC discussed the recent parameterization and adjustment of the flexible exchange rate system for smooth functioning of the market. The Committee recognizes that allowing greater exchange rate flexibility is an important policy initiative to compensate for the impact of reduced export demand amid escalating trade tariffs.

05. Regarding good governance in the banking sector, the Chair highlighted recent progress on the Banking Resolution ordinance 2025, the move towards risk-based supervision and the ongoing reform of the Bangladesh Bank Order aimed at strengthening regulatory autonomy. The Chair emphasized the country's macroeconomic stability, noting the recent exchange rate appreciation following the adoption of a flexible exchange rate regime, along with 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. The MPC highlighted the importance of boosting private sector credit to support investment, alongside curbing NPLs.

06. Independent members expressed a concern about the slowdown in the growth of bank deposits despite rising interest rates. In this regard, they saw the need for greater protection of depositor confidence against politically-motivated harassments. They suggested that BB should review good practice international examples and take appropriate steps.

Resolution

After reviewing the current and evolving macroeconomic conditions—particularly the inflation data for June 2025, the near-term inflation outlook, and the current foreign exchange reserve, the Monetary Policy Committee (MPC) decided to:

- Keep the policy rate unchanged at 10.0 percent. Consequently, the SDF and SLF rates will remain at 8.0 percent and 11.5 percent, respectively.

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

(Dr. Ahsan H. Mansur)
Governor
Bangladesh Bank