

Appendix-2
Bangladesh Bank's Research in FY15

A Summary of Recent Research Activities in Bangladesh Bank and a Near/Medium Term Agenda

Some of the key outputs of the Research Department (RD), Monetary Policy Department (MPD) and Chief Economists Unit (CEU) are summarised here. Besides, some other analytical/research work on-going in other parts of BB are also touched briefly. All are grouped under the following categories (i) synthesis analysis of overall and topic-specific developments in the Bangladesh economy (ii) empirical research on specific economic/financial sector issues and (iii) development of new analytical tools and capacity building.

Synthesis analysis/reports related to the Bangladesh economy and their frequency

- (i) BB Annual Report : First draft prepared by the Research Department with inputs from other departments and edited by an external Editing Adviser.
- (ii) Monetary Policy Review (MPR) : An annual publication focused on monetary policy development and associated analytical work on specific themes produced by CEU.
- (iii) Monetary Policy Statement (MPS) : A bi-annual announcement of policy stance along with an update of half yearly economic developments - Jointly prepared by CEU and MPD.
- (iv) Bangladesh Bank Quarterly (BBQ) : An analysis of the past quarters economic developments along with a near term outlook - prepared by CEU.
- (v) Quarterly reviews on RMG sector; Remittances Trends and Islamic Banking prepared by Research Department.
- (vi) Monthly Economic Indicators (MEI) : A monthly update on key macroeconomic indicators prepared by MPD.
- (vii) A manuscript of the book titled "Activities of the Banks, Insurances and Financial Institutions" prepared by Research Department and published by the MoF (yearly).
- (viii) Background papers for National Budget document and 'Economic Review of Bangladesh', an annual publication of Ministry of Finance prepared by Research Department.
- (ix) Quarterly Financial Stability Assessment Report : An analysis of the past quarters financial change/development prepared by FSD.
- (x) Vibrant Bangladesh: A Stable and Potential Economy - An illustrative time series approach: Jointly contributed by CEU, MPD, RD, Foreign Exchange Policy Department and Statistics Department.

Empirical analysis of specific economic / financial sector issues in FY15 and on-going

(i) Monetary policy / inflation related

- "Sources of Exchange Rate Fluctuations in Bangladesh" (prepared by RD, MPD and CEU, published in BBTA Journal, Thoughts on Banking and Finance, Volume 3, Issue 2)
- "Real Exchange Rate and its Impact on Export, Import and Trade Balance: Is there any J-curve effect in Bangladesh?" (prepared by MPD and RD, published as Working Paper on BB Website)
- "Forecasting Output Growth of Bangladesh" (working paper in progress, CEU)
- "Will the Growth of Remittances to Bangladesh Rebound in 2015?" (working paper in progress, CEU)
- "Forecasting Bangladesh's Inflation Using Seasonal ARIMA Models" (working paper in progress, CEU)
- "Determinants of Inflation in Bangladesh: Evidence from Bayesian Vector Auto Regression" (working paper in progress, CEU)
- "Exchange Rate policy in Bangladesh: An overview" (research work in progress, RD)
- "Balance of Payment Constrained Economic Growth: Evidence from Bangladesh" (research work in progress, CEU and Statistics Department)
- "Real or Nominal Shock- What Drives the Exchange Rate Movements in Bangladesh?" (research work in progress, RD)
- "The Effectiveness of Monetary Policy in Bangladesh: A VAR Approach" (research work in progress, Policy Support Unit)
- "Does Public Investment Crowd-out Private Investment? Evidence from Bangladesh" (research work in progress, CEU)
- "Real Effective Exchange Rate and Its impact on Export Earnings in Bangladesh" (research work in progress, RD and MPD)
- "Inflation and Economic Growth: Determining the Threshold Level of Inflation in Bangladesh" (working paper in progress, RD)
- "Goods foster Manufacturing Output Growth in Bangladesh?" Evidence from Time Series Analysis (working paper in progress, RD)

- "Budget Deficit and Inflation: The impact of Budget Deficit on Inflation When Monetary Variables Are the Channel" (working paper in progress, RD and MPD)
- "Impact of Money Supply on Interest Rate" (working paper in progress, RD)
- "Inflation and Inflation Uncertainty in Bangladesh: Time Series Analysis" (working paper in progress, RD)
- "Foreign Exchange (FX) Market Dynamics in Bangladesh with Floating Exchange Rate Regime" (working paper in progress, FSD)

(iv) Financial sector related

- "Designing a Sustainable Financial System in Bangladesh" UNEP's Country Report on Bangladesh, jointly prepared by Bangladesh Bank, UNEP's Inquiry into Design of Sustainable Financial System and International Institute for Sustainable Development
- "Workers' remittances and the Dutch disease in South Asian countries" (prepared by Policy Support Unit and published in Applied Economics Letters)
- "Trade-offs between Real Economic Activity and Bank Profitability for Implementing New Regulatory Standards: South Asian Perspective" (prepared by Policy Support Unit and presented in 2nd International Conference on Economics and Finance of Nepal Rastra Bank at Kathmandu, Nepal)
- "Revisiting the Gravity Model of Remittances: Implications for Bangladesh" (prepared by CEU as well as Policy Support Unit and presented in 2nd International Conference on Economics and Finance of Nepal Rastra Bank at Kathmandu, Nepal)
- "Impact Assessment of Bangladesh Bank's Re-finance Scheme for Financing Agricultural & Non-farm Rural Borrowers of Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB)" (prepared by RD and published as special research work in BB website)
- "Common Currency in SAARC Countries: Problems and Prospects" (prepared by RD and presented on 19th bi-annual conference of Bangladesh Economic Association)
- "Does Financial Development Spur Growth? Time Series Evidence from Bangladesh" (prepared by RD and presented in 2nd International Conference on Economics and Finance of Nepal Rastra Bank at Kathmandu, Nepal)
- "The Impact of State Ownership and Political Ownership on Efficiency of Banks- Evidence from Bangladesh" (working paper in progress, CEU)

- "Foreign Borrowing Worsening Domestic Credit Demand" (working paper in progress, CEU)
- "Changes of loan classification, rescheduling, provisioning and write off policies and its impact analysis: An Overview" (working paper in progress, CEU)
- "Interaction between public and private investment in Bangladesh" (working paper in progress, CEU)
- "Is Capital Market of Bangladesh Efficient?: A Non-parametric Approach" (working paper in progress, CEU)
- "Is inflow of foreign Loans in Bangladesh Sensitive to Interest Rate Differentials?" (working paper in progress, RD)
- "Nexus between Bank's Liquidity and Profitability in Bangladesh: An Overview" (Research Work in progress, RD)
- "Revisiting Marshall-Lerner Condition in the Economy of Bangladesh - A Cointegration Approach" (Research Work in progress, MPD)
- "Elasticity of Imports in Bangladesh: ARDL Bounds test Approach" (working paper in progress, MPD)
- "Worsening Domestic Credit Demand" (working paper in progress, CEU)
- "What matters to the profitability measures of banks in Bangladesh?" (working paper in progress, Policy Support Unit)
- "Effects on the RMG sector of Bangladesh due to Recurrent Strike, Political Unrest: An Empirical Study" (working paper in progress, RD)
- "Islamic Microfinance in Bangladesh: Performance, Potentials and Challenges" (working paper in progress, RD)
- "Measuring Systemic Liquidity Risk for Bangladesh" (working paper in progress, FSD)

(v) Financial Inclusion

- "Role of Banks in Promoting Women Entrepreneurship in Bangladesh" (prepared by RD and MPD, published as Special Research Work on BB Website)
- "Measuring Financial Inclusion Index of Bangladesh: An Assessment of inclusive finance" (working paper in progress, CEU)

- "Measuring Financial Inclusion in South Asia: An Index Based Approach" (working paper in progress, CEU)
- "Financial Inclusion, Priority Sector Lending, and Rural Poverty-Bangladesh Perspective" (working paper in progress, RD)
- "Utilisation of Remittances in Bangladesh" (survey report in progress, RD)

Development of new analytical tools and capacity building

- BBTA Journal on 'Thoughts on Banking and Finance' has been published since 2012. Till date, volume-3, issue-2 of the Journal has been published whose Executive Editor is a Research Department staff deputed to Bangladesh Bank Training Academy.
- In-house seminars disseminating work by external academics and in-house research included topics such as selected macroeconomic & fiscal sector issues- Monetary Policy in a Developing Income Country: The Case of Bangladesh; Monetary Policy Statement of Bangladesh Bank, January-June 2015; Coincident Indicators of the Business Cycle; Interest Rate Spread in the Banking System; Budget FY16: Challenges and Issues, etc.
- E-views training level-2 was provided to research officials of Bangladesh Bank by the visiting US academic scholars.