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Selected Macroeconomic Indicators of Bangladesh

20 January, 2013

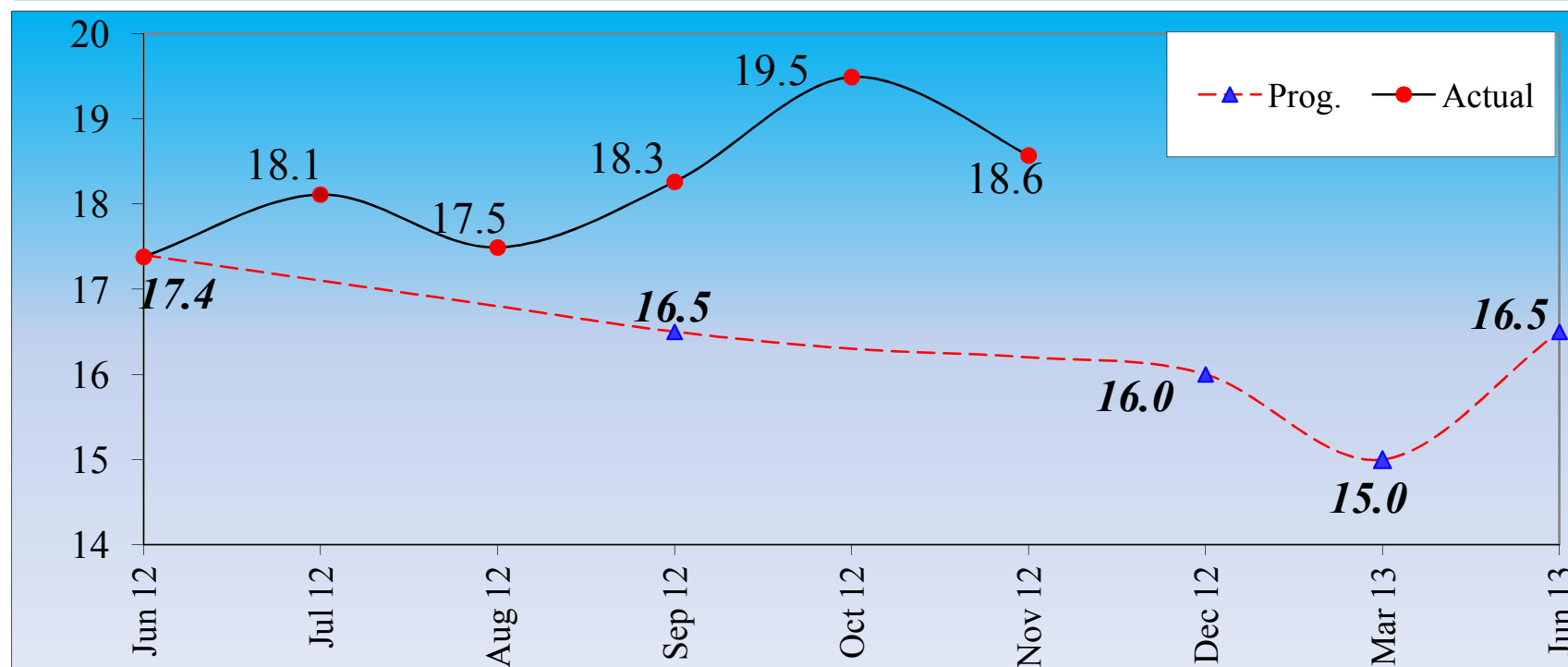
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Bangladesh Bank

Broad Money(M2)

Programme & actual development : Growth



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(In crore taka)

November 2011	November 2012
464242.20	550455.40
(+17.69)	(+18.57)

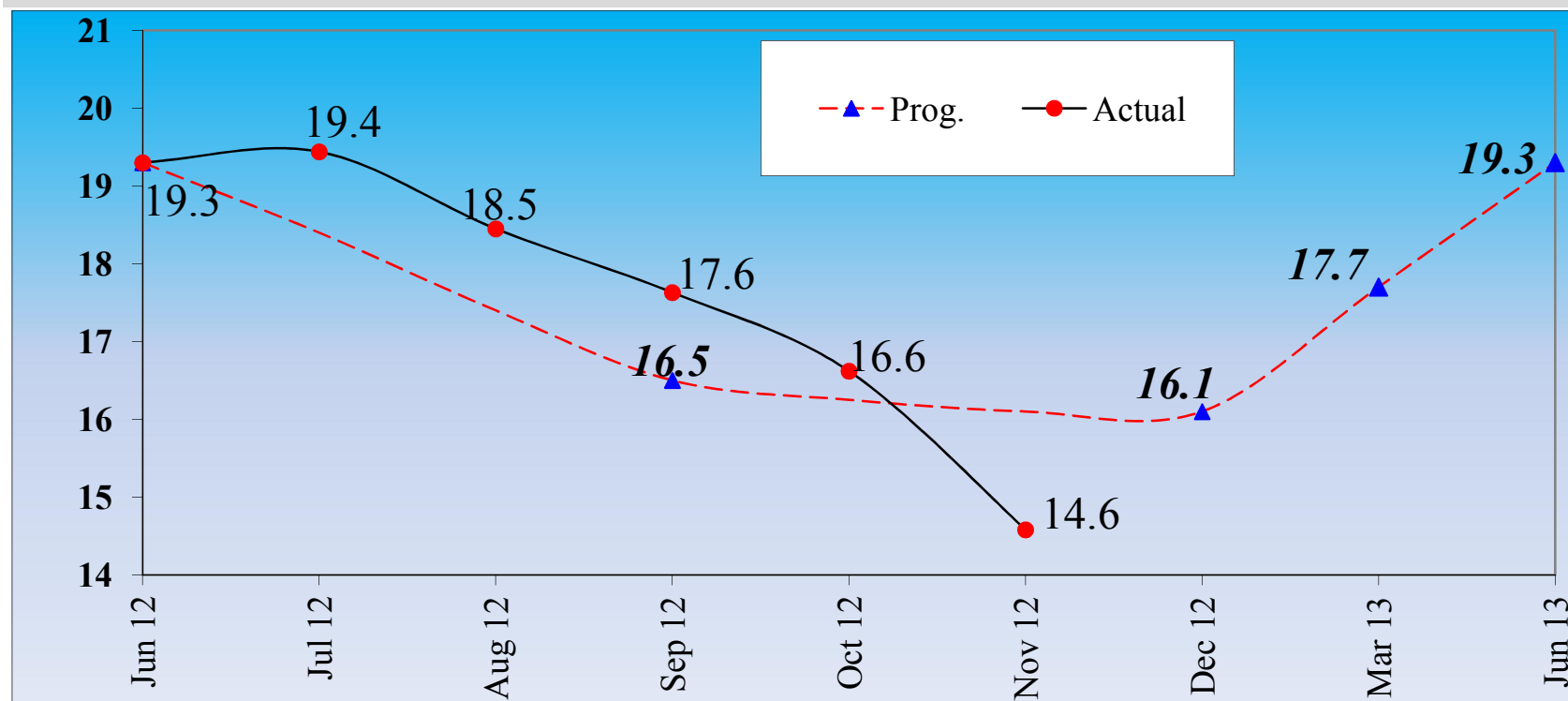
Despite restrained monetary stance, broad money growth path has been higher than the program level mainly because of increase in net foreign assets as the growth in inflow of remittances was steady throughout the year coupled with improvement in aid disbursement.

Domestic Credit

Programme & actual development : Growth



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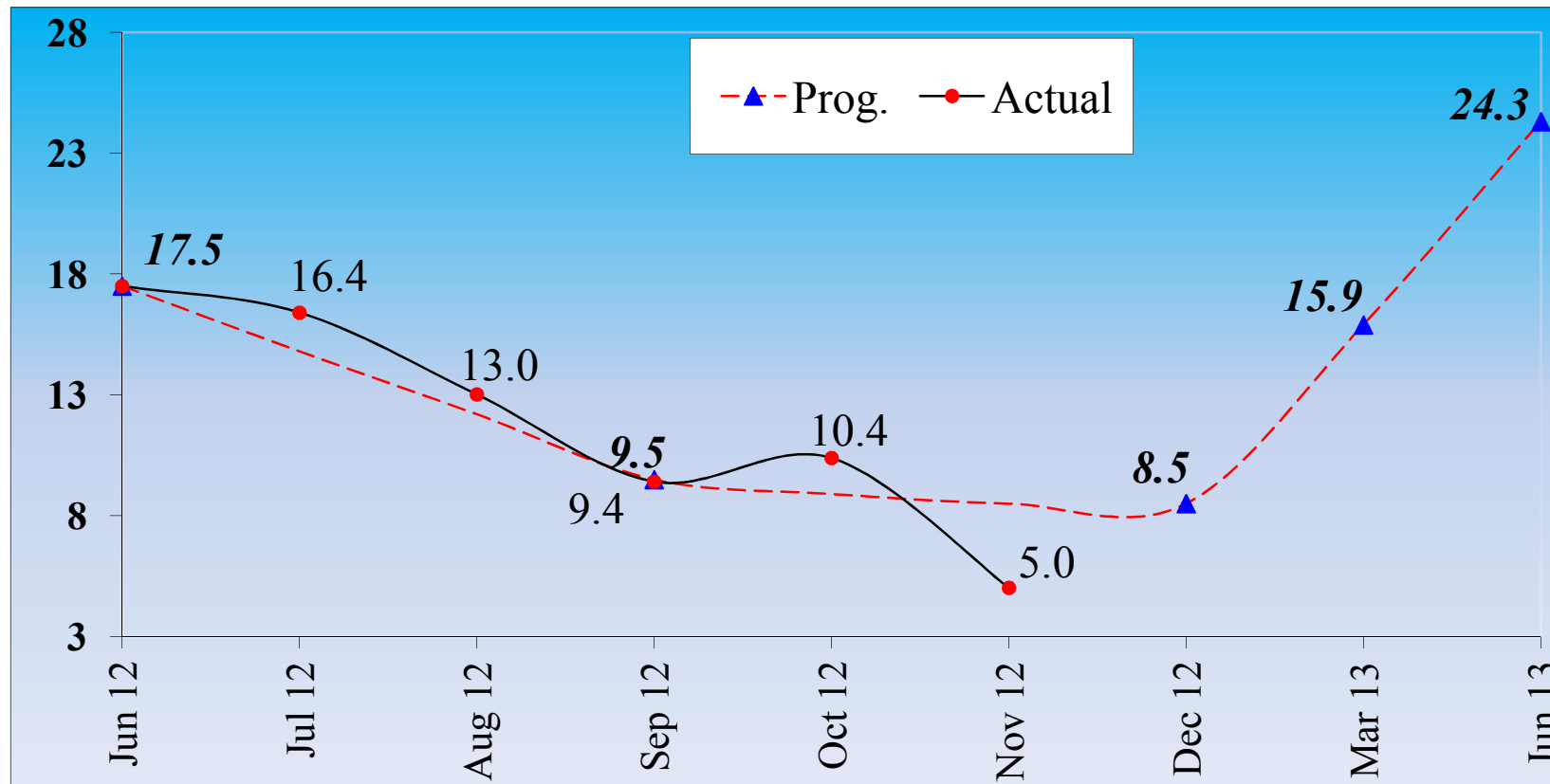
(In crore taka)

November 2011	November 2012
468585.40	536919.60
(+26.75)	(+14.58)

Actual domestic credit growth that has been sharply trending down, reached below the program path in November 2012.

Public sector credit

Programme & actual development: Growth



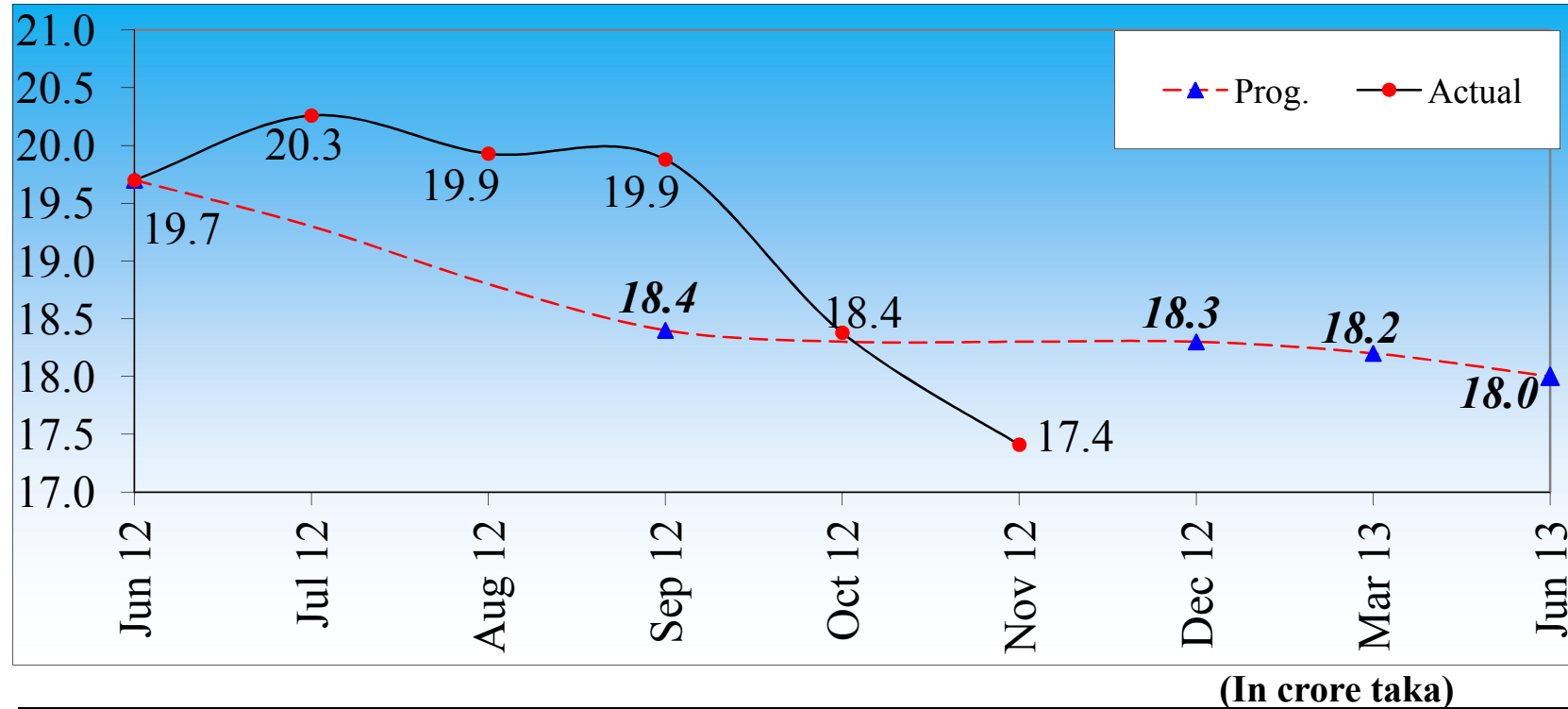
Public sector credit growth in November, 2012 reached below the program target. Recent data shows credit to the govt. stood at Tk.99.4 billion as on 13 January 2013. Govt. projected to borrow Tk. 256 billion from the banking system in FY 13.

Private Sector Credit



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Programme & actual development: Growth



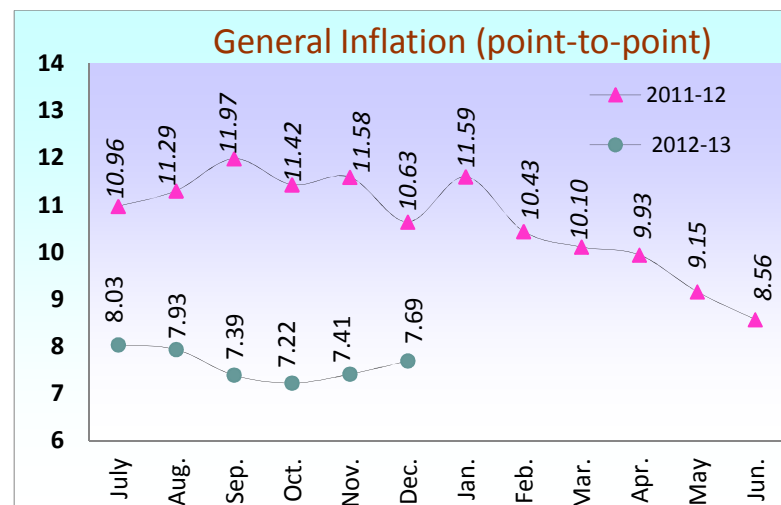
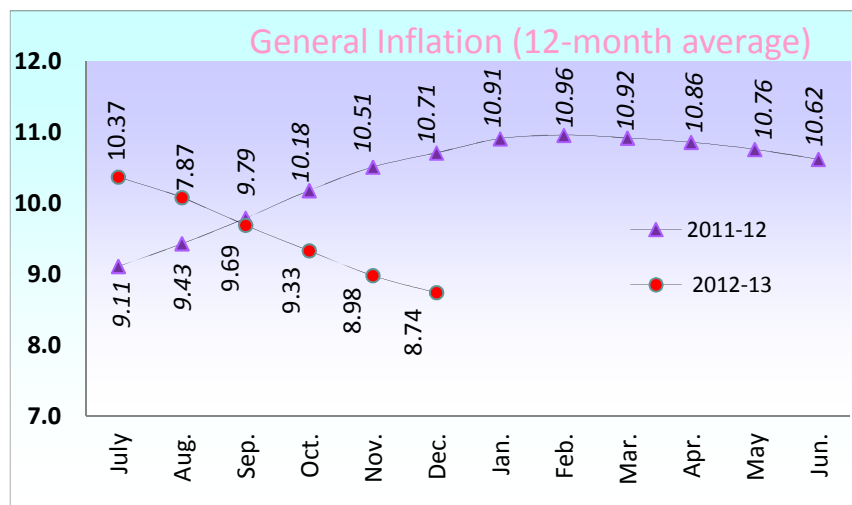
November 2011	November 2012
361838.50	424817.70
(+19.33)	(+17.41)

Private sector credit growth in November, 2012 was lower than the programme target.



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CPI inflation (Base : FY96=100)



CPI inflation at national level (Base : FY96=100)

	November 2011	December 2011	November 2012	December 2012
On Average Basis	10.51	10.71	8.98	8.74
On Point to Point Basis	11.58	10.63	7.41	7.69

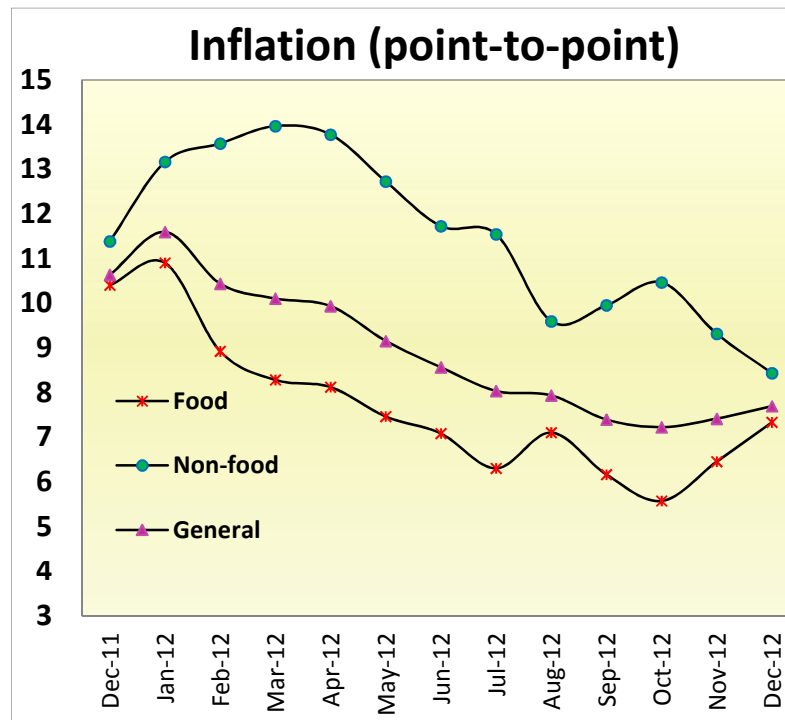
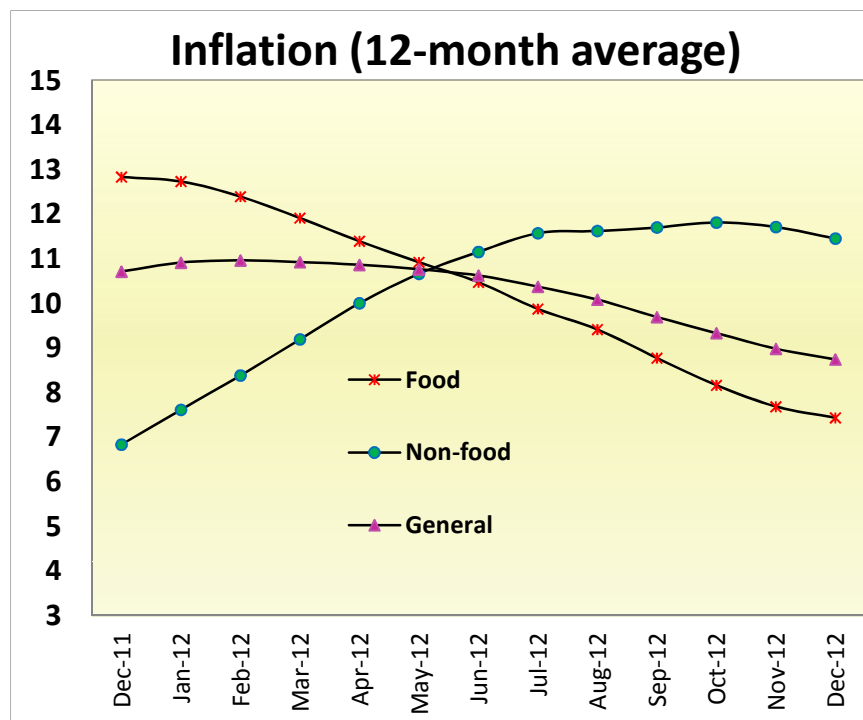
CPI inflation at national level (Base : 2005-06=100)

	November 2012	November 2012
On Point to Point Basis	6.55	7.14

- Average inflation is down in December at 8.74% from 8.98% of November 2012;
- Point to point inflation of December, however, is up at 7.69% from 7.41% of November, 2012.



CPI inflation (Base : FY96=100)

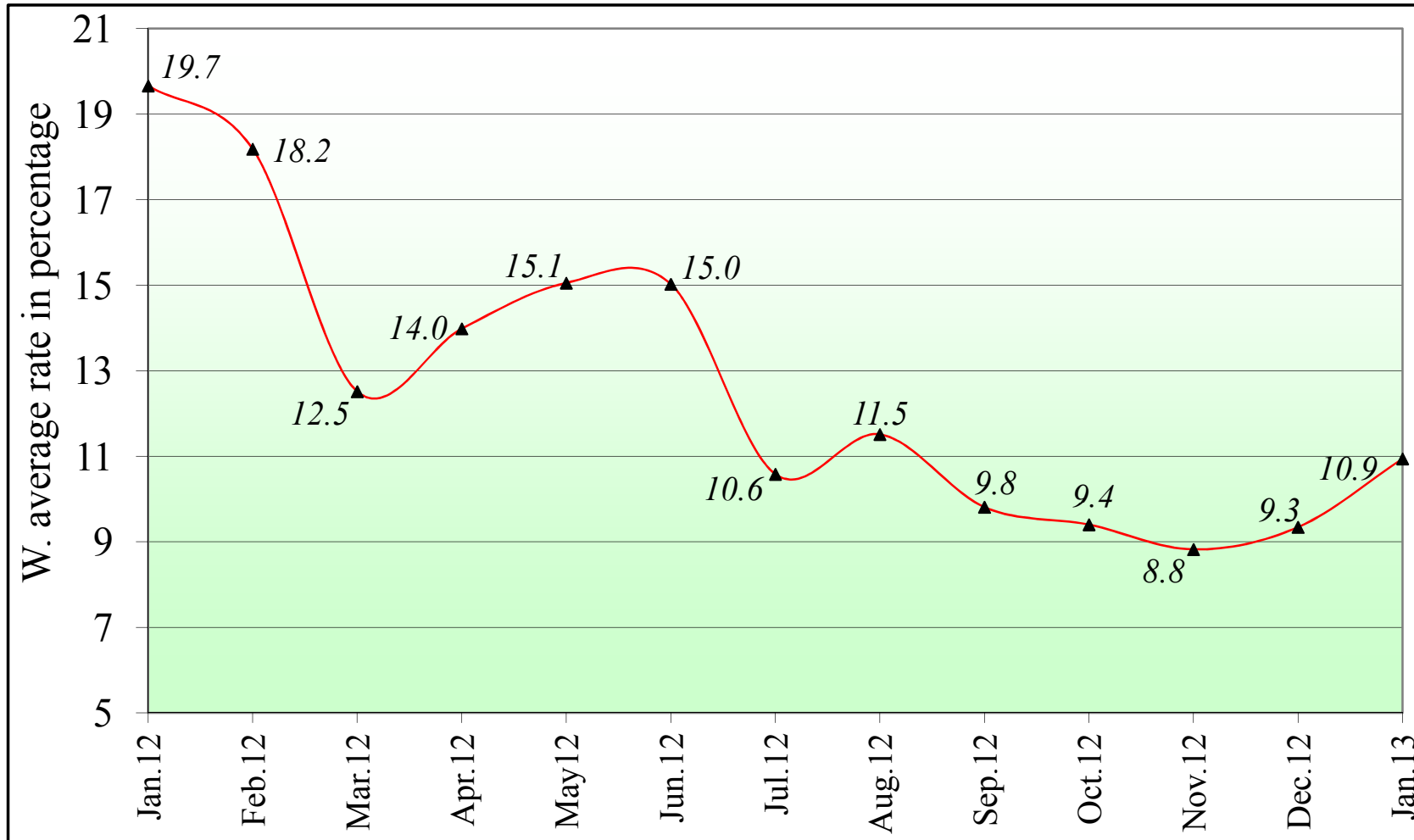


- ➔ Food inflation (p-to-p) went up in last two months mainly due to rise in major food items like wheat, pulses, spices and edible oil;
- ➔ Non-food CPI inflation (p-to-p) is however, showing downward tendency in December, 2012.
- ➔ During the whole year average food inflation drop down sharply, as a result average general inflation shows downward trend.

Interbank Call Money Rates



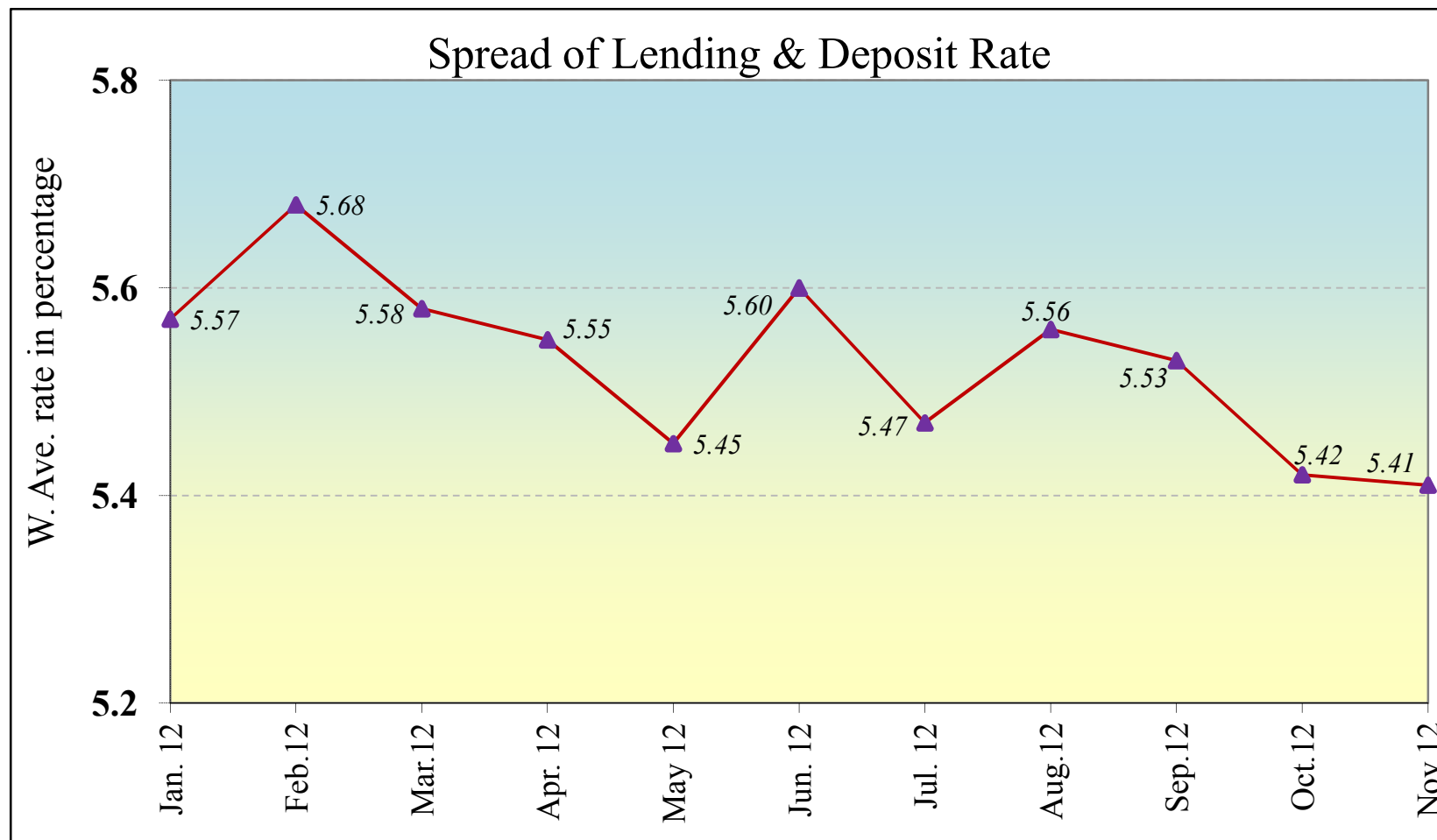
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Liquidity pressure in the domestic money market has been easy for last few months reflected in **call money rate** below 10 percent. However, the rate edge up above 10% for last couple of days due to the deadline set to comply with CRR.



Interest rates spread

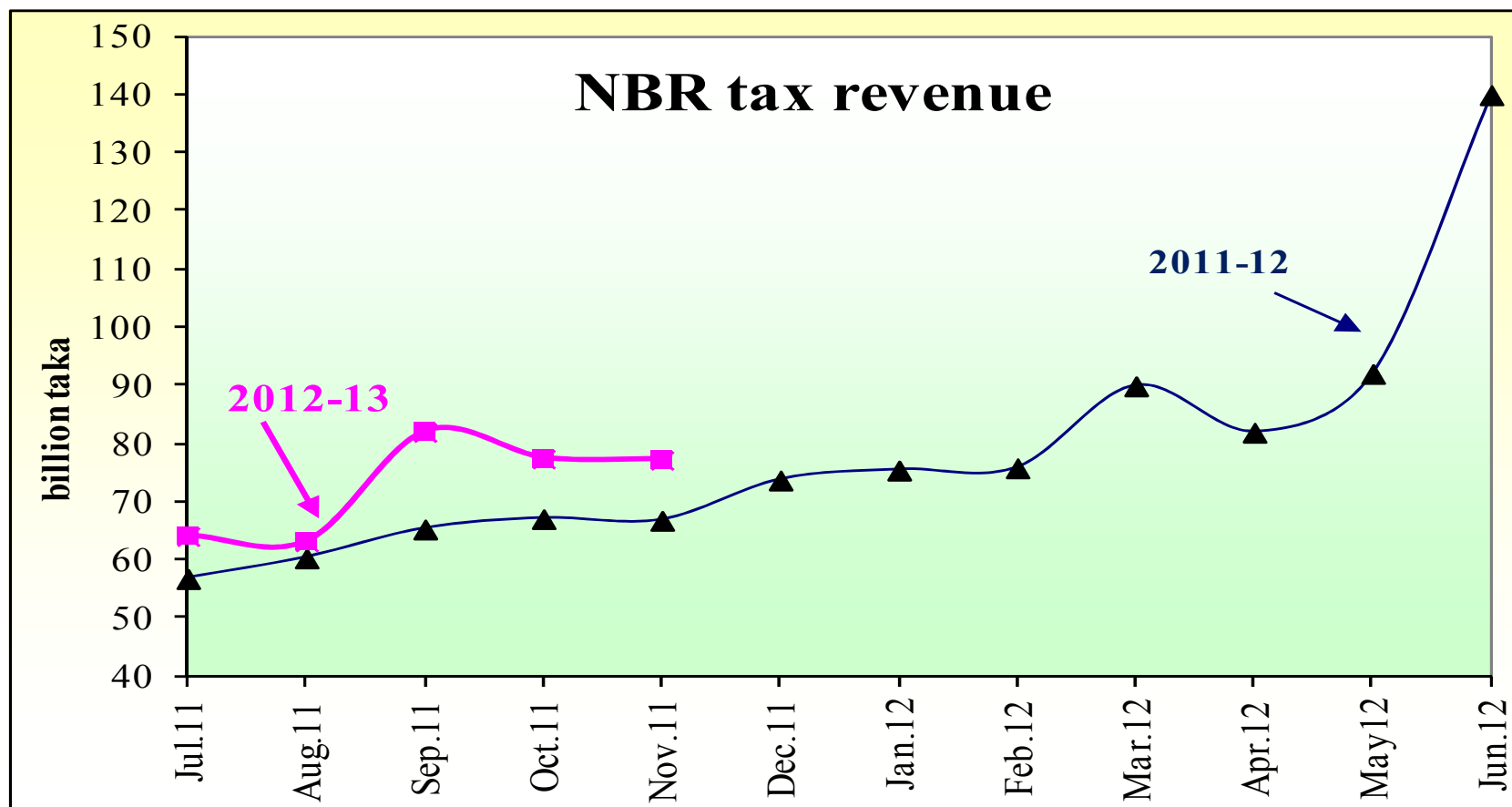


Interest rate spread has remained within 2 percentage point band (from 5.4% to 5.6%) for last nine months & gradually approaching towards lower end of 5.0 percent level, viewing improvement in efficiency of the banking sector.

Public Finance : NBR Tax Revenue



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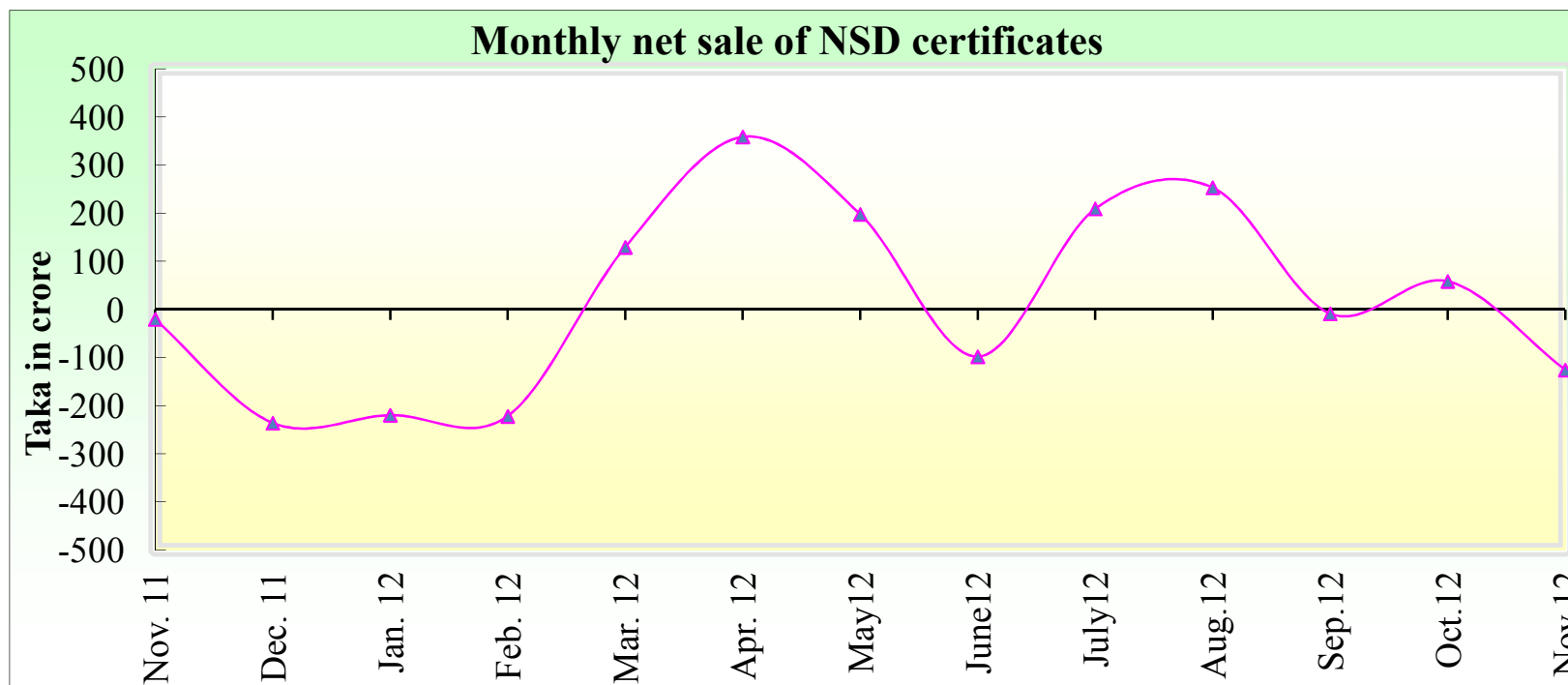


- NBR earnings in the first five months of FY13 have remained above the corresponding months of FY12;
- Steady revenue growth, higher aid disbursement, and reduced subsidy burden slowed the pressure on budget financing by 33.01% during July-November, 2012 compared to same period preceding year.

Public Finance: NSD certificates



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(In crore taka)

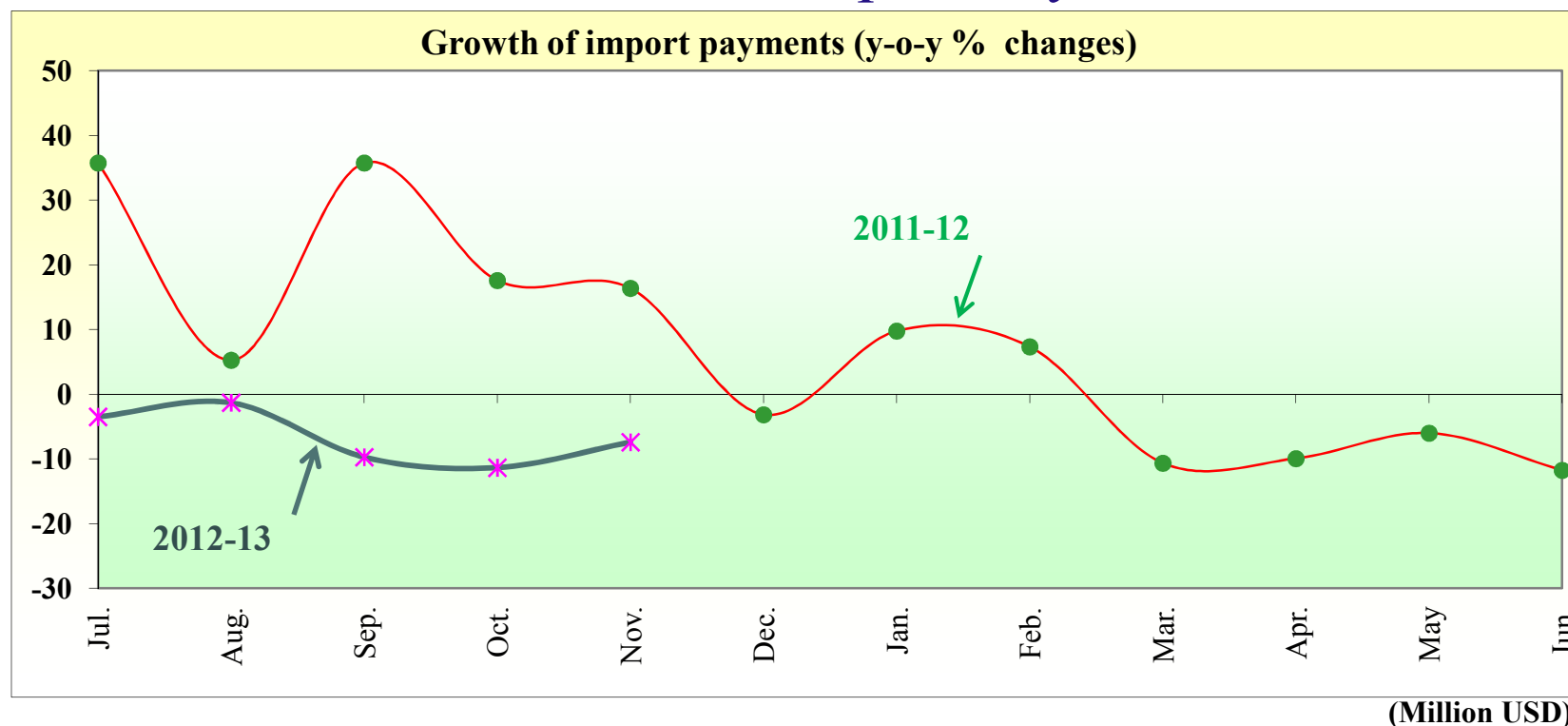
	July-Nov., 2011	November 2011	July-Nov., 2012	November 2012
Sale	6929.16	1113.59	9911.99	1936.47
Net sale	570.26	-20.57	385.33	-126.12
Outstanding	64008.58	64008.58	64302.67	64302.67

In July-November 2012, govt. repays its loan at a higher rate than it borrows through NSD certificates resulting lower net sale during the period compare to the same period last year.

External Sector-Import Payments



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July-Nov., 2011-12	November 2011	July-Nov., 2012-13	November 2012
14909.20 (+21.67)	3141.30 (+16.36)	13881.10 (-6.90)	2908.50 (-7.41)

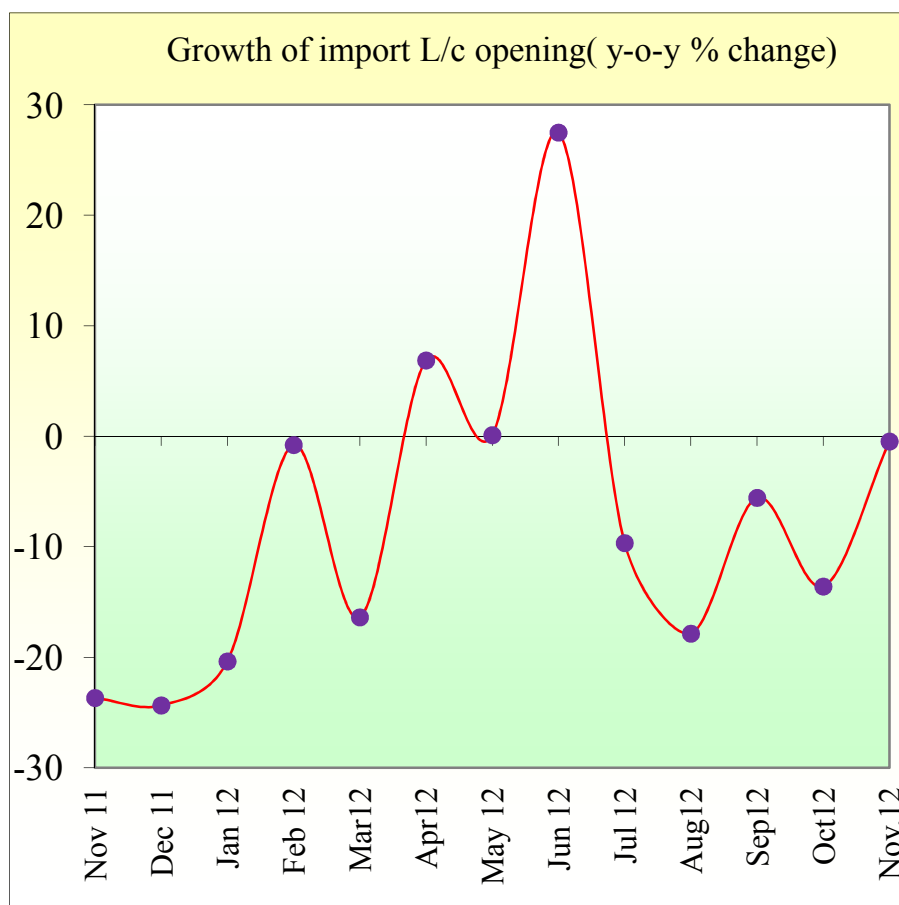
Year on year import growth in November, 2012 is down by 7.41% mainly because of fall in food grain import due to good food production & fall in petroleum products due to decrease in petroleum price in international market. Moreover, slide in import also reasoned by slow growth of export in recent times.

Import L/c Opening

(In Million US\$)



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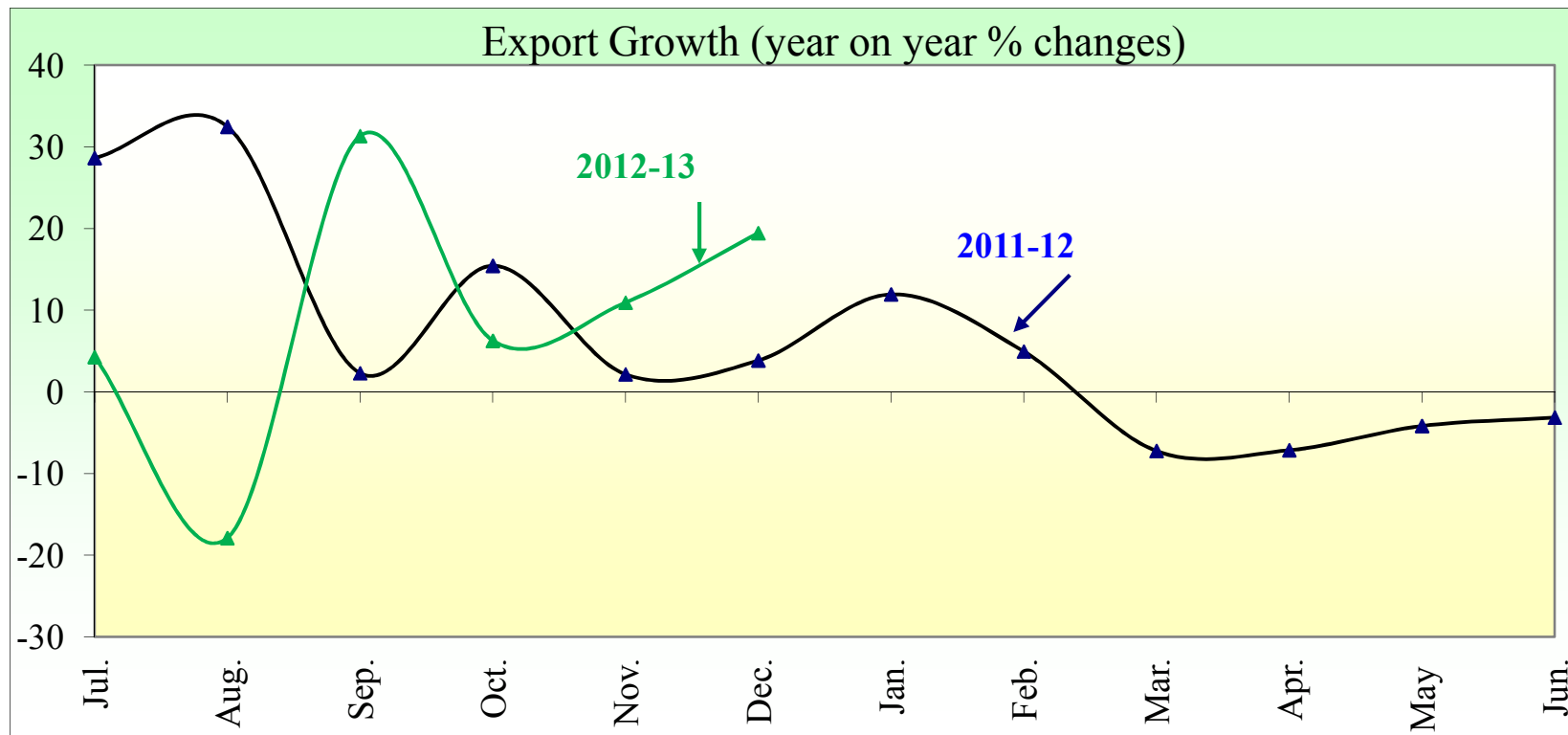
Sectors/Commodities	Jul-Nov. 2011	Jul-Nov. 2012	% changes
A. Consumer goods	1904.09	1343.85	-29.42
B. Intermediate goods	1221.97	1183.50	-3.15
C. Industrial raw materials	5997.74	5683.30	-5.24
D. Capital machinery	906.59	929.14	+2.49
E. Machinery for misc.industry	1493.71	1469.89	-1.59
F. Petroleum & petro.products	2120.33	1766.19	-16.70
G. Others	2072.02	1824.29	-11.96
Total	15716.45	14200.16	-9.65

- LC opening for all categories except capital machinery registered negative y-o-y growth during Jul-Nov. 2012;
- Largest decline in LC opening was in consumer goods(-29.42%) followed by Petroleum & petro-product(-16.70%) and industrial raw material(-5.24%).
- Petroleum & petro-product was higher last year to feed the rental power plants but there is no such demand pressure at this moment.

Export Shipments



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(In Million US\$)

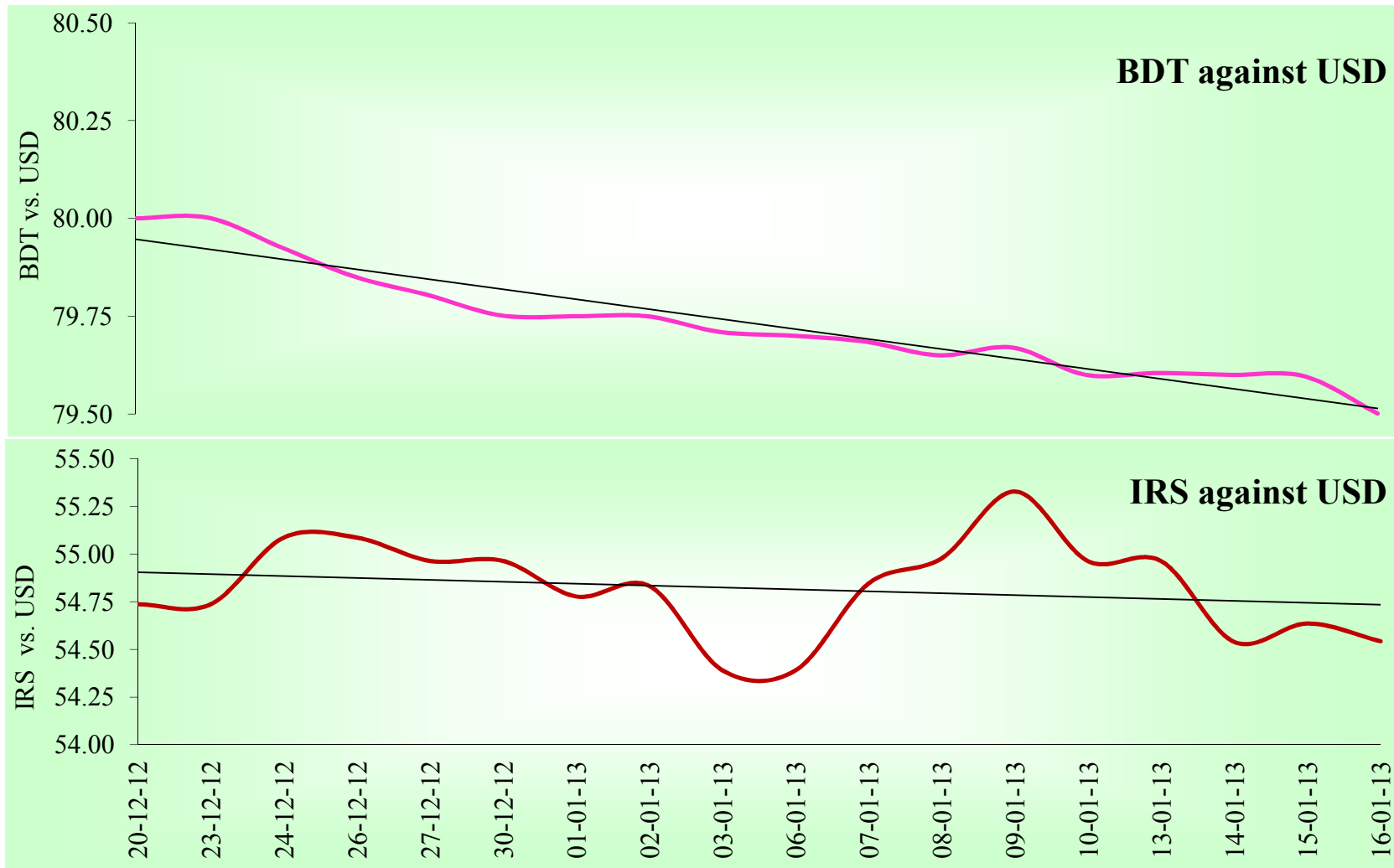
July-December 2011-12	December 2011	July-December 2012-13	December 2012
11774.60 (+14.68)	2064.85 (+3.85)	12599.73 (+7.01)	2466.16 (+19.44)

Export growth increased by 7.01% during July-December 2012 over its corresponding period despite a slow down in Bangladesh's major export markets.

Movement of Taka and Indian Rupee against US\$



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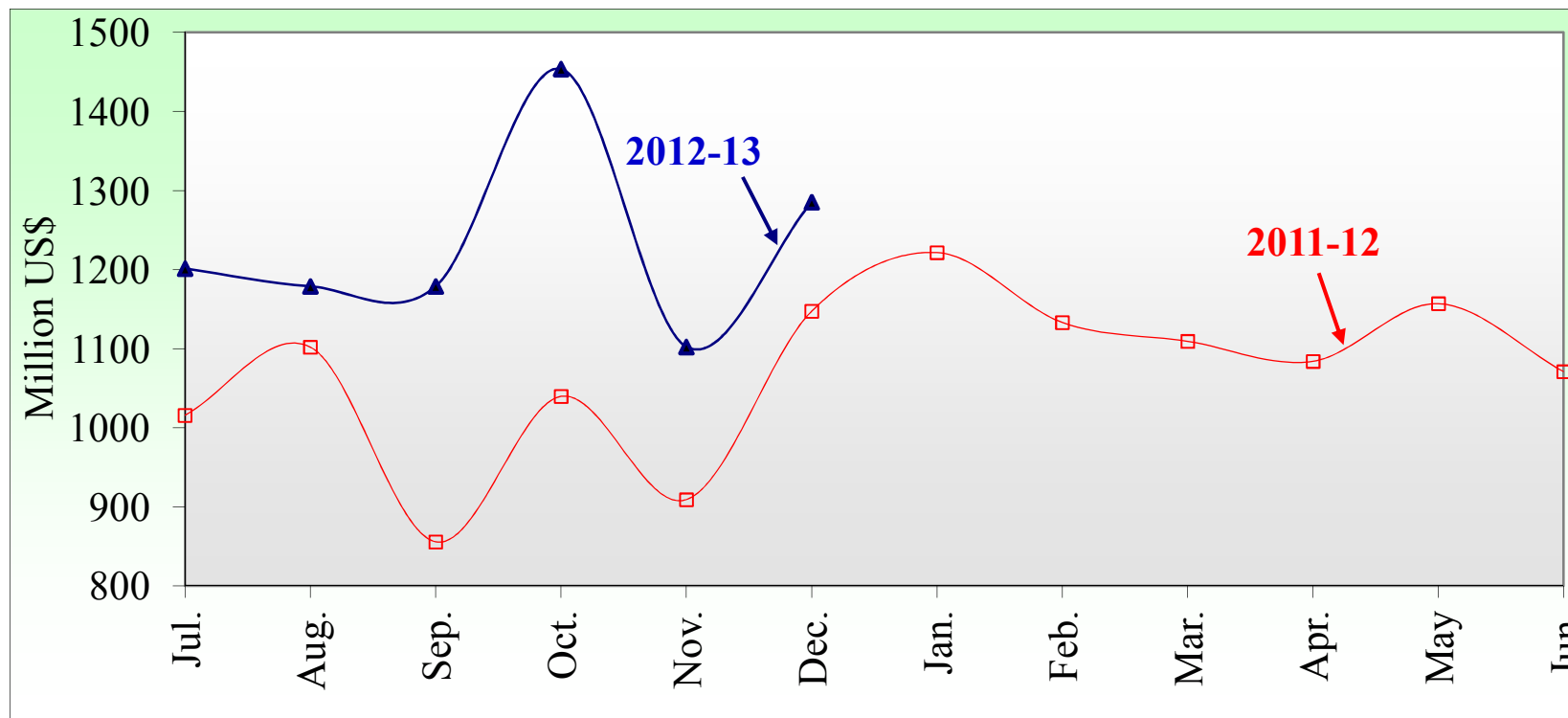


In recent time Taka facing some appreciation pressure against USD due to strong growth in remittances, foreign-aid, and low import growth. With it's policy initiative, BB is alert to ensure competitiveness of export commodities .

Remittances



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(In Million USD)

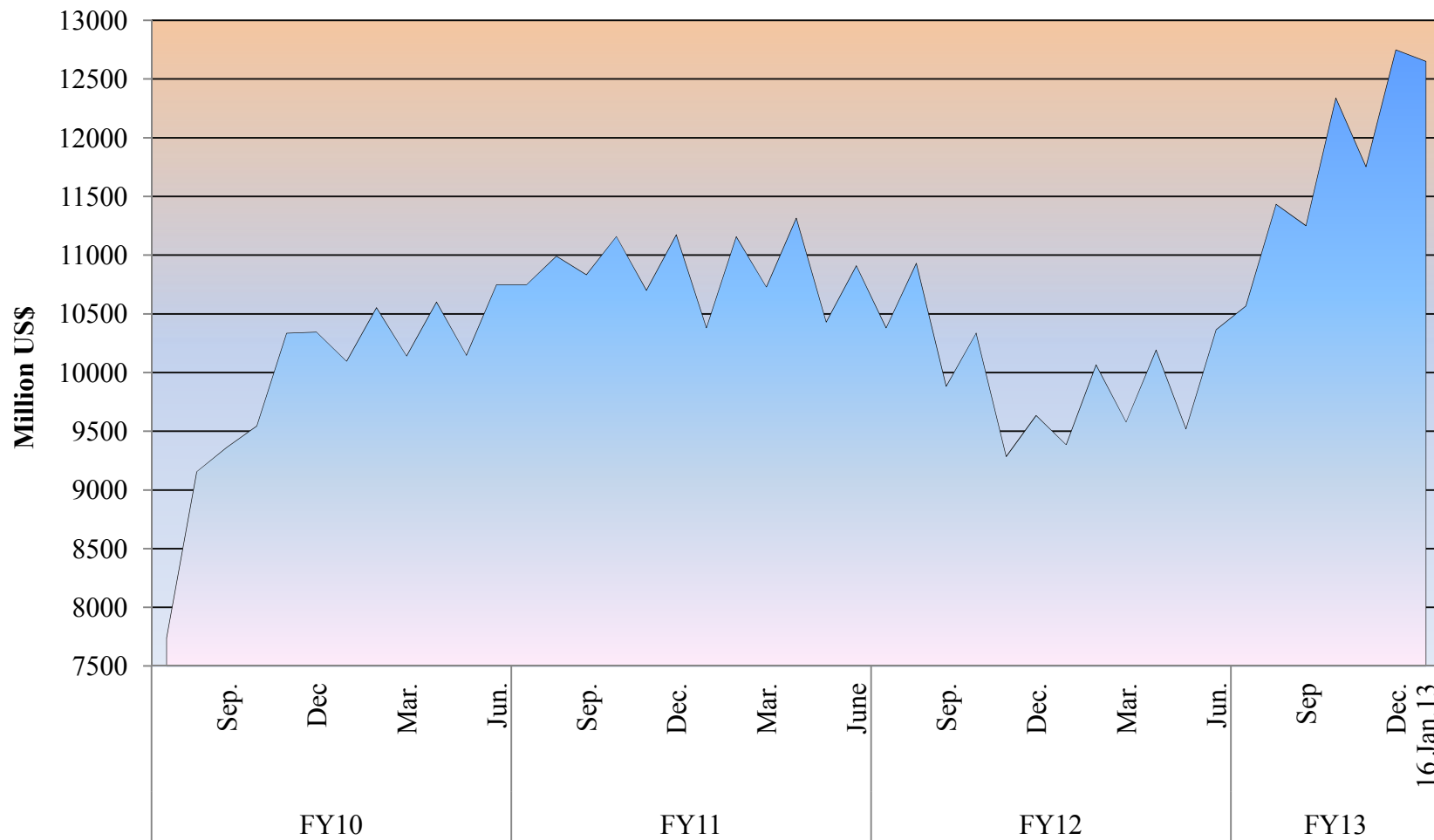
Jul.-Dec. 2011	December 2011	Jul.-Dec. 2012	December 2012
6068.30 (-6.27)	1147.22 (+18.38)	7399.77 (+21.94)	1285.30 (+12.04)

Bangladesh has received over USD1.0 billion in remittance for each 13 consecutive month up to December, 2012.

FOREX Reserves of BB



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(Million USD)

December 2011	17 January 2012	December 2012	16 January 2013
9634.85	9039.58	12750.58	12652.89

The gross foreign exchange reserves (without ACU liability) is equivalent to 4.23 months import payments.

Balance of Payment (BoP)

(In million US\$)



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Items	July-Nov. 2011 ^R	July-Nov. 2012 ^P
Trade balance	-4481	-3494
Services	-1325	-1800
Primary Income	-663	-947
Secondary Income	5118	6284
<u>Current account balance</u>	<u>-1251</u>	<u>43</u>
<u>Capital account</u>	<u>127</u>	<u>163</u>
Capital transfers	127	163
<u>Financial account</u>	<u>736</u>	<u>1508</u>
i) Foreign direct investment(net)	583	650
ii) Portfolio investment(net)	126	90
iii) Other investment(net)	27	768
MLT loans	285	732
MLT amortization payments	341	342
<u>Errors and omissions</u>	<u>-427</u>	<u>38</u>
<u>Overall balance</u>	<u>-915</u>	<u>1752</u>
Reserve assets	915	-1752
Bangladesh Bank(net)	915	-1752
Assets	-1527	1270
Liabilities	-612	-482

Balance of Payment (BoP) contd..

- Trade deficit improved to USD3494 million in the first five months of FY13 compared to the deficit of USD4481 million in the same period of the preceding fiscal.
- Due to a increased inflow of workers remittances the current account balance recorded a surplus of USD43 million in the first five months of FY13 compared to deficit of USD1251 million in the same period of the previous fiscal.
- Due to financial account surplus of USD1508 million and current account surplus resulted in a surplus of USD1752 million in overall balances during July-November, 2012 against a deficit of USD915 million during July-November, 2011.

Looking ahead



- Coming monetary policy stance of BB that will be introduced considering the local and international situation will bring inflation down which will help sustain macro-economic stability achieved so far;
- Govt. moved for exploring new export markets as well as widen exports basket to reduce dependency on the traditional markets and products. This initiative is expected to improve export growth in near future.
- Credit to the production sectors like agriculture, non-firm, and SMEs showing some quantitative as well as qualitative improvements;

Looking ahead (contd....)

- Slow growth in public sector credit offers scope for higher private sector credit growth for productive investment. Moreover, BB remains vigilant against bank loans being diverted to unintended purpose;
- Financial sector indicators are on track. BB has taken newer approach to financial regulations in the wake of rising complexities in the sector. Four financial regulatory agencies: BB , BSEC, IDRA and MRA jointed hands to build effective communications & exchange information that will boost coordination among the financial regulators.



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*THANK YOU ALL FOR
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